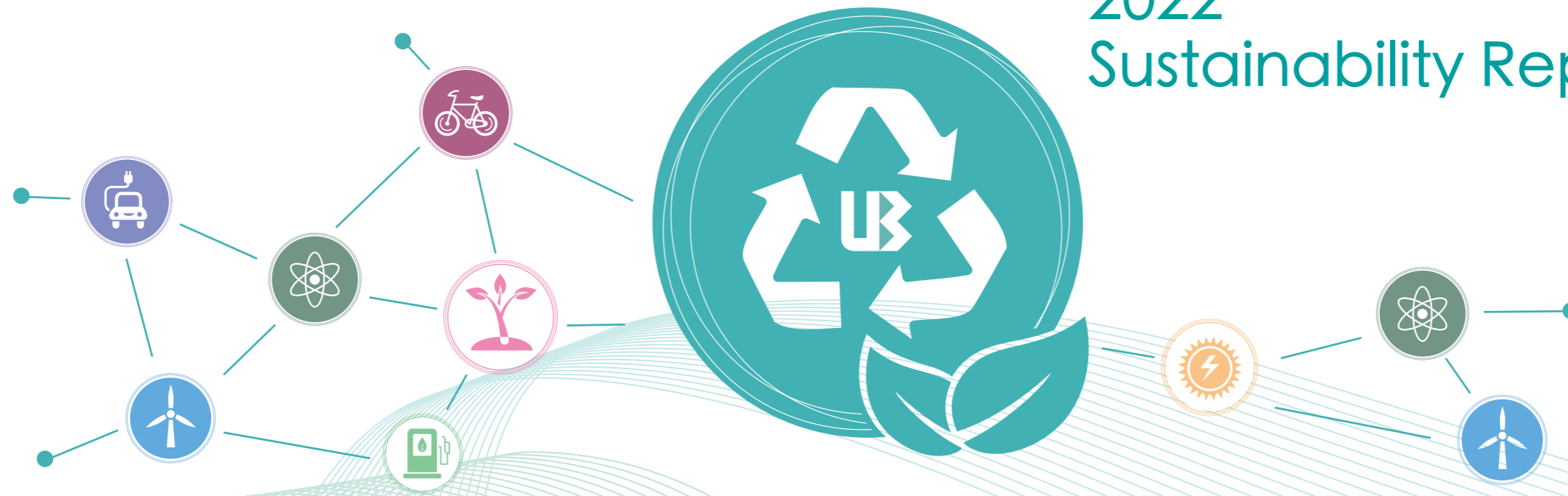


# 2022 Sustainability Report



# About the Report



In accordance with its own resource conditions and core competencies, and after taking both the internal conditions and external demands into consideration, the Union Bank of Taiwan Co., Ltd. is devoted to providing substantial assistance at environmental, social and corporate governance and generating the maximum positive influence. In order to implement the promotion of sustainable development, the ESG Committee of UBOT (hereinafter referred to as the “Committee”) was established under the Board of Directors. In accordance with its purpose, the Committee gathered relevant management units of the Head Office to think about how to provide substantial assistance regarding the international social and livelihood economic topics at present, and drafted a set of systematic ESG strategic planning with clear objectives of our bank, to make use of unique resources and specialties of enterprises and input in related ESG topics with emphasis, which could not only strengthen enterprises’ competitiveness, but also increase social well-being and generate maximum social benefits, and paying attention to combination of sustainable development and operation strategy can create more business opportunities and social feedbacks.

## Scope and Boundary of the Report

This report is issued every year. Main contents of this report are performances of the Union Bank of Taiwan Group in environmental, social and corporate governance aspects in 2022 (from January 1, 2022 to December 31, 2022), and some information includes differential comparison with historical data. Some information of the report still covers scope of operation

and services of the Union Bank of Taiwan and its subsidiaries (five subsidiaries i.e. Union International Leasing Co., Ltd., Union Finance International (HK) Limited, Union Securities Investment Trust Co., Ltd., Union Information Technology Corporation and Union Venture Capital Co., Ltd., as well as the Corporate Body i.e. Union Foundation for Culture and Education) in Taiwan.

## Basis of Data Calculation

The statistical data disclosed in this report were all related with our bank’s statistical and investigation results, but only the financial data came from the information published to the public upon certification and recognition by the accountant, and was presented with NT\$ as the calculation unit.

## Basis of Writing

The Union Bank of Taiwan’s Sustainability Report 2022 was prepared in accordance with the Global Reporting Initiative (GRI) Standards published by the Global Reporting Initiative (GRI) in 2021. The orientation of information disclosure in the report also follows regulations in “Code of Practice for Sustainable Development of Listed and OTC Companies”, “Operational Measures for the Preparation and Application of Sustainability Reports by Listed Companies” and “Guidelines for Financial Disclosure of Climatic Risks of Domestic Banks”, and corresponds to UN’s Sustainable Development Goals (SDGs) and Sustainability Accounting Standards Board (SASB). Contents of this Report are announced on website of our bank (special column for sustainable development), and files are provided for reading when making download.

## Contact Informatio

Out bank’s special column for sustainable development  
<https://www.ubot.com.tw/ourresponsibility>

If you have any opinion or information consultation concerning this Report, please contact with us:

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(welcome to leave your precious opinions under “Customer Service Center/I Want to Give My Comments”)  
Date of issue: June, 2023 (previous date of issue: June, 2022)

## Verification of the Report

This Report has been verified by the third-party verification unit i.e. Ernst & Young Accounting Firm (hereinafter referred to as “Ernst & Young”), and has been performed independent limited assurance in accordance with the Confidence Standard No. 3000 issued by Accounting Research Development Foundation of the Republic of China (limited assurance), where, the Assurance Report was disclosed in Appendix to this Report.

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# 01 Message from Chairman

Looking back on 2022, under the continuous ravages of the epidemic, the Ukrainian-Russian war broke out at the beginning of the year, posing the price of natural gas in Europe to soar, which indirectly pushed up transportation costs, agricultural products, and food prices, etc. Furthermore, the epidemic posed supply chain problems and exacerbated economic instability and risk. Regarding the continuous high inflation in Europe and the United States, central banks of various countries have implemented different degrees of interest rate hike policies to control inflation. To curb domestic expected inflation, our country's central bank has also raised interest rates by 2.5 basis points in total. However, affected by the sluggish growth of the global economy and trade, our country's export growth has weakened, but in respect of private consumption, as the epidemic has become normalized, consumer crowds have returned, domestic consumption and related industries have performed better, so the whole economic performance will not fluctuate too much.

After a barrage of impacts from the epidemic, war, and interest rate hikes, investors, financial institutions, enterprises, and stakeholders pay more attention to ESG, and ESG has become a global trend and enterprise development trend. ESG is an acronym for Environmental Protection, Social Responsibility, and Corporate Governance, and acts as an indicator for stakeholders to evaluate corporate performance. Most companies consider the concept of ESG as that if they do energy conservation and environmental protection, care for the disadvantaged, and do charity, they are doing ESG. But nowadays, ESG has gradually become a part of corporate strategy and is included in business decision-making and risk management. The spirit of ESG not only helps to improve the sustainability and long-term competitiveness of enterprises but also benefits creating a better society and environment.

The financial industry is a risk control industry while we manage the property of society. In addition to fulfilling the responsibility of being a good manager, we must also fulfill the responsibility of being a global citizen. This year, the Union Bank's various businesses, especially outstanding performance in credit extension. It was also recognized as awarded "Loan Business to Targeted Countries of the New Southward Policy", and "SME Loans – Lending to Start-ups of Key Industries" etc.,

selected by the Financial Supervisory Commission. In corporate governance, for the first time, an external professional and independent organization performed the performance evaluation of the board of directors. Through the guidance and communication of the evaluation committee, the Bank obtained a professional and objective entity examination report; In addition, we continue to follow the "Corporate Governance 3.0-Sustainable Development Blueprint" to strengthen the functions of the board of directors, improve information transparency, strengthen communication with stakeholders, implement due diligence, deepen the Bank's sustainable governance culture, and provide diversified products, etc. In social responsibility, continue to engage in various social education promotion work, actively participate in art and cultural activities of county and city governments, care for young students and community development, participate in disaster relief and charity, etc. In environmental protection, in addition to actively implementing carbon reduction management, promoting green commodities, implementing green procurement, and supporting green energy industries, TCFD climate change-related financial disclosures have also been introduced.

"Store Simple Happiness" is the commitment that the Union Bank personnel must keep to all those who trust the Union Bank. We will continue to make progress and improve; "Happiness" is a mutual feeling. Everyone in the Union Bank plays an important role. Everyone is playing the role of delivering happiness. We will work hard to make everyone feel happy, and we will work hard to love the earth together.

Chairman

林鴻聲



# Sustainable Governance and Performance

## Sustainable Development Governance Structure

SDGS Sustainable Performance

Implementation and Goals of Sustainable Operation

### Sustainable Development Governance Structure

To make the Bank implement corporate social responsibilities, and promote the improvement of economic, environmental and society so as to achieve the goals of sustainable development, in response to UN's Sustainable Development Goals (SDGs), the Bank has implemented 17 goals gradually via corporate citizenship commitment, to improve contribution to national economy, to improve quality of life of staff, community and society, to promote the competitive advantages with sustainable development oriented, and to conform to the trend of international development. While pursuing for sustainable operation and profit, in addition to paying attention to rights and interests of stakeholders, the Bank also lays emphasis on environmental, social and corporate governance factors, includes them into corporate management principles and operating activities, and establishes the sustainable development concept that goals and visions of the Bank are rooted in economic development, social justice and environmental protection.

To implement promotion of corporate social responsibility and sustainable development, the Bank passed to formulate Measures for Setting Corporate Social Responsibility Committee at the Board of Directors' Meeting on February 2015, and established the Corporate Social Responsibility Committee of the Union Bank of Taiwan (CSR Committee), to promote and guarantee implementation of corporate social responsibility policy. In cooperation with the trend of international development, and practicing the goals of sustainable development, in March 2022, the Board of Directors' Meeting passed and revised "Rules for Organization of Sustainable Development Committee", changing "Corporate Social Responsibility Committee" to "Sustainable Development Committee" (ESG Committee), to serve as the supreme sustainable development decision-making center within the company, and formulated Code of Practice for Sustainable Development of the Union Bank of Taiwan, to manage the economic, environmental and social risks and impacts.

ESG Committee is responsible for coordinated handling of the Bank's policy, management principles and specific promotion plan of sustainable development of the Bank, and reporting its implement to the Board of Directors regularly every year.

ESG Committee has subordinated groups of Corporate Governance, Customer Care, Staff Care, Environmental Sustainability and Social Welfare, where, such groups shall draft schemes for the Union Bank of Taiwan's sustainable development execution plan or the matters instructed by the ESG Committee, and then submit to the ESG Committee for review or for future reference. In addition, the ESG Committee appoints the Business Management Department as the business unit, to be responsible for convening, arranging agenda, sorting out data, making minutes and listing instruction matters, etc. of meetings as required by the Chairman of the ESG Committee (held by Chairman of the Bank).

ESG Committee Structure



# Sustainable Governance and Performance

Sustainable Development Governance Structure

**SDGS Sustainable Performance**

Implementation and Goals of Sustainable Operation

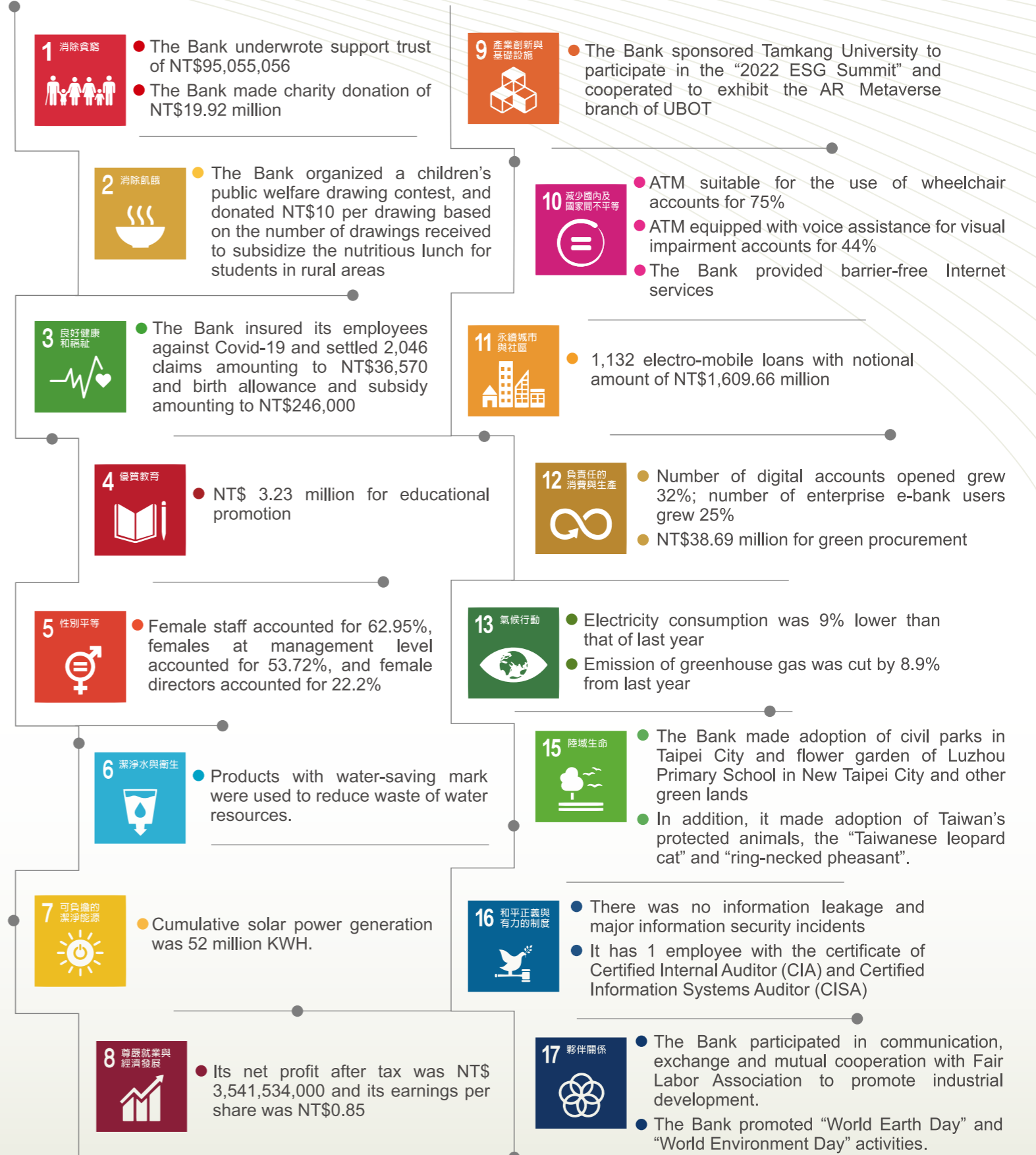
**Joy-Sharing**



- In the 9th "Corporate Governance Appraisal", the Bank ranked top 6%~20% among public listed companies.
- The Bank won Bronze Award for Financial and Insurance Industry of the 15th "TCSA Taiwan Sustainability Award in 2022".
- The Bank was appraised by the Department of Environmental Protection of Taipei City for actively promoting "Green Procurement of Civil Enterprises and Groups" in 2022.
- The Bank was appraised by the Financial Supervisory Commission as one of the first-class banks in "Lending to Small and Medium-sized Enterprises", one of the excellent banks in the "Target Countries of the New Southbound Policy" and one of the first-class banks in "Lending to the Newly-created Key Industries"
- The Bank was awarded Excellent Financial Institution in the "Award for Assistance to Regional Development - User Number Growth Rate Group" for Handling Credit Guarantee and Financing Business of Small and Medium-sized Enterprises in 2022 by the Ministry of Economy.



## Sustainable Performance of SDGS in 2022



# Sustainable Governance and Performance

Sustainable Development Governance Structure

SDGS Sustainable Performance

Implementation and Goals of Sustainable Operation

## Implementation of Sustainable Operation in 2022

### Corporate Governance | Achievement of goals

- In order to strengthen the capacity of internal auditors, the Bank has appointed an auditor with the Certified Information Systems Auditor (CISA)
- In 2022, the Bank held internal and external education training related with ethical management topic (including relevant courses regarding ethical management and compliance with laws and regulations, accounting system, and internal control, etc.) with total 123 classes, and total 4,055 trainees.
- The Bank has developed Guidelines on ESG Investment for Bonds and Financial Bonds of Corporates in New Taiwan Dollar for relevant entities to follow when investing bonds and financial bonds of corporates in New Taiwan dollar, with a view to creating a more friendly and sustainable development system.
- Besides the Chinese version, the Bank published the English version of the Sustainability Report for the first time.
- In order to strengthen the relevant mechanism of reporting the remuneration paid by the Bank to its directors to the shareholders' meeting, the Bank has reported the remuneration received by its directors in 2021 during the shareholders' meeting of 2022.
- No complaints were filed in 2022.
- The Bank has convened 2 legal person presentations in 2022.
- The Bank appointed Taiwan Corporate Governance Association to conduct the 2021 External Review of Efficiency of the Board of Directors.

### Customer Care | Achievement of goals

- The Bank has a total of 555 ATMs, of which 416 are suitable for the use of wheelchair and 244 are equipped with voice assistance for visual impairment.
- In 2022, there were 108 gears and 3 gears of foreign bonds and ETF respectively, and about 60 gears of funds newly issued.
- The Bank continued to optimize the UBOT E-network, personal Internet bank and mobile bank functions to improve the convenience of transactions.
- Digital accounts of the New New Bank APP have been completely revised and relaunched, providing customers with online access to apply digital deposit accounts as well as funds and securities investment services.
- The Bank strengthened protection for financial consumers of advanced age, and lowered the age standard of consumer care for senior citizens from 85 to 65.
- The Bank attached importance to the protection of its clients, and updated its Accountability System for Senior Executives.
- The special APP for financial personnel was launched in September, 2022, and it could improve the convenience of financial advisers' services to customers.
- LINE credit card bill started its online operation. For bound customers, the official LINE account has added functions including credit card application and verification notice, reminder notice for loan payment, and one-click binding of the credit card with LINE PAY.

### Employee Care | Achievement of goals

- Proportion of personnel with annual promotion was 17.78%, proportion of personnel with comprehensive salary adjustment was 58.35%; average amplitude of salary adjustment of all staff was up to 4.06%.
- The Bank held ESOP trust, enabling the staff to allocate some salary voluntarily, while the Company would allocate a relative amount as reward, where, the applying staff counted for 73.2%.
- Applicants for various welfare subsidies were up to 213, and we have signed cooperation contracts with many safe and legal school-age child care institutions outside of the Company in order to help the staff solve their worry for taking care of their children.
- The Bank has completed the "Advanced Training for Management Personnel" in January, 2023, with a total of 18 graduates.
- The Bank held 25 on-site health consulting services from professional physicians and 20 health lectures.
- The Bank has established the "Unlawful Assault in the Performance of Duty Program" to maintain a safe workplace environment.

### Social Welfare | Achievement of goals

- It held the 20th "UBOT Art Impression Award" and the 25th "UBOT New Artist Award"
- It produced total 2 episodes in "Stories in Taiwan – UBOT Heritage Pilgrimage Special Series", and visited counties and cities including Chiayi, Meinong and Qishan.
- It continued to show care for remote country areas with insufficient economic and education resources and disadvantaged young students (e.g. Dongshan High School, Puzangalan Children's Choir, etc.), to help them exert their talents and advantages by means of sponsorship or other activities.
- It showed care for Taiwan industries, and selected products made in Taiwan (MIT) as gifts for the Spring Festival Holidays.
- It participated in various love donations, and welfare sponsor activities (e.g. children welfare drawing competition, children financial management experience camp, adoption of conservation animals, Eden Social Welfare Foundation, CHILDREN ARE US Foundation, Braze Charity Foundation, etc.).
- In response to the "2022 Ukraine International Aid Project" called by the government, the Bank donated NT\$ 10 million for emergency relief and medical assistance.
- The Bank sponsored the "Charity Memorial Concert for Shinzo Abe, Former Prime Minister of Japan and Taiwan's Close Friend", to express the gratitude and memory of Taiwan people for Shinzo Abe, former Prime Minister of Japan.
- The Bank cooperated with Tamkang University and exhibited the AR Metauniverse Branch to promote the audience of the exhibition to experience and understand the emerging digital financial trends and knowledge.

### Environmental Sustainability | Achievement of goals

- The Bank made quarterly report to the Board of Directors on the progress of greenhouse gas inventory.
- In the inventory of greenhouse gas emissions, a total of 4,408.3 metric tons of carbon dioxide equivalent (CO2e) was recorded based on electricity consumption, which was 429.7 metric tons less than that of 2021.
- It has obtained ISO14064 Greenhouse Gas Management System Certification for the buildings of Head Office and the branches of Zhongshan, Taoying, Minguan and Lingya for 2 years in a row. In addition, it has obtained ISO50001 Energy Management System Certification.
- The Bank continued to promote global energy conservation activities, such as "Earth Hour", "World Earth Day" and "World Environment Day".
- For the "Green Procurement Promotion Plan for Private Enterprises and Groups" in 2022, the Bank's green procurement amount was NT\$ 38.69 million in total, which was NT\$10.28 million more than that of last year, and it also obtained a Certificate of Gratitude from the Department of Environmental Protection.
- It issued loans to green industry actively, invested in corporate bonds and funds of enterprises with low-carbon goal, where, the Investment Trust issued ESG bond fund and low-carbon goal fund, and the Venture Investment invested in solar power plant, which provided green power generation of 52 million KWH in 2022.
- The Bank implemented the electronic sending method for the "Letter of Thanks for New Customers" in instead of paper, saving about 160 papers per day.
- Taking both corporate social responsibility and environmental sustainability into account, the Bank launched the "Green Building Concessional Housing Loan" project.
- The percentage of electronic credit card billing increased from 54% to about 56% of total billing, with the sending number increased by about 8% from December, 2021.

# Sustainable Governance and Performance

Sustainable Development Governance Structure  
SDGS Sustainable Performance

Implementation and Goals of Sustainable Operation

## Sustainable Operation Goals

### Corporate Governance

#### Short-term goals (2023)

- Referring to the Audit Quality Indicators (AQIs), the Board of Directors regularly evaluated the independence and suitability of Certified Public Accountants and disclosed the evaluation procedures in full detail in the annual report.
- Obtaining ISO27001 certification through third-party evaluation, the Bank achieved institutionalization and standardization of information operations.
- It developed climate-related training programs for board members to enhance their awareness of climate-related risks.
- In accordance with “Guidelines for Financial Disclosure of Climatic Risks of Domestic Banks” of the Competent Authority, relevant business and management units drafted various rules and regulations, measures and set goals and limit amount, and handled the disclosure operation according to the stipulated time limit.
- The Bank underwent the 1st Sustainable Finance Evaluation.

#### Mid-term and long-term goals (2024- )

- The individual remuneration of directors and supervisors was disclosed in the annual report
- Each gender accounted for more than one-third of board seats.
- Setting more seats of independent directors than that stipulated by laws voluntarily with the seats of independent directors accounted for above a half of the seats of directors.
- With reference to the “Reference Guidelines for the Identification of Sustainable Economic Activities”, it made investment and financing evaluation, and conducted active engagement with enterprises.
- It imported Taiwan Intellectual Property Management System (TIPS), ISO56005 or similar intellectual property management system standards, and they were verified or checked by the third party.

### Operating Performance and Shareholders' Rights and Interests

#### Short-term goals (2023)

- It uploaded full uninterrupted audio and video recordings after the shareholders meeting.
- In order to facilitate investors to know issues related to shareholders' questions and to improve the quality of disclosure of corporate information, it recorded important content of shareholders' questions and responses of the Bank in the minutes of the shareholders' meetings.
- The insider's shareholding changes of the previous month would be uploaded to the Market Observation Post System before the 10th day of each month (inclusive).

#### Mid-term and long-term goals (2024- )

- The Bank tried its best to improve the profitability of all assets, strengthen risk management and maintain good asset quality.
- Continuing to pay attention to publicity of various information to maintain shareholders' rights and interests.

### Compliance with Law

#### Short-term goals (2023)

- Reviewing financial audit shortcomings, and make improvement regularly and real-time advocacy of recent financial industry penalty cases.
- Listing money laundering prevention and control, compliance with law, warehouse management and credit-awarding guarantee, etc. as the annual key points of supervision by laws and decrees, and confirming various units' legal compliance.

#### Mid-term and long-term goals (2024- )

- Continuing to enhance the Bank staff's concept and professional training on compliance with law, urging supervisor of legal compliance of each unit to execute internal regulations in deed, and guiding the internal control personnel to exert the role of division of labor and containment so as to guarantee effectiveness of the legal compliance system.

### Customer Privacy and Rights

#### Short-term goals (2023)

- Enhancing its staff's recognition of fair treatment to customers, Consumer Protection Act and Personal Data Protection Act, etc.
- Monitoring compliance condition with personal data protection, and implementing personal data inventory operation.
- Performing response drilling regarding personal data security accident regularly.
- Promoting resolution matters of the Personal Data Management Committee.
- The products and services provided shall conform to legitimacy, and the various contracts, matters ought to be recorded and matters not ought to be recorded shall be disclosed.

#### Mid-term and long-term goals (2024- )

- Continuing to monitor management of Consumer Protection Act and Personal Data Protection Act, and listing them as key points of monitoring for legal compliance.
- Continuing to supervise various units to implement the principles of fair hospitality via the Fair Hospitality Management Committee.

### Service Quality

#### Short-term goals (2023)

- In terms of digital finance, the Bank continued to optimize the user interface and transaction functions to provide customers with more real-time, secure and convenient e-banking services.
- Evaluating the introduction of video system to increase diversified channels for confirming identity as handling online customer service.
- To provide the customers with more convenient online services, it planned to add services such as housing loans (including additional loans), and introducing grants and loans into MyData service.
- Promoting bilingual branches, forms and signs, and conducting training courses on “English conversation of counter business”.
- Providing friendly financial service, taking care of the seniors and the handicapped, etc., and in the meantime, assisting in promoting and driving small merchants to accept e-payment, and making bail-out or providing assistance measures in response to the COVID-19 pandemic.
- Making promotion of core host and replacement of core network equipment.

#### Mid-term and long-term goals (2024- )

- Observing and handling total 36 execution measures for “Financial Information Security Action Plan” for financial institutions issued by the Financial Supervisory Commission.
- Continuing to optimize the Bank's various e-banking service platforms, and seeking for cooperation opportunities with different industries, expanding application field of financial services, and providing digital financial services in a more all-round way.
- Introducing the intelligent customer service in combination with Chatbot + Face recognition + Optical Character Recognition (OCR), adding problem consultation channels for customers, and improving overall service quality of the customer service center.
- Paying attention to application development and evolution of financial science and technology, and cultivating relevant talents in artificial intelligence, block chain technology, biometric sensing, big data application and other new field of financial science and technology, in response to the trend of service form change in the future.



# Sustainable Governance and Performance

Sustainable Development Governance Structure  
SDGS Sustainable Performance

Implementation and Goals of Sustainable Operation

## Employee Remuneration and Benefits

### Short-term goals (2023)

- Providing diversified staff welfare measures, for example, it is proposed to grant children living and education subsidies to the staff.
- Making open adjustment of amount of withdrawal from ESOP trust, and encouraging the staff to make deposit.
- Promoting online course of "Advocacy of Workplace Physical and Mental Abuse and Prevention of Occupational Musculo-skeletal Diseases", and "Workplace Female Health Protection Plan" to guarantee physical and mental health of female staff.
- Executing security protection drilling to enhance prevention of workplace violence.

### Mid-term and long-term goals (2024- )

- Providing reasonable standards during the period of regular salary adjustment in reference to the remuneration indexes and the price fluctuation in consumption economy announced by the General Accounting Office of the Executive Yuan.
- Continuing to make performance reward plan for various business positions, providing incentive bonus for achieving goals, and handling annual promotion and salary-adjustment operations.
- Actively protecting harmonious labor management relations, inspecting attendance and absence condition of various units irregularly so as to guarantee relevant rights and interests of the staff.
- Holding multiple health lectures to enable the staff to increase knowledge on health and to protect themselves and their family members.
- Enhancing friendly working environment for pregnant and lactating staff.

## Talent Cultivation and Career Development

### Short-term goals (2023)

- Encouraging the Bank's staff to sit for examinations for various professional certificates so as to be equipped with basic qualification conditions for various businesses.
- Providing diversified digital learning courses and placing them in special online education training section so as to enable the staff to improve their self-function via autonomous further study at any time without limitation.

### Mid-term and long-term goals (2024- )

- Drafting functional development planning of various positions, arranging training courses, and developing the staff's potential to develop extensive career goals.
- Holding special courses for training management personnel, and selecting excellent staff from various business sections to receive cross-department platform business rotation and exploration so as to inspire maximization of function, and to expand vision and improve diversified professional knowledge.
- Arranging the staff to participate in professional training held by external institutions.

## Social Welfare

### Short-term goals (2023)

- Promoting local culture, financial management, art & culture and social knowledge education.
- Participating in supporting promotion of ecological conservation concept, and advocating green environmental protection activities.
- Continuing to sponsor local art & cultural activities, and showing care for the local communities, people and industries.
- Showing care for remote country areas with insufficient economic and education resources and disadvantaged young students to help them exert their talents and advantages by means of sponsorship or other activities.
- Donating to and participate in welfare group sponsor plan, and continuing to cooperate with Union Culture Foundation in "Let's be Happy Together" to make welfare fund-raising and to help disadvantaged populations.

### Mid-term and long-term goals (2024- )

- Continuing to sponsor education, art & culture, local communities and Taiwan industry and other activities.
- Launching credit card donation project with welfare groups, and actively contact with new welfare units.

## Sustainable Finance and Green Procurement

### Short-term goals (2023)

- The percentage of electronic bank billing (including electronic, mobile and LINE BC billing) sent in 2023 would increase from 45% to 50%.
- For credit-awarding policy orientation, it shall support alternative energy, water resource, environmental protection and pollution control, and other green industries, and its credit-awarding audit shall lay special emphasis on circumstances such as negative impact of enterprise operation on environmental protection, or violation of environmental protection laws and regulations, etc.
- Continuing to implement green procurement. When dealing with building decoration or equipment procurement, the Bank gave priority to green products with environmental protection, energy saving, water saving or green building material marks.
- Conducting inventory of greenhouse gas carbon dioxide emissions across the whole bank based on ISO 14064 standards and disclosing them on its official website.
- Promoting operation standards of ISO 50001 energy management system to other units by stages.

### Mid-term and long-term goals (2024- )

- Continuing to invest in energy saving or green energy related environmental sustainability career.
- Continuing to perform promotion and execution of education and training on sustainable development.
- Making the Head Office and the branches obtain ISO14064 Greenhouse Gas Management System Certification by stages.
- Studying feasible plan for setting solar energy field on top of the Bank's own buildings.
- Taking bank-wide reduction of greenhouse gas emission by 1% as the goal every year during 2023-2025.
- Developing the "Climate Risk Assessment Form" to collect information on the climate risks of the credit grantees and formulating the development direction of credit granting based on the analysis results so as to help the credit grantees to reduce carbon and accelerate the sustainable transition.
- Setting reduction of greenhouse gas emission by 50% as the goal by 2050 in accordance with the Greenhouse Gas Reduction and Management Act, and considering net zero CO2 emission to execute carbon-neutralization methods.

## 03

## ABOUT UBOT

## Enterprise Overview

Brand Spirit and Operation Principle  
 Company Organization  
 Operation Performance  
 Location of Services



## Enterprise Overview

<b>Company Name</b>	Union Bank of Taiwan Co., Ltd.
<b>Date of Establishment</b>	December 31, 1991
<b>Chairman</b>	Lin, Hung-Lien
<b>Address of Head Office</b>	No. 109, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 10544
<b>Capital</b>	NT\$ 37,940,460 thousand only (as of December 31, 2022)
<b>Total Assets</b>	NT\$ 844,999,933 thousand only (as of December 31, 2022)
<b>Total Number of Staff</b>	4,251 (including staff of subsidiaries, as of December 31, 2022)
<b>Location of Operations</b>	90 Branches

## Deposit Business

Unit: NT\$ 1000	User Number	Total Deposits
Individual	3,676,641	463,519,935
Small Enterprise	165,494	154,184,215
Corporate Customer	21,388	47,403,573
Others	9,249	49,974,857
<b>Total</b>	<b>3,872,772</b>	<b>715,082,581</b>

## Credit Granting Business

Unit: NT\$ 1000	User Number	Total Loans
Individual	136,766	367,391,267
Small Enterprise	16,506	143,063,273
Corporate Customer	198	46,778,187
<b>Total</b>	<b>153,470</b>	<b>557,232,727</b>

Note : Small enterprises refer to the small and medium-sized enterprises recognized by the Ministry of Economy based on the "Identification Criteria of Small and Medium-sized Enterprises".

# ABOUT UBOT

Enterprise Overview

**Brand Spirit and Operation Principle**

Company Organization

Operation Performance

Location of Services

## Brand Spirit and Operation Principle

Union Bank of Taiwan's brand Logo "UB" is designed according to abbreviation of the Company's English name "Union Bank", and its lines are sophisticated and agile, tough but rounded, just like the professional image of the bank by being both prudent and efficient. Its color innovation fully demonstrates the brand spirit. On the whole, it gives a sense of both steady and modern, and fully embodies Union Bank's operation concept of "enthusiasm, steadiness, efficiency and innovation".

For Taiwan and all the people living in this land, "Deposit & Simple Happiness" is the goal that the Bank is constantly striving for. With three decades of steady progress, in response to the sustainable development trend of global ESG, the Bank and its subsidiaries responded the "Green Finance Action Plan 2.0" advocated by the government, and participated in green power generation, green card issuance and low carbon fund in recent years. Attaching importance to the implementation of corporate social responsibility, the Bank has long held the "Union Art Competition" in cooperation with the Union Culture Foundation and established the "Let's be Happy Together" charity donation platform, actively engaged in education promotion, art and culture participation, social care, charity and other social public welfare actions; In the face of rapid changes in the global financial environment, the Bank also advances with the times, and launched digital accounts of New New Bank. Through multiple integration, it provides fast and convenient online loans, securities, funds, credit cards and other digital financial services and provide customers with the emerging NFT (non-fungible token) metauniverse experience. In order to welcome the future new era of financial sustainability, the Bank would sustain the spirit of "high enthusiasm, robust and positive progress, efficiency of the next generation, destructive innovation", continue to promote the implement of ESG new value into all its business, and create the win-win-win situation of finance, environmental sustainability and social environment with steady steps.



**The blue represents the spirit of being traditional and prudent**

**The red represents the enthusiasm for service**

**The jade green highlights both efficiency and innovation**

# ABOUT UBOT

Enterprise Overview

Brand Spirit and Operation Principle

**Company Organization**

Operation Performance

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## Company Organization

### 1. Union Bank of Taiwan Co., Ltd.

UBOT was the third bank established by the Government for opening private banks under the policy of promoting financial liberalization and internationalization with all initiators of the Bank following the common concept of creating sustainable operation. UBOT established the Preparatory Office on March 29, 1989, and was open for business officially on January 21, 1992. It was officially listed for trading over the counter on September 19, 1995, and made public listing of shares officially on June 29, 1998, thus becoming a listed company affirmed and recognized by the general public.

To move toward the goal of internationalization, in addition to establishing the Representative Office in Ho Chi Minh City, Vietnam, the Representative Office in Hong Kong and the Representative Office in Hanoi, Vietnam at present, the Bank was also approved by the Financial Supervisory Commission in 2019 to establish a branch in Danang, Vietnam; therefore, it will have more dense access service network, and could provide the customers with more diversified and convenient services.

In order to expand the operation access and the scale, the Bank made purchases and assumptions of assets, liabilities and operations of Chung Shing Bank Co., Ltd. on March 19, 2005, and completed merger with Union Bond Finance Co., Ltd. on August 16, 2010. To integrate overall resources, enhance management and exert operational performance, the Bank completed merger with Union Insurance Brokerage Co., Ltd. on August 1, 2016, with Union Bank as a surviving company to continue to provide services for the original customers of Union Insurance Brokerage.

To enrich the operational capital and enhance the financial constitution, the Bank issued Class A special shares at NT\$ 10 billion in October 2017, and become officially listed on the stock market on December 1, 2017.

The Bank is headquartered in Taipei City, Taiwan, with 4,251 staff all over the globe (including staff of subsidiaries, as of December 31, 2022), and has 5 affiliated subsidiaries, including Union Finance & Leasing International Corporation (hereinafter referred to as “Union Leasing”), Union Finance International (HK) Limited (hereinafter referred to as “Union Finance”), Union Securities Investment Trust Co., Ltd. (hereinafter referred to as “Union Investment Trust”), Union Information Technology Corporation (hereinafter referred

to as “Union Information”), and Union Venture Capital Co., Ltd. (hereinafter referred to as “Union Venture Capital”), and it also established a corporate body of Union Culture and Education Foundation (hereinafter referred to as “Union Culture and Education”).

### 2. Union Finance & Leasing International Corporation

Following the enthusiasm of making deep development and loving homeland, UB made 100% re-investment to establish Union Finance & Leasing International Corporation in November 1996 to provide the customers with more complete and diversified financial services. Union Leasing’s main business items are purchases & sales and leasing business of real estate, transportation facilities and various machines and equipment, assignment business of accounts receivable, and development and leasing business of residences and buildings. In addition, in view of improvement of consumption concept in automobile market, the individuals can enjoy “service by special person”, “uninterrupted care usage” and “guaranteed privacy”, etc. for long-term car rental, and the enterprises can enjoy “effective capital utilization”, “beautification of financial statements” and “saving of business tax and income tax”, etc.; therefore, the method of car use, “rental instead of purchase,” has become a trend. Union Leasing established Vehicle Leasing Department in June 2004 to provide a long-term car rental solution tailored for enterprises and individuals, taking cost, tax saving and convenience into account, thus providing the customers with the optimal selection of car use. The Union Leasing also obtained the Business License for leasing of Grade A passenger cars in January 2008.

### 3. Union Securities Investment Trust Co., Ltd.

Established on December 22, 1998, Union Investment Trust was a member of Union Enterprise Group, and it was mainly established with UBOT as the professional initiator and upon joint contributions from domestic well-known enterprises. In 2019, following the operation principle of being professional, steady and honest, it provided the investors with diversified investment options and pursued for optimal operating performance. As a financial management and investment institution with independent operation business under the Union Group, Union Investment Trust is specialized in researches on domestic fixed-income products and Taiwan stock market, and it is an important member in the Group. Following the attitude of being professional, steady and honest, it emphasizes cooperation and interaction of the research team, and grasps the pulse and investment opportunities of various industries so as to provide the investors with quality and professional investment services.

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## 4. Union Information Technology Corporation

Established on August 10, 1998, Union Information is a member of Union Enterprise Group, and is mainly engaged in system integration and design and development of financial application program, IBM mainframe application program, IBM Lotus Notes application program and Web application program; in addition, it also operates YesGoGoGo e-commerce website, and provides bonus exchange platform for credit card holders of Union Bank. Following the principle of “enthusiasm”, “steadiness”, “efficiency” and “innovation” with many years of experience in integrating software and hardware of information system, and by fully grasping the pulse of the information market, the Company continued to move toward the following direction of operation and service:

- i. Setting and maintenance service for credit card information system
- ii. Setting, integration and maintenance service of bank and its surrounding information system
- iii. Setting and integration service of financial science and technology system
- iv. Design service of application software system

Confronted with the development trend of information service, Union Information has established many successful models in finance industry by virtue of many years’ professional knowledge and capacities accumulated in financial information field. Confronted with the prosperous development of financial market at present, Union Information is very confident in welcoming the market opportunities and challenges.

## 5. Union Finance International (HK) Limited

Established on April 2, 1997, Union Finance is a member of Union Enterprise Group, and it is originally established to cooperate with the Government’s export-oriented policy and the plan of establishing Asia Pacific Regional Operations Center (APROC). In the meantime, in view of the rapid growth of entrepot trade at that time in the Chinese Mainland and Taiwan as well as Chinese Mainland, Hong Kong and/or Macao and Taiwan, and in order to expand the overseas business and implement the Government’s policy of bank internationalization. Therefore, it re-invests to establish overseas subsidiary in order to serve the Taiwanese businessmen nearby and also extends domestic import & export foreign exchange business and its related short-term financing. At present, its main business consists of financial service and financial investment.

## 6. Union Culture and Education Foundation

Union Bank and its affiliated enterprises established “Union Culture and Education Foundation” on April 17, 1998 to promote academic and cultural exchange by holding cultural and artistic activities, academic lectures and seminars, etc. with the objective of engaging in culture, education and welfare undertakings. Therefore, it has attached equal importance to material life and spiritual life during the process of achieving economic wealth, thus balancing the social maladjustment due to excessive emphasis on politics and economy but ignorance of culture and education. Also, it hopes that the Union Culture and Education Foundation can drive the whole society to cherish the living environment and resources, carry forward potential loving heart and kindness, cultivate temperament with the beauty of art and literature, improve quality of life, and create a healthy and safe living space as well as a harmonious society. With full support and authorization from the sponsor unit, the Union Culture and Education Foundation took the holding of “Union New Artist Award” as the starting point to not only encourage young artists to dare to realize their dreams, but also provides new artists with a performance stage, thus having been affirmed by all walks of life. In the future, it will play an active driving role in creating a better society via diversified forms and combining with resources of all walks of life.

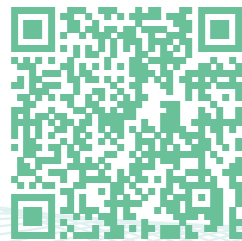
## 7. Union Venture Capital Co., Ltd.

Established on November 21, 2019, Union Venture Capital is a member of Union Enterprise Group, and it is established for the purpose of complying with overall industrial development requirements of the country, cooperating with the financial policies of the Government and the Financial Supervisory Commission and assisting and actively promoting the funds needed for development of 5+2 newly-created key industries. Investment objects of the Union Venture Capital are mainly concentrated in industries, such as “Asia · Silicon Valley”, “Intelligent Machinery”, “Green Energy Technology”, “Biotechnology & Medicine”, “National Defense”, “New Agriculture”, “Circular Economy” and 6 core strategies, etc., to specialize in investment and operation of domestic and foreign science and technology careers or other domestic and foreign venture investment careers, or to provide the invested careers with direct capital and assist with operation or supervision. Thus, it serves as the core for driving continuous developed of science and technology industry in our country and growth of next generation of industries in Taiwan.

# 03

## ABOUT UBOT

- Enterprise Overview
- Brand Spirit and Operation Principle
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- Operation Performance**
- Location of Services



UBOT's Financial Report

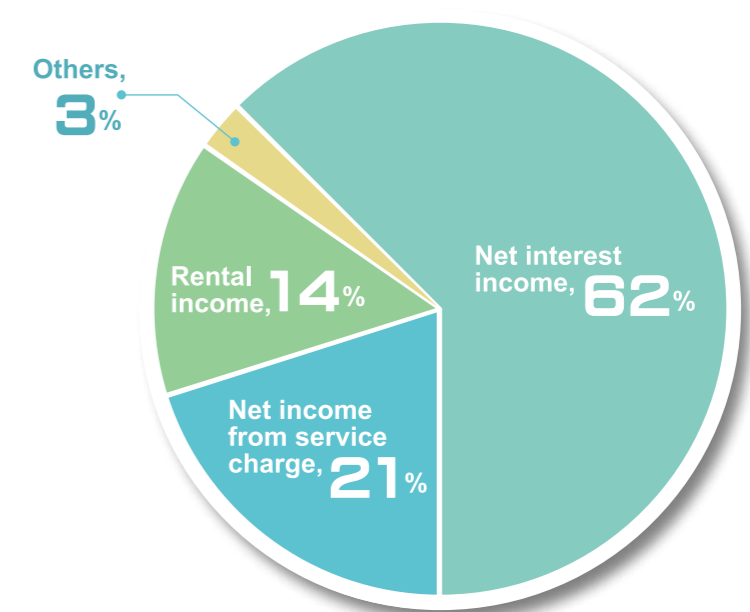


### Operation Performance

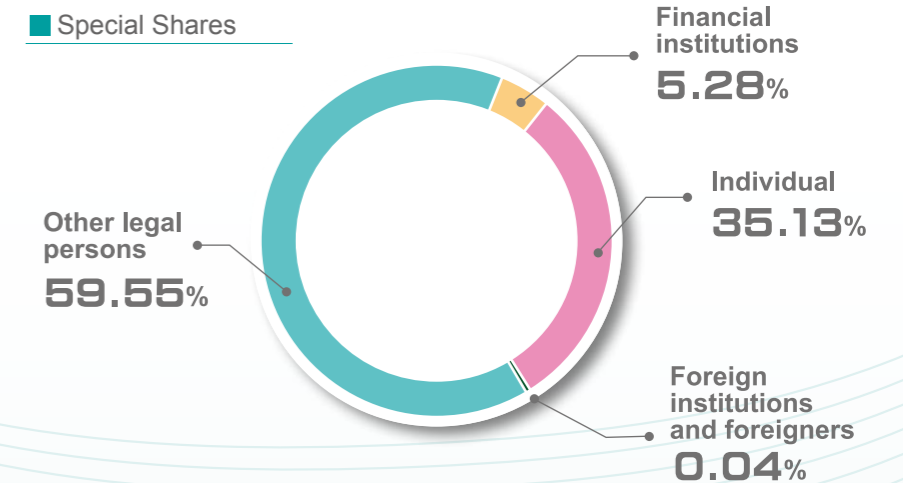
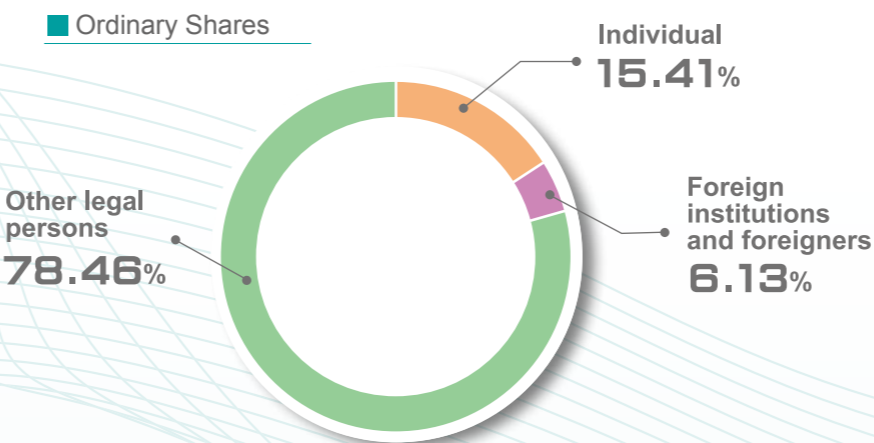
#### 1. Operating capacity/Profitability

Year	2022	2021
Total assets (NT\$ thousand)	844,999,933	841,589,146
Shareholders' equity (NT\$ thousand)	63,116,922	65,865,069
Net income (NT\$ thousand)	15,985,339	16,688,773
Net profit after tax (NT\$ thousand)	3,541,534	4,463,396
Earnings per share after tax (NT\$)	0.85	1.21
Return on shareholders' equity (%)	5.62%	7.51%
Return on assets (%)	0.42%	0.56%
Average income of staff (NT\$ thousand)	3,754	3,900
Average profit of staff (NT\$ thousand)	832	1,043

#### 2. Proportion of various businesses (by revenue source)



#### 3. Shareholders' structure (as of March 31, 2023)



#### 3. Shareholders' structure (as of March 31, 2023)

Evaluation Agency	Long-Term	Short-Term	Outlook
Taiwan Ratings	twA+	twA-1	Stable
Standard & Poor's (S&P)	BBB	A-2	Stable

# 03

## ABOUT UBOT

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### Location of Services

To move toward the goal of internationalization, the Bank established the Representative Office in Ho Chi Minh City, Vietnam, the Representative Office in Hong Kong and the Representative Office in Hanoi, Vietnam in 1998, 1999 and 2020, respectively. To expand the operation channel and scale, firstly, it made the merger and acquisition of main assets, liabilities and businesses of Chung Shing Bank in 2005, and then completed the merger with Union Bond Co., Ltd. and Union Insurance Brokerage Co., Ltd. in 2010 and 2016, respectively. By the end of 2022, it has had up to 90 domestic locations of the operations, up to 9 branches of securities, and 555 domestic automatic teller machines (ATM).

By means of the domestic and foreign service stations, and combining with mutual online cooperation of its 24h customer-service center, electronic finance, online and mobile banking and ATM, etc., Union Bank provides the customers with a more perfect and complete financial service network.

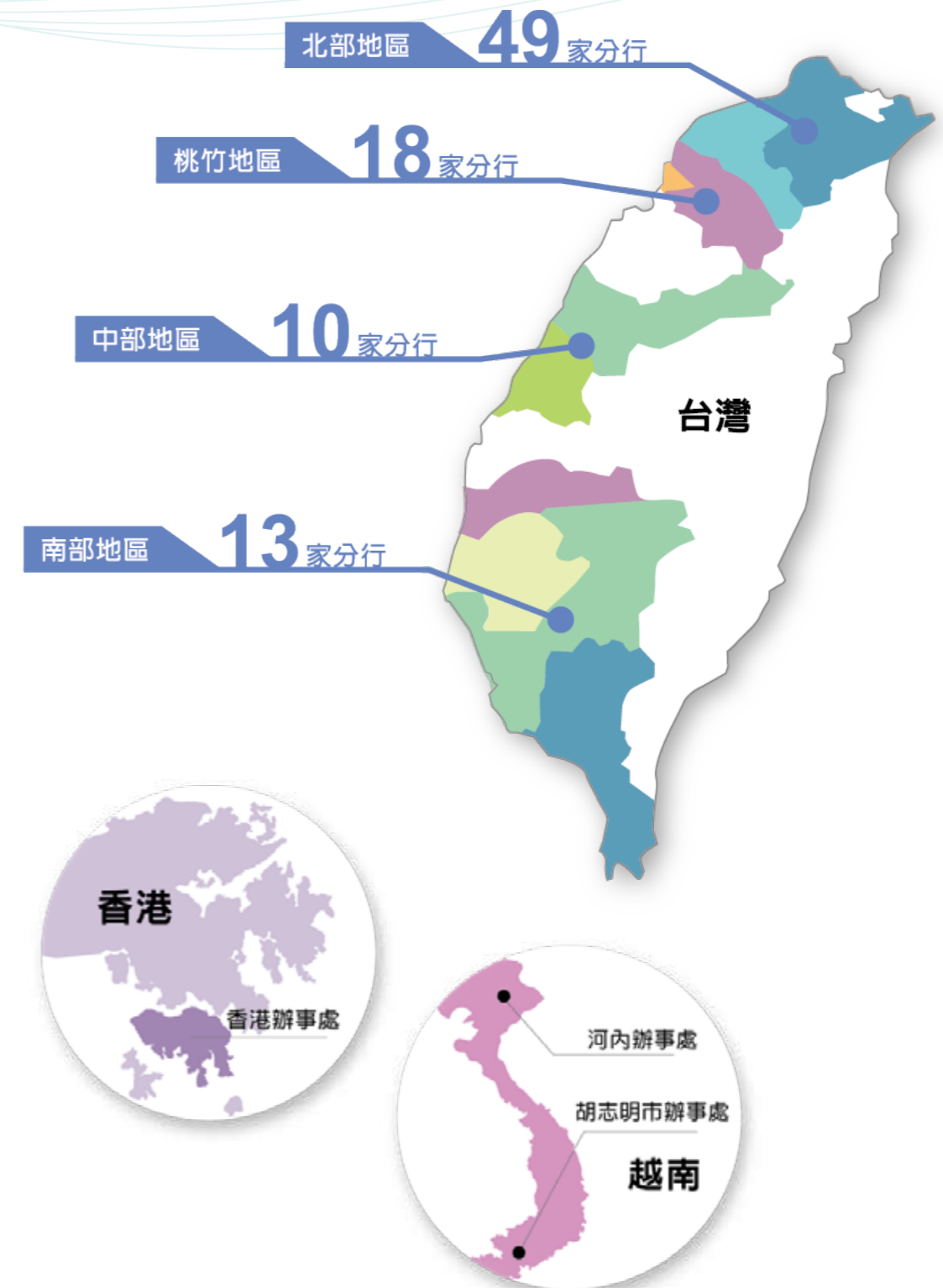
#### Customer service Center

Union Bank established the Customer Service Center in 1999, and set special unit to be responsible for providing 0800 free customer service hotline providing the customers with problem consultation and compliant handling to give preference to protecting customers' rights and interests and handle them in accordance with laws and regulations. Regarding handling of customer complaints, it established the Bank's "Procedure for Handling of Customer Complaints," making proper handling of the customers' problems as soon as possible to avoid disputed events; if an agreement fails to be reached regarding disputed events, the events shall be submitted to the Bank's "Handling Group of Disputed Consumer Cases" for assessment and handling in order to accelerate the handling timeliness, solve the disputes, and improve the customer satisfaction.

#### Electronic Finance

Union Bank provided digital electronic financial services such as individual e-banking, enterprise e-banking and mobile banking, etc. to lay full efforts in arranging a convenient, safe and user-oriented digital financial environment.

### Location of Services



# Stakeholder Engagement

## Identification of Stakeholders

Communication Channels with Stakeholders

Identification process of major topics

Identification of major topics

GRI significant topics, management principles and impact boundary

The Bank held considerable responsibility for the stakeholders and made two-way communication via various channels and means to understand the stakeholders' demands and their expectations toward the Bank. In the meantime, as an important consideration for implementing the enterprise sustainable development and related plans, the Bank established a sustainable operation mode with mutual benefit with the society and promotion of harmony and progress in combination with "vision, core competitiveness and strategy" to create the Creating Shared Value (CSV) and to jointly build a better home.

The Bank summarized the topics of concern by letting the Sustainable Development Committee (hereinafter referred to as ESG Committee) communicate with the stakeholders via various channels, and then it decided the main stakeholders and major aspects of consideration in accordance with the context, significance, integrity and stakeholders' inclusiveness by category of the functional groups under the ESG Committee.

## Identification of Stakeholders

Union Bank's stakeholders mainly consist of shareholders/investors, customers, staff, cooperation partners/suppliers, community/social public, government/competent authority and media, etc





# 04

## Stakeholder Engagement

Identification of Stakeholders

### Communication Channels with Stakeholders

Identification process of major topics

Identification of major topics

GRI significant topics, management principles and impact boundary

### Communication Channels with Stakeholders

Regarding the above stakeholders, members of the various functional groups under ESG Committee were responsible for making interaction, collecting opinions and making communication with the social public and stakeholders via various channels and platforms, including special column on company website in Chinese and English, visitor message, annual report, Shareholders' Meeting, 24h customer service hotline and service mailbox, text customer service APP, customer suggestion box, community lectures and various welfare activities, etc. In addition, the Bank would submit its communication condition with the stakeholders to the Board of Directors regularly every year. Detailed identification, communication method and channel of/with the stakeholders are summarized in the table below.

Summary table of identification, communication method and channel of/with the stakeholders

Stakeholders	Topics of concern	Communication method and channel	Communication Frequency	Corresponding Section
Customers	<ul style="list-style-type: none"> <li>Customer privacy</li> <li>Customer rights</li> <li>Service quality</li> <li>Debt consultation</li> <li>Diversification of financial innovation services</li> <li>Locations and channels of service</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of 24h customer service hotline, online text customer service, text customer service APP and online customer service mailbox, Union's Facebook Fan Page and official LINE account.</li> <li>Collection of the customers' opinions via the branches, promotion units and customer service center, etc.</li> <li>Performance of customer satisfaction survey quarterly or annually in accordance with the business attribute.</li> <li>Holding lectures on financial management regularly every year.</li> <li>Internet banking and mobile banking.</li> </ul>	Irregularly	Customer Care
Employee	<ul style="list-style-type: none"> <li>Employee remuneration and benefits</li> <li>Performance management</li> <li>Training and development</li> <li>Human right and gender equality</li> <li>Occupational safety and health</li> <li>Labor management relations</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of perfect reward and bonus system and following the fair employment practices.</li> <li>Establishment of compliant channel and review committee of sexual harassment.</li> <li>Establishment of the fair assessment and reward system.</li> <li>Holding various business lectures, seminars and participating in external professional trainings.</li> <li>Entrustment of professional medical health examination institution with health examination of the staff.</li> <li>Setting up a dedicated unit, and formulating occupational safety and health management plan.</li> <li>Holding labor-management meeting regularly.</li> <li>Formulation of staff compliant system, and setting staff garden.</li> </ul>	Irregularly Quarterly	Employee Care
Investor/ Shareholder	<ul style="list-style-type: none"> <li>Operation performance and shareholders' rights and interests</li> <li>Corporate governance</li> <li>Information disclosure transparency</li> <li>Directors' independence and professional degree</li> <li>Ethical Management</li> <li>Enterprise sustainable operation</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of permanent company website in Chinese and English.</li> <li>24H customer service hotline and feedback on opinion.</li> <li>We prepare its annual report regularly, the financial statements quarterly, and announce the operation performance and disclose major information on the Company's website and the Market Observation Post System for inquiry every month.</li> <li>We hold annual general meeting and legal person presentation to provide unobstructed channels of two-way communication.</li> <li>We assess the Bank's credit rating regularly, and provide objective assessment of credibility issued by independent and neutral credit rating institution.</li> <li>We set contacts of investor relationship, for proper handling of the shareholders' suggested, suspicious and disputed matters.</li> </ul>	Irregularly Annually	Corporate Governance About UBOT



# 04

## Stakeholder Engagement

Identification of Stakeholders

Communication Channels with Stakeholders

Identification process of major topics

Identification of major topics

GRI significant topics, management principles and impact boundary



Stakeholders	Topics of concern	Communication method and channel	Communication Frequency	Corresponding Section
Community/ Social Public	<ul style="list-style-type: none"> <li>Academic education</li> <li>Charity care</li> <li>Community development</li> <li>Social welfare</li> </ul>	<ul style="list-style-type: none"> <li>Increase in interaction with communities via lectures on financial management and community activities.</li> <li>Holding art exhibition tours and art contests regularly to be devoted to reserve and promote local culture and encourage new artists to lay efforts in creation and dare to realize their dreams.</li> <li>By following the social responsibility concept of "obtaining from the society and using for the society", we make long-term participation in various donation and other welfare activities, not lagging behind in showing love heart.</li> <li>We shod care for Taiwanese farmers with practical actions by making bulk purchase of agricultural products with poor sale and falling price due to over-production, and it shared love heart with the customers.</li> <li>By making adoption of community parks and school gardens, we enhance the community residents' contentionsness of participating in improving the community environment so as to create a beautiful living environment jointly.</li> </ul>	Irregularly	Social Welfare
Supplier/ Cooperative Partner	<ul style="list-style-type: none"> <li>Supply chain management, fair procurement</li> <li>Environmental protection, safety and health management</li> <li>Contract contents and legal regulations</li> <li>Ecological conservation and environmental sustainability</li> <li>Climate change risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Understanding the product and demands by means of product launch meeting, exhibition, mutual interview, providing written, electronic emails or samples, etc.</li> <li>Communicating and understanding the price cost, supply conditions, etc. via the procurement or contract-awarding procedures.</li> <li>Understanding the entrusted institution's management and working environment by field investigation.</li> <li>Communicating and understanding the use and follow-up service problems via feedback opinions from the users.</li> </ul>	Irregularly	Environmental Sustainability
Government/ Competent Authority	<ul style="list-style-type: none"> <li>Compliance with Law</li> <li>Internal audit</li> <li>Money laundering prevention and control</li> <li>Risk management and crisis management</li> <li>Occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Paying close attention to the issuance of government policies and orders, complying with laws and decrees in deed, maintaining interaction with the competent authority, cooperating with the competent authority in making audit irregularly, participating in policy seminars or lectures, and disclosing the company information regularly on the Market Observation Post System, the company web-page and the annual report, etc.</li> <li>Performing audit in accordance with the annual audit plan, and cooperating with the competent authority in making daily supervision and business inspection.</li> <li>Formulating management criteria for various major risks, making various qualitative and quantitative risk assessment operations, and disclosing various risk management information on website regularly.</li> </ul>	Irregularly Annually	Corporate Governance
Media	<ul style="list-style-type: none"> <li>Diversification of financial innovation services</li> <li>Social feedback</li> <li>Industrial dynamics</li> <li>Operation performance</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Setting spokesman mechanism, and making unified speaking to the external.</li> <li>Holding press conference and providing news release.</li> <li>Arranging interview activities of important topics.</li> </ul>	Irregularly	About UBOT Corporate Governance

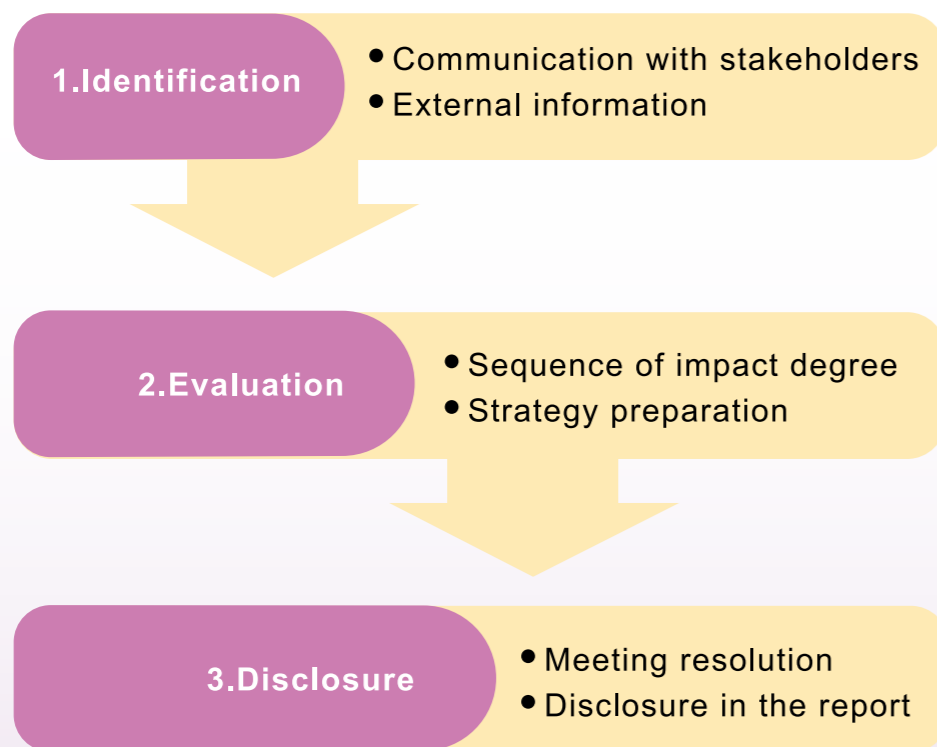
# 04

## Stakeholder Engagement

- Identification of Stakeholders
- Communication Channels with Sta
- Identification process of major topics
- Identification of major topics
- GRI significant topics, management principles and impact boundary

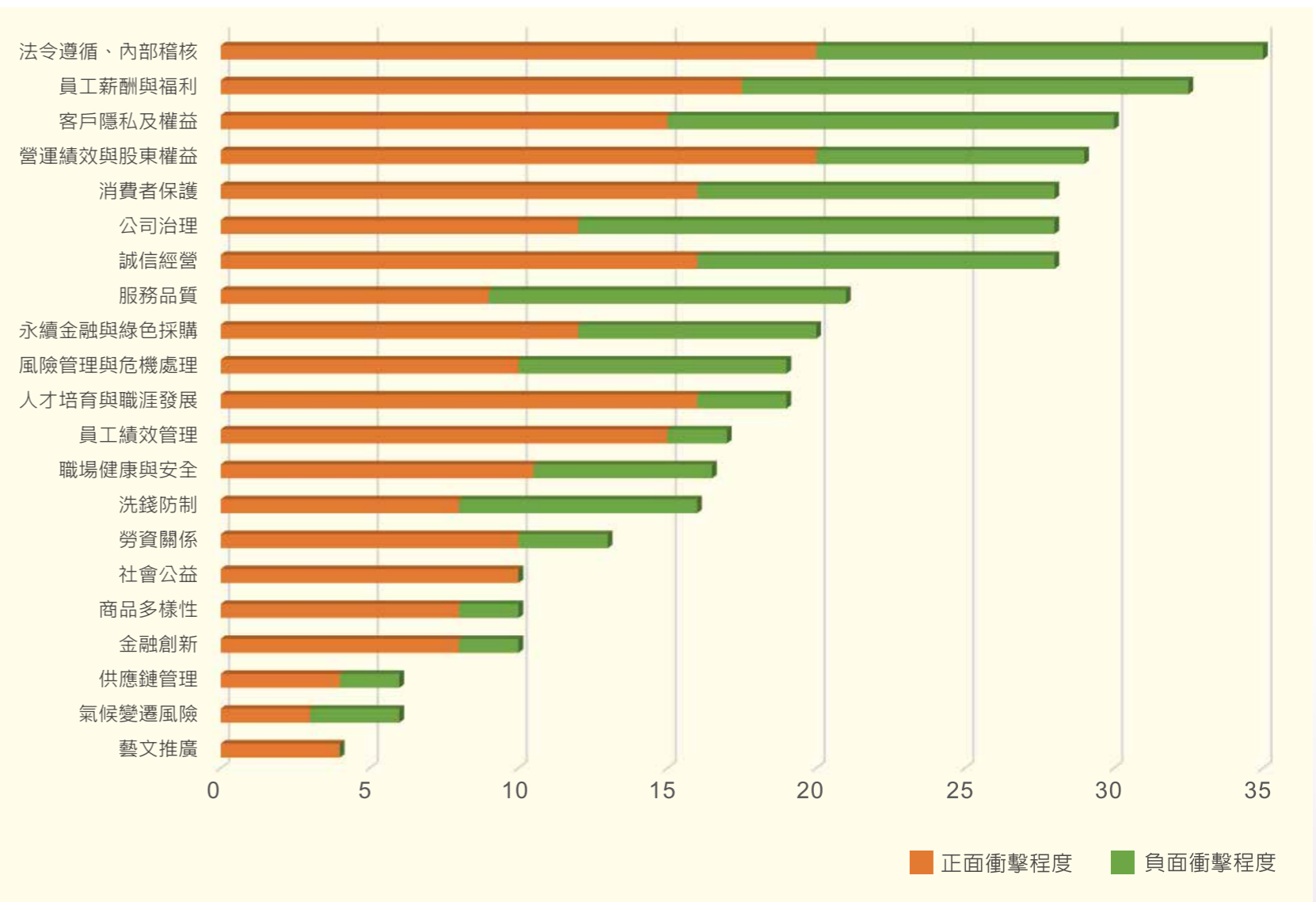
### Identification process of major topics

In accordance with the above preliminary summary data, and after assessing the stakeholders' degree of importance attached to the topics and understanding various stakeholders' instruction and expectation to the Bank whether in economic, social or environmental aspects, the Bank would arrange the sequence of key topics first and then submit to various senior business supervisors and senior staff for analyzing as below by assessing impact of the topics on the economy/environment/people (including human rights) The assessment results of 21 issues are summarized as follows.



Note : Taking the connotation of the topic into consideration, "environmental sustainability and green procurement" have been replaced with , "sustainable finance and green procurement".

### 重大性議題的衝擊評估結果



註：考量議題內涵，將「環境永續與綠色採購」改為「永續金融與綠色採購」。

# Stakeholder Engagement

Identification of Stakeholders

Communication Channels with Stakeholders

Identification process of major topics

Identification of major topics

GRI significant topics, management principles and impact boundary

### GRI significant topics, management principles and impact boundary

After the Bank's ESG Committee confirmed and completed annual major topics and the corresponding category and consideration aspect of various key topics to GRI Standard were set and summarized as below table, please refer to the attachment to this report - GRI Standard Corresponding Table for disclosure of relevant indexes.

Summary table of major topics and boundary identification

Aspect	Major Topics with High Attention	GRI Significant Topics	Impact Boundary					
			Degree of Involvement : Direct Cause ▲ , Indirect Cause ● Caused by the Relationship with UBOT ★					
			Union Bank and staff	Investor	Customer	Government	Media	Supplier
Corporate Governance	Operating Performance and Shareholders' Rights and Interests	Direct economic value generated and distributed by the organization 201-1	▲	★	★			
	Compliance with Law, Internal Audit	Comply with 419-1 of social economic laws and regulations, and comply with 307 of environmental protection laws and regulations	▲	●	★		●	
Customer Care	Customer Privacy and Rights	Customers' privacy 418	▲					
Employee Care	Employee Remuneration and Benefits	Employee-employer relationship 401-2	▲		★			★
	Talent Cultivation and Career Development	Training and education 404-1~404-3	▲					
Social Welfare	Social Welfare	Significant direct economic impact 203-2 Local community 413	▲	●	★	●	●	★
Environmental Sustainability	Sustainable Finance and Green Procurement	Energy 302-1, emission 305-1~2	▲		★		●	★

### Identification of major topics

According to the results of the impact evaluation, major issues in various aspects of this year are selected. The Bank's major topics of the current year mainly included the following five aspects: corporate governance, social welfare, customer care, employee care and environmental protection, of which the topic with the highest score was selected, and the response has been made to total seven major topics of concern which were explained in this report as well.

Major Topics	
Corporate Governance	<ul style="list-style-type: none"> <li>● Operating Performance and Shareholders' Rights and Interests</li> <li>● Compliance with Law, Internal Audit</li> </ul>
Customer Care	<ul style="list-style-type: none"> <li>● Customer Privacy and Rights</li> </ul>
Employee Care	<ul style="list-style-type: none"> <li>● Employee Remuneration and Benefits</li> <li>● Talent Cultivation and Career Development</li> </ul>
Social Welfare	<ul style="list-style-type: none"> <li>● Social Welfare</li> </ul>
Environmental Sustainability	<ul style="list-style-type: none"> <li>● Sustainable Finance and Green Procurement</li> </ul>

# 05 Corporate Governance

## Governance Structure

Participating in Various Associations and Organizations

Legal Compliance

Ethical Management

Cyber Security Management

Risk Management

The Bank takes sustainable management as the principle of establishment, while a good corporate governance is the foundation for sustainable management of a company. The Bank is equipped with a sound corporate governance system, and all units are responsible for their own positions so as to guarantee reasonable and efficient corporate operation and conformance of various businesses to regulations.

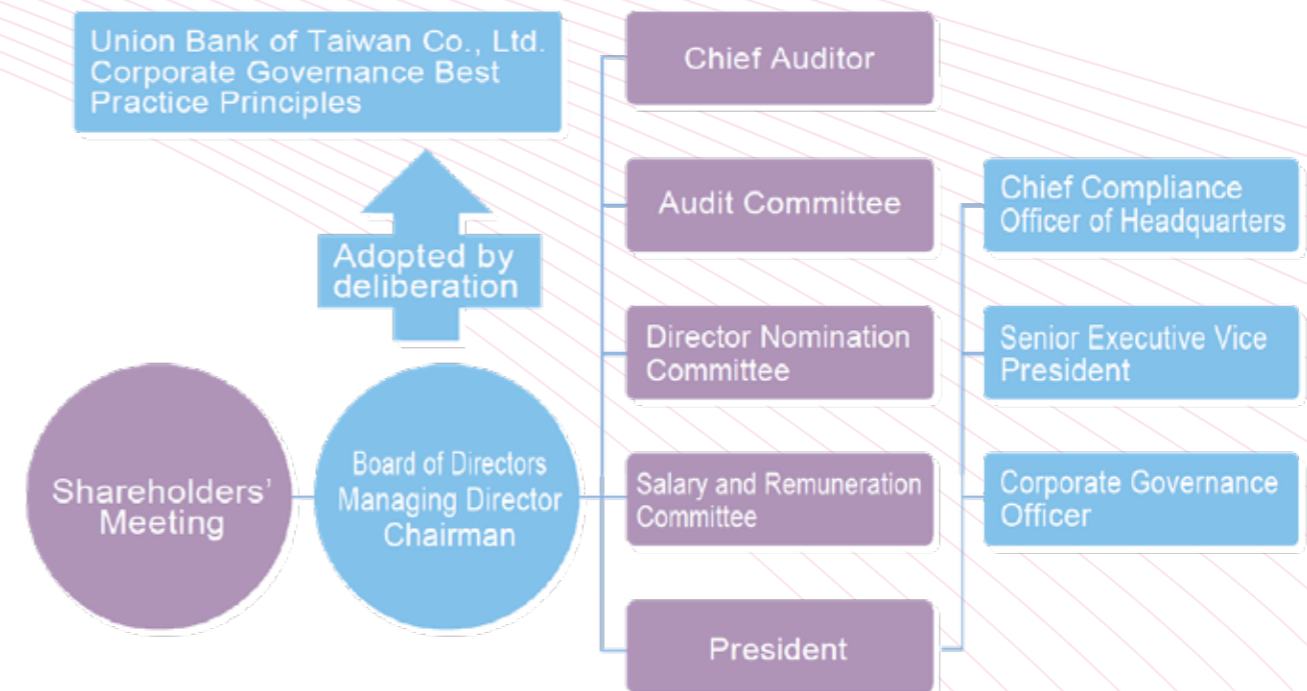
To maintain effective and proper operation of internal control system, the Bank has established internal audit system, self-audit system, legal compliance system, and risk management mechanism. Among them, self-audit constitutes the first defense line, compliance with law and risk management constitute the second defense line, and internal audit constitutes the third defense line. In order to enable effective and proper operation of the internal control system, the first and the second defense lines perform risk monitoring, and the third defense line performs independent monitoring so the three defense lines perform their own functions.

In addition to complying with governmental orders and regulations, the Bank also formulated "Code of Practice on Corporate Governance" and observed the following principles:

- Observing laws and improving internal management
- Guaranteeing shareholders' Rights and Interests
- Enhancing functions of the Board of Directors
- Exerting functions of various functional committees under the Board of Directors
- Respecting rights and interests of stakeholders
- Improving information transparency

In addition, the Bank would review its corporate governance effect in accordance with "Corporate Governance Appraisal Result", and put forward matters of enhancement in priority and measures to enhance the Bank's implementation of corporate governance and to jointly improve the corporate governance level in capital market of our country.

## Governance Structure



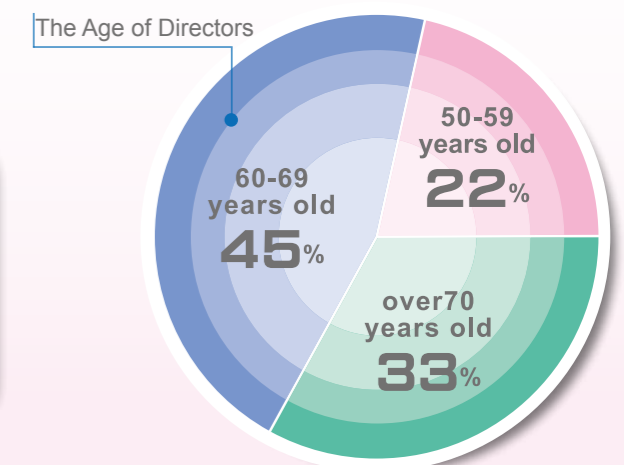
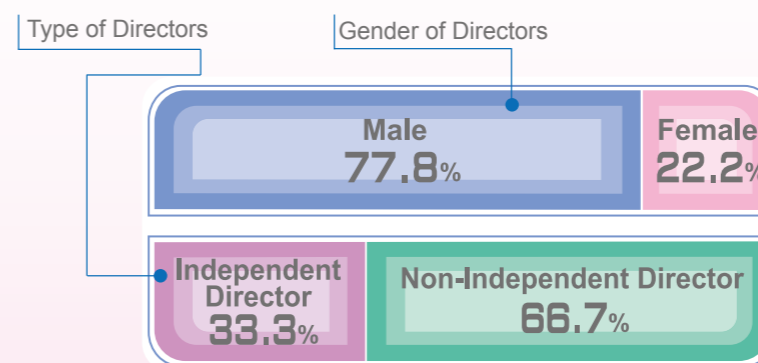
### 1. Diversification and specialty of the Board of Directors

The Bank's nomination and selection of the Board of Directors were performed as stipulated in the Articles of Association, using candidate nomination. In addition to assess educational background and experience qualifications of the candidates, it also made reference to the stakeholders' opinions and complied with the "Procedures for Election of Directors" and "Code of Practice on Corporate Governance" to guarantee diversification and independence of the directors. In order to improve functions of the Board of Directors of the Company and enhance the management mechanism, the 19th Board of Directors' Meeting of the 10th Session passed to establish the Director Nomination Committee on November 11, 2020.

(1) In order to strengthen efficiency of the Board of Directors and consider that members of the Board of Directors should be equipped with different backgrounds, international experience, forward looking, leadership and communication ability, the Bank's Board of Directors included the criterion for diversification of members of the Board of Directors into the Bank's Code of Practice on Corporate Governance in addition to gender equality. The diversification of directors is as follows:

The Bank's board of directors is composed of nine directors, with independent directors accounted for 33.3%, female directors accounted for 22.2%, the directors aged at 50-59 years old accounted for 22%, those aged at 60-69 years old accounted for 45%, and those aged above 70 years old accounted for 33%

The Bank's board of directors is composed of nine directors



# 05 Corporate Governance

## Governance Structure

Participating in Various Associations and Organizations

Legal Compliance

Ethical Management

Cyber Security Management

Risk Management

### Diversified Core Projects

Name of Director	Gender	Operation Judgment	Operation Management	Accounting and Finance	Industry Knowledge	International Market View	Leadership Decision	Risk Management
Lin, Hung-Lien	Male	V	V	V	V	V	V	V
Chiang, Chen-Hsiung	Male	V	V		V	V	V	
Li, Kuo-Chang	Male	V	V	V	V	V	V	V
Li, Tsung-Han	Male	V			V	V	V	
Fan, Ling-Yu	Female	V	V		V	V	V	V
Tsao, Su-Feng	Female			V	V	V	V	
Lin, Ssu-Yung	Male	V	V	V	V	V	V	
Li, Wen-Ming	Male	V	V		V	V	V	
Herman Tu	Male	V	V	V	V	V	V	V

Members of the Board of Directors of the Bank have different professional knowledge and capacities. As shown in the table above, for any of the professional abilities listed in the table, at least three members of the Board of Directors possess them. Some board members even have at least four of the seven competencies listed in the table above. Therefore, at present, for the members of the Board of Directors, it has achieved the objectives of the diversification policy.

### (2) Enhancing the directors' independence and fully exert responsibilities of independent directors.

The Bank has developed Guidelines on Areas of Responsibility for Independent Directors of Union Bank of Taiwan Co., Ltd. for compliance. One independent director has served for three consecutive terms, and two independent directors just took office in July, 2021. In order to strengthen the independence of the Board of Directors, since the 11th Board of Directors, independent directors of the Bank shall not serve more than three consecutive terms.

### (3) Improving professional degree of directors

In order to enhance professional functions of the directors, and improve operation of the company organization, the Bank would arrange the directors to participate in lectures, further study courses, etc. regularly every year to assist them in understanding the current related laws and regulations and information, etc., and disclose their further study condition in the Market Observation Post System and the Bank's annual report.

In 2022, the Bank arranged and participated in the "Board of Directors and Board of Supervisors Operation Practice and Corporate Governance Seminar (Financial Credit Data Added Value Application Trend and Development, International Sustainability and Financial Development Trend)" held by Taiwan Academy of Banking and Finance for a total of 6 hours.

### 2.Operation condition of the Board of Directors

In order to establish a good governance system of the Board of Directors of the Company, improve the monitoring function and enhance the management function, the Bank formulated "Rules of Procedures for the Board of Directors" to be observed by the council group. It also clearly specified in the Rules that the attending directors should make voluntary refusal if involving their own interest, and they shall neither make voting nor exercise voting right on behalf of other directors; the Bank's directors shall abide by such Rules in deed. The Bank held seven board meetings in 2022. The average attendance rate of all directors was as high as 98.4%, and the actual attendance rate of each director was as high as more than 80%. All of them well fulfilled the responsibility of supervision.

For information on board meeting attendance and directors' recusal of interest-related proposals in 2022, please refer to pages 32-33 of the Bank's Annual Report

### 3.Important decision matters of the Board of Directors in 2022



### 4.Performance evaluation and remuneration of directors

The Bank's Board of Directors has established the "Board of Directors' Performance Evaluation Procedures", and it shall conduct an internal performance evaluation of the Board of Directors, the overall operation of functional committees and individual Board members at least once a year; and an evaluation of the Board of Directors' performance by an external professional and independent organization or a team of external experts and academics shall be executed at least once every three years. The results of the internal performance evaluation of the Board of Directors shall be completed and reported to the Audit Committee and the Board of Directors by the end of the first quarter of the following year.



Internal and external performance evaluation results of the Board of Directors of 2022 conducted by the Bank

Remuneration paid by the Bank to the directors mainly consists of the attendance fee and remuneration with standards of remuneration payment at fixed amount. In addition, remuneration is paid within 0.1% of profits as stipulated by the Articles of Association; when evaluating remuneration of individual directors, the Bank has taken performance evaluation results of the directors into consideration. In 2022, the Bank has paid total NT\$ 37,121 thousand to the directors, General Manager, Deputy General Manager, Chief Audit Officer and Head Office's Legal Compliance Supervisor, accounting for 1.05% of net profit after tax.

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### 5. Remuneration and performance of the managers

Remuneration of the managers was submitted to the Board of Directors for determination upon review by the Remuneration Committee in accordance with their individual professional qualification, participation degree and contribution to the Company's operation and in reference to the industrial salary standard, and the procedures were all formulated according to existing rules and regulations of the Bank. In addition to paying fixed basic salary every month, the Bank also distributed year-end performance bonus in accordance with the overall operation results and individual performance, and allocate remuneration for the staff within 1%-5% of profit as stipulated by the Articles of Association, so as to make the managers' remuneration closely related with the Company's operation performance. In case of major risk events sufficient to impact the Company's image, and once there were improper internal management, personnel malpractice and other risk events, the ward of bonus for such related personnel would be affected, and the Bank's Risk Management Department would submit the risk control profile and risk exposure degree to the Board of Directors regularly every quarter.



Within the Bank and its subsidiaries, the annual total remuneration of the highest paid individual is 7.34 times the median annual total remuneration of all employees (excluding the highest paid individual). The increase rate of annual total remuneration of the highest paid individual is 6.22 times the median increase rate of all employees (excluding the highest paid individual).

### 4. Board of Directors' Functional Committees

#### (1) Audit Committee

Holding communication meeting with the internal audit supervisor regarding implementation condition of internal audit by the audit unit regularly every year; CPA would explain to the Audit Committee the audit method and major audit adjustment matters of the Bank's financial statements regularly every half year, and make communication with the independent directors regarding relevant topics. The Audit Committee consists of all independent directors with a detached standpoint, and in the meantime, at least one independent director of the three members shall be equipped with accounting or financial specialty which is good for improving the Bank's operation performance. The Bank held six audit committee meetings in 2022, and the average attendance rate of all independent directors was 100%. All of them well fulfilled the responsibility of supervision.

For information on the operation of the Audit Committee and important proposals adopted in 2022, please refer to pages 35-38 of the Bank's Annual Report.

#### (2) Remuneration Committee

The Committee is mainly responsible for formulating and regularly reviewing the policies, systems, standards and structures of performance evaluation and remuneration for directors and managers. It has three members. At least one independent director shall participate in the Committee and shall be elected by all members to serve as the convener of the Committee. The Bank held two remuneration committee meetings in 2022 and the average attendance rate of all independent directors was 100%.

For information on the operation of the Remuneration Committee and content of proposals adopted in 2022, please refer to pages 45-46 of the Bank's Annual Report.

#### (3) Other committees

In order to strengthen the management mechanism, the Bank's "Director Nomination Committee", "Asset and Liability and Risk Management Committee", "Automation Committee", "Investment and Credit Review Committee", "Overdue Credit, Collection and Bad Debt Committee", "Trust Property Review Committee", "ESG Committee", "Personnel Review Committee", "Personal Data Management Committee", and "Fair Customer Service Management Committee" are responsible for submitting resolutions to the relevant levels in accordance with the hierarchy.

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## Participating in Various Associations and Organizations

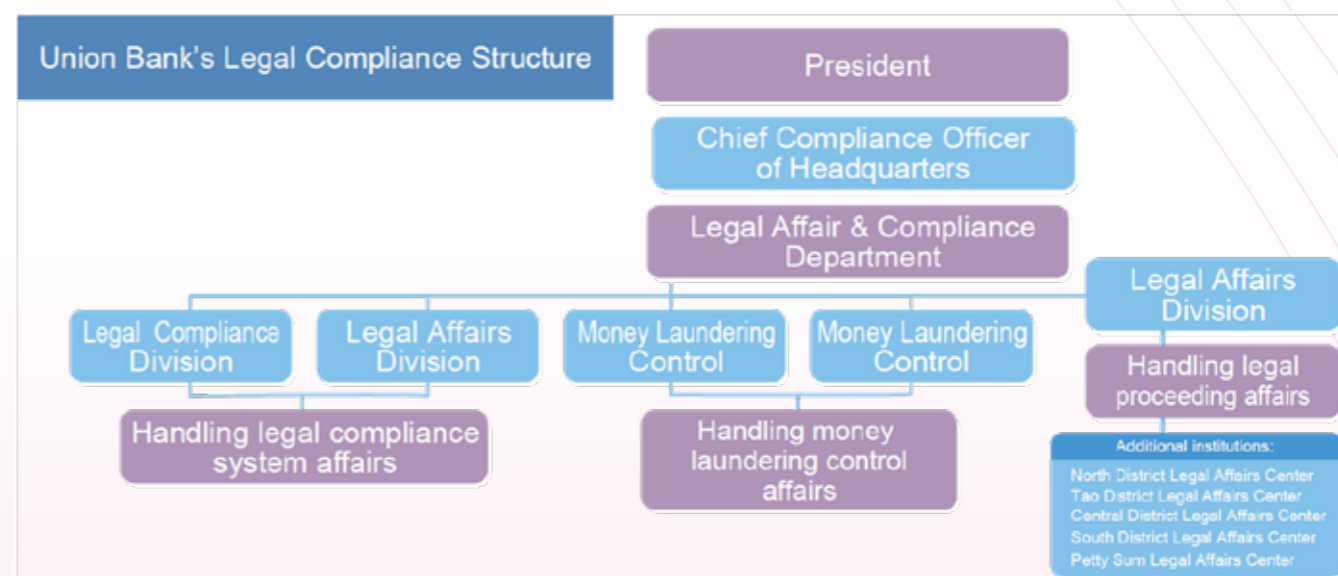
To promote domestic financial industrial development, the Bank actively participates in various industrial associations and organizations, and provides suggestions for practical operations of the financial industry appropriately, making its own contribution to improving overall financial environment in the country.

Name of Associations and Organizations	Title
The Bankers Association of the Republic of China	General Member, Council Member
Trust Association of the Republic of China	General Member, Council Member
The Insurance Agency Association of the Republic of China	General Member
Chinese National Futures Association	General Member
Taiwan Securities Association	General Member
R.O.C. Bills Finance Association	General Member
Taiwan Clearing House	General Member
Banking, Securities and Insurance Commission	Committee Member

## Legal Compliance

### 1. System and Structure of Legal Compliance

- (1) The Bank has established a legal compliance system to form three defense lines together with self-audit, risk management and internal audit, and maintained effective and proper operation of the internal control system via pre-event planning, in-process monitoring and post-event verification.
- (2) The Head Office assigned one senior supervisor to act as the Head Office's Legal Compliance Supervisor to be responsible for legal compliance affairs of the whole bank, and for issuing opinions conforming to laws and internal regulations and affixing signature as the responsible person before the Bank launches various new goods, services and applying to the competent authority for handling new businesses. The Legal Affairs Section and Legal Compliance Section of the Regulatory and Legal Compliance Department are the Bank's legal compliance units, of which the members are led by the Head Office's legal compliance supervisor to be responsible for planning, management and execution of the Bank's legal compliance system.
- (3) The Head Office's legal compliance units and each domestic unit all assigned personnel conforming to legal qualifications to act as their legal compliance supervisor and to be responsible for executing legal compliance matters. They also set assistant legal compliance supervisor in various units (including the Head Office's branches and various business centers stationed in the branches) to assist the legal compliance supervisors in handing legal compliance matters so as to convey and advocate laws effectively.
- (4) The legal compliance policies verified by the Board of Directors were the bank-wide supreme guidelines of the Bank's legal compliance system, and the Board of Directors would make review annually to monitor effectiveness of legal compliance functions. They also grasp implementation condition of the Bank's legal compliance function via annual legal compliance plan and report on implementation of legal compliance affairs of the whole bank every half year.





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## 2. Overview and operation condition of legal compliance

### (1) Drafting and promotion of the Bank's Legal Compliance System

The Bank's existing legal compliance policy was designed in accordance with supervising and guidance of the competent authority, including pre-event planning, in-process monitoring and post-event verification, and it introduced, established and implemented relevant internal specifications via educational training and advocacy and via establishing clear and appropriate legal conveying, consultation, coordination and communication system so as to enable the Bank's staff to be familiar with laws and regulations and enhance their concept of rule of law. In addition, the Bank continued to exert supervision of legal compliance and internal control, used risk-based approach to evaluate the legal risks, and implemented necessary verification measures regarding the one with higher risks so as to verify that the internal operation conformed to legal regulations and to guarantee effectiveness and compliance with laws of the legal compliance system.

### (2) The Bank followed up the latest legal dynamics, and revised its internal regulations appropriately.

The legal compliance units would collect the latest legal regulations on finance every week, and then convey to various units effectively upon summary and arrangement so as to enable the staff to figure out their doubts toward the laws and regulations quickly to assist with various departments in confirming that all operation and management regulations are updated appropriately in cooperation with relevant laws, thus making the Bank's operation activities conform to legal regulations. In addition, the Bank has set up the database of financial laws and regulations. Besides external regulations and orders applicable to the business of the Bank, it also contains the internal regulations and electronic documents formulated by the head office units. What's more, they would also update the Bank's database of financial laws and regulations regularly for the use of all employees of the Bank, so as to strengthen the legal compliance function of the Bank through legal compliance technology and promote the sound operation of the Bank.

### (3) Legal Compliance Appraisal System

The Bank would make self-appraisal of legal compliance once half year, and its legal compliance units would make spot inspection of legal compliance every year to appraise the legal compliance condition of various units, and report the appraisal results to the Board of Directors and the Audit Committee.

### (4) Complete legal compliance training and education

The Bank's Head Office's legal compliance supervisor, members of the Head Office's legal compliance units and various domestic units' legal compliance supervisors have obtained legal qualifications before taking post. Besides, they should also participate in on-the-job education and training courses on legal compliance held by the competent authority, its designated institution or the Bank itself for at least 15 hours every years to guarantee that they are equipped with the ability to perform the legal compliance mechanism, thus assisting with the senior supervisors in managing the Bank's legal compliance risks. In addition, regarding new staff, on-the-job staff, senior supervisors and the above-mentioned legal compliance supervisors and staff, the Bank opens different legal compliance courses every year, and makes conveying and advocacy at any time in accordance with updating or amendment of laws so as to enable all units to grasp the latest standards and comply with laws indeed.

### (5) Compliance with key rules and regulations

#### A. Financial Consumer Protection

In accordance with regulations on evaluation and key points of operation for the Bank's handling new business and new financial goods, before the Bank launches various new goods, services and applied to the competent authority for handling new business, the legal compliance units shall assist in inspecting the legal compliance and money laundering and terrorist financing risks in accordance with the planning report, operation regulations and relevant agreements on such new business and new financial goods put forward by the goods-planning unit to issue opinions as for whether such new business and goods conform to legal system, legitimacy and relevant rights and interests, etc. or not. For existing businesses, if changes in commodity structure, risk degree, service form, target customer and other factors may lead to changes in different legal compliance risks, guarantee of consumers' rights and interests, internal control or risk management systems, it would cooperate with legal compliance units, so as to confirm that all business activities of the Bank could comply with laws and decrees and promote the sound operation of the Bank. In addition, the Bank has formulated fair customer service policy, as well as its strategies and execution procedures, in accordance with principles for fair customer service in financial service industry issued by the Financial Supervisory Commission, and it would make review and revision regularly every year with its added Fair Customer Service Management Committee in 2020 to service as the Bank's main organization for planning, review and promotion of fair customer service topic. For financial consumer protection and fair customer service, the legal compliance units conducted on-the-job legal compliance training for the Bank's employees, and the Audit Department included fair customer service condition into the monitoring scope to guarantee the protection of the consumers' rights and interests.

#### B. Personal Data Protection

The Bank formulated precautions for personal data protection, personal data file security maintenance plan and summary table of response measures for personal data security accidents, measures for management of personal data documents and the review principles and key operation points for examination of the parties' exercise of rights. It also formulated measures for setting Personal Data Management Committee, and set the Personal Data Management Committee to serve as security maintenance and management organization of personal data files to review matters related with the Bank's personal data protection regularly. In addition, the Bank would make personal data inventory, personal data risk assessment and personal data accident drilling, etc. every year in accordance with the above personal data security maintenance plan to confirm appropriateness of various personal data management measures.

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## C. Money Laundering Control and Combat Terrorist Financing

In accordance with measures of financial institutions for money laundering control and practical measures of internal control and audit system of money laundering control and combating terrorist financing of bank industry and other financial institutions designated by the Financial Supervisory Commission, the Bank performed identification, evaluation, management and declaration of money laundering and terrorist financing risks, and took enhanced control measures for higher risks so as to implement and confirm the customers' identity and continue to monitor the account and transaction conditions. The Bank's supervisor/personnel responsible for money laundering control and combating terrorist financing and the directing supervisors of the business units have obtained job qualifications as stipulated, and the Bank has included relevant training courses into on-the-job education and training courses on money laundering control to enhance recognition of the bank staff.

## 3. Adjudicated and punished cases and matters and their improvement conditions

For the Bank's cases rectified or fined by the competent authority in the recent one year, the missing matters and improvement conditions were as follows:

Matters of Deficiency	Improvement Condition
In some cases, during conducting the underwriting business of non-guarantee commercial paper, the Bank failed to get the business issuance plan of the issuing enterprise and investigate the general reputation of the principal person in charge of the enterprise.	The Bank has revised the setting and control measures of the "Non-guarantee Commercial Paper Management Measures" and followed the relevant regulations to implement the internal control system.
In some cases, during dealing with insurance agent business, the Bank violated relevant provisions of the insurance law.	It has discussed with insurance companies and reviewed and adjusted the terms of the contract relating to telemarketing and solicitation fees.
In some cases, during conducting the housing loan business of natural persons, the Bank has not perfected the establishment, implementation and execution of money laundering prevention and control, and violated the Money Laundering Control Act.	It has reviewed this problem and is implementing relevant improvement measures.

## Ethical Management

### 1. Development of the enterprise culture of ethical management

Following the operation principle in "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Bank has established goods corporate governance, internal control and risk control mechanisms, etc., and designated relevant units to perform business monitoring; all directors and senior management have issued statement on compliance with ethical management policy, and total 16 of them have all affixed signature, and, in the meantime, the Bank's Board of Directors were also highly self-disciplined, making active refusal from the discussion or voting regarding proposals listed by the Board of Directors and involving them as stakeholders, so there were no circumstances of improper interest resulting damage to rights and interests of the Bank's customers and shareholders.

### 2. Establishment of ethical management policy and communication

In view of stipulations in Article 12 of the United Nations Convention Against Corruption, all countries should take measures in accordance with basic principles of their laws to prevent enterprises from corruption, and guarantee that all enterprises implement internal control mechanism good for preventing and discovering corruption. The Bank established its Code and Behavioral Guidelines for Ethical Management in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" issued by Taiwan Stock Exchange Corporation; then it made implementation upon resolution of the Board of Directors and reported to the Board of Shareholders. In addition, the Corporate Governance Group was responsible for supervising execution condition of the Bank's ethical management policy and prevention scheme, and making report to the Board of Directors regularly to establish a good business operation structure, build the Bank's enterprise culture of integrity management, improve the operation and cooperate with development of international anti-corruption and wrongdoing-prevention topics.

- (1) Staff's Code of Conduct: The Bank has specified the basic norms for staff's conduct clearly in the "Working Rules for Union Bank of Taiwan", including professional ethics, laws and regulations, staff relationship, company assets and reputation protection and other matters ought to be observed by the staff. In addition, the Bank also formulated "Key Points for Handling Staff's Receiving Gifts" and "Measures for Complaint and Punishment of Sexual Harassment Prevention and Treatment", specifying the staff's gift and reception so as to avoid bribery and prevent sexual harassment to guarantee staff's rights and interests, and to establish a friendly working environment free from sexual harassment.
- (2) Code of Conduct of Directors and Managers: to guide the directors and managers to act in conformance to moral standards, the Bank has formulated Code of Ethics of Directors and Managers in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" issued by the Financial Supervisory Commission, which was implemented upon resolution of the Board of Directors and was reported to the Board of Shareholders.

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- (3) Personal Data Protection: to comply with the “Personal Data Protection Law”, the Bank has formulated “Precautions for Personal Data Protection of Union Bank of Taiwan Co., Ltd.” to guarantee legal collection and application of customers’ and staff’s personal data, and the Bank also emphasized attaching importance to customers’ privacy. It would hold personal data education and training every year, and in accordance with Measures for Maintenance of Personal Data File Security of Non-public Service Agencies designated by the Financial Supervisory Commission, it would set the management organization for Personal Data Protection i.e. “Personal Data Management Committee” to make inventory of personal data files kept in various units, establish detailed list of personal data files, make risk assessment and analysis of personal data, and formulate or revise relevant internal regulations to reduce disclosure risk of personal data and resulting damages.
- (4) Protection of Intellectual Property: To respect use of intellectual property right, and in accordance with the Bank’s “Measures for Management of Computer Assets”, it is required that all units should verify use condition of various computer software and copyright every half year, and if involving use of others’ or other companies’ files, copyright or software, it must guarantee that relevant use objects have obtained legal authorization without infringement of others’ copyright. In addition, to enhance the development basis of the Bank’s various digital financial services in the future, and in response to subsequent intellectual property risks in the financial industry, in November 2020, the Bank’s Board of Directors passed formulation of “Union Bank’s Intellectual Property Management Plan”, and reported the implementation condition and results of the intellectual property management plan to the Board of Directors regularly.
- (5) Prevention of Insider Trading: It is required that directors, managers, staff and other insiders familiar with significant information stock market price should stop stock exchange within statutory period to prevent various interest conflict behaviors with the Company, to avoid the colleagues from the moral risks of violating fiduciary duty and causing interest conflicts, and to promote soundness of the Company’s decision-making and maintain proper utilization of information property.

- (6) Formulation of Policies for Money Laundering Prevention and Anti-terrorism: the Bank has currently formulated “Union Bank of Taiwan’s Evaluation of Money Laundering and Terrorist Financing Risks and Formulation of Prevention Plan Policy” and “Precautions of Union Bank of Taiwan Co., Ltd. for Money Laundering Control and Combating Terrorist Financing” to supervise and control money laundering and combat terrorist financing risks and to formulate Standard Operating Procedures for Implementing the Plan for Money Laundering Prevention and Combating Terrorist Financing so as to conform to stipulations of existing laws and to include money laundering prevention and combating terrorist financing into self-audit and internal audit.
- (7) Communication and Educational Training on Anti-corruption: To enhance enterprise integrity, condense the consensus of anti-corruption, in the education and training courses on money laundering control and combating terrorist financing in 2022, the Bank entrusted the Taiwan Academy of Banking and Finance with appointing prosecutors from the Prosecutors Office of New Taipei City District Court to promote anti-corruption and anti-weapon proliferation to the Head Office’s Legal Compliance Supervisor, Money Laundering Directing Supervisor and staff from dedicated units in total of 349 staff with completion rate of the training of 97% so as to improve self-discipline concept of the bank staff and strengthen the importance of abide by the anti-corruption policy.

### 3. Establishment of whistleblowing channel

The Bank has formulated implementation measures of whistleblower system, and formulated the Bank’s operation procedures, behavioral guidelines, punishment and claim system for violation of regulations in its HR management measures and working rules; the stakeholders could report non-integrity behaviors by mail, telephone, website and other means.

The Bank has entrusted the whistleblowing pipeline to the impartial unit of an independent third party.

E-mail: [ubot@conductwatch.com.tw](mailto:ubot@conductwatch.com.tw)  
 Reporting platforms: [secure.conductwatch.com/ubot](https://secure.conductwatch.com/ubot)  
 Special telephone line: (02)2712-1055, (02)2712-1050

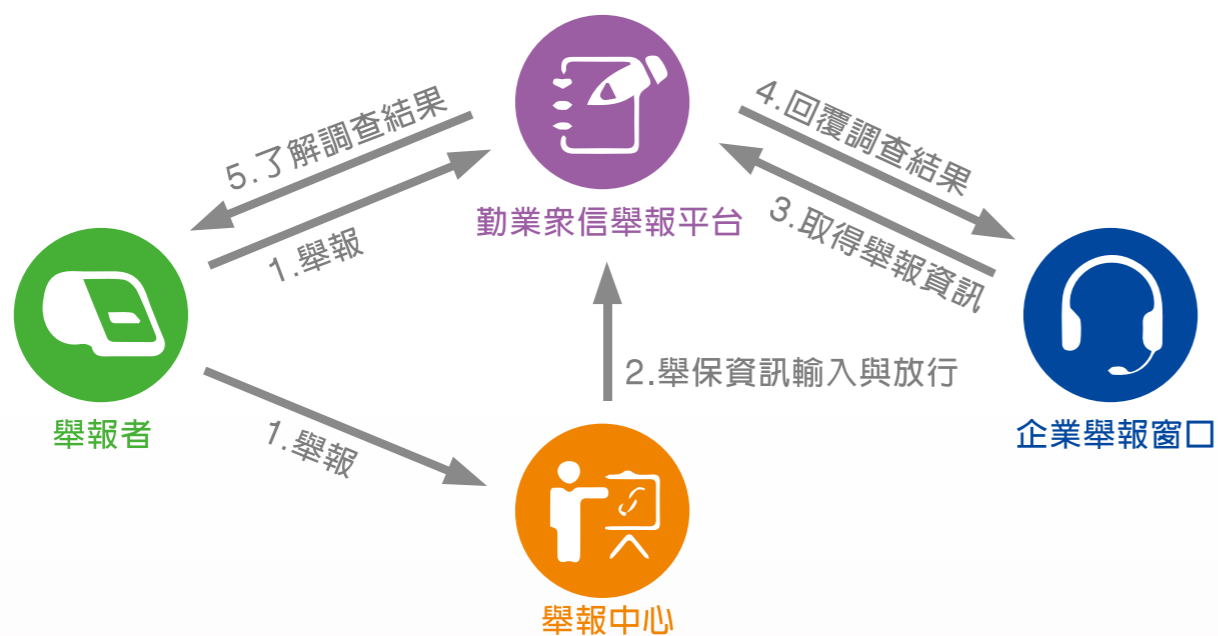
Note: When the reported objects are personnel not from the Regulations and Legal Compliance Department, it shall be accepted by the Head Office’s Legal Compliance Supervisor; when the reported objects are personnel from the Regulations and Legal Compliance Department, it shall be accepted by the Chief Audit Officer.

Those dealing with the whistle-blowing cases have provided written statement that they would keep the identity of the whistle-blowers and the contents of their reports confidential. In addition, the Bank is committed to protecting whistleblowers from improper treatment as a result of their whistleblowing, and some types of whistleblowing could also adopt the anonymous form.

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## 舉報流程



## Cyber Security Management

### 1. Cyber Security Risk Management Structure

#### (1) Enterprise Information Security Governance Organization

The Bank's Board of Directors is responsible for verifying the Company's "Cyber Security Policy", and deciding major information security related topics. It contains director members with information technology background, and the Board of Directors and senior management are responsible for improving the supervision and governance.

The Bank established "Cyber Security Management Section" of Information Technology Department in 2017 to serve as dedicated unit for information security and to be responsible for governance, planning, supervision and promotion of implementation of information security, and it assigned the Deputy General Manager to act as Information Security Officer in 2021 to be responsible for promotion of information security policy and resource scheduling matters. The Bank would entrust third-party professional institution with inspecting overall execution condition of information security, inspecting the Bank's overall execution condition of various information security management operations for planning, monitoring and execution, and issuing relevant reports according to the evaluation results every year. In addition, the Bank would incorporate the overall execution condition of information security into the Internal Control System Statement. Then after the Bank submits such report to the Audit Committee and the Board of Directors for review and approval in the next year, the Chairman, General Manager, Chief Audit Officer, Head Office's Legal Compliance Supervisor and Information Security Officer shall issue, disclose and announce the declaration jointly.

The Bank set "Security Maintenance and Supervision Group" to strengthen security maintenance mechanism in response to the needs for executing security maintenance. The Group would hold "Security Maintenance Work Report Meeting" regularly to report the security affairs and information security work, etc. of bank-wide operation every quarter, and report the execution condition to the Board of Directors every quarter. It would report to the Board of Managing Directors instead during the recess period of the Board of Directors.

#### (2) Enterprise Information Security Organization Structure

The information security internal control executed the management structure of three defense lines: for the first defense line, the Information Technology Department and each units of the whole bank are responsible for performing information security work; for the second defense line, the information security unit is responsible for planning, monitoring and execution of information security system and policy, the legal compliance units are responsible for implementing legal compliance management, and the risk management unit is responsible for information security risk management; the third defense line refers to audit and inspection by the Audit Department.

To grasp the security of use in cyber equipment and system, the Bank has formulated "Cyber Security Emergency Response Plan", and set "Cyber Security Handling Group" of normal task group to be responsible for supervising various units in executing Cyber security prevention and crisis notice, emergency response handling and other related work.

### 4. Implementation of ethical management

The Bank's accounting policies were established in accordance with Generally Accepted Accounting Principles, and the internal control system was developed based on "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The purpose is to facilitate sound business operation and to provide assurances in effectiveness and efficiency of business performance, reliability of financial reporting, and legal compliance. The audit team also uses the internal audit system and self-audit system to evaluate the effectiveness of internal control design and execution.

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### (3) Personal Data Protection Committee

The Bank has set “Personal Data Management Committee” with the Deputy General Manager as the convener, designated by the General Manager, with supervisors of various business units, the Regulations and Legal Compliance Department, Information Technology Department and Risk Management Department as the committee members, and it invited the Chief Audit Officer to attend without voting right. The Committee’s functions included: Supervising and managing the personal data protection system; tracing deficiency and improvement of personal data protection; reviewing the inspection and improvement of personal data security accidents; supervising and managing other personal data protection projects.

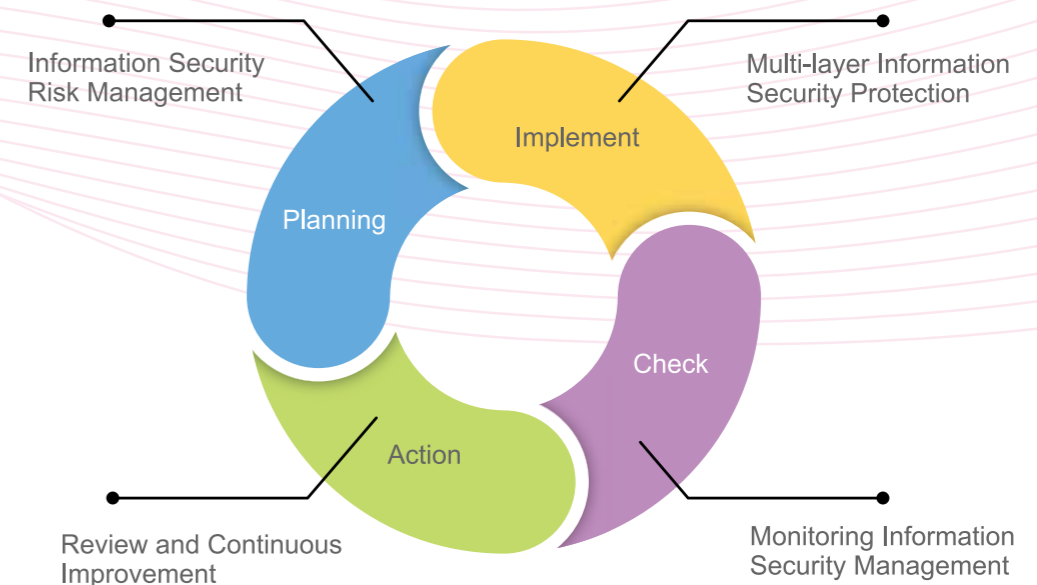
### 2.Cyber Security Policy

Its purpose is to enhance the Bank’s information security and guarantee data, system, equipment and network security. Overall objective of policy implementation is to guarantee confidentiality, completeness and availability of the Bank’s information application, and to prevent the Bank’s operation from impact of information security events to reduce possible operation risks. All staff, data, application system, hardware, machine room and network facilities, etc. shall abide by this policy.

#### (1) Information Security Management Strategy

The Cyber security management scope covers division of labor for information security, education and training on information security, computer system security, network security, information asset security, system environmental security, system access security, development and maintenance of application system, entity and environmental security, disaster recovery of information system and other information security management matters, etc. to avoid various risks and hazards from human negligence, intentionality, natural disasters or other factors. To effectively implement information security management, the Bank inspected applicability and the protection measures of the information security policy in accordance with the management circulation mechanism of planning, execution, audit and action.

#### (2) Information security risk management and continuous improvement circulation management structure



#### (3) Specific Cyber security management plan

##### A.Information security management operation

In accordance with “Rules for Information Operation Management”, “Information Hazard Response Plan”, “Key Points for Hazard Emergency Response – Emergency Response of Information Technology System” and “Cyber Security Emergency Response Plan”, the Bank planned and established overall protection environment of cyber system and network security, formulated information security management policy and system, and implemented security audit, network monitoring, personnel security management and other mechanisms regularly to enhance overall protection ability of cyber security.

##### B.Management and monitoring of cyber system

The Bank executes real-time detection and defense, monitoring, management and early warning, etc., and uses 24h information security monitoring mechanism to enhance in-depth protection of information security, thus guaranteeing network and data security. It also uses information security event management platform to enhance analysis of information security warning information as well as notice and response to information security events.

##### C.Application management of information on cyber security

In accordance with the “Specification for Management of Information Operation on Information Security”, the Bank noticed and handled the information provided by various professional information institutions on information security to grasp real-time early-warning information on information security, and it takes risk assessment and appropriate response measures in accordance with the information contents obtained, impact scope, risk grade and suggested measures, etc.

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## D.Trading security management and data protection

In terms of trading security protection, the Bank enhanced the security design of information's privacy, integrity, source identification, non-repeatability and non-repudiation, etc. By means of network segment, access control, vulnerability management and other security design and protection strategies, the Bank continued to improve trading reliability of the system.

## E.Performance of information security test and drilling

The Bank has deployed relevant defense mechanisms, entrusted external professional institutions in performing test and drilling jointly with the Bank to inspect the defense efficiency and event response ability, and made vulnerability detection and repair measures to guarantee use security of the system.

The Bank would perform various information security drillings every year, including social engineering drilling, vulnerability scanning, penetration test, distributed denial of service drilling, and information security evaluation of computer system, etc.

## F.Performance of education and training on information security

Every year, the dedicated information security personnel must receive professional course training or functional training on information security for above 15 hours; all staff must attend online course on information security for 3 hours and pass the test; new employees must take the pre-service social engineering training course.

## G.Cyber system or outsourced service management

In accordance with "Matters Needing Attention for Entrusting Operations to Others and Entrusting Operations of Financial Institutions to Others", and in compliance with the Bank's related operation principles, the Bank performed Cyber system or outsourced service operations.

## H.Management of response to Cyber security events

Upon confirmation of occurrence of cyber security events, various units of the Bank must fill out the notice form of Cyber security events in accordance with "Cyber Security Emergency Response Plan" to complete the internal notification process. In accordance with the accident condition notified, its impact, acceptable risk value, etc., the "Cyber Security Handling Group" should decide appropriate response method and adjust the control measures of Cyber Security Maintenance Plan, and perform processing procedures of relevant subsequent treatments.

## (4) Effectiveness evaluation of Cyber security

Every year, the Bank would entrust audit and information security experts from professional institutions to perform network and information security appraisal regularly, and then make risk analysis in accordance with objective results and threat information from the third-party verification to enhance the information security management system.

In 2022, the Bank's information security related audit showed no significant deficiency, nor significant information security events such as disclosure of customer information and fine, etc. due to violation of information security.

## Risk Management

### 1.Risk Management Policy and Procedure

- (1) The Bank formulated "Risk Management Policy" in August, 2005, which were irregularly revised. The most recent revision was passed by the 10th Board of Directors in the 20th board meeting on January 27, 2021 to serve as the highest management principle for the Bank's risk management.
- (2) In addition, regarding credit, market, operation, liquidity and interest rate risk, etc., the bank formulated "Principle for Capital Adequacy Management", "Principle for Credit Risk Management", "Principle for Operation Risk Management", "Principle for Market Risk Management", "Policy for Liquidity Risk Management" and "Policy for Interest Rate Risk in the Banking Book Management" passed by the Board of Directors to serve as the management basis.
- (3) In accordance with decrees of the competent authority and the Bank's business status, the Bank formulated risk management procedures and established appropriate risk report mechanism, Various business units of the Bank shall report correct risk management statements to appropriate management level as stipulated to serve as reference for their decision-making, and the Risk Management Department shall make report to Asset and Liability Management & Risk Management Committee and the Board of Directors regularly.

# 05 Corporate Governance

Governance Structure  
 Participating in Various Associations and Organizations  
 Legal Compliance  
 Ethical Management  
 Cyber Security Management  
**Risk Management**

## 2.Scope of Risk Management

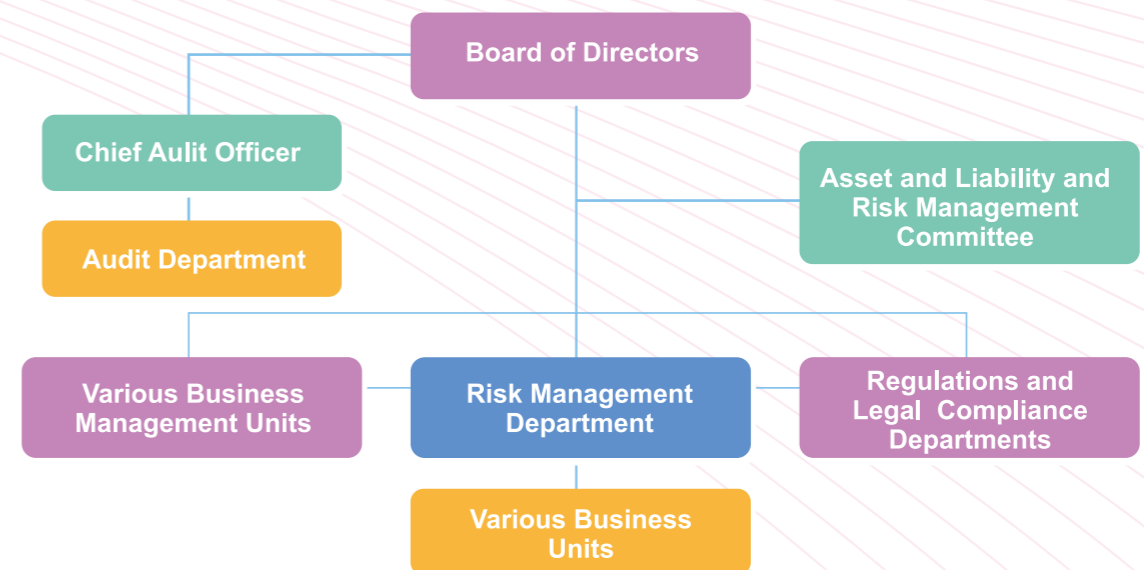
- (1) The Bank has stipulated that there should be effective identification, measurement and monitoring of various risks for engaging in various businesses, and the responsible units should establish appropriate risk management mechanism and various management specifications per the nature of their business, set risk limit, set trading or authorization permission of risk management, and evaluate various risk parts regularly to control potential risks within acceptable range so as to make effective management of risks and achieve the goal of reasonable risks and remuneration.
- (2) The Bank's risk management included "credit risk", "operation risk", "market risk", "legal compliance risk", "liquidity risk", "interest rate risk", "human resources risk", "disaster emergency accident crisis" and "climatic change and environmental sustainability risk" and other major risks.

## 3.Risk Management Organization Structure

Responsibilities and structure of the Bank's risk management organization are as follows:

- (1) Board of Directors: This is the supreme decision-making unit of the Bank's risk management policy, being responsible for reviewing and verifying various risks policies, organization structure and attribution of rights and responsibilities, etc.
- (2) Asset and Liability and Risk Management Committee: It is responsible for reviewing and inspecting management reports or information proposed by various business management units and the Risk Management Department.
- (3) Risk Management Department: It is responsible for inspecting the risk management mechanism formulated by various business management units and their control conditions, preparing risk control reports to be submitted to the Board of Directors, and planning and establishing various risk control tools.
- (4) Various business management units: They are responsible for formulating and supervising the business units to implement various management regulations, processes and control mechanisms.
- (5) Various business units: They are responsible for making daily management in accordance with the management regulations and control mechanisms formulated by the Bank's various management units.

Union Bank's Risk Management Structure Chart



## 4.Operation condition of risk management

- (1) The Bank actively promoted implementation of risk management mechanism, and, at present, it would report operation condition of major risk management to the Board of Directors every quarter.
- (2) Main operation conditions in previous years were as follows:

The Bank established the following risk management tools successively from 2010 to 2021

- **In 2010** — The Bank established "Operation Risk Report Platform" to collect operation risk data by means of electronization.
- **In 2012** — The Bank established "Guidelines for Operation Risk" to make regular monitoring and implement improvement measures as the case may be.
- **In 2013** — The Bank established "Internal Rating Model for Enterprise Financial Business" to make rating of applicable credit cases by the model.
- **In 2014** — The Bank established "Self-evaluation of Operation Risk Control" mechanism to make regular evaluation of the residual risks and to take action plans so as to enhance control as the case may be.
- **In 2020** — The Bank established "Operation Risk Detection" mechanism to make regular monitoring of the Bank's operation risk detection indicators and to confirm relevant internal specifications.
- **In 2021** — The Bank established "Rating Model for Individual Loanee Documents" to make rating of applicable credit cases by the model.
- **In 2021** — The Bank established "Rating Model for Credit Card Scoring". In the future, the model would be used to make rating of applicable card user documents.

# 05 Corporate Governance

- Governance Structure
- Participating in Various Associations and Organizations
- Legal Compliance
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- Risk Management**

(3) Operation conditions in 2022 were as follows:

- A. The Bank would submit quarterly risk control reports to the Board of Directors, including the Bank's capital adequacy overview, credit, operation, market, small bank interest rate and liquidity risk management. Among them, the second quarter report would cover monitoring results for operation risks and the fourth quarter report would cover climatic change risk management overview.
- B. Operation risks monitored by the Bank included: indicator changes, and inspected and confirmed whether relevant internal regulations conform to requirements of the competent authority for detection management level and key detection points.
- C. Climatic change risk management overview included: related risks and opportunities, actual and potential impacts and climate-related indicators, goals, limits and measures.
- D. The Bank conducted stress tests regularly to understand the impact on its capital adequacy under the conditions of credit, net trading profits and losses, market risk sensitivity analysis and operational risk as prescribed by the competent authorities.

## 5. Crisis Processing and Response Mechanism

- (1) To improve the Bank's disaster prevention and response system and comply with the "Disaster Emergency Response Manual of Financial Institutions" issued by the Ministry of Finance, the Bank formulated "Key Points of Union Bank of Taiwan for Disaster Emergency Response Operation", and it established crisis handling group and emergency contact and notification mechanism to enhance relevant measures for disaster prevention and to execute disaster financing effectively so as to settle down the disaster victims and recover the social and economic order rapidly.
- (2) In addition to implementing disaster education and drilling in accordance with the Bank's "Code for Security Maintenance Operation" and "Implementation Plan of Security Prevention and Drilling", various business units also executed more than two times of maintenance and inspection of security facilities every year. In response to characteristics of the financial industry, the Bank formulated its "Operation Crisis Response Measures" to guarantee real-time and effective handling of its operation crisis, guarantee the depositors' rights and interest, and maintain the financial market order.

- (3) In early 2020, the COVID-19 pandemic spread all over the globe, and therefore to implement health and business management of the staff, customers and visitors, and to guarantee normal operation of various businesses even under impact of COVID-19, the Bank formulated "Union Bank's Emergency Response Measures for COVID-19 Pandemic" of which the important measures ought to be observed by various units includes: human resources management and management of preliminary operation, bank dormitory and business, quarantine measures and emergency notification system due to impact of COVID-19. In the meantime, the Bank also planned to launch disaster recovery, remote (long-distance) office and video conference and other business promotion and operation management response measures and mechanism, to maintain normal operation of the Bank and to guarantee the customers' rights and interests. The Bank paid close attention to various information issued by the Central Epidemic Command Center of Taiwan Centers for Disease Control, complied with the latest pandemic prevention measures, and made reference to "Guidelines for Continuous Operation of Enterprises Due to COVID-19 Pandemic" to implement relevant response measures.

## 6. Internal Control System

- (1) The Bank established three-defense-line structure of the internal control system, and clearly specified the range of authorities and responsibilities of the three defense lines to make various units understood their own roles and functions in overall risk and control structure within the Bank, and to enhance communication and coordination of the works related to risk management and internal control with the three defense lines performing their own duties each.
- (2) In accordance with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" formulated by the Financial Supervisory Commission, the Bank established internal audit units and established chief audit officer system subordinated to the Board of Directors to be responsible for the audit business on the whole. It also assisted with the Board of Directors and management level in auditing and evaluating whether the internal control system is of effective operation or not, and provided improvement suggestions appropriately to reasonably guarantee that the internal control system could be continuously and effectively implemented, making it as the basis for amending the internal control system.
- (3) The Bank would perform a general audit and a project audit at least once a year regarding the domestic business, finance, asset custody and information units, and perform a project audit at least once a year regarding other management units; it would perform one general audit at least once a year regarding the operation center; it would perform audit on foreign offices through statements; in addition, the Bank would perform a project business audit regarding finance, risk management and legal compliance of the subsidiaries once every half year, and include such audit in annual audit plan.



# 06

## Customer Caring

### Promote Friendly Financial Services

- Diversified and innovative product design
- Green finance and products
- Give back to the society and promote industrial development
- Protection of customer rights and interests
- Enhance information security
- Professional and high-quality services in place
- Customer relationship management
- Due Diligence Governance of Institutional Investors

The trust and support of customers are assets that are extremely important for a bank. The Bank keeps listening to the needs of customers, thinking about how to create the maximum value for customers from their points of view, so that customers can enjoy experience of pleasant and efficient on financial service transactions. At the same time, we also treat customers as our most important family and friends. We hope that every customer who comes to the Union Bank can feel the intention and care of every bank staff. We look forward to seeing the sincere smiles of customers with satisfaction.

With the development of Bank 3.0, more and more banks have introduced digital accounts. Instead of rushing to the branch before 3:30, customers can make banking business through their mobile phones or the Internet. When banks reduce the cost of access to these physical locations, they can offer more discounts to customers. Therefore, the digital account of our bank provides high-interest deposits of New Taiwan Dollar and foreign currency, set the number of free inter-bank withdrawal/transfer discounts, online exchange discounts, securities order commission discounts and other schemes to give back online customers.

### Promote Friendly Financial Services

#### 1. Set up accessible ATMs and financial service network

In order to provide appropriate friendly financial services for people with disabilities, we provide ATMs suitable for wheelchair users and equipped with voice assistance for visually-impaired customers at our business locations, Taoyuan Airport MRT station, Taichung MRT Station, Kaohsiung MRT Station, Weifeng Department Store and SHOWBA Department Store. By the end of 2022, the Bank has a total of 555 ATMs inside and outside the bank, of which 416 ATMs are suitable for wheelchair users (account for 75%), and 244 ATMs are equipped with voice assistance for the visually impaired (account for 44%).

#### 2. Barrier-free Internet services

The portal website of the Bank has provided barrier-free pages containing public information such as interest rates and exchange rates, and has obtained the certification above Grade A for "Website Accessibility Code" issued by the National Communications Commission. In addition, it provides the friendly service area. Users of the Bank could easily log in to the e-banking. Friendly interface could guide and assist the visually impaired to complete the required services and experience barrier-free financial services. What's more, text customer service and message board services could be used to assist the hearing impaired to consult various businesses through network text.

#### 3. Year-round customer service

Set up 24-hour customer service line, email box (message board) and online text customer service, providing 365 days of year-round and professional instant customer service without any restriction on scenario. In addition, we have initiated the mutual transfer and diversion of customer service calls between banks and credit card offices, which reduced the volume of calls that originally need to be transferred by customer service personnel and effectively improved service quality.

#### 4. Promote inclusive finance

Focusing on the development and education of children's financial knowledge, and in response to the government's promotion of inclusive finance, the Bank offers Happiness Passbook (integrating Taiwan dollar deposits, foreign exchange deposits, securities and funds) for minors under the age of 18 (inclusive), hold recommended account opening activities, and provides exclusive discounts in cooperation with high-quality franchised children's art stores in the industry, including Sesame Street Beauty, Yun Mei Wu Ji Dance Classroom, Sin Yi Parent-Child Game Study Room, Parent-Child World, Canadian Language Center and Apple Theatre, Ru Guo Children's Theater, Nine Songs Children's Theater, etc.) As of the end of 2022, there were 22,025 accounts of Happiness Passbooks opened with our bank.

#### 5. Expand trust services

To meet the needs of customers in the aging society in Taiwan, we strengthen the promotion of our elder care trust business. The Bank launched the "Elder Care Trust - Pleasure for Youth Program" in 2021. In 2022, the Bank further provided the "Pre-signed Elder Care Trust" (that is, pre-opened elder care trust), allowing elderly clients to plan their retirement earlier, and providing suitable products and services for the elderly, the physically and mentally disabled and other groups to meet the daily needs of the elderly. Through cross-industry alliances, we can provide our customers with more resources and discounts for food, clothing, housing and transportation, so that both our bank and our partners can improve their respective service level, contribute to the social welfare.

# Customer Caring

Promote Friendly Financial Services

**Diversified and innovative product design**

**Green finance and products**

Give back to the society and promote industrial development

Protection of customer rights and interests

Enhance information security

Professional and high-quality services in place

Customer relationship management

Due Diligence Governance of Institutional Investors

## Diversified and innovative product design

### 1. Diversified digital financial service platform

With customer needs as the core design concept, the Bank has established e-banking service platforms such as Personal Internet Banking, Corporate Internet Banking, Union Mobile Banking, and digital banking “NewNewBank” to provide a variety of services for online application and cash flow, and continued to optimize the user experience and interface taking into account the transaction efficiency and information security to provide customers with more instant, secure and convenient digital financial services. As of the end of 2022, approximately 799,114 people had applied for our e-banking services, approximately 20,567 people for corporate e-banking, and approximately 414,774 for the digital bank “NewNewBank” account.

### 2. Community communication LINE service

In view of the increasing popularity of social communication media, in order to enhance the competitiveness of the Bank’s digital financial services, we provide customers with more convenient and instant message notification services, including services such as credit card consumption, billing, deposit and withdrawal, loan payment and exchange rate prices, allowing customers to easily grasp consumption, financial account deposits and withdrawals, and exchange rate changes, which not only strengthens the security of credit cards and financial accounts, but also provides customers with diversified communication channels for financial information services.

### 3. Issue “Union LINE POINTS Card”

“Union LINE POINTS Card” uses LINE POINTS as a reward for card consumption. In addition to the card activities, the Bank is also committed to leading the way in digital finance. We have optimized our online card processing system, and introduced the concept of “digital card” for the first time. To provide card users with an immediate experience of credit card feedback experience, when applying for a Union LINE POINTS Card online, the cardholder is only required to check “issue Union LINE POINTS Card”. Before receiving the physical card, cardholders can bind their digital cards to six mobile payment tools (Apple Pay, Google Pay, Samsung Pay, Hami Pay, Garmin Pay, Fitbit Pay) or directly consume online on e-commerce platforms with their cards, which enables cardholders to easily and quickly shop at any time and enjoy substantial rewards.

### 4. Issue “Union Green Card”

In response to the government policy “Green Finance Action Plan 2.0”, the “Union Green Card” is the first credit card in the market with both physical cards made with environmentally friendly materials of PETG and virtual card technology. The Bank gives inclusive feedback for green energy and environmental protection channels such as electric vehicle charging and replacement, shared transportation APP, vegetable and food restaurant and fresh supermarket, showing a concept of “environmentally-friendly whatever you choose”.

### 5. Actively cooperate with government policies and popularize mobile payment

In 2022, the bank’s mobile payment load and the amount of debit continued to develop positively. In addition, it is still one of the few banks in the market that can load all NFC sensing payment and scan code mobile payment, which makes the bank in the mobile payment promotion and use of a leading position. Statistics by the end of 2022 show that the number of loaded inductive mobile payments has reached 420,000, an increase of 20% compared to 2021. In 2022, the amount of sign-up payments (including inductive and scanning-code mobile payments) reached 19.6 billion yuan, up 47% from 2021. The bank has a leading position and excellent experience in both the introduction and use of mobile payments.

## Green finance and products

The Bank is committed to environmental protection so as to implement sustainable environmental policies, promote green IT and implement energy saving and carbon reduction. Relevant measures and achievements are detailed as follows:

- Introduce interactive credit card electronic bills, integrating functions such as accounting information, online payment, online customer service and bonus exchange.
- Organize events to improve the e-statement delivery rate.
- Open a number of online application business, saving time to improve efficiency and achieve environmental protection.
- Inform customers of payment and related discounts for multiple business via SMS, which is convenient and environmentally friendly.
- Issue the “Union Green Card” to give back through green consumption channels to realize the sustainable vision for the environment and society.
- Launch the “Green Building Concessional Housing Loan” Project to protect the earth and cherish Taiwan.
- Launch the “Electric Vehicle Series” Loan Concession Program and the “Green Building” Concessional Housing Loan.

# 06

## Customer Caring

- Promote Friendly Financial Services
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- Green finance and products
- Give back to the society and promote industrial development**
- Protection of customer rights and interests
- Enhance information security
- Professional and high-quality services in place
- Customer relationship management
- Due Diligence Governance of Institutional Investors

### Give back to the society and promote industrial development

1. Issue affinity cards, including Ba Fu Charity Affinity Card, Guardian Angel Affinity Card, Peace Affinity Card, etc. The Bank allocates a certain percentage of the consumption amount by cardholders as donation to fulfill its social responsibilities as a citizen. In addition, the Bank also makes donation in the same way from the “Union Green Card” to the Taiwan Environmental Information Association, so that we can engage in more public welfare activities related to environmental protection and promotion of environmental education with the resources of green public welfare organizations.
2. In line with the six core strategic industries promoted by the government (including “Information and digital industry”, “Investment and Security Excellence Industry”, “Taiwan Precision Health Industry”, “National defense and strategic industry”, “green energy and renewable energy industry”, “livelihood and war preparedness industry” and other industries), the Bank provides necessary funds for enterprises. By the end of December 2022, the Bank’s six core strategic industries had a credit balance of NT\$51.7 billion. Among them, 1,429 households committed to green energy and renewable energy industries, with a credit balance of NT\$15.3 billion.

### 3. Perform bailout loan project

In response to the impact of COVID-19, the Bank continues to actively cooperate with government policies to promote relevant bailout loans to help affected enterprises tide over the impact of the epidemic. For individuals whose income has been reduced as affected by the epidemic, the Bank proposes relevant assistance measures, including the extension of principal or interest for 3 to 6 months, deal with application from people to delay payment of credit cards, and waiver of liquidated damages and delay interest during the extension period, so as to help them tide over financial difficulties.

### 4. Promote the development of MIT industry and domestic SMEs

- In order to implement inclusive finance and support small and medium-sized enterprises, the Bank has formulated two operational indicator (KPI) targets, “the average annual balance growth target of loans to commercial and medium-sized enterprises” and “the average annual balance target of new households of MIT plant Loans”, which are included in the performance evaluation of the branch together with the number of new households of industrial and commercial enterprises and the amount committed.
- To assist SMEs that have gone through company registration or business registration in accordance with the law with a paid-in capital of less than NT\$100 million, or regularly employ less than 200 employees, to successfully obtain funds such as operating turnover or capital financing, the Bank had disbursed SME loans to 16,506 enterprises with a loan balance of NT\$143.1 billion by the end of 2022. Among them, the Bank’s balance of new loans to small and medium-sized enterprises (NT\$24.501 billion) accounted for 98.35% of new loans to private enterprises (NT\$24.91 billion).
- To assist domestic enterprises with R&D, production, and technological competitiveness that have gone through company registration or business registration in accordance with the law and are actually engaged in production, manufacturing, and processing business in Taiwan, to successfully obtain funds such as operating turnover or capital financing, the Bank actively expanded its MIT plant loan business. By the end of 2022, it had disbursed loans to 184 enterprises with a loan balance of NT\$9.5 billion.

5. To assist disadvantaged groups in purchasing houses, the Bank continues to provide loans for young people to settle down and purchase/repair houses from the Ministry of the Interior. In 2022, the Bank has undertaken 117 new assisted housing purchase loans with a loan balance of NT\$0.21 billion. By the end of 2022, a total of 770 assisted housing purchase loans has been granted by the Bank with a loan balance of NT\$1 billion.



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### Protection of customer rights and interests

#### 1. Confidentiality of Customers' Data

##### (1) Strictly abide by the Personal Data Protection Act and other relevant regulations

###### A. Collection and use of customer information

The Bank attaches great importance to the control of customers' personal data and the protection of privacy rights. The purpose of collecting customer information, the way of use and the exercise of relevant rights and interests of customers' data are clearly set out in the notification document and informed the customer proactively, based on the customer's wishes. To protect the rights and interests of customers, if customers do not consent to the cross-marketing between different businesses using their personal data, the Bank may indicate on the computer system for customers' refusal for the interactive use of data.

###### B. Formulate and improve standards for the protection of personal data

To fulfill its responsibility for the protection and management of customers' personal data, in accordance with the "Personal Data Protection Act", the "Self-discipline Regulations on Confidentiality of Customer Data by the Banking Industry", the "Rules Governing the Security and Maintenance of Personal Data Files of Non-government Agencies Designated by the Financial Supervisory Commission" and relevant laws and regulations, the Bank has formulated rules such as "Examination Principles and Operation Guidelines for the Exercising of Rights of the Parties Concerned", "Key Points of Business Data Control", "Rules Governing the Management of Personal Data Documents" and "Notes to Personal Data Protection", and established the Personal Data Management Committee as an inter-departmental personal data system management organization to review matters related to the Bank's personal data protection on a regular basis, and cooperates with the Bank's information security team to strengthen management. In addition, it revised the Bank's relevant specifications for internal control on data sharing between the Bank and other financial institutions in accordance with the newly revised "Guidelines on Data Sharing among Financial Institutions" issued by the competent authorities in 2022, so as to ensure the security of the personal data files retained by the Bank.

###### C. Personal data control and risk assessment

The Bank has completed an inventory of the personal data files retained, and established a file inventory to assess their risk level. The Bank also regularly conducts self-assessment on personal data security maintenance to check the appropriateness of various personal data management measures and regulations, and incorporates the relevant assessment results into the Bank's internal control self-check report. In addition, for electronic information equipment used by bank staff, the Bank has developed the "Common Compliance Rules for Personal Computer (Workstation) Notebook Computers and Internet Resource Users", "Management Measures for Computer Personal Data Files", "Codes of Practice for E-mail Checking", "Management Measures for Computer Assets", "Rules Governing the Use of External Storage Media Devices", "Procedures for Demagnetization of Storage Media" and other rules, to prevent the leakage of customer data from the Bank's equipment.

###### D. Data security notification and contingency measures

In order to mitigate the impact of future information security incidents on customers and company operations in the future, the Bank has developed a "Personal Data Files Security Maintenance Plan" to ensure the security of the personal data files retained by the Bank. The Bank also has a "Personal Data Security Incident Contingency Measures" in place for all businesses to establish a notification and response mechanism when an incident occurs. In addition, the Bank has built a personal data accident drill mechanism, which is conducted at least once a year, and reports the implementation results to the Personal Data Management Committee. In 2022, there was no personal data leakage at the Bank. Although there were 8 customer complaints cases involving personal data protection, none of them has leaked personal data of customer or illegally breached customer privacy after verification. The Bank has actively deal with customers' complaints. In addition, the Bank has strengthened publicity and staff education and training, and requires the responsible units to supervise staff and entrusted agencies to implement relevant measures to protect personal data, so as to avoid the recurrence of similar incidents in the future.

###### E. Enhance staff awareness and ability of personal data protection

The Bank incorporates the relevant regulations on personal data protection into the teaching scope of the Bank-wide legal compliance education and training, and has established a "Personal Data Protection Act and Confidentiality Education Zone" in the Bank's system to implement the propaganda of the personal data laws.

##### (2) Regularly track the compliance of customer data confidentiality

Based on the requirements of the competent authorities to strengthen the security management of personal data files in the financial industry, the Bank keeps listing the management of personal data file security as one of the annual key compliance monitoring priorities. With reference to the financial industry cases involving breach of personal data security protection, the Legal Compliance Department conducts self-assessment and spot check of legal compliance, strengthen the inspection of the actual compliance of the Personal Data Protection Act, effectively supervising the implementation of the Act.

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### 2. Guarantee of Consumers' Rights and Interests

#### (1) Comply with the Financial Consumer Protection Act

##### A. Implement financial consumer protection

Before launching new products and services and applying to the competent authority for a new product and service, the Bank follows its "Assessment and Operation Guidelines for the Introduction of New Products and New Financial Products". The Legal Compliance Department assists in the inspection of legal compliance and money laundering and financing terrorism risks on the planning reports, operating regulations and related contracts for new businesses and new financial products proposed by the commodity planning unit, to provide opinions on the compliance with laws and regulations, legality, relevant rights and interests, etc. For existing businesses, if changes in commodity structure, risk degree, service form, target customer and other factors may lead to changes in different legal compliance risks, guarantee of consumers' rights and interests, internal control or risk management systems, it would cooperate with legal compliance units, so as to confirm that all business activities of the Bank could comply with laws and decrees and promote the sound operation of the Bank.

##### B. Review and revision of adhesion contracts

The adhesion contracts for each business of the Bank are in accordance with the template of the adhesion contract of the competent authority, as well as the items that should be recorded and the items that should not be recorded. In addition, based on the characteristics and needs of customers, the design, marketing, channel and dispute handling of goods or services are adjusted. The Legal Compliance Department shall provide opinions on the compliance with laws and regulations, legality, relevant rights and interests, etc. The adhesion contracts shall be implemented upon verification by the authorized level of the Bank as signed in the hierarchical accountability schedule, so as to ensure that goods or services are provided fairly and reasonably to customers and to reduce customer complaints.

##### C. Improve the consumer dispute settlement system

The Bank has formulated the "Consumer Dispute Settlement System", "Organization and Settlement Procedures of Consumer Dispute Settlement Team", "Customer Complaint Settlement Process" and "Key Points for Dispute Settlement of Trust Business" to handle disputes in an active and effective manner, so as to strengthen the importance of consumer dispute settlement, improve its efficiency and quality, and protect the rights and interests of financial consumers. In addition, the Bank has established an internal consumer protection self-assessment form for each business as required by the competent authority, incorporating the self-assessment check items for legal compliance of relevant business units, to conduct self-examination in revision of adhesion contracts and design and marketing of new types of business.

##### D. Implement the protection of customer rights and interests

Before entering into a contract with a customer for a financial good or service, important elements of the contract are explained in such a way as to ensure that the customer is fully aware of the contract, the risks are disclosed, and a statement is sent afterwards. The Bank has included the commodity suitability, trust deed, etc. in the scope of self-assessment and examination of legal compliance of each business unit, evaluate the legal risk by risk-based method, and set those with high risk as the items of self-assessment and spot check for the business unit responsible for legal compliance, to verify that internal operations are in compliance with laws and regulations.

#### (2) Follow the principle of fair hospitality

The Bank has established a corporate culture with "fair hospitality" as its core. A Fair Hospitality Management Committee has been established under the Board of Directors to serve as the main organization for the planning, review and implementation of the Bank's fair hospitality issues, with the Deputy General Manager as the convener, designated by the General Manager, and hold meeting and report to the Board of Directors on a regular basis. The Bank has also developed a fair hospitality policy and a fair hospitality principle, strategy and execution procedures to provide guidance for the three lines of defense in implementing the principle of fair hospitality, and review and revise it regularly to ensure that the Bank treats customers fairly in the rendering of financial products or services. In addition, in order to provide more customer-friendly products and quality services, the Bank reviewed, recommended and improved tracking of its financial friendly policies and their implementation in the Committee. In addition, the Bank has incorporated the fair hospitality system into its on-the-job training courses for compliance with laws and regulations, and organizes online and offline physical courses to enhance staff's awareness and professional knowledge of compliance and fair and reasonable treatment of customers through educational promotion, to implement fair and reasonable treatment of customers in the execution of business, bringing customers a sense of the Bank's care and intentions for them, and enhancing customer confidence in the Bank.

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- Due Diligence Governance of Institutional Investors

### Enhance information security

#### 1. APP information security detection

Mobile devices have become indispensable equipment in people's life in Taiwan. In order to avoid the risk of user data leakage or financial loss, the Bank appoints a third-party professional organization to complete the comprehensive security inspection of the APP every year, and obtain the qualified inspection certificate.

#### 2. Strengthen the information security incident response mechanism and drills

To improve the stability and security of the Bank's information services, we have introduced the CDN (Content Delivery Network) monitoring incident response mechanism of Chunghwa Telecom, cooperated with CDN service providers to clean up L3 and L4 traffic and took other countermeasures.

### Professional and high-quality services in place

#### 1. Promote service quality

Adopt the "business director" system, gather UBOT's service ambassadors who are professional, cordial and enthusiastic. The head office would conduct field surveys on their professionalism and accuracy, regularly carry out service quality inspections on business units, give immediate feedback and assist business units to improve service quality, to strengthen the requirements for the staff to demonstrate the spirit of high-quality service etiquette, take care of the needs of customers, and reduce customer dissatisfaction.

#### 2. Complete educational training

Standing on the front line of customer service, an enterprise must be professional considerably so as to provide exquisite and high-quality services. To meet the different financial and wealth management services and needs of customers, the Bank arranges necessary professional training courses for its staff, including comprehensive education and training courses such as product

expertise, service specifications and professional ethics training, and market investment trends, so as to make correct explanations to customers. Before launching new functions or new activities, we will also organize education and training of internal staff. For details on the implementation of education and training, see page XX. (To be filled in by the Business Planning & Marketing Department. It is the page number of section "III. Employee Training and Further Education" in "Employee Care".)

In addition, with the development of technology application and the rapid change of financial environment, the Bank has built an E-learning platform to make learning more flexible in terms of location or time, and enhance employees' knowledge of their own areas of expertise through pre-service education and on-the-job training course planning, to facilitate their career development and enhance the quality of our services.

### 3. Fulfill social responsibilities in response to the trend of aging society

The Bank encourages colleagues to obtain the certificate of "Senior Financial Planning Consultant", and sets up a special reward mechanism. In addition, through the systematic training courses of the Taiwan Academy of Banking and Finance, including nine series of topics such as basic understanding of elderly psychology, behavior and medical care, Elder Care Trust and related trust products, etc., we expect to establish the trust talent pool of our bank, provide more comprehensive services and care for the elderly, and fulfill our social responsibilities. By the end of 2022, 74 colleagues of the Bank have obtained the professional certificate of "Senior Financial Planning Consultant".

The Bank's insurance agents receive an 2-hour course on insured interest protection for elderly customers every year so as to service them in a fair manner and provide them with appropriate insurance products and financial friendly services.

### 4. Research and develop diversified financial products to meet customer needs and be customer-oriented

Provide professional financial investment planning and make prudent planning of the introduction and review of financial products, prudently select financial investment products to be put on the shelves, provide customers with a variety of product choices and the most professional financial services. The special APP for financial personnel was launched in September, 2022, and it could improve the convenience of financial advisers' services to customers.

### 5. Stable and uninterrupted service system

Replace servers in stages and introduce a virtualization architecture to improve system performance, and achieve service continuity with the HA (High Availability) mechanism. Important control schemes are as follows:

- Make backup of important data on a regular basis, and carry out backup drills for all Material systems on a yearly basis.
- Regularly implement scenario simulation disconnection drills or backup drills for the credit card application system.
- Run the newly developed program in the formal operating environment after it has been verified as correct in the test environment.
- Set up a backup mechanism for important network connection equipment and dedicated lines to ensure the quality of connection.

# 06

## Customer Caring

Promote Friendly Financial Services

Diversified and innovative product design

Green finance and products

Give back to the society and promote industrial development

Protection of customer rights and interests

Enhance information security

Professional and high-quality services in place

**Customer relationship management**

**Due Diligence Governance of Institutional Investors**

### Customer relationship management

#### 1.Strengthen the customer relationship handling window

The Bank set up a customer service center in 1999, as well as a dedicated unit and provided a dedicated customer service hotline to accept customer inquiries and handle complaints, which gives priority to protecting customer rights and interests and complies with laws and regulations. In view of handling customer complaints, the Bank has formulated the “Consumer Dispute Handling System” and “Customer Complaint Handling Process” to properly handle customer issues in the first time and avoid disputes. In case of disputes arising from customer complaints and no agreement can be reached, it will be submitted to “Consumer Dispute Case Handling Team” of the Bank for evaluation, so as to speed up the settlement, resolve disputes and improve customer satisfaction.

#### (1) Provide multiple communication channels

A.The Bank provides 24-hour service hotline all year round through Internet, text and telephone as the communication channel to listen to the voice of customers, understand their evaluation on the Bank as the direction for continuous improvement of service quality in the future. In 2020, the Bank comprehensively upgraded the new customer service system, integrated the customer service operation interface to control the online service status in a timely manner, and has effectively solved the problem of automatic telephone dispatch to the north and the south. Telecommuting is available after a secure connection is set up on the system network without interruption of customer service due to the pandemic.

B.Regularly conduct customer satisfaction communication surveys and incorporate customer comments into the service quality system to get a better understanding for customer needs, and take them as suggestions for improvement to provide services that better meet customer needs, so as to enhance customers’ willingness to engage with the Bank.

#### (2) Set up an instant complaint channel for customers

A.When the customer complains about the operation process or account disputes arising from business dealings with the Bank, or dissatisfies with the service attitude of the staff, he/she can contact at our 0800 toll-free complaint service hotline, by which we will accept the customer’s appeal and deal with the problem immediately.

B.Processing flow:

a.Accept customer complaints, accurately record the relevant information of customer complaints, express that we will handle the complaint and respond as soon as possible; send the cases to the respondent and business management units through the customer complaint order system, coordinate with the complainants adhering to the principle of fairness and reasonableness.

b.Actively deal with customers’ complaints with empathy and attach importance to the efficiency of case handling, regularly follow up the progress of case handling, review the outcome of case handling, summarize the case data for statistical analysis, accumulate the cases data as educational training materials and provide them to all colleagues for reference to make improvement, so as to avoid similar cases from happening again.

c.In 2022, it dealt with a total of 241 complaints and problem cases, with no complaints of privacy infringement or loss of customer information. The number of complaints decreased by 18 from 259 in 2021.

### Due Diligence Governance of Institutional Investors

On January 28, 2020, the Bank completed the signing of the compliance statement of the “Code of Due Diligence Governance for Institutional Investors”. It adheres to the spirit of the Code, safeguards the overall interests of fund providers, pays attention to the operating conditions of companies they have invested, performs the supervisory role of shareholders, and improves the corporate governance of investee businesses, so as to enhance the international competitiveness of Taiwan financial markets and enterprises.

Please refer to the Bank’s website for more information on our due diligence governance





# 07

## Employee Care

### Employee Structure

- Protection of Employees' Rights and Interests
- Continuing Education and Training of Employees
- Employee Salaries and Benefits and Employee Care
- Employee Relationship
- Labor Occupational Safety and Health Training and Measures

### Employee Structure

At the end of 2022, there were 4,251 full-time employees in the Union Bank, Union Finance & Leasing International Corporation, Union Information Technology Corp., Union Securities Investment Trust Co., Ltd., Union Finance Co., Ltd. and Union Venture Capital Co., Ltd., with an average age of 39, of whom 61.59% were female and 38.41% were male. The relevant manpower structure is shown in the following tables:

Gender		
Number of Employees		
Gender	Number of Employees	Ratio
Male	1,633	38.41%
Female	2,618	61.59%
Total	4,251	100.00%

Area		
Number of Employees		
Area	Number of Employees	Ratio
Taiwan	4,244	99.84%
China (including Hong Kong)	2	0.05%
Southeast Asia	5	0.11%
Total	4,251	100.00%

Educational Level		
Educational Level	Number of Employees	Ratio
PhD	1	0.02%
Master	311	7.32%
University	2,992	70.39%
Junior College	705	16.58%
Below High School	242	5.69%
Total	4,251	100.00%

### 1. Statistics on new employees, turnover and age in 2022

(1) Number of New Employees								
2022		Male			Female			Total
		30 years old & Below	30-50 years old	50 years old & Above	30 years old & Below	30-50 years old	50 years old & Above	
Union Bank	Number of Employees	133	60	6	229	101	3	532
	Ratio	25.00%	11.28%	1.13%	43.05%	18.98%	0.56%	100.00%
Union's Subsidiaries	Number of Employees	11	23	6	13	33	2	88
	Ratio	12.5%	26.14%	6.82%	14.77%	37.50%	2.27%	100.00%
Total		144	83	12	242	134	5	620

(2) Turnover								
2022		Male			Female			Total
		30 years old & Below	30-50 years old	50 years old & Above	30 years old & Below	30-50 years old	50 years old & Above	
Union Bank	Number of Employees	89	89	23	152	158	39	550
	Ratio	16.18%	16.18%	4.18%	27.64%	28.73%	7.09%	100.00%
Union's Subsidiaries	Number of Employees	11	27	7	11	39	6	101
	Ratio	10.89%	26.73%	6.93%	10.89%	38.62%	5.94%	100.00%
Total		100	116	30	163	197	45	651

(3) Turnover Rate							
2022	Number of Employees and Ratio at the End of the Year	Number of Departures	Turnover Rate	By Gender			
				Male	Ratio	Female	Ratio
Union Bank	3,914	550	14.05%	201	13.86%	349	14.16%
Union's Subsidiaries	337	101	29.97%	45	24.59%	56	36.36%



# 07

## Employee Care

### Employee Structure

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### 2. Structure of the Management and General Staff in 2022

(1) Gender /Age Analysis of Management								
2022		Male			Female			Total
		30 years old & Below	30-50 years old	50 years old & Above	30 years old & Below	30-50 years old	50 years old & Above	
Union Bank	Number of Employees	0	105	212	0	150	218	685
	Ratio	0.00%	15.33%	30.95%	0.00%	21.90%	31.82%	100.00%
Union's Subsidiaries	Number of Employees	0	18	24	1	18	11	72
	Ratio	0.00%	25.00%	33.33%	1.39%	25.00%	15.28%	100.00%
Total		0	123	236	1	168	229	757

### (2) Gender /Age Analysis of Non-management

Number of Employees and Ratio at the End of the Year		Male			Female			Total
		30 years old & Below	30-50 years old	50 years old & Above	30 years old & Below	30-50 years old	50 years old & Above	
Union Bank	Number of Employees	372	628	133	675	1,249	172	3,229
	Ratio	11.52%	19.45%	4.12%	20.90%	38.68%	5.33%	100.00%
Union's Subsidiaries	Number of Employees	39	83	19	20	97	7	265
	Ratio	14.72%	31.32%	7.17%	7.55%	36.60%	2.64%	100.00%
Total		411	711	152	695	1,346	179	3,494

### (3) Number of Employees

2022		Male			Female			Total
		30 years old & Below	30-50 years old	50 years old & Above	30 years old & Below	30-50 years old	50 years old & Above	
Union Bank	Number of Employees	372	733	345	675	1,399	390	3,914
	Ratio	9.50%	18.73%	8.81%	17.25%	35.75%	9.96%	100.00%
Union's Subsidiaries	Number of Employees	39	101	43	21	115	18	337
	Ratio	11.57%	29.97%	12.76%	6.23%	34.13%	5.34%	100.00%
Total		411	834	388	696	1,514	408	4,251

### 3. Number of non-employee workers in 2021 and 2022

Non-Employee Workers	
Year	Number of Employees
2021	230
2022	240

Note:  
Non-employee workers mainly include security personnel, cleaning personnel and dispatch personnel. There was no significant difference between 2021 and 2022.

# Employee Care

## Employee Structure

### Protection of Employees' Rights and Interests

#### Continuing Education and Training of Employees

#### Employee Salaries and Benefits and Employee Care

#### Employee Relationship

#### Labor Occupational Safety and Health Training and Measures

### Protection of Employees' Rights and Interests

#### 1. Comply with laws and regulations to protect employees

All personnel management systems of the Bank are in accordance with the Labor Standards Act and relevant regulations and interpretations promulgated and implemented by the competent authority. The Bank puts all rules and regulations in the Notes system of Intranet domain to provide the most instant and transparent information, which is convenient for all employees to inquire at any time and protects their legal rights and interests.

The employee retirement system is also handled in accordance with the "Labor Standards Act" and the "Labor Pension Act", and the "Supervisory Committee of Labor Retirement Reserve" and the "Staff Retirement Fund Management Committee" have been established in accordance with the aforementioned regulations.

For employees who choose the new labor retirement system, the Bank will contribute 6% of their salary as their labor pension each month starting from July 1, 2005, and employees may also choose to withdraw 1~6% of their salary as labor pension, which will be withheld by the Bank on their behalf. The pension allocated by the Bank and the employee will be contributed to the employee's personal account with the Bureau of Labor Insurance. Upon reaching the age of 60, an employee may choose to claim the principal and accumulated earnings of his/her pension account in a lump sum or to or apply for a monthly pension. The amount of pension allocated by the Bank for 2022 was NT\$156,057,770.

For employees who choose the old retirement system and are eligible for retirement, their pensions will be calculated and paid based on their seniority and the average salary for the 6 months prior to retirement. The Bank contributes 5.09%~15.52% of the total salary of its employees under the old retirement system as their retirement fund on a monthly basis. The net pension cost recognized by the Bank under the above pension plan for the year 2022 was NT\$94,120,745.

The Bank appoints an actuarial company to assess the contributions of pension every year. In case of any shortfall, the balance will be made up and transferred to the designated account with the "Staff Retirement Fund Management Committee". In addition, in accordance with Article 56, Paragraph 2 of the Labor Standards Act, for employees who choose the old retirement system, the Bank estimates the amount of pension payable to workers who are eligible for retirement conditions in the next year, and if there is any difference, it will transfer the amount from the designated account to the account with the Bank of Taiwan.

#### 2. Establish working rules and hold labor-management meetings on a regular basis

To protect the rights and obligations of both workers and employees, and to improve the Bank's operation and management system, the Bank has formulated a "Working Rules" since its opening and holds a "Worker-employer Meeting" consisting of representatives from both sides, etc., all of which have been submitted to the competent authority for approval and record. The worker-employer meeting of the Bank is composed of nine labor representatives and members designated by the employer to protect the rights and interests of all employees of the Bank, including the rights and interests under the Labor Standards Act, human rights, tax payment and freedom of association. Among them, the labor representatives are elected throughout the whole company including the north, central and south regions by online voting, and the top nine (4 males and 5 females) shall be selected according to the number of votes received. The worker-employer meeting is held on a yearly basis, and the representatives attending the meeting are full-time employees of the Bank.

#### 3. Fair assessment and reward and punishment system

To treat employees fairly and protect the rights and interests of each employee, the Bank has formulated the "Employee Performance Appraisal Method" and "Employee Reward and punishment Case Handling Method" and other relevant rules to establish a fair evaluation and reward and punishment system and safeguard the rights and interests of employees as well as overall discipline.

#### 4. In order to prevent sexual harassment in the workplace and to protect the rights and interests of employees, the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" are established in accordance with the provisions of the Workplace-Friendly and Gender Equality Act. In addition, we have established the "Unlawful Assault in the Performance of Duty Program" to provide employees with complaints of physical, psychological and verbal violence and sexual harassment in order to maintain a safe workplace environment.

#### 5. The Bank endorses and supports the spirit and basic principles of human rights protection enshrined in various international human rights conventions such as the Universal Declaration of Human Rights, the Global Compact and the International Labor Organization Conventions, and has formulated the "Human Rights Policy" to implement the said declaration and fully embody its responsibilities to respect and protect human rights. The Bank fulfills its corporate social responsibilities through protection of human rights in workplace, health and safety in workplace, maintenance of labor-management relationship, and protection of personal data and information security, so as to protect the basic human rights of all colleagues, customers and stakeholders.



# Employee Care

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## Continuing Education and Training of Employees

In response to the changes in the financial environment, the company's business strategy and the needs of employees, to enhance the professional knowledge of employees at any time, the Bank continues to organize various business lectures, seminars, professional training courses every year and send staff to participate in various financial professional and enterprise operation and management training courses from time to time every year according to the Measures for Continuing Education and Training of Employees and career development plans of employees, and encourage employees to obtain relevant designated certificates in accordance with the relevant regulations of the competent authority to obtain the necessary qualifications for business promotion and follow the legal basis. In addition, the Bank has built an E-learning platform for online education and training, providing a variety of digital learning courses placed in the online education and training area, so that colleagues can learn independently and improve their functions at any time without limitation. In addition, for employees who resign involuntarily, the Bank will provide two days of job search leave per week in accordance with regulations, and apply for employment counseling and vocational training courses from each business service

Overview of the Bank's Implementation of Education and Training in 2022			
Item	Internal	External	Total
Number of trainees (person-times)	41,416	5,301	46,717
Training expense (Unit: NT\$ thousand)	5,705	8,039	13,744

center. The above training courses can help employees who have retired or terminated their employment relationship to continue their employment and plan their future career.

To sum up, the Bank provides intensive education and training to employees of various grades to improve the smooth operation process, enhance the level of customer service and foster a full range of financial services talents, and strengthens the competitiveness of its own capabilities in the light of the rapid development of fintech and digital economy.

2022					
Category	Nature	Classes	Total Number of Trainees	Total Training Hours	Average Training Hours Received per Employee
Internal Training	Specialized Courses	139	37,649	178,473	4.74
	Initial Training	3	223	1,314	5.90
	Labor Safety	1	3,544	3,544	1.00
Subtotal		143	41,416	183,331	4.43
External Training	Specialized Courses	402	4,949	39,772	8.04
	Corporate Governance	13	69	249	3.61
	Labor Safety	79	248	1,844	7.44
	Executive Training	16	35	3,168	90.51
Subtotal		510	5,301	45,033	8.50
Total		653	46,717	228,364	4.89

\*Average training hours received per employee = Total number of training hours/ Total number of employees

Average education and training hours of employees in 2022		Male	Female	Total Training Hours	Average Hours
Position	Management	51.76	63.40	39,729	58.00
	Non-management	60.98	57.06	188,635	58.42



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### Employee Salaries and Benefits and Employee Care

#### 1. Remuneration and Benefits System

The Bank has established a sound system of remuneration, bonus and benefits, and adheres to the principle of fair employment. The salary of new staff is higher than the statutory minimum basic wage. The Bank also adopts a function-based payroll system, without differential treatment or any form of discrimination regardless of gender, age, religion, race, language, party affiliation, etc. Employees are entitled to year-end bonus, Spring Festival bonus, Mid-Autumn Festival bonus, performance bonus, business promotion bonus, employee remuneration, employee shareholding trust, employee preferential deposit rate, labor insurance, national health insurance, group insurance and pension according to



their job functions and seniority. The Employee Welfare Committee provides welfare allowances such as marriage and funeral allowances and maternity allowances for employees, and continues to formulate performance incentive plans for various business grades to provide incentive bonuses for those meeting standards. In order to promote family care and welfare and comply with the Labor Standards Act, we have established menstrual leave, pregnancy check-up leave, maternity leave, antenatal care leave and paternity leave, injury and sick leave. Employees with children younger than three years old may apply for child care leave without pay. The Bank also provides quality breastfeeding (collecting) rooms for employees.

Parental Leave Applied by the Bank's Employees in 2021			
Item	Male	Female	Total
Annual number of eligible applicants	76	202	278
Annual number of actual applicants	7	56	63
Annual number of expected reinstatements	2	59	61
Annual number of actual reinstatements	3	33	36
Reinstatement rate in 2021	150%	56%	59%
Number of persons still employed one year after reinstatement	3	32	35
Incumbency rate one year after reinstatement	100%	97%	97%

Parental Leave Applied by the Bank's Employees in 2022			
Item	Male	Female	Total
	55	189	244
Annual number of actual applicants	7	52	59
Annual number of expected reinstatements	9	74	83
Annual number of actual reinstatements	7	41	48
Reinstatement rate in 2021	78%	55%	58%
Number of persons still employed one year after reinstatement	5	38	43
Incumbency rate one year after reinstatement	71%	93%	90%

\*The number of expected reinstatements is based on the expected date of reinstatement of employees when they apply for parental leave.

# Employee Care

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## 2. Employee Health Care

In order to take care of the physical and mental health of employees, the Bank regularly entrusts a professional medical and health inspection institutions to conduct health examination for employees, to check the health of every staff through the professional competence, rich experience and medical examination equipment of the institution, so that employees can obtain correct information on the prevention, health care and treatment of diseases. In addition, in response to the climate change of the social environment, the Bank strengthens the promotion of workplace health knowledge and habits of life and health care. The occupational safety nurses of the Bank post real-time information in the internal mailbox from time to time, so that employees can take preventive measures and self-management of health care.

In addition, the Bank grants a subsidy fee of NT\$5,000 per year for health examinations to employees at the management level and above, and provides promotion services in conjunction with the aforesaid annual health examination. All the above health check measures are superior to the health check system stipulated in the "Labor Health Check Protection Rules", which stipulates that employees under the age of 40 should be checked every five years, and employees over the age of 40 but under the age of 65 should be checked every three years. Employees highly affirmed this health check and recognized the importance of health check to maintain good health.

Injury and sick leave applied by the Bank's employees in 2022						
	Number of Injury Leave	Days of Injury Leave	Occupational Injury rate	Number of Sick Leave	Days of Sick Leave	Sick Leave Rate
Male	14	110.5	0.97%	685	4,276.0	47.24%
Female	19	99.5	0.77%	1,425	10,349.5	57.83%
Total	33	210.0	0.84%	2,110	14,625.5	53.91%

## 3. Salary analysis and statistics of non-managerial staff of the Bank (disclosed for the recent 3 years)

Salary analysis of non-managerial staff in 2020, 2021, 2022			
Year	Number of non-managerial staff	Average Salary	Median Salary
2020	3,685	768,794	669,230
2021	3,681	837,023	736,624
2022	3,563	848,752	736,252
Difference Between 2021 and 2022	-118	11,729	-372
	-3.21%	1.4%	-0.05%

## 4. Take out all kinds of insurance to protect employees and their dependents

In addition to purchasing labor insurance and national health insurance for employees in accordance with the law, the Bank also provides employees with the most secure protection and reasonable premiums. Every year, we negotiate and compare prices with various life insurance companies to take out the "group life insurance and medical insurance", in which medical insurance covers employees' dependents (spouse, children and parents), which are generally quite satisfied by employees. The insurance company was also recognized by colleagues, and there was no major dispute in related claims cases. In order to provide employees and their dependants with further protection, the Bank has signed the "Self-paid Group Insurance for Employees and Their Dependants" with the insurance company. In case of death or disability caused by accidental injury or medical treatment, employees and their parents or dependants will be covered by relevant medical treatment or compensation respectively.

Claim Amount				
Year	Number of Claims	Corporate-paid Group Insurance	Number of Claims	Self-paid Group Insurance
2021	873	10,469,060	285	3,284,416
2022	679	18,679,174	137	1,406,587
Total	1,552	29,148,234	422	4,691,003

## 5. Staff care in response to COVID-19

In order to take care of the hard work and pressure of employees in epidemic prevention, and to protect their health and safety, the Bank paid the special consolation of NT\$10,000 to every employee in 2021. In addition, in accordance with the Labor Standards Act, the Bank also provided "vaccination leave" and "epidemic prevention and care leave". From 2021 to 2022, it took out an anti-epidemic policy for employees for two consecutive years to strengthen their job security. In 2022, a total of 2,046 claims of employees was insured by the Bank against Covid-19 and the claim amount was NT\$36,570,000.



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### Employee Relationship

In order to establish a good communication and interaction relationship with employees, the Bank has established an “employee complaint system” in the personnel management measures, and set up an “employee corner” in the Bank’s website for all employees to express their opinions and leave constructive comments, etc., which allow every employee to express their true thoughts and opinions freely, and express their confusions, voices, grievances or opinions on enhancing work efficiency through this platform. The Bank also assigns special personnel to handle in a confidential and prompt manner, and then transfers the case to respective business management unit to report the results and handling situation to the employee. The Bank firmly believes that an open approach to employees can build an institutionalized bridge of communication, and strengthen the care for employees and the handling of labor-management relations, which is conducive to the cohesion of employees to improve business performance. In addition, it maintains good employee-employer relation, with collective bargaining agreements accounting for 0.5% of the total number of employees.

What’s more, employees who have been working for more than one year can fill in the “Employee Volunteer Service Area Questionnaire” in the “Employee Corner” to apply for volunteer service. In this way, we can instantly understand the inner thoughts and actual needs of employees, so as to achieve a balance between rotation and life and enhance the functional development of employees. The Bank also conducts an employee satisfaction survey for current position on its internal website at the end of each year, and the satisfaction rate in 2022 was 97.9%.

### Labor Occupational Safety and Health Training and Measures

In order to maintain the safety of employees in the workplace, the Bank has set up access control and security protection systems in each business unit and all workplaces. We also appoint a dedicated environmental cleaning company to maintain a clean, tidy and comfortable workplace, promote the Tobacco Hazard Prevention Act and implement a comprehensive non-smoking policy. In addition, the Bank formulated an occupational safety and health management plan in accordance with the Occupational Safety and Health Act, including setting the occupational safety and health personnel, first aid personnel and fire management personnel, etc., carried out occupational safety and health education and training for workers, and strengthened medical and health promotion measures. In 2022, we held 80 events with 3,792 trainees, expecting to improve every employee’s concept of safety and health and achieve zero hazard in the workplace.

Occupational safety and health educational training for workers		
Year	Times of Course	Number of Trainees
2020	47	184
2021	52	3,777
2022	80	3,792

In accordance with the regulations of the National Police Agency of the Ministry of Interior on “Environmental Assessment Test Form for Crime Prevention of Financial Institutions and New Certification Standards”, we strengthen security maintenance measures to ensure the safety of personnel and finances, and minimize potential risks in the working environment.

### Conclusions

Since its opening in 1992, the number of employees of the Bank has also expanded along with the business territory (merged and acquired Chung Shing Bank in 2005, merged with Union Bills Finance Corporation in 2010, merged with Union Insurance Brokers in 2016, and added new subsidiary Union Securities Investment Trust Co., Ltd. and Union Venture Capital Co., Ltd. in 2019), and has developed towards business diversity. By the end of 2022, Union Group had a total of 4,251 employees. Although the Bank does not have a trade union, it has set up a “Employee Corner” domain where every employee can go online to express their opinions about the company or communicate with other employees. In addition, we organize labor-management meetings on a regularly basis, where employees and management can communicate with each other and sincerely establish good harmony and mutual trust, and then work hard for the goals set by the Bank, so as to achieve the goals set by the Bank. Therefore, the Bank has established a sound system and norms to protect the rights and interests of employees. Under the atmosphere of giving back to the society and fulfilling social responsibilities, we expect the harmony, co-existence and co-prosperity between the labor and management, and a sustainable development of the Bank.



# 08

## Environmental Sustainability

### Task Force on Climate-Related Financial Disclosure (TCFD)

- Green Management Policy
- Supply Chain Management
- Resource Recycling and Reusing

*In response to climate change becoming one of the major global risk issues, the Task Force on Climate-related Financial Disclosure (TCFD) established by the Financial Stability Board (FSB) issued the Report on Climate-related Financial Disclosure Suggestions in 2017, and the Financial Supervisory Commission of ROC issued “Guidelines for Financial Disclosure of Climatic Risks of Domestic Banks” at the end of 2021. In accordance with the framework of the Guidelines, the Bank continues to deepen its disclosure of the implementation of four aspects including governance, strategy, risk management, indicators and targets under climate change.*

### I. Governance

#### 1. Climate governance architecture in the Board of Directors and the management

- (1) In order to ensure the implementation of corporate social responsibility, sustainable development policy and climate change risk management, the Bank established the “Sustainable Development Committee” (ESG Committee) under the Board of Directors and the “Asset and Liability and Risk Management” under the Chairman of the Board. The two committees are responsible for relevant issues respectively.
- (2) The ESG Committee is responsible for coordinating the Bank’s sustainable development policies, management guidelines and specific promotion plans, and reports its implement annually to the Board of Directors. The ESG Committee has an Environmental Sustainability Group, whose functions include environmental sustainability policy, corporate de-carbonation management, green procurement, environmental sustainability propaganda and supply chain management. The convener of the Group could invite relevant units to participate in its work based on its functions.
- (3) The Asset and Liability and Risk Management Committee is responsible for reviewing and inspecting management reports or information proposed by various business management units and the Risk Management Department. In addition to the Chairman, its members also include the General manager, Deputy General Manager, supervisors of Head Office’s business management and risk management units.
- (4) The Risk Management Department is responsible for planning and coordinating the financial disclosures related to climate change, and reporting relevant information on climate change risk issues to the Board of Directors annually.

#### 2. Rights and Responsibilities of the Risk Management Organization

- (1) Board of Directors: This is the supreme decision-making unit of the Bank’s risk management policy, being responsible for reviewing and verifying the Bank’s overall risk policies, limits, organization structure and attribution of rights and responsibilities.
- (2) Asset and Liability and Risk Management Committee: It is responsible for reviewing and inspecting management reports or information proposed by various business management units and the Risk Management Department, so as to maintain the risk management effectiveness of the whole Bank.
- (3) Risk Management Department: It is an independent dedicated risk management unit, which is responsible for inspecting the risk management mechanism formulated by various business management units and their control conditions, preparing risk control reports to be submitted to the Board of Directors and the Asset and Liability and Risk Management Committee, and planning and establishing various measurement tools of risk control.
- (4) Various business management units: Formulate management regulations, processes and control mechanisms according to business their mainly responsible for, appropriately manage and supervise various business units to carry out necessary management.
- (5) Various business units: They are responsible for making daily business management in accordance with the management regulations and measures formulated by the Bank’s various management units, and confirming the correctness and integrity of all operational data.

#### 3. Management Policy

- (1) The Bank formulated “Criteria for Management of Climatic Change and Environmental Sustainability Risks” to its “Risk Management Policy”, specifying that the Bank shall abide by relevant laws and regulations related to climate, energy and environmental protection, implement and disclose greenhouse gas inventory, water consumption and waste management and statistics, formulate related policies and improve education and promotion to strengthen employees’ awareness of energy saving, disclose governance condition of climate risks and opportunities regularly, identify and evaluate relevant risks and the goals used for evaluating relevant topics.

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- (2) The Bank's Code of Practice for Sustainable Development requires it to comply with environment-related laws and regulations, as well as relevant international norms, and protect the natural environment as appropriate. Moreover, in the implementation of operational activities and internal management, it shall be committed to the goal of environmental sustainability; It shall assess the potential risks and opportunities of climate change and take relevant countermeasures; It shall adopt common standards or guidelines at home and abroad, implement enterprise greenhouse gas inventory and make disclosure and statistics of greenhouse gas emissions, water consumption and total waste weight, formulate various policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management, incorporate the acquisition of carbon emission rights into the its carbon reduction strategy planning, and promote relevant work based on this, so as to reduce the impact of its business activities on climate change.
- (3) The Bank's "Energy and Environmental Management Policy" requires that it shall "abide by laws and regulations related to energy and environmental protection", "support energy conservation and carbon reduction, and continue to implement green procurement", "pay attention to education and promotion to strengthen employees' awareness of energy saving", "improve management performance and build a sustainable business environment", "implement GHG reduction and disclose related data", "use products with the water-saving mark to reduce waste of water resources." and "comply with waste classification and resource recycling and reusing".
- (4) The Bank's "Supplier Management Policy" requires that it shall work together with its suppliers to implement corporate social responsibility and promote environmental sustainability. When signing the contract, they shall sign and abide by the "Commitment Letter on Compliance with CSR, Ethical Management and Legal Provisions", and jointly abide by the environmental sustainability policy or relevant environmental protection measures promoted by the Bank.

### 4. Enhance Climate-related Expertise and Capabilities

- (1) In order to actively acquire new knowledge about climate trends, enhance staff awareness of climate change issues, and improve corporate culture, the Bank's members of the Board of Directors, senior managers, relevant personnel of Head Office's business units and risk management units continued to actively participate in various projects, seminars, presentations and training courses.
- (2) The Bank has appointed a dedicated environmental management staff in the General Affairs Department, who is responsible for promoting measures related to environmental sustainability, making disclosure of greenhouse gas inventory information in accordance with the "Sustainable Development Roadmap of Listed and OTC Companies" made by the Financial Supervisory Commission, and conducting education and training for greenhouse gas emission inventory personnel in all units of the whole Bank.
- (3) In 2022, a total of 20 training were held, with a total of 552 participants and a total of 79 hours of training.

Participant	Times	Cumulative Number of Employees	Total Training Hours (hours)	Main Content
Members of the Board of Directors	2	18	6	<b>Internal Courses:</b> 1.Global transition into sustainability driven by net zero carbon emission, new market rules under climate change, implications for promoting green finance in Taiwan, etc. 2.Taiwan government's policy to promote green finance, assessment and management of climate change issues in the financial industry, introduction of TCFD, development of stress tests under climate change in Taiwan, etc.
Senior managers		31		
Relevant personnel of Head Office's business units and risk management units	15	48	69.6	<b>External Courses:</b> Seminars on extreme weather and financial institution's response. 1.Opportunities and challenges of net zero emissions for the financial industry, Net Zero Carbon Reduction Conference, rules of carbon footprint product category, presentations on greenhouse gas emission reduction trade-off. 2.Sustainable credit and investment, green energy industry analysis, operation mode and risk assessment of project financing, ESG green fintech, seminars on issues related to climate change, etc. <b>Internal Courses:</b> Information sharing on climate change and educational training on TCFD architecture.
Personnel of the Head office (including senior management personnel) and business units	3	455	3.33	<b>Internal Courses:</b> 1.ISO50001 Energy Management System management review meeting, educational training courses. 2.Educational training on greenhouse gas inventory





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### II.Strategy

1.As the impact of extreme weather intensifies globally, relevant transnational initiatives and national governments have proposed various climate adaptation and mitigation measures. Sustainable development has become the primary goal of the current global economic transition. In line with the Sustainable Development Goals of United Nations, the Bank aims to use its influence to provide climatic finance products and services and enhance the climate adaptation capability of its customers. In addition, it would take practical actions to support Taiwan green energy, implement carbon reduction, and continuously commit to the sustainable development of enterprises. The Bank's strategy is as follows:

#### (1) Move to Net Zero

Manage the daily operations of the Bank, respond to energy conservation and carbon reduction, and gradually achieve the goal of net zero carbon emission.

#### (2) Support low-carbon economic activities

Developing and utilizing the potential business opportunities and relevant financial benefits of climate change, assisting customers to make the low-carbon transition, supporting the development of low-carbon technologies, and promoting climatic financial products and services.

### 2.Climate Risks and Opportunities

#### (1) Types

##### A.Entity risks

It refers to the direct or indirect impact of extreme weather events on banks that may result in the destruction of fixed assets, disruption of operations, impairment of production, and potential changes in asset values.

##### B.Transition risks

In order to achieve the Paris Agreement's goal of limiting global warming, leading nations in the world may set targets for net zero carbon emissions. They may curb carbon emissions through strict taxation, laws, regulations and other management measures, which may lead to reduced revenue or increased costs for enterprises.

##### C.Climate opportunities

In order to mitigate or adapt to the impacts of climate change and considering the market development potential, the Bank, as a financial service provider, may develop diversified business opportunities, such as providing support to key policy industries (such as the renewable energy industry) so as to achieve national carbon reduction targets; Encouraging the research and development of electric vehicles or promoting low-carbon means of transport, implementing green procurement, and providing green investment, financing, products and services.

#### (2) Short-term, medium-term and long-term climate risks and opportunities

In order to understand the impact of climate change risks and opportunities on the Bank and the Bank's response measures, description are made as follows:

#### Entity Risks

Number	Risk Description	Period of Impact	Corresponding Risk	Impact Description	Response Measure/Climate Action
1	The impact of extreme weather on the Bank's business base.	Short-Term, Long-Term	Operational risk	Extreme weather events (such as sudden typhoons, floods, or long-term sea level rise) may cause regional power, water, and telephone outages, leading to operation interruption risk and related recovery cost at the business base.	1.Establish backup mechanisms for core information equipment, power and networks, and formulate key points for disaster emergency response operations. Business units shall regularly conduct safety protection education, training and exercises, and shall conduct review and improvement. In addition, the risk of property loss caused by extreme climate disasters could be covered by insurance. 2.Assess the implementation of control schemes through the self-assessment of operational risk control. Based on the results of the assessment, it shall develop a special programme of action where necessary.
2	The impact of extreme weather on the Bank's real estate collateral.	Short-Term, Medium-Term, Long-Term	Credit risk Market risk	Extreme weather events (such as sudden typhoons, floods or long-term sea level rise, etc.) may cause the value of the Bank's real estate collateral to decline, resulting in an increase in the Bank's credit risk.	The Bank's Standards for Real Estate Collateral Appraisal has stipulated that those susceptible to wind disaster, flood and drought or adverse geological conditions shall be included in the matters needing attention, and special attention shall be paid to their risk control.
3	Extreme weather may cause negative impact on the operation and income of customers.	Short-Term, Medium-Term, Long-Term	Credit risk Market risk	Extreme weather events (e.g. sudden typhoons, floods or long-term sea level rise) may lead to negative impacts on the operations or revenues of the Bank's investment and financing customers.	1.Pay attention to customers' operational or financial situation, and continuously strengthen customer due diligence and control measures. 2.Assist customers affected by natural disasters to recover and rebuild, provide them with funds required for recovery and reduce their impacts on the Bank's earnings.

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Transition Risks

Number	Risk Description	Period of Impact	Corresponding Risk	Impact Description	Response Measure/Climate Action
1	Response costs of carbon reduction and compliance arising from policies and regulations.	Short-Term, Medium-Term	Operational risk	In response to the cap on carbon emissions set by Greenhouse Gas Reduction and Management Act, it would increase the Bank's costs on carbon reduction (such as carbon tax, carbon price, etc.), as well as related penalties due to non-compliance.	<ol style="list-style-type: none"> <li>1.Set relevant energy conservation goals, give priority to the purchase of various energy saving equipment with energy-saving labels, water-saving labels, green building labels, energy-saving labels, etc.</li> <li>2.Participate in the "Service Industry Energy Management System Demonstration and Promotion Program" of the Ministry of Economic Affairs, five buildings of the Bank have obtained ISO energy management system certification, and all units of the Bank would implement greenhouse gas inventory certification.</li> <li>3.Assess the implementation of control schemes through the self-assessment of operational risk control. Based on the results of the assessment, it shall develop a special programme of action where necessary.</li> </ol>
2	Risks of carbon reduction and sustainable transition faced by customers.	Short-Term, Medium-Term, Long-Term	Credit risk Market risk	The Bank's earnings would be affected by the additional cost of its customer's transition in response to policies and regulations, or the decline in revenue caused by the delay in the transition.	Pay attention to customers' operational or financial situation, and continuously strengthen customer due diligence and control measures. In addition, continue to pay attention to the publication of relevant regulations, timely provide customers with operational capital, so as to assist customers in low-carbon transition.

Note : Short-term refers to within 3 years, medium-term refers to 3 to 10 years (inclusive), and long-term refers to more than 10 years

Transition Risks

Number	Opportunity Description	Period of Impact	Impact Description	Response Measure/Climate Action
1	Improve the energy efficiency of business bases.	Short-Term, Medium-Term, Long-Term	Reduce operating costs by replacing old energy-consuming products, adopting energy-saving products and promoting energy-saving measures.	<ol style="list-style-type: none"> <li>1.Use LED instead, replace old air conditioners, participate in the "Service Industry Energy Management System Demonstration and Promotion Program" of BOE, MOEA, control the temperature of indoor air conditioners in summer, and promote energy-saving measures.</li> <li>2.When the Bank's building is decorated, the use ratio of green building materials shall reach more than 45%.</li> </ol>
2	Promote all kinds of network services and paperless initiatives.	Short-Term, Medium-Term	Promote electronic transactions and web-based services to enhance operational efficiency, thereby generating paperless benefits and reducing operating costs.	Provide digital deposit accounts, online services of loan application, promote e-billing and insurance policies, and optimize internal working procedures to achieve energy saving and carbon reduction.
3	Issue low-carbon financial products or services.	Short-Term, Medium-Term	Through the development and promotion of low-carbon products and services, enhance consumers' overall opinions towards the Bank, thus contributing to the overall profit.	<ol style="list-style-type: none"> <li>1.Issue green credit cards made with environmentally friendly materials and virtual cards, and encourage customers to answer the call of green consumption through its official website.</li> <li>2.Launch ESG or low-carbon related funds to meet investor demands.</li> </ol>
4	Promote green loans and invest in relevant products.	Short-Term, Medium-Term, Long-Term	Provide relevant green loans and invest in green bonds to encourage enterprises to develop relevant sustainable measures, so as to increase the Bank's operating income.	Provide green credit (including renewable energy loans, green building loans, electric (hybrid) car loans, etc.) and invest in green bonds, sustainable bonds and solar power plants, etc.
5	Responding to energy-saving advocacy campaigns and programs.	Short-Term, Medium-Term, Long-Term	Corporate image is an intangible asset of the company. If we can jointly respond to energy conservation initiatives with our customers and neighboring businesses to save energy expenditure, it will have a positive impact on corporate finance.	Enhance corporate image by responding to the global "Earth Hour", "World Earth Day", "World Environment Day" and other energy-saving initiatives, as well as participating in the "Green Procurement for Private Enterprises and Organizations" program organized and promoted by the Executive Yuan.

Climate Risk and Opportunity Matrix

Impact Degree	High		Entity 2 Entity 3 Transition 2	
	Medium	Opportunity 2	Entity 1 Transition 1 Opportunity 1	
	Low	Opportunity 3	Opportunity 4 Opportunity 5	
		Low Probability	Medium Probability	High Probability
		Possibility of Occurrence		

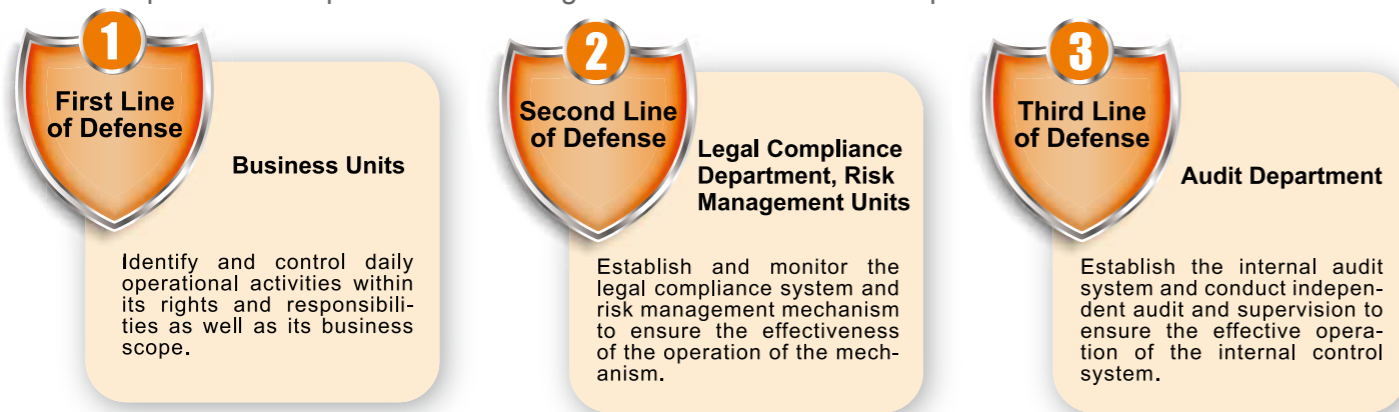
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### III. Climatic Risk Management

1. The Bank conducts climatic risk management through the three-defense-line framework of internal control, which includes the internal audit system, self-audit system, legal compliance system, and risk management mechanism. Among them, self-audit constitutes the first defense line, compliance with law and risk management constitute the second defense line, and internal audit constitutes the third defense line. In order to enable effective and proper operation of the internal control system, the first and the second defense lines perform risk monitoring, and the third defense line performs independent monitoring so the three defense lines perform their own functions.



- The "Risk Management Policy" formulated by the Bank is its highest management principle of risk management, which includes the "Criteria for Management of Climatic Change and Environmental Sustainability Risks" and its risk management process includes risk identification, risk measurement, risk monitoring, risk reporting and other procedures.
- For its credit-awarding policy orientation, the Bank shall support alternative energy, water resource, environmental protection and pollution control, and other green industries, help credit grantees to conduct de-carbonation transition, and its credit-awarding audit shall lay special emphasis on circumstances such as significant negative impact of enterprise operation on environmental protection, or violation of environmental protection laws and regulations, etc.
- Progressively take ESGs or projects with high climate risk factors into account for investment businesses. At present, for corporate bonds in New Taiwan Dollar (including financial bonds), ESG shall be included in the inspection and evaluation process before investment, and the investment cap shall be set according to evaluation grade intervals. After the investment, regularly review the ESG situation, and manage it dutifully. In addition, in terms of foreign currency bonds, investment in industries with high carbon emissions shall be regulated.

5. Special unit for energy and environmental management shall establish appropriate energy and environmental management system in accordance with attribute of the banking industry, including green management policy, enterprise de-carbonation management, green procurement, energy certificate subscription, supply chain management, resource recycling, and reusing, and creating green life and other execution measures, and review the operation effect regularly.

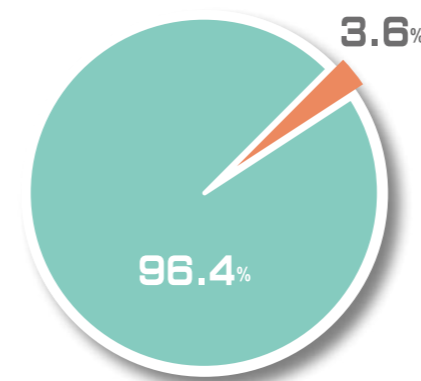
### 6. Risk measurement

(1) Risk exposure of industries with high carbon emission:

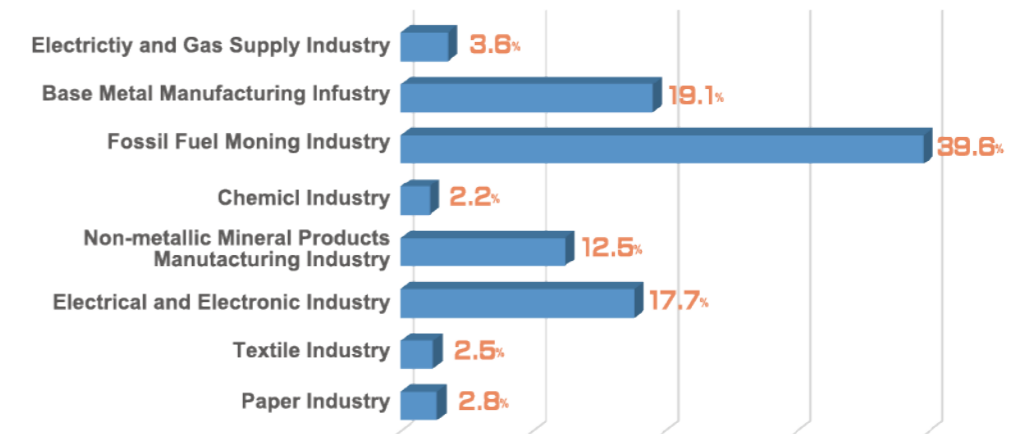
Under the trend of global low-carbon transition, industries with high carbon emission would face increasingly strict control by laws, regulations or policies. In the future, the imposition of carbon tax/fee at home and abroad would increase the operating cost of enterprises. If the enterprise's transition is not timely, it may affect the operation and profit. Through referring to the identification of industries with high energy consumption and high carbon emission by the Environmental Protection Administration and the Ministry of Economic Affairs, the Bank's "List of Industries with High Carbon Emission" is identified as follows: "Electricity and Gas Supply Industry", "Base Metal Manufacturing Industry", "Chemical Industry", "Fossil Fuel Mining Industry", "Non-metallic Mineral Products Manufacturing Industry", "Electrical and Electronic Industry", "Textile Industry" and "Paper Industry". By the end of 2022, credit and investment risk exposure proportion of industries with high carbon emission are shown in the following table:

#### Credit

Industries with high carbon emission  
Other non-high carbon emission industries

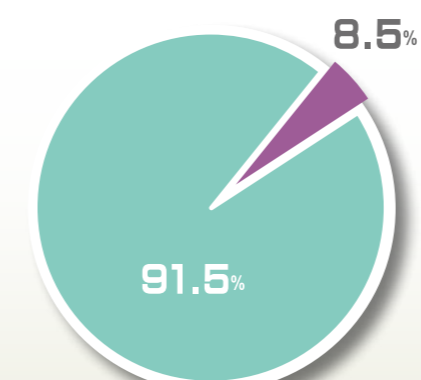


#### Credit risk exposure proportion of industries with high carbon emission

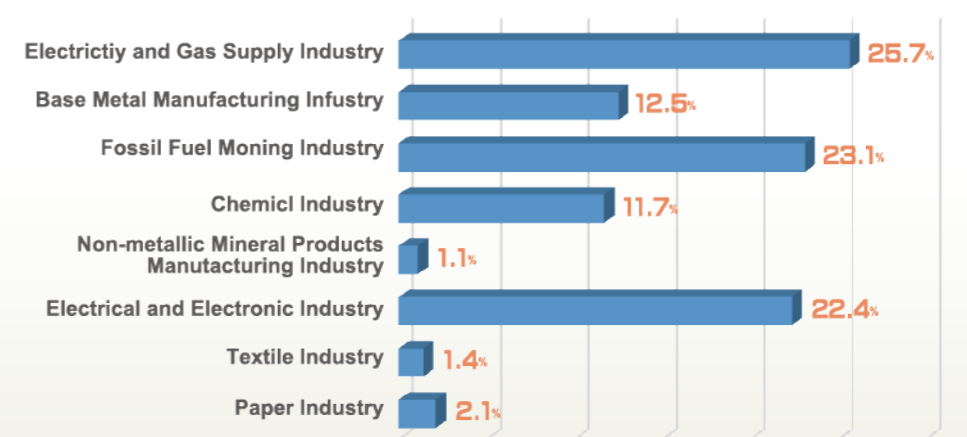


#### Investment

Industries with high carbon emission  
Other non-high carbon emission industries



#### Investment risk exposure proportion of industries with high carbon emission



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### (2) Scenario analysis of transition risks - the carbon price influence scenario

#### A. Background description:

In the context that the trend of promoting economy towards the low-carbon transition and building net zero emission has become a global consensus, industries with high carbon emission would be the first to be affected by relevant laws, regulations and policies and become their main object of control. In the future, the imposition of carbon tax/fee at home and abroad would increase the operating cost and reduce the revenue of relevant enterprises. In the face of increasing customer risk, it is necessary to reassess the change of customer default risk. In addition, it shall analyze the possibility of increased expected losses from future credit risk, and evaluate the transition risk for customers with the Bank's credit and (for non-trading purposes) bond investments.

#### B. Evaluation object:

From the enterprises that disclosed carbon emission data on Taiwan's National Greenhouse Gas Registry Platform and the Market Observation Post System, 45 customers of the Bank were selected as having risk exposure by the end of December 2022, and their balance accounted for 2.63% of the Bank's total credit and bond balance.

#### C. Evaluation method:

Based on relevant domestic and foreign information, three carbon fee scenarios (as shown in the table below) were assumed to calculate the additional operating costs that customers may face (unit carbon price \* carbon emissions) and the resulting impact on revenue. The financial data adjusted by carbon fee pressure was used to analyze the change of default rate and expected credit loss under the scenario that customers pay extra costs of carbon fee.

#### D. Evaluation Results:

a. Under Scenario 1, it is estimated that Taiwan would collect the carbon fee from 2024. It shows that there is no change in customer default rates and no change in expected credit losses for the time being. However, under Scenario 2 and Scenario 3, eight customers are expected to experience an increase in default rates by 2030 under the scenario of increased carbon fees. What's more, under both Scenario 2 and Scenario 3, the expected credit losses may increase by about NT\$45 million. It is assessed that the expected loss amount would have little impact on the Bank.

b. According to the industry category analysis by Directorate-General of Budget, Accounting and Statistics, under Scenario 3, which collects the highest carbon fee, industries with high carbon emissions defined by the Bank that have increased additional expected loss amount account for about 97%. The industry category with the largest additional expected loss is "chemical industry (41%)", followed by "electricity and gas supply industry (29%)". Among industries without high carbon emissions, only "food and feed manufacturing industry" accounts for about 3%. In addition, it has no impact on industries with concentrations of more than 8%, including "wholesale industry", "real estate development industry" and "financial service industry".

Item	Scenario with Carbon Fee Pressure		
	Scenario 1	Scenario 2	Scenario 3
	NT\$307 (about \$10)	NT\$2,303 (about \$75)	NT\$3,194 (about \$104)
Scenario Description	The Environmental Protection Administration has pushed for an amendment to the Climate Change Adaptation Act, and it would consider and negotiate the carbon fee after the third reading of the legislation. Taiwan is expected to impose the carbon fee from 2024, keep up the pressure with the current starting price of NT\$10 per ton recommended by the outsourced study commissioned by the Environmental Protection Administration.	According to the World Bank, the carbon price per tonne in 2030 shall be \$50-100 if the Paris Agreement's goal of keeping global warming below 2°C is to be met. We made the estimate at the median price of US\$75 per metric ton.	Among the six NGFS scenarios, we selected the Net Zero 2050 scenario of ordered transition and adopted the average estimated carbon price of approximately \$104 per metric ton for Asian countries in 2030.
Number of Customers with Changes in Default Rate	0	8	8
[Calculation Result]: The amount of additional expected credit losses (NT\$1 million)	0	45.48	45.48

#### Climate Risk and Opportunity Matrix

	Item	Proportion of additional expected losses	Item	Proportion of additional expected losses
Industries with high carbon emission	Electricity and gas supply industry	29%	Non-metallic mineral products manufacturing industry	17%
	Base metal manufacturing industry	10%	Electrical and electronic industry	0%
	Fossil fuel mining industry	0%	Textile industry	0%
	Chemical industry	41%	Paper industry	0%
			<b>Subtotal</b>	<b>97%</b>
Industries without high carbon emission			Food and feed manufacturing industry	3%
<b>Total</b>				<b>100%</b>

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### (3) Scenario analysis of physical risks - the flooding scenario

A. In terms of climate disaster, Taiwan is more prone to flooding. Therefore, the quantitative assessment of flooding risk was carried out for the Bank's business bases and the locations of the real estate collaterals with credit granted by the Bank.

#### B. Evaluation method:

Refer to the hazard rating of extreme rainfall occurrence probability of town regions all over Taiwan released by National Science and Technology Center for Disaster Reduction (NCDR) on the Climate Change Disaster Risk Adaptation Platform [mid-21st century (2036-2065) under the estimation scenario of RCP8.5], as well as the vulnerability grade chart of the third generation inundation probability released by the Water Resources Agency of Taiwan. In addition, under the estimation scenario, the exposure degree of the Bank's business bases and loans secured with real estate is considered according to the business base quantity and balance scale grade. From low to high, the risk is divided into five risk levels, namely Level 1 to Level 5, to assess the extent to which the Bank is likely to be affected by flooding.

#### C. Evaluation Results:

According to the flooding map of 316 towns and cities made by NCDR, under the scenario of RCP8.5, there are 42 towns and cities in the region with relatively high flooding risk-vulnerability degree (with the risk-vulnerability level of 5) in the mid-21st century. After comprehensive consideration of exposure degree, the risk exposure of the Bank's business bases and the locations of the real estate collaterals with credit granted by the Bank in flooding is as follows:

##### a. Business bases of the Bank:

At the end of December 2022, among the 90 business bases of the Bank in Taiwan, 5 were located in the region with high exposure risk (Level 5: more than three located in the same region), all of which were located in northern Taiwan.

##### b. Real estate collateral loans with credit:

(a) At the end of December 2022, among the real estate collateral loans with credit, the ratio of notional balance of that with high risk exposure (Level 5) to total credit balance was 2.94%. All of them are located in the northern region. However, its proportion is relatively low and the overall physical risk it faces is relatively limited. Among them, the real estate balance of enterprise customers accounted for 0.68% of the total real estate loan, and that of individual customers accounted for about 2.26% of the total real estate loan.

(b) According to the analysis by industry, the industries with high carbon emission defined by the Bank account for 0.02%, while the industries without high carbon emission account for about 0.66%. Among them, the industries with a credit concentration of more than 8% (according to the classification description of the Directorate-General of Budget, Accounting and Statistics) include real estate development industry, wholesale industry and financial service industry, accounting for 0.15%, 0.14% and 0.09%, respectively.

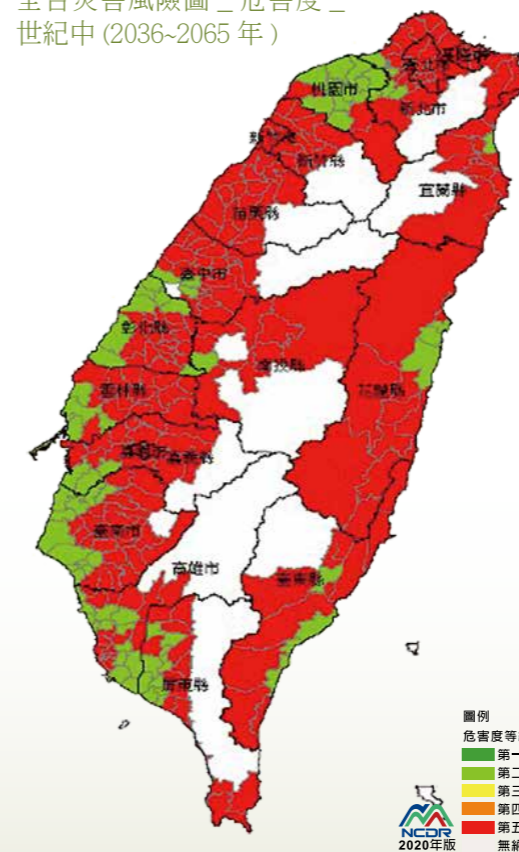
#### D. Existing measures:

- As for its business bases, the Bank has included natural disasters (e.g. floods, earthquakes, etc.) in the scope of major contingencies and reporting procedures, and has developed emergency response measures against disasters to cope with the possible negative effects of floods.
- The Bank's current Standards for Real Estate Collateral Appraisal has stipulated that those susceptible to flooding shall be included in the matters needing attention in the appraisal report.

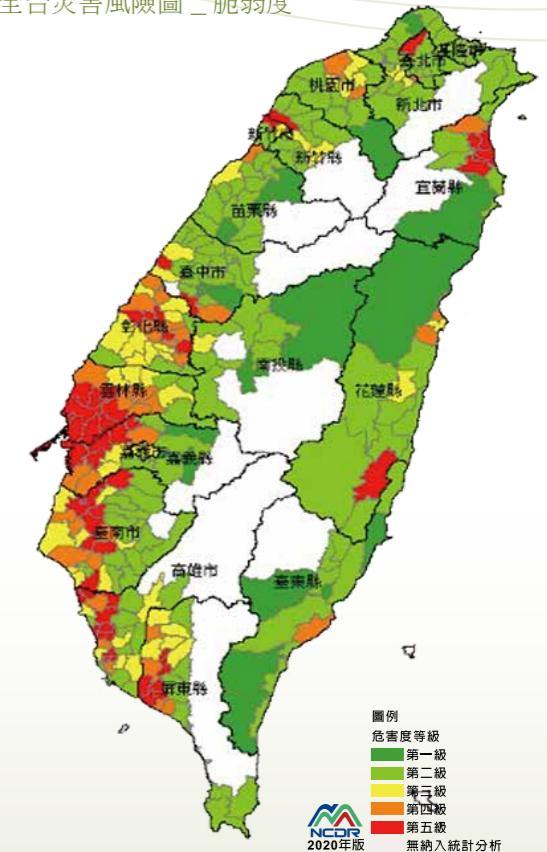
淹水風險程度屬高風險(Level 5)區域	世紀中 (2036-2065年)	
	營運據點數	不動產擔保貸款餘額占比
北部地區	5	29.4%
中部地區	0	0%
南部地區	0	0%
東部地區	0	0%

不動產擔保貸款			
對象別		餘額占比	
企業戶	高碳排產業	電力及燃氣供應業	0.00%
		基本金屬製造業	0.00%
		化石燃料開採業	0.00%
		化工業	0.00%
		非金屬礦物製品製造業	0.00%
		電機電子業	0.01%
		紡織業	0.01%
		造紙業	0.00%
		小計	0.02%
		非屬高碳排產業	0.66%
小計	0.68%		
個人戶		2.26%	
合計		2.94%	

全台災害風險圖\_危害度\_世紀中 (2036-2065年)



全台災害風險圖\_脆弱度





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(4) Scenario analysis of entity and transition risks - according to the Operational Planning for the Scenario Analysis of Climate Change by Domestic Banks.

Notes:

A.The Bank assessed the influence on its financial impact based on three climate scenarios of “ordered transition”, “unordered transition” and “no policy” (covering entity risks and transition risks) set out in the “Operational Planning for the Scenario Analysis of Climate Change by Domestic Banks” published by the Financial Regulatory Commission.

B.Evaluation method:

a.Base date of evaluation: The end of December, 2022.

b.Evaluation scope: The credit risk position of the Bank (including branches of international financial business) in and outside Taiwan, that is, the position of on-balance-sheet and off-balance-sheet credit (including credit card), bond and equity investment belonging to the Bank book.

C.Evaluation Results:

a.Under three hypothetical scenarios, the ratio of the expected loss amount at 2030 and 2050 to the Bank’s net worth and pre-tax profit and loss is shown in the table below:

(a) According to the analysis of the ratio of expected loss to net profit and pre-tax profit and loss respectively, the “unordered transition” scenario would reach the highest point in 2030 and 2050. Among them, the expected loss amount in 2030 would be about NT\$3.1 billion, accounting for 5.11% of net worth and 69.48% of pre-tax profit and loss, respectively. By 2050, the expected loss amount would be about NT\$3.9 billion, accounting for 6.31% of net worth and 85.70% of pre-tax profit and loss, respectively.

Given Scenario Period		2030 & 2050		
Climate Scenario Category		Scenario 1	Scenario 2	Scenario 3
		Ordered Transition	Unordered Transition	No Policy
Situation Description period		Take immediate and gradual transition steps to achieve carbon reduction targets	Delayed implementation of the transition, but still achieve carbon reduction targets	No Transition Policy
Corresponding Scenario	NGFS	Net Zero 2050	Delay Transition	Baseline
	IPCC	RCP2.6	RCP2.6	RCP8.5
Climate Scenario Factor Setting		1.Overall economic factors: The scenarios of “Net Zero 2050”, “Delay Transition” and “Baseline” in the NGFS scenario were taken as the basis of the overall economic factors in each analysis scenario. The indicators it used include GDP growth rate, unemployment rate and long-term interest rate, and the changes of default rates in each position were simulated. 2.Environmental factors: “RCP2.6” and “RCP8.5” in the Fifth IPCC report were used as the basis for environmental factors in each analysis scenario. The values of environment and temperature change were used to obtain the future change trend of entity risk’s hazard items (rainstorm, flooding, drought), as well as the change of impact degree to individuals with different attributes. 3.Transition factors: They were mainly used to simulate the change of carbon emissions of enterprises and carbon price, as well as their impact on individuals.		
Methodological Framework		1.Domestic credit position: Consider the influence extent on the overall economic indicators under each scenario, evaluate their influence on the risk linkage indicators [including the Business Finance Ratio, Full Guarantee Ratio, Combined Loan-to-Value Ratio (CLTV), Debt Burden Ratio (DBR)]. And then, obtain the probability of default, loss given default and default risk exposure under each scenario, and evaluate the expected losses for each analysis scenario. 2.Foreign credit position: Mainly consider its international credit rating results, decide the default rate under the analysis scenario, and estimate the loss given default with reference to the domestic credit position. 3.Investment position of the bank book: In principle, it takes the same method as that of credit position.		

Note:

- 1.NGFS: It stands for the Network of Central Banks and Supervisors for Greening the Financial System.
- 2.IPCC: It stands for the Intergovernmental Panel on Climate Change of the United Nations.
- 3.RCPs: It stands for the Representative Concentration Pathways.

Climate Scenario Category	Scenario Period	Overall Evaluation Results		
		Ratio of expected loss to net worth	Ratio of expected loss to pre-tax profit and loss	
Scenario 1	Ordered Transition	2030	5.04%	68.44%
		2050	5.99%	81.43%
Scenario 2	Unordered Transition	2030	5.11%	69.48%
		2050	6.31%	85.70%
Scenario 3	No policy	2030	4.72%	64.17%
		2050	5.23%	71.07%



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b. Analyze the ratio of expected losses of each asset type to net worth and risk exposure in 2030 and 2050 respectively under the “unordered transition” scenario:

- (a) Based on the analysis of the ratio of expected loss to net worth, the ratio of “enterprise credit” would reach the highest point in 2030 and 2050, accounting for 2.29% and 3.11% respectively.
- (b) Based on the analysis of the ratio of expected loss to risk exposure, the ratio of “bank book investment” would reach the highest point in 2030 and 2050, accounting for 1.06% and 2.25% respectively.

Asset Types		Ratio of expected loss to net worth		Ratio of expected loss to risk exposure		
		2030	2050	2030	2050	
Credit (including credit card)	Corporate	2.29%	3.11%	1.04%	1.41%	
	Individual	Housing Loan	0.29%	0.22%	0.08%	0.06%
		Others	1.73%	1.26%	0.69%	0.51%
	Subtotal		4.31%	4.59%	0.50%	0.54%
Banking Book Investment		0.80%	1.71%	1.06%	2.25%	
Total		5.11%	6.31%	0.55%	0.68%	

D. Response Measures:

- a. The current Standards for Real Estate Collateral Appraisal of credit business has stipulated that those susceptible to wind disaster, flood and drought shall be included in the matters needing attention in the appraisal report.
- b. For investment businesses, the Bank shall progressively take ESGs or projects with high climate risk factors into account of investment. At present, for corporate bonds in New Taiwan Dollar (including financial bonds), it has stipulated the ESG evaluation and inspection process. In addition, in terms of foreign currency bonds, it has stipulated early warning indicators for investment in industries with high carbon emissions.
- c. In the first quarter of 2023, the Bank adjusted the method of credit risk concentration limit by industry (including credit and investment business), and lowered the limit of relevant industries according to factors of industries with high carbon emissions.
- d. In the future, it is planned that the “Climate Risk Assessment Form” would be used in the enterprise finance credit business to evaluate the enterprise credit grantees’ tolerance to entity risks and transition risks, so as to provide reference for collecting and reviewing cases, and adjust credit conditions for customers with low risk tolerance.

## IV. Implementation Effectiveness, Indicators and Goals of Climate-related Measures

### 1. Types of “Greenhouse Gas Emissions”

(1) Greenhouse Gas Emissions:

A. Inventory of its own operating emissions:

- a. Inventory result: Conduct a bank wide inventory of electricity consumption and corresponding greenhouse gas (carbon dioxide equivalent metric tons) emissions according to the standards announced by the Bureau of Energy (BOE), Ministry of Economic Affairs (MOEA). The results of each year are shown in the table below, showing a downward trend year by year.

Year	2019	2020	2021	2022
Emissions (metric tons / CO <sub>2</sub> e)	5,023	5,016	4,838	4,309

b. Set the goal:

- (a) It shall complete verification of the whole Bank’s greenhouse gas inventory by 2024 and verification of the whole Group’s greenhouse gas inventory (including its subsidiaries) by 2027.
- (b) “Net zero carbon emission (carbon neutrality)”: According to the above inventory results, goals of net zero carbon emission (carbon neutrality) before 2050 would be set by means of energy conservation and carbon reduction, investment in solar power plants (innovative energy), purchase of green electricity, carbon emission rights trading, etc.



# 08

## Environmental Sustainability

### Task Force on Climate-Related Financial Disclosure (TCFD)

#### Green Management Policy

#### Supply Chain Management

#### Resource Recycling and Reusing

#### B. Emission inventory of the investment finance portfolio:

During this year, the Bank conducted greenhouse gas inventories for its customers of loan, as well as stock and bond investment. It made the calculation through inquiring about enterprises that disclosed carbon emission data in Scope 1 and Scope 2 on Taiwan's National Greenhouse Gas Registry Platform of the Environmental Protection Administration and the Market Observation Post System, and with reference to the methodology suggested by the Partnership for Carbon Accounting Financials (PCAF). By the end of 2022, the total carbon emission that shall be born by the Bank was 227,719 metric tons of CO<sub>2</sub>e, and the carbon emission intensity was 14.42.

Asset Types	2022		
	Carbon Emission (metric ton of CO <sub>2</sub> e)	Carbon Emission Intensity (metric ton of CO <sub>2</sub> e/NT\$1 million)	Inventory Coverage
Enterprise Loan	62,850	9.18	1.28%
Investment in equity and corporate bonds of listed (OTC) companies	164,869	18.43	13.52%
<b>Total</b>	<b>227,719</b>	<b>14.42</b>	<b>2.69%</b>

Note 1 : Carbon emission intensity: carbon emission of investment and financing position/inventory amount of the investment and financing portfolio.

Note 2 : Inventory coverage: inventory amount of the investment and financing portfolio/overall amount of equity and bond investments and loans.

#### 2.Types of “Energy Usage”

##### (1) “Reduction of electricity consumption”

A.Set the goal: With 2020 as the baseline, the whole Bank shall save 15% of electricity by 2035.

B.Take the following measures:

a.Replace old lighting fixtures and air conditioning units with high energy consumption (43 old lighting fixtures and 52 air conditioning units with high energy consumption have been replaced in 2022 at a total cost of NT\$25.724 million).

b.Control the cool air temperature in summer shall not be lower than 26°C.

c.Post “Electricity-Saving Operation” signs at the conspicuous places in all business halls of the Bank to remind staff and customers to save energy.

d.For public spaces, except during peak hours, maintain minimum lighting or use sensor lighting.

C.In 2022, the electricity consumption of the whole Bank was 12.1% lower than that of the same period in 2020. Based on this trend, as well as the progress of the actions described above, we conducted the trend analysis, and predicted that the reduction goals could be achieved on schedule by 2035. In addition, due to the obsolescence and renewal of equipment with high energy consumption, the energy saving benefit in the early stage would be very significant. However, the energy saving benefit in the later stage would gradually decrease. In the future, according to the obsolescence and renewal situation of equipment with high energy consumption, the energy saving goals would be adjusted appropriately and timely. We judge that current climate strategies and actions remain climate resilient for the time being.

(2) “Reduction of water consumption”: With 2023 as the baseline, the Bank sets a target of reducing water consumption by 8% by 2035. In addition to checking sanitary equipment for leaks, products with water saving labels shall be used.

(3) “Reduction of fuel consumption for official cars”: With 2023 as the baseline, the Bank sets a target of reducing fuel consumption for official cars by 40% by 2035.

(4) “Build its own charging system for electric vehicles”: The Bank sets a target that from 2023, all parking lots of the Bank’s buildings shall be equipped with the charging system for electric vehicles.

(5) “Solar power plants”: The Bank has set a target of installing at least five rooftop solar power plants in its own buildings by 2035.

#### 3.Types of “Climatic Risk Management”

(1) In terms of foreign currency bonds, the control indicators and targets of “industries with high carbon emission” are as follows: For foreign currency bond investment, the early warning indicators are stipulated that “the proportion of investment in industries with high carbon emission shall not exceed 35% of the total investment”, and the range of industries with high carbon emission includes petroleum and chemical, steel, coal, electric power, cement and energy industry. At the end of December 2022, the investment commitment ratio was 15.35%.

(2) “Investment for corporate bonds and financial bonds in New Taiwan Dollar”: Relevant ESG investment guidelines have been developed. Before making investment, ESG integrated information disclosed by Taiwan Depository & Clearing Corporation is required for investment review and evaluation. According to the evaluation results, the investment cap shall be set according to evaluation grade intervals. After the investment, it would be reviewed every quarter.

(3) Incorporate climatic risk factors into the credit process objectives: Developing the “Climate Risk Assessment Form” for enterprise finance credit business to collect information on the climate risks of the credit grantees (including entity risks and transition risks) and formulating the development direction of credit granting based on the analysis results (such as adjusting credit granting terms and interest rate pricing, etc.), so as to help the credit grantees to reduce carbon and accelerate the sustainable transition, which is expected to be completed in 2026.





# 08

## Environmental Sustainability

### Task Force on Climate-Related Financial Disclosure (TCFD)

- Green Management Policy
- Supply Chain Management
- Resource Recycling and Reusing

#### 4. Types of “Climate opportunities”

- Green credit:** It refers to the credit cases that belong to green expenditure in accordance with the “Key Operation Points of Financial Institution Credit Data Submission” of the Joint Credit Information Center [including renewable energy loans, green building loans, electric (hybrid) car loans, etc.]. As of the end of December 2022, the total loan balance was about NT\$1.659 billion. Among them, the green credit balance of enterprise customers was about NT\$325 million, accounting for 0.17% of enterprise customers’ total loan balance of NT\$189.84 billion. The green credit balance of individual customers was about NT\$1.334 billion, accounting for 0.36% of individual customers’ total loan balance of NT\$367.39 billion.
- Green and sustainable bond investment in New Taiwan Dollars and foreign currencies:** Invest in green bonds and sustainable bonds in New Taiwan Dollars and foreign currencies. As of the end of December 2022, the total amount is about NT\$1.93 billion.
- Launch green funds:** Union Investment Trust of the Union Group has launched the “Union 2023 High Quality Bond Fund”, which invests mainly in bonds with an ESG concept, as well as the “Union Multi-Asset Low Carbon Target Fund”, which invests in securities with a “low carbon target” concept. As of the end of December 2022, the size of the two funds was approximately NT\$1.43 billion and NT\$1.46 billion respectively.
- Sell green funds:** As of the end of December 2022, there were 45 ESG-related funds available for customers to choose from and purchase.  
Set a goal: From 2023, 10 climate-related and environment-related products in ESG and green energy would be put in the market within three years.
- Union Green Card:** The Bank issued the “Union Green Card”, which was the first credit card issued in the market with both physical cards made with environmentally friendly materials and virtual cards, expecting to reduce the burden on the environment in the process of card production using the channel feedback of green consumption, environmental protection material and virtual card technology. In addition, based on the consumption amount, the Bank allocated funds to donate to “Taiwan Environmental Information Association”, and participated in more environmental protection work and environmental promotion education, so as to achieve the goal of environmental friendliness. By the end of December 2022, 55,000 cards had been issued. In 2022, the cumulative transaction amount was NT\$1.18 billion, and about NT\$650,000 was donated to green public welfare organizations.

- Reinvest in solar power plants:** Reinvest in key 5+2 new innovative industries proposed by Taiwan government (Asia · Silicon Valley, intelligent machinery, green energy technology, biotech medicine, national defense, new agriculture and circular economy). Union Venture Capital of the Union Group reinvested in solar power plants through its subsidiaries. At present, there are a total of four projects: Tingjie, Nanhe No.1, Tianji and Tingxu. When completed, it is expected to generate up to 290 million kilowatts of electricity per year. By 2022, the actual power generating capacity was 52 million kilowatt-hours.
- Promote digital finance:** Actively promote digital finance services to reduce paper usage. In 2022, the number of users of the Bank’s digital accounts increased by 31.35% to 213,471, the cumulative number of individual users of electronic banking increased by 22.82% to 799,114, and the cumulative number of enterprise customers increased by 24.05% to 20,567. In addition, it has set the following indicators and goals.

Indicator	2022			2023
	Target Number	Actual Number	Achievement of Goals	Target Number
Number of newly opened accounts of New New Bank	50,000	50,950	101.90%	120,000
Number of new applicants for individual Internet/mobile banking	100,000	148,479	148.48%	132,000
Number of accounts with newly added functions in e-banking	3,240	3,568	110.12%	3,600

- Supplier Management:** The Bank has formulated a “Commitment Letter on Compliance with CSR, Ethical Management and Legal Provisions” for suppliers, and requires its suppliers and manufacturers to sign the letter of commitment when signing contracts, to jointly abide by the environmental sustainability policy or relevant environmental protection measures promoted by the Bank, and comply with occupational safety and health management and other requirements; In 2022, there were 36 copies of the Commitment Letter were signed, with the signature rate of 100%.
- In 2022, the Bank participated in the “Green Procurement of Private Enterprises and Organizations” program promoted by the Executive Yuan, purchasing green products with a total amount of NT\$38,689,000.

#### 5. Implementation of other measures

In 2022, the Bank’s total insurance premiums for electronic equipment and fire insurance was about NT\$2,364,000.



# 08

## Environmental Sustainability

Task Force on Climate-Related Financial Disclosure (TCFD)

Green Management Policy

Supply Chain Management

Resource Recycling and Reusing

### Green Management Policy

1. The Bank's "Energy and Environmental Management Policy" for fulfilling its responsibilities for sustainable and green environmental management is as follows:

- Abide by laws and regulations related to energy and environmental protection.
- Support energy conservation and carbon reduction, and continue to implement green procurement.
- Pay attention to education and promotion to strengthen employees' awareness of energy saving.
- Improve management performance and build a sustainable business environment.
- Implement GHG reduction and disclose related data.
- Products with water-saving mark were used to reduce waste of water resources.
- Comply with waste classification and resource recycling and reusing.

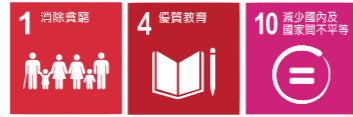
2. The Bank has appointed a dedicated environmental management staff in the General Affairs Department to guide staff from other units to participate in education and training on energy management system and indoor air quality maintenance and management, and to be responsible for promoting measures related to environmental sustainability.

### Supply Chain Management

1. The Bank has formulated the "Supplier Management Policy" to urge suppliers to comply with relevant standards on topics such as labor, environmental protection, safety and health, and ethical management, and to work with the Bank to enhance corporate social responsibility.
2. The Bank has formulated the terms of suppliers' compliance with corporate social responsibility and incorporated them into supplier contracts to avoid transactions with those who violate the Bank's corporate social responsibility policy. The Bank may terminate or cancel the contract at any time if the supplier is involved in a violation of the said policy or if it has a significant impact on the environment and society.
3. The Bank has formulated a "Commitment Letter on Compliance with CSR, Ethical Management and Legal Provisions" for suppliers, and requires its suppliers of various equipment, supplies, and labor services, as well as decoration and construction manufacturers, to sign the letter of commitment when signing contracts, to jointly abide by the environmental sustainability policy or relevant environmental protection measures promoted by the Bank, and comply with occupational safety and health management and other requirements. In 2022, all suppliers of contracts with the Bank have signed the "Commitment Letter on Compliance with CSR, Ethical Management and Legal Provisions".
4. The Bank develops the "Supplier CSR Self-Assessment Form" with the contents about environmental protection, occupational safety and health, labor human rights and ethical management, which is provided to suppliers for self-evaluation, so as to understand the supplier's own implementation status of CSR, as a reference basis for the evaluation of suppliers. The rate of return for contracted suppliers is 100%.

### Resource Recycling and Reusing

1. Paper use: When printing documents, it is preferred to set the photocopier to double-sided printing function, and set up a general paper recycling box in the office to use the blank side for photocopying; If the confidential documents and paper are invalid after the retention period, a professional and qualified recycling manufacturer shall be consulted to shred them with paper shredder before recycling.
2. Garbage: Garbage is collected by the cleaning staff every day and sorted in the resource recycling area of the building. Recyclable metals, plastics, paper and other resources are handed over to the building for unified recycling.
3. Water use: Complete the installation of atomizing water saver to all faucets throughout the Bank for water-saving. Priority is given to the use of water-saving equipment such as faucets and toilets with water-saving labels; outdated water-cooled air-conditioning systems are gradually replaced with energy-saving air-cooled inverter air conditioners to reduce water and electricity consumption.
4. Establish a bank-wide management system for waste paper, metal, plastic, garbage and water consumption, make statistics of the usage of the whole bank, and conduct reduction management.



# 09

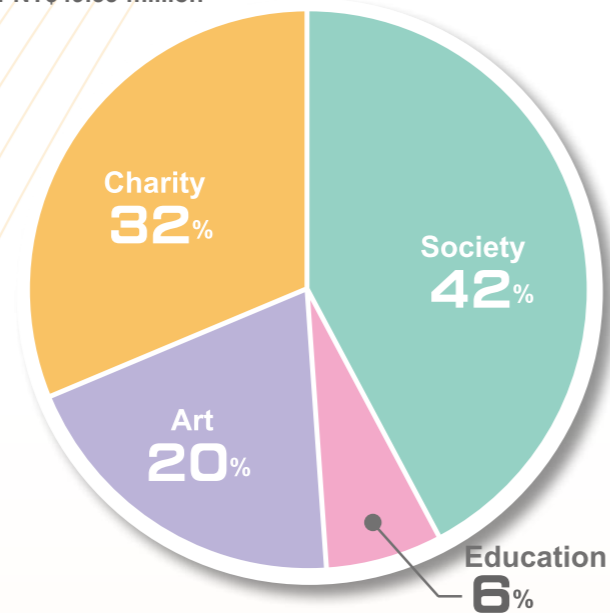
## Social Welfare

### Education Promotion

- Participation in Arts and Culture
- Caring for the Society
- Charity Donations

*In order to fulfill its corporate social responsibilities and promote social well-being, the Bank has long been committed and devoted to preserving the beauty of people, things and objects in Taiwan, from education promotion, arts and culture participation, social care to charity. The specific actions of the Bank in social welfare are described as follows:*

Total Investment of NT\$49.53 million in Welfare in 2022



### Education promotion (investment: approximately NT\$3.23 million)

#### 1. Promote knowledge of financial products

To promote the popularization of financial knowledge and provide the public with the concept of financial products and services that keep pace with the times, the Bank has cooperated with Liberty Times on the “Money Topic” wealth management column since 2009, introducing the knowledge and concept of related financial products and services such as deposit, loan, credit card, wealth management and digital finance on a monthly basis through the Bank’s official website and Liberty Times (including paper, online e-newsletters and FB community), with the online exposure of 5.25 million per issue on an average.

#### 2. Response to ESG inclusive finance

The Bank sponsored Tamkang University to participate in the 2022 ESG Summit, and cooperated with it to exhibit UBOT’s AR metaverse branch in the exhibition. It introduced the Bank’s digital financial services, green card, the Union Culture Foundation and other ESG-related financial products and social welfare-related topics through digital tour, hoping to promote the audience of the exhibition to experience and understand the emerging digital financial knowledge, and participate in charity and public service.

#### 3. Promote the concept of animal conservation

The Taiwan leopard cat and the ring-necked pheasant are both endangered conservation species in Taiwan. The leopard cat, which was once widely distributed in Taiwan, is threatened by habitat destruction and vicious hunting, and the number may be less than 700 today; while the pure-bred ring-necked pheasant in Taiwan is listed as one of the 15 critically endangered species, and its population is also severely decreasing. To call the public attention to wildlife ecology and animal conservation issues, the Bank continued to adopt “Leopard Cat in Taipei Zoo” and “Ring-necked Pheasant in Kaohsiung Shoushan Zoo”, and donated funds to the above-mentioned zoos for conservation works, animal welfare and related academic researches.

#### 4. Promoting the heritage culture of Taiwan

There are many scenic spots and historical sites in Taiwan, all of which are marked with traces of Taiwan’s history and cultural evolution. Due to the lack of inheritance explanations, many young generations do not know about the local Taiwanese historical sites, culture and historical deeds. To this end, the Bank and SET Taiwan Channel have been sponsoring the TV program “Stories in Taiwan - Heritage Tour Special” since 2016. The program visits local monuments and historic buildings in Taiwan, and explores historical and humanistic feelings by integrating the past with the present, enabling Taiwan people to get a further understanding of Taiwan’s monuments and sites. 2 episodes were co-produced and broadcast in 2022. The special program visited local historical sites and buildings in Chiayi, Meinong and Qishan, and added cultural experiences and historical stories from the perspective of the new generation. The TV broadcast averages about 350,000 viewers.



# 09

## Social Welfare

Education Promotion

Participation in Arts and Culture

Caring for the Society

Charity Donations

### Participation in arts and culture (investment: approximately NT\$10.04 million)

#### 1.Promotion of Taiwanese oil painting art

Adhering to the concept of inheriting Taiwan art, fostering art creators and advocating Taiwan people to value art and culture, the Bank cooperates with the Union Culture Foundation to hold various activities, and cooperates with art and cultural institutions in various counties and cities to exhibit and promote Taiwan oil painting art. Specific actions in 2022 include:

##### (1) Union Art Competition

The Bank and the Union Culture Foundation set up the Union Art Award Competition in 1998, to foster local artists with practical actions, and provided a creative stage for them, striving to promote cultural and artistic activities. In 2022, we jointly held the 25th “Union New Artist Award” and the 20th “Union Art Impression Award”, and selected 5 winners for each award with a total bonus of NT\$1.9 million, expecting to encourage emerging artists to work hard and realize their dreams. The winning works are scheduled to be exhibited in 13 locations of the 2023 Union Art Touring Exhibition, including Taipei and other places, providing more opportunities for Taiwanese artists to make their mark.

##### (2) Union Art Touring Exhibition

To allow art to stay and go deep into various counties and cities in Taiwan, the Bank and the Union Culture Foundation have jointly held the “Union Art Touring Exhibition” for more than 24 years, and actively discussed the cooperative exhibition opportunities with the cultural bureau, cultural center, library, national defense art museum, art institutions, and exhibition centers in various counties and cities. In 2022, we held 10 exhibitions of the winning works of the Union Art Competition in Taipei, Kaohsiung, Taichung, Changhua, Taoyuan, Miaoli, Pingtung, Luzhou Lin Jiansheng Memorial Library, Taitung, Yilan and other places, to encourage domestic excellent art creators to show their works, and exert influence to advocate Taiwan people to attach importance to art and culture.

##### (3) Union Art and Culture Gallery

Since 2009, the Union Culture Foundation has been setting up a “Cultural Gallery” at the Kaohsiung MRT Formosa Boulevard Station to display the outstanding works of the winners of the Union Art Competition every six months, hoping to provide a space for the public to appreciate art and promote the culture of art and literature.

#### 2.Children Public Drawing Competition

In order to promote children’s artistic creation, the Bank has held a children public drawing competition for 22 consecutive years. In 2022, with the theme of “Art Child & Painting Mummy”, the competition received a total of 7,477 works, winning 184 prizes including first prize, selected works and excellent works, and a total prize funds of NT\$164,000. In addition to promoting the culture of filial piety, each painting records the happy time with Mommy. We also hope to turn this love and happiness into public welfare through children’s purest brushstrokes. According to the number of entries received in the competition, the Bank will donate NT\$10 for each work to “Nantou County Government’s Dedicated Development Account for Local Education Fund” to subsidize children from poor families.

#### 3.Participate in setting up public art

Public art is an important part of urban art and literature marketing. The Bank has been involved in promoting the development of local arts and culture for many years. Our mascot MYKONOS (Xiaobai) art dolls has been exhibited in Songjin No. 1 Park in Taipei City, Taoyuan MRT Station A3, and Station A8, Station A12, Kaohsiung MRT Station R8 and domestic branches.



# Social Welfare

Education Promotion

Participation in Arts and Culture

Caring for the Society

Charity Donations

## 4.Sponsor concert activities in Kaohsiung

In order to promote and support local music, art and cultural activities, the Bank has sponsored the “Kaohsiung Philharmonic Culture & Art Foundation” and “Bureau of Cultural Affairs, Kaohsiung City Government” to hold the entertainment feast for ten consecutive years. In 2022, it sponsored “Spring Arts Festival” concert, “Rhapsody of Spring” concert, “Broadway Night” concert and “Classic & Romantic” concert respectively, with a total of about 100,000 people attending them.

## 5.Sponsor the “Charity Memorial Concert for Shinzo Abe, Former Prime Minister of Japan and Taiwan’s Close Friend”

In order to express the sincere gratitude and memory of Taiwan people for Shinzo Abe, former Prime Minister of Japan, and hoping to invite more participation of the community through the concert, the Bank sponsored “Taiwan Good Association” to organize the “Charity Memorial Concert for Shinzo Abe, Former Prime Minister of Japan and Taiwan’s Close Friend”. The concert was packed with about 3,000 people attending it, and it was broadcast simultaneously on the FTV Taiwan Channel.

## 6.Sponsor “2022 Taiwan Lantern Festival in Kaohsiung”

To promote and support the development of Taiwan art, the Bank sponsored the 2022 Taiwan Lantern Festival organized by Kaohsiung City Government to promote city tourism with the high attendance and topic of the event. The total number of visitors to the event exceeded 10 million.

## Caring for the Society (investment: approximately NT\$20.61 million)

### 1.Care for local communities

#### (1) Adopt community parks

The Bank has adopted Minyou No. 2 Park in Songshan District, Taipei City for 25 years since 1997. The park is a joint adoption foundation initiated by the residents of Minyouli in Songshan District, which is responsible for the beautification of the park and has won the model award of “Sustainable Management Team of Taipei City Excellent Neighborhood Park” for many times. The beautiful flowers and exquisite landscaping in the park are the outstanding achievements of the community volunteer team participating in the environmental maintenance and improvement plan of the park. The park facilities are well maintained and have become a venue for the neighboring community to hold events and enjoy with residents.

#### (2) Adopt school gardens

The Bank has adopted the garden in front of Luzhou Elementary School in New Taipei City for 10 years. With regular maintenance and protection of the garden, we have promoted the concept of greening and conservation of the environment among the community and students, which has won the recognition of the school and parents.

### 2.Support local farmers, care for remote areas and disadvantaged young students

#### (1) Local farmers

In order to support local agriculture, every year in May, on the eve of Mother’s Day, the Bank purchases approximately 40,000 bunches of carnations from flower growers in Tianwei Township of Changhua County to distribute to customers as gifts, thus helping farmers to promote sales of their hard-earned and high-quality local carnations. In addition, in order to support local pomelo farmers with practical actions, the Bank purchased about 6,000 boxes of pomelos from local farmers for distribution to customers as gifts during the Mid-Autumn Festival through its subsidiary “yesgogogo” e-commerce shopping site.

#### (2) Dongshan High School

About one-third of the basketball team players in Taichung Dongshan High School come from economically disadvantaged families, and the players’ accommodation, equipment, transportation and living expenses are mostly subsidized by the school or enterprises. The Bank cares for the economically disadvantaged students and players. Since 2017, it has made donation to the “Dongshan High School Boys’ Basketball Team” for 6 consecutive years, providing the team with competition expenses, training equipment and sports health care to improve the training environment. In recent years, the team has also broken through to the top four in the HBL High School Basketball League, setting the school’s best record over the years. As a result, the players have obtained better grades and opportunities for further education, and moved forward to a higher palace of basketball.



Education Promotion

Participation in Arts and Culture

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### (3) Puzangalan Children's Choir

The Puzangalan Children's Choir from Pingtung is composed of a group of children from the resource-poor Paiwan tribe. To help them turn their lives around and find the strength to realize their dreams through singing, the Bank has been involved in helping these aboriginal school children develop their talents. The children have also lived up to expectations and won awards in many international competitions, and let the world hear Taiwan! Due to the impact of the COVID-19 epidemic on the operation of the Puzangalan Children's Choir, the Bank cooperated with the Union Culture Foundation to launch the charity donation project called "Puzangalan Children's Choir Training and Education Program". All funds raised was used to fund the choir training and education for children from poor families. (Note: This program is one of the "Let's Be Happy" donation projects of the Union Culture Foundation).

Year	The Bank's fundraising donations over the years to the Puzangalan Children's Choir and achievements
2018	Donated to participate in the "Tokyo International Choir Competition", won the "Silver Award of Children's Group and The Best Singing Award of Theme Song".
2019	Donated to participate in the "International Johannes Brahms Choir Festival & Competition", won the "Gold Award in the Children's Group, Folk Song Group and Sacred Music Group".
2020	The plan to go abroad to participate in the competition was canceled due to the epidemic. The Bank continued to donate to the chorus training and education programs.
2021	The plan to go abroad to participate in the competition was canceled due to the epidemic for the second year in a row. The Bank continued to donate to the chorus training and education program.
2022	2022 The plan to go abroad to participate in the competition was canceled due to the epidemic for the third year in a row. The Bank continued to donate to the chorus training and education programs.

### 3.Supported the industrial development of Taiwan

Following the traditional New Year culture, over the past 20 years, the Bank has produced a large number of Chinese Zodiac ceramics, calendars, red envelopes, Spring Festival couplets and other New Year gifts for customers every year. In the face of the relocation and industrial changes of domestic ceramic manufacturers, the Bank is still taking practical actions to support local manufacturers of art and culture, with Taiwan Manufacturing industry (M.I.T) as the priority.

### 4.Supported local recreational public welfare activities

#### (1) Sponsored a series of recreational public welfare activities held by Taoyuan MRT

With the gradual removal of anti-epidemic measures and opening to the outside world, the Bank sponsored Taoyuan MRT to shoot a promotional video called "Really Want to See You" to encourage people to make life get back on track and regain a positive attitude. In addition, we also held a public welfare activity called "MRT Public Welfare Mini Trip", inviting children from disadvantaged groups to take Taoyuan MRT for free, and spend a happy day with Mykonos, the mascot of UBOT, and Dongdong, the mascot of Taoyuan MRT.

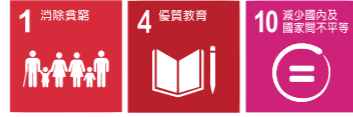
#### (2) Sponsored a series of recreational public welfare activities held by Taichung MRT

In 2022, the Bank sponsored the Taichung MRT to cooperate in holding the "Station Exhibition of Related Good" and "Photography Competition Project" to promote Taichung MRT; Organized the "Blood Donation Activity Project" to call on the public to donate blood for public welfare; held the "Family Day" event, with booths set up to promote creative food by local farmers and cultural and creative goods by young artists, and set up the booth for the charity "Langlang Don't Cry" to raise funds for stray animals.

#### (3) Sponsored a series of recreational public welfare activities held by Kaohsiung MRT

Sponsored Kaohsiung Rapid Transit Corporation to organize public welfare activities, including "Summer Love Kaohsiung MRT Animation Season" and "Confession MRT Train Mikan", to promote Taiwan animation culture and harbor city sightseeing; Held "3x3 Basketball Game" to promote the culture of sports for all, and about 2,800 players, their friends and relatives attended the game; Held the "Christmas Charity Road Running of Cat Station Master Mikan", and donated all the surplus of the event to Genesis Social Welfare Foundation for the care of vegetative patients; Held the "Public Welfare Symphony Concert" to give priority to public welfare organizations to enjoy the music, and all proceeds from the special iPass card sold on the day of the event were donated to public welfare organizations. In addition, in order to create a safe environment for taking MRT, the Bank also donated Kaohsiung Rapid Transit Corporation to purchase a total of 27 emergency aid equipment AEDs at stations of KRTC Red Line.





# 09

## Social Welfare

- Education Promotion
- Participation in Arts and Culture
- Caring for the Society
- Charity Donations**

### Charity Donations (investment: approximately NT\$15.65 million)

#### 1.Participated in Ukraine International Aid Project

Many Ukrainian civilians have been forced to flee their homes as a result of Russia's military incursion. In response to the government's combination of private resources, the Bank responded to the government's call for "2022 Ukraine International Aid Project" and donated NT\$10 million to provide timely economic support and medical assistance to refugees.

#### 2.Participated in the public activities of Children Are Us Foundation

In order to help mentally disabled children learn skills and integrate into the community to live and work independently, the Bank has participated in the Art Therapy Program of Children Are Us Foundation for 9 consecutive years. In 2022, the Bank continued to participate in the "Annual Public Performance of Children Are Us Foundation Orchestra and Theater". Through subscribing tickets for the performance and subscribing handmade lunch boxes, it supported the mentally disabled children's daily care and work program with practical actions.

#### 3.Participated in the public activities of Braze Charity Foundation

Participated in the public welfare event "2022 Shine Like Stars Brilliant Christmas Tree Lighting" organized by Braze Charity Foundation, invited the public to claim the "Wish Boxes" of children's Christmas wishes, and jointly helped the wishes and dreams of children from vulnerable families come true.

#### 4.Cooperated with the Union Culture Foundation on the Public Donation Platform "Let's Be Happy"

To benefit the people of Taiwan, the Bank and the Union Culture Foundation jointly launched the public donation platform "Let's Be Happy", expecting to promote donation activities by the influence of the platform and call on more people to care for and help the vulnerable groups in society. Each donation will be properly distributed and utilized by the Union Culture Foundation.

#### 5.Credit card Consumption Appropriation Public Welfare Group Program

In addition to allocating a certain donation amount from welfare affinity card holders' consumption amount, in order to implement the principle of sustainable ESG governance, the Bank also allocated certain fund to be donated to "Taiwan Environmental Information Association" to engage in more environmental protection and promote environmental protection education and relevant welfare activities via green welfare groups and resources.

#### 6.Cooperative Donation Project of Union Card Holders Charity Group

In 2022, the Bank cooperated with public welfare groups to launch donation activities including:

- (1) Eden Social Welfare Foundation: Participated in "The Growth Relay Race of Slow Flying Angels, The Road to Learning Without Obstacles", inviting Union card holders to make donation to enable the program to move forward in the future, caring for children with love and supporting children to break through the adventure of growth.
- (2) Taiwan Waker Public Welfare Action Association: Participated in the "Bear Love Doing Public Welfare - Save Childhood - Come and Join" program, inviting Union card holders to donate to children in remote and impoverished areas, passing love and hope, and bringing children with more smiles in their childhood.
- (3) Taipei City Association of Parents for Visually Impaired: Participated in the cooperative donation activity of "Stand with You on the Road of Eye", inviting Union card holders to help the visually impaired and their families. In this way, the public can have a better understanding of the visually impaired, see their efforts and abilities, and give equal opportunities, enabling the visually impaired to contribute to the society and integrate into the society.



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**GRI 2: General Disclosure 2021**

Disclosure	Description	Corresponding Section	Page
2-1	Related details of the organization	About UBOT	07
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2-3	Report period, frequency and contact information	About the Report	
2-4	Restatements of information	No restatement	
2-5	External guarantee	About the Report	
2-6	Activities, value chains, and other business relationships	About UBOT environmental sustainability	07, 12 55
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2-8	Worker (non-employee)	Employee care	38
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2-10	Nomination and selection of the top governance leadership	Corporate Governance	18
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2-12	Role of the top governance leadership in supervising impact management	Sustainable Governance and Performance Corporate Governance	02 18
2-13	Appointment of the impact management leadership	Sustainable Governance and Performance Corporate Governance	02 18
2-14	Role of the top governance leadership in sustainability reporting	Sustainable Governance and Performance	02
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2-20	Procedures for determining remuneration	Corporate governance	20
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2-22	Announcement (Declaration) on Sustainable Development Strategy	Message from Chairman	01



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**GRI 2: General Disclosure 2021**

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2-24	Promote policy commitment	Corporate governance	18
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		employee care	39
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2-26	Mechanism of seeking advice and raising concerns	Corporate Governance	24
2-27	Compliance with laws and regulations	Corporate Governance	23
2-28	Member association	Corporate Governance	21
2-29	Methods of stakeholder engagement	Stakeholder Engagement	13
2-30	Collective bargaining agreement	Employee care	43

**GRI 3: Major topics in 2021**

Disclosure	Description	Corresponding Section	Page
3-1	Process for determining major topics	Stakeholder Engagement	16
3-2	List of major topics	Stakeholder Engagement	16
3-3	Management of major topics	Stakeholder Engagement	17

**GRI Standards with Specific Topics**

**GRI 200: Economic series**

Series	Disclosure	Description	Corresponding Section	Page
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed by the organization	About UBOT	07
	201-2	Financial impacts of climate change and other risks and opportunities	Environmental Sustainability	46
	201-3	Define benefit plan obligations and other retirement plans	Employee care	39
GRI 203 Indirect Economic Impacts 2016	203-1	Infrastructure in investment, development and impacts of services supported	Social Welfare	58
	203-2	Significant indirect economic impacts	Social Welfare	58
GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	No corruption-related risks occurred during this year	
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance	24
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance	24
GRI 206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such matter this year	-

## GRI Standards with Specific Topics

GRI 300: Environment series				
Series	Disclosure	Description	Corresponding Section	Page
GRI 302 Energy 2016	302-1	Energy consumption within the organization	Based on power consumption, the Bank's annual power consumption in 2022 totaled 8,660,849KW/H, which was 31,421,698MJ (10 to the 6th Joule) converted into energy consumption.	
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Sustainability	52
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Sustainability	52
GRI 307 Environmental Compliance 2016	307-1	Violation of environmental regulations	No environmental protection-related penalties	
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Environmental Sustainability	55

GRI 400: Social series				
Series	Disclosure	Description	Corresponding Section	Page
GRI 401 Labor and Employment Relations 2016	401-1	New employee hires and employee turnover	Employee care	37
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee care	40
	401-3	Parental leave	Employee care	41
GRI 403 Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	Employee care	43
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	Employee care	40
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee care	40
GRI 405 Employee Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Corporate Governance Employee Care	18 37
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Employee care	39
GRI 412 Human Rights Assessment 2016	412-1	Operations subject to human rights review or human rights impact assessment	Corporate Governance	33
	412-2	Employee training on human rights policies or procedures	Corporate Governance	39
	412-3	Significant investment agreements and contracts that contain human rights provisions or have undergone human rights review	Corporate Governance	23
GRI 413 Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Welfare	60
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Environmental Sustainability	55
GRI 417 Customer Health and Safety 2016	416-1	Information and Signs Requirements of Products and Service	Customer Care	-
	416-2	Incidents of non-compliance with relevant regulations on information and signs of products and services	No such matter	-
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Care	33
GRI 419 Socio-economic Compliance 2016	419-1	Violation of laws and regulations in social and economic fields	Corporate Governance	21

GRI G4 Supplementary Guidance on Financial Services Sector				
Consideration		Description	Corresponding Section	Page
Product Portfolio	FS1	Related policies applicable to the specific environmental and social elements of each business	Stakeholder engagement appendix	31 65
	FS2	Process of environmental and social risk assessment and screening for each business	Corporate Governance	64
	FS7	Products and services designed by each business to create social benefits	Customer Care	30
	FS8	Products and services designed by each business to create environmental benefits	Customer Care Environmental Sustainability	31 54

Management Policy and It's Elements for 2022

Major topics	How To Manage	Purpose	Related Policies	Achievements (pages)	Complaint Mechanism
Ethical management	The Bank has developed the “Ethical Corporate Management Best Practice Principles” and “Rules of Practice” , which specify that the Bank’ s staff should conduct their business in a fair, honest, trustworthy and transparent manner.	Prevent unethical conduct and prevent corruption	Ethical Corporate Management Best Practice Principles, Rules of Practice	23	(02)2712-1055 (02)2712-1050 Reporting platform <a href="https://secure.conductwatch.com/ubot">https://secure.conductwatch.com/ubot</a>
Corporate Governance	To establish and implement an effective corporate governance structure, the Bank has formulated the “Corporate Governance Best Practice Principles” and adheres to the following principles: 1. Abide by laws and regulations and improve internal management. 2. Protect the rights and interests of shareholders. 3. Strengthen the functions of the Board of Directors. 4. Give full play to the functions of the functional committees established by the board of directors. 5. Respect the rights and interests of stakeholders. 6. Enhance the transparency of information. To promote the sound development and sustainable operation of the Bank.	To establish and implement an effective corporate governance structure to promote the sound development and sustainable operation of the Bank	Corporate Governance Best Practice Principles	18	(02)2712-1055 (02)2712-1050 Reporting platform <a href="https://secure.conductwatch.com/ubot">https://secure.conductwatch.com/ubot</a>
Operating Performance and Shareholders’ Rights and Interests	The Bank has formulated the “Measures for Performance Evaluation of Business Units” , which sets specific and specified annual performance targets, so as to supervise all units to implement their business responsibilities and achieve their goals.	Achieve business objectives, enhance operating health and profitability	Measures for Performance Evaluation of Business Units	11	(02)2712-1055 (02)2712-1050 Reporting platform <a href="https://secure.conductwatch.com/ubot">https://secure.conductwatch.com/ubot</a>
Compliance with Law	The Bank has established a good legal compliance framework and ensures effective management of compliance through publicity, education and training, and self-assessment of compliance.	To ensure effective management of compliance.	Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, Implementation Rules of Legal Compliance System, Rules for Duties and Responsibilities and Internal Management Procedures for Anti-Money Laundering and Counter Terrorism Financing	21	(02)2712-1055 (02)2712-1050 Reporting platform <a href="https://secure.conductwatch.com/ubot">https://secure.conductwatch.com/ubot</a>
Settlement of Disputes	To improve the handling of consumer disputes, the Bank has set up a consumer dispute case handling team and a consumer dispute case handling system to assist consumers in handling and reporting complaints in accordance with the handling procedures.	To improve the settlement of consumer disputes and consumer reporting	Consumer Dispute Case Handling System, Customer Complaint Handling Process, Procedures for Handling Consumer Dispute Cases	36	Submit a complaint at any branch, or leave a message on our website, or call our 24-hour service hotline for consultation, complaint and suspension (0800-089888 or 02-25451788)

Management Policy and It's Elements for 2022

Major topics	How To Manage	Purpose	Related Policies	Achievements (pages)	Complaint Mechanism
Customer Privacy and Rights	The Bank has developed relevant regulations on personal data management and a consumer dispute settlement system, implementing the protection of personal data security to protect customer privacy, and provides customers with a transparent appeal channel to protect their rights and interests.	Protect customers' rights and personal data security to maintain customer privacy	Personal data management related regulations, Consumer Dispute Case Handling System, Customer Complaint Handling Process, Procedures for Handling Consumer Dispute Cases	33	Submit a complaint at any branch, or leave a message on our website, or call our 24-hour service hotline for consultation, complaint and suspension (0800-089888 or 02-25451788)
Service Quality	The Bank implements the system of business director, who is responsible for matters related to the service quality of the branch; and has established a Service Quality Assessment Method for Business Units to improve service quality.	To provide customers with professional and friendly services	Qualifications for Selection of business directors and Description of Job Duties and Responsibilities, Measures for Assessment of Service Quality of Business Units	35	(02)2712-1055 (02)2712-1050 Reporting platform <a href="https://secure.conductwatch.com/ubot">https://secure.conductwatch.com/ubot</a>
Employee Remuneration and Benefits	To clearly regulate the rights and obligations of employees, the Bank has developed the Rules of Practice, providing the rules for employment, working hours, appraisal rewards and punishments, and welfare and salary.	To protect the rights and interests and employees	Rules of Practice	40	(02)2712-1055 (02)2712-1050 Reporting platform <a href="https://secure.conductwatch.com/ubot">https://secure.conductwatch.com/ubot</a>
Talent Cultivation and Career Development	In response to the changes in the financial environment, the company' s business strategy and the needs of employees, the Bank organizes various business lectures, seminars, professional training courses and send staff to participate in various financial professional and enterprise operation and management training courses from time to time every year according to the Measures for Continuing Education and Training of Employees and career development plans of employees, and encourage employees to obtain relevant designated certificates to enhance their professional knowledge.	To enhance the functions of employees	Measures for Continuing Education and Training of Employees	40	(02)2718-0001
Environmental Sustainability and green Procurement	Conduct a bank wide inventory of electricity consumption and corresponding greenhouse gas (carbon dioxide equivalent metric tons) emissions according to the standards announced by the Bureau of Energy (BOE), Ministry of Economic Affairs (MOEA), and establish Environmental Management Practice Guidelines. The Bank participates in the "Service Industry Energy Management System Demonstration and Promotion Program" of BOE, MOEA. The headquarters of the Bank, Zhongshan, Taoying, Minguan and Lingya branch buildings were incorporated into the scope of energy management system. Since 2016, the Bank has obtained the ISO50001 Energy Management System Certification.	To reduce greenhouse gas emissions and mitigate the impact of climate change through energy use management, promoting environmental sustainability	ISO14064 ISO50001	52	(02)2712-1055 (02)2712-1050 Reporting platform <a href="https://secure.conductwatch.com/ubot">https://secure.conductwatch.com/ubot</a>

## Evaluation of Management Policy for 2022

Major topics	Evaluation Mechanism	Evaluation Results (pages)
Ethical Management	Internal audit, whistleblowing system, corporate governance evaluation, performance evaluation of legal compliance units	23
Corporate Governance	Corporate governance evaluation, performance evaluation of directors	03, 19
Operating Performance and Shareholders' Rights and Interests	Measures for Performance Evaluation	11
Compliance with Law	Corporate governance evaluation, supervision of responsible units and self-assessment of legal compliance	03, 21
Settlement of Disputes	Financial Ombudsman Institution, Service Quality Assessment Method for Business Units	36
Customer Privacy and Rights	Whistleblowing system, internal audit, inspection by competent authorities, Financial Ombudsman Institution	33
Service Quality	Whistleblowing system, Service Quality Assessment Method for Business Units	36
Employee Remuneration and Benefits	Whistleblowing system, Remuneration Committee, Personnel Evaluation Committee	43
Talent Cultivation and Career Development	Training test, certificate verification test	40
Social Welfare	Board of Directors, ESG Committee	56
Environmental Sustainability and green Procurement	ISO 14064, ISO 50001	04

SASB Indicator Comparison Table

Topics	Indicator Code	Indicator Disclosure	Corresponding Section/Description	Page
Information Security	FN-CB-230a.1	(1) Number of information leakage incidents	Corporate governance	27
		(2) Proportion of information leakage incidents related to personal data	Customer Caring	33
		(3) Number of customers affected by information leakage incidents		
	FN-CB-230a.2	Information security protection and risk identification methods	Corporate governance Customer Caring	25 35
	FN-CB-240a.1	Number and balance of loans to promote small business and community development	Customer Care	32
Financial Inclusion and Capacity Building	FN-CB-240a.2	Number and balance of overdue loans to promote small business and community development	The Bank has not announced the number of overdue loans, so it is not disclose for the time being	
	FN-CB-240a.3	Total number of unbanked, under-banked groups of customers served without charge	Relevant data is not yet available	
	FN-CB-240a.4	Total number of customer engagements in financial education for groups that are unbanked, underbanked, or underidentified as key customer groups	Customer Caring Social Welfare	30 56
Incorporate environmental, social and governance factors into the credit risk assessment process	FN-CB-410a.1	Industry exposure	Please refer to P93 of the Bank 's 2022 Individual Financial Statements for details	
	FN-CB-410a.2	Incorporate ESG factors into the credit review process	TCFD	
Business Ethics	FN-CB-510a.1	Financial losses arising from legal proceedings involving fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malfeasance or other violations of relevant financial industry regulations		
	FN-CB-510a.2	Description of whistleblowing system and procedures	Corporate Governance	
System Risk Management	FN-CB-550a.1	Global Systemically Important Banks (G-SIBs) Score	Union Bank is not a G-SIB Therefore, this indicator does not apply	
	FN-CB-550a.2	Capital adequacy management and policies	Information on capital adequacy management is disclosed in P.110 of 2022 Individual Financial Statements	
Indicator	FN-CB-000.A	Number and amount of deposit accounts by individual and small enterprise		
	FN-CB-000.B	Number and amount of loan accounts by individual, small enterprise and enterprise client	About UBOT	07



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English Translation of a Report Originally Issued in Chinese

### Assurance Report of Independent Auditors

To UNION BANK OF TAIWAN

#### 1. Scope

We have been engaged by UNION BANK OF TAIWAN (the “Company”) to perform a limited assurance engagement in relation to and report on the four selected sustainability information included in the Company’s 2022 Sustainability Report (“the Report”).

Regarding the subject matter information selected by the Company and their applicable criteria, please refer to Appendix A: “Summary of Subject Matters Assured”.

#### Management responsibility

The Company is responsible for the preparation of the Company’s 2022 Sustainability Report in accordance with appropriate criteria, including referring to Global Reporting Initiatives (“GRI”) GRI Standards, and for the design, execution and maintenance of internal controls in regard with report preparation to support the collection and presentation of the Report.

#### Independent Auditor’s Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the TWSAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Taiwan Accounting Research and Development Foundation.

#### 2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of the Company’s internal controls when determining the nature and extent of procedures, our procedures were not designed to provide assurance and opinion on internal controls.

To conclude for limited assurance, our procedures performed included:

- Interviewing with the Company’s management and personnel to understand the Company’s management policy, disclosure items and reporting requirement of the selected sustainability information;



- Understanding the expectations and requirements of the main stakeholders and stakeholders of the Company, the specific communication channels between the two parties, and how the Company responds to such expectations and requirements through interviews and inspection of relevant documents;
- Performing analytical procedures on selected sustainability information, gathering and checking other supporting documentation and management information obtained, testing samples if necessary;
- Reading the Report to ensure the overall sustainability implementation is consistent with our understanding.

#### 3. Limitations

Non-financial information contained within the Company’s 2022 Sustainability Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also, assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

#### 4. Quality and Independence

We are in conformity with TWSQC 1 “Quality Control for Public Accounting Firms” to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in Taiwan’s Norm of Professional Ethics, whose basic principles are integrity, objectivity, professional competence, due care and professional behavior.

#### 5. Conclusion

Based on our procedures and evidence obtained, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the selected sustainability information in accordance with applicable criteria.

Lu, Chian Uen  
Ernst & Young, Taiwan  
June 16, 2023

#### Notice to Readers

*The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail.*

No.	Chapter	Article Title	Subject matter information	Applicable Criteria
1	Chapter 5	Corporate Governance	In 2022, the Bank's information security related audit showed no significant deficiency, nor significant information security events such as disclosure of customer information and fine, etc. due to violation of information security.	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.
2	Chapter 6	Customer Caring	To assist SMEs that have gone through company registration or business registration in accordance with the law with a paid-in capital of less than NT\$100 million, or regularly employ less than 200 employees, to successfully obtain funds such as operating turnover or capital financing, the Bank had disbursed SME loans to 16,506 enterprises with a loan balance of NT\$143.1 billion by the end of 2022.	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.
3	Chapter 6	Customer Caring	Focusing on the development and education of children's financial knowledge, and in response to the government's promotion of inclusive finance, the Bank offers Happiness Passbook (integrating Taiwan dollar deposits, foreign exchange deposits, securities and funds) for minors under the age of 18 (inclusive), hold recommended account opening activities, and provides exclusive discounts in cooperation with high-quality franchised children's art stores in the industry, including Sesame Street Beauty, Yun Mei Wu Ji Dance Classroom, Sin Yi Parent-Child Game Study Room, Parent-Child World, Canadian Language Center and Apple Theatre, Ru Guo Children's Theater, Nine Songs Children's Theater, etc.) As of the end of 2022, there were 22,025 accounts of Happiness Passbooks opened with our bank.	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.
4	Chapter 6	Customer Caring	In line with the six core strategic industries promoted by the government (including "Information and digital industry", "Investment and Security Excellence Industry", "Taiwan Precision Health Industry", "National defense and strategic industry", "green energy and renewable energy industry", "livelihood and war preparedness industry" and other industries), the Bank provides necessary funds for enterprises. By the end of December 2022, the Bank's six core strategic industries had a credit balance of NT\$51.7 billion. Among them, 1,429 households committed to green energy and renewable energy industries, with a credit balance of NT\$15.3 billion.	Products and services designed by individual operating units to create benefits for the environment or society.
			The Bank also makes donation in the same way from the "Union Green Card" to the Taiwan Environmental Information Association, so that we can engage in more public welfare activities related to environmental protection and promotion of environmental education with the resources of green public welfare organizations.	

## Climate-related information of listed OTC companies

Risks and opportunities brought by climate change to the company and related countermeasures taken by the company

Project	Execution situation
1. Describe board and management oversight and governance of climate-related risks and opportunities.	TCFD Report P44-45
2. Describe how the identified climate risks and opportunities will affect the company's business, strategy and finances (short, medium and long term)	TCFD Report P46-47
3. Describe the financial impact of extreme weather and short-term actions.	TCFD Report P46-47
4. Describe how the identification, assessment and management of climate risks are integrated into the overall risk management system.	TCFD Report P48
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be explained.	TCFD Report P49-52
6. The transition plan for managing climate-related risks, explaining the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	1. There is no relevant transformation plan yet. 2. Entity and transformation risks, relevant response measures have been adopted and various indicators and targets have been set(TCFD Report P46-47,50-54).
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not using internal carbon pricing as a planning tool.
8. If there are climate-related goals set, the covered activities, scope of greenhouse gas emissions, planning schedule, annual progress and other information should be explained; if carbon offsets or RECs are used to achieve relevant goals, they should Indicate the source and quantity of carbon reduction credits to be exchanged or the quantity of RECs.	TCFD Report P52-54,also no carbon offsets or renewable energy vouchers used.
9. Greenhouse gas inventory and confirmation	1.Not yet completed so no relevant information. 2.The Bank's investment and financing customer inquiry results are detailed on page 53 of the TCFD report.