

# 2021

## SCSB Sustainability Report



處處為您著想 .....

**上海商業儲蓄銀行**

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

# About the Report

The Shanghai Commercial and Savings Bank, Ltd. (hereinafter referred to as the SCSB) has been concerned with sustainable development and the trend of sustainable development, actively promoting and implementing relevant measures. The first CSR report was published in 2007, and the sustainable development report has been released for 15 years in a row, disclosing the efforts being made for the sustainable development and relevant outcome. Visit the SCSB's website to download and read the reports published by the SCSB these years. The SCSB wishes to use the report as a communication tool to respond to the issues which stakeholders from all sectors are concerned with. The aim is to keep annual growth and sustainable development of the SCSB.

### Reporting Period

The SCSB's Sustainability Report is published annually. This report primarily discloses the material issues of the SCSB on sustainable development in 2021 (1/1/2021–12/31/2021) and the performance information on actions and responses to such issues. The SCSB seeks to ensure that this report meets the six quality principles in the GRI Sustainability Reporting Guidelines: accuracy, balance, clarity, comparability, reliability and timeliness. Some contents are traced back to 2018 to enable readers to gain more understanding of the information in this report.

- Time of report publication for the previous year (2020): June 2021
- Time of report publication for the current year (2021): June 2022
- Scheduled time of report publication for the next year (2022): June 2023

### Scope of the Report

This report discloses performances of the SCSB on sustainable development. Among these aspects, governance, economy, environment and society completely cover the SCSB's locations of operations in Taiwan and overseas branches except for overseas offices, sub-branches or subsidiaries. Scopes of other disclosed data different from the aspects above are noted in the associated chapter. All financial figures are calculated in NT dollars and the calculation of relevant statistical figures is based on the international standard indicators generally applied. Due to statistical completeness, the scope of disclosure of some performance data will be specified in the report.

### Basis of the Report and Information Assurance

This report is compiled on the basis of the GRI Standards and Sector Disclosures published by the Global Reporting Initiative (hereinafter referred to as GRI), GRI Standards, Sector Supplement, Sustainability Accounting Standards Board (SASB) and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies issued by the Taiwan Stock Exchange (TWSE). All disclosures are in accordance with the Core Option. To ensure accuracy of the information disclosed, this report is provided by the senior managers of the relevant units of the sustainable development team after they have completed the fact check. Summarization and internal reviews are performed by the Head Office to ensure accuracy and consistency of information.

The financial information in this report has cited the annual financial report attested to by a CPA and adopted by the SCSB. In addition, to ensure that this report conforms with the disclosure principles of the GRI Standards Core Option, the accounting firm Deloitte & Touche has been entrusted to provide limited assurance to this report in accordance with the Statement of Assurance Engagements Standards No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (based on the International Standards on Assurance Engagements (hereinafter referred to as ISAE) 3000 Revised) issued by the Accounting Research and Development Foundation. See the appendix of this report "4.5 Independent Auditors' Limited Assurance Report" for the CPA's independent assurance statement.

### Contact Information

For any concerns or opinions on this report or suggestion on the implementation of sustainable development in the SCSB please advise as necessary.

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SCSB ESG Website

This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report, and including shortcuts to related web pages.



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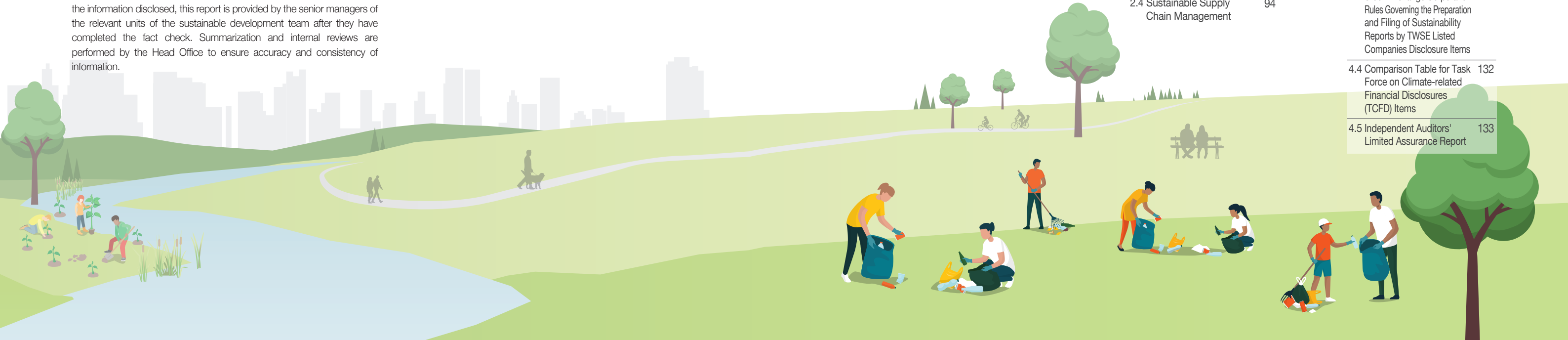
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## Message from the Chairman/President



Lee, Stephen Ching-yen, Chairman

The SCSB is always committed to the operating purpose of “to serve society, to support industry, and to promote international trade”. We provide diverse businesses such as corporate banking, deposit, personal banking, wealth management, treasury marketing and digital banking. Yung, Hung-ching, Honorary Chairman, led us through the long progress of resumption of operations successfully in the past forty years. It was formally listed on the TWSE in 2018. Our branches in Taiwan increased from 2 to 72. We expanded our market reach in Asia-Pacific Region and extended our market share in international finance. We set up branches in Hong Kong, Vietnam, Singapore and China, and set up representative offices in Cambodia, Thailand, Indonesia and Vietnam. Meanwhile, we established the SCSB Leasing Co., Ltd. and merged AMK Microfinance Institution. The SCSB continues to follow the service concept “always placing customers’ needs first” and “considerate, efficient and respectful”. We actively work on research, development and innovation and promote sustainable development. That is how we have built such a big business scope and gained market standing now, very precious.

In 2021, the globe continues to be shrouded by COVID-19 and US-China trade war, the SCSB evaluates the timing and situation and seeks innovation and breakthrough while maintaining stable operation. Through the operation of the Sustainable Development Committee, environmental protection, social responsibility and corporate governance have been implemented proactively according to international standards to create great sustainability values. There were four meetings be held by the Sustainable Development Committee in 2021, creating the organizational structure of six functional teams for ESG (Environmental, Social and Governance). The Committee stipulated the “Sustainable Development Policy” and “Regulations for Responsible Investment.”

and other regulations, also constructed a blueprint for environmental sustainability, with the main direction of “Correspond to climate change, focus on green finance, implement environmental inclusion.” to build a more stable and resilient bank.

While the 26th UN Climate Change Conference (COP26) has been convened, the globe actively forges ahead to low carbon economy and renewable energy, expecting to work together to reduce climate change impact. To correspond to international trend, the SCSB has signed to support the Task Force on Climate-Related Financial Disclosures (TCFD) in 2021. In addition, the SCSB manages energy and resource use based on its operation and sets the goal for green power use. Our new Headquarters will be planned based on the idea of green building and green power building. In future, it is expected to optimize the energy and resource management system via ISO 14001 and ISO 50001, and gradually conduct greenhouse gas inventory inspections at all operating sites in accordance with ISO 14064 standards, such as low carbon and waste reduction, and contribute to the Earth’s well-being.

Besides our own operation, we signed the Green Finance Strategic Alliance at the Tri-Shanghai Banks Annual Meeting in 2021. “Shanghai bank” in China, Hong Kong and Taiwan pledged to promote green finance and increase the weight of green finance business. Furthermore, the SCSB has planned for implementation of Equator Principles. High amount limit for ESG and climate change risk industry has been set for loan business. We pay attention to client’s ESG performance at Loan Review Committee to evaluate whether to interact with the client. In the meantime, we actively promote loan business for ESG industries such as 5+2 key startup industry and green industry to continue to elaborate our financial

influence.

As for digital innovation, to adapt to digital transformation trend, the SCSB held the livestream event, “Digital transformation must be done,” Digital Innovative Camp, and Digital Innovative Training Camp in 2021. Digital transformation has been implemented top-down and digital culture has been built. We popularized digital innovative thinking, reinforced digital innovative capability, to promote our philosophy of digital transformation. Besides organizing training to reinforce cultivation of digital banking talents, the SCSB joined the FinTechSpace and participated in the Digital Sandbox and the project of Corporate Laboratory. Meanwhile, the SCSB collaborates with the college finance technology center to strengthen academe-industry collaboration, continue to optimize all kinds of digital service systems, and accelerate our digital transformation.

In 2021, the SCSB was still honored with the MSCI ESG Grade A and TCSA (Taiwan Corporate Sustainability Awards) – Corporate Sustainability Report Golden Award signifying recognition from all sectors on our sustainable development. In the future, the SCSB will continue to implement digital transformation in domestic and overseas locations of operations simultaneously. Corporate finance, personal finance, wealth management, treasury marketing, digital banking and deposit have been developed in balance. The SCSB builds relationship with core customers, develops excellent customer bases, and creates customer values. For the operational aspect, the SCSB strengthens risk control, implements three lines of defense. For the ESG aspect, environmental protection, social responsibility and corporate governance have been implemented proactively to create great sustainability values.

The SCSB’s 2021 sustainability report describes the efforts



Lin Chih-hung, President

the SCSB has put into promoting corporate sustainability and the achievements. The report seeks more effective communication with customers, employees, shareholders and all sectors of society. Through the report, the SCSB expresses its gratitude for the supports and concerns from customers, employees, shareholders and all sectors of society. The SCSB will remain committed to its corporate citizen responsibility, show its care toward environmental protection and society, pro-actively participate in activities promoting environmental protection and public interest, and take corporate governance into consideration. The SCSB hopes to receive and appreciate any kind of advice from any sector of society.

*Yours sincerely,*

**Lee, Stephen Ching-yen, Chairman**

**Lin Chih-hung, President**

**June 2022**



# 2021 The SCSB Sustainable Performance Summary

## Governance and Economy

### Operating Performance

- The net profit after tax was NT\$**14.26 billion**, a **6%** increase from the previous year.
- The EPS after tax was NT\$ **3.19**, a **6%** growth from the previous year.
- **Being included in the TWSE RA Taiwan Employment Creation 99 Index**

### Corporate Governance

- Top **21%-35%** for corporate governance evaluation
- The internal performance evaluation of the Board of Directors and Functional committee has been completed.

### Anti-money laundering

- A total of **16,670 people** passed the AML course and compliance exam in 2021.
- A total of **73.6%** of the supervisors of dedicated unit and domestic business unit owns CAMS, and a total of **96.7%** of them have relevant domestic licenses.

### Digital Banking

- **New application services on the website, mobile app** and online have been set up.
- **Open API** business is available. Corporate confirmation service was launched in November 2020.
- Mobile payment continues to be developed. **OneCode GO**, a multi-payment service with integration of payment receipt, is provided to help stores conveniently manage payments.

## Green finance

- The outstanding balance for solar power industry and green energy industry is NT\$**1.962 billion** and NT\$**23.867 billion**, respectively.
- Foreign bond investment associated with sustainability was about NT\$**1.05 billion**. Domestic corporate bond investment associated with ESG exceeded NT\$**46.24 billion**. Corporate stock investment was about NT\$**4.85 billion**.



## Green operations

- Total energy consumption of the SCSB in 2021, the revenue consumption per million was slightly about **2%** lower than the previous year.
- Continue to promote paperless services. Approximately **14.9 tons** of carbon emission equivalent has been reduced.
- Actively purchase water saving equipment. Use the products with the water conservation certificate.



## Environment

## Society

### Social participation

- NT\$**11.29 million** in scholarships are offered and the number of volunteer hours is **212**.



### Employee development

- The number of participants in promoting digital transformation and digital talent training programs accounted for about **80.20%** of the total number of people in the bank.
- According to the filing rules stipulated by the FSC, the number of full-time non-managerial employees is **2,382**. The average salary of non-managerial employees is NT\$**1,290,000**, and the median of the salary of non-managerial employees is NT\$**1,191,000**, an increase by **2.30%** and **1.97%** compared to the last year, respectively.



### Financial inclusion

- The Financial Knowledge Promotion in Campuses and Communities was held **40 times**, benefiting **4,872 people**, ranking **fourth** place in domestic banking industry.
- The outstanding balance for micro-businesses and SMEs is NT\$ **246.5 billion**, about **81.9%** of the Taiwan area total outstanding balance. The amount is **6.0%** higher than in 2020.







# Sustainable strategy and management

**SCSB** SUSTAINABILITY REPORT 2021



**A** Stakeholders and material  
issues

**08**



**B** Sustainable development  
strategies

**14**



**C** Response to COVID-19

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**D** Overview of the Group

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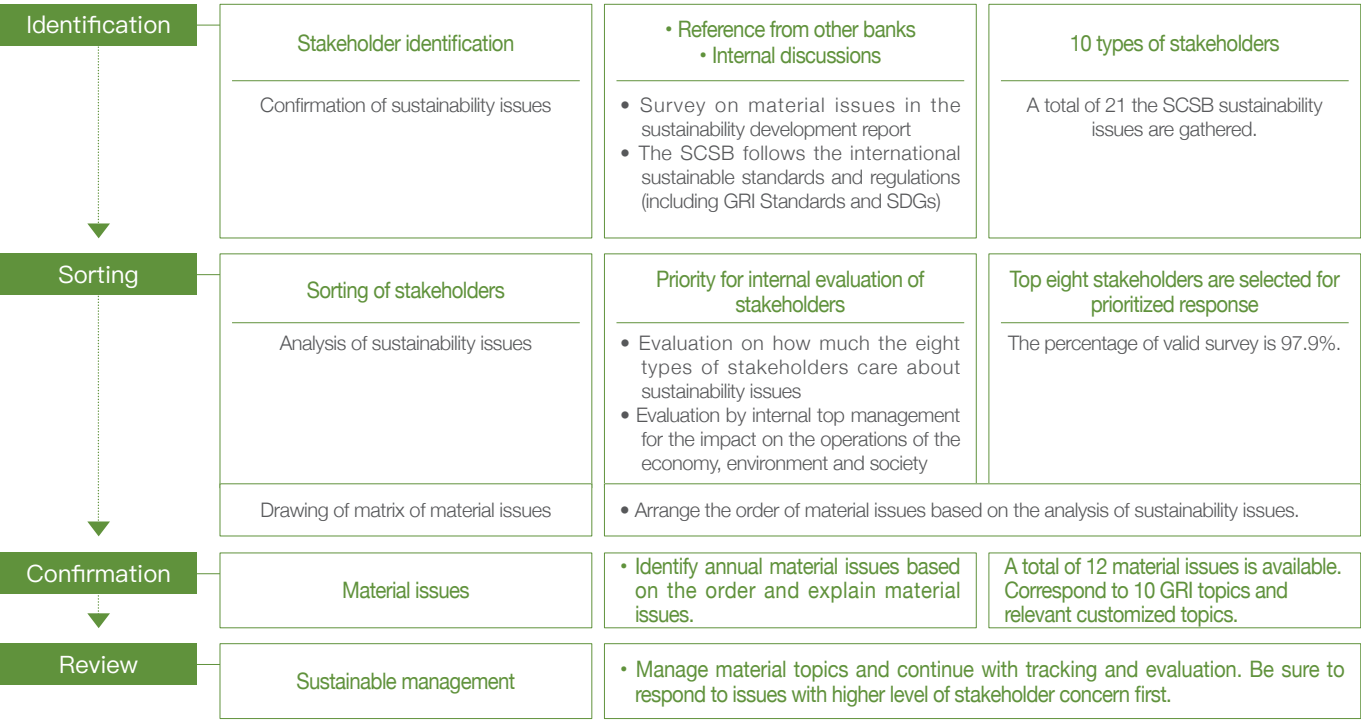
**E** Operating performance

**26**



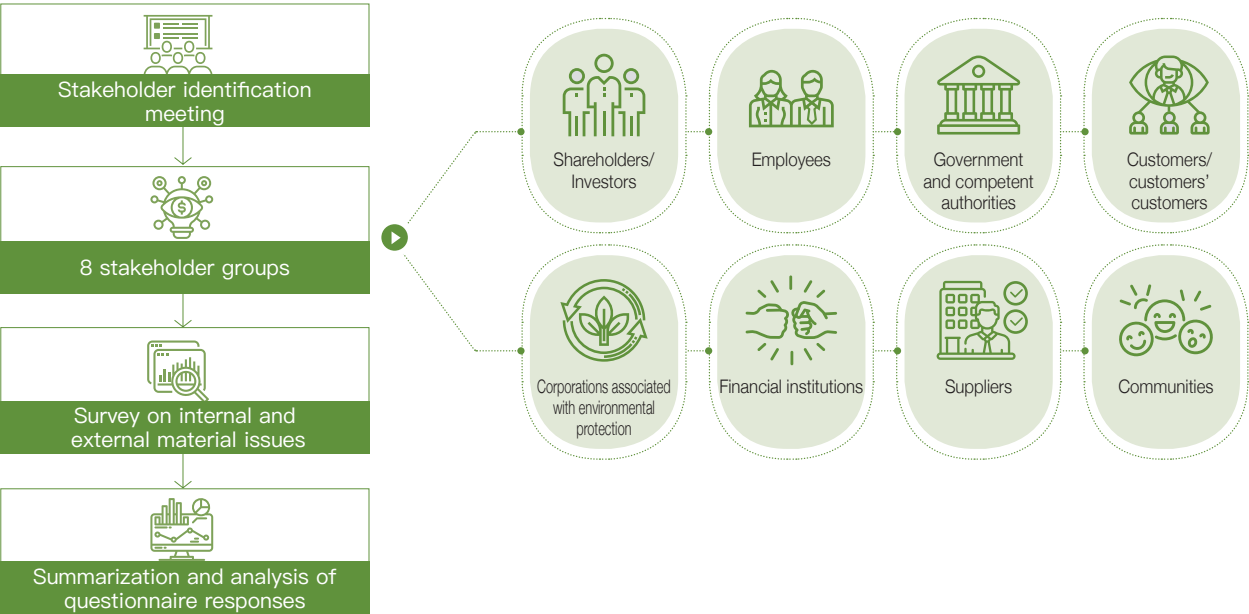
A Stakeholders and material issues

Identification process









Stakeholder Identification and Engagement

After internal discussion on the survey and reference from other banks on stakeholder identification and engagement, the SCSB identifies 10 types of possible stakeholder groups and arranges stakeholder priority through internal evaluation work. The SCSB determines eight stakeholders must be responded to in priority, shareholders/investors, employees, government and competent authorities, customers/customers' customers, corporations associated with environmental protection, financial institutions, suppliers and communities. To understand the level of concern shown by stakeholders toward sustainability issues, the "Questionnaire for the Evaluation on the Concerned Issues of Corporate Sustainable Development" has been designed and distributed to the stakeholder groups to be completed. The questionnaire can also be filled out on the SCSB's website.



(I) Results of stakeholder identification

Stakeholder	Materiality	Communication channel	Communication frequency	Issues of concern	Corresponding sections
 Shareholders/Investors	Thanks to the long-term and strong support from shareholders, the SCSB is able to achieve its current size of operations and market competitiveness.	Regular shareholders' meeting Release of public information	Annually  Regularly and irregularly	*Privacy information protection *Compliance *Corporate governance *Workplace health and safety *Employee treatment and welfare	1.1 Corporate Governance 1.3 Compliance 1.7 Privacy Information Protection 3.3 Employee Treatment and Welfare 3.4 Workplace Health and Safety
 Employees	Since its establishment, the SCSB has focused on talent cultivation and spared no efforts in providing on-the-job training to employees to enhance the overall competitiveness of the SCSB.	Morning meetings by the department Labor-management meetings President's email iTalking	Weekly  Quarterly  Real-time Real-time	*Employee treatment and welfare *Workplace health and safety *Compliance *Ethical management *Employee training and career development	1.2 Ethical Management 1.3 Compliance 3.2 Employee Training and Career Development 3.3 Employee Treatment and Welfare 3.4 Workplace Health and Safety
 Government and competent authorities	The financial industry is closely supervised by the government and the SCSB attaches great importance to its compliance with the requirements of all applicable laws and regulations.	The SCSB cooperates with the competent authorities conducting audits. Filing of all kinds of reports and public information	Irregularly  Regularly and irregularly	*Ethical management *Compliance *Information security *Risk management *Privacy information protection	1.2 Ethical Management 1.3 Compliance 1.4 Risk Management 1.5 Information Security 1.7 Privacy Information Protection 2.2 Climate risk and opportunity
 Customers/customers' customers	In preparing business guidelines and manuals, the five business departments of the SCSB (Corporate Banking, Personal Banking, Customer Finance, Treasury, Deposits) have taken customer factors into account.	Service quality survey by a third party A customer service center and e-mail box Discussions and meetings with the customer relationship managers (RM) Anonymous satisfaction survey	Annually  Real-time  Irregularly  Irregularly	*Ethical management *Privacy information protection *Information security *Risk management *Compliance	1.2 Ethical Management 1.3 Compliance 1.4 Risk Management 1.5 Information Security 1.7 Privacy Information Protection
 Corporations associated with environmental protection	The SCSB focuses on environmental protection, and considers and refers to objective opinions from corporations associated with environmental protection.	We consult the corporations associated with environmental protection.	Irregularly	*Information security *Ethical management *Corporate governance *Compliance *Risk management	1.1 Corporate Governance 1.2 Ethical Management 1.3 Compliance 1.4 Risk Management 1.5 Information Security
 Financial institutions	Although the SCSB competes with other financial institutions in the market, sometimes cooperation happens. Different experiences can help the SCSB make progress.	The SCSB shares experience with other banks in the associations where it has membership.	Irregularly	*Ethical management *Risk management *Privacy information protection *Information security *Compliance	1.2 Ethical Management 1.3 Compliance 1.4 Risk Management 1.5 Information Security 1.7 Privacy Information Protection
 Suppliers	All the contracted suppliers are vital partners in the sustainable development and growth of the SCSB.	Clear requirements for communication are announced during tender invitation and bidding.	Each time signing contract	*Information security *Privacy information protection *Ethical management *Compliance *Customer relationship management	1.2 Ethical Management 1.3 Compliance 1.5 Information Security 1.6 Customer Relationship Management 1.7 Privacy Information Protection
 Communities	By taking part in charitable activities, the SCSB is able to feel the real pulse of society and discover more opportunities to implement the ideas of sustainable development.	Financial promotion and community charity activity	Each time an event is held	*Information security *Privacy information protection *Ethical management *Compliance *Customer relationship management	1.2 Ethical Management 1.3 Compliance 1.5 Information Security 1.6 Customer Relationship Management 1.7 Privacy Information Protection



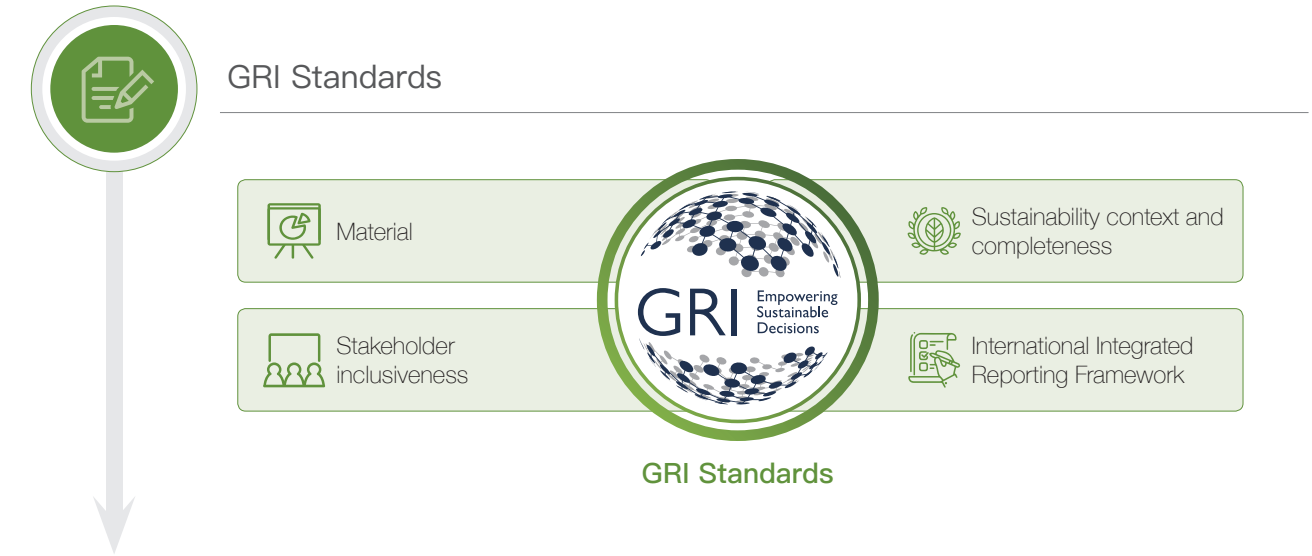
(II) Participation by associations

In addition to active communication and peace negotiation with stakeholders, the SCSB takes part in important associations relevant to sustainability financial industry for exchange on important issues and collaboration. It is expected to facilitate stable development of financial industry.

Name of association	Role of The SCSB
Common Wealth Sustainability Association	Founding members
Asian Bankers Association (ABA)	Member
Chinese Financial Research and Development Association (CHFRDA)	Member
The Bankers Association of the Republic of China	Member
Computer Audit Association	Member
Chinese Human Resource Management Association	Member
Securities Investment Trust & Consulting Association of the R.O.C.	Member
Trust Association of R.O.C.	Member
R.O.C. Bills Finance Association	Member
Taiwan FinTech Association	Member
Financial Planning Association of Taiwan (FPAT)	Member
International Swaps and Derivatives Association, Inc. (ISDA)	Member
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	Member
American Bankers Association	Member
Bankers Association for Finance and Trade (BAFT)	Member

(III) Identification of material issues

The GRI Standards contains four principles, Materiality, Sustainability Context, Stakeholder Inclusiveness and Completeness. The SCSB follows these principles and international integrated reporting structure. Furthermore, the SCSB examines international trend of sustainability development, and material issues of international corporation and top domestic banks to create a list of our sustainability issues. Next, the SCSB identifies material issues via the analysis of sustainability issues.



Analysis of sustainability issues

The SCSB invited its internal senior management to conduct assessment and complete questionnaires concerning the likely levels of impact from sustainability issues. Material issues were identified after internal discussion based on the results of surveys regarding the levels of stakeholder concern and levels of impact from sustainability issues.

Matrix of material issues

號碼	議題	號碼	議題	號碼	議題
1	Information security	8	Employee treatment and welfare	15	Financial inclusion
2	Ethical management	9	Employee training and career development	16	Social participation
3	Compliance	10	Sustainable Banking	17	Responsible procurement
4	Risk management	11	Customer relationship management	18	Green operation
5	Privacy information protection	12	Digital banking and service innovation	19	Financial education
6	Corporate Governance	13	Human rights and equality	20	Climate change response
7	Workplace health and safety	14	Operating performance	21	Tax policy

Identification of material issues

Twelve material issues in 2021 were identified:

1 Information security	5 Privacy information protection	9 Employee training and career development
2 Ethical management	6 Corporate Governance	10 Sustainable Banking
3 Compliance	7 Workplace health and safety	11 Customer relationship management
4 Risk management	8 Employee treatment and welfare	12 Digital banking and service innovation

Comparing to 2020, three material issues, Workplace health and safety, Employee treatment and welfare, Employee training and career development, have been added, and Operational performance has not included in material issues this year.

Description on material issues

Material issues	Correspondence to materials GRI topic	Meaning to us	Impact boundary								Corresponding sections
			Shareholders/ Investors	Employees	Government and competent authorities	Customers/ customers	Operators associated with environmental protection	Financial institutions	Suppliers	Communities	
Information security	418 Customer privacy	Our financial development relies on stable information system. International information security standard is adopted for better protection.	●	○	○	●	○	○	○	○	1.5 Information Security
Ethical management	205 Anti-corruption 206 Anti-competitive behavior	The SCSB cares about ethical corporate culture and stipulates and implements ethical management policies.	●	●	○	○	○	○	●	○	1.2 Ethical Management
Compliance	307 Environmental compliance 417 Marketing and labeling 419 Socioeconomic compliance	The SCSB believes that complying to business regulations is critical to corporate sustainable development. By adhering to other environmental, social and economic regulations, our compliance work is better than the scope required by a single financial industry.	○	○	●	○	○	○	○	○	1.3 Compliance
Risk management	Custom theme	The SCSB has established the Risk Management Committee charged with formulating risk management policies to improve the functions of the Board of Directors and strengthen the risk management mechanism.	●	○	○	○	○	○	○	○	1.4 Risk Management 2.2 Climate risk and opportunity
Privacy information protection	418 Customer privacy	The SCSB cares about customer privacy information management and makes sure that customer information will not be used for illegal purposes.	○	○	○	●	○	○	○	○	1.7 Privacy Information Protection
Corporate Governance	405 Employee diversity and equal opportunities for employees	Through design and implementation of systems, the SCSB is able to enhance management effectiveness while taking into account the interests of other stakeholders and winning the support and trust of customers in the end.	●	○	○	○	○	○	●	○	1.1 Corporate Governance
Workplace health and safety	403 Occupational health and safety	The management mechanism and action associated with workplace health conditions and safety for full-time employee or other hired employees	○	●	○	○	○	○	○	○	3.4 Workplace Health and Safety
Employee treatment and welfare	401 Employment	The SCSB provides great salary, welfare and incentives, and care measures for employees and their family to enhance recognition from employees.	○	●	○	○	○	○	○	○	3.3 Employee Treatment and Welfare
Employee training and career development	404 Training and education	The plans made for helping talents to acquire expertise and providing comprehensive basic training, and the assistance provided for employee career development	○	●	○	○	○	○	○	○	3.2 Employee Training and Career Development
Sustainable Banking	Custom theme	The SCSB promotes financial services such as ESG loan and ESG investment, and puts ESG risks into consideration for loan and investment. The goal is to increase sustainable contribution made to environment and society incurred from banking business and reduce impact. It is expected that the financial market can lead the industry, investor and consumer to focus on sustainable development.	●	○	●	●	●	●	○	○	2.1 Sustainable Banking
Customer relationship management	417 Marketing and labeling	The SCSB's customer relationship management, including feedback or appeal channel, and client satisfaction on our service	●	○	○	●	○	○	○	○	1.6 Customer Relationship Management
Digital banking and service innovation	Custom theme	To correspond to the financial development trend, the SCSB promoted fintech innovative strategies, plans and measures and their performance, in order to enhance convenience, immediacy and user experience of our financial service.	●	○	●	●	○	●	○	○	1.8 Digital banking and Service Innovation
Note: ● Direct impact    ○ Indirect impact											

Material Topic Management Policies

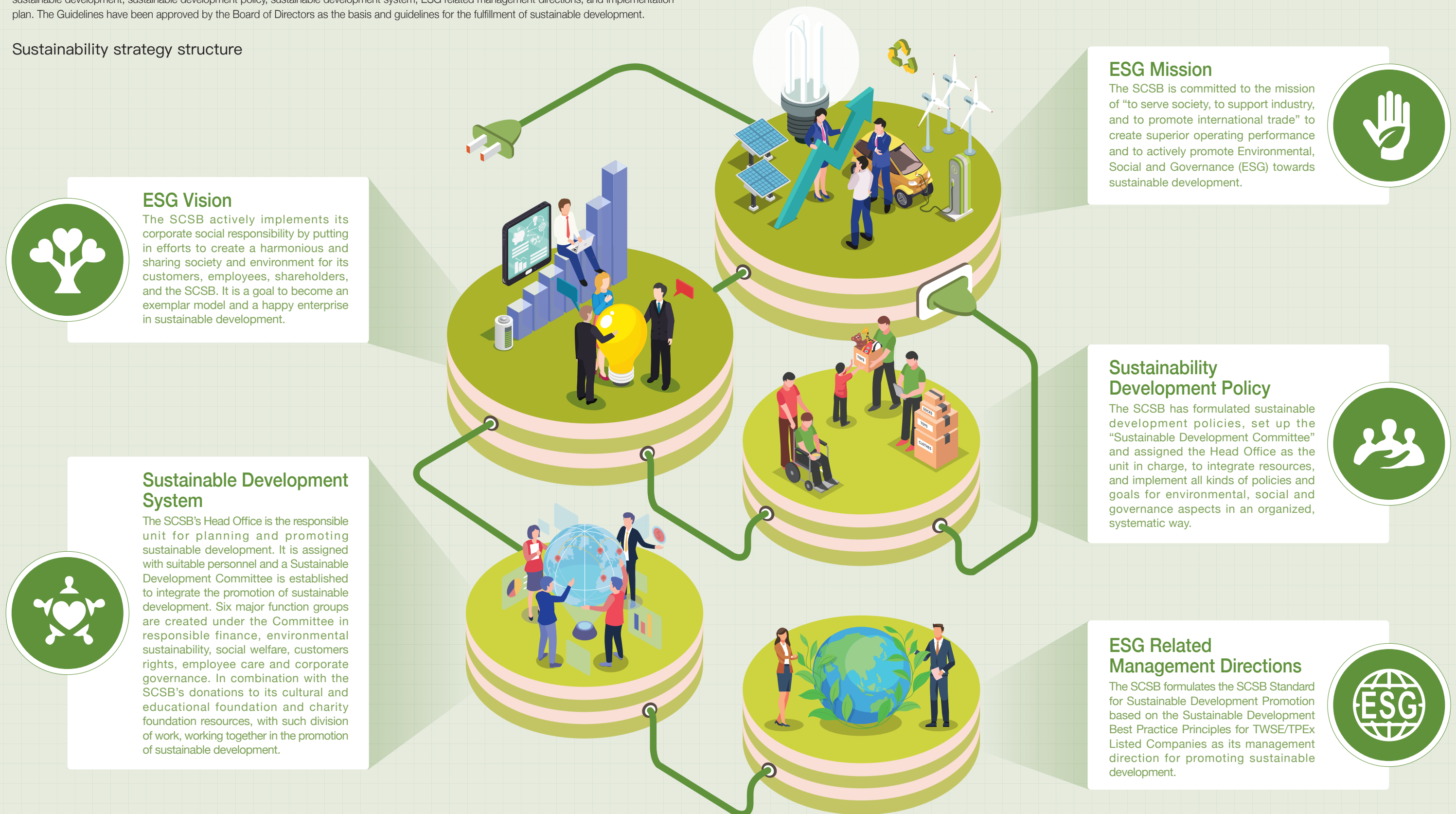
Material issues	materials GRI topic	Policies and commitments	Actions and performance evaluation
Information security	418 Customer privacy	To formulate information security policies and objectives.	<ul style="list-style-type: none"><li>The ISO 27001 certification was acquired.</li><li>An inter-departmental Information Security Committee is established to assess the status of information security management on a quarterly basis.</li><li>Vulnerability scanning test, DDoS attack drill, social engineering drill and penetration testing have been completed.</li></ul>
Ethical management	205 Anti-corruption 206 Anti-competitive behavior	To stipulate ethical management policies based on regulations. These policies include Ethical Management Guidelines, Code of Ethical Conduct and Procedures for Ethical Management and Guidelines for Conduct.	<ul style="list-style-type: none"><li>To stipulate the Guidelines on Processing of Whistleblowing Cases and announce the amendment to encourage employees to report cases of violations.</li><li>In 2021, 99.7% of our employees took part in anti-corruption education training.</li></ul>
Compliance	307 Environmental compliance 417 Marketing and labeling 419 Socioeconomic compliance	To stipulate the Compliance Policies and the Compliance Regulations as the guidelines for compliance management and supervision.	<ul style="list-style-type: none"><li>The Compliance Department is established under the President for planning, management and implementation of the compliance system.</li><li>Every the SCSB unit has a compliance officer responsible for legal awareness and compliance implementation.</li></ul>
Risk management	Custom theme	To establish the Risk Management Policy and formulate further risk policies based on the business and operational characteristics, e.g. Credit Risk Management Policy, Country Risk Management Guidelines and Capital Operations Authorization Guidelines.	<ul style="list-style-type: none"><li>All members of the Board of Directors received six hours of risk education training in 2021.</li><li>Our employees received 9,638 hours of education training on risk management throughout the year.</li><li>The risk management report is submitted to the Board of Directors every quarter.</li></ul>
Privacy information protection	418 Customer privacy	To stipulate the Regulations Governing Reporting and Handling of Personal Information Security Incident.	<ul style="list-style-type: none"><li>To set up the Personal Information Protection Management Team.</li><li>To perform drills of the process of reporting and handling the personal information incident.</li><li>No complaint about substantiated violation of customer privacy was filed in 2021 by external or regulatory authority.</li></ul>
Corporate Governance	405 Employee diversity and equal opportunities for employees	To establish well-designed standards for corporate governance, e.g. Rules on the Scope of Responsibilities of Independent Directors, Rules of Procedure for the Board of Directors and Procedures for Ethical Management and Guidelines for Conduct.	<ul style="list-style-type: none"><li>The SCSB improves the structure of corporate governance by establishing the Remuneration Committee, Audit Committee, Risk Management Committee and Nominating Committee under the Board of Directors.</li><li>Independence and diversity of directors are considered for director nomination.</li></ul>
Workplace health and safety	403 Occupational health and safety	To establish four plans of labor health service, eliminate occupational injury and illness, and protect the safety and health of the employees.	<ul style="list-style-type: none"><li>No major occupational accident occurred.</li><li>The average absence rate was 0.27%, lower than 0.5%, the goal for 2021.</li></ul>
Employee treatment and welfare	401 Employment	The SCSB treats the employees as family and insists on providing the best care and welfare such as employee tour allowance, medical subsidy and education subsidy. Employees qualified have the right to apply for unpaid parental leave.	<ul style="list-style-type: none"><li>Return rate of the parental leave reached 79.07%.</li><li>Retention rate of the parental leave % reached 82.14%.</li><li>To provide treatment and welfare such as group insurance, club allowance, maternal health protection and pension.</li></ul>
Employee training and career development	404 Training and education	The regulations governing education training has been drawn up. The SCSB arranged annual education training plan and evaluated the outcome.	<ul style="list-style-type: none"><li>The average number of training hours per employee is 60.59 and the average expense for training is NT\$9,089.</li><li>Continue to promote the STEP BY ME employee enhancement plan, and promote digital transformation and digital talent training, and execute the learning motivation program for employees of operating units whose job grades are from 4 to 5.</li><li>66.4% of employees passed the English aptitude test.</li></ul>
Sustainable Banking	Custom theme	To include ESG factors into all kinds of our financial business goals.	<ul style="list-style-type: none"><li>Business in critical startup industries and green energy industries has grown.</li><li>To increase the investment in credit extension of circular economy industry.</li></ul>
Customer relationship management	417 Marketing and labeling	To establish the SCSB Customer Information Management Guidelines to regulate the processing of information provided by customers.	<ul style="list-style-type: none"><li>To carry out real-time interaction with consumers through popular social networking sites such as Instagram, Facebook and YouTube (e.g. Pukii Fan Page).</li><li>To set up a customer feedback mailbox/complaints hotline.</li><li>Satisfaction analysis is conducted through mystery shopping surveys.</li></ul>
Digital banking and service innovation	Custom theme	To pay attention to customer needs, continue to use big data analysis to keep track of needs and create a convenient digital life for customers via integrated innovative services.	<ul style="list-style-type: none"><li>To continue to increase the efficiency of small-amount cross-border remittance program service.</li><li>To extend the coverage of mobile payment and OneCode GO.</li></ul>



## B Sustainable development strategies

To actively fulfill its Corporate Social Responsibility in line with the international trend of balanced development in the environmental social and corporate governance (ESG), the SCSB has formulated the Guidelines for Sustainability Development Promotion, which contain the mission and vision for sustainable development, sustainable development policy, sustainable development system, ESG related management directions, and implementation plan. The Guidelines have been approved by the Board of Directors as the basis and guidelines for the fulfillment of sustainable development.

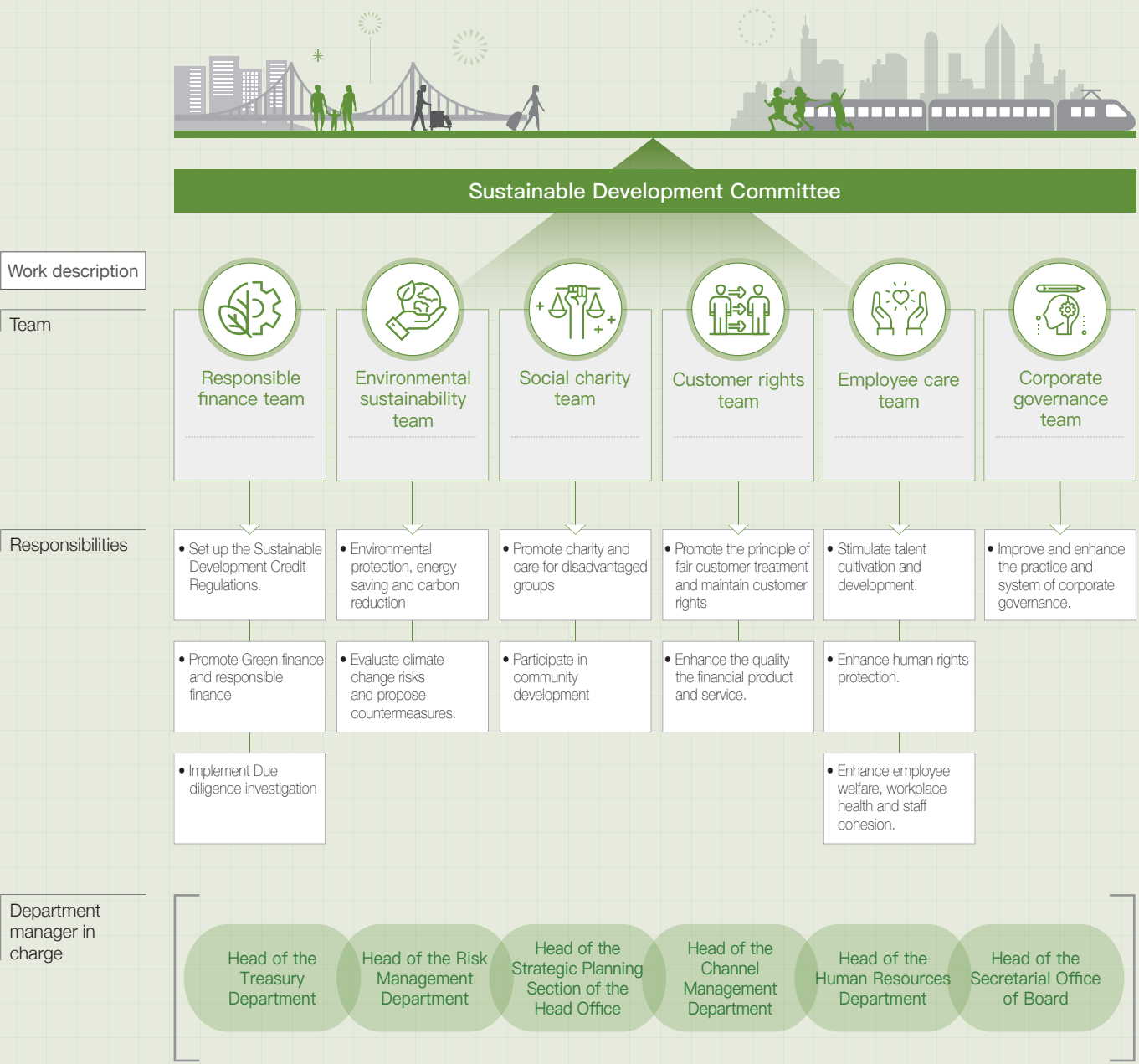
### Sustainability strategy structure



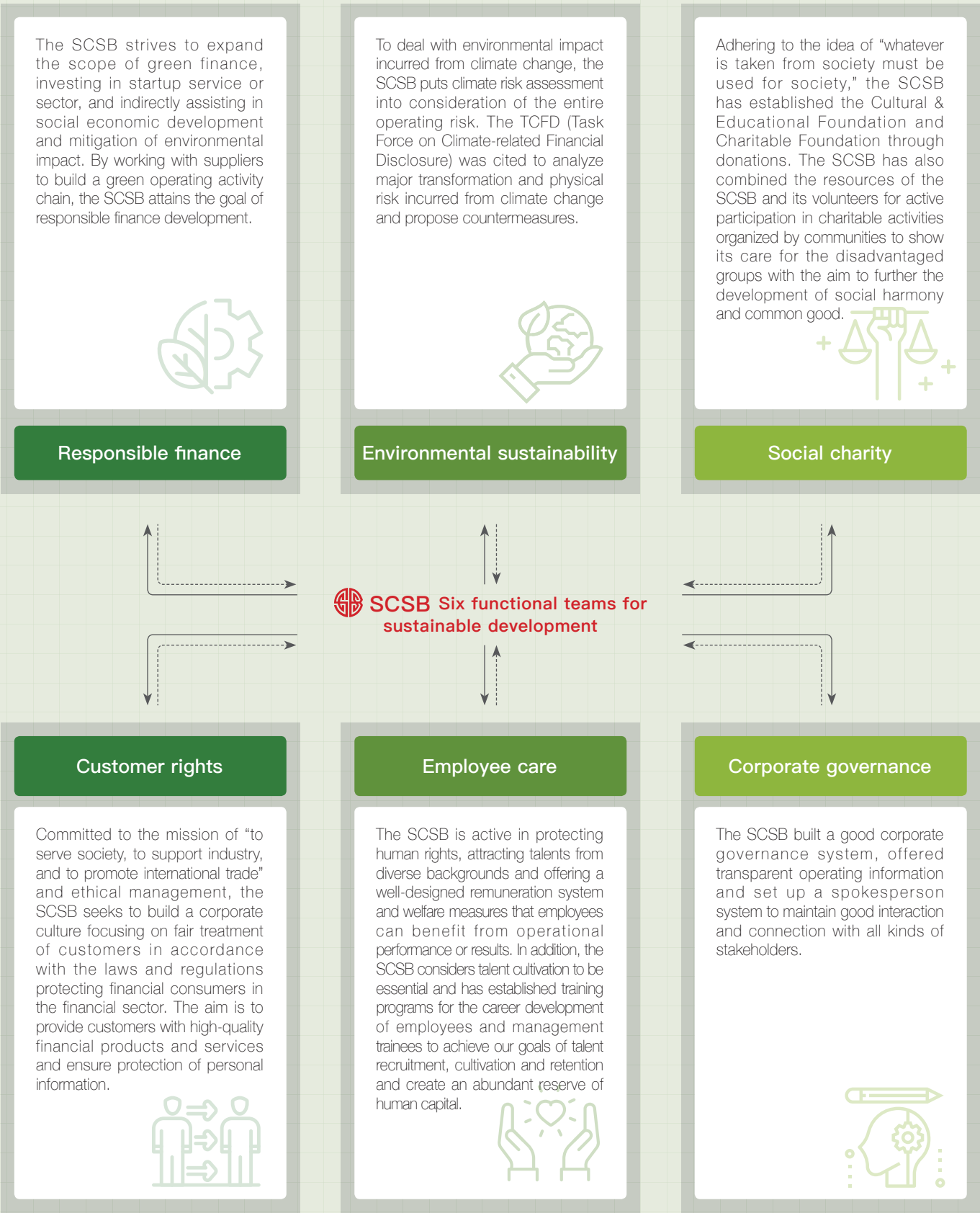
Corporate sustainable development management

The highest governance body of the SCSB is the Board of Directors. It plays the role of a supervisory body and the top decision-making unit regarding corporate sustainable development issues. To implement and facilitate corporate sustainable development systematically, the SCSB stipulated the Regulations for the Establishment of Sustainable Development Committee. The members include the President (convener), Vice-Presidents of all levels, the head of the Corporate Banking Department, Personal Banking Department, Wealth Management Department, Trust Department, Insurance Agency Department, Deposits Department, Treasury Department, Channel Management Department, Human Resources Department, Risk Management Department, Compliance Department and Administration Management Department, the strategic planner of Head Office and the head of the Secretarial Office of Board. The Committee is in charge of sustainable strategy planning and result review. Six functional teams were set up based on sustainable development, including environmental sustainability, social charity, customer rights, responsible finance, employee care and corporate governance. All sustainable development tasks can be performed top-down in the organization effectively and thoroughly. The Committee reports annually to the Board of Directors regarding the status of implementation and related proposals.

The organizational chart of Sustainable Development Committee


































Six functional teams for sustainable development





## Sustainability strategy goal plan

Aspect	Correspondence to the six functional teams of sustainable development	Correspondence with UN SDGs	Implementation by 2021	Key points to short-term strategy (in one year)	Direction for mid-term strategy (in two to three years)	Direction for long-term strategy (in five years)	Correspondence to material issues
Environmental	Responsible finance	   	<ol style="list-style-type: none"> <li>The amount for green credit is NT\$26,177 million, 15.8% higher than in 2020.</li> <li>The amount for green investment was NT\$1,626 million, 132.6% higher than in 2020.</li> <li>1,446 loans have been processed for Trust 2.0 Care Trust Program and included in branch KPI.</li> <li>The sales for trust and financial products of ESG reached NT\$2,099 million.</li> <li>The amount for green building loan was NT\$689 million, 99% higher than in 2020.</li> </ol>	<ol style="list-style-type: none"> <li>Green credit (including the credit for renovation and reconstruction of old buildings) will be 15% higher than 2021.</li> <li>We plan to issue a green bond, treasury.</li> <li>To correspond to promotion of ESG financial products, we plan for at least two promotion incentive programs.</li> <li>In order to develop financial inclusion, we stipulated a plan to promote Trust 2.0 Program. The goal for the entire bank throughout the year is 1,200 loans and it is included in the item in branch KPI strategy for getting bonus point.</li> <li>The number of applications for the financial inclusion insurance product – guarantee type (high guarantee and medical insurance) will increase by 10%.</li> <li>The number of transfer transactions via online bank will be 20% higher than in 2021.</li> </ol>	<ol style="list-style-type: none"> <li>The ESG loan grew by 10% and above year by year.</li> <li>The number of reverse mortgages is at least 50% more than the end of 2020.</li> <li>We plan that we can keep developing the bond when the bond is issued.</li> <li>Include the training for financial advisor trainee into the annual ESG concept course at least once a year.</li> <li>Join the trust promotion events that are co-organized by Trust Association of R.O.C. and care agencies, and held in all schools, community colleges, The Elderly School, long-term care institutions, nursing homes, and disability facilities. It is expected to hold 20 to 30 sessions a year.</li> <li>The number of applications for the financial inclusion insurance product – guarantee type (high guarantee and medical insurance) will increase by 10%.</li> <li>Rebuild the web version of corporate online bank.</li> </ol>	<ol style="list-style-type: none"> <li>Launch the housing loan online service.</li> <li>Manual ESG check for high risk industry is added to the investment process.</li> <li>The merchandise stock of ESG is at least 10% of the fund stock.</li> </ol>	Sustainable Banking
	Environmental sustainability	     	<ol style="list-style-type: none"> <li>The event for encouraging energy saving and carbon reduction was held and the ranking was announced on the internal network.</li> <li>The Risk Management Department was authorized to sign to support TCFD on behalf of the SCSB.</li> <li>The SCSB carried out the physical scenario of the risk of TCFD based on the hazard/vulnerability/ exposure of the location of business unit and real estate collateral in Taiwan.</li> <li>The "Love Earth Charity Event" was held. The event was about beach clean-up at Waimushan.</li> </ol>	<ol style="list-style-type: none"> <li>Occupational health and safety, the field for ISO 45001, was implemented. The greenhouse gas inventory for the Head Office was completed.</li> <li>Commitment for the goal of energy and resource reduction: The gasoline/electricity/water consumption/ waste per revenue is 3% less than last year.</li> <li>Our goal is that the green energy ratio by 2025 will reach 15%. We made an annual schedule for reaching this ratio and implemented it.</li> <li>Formulate the climate change regulations.</li> <li>Formulate the internal carbon pricing regulations.</li> <li>Set up the climate change management system.</li> </ol>	<ol style="list-style-type: none"> <li>Reduce waste by 2% comparing to 2022.</li> <li>Acquire green building certification for one building.</li> <li>Reinforce the climate change management system.</li> <li>Perform the carbon inventory for investment and financing in Scope 3 of greenhouse gas emission. (At least 50% of the asset has been checked.)</li> <li>Our goal is that the green energy ratio by 2025 will reach 15%. We made an annual schedule for reaching this ratio and implemented it.</li> </ol>	<ol style="list-style-type: none"> <li>Reduce waste by 4% comparing to 2022.</li> <li>Carry out energy saving and carbon reduction by reducing the use of automobile and diesel car.</li> <li>Perform the carbon inventory for investment and financing in Scope 3 of greenhouse gas emission. (At least 80% of the asset has been checked.)</li> <li>Introduce the Science Based Targets for Carbon (SBT) system.</li> <li>Our goal is that the green energy ratio by 2025 will reach 15%. We made an annual schedule for reaching this ratio and implemented it.</li> </ol>	Risk management
Social	Social charity	    	<ol style="list-style-type: none"> <li>Completed the CSR and assurance report of 2020.</li> <li>Integrate the resources of volunteer team and the Foundation to continue or promote the social charity event associated with banking business and SDGs.</li> </ol>	<ol style="list-style-type: none"> <li>Win the Golden Award in the First Group of TCSA and rank up.</li> <li>Hold at least ten social charity events associated with banking business and SDGs, integrating resources of volunteer team and the Foundation, and continue to promote these events.</li> <li>Hold 40 charity events corresponding to competent authorities and Taiwan Financial Services Roundtable.</li> <li>To be selected to DJSI.</li> </ol>	<ol style="list-style-type: none"> <li>Win the Platinum Award in the First Group of TCSA.</li> <li>Hold at least ten social charity events associated with banking business and SDGs, integrating resources of volunteer team and the Foundation, and continue to promote these events.</li> <li>Hold 40 charity events corresponding to competent authorities and Taiwan Financial Services Roundtable.</li> <li>Continue to be selected to DJSI.</li> </ol>	<ol style="list-style-type: none"> <li>Win the Platinum Award in the First Group of TCSA.</li> <li>Hold at least ten social charity events associated with banking business and SDGs, integrating resources of volunteer team and the Foundation, and continue to promote these events.</li> <li>Hold 40 charity events corresponding to competent authorities and Taiwan Financial Services Roundtable.</li> <li>Continue to be selected to DJSI.</li> </ol>	
	Customer rights	     	<ol style="list-style-type: none"> <li>Perform customer satisfaction survey.</li> <li>The SCSB aims to be evaluated as the top 20% for the principle of fair customer treatment by FSC.</li> <li>Reduce the number of customer complaints by 22% comparing to 2020.</li> </ol>	<ol style="list-style-type: none"> <li>Carry out the mystery client service survey.</li> <li>The SCSB aims to be evaluated as the top 25% for the principle of fair customer treatment by FSC.</li> <li>Reduce 5% of number of customer complaints.</li> </ol>	<ol style="list-style-type: none"> <li>Collect at least 1,800 customer satisfaction surveys.</li> <li>The SCSB aims to be evaluated as the top 25% for the principle of fair customer treatment by FSC.</li> <li>Reduce 10% of number of customer complaints.</li> </ol>	<ol style="list-style-type: none"> <li>Collect at least 2,000 customer satisfaction surveys.</li> <li>The SCSB aims to be evaluated as the top 25% for the principle of fair customer treatment by FSC.</li> <li>Reduce 10% of number of customer complaints.</li> </ol>	Customer Relationship Management, Privacy Information Protection
	Employee care	    	<ol style="list-style-type: none"> <li>Made sure that all employees take part in basic digital training. The Business Department analyzed data for talent training.</li> <li>Set up the Employee Stock Ownership Association. A total of 2,442 people applied for joining the Association in 2021 and started to allocate the trust fund and purchase our stock.</li> <li>Amended the human rights policy of the SCSB and announced the STEP BY ME Plan.</li> </ol>	<ol style="list-style-type: none"> <li>Set up the caring system for new employees.</li> <li>Organize the training for building the data analysis capability.</li> <li>Plan for the digital banking trainee plan.</li> </ol>	<ol style="list-style-type: none"> <li>Cultivate digital banking talents via digital banking MA.</li> <li>Perform the employee engagement survey to enhance staff cohesion.</li> <li>Set up the internal human rights identification procedure for employees to protect human rights.</li> </ol>	<ol style="list-style-type: none"> <li>Conduct training based on the big data provided by the Head Office to cultivate digital banking talents.</li> <li>Implement workplace health programs.</li> <li>Set up internal human rights risk improvement measures for employees.</li> </ol>	Employee Training and Career Development, Employee Treatment and Welfare, Workplace Health and Safety
Governance	Corporate governance	    	<ol style="list-style-type: none"> <li>Stipulate the director diversity policy.</li> <li>Formulate and complete the director independence statement.</li> <li>Continue to conduct update as required by the corporate governance assessment indicators, and improve the Chinese and English version of corporate governance section.</li> </ol>	<ol style="list-style-type: none"> <li>Amend the Corporate Governance Best-Practice Principles as required by competent authorities.</li> <li>Help directors take the function development course. Directors must spend at least 6 hours for taking the course.</li> <li>Comply with the requirements for corporate governance evaluation to improve the corporate governance section on our website.</li> </ol>	<ol style="list-style-type: none"> <li>Implement improvement of cross-departmental corporate governance evaluation.</li> <li>Help directors take the function development course. Directors must spend at least 6 hours for taking the course.</li> <li>Formulate and set up the database for corporate governance affairs.</li> </ol>	<ol style="list-style-type: none"> <li>Help establish communication between directors, employees and stakeholders.</li> <li>Review and manage the information of corporate governance for subsidiaries.</li> <li>Integrate the director function with our development strategy and make planning for the integration.</li> </ol>	Corporate Governance, Ethical management

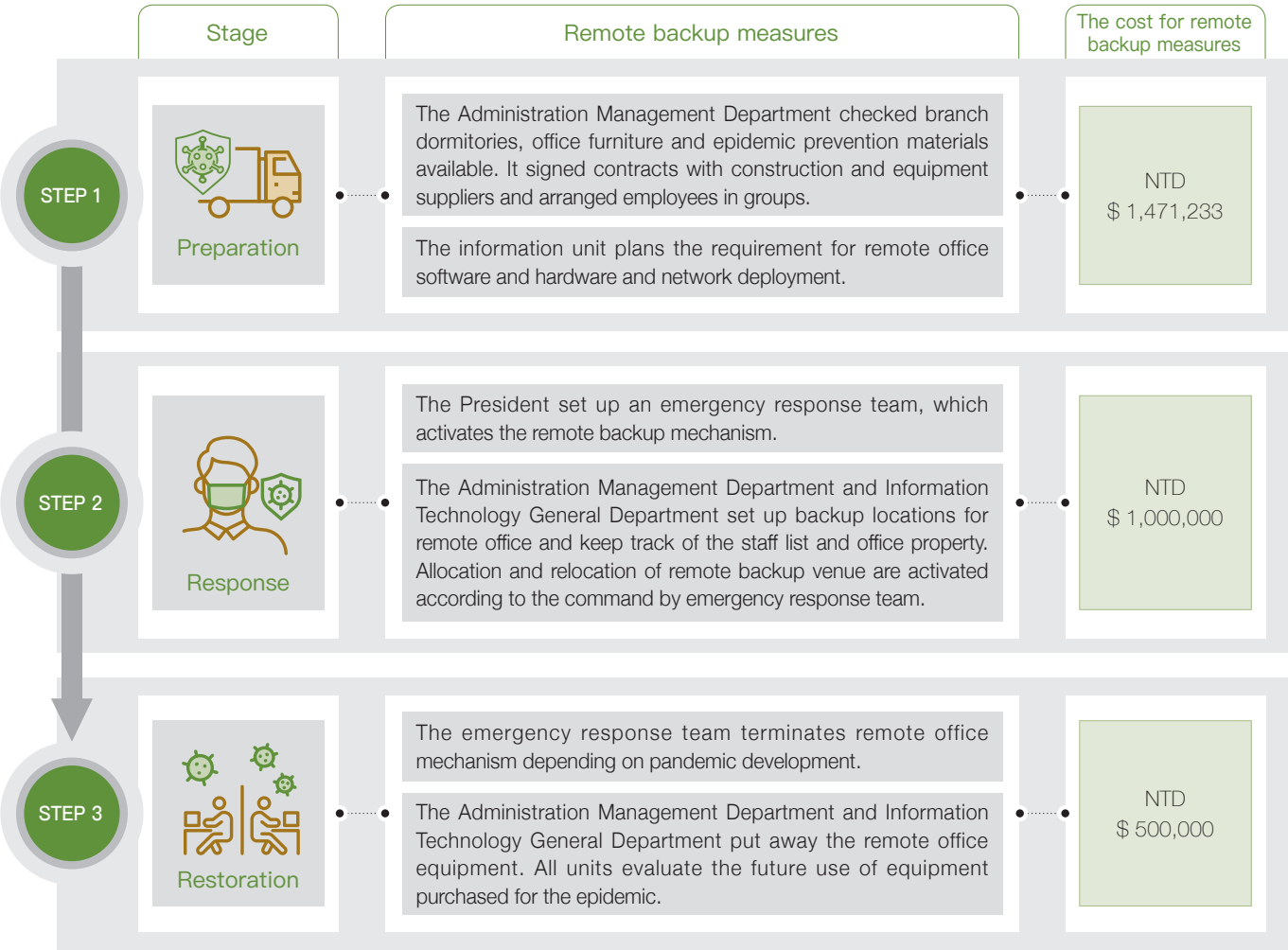
## C Response to COVID-19

Quick actions were taken by the SCSB to respond to COVID-19 that broke out at the beginning of 2020 according to the new regulations for disaster response stipulated by the SCSB. Required security and health measures have been planned based on the Communicable Disease Control Act and relevant government policies. The SCSB performs countermeasures for sporadic community-acquired infection in the Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19) stipulated by Taiwan CDC to minimize the pandemic impact on the SCSB. Remote office backup measures have been stipulated. They are divided into three stages and carried out depending on epidemic development to ensure health and safety of employee and customer and ensure our business continuity.

During the pandemic, the SCSB reminded employees to implement protective measures and health management and promoted protective measures and health management by newsletter. Crowd control and temperature measurement have been executed. Staff must not go to other floors. The SCSB lowers the number of people taking the elevator each time and encourages taking the stairs. The SCSB cleans and sanitizes the workplace more often, keeps good ventilation, and arranges carbon dioxide testing for the operational environment regularly, and installs transparent plastic partitions at the business venue and meeting room. To avoid gathering during severe pandemic, all meetings are held online. The Administration Management Department of Headquarters organizes, prepares and provides sufficient pandemic prevention materials (including medical mask, reverse isolation gown, protective clothing, general goggles, safety goggles, face shield, partition, forehead thermometer, gloves, and COVID-19 rapid antigen test). It set safety storage to maintain and ensure a safety and healthy workplace for employees. For the employees on business trip, we provide anti-coronavirus safety kit (containing isolation gown, goggles, gloves, face masks, self-health monitoring record and relevant precautions). We also enrolled employees for pandemic insurance. (The claim for home quarantine is NT\$30 thousand. The claim for confirmed cases is NT\$30 thousand. The claim for hospitalization is NT\$3 thousand per day.) We provide NT\$5 thousand for pandemic subsidy. Employees can work in a secured place at ease.

### Remote backup

During remote work, staff assigned to remote work are not allowed to make physical contact. They must make contact online, by phone or other communication equipment only instead of visiting each other's office. All units perform rolling review for the process operation and maintain our operating efficiency.



## D Overview of the Group

Mr. K. P. Chen founded the SCSB on June 2, 1915 and it was located on Ningbo Road in Shanghai. The SCSB is committed to the purpose of “to serve society, to support industry, and to promote international trade” and it has been in business over a hundred years. The SCSB holds the service tenet “always placing customers’ needs first” in mind and continues to seek changes with a social and customer-centric approach. The SCSB was the first bank providing leading financial services such as “Open a Savings Account with One Dollar,” “One Teller” and “Small Amount Unsecured Loan,” very popular and widely trusted among the public. Our business continues to grow steadily. Fitch Ratings, Taiwan Ratings and Standard & Poor’s rated the SCSB as excellent and stable.

A total of 72 domestic branches have been set up by the end of 2021. Our overseas service locations include the Hong Kong Branch, Vietnam Dong Nai Branch, Singapore Branch, Wuxi Branch, Thailand Bangkok Representative Office, Cambodia Representative Office, Indonesia Jakarta Representative Office, Vietnam Bac Ninh Representative Office, Shanghai Commercial Bank, the SCSB subsidiary in Hong Kong and AMK Microfinance Institution Plc., the SCSB subsidiary in Cambodia. The second-stage equity transaction of AMK Microfinance Institution Plc., our Cambodian subsidiary, was completed, increasing shareholding ratio to 99.99%. The SCSB gained complete business dominance. The SCSB was rated Grade A for MSCI ESG and included in the TWSE RA Taiwan Employment Creation 99 Index in 2021.



Looking into the future, to follow the trend in financial liberalization, internationalization and digitization, the SCSB will keep training financial professionals, strengthen risk management, utilize FinTech and enhance innovative financial products and services to take advantage of its competitiveness and expand the niche business. The SCSB will wait for opportunities to continue establishing overseas branches in order to fulfill the SCSB’s vision of “becoming the best Chinese bank in the Asia-Pacific region.”

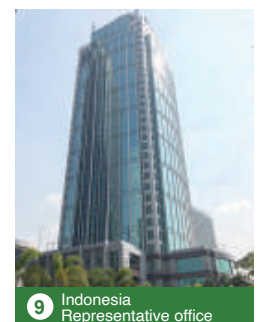
### Company Information

	Official company name	The Shanghai Commercial and Savings Bank, Ltd.
	Location of Headquarters	3-12F., No. 149, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City
	Primary types of products or services	Deposits, loans, foreign exchange, offshore banking services (OBU), trusts, credit cards, bills finance, proprietary dealing and underwriting of bonds, derivative financial instruments, factoring of accounts receivable, safe deposit boxes, investment, digital banking, insurance agency and other banking services.
	Major country or market (including the distribution of location of operations)	<b>Taiwan :</b> <ul style="list-style-type: none"><li>The SCSB provides its services across Taiwan. By the end of 2021, 76 business units have been established in Taiwan (72 branches (including OBUs), International Department, Business Department, Trust Department and Insurance Agency Department, excluding the Credit Card Center).</li></ul> <b>Overseas :</b> <ul style="list-style-type: none"><li>The overseas business locations include the Hong Kong Branch, Vietnam Dong Nai Branch, Singapore Branch, Wuxi Branch, Thailand Bangkok Representative Office, Cambodia Representative Office, Indonesia Jakarta Representative Office and Vietnam Bac Ninh Representative Office.</li><li>Subsidiary in Hong Kong: Shanghai Commercial Bank</li><li>Subsidiary in China: The SCSB Leasing Co., Ltd.</li><li>Subsidiary in Cambodia: AMK Microfinance Institution Plc.</li></ul>
	Nature of company ownership and legal form	The SCSB is a private company limited by shares. It was formally listed on the TWSE on October 19, 2018 and its common stock code is 5876.
	Total number of employees	By December 31, 2021, the SCSB had a total of 2,732 employees.
	Paid-in capital	NT\$44,816,031 thousand

\*The employees include three contract employees, excluding the ones in overseas branches or subsidiaries.



## List of branches and offices



## Major events throughout the years



## 1915–1950 Founding and the operation period in China

- 1915 • The SCSB was founded by Mr. K. P. Chen on June 2.
- 1931 • The Headquarters was built in Shanghai and its design was the most modern bank building at that time.
- 1944 • The SCSB establish its Headquarters in Chongqing and formed separate boards of directors and supervisors..
- 1950 • The Hong Kong Branch was reorganized into the Shanghai Commercial Bank with permission from the Hong Kong Government and went into business on January 1, 1951.

## 1965–2013 Operations resumed in Taiwan and quick development

- 1965 • The SCSB resumed operations in Taiwan.
- 1966 • The Savings Department was set up.
- 1971 • The Kaohsiung Branch was established.
- 1980 • The new building of the SCSB's Headquarters on Renai Rd. opened.
- 1990 • The SCSB made donations to set up the SCSB Cultural & Educational Foundation.
- 1991 • The SCSB's Headquarters was moved to the intersection of Minchuan E. Rd. and Zhongshan N. Rd. in Taipei City.
- The SCSB introduced the "24-Hour E-Bank Services."
- 1997 • The SCSB became the first bank to provide online banking transfer services.
- 1999 • The SCSB became the first bank to provide online fund trading services.
- 2000 • The SCSB became the first bank to provide online small-amount foreign exchange remittance services.
- 2002 • The SCSB became the first bank to allow direct remittances to financial institutions in China.
- 2003 • The SCSB became the first bank to allow OBUs to grant loans to Taiwanese businesses in China and allow OBUs/DBUs to make direct remittances to financial institutions in China.
- 2006 • The Dong Nai Representative Office in Vietnam was established. It was the first overseas office of the SCSB.
- 2008 • The Hong Kong Branch was established. It was the first overseas branch of the SCSB.
- 2010 • The SCSB made donations to set up the SCSB Charity Foundation.
- 2011 • The Dong Nai Branch in Vietnam was established.
- 2012 • The SCSB Leasing Co., Ltd. was established in Shanghai.
- The Bangkok Representative office in Thailand were established.
- 2013 • The Phnom Penh Representative office in Cambodia were established.

## 2014–2021 Stable rise

- 2014 • The SCSB's stocks started to be traded in the OTC market.
- The Remuneration Committee was set up under the Board of Directors.
- 2015 • The Jakarta Representative Office in Indonesia was established. Shanghai Commercial Bank, the SCSB subsidiary in Hong Kong, set up a branch in the Shanghai Pilot Free Trade Zone.
- The Audit Committee was set up as a replacement for supervisors.
- 2016 • The Singapore Branch was established.
- The Risk Management Committee and Nominating Committee were set up.
- The North Kaohsiung Branch was relocated and became the SCSB's first smart branch. Later, the Lung Shang, Erh Chung and Yuan Lin Branches were transformed into smart branches.
- The SCSB launched the subsidiary brand of digital banking "Cloud Bank by the SCSB."
- The SCSB received the international certifications of BS10012 Personal Information Management System (PIMS) and ISO 27001 Information Security Management System.
- 2018 • The public listing of the SCSB's stocks was completed.
- The SCSB became a constituent stock of the Taiwan 50 Index.
- The SCSB bought 80% percent of AMK Microfinance Institution Plc., the SCSB subsidiary in Cambodia.
- The corporate governance manager was assigned.

- 2019 • The Insurance Agency Department was set up.
- The SCSB invested more into AMK Microfinance Institution Plc., the SCSB subsidiary in Cambodia and bought 84.9% percent of the shares.
- Chu ko Smart Branch, Yongji Smart Branch and Linkou Smart Branch were set up.
- The SCSB acquired the construction permit from Chinese competent authorities for building Wuxi Branch.
- The Whistle-blowing Affair Review Committee and Consumer Protection Committee were established.
- The SCSB is included into the MSCI Taiwan Index and the Taiwan High Compensation 100 Index.
- The Headquarters on Min Chuan E. Rd. will be renovated and relocated to the Headquarters on Min Sheng E. Rd.
- 2020 • The SCSB invested more into AMK Microfinance Institution Plc., the SCSB subsidiary in Cambodia and bought 99.9% percent of the shares.
- Wuxi Branch went into business.
- Certified as Grade A for MSCI ESG
- The SCSB has been included in the TWSE RA Taiwan Employment Creation 99 Index.
- The SCSB is one of the first banks allowing to provide new financial management programs for HNWI.
- 2021 • The Bac Ninh Representative Office in Vietnam was established.
- The Sustainable Development Committee was set up.
- Continue to be certified as Grade A for MSCI ESG.
- The SCSB is included into the TWSE RA Taiwan Employment Creation 99 Index in a row.
- Held the digital consensus camp for the first time. Promoted our will "Digital transformation must be done" by livestream.



## Important Awards Received During the Most Recent 6 Years

- The SCSB won the Best Customer Satisfaction Award presented by Business Today for the "10th Wealth Management Bank and Securities Evaluation."
- The SCSB received the Personal Information Management Award at the Annual Conference on Management Standards held by the BSI Standards in UK.
- The SCSB received a certificate of appreciation and the third prize from the Financial Supervisory Commission for the event of "Financial Knowledge Promotion in Campuses and Communities."
- The SCSB received a first prize cup from the Financial Supervisory Commission for sponsorship of creative industries.
- The SCSB received the "Diamond Award for Bank Transaction Growth" and the second prize for the "Diamond Award for Bank Transactions" from TAIEX.
- The SCSB received the "Best Innovation Award of Excellence for Electronic Payment Service" from the Financial Information Service Co., Ltd.
- The SCSB received first prize for the "Top 100-299 with Excellent Performance in Cancer Prevention at Workplace" and the "Award of Best Partner in Cancer Prevention at Workplace" from the Department of Health, Taipei City Government.



2016

- The SCSB won the TCSA (Taiwan Corporate Sustainability Awards) – Corporate Sustainability Report Golden Award.
- The SCSB was ranked second under the category of "Finance and Banking" of the 17th Five-Star Service Awards presented by Global Views Monthly.
- The SCSB was ranked first for the "e-Commerce Financing Special Award of the Strengthened SME Loan Provided by the Domestic Bank (13th term)" honored by the Financial Supervisory Commission. It won the third place in Startup Group B among financial institutions with excellent performance in loans to the key startup industry.
- The SCSB was recognized for excellence in fair customer treatment by Financial Supervisory Commission.
- The SCSB did excellent job in the third evaluation of anti-money laundering by APG. It was awarded by Su Tseng-Chang, Premier of Executive Yuan and Koo, Li-Hsiung, Chairman of Financial Supervisory Commission.
- The SCSB ranked second for the Best Financial Advisor Team presented by Business Today and the Best Wealth Accumulation Award.



2019

- The SCSB won the second place at "Financial Knowledge Promotion in Campuses and Communities" and has been awarded 11 years in a row.
- The SCSB was ranked the top 20% for the rating of fair customer treatment in the financial industry three years in a row.
- The SCSB has been included in the TWSE RA Taiwan Employment Creation 99 Index two years in a row.
- Certified as Grade A for MSCI ESG two years in a row.
- The SCSB took part in the "2020 ACH Business Promotion of Financial Institutions and Collection Real-time Service Platform (eFCS) Award Ceremony" organized by the Taiwan Clearing House. We won the "Total number of ACH collection transactions award," "eDDA online bank two-factor authentication business promotion award," "eDDA mobile identification mechanism business promotion award," and "eDDA bank account information check service promotion award."
- The SCSB was honored with the Total Insurance Finance Capital Amount Special Award, COVID-19 Program Total Insurance Finance Capital Amount Excellence Award, and the Special Award of the Amount Financed for New Southbound Policy Country. Dong Nai Branch in Vietnam and Zhongxiao Branch were honored with the Special Award and Excellence Award for Number of Insurance Applications and Amount Financed.
- The SCSB was honored with Best Profitability Award, Most Improved Profitability Award and Most Improved Bank Ranking Award, for National Bank Competitiveness Ranking by NTU Financial Research Center and Inclusive Education Association.
- The SCSB ranked first for the Best Risk Management Award, third for the Best Product Award, and third for the Best Trust Award. All of these awards were presented by Business Today for the "15th Wealth Management Bank and Securities Evaluation."
- The SCSB was honored the Digital Business Optimization Award in Excellence Award of Bank Section for the 1st Digital banking Award by Commercial Times.
- The SCSB has won the Sports Enterprise Certification by the MOE.
- The SCSB was honored the "Real Estate Trust Diversity Value Innovation Award – Excellence Award" and "Best Trust Promotion Outstanding Award" for the "Trust Award Diverse Trust Innovation Award" by Commercial Times.
- The SCSB has been selected as "Top 100 carbon reduction enterprises in Taiwan" by Business Weekly.



2021

2017



- The SCSB received fifth prize from the Financial Supervisory Commission for the event of "Financial Knowledge Promotion in Campuses and Communities."
- The SCSB won the Special A ward for Sponsorship of Creative Industries presented by the Financial Supervisory Commission.
- The SCSB took part in the "Competition on Rewards of ACH Business Promotion of Financial Institutions" and "2017 Financial Collection Real-time Service Platform Reward Event" organized by the Taiwan Clearing House and won the Excellence Award for the Competition on Total Number of eACH Credit/Debit Transactions and the first prize for the 2017 Financial Collection Real-time Service Platform Reward Event (eFCS Payment Platform).

2018



- The SCSB won second prize as a non-government-owned class A bank among financial institutions with excellent performance in loans to key startup industries. The SCSB actively participated in the event of "Financial Knowledge Promotion in Campuses and Communities" and won the sixth prize.
- The SCSB received the Award for Undertaking Bank with Excellent Performance from the Overseas Credit Guarantee Fund.
- The SCSB was ranked first under the category of "Finance and Banking" of the 16th Five-Star Service Awards presented by Global Views Monthly.
- The SCSB chairman Mr. Yung won the 2018 Taiwan Financial Award presented by the Wealth Magazine.
- The SCSB won the 4th Futures Diamond Award.
- The SCSB received the Best Innovation Award of Excellence for Electronic Payment Service from the Financial Information Service Co., Ltd.

2020

- The SCSB won the TCSA (Taiwan Corporate Sustainability Awards) – Corporate Sustainability Report Golden Award.
- The SCSB has been included in the TWSE RA Taiwan Employment Creation 99 Index starting from July 16, 2020.
- The SCSB was honored with the Total Insurance Finance Capital Amount Excellence Award and the Excellence Award of the Amount Financed for New Southbound Policy Country. Dong Nai Branch in Vietnam, Shizheng Branch and Chung Hsiao Branch were honored with the Excellence Award for Number of Insurance Applications and Amount Financed.
- The SCSB was rated A regarding the loan for key startup industry.
- The SCSB received third prize from the Financial Supervisory Commission for the event of "2019 Financial Knowledge Promotion in Campuses and Communities."
- The SCSB is one of the five banks rated the top 20% for the principle of fair customer treatment by Financial Supervisory Commission two years in a row.
- The SCSB ranked first for the Best Customer Trust Award, second for the Best Financial Advisor Team Award, second for the Best Wealth Management Image Award, second for the Best Risk Management Award and third for the Best Product Award. All of these awards were presented by Business Today for the "14th Wealth Management Bank and Securities Evaluation."
- The SCSB received the third prize regarding the Diamond Award for Bank Transaction Growth of the Futures Diamond Award.
- The SCSB received the You Know the Best Award regarding the Most Friendly Financial Company for Startups from Taiwan FinTech Association.



Note: Refer to our website for awards we received in detail

For more details of  
awards, please visit  
SCSB's website



## E Operating performance

“Digital transformation for innovation and sustainability” is the theme of our operations strategy in 2021. It reinforces connection with smart technology, accelerates digital development, promotes financial inclusion, actively promotes sustainable development and creates sustainable values. As for business development, we consider corporate banking as our core business while also paying attention to personal finance, wealth management, treasury marketing, and deposits and to strengthen the development of digital banking. As for marketing, we promote integrated marketing and work with sales staff from different business lines to perform co-marketing. We work on customers with core value, develop relationship with potential customers, pay attention to consumer consumption and treat customers fairly.

### (I) Financial performance

The implementation results of the SCSB's 2021 business plan and operating strategy are reflected in the growth of the main business and profits. For instance, the average deposit balance was NT\$1,029.1 billion, a 1.3% increase from the previous year. The average loan balance was NT\$750.2 billion, a 0.2% decrease from the previous year. The net profit before tax was NT\$15.35 billion, a 3.9% increase from the previous year. The net profit after tax was NT\$14.26 billion, a 5.9% increase from the previous year. The EPS after tax was NT\$3.19, a 6.0% incline from the previous year. The after-tax return on assets was 1.05% and return on net worth was 9.11% due to the COVID-19 epidemic.

#### Individual financial performance for the past three years

Unit: The EPS is in NT dollars and the others are in thousand NT dollars

item	2019	2020	2021
Interest income	22,420,443	18,514,299	16,021,891
Interest expense	9,493,144	6,892,369	4,381,269
Net non-interest income	11,922,301	11,189,057	11,953,150
Operating expense	7,685,967	7,138,359	7,344,213
Employee welfare expense	4,570,509	4,384,983	4,564,595
Depreciation and amortization	725,079	615,362	631,324
Other business and management expenses	2,390,379	2,138,014	2,148,294
Bad debts, undertakings and guaranteed liability provisions	599,728	900,000	900,164
Net profit before tax	16,563,905	14,772,628	15,349,395
Income tax	1,902,794	1,309,683	1,093,814
Net profit after tax	14,661,111	13,462,945	14,255,581
EPS	3.50	3.01	3.19

### (II) Tax policy

Transparency of corporate tax disclosure is getting more attention nationally and internationally these years. The SCSB set up the Guidelines for Inter-Affiliate Financial and Business Contact. Since 2020, the SCSB has formulated the Tax Governance Policy, which echoes to our spirit that we carry out the operating strategy for expanding business scope based on our core principles, which are integrity and stability. It responds to our vision for sustainable development. The SCSB fulfills corporate social responsibility and creates common prosperity with society by filing taxes. Meanwhile, the SCSB complies with international policies requiring corporations to fulfill tax liabilities, effectively manage tax risk and create long-term value for the company. The tax governance policy is explained as follows:

#### Compliance



Comply with local tax laws and the spirit of the laws, calculate tax correctly, file tax before statutory deadline, fulfill tax obligations and adhere to the international tax standard and the Arm's Length Principle.

#### Tax planning



Draw up an optimal tax policy for our entire tax liability that complies with laws. Carefully evaluate tax risk and countermeasures against regulatory change of international tax.

#### Information transparency



Ensure transparency of tax information. Comply with rules for financial reporting standards and annual report disclosure. Consult with external professional institutions in time to control tax risks.

#### Talent cultivation



Cultivate talents via national and international education training to enhance professional competence of taxation.

#### Comply with economic substance



Related party transaction must meet rational business purposes. Pricing of transaction should be able to reflect economic substance. Transactions shall not be made for tax avoidance. It is not allowed to use tax havens for tax planning.

#### Honest communication



Maintain a relationship of mutual trust and honest communication with taxation agencies. Join tax seminars to exchange ideas and views on industrial practice. Assist in improvement of taxation environment and system.

Our Accounting Department is our tax management unit. It reports to the Board of Directors regularly to ensure that the governance unit fully understands taxation risk and countermeasures. Refer to the following for our Tax Governance Policy: [https://www.scsb.com.tw/content/econtent/files/governance\\_18/Governance18-1.pdf](https://www.scsb.com.tw/content/econtent/files/governance_18/Governance18-1.pdf)

#### The following explains taxation information in 2020 by country

Unit: person, NTD 100 millions

Business region	Primary operating activity	Number of employees	Net interest income in 2020	Sales revenue in 2020	Net profit before tax in 2020	Income tax expense in 2020	Income tax payable in 2020
Taiwan	Financial service under regulation	2,655	116	166	85	13	8
Hong Kong	Financial service under regulation	1,906	135	194	128	24	4
Other regions	Financial service under regulation	3,617	13	18	3	0	1
Total		8,178	264	378	216	37	13

#### The following explains taxation information in 2021 by country

Unit: person, NTD 100 millions

Business region (tax jurisdiction)	Primary operating activity	Number of employees	Net interest income in 2021	Sales revenue in 2021	Net profit before tax in 2021	Income tax expense in 2021	Income tax payable in 2021
Taiwan	Financial service under regulation	2,619	110	225	86	10	10
Hong Kong	Financial service under regulation	1,915	136	196	132	24	22
Dong Nai, Vietnam	Financial service under regulation	31	1	1	0	0	0
Singapore	Financial service under regulation	17	1	2	-1	-	-
Wuxi, China	Financial service under regulation	22	1	1	-0	-0	-
Others		3,967	17	-43	5	1	0
Total		8,571	265	382	221	35	32

#### Our effective tax rate, statutory tax rate and the gap between them for the past two years are described below

Unit: NTD 100 millions

Fiscal year	Net profit before tax	Income tax expense	Adjustment	Effective tax rate (after adjustment)	Income tax paid	Cash tax rate (Note 2)
2020	215.54	37.39	+1.24	16.77%	50.90	23.61%
2021	221.39	34.69	+12.01	10.24%	32.20	14.55%

Note 1 : The number of adjustments refers to the number affected by deferred income tax liabilities due to exchange rate fluctuation.

Note 2 : The difference of cash tax rate refers to the number affected by the difference of time for taxation.



# Chapter 1 Governance – Always Ethical

**SCSB** SUSTAINABILITY REPORT 2021



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CHAPTER 1

# Governance – Always Ethical

The SCSB always believes that ethics and integrity are the most important principles of corporate operation. Relevant operating policies and regulations have been stipulated, such as Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct. The SCSB strictly requires all staff to comply with these operating policies and regulations. Through clear responsibilities and division of labor of the departments and enhanced horizontal coordination and integration, the SCSB takes into account the requirements of the internal control system and financial laws and regulations and creates an ethical corporate culture. Besides this, the SCSB continues to enhance transparency and integrity of information disclosure to respond to expectation and trust on us from shareholders, customers, the public and government agencies.

Materials GRI topic



Corresponding SDG



Correspondence to material issues

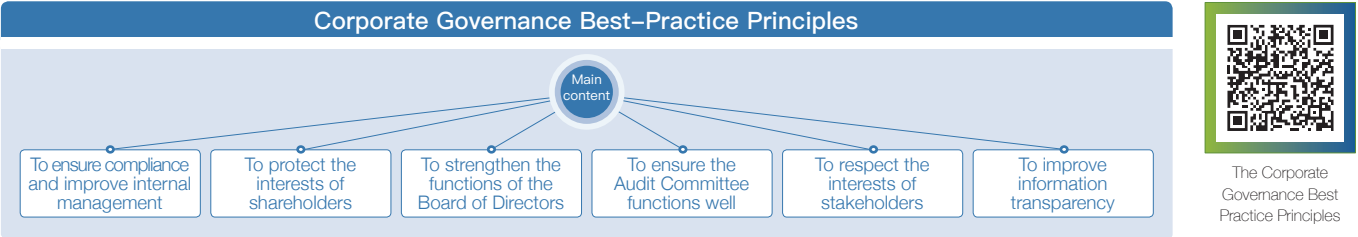
- Information security
- Ethical management
- Compliance
- Risk management
- Privacy information protection
- Corporate governance

Stakeholder prioritized for reading

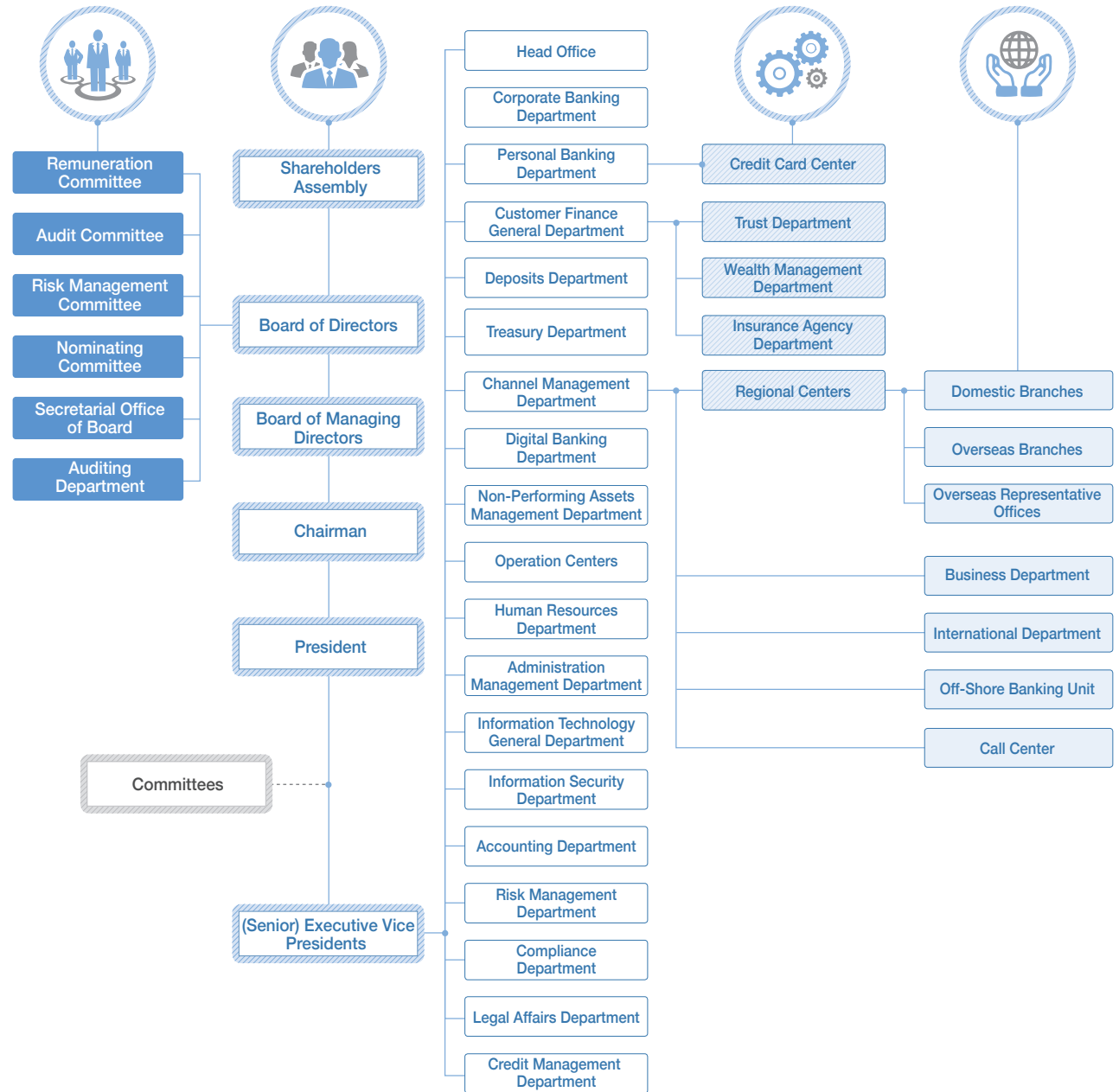
Government and competent authorities, Shareholders/Investors, Customers/customers' customers, Employees, Supplier, Financial institutions, Corporations associated with environmental protection

## 1.1 Corporate Governance

The financial market is getting international. Stakeholders are caring more about corporate operational performance and risk management, information transparency disclosure. In order to implement corporate operating responsibility, the SCSB continues to improve corporate governance measures. Besides stipulating Corporate Governance Best Practice Principles and continuously reinforcing the function of the Board of Directors and that of Functional Committees under the Board of Directors, the corporate governance manager has been assigned since 2018. It is expected that a complete system and organizational structure can help increase management performance of corporate strategy and supervise the behavior of manager. By ensuring that the Board of Directors and management can achieve the operating objectives in the way that the benefit of company and all shareholders is maximized, the SCSB is able to improve overall competitiveness.



### (I) The organizational structure of the SCSB



Major Department Functions

Department	Functions
Secretarial Office of Board	Responsible for shareholders' meeting, (managing) board meeting, functional committees and corporate governance
Auditing Department	Responsible for internal audit
Head Office	Responsible for strategies, corporate image, public relations, historical data management, projects, FI, intellectual property management , ESG and secretarial affairs
Corporate Banking Department	Responsible for corporate loans , FX, and overseas business
Personal Banking Department	Responsible for mortgages, consumer loans and credit card operating plan
Credit Card Center	Responsible for credit card
Customer Finance General Department	Responsible for trust, wealth management and insurance agency
Deposits Department	Responsible for deposits, domestic remittance and safe deposit boxes
Treasury Department	Responsible for funding, investments, financial business and treasury marketing
Channel Management Department	Responsible for channels management and call center
Regional Centers	Responsible for business supervision and management of branches by regions
Business & International Departments, Branches, and OBU	Responsible for banking business promotion
Overseas Representative Offices	Responsible for data collection, enquiry services and market research
Digital Banking Department	Responsible for digital banking
Non-Performing Assets Management Department	Responsible for non-performing assets management
Operation Centers	Responsible for banking operating procedures
Human Resources Department	Responsible for human resource management
Administration Management Department	Responsible for general affairs and investors relations
Information Technology General Department	Responsible for information technology
Information Security Department	Responsible for information security
Accounting Department	Responsible for accounting
Risk Management Department	Responsible for risk management
Compliance Department	Responsible for compliance and AML/CFT
Legal Affairs Department	Responsible for legal affairs
Credit Management Department	Responsible for credit management

(II) Composition of the Board of Directors

1. Members of the Board of Directors

The SCSB's Board of Directors performs its functions in accordance with applicable laws, the Articles of Incorporation and resolutions of the Shareholders Assembly. The Board currently consists of six directors and three independent directors who hold meetings on a quarterly basis. Each director serves as the director for 14.89 years on average. Among the directors, three are elected as managing directors (including one independent managing director) who hold meetings on a monthly basis.

Record date: 12/31/2021							
Title	Nationality / Place of Incorporation	Name	Gender	Experience (Education)	Current Positions in the SCSB and Other Company	Date of first election	Attendance of the Board of Directors in 2021
Chairman	Singapore	Stephen Ching-Yen Lee	M	Director, Managing Director , Vice Chairman and Chairman of the SCSB / Director of Temasek Holdings Private Limited / Master of Business Administration Northwestern University	Chairman of Shanghai Commercial Bank Limited Chairman of Tripartite Alliance Limited / Director of Great Malaysia Textile Investments Pte Ltd. / Director of Temasek Holdings Private Limited / Director of Shancorn Reconstruction Inc. / Director of Wresqueue Limitada / Director of Safehaven Investment Corp. / Director of Krinein Company / Director of Empresa Inversiones Generales, S.A. / Director of Logan Investments Enterprises Ltd.	3/20/1979	100%
Managing Director	Hong Kong	John Con-Sing Yung (Representative: Magnetic Holdings Limited)	M	Chase Bank Hong Kong Branch / Senior Vice President, Deputy Executive Vice President, / CIO, Executive Vice President, First Executive Vice President and Senior Executive Vice President of the SCSB Master of Business Administration, University of Chicago	Consultant of the SCSB / Director of China Travel Service (Taiwan) Limited / Chairman of the SCSB Asset Management Ltd. / Vice Chairman of the SCSB Cultural & Educational Foundation / Vice Chairman of the SCSB Charity Foundation / Director of Silks Place Taroko / Director of CTS Travel International Ltd. / Director of Hong Da Investment Co. Ltd. / Director of Nanyang Holdings Limited / Director of Bright Honest Investment Ltd. / Director of Culvert Investments Ltd.Director of Magnetic Holdings Limited / Director of Infinity Peace Ltd. / Director of Krinein Company / Chairman of AMK Microfinance Institution Pte / Director of the SCSB Leasing (China) Co., Ltd. / Director of Paolong Insurance Company (Hong Kong) Limited / Director of Highriver Estates Ltd.Director of Nanyang Industrial (China) Ltd. / Director of Nanyang Cotton Mill Ltd. / Director of Peninsular Yam and Fabric Merchandising Ltd.Director of Shanghai Commercial Bank Limited / Director of Shancorn Reconstruction Inc. / Director of Wresqueue Limitada / Director of Merry Co. Inc.Director of Peninsular Inc. / Director of Safehaven Investment Corp.Director of Talsbury Investments Inc. / Director of Empresa Inversiones Generales, S.A. / Director of Tassbury Investments Co. S.A.	4/25/2003	100%
Independent Managing Director	R.O.C.	Mu-Tsai Chen	M	General Manager of Economic Research and Credit Analysis of The City Bank of Taipei / Director of Department of Monetary Affairs, Director of Bureau of Monetary Affairs and Administrative Deputy Minister of Ministry of Finance, R.O.C. / Chairman of Farmers Bank of China / Chairman of Bank of Taiwan / Chairman of China Industrial Development Bank / Chairman of China Development Financial Holding Corporation Master of Economics, National Taiwan University	-	6/15/2018	100%
Director	R.O.C.	Lincoln Chu-Kuen Yung	M	Manager of Citi Bank Hong Kong / Director and Managing Director of the SCSB / Chairman of Shanghai Commercial Bank Limited Master of Business Administration, University of Chicago	Director of Nanyang Holdings Limited / Independent Non-executive Director of Tai Ping Carpets International Limited / Director of Bright Honest Investment Ltd. / Director of Culvert Investments Ltd. / Director of Infinity Peace Ltd. / Director of Sheen Perfect Enterprises Ltd. / Director of Velden Ltd. / Director of Highriver Estates Ltd. / Director of East Coast Investments Ltd. / Director of Nanyang Cotton Mill Ltd. / Director of Nanyang Industrial (China) Ltd. / Director of Mspal International Ltd. / Director of Merry Co. Inc. / Director of Peninsular Inc. / Director of Cottage Investments Co. SA	3/28/1991	100%
Director	R.O.C.	George Chao-Chi Gu	M	Executive Vice President of First Life Insurance Co., Ltd. / Director of Integrated Memory Logic Ltd. / Director of Global Wool Alliance Pvt. Ltd. / Director of Interlink Electronics Inc. / Director of Intron Scientific Co., Ltd. / Chairman of GTM Corporation / President of GTM Holdings Corporation / Chairman of SoundOn Inc. Master of Business Administration, Columbia University	Chairman of GTM Holdings Corporation / Chairman of GTM Investment Co. / Chairman of GTM Development Co. Ltd. / Chairman of GTM Textile Co. Ltd. Director of Chi-Li Investment Co. Ltd. / Director of Gengroup Merchandise Corp. / Director of Hsin Li Investment Company	4/25/2003	100%
Director	R.O.C.	Yi-Jen Chiou	M	Vice President / Deputy Executive Vice President, / CIO / Executive Vice President and President of the SCSB / Director of China Travel Service (Taiwan) Limited Master of Business Administration, National Sun Yat-sen University	Consultant of the SCSB / Director of China Travel Service (Taiwan) Limited / Director of CTS Travel International Ltd.	4/21/2006	100%
Director	R.O.C.	Chih-Hung Lin (Note 1)	M	Senior Vice President / Deputy Executive Vice President / Executive Vice President / First Executive Vice President / Senior Executive Vice President and President of the SCSB Master National Taiwan University	President of the SCSB / Director of China Travel Service (Taiwan) Limited / Director of CTS Travel International Ltd. / Director of Silks Place Taroko / Director of An Feng Enterprise Co., Ltd. / Director of the SCSB Charity Foundation / Supervisor of Taipei Foreign Exchange Market Development Foundation / Supervisor of Financial Information Service Co., Ltd.	7/5/2021	100%
Independent Director	R.O.C.	Miles King-Hu Hsieh	M	Partner of Deloitte & Touche / Supervisor of TSRC Corporation / Independent Director of CX Technology Corporation Bachelor of Commerce, Department of Accounting Soochow University	Presenter of King-Hu CPA Firm	6/5/2015	100%
Independent Director	R.O.C.	Gary Kuo-Lieh Tseng	M	Chairman of E.SUN Bank / Director of Banking Bureau, Financial Supervisory Commission / Director of Bureau of Monetary Affairs of Ministry of Finance, R.O.C. / Vice President of Central Deposit Insurance Corporation / Independent Director of Sinyi Realty Inc. / Non-shareholder Director of Taiwan Futures Exchange Master of Public Administration at Harvard University	-	7/5/2021	100%

Note 1: He is the SCSB President.  
Note 2: Evaluation on the experience of director in the industry was performed based on GICS Level 1.



2. Diversity and independence of directors

Independence of directors

The SCSB's Nominating Committee has been founded. All director candidates are subject to the candidate nomination system specified in relevant regulations such as the Company Act. The Nominating Committee nominated these candidates and review their certification. After approval in accordance with the resolutions of the Board of Directors, the list of candidates will be submitted to the shareholders' meeting for election. Based on the SCSB Corporate Governance Best Practice Principles, directors generally have the knowledge, skill and competence required for the occupational activity. To achieve the ideal goal of corporate governance, the entire members of Board of Directors shall possess the following abilities:



The current Board of Directors of the SCSB is composed by nine directors, including three independent directors, which account for 33% of the board, an 8% increase from the 25% last year. None of the three independent directors were involved in matters specified in Article 26-3, Paragraphs 3 and Paragraph 4 of the Securities and Exchange Act.

Criteria	Professional qualifications and experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Name			
Stephen Ching-Yen Lee	Director, Managing Director, Vice Chairman and Chairman of the SCSB Chairman of Shanghai Commercial Bank Limited Director of Temasek Holdings Private Limited Mr. Lee has work experience required in commerce and banking business. Mr. Lee does not meet any of the conditions stated in Article 30 of The Company Act.	-	None
John Con-Sing Yung (Representative: Magnetic Holdings Limited)	Chase Bank Hong Kong Branch Senior Vice President, Deputy Executive Vice President, CIO, Executive Vice President, First Executive Vice President and Senior Executive Vice President of the SCSB Director of Shanghai Commercial Bank Limited Chairman of the SCSB Leasing (China) Co., Ltd. Mr. Yung has work experience required in commerce and banking business. Mr. Yung does not meet any of the conditions stated in Article 30 of The Company Act.	-	None
Mu-Tsai Chen	General Manager of Economic Research and Credit Analysis of The City Bank of Taipei Director of Department of Monetary Affairs and Director of Bureau of Monetary Affairs of Ministry of Finance, R.O.C. Administrative Deputy Minister of Ministry of Finance, R.O.C. Chairman of Farmers Bank of China Chairman of Bank of Taiwan Chairman of China Industrial Development Bank Chairman of China Development Financial Holding Corporation Mr. Chen has work experience required in commerce, finance, and banking business. Mr. Chen does not meet any of the conditions stated in Article 30 of The Company Act.	Mr. Chen is an independent director and meets the requirements of independence, including but not limited to the fact that member himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the SCSB or its affiliated companies. Mr. Chen does not hold any of the SCSB's shares. Mr. Chen has not served as a director, a supervisor, or an employee in companies that have certain relations with the SCSB. Mr. Chen has not provided the SCSB or its affiliated companies with business, legal, financial, or accounting services in the last two years for which he was remunerated.	None

Criteria	Professional qualifications and experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Name			
Lincoln Chu-Kuen Yung	Manager of Citi Bank Hong Kong Director and Managing Director of the SCSB Chairman of Shanghai Commercial Bank Limited Director of Nanyang Holdings Limited Mr. Yung has work experience required in commerce and banking business. Mr. Yung does not meet any of the conditions stated in Article 30 of The Company Act.	-	None
George Chao-Chi Gu	Executive Vice President of First Life Insurance Co., Ltd. Director of Integrated Memory Logic Ltd. Director of Global Wool Alliance Pvt. Ltd. Director of Interlink Electronics Inc. Director of Intron Scientific Co., Ltd. Chairman of GTM Corporation President of GTM Holdings Corporation Chairman of SoundOn Inc. Mr. Gu has work experience required in commerce, technology and insurance business. Mr. Gu does not meet any of the conditions stated in Article 30 of The Company Act.	-	None
Yi-Jen Chiou	Vice President, Deputy Executive Vice President, CIO, Executive Vice President and President of the SCSB Director of China Treval Service (Taiwan) Limited Mr. Chiou has work experience required in commerce and banking business. Mr. Chiou does not meet any of the conditions stated in Article 30 of The Company Act.	-	None
Chih-Hung Lin	Senior Vice President, Deputy Executive Vice President, Executive Vice President, First Executive Vice President, Senior Executive Vice President and President of the SCSB Director of China Travel Service (Taiwan) Limited Supervisor of Financial Information Service Co., Ltd. Mr. Lin has work experience required in commerce and banking business. Mr. Lin does not meet any of the conditions stated in Article 30 of The Company Act.	-	None
Gary Kuo-Lieh Tseng	Chairman of E.SUN Bank Director of Banking Bureau, Financial Supervisory Commission Director of Bureau of Monetary Affairs of Ministry of Finance, R.O.C. Vice President of Central Deposit Insurance Corporation Independent Director of Sinyi Realty Inc. Non-shareholder Director of Taiwan Futures Exchange Mr. Tseng has work experience required in commerce, finance and banking business. Mr. Tseng does not meet any of the conditions stated in Article 30 of The Company Act.	Mr. Tseng is an independent director and meets the requirements of independence, including but not limited to the fact that member himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the SCSB or its affiliated companies. Mr. Tseng does not hold any of the SCSB's shares. Mr. Tseng has not served as a director, a supervisor, or an employee in companies that have certain relations with the SCSB. Mr. Tseng has not provided the SCSB or its affiliated companies with business, legal, financial, or accounting services in the last two years for which he was remunerated.	None
Miles King-Hu Hsieh	Presenter of King-Hu CPA Firm Partner of Deloitte & Touche Supervisor of TSRC Corporation Independent Director of CX Technology Corporation Mr. Hsieh has work experience required in commerce and accounting business. Mr. Hsieh is a certified public accountant. Mr. Hsieh does not meet any of the conditions stated in Article 30 of The Company Act.	Mr. Hsieh is an independent director and meets the requirements of independence, including but not limited to the fact that member himself, his spouse, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the SCSB or its affiliated companies. Mr. Hsieh does not hold any of the SCSB's shares. Mr. Hsieh has not served as a director, a supervisor, or an employee in companies that have certain relations with the SCSB. Mr. Hsieh has not provided the SCSB or its affiliated companies with business, legal, financial, or accounting services in the last two years for which he was remunerated.	None

※Representative of Magnetic Holdings Limited, a British Virgin Islands company

Note 1: Professional qualification and experience: The professional qualification and experience of individual director and supervisor have been described. If the person is the member of Audit Committee and has expertise in accounting or finance, the background and work experience in accounting or finance shall be described clearly. It is also required to state whether or not the person is not under any of the circumstances in Article 30 of Company Act.

Note 2: The independence of independent director shall be described clearly, including but not limited to if the director serves as the independent director, or his/her spouse or first or second-degree relative does not serve as the director, supervisor or employee of the SCSB or its affiliate, the number of shares he, his/her spouse or first or second-degree relative held (or held in other's name) and the shareholding ratio held, him/her not serving as the director, supervisor or employee of the company in a specific relationship with the SCSB (referring to Subparagraph 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), not getting paid for offering commerce, legal affairs, finance or accounting service to the SCSB or its affiliate for the past two years.

Director diversity

According to Article 26, Paragraph 1 of The SCSB Corporate Governance Best Practice Principles, board composition shall consider diversity. The number of directors serving concurrent positions in the SCSB's management shall ideally not exceed one third of the total number of directors. In addition, appropriate strategies of board diversity shall be formulated based on the board's operation, operating mode and developmental needs, and the directors shall ideally meet the criteria of the following two dimensions:

1. Qualifications and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

The current Board of Directors is composed of nine directors, including three independent directors. The directors possess the knowledge, skills, and experience necessary for performing their duties.

The SCSB’s Board Diversity (The 21th Board of Directors)

Name	Qualifications										Professional Background		Core Categories of Diversity										
	Gender	Nationality	Education	Concurrent Position in the SCSB	Age			Term and experience as independent directors			Accounting	Finance	Legal Affairs	Commerce/Technology	Operational Judgment	Accounting and Financial Analysis	Business Management	Risk Management	Crisis Response	Industrial Knowledge	Understanding of International Markets	Leadership	Decisioning
					51-60	61-70	71-75	3 years or less	3 to 9 years	9 years or more													
Stephen Ching-Yen Lee	M	Singapore	Master of Business Administration, Northwestern University				○							○	○	○	○	○	○	○	○	○	○
John Con-Sing Yung <small>(Representative: Magnetic Holdings Limited)</small>	M	Hong Kong	Master of Business Administration, University of Chicago		○								○	○	○	○	○	○	○	○	○	○	○
Lincoln Chu-Kuen Yung	M	R.O.C.	Master of Business Administration, University of Chicago				○						○	○	○	○	○	○	○	○	○	○	○
George Chao-Chi Gu	M	R.O.C.	Master of Business Administration, Columbia University				○						○	○	○	○	○	○	○	○	○	○	○
Yi-Jen Chiou	M	R.O.C.	Master of Business Administration, National Sun Yat-sen University			○							○	○	○	○	○	○	○	○	○	○	○
Chih-Hung Lin	M	R.O.C.	Master, National Taiwan University	○	○								○	○	○	○	○	○	○	○	○	○	○
Mu-Tsai Chen	M	R.O.C.	Master of Economics, National Taiwan University				○		○		○		○	○	○	○	○	○	○	○	○	○	○
Gary Kuo-Lieh Tseng	M	R.O.C.	Master of Public Administration at Harvard University			○		○				○	○	○	○	○	○	○	○	○	○	○	○
Miles King-Hu Hsieh	M	R.O.C.	Bachelor of Commerce, Department of Accounting, Soochow University				○		○		○			○	○	○	○	○	○	○	○	○	○





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3. Recusal of directors over conflict of interest

In order to establish a good governance system of Board of Directors, strengthen the supervisory function and enhance management function, the SCSB stipulated the Rules of Procedure for Board of Directors Meetings (https://www.scsb.com.tw/content/econtent/files/governance\_03/governance\_03\_1.pdf.) The Rules of Procedure for Board of Directors Meetings specified recusal of directors over conflict of interest stated that the director or the entity at stake, which the director represented, shall not participate in discussion or voting. This director shall recuse themselves and must not vote on behalf of other directors to effectively deter this director from transferring illegal benefits by exercising his power and jeopardizing the company benefits. In 2021, the SCSB’s Board of Directors and Board of Managing Directors functioned well and the directors complied with the applicable requirements in recusing themselves from decisions in which they had stakes.

(III) Functional committees

To ensure effective functioning of the Board of Directors and improve the quality of its decision making, the Remuneration Committee, Audit Committee, Risk Management Committee and Nominating Committee have been established under the Board.

Record date: 12/31/2021			
Committee	Responsibilities	Members and the attendance of 2021	Basis of establishment
Remuneration Committee	<ul style="list-style-type: none"><li>• To assist the Board of Directors in formulating and regularly reviewing the policies, system, standards and structure of performance evaluation and remuneration for directors and managers.</li><li>• To regularly assess and establish the system, standards and structure of remuneration for directors and managers.</li></ul>	Yung-San Lee, Independent Managing Director (Note 1) 100%	 The Remuneration Committee Charter
		Mu-Tsai Chen, Independent Managing Director, 75%	
Audit Committee	<ul style="list-style-type: none"><li>• To fairly present the SCSB's financial statements.</li><li>• To selection (dismiss) CPAs and evaluate their independence and performance.</li><li>• Appointment of the manager for finance, accounting or internal audit</li><li>• To effectively implement the SCSB's internal control.</li><li>• To ensure the SCSB's compliance with applicable laws, regulations and rules.</li><li>• To control the existing or potential risks of the SCSB.</li></ul>	Yung-San Lee, Independent Managing Director (Note 1), 100%	 Audit Committee Charter
		Mu-Tsai Chen, Independent Managing Director, 100%	
Risk Management Committee	<ul style="list-style-type: none"><li>• To review the risk management policy.</li><li>• To review the risk management strategy, including risk appetite and limits.</li><li>• To review the appropriateness of risk management mechanisms and structures to ensure adequate resources and systems for the implementation of risk management.</li><li>• To review the risk management reports submitted regularly by the management, including credit risk, interest rate risk, market risk, country risk, operational risk, liquidity risk, capital adequacy management, risk pressure testing and risk assessment for transactions of derivatives.</li><li>• To review the risk management mechanisms for new types of business</li><li>• To review all matters related to risk management that shall be reported to the Board of Directors pursuant to the requirements of domestic and foreign competent authorities.</li></ul>	Yi-Jen Chiou, Director, 100%	 The Risk Management Committee Charter
		Gary Kuo-Lieh Tseng, Independent Director, 100%	
Nominating Committee	<ul style="list-style-type: none"><li>• To review the list of candidates for independent directors.</li><li>• To review the candidates for senior managers (job grade of 12 or higher) based on the standards of diverse backgrounds including the professional knowledge, skills and experience required for senior managers.</li><li>• To evaluate the performance of senior managers and regularly review the succession plan.</li></ul>	Hung-Ching Yung, Chairman (Note 1), 100%	 The Nominating Committee Charter
		Stephen Ching-Yen Lee, Chairman (Note 2), 100%	

Note 1: The term for Mr. Yung, Hung-Ching, Mr. Lee, Yung-san, Chen Yi-pin and Cheng Kar-wah in 2021 is 1/1/2021 to 7/4/2021.  
Note 2: Mr. Stephen Lee Ching yen is the committee of the Bank in the second term from 1/1/2021 to 7/4/2021 and the convenor of the Bank in the third term from 7/5/2021 to 12/31/2021.



To set up a robust remuneration system for the director and manager, the SCSB established the Remuneration Committee to regularly review the performance evaluation of director and manager, and the policy, system, standards and structure of remuneration and to regularly evaluate and formulate the remuneration for director and manager. Finally, the SCSB proposes the suggestion to the Board of Directors for discussion.

The SCSB carries out the market pay rate evaluation every year to examine the market position of the fixed salary of the manager and makes sure that the fixed salary is competitive in the market. The variable pay of the manager depends on our compensation policy, compensation management guidelines, regulations for employee remuneration distribution and regulations for employee treatment. Remuneration is closely associated with operational performance. Evaluation includes financial indicators such as goal achievement rate, income before tax, ROE and EPS, and non-financial indicators such as risk management policy, customer policy, internal control and compliance.

Note: The SCSB does not disclose the ratio between our president and other employees in 2021

(IV) Remuneration policy for the Board of Directors

In accordance with the SCSB's Articles of Incorporation and applicable laws and regulations, an amount of legal reserve is set aside from the annual net operating profit as remuneration for the directors of the SCSB after all taxes have been paid and after the losses of the previous years have been offset.<sup>1</sup> An amount of special reserve is then set aside or reversed pursuant to applicable laws and regulations or based on operational needs. Any remaining profit shall be included together with the undistributed profit accumulated during the previous years in a proposal for distribution to be approved by the Board of Directors and submitted to the regular meeting of the Shareholders Assembly for ratification. If the SCSB has earned any profit during the current year, an amount of no more than 0.6% of the profit for that year shall be distributed as the directors' remuneration. However, if the SCSB still has any accumulated losses, it shall be offset.

In addition, the remuneration for the Board of Directors puts the result of performance evaluation for the Board of Directors and each director into consideration. The degree of understanding of the overall goal and mission, operating engagement and internal control by the Board of Directors and each director are assessed. The assessment includes our goal and strategy for sustainability development and ESG (Environmental, Social, Governance), to ensure that the directors understand our sustainability risk and effectiveness of supervision.

In 2021, the directors' remuneration amounted to NT\$58 million (excluding the remuneration for directors who are also employees) which accounted for approximately 0.41% of the profit for that year.

(V) Evaluation of the performance of the Board of Directors

To implement corporate governance, enhance the functions of the Board of Directors, set performance targets and increase the operational efficiency of the Board, the SCSB established the "Rule for Performance Evaluation of Boards " in early 2019. Internal evaluation will be conducted annually on the status of operation of the Board and functional committees and the performance of the Board members. In addition, evaluation should be conducted by external independent organizations or expert teams every three years.

Information on external evaluation in the annual report is as follows:

A. External evaluation:

In accordance with Article 3, Paragraph 2 of the Regulations Governing Performance Assessment of the Board of Directors, external professional and independent organizations or external experts and academics were also involved in the assessment in 2021. This time, the Taiwan Corporate Governance Association was invited to conduct an overall assessment in terms of the eight major dimensions.



External evaluation

Cycle	Duration	Scope	Method	Content
Implemented triennially	From 10/01/2020 to 9/30/2021	Board of Directors and Functional Committees	1. Online self-assessment 2. Document review 3. On-site inspection and assessment	The composition, direction, authorization, supervision, communication, internal control and risk management, self-discipline, and other matters such as the meeting and support systems, of the Board of Directors.

※Summary for performance evaluation result:

1. Summative evaluation

- (1)Third-party professional and independent organizations were invited to assist with the Board Performance Assessment. Through independent and impartial examination, these organizations can offer suggestions for improvements. This arrangement fully demonstrates the SCSB's strong ambition to implement corporate governance, improve Board efficacy, and continuously enhance corporate governance.
- (2)To enhance the independence of corporate governance and the whistle-blower system, the SCSB website features a "stakeholder contact mailbox" for external personnel to make reports directly to independent directors through this channel. The Compliance Department is the dedicated unit for whistle-blowing matters. It will establish a case for any whistle-blowing matter regardless of its anonymity, contact relevant units or auditors for investigation in the case, and regularly report relevant progresses and results to the Audit Committee and the Board of Directors, thereby showing the SCSB's commitment to business integrity and ethics.
- (3)The meeting agendas were carefully planned, and directors were all able to fully communicate with relevant units beforehand after Board and Functional Committee meeting notices were issued. Functional Committee meetings are held at least 7–10 days before the Board meeting, so that directors had ample time to discuss and perfect the proposals to be submitted for discussion at the Board meeting, thus assisting the Board in performing its duties more efficiently and effectively.

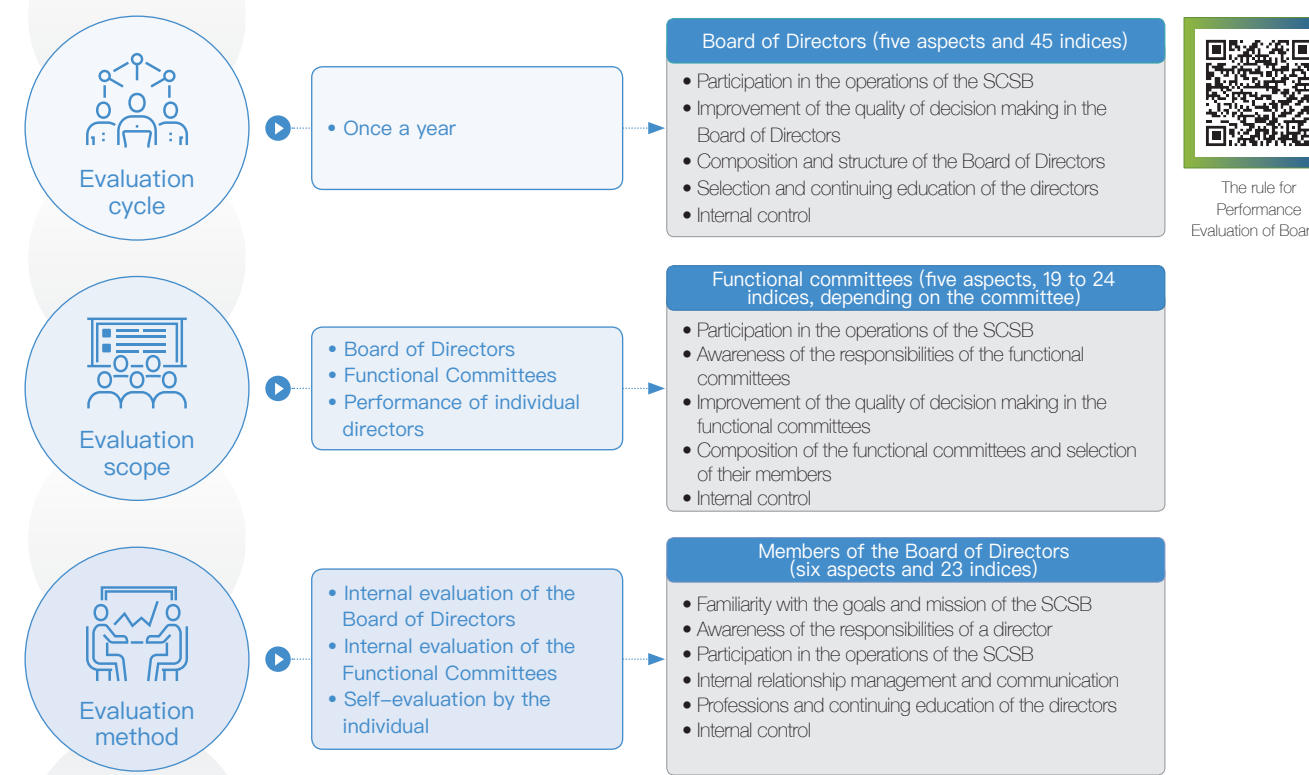
<sup>1</sup> unless the legal reserve has reached the total amount of capital.

- (4)The Chairman had an open-minded leadership and was widely receptive of suggestions and criticisms, thus allowing directors to fully express their opinions and effectively exerting the functions of leadership. The independent directors were committed and accountable, while directors were able to participate in formulating the SCSB's vision and long-term strategic goals, make professional contributions, and express opinions through various meetings, thus exerting directors' functions of guidance and supervision.


2. Suggestions and improvements:

Suggestions	Improvements
Annually implement performance self-assessments in accordance with the Regulations Governing Performance Assessment of the Board of Directors. It is advised that directors' suggestions be solicited on the each of the items that scored a lower score in the self-assessment and be compiled for project reports at the Board meeting. Actively respond to the self-assessment results, make improvements based on the results and suggestions, and add qualitative indicators with forward-looking and strategic meanings, in order to raise the standards for Board performance self-assessment indicators and make them more discriminative.	Complete director self-assessment every year, analyze the scores of all items, and notify the directors of the results by reporting them to the Board of Directors. For lower-scoring items, identify the causes in order to plan improvement measures.
Attach importance to corporate social responsibility. In order to deepen and systematically realize the vision of corporate social responsibility, it is advised that the level of the Sustainable Operation Committee be upgraded to a functional committee under the Board of Directors, which shall supervise the directions and specific promotional plans of corporate social responsibility and sustainable development, and improve the synergy of the units' mutual communications and implementation of the strategies and actions of corporate sustainability and social responsibility. In doing so, sustainable operation can be implemented more effectively, specifically, and thoroughly from the top down within the organization.	At present, in cooperation with the bank-wide organization, the ESG Steering Committee has been established in the managerial department to integrate the actions of various units and report the results to the Board of Directors. Appropriate adjustments will be made in the future according to the overall effect of implementation.
In response to the challenges in the SCSB's future developmental needs and environment, continuously pay attention to and plan suitable candidates for independent directors. It is advised that a formal document-based election mechanism may be established to determine the service terms and identify the specialties of directors, widen the scope of recruitment, and fully communicate with target professionals about business philosophy. Through a careful and comprehensive election process, we hope to achieve the independence and diversified specialties of a sustainable, streamlined Board of Directors.	Continuously pay attention to the planning of suitable candidates for independent directors and communicate with target professionals to explain the SCSB's business philosophy, thereby benefiting from professional assistance to attain the SCSB's sustainable development.

B. Internal Evaluation:



Internal performance evaluation was carried out for the Board of Directors and Functional Committees in 2019 for the first time. It was still performed in 2021 and the result is shown below. The evaluation result is deliberated by the Nominating Committee and reported to the Board of Directors as the reference for director selection or nomination and remuneration formulation. (Evaluation method is divided into five levels.)

Evaluation item	Average score	Open disclosure web address
Performance evaluation for the Board of Directors	4.73 on average	 Performance evaluation for the Board of Directors
Audit Committee	5 on average (full score: 5)	
Remuneration Committee	4.98 on average	
Risk Management Committee	5 on average (full score: 5)	
Nominating Committee	4.78 on average	
Performance evaluation for the functional committees		
Performance evaluation for individual directors	4.81 on average	

(VI) Assignment of the corporate governance manager

In order to effectively help members of the Board of Directors obtain information required for the exercise of their function to ensure that the Board of Directors can exercise their function efficiently, the SCSB appointed the unit manager of the Secretarial Office of Board to serve as our corporate governance manager in August 2018. The Corporate Governance Best-Practice Principles was amended in 2019, explicitly specifying that the unit manager of the Secretarial Office of Board will assume the office of our corporate governance manager, the top manager in charge of our corporate governance affairs. The SOP for handling the tasks required by the directors was formulated to build a complete operating procedure. In 2021, regulation information is provided to directors, to continue to implement performance evaluation of director and arrange the corporate governance course for all directors.

Progress of advanced studies for directors

I. Advanced studies for all directors		
(1)"Corporate Governance Forum - Must-know Information Security Strategies and Compliance for Company Directors", offered by the Taiwan Academy of Banking and Finance	3 hours	
(2)"Corporate Governance Forum - International Trends in Money Laundering Control and Combating the Financing of Terrorism", offered by the Taiwan Academy of Banking and Finance	3 hours	
(3) "Post-APG Era Developments and Prospect E-course" held by the Taiwan Academy of Banking and Finance	2.5 hours	
II. Advanced studies for individual directors		
Yi-Jen Chiou, Director	(1)"Corporate Governance Lecture Series on FinTech – Information Security and FinTech Innovation", held by the Taiwan Academy of Banking and Finance	3 hours
	(2)"Corporate Governance Lecture Series on FinTech: Assisting with Financial Institutions' Digital Transformation through FinTech Developmental Policies", held by the Taiwan Academy of Banking and Finance	3 hours
	(3)"2021 Green Finance Leaders Roundtable – Climate Finance Trends and Risk Management Action Plans", held by the Taiwan Academy of Banking and Finance	3 hours
	(4)"United Nations Climate Change Conference (COP26): Observations and Corporate Response", held by the Chinese National Association of Industry and Commerce	2.5 hours
Miles King-Hu Hsieh, Independent Director	"Trust Business Supervisor (Incl. Incumbent Supervisors) Workshop" held by the Taiwan Academy of Banking and Finance	6 hours
Chih-Hung Lin, Director	(1)"Corporate Governance Lectures", offered by the Taiwan Academy of Banking and Finance	6 hours
	(2)"Trust Business Supervisor (Incl. Incumbent Supervisors) Workshop" held by the Taiwan Academy of Banking and Finance	6 hours

1.2 Ethical Management

The SCSB stays committed to ethical management. Besides following all kinds of regulations strictly, the SCSB continues to enhance the system and process. In order to strengthen our ethical management culture, the SCSB formulated the Ethical Corporate Management Best Practice Principles, "Code of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct". These three rules specify precautions for employees when carrying out tasks and strictly require the operations management team and employee to adhere to ethical management regulations, including prohibition of unjust enrichment, corruption, illegal charitable givings and illegal political donations. Regulations and donation amount are openly disclosed for public view. Via education training and campaign and in-depth implementation of three lines of defense for internal control, the SCSB continues to enhance thorough and transparent information disclosure, internal control and audit system. Through internalization of ethical management into corporate culture, external stakeholders have more faith in us. The Secretarial Office of Board assesses ethical management compliance and reports the assessment result to the Board of Directors regularly.

Title	Main content	For more information
Code of Ethical Conduct	<ul style="list-style-type: none"><li>To prevent conflicts of interest</li><li>To prevent any opportunity to seek personal gain</li><li>Duty of confidentiality</li><li>Fair trade</li><li>To protecting and properly use the assets of the SCSB</li><li>Compliance with applicable laws and regulations</li><li>To encouraging the reporting of any act that is illegal or violates the Code of Ethical Conduct</li><li>Penalty measures</li></ul>	 The Codes of Ethical Conduct
Ethical Corporate Management Best Practice Principles	<ul style="list-style-type: none"><li>Prohibition of Improper benefit /corruption/illegal charitable givings</li><li>Prohibition of illegal political donations</li><li>Protection of trade secret</li><li>Prohibition of unfair competition</li><li>Protection of consumer rights and interests</li><li>Whistleblowing system</li><li>Risk assessment</li></ul>	 Ethical Corporate Management Best Practice Principles
Procedures for Ethical Management and Guidelines for Conduct	<ul style="list-style-type: none"><li>Regulations for acceptance of any kind of advantage</li><li>Regulations for whistleblowing of corruption, bribery and unethical conduct</li><li>Regulations for political donation</li><li>Procedures for charitable giving</li></ul>	 Procedures for Ethical Management and Guidelines for Conduct
Regulations Governing Outward Donations	<ul style="list-style-type: none"><li>Amount of donation, division of administration authority</li></ul>	 Regulations Governing Outward Donations
Preventing Insider Trading Administration Measures	<ul style="list-style-type: none"><li>Subjects governed by insider trading laws</li><li>Insider trading situation</li><li>Authority for event handling</li><li>Violation penalty</li></ul>	 Preventing Insider Trading Administration Measures



Donation to the SCSB associated with political/policy impact

				Unit: NTD	
Donation and expenditure	Year	2018	2019	2020	2021
Policy lobbyist, lobbying organization and lobbying interest group		0	0	0	0
Political organization and candidate		0	0	0	0
Industrial trade associations and think tank groups affecting campaign or legislation		0	0	0	0
Others, such as expenditure for election issue and referendum		0	0	0	0
Total		0	0	0	0
Scope		100%	100%	100%	100%

(I) Incident regarding violation against ethical management

Zero tolerance policy is adopted for violation against internal work rules such as relevant regulations, Code of Ethical Conduct and Ethical Corporate Management Best Practice Principles. The violation will be reported to the Personnel Review Committee for discussion if it was true. The handling record will be kept. Warning and admonishment will be made, and a demerit will be recorded, depending on severity. This year, 24 cases of violation have been confirmed and reported to the Personnel Review Committee for process via internal audit line of defense. The behavior pattern in these violations violated against relevant internal and external regulations. None of the violations is associated with ethical management issues, such as corruption, information confidentiality, anti-money laundering, insider trading, conflict of interest, workplace discrimination or privacy. The competent authority examines the cause of all kinds of violations and knowledge promotion have been reinforced for similar incidents to prevent a recurrence.

In 2021, the SCSB was not involved in corruption, bribery, fraud, insider trading, anti-competitive behavior, anti-trust and monopoly practices or market manipulation. No litigation or sanction was imposed.

Whistleblowing processing method and channel

Whistleblowing mailbox targeting independent director: [IDD@scsb.com.tw](mailto:IDD@scsb.com.tw)

Postal address: No. 149, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City.

The mail shall be mailed to independent director, auditor general, or headquarters compliance officer.

Whistleblowing report handling procedure

URL: <https://www.scsb.com.tw/newscsbweb/content/about/about15.jsp>



\*The accepted whistleblowing report refers to the whistleblowing report that shall be accepted according to the "Procedures for Handling Whistleblowing". Three whistleblowing cases were received by the independent director mailbox and compliance manager mailbox in 2021. Both of the mailboxes are included in the SCSB's internal whistleblowing system. They have been handled in accordance with the Bank's regulation.

Date of occurrence	Violation	Handling
04/30/2021	A staff of the branch was reported for visiting the customer alone to perform identity verification for opening the deposit account but affixing another employee's stamp afterwards. He pretended that two colleagues acted as subscribing witnesses. The compliance department of dedicated unit handled this case according to relevant procedures. The accused employee was processed according to the resolution of the Personnel Review Committee. The case was announced and registered by the Personnel Review Committee.	Relevant authorities reinforced promotion and relevant operating procedures. The compliance department of dedicated unit reported this case to the Board of Directors on 11.13.2021 and the case was registered.
06/01/2021	A staff violated the working rule of the Bank, which stated that employees must only rotate to take a lunch break for 45 minutes every day and must not go out without notice when working from home. The staff must always pick up the mobile or home phone anytime and always be standby to handle the assignments handed down by upper management. The human resources department handled this case according to relevant procedures. According to the resolution of the Personnel Review Committee, the accused employee was punished and transferred to another department.	The relevant authority announced that all staff must be subject to the relevant rules and reported the case to the Board of Directors on 11.13.2021 and the case was registered.
12/22/2021	A staff of the branch was not being honest for identity verification. The case is under judicial inquiry. According to the "Procedures for Handling Whistleblowing" of the Bank, the case was not handled. It has been reported for approval and closed. A notice has been sent to the whistleblower.	Relevant units handled the follow-up matters of this case together according to the complaint handling procedure. The telephone customer service center served as the contact window for handling this case.

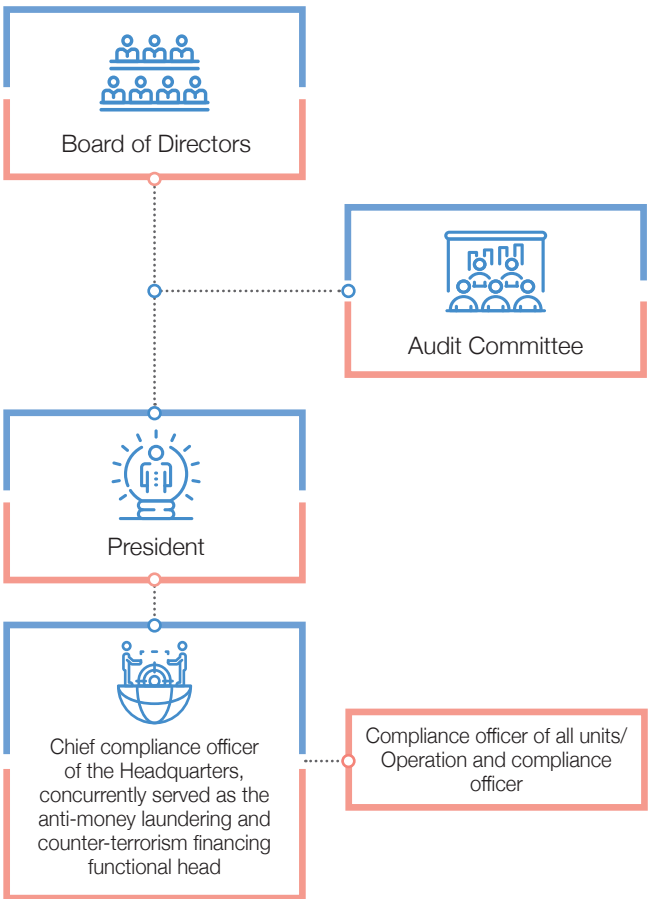
1.3 Compliance

The SCSB conducts its business in accordance with government policies and applicable laws and regulations. The Compliance Department established under the President is responsible for planning, management and implementation of the compliance system, anti-money laundering and counter-terrorism financing. A senior manager is appointed as chief compliance officer of the headquarters to coordinate compliance matters and report to the Board of Directors and Audit Committee regarding the status of compliance implementation. The report shall include the causes, possible impact and improvement suggestions analyzed by each unit for cases of major defects or malpractice in compliance.

Financial industry is a franchising industry under high supervision by competent authorities. It has to take adequate action proactively to adapt to regulatory change and requirement by competent authorities to avoid penalties by competent authorities due to violation, impacting corporate image and business promotion. The Compliance Department collected the latest laws and regulations and sent them to relevant units via the "Regulation News" system. It amended relevant operational regulations and manuals, and utilized the system to conduct tracking and management, to ensure that all operations and management regulations are up-to-date.

Every the SCSB unit has a compliance officer (called "operation and compliance officer" in domestic operating units) responsible for legal awareness and compliance implementation. The Compliance Department will oversee the introduction and implementation of the relevant regulations by the compliance officer of every unit. It will also organize related training courses on a quarterly basis and continue to hold legal awareness and training sessions for the compliance officers of all units.

Structure diagram of compliance

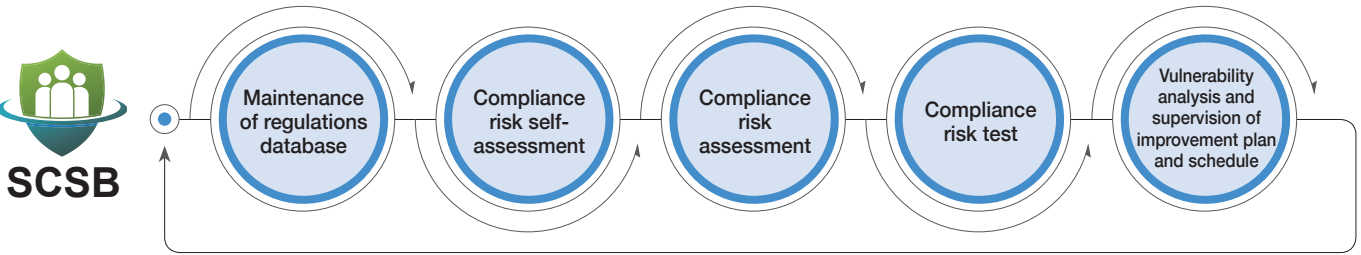


Every unit will conduct compliance self-evaluation on a semiannual basis to help promote legal awareness and compliance among the employees. In addition, written audits will be conducted on a periodic basis to strengthen the awareness and implementation of compliance in all units. Overseas branches will be required to submit monthly reports regarding the status of compliance, anti-money laundering and counter-terrorism financing hold quarterly conference calls with the compliance officers of the overseas branches in order to strengthen communication with and oversight of the overseas branches. Besides, the branch of the Bank reports the status of compliance every quarter, and holds the compliance communication meeting with the branch every month to reinforce two-way communication on compliance issues. In 2021, the SCSB was not involved in non-compliance concerning product and service information and labeling and non-compliance concerning marketing communications.

Compliance risk assessment process

The following describes our process for compliance risk management and supervision:

- (I) The Compliance Department conducted collection and inventory of regulations and created regulatory data file for compliance risk management. Based on the advice on update or adjustment of the content in the regulatory database, the relevant unit reports the Compliance Department to update compliance data file.
- (II) Based on our Guidelines for Compliance Risk Management and Supervision Structure, the Compliance Department deliberates the key of financial examination carried out by competent authorities, major examination faults caused by banks in Taiwan, competitor sanction case and our internal and external financial examination faults. By carrying out comprehensive evaluation and selection for management issues, the Compliance Department created the self-assessment survey of compliance risk for all units to perform self-evaluation of compliance risk.
- (III) If the self-assessment result shows high risk, the unit performing the self-assessment proposes improvement measures and the Compliance Department tracks further improvements.
- (IV) The Compliance Department summarized the self-assessment result by all units, and integrated other objective evaluation factors (e.g., maintenance of compliance database, compliance defect or risk incident of the business) to execute the procedure for compliance evaluation.
- (V) If the result of compliance evaluation indicates high risk or the result of compliance evaluation is significantly different from the self-evaluation result of compliance risk, the compliance test procedure will be activated. If the result is acceptable or poor for a certain unit, this unit shall propose improvement plans. If the Compliance Department believed that the unit needs to be improved, it may require the unit to formulate or modify the plan and track the execution of improvement plan.



(I) Communication and Reporting

The Bank has stipulated the “Procedures for Handling Whistleblowing ” ([https://www.scsb.com.tw/content/econtent/files/governance\\_19/governance\\_19\\_7.pdf](https://www.scsb.com.tw/content/econtent/files/governance_19/governance_19_7.pdf) ). The Procedures encouraged employees to report specific violation. The SCSB will do its best to protect the safety of whistleblowers, including ensuring whistleblower right to anonymity and preventing whistleblower right from being impacted. Furthermore, the SCSB promotes anti-corruption regulations through intra-bank information notices, unit manager notices, business notices, morning meetings, and promotion of precaution of Ethical Corporate Management Best-Practice Principles to ensure all the SCSB employees understand such regulations. The SCSB also engages in communication with the members of the Board of Directors regarding anti-corruption through corporate governance forums. Training courses on anti-corruption are planned based on the job grades and business types of employees. The following is the information related to such courses organized in 2021.

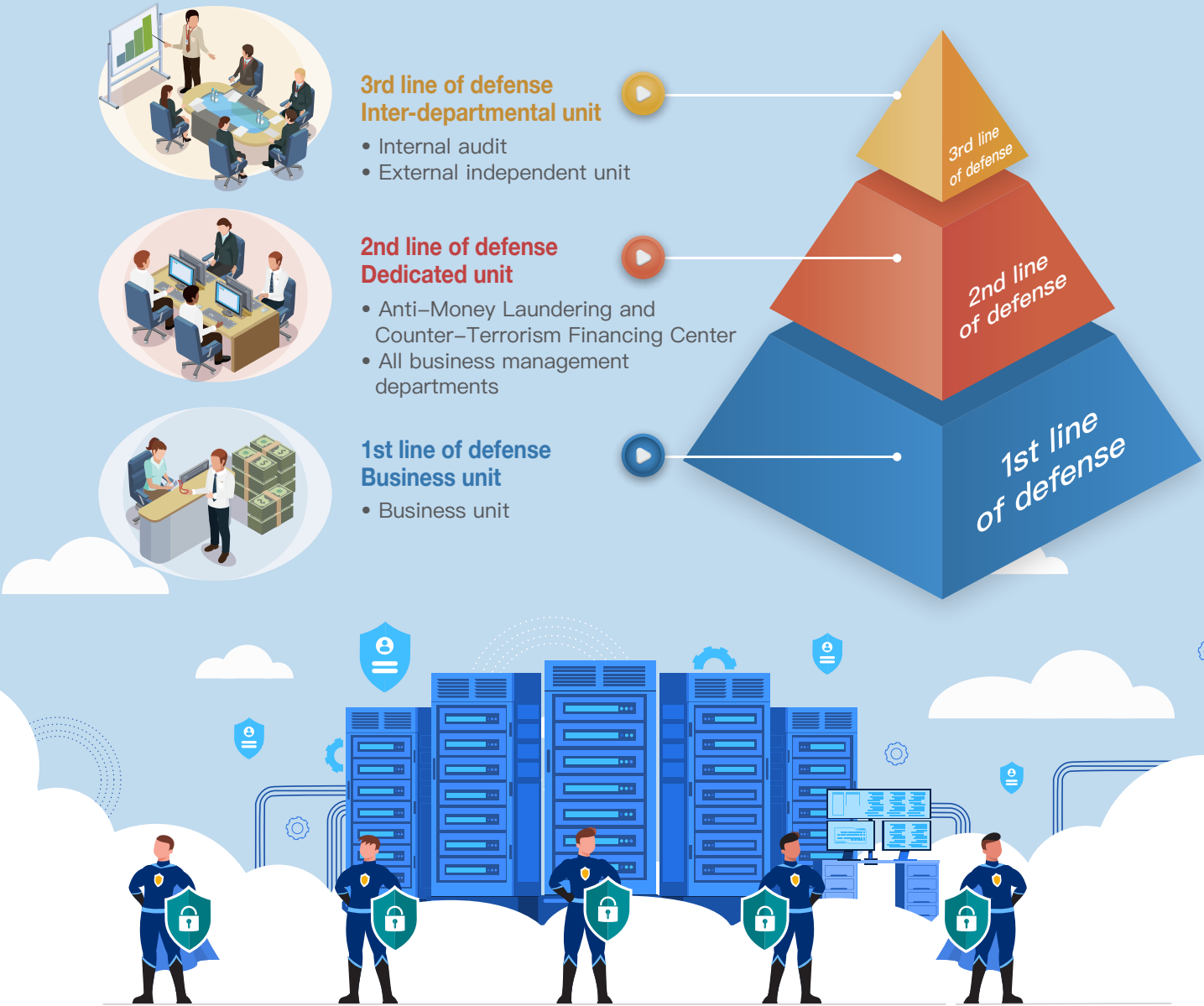


Area	Course target	Number of employees taking the course	Number of participants	Percentage of participants among the course target
Taiwan, Hong Kong, Vietnam, Singapore, China (Wuxi), Thailand, Cambodia and Indonesia	Non-managerial employees	2,353	2,359	99.7%
	Managerial employees	373	373	100%
	Director	9	9	100%

Worker group	Coverage (%)	Written/Digital Acknowledgement (%)	Training Provided (%)
Employees	100	100	100
Contractors / Suppliers / Service Providers	100	100	0
Subsidiaries	100	100	100

(II) Anti-money laundering

The Financial Supervisory Commission tightens its requirements concerning anti-money laundering and counter-terrorism financing, internal control and compliance in banks. Therefore, the SCSB has established a group anti-money laundering policy and the relevant procedure. A dedicated “Anti-Money Laundering and Counter-Terrorism Financing Center” has been established under the Compliance Department with a responsible officer, and an inter-departmental “Anti-Money Laundering and Counter-Terrorism Financing Committee” has also been established. Supervisory officers for anti-money laundering and counter-terrorism financing have been appointed to all of our business units to build a top-down hierarchical management system. Every year, the SCSB authorizes the external independent audit unit to conduct a special audit on anti-money laundering and counter-terrorism financing.





The SCSB implemented three lines of defense for anti-money laundering and counter-terrorism financing. For the first line, the business unit conducts customer and trade review and self-evaluation. (The business exclusive to the business unit is conducted by the business unit.) For the second line, the Anti-Money Laundering and Counter-Terrorism Financing Center (dedicated unit) and all business departments carry out supervision. In addition to operation planning for anti-money laundering and counter-terrorism financing, the Center and all of these business departments execute activity spot check and assessment for business units and business management units. (The KPI item for the business unit and its compliance manager includes tasks for anti-money laundering and counter-terrorism financing.) For the third line, the internal audit and an external independent unit conducted the third-party verification at least once a year.

Besides, the Anti-Money Laundering and Counter-Terrorism Financing Center of Headquarters and managers of all branches discussed on anti-money laundering and counter-terrorism financing issues at quarterly legal affairs meeting. If any business unit has any concerns on the implementation of anti-money laundering and counter-terrorism financing, it may report its concern to the Anti-Money Laundering and Counter-Terrorism Financing Center via one-way internal counseling. Through the establishment of an internal counseling system, the SCSB can reinforce the effectiveness of three lines of defense and communication between lines of defense.

In addition, to enhance effectiveness and efficiency of anti-money laundering and counter-terrorism financing education training, the Bank gradually reinforces application of RegTech and introduces Robotic Process Automation (RPA). The SCSB uses these technologies for customer review(CDD), transaction monitoring, and indication threshold calibration to screen the anti-money laundering and sanction list, terrorist financing list, politically exposed persons, and clients from high money laundering and terrorist financing risk countries and increase efficiency and reduce labor burden. For example:

1. The SCSB develops and utilizes Robotic Process Automation (RPA) to collect shareholding structure of the legal entity client with complex ownership structure from the government website automatically and calculate the final number of shares of natural person systematically. The technology is used to find the ultimate beneficial owner.
2. The SCSB participates in development of project for optimization of the CTP system provided by the depository under the public sector. The multiple class shares information is added to enhance utilization of domestic shares information via the real-time/batch download function of Application Programming Interface (API). This effectively assists in identification of beneficial ownership in the complex ownership structure for anti-money laundering.

### Anti-money laundering and counter-terrorism financing education training

In order to continue to help employees learn more about anti-money laundering and counter-terrorism financing, the SCSB held 124 seminars with a total of 16,670 hours for anti-money laundering and counter-terrorism financing in 2021 and all staff were required to attend the seminars. To build a culture that emphasizes anti-money laundering and counter-terrorism financing, the SCSB offers subsidies to help staff become the CAMS international anti-money laundering specialists or take the exams organized by domestic institutions recognized by the Financial Supervisory Commission for Anti-Money Laundering and Counter-Terrorism Financing Specialists. Via E-learning and weekly morning meeting, education training for anti-money laundering and counter-terrorism financing is provided by sharing ideas on a topic. A total of 19 sessions were held during morning meeting in 2021. (A total of 108 sessions were held from May 2017 to the end of 2021.)

In addition, the SCSB actively encourages employees to acquire professional license for anti-money laundering and counter-terrorism financing and pass the relevant exam. The number of staffs with professional license for anti-money laundering and counter-terrorism financing or passed a relevant exam:

Item	Viewer count
Certified Anti-Money Laundering Specialist (CAMS)	237
Anti-money laundering and counter-terrorism financing exam for professionals	1,272

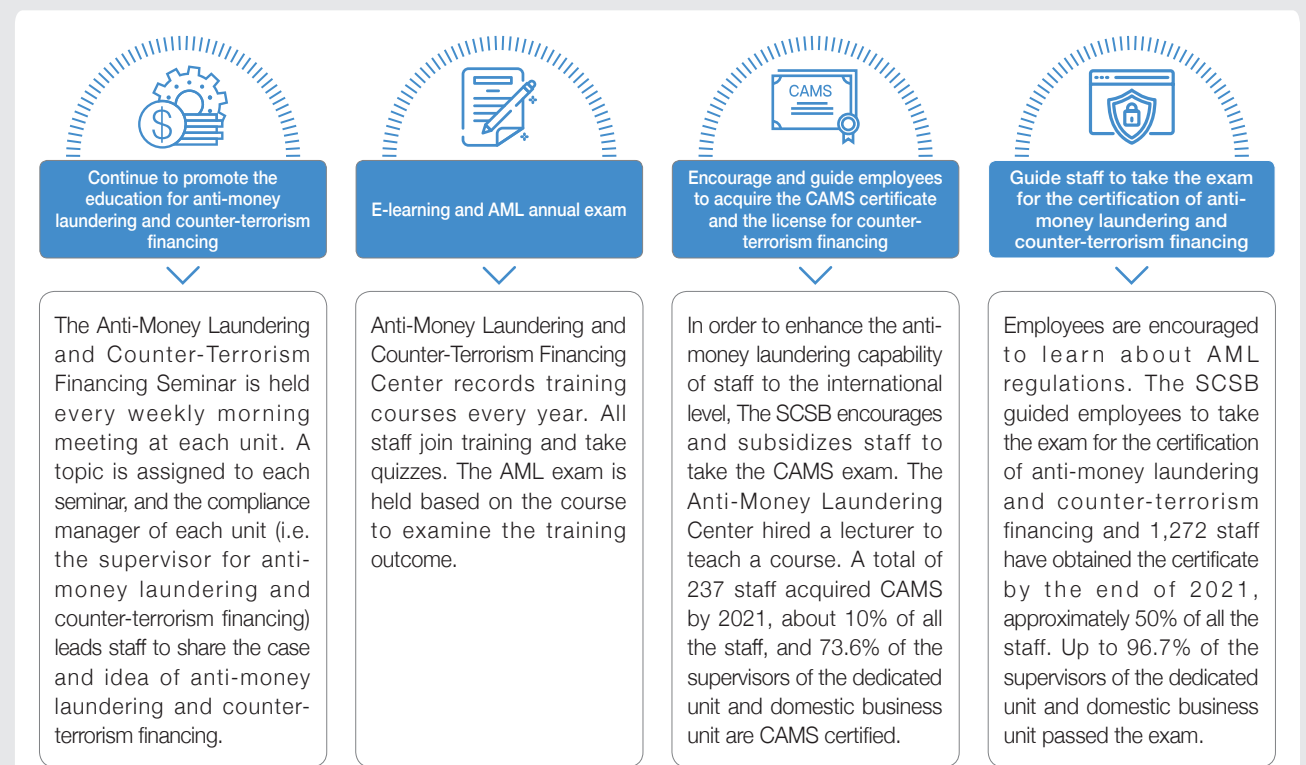
### Achievement of Anti-money laundering and counter-terrorism financing

Year	2019	2020	2021
The feedback for the results of the distribution and utilization of the financial information from the Ministry of Justice Investigation Bureau (calculated as the feedback date)	Uninvestigated	61	39
The distribution and utilization rate of the financial information from the Ministry of Justice Investigation Bureau (The SCSB)	20.24%	25.23%	29.91%

## Strengthening of the SCSB's cultural DNA of anti-money laundering and counter-terrorism financing

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The SCSB continues to promote the education training of anti-money laundering and counter-terrorism financing gradually. Besides courses for relevant staffs required by regulations, education training in anti-money laundering and counter-terrorism financing is provided to all staffs via all kinds of physical courses, E-learning, exams and sharing at meetings. The courses are updated regularly. External experts have been invited to deliver speeches at the SCSB's compliance quarterly meeting. Six hours of external training have been provided to compliance managers. We aim to gear our anti-money laundering and counter-terrorism financing policy to the latest international trend. These measures helped us create a culture of anti-money laundering and counter-terrorism financing and a significant outcome has been achieved:



## (III) Audit management policy

The risk-oriented audit system has been implemented since 2021. 74 domestic operating units, 4 overseas operating units, 33 management units and logistics support units, 1 overseas branch, 7 subsidiaries, 4 overseas offices, and 6 long-term invested overseas holding (paper) companies have been investigated throughout the year. The SCSB has performed all kinds of investigations for 129 units 190 times this year.

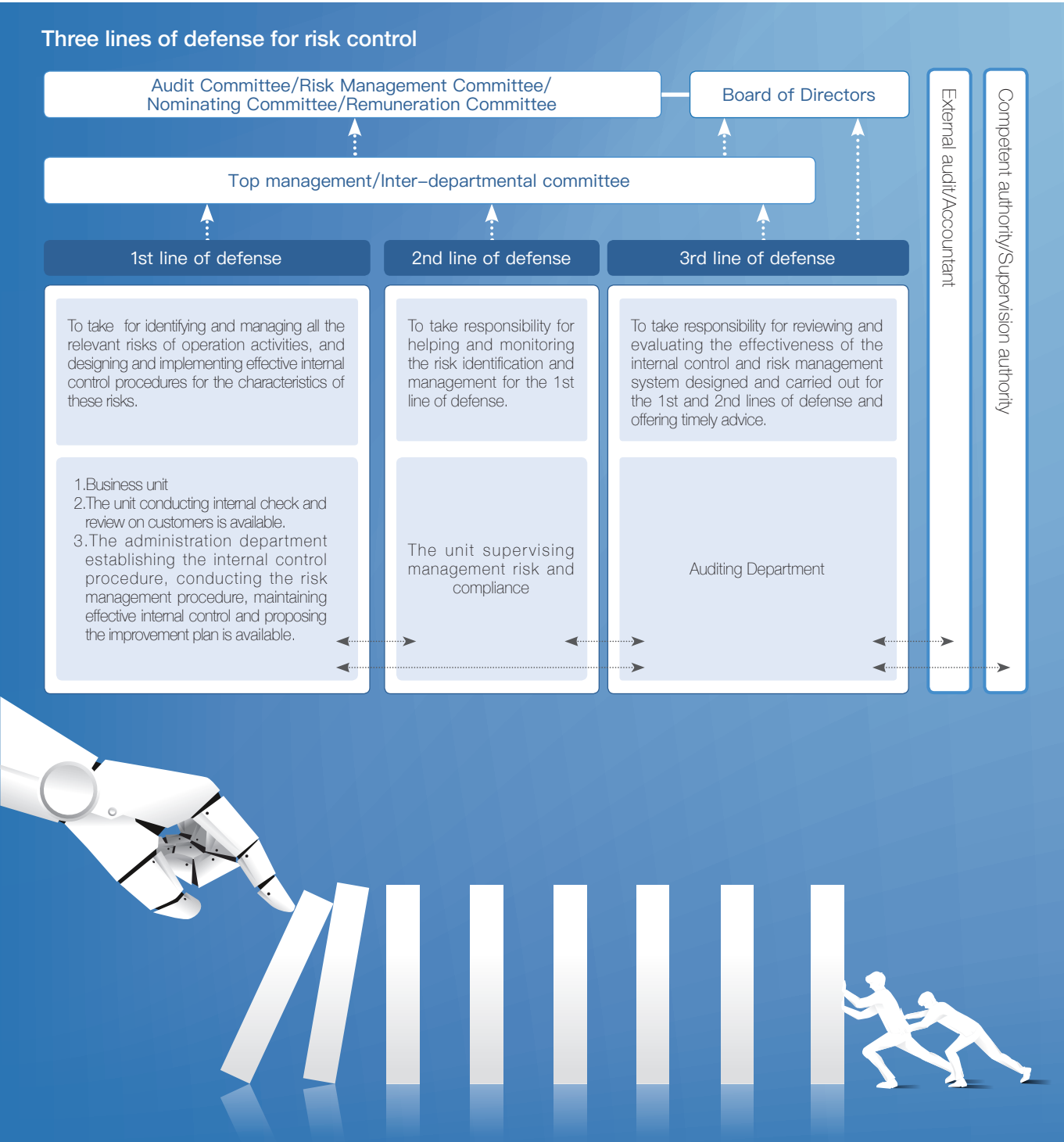
### Audit inspection system



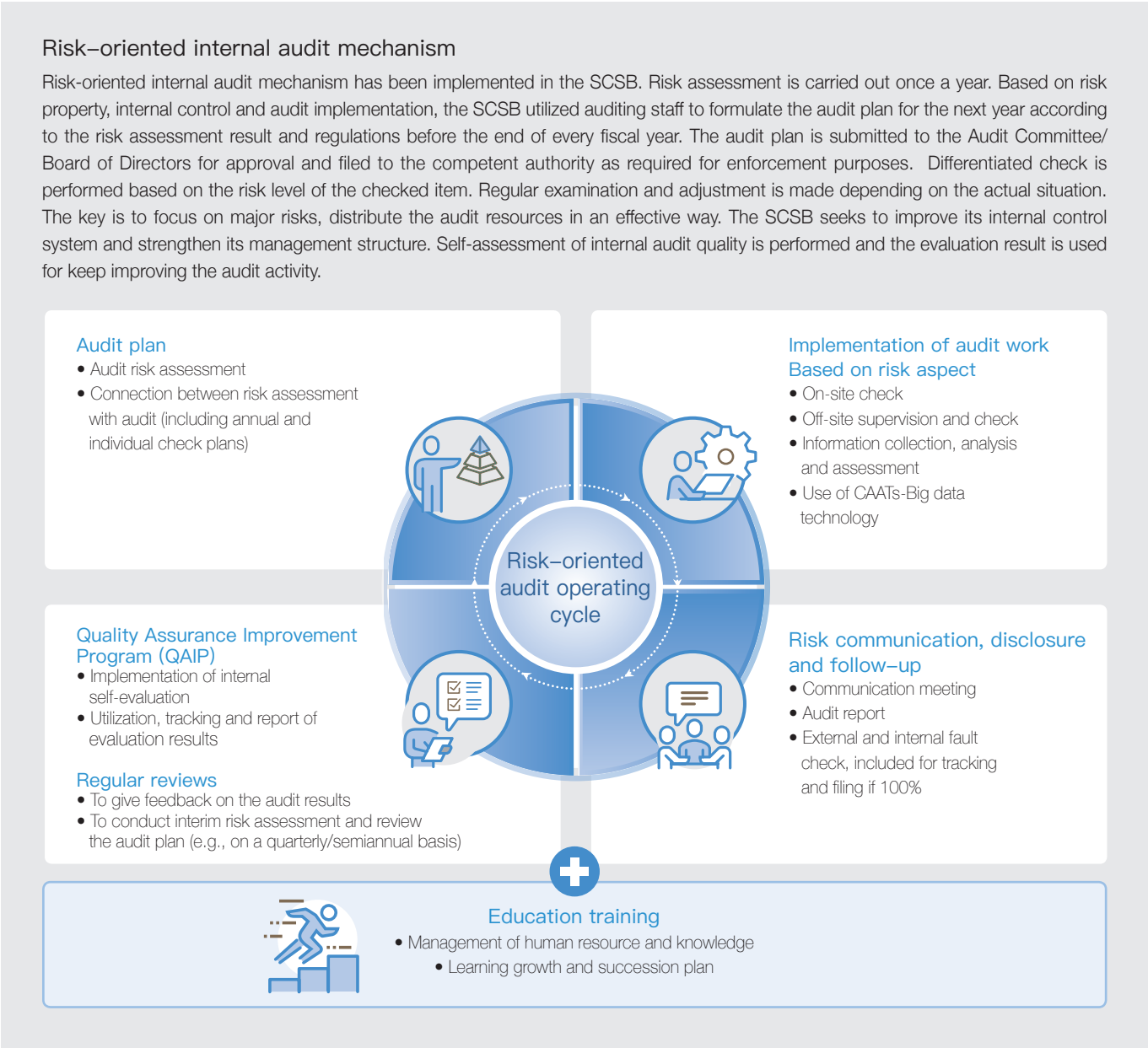
1.4 Risk management

(I) Risk Management

In the SCSB's risk management organizational structure, the Board of Directors is the highest management authority. All the directors must take at least six hours of risk courses a year to learn about risk management issues on anti-money laundering, anti-corruption and information security. The Risk Management Committee established under the Board of Directors is responsible for bank-wide risk management. The Risk Management Department established under the President is responsible for building a bank-wide risk management mechanism and independently performing its duties for bank-wide risk management. Every responsible unit shall appoint risk managers based on its size, significance and complexity to conduct risk management for the unit. In addition, the Loan Review Committee and Investment Review Committee established under the President are responsible for loan risk management and investment risk management respectively.



The internal audit, self-check, compliance and risk management mechanism have been established in the SCSB to maintain effective, proper operations of internal control system. The SCSB entrusts the accountant for check of internal control system every year. Risk-oriented internal audit mechanism has been implemented for now. The SCSB draws up and conducts the internal audit plan based on the risk assessment result. Risk-oriented internal audit mechanism is described below:



The SCSB has nine directors by 2021 and eight of them are non-executive directors. All of the nine directors took the courses below.

Course target	Course name	Total number of participants	Total hours of training
Non-executive director	Corporate governance forum – Trend and impact of risk-oriented anti-money laundering (three hours)	9	27 hours
	Corporate governance course – Information security and risk management of FinTech (three hours)	9	27 hours

Note: All of the SCSB non-executive directors took six hours of risk education training in 2021.



## (II) Risk Identification and Responses

A complete risk identification and response process has been set up. In addition to control on material risk items such as market, credit, country, operation, asset and liability, the SCSB continues to pay attention to emerging issues, including climate change and human rights, in all ESG aspects these years. The SCSB formulated the response, mitigating measures or supervision mechanism for handling the new risk. The occurrence of risk or impact on us will be minimized.

### New risk identification procedure:

#### Create a risk factor list via collection and research.

By referring to the study report released by the external institution and the CSR made by benchmark corporation in the industry, every year the Risk Management Department offers a risk factor list and new risk evaluation list to all relevant responsible units.

#### Impact assessment

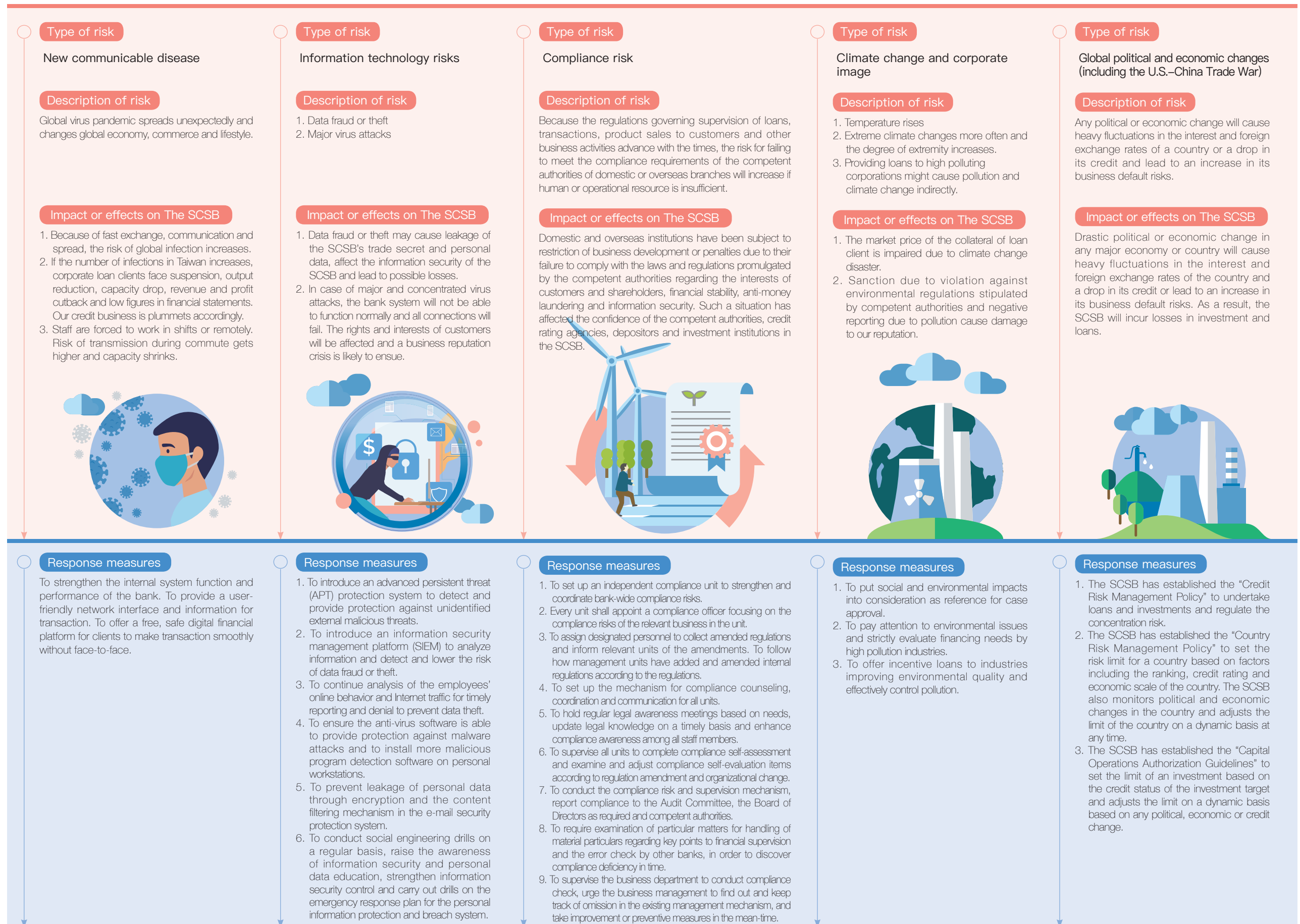
By referring to the risk factor list, all operation management units conduct qualitative or quantitative evaluation based on occurrence and impact to identify the new risk that must be taken notice of for operations and business.

#### Build the response, mitigating measures or supervision mechanism

Construct a response, mitigating measures or supervision mechanism and submit the new risk evaluation list to the Risk Management Department. After summarizing new risks of all operation management units, the Risk Management Department reported the risk to the Sustainable Development Committee and Risk Management Committee for review and submitted it to the Board of Directors for approval.

#### View the outcome and disclose open information

Continue to observe the impact of identified risk and the operation of mitigating measures. Disclose the results of risk identification and response in public information.



### (III) COVID-19 pandemic risk response

To respond to COVID-19 pandemic, the SCSB took a quick action based on the regulations for "Disaster Emergency Response" and formulated the "SOP for Epidemic Prevention Measures" to protect health and safety of employee and customer, and maintain the business continuity.



Our major epidemic prevention measures are as follows:

The President set up an emergency response team to monitor epidemic trends and discuss on countermeasures based on the epidemic impact on the SCSB. The countermeasures include purchase of epidemic prevention supplies and planning and implementation of arranging employees of domestic and overseas branches, operations departments, business departments and backend units to take turns to work from home

STOP 01

The SCSB offered epidemic prevention supplies including forehead thermometers, face masks, alcohol and automatic alcohol dispensers to all units. The total expenditure for pandemic prevention was about NT\$ 2.97 million in 2021



STOP 02

Perform crowd control and environmental sanitation



STOP 03

Hold video conferences during severe pandemic situation



STOP 04

Plan and prepare for pandemic prevention materials and check them regularly



STOP 05

Examine and maintain vacant branch dormitories in case they are needed for remote office



STOP 06

Overseas branches perform pandemic prevention management simultaneously and follow the emergency response plan stipulated by all branches



STOP 07

Install partitions at the counter and clerks wear goggles



STOP 08

A pandemic prevention officer has been assigned to organize and supervise all kinds of pandemic prevention measures



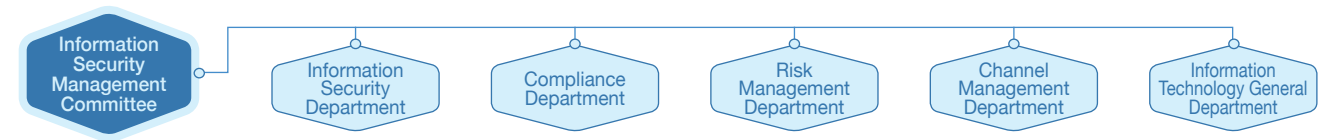
STOP 09

## 1.5 Information Security

Digital financing has become more and more common. The safety of personal data and information security have become the key issues that the financial industry has had to pay attention to recently. The SCSB knows the importance of the issue; thus, our information security management system has been certified for the ISO27001 Information Security Management System (ISMS). The SCSB established the information security targets and a cross-department Information Security Committee. The Committee convenes quarterly and manages affairs such as the information security policies, risk assessment, related event investigation and report, improvement measures and relevant regulations.

### (I) Structure and function of the Information Security Management Committee

Through the cross-department Information Security Committee, discussion and supervision have been conducted for material business, internal information security policy, and important information security issues regularly, planning for the practice of the information security control measures throughout the entire bank. Furthermore, the SCSB assigned the Chief Information Security Officer (CISO) to coordinate promotion of information security policy and integration of resource scheduling. The SCSB assigned our director to assume the office of information security counselor to assist in information security governance affairs and show the support to information security from the Board of Directors.



The functions of the Information Security Management Committee are as follow:



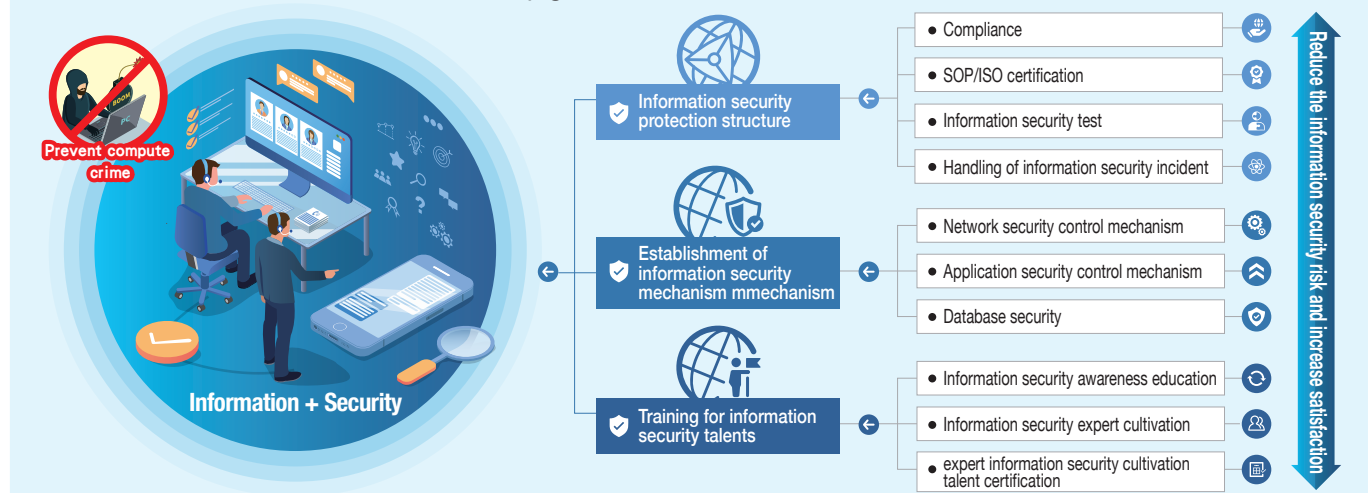
### (II) Keys to information security governance and implementation

To ensure our information security management, we strengthen information security awareness by and management of all our employees via information security protection, establishment of relevant mechanism and control mechanism and talent training.



• ISO 27001 certificate of SCSB

### Three backbones for information security governance





Our internal information security education training is subject to the Management Regulations for Information Security Education we formulated. Courses and training are planned for different types of staff, including new employees, regular employees and the staff of the Information Security Department. The information security education training plan of the year is submitted to the Information Security Committee by the Information Security Department. After approval, the plan is handed to the President for approval. It will be announced and put into practice by the President after approval. The outcome of education training is handed to the Information Security Department for evaluation of management outcome. In 2021, the SCSB organized three hours of basic information security training for new employees and four sessions of information security courses with three hours each for all employees. The courses cover the information security awareness, application and risk of emerging technology information security, social engineering and IoT information security. The SCSB provided 15 hours of training for the staff of Information Security Department, including internal and external seminars. Meanwhile, we perform social engineering drill for the employees and Board of Directors every year. We will assist the department that performs significantly below our expectation based on the result of the drill. We will perform the drill again to evaluate the effectiveness and to ensure the maintenance of information security.



Items of the drill for information security in 2021

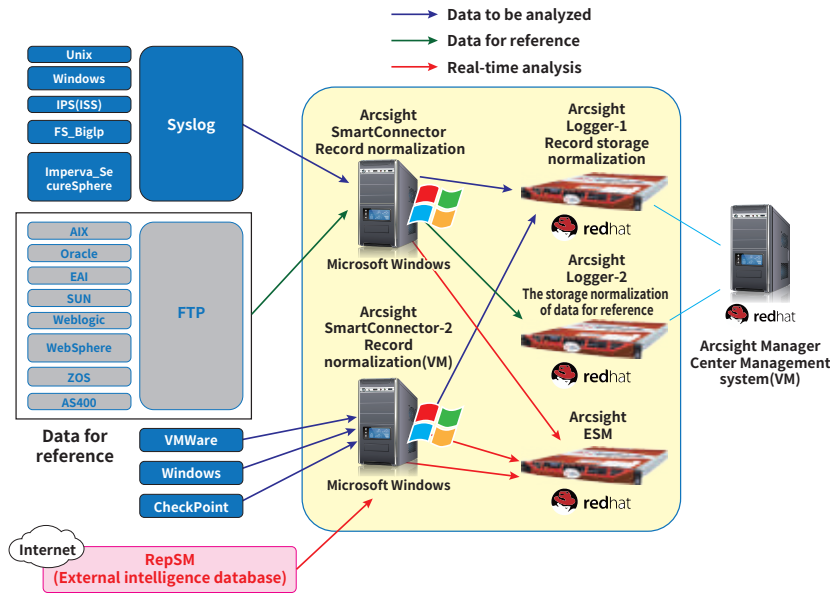
Three information security drills were held in 2021 to help all employees become familiar with response to information security incident and enhance their adaptability to changes.

DDoS drill	Penetration testing	Social engineering drill
October 2021	July to August 2021	September to November 2021
The test was about the situation that when the SCSB was under the DDoS attack, whether existing reporting and response processes for invasion can effectively reduce or mitigate hacking and reduce the scope of impact.	Simulated network penetration technology and invasion technology are used to test the vulnerability of external service website. Risk evaluation is performed for our existing security control mechanism and the protection capacity of operating environment, to ensure confidentiality, completeness and availability and maintain competitive advantages.	Through email social engineering drill tool and test email template, we forged a legal sender to send a test email to all employees to check their awareness of prevention of email social engineering attacks. Meanwhile, we carry out reinforcement of internal education training as the basis for enhanced further management.

Establishment of Security Incident Event Management (SIEM)

The SCSB aims to strengthen our capacity of log analysis, information security monitoring, and warning. In 2020, the SCSB extended ArcSight Log, the existing centralized retention equipment, purchased the Security Incident Event Management (SIEM) platform module, and extended and adjusted the system structure software license to establish our Security Incident Event Management (SIEM) platform. The purpose was to adapt with future needs of retention, analysis and monitoring of information security incident log.

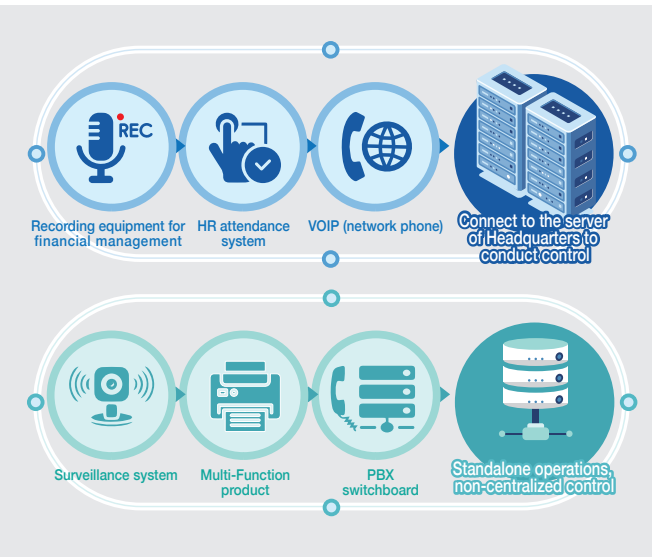
Besides this, to continue to reinforce information security for business needs, in 2021 the SCSB activated the establishment project of IoT equipment network segmentation. The targeted benefit is to meet the requirement for IoT physical segmentation specified by the competent authorities. The goal is also to use firewalls to separate the WAN in the branch based on the operating status. It would be convenient for identification and management, and beneficial to overall enhancement of information security protection for IoT equipment.



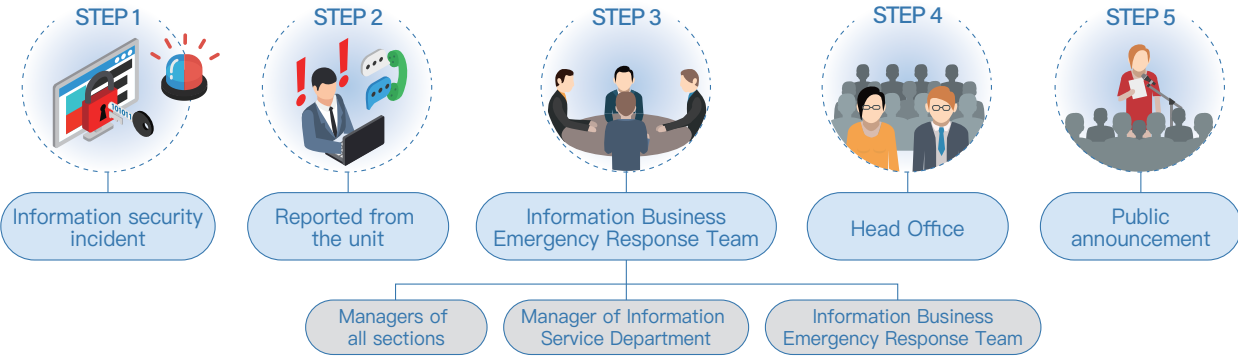
Reinforcement of information security control of IoT

In order to manage the IoT equipment used for the business operation, the SCSB continues to strengthen information security of IoT information system, raise the awareness of correct information security, improve the habit of information security, and avoid information security incidents such as sensitive data exposure.

The SCSB explicitly specified the Regulations Governing Information Security Incident to define the reporting process and response guidelines for information security incident. The SCSB is able to resume operation quickly and effectively according to systematic processing procedure and take required improvement measures. When an information security incident occurred, the manager of the Information Service Department, managers of all sections and the manager of Information Security Department formed the Information Business Emergency Response Team. This team is responsible for taking emergency response measures and activating the continuous operation plan of relevant business. Meanwhile, this team helps the Head Office prepare for the press release and explain to the public. In the past three years, no violation occurred in the SCSB. Such violation includes breach of information and network security and client information exposure, due to unauthorized acquisition, reading, use or disclosure of relevant data.



Reporting process for information security incident



(III) Establishment of a smart green engine room

In 2021, no financial loss occurred and no fine was imposed due to IT infrastructure. To further strengthen operating efficiency and security of our information hardware and follow the green trend of energy saving and carbon reduction in the meantime, the SCSB introduced the design concept of green engine room. The four themes are as follows:



## 1.6 Customer Relationship Management

With the service ideas of “always placing customers’ needs first” and “considerate, efficient and respectful” in mind, the SCSB focuses on customer-oriented innovative, convenient service and proactively improves service quality. Currently the SCSB established a “Client Relationship Management Team” in the Channel Management Department. It is responsible for integrating the feedback channels for clients’ messages, following up and analyzing consumer disputes and client complaints and reporting improvement measures to the senior management. The SCSB set up the Consumer Protection Commission to continue to improve our service quality.



- We have been the top 20% banks for the principle of fair customer treatment by FSC three years in a row. The President was honored by FSC on October 7, 2021.

### (I) Consumer service and protection

By adhering to FSC’s nine principles of fair customer treatment, the SCSB believes that we must start from the beginning for customer service. First of all, we must understand customer needs, achieve KYC (Know Your Customer) and KYP (Know Your Product), and examine and tailor financial planning for customers meticulously. We are committed to the idea of customer first and “Warm, easy and respectful” will be our best corporate image.

The SCSB stipulated the Consumer Protection Policy ([https://www.scsb.com.tw/newscsbweb/content/about/files/about04\\_1.pdf](https://www.scsb.com.tw/newscsbweb/content/about/files/about04_1.pdf)) and formulated the consumer protection policy based on the principle of fair customer treatment. The service provided, the transaction, and all kinds of standard form contracts and terms formulated, are based on fair and reasonable, equality and mutual benefit and ethical principles. In addition, the SCSB offers all kinds of customer opinion and appeal channels. Based on the rules for appeal protection principles, the SCSB set up dedicated departments and assigned adequate staff for customer appeal. The SCSB ensures that relevant staff adhere to the SOP, handle appeals by financial consumers properly and protect rights of financial consumers.

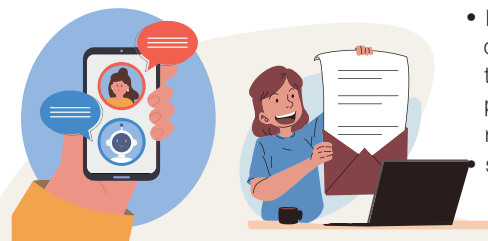


#### 1. Listen to the clients

The SCSB collects the clients’ opinions from diverse channels. We established the “Management Guidelines for Client’s Message” to set up relevant regulations for handling procedures, reply timeframe, client information confidentiality, follow-up audit and personnel training regarding the suggestions the clients brought up. The appeal channels for clients to bring up the event of consumer’s right include a 24/7 telephone line, email or hard copy (with the name) submission to the Bank. The procedures of appeal handling, investigation and appeal reply will be recorded and a handling schedule will be provided to make sure the effectiveness of the consumer dispute handling mechanism.

#### Smart customer services on the SCSB’s website

- Quick inquiry and relevant links and contents are provided here. The client can input the question he/she wants to inquire or search for relative topics through help.
- Text and voice bot query services are provided.



#### Feedback mailbox

- Designated personnel will collect the client’s opinions and try to handle it as soon as possible per the related regulations. [service@scsb.com.tw](mailto:service@scsb.com.tw)



#### 24-hour service hotline

- Designated personnel will collect the client’s opinions and try to handle it as soon as possible per the related regulations.
- (02) 2552-3111
- Free line: 0800-003-111



#### The SCSB’s LINE@ account

- Personal LINE account binding, announcement of latest news and discounts



On December 9, 2021, a fine of NT\$1.8 million was imposed for weaknesses in implementing insurance agency. Improvements:

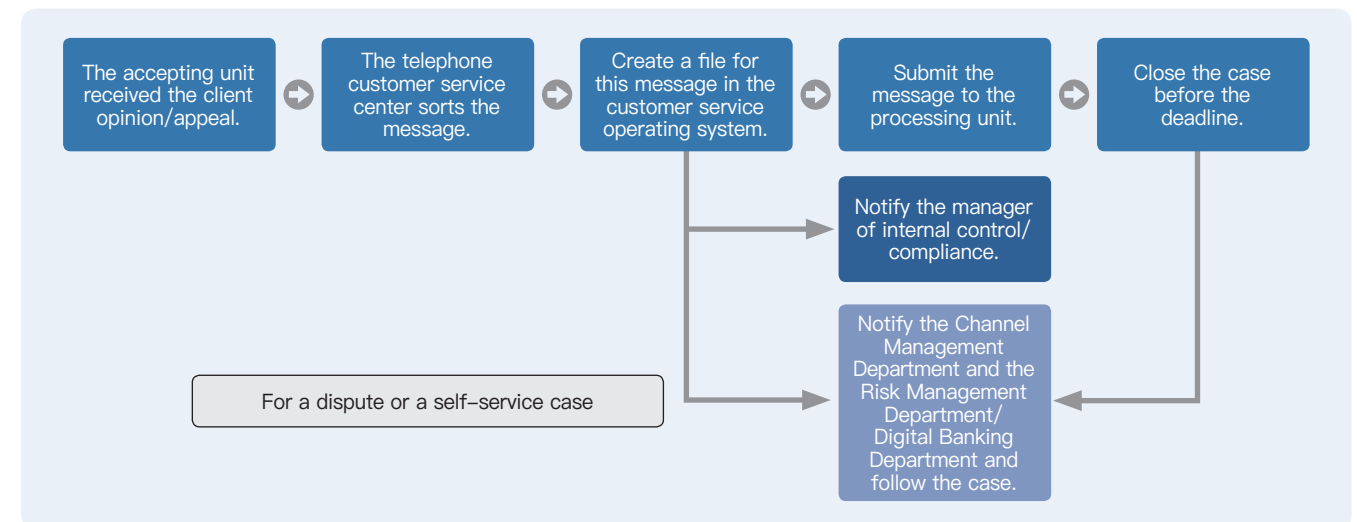
- To address the issue in operations where "after implementing the early termination of insurance policies and immediately enrolling in other insurance products, customers failed to explain their sources of premium in the sales personnel report", the pre-event, in-event, and post-event control mechanisms have been established for operations of this nature.
- For operations involving "inconsistent information of the applicant's income within a short period of time", the supervisor's review procedure has been added, the self-audit items have been defined, and a system check mechanism for the applicant's income has been added.
- Those with violations have been recorded for deduction of scores in their operating risk assessments.
- Enhanced measures to raise awareness of such weakness have been taken and project audits have been planned; these measures will be continued in 2022.

On March 17, 2022, a warning was issued regarding the weaknesses in the Hsinchu Branch's implementation of collection and delivery of payments outside the bank s, it disciplined by the FSC pursuant to Article 61-1 of the Banking Act. Improvements:

- The improvements on collection and delivery of payments outside the bank and custody of customer properties have been made.
- Related operating processes will be controlled through control systems.

### Customer opinion handling process

To enhance efficiency for transfer of customer complaint and case handling, the amendment to “Customer Information Management Guidelines” was reported to the Board of Directors in November 2021 to adjust the division of labor for the customer handling unit. The complaints from the FSC, Financial Ombudsman Institution, government agencies and other contact windows for accepting and reporting complaints are handled by the telephone customer service center instead.



#### 2. Improve the customer service

Over the hundred years of the SCSB's operation, the service DNA has been blended in our operation details. For example, we ask the new employees to take at least five hours of manner training. We established the “5 Heart to Heart Rules Manual in the Business Hall.” It establishes the key coping points for welcoming the guest, the waiting area, walk-in service, transaction and walking the client out respectively. Besides this, the SCSB wants to know how customers think about all kinds of businesses and services we provided, in order to take corrective and preventive measures for customer's advice and needs and enhance our ESG outcome. Compliance managers of all branches help the staff in each unit to conduct customer satisfaction survey based on the business type adequate for the subjects by counter, visit or mail. This year, the SCSB designed seven questions in the survey for deposit customers, financing customers, and corporate and individual financing customers. It distributed the survey to the 73 domestic business units (including OBU and the Business Department). About 1,864 surveys were collected, 26 from each business unit and the response rate was 100%. The overall average satisfaction rate was 97.8% and customer dissatisfaction rate was only 0.08%. The SCSB hired a third-party organization to carry out the mystery shopper survey. The survey gives us the idea of the client treating status of the branch, and improvement will be made based on the results. We hope we can always see the need of the client to provide the most considerate service. With the effort of all employees, the test score continues to become higher steadily. In 2021, the average satisfaction score for a mystery shopper survey at the branch is 3.96 higher than last year and satisfaction rate rises by 1.34%.

Satisfaction Measurement	Unit	Result in 2021	Target for 2021
Satisfied respondents	% of satisfied respondents out of total number of respondents to the survey	97.80%	90%
Data coverage: % of customers/consumers surveyed (both respondents and non-respondents) out of total number of customers/consumers, % of revenues, etc.	Percentage	100%	



(II) Mystery shoppers’ survey

The SCSB performed an implementation and satisfaction survey analysis to check service quality on 75 branches through on-site investigation and phone survey in 2021. By boosting service quality and coping ability of employee, our brand value continues to be strengthened and customer experience continues to be enhanced, maximizing customer satisfaction.



Highlights in the 2021 mystery shoppers survey (enumeration)

1. Highlight of the service
- (1) When the client asked if his child can open an account, Service Staff B said yes to show that he was listening. He asked how old the child is, offered the statutory agency agreement to the client and told him how to fill it out. He told the client that two unexpired and valid I.D.s of the parents are required. He reminded the client that the second I.D. should better be NHI Card because the driver's license will expire. The client must bring the child's NHI Card, household certificate and seal with him.
  - (2) When the client told the receptionist that he wants to know about financial management, the receptionist guided the client to the partition, knocked on the door and told the financial advisor that the client wants to know about financial management. The financial advisor was organizing the information (standing) and politely asked the client to sit down. He asked the client attentively, "How may I help you?" "Then, he pulled the chair to the side of the client and sat down."
  - (3) The financial advisor told the client that if he wants to invest in stocks and funds, the low point would be the China market, IT stocks and ASEAN for now. He shared his investment experience and suggested that he would prefer the Regular Saving Plan. He clearly explained the standards for subscription and custodian Fee based on the client's question. He was familiar with the market trend and analyzed and responded explicitly. He used the computer and written information to describe and introduce products and printed the information out for the client to take home for further reference.
  - (4) The client asked how to use the online bank to set the notice for reaching the desired foreign exchange rate. The service staff helped the client to download Chang Shang Yin App and guided the client to use it.
  - (5) The service staff waited for the client to download the App and introduced the interface and function of the App to the client by showing his own interface. He shows that, for an exchange and interest rate lookup, he can receive the notice for reaching the desired foreign exchange rate. He explained that route would be Home > More Options > Exchange Rate > Exchange Rate Notice. By using the notice for ZAR to NTD as an example, he showed the notice he set before to the client. He then explained that he set June 30 and he wouldn't receive any notice after a period of time but he can edit the date. His description was clear and detailed, he was familiar with the App function and he showed how professional he was for using the App.
2. To ensure that people with disabilities can receive basic, fair, rational, convenient financial services, the Bank fulfilled the corporate social responsibility by providing friendly financial services to people with disabilities. In addition, adequate friendly service measures and friendly environment was offered to different types of people with disabilities. The scope includes environment, communication, service, product, information, review and statistics. The execution of friendly financial service measures are updated on the official website regularly. ([https://www.scsb.com.tw/content/news/news\\_101019.jsp](https://www.scsb.com.tw/content/news/news_101019.jsp))

Item	Execution	Others
Environmental	<ul style="list-style-type: none"><li>Accessible facilities</li><li>The service bell is installed. Guidance facilities in the lobby and security guards are available to help people to enter and exit the building.</li></ul>	The list of Accessible facilities available at all branches are posted on the SCSB's website. (URL: <a href="https://www.scsb.com.tw/content/about/about05_a.jsp">https://www.scsb.com.tw/content/about/about05_a.jsp</a> )
Communication	<ul style="list-style-type: none"><li>Help people with disabilities with account opening, deposit and withdrawal.</li><li>We can visit the people with disabilities and people who cannot go out to provide counseling and property trust contract service.</li><li>The text customer service passed the test provided by the Taipei Parents' Association For The Visually Impaired and will acquire Level A for the accessibility certification mark.</li></ul>	
Service	<ul style="list-style-type: none"><li>Provide home pick up service and at-home identity verification service for personal loans.</li><li>Application approval notice to clients with hearing disabilities can be sent by text or email, depending on the client's needs.</li></ul>	
Service	<ul style="list-style-type: none"><li>Accessible ATM service</li><li>Credit card opening, loss reporting and notice</li><li>Automated service fee discount for people with disabilities</li></ul>	Accessible ATM location lookup: The accessible ATM lookup service in the Accessible section on the website of the Bankers Association of the Republic of China (Web: <a href="https://www.scsb.com.tw/content/about/files/about05_a/about05_a_accessibility.pdf">https://www.scsb.com.tw/content/about/files/about05_a/about05_a_accessibility.pdf</a> )
Information	<ul style="list-style-type: none"><li>The accessible online bank provides a friendly interface with Level A Accessibility throughout the website.</li><li>The Accessible "Chang Shang Yin" App provides a friendly version for visual impairment services.</li></ul>	
Rights protection	<ul style="list-style-type: none"><li>The "Customer Feedback Form" is available at the branches and offices.</li><li>The "Feedback Mailbox" is available on the website.</li><li>24-hour service line provided by the Customer Service Center</li></ul>	

3. 2021 customer satisfaction feedback

Yuan Lin Branch

Mr. Huang (born in 1936) was on a wheelchair. He wanted to look up the account details. He was accompanied by the foreign caretaker to the branch for bankbook update. However, the foreign caretaker couldn't communicate well. The security guard understood the problem and immediately guided the foreign caretaker to the ATM through the accessible ramp. The foreign caretaker led Mr. Huang to the ATM for bankbook update. Mr. Huang had a question about the details in the bankbook. The security guard notified the chief to explain the account details to him and answered his questions about securities settlement. The security guard and chief helped the foreign caretaker to push the wheelchair on the disabled ramp.

Mr. Huang appreciated the quick assistance from the chief and security guard of the branch and was satisfied with the access facilities and service environment provided by the Bank.

Tunpei Branch

Mrs. Hsu (1942) was accompanied by her daughter to the branch for a password re-set of the chip ATM card and interbank withdrawal. Mrs. Hsu was old and walked with a crutch. Mr. Hsu Sheng X, the Corporate Banking ARM of the branch, saw her in the lobby, supported her with his hand and helped her to sit on the bank staff's chair immediately. He then helped her daughter to push the chair to the service desk for her to deal with her business conveniently. After Mrs. Hsu was done with her business, the Corporate Banking ARM and Ms. Hsu X Huang, the Deposit RM, called for a taxi, supported Mrs. Hsu to sit in the taxi and helped them leave.

Mrs. Hsu really appreciated the help of the staff in the branch.

Dali Branch

Mr. Chung is a person with disabilities. His older brother wanted to apply for a waiver of the automated service fee for people with disabilities. Therefore, he called the telephone customer service center to see if he could submit the application on behalf of Mr. Chung. The branch called and found out that Mr. Chung is a person with severe disabilities. He's visually impaired and physically challenged. He cannot submit the application online because he doesn't have the Citizen Digital Certificate IC Card. Mr. Chung is conscious and has no problem with communication. The branch was sympathetic to Mr. Chung and decided to take service-oriented action. Deposit RM Ms. Wang X Chieh and Financial Management Ms. Chen X Ling visited Mr. Chung's place for him to sign the application and complete the identity verification service.

Mr. Chung and his older brother really appreciated the quick response and assistance in completing the service.

4. Appreciation from the client in 2021



Ms. Zheng

The telephone customer service staff is busy at work every minute. It was so nice that Ms. Lin resolved the problem perfectly with patience and my family can receive the credit card verification gift smoothly. Me and my family got to know more about binding the Taiwan Mobile App to the Quintuple Stimulus Voucher. Ms. Lin was very patient. She tried hard to look up the information for use of the Quintuple Stimulus Voucher and progress of the credit card verification gift. Later on, she called us back enthusiastically. Lots of thanks to her! I hope that such a good talent like her in Taiwan must not be overlooked! Go! Thank you!



Mr. Tsai

I want to thank Ms. Lin (specialist) from the Digital Banking Department. She was attentive and professional even when receiving a client who had problems with conversation and didn't give him a hard time. Even though the reason for the re-set was a bit funny, still I appreciate your service.



Ms. Chen

I visited your branch a few days ago and two staff members were very nice. I wrote this letter because I want to praise them and hope that the good work of these two staffs can encourage others to become enthusiastic to serve customers. Ms. Lin, one of the staffs, helped me with credit card opening. Another guy seems experienced and he was quite neat and professional.



Mr. Liu

Staffs of the Northern Hsinchu Branch were well trained. I hope that they can keep the spirit up.

Quintuple Stimulus Voucher redemption service – column

COLUMN

The Quintuple Stimulus Voucher was released by the MOEA. To help the business operator redeem the Voucher, the SCSB spared no effort in planning relevant operations and preparing for redemption.

For anti-counterfeiting, the SCSB asked the vendor to upgrade and calibrate the counterfeit detector before the first day of redemption to ensure accuracy and safety of redemption. In the meantime, the redemption system was deployed and tested before launching to ensure smooth redemption. Furthermore, to make sure that business operators redeem the Voucher smoothly at any of our business locations, internal education training and redemption drills were held to help the responsible staff become familiar with redemption. Information on the Voucher was summarized on the Quintuple Stimulus Voucher Column on our website for clients to look up information quickly.

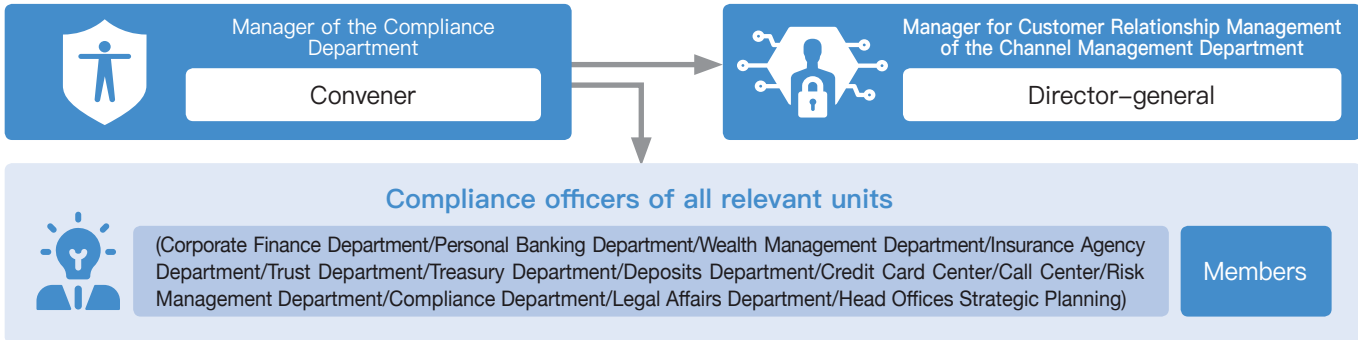
To provide a comprehensive service during redemption, when helping the business operator redeem the Voucher by counter, the responsible staff helped the business operator check the Voucher and reminded, guided him to fill out the back of the Voucher and redemption form. In addition, the Bank provides the redemption service for people to pay tuition and fees and medical registration fees using the Quintuple Stimulus Voucher. The business unit followed the SOP for the Quintuple Stimulus Voucher redemption formulated by the Bank of Taiwan. The redeemed Vouchers were sorted, arranged, paid and delivered to the branch designated for re-checking. The settlement billing of Vouchers was verified precisely.



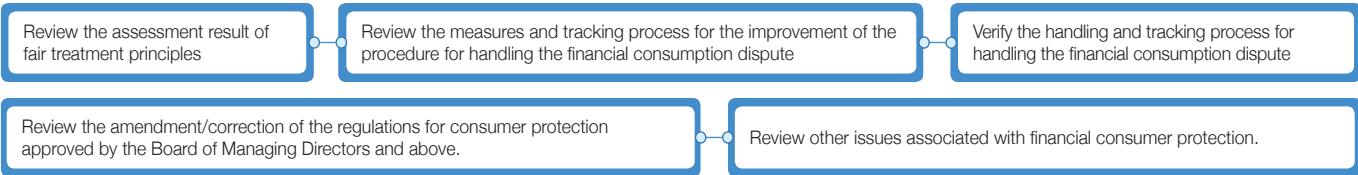
5. Consumer protection is realized

The inter-departmental Consumer Protection Committee has been established to fulfill the principle of fair customer treatment and handle and track the dispute over financial products.

Composition of the Consumer Protection Committee



Functions



In addition, before the launch and sale of any financial management products, the compliance officer and the compliance department in the SCSB will review the product to see if it complies with the related laws and legislations. A product review team will be formed for specific products and the headquarters as well as the representative of business management department will assess and review the content, legality and risk attribution of the product. The product can only be launched for sale after its review is approved. The product review mechanism is for the protection of the investors' rights. The mechanism serves a medium for the SCSB to realize the corporate social responsibility. When a client desires to purchase a financial product, he/she needs to finish the KYC (Know Your Customer) survey. The purpose is for the Bank to assess the risk tolerance of the client before providing relative financial services. The sales control mechanism regulates the salesperson to recommend the suitable product (KYP, Know your product) to the client based on his/her investment attributes. The trading system of online bank platform and branch verifies whether or not the product risk capacity is suitable for the client. The mechanism will help realize the goodness of fit review of the product. The salesperson is responsible for carefully helping the client assess the investment and financial management products to be purchased. These will help the client not to exceed the investment risk he/she can tolerate. To fully know the client and provide the financial management service that fits the client's need, the SCSB established a control mechanism for the after sales service. We will regularly and occasionally review the client's investment status to secure the client's investment assets.

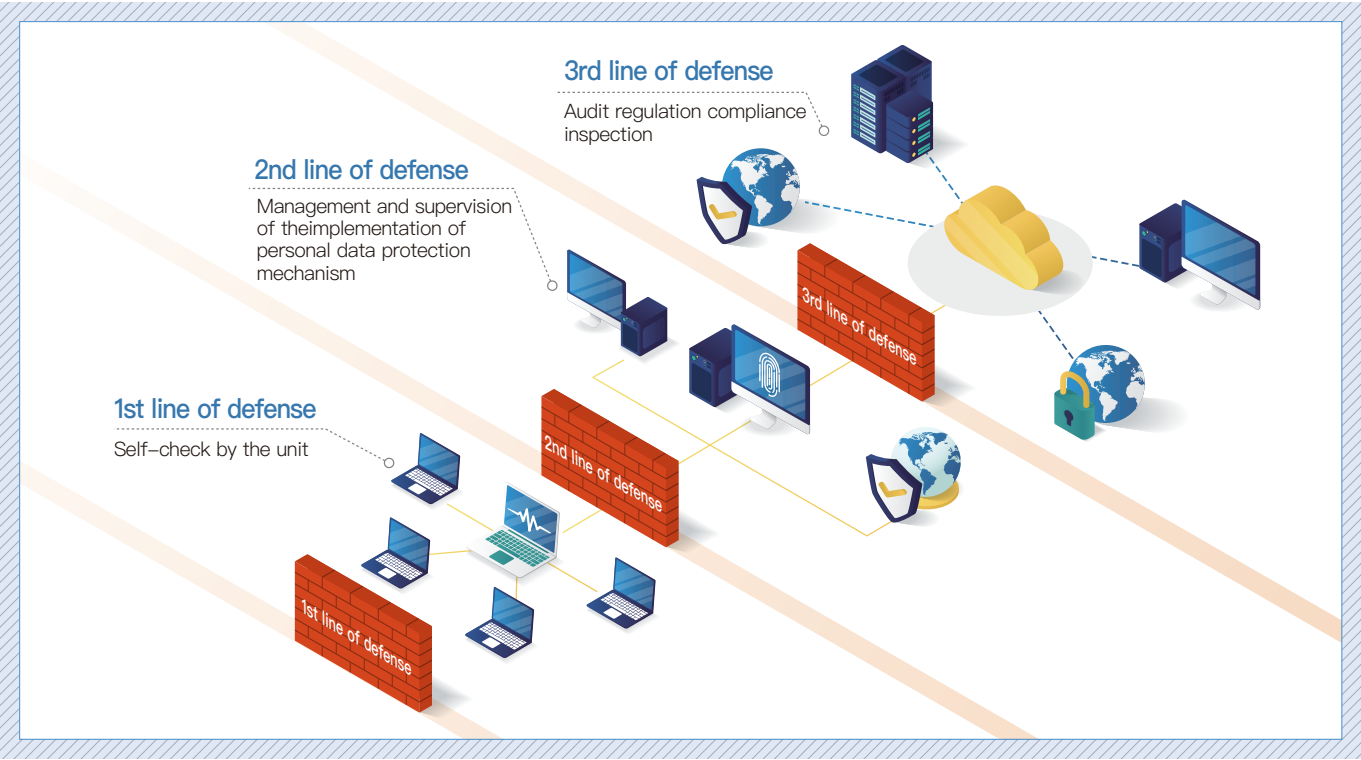




1.7 Privacy Information Protection

Personal data protection policy and measures

The SCSB Group Personal Data Protection Policy has been drawn up to set up the basic management structure of personal data protection system in the SCSB and its subsidiary. The Policy also guarantees the rights of the owner of personal information. In addition, The SCSB formulated the SCSB Information Management Policy and relevant management guidelines based on the Personal Data Protection Act. The SCSB and its suppliers must comply with the Policy to realize and reinforce personal data protection. Our personal data protection system was certified for Personal Information Management System (PIMS) in 2016. The SCSB set up the Personal Data Protection Team. Via risk evaluation, security regulations, system management, process improvement and education training, the SCSB continues to conduct Plan-Do-Check-Act (PDCA Cycle) to strengthen and protect client's personal data obtained during the personal data life cycle. Meanwhile, the SCSB adopted the three lines of defense of the international management Best-Practice to guarantee client privacy through systematic group risk management procedure. Collection, handling and use of personal data at the SCSB complies with the Personal Data Protection Act.



- 1st line of defense:** All units shall execute the internal control procedure effectively for daily work associated with personal data protection. They shall implement self-check and correct and improve the defects during self-check immediately.
- 2nd line of defense:** Be responsible for setting up the personal data protection mechanism and evaluating the effectiveness of implementation. Regularly report the outcome for implementation of personal data protection mechanism to the Board of Directors or top management.
- 3rd line of defense:** The audit unit is in charge of checking the compliance to and implementation of our internal regulations and internal control system every year. Client privacy is listed as one of the essential check items. Defects during checking will be rechecked and improvement must be guaranteed.

In 2021, the SCSB continues to perform the Compliance Risk Assessment (CRA). The issue Personal Data Protection was listed for the self-evaluation of compliance risk. All domestic units conduct self-evaluation of compliance risk. The unit graded as high risk shall propose an improvement plan and make improvements accordingly. In 2021, the result of self-evaluation of CRA "Personal Information Protection" didn't indicate any high risk unit. The result of compliance risk assessment performed by the compliance department for each unit subject to self-evaluation didn't show any high risk unit, either.

To avoid client data leakage and enhance response capacity to personal data infringement, the Regulations Governing Reporting and Handling of Personal Information Security Incident has been formulated. For any personal data security incident, the compliance manager of unit shall report to the unit manager as soon as possible, determine the incident level initially and report to the Personal Information Protection Management Team instantly. The compliance manager of unit properly handles the personal data safety incident, protects client's rights at all costs, negotiates with the client on compensation and other necessary issues to be handled. The security incident review meeting will be held later on. Managers of relevant units will attend the meeting to formulate corrective and preventive action. Staff involved in the incident are subject to punishment according to internal regulations.

Reporting level of incidents on all levels

Incident level	Rules for judgment	Serious level	Reporting level
Level 1 incident	<ul style="list-style-type: none"><li>Occurred to at least 10clients a day.</li><li>Over 100 personal data entries leaked in one incident.</li><li>Media attention or coverage, the client filed a litigation or the law enforcement authority requested for investigation, normal operation or the rights of lots of subjects is endangered.</li></ul>	Hight	Personal information protection management team and Auditing department.
Level 2 incident	<ul style="list-style-type: none"><li>Personal data security incidents other than the Level 1 incident</li></ul>	Low	Personal information protection management team

We follow the "Standards Governing the Security of Personal Data Files for the Designated Non-government Agency" established by the Financial Supervisory Commission R.O.C. to establish relative internal regulations for the personal file security maintenance and to regulate the disposal of personal file after the business is over. To prevent personal information from being accessed inappropriately, control measures have been established for the regulations and systems of related operations. These will effectively secure the personal information, protect the client's right of personal information security, and maintain the information security and privacy.

The SCSB pays great attention to security of personal data protection. Since 2017, we have been adhering to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The CPA conducted the on-site investigation on the design and implementation of our personal data management system. Results are submitted to the FSC for verification. The executive report issued by the CPA in 2021 indicated no material abnormality to personal data protection. Advice on some of the operating procedures were stated in the report.

Customer rights notification

To respect the client's rights of personal data use, the SCSB observes the Personal Data Protection Act to inform the client of the purpose, type, interval, region, subject and way of personal data use. The SCSB also tells the client his rights and ways to exercise his rights according to Article 3 of the Personal Data Protection Act. The SCSB also notifies him how would his rights be impacted if he did not provide personal information while he can decide whether or not provide his personal information.

On our website, the SCSB's Notification for the Contents of the Obligation to Inform the Practice based on Article 8, Paragraph 1 of the Personal Data Protection Act stated the following:

- The type of personal data collected
- The purpose and use of personal data collected
- Our retention period of collected personal data based on regulations and purpose of business
- The subject and situation of use of personal data by third party

The SCSB notified the client that he has the right to opt-in, right to opt-out, demand access to the data we preserved, demand for correction, request for deletion, termination the handling or use of data.

In addition, to help the client learn more about our personal data protection measures, the SCSB set up the Personal Data Protection Mechanism Q&A on our website. In an easy, understandable Q&A, the client can easily and quickly understand our mechanism for personal data protection management.

Our secondary use of client's personal data means that our partner calls clients for telemarketing according to relevant regulations such as the Personal Data Protection Act. We called approximately 6.27% of the natural person clients and corporate clients for telemarketing out of all the clients. Internal regulations have been specified for the aforementioned operation, which is conducted complying with the following principle:

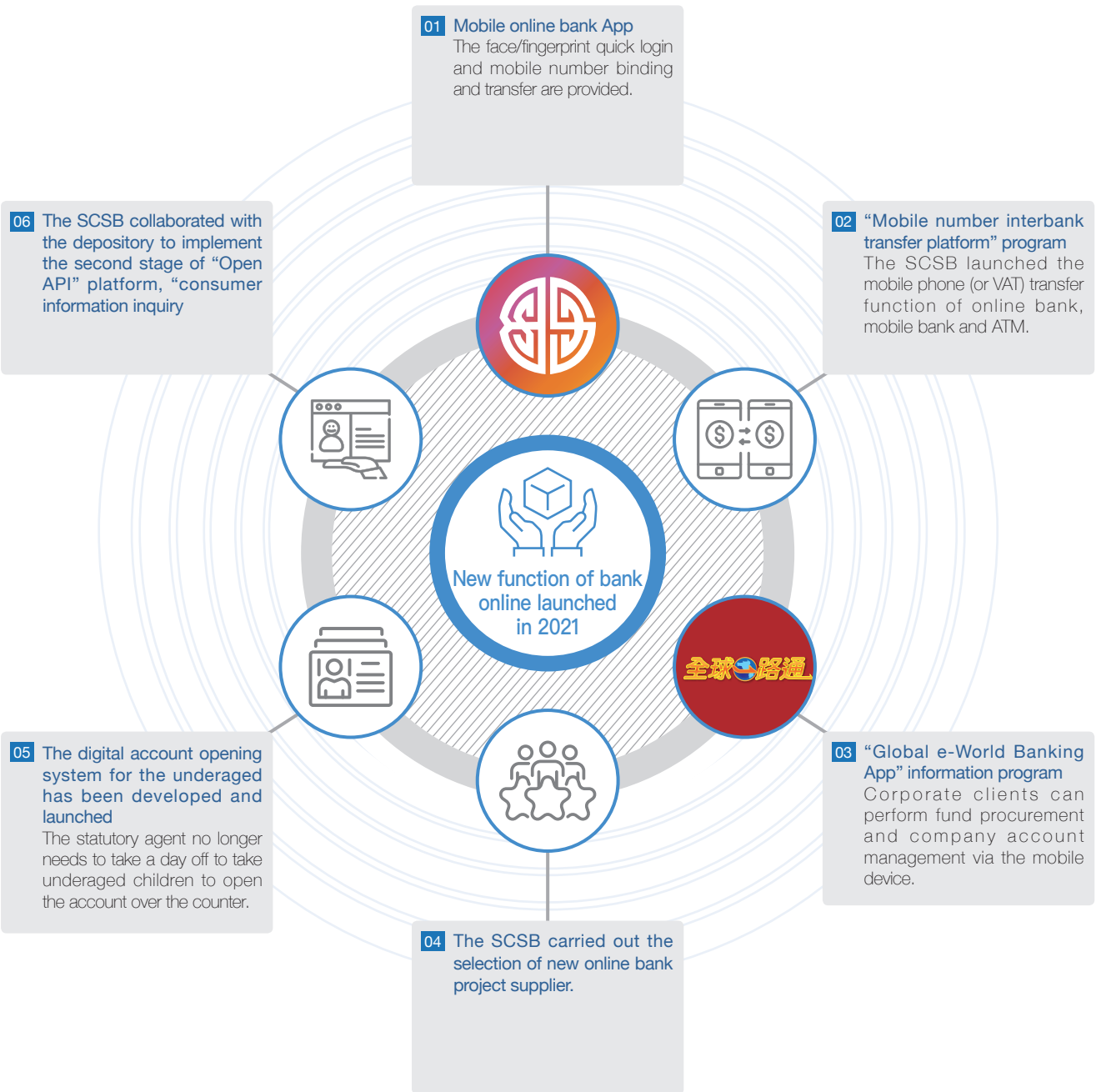
- (1) Agreement in writing or permission by the client
- (2) Evaluate confidentiality capacity of client data of our partner deliberately before building a relationship for cross-selling with our partner.
- (3) Transfer client's data to partners encrypted and only the authorized person may handle the data for business purposes.
- (4) Check on our partner regularly/periodically and examine whether or not their operation complies with the regulations.

## 1.8 Digital banking and Service Innovation

To promote the financial digitalization construction, the SCSB reinforces the infrastructure by setting up a new core system, expanding software and hardware equipment, upgrading the online bank and mobile bank. Next, the SCSB accelerates business digitalization. Besides transaction and service function of online and mobile bank, diverse digital banking services are also provided, such as online credit card application, online credit loan, online housing value calculation, micro enterprise e-loans, online insurance application and smart financing planning. Third, the customer experience is optimized. Smart branches are set up in northern, central and southern Taiwan. The latest finance technology is used to build more smart branches, fully introduce the AI reinforced smart customer service platform and collaborate with third-party service providers (TSP). The SCSB became stationed in FinTechSpace and participated in the digital banking sandbox and the Innovation Lab program. Meanwhile, the SCSB collaborates with the college finance technology center to strengthen academe-industry collaboration.

To adapt to client's digital service needs, the SCSB continues to optimize various digital service systems. Digital penetration rate increase gradually to accelerate digital transformation, optimize customer experience and enhance digital transaction.

### The SCSB Digital products



The SCSB made arrangements for startups to interact with the relevant business department in the Bank via FinTechSpace and accelerator to find business collaboration opportunities. Through business collaboration, we find out the advantage of the product and pick companies with vision and marketability and make strategic investments to increase closeness of business collaboration.

To further use the social media for business promotion and marketing, the SCSB's LINE account launched the personal binding and credit card payment notice in February 2021. The ATM transaction notice and credit card payment reminder will be provided later on. The SCSB will provide all kinds of notices to increase loyalty to the SCSB's social media fan page and extend the banking service to the social media customers use daily.



- Looking into 2022: The key to development is to continue to develop the finance ecosphere and achieve the development from five goals:
1. Optimization of digital banking products: The SCSB provide convenient functions and services for online bank, mobile online bank App, e-World Banking, digital account and various digital banking products, such as resetting WEB online bank, launching e-World Banking App, to increase customer adhesion.
  2. Strengthen digital penetration: In the trend of finance technology transformation, people get to know more about digital banking. More people began to use the financial service via digital channel. The SCSB will provide complete services to users in different customer groups, age groups or regions.
  3. Build the Financial scene: The financial scene service is provided to different age and customer groups depending on their needs, such as online shopping and housing rental for young people. The SCSB finds the scenes that appear frequently in daily life, organizes the most suitable modes and optimizes the user experience to build a one-stop financial service.
  4. Build the digital technology innovation center: A digital banking section will be built on the eighth floor of NeiHu Technology Park Branch in Taipei. The SCSB collaborates with startups in this section to develop all kinds of programs and launch innovative services together.
  5. Operation of Cloud Bank: The SCSB continues to operate Facebook fan page and Line account and promotes Cloud Banking via marketing programs. The SCSB develops more functions and services on various digital channels. Meanwhile, it optimizes UI/UX of all digital channels, enhances the experience of mobile device clients and expands the brand influence of the Bank.

### Development goal of digital banking

KPI index	Mid and long-term goal orientation
• EBT in budget achieving rate is 133.92%.	• Promote digital branches and optimize mobile and online banks to increase the digital penetration rate to 60% and above.
• The number of effective global users of I Lu Tung is 100.80%.	• With technological development, the text customer service, smart service and improvement of automate RPA are provided to increase the percentage of automated transaction to 90%.
• The number of effective online bank users is 98.79%.	• The number of digital accounts ranked the top 10 in the financial industry. The lightweight Cloud Bank APP is used to attract young users.
• The achievement rate of the number of effective mobile bank users is 104.61%.	• Based on customer experience orientation, the SCSB rebuilt the web version of corporate online bank to provide a safe, stable and convenient digital banking service system.
• The achievement rate of the budget for the new digital account users is 119.91%.	
• The achievement rate of the budget for the number of online bank transfers is 113.94%.	
• The achievement rate of the budget for the number of mobile bank transfers is 117.24%.	
• The achievement rate of the budget for new Taiwan Pay specialized stores is 97.61%.	
• The achievement rate of the budget for Taiwan Pay acquirer is 205.41%.	
• The achievement rate of the budget for Taiwan Pay binding is 106.84%.	
• The achievement rate of the budget for the number of transactions via Taiwan Pay is 150.87%.	





## Chapter 2 Environment – Always Sustainable

**SCSB** SUSTAINABILITY REPORT 2021



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## CHAPTER 2

## Environment — Always sustainable

While global warming and climate change impact gradually elevate among nations, more importance has been attached to issues such as environmental protection and sustainable development. The SCSB expected to elaborate the influence of financial industry, strive to develop green, sustainable products and services, assist in transformation of low-carbon economy in Taiwan and aim for net zero emissions. As for its own operation, the SCSB actively works on energy saving and carbon reduction. Besides promoting all kinds of paperless services, the green building design will be introduced to the new building of Headquarters, to strive for setting up an example in green sustainability gradually. Meanwhile, to correspond to climate change impact, the disclosure structure of TCFD was introduced by the SCSB in 2019 for the first time. We introduced scenarios to assess risk and opportunities and formulate effective management measures, to increase resilience to correspond with climate change. In 2021, the SCSB did not have any violation of relevant laws and regulations on environmental protection.

## Materials GRI topic



## Corresponding SDG



## Correspondence to material issues

Climate Action

## Stakeholder prioritized for reading

Supplier, Government and competent authorities, Shareholders/Investors, Employees/Associations, Communities/Schools and Non-Profit Organizations

## 2.1 Sustainable Banking

The SCSB works hard to carry out the idea of sustainable banking and fulfill the corporate social responsibility. After the government implemented the 5 + 2 Industrial Innovation Plan, the SCSB came up with products and services based on the green finance aspect in line with government policy. The SCSB supports development of all types of industries, including solar industry, green technology industry, key startup industry and creative industry in broad scale. In 2020, the FSC promoted the Green Finance Action Plan 2.0, hoping to raise the attention of corporations and investors on environmental, social and corporate governance (ESG) issues via the financial mechanism. The SCSB complies with this policy to develop and plan for green finance, expand and strengthen the foundation of sustainable finance required for sustainable development in the industry. For the investment, the SCSB established the "Due Diligence Guidelines for Institutional Investors." We give full consideration to the environment and society of the investment objective, the corporate governance and the ESG corporate sustainable development factor. We increase the external investment value and stability and see the long-term benefit of corporate sustainability as our goal. Considering that wealth management clients have learned more about sustainable finance when handling asset allocation. The SCSB offers relevant fund products as new investment options for clients.



## Due Diligence Guidelines for Institutional Investors



## (I) Sustainable credit and loan

The key points of strategy for the SCSB's credit extension business include that we abide by economic development and government finance policies while ensuring security, liquidity, growth, profitability and public welfare of our business principles. We are committed to following regulations and Equator Principles to diligently evaluate whether or not loan borrowers have achieved environmental protection, conducted corporate ethical management and fulfilled social responsibility.

## ✓ Credit extension for corporations

To echo with the SCSB's strategy blueprint of sustainable development and fulfill the Bank's social responsibility, when the SCSB handles credit for corporations, the business unit must consider (KYC) over risk factors such as environmental protection, social responsibility and corporate governance (ESG) of the corporation requesting for loans. Due diligence must be carried out for negative information impacting sustainability. Facts must be disclosed in detail and follow-up improvement must be organized for the negative information. Possible impacts are evaluated and integrated into the review process for approval of loan application. If the main business item or behavior of the client is a kind of high risk factor, no loan must be granted to such client. The granted loan shall be called in gradually. Besides, the SCSB added the post loan review tracking terms to the credit loan in 2021. The SCSB keeps tracking the status of creditors, checks from time to time whether the loan client fulfilled environmental protection, corporate ethical management and social responsibility. If the loan client might affect social sustainable development, the SCSB shall find out the improvement plan of the loan client.



Diagram for integration of the process  
for corporate finance credit with ESG**1 Business dealings**

- Before business dealings, explain to clients that ESG factors will be put into consideration for credit granting.

**2 Credit review**

- Review of environmental factor
- Review of factors on human rights issues and labor disputes
- Review of CSR factor
- Review of industries highly associated with ESG risk factors

**3 Report for approval**

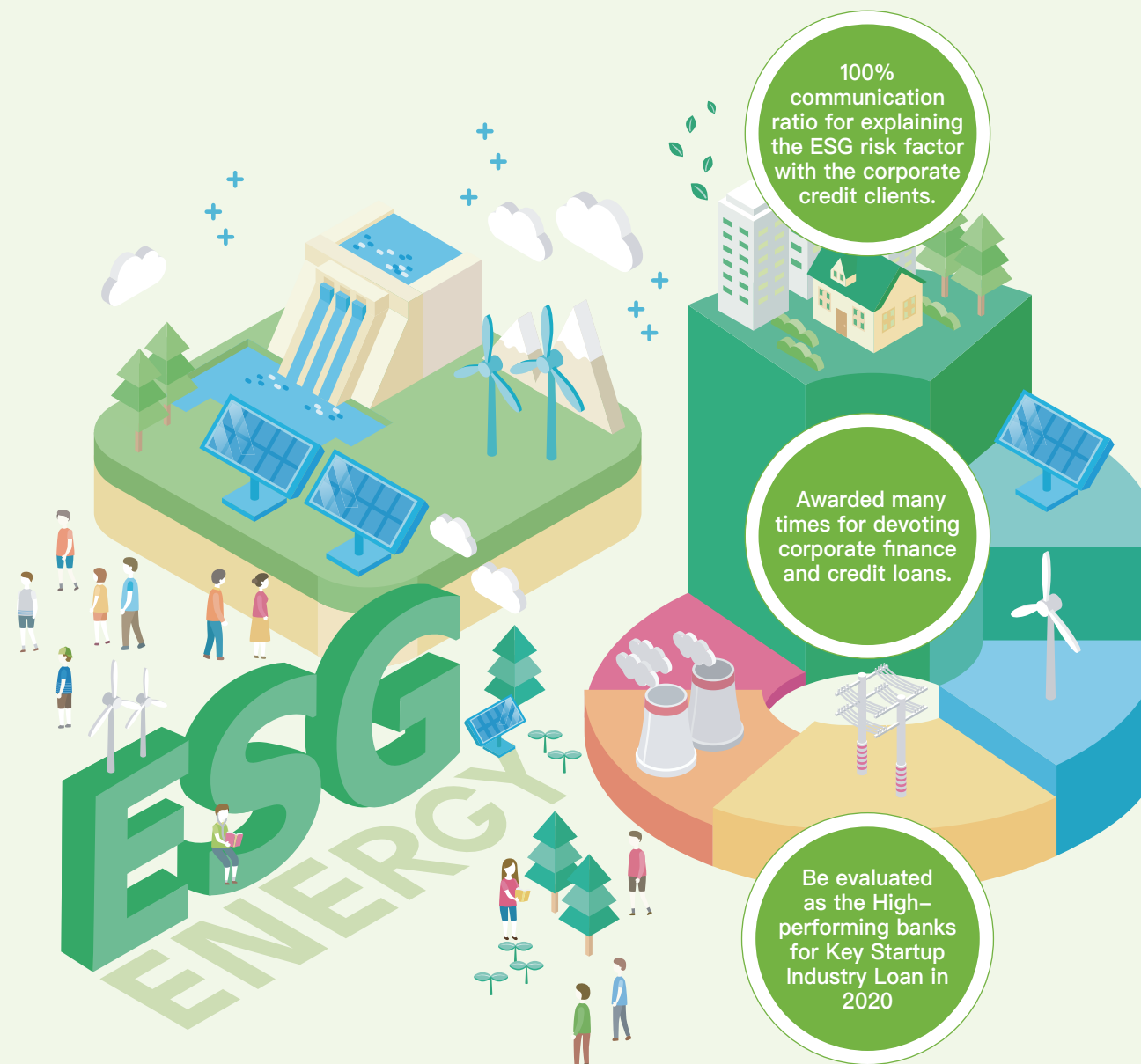
- After fully stating the above evaluation result for ESG factors, report to relevant units for credit approval or rejection.

**4 Follow-up**

- Later on, if high ESG risk factors are found in the main business items or behaviors of clients, the loans granted will be called in gradually.

The SCSB explained the ESG risk factor with the corporate credit clients to ensure that the corporate understands our requirement for ESG credit. The communication ratio is 100%.

The SCSB has been devoted to corporate finance and credit loan and awarded numerous times. In 2020, the FSC enacted the Reward Program for Key Startup Industry Loan Granted by Domestic Banks. The SCSB has been rated as excellent performance in the first, second and third phases.



## List of credit amount by industry

**2021**

		Number of cases	Balance
Creative industry		2,187	163.43 In 100 million NT dollars
Key startup industry (5+2 industry)		11,724	1,074.84 In 100 million NT dollars
Green technology industry (solar energy excluded)		2,130	238.67 In 100 million NT dollars
Solar industry		62	19.62 In 100 million NT dollars
Circular economy		2,843	343.26 In 100 million NT dollars
Biotech industry		822	64.79 In 100 million NT dollars
Offshore wind power		1	0.80 In 100 million NT dollars

✔ Credit for individual

The SCSB actively incorporates the ESG factors into the individual credit. Under the structure of existing credit risk management, aspects including environmental, social, and corporate governance (ESG) shall be put into consideration during review KYC to identify sustainability risks. It is also required that the client should read the prospectus completely and sign to express consent before the case concluded. As for the applicant for the new personal loan acted as a person in charge of a certain corporation, if the business item or behavior of the corporation has a material adverse impact on the environment, society and corporate governance, the loan shall be declined.

To encourage people buying green buildings, the loan client only needs to provide the collateral of “Green Building Candidate Certificate,” “Green Building Label” and “Smart Building Label” recognized by the Ministry of the Interior to join the housing loan program “Green Share Home”. The credit balance by the end of 2021 was about NT\$638 million.

In 2021, the SCSB became the first financial partner in Taiwan joining the MasterCard Priceless Planet Coalition. It aims to plant 100 million trees around the world in five years with other partners. The SCSB also issues Minions Credit Card, which is made of green material.

✔ Project financing

The SCSB project financing business incorporates Equator Principles and ESG requirements. In the past, the SCSB was due to factors such as client A is in the tobacco industry and client B are involved in concerns with ethical and public health issues, both of the clients fall short of sustainability spirit and therefore the SCSB declines such project financing. The SCSB reviewed two projects based on ESG standards in 2021, accounting for 2.57% of total project financing, and both the number of declined project financings and project financings for financial close are 0. Among them, two large financings are Syndicated loans according to the Equator Principles. The SCSB conducted review via the environment and social evaluation report provided by the entrusted the third-party consultancy. The project financing amount of NT\$ 950 million was granted for fishery and electricity symbiosis solar power plant with 123.08MW.

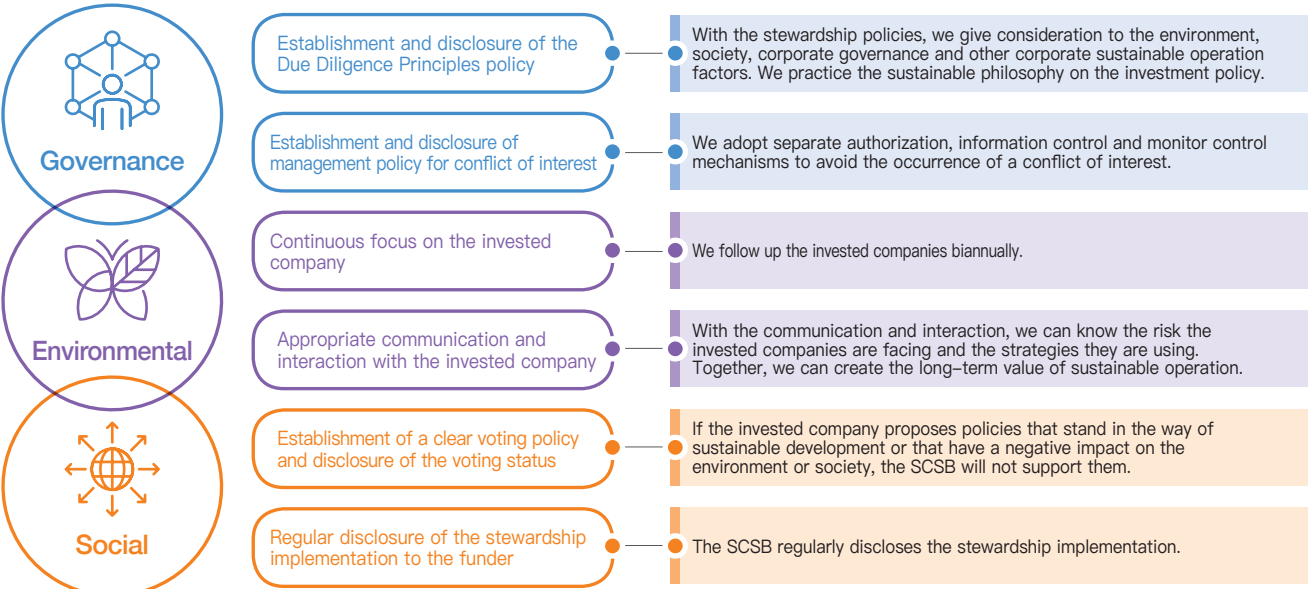
In addition, the Environmental Protection Administration, Executive Yuan, stipulated the Measures of Trade-in Large Diesel Car Loan Interest Allowance to improve pollution emissions of large diesel cars effectively. To adapt to this policy, the SCSB formulated the Rules for the Measures of Loan Interest Allowance for Trade-in Large Diesel Car Stipulated by the Environmental Protection Administration to offer concessional loan interest rate. In 2021, the credit balance for the concessional loan program for replacement of large gas car was NT\$ 3,300,000.

(II) Sustainable investment

The SCSB executed self-financing investment based on the following six principles declared in the “Stewardship Principles for Institutional Investors.”  
([https://www.scsb.com.tw/content/about/files/about09\\_q/link17-2.pdf](https://www.scsb.com.tw/content/about/files/about09_q/link17-2.pdf))



Stewardship Principles for Institutional Investors



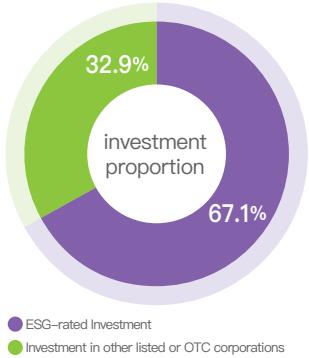
The SCSB gears to international standards, echoes with standards such as Principles for Responsible Investing (PRI), develops green finance, integrates ESG into investment decisions, promotes responsible investment and improve stewardship, exerts sustainable influence of financial industry, drives positive cycles, facilitates green economy and builds a wonderful, sustainable finance ecosystem. The discretionary asset management companies the SCSB has contracts with have all signed the statement of the Stewardship Principles for Institutional Investors. The discretionary company incorporates the environmental risk, governing risk and social risk into the investment process. The inclusion rate is up to 100%. The SCSB investment targets are screened as follows:

1st review:

- ✓ The bond issuer or guarantor belongs to the corporation issuing the Dow Jones Sustainability Indexes (DJSI) constituent stock or the corporation associated with CSR issued by other credible institutions.
- ✓ The bond issuer or guarantor is the corporation in Bloomberg with E.S.G. score, or the sustainable bonds registered in international credible institutions such as ICMA and CBI (including green bond, social bond and sustainability bond).
- ✓ As for the bond investment, it is required to check if its amount for relevant CSR investment shall be 30% of the weight of the overall bond investment position and above every quarter (including outsourced trading). If not, the trader shall carry out inspection and submit the reason and report to the unit supervisor for approval and file.

2nd review:

- ✓ E.S.G. related review items shall be described clearly in the sign-off process of self-operated bond investment as the reference for the Bank's decision making of responsible investment.
- The SCSB decides whether to invest a company or not based on whether the company is selected by the DJSI constituent stock. Moreover, we make investment in the bond that fits the sustainable index in the database of Bloomberg L.P. By the end of 2021, the amount of the SCSB invested in overseas sustainable development corporations and relevant indicative green bonds exceeded US\$ 1.49 billion. The amount of the SCSB invested in the concept bank with CSR, DJSI constituent stock, ESG-rated individual stock, or CSR-related individual stocks in Bloomberg issued by other credible institutions exceeded NT\$ 4,848 million. These investments are 67.1% and above of the total investment position of stock. The fixed income invested in ESG-related bonds exceeded NT\$ 46,244 million. The position ratio by the end of the quarter is always 35% of self-operated position and above.



	Bond investment type	Currency	Amount (NTD)
Overseas	Corporate bonds with ESG disclosure completed	USD	1,049,777,671
	Index green bonds	USD	58,824,178

	Bond investment type	Currency	Amount (NTD)
Domestic	Taiwan CSR concept stock	NTD	18,750,055,163
	DJSI constituent stock	NTD	10,717,735,408
	The ESG-rated individual stock in Bloomberg	NTD	14,975,740,109
	The CSR individual stock issued by other credible institutions	NTD	1,800,000,000

	Stock investment type	Currency	Amount (NTD)
Domestic	Taiwan CSR concept stock	NTD	748,698,656
	DJSI constituent stock	NTD	3,701,441,540
	The CSR individual stock issued by other credible institutions	NTD	398,174,283

(III) Sustainable wealth management

In 2020, 2021 and 2022, the SCSB organized the ESG product custody program and launched ESG non-investment grade bond and ESG multi-asset, discretionary investment-oriented policy. By holding numerous educational training programs and client seminars, the ESG concept and financial planning and investment, and ESG investment tree planting plan have been promoted. Furthermore, the SCSB continues to launch ESG investment products, such as ESG investment grade bond, climate change, sustainable energy...etc. to provide clients with sustainable asset allocation targets. The management asset scale of ESG sustainable investment product in 2020 and 2021 is about NT\$ 4,353 million and NT\$ 5,586 million, respectively.



2.2 Climate risk and opportunity

Climate change has been an important risk issue the whole world pays attention to. The way to find out the risk and opportunity for operation incurred from climate change has become an important issue for corporate sustainable development. Numerous investors behind the corporation have started to focus on how the corporation responds to the financial risk and opportunity incurred from climate change. On that account, the Financial Stability Board (FSB) released the Task Force on Climate-related Financial Disclosures (TCFD) in July 2017, directing corporations to disclose governance of climate risk and opportunity, actual and potential climate impact, way of identification, evaluation and management of climate risk, the indicator and objective for evaluation and management of climate issue. Climate financial disclosures are concluded into four core factors, i.e. Governance, Strategy, Risk Management and Metrics and Targets.

The SCSB has been kept assessing and corresponding to emerging risk. Climate change risk is an important factor for our sustainable development. The SCSB observes the disclosure guidance suggested by FSC for the banking industry to integrate the Corporate Banking Department, Personal Banking Department, Treasury Department, Channel Management Department, Administration Management Department, Head Office and Risk Management Department, and stipulated our “Climate Risk Management Policy.” Meanwhile, the SCSB considers the credit exposure of carbon-related assets associated with credit or other indirect financial activity. Through scenario analysis, the SCSB assesses the potential impact and challenges of credit risk on business development, strategy and financial performance. Therefore, the SCSB can cope with possible conditions in future with greater flexibility and resilience. Investors and shareholders will find out how well does the SCSB respond to climate change issues and make decisions accordingly.

The function of the SCSB’s TCFD climate risk management unit:

- 1. Board of Directors and senior management: The Board of Directors is the highest governance unit in the Bank associated with climate issues. The senior management is in charge of decision making at the Board of Directors and Sustainable Development Committee, development and establishment of the policy and procedure associated with climate risk management process.
- 2. Risk Management Committee: It is authorized by the Board of Directors. It exercises due care of a good administrator by and submitting the advice and report to the Board of Directors.
- 3. Asset and Liability Management Committee: It is the administrative organization for climate risk of the entire bank.
- 4. Sustainable Development Committee: Responsible for reviewing the strategies, risk management, indicators and targets of climate-related issues, regularly tracking the implementation status, and regularly reporting the progress of climate strategy-related goals to the Board of Directors.

In addition to the above senior management units, each management unit of the Headquarters assists in system construction, personnel training, and implementation of climate risk measurement, monitoring and reporting, etc., according to their responsible business. The SCSB climate risk management guidelines are developed by the Risk Management Division. Each department shall formulate system requirements and entrust the Information Technology General Department to build a database, provide relevant information and results of climate assessment, and cooperate with the implementation of the Bank's climate action.

The Headquarters and business management unit mentioned in the preceding paragraph, as well as other units such as the business unit and the audit department, perform their respective duties in accordance with the "Code of Practice for the Three Lines of Defense for Internal Control", identifies climate risks and opportunities that are relevant to the Bank, proposes climate-related strategies and measures (including risks and opportunities brought about by climate change), and formulates climate risk management mechanisms and procedures. Each business unit assists the Risk Management Division to perform climate change scenario analysis and stress testing and cooperate with the implementation of climate actions.

The SCSB’s 2021 TCFD structure

Governance	
Disclosure content	Push strategy
<b>Monitoring by the Board of Directors</b> The Board of Directors leads the entire bank on ESG issues including environmental, social and governance issues, formulates strategies and sets up annual goals.	<ul style="list-style-type: none"><li>• The Sustainable Development Committee convenes the meeting every quarter to examine the outcome of the regulation, risk and opportunity associated with the climate risk.</li><li>• The Sustainable Development Committee reports the progress for climate strategy goal to the Board of Directors every year.</li><li>• Ensure adequate identification, management and response of climate change risk.</li><li>• Consolidate the SCSB's competitive position in the market of green financing in the fund market.</li></ul>
<b>Senior management</b> Establish the “Sustainable Development Committee.” The President serves as the convenor of the Committee. The “Environmental Sustainability Team” promotes execution and management of climate action. The “Responsible Finance Functional Team” promotes credit extension for sustainable development, green finance and responsible finance.	

Strategy	
Disclosure content	Push strategy
<b>Identify climate risks and opportunities</b> The SCSB performs climate risk evaluation and formulates countermeasures on investment, credit extension, bank operation, strategy, financial planning and supplier and formulates countermeasures.	<ul style="list-style-type: none"><li>• Carry out the assessment and identification of risks and opportunities for each department's business and identify material issues through relevant stakeholders.</li><li>• Check the possible exposure of high carbon emission sector in future and include the Bank's investment and loan evaluation process.</li><li>• Reinforce management of the product highly sensitive to climate risk based on the analysis result of climate change scenario.</li><li>• Continue to track the energy saving and carbon reduction plan of high carbon emission clients.</li></ul>
<b>Identify the high carbon emission sector</b> The five industries with high climate sensitivity for our corporate finance lending and loan are building materials construction, steel/smelting industry, plastics industry, cement industry, oil and gas power generation industry.	
<b>Climate change scenario test</b> The SCSB conducts climate risk scenario analysis for physical risks (collateral, business location, supplier) and transition risk (high carbon emission sector, energy transformation) and formulates strategies based on the impact.	

Risk management	
Disclosure content	Push strategy
<b>Examine the evaluation and management process of risk and opportunity regularly</b> Continue to collect the issues stakeholders care about and include them into the Bank's risk and opportunity assessment process. Perform the roll planning method to adjust the feasible coping strategies and continue to monitor the issues based on the impact degree.	<ul style="list-style-type: none"><li>• To include the climate change risk into the management policy, the Bank plans to formulate the “Climate Risk Management Standards” in 2022.</li><li>• Continue to identify the Bank's climate risk and opportunity via various risk assessment tools.</li><li>• Introduce the risk management process into the business, and enhance the risk response for the Bank's operation and strategy.</li><li>• Add the post loan review tracking terms to credit. Keep tracking the status of credit loan, checks whether the loan client fulfilled environmental protection, corporate ethical management and social responsibility occasionally.</li></ul>
<b>Integrate the existing management structure</b> The SCSB includes the climate change risk into the management policy and formulates the climate risk management policy.	

Metrics and Targets	
Disclosure content	Push strategy
<b>Key indicator of climate risk</b> The SCSB sets relevant KPI indicators for identified climate risk as the reference for risk control.	<ul style="list-style-type: none"><li>• Examine the KPI indicator or statistics related to the bank to see if they are associated with climate risk.</li><li>• Introduce the ISO 14064 standard to conduct greenhouse gas inventory and disclosure, and authorize the validation company to conduct third-party certification.</li><li>• Follow the short-term, mid-term and long-term goals and examines progress regularly.</li></ul>
<b>Disclose greenhouse gas emission</b> The SCSB has disclosed greenhouse gas emission since 2021 and plans to introduce ISO14064-1 and conduct third-party certification in 2022.	
<b>Set the climate strategy goal</b> The SCSB sets goals for risk response strategies and tracks supervision and evaluation outcome regularly.	



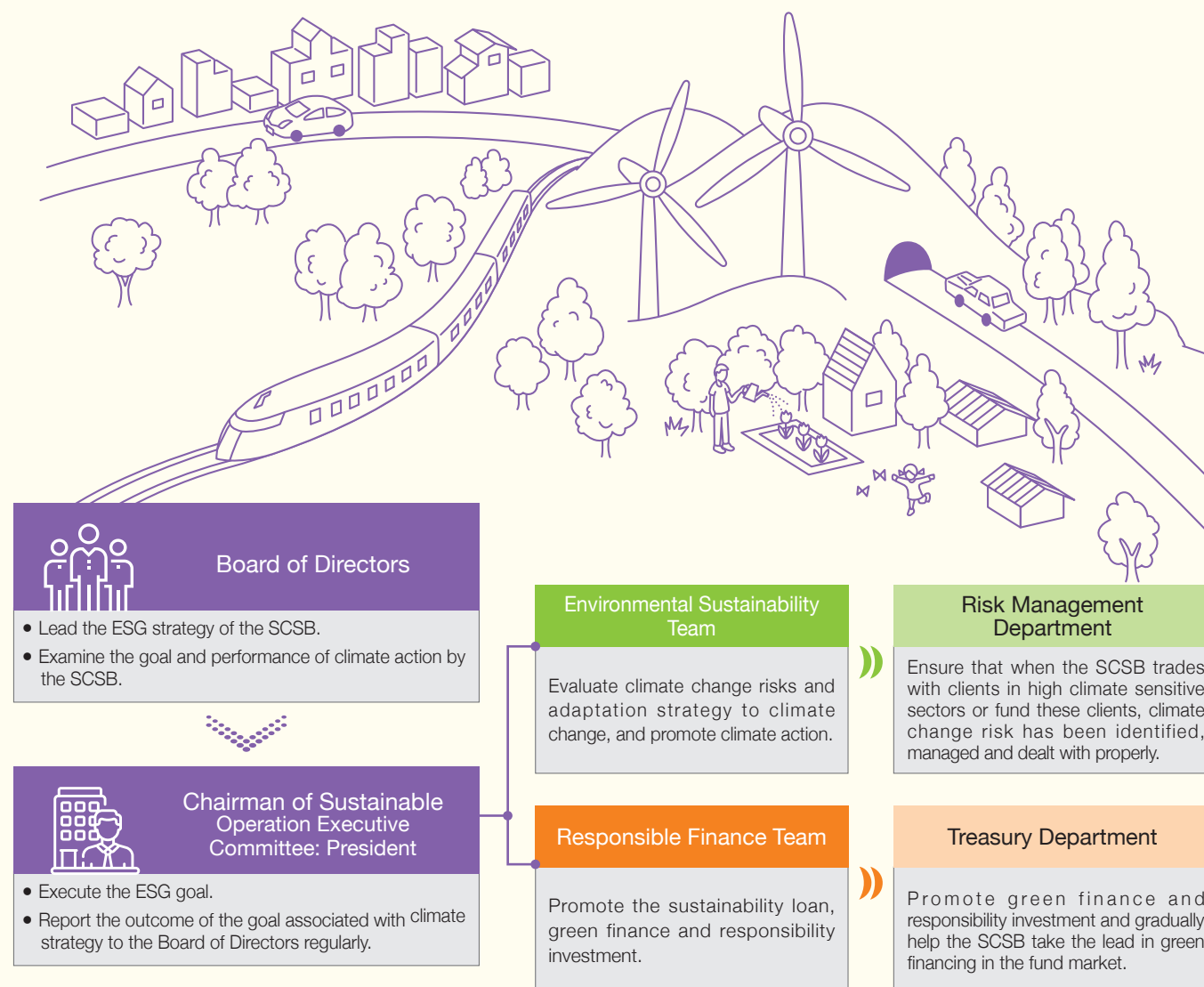
## (I) Climate change response and governance strategy

The Board of Directors is the highest governance unit in the Bank associated with climate issues. It leads the entire bank for ESG directions and strategies including environmental, social and governance issues. It formulates strategies and sets up annual goals for overall climate change. It reviews the goal and performance of climate action. The Senior management is in charge of implementing the resolutions of the Board of Directors and Sustainable Development Committee. It develops and formulates the policy and procedure associated with climate risk management process.

The Sustainable Development Committee is under the Board of Directors. It is in charge of reviewing the strategies, risk management, indicators and goals of climate-related issues, and regular tracking the implementation status, and regularly reporting the progress of climate strategy-related goals to the Board of Directors. The President serves as the convener of the Committee and holds a meeting every quarter. The Head Office reports the progress of goal of each team. Each team provides the report on the main topic proposed in previous quarter (or assigned temporarily). The report contains the regulations, risks and opportunities associated with the climate risk. Every year, the Committee reports the progress for the goal of climate strategy to the Board of Directors.

The Sustainable Environment Team of Sustainable Development Committee is led by the Risk Management Department with includes the group risk management policy into the climate risk, ensures that the climate change risk has been identified, managed and responded properly, consistent with the Bank's strategic direction for developing sustainable finance when the Bank dealing with or providing funds to the client in highly climate-sensitive sector. The Team makes sure that the group risk management policy is consistent with the sustainable banking strategy developed by the Bank. The Responsible Finance Team promotes the sustainable development of credit, green finance and responsible investment business, and gradually consolidates the Bank's competitive position in the market of green financing in the capital market.

The SCSB believed that only by integrating positive commitment to face climate change and concrete actions for developing sustainable finance and green credit into the overall governance structure of the Bank, to mitigate the uncertainty of climate change on the Bank's sustainable development and ensure the Bank's sustainable development can protect the rights of shareholders and shareholders and respond to expectation from stakeholders sufficiently via continuous, stable, resilient operating plan.



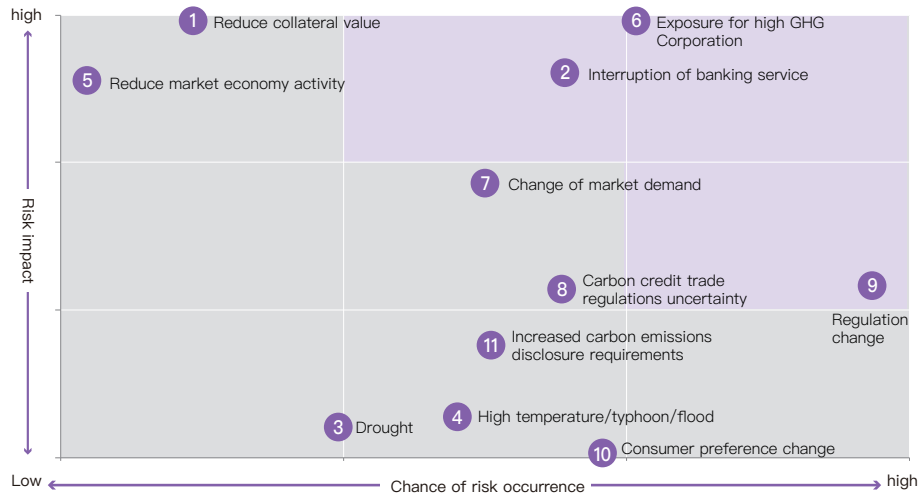
While facing uncertainties in climate change, the SCSB observes the disclosure guidance suggested by TCFD for the banking industry to consider the climate risk and opportunity for credit or other indirect financial activities. During monitoring of climate risk, if material abnormalities or specialties are found, immediate countermeasures will be taken, the Risk Management Office will be notified, the President will be reported and the report will be submitted to the Sustainable Development Committee for notification. An extraordinary general meeting will be held wherever necessary to review countermeasures or resolve a contingency plan. The final countermeasures and result should be reported to the Board of Directors.

### Identification and risk management process for climate risk and opportunity





Climate change risk matrix diagram

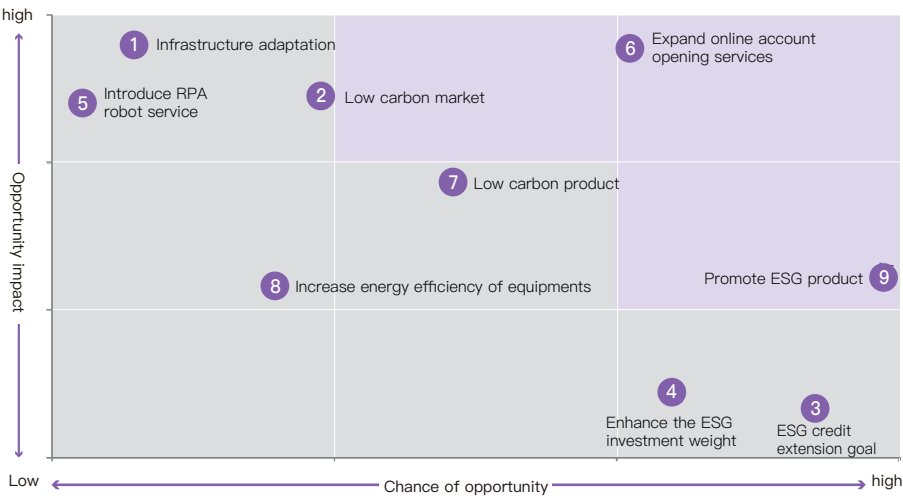


Climate change risk impact and countermeasures

Type of risk	Item	Risk factor	Object under impact	Impact description	The SCSB's countermeasures	Index and goal
Transition risk	Policies and laws	Carbon emission trading regulations are not clear yet.	Operating revenue	The Carbon emission trading regulations associated with investment are not clear yet. If the total carbon emission is limited or must be reduced year by year, the growth of investment position will be limited.	1. Short-term: Pay attention to release of relevant regulations and avoid setting gross specification, which may restrict future growth of investment position. 2. Mid-term: Seek other low carbon emission targets to avoid the restriction on growth of investment position when the carbon emission trading regulations are explicit. 3. Long-term: Seek to expand the investment target to avoid the carbon emission trading regulations from restricting the growth of investment position.	1. Short-term: Pay attention to formulation of regulations. 2. Mid-term: The relevant internal investment regulations is synchronized to the external carbon emission trading regulations. 3. Long-term: The relevant internal investment regulations are synchronized to the external carbon emission trading regulations.
		Regulation change	Cost input	Competent authorities require increasingly strict compliance with energy conservation and carbon reduction, and the magnitude is increasing. This would increase the cost for equipment improvement.	Introduce the ISO50001 energy management system and promote energy and saving carbon reduction.	Monitor greenhouse gas emission every year and implement the environmental management policy and goal.
	Market	Change of market demand	Cost input	Fossil energy is gradually replaced by green energy. If the asset allocation of fossil energy continues to be maintained, the percentage of fossil fuel will be reduced along with the transition of energy market, resulting in bank revenue declines.	1. Short-term: Increase the amount or weight of green equity and bond investment. 2. Mid-term: Set the ratio of investment in green equity and bond to total investment. 3. Long-term: Increase the ratio of investment in green equity and bond to total investment to a certain level.	1. Short-term: Increase the amount of green equity and bond investment. 2. Mid-term: The amount of investment in green equity and bond reaches at least 5% of the total position. 3. Long-term: The amount of investment in green equity and bond reaches at least 10% of the total position.
		Exposure for high carbon emission corporation	Operating revenue	The acceptance of market on the high carbon emission corporation may decline. As the result, the corporation must take action to comply with the laws and regulations and additional cost will be incurred, resulting the financial performance, loan repayment capacity of high carbon emission corporation reduces, or loan revenue reduced, affecting the overall profit of the bank.	1. Define the industry with high carbon emission and set the exposure limit. 2. Encourage the corporate creditor in high carbon emission industry to propose the energy saving plan or carbon reduction goal. 3. Reduce the proportion of high carbon emission assets allocation.	Set the exposure limit for the high carbon emission industry. 1. Set the individual exposure limits for the highly climate-sensitive industry. 2. Conduct evaluation of high carbon emission risk for corporate creditors. The credit report must clearly state the energy saving plan or carbon reduction goal of the creditor. After the credit is granted, it is required to track the implementation by the client and whether or not the client can make improvements as promised.
						Reduce the proportion of high carbon emission assets allocation. 1. Mid-term: Reduce the proportion of the industry by more than 5% in five years. 2. Long-term: Reduce the proportion of the industry i by more than 10% in ten years.
	Reputation	The demand for carbon emission disclosure increased.	Operating revenue	The demand for disclosure of corporate climate risk demanded by investor and competent authority increased gradually. The investee company invested by the bank cannot respond properly or violates climate regulation principle (such as carbon disclosure, greenhouse gas reduction), the consumer has a bad impression of the bank and his loyalty might reduce.	Reduce high climate risk investment 1. Short-term: reduce investment to the corporation that cannot respond properly to the demand for the climate risk disclosure or violates climate regulation principle (such as carbon disclosure, greenhouse gas reduction). 2. Mid-term: Discuss to build a risk disclosure model related to the entire bank. 3. Long-term: Build a blacklists system. Forbid relevant credit, loan and investment for the corporates repeatedly violate the rules.	1. Blacklist corporates are listed for forbidden investment. 2. Taiwan Stock Exchange Corporate Governance Center conducts the [Annual institutional investor stewardship code better practice compliance rating]. The Bank scores higher than last year. 3. Perform the roll planning method to adjust the goal of ESG product program and expect to launch five ESG products in 2022. 4. Set the goal for energy and resource reduction: The gasoline/electricity/water consumption/waste per revenue in million NTD this year is 3% less than last year.

Type of risk	Item	Risk factor	Object under impact	Impact description	The SCSB's countermeasures	Index and goal
Transition risk	Reputation	The demand for carbon emission disclosure increased.	Operating revenue		Conduct the following measures when making decisions on long-term investment: 1. Before: Evaluation and risk identification process 2. In the course of decision-making: Track and focus 3. After: Engagement and interaction  Promote ESG products 1. Short-term: Launch ESG-related products more often. 2. Long-term: For product launch, reinforce the [E-Environmental protection] direction in ESG. 3. Long-term: To exercise the due care of a good administrator, do not actively recommend the product investment portfolio with lower ratio of ESG issue, as long as the client right is not affected.  Promote energy saving and carbon reduction 1. Disclose the carbon emission of the entire bank via DUSI every year. 2. Hold the energy saving competition every half year. 3. The SCSB replaces gasoline and diesel vehicles used in the Bank's business operations with hybrid or electric vehicles year by year . 4. Plan to acquire the ISO 14001, ISO 45001 and ISO 50001 certification for the Headquarters (Minsheng) in 2022 and the ISO 14064 certification for the entire bank in the second-half year of 2022.	
		Consumer preference change	Operating revenue	The investor might hold less bonds lack of corporate sustainable development. If the department in charge of underwriting and proprietary dealing of securities uses the fund owned by the SCSB to make investments to proceed with underwriting or investment, the Bank's operation might be impacted.	1. Short-term: Reduce underwriting and proprietary dealing of company bonds lacking of corporate sustainable development or not caring about climate risk management. 2. Mid-term: When handling underwriting and proprietary dealing of the bonds lacking of corporate sustainable development, set to reduce the proportion of these bonds. 3. Long-term: Continue to reduce underwriting and proprietary dealing of bonds lacking of corporate sustainable development to a certain proportion.	1. Short-term: Reduce underwriting and proprietary dealing of company bonds lacking of corporate sustainable development. 2. Mid-term: Reduce by at least 5% per year. 3. Long-term: Reduce by at least 10% per year.
Physical risk	Long-term	Market economy activity is reduced.	Operating cost; operating revenue	The extreme climate causes interruption of industry (supply chain) or personal injury or death, reduced market economy activity and hindered market consumption power.	1. Short/Mid-term: Examine and track the existing client payment record. (Check if m0-m1 ratio changes abnormally.) 2. Short/Mid-term: check distribution of the client's career and execute trend and associative analysis. 3. Mid/Long-term: analyze the association between the abnormal client and his career and conduct weight analysis for the abnormal client.	Set the alarm indicator for the relationship between the client's career distribution and industry (supply chain) relationship: the ratio of the impact on the sampled client by extreme climate to the overall sampled clients. Green light: Below 10% Yellow light: 10~30% Red light: 30% and above
		Interruption of banking service	Operational interruption	If the extreme climate event causes power outage or flooding, equipment might be damaged, leading to service interruption. The expense incurred from equipment repair and operational interruption will increase, affecting bank operation.	1. Act according to the inspection and improvement measures for equipment and dormitory regularly to respond to temporary situations. 2. Draw a backup plan and equipment procurement plan to activate contingency measures immediately when a disaster occurs. 3. Maintain the machine room equipment and the power generator regularly. Apply for the commercial fire insurance.	1. Arrange equipment check and improvement for the branch every half year. 2. Implement the equipment maintenance for all units thoroughly. Entrust professional UPS vendors to conduct inspection and maintenance of UPS every quarter to ensure that the operation is uninterrupted.
	Immediacy	The collateral value is reduced.	Operating revenue; time	The extreme climate might cause natural disasters such as flooding and debris flow, and affect the value of collateral in the impacted area. In the long-term, the extreme climate might occur more often or the number of impacted areas increases. In addition, sea level might rise more obviously, leading to greater impairment of collateral value and affecting the bank's revenue.	1. Set the risk level based on the collateral distribution. 2. Perform regional climate evaluation for the collateral regularly to keep track of the impact and degree of collateral value impairment.	1. Set different levels of risk ratio (amount limit). 2. Perform regional climate evaluation for collaterals every year.
		Drought	Operating cost; operating interruption	Water shortage caused by drought affects cooling efficiency of information system.	1. Complete the cold isle for the irregular cabinet section in the machine room and enhance cooling efficiency of machine room. 2. Replace the old, high energy consumption water chiller with the new energy saving water chiller to enhance energy efficiency of the equipment and reduce the energy demand of machine room.	Each machine room in the operating unit and information building has two air conditioners, which can be switched. If one air conditioner is affected by physical risk, the operation can be supported by another one to replace to an adequate facility immediately.
		High temperature/typhoon/flood	Operating cost; operating interruption	Climate disaster causes personal health/ life safety/damage of power system.	1. Avoid risky target when selecting the location of operations to avoid traffic accidents. Promote prevention and understanding of seasonal infectious disease to employee occasionally. 2. The Office of Information Service tests availability of backup equipment regularly and promises to offer third-party support.	1. Reinforce maintenance of UPS. 2. The Office of Information Service provides availability of all kinds of backup equipment regularly.

Climate change opportunity matrix diagram



The opportunity generated from the climate change (yet to be completed by the SCSB)

Opportunity type	Opportunity factor	Subject affected	Description for opportunity	The SCSB's countermeasures	Index and goal
Market	Adjust the infrastructure/green building/sustainable city.	Increase operating revenue.	Taiwan's vision is to build a low carbon, sustainable city. Taiwan plans to promote more infrastructures such as green building/low carbon transportation, which may drive the growth of relevant industries.	1. Strengthen studies of relevant industries. (The credit information center has set up the industry study teams. One of them is specialized in green energy industry.) 2. Stipulate the relevant credit procedure according to the Equator Principles that will be signed in future.	1. Increase relevant credit ratio gradually. 2. Combine appraisal of branch and personal KPI. 3. Set the goal that the ESG loan must be 30% of corporate finance loan in five years.
	Increase the ESG-related investment goal, including green energy industry and electric vehicle industry.	Increase operating revenue.	Develop the customer base in new types of businesses, such as solar energy and electric vehicle industries.	Promote the advantage of renewable energy industries to the corporate finance RM of the entire bank. Use the power of financial market, including the bank credit products, to enhance the ESG action of corporation.	Include the ESG index into the corporate finance credit review process. (All credit clients must be included in the evaluation.)
Product and service	The business opportunity derived from the low carbon market	Increase operating revenue.	Develop the account receivable associated with green industry or the financial asset securitization product, issuing green bonds. Actively carry out market segmentation (setting the target customer), differentiated service and pricing for the green building (business opportunity).	Increase the green loan ratio. 1. Provide relatively favorable loan condition to the client who matches the policy type. (The operation essentials for unsafe and old buildings have been announced.) 2. The renovation and reconstruction of unsafe and old buildings and green buildings are prioritized over other land and construction financing cases. 3. Allocate relevant project loans according to government policies.	Increase the ratio of green loan. 1. Include the ESG index into the corporate finance credit review process. 2. Short-term KPI index: the credit amount for green industry and ESG in 2020 increases by 15%. 3. Mid/long-term KPI index: the credit amount for green industry and ESG increases by 10% annually.
			Proactively promote the business opportunity of green building.	1. Launch the "Chin Yung Housing Loan Program" and list the green building into the target clients to reinforce promotion of green building. 2. Set the price of personal secured loan. Set the green building as "Superior loan" the target customer with prime rate.	Proactively promote the business opportunity of green building. 1. Short-term KPI index: the amount for green credit in 2022 increases by 15%. 2. Estimated KPI index (mid/long-term): the amount for green credit increases by 10% annually. The related targets for branches and personal ESG credit are added.
			Promote green bonds.	Short-term: issue green bonds. Mid-term: coordinate with corporate and personal finance departments for the ratio and quantity of green bond issued. Long-term: increase the quantity of green bonds issued.	Promote green bonds. 1. Short-term: issuance the first green bond. 2. Mid-term: issuance green bonds regularly, quantitatively. 3. Long-term: the quantity of green bonds issued increases by 10% annually.
	Carbon footprint certification debit card	Corporate image	Redefining the debit card by focusing on environmental protection helps enhance corporate image.	Evaluate and plan for the debit card procurement case.	Evaluate feasibility of carbon footprint certification debit card.

Opportunity type	Opportunity factor	Subject affected	Description for opportunity	The SCSB's countermeasures	Index and goal
Product and service	Promote ESG products and strengthen related knowledge promotion	Social responsibility	From the perspective of attaching importance to sustainable development, strengthen the understanding of financial management RM and customers in the bank on ESG concepts	1. Promote ESG wealth management concepts and investment products through project implementation 2. Strengthen internal education and training and promote the concept of sustainable investment for external customers 3. Continue to increase the sales and stock of related commodities	1. Short term: promote 1-2 ESG projects per year 2. Mid-term: Reserve financial RM courses, and incorporate ESG-related education and training 3. Long-term: the stock of ESG-related commodities is more than 10% (inclusive)
	Clients are less willing to go out to do business under extreme climate.	Save the operating cost.	Provide the online account opening service to more customers. Add the online service function. Reduce the chance for using the over-the-counter service.	1. Provide the digital account opening service to the underage and corporate clients. 2. Optimize all kinds of digital service systems. Rebuild the personal and corporate online banking systems.	1. Increase the number of digital accounts. The number of new digital account users in 2022 aims to hit 100 thousand in total. 2. The number of transfer transactions via online bank reaches 10 million in 2022.
Resilience	Enhance the standard for ESG investment proportion in line with the world trend.	Social responsibility	Include ESG into long-term investment decision-making, including sustainability of the product of the invested company (e.g., sex, gambling and tobacco industries), environmental protection, human rights, material social dispute and recent prosecutor investigation. This aims to echo with Principles for Responsible Investing (PRI), develop green finance, promote responsible investment, enhance stewardship, get a hold of the condition and respond to the risk might incurred from environment, society and corporate governance in advance, and make a positive contribution to economy, society and environment.	Responsible investment Short-term: 1. Establish the SCSB's "Regulations for Responsible Management" to specify investment of equity and bond, and include the ESG index specified by overseas and domestic fair institutions into the investment inspection standard. 2. Formulate the "Stock and ETF investment trade management "rules" to include the ESG review process into investment decision-making. Mid-term: Increase the proportion of ESG investment year by year. Long-term: When making decisions on long-term investment, conduct evaluation and risk identification beforehand, keep tracking and paying attention to the investment during the course and execute engagement and interaction afterwards.	Responsible investment 1. Short-term: increase the ESG investment amount for annual review of stock or bond investment (including outsourced trading). 2. Mid-term: the number of companies with ESG score in the stock and bond investment portfolio is at least 20% of the total position. 3. Long-term: the number of companies with ESG score in the stock and bond investment portfolio is at least 30% of the total position.
				Adjustment of decision-making on long-term investment 1. Before: Evaluation and risk identification process 2. In the course of decision-making: Track and focus 3. After: Engagement and interaction	Adjustment of decision-making on long-term investment Obtaining Grade A MSCI ESG. The grade of the Bank's ESG index (ESG Credit Indicator Report Card: Asia-Pacific Banks) released by the S&P Global Ratings is Sustainability Yearbook Member or above.
	Introduce RPA robot process automation.	Save the time cost.	The labor demand of the bank may be reduced via automated AI and robot service. This enhances labor efficiency in the bank, further reduces the possible manpower gap incurred from extreme climate in future.	Perform evaluation and decide to implement RPA into the operation with fixed frequency and highly repetitive labor work, to reduce the chance of operating loss or interruption due to extreme climate because workers cannot complete the operational work immediately. The labor with high cost is used for the operational work with higher operating efficiency, effectively enhancing operating performance and goal.	1. Short-term goal: complete implementation of the operating procedure with greater effectiveness and highly replaceable labor work. 2. Mid-term goal: complete implementation of complicated operating procedure. 3. Long-term goal: assign RPA seeded instructors in each unit of the Bank. They must be able to evaluate climate risk factors and replace the operating procedure in the unit with development of RPA operation.
Resource efficiency	Echo with promotion and usage of green traffic facility and energy saving equipment of the government and establishment of green machine room to achieve energy saving and carbon reduction.	Save the operating cost.	1. Increase energy efficiency of the equipment. 2. Implement green machine room measures to reduce the energy demand of machine room and further reduces the operating cost for the bank.	1. Replace equipment to achieve energy saving. 2. Reduce usage of automobile and diesel cars. 3. Complete the cold isle for the irregular cabinet section in the machine room and enhance cooling efficiency of machine room. 4. Replace the old, high energy consumption water chiller with the new energy saving water chiller to enhance energy efficiency of the equipment and reduce the energy demand of machine room.	1. 58% of the cars can be replaced with hybrid and electric cars by 2026. 2. Continue to perform effective control and expect to reduce energy efficiency of machine room (goal: PUE<1.75).



(II) Climate change strategy scenario analysis

To evaluate the impact of climate risk on the SCSB's operation, conduct scenario analysis via overseas and domestic climate paths to identify the influence of climate physical risk and transition risk on the Bank's operations. Formulate relevant risk management and corresponding strategy for possible impacts, reinforce climate risk control, and reduce the impact of risk.

Physical risk<sup>1</sup> impact analysis

The SCSB collaborated with external consultants. Based on the Assessment Report 5 (AR5) of Intergovernmental Panel on Climate Change (IPCC), the SCSB used the Representative Concentration Pathways (RCPs) to define the future climate change scenario. According to the information on TCCIP under MOST, Executive Yuan, the SCSB analyzed the impact of locating in high-risk geographic areas based on the three dimensions of climate disaster risk (hazard, vulnerability and exposure). Meanwhile, via quantitative finance, the SCSB checks the exposure amount of the SCSB's collateral, proprietary location of operation, and supplier, under risk impact. Therefore, the evaluation result of physical risk is able to describe the impact of climate physical risk we encountered as clearly as possible.

<sup>1</sup> Physical risk: It is associated with climate change, including acute risks, such as typhoon and flood, extreme weather events focused on a single event. Climate change also includes long-term risk, such as long-term change of climate model, including rise of average temperature and sea level.  
<sup>2</sup> Four scenarios are available in AR5, RCP2.6, RCP4.5, RCP6 and RCP8.5. It means the radiative force per square meter is increased by 2.6, 4.5, 6 and 8.5 W by 2100.



A Personal banking collateral risk exposure analysis



Climate change increases the chance and strength of extreme climate events. The SCSB's collaterals in flooding areas or where slope failure disasters occurred might be impaired and bank credit risk increases. Therefore, the SCSB included real estate collateral into our major physical risk items to drawn up strategies for climate change accordingly.

The SCSB drew a risk sensitive map based on the hazard (level 1-3, extreme rainfall frequency in 24 hours), vulnerability (level 1-10, flood potential and slope land disaster) and exposure (level 1-10, exposure amount) of physical risk. It uses RCP 8.5, the most severe scenario of temperature rise, as the scenario for risk impact, to execute exposure analysis for the SCSB's collateral in mid-century (2036~2065), and bring up corresponding climate risk management strategies.

**CO<sub>2</sub>**

Climate scenario :

- RCP8.5(2036~2065)

**Evaluation factor :**

- collateral value
- loan balance
- collateral address

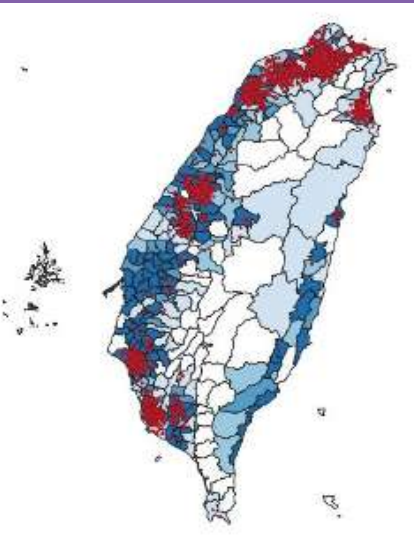
**Considered risk factor :**

- flood potential
- slope land disaster

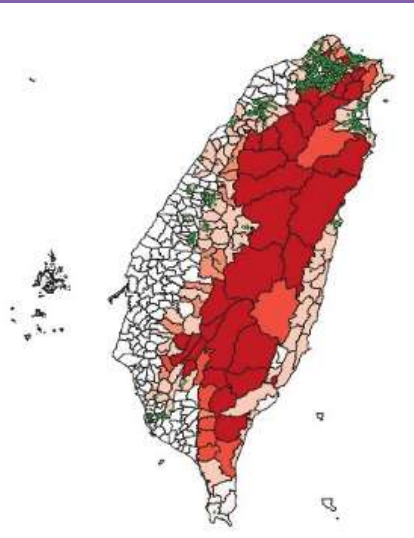
1. Analysis result:

The SCSB conducted climate sensitivity analysis for personal finance collateral in Taiwan by the end of 2021. 54,370 collaterals were available, 31 were medium sensitive, accounting for about 0.06%. 54,339 were low sensitive, accounting for about 99.94%, and the risk sensitive value for 53,369 of them was below 50, accounting for about 98.16%. When performing the evaluation, it is found out that for all the SCSB's collaterals, the total exposure amount is about 1.32% of the total loan balance when a risk occurs. The exposure amount for medium-sensitive collateral is about 0.16% of total loan balance. The exposure amount for low-sensitive collateral is about 1.17% of total loan balance.

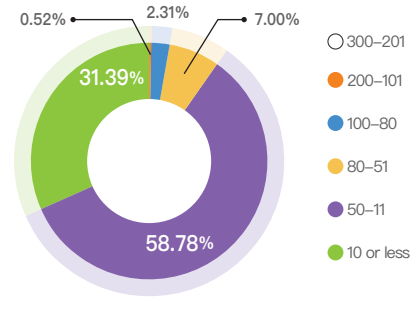
2. Flooding risk of collateral



3. Slope land risk of collateral



4. Climate sensitivity ratio of personal finance collateral



5. Response measures:



These collaterals might be impaired due to impact of climate change disaster and our ECL might increase. In response to the impairment, relevant internal control points during credit analysis have been specified in the "Credit Policy", "Risk Management Policy" and "Credit Risk Management Policy". This ensures that when frontline business personnel conducting the credit review, they can examine collateral estimation from the aspect of climate risk and guide credit extension clients to adjust the estimation when necessary.

6. Exposure analysis of personal banking collateral

Climate sensitivity	Climate risk sensitive value	Number of collaterals	Loan balance (NTD)	Percentage of loan balance (%)	Exposure amount (NTD)	Percentage of expo-sure amount to loan (%)
High	300-201	-	-	0.00%	-	0.00%
Medium	200-101	31	1,363,460,876	0.52%	414,999,101	0.16%
Low	100-81	214	6,076,714,825	2.31%	989,748,305	0.38%
	80-51	756	18,437,446,959	7.00%	1,010,386,622	0.38%
	50-11	21,597	154,721,672,369	58.78%	1,071,884,003	0.41%
		31,772	82,635,912,130	31.39%	793,557	0.00%
Total		54,370	263,235,207,159	100.00%	3,487,811,588	1.32%

\* The exposure amount is the difference between the estimated value of the collateral impaired after the risk occurred and the loan balance.

## B Exposure analysis of the SCSB's stronghold asset



To assess the impact of physical risk on the SCSB's stronghold asset, conduct physical risk evaluation and analysis for the SCSB's entire stronghold asset. The SCSB drew a risk sensitive map based on the hazard (level 1-3, extreme rainfall frequency in 24 hours), vulnerability (level 1-10, flood potential and slope land disaster) and exposure (level 1-10, exposure amount) of physical risk. It uses RCP 8.5, the most severe scenario of temperature rise, as the scenario for risk impact, to execute exposure analysis for the Bank's asset at the location in mid-

century (2036~2065), and bring up corresponding climate risk management strategies.



Climate scenario :

- RCP8.5(2036~2065)



Evaluation factor :

- Asset value
- Annual revenue of the unit



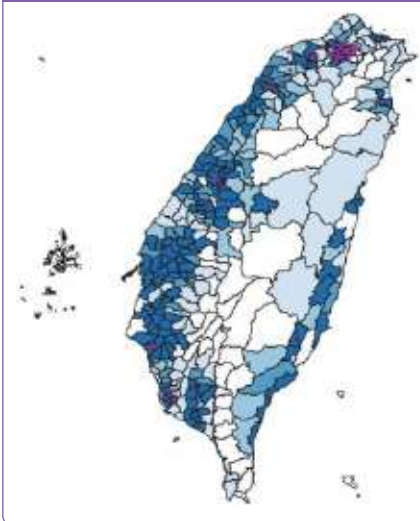
Considered risk factor :

- flood potential
- slope land disaster

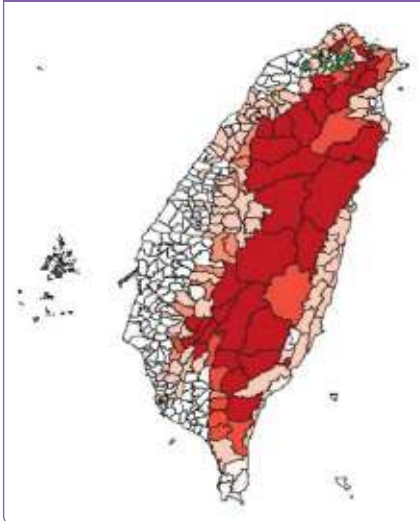
### 1. Analysis result:

The SCSB conducted climate sensitivity analysis for 74 locations in Taiwan by the end of 2021. 7 were medium sensitive, accounting for about 9.46%. 67 were low sensitive, accounting for about 90.54%, and the risk sensitive value for 49 of them was below 50, accounting for about 66.22%. When a risk occurs, the total exposure amount is about 5.73% of the total value of the SCSB's stronghold asset. The exposure amount for medium-sensitive location is about 4.27% of the total value of the SCSB's stronghold asset. The exposure amount for low-sensitive location is about 1.46% of the total value of the SCSB's stronghold asset. The exposure amount of the unit with the risk sensitive value below 50 is about 0.76% of the total value of the SCSB's stronghold asset.

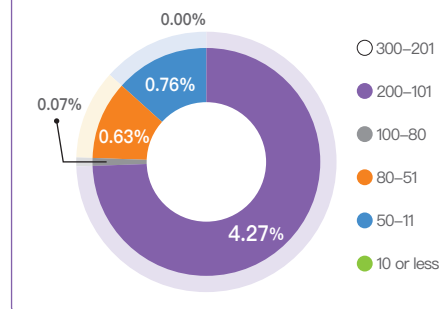
### 2. Flooding risk of stronghold asset



### 3. Slope land risk of stronghold asset



### 4. Climate sensitivity ratio of the SCSB's stronghold asset



### 5. Response measures:



With regards to immediate physical risks, all of the SCSB's stronghold asset has drawn up the response plan, disaster prevention process, and preparation plan for data backup. They aim to minimize the damage brought by short-term natural disaster and maintain the post-disaster operation.

### 6. Exposure analysis of the SCSB's stronghold asset

Climate sensitivity	Climate risk sensitive value	Number of locations	Value of the Bank's location	Number of employees exposed to the risk	Exposure amount (NTD)	Percentage to the amount of the total asset (%)
High	300-201	-	-	-	-	0.00%
Medium	200-101	7	9,944,317,489	200	745,823,811	4.27%
Low	100-81	2	146,531,392	42	12,061,990	0.07%
	80-51	16	2,209,792,703	309	110,265,078	0.63%
	50-11	44	4,918,981,905	928	132,277,547	0.76%
		5	228,548,426	81	230,255	0.00%
Total		74	17,448,171,915	1,560	1,000,658,681	5.73%

\*The exposure amount is the sum of the total value of the asset at the location and the physical revenue of the location. The impact generated when a risk occurs is assumed.

## C Analysis for supplier exposure



To assess the impact of physical risk on the SCSB's supplier, we conduct substitutability analysis and evaluation for all of the SCSB's suppliers. Substitutability is divided into high, medium and low levels. High means a substitute supplier can be found in a month. Medium means a substitute supplier can be found in three months. Low means it takes at least six months to find a substitute supplier. The SCSB drew a risk sensitive map based on the physical risk hazard (level 1-3, extreme rainfall frequency in 24 hours), vulnerability (level 1-10, flood potential and slope land disaster) and exposure (level 1-3, substitutability) of physical risk. It uses RCP 8.5, the most severe scenario of temperature rise, as the scenario for risk impact, to execute exposure analysis for the Bank's supplier in mid-century (2036~2065), and bring up corresponding climate risk management strategies.



Climate scenario :

- RCP8.5(2036~2065)



Evaluation factor :

- Supplier's location
- Amount of supplier procurement
- Substitutability



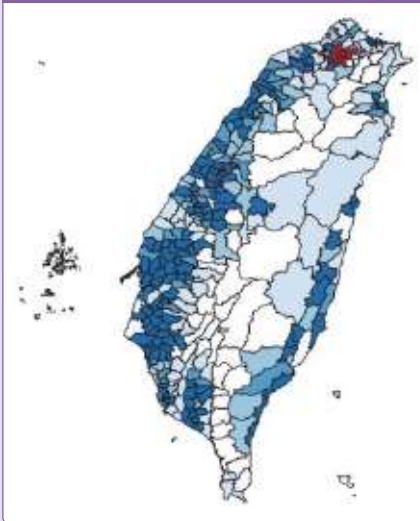
Considered risk factor :

- flood potential
- slope land disaster

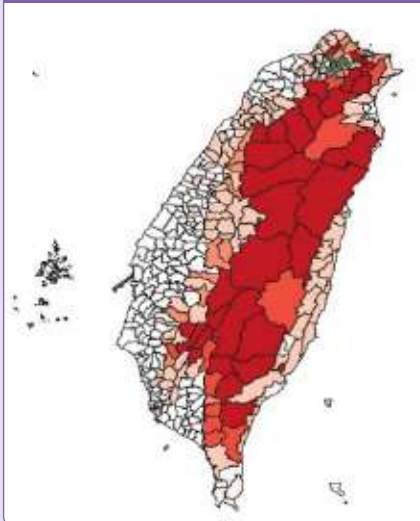
### 1. Analysis result:

The SCSB conducted climate sensitivity analysis for 163 suppliers in Taiwan by the end of 2021. 2 suppliers were highly sensitive. 19 of them were medium sensitive. 142 of them were low sensitive. The number of highly sensitive units is about 0.04% of the total procurement amount. The number of medium sensitive units is about 3.83% of the total procurement amount. The number of low sensitive units is about 2.47% of the total procurement amount. The SCSB evaluated substitutability and risk sensitivity of each procurement type, as shown below.

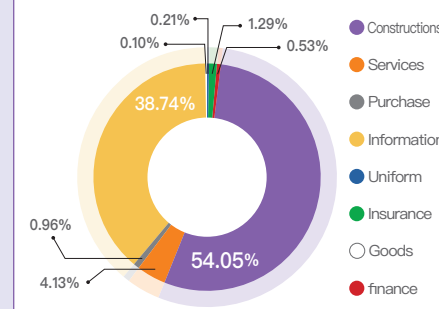
### 2. Flooding risk of supplier



### 3. Slope land risk of supplier



### 4. Exposure ratio of all kinds of suppliers



### 5. Response measures:



Pay attention to supply stability of supplier and develop new suppliers adequately to enhance substitutability.

### 6. Exposure analysis of the SCSB's supplier

Climate sensitivity	Climate risk sensitive value	Number of locations	Procurement amount (NTD)	Exposure amount (NTD)	Percentage to procurement amount (NTD)
High	90-61	2	3,508,105	395,801	0.04%
Medium	60-31	19	543,224,022	38,685,347	3.83%
Low	30-21	18	89,085,932	8,227,703	0.81%
	20-11	71	202,856,819	11,459,231	1.13%
	10 以下	53	171,281,632	5,388,890	0.53%
Total		163	1,009,956,510	64,156,972	6.34%

\*The exposure amount is the procurement amount that may impose impact on the supplier after the risk occurred.

### 7. Substitutability analysis of the SCSB's supplier

Procurement type	High substitutability		Medium substitutability		Low substitutability		Percentage to exposure
	Quantity	Exposure amount	Quantity	Exposure amount	Quantity	Exposure amount	
Construction	26	1,873,332	0	-	1	26,550,843	54.05%
Services	18	1,382,432	2	164,850	3	624,407	4.13%
Procurement	0	-	7	104,021	7	401,647	0.96%
Information	14	2,775,333	12	4,098,064	29	13,497,482	38.74%
Uniform	4	108,623	0	-	0	-	0.21%
Insurance	5	676,709	0	-	0	-	1.29%
Goods	2	27,779	1	22,418	0	-	0.10%
Finance	5	279,323	0	-	0	-	0.53%

\*The exposure amount is the procurement amount that may impose impact on the supplier after the risk occurred.



Transition risk<sup>3</sup> impact analysis

To assess the impact of transition risks, the SCSB analyzes exposure of investment and financing of high carbon emission industry and the energy transition risk. Through scenarios such as IEA 2DS, IEA WEO SDS, ISF-Net Zero and Taiwan's NDC, the SCSB evaluates its transition risk impact.

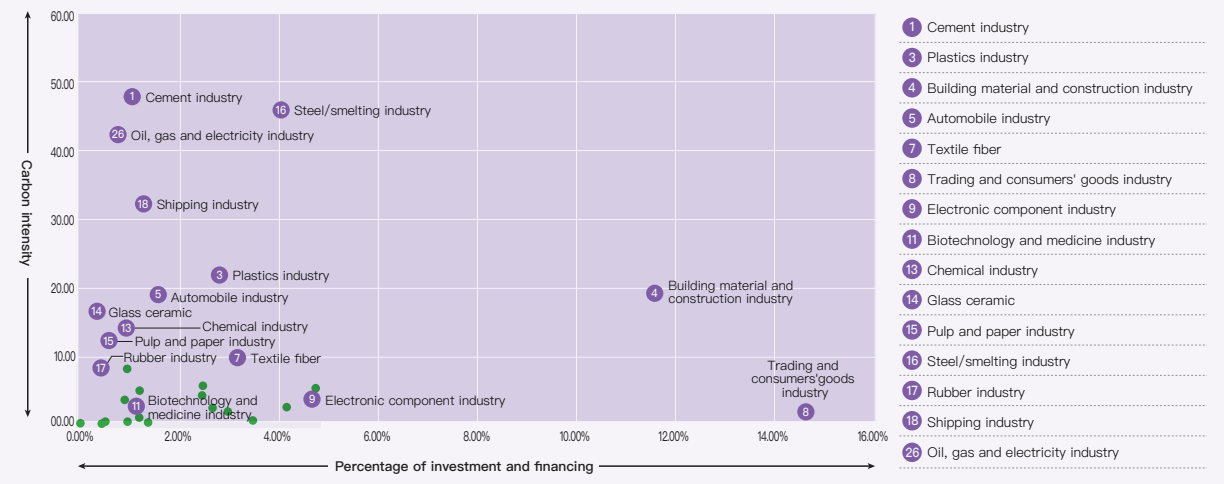
<sup>3</sup> Transition risk: It is associated with low carbon economy, including policy and regulatory risk, technical risk, market risk and reputation risk.

A Exposure for high carbon emission industry

While people pay more attention to carbon issues, carbon gradually becomes marketable. Corporations start to put carbon emission into consideration for corporate cost. High carbon emission industry might be stressed about high-cost carbon reduction in future and its market risk might increase. If the carbon cost is too high, the corporate revenue might be impacted significantly. This might leads to expected credit loss, default rate rise and our loan income will be impacted.

The SCSB identified the exposure impact on five industries with high climate sensitivity (building materials construction, steel/smelting industry, plastics industry, cements industry, oil and gas power generation industry). Refer to the diagram below for the evaluation result:

1. Analysis of Carbon Emission Sensitive Industries



Based on the assumption on IEA 2DS sustainability scenario, the assessment on the evaluation made by the SCSB on climate transition risk in regulation, technological development and market was made. Refer to the following for the evaluation result of high carbon emission industry that has higher credit exposure impact and frequent business dealings with the SCSB:

Global warming to 2° C	Key assumption of a scenario	Expected industrial change under the 2DS scenario	Expected financial implication	Prediction made by the SCSB for the risk and opportunity of the industry
steel/ smelting industry	High-carbon technology is transformed into lowcarbon technology.	Improve the energy consumption performance of Electric arc furnace.	Credit risk ↓ ↓	<b>Opportunity</b> Under the mandatory regulation of laws, low carbon transformation is imperative. Therefore, corporations with high-efficiency machinery and equipment will gain advantages in this situation and have a stable source of profit, bringing stable interest income to the Bank.  <b>Risk</b> 1. Massive infrastructure will be replaced during transformation. To replace equipment or expand factories (old and new equipment in concurrent operation), corporations might raise massive funds in the market. If the loan interest rate in the market increases but the iron and steel companies did not hedge the market risk, the interest rate might rise. 2.If the transformation is slow, the price for high-performance equipment set by the supplier might rise. Iron and steel corporations might also encounter higher risk of purchase price. If the market risk takes a greater proportion in the percentage of revenue, the ECL of iron and steel companies might increase. As a result, the default rate will rise and our loan income will be impacted.
		Continue heavy use of coal as an energy source.	Credit risk ↑	
Oil and electricity Gas industry	High-carbon technology is transformed into lowcarbon technology.	Acquisition of renewable energy power plants.	Credit risk ↓ ↓	<b>Opportunity</b> Low carbon transformation is imperative because of mandatory regulations. This is advantageous for companies with high-performance machine equipment. These corporations will gain stable benefits and bring us stable interest income.
		Continue to use coal.	Credit risk ↑	
	The primary energy sources are solar and wind power.	Sale of renewable energy.	Credit risk ↓ ↓	<b>Risk</b> If a corporation has no long-term stable funding for transformation but encounters resistance from high carbon tax or high carbon emission energy, it will not receive stable operating cash income. As a result, the default rate will rise and our loan income will be impacted.
		Continue to use coal for power generation.	Credit risk ↑	
	The government enacted high carbon tax mechanism and calls for im-proved energy conversion efficiency.	Enhance the efficiency of energy conversion.	Credit risk ↓	
		Maintain the current efficiency of energy conversion.	Credit risk ↑	

Note: Arrows indicate expected positive or negative financial impact, 2 arrows are stronger than 1 arrow.

By analyzing the investment and financing amount and the carbon emission intensity of the industry, the SCSB screened the key high carbon emission industries. To reduce the exposure for high carbon emission industry, the SCSB actively keeps in line with government financial policies. Develop the green financial service. Integrate transition into the idea of sustainable development. When reviewing the corporate credit process, the SCSB evaluates whether or not the loan client is a corporate with high carbon emission and pollution, and put the evaluation into consideration in terms of granting of loans.

Climate scenario :

- STEPS
- NDCs and different carbon fee scenarios

Evaluation factor :

- Investment and financing amount
- Greenhouse gas emission
- Carbon fee cost

Considered risk factor :

- Policy and regulations

2. Analysis result:

Based on the methodology proposed by the international organization “The Partnership for Carbon Accounting Financials (PCAF),” the SCSB estimated the GHG emission for the invested and financed corporation in 2021. The GHG emission for high carbon emission industry is about 967,261.79 metric tons CO2e, about 58.70% of the emission of total invested and financed corporations. The SCSB estimated the carbon exposure amount could generate from the invested industry after the carbon fee collected in future. The table below shows the expected exposure amount of high carbon emission industry at the SCSB based on the carbon fee collection assumed in all scenarios. Under the highest standard scenario assumption, the SCSB's carbon exposure amount is estimated to reach 2.702 billion dollars.

3. GHG emissions of high carbon emission industries

Type of industry	GHG emission (metric tons CO2e)	Percentage (%)
High carbon emission industry	Building materials construction	232,880.35
	Steel/Smelting industry	439,806.17
	Plastics industry	169,558.63
	Cement industry	58,476.50
	Oil and Gas power generation industry	66,540.14
Other industries	Others	680,534.78
Total		1,647,796.57

Note 1: Statistics do not include data on project financing, housing loan, and vehicle loan

Note 2: The statistical data is classified according to the industry of the stock exchange. The steel/smeltng industry includes related metal products and appliance manufacturing

4. Carbon fee scenario

Scenario No.1	Scenario No.2	Scenario No.3	Scenario No.4
NT\$ 30 (TWD) per ton One of the law amendments made by legislators in Taiwan	NT\$ 300 (TWD) per ton The civil organization and educational circle generally think that the initial carton fee should be set to NT\$ 300 per ton and should be increased to the EU standard to facilitate corporate carbon emission effectively.	NT\$ 1,650 (TWD) per ton STEPS: Development under established policies, global aver-age temperature to be 2.6°C higher than preindustrial in 2100	NT\$ 2,850 (TWD) per ton NDCS: All countries' commitments are met on schedule, and the global average temperature in 2100 will be about 2.1°C higher than before industrialization

5. Investment and financing carbon exposure

Type of industry	Scenario No.1 (million NTD)	Scenario No.2 (million NTD)	Scenario No.3 (million NTD)	Scenario No.4 (million NTD)
High carbon emission industry	Building materials construction	698.6	6,986.4	38,425.3
	Steel/Smelting industry	1,262.3	12,623.0	69,426.6
	Plastics industry	508.7	5,086.8	27,977.2
	Cement industry	175.4	1,754.3	9,648.6
	Oil and Gas power generation industry	199.6	1,996.2	10,979.1
Other industries	Others	2,043.9	20,438.6	112,412.4
Total		4,888.5	48,885.3	268,869.3

6. Response measures:

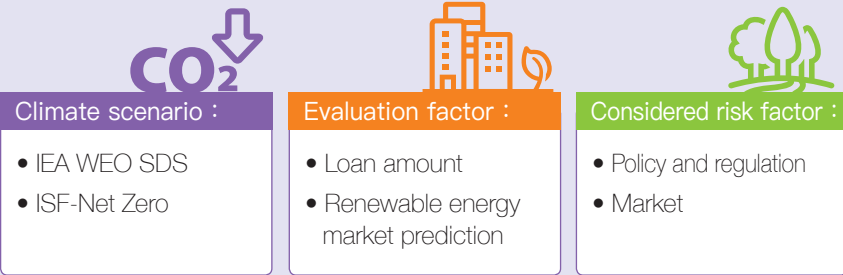


The SCSB integrated 5C (moral Character, loan repayment Capacity, Capital strength, Collateral, industrial Condition) with 5P (Borrower personal factor, loan Purpose, re-Payment source, Protection and Perspective), during credit review process, to evaluate the impact of granting loans to carbonsensitive industry on the SCSB credit risk. Due to the reciprocal effect between the operational risk and financial risk for the client, and the bank's credit risk, the SCSB regularly carry out post loan management (e.g., examination of fluctuations in EBIT) after granting the credit line. We manage the transformation risk impact of climate change risk on our loan for carbon-sensitive sector properly.

B Energy transition exposure

Climate change leads to transition of low carbon economy. One of the notable emission sources is energy use. The energy market changes significantly. Most of the countries start to announce net zero carbon emission goal or ambitious carbon reduction goal. Therefore, most of the nations start to promote renewable energy infrastructures vigorously, and focus on renewable energy development. The types of renewable energy with greatest development potential are offshore wind power and solar power. Currently in Taiwan, these two types of power generation are the primary goal of renewable energy development.

If a traditional power supplier has no long-term stable funding for transformation but encounters resistance from high carbon tax or high carbon emission energy, it will not receive stable operating cash income. As a result, default rate will rise and the bank's loan income will be impacted.



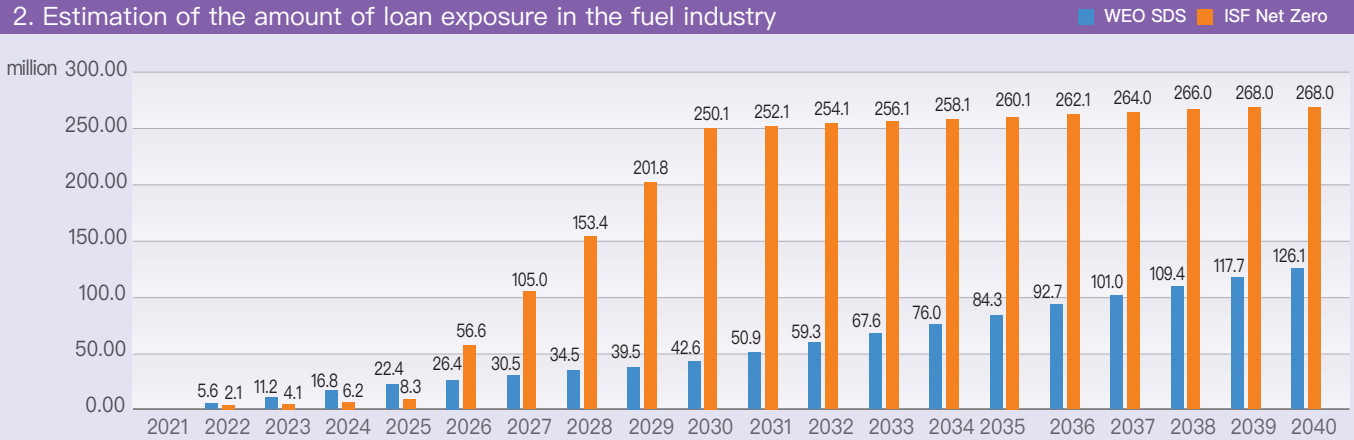
1. Analysis result:

With regards to the loan granted to energy power generation industry in 2021, the loan amount for solar power is about 82.27% of the total energy power industry. The loan amount for fuel and coal is about 11.32% and 6.41%, respectively. The SCSB analyzed Taiwan's future energy change trend based on IEA WEO SDS scenario and ISF-Net Zero scenario.

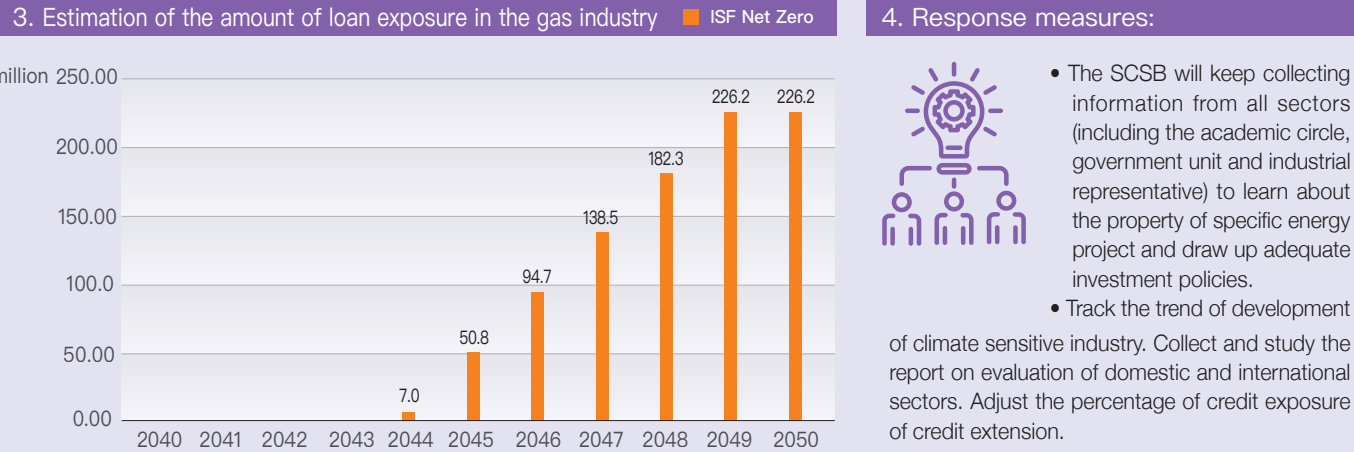
Based on the aforementioned scenario, conduct exposure evaluation on the loan amount for all kinds of the bank fossil energies by the end of 2021. As for fuel industry loan, in the WEO SDS scenario, loss of NT\$ 5.6 million occurred in 2022. The loss will increase to NT\$ 126.1 million in total by 2040. In the ISF Net Zero scenario, loss of NT\$ 2.1 million will occur in 2022. The loss will increase to about NT\$ 268 million in total by 2039.

As for gas industry loan, in the WEO SDS scenario, the gas usage proportion is increased year by year. Therefore, there is no estimated loss. In the ISF Net Zero scenario, loss of NT\$ 7 million will occur in 2044. The loss will increase to about NT\$ 226.2 million in total by 2049.


2. Estimation of the amount of loan exposure in the fuel industry



3. Estimation of the amount of loan exposure in the gas industry



4. Response measures:

- 
- The SCSB will keep collecting information from all sectors (including the academic circle, government unit and industrial representative) to learn about the property of specific energy project and draw up adequate investment policies.
  - Track the trend of development of climate sensitive industry. Collect and study the report on evaluation of domestic and international sectors. Adjust the percentage of credit exposure of credit extension.

2.3 Energy and resource management

Environmental impact of climate change increases steadily these years. All nations have gradually become aware of impact of extreme climate. International organizations, governments and sectors gradually reinforce action on energy saving and carbon reduction gradually to alleviate the impact of climate risk on economic development. As a member of the financial industry, the SCSB pro-actively introduces the TCFD structure to analyze climate risks, and continues to work on reducing the potentially direct negative impact on the environment and the footprint. By performing various voluntary actions and improvement measures, we reduce the energy, paper and water resource consumption.

(I) Energy use and management

The main direct energy consumption of the SCSB's business locations includes the purchase of electricity, natural gas and gasoline for the company cars. The scope of statistics is the temporary building of Headquarters (on Min Sheng E. Rd.) and locations of all branches. The energy consumption of the entire the SCSB in 2021 (57,401 GJ) is about 1.25% higher than in 2020 (56,690 GJ). It is primarily because the activity data of Wuxi Branch was added in 2021, including power use and purchased steam, leading to increasing energy demand.

The overall statistics system was built in 2019 to record consumption of all kinds of energies at all branches. The summarized records can be used to calculate the GHG emissions. The SCSB tracks carbon emissions of the overall operating process year by year for annual comparison and analysis, and further formulation of carbon reduction and energy saving actions.

The SCSB's energy consumption in the past four years (GJ and KWH)

Energy (unit)	2018 <sup>5</sup> (GJ)	2019 <sup>5</sup> (GJ)	2020 <sup>5</sup> (GJ)	2021 <sup>5</sup> (GJ)	2021 <sup>3</sup> (MWh)	Goal for 2021 (MWh)
Purchase of elec-tricity <sup>1</sup>	10,333	55,223	49,602	50,789	14,108.06	
Natural gas <sup>2</sup>	856	559	-	-	-	
Gasoline <sup>2</sup>	537	7,455	6,953	5,963	1,656.52	
Diesel (diesel car) <sup>2</sup>	-	7	1	19	5.28	
Diesel (power generator) <sup>2</sup>	-	-	134	28	7.78	
Purchased steam <sup>4</sup>				602	167.24	
Total	11,726	63,244	56,690	57,401	15,944.88	15,800.24 <sup>6</sup>
Data coverage	20.65%	100%	100%	100%	100%	100%

Note 1: Heating value of the purchased electricity: 3,600 GJ/GWh.  
Note 2: The conversion was made based on the Energy Product Unit Heating Value Table published by the Bureau of Energy, Ministry of Economic Affairs. Refer to the heating value published by the Bureau of Energy for imported natural gas, automotive gasoline and automotive diesel, which is 9,000 kcal/m<sup>3</sup>, 7,800 kcal/L and 8400 kcal/L, respectively.  
Note 3: Conversion of energy unit: 1 cal = 4.184 J, 1GJ=0.2778 MWh.  
Note 4: The purchased steam is used in Wuxi Branch (included in 2021). The heating value is calculated based on "General principles for calculation of the comprehensive energy consumption." The coefficient is 3.763GJ/ton.  
Note 5: In 2018, only the data on Headquarters was recorded. The data in 2019, 2020 and 2021 covers all of the SCSB's locations.  
Note 6: The goal in 2021 is that the revenue consumption per million must be 3% less than last year.

The energy management of the SCSB in 2021 is as follows:

1. Review and analyze the utilization capacity in the contract annually to avoid the punishment for breaking the contract.
2. The advertising signboard on the wall will be lit appropriately based on the weather conditions. A timer control switch will be installed to reduce energy consumption.
3. For the inspection and repair of the AC system, the SCSB regularly cleans the air filter, cooling tower, cooling water pipe and heat exchanger. The refrigerant reserve is checked monthly to maintain the efficiency of the AC system. The systematic check is performed annually.
4. We remind all departments to remove the removable plugs of the electronic devices before the Spring Festival and holidays. Such as: Water dispenser, refrigerator, computer, and printer.
5. Set the AC temperature above 26° C and turn off the main power 30 minutes before the shift is over. Leave only the ice water pump on and set the leaving water temperature higher to reduce the energy consumption of the main engine.
6. Replace lots of lighting equipment with LED and stop using traditional conventional fluorescent tubes. A total of 1,538 LED tubes have been installed and it is estimated that about 590 MWh will be reduced per year.



(II) GHG emissions

The SCSB investigated GHG emissions based on the “Operational Control Approach” and disclosed scope 1 (gasoline and diesel) and scope 2 (purchase of electricity and steam). The emission factor refers to “GHG Emission Factor Management Table Version 6.0.4,” announced by the Environmental Protection Administration, Executive Yuan. The electricity emission factor used is 0.502 kg CO<sub>2</sub>e/kWh, announced by the Bureau of Energy, Ministry of Economic Affairs, in 2020. The global warming potential (GWP) originates from the statistics in IPCC AR6 in 2021

The SCSB’s GHG emission in the past four years

Type of emission source	2018		2019		2020		2021		Goal for emission equivalent in 2021 (CO <sub>2</sub> e ton / year)
	Equivalent (CO <sub>2</sub> e ton / year)	Percentage	Equivalent (CO <sub>2</sub> e ton / year)	Percentage	Equivalent (CO <sub>2</sub> e ton / year)	Percentage	Equivalent (CO <sub>2</sub> e ton / year)	Percentage	
Gasoline	38.8	2.5%	539.4	6.17%	503.1	6.68%	430.7	5.68%	
Natural gas	42.8	2.2%	26.0	0.3%	-	-	-	-	
Diesel (diesel car)	-	-	-	-	-	-	1.4	0.02%	
Diesel (power generator)	-	-	0.5	0.0%	10.2	0.14%	2.1	0.03%	
Scope 1 <sup>2</sup>	81.6	4.90%	565.9	6.47%	513.3	6.82%	434.2	5.73%	514.99 <sup>3</sup>
Purchase of electricity	1,590.2	95.1%	8,176.0	93.53%	7,013.2	93.18%	7,082.2	93.40%	
Pur-chased steam <sup>4</sup>	-	-	-	-	-	-	66.2	0.87%	
Scope 2	1,590.2	95.10%	8,176.0	93.53%	7,013.2	93.18%	7,148.4	94.27%	
Total	1,671.8	100%	8,742.0	100%	7,526.5	100%	7,582.6	100%	
Data coverage	20.65%		100%		100%		100%		
Business travel (other indirect emission) (CO <sub>2</sub> e ton/year)	-		-		1.2		3.2		
Data coverage	-		-		100%		100%		

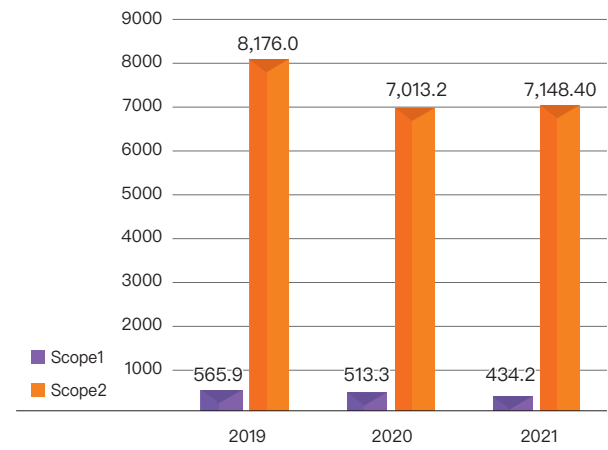
Note 1: In 2018, only the data on Headquarters was recorded. Data on other business locations have also been recorded since 2019.  
Note 2: Scope 1 only covers fuel combustion in stationary sources and mobile combustion sources, not including effusion source. (The SCSB has no process emission source.)  
Note 3: The goal in 2021 is that the revenue consumption per million must be 3% less than last year.  
Note 4: The greenhouse gas emission factor for steam refers to "2020 Siemens Switchgear Ltd. Shanghai greenhouse gas emission inspection report," 0.110 tCO<sub>2</sub>/GJ.  
Note 5: Due to the impact of COVID-19, the SCSB additionally rented new office premises, resulting in the failure to meet the Scope 2 energy consumption and emission targets



All kinds of GHG emissions in 2021

All kinds of greenhouse gas emissions	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total
Emission (t-CO <sub>2</sub> e/year)	7,565.4	4.2	13.0	-	-	-	-	7,582.6
Percentage to total emission (%)	99.77%	0.06%	0.17%	-	-	-	-	100.00%

GHG emissions trends (metric ton CO<sub>2</sub>e)



We are in the financial service industry. The following explains the environmental impact of our operating activity. The primary resource we consume is paper. We reduced paper usage by promoting electronic form, encouraging using electronic documents for the meeting, and paper reuse and sorting. Water, electricity and petroleum gas for company cars are our primary direct and indirect sources of energy consumption. By limiting the time for turning on aisle lighting and air conditioning, controlling the water flow, managing the usage of company car and maintaining the company car regularly, the environmental impact can be alleviated. The SCSB abides by the environmental regulations to protect nature. When carrying out the operating activity and internal management, The SCSB strives for enhancing efficiency of all types of resources. Associated environmental policies include:



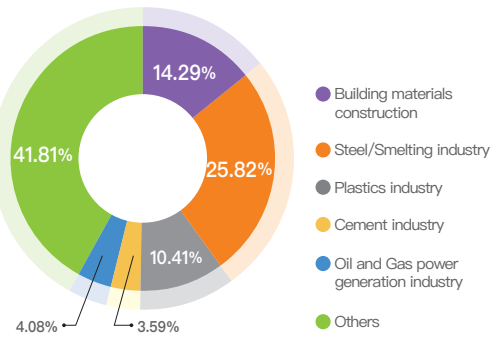
Financed emissions

The SCSB evaluates the financed emissions from investment and financing based on the PCAF methodology. The scope of 2021 includes equity investment, corporate bonds, and corporate loans. The disclosed data accounts for about 71.62% of the total investment and financing amount.

The SCSB's financed emissions in 2021 are 1,629,510.65 metric tons CO<sub>2</sub>e. We identify industries with high carbon emissions based on investment weights, including building materials construction, steel/smeltering industry, plastics industry, cement industry, oil and gas power generation industry. The Steel/Smeltering industry and building materials construction are the main industries, with emissions accounting for 25.8% and 14.3% of the exposed areas respectively.

In order to comply with the international trend of sustainable development of ESG, the SCSB has informed that the corporate credit should not be undertaken for the electricity supply industry that uses coal as the new source of power generation, and the part that has been undertaken will be gradually withdrawn.

Financed emissions of various industries



Financed emissions & Carbon footprint in 2021

Industry type		Funding weight %	GHG emissions (metric tons CO <sub>2</sub> e)	Carbon footprint (metric tons CO <sub>2</sub> e / million U.S. dollars)
Equity investment	Building materials construction	1.14%	1,331.96	250.86
	Steel/Smelting industry	0.52%	2,309.68	947.53
	Plastics industry	2.01%	2,729.01	290.09
	Cement industry	1.09%	1,525.36	299.86
	Oil and Gas power genera-tion industry	0.47%	970.78	440.55
	Others	94.77%	7,342.15	16.58
Corporate bonds	Building materials construction	0.00%	0.00	-
	Steel/Smelting industry	3.73%	74,873.61	929.55
	Plastics industry	12.59%	112,538.49	413.69
	Cement industry	6.30%	44,891.52	329.95
	Oil and Gas power generation industry	2.49%	39,051.37	727.21
	Others	74.90%	94,484.62	58.38
Corporate loans	Building materials construction	13.70%	231,548.39	124.79
	Steel/Smelting industry	4.17%	343,584.17	608.62
	Plastics industry	1.16%	54,291.13	344.45
	Cement industry	0.21%	12,059.63	429.23
	Oil and Gas power generation industry	0.46%	26,517.99	421.02
	Others	80.30%	579,460.80	53.27
Total			1,629,510.65	100.75

Note 1: Statistics do not include data on project financing, housing loan, and vehicle loan  
Note 2: Calculated at the exchange rate of 27.95 NTD/USD advertised by the Bank of Taiwan on 2021/12/30

(III) Water resource

The water of the SCSB used is 100% from the Taiwan Water Corporation. There is no other water source supply like using the groundwater. Water consumption is calculated based on water bills. The water usage at the offices and the business locations are for our employees and clients. The operating process of the business location has no direct impact on the water source. The used wastewater will be released to the sewage systems. The systems collect the wastewater to the sewage treatment plant for processing. As a result, the operation does not cause any pollution to other surface water body. In addition, the SCSB has purchased the water saving equipment for the restroom device and other water using device. We use the products with the water conservation certificate. The overall statistics system was built in 2019. Besides tracking energy consumption as described earlier, water consumption at all branches is recorded. It is beneficial to analysis and comparison, and planning of water conservation measures every year.

The SCSB’s water usage in the past four years

Item	2018	2019	2020	2021	Goal for 2021 <sup>4</sup>
Water usage (million liter)	23.6	69.7	53.5	53.10	53.68
Water usage per person (ten thousand liter)	4.46	2.64	2.02	1.94	
Data coverage	20.65%	100%	100%	100%	

Note 1: WRI Aqueduct's database indicates that Taiwan is not a water stress area. It is affirmed that the SCSB has not withdrawn water from water stress area.  
Note 2: Based on the Tap Water Quality Standards, it is reckoned that the water withdrawn by the SCSB is freshwater.  
Note 3: Only the data on Headquarters in 2018 was recorded. Data on other business locations have also been recorded since 2019.  
Note 4: The goal in 2021 is that the water usage per million must be 3% less than last year.

(IV) Waste management

The SCSB is in the financial field. The wastes we produce are mainly domestic waste (non-hazardous wastes). We encourage the employees to do recycling. The Headquarters and all branches have the recycle area for waste sorting. The SCSB hires a qualified recycling company to clean up wastes. Other wastes are recycled, incinerated or buried. Waste produced during our operations does not cause severe pollution to the environment. In 2019, our overall statistics system began to require all branches to report the total waste. It summarized the reported volume for annual analysis and reference for arranging waste management policies.

The SCSB’s total waste in the past four years

Item	2018	2019	2020	2021	Goal for 2021
A: Total waste (metric ton)	70	260	205	386.35	
B: Total weight of re-cycled/re-used waste (metric ton)	7	62	65	136.14	
Total non-recyclable waste (metric ton)(A-B)	63	198	140	250.21	140.46 <sup>3</sup>
Data coverage	20.65%	100%	100%	100%	
Method of re-use and weight of non-hazardous waste (metric ton)	2018	2019	2020	2021	Goal for 2021
Recycle	7	62	65	136.14	
Incineration (massive combustion)	63	198	140	250.21	

Note 1: In 2018, only the data on Headquarters was recorded. Data on all of the SCSB's locations has been recorded since 2019.  
Note 2: Reuse of non-hazardous waste is only performed by recycling and incineration. Neither reuse, composting, reclamation, deep-well injection, burial or on-site storage has been performed.  
Note 3: The goal in 2021 is that the waste per million must be 3% less than last year. However, due to the impact of the COVID-19. The total amount of non-recyclable waste did not reach the target due to the increase in the number of epidemic prevention cleaning and disinfection and the use of off-site backup mechanism for transportation and packaging consumption.

To control energy and resource effectively, the SCSB plans to implement ISO14064-1 (greenhouse gas inventory) and ISO50001 (energy management).

(V) Paperless service

The SCSB continues to encourage clients to use e-bills and apply for credit cards online to cut down paper consumption, in order to achieve carbon reduction. At the beginning of the credit card application, annual fee is waived three years for clients applying for Minions Credit Card online. Throughout 2021, over 65% clients applied for credit card online. 21,250 credit cards were applied online. Each application form uses 2 pieces of A4 paper. Credit card online application service has saved 42,500 pieces of paper.

In addition, the SCSB spares no effort to encourage clients replace paper bill with e-bill. The total number of clients receiving e-statement was increased by 16,860 in 2021. By the end of 2021, the total number of clients receiving e-statement was 124,447. 732,491 bills were generated throughout the year, namely these clients saved 732,491 envelopes and at least 732,491 pieces of paper for statement.

Environmental Protection Administration, Executive Yuan (Carbon Footprint Information Platform) announced that the carbon emission for a piece of A4 paper is 0.0068 kg. The SCSB reduced 10,250 kg of carbon emission in total by reducing paper and envelope use. Moreover, based on the estimation method suggested by the Intergovernmental Panel on Climate Change (IPCC), roughly 6.32(±0.09) g of carbon dioxide is generated by delivery of a paper statement. In 2021, e-bill service saved about 4,629 kg of carbon emission by reducing paper statement delivery.

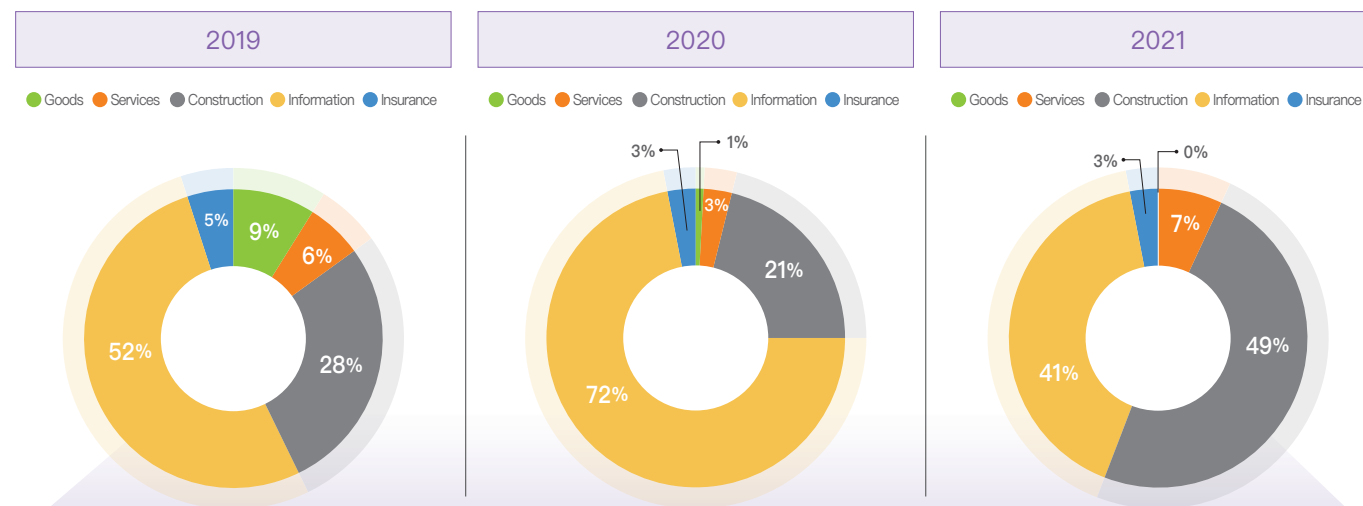
Therefore in 2021, credit card e-bill and online application service has helped The SCSB reduce 14,879 kg of carbon emission.



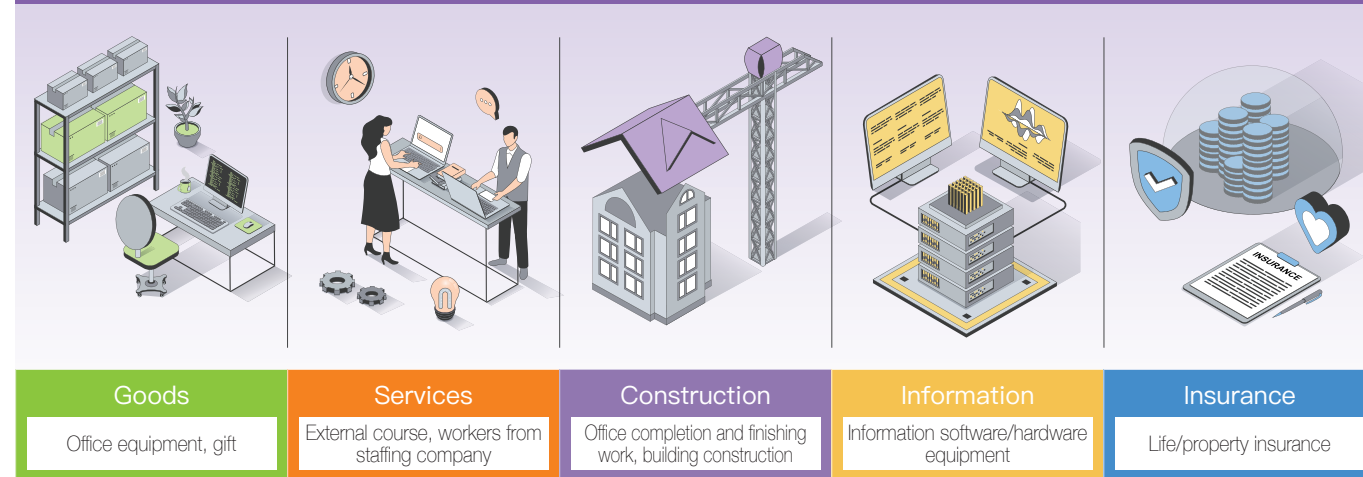
## 2.4 Sustainable Supply Chain Management

The main suppliers of the SCSB are suppliers of goods, services, constructions, information and insurance. The construction suppliers took up the most percentage of the transaction amount with the SCSB in 2021, which was 49%. The respective percentages of information, services, insurance and goods were 41%, 6%, 3% and 1%.

Transaction amount percentage of suppliers throughout the years



Supplier Type Description

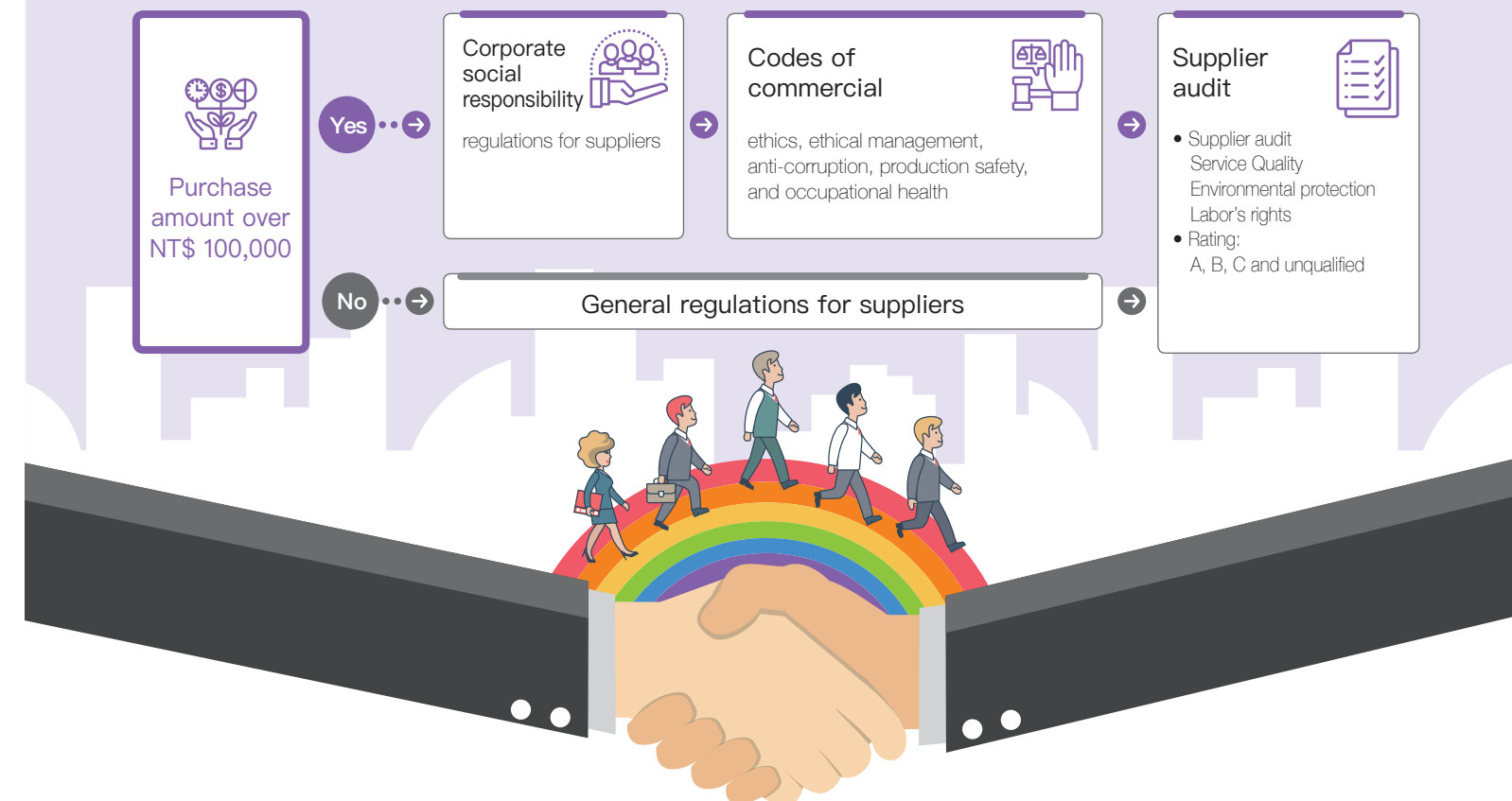


Transaction amount of the SCSB's suppliers

Supplier Type	Total transaction amount in 2019 (NTD)	Total transaction amount in 2020 (NTD)	Total transaction amount in 2021 (NTD)
Goods	63,099,072	5,290,244	35,751,074
Services	42,908,241	23,319,325	34,775,872
Construction	195,088,808	163,922,153	396,423,655
Information	362,483,113	552,235,338	464,011,018
Insurance	31,969,126	22,398,014	23,337,290

Note: The quantity of office equipment increased significantly due to demolition of the Headquarters in 2019.

For the management of suppliers, the SCSB requires the supplier to comply with the government's laws and regulations. We have established regulations such as Regulations for outsources internal operation, Management regulations for outsourcing supplier, Guidelines on selecting outsourcing organization, Procurement regulations, Management rules for procurement suppliers and Supplier Corporate Social Responsibility. These regulations ensure that the contract does not violate against legally mandated or forbidden issue. Suppliers are required to add good faith clause and anti-corruption statement in the supplier contract. We make sure that the suppliers comply with the Banking Act, anti-money laundering, Personal Information Protection Act, Consumer Protection Act and other regulations. The SCSB as well as our partners/suppliers should hold account of corporate sustainability together.



Due to pandemic, the SCSB performed on-site audits on 32 suppliers out of the 243 suppliers in 2021. All suppliers were rated to be qualified. We selected one new supplier based on the environmental and social standards in 2021. They took up 5.56% of the new-in suppliers in 2021.

### Supplier management for the SCSB

Statistical item	2019	2020	2021
Total supplier count	323	362	243
On-site audit count	28	32	32
Written audit count	28	32	32
2021 newly added supplier count	137	39	18
2021 newly added supplier count (selected with environmental and social standards)	39	12	1
2021 newly added supplier percentage (selected with environmental and social standards) (%)	28.47%	30.77%	5.56%

Our procurement suppliers are mainly local suppliers. Besides taking their product quality and the on-time delivery into account, we select the eco-friendly and energy saving products first. We include the concept of eco-friendly and energy saving for the procurement of office equipment and facilities. We select products with energy saving and eco-friendly certificate, such as the FSC certified copier paper and water-saving faucets. In the future, we will keep raising the percentage of the energy saving product procurement. We hope to foster the growth of the green market and create green benefits by green procurement. This way, we can have a greater contribution to energy saving and carbon reduction.





## Chapter 3 Society – Always Caring

**SCSB** SUSTAINABILITY REPORT 2021



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CHAPTER 3

Society — Always caring

The SCSB always adheres to the idea of social inclusion development. As for employee care, it hopes to assist in continuous career development of employees by providing a good working environment and complete training structure. With regard to financial inclusive products and services, the SCSB starts from helping disadvantaged groups learn about finance and providing them with convenient services. The SCSB has been advocating the event Financial Knowledge Promotion in Campuses and Communities organized by the FSC and the event Finance Charity Carnival organized by TFSR for a long time. Numerous financial seminars and PukiiBank Financial Institute Children Finance Camp have been held to teach participants the right concept of consumption and financing. Accessible facilities are available in most of the branches for customers with physical disabilities. In addition, many financial products delivering positive benefits to society have been launched. The SCSB proactively offers digital banking services and ensures inclusive financing.

Materials GRI topic



Correspondence to material issues

- Employee training and career development
- Employee treatment and welfare
- Workplace health and safety

Corresponding SDG



Stakeholder prioritized for reading

Shareholders / Investors, Employees

3.1 Employee composition and diversity

Employee is one of the important factors for us to achieve common prosperity as the vision of corporate social responsibility. Besides building a happy working environment, the SCSB actively recruits talents of new generation and offers diverse recruitment channels, always hoping to maximize employee diversity. In addition, human rights and equality values are highly valued for recruitment, no discrimination to any gender, species, age group, political bias, marital or family status. To ensure diverse promotions, it is expected to increase the percentage of male employee serving in entry management before 2025. The SCSB keeps the percentage of both of male and female employees in entry management at 60% and below to enhance gender equality in promotion opportunities.



Employee composition in 2021

		Employment contract				Employment type			
		General employees		Definite term employees		Full-time employees		Part-time employees	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Female	<30 years old	346	12.66%	0	0.00%	346	12.66%	0	0.00%
	30–50 years old	839	30.71%	0	0.00%	838	30.67%	1	0.04%
	>50 years old	276	10.10%	0	0.00%	275	10.07%	1	0.04%
Male	<30 years old	173	6.33%	0	0.00%	173	6.33%	0	0.00%
	30–50 years old	664	24.30%	0	0.00%	662	24.23%	2	0.07%
	>50 years old	431	15.78%	3	0.11%	434	15.89%	0	0.00%
Total		2,729	99.89%	3	0.11%	2,728	99.85%	4	0.15%
Region	Taiwan	2,656	97.22%	3	0.11%	2,655	97.18%	4	0.15%
	Overseas areas	73	2.67%	0	0.00%	73	2.67%	0	0.00%
	Total	2,729	99.89%	3	0.11%	2,728	99.85%	4	0.15%

Note : The Bank hired 15 people with disabilities and one Taiwanese indigenous person in 2021.

Diversity indices for employees in 2021

Gender diversity indices	Percentage
Percentage of female employees	53.48%
Percentage of females in management level	46.11%
Percentage of females in entry management level	59.15%
Percentage of females in mid management level to all employees in entry management level	23.58%
Percentage of females in top management level	25.00%
The number of females in management levels in all the departments generating income	48.45%
Percentage of female employees with duties associated with science, technology, en-gineering and math (STEM) to all positions associated with STEM	25.00%

Country/Region	Number of employees	Percentage in total employees	Number of employees on manage-ment level	Percentage in total number of employees on management level
Taiwan	2,659	97.33%	365	97.86%
China and Hong Kong	37	1.35%	6	1.61%
Vietnam	25	0.92%	1	0.27%
Singapore	11	0.40%	1	0.27%

Composition of new employee hires and employee turnover in 2021

		New employee hires		Employee turnover	
		Number	Percentage in total employees	Number	Percentage in total employees
Female	<30 years old	108	3.95%	31	1.13%
	30-50 years old	38	1.39%	38	1.39%
	>50 years old	2	0.07%	3	0.11%
Male	<30 years old	66	2.42%	27	0.99%
	30-50 years old	35	1.28%	34	1.24%
	>50 years old	3	0.11%	4	0.15%
Total		252	9.22%	137	5.01%
Region	Taiwan	230	8.42%	116	4.25%
	Overseas areas	22	0.81%	21	0.77%
	Total	252	9.22%	137	5.01%

Employee turnover rate in the past four years

	2018	2019	2020	2021
Total employee turnover rate	5.46%	5.08%	4.11%	5.01%
Voluntary turnover rate	5.35%	4.82%	4.11%	4.83%

Note: Calculation of the total/voluntary turnover rate is to calculate the percentage of the number of employees resigned/voluntarily resigned employee in the total number of employees

Internal fill rate in the past four years

	2018	2019	2020	2021
Internal fill rate	45.1%	29.1%	34.5%	47.31%

Diverse recruitment

The SCSB offers a connection between school and workplace to students. By following the annual key strategy “Recruitment of diverse talents” and using three diverse channels, including academic-industry collaboration, overseas referral and NPO, the SCSB offers internships for students to learn about operation in banking industry in advance. Students taking the internships can become full time employees without recruitment exam. Since 2018, the SCSB has initiated the Pre-work Preparation Plan and collaborated with colleges including National Taipei University, Tamkang University, Soochow University, National Taipei University of Business, Fu Jen Catholic University, Shih Hsin University, Chung Yuan Christian University, Tunghai University, National Central University and National Sun Yat-sen University. Seniors in college and sophomores in graduate school in these colleges can take internships in our company. We observe their performance during internships and recruit them as full-time employees if they did well during internships and we have positions available for them. We aim to recruit diverse, excellent financial talents.

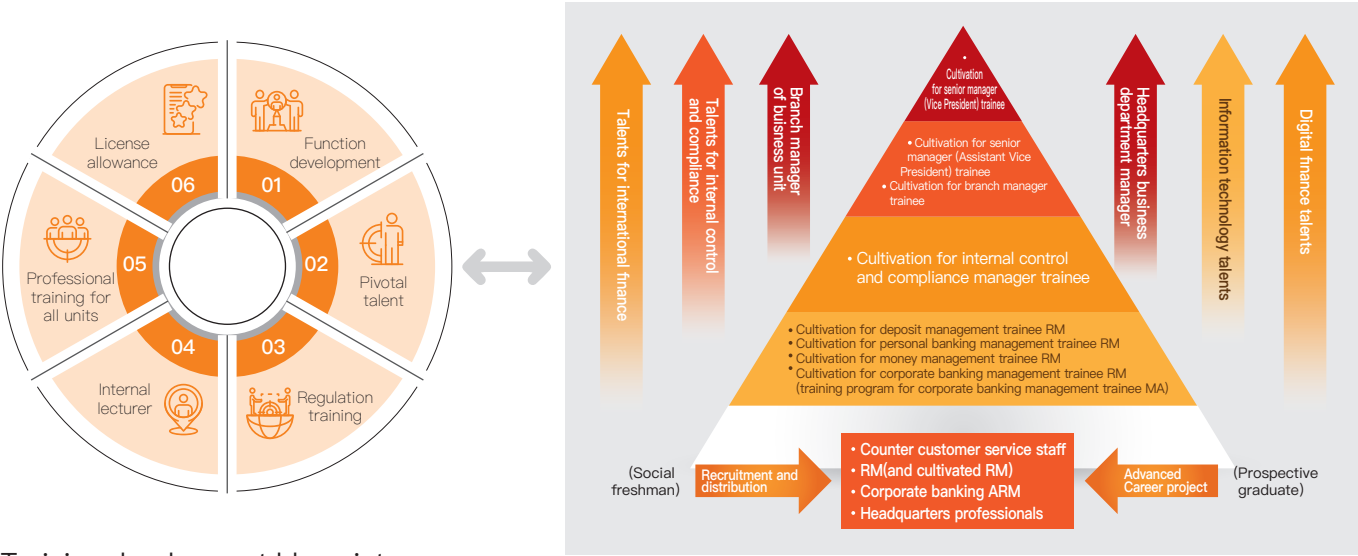


Diverse recruitment

Recruitment channel	Recruitment goal	Method	Effectiveness in 2021
Academic-industry collaboration	Stabilize the SCSB's talent source and recruit adequate graduates as formal employees.	The SCSB set up the Pre-work Preparation Plan. Seniors in college and sophomore in graduate school can take internships in second semester. We observe student's performance during internship to cultivate financial talents.	<ul style="list-style-type: none"><li>A total of 32 students took the internships.</li><li>Nine colleges worked with us in academic-industry collaboration.</li><li>A total of 56% of the students taking part in the Plan have been recruited as full-time employees.</li></ul>

3.2 Employee training and career development

The SCSB stays committed to the vision of “cultivate core function and create an abundant reserve of human capital.” This vision is the strategic key point to talent development and cultivation. Top-down talent cultivation has been planned carefully and the modern online education training course has been offered. It is believed that corporate growth is based on human capital. Every employee is a valuable asset which deserves our caring and investment. The regulations governing education training has been drawn up. Talent cultivation structure, strategic goal, and talent development needs have been put into consideration. As for explicit training needs and objectives, the SCSB arranged annual education training plan and evaluated the outcome.



Training development blueprint

Subject	Type	Function development	Pivotal talent cultivation	Regulation training	Internal lecturer	Professional training for all units	License allowance
Top manager		Cultivation of top manager trainee					
Mid-level manager		Cultivation of new branch manager Cultivation of branch manager trainee					
Low-level manager		Cultivation of operating and compliance manager trainee					
Business staff		Advanced training of current RM New RM training					
Junior staff		Four to six years of entry training for financial profession One to three years of entry training for financial profession					
New employee hires		one-year training plan					

Talent skill development plan

We hope that employees enjoy at work and challenge themselves. Besides transfer within the unit, staff performing well and with full development potential will be included in our talent pool. Inter-unit-transfer and overseas training have been planned, including senior manager cultivation plan, trainee cultivation plan and innovative talent cultivation plan. The SCSB helps employees gain more experience, become talents for strategic key cultivation and realize the career planning goal. The SCSB carried out the Learning for Raise Plan for entry-level employees of business unit. This plan encourages employees to take our e-academy course. For employees with job grade from 4 to 7, the SCSB conducted the Capability for Raise Plan to encourage employees to acquire certificates. In addition, the SCSB also offered the STEP BY ME Employee Enhancement Plan. A unit manager recommends a great staff, who can select the course as he/her wishes and gain points. The SCSB offers a complete plan for capability development and puts his performance into consideration for promotion. To continue to develop two skills for executive trainees, leadership and strategic transformation, the SCSB arranged executive trainees to take part in cross-domain role model learning in an action learning model, expand personal vision and establish leadership. The SCSB held the course “Financial innovation and FinTech strategy practice case studies” to guide trainees through speculation and argumentation by case studies. Topics



are assigned for group discussion and presentation to enhance speculation ability of trainees. It is hoped that the decision-making mode of the trainees can meet the practice needs of organization's transformation strategy. In addition, the SCSB arranged the executive trainees of the channel unit to join the “2021 Leading Executive Apex Program (LEAP).” Through diverse seminar activities such as co-learning, interaction, case study, practice, field trip and strategy topic among executives in the competitor organizations, the Program helps the trainees acquire three critical abilities, leadership, strategy-making and technology. The SCSB arranged the executive trainees of the information unit to join the “2021 Cybersecurity and Information Security Executive Program (CISE).” Through various activities such as topic seminar, case study, group report and external seminar, the Program helps the trainees build key thinking and ability of information security management. Besides the fostering plan involved with self-learning and group seminar, external topic seminar activities are arranged considering the expertise and regulatory requirements of individual function. The goal of the activities is to improve leadership of the SCSB's executive trainees and enrich trainee database.

	STEP BY ME employee enhancement plan	Promote digital transformation and digital talent training.	The learning motivation program for employees of operating unit whose job grade are from 4 to 5
Program content	The manager of a unit recommends a staff from his unit. The staff gains points during learning and growth. The employee can select the way he prefers for self-growth and gain points for promotion. This plan stimulates the employee to achieve self-actualization in six aspects: Work performance, foreign language proficiency, professional license, Internal and external advanced studies, project implementation, and contribution in the unit.	The SCSB must adapt to the development trend of digital banking technology and application. In order to promote digital transformation at the SCSB, build digital culture, popularize digital innovative thinking, and enhance employee's digital function, Top down held activities and training series to plan for digital transformation and fostering of digital talent. They include: 1. Hold the President's livestream event, "Digital transformation must be done." On the digital platform "Zoom online seminar," the President on the livestream interview program announced the idea of digital transformation the management level in charge of decision-making that the Bank has in mind, and his will for achieving "digital transformation, innovative sustainability." Announce the initiation of digital transformation at the SCSB. 2. The SCSB held the digital innovative camp – To implement the digital transformation strategy top-down from the mid and low level managers and promote the digital culture of digital transformation, the Bank arranged the managers to take the course "Mid and top level management level – digital innovative camp" to find out how to use creative ways to write proposals for innovative product, give practical advice, and establish innovative modes and practices for the product to lead the digital team effectively. 3. The SCSB held the "Financial innovation and FinTech strategy practice case studies" and arranges managers to study financial innovative cases, understand the formation of new financial ecosystem, the impact generated from the network, strategy for the platform, and future development, and build internal coordination consensus. 4. The SCSB held the Digital Innovative Camp. To enhance the creativity of the specialized innovative league and that of the staff from each unit being trained for joining the digital innovative program, the Amazon Reverse Working Method Workshop is implemented to perform innovative proposal training.	The SCSB e-learning system is used for providing exams and managing learning progress. This effectively saves the cost for holding physical exams and the commuting time and cost for attending the exam. After taking the digital course corresponding to the exam subject and reading the specified reference materials, employees can sign up for the exam. They will win the Learn for Raise Reward and Learning Day Off Reward, depending on the number of subjects they passed. This increases the retention rate and reduces the recruitment cost. The total expense for the project is NT\$1,267,647.
Description for quantitative benefit	Twenty-six employees were expected to participate but four of them have resigned or quit the program due to internal selection and transfer. Only 22 employees actually joined the program by the end of 2021. The overall promotion rate is in 2021 was 31.82%. The program is expected to end in October 2022. If all participants completed the program, this means 22 employees will be promoted.	By adopting to its digital transformation strategy, The SCSB implemented digital transformation top-down, popularized digital innovative thinking, built digital innovative capability, planned for digital transformation promoting by mid and top management level, to encourage staff to foster digital innovative thinking and expertise.	A total of 1,381 employees took the program test. Compared to external exams (estimated cost for each subject would be NT\$1,000), the exam The SCSB held saves about NT\$113,353. The increased retention rate reduces the recruitment cost. (The total turnover rate is 6.34 %. 3.09 % of the employees whose job grade are from 4 to 5 resigned.)
Number of employees participated in the training	Units recommended 22 employees in 2021. The training ended in October 2021. Seven of them completed the training and the remaining 15 employees proceed with the program until October 2022.	A total 2,191 employees joined the program, about 80.20% of all employees.	A total of 380 employees joined the program training, about 13.91% of all employees.

Capability for Raise Plan

For the employee with job grade from 4 to 7, his points for each capability are added up. A certain percentage of the employees on the same job grade in the ranking of the same job cluster will get a raise because of their capability.

Four aspects of the capability to be considered: High performance key ability, competence and license, strategic capability index, and iconic experience and condition.

Employee training

To meet the needs for training of employee development, we provided basic courses at all branches and departments, and established the SCSB e-College as the learning platform without time restriction. We provide diverse training methods and open learning classes. They are convenient and the learning space has no restriction. The employees can join the professional or content courses on the e-learning system through the Internet, e.g. anti-money laundering, compliance, information security, and risk awareness. This way, the employees will not be restricted by time or space. They get to use the convenient and efficient learning method based on their own needs. In addition, language skills are the key elements for our employees to participate in international exchange events. Therefore, we established the subsidy standards for language skills. The SCSB offers a fixed amount of language subsidy. Approximately 1,811 staff members have acquired certificates of all kinds of language by the end of 2021. We adapt with FSC's policy for creating a bilingual financial service environment and 66.4% of employees passed the English aptitude test. Besides the language subsidy, departments can evaluate themselves and apply for subsidies for other certificates required at work. After the application is approved, they can get additional subsidies.



2021 average employee training hours and expense

Employee type			Average training hours	Average training expense (NTD)
Female	Top management level	<30 years old	N/A (0 people)	N/A (0 people)
		30–50 years old	N/A (0 people)	N/A (0 people)
		>50 years old	54.95	13,123
	Mid management level	<30 years old	N/A (0 people)	N/A (0 people)
		30–50 years old	52.95	15,615
		>50 years old	56.06	13,308
	Entry management level	<30 years old	N/A (0 people)	N/A (0 people)
		30–50 years old	66.96	10,481
		>50 years old	65.79	11,285
	Non-managerial level	<30 years old	61.14	7,553
		30–50 years old	64.20	9,096
			52.17	8,656
Male	Top management level	<30 years old	N/A (0 people)	N/A (0 people)
		30–50 years old	N/A (0 people)	N/A (0 people)
		>50 years old	39.73	14,785
	Mid management level	<30 years old	N/A (0 people)	N/A (0 people)
		30–50 years old	47.37	13,649
		>50 years old	48.78	12,314
	Entry management level	<30 years old	N/A (0 people)	N/A (0 people)
		30–50 years old	56.20	15,776
		>50 years old	52.47	11,557
	Non-managerial level	<30 years old	62.30	7,681
		30–50 years old	66.51	8,979
		>50 years old	45.12	8,114
Nationality	Taiwan		61.65	9,129
	China and Hong Kong		22.09	7,903
	Vietnam		23.20	6,745
	Singapore		19.92	8,716
All employees			60.59	9,089

Training type	Average training hours	Average training expense (NTD)
Physical course	15.76	8,197
Online course	44.83	892
Internal training	56.32	5,916
External training	4.27	3,173



License allowance plan

- I. Language skills are the key elements for our employees to participate in international exchange events. Therefore, we established the subsidy standards for language skills. The SCSB offers a fixed amount of language subsidy. Approximately 1,811 staff members have acquired certificates of all kinds of language by the end of 2021. We adapt with FSC's policy for creating a bilingual financial service environment and 66.4% of employees passed the English aptitude test. Besides the language subsidy, departments can evaluate themselves and apply for subsidies for other certificates required at work. After the application is approved, they can get additional subsidies.
- II. Besides the aforementioned subsidy, to correspond to financial policy and operations strategy, a program subsidy is provided to adapt with the business authority in 2021:
  1. To correspond to the Trust Department, the subsidy for Elderly Financial Planning Consultant License is provided.
  2. To correspond to the Corporate Banking Department, the Urban Renewal Promoter License is provided.

3.3 Employee treatment and welfare

The SCSB is committed to the sustainable strategy “Balanced, Ordered Growth.” As for talent capital management, talent retention is very important, besides selection, cultivation and use of talents. Our Employee Welfare Committee organizes employee clubs and all kinds of activities, and provides various benefits. Welfare fund is allocated from revenue to offer diverse subsidies and bonuses. Remuneration mechanism is available. In 2020, the EAPs were set up to offer more communication channels. The SCSB adheres to all kinds of regulatory policies and systems to show all-round care to employees.

Employee care

The SCSB treats the employees as family and insists to provide the best care and welfare such as employee tour allowance, medical subsidy and education subsidy. We care about physical and mental development of employees, regularly perform many welfare measures including the health examination for all employees and have a variety of club activities and travel subsidies for employees to enhance the interpersonal relationship between each other after work and relieve stress. Meanwhile, we care about employee's opinions and set up iTalking. It is a safe, private space for any inquiry, suggestion, concern or request for help. Through this channel, we learn more about employee needs and take employee's opinion into consideration to adjust relevant strategies and measures, and enhance staff cohesion. To help employees gain more work experience and strengthen competency development, the SCSB offers a platform for employees who need to transfer. Over 50% of the transfers were coordinated successfully to boost employee's morale and satisfaction, and they contribute to corporation growth.

To adapt to COVID-19 pandemic, the SCSB corresponded to government policies and carried out various pandemic preventive measures. We bought the “Pandemic Protection 2.0” insurance from Fubon Life Insurance for our employees. We guarantee pandemic prevention safety for employees, create a reporting system, continue to strengthen self-protection, and set up a COVID-19 pandemic prevention section on our internal website for staff to look up the internal announcement, pandemic prevention information from competent authorities and health care information anytime. While it is required to ensure “nonstop operation” and “no contact between employees working at two different places,” managers of all units implemented the work-from-home rules to reduce commute risk. Members of each unit take turns to work from home and work in three shifts with flexible working hours. (The working time starts at 8:45/9:15/9:45.) To strengthen pandemic prevention at workplace, we conduct sanitization regularly, install transparent partitions and circulator fans, offer free masks to employees regularly, and provide face masks, one-piece protective suits, HOCL sanitizer and alcohol sanitizer. We install automatic alcohol dispensers and provide forehead thermometers. We conducted all the measures above to protect staff. We encourage employees to get COVID-19 vaccine shots. Staff may take a half-day vaccine shot paid leave and provide consolation money for pandemic prevention. Staff can use the money for enhancing self-protection and storing pandemic prevention supplies.



The SCSB cooperated with an external professional consultancy institute, Taiwan Institute of Psychotherapy, to set up EAPs, expecting to build a workplace great for mental and physical health. The counseling service our EAPs provide covers legal issues such as work, family, parenting, gender, interpersonal relations, self-exploration, emotion management, housing transaction, car accident dispute, divorce alimony and property inheritance. Employees may use this resource by toll-free number, email or face-to-face counseling. The Human Resources Department uses the Mindset Rest section to share EAPs articles every month. It is hoped that employees can re-set their mind by reading different topics and improve mental and physical health. Our EAPs offer a channel for stress relief and relaxation and help employees with work-life balance.



Employee welfare (full-time employees)

Welfare item	Taiwan	Overseas areas
Life insurance	Employee group insurance	Employee group insurance
Health insurance	Employee group insurance	Employee group insurance
Club allowance	Based on the regulations on the allowance for club activities by the Employee Welfare Committee (table tennis club, Taijiquan club, golf club, yoga club, softball club, Chinese boxing club, basketball club, badminton club, art club and saxophone club).	Based on the regulations on the allowance for club activities by the Employee Welfare Com-mittee
Guaranteed annual salary of 13 months	Staff on active duty by the end of the year are paid two months' salary at late December. The payment is calculated based on the percentage of the number of days on active duty for the year. Festival bonus, company anniversary bonus and year-end bonus are available.	The PLI is no less than one-month's pay.
Employee's bonus savings deposit	During tenure of full-time employees	-
Employee's bonus loan	Full-time employees with five-year tenure	-
Subsidy measure for pension	The pension applicable to the old system is conducted based on the regulations of the work rules of the SCSB. The pension applicable to the new system is conducted based on the Labor Pension Act.	Implementation is based on the regulations of overseas areas
Flextime	Due to specific business needs, some units or employees work in flexible hours or shift in based on written agreement.	The SCSB may adjust the time for going to work or getting off work flexibly for all departments depending on the business needs.
Work from home	In response to pandemic prevention needs and while it is required to ensure “nonstop operation” and “no contact between employees working at two different places,” managers of all units are authorized to implement the work-from-home rules to reduce commute risk.	To cope with pandemic preven-tion, we assign employees of some departments to work from home to ensure employee health in 2021.
Maternal health pro-tection	Female workers during pregnancy and breastfeeding (including the ones breastfeed-ing over one year after delivery), and after delivery, are applicable to the Maternal Health Protection Plan.	-
Medical allowance	Hospitalization and surgery subsidy for em-ployees and their spouses, their underage children and their children in school are available.	-
Children education allowance	Children education allowance is provided for each child of employee by semester from kindergarten to graduate school.	-
Travel allowance higher than the regular amount among other companies	Full-time employees with one-year tenure Allowance of NT\$20 thousand issued by the Employees Welfare Committee is available for employees applying for the tour offered by our subsidiary, China Travel Service (Taiwan) Limited.	-
Other welfare	On-site counseling, health education and health guidance offered by doctors and nurses	-
	Massage station in the Headquarters	-
	Provide paid vaccination leave, consolation money for pandemic prevention, and pan-demic insurance.	-
	The welfare is provided based on the imple-mentation rules of employee special welfare and the regulations on the retirement, wedding and funeral subsidy and emergency allowance of the Employees Welfare Committee. It is better than the welfare benefits specified in the regulations.	The welfare is provided based on the implementation rules of employee special welfare and the regulations on the retirement, wedding and funeral subsidy and emergency allowance of the Employees Welfare Committee. It is better than the welfare ben-efits specified in the regulations.
	Year-end party, sporting event, anniversary event and EAPs	Year-end party, sporting event, anniversary event and EAPs.

The leaves for period and pregnancy (pregnancy checkups and miscarriage prevention), maternity leave, parental leave and lactation leave and wages for female employees are clearly specified and regulated. The application of parental leave is not limited to female employees. All employees that meet the qualifications have the right to apply for unpaid parental leave and therefore we have enlarged the protection of the employees regarding their needs to take care their family. In 2021, all the male employees were re-instated and stayed over one year after the re-instatement of unpaid parental leave.

Parental leave

Item	Female	Male	Total
Number of employees applying for unpaid parental leave in 2021	33	9	42
Number of employees to resume from unpaid parental leave in 2021 (A)	34	9	43
Number of employees actually resuming from unpaid parental leave in 2021 (B)	26	8	34
Number of employees resumed from unpaid parental leave in 2020 (C)	25	3	28
Number of employees resumed from unpaid parental leave in 2020 and stayed over a year in 2021 (D)	20	3	23
Return rate of the parental leave % = B/A	76.5%	88.9%	79.07%
Retention rate of the parental leave % = D/C	80.0%	100.0%	82.14%

Note: Only the employees in Taiwan applying for parental leave are included in the data.





Nurturing and childcare

To provide a friend environment for our female employees after childbirth, the SCSB has established nursery rooms on the fifth floor of Headquarters (Min Sheng) building, the third floor of Nei Hu building, the third floor of Chia Hsin building, and the sixth floor of personal banking building. The Ren'ai is also in the establishing process.

In addition, to create a friendly working environment and assist our employees to balance their work and family caring duty, we also sign an enterprise childcare contract with Hess Educational Enterprise Co..The children of our employees who are currently studying in the prechool or childcare school which belongs to the company can not only receive a discount on the related fees but also extend their childcare service.

Salary and rewards

The SCSB refers to the compensation level in the market to offer competitive salary for the employees and provide bonuses on Dragon Boat Festival and Mid-Autumn Festival every year according to the surplus of the current year. The year-end bonus of the performance is based on the performance-oriented evaluations to review the implementation status of the annual performance targets and the comprehensive behavior and performance of the employee at the end of the year. After the interview between the officer and the employee, the grade of the annual performance evaluation is approved as the reference for the year-end bonus of the performance. Employees with excellent performance will be given additional chance of promotion and wage adjustment. Besides this, we refer to the state-owned financial institutions to provide preferential interest rates for limited deposit of employees and grant housing loans to employees according to the regulations of the Banking Act of The Republic of China. The average salary ratio of female and male general employees was about 0.90:1.00 in 2021 while the average salary ratio of female and male managerial employees or above was about 0.76:1.00. According to the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” issued by the Taiwan Stock Exchange, the number of full-time in non-managerial employees is 2,382 and the average of salary is NT\$1,290 thousands and the medium of the salary is NT\$1,191 thousands.

Average salary ratio of female and male

	General employee	Ratio	Managerial employee	Ratio
Taiwan	Female	0.90	Female	0.76
	Male	1	Male	1

The average salary and medium of the salary of non–managerial employees

	Item	2020	2021	Difference
Taiwan	Number of full-time non-managerial em-ployees (person)	2,356	2,382	26
	Average salary of full-time non-managerial employees (NTD)	1,261,000	1,290,000	29,000
	Medium of the salary of full-time non-managerial employees (NTD)	1,168,000	1,191,000	23,000

Salary ratio of female and male on all levels

Salary level item	Salary ratio of female and male
Salary for managers on executive level	0.89 : 1
Remuneration for managers on executive level	0.90 : 1
Salary for managers on general management level	0.82 : 1
Remuneration for managers on general management level	0.82 : 1
Salary for non-management employees	0.89 : 1
Remuneration for non-management employees	0.90 : 1

Gender pay indicator

Item of gender pay indicator	Gender difference (%)
Difference of average salary	16.91%
Difference of median salary	10.25%
Difference of average prize	16.08%
Difference of median prize	11.36%

Fair performance appraisal

1. All full-time employees who passed probation period must take part in regular performance appraisal. Fair appraisal on the performance of employees on levels is conducted via goal management and performance ranking. Besides the consultants, security guards and part-time workers, 97% of the employees received the performance appraisal methods, which are KPI goal management and performance ranking.  
Appraisal method:  
(1) For the annual performance evaluation, the manager evaluates the performance of subordinate in the unit.  
(2) Departments including Corporate Finance Department, Personal Finance Department, Wealth Management Department and Deposits Department, Compliance Department and Risk Management Department perform appraisal for sales representative, compliance manager and risk management employee.
2. Via “Saville Leadership Impact Assessments” and “LIFO Behavioral Assessment,” the assessment and review on the current condition of leadership for senior manager and management trainee are performed. We find out the functional capability and potential of the manager based on the leadership report and the way to help the manager with development.

Percentage of employees receiving appraisal

Method of performance appraisal	Percentage of employees receiving appraisal (Note)
KPI goal management	97%
Performance ranking	97%

Note: 3% of the employees are consultants, security guards and part-time workers.

Freedom of association

Our employees enjoy freedom of association and have the right to join the trade union. We do not discriminate members of trade unions (including but not limited to salary, remuneration, training, transfer, or promotion). By the end of December 2021, 13.87% of the employees join the trade union, 1.09% higher than during the same period in 2020.



Survey for engagement of employees

Item	2020	2021
Subject	The SCSB employees in Taiwan (excluding appointing managers, police, workers or students)	The SCSB employees in Taiwan (excluding appointing managers, police, workers or students)
Data coverage	37.6%	37.6%
Engagement of all employees	95.8%	95.8%
Engagement of male employees	95.3%	95.3%
Engagement of female employees	96.2%	96.2%
Engagement of employees aging below 30	95.3%	95.3%
Engagement of employees aging 31 to 50	95.5%	95.5%
Engagement of employees aging over 50	96.6%	96.6%

Survey method: The online survey is delivered every two years based on 5-point grading scale (Five-point grading scale (5 Actively care, 4 Care, 3 Normal, 2 Do not care, 1 Do not care at all). The result of the employee engagement survey is based on the people who replied “Actively care” and “Care.”



3.4 Workplace Health and Safety

The SCSB puts a lot of emphases on the safety of the employees in the workplace. To create a fine and friendly working environment, we regularly hold on-job training courses about occupational safety and health, firefighting security and robbery simulation drill. Considering the employee's working environment, the SCSB proposes an ergonomic hazard prevention project in the structure of four plans of labor health service, to eliminate occupational injury and illness, and protect the safety and health of the employees. The prevention project uses the knowledge in the ergonomics field to prevent repetitive work, inappropriate working posture, inappropriate working environment or other hazardous factors that might cause skeletal disorders. We offer injury investigation, hazard Identification and evaluation and use improvement measures, to keep all employees safe and healthy via administrative control. The SCSB offers information on employee health promotion and organizes health promotion courses and seminars occasionally. When the COVID-19 pandemic broke out in the past two years, the health seminar was held to convey clear, correct public health knowledge to employees. The SCSB continues to arrange contracted doctors and nurses to provide labor health services on site.

On-site labor health service provided by contracted doctors and nurses

Location	Frequency of contracted service
Headquarters on Min Sheng E. Rd.	<ul style="list-style-type: none"><li>Doctors serve employees four times a year and three hours each time.</li><li>Contracted nurse specialists are available.</li></ul>
Neihu building	<ul style="list-style-type: none"><li>Doctors serve employees three times a year and two hours each time.</li><li>Nurses serve employees three times a month and two hours each time.</li></ul>
Personal finance building	<ul style="list-style-type: none"><li>Doctors serve employees twice a year and two hours each time.</li><li>Nurses serve employees twice a month and two hours each time.</li></ul>
Chiaxin building	<ul style="list-style-type: none"><li>Doctors serve employees twice a year and two hours each time.</li><li>Nurses serve employees twice a month and two hours each time.</li></ul>

Topic of health seminar
<ul style="list-style-type: none"><li>Reminder for COVID-19 prevention</li></ul>
<ul style="list-style-type: none"><li>Health myth breaking</li></ul>
<ul style="list-style-type: none"><li>Relief and depression alleviation – My stress control tips</li></ul>
<ul style="list-style-type: none"><li>Anti-aging – This discussion starts from dementia prevention</li></ul>
<ul style="list-style-type: none"><li>Treatment and prevention of cardiovascular disease</li></ul>
<ul style="list-style-type: none"><li>Ergonomic hazard and prevention in office</li></ul>
<ul style="list-style-type: none"><li>Eye care for office worker</li></ul>
<ul style="list-style-type: none"><li>Eat the right food to lose weight</li></ul>
<ul style="list-style-type: none"><li>Wish you sleep well</li></ul>
<ul style="list-style-type: none"><li>Workout at home – Beginner and advanced version</li></ul>
<ul style="list-style-type: none"><li>All-round Muscle group workout course</li></ul>



Our units registered with VAT number have assigned a manager for occupational safety and health according to the Regulations Governing Occupational Safety and Health. The construction of new Headquarters building began in 2020 at the same location of the old Headquarters building. The Headquarters was relocated to the building on Min Sheng E. Rd. in 2019. Some of the units of headquarters were relocated to buildings beside the building on Min Sheng E. Rd temporarily. To ensure workplace safety of all our employees, a manager for occupational safety and health is also assigned outside the building on Min Sheng E. Rd. A free health checkup exceeding the regulation is held every three years. We cooperate with a medical institution suitable for the physique of labor and certified for health checkup to hold tour health checkup. Employees can find out their health condition and prevent illness.

In 2021, no one suffered from occupational illness or permanent disability or died due to occupational accident. No high-consequence occupational accident occurred. The number of recorded occupational injury is ten. The number of hours worked are 5,421,488 hours. The recorded occupational injury rate is 0.55 times (million hours\*number of occupational injuries/actual work hours). The SCSB also has no recordable work-related injuries for other workers. In 2021, the average absence rate was 0.27<sup>1</sup>% (total number of days of absence/total number of work days in 2021), lower than 0.5%, the goal for 2021.

Under the structure of four plans of labor health service drawn up by the MOL, labor health risk assessment is conducted at our locations of operations. The Prevention Plan of Unlawful Infringement During Duty has been drawn up to prevent unlawful infringement on physical and mental

condition of employee due to their duty. This Plan includes physical, verbal and mental violence, and sexual harassment. The Prevention Plan of Abnormal Workload-triggered Disorders has been formulated to manage the groups with potential risk properly.

The followings are the appeal channel handling unlawful workplace infringement during duty and sexual harassment:

- Dedicated management unit: Human Resources Department
- Hotline: 02-25319206
- E-mail: hr@scsb.com.tw

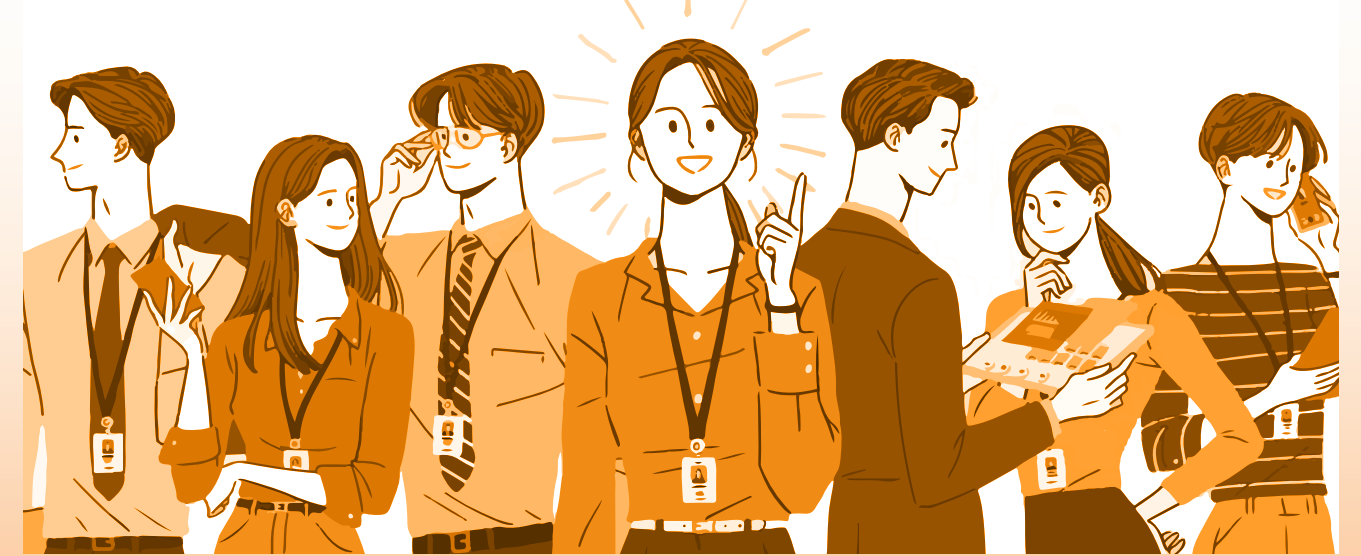
Health risk assessment	Our corresponding management measures
Workplace violence/ Sexual harassment	<p>The Sexual Harassment Prevention, Appeal and Penalty Measures, and the Plan for Unlawful Infringement Prevention on Duty, have been formulated. These declare that no unlawful infringement is acceptable. A section for sexual harassment prevention has been set up on our website. A complete declaration and handling mechanism has been provided:</p> <ol style="list-style-type: none"><li>1. Immediately assign staff to perform investigation to ensure fair treatment for all parties, and respect and protection of privacy.</li><li>2. Our Human Resources Department will set up an investigation team, consisting of labor representatives. Ask police to interfere when nec-essary to ensure independent and fair investigation. If the investigation result shows that an internal unlawful infringement has occurred, the infringement will be reported to the SCSB's Personnel Review Committee for review. In case of external unlawful infringement, this will be handled by judicial authorities.</li><li>3. If the unlawful infringement or sexual harassment has been verified, the SCSB may transfer, demote, cut pay, punish employees or impose other punishments on the employees based on relevant regulations such as working rules, depending on the severity.</li></ol> <p>During the annual education training, the SCSB provided education training on prevention of unlawful infringement and workplace vio-lence. It ensures that employees may report the authority immediately when unlawful infringement and workplace violence occurs. The SCSB handles and responds to workplace violence/sexual harassment cautiously.</p>
Abnormal workload/ Long work hours	<p>A complete overtime application process has been formulated. Overtime hours have been monitored regularly. We care employees with irregular overtime hours, find the reason of overtime and adjust the workload. No working hour violation against the Labor Standards Act occurred in 2021.</p>

<sup>1</sup> Note: Absence rate = (work-related injury leave + sick leave + personal leave/total work hour) x 100%  
Absence of employees on long-term sick leave is excluded this year.

To ensure good working condition and enhance the working condition of female employees, the Maternal Health Protection Plan was proposed under the structure of four plans of labor health service. This plan is applicable to our female workers and the ones doing labor work under our command or supervision, while they are pregnant and within one year from delivery. Female workers who are breasting over one year from delivery may also request for the maternal health protection measures.

Occupational Health and Safety Management System

The SCSB has conducted occupational health and safety management practice by referring to the spirit indicated in ISO 45001 and it is expected to acquire ISO 45001 certification in 2022. The SCSB enhances employee healthcare and occupation safety measures to provide a safe, reliable workplace.





### 3.5 Human rights and equality

To fulfill the corporate social responsibility, protect the basic human rights of employees, suppliers and business partners (e.g. clients), we create an environment ensuring human rights, and adhere to follow the regulations of global branches where they are located. We agree to and support various principles disclosed in the International Bill of Human Rights, including International Bill of Human Rights, ILO Core Conventions on Labor Standards and The United Nations Global Compact. We preclude infringement and violation against human rights and sufficiently realize the responsibility for respect and protection of human rights. The SCSB Human Rights Policy was formulated accordingly.



Human rights policy

The SCSB's due diligence process on human rights risk



- Inventory of human rights issues: We will conduct potential human right issue and impact group assessment every year or when a new business relationship is formulating (e.g. Merger, Acquisition, and joint venture). The information includes forced or compulsory labor, human trafficking, child labor, freedom of association, labor management negotiation, equal pay for work of equal value, discrimination, overtime hour, and mental health at workplace. Information on human rights has been collected from all employees in 2021. Identify responses to potential or occurred concerns about human rights, including overtime hour and mental health at workplace.
- Evaluation on impacted groups: Based on possible groups impacted by issues we concerned, we evaluated possible risk source of the issues and analyzed impact on human rights.

Analysis on impact to human rights and corresponding action for mitigation/adjustment:

Issues on human rights risk	Impacted groups	Risk source	Percentage of the people recognized that might be affected by the risk of human rights	Type of compensation	Corresponding action for mitigation/adjustment	Percentage of the people that have performed relevant improvement measures
Overtime hours	All employees	1. Adapt with specific business needs 2. Personal reason for the employee	3% Note 1	Injury prevention	The SCSB complies with the labor regulations. The attendance rules are specified explicitly in the SCSB's Work Rules, Regulations Governing Employee Service and Treatment and Guidelines for Overtime Applications.	100% Note 2
				Injury prevention Restoration	Care employees who delayed punch out for 30 hours in total per month. Remind unit directors to adjust their workload to ensure their work-life balance.	
Mental health at workplace	All employees	1. Sensitivity of leaders to employees who need care 2. Mental health of the employee is under high risk 3. Work environment	1.8% Note 3	Injury prevention Restoration	The Employee Assistance Programs (EAPs) has been provided. The SCSB employees solves the issues affecting three personal aspects, work, life and health under the assistant of the external professional employee consultant. We provide phone and email consulting and face-to-face consulting when necessary, help employees with physical and mental health issues, and create a caring atmosphere in the organization and workplace.	100% Note 4
				Injury prevention	We share articles every month. The topics include job adaptation, career assistance, interpersonal relationship, marriage and parenting, family care, law and counseling. We provide solutions to help employees enhance work and life quality.	

Note 1: The total number of employees exceeding 30 work hours incurred from late punch-out per month from January to December 2021/all employees of the SCSB in 2021 (excluding locals at overseas branches)

Note 2: In 2021, 80 employees worked 30 hours overtime. After we care them and adjust their workload, all of their overtime situation has been improved. We did not violate the overtime hour rules specified in the Labor Standards Act.

Note 3: The number of cases covered by the employee assistance plan that were closed in 2021/all employees of the SCSB in 2021 (excluding locals at overseas branches)

Note 4: A total of 47 cases covered by the employee assistance plan were closed in 2021. The external, professional employee counselor helped employees find out and solve the issues affecting three aspects, work, life and health of individual.

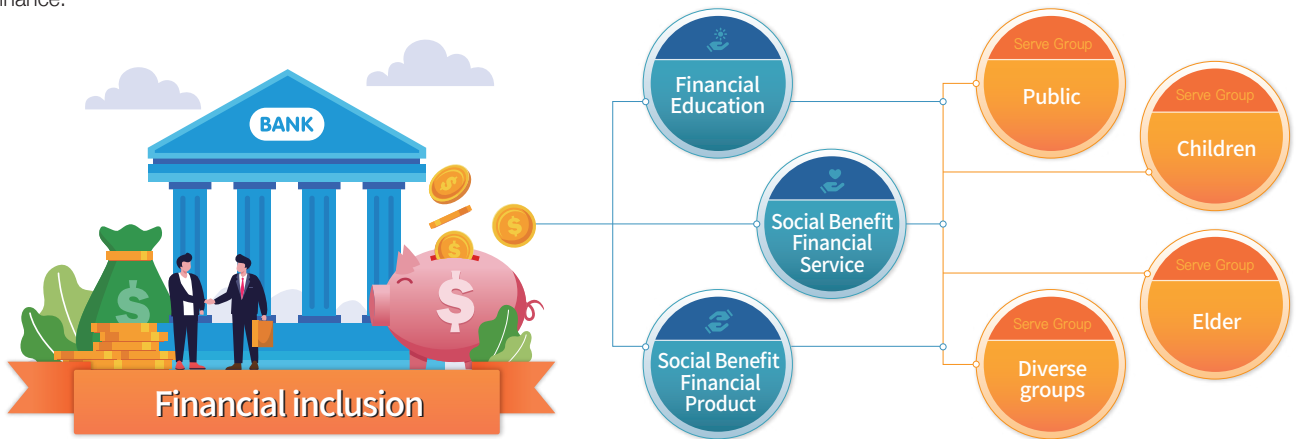
Meanwhile, the SCSB actively conveys relevant concepts to staff. Based on the key strategic point "Fulfill social responsibility and build a good image), the SCSB continued to hold the human rights education training in 2021.

Educational/training in the field of human rights

Trained employee number	Trained employee percentage	Total training hours	Average training hour per person
2,724	99.7%	31,645.4	11.6

### 3.6 Financial inclusion

Financial inclusion is one of the important sustainability issues for the financial industry in recent years. The SCSB has promoted multiple programs to increase the accessibility of financial services for the disadvantaged people. These programs include financial education and financial services with social benefits. Groups we serve include children, the public, diverse groups and elderly people. We strive for realization of the spirit of inclusive finance.



The SCSB established the Digital Banking Promotion Committee, continues to promote optimization of all kinds of digital banking management, and focuses on customer needs and experiences, such as transaction functions, including making a quick order for trust business, back-end fund, overseas bond, and risk type assessment for legal entity account. We strive to build an all-round digital money management platform. Throughout progress of information technology and algorithm, robot advisory is one of the important wealth management models in future. In 2021, the SCSB proactively planned to bring up asset allocation and advice via algorithm. We provide advice based on investment attribute and need of different clients via smart Wealth management.

Creation of financial products with social benefits

With the service idea of "Being thoughtful in all aspects" in mind, the SCSB aims at social needs and supports the development of SMEs by launching various financial products that create social benefits, such as micro-business start-up loans, reverse mortgage program, first-time purchase program for youths and charitable trust services. AMK, the SCSB's subsidiary, offers agricultural microfinance, and enhances income and standard of living for locals. In the future, we will keep striving to introduce financial products that not only satisfy the social needs but also accomplish a greater and harmonious society.

In order to support numerous domestic enterprises, 27,952 loans (7,193 accounts) were granted in Taiwan in 2021 (offshore companies excluded). The total loan balance was NT\$300,975 million and 26,931 of the loans (6,920 accounts) were micro-business loans and SME loans. The loan balance of micro-business loans and SME loans was NT\$246,562 million, 81.9% of the total loan balance, 6.0% higher than the balance in 2020.

To help investors learn more about loans with social benefits, the SCSB discloses the information on non-performing loans and non-accrual loans for micro-businesses and community development. While creating social benefits, the information also indicates risk control of loan to investors.

Corporate loan in Taiwan (excluding overseas and offshore companies)

Target group	Social benefit		Commercial benefit	
	Number of loans in 2021	Number of benefitted accounts in total	Loan balance by the end of 2021 (NTD in 100 million)	Percentage of loan balance by the end of 2021
Micro-business	17,378	4,870	903.69	30.0%
SME	9,553	2,050	1,561.93	51.9%
Large-scale enterprise	1,021	273	544.14	18.1%
Low-income households	-	-	-	-
Specific iden-tities and ethnic groups	-	-	-	-
Total	27,952	7,193	3,009.75	100%




Note: SMEs are the ones complying with the definition specified by the FSC. Micro-businesses are the ones with the amount of capital below NT\$30 million.

Types of credit	Number of non-performing loans	Non-performing loan balance (NTD)	Number of non-accrual loans	Non-accrual loan balance (NTD)
Micro-business	4	1,839,533	3	1,432,904
Community development	0	0	0	0

Personal and micro-business accounts in Taiwan

	Personal	Micro-business
Number of checking accounts	43,546	31,225
Amount in checking account (NTD in 100 million)	12	90
Number of cash accounts	2,147,095	189,313
Amount in cash account (NTD in 100 million)	2,466	3,077
Number of loans	48,308	17,738
Loan balance (NTD in 100 million)	2,849.76	903.69

In 2021, Financial products with social benefits

Product name	Promotion effectiveness	2021 年	QR CODE
Reverse mortgage	Philosophy: Concerning the aging society of Taiwan, the SCSB assists and takes care of the elderly with real estate in a pragmatic way but not eligible for low-income subsidy by offering the reverse mortgage program, which takes care of the daily life of the elderly. In this case, the elderly can obtain the amount for daily expenses every month via their house property to support themselves. The minimum number of years for loan is ten years. Up to NT\$100 thousand is appropriated per month to secure the real estate of the applicant.	Number of loans	
		Balance (million NTD)	
First-time purchase program for youths	Philosophy: We provide housing subsidies for the youths to meet their demand of funds so that the youths in Taiwan can purchase their own home at ease. Floating interest rate is applied for two-year interest rate of postal savings. The purpose of this program is to assist the youths to purchase their own real estate during the period of extravagant housing prices.	Number of loans	
		Balance (million NTD)	
Student loan program	Philosophy: The SCSB offers loans to students for study to help students receive education securely.	Number of loans	-
		Balance (million NTD)	
Charitable trust	Philosophy: For customers that willing to engage in the public welfare, they may hesitate due to the strict regulations and the establishment threshold of the foundation, or they may want to provide resources to society as feedback, but the resources are eventually wasted on the enormous operation of the organization. The small amount provided by the customer may meet the demand of specific public welfare by the charitable trust. The SCSB assists the customers to fulfill their idea in public welfare and makes efforts to build a society full of ease, happiness and warmth.	Number of loans	
		Balance (million NTD)	
I pay I Decide Program	Philosophy: The diverse housing loan repayment program provides options other than principal and interest amortization or interest payment only. The client can choose the best way for amortization to use funds flexibly.	Number of loans	-
		Balance (million NTD)	
Housing allowance loan	Philosophy: We offer lower interest rate and credit line, and long repayment period for self-occupied house loan and housing betterment loan to disadvantage nationals aged 20 and above with interest subsidy certificates issued by competent authorities or disadvantaged groups qualified for disadvantaged status.	Number of loans	
		Balance (million NTD)	

Product name	Promotion effectiveness	2021 年	QR CODE
Low-interest housing loan	Philosophy: For our construction company clients who need land and construction financing and good construction projects developed by the branch, we offer low housing interest rates and credit line and long repayment period.	Number of loans	-
		Balance (million NTD)	
Owner's cash loan program	Philosophy: To continue to encourage domestic startup economy, the registered responsible person of a store or stand in operation over a year, and the corporate responsible person with company and business registered over a year, are eligible for the program.	Number of loans	
		Balance (million NTD)	

COVID-19 relief grant program

In 2020, COVID-19 continued to influence the world. We fulfill the social responsibility, proactively adapt to government policies, and offer relief and financing plans to clients. As for corporate banking, we offer corporate relief in line with the policy of the FSC. We offer the SME loan program financing service formulated by the CBC. As for personal banking, we offer personal debt negotiation service in line with the policy of the FSC. We also provide small-scale business owner simply loan formulated by the CBC, relief and economic stimulus package drawn up by the MOHW, and the labor relief loan drawn up by the MOL. We carry out epidemic prevention with everyone during the emergency period.

Small-scale business relief loan is based on the Regulations Governing CBC's SME Loan Program Financing for Severe Pneumonia with Novel Pathogens Undertaken by the Bank." The loan helps small-scale businesses apply for business relief for COVID-19 and survive the pandemic. Furthermore, our relief loans are granted to non-public companies (mostly SMEs). We granted loans to 6,361 companies in 2021, approximately NT\$15,787.81 million in total.

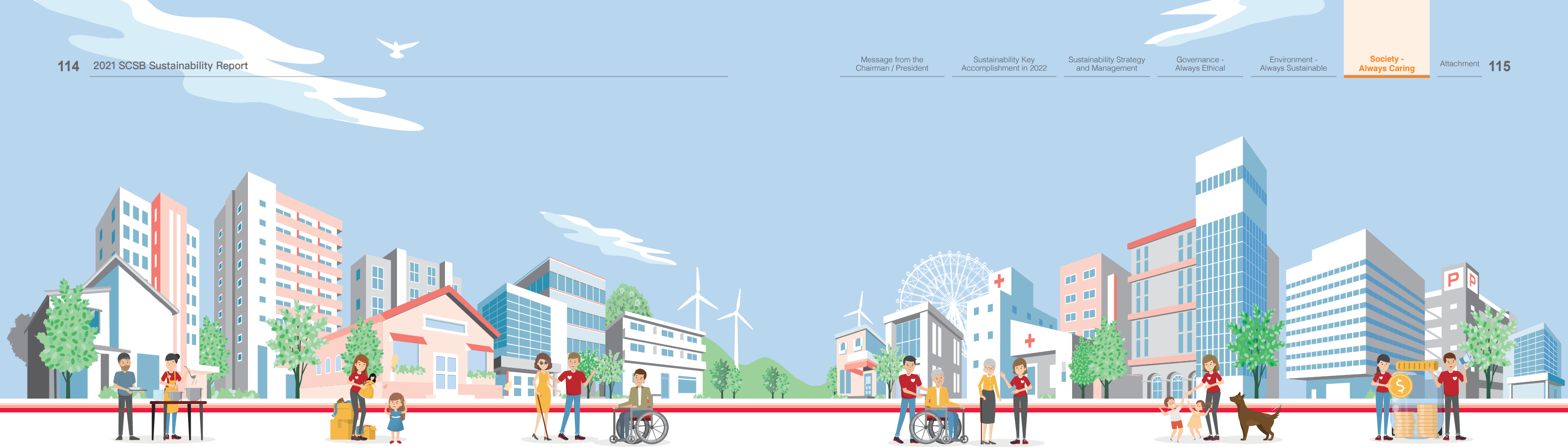


Trust 2.0 Program

FSC launched Trust 2.0 Plan from September 2020 to the end of 2022 and the SCSB actively corresponds to it. The Trust 2.0 Promotion Team was established at the headquarters in January 2021. The two programs Cross-industry Strategic Alliance and Trust Helper have been implemented. Cross-industry Strategic Alliance focuses on promotion of Trust 2.0 to implement all-round care trust. The Trust Helper of the branch provides real-time trust service to clients nearby to provide care trust for lots of elders and people with disabilities.

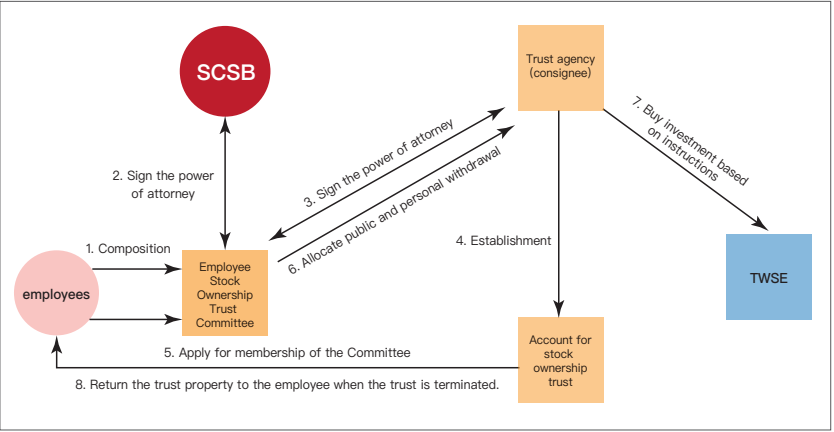
Important FSC measures (9/1/2020-12/31/2022)	Our work planning and progress
1. We guide employers to enhance the function and organizational structure of Trust Department gradually.	1. We continue to recruit more professionals in Trust Department. We have recruited four trust planners at the end of 2021. We will set up an expert team with the Wealth Management Department and Insurance Agency Department to provide an all-round service to clients. 2. To cope with the planning by the competent authorities, our Top Management Consensus Camp passed the proposal that the Trust 2.0 Promotion Task Force will be set up in 2021 to take charge of promotion of Trust 2.0. We will continue to implement Trust 2.0 in 2022.
2. Amend the principles of stipulation and appraisal of remuneration system in trust industry.	Include promotion of trust business into the ap-praisal for branches or personnel. The Trust Department plans for remuneration programs to in-crease incentives for trust business promotion.
3. Encourage the enterprise to provide employee welfare trust.	The SCSB has offered the trust for employee stock ownership in 2021.
4. Promote Elderly Financial Planning Consultant, the professional certification system of trust.	Seven the SCSB's employees took the exam for "Elderly Financial Planning Consultant" and passed the certification. In 2022, we encourage employees to sign up for the exam. 27 employees signed up for the third session "Elderly Financial Planning Consultant" and 23 are on the waiting list. They are expected to take the exam in October. In 2022, we continue to provide full subsidy for employees who passed the certification to take class and exam and list the certification into the employee raise plan.
5. Promote Family Trust Planning Consultant, the professional certification system of trust.	
6. Collaborate with social welfare group, care agency and medical agency.	1. We launched the Cross-industry Strategic Alliance Branch Referral Reward Program in 2022 to work with more partners, and carry out promo-tion and seminar for care trust. 2. The care trust business platform has been es-tablished on the SCSB's website, integrating information from various parties and strategic alliance. To correspond to Trust 2.0, information on our alliance partners is provided on the website of the cross-alliance platform for the Trust Association of R.O.C.









Promote the service for employee stock ownership trust

We aim for greater employee coherence, retention of great employees and lower turnover rate. The FSC implemented Trust 2.0 – All-round Trust in 2020 to encourage enterprises to provide employee welfare trust and include employee welfare trust into the corporate governance assessment indicators. Therefore, we began to provide employee stock ownership trust in 2021 to offer more investment and financing plans, allow employees to enjoy stable earnings of shareholder value sufficiently, and further enhance employee welfare and help employees with life planning after retirement or resignation.



Charitable Trust Program

Facing the tide of globalization, it is important to preserve our culture. The SCSB has established the “Education Fund Charitable Trust of Fu Pei Mei Dietary Culture” to preserve and inherit the Chinese culture. In the meantime, we care about the rights of the disadvantaged students, women and children, the elderly and the people with disabilities and therefore established three charitable trusts epically for the groups mentioned above. Refer to the following in detail:



Title	Description	Total amount by December 31, 2021 (Unit: NTD)
 Education Fund Chari-table Trust of Fu Pei Mei Dietary Culture	Promotion of the Chinese dietary culture and lifestyle to achieve a family with harmony and happiness.	7,054
 Qinen Education Fund Charitable Trust of Ro-tary Club of Taipei	Focusing on the education and physical and mental development of the student who lost their parents, we provide scholarships for ex-celling domestic university/college students and support payments for the disadvantaged students.	20,513,533
 Holistic Care Social Welfare Fund Charitable Trust	Donation and sponsoring of the child and youth welfare, women's welfare, seniors' welfare, welfare services for people with disabilities or other related social welfare.	2,064,236
 Social Fund Charitable Trust of TBLC	Donation and sponsoring of the child and youth welfare, women's welfare, seniors' welfare, welfare services for people with disabilities or other related social welfare in Taipei.	109,583
Total		22,694,406

Other Charitable Trust Programs Concerning Public Welfare

Types of trust	How do we do	How do we think
Care trust	<ul style="list-style-type: none"><li>Cooperate with hospitals and social welfare organizations to establish trust supervisor and construct a comprehensive trust plan.</li><li>Implement professional division of labor to enable the social workers or the CNAs to con-centrate on the visits and caring work without managing the financial affairs.</li><li>Reduce the economic pressure of the children and enable the elderly to live with dignity via the advanced trust planning.</li><li>In 2021, we offered the care trust service to 677 clients and the total amount was NT\$127,704,227.</li></ul>	What both the elderly or people with disabilities need most is the caring of people and the protection of assets. By the planning of care trust, customers can enjoy the time with their grandchildren at ease or receive proper care at the nursing home without worrying about the security of their assets.
Insurance trust	<ul style="list-style-type: none"><li>Protect the great amount of insurance properly and make the funds more secured.</li><li>Available to choose the financial institution depositing the insurance in the future as the deposit or make agreement on the investment objective in advance to solve the problem of insurance application.</li><li>Make agreement on the distribution of insurance in advance to leave love to the world.</li><li>Managed by experts and supervised by the government to make the insurance more se-cured.</li><li>Available to customize exclusive trust contract to meet the demand in different cases.</li></ul>	Worrying about unexpected acci-dents, many parents may buy insurances and make their children the beneficiary to preserve funds for them. However, many news outlets reported that the claims settlement did not really benefit the underage children after the accident hap-pened. Therefore, beholding the spirit of placing ourselves in oth-er's position, we strive to meet the demand of the customers as close as possible and reduce the expenses in the hope of solving their prob-lem when we have chance to plan the insurance trust for customers.
Trust for renovation and reconstruction of old building	<ul style="list-style-type: none"><li>Natural disasters occur frequently in Taiwan. There are lots of old buildings with poor earthquake proof. To improve life and prop-erty safety and urban landscape, relevant ordinances for urban renewal and recon-struction of dangerous and old buildings have been laid down gradually. To make construction companies and landowners trust each other during reconstruction, Develop-ment-Oriented Real Estate Trust associated with reconstruction of old and dangerous buildings and urban renewal plays an im-portant role during reconstruction. The ben-efits of the Trust are:<ul style="list-style-type: none"><li>We minimize the risk during construction.</li><li>Win trust from financing bank.</li><li>Segregate risks for construction project and company via trust to reduce the risk that construction might not be completed.</li></ul></li></ul>	Urban renewal facilitates expected redevelopment and reuse of urban land, recovers urban function, improves residential environment and enhances public interest. To respond to potential disasters, renovation and reconstruction are required for accelerating recon-struction of dangerous and old buildings in the scope of urban plan, improving residential envi-ronment, and enhancing construc-tion safety and quality of life of nationals. However, sitting tenants might not be familiar with recon-struction or might not trust the construction company. Urban re-newal or reconstruction of dan-gerous and old buildings will be put off. Concern on risks of joint construction from both sides can be reduced via trust. Landlords would be more agreed to reconstruction, ensuring property safety.

Protection of People with Disabilities Program

We provide special trust services to people with disabilities and their families, with or without disabilities by offering trust plans for wealth management. Off-site contract service is available for people who are unable to visit the branch. Furthermore, we offer accessibility apps, online bank, accessible website, 36 interbank withdrawals per year for free, and accessible ATM.

Type	Item	Promotion progress	QR Code
Friendly Environmental	Accessible building design	Based on the existing "Design Specifications of Accessible and Usable Buildings and Facilities" and "Operating Procedure and Determination Principles in the Accessibility Facility Substitution and Improvement Plan for Existing Public Buildings," accessible facilities are provided in the business premises.  The service bell is installed at adequate locations of the entry of the lobby. The accessible counter is available. Security guards and specialists guide people with disabilities through all kinds of financial services. Accessible facilities are included in the dormitory design planning items to provide all kinds of financial services for people with disabilities.	
	Account opening, deposit and withdrawal service	<ul style="list-style-type: none"><li>When people with disabilities request for deposit and withdrawal over the counter, the employee tells them required information sufficiently and helps them for these operations.</li><li>The employee who is not in charge of account opening helps people with visual impairments open a general demand deposit savings account.</li></ul>	
Thorough communication	Property trust service	<ul style="list-style-type: none"><li>Provide property trust service to people with disabilities, including standard products such as "Heirloom Trust." Customized trust contract is also available.</li><li>We provide offsite counseling and contract signing service to help people who cannot go out apply for the care trust.</li></ul>	-
	Text customer service	<ul style="list-style-type: none"><li>Provide the online customer service section to look up all kinds of business information, and the customer service A.I. to solve problems for clients immediately.</li><li>The Accessible Mobile Online Bank App passed the test performed by the Taipei Parents' Association For The Visually Impaired and the OWASP test conducted by the third party.</li></ul>	-
	Personal loan service	<ul style="list-style-type: none"><li>Correspond to the needs of clients with hearing loss. Notify them for case approval by adequate means such as text message or email.</li></ul>	
Accessible service	Accessible ATM	<ul style="list-style-type: none"><li>All ATMs meet the specifications for people with physical disabilities. 275 ATMs meet the requirements associated with wheelchair accessible ATM and are located in accessible environment (with automatic door and ramp installed). 185 accessible ATMs are provided for people with visual impairment.</li></ul>	
	Service fee discount	<ul style="list-style-type: none"><li>The SCSB provides the service function "application for service fee waiver associated automated service for people with disabilities, and account change" on the website.</li></ul>	
Information system	Accessible website	<ul style="list-style-type: none"><li>We ensure that our website allows most of the users to browse across platforms. We provide a friendly in-terface with A-Level accessibility throughout the website, expected to be complete in quarter one in 2022.</li></ul>	-
	Accessible online bank	<ul style="list-style-type: none"><li>We provide "Friendly Financial Service" section to provide online ATM and online bank service for visual impairment services.</li></ul>	-
	Accessible APP	<ul style="list-style-type: none"><li>The accessible version of mobile online bank App has been launched. It passed the accessible function test of mobile app conducted by Taiwan Digital Talking Book Association.</li></ul>	-

Insurance agency

To offer better services to clients and integrate marketing resources, the SCSB was authorized by the FSC for providing personal and property insurance agency service. Subsidiaries Personal Insurance Agency and Property Insurance Agency were merged into the Insurance Agency Department, taking over the rights and obligations of these two subsidiaries. After integration, the Department can offer better services and satisfy the needs of insurance, risk management and financial planning of all age groups. Meanwhile, the Department introduces an all-round financial insurance service for the personal and asset security, retirement life planning and asset inheritance for the public.

Primary services of life insurance include allocating insurance products by customizing risk planning, offering adequate advice and analyzing client needs. The insurance products include health insurance, whole life insurance, endowment insurance, principal repayment life insurance, investment insurance, annuity insurance, the housing loan life insurance for housing loan clients and the group and personal injury insurance for corporate clients. Primary services of property insurance cover the risk of plant, cargo transportation, trade credit, and director's and supervisor's liability, for corporate clients.

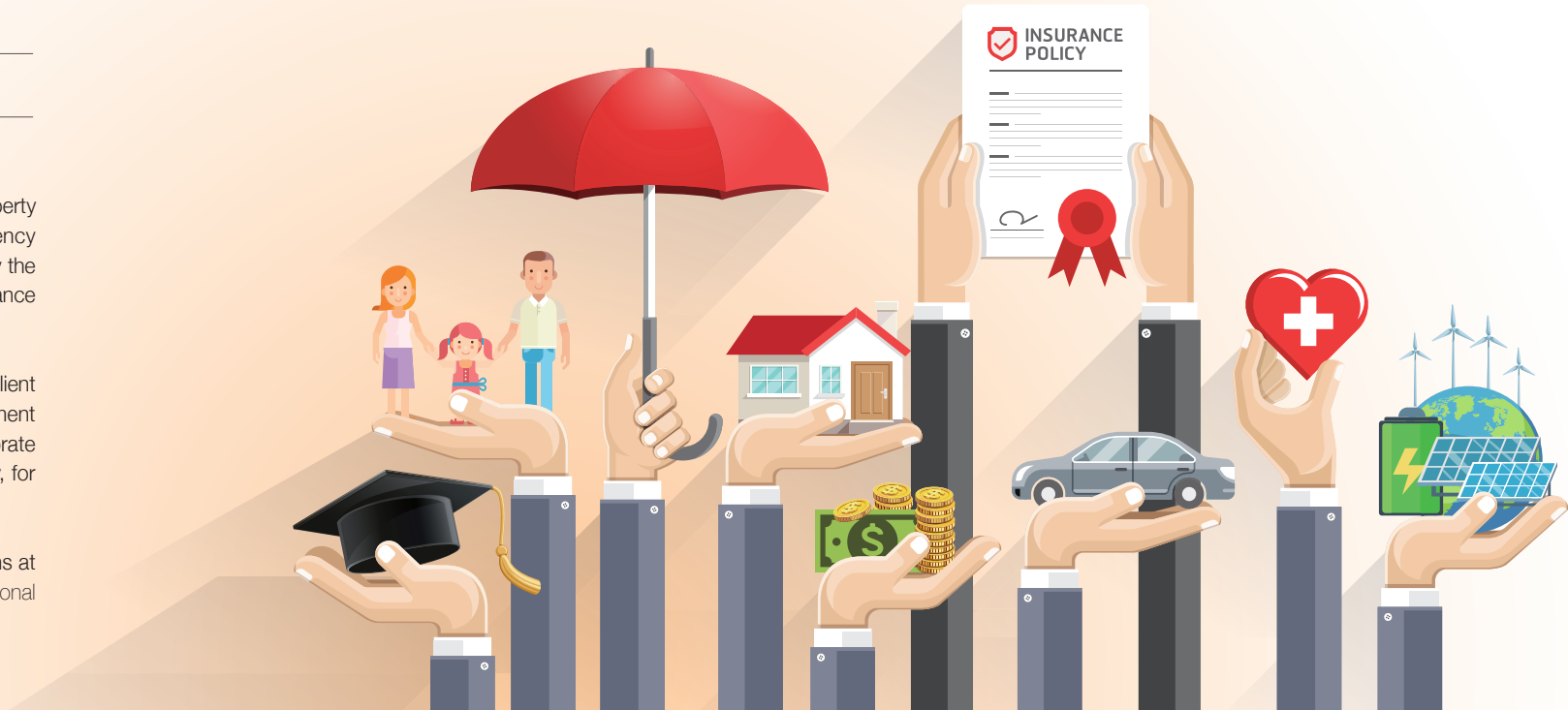
In 2021, we offered green home insurance and solar equipment insurance. We plan for superior insurance policy targeting the building that aims at energy saving and carbon reduction. We handled a total of 386 applications. For social responsibility investment, we continue to offer professional

insurance planning, including "Micro insurance," "Small amount whole life insurance," "Annuity insurance," "Long-term care insurance," and "Special Benefit Investment Account." We handled a total of 709 applications. Meanwhile, we offered fire insurance, car insurance, all kinds of liability insurance, accident and health insurance, for personal and family clients. The SCSB works with domestic and overseas property insurance companies and reinsurance companies with good image, robust financial base, competitive products, and abundant resources. Therefore, our clients would feel secure and protected.

For social feedback and protection of the rights of disadvantaged people, the SCSB provides insurance sponsorship to all kinds of disadvantaged people every year. The sponsorship amount was NT\$95,067 and 503 beneficiaries were benefitted in 2021.

The SCSB insurance product promotion

Principle	Product name	Product description	Number of products	Insurance fee in 2021 (NTD)
Environmental care	Green home insurance	We plan for superior insurance policy targeting the building that aims at energy saving and carbon reduction associated with green energy.	378	1,090,610
	Solar electronics insurance	We plan for superior insurance policy targeting the building that aims at energy saving and carbon reduction associated with solar power.	8	134,586
Social responsibility investment	Micro insurance	We promote inclusive financing business to correspond to government policies. We allocate budget to sponsor planning of insurance protections for members of disadvantaged groups.	503	95,067
	Small amount whole life insurance	We promote inclusive financing business to correspond to government policies, and small amount whole life insurance, to increase the demand for basic guarantee among people in Taiwan.	5	69,872
	Annuity insurance	We promote annuity insurance to correspond to government policies, to encourage more people in Taiwan to make plans for longevity risk.	191	395,562,602
	Long-term care insurance	We correspond to the government policy to help clients plan for retirement.	2	54,799
	Great Benefits – PineBridge Investments Special Benefit Investment Account	Choose the ESG-certified company for the investment target.	8	3,259,450





3.7 Financial education

Since 2006, the SCSB has actively corresponded to the Financial Supervisory Commission to hold the “Financial Knowledge Promotion in Campuses and Communities” with the cooperation of the Bankers Association of the Republic of China, Taiwan Academy of Banking and Finance and the National Federation of Credit Co-operatives. The event aimed at students and the public to teach them the correct financial knowledge including the concept of money and credit cards, financial management, debt management and the prevention of fraud. The SCSB has been honored by the FSC publicly and received the certificate of appreciation from the FSC ten years in a row since 2010. In 2021, the SCSB held 17 seminars all over Taiwan. A total of 4,220 people benefitted from the event.

Groups to be served	Number of courses	Total number of participants
Financial Knowledge Promotion in Campuses and Communities -Outcome statistics <sup>1</sup>		
Middle and elementary school stu-dents	12	2,426
College students	3	270
Finance Camp for Children – Outcome statistics <sup>2</sup>		
Child	2	1,524
hild	17	4,220

Note 1: The number of participants is calculated based on the people who emailed to FSC signing up for the camp.  
Note 2: The number of people joined the Finance Camp for Children is calculated based on the number of people who signed up for the camp.



To adapt to the pandemic impact and the digital age, the Bank proactively promotes online financial planning client seminar. Through media platforms such as Facebook, we collaborate with the fund company, and share the market trend and financial planning concept with the client. In this way, we have created a mode that shares financial planning concept without being affected by territory or time.

Partner	Collaboration content
EBC	The SCSB is the first bank in the industry starting this kind of collaboration. Children, artists and celebrities share the financial planning concept face-to-face. Children can visit the TV studio and get a chance to work as a news anchor. The event was very popular.
Manulife Investment Management	The Facebook livestreaming event “New Chance of Investment – Keep up with ESG]. ESG is one of the important indices for investment decision-making in the past few years. In this event, we explain the specialty for including ESG into investment indicator.
Allianz	Mr. Juan Mu Hua, a financial specialist, was invited to deliver an online speech. The topic is “Global inflation is coming. How to adjust asset allocation?” The SCSB utilized digital banking to interact with clients. Up to 500 viewers were watching the show. Mr. Juan was warmly welcomed.
PukiiBank Camp for Kids	The SCSB aims to hold a financial education seminar for children in summer. Therefore, we organize PukiiBank Camp for Kids to build up good financial knowledge for children under 12 years old via many interesting games. With the preferential interest rate for the “PukiiBank Deposit Account,” we develop the saving habit of the children by clearly stating each saving and expenditure. Due to the pandemic, the financial planning camp for children was held online during summer vacation in 2021. The online financial planning joy party was held for parents. In the party, parents became closer with children and learn about financial planning together.

Insurance seminars (onsite):

Date	December 21	December 22	December 23	December 28
Session	Central Insurance Client Seminar	Northern Insurance Client Seminar	Hsinchu Insurance Client Seminar	Tainan Insurance Cli-ent Seminar
Number	50	30	30	25
Topic	Carbon reduction before investment, wealthy yet healthier	Carbon reduction before investment, wealthy yet healthier	Carbon reduction before investment, wealthy yet healthier	Carbon reduction before investment, wealthy yet healthier
Lecturer	BNP Paribas Cardif – Yang Shu Ming, Manager	BNP Paribas Cardif – Yen Yu Kuo, Man-ager	BNP Paribas Cardif – Yang Shu Ming, Manager	BNP Paribas Cardif – Yang Tzu Ling, Manager
Lecturer	UBS – Hsu Chia Chen, Manager	UBS – Chen Shuo Tsun, CIO	UBS – Hsu Chia Chen, Manager	UBS – Chang Cheng Ju, AVP
Location	THE LIN HOTEL TAICHUNG	Regent Taipei	Chateau de Chine Hotel	HOTEL COZZI

Insurance protections seminar (online):

Date	May 14, 2021	October 22, 2021
Session	Facebook Pukii Fan Page Online Client Seminar	Facebook Pukii Fan Page Online Client Seminar
Number	1,682 views	693 views
Topic	“Get protections, get a beautiful life”	“FIRE movement is the new trend! “
Lecturer	1. Liu Ching Wen, Director of Insurance Agency Department 2. Chiang Yu Chih from Nan Shan Life Insurance	1. Liu Ching Wen, Director of Insurance Agency Department 2. SSu Hsing Yuan, Director of Fubon Life Insurance
Location	Pukii Fan Page	Pukii Fan Page

Charitable trust seminar (onsite):

In 2021, 18 seminars were held and 461 people participated in these seminars, which include the trust of reconstruction of dangerous and old real estate and care trust (as shown below).

Date	Collaboration unit	Location	Number of participants
January 14	Seminar for the Landlord Regarding the Trust of Reconstruction of Dangerous and Old Real Estate	Zhonghe Branch	25
January 22	Seminar for the Landlord Regarding the Trust of Reconstruction of Dangerous and Old Real Estate	Zhonghe Branch	20
February 6	Seminar for the Landlord Regarding the Trust of Reconstruction of Dangerous and Old Real Estate	Songshan Branch	35
March 13	Seminar for Promotion and Description of Care Trust Business	Xinyi and Nangang Resource Center for People with Disabilities	20
March 19	Seminar for Promotion and Description of Care Trust Business	Ching Chih Long-term Care Resource Studio	20
April 18	Seminar for the Landlord Regarding the Trust of Reconstruction of Dangerous and Old Real Estate	Tianmu Branch	40
July 31	Seminar for the Landlord Regarding the Trust of Reconstruction of Dangerous and Old Real Estate	East Taipei Branch	15
August 7	Seminar for Promotion and Description of Care Trust Business	Xinyi and Nangang Resource Center for People with Disabilities	20
August 27	Seminar for Promotion and Description of Care Trust Business	New Taipei City Government Le Hsin Family Resource Center	30
September 29	Seminar for Promotion and Description of Care Trust Business	Taiwan Dental Association	30
October 28	Seminar for Promotion and Description of Care Trust Business	Feng Shen Health Care Group	40
November 17	Seminar for Promotion and Description of Care Trust Business	Hsiang Yuan Penitentiary	6
November 17	Seminar for Promotion and Description of Care Trust Business	Cheng En Nursing Home	5
December 3	Seminar for Promotion and Description of Care Trust Business	Feng Fu Home Care Level-C Alley Long-term Care Station	30
December 7	Seminar for Promotion and Description of Care Trust Business	Chunghwa Senior Lifestyle Services Co., Ltd.	10
December 10	Seminar for Promotion and Description of Care Trust Business	Taiwan Power Company	45
December 10	Seminar for Promotion and Description of Care Trust Business	Attention System Develop Co., Ltd.	30
December 25	Seminar for Promotion and Description of Care Trust Business	Hsiang Yuan Penitentiary	40
Total			461

Professional financial knowledge promotion seminar

Our Corporate Banking Department, Personal Banking Department and Insurance Agency Department hold financial knowledge promotion events every year based on our expertise for target or potential customer groups. In 2021, we held the Seminar for Taxation on the Inward Remittance of Overseas Funds at the Headquarters on July 8. Sung Hsiu Ling, the Director-General of the National Taxation Bureau of Taipei, Ministry of Finance, was invited as the keynote speaker of the seminar. The focus of the seminar was to explain regulations for the special law and Q&As during practice. The capacity for the online conference room was 250 people and it was full. The SCSB sponsored Economic Daily News to organize the “Wealth Management 2.0 Forum” on November 11, 2021, at Shangri-La Far Eastern, Taipei. Huang Tien Mu, Managing Director of FSC, addressed a speech at the Forum. Our manager of Corporate Finance Department was invited by the EPA to share about green finance with EPA staff online on November 24 and December 14, 2021. Participants included the Director-General of the Toxic and Chemical Substances Bureau and the students. The number of participants was 40 to 50 per session.

3.8 Social participation

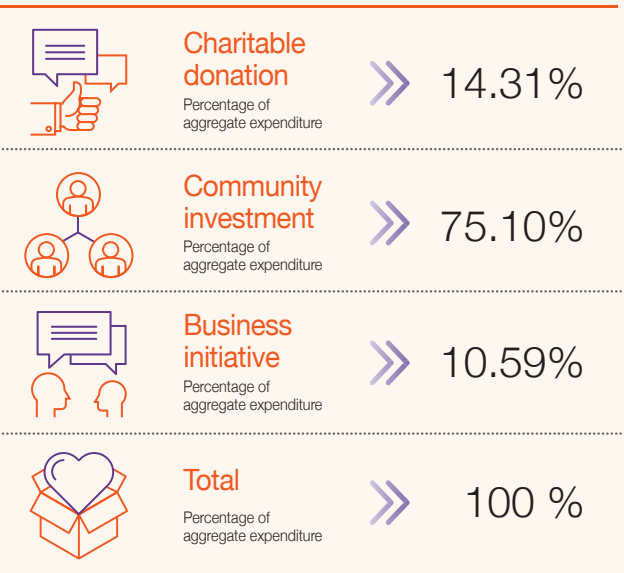
Beholding the aim of “to serve society” the SCSB was established in 1915 to focus on the promotion of public welfare activities for a long time. We provide the elderly, the youth and the people with disabilities a more secured life via various programs and dedicate to build a friendlier society. The SCSB hopes that goodwill can reach every corner in society. In 1990 and 2010, the SCSB Cultural and Educational Foundation and the SCSB Charity Foundation were founded, respectively. These years the SCSB has proactively participated in charity events by integrating our business with credit card feedback or Career Identity Card, to expand social influence effectively. The SCSB holds the social feedback philosophy “Taken from society Give back to society” and therefore organized the SCSB volunteer team to spread goodwill together all around Taiwan.

To manage the benefit of input and output for our social engagement effectively, in 2020 the SCSB began to use systematic analysis of LBG (London Benchmarking Group) Guidance 1 to divide the social programs with the participation of the SCSB in 2021 into charitable donations, community investments and commercial initiatives. Through quantitative outcomes, the SCSB evaluated our input and output for social charity program, hoping to distribute our resources invested into social charity engagement properly, increase efficiency of resource conversion, prolong the development of charity project, and ensure that our idea for growing kindness and goodwill in society will live longer.

Our donation in 2021 (excluding donation from the SCSB Cultural and Educational Foundation/the SCSB Charity Foundation): NT\$71.94 million was donated in total (primarily Credit Guarantee Fund, NT\$63,005 thousand in total; small donations to six disability facilities and penitentiaries, about NT\$95 thousand in total; NT\$70 thousand scholarship to five students).

In 2021, the SCSB Cultural and Educational Foundation and the SCSB Charity Foundation sponsored conferences, arts and cultural activities, and charitable activities. The expenditure was about NT\$16.6484 million for the SCSB Cultural and Educational Foundation, and NT\$2.6433 million for the SCSB Charity Foundation. Scholarship was provided to 362 students, NT\$11.22 million in total. The expenditure was about NT\$30.5 million in total, including the scholarship.

Types of charity events

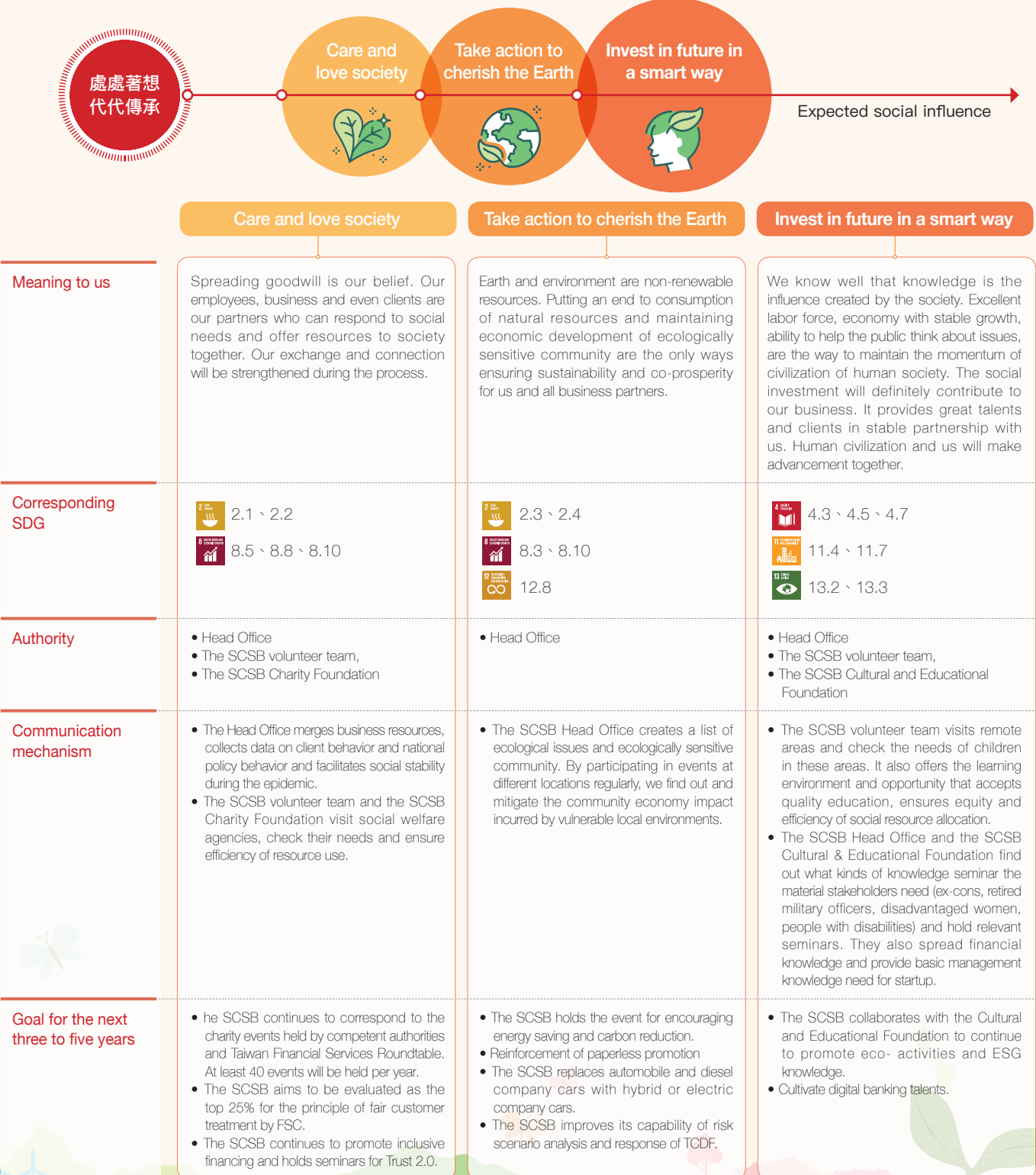


Percentage of aggregate expenditure



(I) Charitable strategy

The SCSB has been founded over a hundred years. It always wishes to become a business bank helping people purchase their own home and helping corporations for longevity since its founding. The SCSB holds the core philosophy “Being thoughtful in all aspects, heritage throughout generations.” Therefore, it actively integrates its resources, strengthens partnership between client and supply chain and takes the needs and expectation of social stakeholders into consideration. Through three charity strategies “Care and love society,” “Take action to cherish the Earth” and “Invest in the future in a smart way,” we combine our core financial strength to create the maximum social influence.







## 1. Care and love society



### Donation of NT\$6 million to 2021 Hualien train derailment

Taroko Express No. 480 collided with a construction truck that had fallen down a slope onto the tracks when passing through Qingshui Tunnel in Hualien on April 2, 2021 in the morning. Fifty people died and over 200 people were severely or lightly injured. The SCSB and the SCSB Cultural & Educational Foundation donated NT\$6 million in total. The donation was specially used for helping the family of victims and injured passengers with living expenses, including physical and mental rehabilitation, and financial support. We wished that the donation could help the victims and injured passengers to pull through.



### Donation of NT\$6.89 million to Mackay Memorial Hospital for pandemic prevention equipment

COVID-19 pandemic is very serious. Frontline healthcare workers need to take care of patients directly, are exposed to high risk environment, and need more protective gear. We contacted Mackay Memorial Hospital and found out that they needed support for purchase of pandemic protective equipment and materials. We donated NT\$6.89 million to Mackay Memorial Hospital to support the health care system, protect public health, and participate in community development. (Picture 1)



### Sponsorship of mobile dental equipment for all the 22 counties in Taiwan

Our collaboration with Taiwan Dental Association lasts almost 30 years. We continue to hold numerous charitable events with the Association. In 2021, we worked with the SCSB Cultural & Educational Foundation to sponsor the plan proposed by the Association for all the 22 counties in Taiwan. The plan is called "Portable dental equipment plan for home-based service at regions short of medical resource." More people with physical disabilities, disabled elderly people and developmentally delayed children to go to dentist safely. Chen Shih Chung, the Director-General of MOHW, attended our donation ceremony. (Picture 2)



### We helped students in remote areas make dreams come true (our project has been held over 12 years since Typhoon Morakot in 2009)

Since the flood on August 8, 2009 incurred from Typhoon Morakot, struck Southern Taiwan, the SCSB has always been caring about students in remote areas, sponsoring the after-school program, and donating materials to schools. These years parents have been very busy with work due to the pandemic and have no time to take care of their children. To help students in remote areas to widen their vision, we invited 30 students of Kaohsiung City Liouguei District Laonong Elementary School for a trip in Northern Taiwan. Students learned about the landscape and humanity culture in Northern and Central Taiwan. They visited the science education center, farm, Taipei Zoo and X Park, the most beautiful aquarium in Taiwan. It was a dream come true for them to go on a wonderful trip. (Picture 3)



### Charity care

The SCSB Cultural and Educational Foundation and the SCSB Charity Foundation are devoted to welfare for the elderly, people with disabilities, women and children. They worked with our volunteer teams in different regions to visit social welfare agencies in different locations and hold volunteer team charitable activities six times in 2021, less than in 2020 due to the pandemic. About 53 volunteers donated goods, replaced old equipment in homes for disabled, and conveyed the idea of gratitude and care. (Picture 4 5 6 7)



## 2. Take action to cherish the Earth



### Tree Plan

The Bank became the first financial partner in Taiwan joining the MasterCard Priceless Planet Coalition. By investing the rebate fund into the tree plan, we aim to plant 100 million trees around the world in five years with other partners. From March to the end of June 2021, 0.2% of the base amount from the new Minions Environmental Credit Card goes to the fund for the Tree Plan. Minions Environmental Credit Card is made of PET-G, a green material. It lowers environmental harm and shows that we make an all-out effort to environmental sustainable development. (Picture 8)



### Love Earth - Beach clean-up at Waimushan

On December 11, 2021, we worked with the SCSB Cultural & Educational Foundation, our volunteers, and staff of China Travel Service (Taiwan), to hold the "Love Earth - Waimushan Beach Clean Up Charitable Event." Over 150 staff and their dependents joined the event. We worked with National Taiwan Ocean University to promote importance of marine environmental protection, teach everyone how to sort marine trash, and introduce the importance of algae to the ocean. In addition, we and the University also promoted the environmental awareness and ecological conservation, and did our bit to protect the beautiful ocean and mountain in Taiwan. (Picture 9)



### Tree Protection Plan at National Taiwan University

A tree can reduce 12 kg of CO2 per year on average. Trees can reserve and regulate water. Tree planting and protection is the most direct and effective way to counter the extreme climate due to global warming. The campus of National Taiwan University is big. Plant disease and pest control is required for hundreds of old trees and costs a lot. The SCSB continues to promote the charitable event "Support Environmental Protection, Love Earth." We worked with the SCSB Cultural & Educational Foundation to donate to Tree Protection Plan at National Taiwan University. (Picture 10)







### 3. Invest in future in a smart way



#### Financial education

The SCSB actively held all kinds of financial knowledge promotion events and helped clients learn about financial knowledge. (Refer to 3.7 Financial education.)



#### Cultural arts seminar series

To build a society that embraces literature, create the idea of lifelong learning, and enhance cultural education in Taiwan, since 2002, the SCSB holds knowledge, practical speeches with different themes every month. The nine series that are still open and the sessions that have been held: Literature theater (49 sessions), Corporate manager advanced study group (182 sessions), Our literary dream (136 sessions), Wealth management (44 sessions), LOHAS (133 sessions), Meet the entrepreneur (12 sessions), Learn the beauty of music (156 sessions), Enrich your life (219 sessions), and Artist celebrity hall of fame (two sessions). The number of attendants is about 40 to 50 per session. Over 1,100 sessions were held, over 100 thousand people took part in these events and they are popular among the public. (Picture 11 12 13 14 )



#### LOHAS series

We always care about employee health. In 2021, we held daily healthcare and medical seminars, and we were granted the Sports Enterprise Certification Awards by the Sports Administration, MOE. In particular, we held COVID-19 health seminars and invited lecturers to talk about health management for COVID-19. (Picture 15 16 )



#### Establishment of scholarship

The SCSB Cultural & Educational Foundation provided scholarships. We helped students applying for all kinds of scholarships and stipends, encouraged students and cultivated professionals. In 2021, 367 students received scholarship, about NT\$11.29 million in total.



#### Academic - industry collaboration

In August 2021, the SCSB President led our staff to visit National Taiwan Ocean University for collaboration in marine environmental protection. In September 2021, the SCSB visited National Cheng Kung University to discuss ESG collaboration, and enhance multi-dimensional ESG academic-industry collaboration.

## Attachment

### SCSB SUSTAINABILITY REPORT 2021

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4.2 Comparison Table for SASB Disclosure Items 130

4.3 Comparison Table for Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Disclosure Items 131

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4.1 Comparison Table for GRI Standards Disclosure Items

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2-3	Reporting period, frequency and contact point	About the Report	0
2-4	Restatements of information	No such matter in this year	-
2-5	External assurance	About the Report 4.5 Independent Auditors' Limited Assurance Report	0 133
2-6	Activities, value chain, and other business relationships	Overview of the Group 2.4 Sustainable Supply Chain Management	21-27 94
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2-14	Role of the highest governance body in sustainability reporting	Corporate sustainable development management	16
2-15	Conflicts of interest	1.1 Corporate Governance	31
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2-17	Collective knowledge of the highest gov-ernance body	1.1 Corporate Governance	31-38
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2-19	Remuneration policies	1.1 Corporate Governance	38
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2-21	Annual total compensation ratio	1.1 Corporate Governance	38
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2-25	Processes to remediate negative impacts	Stakeholders and material issues	8-13
2-26	Mechanisms for seeking advice and raising concerns	1.2 Ethical Management	41
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GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Stakeholders and material issues	8-13
3-2	List of material topics	Stakeholders and material issues	8-13
3-3	Management of material topics	Stakeholders and material issues	8-13
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207-4	Country-by-country reporting	Tax policy	27
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GRI 303: Water and Effluents 2018			
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305-1	Direct (Scope 1) GHG emissions	2.3 Energy and resource management	90
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306-5	Waste directed to disposal	2.3 Energy and resource management	93
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	1.3 Compliance	44
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	2.4 Sustainable Supply Chain Management	95
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	3.1 Employee composition and diversity	100
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.1 Employee composition and diversity	105
401-3	Parental leave	3.1 Employee composition and diversity	105
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	3.4 Workplace health and safety	109
403-2	Hazard identification, risk assessment, and incident investigation	3.4 Workplace health and safety	108-109
403-3	Occupational health services	3.4 Workplace health and safety	108
403-4	Worker participation, consultation, and communication on occupational health and safety	3.3 Employee treatment and welfare 3.4 Workplace health and safety	104 108-109
403-5	Worker training on occupational health and safety	3.4 Workplace health and safety	108
403-6	Promotion of worker health	3.4 Workplace health and safety	108
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.4 Workplace health and safety	108-109
403-8	Workers covered by an occupational health and safety management system	3.4 Workplace health and safety	108
403-9	Work-related injuries	3.4 Workplace health and safety	109
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	3.2 Employee training and career development	103
404-3	Percentage of employees receiving regular performance and career development reviews	3.3 Employee treatment and welfare	106

Message from the Chairman / President	Sustainability Key Accomplishment in 2022	Sustainability Strategy and Management	Governance - Always Ethical	Environment - Always Sustainable	Society - Always Caring	Attachment	129
No.	Disclosure Items	Correspondent Chapter	Page				
GRI 405: Diversity and Equal Opportunity 2016							
405-1	Diversity of governance bodies and employees	1.1 Corporate Governance	34				
		3.1 Employee composition and diversity	99				
GRI 408: Child Labor 2016							
408-1	Operations and suppliers at significant risk for incidents of child labor	3.5 Human rights and equality	110				
GRI 409: Forced or Compulsory Labor 2016							
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.5 Human rights and equality	110				
GRI 412: Human Rights Assessment 2016							
412-2	Employee training on human rights policies or procedures	3.5 Human rights and equality	110				
GRI 414: Supplier Social Assessment 2016							
414-1	New suppliers that were screened using social criteria	2.4 Sustainable Supply Chain Management	95				
GRI 415: Public Policy 2016							
415-1	Political contributions	1.2 Ethical Management	42				
GRI 417: Marketing and Labeling 2016							
417-1	Requirements for product and service information and labeling	1.3 Compliance	44				
		1.6 Customer Relationship Management	56				
417-2	Incidents of non-compliance concerning product and service information and labeling	1.3 Compliance	44				
		1.6 Customer Relationship Management	57				
417-3	Incidents of non-compliance concerning marketing communications	1.3 Compliance	44				
GRI 418: Customer privacy 2016							
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.5 Information Security	53				
GRI 419: Socioeconomic Compliance 2016							
419-1	Non-compliance with laws and regulations in the social and economic area	1.3 Compliance	43				
		1.6 Customer Relationship Management	57				



4.2 Comparison Table for SASB Disclosure Items

SASB COMMERCIAL BANK 2018				
Topic	Code	Metric(s)	Correspondent Chapter	Page
Information security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	1.5 Information Security	55
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	1.5 Information Security	53-55
Financial inclusion and capacity building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	3.6 Financial inclusion	111-112
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	3.6 Financial inclusion	111-112
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	3.6 Financial inclusion	111
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	3.7 Financial education	118
The method for integrating ESG factor with credit analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	2.1 Sustainable Banking 2.2 Climate Risk and Oppor-tunity	69 74
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	2.1 Sustainable Banking	69-75
Business ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	1.2 Ethical Management	41
	FN-CB-510a.2	Description of whistleblower policies and procedures	1.2 Ethical Management	42
System risk management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Not applicable (The SCSB is not considered a G-SIB bank)	-
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	1.4 Risk Management	48-51
Activities index	FN-CB-000.A	1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	3.6 Financial inclusion	111
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) SME, and (c) corporate other than SME	3.6 Financial inclusion	111-112

4.3 Comparison Table for Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Standards Disclosure Items

No.	Disclosure Items	Correspondent Chapter	Page
Article 3	<p>A listed company which meets the requirements under Article 2 of the Rules shall prepare an annual sustainability report for the preceding year by referring to the Global Reporting Initiatives (GRI) Standards published by the GRI, Sector Disclosure and other applicable rules according to its sector features. In the report, the company shall disclose its identified material economic, environmental and social topics, management approach, topic-specific disclosure, and its reporting requirements, which shall, at a minimum, meet the core option of the GRI Standards.</p> <p>The sustainability report mentioned in the preceding paragraph shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified.</p> <p>In the sustainability report, a listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured or verified by a third party.</p> <p>The topic-specific disclosure referred to in Paragraph 1 shall be evaluated and disclosed by adopting the standards in compliance with the rules of the competent authorities. If the competent authorities have not promulgated the applicable standards, the company shall adopt the approach of evaluation commonly used in practice.</p>	About the Report Stakeholders and material issues	0 8-13
		4.1 Comparison Table for Sustainability Standards Disclosure Items 4.5 Independent Auditors' Limited Assurance Report	126-129 133-136
Article 4, paragraph 3, item 1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	1.5 Information Security	53-55
Article 4, paragraph 3, item 2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	3.6 Financial inclusion	111-112
Article 4, paragraph 3, item 3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	3.7 Financial education	118
Article 4, paragraph 3, item 4	Products and services designed by individual operating units to create benefits for the environment or society.	2.1 Sustainable Banking 3.6 Financial inclusion	69-75 111-117
Article 4, paragraph 4, item 1	The number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	3.3 Employee treatment and welfare	106
Article 4, paragraph 4, item 2	The company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	2.2 Climate Risk and Oppor-tunity	74-88

4.4 Comparison Table for Task Force on Climate-related Financial Disclosures (TCFD) Items

Elements	No.	Disclosure Items	Correspondent Chapter	Page
Governance	a	Describe the board's oversight of climate-related risks and opportunities.	2.2 Climate Risk and Opportunity	74-76
	b	Describe management's role in assessing and managing climate-related risks and opportunities.	2.2 Climate Risk and Opportunity	74-76
Strategy	a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2.2 Climate Risk and Opportunity	77-81
	b	Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning.	2.2 Climate Risk and Opportunity	74-75
	c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario physical risk.	2.2 Climate Risk and Opportunity	82-87
Risk Management	a	Describe the organization's processes for identifying and assessing climate-related risks.	2.2 Climate Risk and Opportunity	77
	b	Describe the organization's processes for managing climate-related risks.	2.2 Climate Risk and Opportunity	77
	c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.2 Climate Risk and Opportunity	75
Metrics and Targets	a	Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.	2.2 Climate Risk and Opportunity	75
	b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2.3 Energy and resource management	90
	c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2.2 Climate Risk and Opportunity	75-90

4.5 Independent Auditors' Limited Assurance Report

Deloitte.

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders  
The Shanghai Commercial and Savings Bank, Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report (“the Report”) of The Shanghai Commercial and Savings Bank, Ltd. (“the Company”) for the year ended December 31, 2021.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

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

We conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the Statements of Assurance Engagements Standards No. 1 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

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

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



### Inherent Limitations

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

### Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### Conclusion

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

### Other Matters

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

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

*Han-Ni Fang*

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

June 2, 2022

### Notice to Readers

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

## APPENDIX A

### SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	1.5 Information Security	Number of incidents related to information security incidents, data breaches, personal data breaches, and number of customers affected by data breaches.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	3.6 Financial inclusion	Number of loans for micro-business and community development and the loans outstanding at the end of the year.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	3.7 Financial education	Number of participants in financial inclusion education including "Financial Knowledge Promotion in Campuses and Communities" and "Finance Camp for Children".
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 4	Products and services designed by individual operating units to create benefits for the environment or society.	2.1 Sustainable Banking 3.6 Financial inclusion	Products and services designed to create benefits for the environment or society, including "Reverse mortgage", "First-time purchase program for youths", "Student loan program", "Charitable trust", "I pay I Decide Program", "Housing allowance loan", "Low-interest housing loan", and "Owner's cash loan program".
5.	GRI 302-1: 2016	Energy consumption within the organization	2.3 Energy and resource management	Amount of energy consumed from purchased electricity, natural gas, gasoline, diesel, and purchased steam within the organization.
6.	GRI 303-3: 2018	Water withdrawal	2.3 Energy and resource management	Total volume of water (Taiwan Water Corporation) withdrawn with a breakdown by the sources.

(Continued)



#	Assurance Subject Matter	Descriptions of Indicators	Corresponding Section	Applicable Criteria
7.	GRI 305-1: 2016	Direct (Scope 1) GHG emissions	2.3 Energy and resource management	Total volume of scope 1 GHG emission (natural gas, gasoline and diesel).
8.	GRI 305-2: 2016	Energy indirect (Scope 2) GHG emissions	2.3 Energy and resource management	Total volume of scope 2 GHG emission (purchase of electricity and steam).
9.	GRI 401-3: 2016	Parental leave	3.3 Employee treatment and welfare	Total number of employees that were entitled to as well as took parental leave, number and percentage of employees that should and actually return to work after parental leave ended, employees that returned to work after parental leave ended that were still employed, by gender.
10.	GRI 404-1: 2016	Average hours of training per year per employee	3.2 Employee training and career development	The average hours of training that the organization's employees have undertaken, by gender, employee category and age.
11.	Designated indicator 1	Code of conduct management system (1. The number of incidents involving breach of code of conduct 2. The number of training hours on code of conduct)	1.2 Ethical Management 1.3 Compliance	The number of incidents involving breach of code of conduct; the number and percentage of anti-corruption training that the organization's employees have taken.
12.	Designated indicator 2	Waste by type and disposal method	2.3 Energy and resource management	The weight of non-hazardous waste by disposal method (recycle and incineration).
13.	Designated indicator 3	Gender pay indicator	3.3 Employee treatment and welfare	The percentage of average and median difference in remuneration and bonus by gender.
14.	Designated indicator 4	Absence rate	3.4 Workplace health and safety	The statistical results and calculations of employee's absence rate.
15.	Designated indicator 5	Social and business benefits of financial inclusion	2.1 Sustainable Banking 3.6 Financial inclusion	The business and social performance of financial inclusion, including the number of loans and benefitted accounts in total, and loan balance and percentage by the end of the year for micro-business, SME and large-scale enterprise.

(Concluded)

# 2021

## SCSB Sustainability Report



 **上海商業儲蓄銀行**  
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

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SCSB Website



SCSB ESG Website



SCSB Sustainability Report