

SCSB Sustainability Report



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About the Report

The Shanghai Commercial and Savings Bank, Ltd. (hereinafter referred to as the SCSB) has long been caring about the sustainable development trend and disclosed our efforts and achievements in the promotion of sustainable development. The SCSB wishes to use the sustainability report as a communication tool to respond to the issues that stakeholders from all sectors are concerned with. The aim is to keep the annual growth and sustainable development of the SCSB.

Reporting Period

The SCSB has released the sustainability report for 17 years since 2007. The 2023 SCSB Sustainability Report (hereinafter referred to as the report) shows the information on performance of sustainable development and material issue management in 2023 (1/1-12/31). The period of the report is the same as the period of the annual financial statement. To provide comprehensive performance data to readers, some contents cover the information from previous years and the information for the year 2024.

- Time of the 2022 report publication for the previous year: June 2023
- Time of the 2023 report publication for the current year: June 2024
- Scheduled time of the 2024 report publication for the next year: June 2025

Scope of the Report

The report discloses the performance of the SCSB on sustainable development in governance, economy, environment, and people (including their human rights). The scope of the report completely covers the SCSB's locations of operations in Taiwan, overseas branches as well as overseas offices, and partially covers operations in subsidiaries including the Shanghai Commercial Bank (the SCB), the SCSB Leasing Co., Ltd. and AMK Microfinance Institution Plc. The scope of sustainability disclosure the report mainly covers the SCSB's business in Taiwan and Hong Kong (accounting for 94.82% of the SCSB's consolidated net income). Scopes of other disclosed data different from the aspects above are noted in the associated chapter. Financial data is based on NT\$ and the disclosure scope of financial date is consistent with the SCSB's consolidated financial statement. The social charity information covers performance data of the SCSB, the SCSB Cultural & Educational Foundation and the SCSB Charity Foundation. 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

The report is in accordance with the basis of Universal Standards, Sector Standards and Topic Standards (GRI Standards) published by the Global Reporting Initiative (GRI), and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. In addition, the report is also disclosed based on the SASB Standards published by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climaterelated Financial Disclosures (TCFD).

The financial information in the report has cited the annual financial report certified to by CPAs and adopted by the SCSB. In addition, the accounting firm Deloitte & Touche has been entrusted to provide limited assurance to this report for specific performance indicators in accordance with the Statement of Assurance Engagements Standards (hereinafter referred to as TWSAE) No. 3000 "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. For more information of assurance, please see "4.6 Independent Auditors' Limited Assurance Report" in the appendix of this report for the CPA's limited assurance report.

The conforming standard and inspection institution of all kinds of information are as follows:

Information	Information Type Conforming Standard		Verification /Assurance Institution
	Sustainability information Statement of Assurance Engagements Standards (TWSAE) No. 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information"		
	Financial information Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Generally Accepted Auditing Standards		

nformation Type	Conforming Standard	Verification /Assurance Institution
Environmental data	ISO 14064-1:2018 Greenhouse Gases Part 1	SGS Taiwan
	ISO 14067:2018 Carbon Footprint Verification (Credit and Debit Card Carbon Footprint Verification)	SGS Taiwan
	PAS 2060:2014 Verification Opinion Statement of Carbon Neutrality Declaration (Credit and Debit Card)	SGS Taiwan
	Taiwan Intellectual Property Management System (TIPS) (Grade A)	Industrial Development Bureau, MOEA
	ISO 10002:2018 Customer Complaint Management System	BSI Taiwan
	ISO 14001:2015 Environmental Management System	SGS Taiwan
	ISO 20400:2017 Sustainable Procurement — Guidance	BSI Taiwan
Management System	ISO 27001:2013 Information Security Management System	BSI Taiwan
	ISO 45001:2018 Occupational Health and Safety Management System	SGS Taiwan
	ISO 46001:2019 Water Efficiency Management Systems	SGS Taiwan
	ISO 50001:2018 Energy Management System	SGS Taiwan

Report Preparation and Approval Process

To ensure accuracy of the information disclosed, the report is provided by the senior managers of the relevant units of the Sustainable Development Committee after they have completed the fact check, then the senior managers will provide information. Summarization and internal reviews are performed by the Head Office to ensure accuracy and consistency of information

Report Preparation	Content Review	Internal Audit	Verification and Assurance	Finalization
Each unit drafts annual plan and performance and provides data. The Head Office gathered information and prepared the sustainability report.	 Functional teams of Sustainable Development Committee examine the content of sustainability report. The annual material issues are reported to the board of directors. 	 The Auditing Department has audited the accuracy of part of the information and data. 	Some management systems and data are verified and assured by external independent units and accounting firms.	After being reviewed by the President and approved by the board of directors, the sustainability report will be announced.

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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- Spokesperson: Henry Lu, Executive Vice President
- Acting spokesperson: Morris Teng, Deputy Executive Vice President

8	Sustainability website
8	Official LINE account
8	Facebook fan page
8	Official Instagram account
8	YouTube channel













Kuo, Ching-Yi, President



Message from the Chairman

Amid unrelenting international trade and technology disputes, as well as international political and economic uncertainties such as inflation and the Russia-Ukraine war, global economic development continues to be impacted. 2023 can be described as a year of mixed economic, energy, and social challenges, where global sustainable development is faced with new crises and opportunities. Besides enduring one of the hottest summers on record, at the "Global Stocktake" of the COP28 UN Climate Change Conference, it was also announced that there is still a significant gap between current climate actions and the goal of limiting temperature rise to 1.5° C. Meanwhile, Taiwan ushered in a new era of net zero emissions in 2023, with the promulgation of the "Climate Change Response Act" and the announcement of its three sub-laws. Together with the launch of TCX's "Carbon Trading Platform", businesses and the general public can appreciate that Taiwan has made a significant stride in carbon reduction initiatives.

Driving Sustainable Development through Digital Technology - Net-Zero Transition through Engagement

To strengthen the promotion of sustainable development and respond to Taiwan and international sustainable development initiatives, the SCSB adopted the strategic theme of "Multiple Cores and Digital Sustainability" in 2023 to develop diverse businesses and expand the profit engine to increase non-interest income and capital efficiency. At the same time, the SCSB has taken advantage of fintech to expedite the digital transformation of various services, advance sustainable development, and generate sustainable values. In March 2023, the SCSB joined the Science Based Targets initiative (SBTi) and complied with the Partnership for Carbon Accounting Financials (PCAF) to conduct greenhouse gas (GHG) inventories and set reduction targets for the SCSB's investment and financing activities. The SCSB aims to leverage its investment and financing activities to exert a sustainable impact and guide its customers to transition to low-carbon operations. In recent years, biodiversity has become a topic that has received global attention after climate change, and the SCSB plans to introduce The Taskforce on Nature-related Financial Disclosures (TNFD) framework and establish relevant management mechanisms to evaluate the SCSB's impact more comprehensively on climate and nature.

Turn Sustainability Risks into Opportunities and Unleash the SCSB's Sustainable Impact

The rapid development of sustainability topics presents a risk and an opportunity for enterprises. As the actions of the financial services sector are key to sustainability, how to explore opportunities amid the unstoppable wave of sustainability has become a crucial agenda for various industries. The SCSB shall continue to strive for sound management, accelerate digital transformation, and promote sustainable development by upholding the principle of "serving society and supporting industry". Furthermore, with the strategy of "developing diverse cores, driving digital transformation, bolstering international finance, cultivating robust human capital, and generating sustainable value", the SCSB shall carry forward the service concepts of "considerate, efficient and respectful" and "always placing customers' needs first". Through teamwork and collaboration, the SCSB shall continue to achieve excellent operational performance.

Message from the President

In addition to steady growth in profitability in recent years, the SCSB's exceptional performance in ESG has also caught the attention of investors. In 2023, the SCSB was included in the Dow Jones Sustainability World Index (DJSI World) and DJSI Emerging Markets, indicating that its active efforts in promoting sustainable development have earned international recognition. The SCSB emphasizes ethical, sound management, comprehensive service networks, and developing diverse cores. Furthermore, it focuses on high-quality clientele, applies intelligent technology, upgrades its core systems, reinforces capital management, cultivates robust human capital, and implements three lines of defense to advance sustainable finance.

Thorough Development of Sustainable Finance: Green Business is Combined with Employee Performance to Promote Disadvantaged and Senior-friendly Services

In terms of business, the SCSB's departments have formulated the net zero action plan, which involves the inclusion of green credits and low-capital-intensive businesses, such as credit insurance, into the annual performance targets of branches and corporate banking RMs (Relationship Managers). The SCSB has developed and optimized operational systems together with digital transformation, and it has developed a simplified GHG carbon emission calculation tool for corporate use via industry-academia collaboration. The SCSB has also bolstered its offerings in personal green loans and online contract applications, as well as developed inclusive financial products such as promoting small-scale overseas bonds, establishing an ESG product section, and providing Disadvantaged and senior-friendly products. In 2023, the SCSB's green building loan amounted to NT\$7.825 billion, which has increased more than fivefold compared with 2022.

Thorough Promotion of Digital Transformation: Forming of the Digital Banking Department to Fully Develop a Mobile Payment Ecosystem

In terms of digital innovation, to accelerate digital transformation, the SCSB has upgraded its Digital Banking Department into the sixth largest department of the Bank. At the same time, the SCSB has expanded its organizational structure to attract talent in digital financial technology and information technology. This includes enhancing the digital financial transaction and service platforms while continuing to implement the new core system project. In 2023, the SCSB successfully launched its mobile insurance services and its online banking initiatives have generated promising results, with transfer transactions growing by 11.64% compared to last year. In the future, the SCSB will strive to enhance its mobile payment ecosystem.

Thorough Implementation of Low-carbon Operations: the SCSB Has Obtained Certification for Its Water Efficiency Management Systems and Sustainable Procurement, and Signed the SBTi to Demonstrate Its Commitment to Net-Zero Actions

Regarding operations, the SCSB completed the introduction and verification of the ISO 46001 water efficiency management system in 2023, introduced the ISO 20400 sustainable procurement guidelines in January 2024, and passed external verification to reinforce its green operations and sustainable procurement systems. In response to the SCSB's signing of the Science Based Targets initiative (SBTi), plans are underway to pass carbon reduction target verification by 2025 and practice the SCSB's net-zero action.

The SCSB is Committed to Sustainability Engagement and "Always placing customers' needs first"

In 2023, to strengthen engagement with stakeholders on sustainability, the SCSB announced the "Regulations for Sustainable Development Engagement". The SCSB also developed a priority engagement list targeting industries with high carbon emissions to engage with customers using relevant emission reduction targets as KPIs. Moreover, sustainability-linked loan mechanisms were implemented to guide corporate customers in formulating progressive carbon reduction and transition strategies that are in line with international standards. On the path to sustainability, the SCSB will strive to leverage the influence of finance to assist financing customers and investment projects in reducing carbon emissions, thereby making more contributions to the development of sustainable finance.



The SCSB Sustainability Key Accomplishment in 2023

Governance and Economy

- Listed in the DJSI World index and DJSI Emerging Markets index for the first time
- Ranked among the top 6%~20% in Corporate Governance Evaluation
- 100% attendance rate for the Functional Committees
- The number of education training hours for anti-money laundering and counterterrorism financing has reached 16,496.7 hours
- Passed ISO 10002:2018 Customer Satisfaction and Complaints Handling certification
- The average score of customer satisfaction reached 98.16%
- The number of active mobile banking users increased by 17.4% and digital account growth reached 50.2%

Environment

- Officially signed the "Science Based Targets initiative (SBTi)" commitment
- Approved 667 green building loan applications with a total credit balance of NT\$ 7.825 billion
- The loan balance provided to the six core strategic industries amounted to NT\$ 140.6 billion, among which NT\$49.1 billion was allocated to green energy and renewable energy
- Completed the introduction and external verification of ISO 46001:2019 Water Efficiency Management System
- Introduced the ISO 20400:2017 Sustainable Procurement-Guidance and obtained external verification in January 2024
- Continued to promote paperless services, reducing a total of about 2.16 tons CO2e emissions
- The amount of emission (scope 1 & scope 2) per NT\$ million in revenue decreased by 28.27% compared to last year
- Renewable energy consumption reached 865.5 thousand kWh and 842 renewable energy certificates were obtained

Society

- Organized 11,280.5 hours of sustainable finance talent cultivation series courses
- Post-pandemic revitalization loans (Type 1 and 2) amounted to 3,933 applications with a total loan balance of NT\$19.9 billion
- Organized 14 ESG lectures and sustainable finance forums for 959 participants
- The balance of loans extended to small, medium, and micro enterprises (SMMEs) reached NT\$280.6 billion, accounting for 60% of the SCSB's corporate loans in Taiwan
- A total of 2,927 transactions of the project "Love Earth Sustainable NT\$ Fixed Deposit Project for Wild Birds" were undertaken, with a total amount of NT\$7.293 billion





上海商業儲蓄銀行

Stakeholder and Material Issues

Identification Process



Stakeholder identification

Confirmation of

sustainability

issues

Conform to five aspects in the AA1000 SES (AA1000 Stakeholder Engagement Standard), dependency, responsibility, influence, diverse perspectives, and tension.

Defined 9 types of stakeholders

1.Referred to international sustainability standards and regulations (including GRI Standards, SASB, SDGs, TCFD) and sustainability evaluations (DJSI, CDP, MSCI, Sustainable Finance Evaluation).

A total of 21 sustainability issues are gathered.

2. Stakeholder communication, cases from other banks



Impact assessment Double-materiality analysis

diagram.

Material issues

Draw the doublemateriality matrix

Invite 9 types of stakeholders to evaluate the level of impact of sustainability issues, and entrust the internal team to evaluate sustainability issues: 1. Financial materiality: Level of impact on organizational

2.Impact materiality: Level of impact on economy, en-vironment, and people (including their human rights)

13 internal surveys 649 external surveys

Arrange the order of material issues based on the analysis of double-materiality.

Identify annual material issues based on the level of

impact and explain the impact of material issues.

A total of 12 material issues are available.



Review

Sustainable management

- 1. Materiality assessment results reported to the Board of
- 2.Materiality assessment results integrated into the SCSB's ERM process
- 3. Manage material issues and continue with tracking and evaluation. Be sure to respond to stakeholder concerns.

▲ Stakeholder Identification and Engagement

After internal discussion on the survey and reference from other banks on stakeholder identification and engagement, the SCSB identified 9 types of possible stakeholder groups based on the AA1000SES Stakeholder Engagement Standard, government and competent authorities, employees, Customers, shareholders and investors, suppliers, financial institutions, organizations associated with communities, organizations associated with environment and media. To understand how each stakeholder evaluates the level of impact of sustainability issues, the SCSB designed a questionnaire and distributed it to the stakeholder groups to be completed. The questionnaire can also be filled out on the SCSB's website. The results of stakeholder engagement and impact assessment of material issues are reported to the Board of Directors in accordance with the material issue management process and incorporated into the SCSB's Enterprise Risk Management (ERM) process.



Questionnaire for the Evaluation on the Concern Issues of Corporate Sustainable Development

(1) Results of Stakeholder Identification

Stakeholder	Materiality	Communication channel	Communication frequency	The top 5 impactful issues assessed by stakeholder	Corresponding section	
Government and competent and	by the government and the SCSB attaches great importance to		Irregularly	*Privacy information protection *Compliance *Information security *Employee cultivation	1.2 Ethical Managemen 1.3 Compliance 1.5 Information Security 1.7 Privacy Information	
	its compliance with the requirements of all applicable laws and regulations	Filing of all kinds of reports and public information	Regularly and irregularly	and career development *Ethical management	Protection 3.2 Employee Training and Career Developmen	
		Morning meetings by the department	Weekly		1.2 Ethical Management 1.5 Information Security 1.7 Privacy Information Protection	
2	Since its establishment, the SCSB has focused on talent cultivation and spared no efforts in providing on-the-job	Labor- management meetings	Quarterly	*Privacy information protection *Talent Attraction and Retention *Ethical management		
Employees	training to employees to enhance the overall	President's email	Real-time	*Information security *Employee cultivation	3.2 Employee Training and Career Developme 3.3 Employee	
2p.0,000	competitiveness of the SCSB	iTalking	Real-time	and career development	Compensation and Benefit	
		Forum	Irregularly		_ 33	
		Service quality survey by a third party	Annually	*Privacy information protection *Ethical management *Information security *Risk management *Corporate governance	1.1 Corporate Governance 1.2 Ethical Management 1.4 Risk Management 1.5 Information Security 1.7 Privacy Information Protection	
2.2	In preparing business guidelines and manuals, the five business departments of the SCSB (Corporate Banking, Personal Banking, Customer Finance, Treasury, Deposits and Digital Banking) have taken customer factors into account	A customer service center and email box	Real-time			
Customers		Discussions and meetings with the customer relationship managers (RM)	Irregularly			
		Anonymous satisfaction survey	Irregularly			
		Forum	Irregularly			
	Thanks to the long-term and strong support from shareholders, the SCSB can achieve its current size of operations and market competitiveness	Regular shareholders' meeting	Annually	*Occupational Health and Safety *Operating	Operating performance 1.7 Privacy Information Protection	
Shareholders and Investors		Release of public information	Regularly	performance *Social participation *Privacy information protection	2.1 Sustainable Finance 3.4 Occupational Health and Safety	
		Forum	Irregularly	*Sustainable finance	3.8 Social Engagemen	
3	All the contracted suppliers are vital partners in the sustainable development	Clear requirements for communication are announced during tender invitation and bidding	Every contract signing	*Corporate governance *Sustainable procurement and supplier management *Information security *Privacy information protection *Ethical management	1.1 Corporate Governance 1.2 Ethical Management 1.5 Information Security 1.7 Privacy Information 2.4 Sustainable Procurement and Supplier Management	
Suppliers	sustainable development and growth of the SCSB	Forum	Irregularly			
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	*Information security *Privacy information protection *Ethical management *Compliance *Customer relationship management	1.2 Ethical Managemer 1.3 Compliance 1.5 Information Security 1.6 Customer Relationship Management 1.7 Privacy Information	



Stakeholder	Materiality	Communication channel	Communication frequency	The top 5 impactful issues assessed by stakeholder	Corresponding sections
	The SCSB has actively devoted itself to social charity and	Public welfare activity	Irregularly	*Corporate governance *Green operations	1.1 Corporate Governance 1.2 Ethical Management
Organizations associated with community	collaborated with regional organizations and NPOs to expand social influence	Charitable donation	Irregularly	*Ethical management *Sustainable procurement and supplier management *Social Engagement	2.3 Green Operations 2.4 Sustainable Procurement and Supplier Management 3.8 Social Engagement
Organizations associated	The SCSB focuses on environmental protection and considers and refers to objective opinions from organizations associated with	Consult the organizations associated with environmental protection	Irregularly	*Privacy information protection *Ethical management *Information security *Sustainable finance *Digital finance and	1.2 Ethical Management 1.5 Information Security 1.7 Privacy Information Protection 1.8 Digital Finance and Service Innovation 2.1 Sustainable Finance
with environment	environmental protection	Forum and conference	Irregularly	service innovation	
Media	As the role of offering and collecting information, media is an important channel for us to communicate with stakeholders	Communication with a dedicated unit	Irregularly	*Privacy information protection *Operating performance *Sustainable finance	Operating Performance Tax Policy 1.7 Privacy Information Protection
		Press release and press conference	Irregularly	*Talent attraction and retention *Tax policy	2.1 Sustainable Finance 3.3 Employee Compensation and Benefit

Column

Establish a Stakeholder Communication Channel through ESG and Build the SCSB's Sustainable Engagement Mechanism

To vigorously promote environmental, social, and corporate governance (ESG) development and achieve net-zero emissions by 2050, the SCSB formulated the "Regulations for Sustainable Development Engagement" in 2023 that apply to the SCSB and its subsidiaries (including overseas branches). Through communication, engagement, dialogue, interaction, and assistance with stakeholders including investee companies, financing service Customers and suppliers, the SCSB aims to leverage its financial influence to encourage stakeholders to realize sustainable development by taking concrete actions, thereby enhancing sustainability performance and value.

- . Engagement method: Include but are not limited to oral or written communication, contract formulation, setting conditions for credit business lending, and participating in shareholder or investor conferences with engagement
- Engagement principles: Comprehensive consideration should be given to interactions with the engagement target, its actions, and sustainability performance in environmental, social, and corporate governance, as well as the status of carbon emissions. Priority will be given to engagement targets with high climate risks, high carbon emissions, or material ESG topics.
- Please refer to 2.1 Sustainable Finance for detailed engagement outcomes.



(2)Engage by Associations

In addition to active engagement and 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.

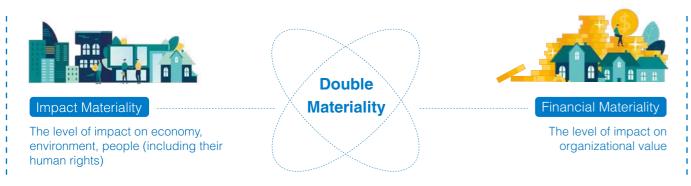
Name of association	Role of the SCSB
Common Wealth Sustainability Association	Founding members
The Equator Principles Association	Member
Task Force on Climate-related Financial Disclosures (TCFD)	Supporter
Asian Bankers Association (ABA)	Member
Chinese Financial Research and Development Association (CHFRDA)	Member
The Bankers Association of The Republic of China	Member
Taiwan Financial Services Roundtable (TFSR)	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 (ABA)	Member
Bankers Association for Finance and Trade (BAFT)	Member
British Chamber of Commerce in Taipei (BCCT)	Member
American Chamber of Commerce in Taiwan	Member
National Cheng Kung University - Sustainable FinTech Alliance (NCKU-SFTA)	VIP Member
Taiwan-ASEAN Business Council (TABC)	Member

The SCSB was invited to fill out the institutions' surveys such as DJSI, CDP, FTSE and GCBSI, interact with them, and review the sustainability issues with them. The SCSB signed the Science Based Targets initiative (SBTi) commitment in 2023, declaring that the SCSB will carry out a net-zero transformation and carbon reduction plan and move towards the goal aligned with the Paris Agreement.

(3)Identification of Material Issues

Double-Materiality Analysis

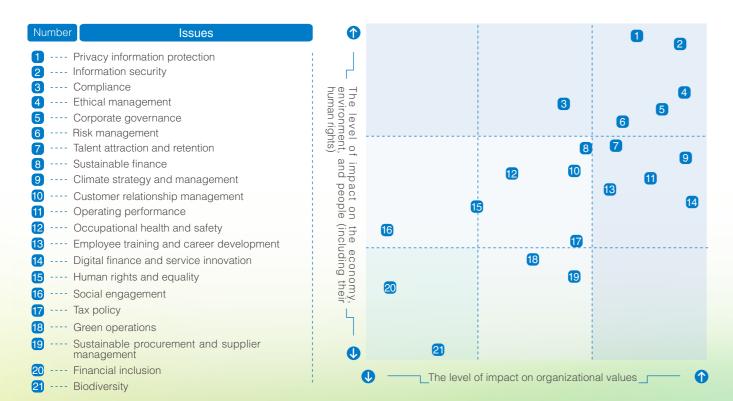
The SCSB performs materiality analysis annually and incorporates the "Double-Materiality" Principle proposed by the EU for materiality analysis. Furthermore, the SCSB has complied with GRI 3: Material Topics 2021 to invite internal executives and senior management to evaluate the actual/potential positive/negative impacts of sustainability issues. Lastly, based on the level of stakeholder concern and the impact of sustainability issues, independent internal discussions were held for each sustainability issue to assess its "impact materiality" and "financial materiality". If a sustainability issue is deemed material in either aspect, it is identified as a material issue.



In 2023, 12 material issues were identified, including "Information Security", "Privacy Information Protection", "Ethical Management", "Corporate Governance", "Climate Strategy and Management", "Risk Management", "Digital Finance and Service Innovation", "Talent Attraction and Retention", "Operating Performance", "Compliance", "Employee Training and Career Development", and "Sustainable Finance". Compared with 2022, two material issues including "Corporate Governance" and "Compliance" were added. "Customer Relationship Management" and "Occupational Health and Safety" were not included in the list of this year's material issues.

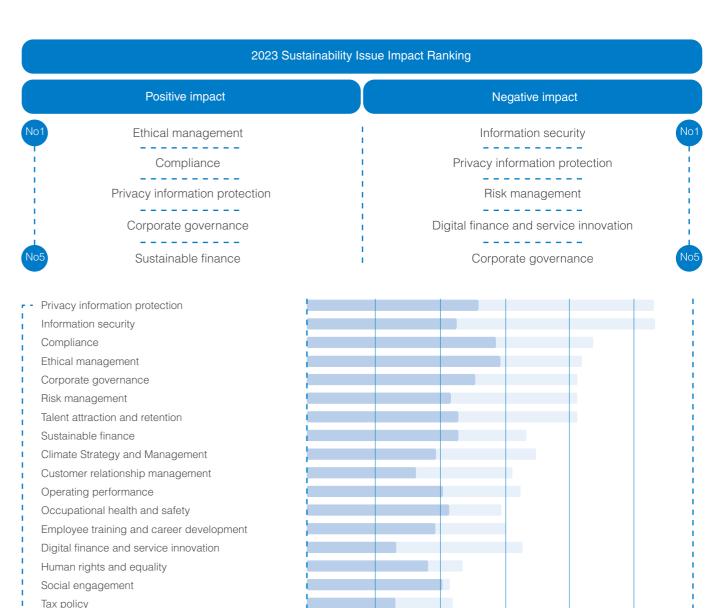
Looking ahead, the SCSB will continue to communicate with stakeholders via diverse channels to gain a real-time understanding of material issues' positive and negative impacts on the SCSB, as well as stakeholders' assessments of the effectiveness of the SCSB's actions in response to such impacts.

Matrix of Material Issues



Positive and Negative Impacts of Sustainable Issues

Upon further analysis of the positive and negative impacts of each sustainability topic and ranking them, the SCSB identified the top five positive and negative impact issues that were not marked as material issues in the matrix, so they were then included as material issues for the current year. After the positive/negative impact analysis and ranking, one additional material issue "Sustainable finance" was also included.



4.0

8.0

10.0

12.0

Green operations

Financial inclusion

Positive impact Negative impact

Biodiversity

Sustainable procurement and supplier management



▲ Description of Material Issues

Material issues	Corresponding topic and frame of the international standards	Description of the positive and negative impact
Information security	GRI 418 Customer Privacy SASB FN-CB Data Security	If information system safety cannot be maintained, problems such as malfunctioning information equipment will occur. The SCSB adopted reinforced protection measures that adhere to international information security standards to bolster the stability and security of financial services development.
Privacy information protection	GRI 418: Customer Privacy SASB FN-CB Data Security	The SCSB emphasized supplier/client privacy and data management to ensure that the data held is not exploited for unlawful purposes.
Ethical management	GRI 205: Anti-Corruption GRI 206: Anti-competitive Behavior SASB FN-CB Business Ethics	Ethical management is the bedrock of business operations, the SCSB stressed a corporate culture of ethical management and established and implemented policies to ensure ethical operations. Moreover, the SCSB also continued to maintain a high level of trust with stakeholders.
Corporate governance	GRI 405: Diversity and Equal Opportunity	The SCSB strengthened the governance through system design and implementation. It also looked after the interests of other stakeholders to garner Customers' support and trust.
Climate strategy and management	Task Force on Climate-Related Financial Disclosures (TCFD) Suggestion	Climate change-related impacts can lead to enormous losses across the value chain. The SCSB continued to identify climate change-related risks and opportunities, and the Board of Directors was responsible for supervising the implementation of climate governance policies. At the same time, the aim was to bring climate topics to stakeholders' attention.
Risk management	SASB FN-CB: Systemic Risk Management	Various risks can lead to cost increases and losses for the SCSB. The SCSB formed a Risk Management Committee to formulate risk management policies in a bid to bolster the functionality of the SCSB's Board of Directors and fortify its risk management mechanism.
Digital finance and service innovation	Customized topic	Promoted fintech-related strategies and increased the quality requirement of digital systems to enhance the convenience, promptness, and customer experience of the SCSB's financial services.
Talent attraction and retention	GRI 401: Employment	Provided good employee remuneration, welfare, and incentive systems, as well as measures for employee and family care, to enhance employee recognition.
Operating performance	GRI 201: Economic Performance	The SCSB is dedicated to business development, enhancing shareholder value through improved operational performance, and increasing transactions with upstream and downstream businesses.
Compliance	GRI 417: Marketing and Labeling	The SCSB believes that rigorous compliance with business-related regulations is essential for sustainable development. In addition, adhering to other environmental and socio-economic regulations further enhances the SCSB's compliance efforts beyond the scope required by the financial service industry.
Employee training and career development	GRI 404: Training and Education	Employee skills are closely related to corporate development, hence comprehensive career training helped to elevate employees' soft and hard power. The SCSB provided talent with technical/professional training and comprehensive basic training, as well as assisted employees in career development.
Sustainable finance	SASB FN-CB Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Promoted ESG credit, ESG investment, and other financial services while incorporating ESG risks into credit and investment considerations. Enhanced the banking industry's sustainable contributions to the environment and society to minimize related impacts. It is hoped to encourage industries, investors, and consumers to prioritize sustainable development through financial markets.

A Note: Activities causing the i			
Upstream (e.g. Equipment and service supplier)	Organization operations (e.g. Personal banking and corporate banking service)	Downstream (e.g. corporate customer, individual customer)	Corresponding sections
	©	©	1.5 Information Security
	©	©	1.7 Privacy Information Protection
	©	©	1.2 Ethical Management
	©		1.1 Corporate Governance
©	©	©	2.2 Climate and Nature-related Information
	©		1.4 Risk Management 2.2 Climate and Nature-related Information
	©	©	1.8 Digital Finance and Service Innovation
	©		3.3 Employee Benefit and Welfare
	©	©	Operating performance
	©		1.3 Compliance
	©		3.2 Employee Training and Career Development
	©	©	2.1 Sustainable Finance



▲ Management of Material Issues

Material Issue	Corresponding SDGs	Potential Risk	Policy and Commitment
Information security	16 MACK, NISTICE NOS STRONG INSTITUTIONS	Information security risks Equipment malfunction Operational disruption Compliance risks	Formulated information security policies and goals "Regulations Governing Information Security Incident" Regularly organized information security drills
Privacy information protection	16 MACK MISTICK MC STRINGS MCSTRINGS	Al fraud False information Personal data breach	The SCSB Group Personal Data Protection Policy Stipulated "The Regulations for Reporting and Handling of Personal Information Security Incident"
Ethical management	16 MAC NUTICE AND STRONG INSTITUTIONS	Corruption risks Competition and monopoly practices Compliance risks	Formulated the ethical management policy in accordance with the law, including "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", and "Procedures for Ethical Management and Guidelines for Conduct", etc.
Corporate governance	16 MACK, JUSTICE MC STRONG INSTITUTIONS	Compliance risks Conflict of interest	 Formulated comprehensive corporate governance regulations such as "Rules of Procedure for Board of Directors Meetings" Internal evaluations are conducted annually for the operations of the Board of Directors, functional committees, and the performance of board members
Climate strategy and management	7 ************************************	Climate risks Degradation of nature and biodiversity	Formulated the "Guidelines Governing Nature and Climate Risk Management" Signed the SBTi in 2023
Risk management	16 MACK RUSTICE MAC STRONG INSTITUTIONS	Operational risks Business risks	Stipulated risk management policies and further formulated risk policies based on business and operational characteristics, such as the "Credit Risk Management Policy"
Digital finance and service innovation	8 MICH MAN AND TO MINISTERS (CONTROL COURTS)	Technology risks Customer attrition Aging population stucture	The SCSB prioritized Customers' needs and continued to apply big data analysis to understand demands, integrating innovative services to create a user-friendly and convenient digital lifestyle for Customers
Talent attraction and retention	8 ECONUMER AND ECONOMIS	Flow of talent Low birth rate and labor shortage	Treated employees like family and strived to provide them with the best care and benefits, as well as allowed eligible employees to apply for parental leave Provided long-term incentive mechanisms
Operating performance	8 DECENT WORK AND ECHNOMIC GROWTH	Business risksFinancial risksGeopolitics	 Formulated the annual business plan and operational strategy Applied the strategic theme of "Multiple Cores and Digital Sustainability"
Compliance	16 MAC NISTICE NO STRONG SERTITUDING	Compliance risks Money laundering and terrorism financing Geopolitics	Stipulated the Group's anti-money laundering policy "Guidelines Governing Risk Management and Supervision Framework of Compliance"
Employee training and career development	4 SOCIONAL B SOCIONAL AND SOCIONAL AND SOCIONAL AND SOCIONAL SOCIONAL SOCIONAL AND SOCIENAL AND SOCIONAL AND	Training risks Delayed retirement	Formulated education and training management regulations, implemented the annual education and training plan, and conducted a performance review Formulated foreign language subsidy standards to provide fixed amount foreign language subsidies
Sustainable finance	12 RESPONSES GROSSWERD RESPONSES	Greenwashing risks Investment and financing risks Customer attrition	Joined the Equator Principles Association in October 2022 "Guidelines Governing SCSB's Responsible Lending", "Regulations Governing Responsible Investment" "Regulations for Sustainable Development Engagement"

Action and Performance Review

- Continued to obtain ISO 27001 Information Security Management System certification
- 4 sessions of information security-related courses were arranged for all employees
- 3 information security drills were carried out in 2023 (including social engineering drills, DDoS and ATM incidents)
- Formed the personal data protection team
- Quarterly personal information security incident reporting and handling drills
- Enhanced access log management and updated user access permissions according to the principle of least privilege
- Formulated "Procedures for handling Whistleblowing" and announced amended regulations to encourage employees to report specific illegal
- In 2023, 100% of the SCSB's employees received anti-corruption education and training
- Enhance the corporate governance structure by establishing a Remuneration Committee, Audit Committee, Risk Management Committee, and Nominating Committee under the Board of Directors
- Completed the 2023 director performance self-assessment
- Integrated climate risks into the group's overall risk management framework
- Completed climate-related scenario analysis
- All board members received 6 hours of risk education and training in 2023
- Quarterly risk management reports were submitted to the Board of Directors
- In 2023, the Digital Banking Division was reorganized as the Digital Banking Department
- The number of active mobile banking users increased by 17.4% and digital account growth reached 50.2% in 2023
- Caring tea parties were held for 165 new employees with less than a year of experience in 2023
- · Completed the employee satisfaction and commitment survey
- Approved by the FSC to open a new branch
- Continued to establish core systems
- Established a dedicated "Anti-Money Laundering and Counter-Terrorism Financing Center"
- In 2023, 106 sessions of anti-money laundering and counter-terrorism financing-related education and training were conducted, amounting to roughly 16,496.7 hours
- Continued to organize high-level talent development programs, a total of 47 managers participated in the training program in 2023
- 81.54% of all employees passed the English proficiency test
- In 2023, the SCSB signed two contracts under the Equator Principles
- There were 934 green credit cases
- In 2023, the sustainable investment web page was established, with 16 funds meeting the ESG fund requirements set by the FSC being listed



Sustainable Development Strategies

To actively fulfill its corporate sustainability development in line with the international trend of balanced development in the environmental social and corporate governance (ESG), the SCSB has formulated the Sustainable Development Best Practice Principles and the Standard for Sustainable Development Promotion, which contain the mission and vision for sustainable development, sustainable development policy, sustainable development system as well as management policies, and implementation plan. The Sustainable Development Best Practice Principles and the Standard for Sustainability Development Promotion have been approved by the Board of Directors as the basis and guidelines for the fulfillment of sustainable

Sustainability Strategy Structure

Sustainability Vision

The SCSB actively implements its corporate social responsibility by putting in efforts to create a harmonious and sharing society and environment for its customers, employees shareholders, and the SCSB. It is a goal to become an exemplary model and a happy enterprise in sustainable development.



Sustainable Development System

The SCSB Head Office has assigned adequate staff for the unit in charge of the promotion of sustainable development and set up the "Sustainable Development Committee" to integrate and promote sustainable development. Six functional teams have been set up below the Sustainable Development Committee, including Responsible Finance, Environmental Sustainability, Social Charity, Customer Rights, Employee Care, and Corporate Governance. The SCSB collaborates with the resources from the SCSB Cultural & Educational Foundation and the SCSB Charity Foundation, which were set up based on our donation, to implement sustainable development.



Sustainable Development Policy

Sustainability Mission

The SCSB is committed to the mission of

performance and to actively promote Environmental, Social and Governance (ESG)

towards sustainable development.

"Serve society, support industry, and promote

international trade" to create superior operating

The SCSB's core values in ethics and integrity build stable operations, legal compliance. and commitments. It is devoted to promoting six aspects of sustainable development in responsible finance, environmental sustainability social charity, customer rights, employee care and corporate governance realizing international sustainable development initiatives and standards.

Sustainable Management Approach

With reference to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", the SCSB formulated the "Sustainable Development Best Practice Principles as the management policy for promotion of sustainable development.



Sustainable Development Management

The SCSB's Board of Directors is the supervisory and highest decision-making body for corporate sustainability-related topics. To systematically implement and promote corporate sustainability, the Head Office is in charge of planning sustainable development and compiling the sustainability report, as well as appointing appropriate personnel and formulating the "Regulations for the establishment of the Sustainable Development Committee". Members include the President (also the convener), Executive Vice Presidents, and departmental heads at all levels. The committee is responsible for planning and reviewing the outcomes of sustainability strategies. Six functional teams including Responsible Finance, Environmental Sustainability, Social Charity, Customer Rights, Employee Care, and Corporate Governance were established. The subcommittees integrate resources from the SCSB Cultural & Educational Foundation and the SCSB Charity Foundation, ensuring that sustainability efforts are implemented effectively throughout the organization. They report to the Board of Directors every year on their operations and relevant agendas.

In 2023, four Sustainability Development Committee meetings were convened to report the progress of the six functional teams, updates on climate risk projects, compilation of the sustainability report, discussions, and resolutions on ESG performance and evaluation, updates and amendments to sustainability policies, sustainable finance evaluation results, progress on green sustainable financing, and planning of renewable energy projects.

▲ The Organizational Chart of Sustainable Development Committee



Work Description

Team	Responsibilities	Department manager in charge
Responsible Finance team	 Set up the Sustainable Development Credit Regulations Green finance and responsible finance Due diligence investigation 	Head of the Treasury Department
Environmental Sustainability team	Environmental protection, energy saving, and carbon reduction Evaluate climate change risks and propose countermeasures	Head of the Risk Management Department
Social Charity team	Promote charity and care for disadvantaged groups Participate in community development	Head of the Head Office Strategic Planning
Customer Rights team	Promote the principle of fair customer treatment and maintain customer rights Enhance the quality of the financial product and service	Head of the Channel Management Department
Employee Care team	Stimulate talent cultivation and development Enhance human rights protection Enhance employee welfare, occupational health, and staff cohesion	Head of the Human Resources Department
Corporate Governance team	Improve and enhance the practice and system of corporate governance	Head of the Secretarial Office of Board

▲ Six Functional Teams for Sustainable Development



The SCSB strives to expand the scope of green finance, investing in startup services or sectors, and indirectly assisting in social economic development and mitigation of environmenta impact. By working with suppliers to build a green operating activity chain, the SCSB attains the goal of responsible finance development.





into consideration of the entire operating risk. The CFD (Task Force on Climate-related Financial Disclosure) was cited to analyze major transformation and physical risk incurred from climate change and propose countermeasures.

To deal with the environmen

tal impact incurred from

climate change, the SCSB

puts climate risk assessmen



Social

Adhering to the idea that "whatever s taken from society must be used for ociety," the SCSB has established e Cultural & Educational Foundation nd Charitable Foundation through donations. The SCSB has also combined the resources of the SCSB and its volunteers for active participation in charitable activities organized by communities to show its are for disadvantaged groups with the aim to further the development of social harmony and the common good



Rights

Committed to the mission of "serve ociety, support industry, and promo ternational trade" and ethical nanagement, the SCSB seeks to build corporate culture focusing on fair reatment of Customers in accordance with the laws and regulations rotecting financial consumers in the nancial sector. The aim is to rovide Customers with high-qualit inancial products and services and ensure the protection of personal



Employee Care

The SCSB is active in protecting nan rights, attracting talents from verse backgrounds, and offering a II-designed remuneration system ar Ifare measures so that employees can benefit from operational erformance or results. In addition, to SCSB considers talent cultivation to be essential and has established training ograms for the career development of ployees and management trainees t nieve our goals of talent recruitme ultivation, and retention and create a abundant reserve of human capital.



Corporate Governance

The SCSB built a good corporate governance system, offered transparent operating nformation, and set up a spokesperson system to maintain good interaction and connection with all kinds of stakeholders.



▲ Sustainability Strategy Target Plan

Dimension	Correspondence to the six functional teams of sustainable development	Correspondence with UN SDGs	The Goal of 2023	2023 Implementation Status	Achievement of Goals ☑ Achieved ● In Progress ⊙ Uncompleted																						
			Loans related to green energy and ESG industries increased by 15% compared to the end of 2022	As of late December 2023, the balance of loans related to green energy and ESG industries amounted to NT\$148.641 billion, with a growth rate of 2.08% (NT\$145.619 billion at the end of 2022)	⊙ (Note 1)																						
			Green building loans grew by 15% compared to the end of 2022	As of late December 2023, the total balance of green building loans was NT\$7.825 billion, representing a growth rate of 569.9% (NT\$1.168 billion at the end of 2022)	Ø																						
			Issued sustainable development bonds	In December 2023, NT\$2 billion worth of sustainable develop- ment bonds were issued	Ø																						
	Environment Responsible Finance		8 ICOMPRIC MAPULION Responsible	4 QUALITY EDUCATION	4 quarry	4 COLUMN	4 COLLITY EDUCATION	4 COLLITY EDUCATION	4 COLLING	4 COLLITY EDUCATION	4 QUALITY EBUCATION	4 QUALITY ENGLANDS	4 QUALITY EDUCATION	4 QUALITY EDUCATION	4 QUALITY EDUCATION	4 QUALITY EDUCATION	4 CHALITY INCLUDING	4 CHALITY TRUCKTON	4 CHALITY TENGRICH	4 QUALITY EDUCATION	4 QUALITY EDUCATION	4 QUALITY TRUCKTION	4 COLLITY EDUCATION	4 QUALITY TEUCHTON	Green investments grew by 15% compared to 2022	As of late December 2023, green investments reached NT\$3.583 billion, representing a growth rate of 109.53% (NT\$1.71 billion at the end of 2022)	Ø
Environment				The issuance of credit for urban renewal projects (green credits) saw a 10% increase in real estate development trust cases compared to 2022	40 cases were undertaken by the end of December 2023, representing an annual growth rate of 33% (31 cases in 2022)	Ø																					
				11 MONOMAL SHEET	11 NO COMMANDES	11 MONOMARIES	11 AND COMMENTS	11 MONOMARIES	12 and constanting.	12 AND COMMUNICATIONS 12 AND COMMUNICATIONS 12 AND COMMUNICATIONS 13 AND COMMUNICATIONS 14 AND COMMUNICATIONS 15 AND COMMUNICATIONS 16 AND COMMUNICATIONS 17 AND COMMUNICATIONS 18 AND COMMUNICATIONS 18 AND COMMUNICATIONS 19 AND COMMUNICATIONS 19 AND COMMUNICATIONS 19 AND COMMUNICATIONS 19 AND COMMUNICATIONS 10 AND COMMUNICATIONS 10 AND COMMUNICATIONS 10 AND COMMUNICATIONS 11 AND COMMUNICATIONS 11 AND COMMUNICATIONS 12 AND COMMUNICATIONS 13 AND COMMUNICATIONS 14 AND COMMUNICATIONS 15 AND COMMUNICATIONS 16 AND COMMUNICATIONS 17 AND COMMUNICATIONS 17 AND COMMUNICATIONS 17 AND COMMUNICATIONS 17 AND COMMUNICATIONS 18 AND COMMUNICATIONS	12 AND COMMENTES.	12 AND COMMANDERS.	12 AND COMMANDERS.	Established an ESG product introduction section on the wealth management website	Completed an ESG product introduction section on the wealth management website	Ø											
	GOO	Launched mobile insurance services	Launched on August 25, 2023	☑																							
			Online banking transfer transactions grew by 10% compared to the previous year	As of late December 2023, there were 11,021,079 online banking transfer transactions, representing an increase of 11.64% compared to the previous year	Ø																						

Short-term Goals (Within One Year)	Mid-term Goals (Two to Three Years)	Long-term Goals (Five Years)	Corresponding Sustainability Issue (*Annual Material Issue)
Loans related to green energy and ESG industries to be increased by 10% compared to the end of 2023	Green energy (ESG) loans grew by over 10% every year	-	
Green building loans to be increased by 15% compared to the end of 2023	-	-	
Plan to issue a sustainable development bond	Continue to plan to issue sustainable development bonds	-	
Green investments grew by 15% compared to 2023	The proportion of companies with ESG considerations in both the stock and bond investment portfolios should be more than 30%		Sustainable Finance*
The issuance of credit for urban renewal projects (green credits) saw a 10% increase in real estate development trust cases compared to 2023	The number of reverse mortgages increased by more than 50% compared to the end of 2022 Join the trust promotion events co-organized by the Trust Association of R.O.C., care agencies, and social welfare/school/association groups. It is expected to hold 20 to 30 sessions a year	Digitization of the housing loan process	
Evaluate new products on the wealth management website to incorporate ESG indicators according to sustainable finance policies. The Bank aims to add at least 5 new products that meet ESG criteria to the portfolio	Develop an annual ESG education and training program for financial advisor trainees	ESG product inventory accounts for at least 10% of the total fund inventory	·
1. Automation of the insurance statement reconciliation process 2. Evaluate new products on the mobile insurance platform to incorporate ESG indicators according to sustainable finance policies. The Bank aims to add at least 3 new products that meet ESG criteria to the portfolio 3. Inclusive insurance products - 80% of service fee income comes from protection-oriented products	Inclusive insurance products - 80% of service fee income comes from protection-oriented products	1. Inclusive insurance products - The number of policies for protection-oriented (high protection and medical insurance) products grew by 10% every year 2. Formed strategic alliances to accommodate the diverse needs of senior citizens and people with disabilities	Digital Finance and Service Innovation*, Financial Inclusion
Online digital transactions to be increased by 9% compared to the end of 2023	Rebuild the web version of the corporate internet banking platform	Improve the mobile payment ecosystem	



Dimension	Correspondence to the six functional teams of sustainable development	Correspondence with UN SDGs	The Goal of 2023	2023 Implementation Status	Achievement of Goals ☑ Achieved ● In Progress ⊙ Uncompleted									
			The SCSB's resource reduction goal: Reduce gasoline/electricity/water consumption, and waste generation per NT\$1 million revenue by 3% compared to the previous year	Gasoline consumption per NT\$1 million revenue decreased by 0.1%, electricity usage per capita increased by 1.75%, water consumption per capita increased by 12%, and waste generation per capita reduced by 25.8%	⊙ (Note 2)									
			Completed the verification and disclosure of the SCSB's ISO 14064-1:2018 Greenhouse Gases Part 1	In June 2023, the SCSB completed the internal inventory of the data for 2022 and passed the external verification	✓									
			Officially introduced the ISO 46001 Water Efficiency Management System and completed the internal audit and external verification	Completed the external verification of ISO 46001 in 2023	☑									
Environment	Environmental		Environmental sustainability 12 reproduction Analysicoctron Analysicoctron 13 consult Analysicoctron	7 MARRIANIZA AND CLARA PRINTED CALLAR PRINTED CALLA	7 AUTORIMETE AND COLLAR MONTHS. 12 RESPONSIBLE AND COLLAR MONTHS. AND PRODUCTION AND PRODUCTION AND PRODUCTION COLLAR MONTHS.	7 AUTORIMETE AND COLLAR MONTHS. 12 RESPONSIBLE AND COLLAR MONTHS. AND PRODUCTION AND PRODUCTION AND PRODUCTION COLLAR MONTHS.	6 AND SAFETANDER 7 AND SAFETANDER 7 CALLAND SHAFET	6 CLAN MICHAEL AND LANGUAGE AND	7 STREAMEN AND TAKEN THE PROPERTY OF THE PROPE	7 HIDDINARA MG	7 HIGHWAN AND DIAM NORTH	Continue to complete annual external audits for ISO 14001, ISO 45001, and ISO 50001	ISO 14001 and ISO 45001 for the headquarters building have passed the second-year external verification. ISO 45001 was also gradually expanded to all domestic branches in July 2023 ISO 50001 passed the external verification for the second year (outstanding achievements were recognized in the audit report)	☑
	Environment						Bolstered TCFD- related disclosures and engaged in external disclosures based on the schedule mandated by the competent authority	The SCSB completed the climate-related financial information for its sustainability report in 2023 and published an independent TCFD report	☑					
					Introduced the PCAF methodology; SBTi required an investment and financing carbon inventory and reduction planning	The SCSB conducted a carbon inventory of its investment and financing assets using the PCAF methodology in the first half of 2023 The SCSB will submit the SBTi carbon reduction goals before the end of February 2025	Ø							
									The SCSB compiled and submitted the official version of the climate risk stress test (or scenario analysis) application form according to the requirements of competent authorities	The scenario analysis application form was completed and submitted in May 2023	☑			
				Joined the "Science Based Targets initiative (SBTi)"	Joined the "Science Based Targets initiative (SBTi)" in March 2023	Ø								

Short-term Goals (Within One Year)					
Business unit: Reduce gasoline/electricity/water consumption, and waste generation per NT\$1 million revenue by 3% compared to the previous year Logistics unit: The per capita electricity/water consumption and waste generation is to be decreased by 3% compared to the previous year	hsumption, and waste generation per NT\$1 by 2% compared to 2020 2. The target is to achieve a 15% green energy ratio by 2025. The timetable and targets for each year's The weight of waste generated is to be reduced by 4% compared to 2020				
Complete the GHG inventory, verification, and disclosure based on the competent authority's schedule	Complete the installation of rooftop solar panels for electricity generation Obtained one green building certification	Lower the usage of gasoline and diesel vehicles			
Continue to complete ISO 14001, ISO 45001, ISO 50 By referring to trends in climate-related evaluation questionnaires, SCSB optimized its TCFD disclosure content and implemented external disclosures according to the schedule mandated by the competent authority	questionnaires, SCSB optimized its TCFD disclosure content and implemented external disclosures according to the schedule mandated				
Follow the PCAF methodology to conduct a carbon in improve the scope and coverage of the calculations					
Compile the climate risk scenario analysis in response to the competent authority's request and submitted or disclosed the calculation results					
Submit the "Science Based Targets initiative (SBTi)" application Progressive carbon reduction measures are im for various investment and financing assets reliscope 3 GHG emissions according to the SBTi ogy and SBTi-approved targets					









Dimension	Correspondence to the six functional teams of sustainable development	Correspondence with UN SDGs	The Goal of 2023	2023 Implementation Status	Achievement of Goals ☑ Achieved ● In Progress ⊙ Uncompleted	Short-term Goals (Within One Year)	Mid-term Goals (Two to Three Years)	Long-term Goals (Five Years)	Corresponding Sustainability Issue (*Annual Material Issue)			
						Amend the SCSB's corporate governance-related regulations	In 2023, the Board of Directors approved amendments to numerous regulations (such as the "Corporate Governance Best Practice Principles")	Ø	Amend the SCSB's corporate governance-related regulations	Facilitate cross-departmental improvements in corporate governance evaluation items	Help to establish communication channels between board members, employees, and stakeholders	
			Help directors to partake in functional courses	In 2023, each director attended at least 22.8 hours of courses	☑	Help directors to partake in functional courses	Help directors to partake in functional courses	Integrate directors' functions with the SCSB development strategy				
			Planning and promotion of education and training courses	In 2023, 13 promotions and eight online courses were conducted for directors	☑	Continue to plan and promote education	on and training courses		Corporate Governance*			
		In 2023, 117 advertising channel modification requests were submitted to update and change relevant information in the corporate governance section of the SCSB's website In 2023, 117 advertising channel modification requests were submitted to update and change relevant information in the corporate governance section of the SCSB's website	Continue to update the corporate governance section	Plan to create a corporate governance affairs database	Review and management of information related to subsidiaries' corporate governance affairs							
			Supervised various units to ensure that no major anti-money laundering deficiencies or incidents occurred this year	None occurred in 2023	☑	Reinforce the execution of anti-money laundering operations by various units	Improve system detection and suspicious pattern recognition capabilities to effectively prevent illegal money flows	Apply regulatory technology to increase the performance of AML operations				
	Governance Corporate governance		responsible units, and they are tracked to ensure the completion of	In 2023, 861 law and regulations news were forwarded to relevant units, and continuous monitoring of their respective action plans was carried out. Responsible units were requested to enhance adjustments for 54 cases	☑	Laws promulgated during the year are communicated to various responsible units, and they are tracked to ensure the completion of relevant rule-making procedures	Bolster the Group's corporate cu	lture of legal compliance and communication	Ethical Management*, Compliance			
Governance						Assisted top management in overseeing responsible departments to review and improve shortcomings identified by external supervisory or audit units	For every month in 2023, the system compiled shortcomings identified in the previous month and notified all business management units and departments a total of 88 times	☑	Regularly collect audit results and compile relevant data to provide timely corporate governance suggestions	-	-	
			Establish RCSA processes for departments, reviewing and updating at least 60 existing processes to bolster operational risk management	In 2023, 404 business processes were self-assessed and approved by the Asset and Liability Management Committee, achieving 100% completion rate	☑	Establish RCSA processes for departments, reviewing and updating at least 120 existing processes to bolster operational risk management	-	-	Risk Management*			
						year that may lead to penalties from in penalties important authorities or damage to	In 2023, three operational risk-related incidents resulted in penalties imposed by competent authorities	⊙	Zero incidents caused by operational damage to the SCSB's reputation	risks throughout the year that may le	ad to penalties from competent authorities or	
						-	-	-	Continue to obtain ISO 27001 information security certification to strengthen the security of SCSB's network and system environment, thereby guaranteeing the confidentiality, integrity, and availability of information services	Pass the re-audit for ISO 27001 information security certification to strengthen the security of SCSB's network and system environment, thereby guaranteeing the confidentiality, integrity, and availability of information services	Maintain the ISO 27001 information security certification to strengthen the security of SCSB's network and system environment, thereby guaranteeing the confidentiality, integrity, and availability of information services	Information Security*
			-	-	-	Obtain ISO 22301 Business Continuity Management System certification to foster operational resilience as well as rapid response and recovery to decrease harm to the Company, Customers, and Society	Maintain ISO 22301 certification to foster operational resilience as well as rapid response and recovery to decrease harm to the Company, Customers, and Society	Maintain ISO 22301 certification to foster operational resilience as well as rapid response and recovery to decrease harm to the Company, Customers, and Society				
			-	-	-	Strengthen employee legal compliance and client data protection	Supervise business management units to optimize personal data protection mechanisms	Review the operational procedures and responsibility allocations for stakeholders in the SCSB, and optimize the functionality of stakeholder management systems	Privacy information protection*			

Note 1: Since several green energy-related industry Customers started repaying their loans in late 2023, the growth rate at the end of the year was limited compared to the previous year. Looking ahead, the SCSB will continue to promote loans to green energy-related industries in a bid to achieve its goals.

Note 2: The increase in energy resource consumption in 2023 is mainly due to the reduction in off-site working and the return to normal offices after the epidemic.

Note 3: Since most of the financial knowledge promotion activities in schools and communities were conducted in offshore islands in the second half of the year, it was challenging for the SCSB's colleagues to travel there. Consequently, the SCSB adjusted the annual target to 30 events, divided into 20 SDGs-related events and 10 sustainability forums.

Note 4: Customer complaints showed a declining trend year by year over the past three years. However, there was a spike in customer complaints in 2023 due to fewer complaints in 2022. Analysis indicated that many of the complaints in 2023 were related to credit card disputes (such as unauthorized or fraudulent transactions) and debt negotiation issues. Therefore, the SCSB conducted physical training sessions and several company-wide meetings to educate colleagues on how to prevent and handle customer complaints. Moreover, case studies were shared to improve their ability to prevent and respond to complaints.



Overview of the SCSB

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 "serve society, support industry, and promote international trade" and it has been in business for 108 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. The SCSB has been rated as excellent for local and foreign long-term issuer credit

Looking into the future, in response to the trends of sustainable business, internationalization, and digitalization, the SCSB will continue to train professionals in sustainable finance, fortify risk management, leverage financial technology, strengthen innovative financial products and low-carbon services, capitalize on competitive advantages, expand niche businesses, and take advantage of opportunities to expand service locations abroad. The efforts are aimed at realizing the SCSB's vision of "becoming the best Chinese bank in the Asia-Pacific region".

Official company name	The Shanghai Commercial and Savings Bank, Ltd.			
Location of headquarters	No. 2, Sec. 1, Minquan 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 finance, wealth management, insurance agency and other banking services.			
Major country or market (including the distribution of location of operations)	 Taiwan: The SCSB provides its services across Taiwan. By the end of 2023, 76 business units have been established in Taiwan (72 branches (including OBU), International Department, Business Department, Trust Department and Insurance Agency Department, excluding the Credit Card Center). Two new branches are opened in Tainan City and Miaoli County in January and March 2024 respectively. Greater China: Hong Kong Branch, Wuxi Branch, Hong Kong Subsidiary (Shanghai Commercial Bank) and China Subsidiary (The SCSB Leasing Co., Ltd.) Southeast Asia: Vietnam Dong Nai Branch, Singapore Branch, Bangkok Representative Office, Phnom Penh Representative Office, Jakarta Representative Office, Vietnam Bac Ninh Representative Office and Cambodia Subsidiary (AMK Microfinance Institution Plc.) The U.S. and Europe: Great Britain (London Branch of Hong Kong Subsidiary), the U.S. (New York Branch, San Francisco Branch and Los Angeles Branch of Hong Kong Subsidiary) Note: The SCSB does not offer any product or service that is prohibited in a particular market. 			
Nature of company ownership and legal form	The SCSB is a private company limited by shares. Its stock code is 5876 (TWSE).			
Total number of employees	By December 31, 2023, the SCSB had a total of 2,931 employees.*			
Paid-in capital	48,616 in million NT\$			

^{*}The employees include 4 contract employees, excluding the ones in overseas branches or subsidiaries.

▲ Main products and services

		Number of accounts (thousand)	Total deposit (million in NT\$)
	Personal customer - Cash and checking account	2,363	232,428
↓ i i	Personal customer - Non-cash or checking account	324	256,299
	Corporate customer - Cash and checking account	224	264,483
Deposit service	Corporate customer - Non-Cash and checking account	48	517,335
	Total	2,959	1,270,545
		Number of accounts (thousand)	Credit balance (million in NT\$)
	Personal customer	48	349,259
Credit business	Corporate customer	9	569,002
Credit business	Total	57	898,482
		Number of cards outstanding (thousand)	Credit amount (million in NT\$)
Credit card services	Total	479	20,222
		Number of effective users (thousand)	Number of transactions (million)
	Total	355	11.02

- Note 1: The number of depositors include the number of cash and checking accounts.
- SMEs are the ones complying with the definition specified by the FSC. Micro-businesses are the ones with the amount of capital

Operations Value Chain



Note: Our upstream, downstream, and business relationship have no significant difference compared to the previous year.

▲ List of Operating Locations

48 上海商業儲蓄銀行

Taiwan	Headquarters (Taipei), International Department, Business Department, Trust Department, Insurance Agency Depart- ment, Branches (72)
Thailand	Representative office
Cambodia	Representative office and subsidiary
Indonesia	Representative office
Hong Kong	Branch and subsidiary
Vietnam	Branch and representative office
Singapore	Branch
Mainland China	Branch, branch of subsidiary and subsidiary
U.S.	Branch of subsidiary
U.K.	Branch of subsidiary



Category	Organizer/Evaluation Organization	Participation in Evaluation/Selection Index Outcome
	TWSE	Top 6%-20% for corporate governance evaluation
	MSCI	Certified as grade A for MSCI ESG
	S&P Global	Listed in the DJSI World and DJSI Emerging Markets for the first time Selected as a member of the Sustainability Yearbook with top 5% S&P Global CSA Score (top 10% in 2022)
	CUHK Business School	Greater China Business Sustainability Index (GCBS) Pace-Setter (for three consecutive years) One of the top 20 firms in GCBS
Sustainable development	Taiwan Institute for Sustainable Energy (TAISE)	Received the TCSA Platinum Award (for two consecutive years)
	Cathay Securities Investment Trust	Selected as Cathay Securities Investment Trust high yield ETF
	TWSE	Included in the TWSE RA Taiwan Employment Creation 99 Index Included in the TWSE Taiwan High Compensation 100 Index
	Taiwan Index Plus Corporation	Selected for the TIP Customized Finance Dividend Highlight Total Return Index Selected for the TIP Customized Taiwan Smart Factor 50 Index Selected for the TIP Customized Taiwan Multi-factor 30 Index Selected for the TWSE Corporate Governance 100 Index TIP TAIEX+ Customized High Dividend Minimum Variance Index

Organizer/Evaluation Organization	Participation in Evaluation/Selection Index Outcome
WELLS FARGO	Received the "Excellent Operation Award" for the global cash flow service (for two consecutive years)
JPMorgan Chase	Received the "Elite Quality Recognition Award" (for three consecutive years)
	Ranked among the top 26~50% for FSC's Treating Customers Fairly (TCF) principles
Financial Supervisory Commission (FSC)	Enhanced efforts by domestic banks in providing loans to SMEs - High-performing bank
	Ranked third at "2022 Financial Knowledge Promotion in Campuses and Communities" and received the award for 13 consecutive years
Small and Medium Enterprise Credit Guarantee Fund of Taiwan	Received the "Batch Credit Guarantee Fund Gold Award" for outstanding financial institutions and credit managers in the SME credit guarantee financing business in 2023
Overseas Credit Guarantee Fund	Overseas Credit Guarantee Business Excellent Financial Institution "Insurance Finance Capital Amount Excellence Award", "Outstanding Growth Award for Financing Amount to New Southbound Countries", "Branch Insurance Application Excellence Award", and "COVID-19 Program Insurance Application Excellence Award" (for two consecutive years)
Taiwan Clearing House	Financial Institution Promotion ACH Business and Financial Collection Real-time Service Platform (eFCS) Business Reward "eACH Direct Debit Promotion Award" and "eACH Direct Credit Promotion Award" (for two consecutive years)
Commercial Times	Received the Diverse Trust Innovation Award "Real Estate Management Trust - Best Urban Renewal Trust Innovation Award" and "Trust Business Promotion - Best Service-oriented Trust Award" (for two consecutive years)
Business Today	Received the "Best Financial Consultant Team Award - First Place", "Best Wealth Enhancement Award - Second Place", "Best Customer Trust Award - 3rd Place", "Best High-end Customer Service Award - Third Place" (for two consecutive years) for the Wealth Management Bank and Securities Evaluation
Excellence Magazine	Received the "Best Service Quality Award" for the Excellence Bank Evaluation (for two consecutive years)
Center for the Study of Banking and Finance, NTU, Academy of Promoting Economic Legislation	Received the "Best Financial Management Performance Award", "Best Profitability Award", and the "Best Financial Structure Improvement Award" (for two consecutive years) for the Evaluation of Bank Competitiveness
Trust Association of R.O.C.	Eldercare Financial Planning Consultants "Outstanding Talents Award"
Ministry of Culture	SCSB Cultural & Educational Foundation received the Arts & Business Awards "Gold Award" (received the award for the fifth time, the previous four awards were silver awards)
Sports Administration	Received second place for the 2023 Sports Calendar Score Orienteering(for two consecutive years)
Universal Pictures	Universal Product and Consumer Experience "Best Authorized Partner Award for Hong Kong and aiwan Region" (Minions credit card)
	Organization WELLS FARGO JPMorgan Chase Financial Supervisory Commission (FSC) Small and Medium Enterprise Credit Guarantee Fund of Taiwan Overseas Credit Guarantee Fund Taiwan Clearing House Commercial Times Business Today Excellence Magazine Center for the Study of Banking and Finance, NTU, Academy of Promoting Economic Legislation Trust Association of R.O.C. Ministry of Culture

Note: Refer to our website for awards we received in detail https://www.scsb.com.tw/content/about/about03.jsp.



Operating Performance

In 2023, the SCSB focused on the strategy of "Multiple Cores and Digital Sustainability" to develop diverse profit drivers and leverage financial technology to expedite digital transformation and sustainable development. Furthermore, the SCSB continues to raise the proportion of green finance businesses to support the international net-zero transition. In 2023, the SCSB received the approval of the FSC to open new branches. The SCSB strived to provide Customers with more convenient, safer, and diverse financial products and services with the business objectives of innovation, sustainability, and excellence amid fluctuating economic and financial conditions.

▲ Financial Performance

The average deposit balance of the SCSB in 2023 was NT\$1,251.3 billion, a 12.5% increase from the previous year. The average loan balance of the SCSB was NT\$868.2 billion, an 8.5% increase from the previous year. The consolidated net profit before tax was NT\$21.23 billion, an 8.6% decrease from the previous year. The consolidated net profit after tax was NT\$17.43 billion. lion, an 8.7% decrease from the previous year. The consolidated EPS after tax was NT\$3.02, a 9.3% decrease from the previous year.

Consolidated financial performance for the past three years

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

	2021	2022	2023
Interest income	35,519,115	50,043,879	80,871,931
Interest expense	(9,048,820)	(16,800,536)	(41,720,357)
Net non-interest income	11,702,207	11,355,979	10,159,627
Operating expense	(14,791,396)	(17,030,577)	(18,199,784)
Employee welfare expense	(9,338,175)	(10,590,464)	(11,114,704)
Depreciation and amortization	(1,659,855)	(1,762,644)	(1,883,004)
Other business and management expenses	(3,793,366)	(4,677,469)	(5,202,076)
Bad debts, undertakings and guaranteed liability provisions	(1,241,757)	(4,336,995)	(9,882,613)
Net profit before tax	22,139,349	23,231,750	21,228,804
Income tax	(3,468,731)	(4,135,726)	(3,803,667)
Net profit after tax	18,670,618	19,096,024	17,425,137
EPS	3.19	3.33	3.02

Note: For the details of financial information, please refer to the SCSB's financial report.

▲ Tax Policy

Transparency of corporate tax disclosure is getting more attention nationally and internationally these years. The SCSB set up the Guidelines Governing Financial Dealings between Affiliates. 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 CSR 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:



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.



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



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.



Comply with economic substance

Related party transaction must meet rational business purposes. Pricing of transactions 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.



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.



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

The Accounting Department serves as the tax management unit of the SCSB, regularly reporting to the Board of Directors to make sure that the governance unit understands the implications of tax risks and the response measures. When faced with gray areas in the application of tax laws, the SCSB actively seeks the advice of the tax authorities and participates in public hearings to keep track of the latest tax law developments. In 2023, the SCSB continued to send employees to partake in tax-related courses organized by the National Taxation Bureau to improve their taxrelated knowledge. For the SCSB's tax governance policy, please refer to the QRcode on the





The taxation information in 2023 by country:

Unit: person, thousand in NT\$

Business region (tax jurisdiction)	Primary operating activity	Number of employees	Net interest income	Sales revenue	Net profit before tax	Income tax expense	Income tax payable
Taiwan	Financial service under regulation	2,726	18,308,676	26,876,620	11,904,498	1,637,487	1,842,830
Hong Kong	Financial service under regulation	1,957	18,259,797	23,173,378	8,708,214	2,067,224	2,185,154
Vietnam	Financial service under regulation	38	231,099	279,761	216,138	43,741	32,486
Singapore	Financial service under regulation	23	124,699	198,852	99,189	-	-
China	Financial service under regulation	27	115,532	184,424	97,640	27,987	-
Oth	ners	4,204	2,111,771	(1,401,834)	203,125	27,228	123,004
To	otal	8,975	39,151,574	49,311,201	21,228,804	3,803,667	4,183,474

Note: For the details of taxation information, please refer to the SCSB's 2023 Q4 financial report.

The taxation information in 2022 by country:

Unit: person, hundred million in NT\$

Business region (tax jurisdiction)	Primary operating activity	Number of employees	Net interest income	Sales revenue	Net profit before tax	Income tax expense	Income tax payable
Taiwan	Financial service under regulation	2,657	152	268	102	16	12
Hong Kong	Financial service under regulation	1,903	155	209	124	25	24
Vietnam	Financial service under regulation	36	1	2	1	0	0
Singapore	Financial service under regulation	20	1	2	0	0	0
China	Financial service under regulation	26	1	1	0	0	0
Bangkok, Thailand	Office	1	-	-	-	-	-
Phnom Penh, Cambodia	Office	1	-	-	-	-	-
Jakarta, Indonesia	Office	1	-	-	-	-	-
Bac Ninh, Vietnam	Office	1	-	-	-	-	-
Oth	ners	3,967	22	(36)	5	0	1
То	otal	8,613	332	446	232	41	37

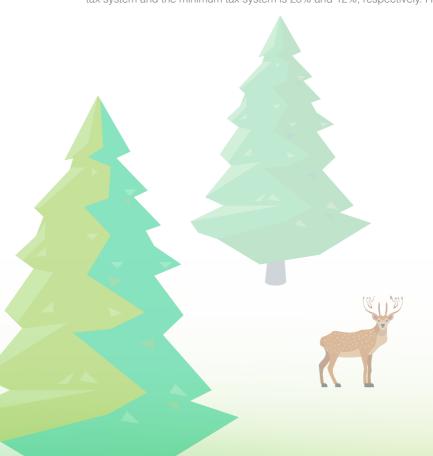
The SCSB's effective tax rate, cash tax rate, and differences over the last two years are shown below:

Unit: thousand in NT\$

Fiscal year	2022	2023	Two-year Average
Pre-tax Net Income	23,231,750	21,228,804	22,230,277
Income Tax Expense	4,135,726	3,803,667	3,969,697
Effective tax rate (pre-adjustment)	17.80%	17.92%	17.86%
Adjustment - Tax-exempt income	-	-	-
Adjustment - Temporary differences	-	-	-
Total adjustments	-	-	-
Effective tax rate (adjusted)	17.80%	17.92%	17.86%
Income tax paid	3,712,477	4,183,474	3,947,976
Cash tax rate	15.98%	19.71%	17.76%

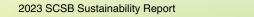
Note 1: According to the "CSA Handbook 2024" by S&P Global, the average effective tax rate for the global banking industry is 21.29%; the cash effective tax rate is 19.94%.

Note 2: The difference between the effective tax rate and the industry average effective tax rate is explained below: More than 90% of the total income of the SCSB and its subsidiaries comes from Taiwan and Hong Kong. In Taiwan, the statutory income tax rate under the general tax system and the minimum tax system is 20% and 12%, respectively. Hong Kong adopts a two-tier tax rate (8.25% and 16.5%).





















Themes in line with GRI **Topic Standards**

GRI 205 Anti-bribery GRI 206 Anti-competitive Behavior GRI 417 Marketing and Labeling GRI 418 Customer Privacy

Key Material Issues

- · Information security
- Risk management
- Privacy information protection
- Ethical management

Prioritized Stakeholders for Reading

All stakeholders









1.3 Compliance

1.4 Risk Management

1.5 Information Security

Management

Innovation

1.6 Customer Relationship

1.7 Privacy Information Protection

1.8 Digital Finance and Service





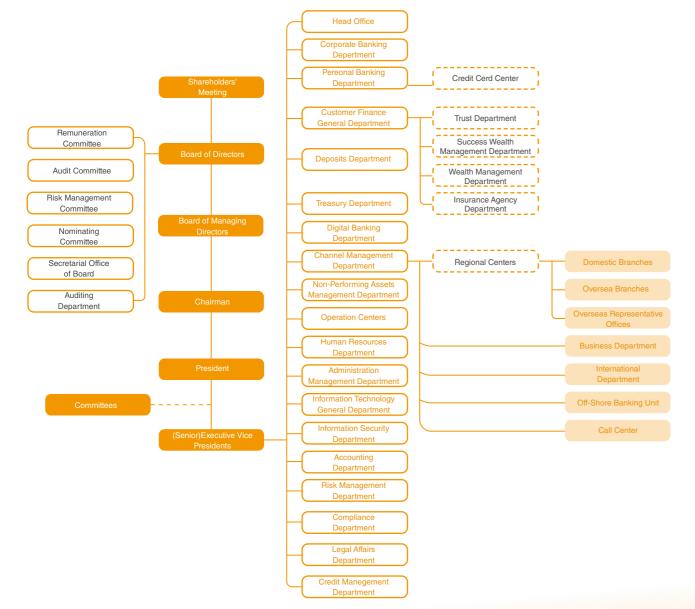


1.1 Corporate Governance

Due to the rapid developments of globalization within the financial market, issues ranging from responsible corporate performance to managing stakeholders' expectations, risk management, and information transparency are then put under the spotlight. To implement business operations effectively and gradually improve measures targeting corporate governance, the SCSB has created "Corporate Governance Best-Practice Principles" and assigned Chief Corporate Governance Officer to strengthen the powers of the Board of Directors and reinforce the duties of the Functional Committees under the Board of Directors. In addition, by building up comprehensive regimes and organizational structures, optimizing corporate management efficiency, critically supervising managers' behavior, achieving business objectives, and attaining profit maximization whilst ensuring the Board of Directors and senior management team function properly, the SCSB has prominently enhanced its overall competitiveness.

Title	Main content
Corporate Governance Best-Practice Principles	 To ensure compliance and improve internal management To protect the interests of shareholders To strengthen the functions of the Board of Directors To ensure the Audit Committee functions well To respect the interests of stakeholders To improve information transparency

▲ The Organizational Structure of the SCSB



▲ Composition of the Board of Directors

Members of the Board of Directors

The SCSB's Board of Directors 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 17.67 years on average. In addition, one Managing Director will be elected from the Board of Directors, who arranges meetings on a monthly basis.

Name	Title	External Independence (Note 2)	Nationality	Gender	Age	Professional qualifications and experience (Note 3)	Term	Board of Directors Attendance Rate (%)
Lee Stephen Ching-yen	Chairman	Non-executive director Independent director	Singapore	Male	>50	Finance, industry, non- essential consumer goods	>30	100%
Yung John Con-sing (Magnetic Holdings Limited)	Managing Director	Non-executive director Independent director	Hong Kong	Male	>50	Finance, non-essential consumer goods, real estate	21-30	100%
Chen Mu-tsai	Independent Director	Non-executive director Independent director	Republic of China (Taiwan)	Male	>50	Finance, non-essential consumer goods	5-10	100%
Yung Lincoln Chu-kuen	Director	Non-executive director Independent director	Republic of China (Taiwan)	Male	>50	Finance, non-essential consumer goods, industry	>30	100%
Gu George Chao-chi	Director	Non-executive director Independent director	Republic of China (Taiwan)	Male	>50	Finance, information technology, non- essential consumer goods, communication service, real estate, necessity	21-30	100%
Chiu Yi-jen	Director	Non-executive director Independent director	Republic of China (Taiwan)	Male	>50	Finance, non-essential consumer goods	11-20	100%
Lin Chih-hung	Director	Non-executive director	Republic of China (Taiwan)	Male	>50	Finance, non-essential consumer goods, information technology	<5	100%
Hsieh Miles King-hu	Independent Director	Non-executive director Independent director	Republic of China (Taiwan)	Male	>50	Industry, non-essential consumer goods	5-10	89%
Tseng Kuo-lieh	Independent Director	Non-executive director Independent director	Republic of China (Taiwan)	Male	>50	Finance, real estate, non-essential consumer goods	<5	100%

Note 1: A director is evaluated as the independent director by complying with external independence based on the standard below. The director must be a non-executive director and he must meet at least four indices out of the nine indices below and must meet at least two indices out of the first three indices:

- (1) The director does not serve as our senior executive in the past year.
- (2) Our director this year or his family member does not accept over US\$60,000 from us or any parent or subsidiary, except for the director permitted by the U.S. SEC 4200 clause.
- (3) The family member of the director this year did not serve as the senior executive of our company or any parent or subsidiary.
- (4) The director is not a consultant of the company or management team and has no stakes with our consultant.
- (5) The director has no stakes with our primary customer or supplier.

- (6) The director has not signed any service contract with the company or management team.
- (7) The director has no stakes with the NPO the company primarily donated to
- (8) The director did not work in our external inspection institution or serve as our partner in the past year.
- (9) The director has no conflict of interest with the independent operation of the Board of Directors.

In addition, according to Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, our independent director must not concurrently serve as an independent director of more than three public companies.

Note 2: Evaluate the director's experience in the industry based on GICS Level 1.



Diversity and Independence of Directors

The SCSB set up the Nominating Committee. Based on the candidate nomination system formulated according to the Company Act, the Nominating Committee nominates all director candidates and checks their qualification. After the Board of Directors makes the decision to approve the nomination, the list of director candidates is submitted to the shareholders' meeting for election. The composition of the members of the Board of Directors must be diverse, according to the SCSB's "Corporate Governance Best-Practice Principles". No more than one-third of the directors may concurrently serve as the company manager. An adequate diversity approach shall be formulated based on the operation, operating type, and development need of the Board of Directors. It shall include but not be limited to the standards in the following two aspects:

- 1. Basic requirements and values: Gender, age, nationality, species and culture.
- 2. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, technology), professional skills and industry experience.





The ability to make judgments about operations

The ability of risk

managément

An international

market

perspective



Accounting and financial analysis ability



Business management



management



Knowledge of the industry



Leadership ability



Decision-making

Our directors generally have the knowledge, skill, and competence required for the occupational activity. They receive regular education training, including specific industrial, environmental, social, and governmental knowledge, ensuring the Board of Directors are competent enough to deal with detrimental impacts exerted on organizations. In 2023, no director served as the representative of vulnerable groups or specific stakeholders. Furthermore, none of our independent directors is under any of the circumstances in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. Refer to our "Disclosure of Directors' professional qualifications and Independent Directors' independence information" for evaluating the external independence of the director.

Recusal of Directors Over Conflict of Interest

To create a good governance system for the the SCSB's Board of Directors with comprehensive oversight and strengthened management functions, the SCSB has established the "Rules of Procedure for the Board of Directors", which specifically govern the recusal of directors over conflict of interest. It requires the director not to participate in any discussion, voting, or cast a vote on behalf of any other director if the director or the legal entity he represents has stakes with SCSB. This requirement aims to effectively prevent any director from using his/her authority to transfer any improper benefit and undermine the interests of the SCSB. In 2023, 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.

Functional Committees

To ensure the function of the Board of Directors effectively and improve the Board of Directors' decision-making quality, the Remuneration Committee, Audit Committee, Risk Management Committee, and Nominating Committee have been established under the Board accordingly. Pagerd data: 12/21/2022

			Record date: 12/31/2023
Committee	Responsibilities	Members and the attendance	Basis of establishment
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. To regularly assess and establish the system,	Chen Mu-tsai, Independent Director 100%	The Remuneration Committee Charter	
	Tseng Kuo-lieh, Independent Director 100%		
	standards and structure of remuneration for directors and managers. Six meetings have been convened in 2023.	Hsieh Miles King-hu, Independent Director 100%	

Committee	Responsibilities	Members and the attendance	Basis of establishment
	To fairly present the SCSB's financial statements. To selection (dismiss) CPAs and evaluate their independence and performance. Appointment of the manager for finance, accounting or internal audit To effectively implement the SCSB's internal control. To ensure the SCSB's compliance with applicable laws, regulations and rules. To control the existing or potential risks of the SCSB. Eight meetings have been convened in 2023.	Chen Mu-tsai, Independent Director 100%	The Audit Committee Charter
		Tseng Kuo-lieh, Independent Director 100%	
Audit Committee		Hsieh Miles King-hu, Independent Director 100%	
	To review the risk management policy. To review the risk management strategy, including	Chiu Yi-jen, Director, 100%	The Risk Management Committee Charter
	 risk appetite and limits. To review the appropriateness of risk management mechanisms and structures to ensure adequate resources and systems for the implementation of risk management. 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. To review the risk management mechanisms for new types of business 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. Four meetings have been convened in 2023. 	Tseng Kuo-lieh, Independent Director, 100%	
Risk Management Committee		Hsieh Miles King-hu, Independent Director 100%	
	To review the list of candidates for independent directors.	Lee Stephen Ching-yen, Chairman 100%	The Nominating Committee Charter
Nominating Committee	 To review the candidates for appointed senior managers (job grade of 12 or higher) based on the standards of diverse backgrounds including the professional knowledge, skills, and experience required for appointed senior managers. 	Yung John Con-sing, Managing Director	
	required for appointed senior managers. To evaluate the performance of appointed senior managers and regularly review the succession plan. Six meetings have been convened in 2023.	Chen Mu-tsai, Independent Director 100%	

To set up a robust remuneration system for directors and managers, the SCSB established the Remuneration Committee to regularly review the performance evaluation of directors and managers, and the policy, system, standards, and structure of remuneration, regularly evaluate and formulate the remuneration for director and manager, and propose suggestions to the Board of Directors for further discussions. For other mechanisms associated with directors and managers (e.g. bonus, termination payments, the claw back provision, and retirement benefits), there'll be applicable compensation relevant guidelines to follow.

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 "Remuneration Policy", "Regulations for Remuneration Management", "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, compliance and the comparison of the aforementioned indicators with the performance of peers.

Note: The annual salary of the President was 9.51 times of the median employee salary in 2023 and 14.66 times of the median employee salary in 2022.





▲ 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. 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, and Governance), to ensure that the directors understand our sustainability risk and effectiveness of supervision. In 2023, the directors' remuneration amounted to NT\$46 million (excluding the remuneration for part-time employees) which accounted for approximately 0.27% of the profit for that year. It was submitted to the Board of Directors for approval in March 2024.

¹unless the legal reserve has reached the total amount of capital.

▲ 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". 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 may be conducted by external independent organizations or expert teams every three years.

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

(I) External evaluation:

From 2021, according to the "Rule for Performance Evaluation of Boards", the performance of the Board of Directors is conducted three times a year by an external independent professional institution or a panel of experts and scholars. Evaluation includes the composition, guidance, authorization, supervision, communication, internal control, risk management, self-discipline of the Board of Directors, and others such as the meeting of the Board of Directors and support system. The latest performance evaluation was completed in 2021. The result indicates that directors can communicate with relevant units sufficiently at the Board of Directors and functional committees and perform functions effectively. Independent directors are active and accountable, proactively take part in setting our vision and long-term strategy goal, contribute their profession, express their opinions, and elaborate their function of guidance and supervision. SCSB will enhance and improve the execution of the Board of Directors by continuing to refer to the independence evaluation result of the third party.

(II) Internal evaluation:



The result of the performance evaluation of the directors in 2023 is shown below, and the evaluation result is deliberated by the Nominating Committee and reported to the Board of Directors alongside the Remuneration Committee as the reference for director selection or nomination and remuneration formulation.

Evaluation item		Evaluation Results
Evaluation of the performance of the Board of Directors		Good
	Audit Committee	Excellent
Performance evaluation for the functional	Remuneration Committee Risk Management Committee	Good
committees		Excellent
	Nominating Committee	Good
Performance evaluation for individual directors		Good

Sustainability Performance and Compensation

To embed sustainable development in daily operations, the SCSB has established a linking mechanism between compensation and various performance indicators. According to the "Measures for Performance Management and Development of The Shanghai Commercial & Savings Bank", the annual performance goals of senior executives are divided into two categories, namely work objectives (80%) and leadership competency (20%). In the work objectives, KPIs are listed on the balanced scorecard (BSC) including the annual ESG goals, and relevant indicators as well as weights will be set under the business indicators according to the responsibilities of executives, and the sustainability team's annual goals will be included together. For the remuneration part, annual performance bonuses are issued in accordance with "The Shanghai Commercial & Savings Bank Regulations for Remuneration Management" based on the SCSB's profits and the personal performance of senior executives.

Performance Target Indicators and Weights for Senior Executives

Indicate	or and weight	Description of indicator
	Financial and operating performance	 Financial performance includes per department's budget control, annual income, net profit before tax, etc. Operating performance is determined according to the department's responsibilities, such as lending market share, customer satisfaction, completion of system construction, etc.
Work objectives 80%	Implementation and progress of annual ESG goals (at least 5%)	 According to the responsibilities of the six working teams and the SCSB's Sustainability Strategy Target Plan, formulate corresponding KPIs for senior executives, including digital financial innovation, climate governance, energy conservation and carbon reduction, information security, personal privacy, climate scenario analysis and operational risk management, occupational health and safety, employee training, etc. (For more on the sustainable development goals of each working team, please refer to the Chapter 0 of Sustainable Development Strategies.
	Personal training and career development	 Strengthen the professional functions of personnel, enhance the employee's competitiveness, and obtain professional certificates in foreign languages, finance, information, digital finance, etc.
	Internal audits & controls	 Including the self-check results of each department, risk control and the number of risk events within the unit, etc.
Leadersh	nip competency 20%	The evaluation dimensions include Leadership, Innovation, Accountability, Discovery, and Service.



President and Senior Executive Vice President Annual ESG-related KPIs

Corresponding Sustainability Topic (*Annual Material Topic)	2024 Work Goals	Weights (%)
Sustainable Finance*	Green credit and green investment increased by 15% compared to last year	3
Customer Relationship Management	Rank among the top 25% for FSC's The Principle of Fair Customer Treatment evaluation, Trust 2.0 Evaluation and continue to receive awards	3
Digital Finance and Service Innovation*	Increase the proportion of digital financial transactions to at least 85%	3
Risk management*	Passed ISO 22301 Business Continuity Management System (BCMS) certification	4
Green Operations, Climate Strategy and Management*	Energy resource reduction commitment: Reduce gasoline/electricity/water consumption, and waste generation per NT\$1 million revenue by 3% compared to the previous year. Green energy consumption accounts for 8% of SCSB's total electricity consumption	4
Employee Training and Career Development*	According to core strategies and operational objectives, key talent development in 3 to 5 years would focus on fostering 30 talents respectively in international finance, digital finance, sustainable finance, information technology, and marketing fields	2
Legal Compliance*, Information security*, Data Privacy and Protection*	No major anti-money laundering deficiencies or information security incidents occurred in 2024	3
The to	tal proportion of ESG-related KPIs	22

President and Executive Committee Members' Multiple of Base Salary

In December 2023, the President of the SCSB possessed 1,141,031 shares with 9.04 times of his base salary while the Senior Executive Vice President held 2,734,527 shares with 23.68 times of his base salary. Lastly, the First Executive Vice President held 3,626,667 shares with 32.84 times of his base salary.

Note: The calculation of multiple of base salary (number of shares held by a person* share price at the end of FY23, namely NT\$46.8)/ base salary of a person.

▲ Appointment of the Chief Corporate Governance Officer

In order to effectively help members of the Board of Directors obtain required information and ensure the Board of Directors exercise their function efficiently, the SCSB has appointed the Secretarial Office of the Board of Directors as the Chief Corporate Governance Officer to oversee all governance-related matters and formulate SOPs for addressing board requests, thereby creating a comprehensive operating process. In 2023, the SCSB continued to offer directors legal information, promote board performance, and arrange ongoing corporate governance training courses for all directors.

In 2023, each director completed at least six hours of continuing education courses, totaling 239.2 hours of training and equivalent to an average of 26.58 hours per director. The courses covered areas including financial-friendly services, climate risk management, ethical management, anti-money laundering, and information security. Director expertise and training were also included in performance evaluations to continuously enhance director professionalism and optimize their supervisory functions.

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 employees to adhere to ethical management regulations, including prohibition of unjust enrichment, corruption, illegal charitable gift-giving 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.

Name	e of the regulation	Main content
Code of Ethical Conduct		 To prevent conflicts of interest To prevent any opportunity to seek personal gain Duty of confidentiality Fair trade To protecting and properly use the assets of the SCSB Compliance with applicable laws and regulations To encouraging the reporting of any act that is illegal or violates the Code of Ethical Conduct Penalty measures
Ethical Corporate Management Best- Practice Principles		 Prohibition of unjust enrichment and corruption and illegal charitable gift-giving Prohibition of illegal political donations Protection of trade secret Prohibition of unfair competition Protection of consumer rights Whistleblowing system Risk assessment
Procedures for Ethical Management and Guidelines for Conduct		 Regulations for acceptance of any kind of advantage Regulations for whistleblowing of corruption, bribery and unethical conduct Regulations for political donation Procedures for charitable giving
Regulation Governing Outward Donations		 Amount of donation, division of administration authority
Preventing Insider Trading Administration Measures		 Subjects governed by insider trading laws Insider trading situation Authority for event handling Violation penalty

Donation to the SCSB Associated with Political/Policy Impact

Unit: NT\$

Donation and expenditure	2020	2021	2022	2023
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 (e.g. expenditure for election agenda and referendum)	0	0	0	0
Total	0	0	0	0
Scope	100%	100%	100%	100%

Procedures Tailored to Whistleblowing

"Procedure for handling Whistleblowing" have been established to encourage employees to report cases of violations. The SCSB will do its best to protect the whistleblowers, including keeping personal information confidential and making sure that their rights and interests are not affected. The Compliance Department accepts the case and investigates the dedicated unit being reported. When receiving a case, the Compliance Department may ask the relevant unit or the Chief Auditor to appoint auditors to investigate the case. Handling of the case is described below:















The Compliance Department investigates the accepted whistleblowing report itself or asks the relevant unit to initiate investigation and send a report.

The investigation report shall be submitted to the Reported Case Review Committee meeting for review. If directors, executive vice presidents, and other top management are involved within reported cases, reports are then asked to be raised to independent directors and seek further review from the Audit Committee.

The Compliance Department reports the case, handling and improvement to the Board of Directors

The Reported Case Review Committee takes the responsibility to notify the whistleblower

Note: The accepted whistleblowing report refers to the whistleblowing report that shall be accepted according to the "Procedure for handling Whistleblowing. '

» Whistleblowing Processing Method and Channel

- · Whistleblowing mailbox: compliance@scsb.com.tw
- Whistleblowing helpline: (02) 6618-9952
- Postal address: No. 2, Sec. 1, Minguan E. Rd., Zhongshan Dist., Taipei City. The recipient information should be stated as the Chief Compliance Officer
- Details for the SCSB's announcement: https://www.scsb.com.tw/content/about/about/21.jsp

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 Board 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. In 2023, the SCSB received a total of 7 reported cases where 2 were handled with care. In addition, after reviewing the ethical management confirmation statement signed by different units, no violation against ethical management occurred. Similarly, the SCSB was not involved in any cases related to corruption and bribery, fraud, insider trading, anti-competitive practices, antitrust and monopoly behavior, or any relevant legal disputes and penalties regarding market manipulation in 2023.

Ethical Management Training and Communication

At SCSB, ethical management is the foundation of stable governance. To make sure that employees understand anti-corruption regulations, besides internal messages, unit managers and announcements to all employees, anti-corruption is also promoted at morning meeting and via the precautions in the Ethical Corporate Management Best-Practice Principles. The promotion covers all employees. As for the Board of Directors, anti-corruption is communicated via corporate governance forum. The anti-corruption trainings are designed for employees based on their job grades and business types (in which visual disabilities are arranged with oral training sessions instead). The following is the information related to such courses organized in 2023.

Region covered	Course target	Number of employees taking the course	No. of participants	Percentage of participants among the course target
Taiwan, Hong Kong, Vietnam, Singapore,	Non-managerial employees	2,544	2,544	100%
China (Wuxi), Thailand, Cambodia, and	Managerial employees	374	374	100%
Indonesia	Directors	9	9	100%

Note: Data is calculated by the end of December 2023 and in accordance with all active SCSB staff

Worker group	Coverage (%)	Written/Electronic signing statement (%)	Providing education training (%)
Employees	100	100	100
Contractor/Supplier/Service provider	100	100	100
Subsidiary	100	100	100



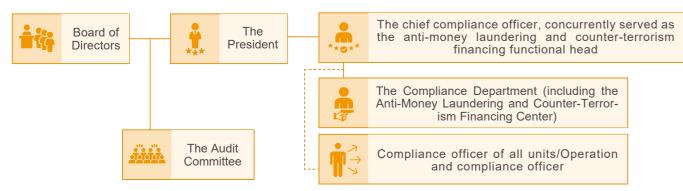


1.3 Compliance

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 and management of the compliance system. A senior manager is appointed as Chief Compliance Officer 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 every half year.

The dedicated unit Anti-Money Laundering and Counter-Terrorism Financing Center established under the Compliance Department is in charge of planning, management and implementation of anti-money laundering and counter-terrorism financing. A senior manager is appointed as the functional head. Execution of the anti-money laundering and counter-terrorism financing is reported to the Board of Directors and Audit Committee at least every half year.

» Structure Diagram of Compliance



The financial services industry is a licensed sector subject to scrutiny by competent authorities. In response to regulatory changes and requirements from competent authorities, proactive measures must be adopted to prevent legal violations and potential penalties that could hinder the Company's image and business development efforts. The SCSB's "Compliance Policy" (hereinafter referred to as "the Policy") states that legal compliance is not only the responsibility of the legal compliance unit or personnel but also the responsibility of all SCSB employees. Every employee must implement and practice compliance measures, as well as proactively identify and disclose compliance-related risks, and proactively improve relevant business policies, manuals, and regulations. Additionally, they should take improvement actions against non-compliant conducts identified to effectively materialize compliance management. At the same time, the Compliance Department continued to collect information on the latest regulations and disseminate them to relevant units through the "Law and Regulations News system". The SCSB also revised relevant business regulations and manuals in response to regulatory changes and applied the system to track and manage updates, thereby ensuring various operations and management regulations are updated on time. The SCSB has appointed Legal Compliance Officers in all units (referred to as the "Business, Operation & Compliance Vice President" in domestic business units) in charge of promoting legal awareness and executing legal compliance operations. Besides supervising the introduction and implementation of relevant regulations by the Legal Compliance Officer of each unit, the Compliance Department also arranged quarterly training courses to promote legal awareness and train the Legal Compliance Officers of various units.

Every unit conducted biannual compliance self-assessments to foster legal awareness and compliance among its employees. In addition, from time to time written reviews were carried out to reinforce awareness and implementation of compliance in each unit. Overseas branches were requested to report on compliance and AML/CFT operations every month, and quarterly telephone conferences were conducted with Legal Compliance Officers at overseas branches to strengthen communication and oversight. Furthermore, compliance operations execution status updates were compiled by the SCB every quarter, while monthly compliance communication meetings were held with SCB to enhance communication on compliance-related issues. The SCSB has not violated any product and service information, labeling, or marketing communication regulations in the past two years.

The SCSB introduced a compliance system in 2011 when the Board of Directors approved "The Compliance Policy", which is reviewed regularly to ensure legal compliance and updated as necessary. Moreover, the Compliance Department prepares an annual compliance plan based on the SCSB's "Compliance System Measures", which is approved by the President and implemented accordingly. The SCSB places great emphasis on sustainable development issues. Apart from explicitly stating in "The Compliance Policy" that the Board of Directors, top management, and all SCSB personnel must uphold the principles of ethics and comply with local laws and the SCSB's sustainability policies in all business activities, the SCSB has also implemented different measures of the compliance system to create a culture of compliance throughout the SCSB and facilitate sustainable financial development. In addition, the practice of sustainable financial development has been incorporated into the annual compliance plan, which involves adding relevant compliance self-assessment items and performing written reviews from time to time on specific compliance matters in relevant units. This serves to verify and confirm the implementation of relevant standards for sustainable financial development in operational procedures or relevant control mechanisms.

Compliance Risk Assessment Process

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

- (I) To adapt to regulatory changes, 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 Governing Risk Management and Supervision Framework of Compliance, 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 selfevaluation 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 selfassessment 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 the improvement plan.



Compliance Incident Management

In 2022, the SCSB's Hsinchu Branch was involved in the offsite payment incident and further corrected with mitigating actions taken while incidents in 2023 were listed below:

Date of penalty happened	Compliance incidents	Mitigating actions taken
March 8, 2023	The Taoyuan City Government fined the SCSB's Yangmei branch NT\$300 thousand for showcasing recruitment ads involving gender discrimination elements, violating Article 7 of the Gender Equality in Employment Act accordingly	the SCSB arranged a training applied to all staff, namely "Sexual Harassment Prevention and Gender Equality in the Workplace" to bring employees' attention to this matter
March 21, 2023	The Indonesian authorities fined the SCSB's Jakarta Representative Office IDR 3 million (roughly NT\$6,000) over failing to submit the annual activity plan within the grace period	The SCSB requested all overseas representative offices to be strongly aware of reporting items, deadlines, and frequencies asked by local authorities. In addition, auto-generated reminders of upcoming reporting items have been facilitated within the system consequently
November 28, 2023	The Financial Supervisory Commission (FSC) in Taiwan slapped a fine of NT\$10 million on the SCSB for exposing per- sonal data and failing to establish and rigorously implement a comprehensive internal control system for the confidentiality of customer data and information security	See the completed corrective actions below: Strengthened regulations on the management of administrator privileges for personal computers, as well as centralized management of workstation administrator privileges and regular password updates Optimized the storage and use of portable devices and updated the management mechanism Optimization measures for the report distribution application system: (1) Strengthened the preservation of system logs (2) Reviewed system access authorization (3) Monitored usage records regularly and conducted random checks to verify their necessity Upgraded the functionality testing while updating the PC operating system-related software to comprehensive functional validation, in turn increasing the scope and depth of the test. The implementation outcome was tracked and confirmed.

Anti-money Laundering

In order to tighten requirements concerning anti-money laundering and counter-terrorism financing, internal control, and compliance in banks, 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. The external independent verification unit has been authorized every year to conduct the Anti-Money Laundering and Counter-Terrorism Financing Program Review.

Inter-departmental department	3rd line of defense		Internal audit External independent unit
Dedicated unit	2nd line of defense	•	Anti-Money Laundering and Counter-Terrorism Financing Center All business management departments
All operating units of the entire Bank	1st line of defense	•	Operating unit

The SCSB performs three lines of defense for anti-money laundering and counter-terrorism financing. For the first line, the business unit conducts customer and trade reviews 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 management 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 checks and assessments for business 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 unit and an external independent unit conduct third-party verification at least once a year. The head of the Anti-Money Laundering and Counter-Terrorism Financing Center and managers of all branches discuss on anti-money laundering and counter-terrorism financing issues at quarterly compliance meeting. If any business unit has any concerns about 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 internal consulting form. 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 SCSB gradually reinforces application of RegTech and introduces Robotic Process Automation (RPA). The SCSB uses these technologies for customer due diligence (CDD), regular review, transaction monitoring, and characterization threshold calibration to increase efficiency and reduce labor burden. For

- 1. The SCSB develops and utilizes Robotic Process Automation (RPA) to collect shareholding structure of the legal entity customers 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 the development of a project for optimization of the CTP system of Taiwan Depository & Clearing Corporation. The multiple layer shareholding information is added to enhance the utilization of domestic shareholding information via the real-time/batch download function of Application Programming Interface (API). This effectively assists in identification of beneficial ownership in the complex shareholding structure for anti-money laundering.

The SCSB's crime prevention-related management measures are elaborated below:

The SCSB has implemented due diligence policies and procedures for offline and online customers in accordance with the Regulations Governing the Anti-money Laundering of Financial Institutions following:

- · Utilize reliable and independent sources of documents, data, or information to identify and verify customer identities, and keep records and copies of customers' IDs
- . For transactions made by agents, the SCSB would carefully look into the authenticity of agents and keep reliable and independent sources of documents, data, information, and copies of agents' IDs
- Identify a customer's beneficiaries and apply reasonable measures to verify their identities, including using reliable sources of data or information. . When it comes to measures to verify customer identities, the procedure should include understanding the purpose and nature of the business and obtaining the necessary information

Ensure updated counter-terrorism lists and sanction lists provided by database vendors through referring to authorities' latest information. Review existing customers on a daily basis targeting counter-terrorism lists and sanction lists daily to ensure existing customers exclude contentious ones. On the other hand, the AML center will conduct real-time verifications against the United Nations Consolidated List or OFAC list to make sure that database vendors update the lists within two working days at the latest

The SCSB calculates customers' risk scores based on factors including geographic location, customer profile, products and services, transactions, or payment channels to generate risk levels (high, medium, low). Furthermore, the SCSB implemented corresponding control measures for customers with different risk levels by adhering to the spirit of RBA. On the other hand, the SCSB views all politically exposed persons (PEPs) as high-risk customers. These PEPs and all high-risk customers are required to conduct enhanced due diligence (EDD). In addition, any transactions made by high-risk/PEPs customers are asked to seek senior management's signoffs and approval in advance. Lastly, all high-risk customers have accepted to undergo annual reviews and supervise with strict transaction monitoring measures.

When abnormal activities indicative of potential high-risk money laundering cases were detected while handling customer account openings, overthe-counter transactions, or suspected cases in the SCSB's AML system, they were reported to the Compliance Department Officer for legal compliance review regardless of the transaction amount or completion status. Upon approval, the cases were reported to the Investigation Bureau of the Ministry of Justice.

The SCSB joined the Criminal Investigation Bureau's "Eagle Eye Anti-fraud Alliance" project and established a financial fraud detection and early warning mechanism (Eagle Eye Model) to identify suspicious accounts in advance. The initiative serves to enhance employees' ability to identify and prevent fraud, thereby curbing the use of dummy accounts for fraudulent purposes.

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 106 seminars with a total of 16,496.7 hours for anti-money laundering and counter-terrorism financing in 2023. 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 meetings, education training for anti-money laundering and counter-terrorism financing is provided by sharing ideas on a topic. A total of 13 sessions were held during morning meetings in 2023. (A total of 129 sessions were held from May 2017 to December 2023.) All staff were required to attend the seminars.

In addition, the SCSB actively encourages employees to acquire professional licenses for anti-money laundering and counterterrorism financing and pass the relevant exam. The number of staff with professional licenses for anti-money laundering and counter-terrorism financing and qualifications for passing certain exams in 2023:

Item	The number of staff
Certified Anti-Money Laundering Specialist (CAMS)	236
Anti-money laundering and counter-terrorism financing exam for professionals	1,276

Achievement of Anti-money Laundering and Counter-terrorism Financing

Year	2020	2021	2022	2023
The feedback for the results of distribution and utilization of the financial information from the Ministry of Justice Investigation Bureau (calculated as the feedback date)	84	98	102	65
The distribution and utilization rate of the financial information from the Ministry of Justice Investigation Bureau (the SCSB)	25.23%	30.53%	26.85%	26.32%
The domestic distribution and utilization rate of financial information	11.82%	9.94%	8.76%	16.69%

Column

Strengthening of the SCSB's Cultural DNA of Anti-money Laundering and Counter-terrorism Financing

. The SCSB continues to promote the education training of anti-money laundering and counter-terrorism financing gradually. Besides courses for relevant staff required by regulations, education training in anti-money laundering and counter-terrorism financing is provided to all staff 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 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 as follows:



The Anti-Money Laundering and Counter-Terrorism Financing Seminar is held routinely at each unit. A topic is assigned to each seminar, and the compliance manager of each unit (i.e. the supervisor for anti-money laundering and counter-terrorism financing) leads staff to share the case and idea of anti-money laundering and counter-terrorism financing.



Anti-Money Laundering and Counter-Terrorism Financing Center records training courses every year. All staff join training and take quizzes for SCSB to examine the training outcome.



In order to enhance the anti-money laundering capability of staff to the international level, the international level, the SCSB encourages and subsidizes staff to take the CAMS exam. The Anti-Money Laundering Center hired a lecturer to teach a course. A total of 236 staff acquired CAMS by 2023, which is accounted for 8.07% of all SCSB staff.



While SCSB employees are encouraged to keep up with the latest AML regulations, the SCSB also assists employees in taking exams for the certification of antimoney laundering and counter-terrorism financing. By December 2023, a total amount of 1,276 staff obtained the certificate which is approximately 43.63% of all SCSB staff.



Audit Management Policy

The SCSB's risk-oriented audit system has been implemented thoroughly, including both domestic and overseas operating units, management units and logistics support units, overseas branches, subsidiaries, overseas offices, and SCSB reinvested overseas holding (paper) companies have been investigated throughout the year. The SCSB has performed all kinds of investigations for all units 189 times in 2023. The audit result shows that no severe violation occurred.

Audit Inspection System

High risk	Once a year	Typical inspection + Project inspection	No major violation
Medium risk	Once a year	Typical inspection	No major violation
Low risk	Once a 1.5 year	Typical inspection	No major violation
Overseas offices	Once a year	Report audit	No major violation
Domestic and overseas subsidiaries	Twice a year	Financial and risk management and compliance program inspection/report audit	No major violation
Overseas branches	Once a year	Typical inspection	No major violation
The competent authority's letter handling and reporting case investigation	From time to time	Project inspection	For the case concerning customer privacy and data breach, the inspection shortcomings have been addressed by the business unit by implementing improvements and reporting to the competent authority according to regulations.

Audit-related Management License

Item	Number of employees acquired the certificate in total
Certified Internal Auditor (CIA)	5
Certified Financial Service Auditor (CFSA)	3
Certified Information Systems Auditor (CISA)	1
Certification in Control Self-Assessment (CCSA)	1
ISO 27001 Information Security Management System Lead Auditor International Certification	2
Passed the BS 7799 Lead Auditor Exam	2
Securities analyst	2
Certified Anti-Money Laundering Specialist (CAMS)	14
Passed the Proficiency Test for Bank Internal Control and Audit	35

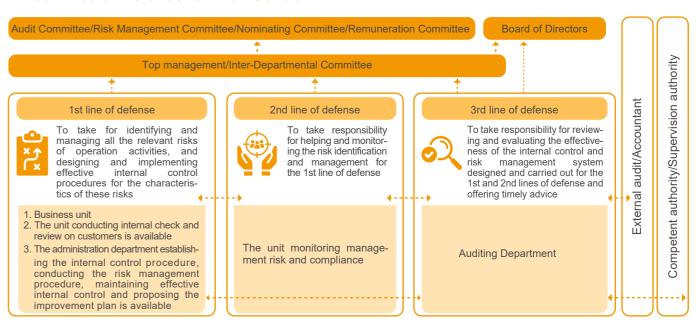
1.4 Risk Management

Risk Management

In the SCSB's risk management organizational structure, the Board of Directors is the highest decision-making unit. It 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 bankwide risk management. The Risk Management Department established under the President, and our Deputy Executive Vice President Wan-li Teng supervises the Risk department and 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.

Furthermore, for the purpose of incorporating the risk management metrics into financial incentives, the SCSB has set up specific risk management metrics for senior management personnel and general employees respectively to enrich the risk management culture within employees' daily operations.

Three Lines of Defense for Risk Control



The internal audit, self-check, compliance and risk management mechanism have been established within the SCSB to maintain effective, proper operations of the internal control system. The SCSB entrusts the accountant to 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:

Risk-oriented Internal Audit Mechanism

The risk-oriented internal audit mechanism has been implemented in the SCSB. Risk assessment is carried out once a year. Based on risk property, internal control, and audit implementation, the SCSB utilized auditing staff to formulate the audit plan for the next year according to the risk assessment result and regulations before the end of every fiscal year. The audit plan is submitted to the Audit Committee/Board of Directors for approval and filed to the competent authority as required for enforcement purposes. A differentiated check is performed based on the risk level of the checked item. Regular examination and adjustments are made depending on the actual situation. The key is to focus on major risks, distribute the audit resources in an effective way. The SCSB seeks to improve its internal control system and strengthen its management structure. Selfassessment of internal audit quality is performed and the evaluation result is used to keep improving the audit activity. In 2023, a major operational risk event involving improper management of customer data occurred. The SCSB has since implemented numerous improvement measures including establishing comprehensive management regulations for PC administrator permissions, introducing mechanisms for managing external storage media, reviewing the effectiveness of data protection control mechanisms, continuously reinforcing application system management measures, and increasing awareness among employees regarding the protection of personal data through promotion, education, and training measures. Moving forward, the SCSB will continue advancing its operational risk control measures.





- Audit risk assessment
- Connection between risk assessment with audit plan (including annual and individual



Program (QAIP)





Quality Assurance • Implementation of internal audit operating

· Utlization, tracking and report of evaluation results • To give feedback on the audit result

Regular reviews

• To conduct interim risk assessment and review the audit plan (e.g., on a quarterly/semiannual basis)



On-site check

 Off-site supervision and check Information collection, analysis

• Use of CAATs-Big data



on risk aspect

- Communication meeting

 - Execute external and internal audit checks, develop tracking lists, and report



Management of human resource and knowledge

and follow -up

• Learning growth and succession plan

Education training

We have nine members of the Board of Directors. All of them received at least six hours of risk education training in 2023.

Target Participants	Name of the Given Training	Number of Participants	Training Hours Taken
	Corporate Governance Forum - Information Security Strategic Thinking and Practice	9	27 hours
	Corporate Governance Forum - International Sustainability and Financial Development Trends	9	27 hours
	Anti-corruption and Whistleblower Protection	9	18 hours
	Information Security Session - Opportunities for Digital Transformation in the Financial Services Industry and IoT Information Security Risks and Opportunities	9	27 hours
The Board of Directors	Corporate Governance Session of Corporate Sustainability - Notice for Short-term and Insider Trading	9	9 hours
	Anti-money Laundering (AML)/Combating the Financing of Terrorism (CFT) Issues	9	18 hours
	Understanding ESG and Sustainable Finance	9	18 hours
	Corporate Governance Session of Corporate Sustainability - Ethics is Our Core Value	9	13.5 hours
	Customer-friendly Financial Services	9	18 hours
	The Principle of Fair Customer Treatment in the Financial Services Sector	9	29.7 hours

The SCSB provided staff of the Risk Management Department with all kinds of internal and external education training ranging from sustainable responsible finance, climate risk management, credit risk, operational risk, liquidity risk, and market risk. Furthermore, employees are arranged with diverse risk management courses with detailed training outcomes in 2023 as below:

Course category	Target audience	Number of participants	Average training hours
Anti-money laundering	All active staff during the courses holding period	2,911	5.67 hours
Anti-corruption	All active staff during the courses holding period	2,880	1.96 hours
Information security	All active staff during the courses holding period	2,915	4.20 hours

▲ Risk Management KPIs Set-up

The SCSB asks managers and employees of the Risk Management Department to set up specific KPIs and job objectives that critically incorporate the risk management metrics into financial incentives. In 2023, the KPIs of the Deputy Executive Vice President of the Risk Management department can be seen in the table below.

Corresponding ESG Risk	KPIs and Job Objectives in 2023	Weight (%)
Market Risk	 Stress testing is asked to be conducted within the SCSB and its branches thoroughly on a quarterly basis. Submitting sensitivity analysis of market risk and material for composing financial reports to the Accounting Department, OBU, and other departments every quarter. Providing information to external rating firms and audits conducted by accounts 	4
Operation Risk	Build up RCSA procedure targeting new departments for review by adding 60 new items to the existing procedure as well as reinforce the operation management at the same time	3
Credit Risk	 Set up the policy communication platform for both corporate finance and personal finance to critically assist two departments in achieving project goals and optimizing risk management 	5
Climate Risk	 Implement Task Force on Climate-related Financial Disclosures required by local authorities and the Risk Management Department (e.g. TCFD scenario analysis, climate stress testing, drafting guidelines, and publishing TCFD reports) Lead all business units to calculate the carbon footprint of investment and financing portfolios, promote the SCSB's goal and SBTi, and empower the decarbonizing plan Deploy and implement the internal carbon price mechanism applied to operating electricity usage at SCSB (Scope 2) Empower and reinforce the internal management guidance and mechanism targeting climate risk and provide suggestions for the department to draft guidelines Fill in climate-relevant external questionnaires and evaluations based on the Risk Management Department's requirements (e.g. Corporate Governance Evaluation, Sustainability Evaluation, and DJSI) 	8
Others	 Review the SCSB's execution process applied to whole stakeholders and delegations of roles and responsibilities whilst optimizing the function of the stakeholder management system Strengthen key units (and new ones)' awareness to build up KPIs and operating objectives In 2023, there was no incident associating with operation risk happened in the SCSB nor putting the SCSB's reputation at a stake 	9

▲ Risk Identification and Responses

The SCSB designs the Risk Management Policy in the hope of setting up a comprehensive risk identification and response process. Moreover, the SCSB also critically manages material risks including market, credit, geopolitical, operational, asset and liability-oriented, as well as climate change risks. On the other hand, by incorporating global ESG trends and the annual analysis of material issues into the SCSB's risk identification process, reactive measures tackling emerging risks as well as the mitigating and monitoring mechanism are then created to eliminate the risk exposure rate and potential impact on the SCSB as a whole.

» Emerging Risks Identification Procedure



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



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



Construct a response, mitigating measures or supervision mechanism and submit the emerging risk evaluation list to the Risk Management Department. After summarizing emerging 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.



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



Rating Risks by Scale

The SCSB incorporates magnitude and likelihood as two important factors into mapping out different risks by scale, where reactive actions and mitigating processes are then developed to cope with risks that could exert prominent impacts on the SCSB. This way, the SCSB is able to reinforce its risk management capability and strengthen the operational resilience consequently.

Risk Items/ Evaluating Items	Magnitude	Likelihood	Emerging Risk
Market Risk-The Fed's rate-cut confidence wobbles as inflation slows	2	1	V
Geopolitical Risk	1	3	V
Operation Risk-Financial (AI) Scams	7	4	V
Liquidity Risk	3	9	
Compliance Risk	4	8	
Country Risk- China's Real Estate Crisis	11	2	
Credit Risk-Business Real Estate Crisis	8	5	
Technology Risk	5	10	
Talent Recruitment and Retention	9	6	V
Climate Risk	6	11	
Country Risk (Whole)	10	7	
Market Risk (Whole)	13	12	
Operation Risk (Whole)	12	14	
Credit Risk (Whole)	14	13	

- Note1: Risk Items / Evaluating Items represent sequences based on risk rating.
- Note2: Magnitude represents level differences between Big and Mild with numeric values ranging from 1 to 14.
- Note3: Likelihood represents level difference between Big and Mild with numeric values ranging from 1 to 14.

Types of Emerging Risk	Corresponding Material Issues	Affected Duration	Risk Explanation	Impacts on the SCSB	Reactive Measures
Geopolitical	Operating Performance and Compliance		As Taiwan is a small open economy and highly dependent on exports, this trait also makes Taiwan easily affected by the global environment. Apart from the Israel-Palestine conflict and the Red Sea crisis, many countries are set to hold presidential and parliamentary elections, including Taiwan and the US. During the election period, uncertainties stemmed from comments made by candidates and future policies, that all exert impacts on regional economies and investment decision-making processes	 The re-arrangement of the global supply chain, the trend of capital flows, and enterprises' willingness to invest in Taiwan Geopolitical conflicts may lead to significant fluctuations within the financial service market and harness a nation's fiscal health. The shift in consumption patterns and the imbalance between supply and demand both have driven the rising operating costs and led to reduced revenue. This way, the rising default risk stemming from credit and investment positions could affect the SCSB's profitability significantly As international regulations become increasingly stringent, and the prevalence of trade retaliation and economic sanctions (such as OFAC and the EU), not only business activities of global enterprises are affected but the market expansion is limited. Thus, when it comes to expanding business, the SCSB needs to pay attention to relevant news to avoid association with reputational risk The SCSB's exposure to China (excluding Hong Kong and Macau) stands at NT\$ 47.5 billion. Due to the cross-strait tensions, recession, and a 20% decrease in business, there is a considerable revenue cut of NT\$ 400 million. On the other hand, if the semiconductor and AI industries contemplate cross-strait tensions and further decide to redirect their orders to third countries such as Japan and South Korea, it could strongly affect the development of domestic enterprise, leading to a serious drop in GDP growth. In addition, under severe stress testing, an additional NT\$ 15 billion loss is expected to occur in the very fiscal year, affecting the capital adequacy ratio by roughly 1.5% 	1. Monitor fluctuations in global political and economic situations, sudden market events, or changes in the net value/credit rating of financial products. Adjust investment positions accordingly and formulate risk control strategies to lower the impact of geopolitical or non-systemic risks. 2. Continue to expand global business operations to enhance regional diversification, deepen engagement with premium customerele, and diversify sources of revenue, thereby mitigating the impact of changes in political and economic situations in any single region. 3. Gather and disseminate the latest regulations and sanction case studies from competent authorities in various countries around the world, as well as adjust and formulate appropriate regulations and response solutions accordingly. Before engaging with customers, conduct due diligence investigations and confirm the flow of funds to prevent SCSB from being involved in sanctions. In addition, effectively manage operational risks associated with SCSB's customers.

Types of					
Emerging Risk	Corresponding Material Issues	Affected Duration	Risk Explanation	Impacts on the SCSB	Reactive Measures
	Information Security, Data Privacy Protection, Digital Finance, and Service Innovation	A 2-5 year mid-to- long-term impact	According to the World Economic Forum (WEF)'s 2024 Global Risk Report, Al-generated misinformation is identified as the most contentious global risk in the upcoming 2 years. The prevalence of financial (AI) scams and the rapidly changing criminal methods have damaged customer rights, asset security, and public faith in financial institutions, This further weakened the stability of society, economy, and cash flows	their attention toward the banking sector's anti-scamming functions and role, financial inspectors also shift their attention toward anti-scamming direction, the SCSB self-regulates itself to advance systems, manpower, and anti-scamming methods. Moreover,	their abilities in fraud prevention. Also, collaborating with local law enforcement units actively to prevent individuals from becoming victims to scammers whilst fulfilling the SCSB's corporate social responsibility 3. The SCSB has established a comprehensive AML system and mechanism to continuously monitor and update customer account statuses through behavior monitoring and ongoing due diligence reviews. Suspicious Transaction Reports (STRs) are submitted and measures are taken for any anomalies found. 4. Besides using the "Management Report for Suspected Illegal and Abnormal Deposit Accounts" to flag out problematic accounts, the SCSB has also implemented AI detection technology known as the "Eagle Eye Alert Model", which detects customer lists that may become red-flagged accounts, allowing SCSB staff to make judgmental calls and prevent incidents from happening. Additionally, new measures are currently
The expected rate cut could face a backlash of soaring inflation	Operating Performance Management	A 2-3 year mid-to- long-term impact	The Fed confirmed that inflation has eased and the bond market reflected the end of the hiking cycle. This way, it is expected to see rate cuts in 2024 though the Fed has no clear plan for cutting rates so far. Besides, excessive expectations of rate cuts have led to an asset bubble. Also, the fixed rates could drag the economy and face recessions	1. If the Fed decides to cut rates and the high interest rates remain unchanged, it could lead to a fall in real estate prices. With changing work patterns, leading to lower demand for renting offices, the commercial real estate market in the US is under great pressure. Financial institutions are facing increased difficulties due to the depreciation of commercial properties used as collateral for loans, resulting in higher borrowing costs and refinancing difficulties. The elevated default risk may set off a chain reaction in the financial market and lead to a potential crisis 2. If the Fed cuts interest rates abruptly and the capital market rebounds, it can exacerbate market volatility and increase the possibility of stock and housing market bubbles 3. If the Fed's interest rate cuts lead to intensified inflation and necessitate further rate hikes, the SCSB will record an OCI loss of roughly NT\$ 13.3 billion in bonds, with a total value of NT\$ 216.6 billion	changes in financial markets closely. Consider market expectations and prevent possible economic downturns. Adjust the design of financial products progressively, devise appropriate product strategies, as well as plan longand short-term investment portfolio strategies to maintain the SCSB's sound asset allocation 2. Recommend mainly conservative products to customers and diversify investment portfolios to spread risks. The SCSB's investments should consider diversifying investment portfolios to spread risks. In addition to diversifying product types, the SCSB should also pay attention to (maturity dates) to prevent over-concentration of cash flows in a specific period and decrease the risk of large-scale reinvestments 3. If there's a potential increase in the risk of a customer's debt defaulting, it is imperative to reach out to them in time to discuss possible solutions and measures to address the situation, such as applying for grace period extensions or modifying repayment methods to protect

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Eme	es of rging sk	Corresponding Material Issues	Affected Duration	Risk Explanation	Impacts on the SCSB	Reactive Measures
attra ar	ent ction nd ntion	Talent Attraction and Retention	A 3-5 year mid - to long-term impact	In a diverse career development environment, recruiting and retaining talent pose ongoing challenges for enterprises. In addition to an emphasis on marketing and revenue planning, strategies to attract candidates are key factors influencing the long-term growth and health of enterprises	1. Fierce competition in the talent market, coupled with workplace anxiety and fatigue, could lead to a high risk of employee resignation 2. Factors including talent migration, aging populations, and different job preferences amongst younger candidates, have reflected that talent management has become a critical issue for enterprises to attain their sustainable operation goals 3. Issues relating to striking a work-life balance, health conditions, and other factors could affect employees' daily performance considerably. Likewise, striking a work-life balance has become a key factor in keeping young talents in recent years 4. If the SCSB's employee retirement and turnover rate reach 20%, it is necessary to conduct a more proactive measure to recruit new talents while keeping existing ones, resulting in an increase in personnel expenses of NT\$450 million	1. Set up diverse recruitment channels: Apart from posting job vacancies on the SCSB's official website and the 104 Job Bank, the "Dreams Program" was introduced to job seekers. Meanwhile, through the ongoing development of collaborative channels and negotiations with partner institutions, the SCSB expects to optimize the availability of talent recruitment channels 2. Talent retention: Posting job vacancies information in public to enable qualified employees, who are also interested in the new positions, to apply for the roles. The SCSB provides talents with career path mapping, promotions, and opportunities to work in different regions based on per employee's willingness and interest 3. The SCSB designs competitive salary structure by taking the market conditions and peer salary structure into account so as to attract talents 4. The SCSB utilizes digital platforms and the innovative training designs to soar up talent cultivation. Meanwhile, the SCSB has introduced automated training processes to help with daily operations, aiming to lower the employee resignation rate triggered by work fatigue 5. Starting in 2020, the SCSB has collaborated with the Taiwan Institute of Psychotherapy to establish Employee Assistance Programs (EAPs), aiming to achieve health and workplace wellbeing

1.5 Information Security

Due to the popularity of digital finance, topics such as personal data protection and information security have received contentious attention within the financial industry in recent years. By acknowledging the importance of information security, the SCSB has acquired the certificate of the ISO 27001 Information Security Management System (ISMS), set up information security goals, and built up a cross-department information security committee to arrange quarterly meetings and carefully inspect and manage the information security policies, risk assessment, incidents investigation, reports, corrective actions, and regulations.

▲ Structure and Function of Information Security

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. The SCSB planned for the practice of information security control measures throughout the entire bank. Furthermore, the SCSB assigned Senior Executive Vice President Kuo-Kuei Peng in the first half of 2023 and Executive Vice President Hsu-Yen Lin in the second half of 2023 to serve the role of Information Security Officer of promoting information security policy and resource coordination. In addition, the SCSB also appointed Managing Director Con-Sing Yung and Director Yi-Jen Chiou as information security counselors to participate in quarterly meetings held by the Information Security Committee and to further assist in information security governance affairs and show support for information security from the Board of Directors.



» The functions of the Information Security Committee:













Reviewing the information security policy

Reviewing the issue related to information security

Reviewing the information security risk assessment report and the acceptable level of risk

Reviewing the investigation report of the information security event and improvement measure

Reviewing the information security management matters that the domestic/ international authorities require to report to the Board of Directors

Reviewing the results of the operations related to information security







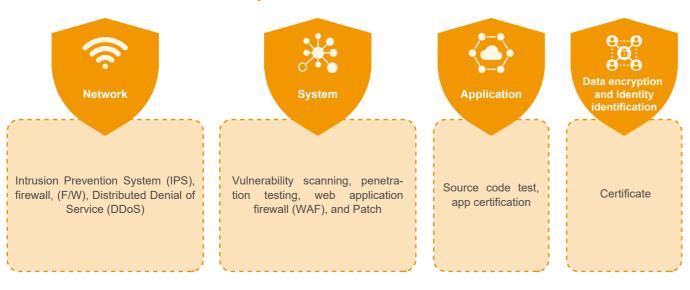
全风上海商業储蓄銀行

Information Security Protection Measures



The SCSB has set up the Demilitarized Zone (DMZ) to separate internal and external networks, separate network segments in the internal network based on the business nature, to reinforce the information security protection structure. The following protection measures are established:

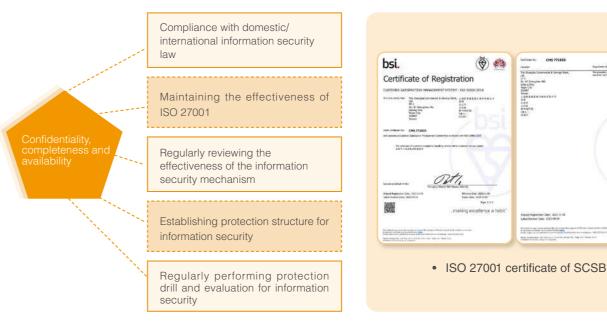
Reinforce the Information Security Protection Measures



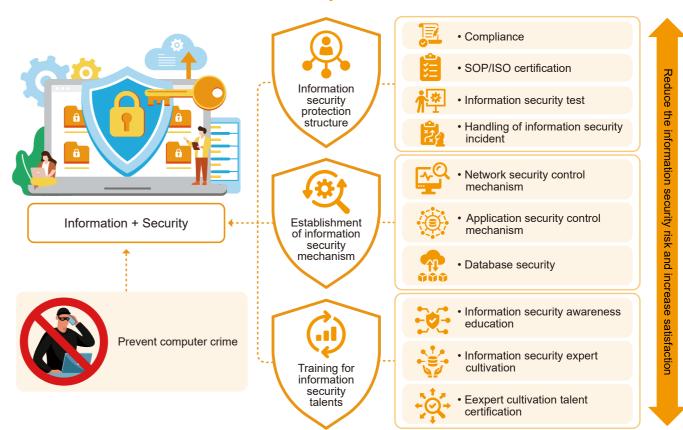
▲ Keys to Information Security Governance and Implementation

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.

» Three policies and five goals of information security:

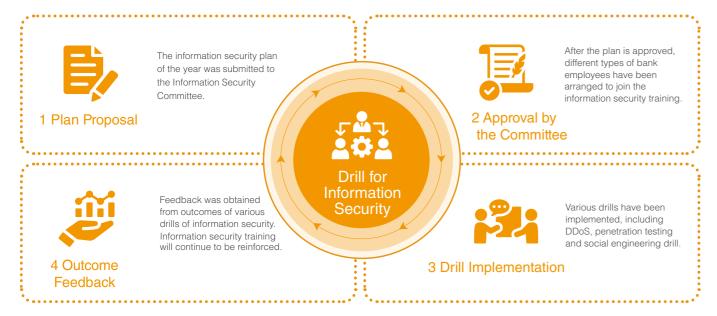


» Three Backbones for Information Security Governance





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 2023, the SCSB organized 3 hours of basic information security training for new employees and 4 sessions of information security courses for all employees with a total of 4 hours. The courses cover 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 the 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 expectations based on the result of the drill. We will perform the drill again to evaluate the effectiveness and to ensure the consistency of information security.



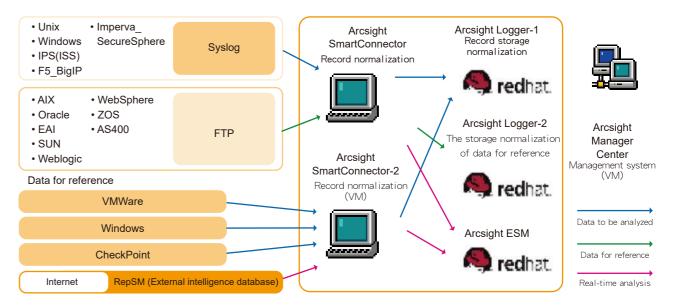
Drill for information security in 2023

3 times of information security drills were held in 2023 (including the social engineering drill, DDoS attack drill, and ATM incidents) to help all employees become more familiar with real-time actions taken in response to any form of information security incident.

Items of the drill	Drill frequency	Content of the drill	Drill outcome
Social engineering drill	Once a year	Through email social engineering drill tool and test email, the SCSB forged a legal sender to send a test email to all employees to check their awareness of prevention of email social engineering attacks. Meanwhile, the SCSB carries out reinforcement of internal education training as the basis for enhanced further management	After examining the outcome of social engineering drill, the SCSB has executed the reinforcement of internal education training, and referred to the drill outcome as the basis for further enhancement and management
DDoS attack drill	Once a year		
ATM incident drill	Once a year	According to Article 10-3 of the "Regulations on Security Operations for ATM Systems Provided by Financial Institutions", financial institutions providing ATM services should establish monitoring and incident response mechanisms. Procedural drills should be performed annually, where drill conditions, responsible units, execution time, response records, and explanations of the drill records should be documented in the drill procedure table	When an incident is detected, drill participants must follow the internal abnormal event operation procedures and notification processes to prevent further damage and implement subsequent corrective procedures. The procedural drills serve to enhance relevant personnel's ability to respond to incidents, thereby maintaining the effectiveness of the internal control system

Establishment of Security Incident Event Management (SIEM)

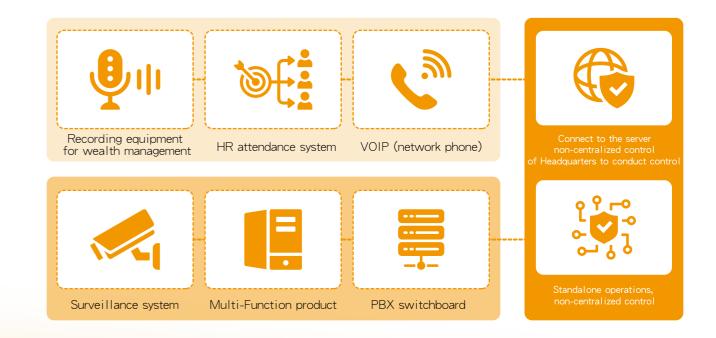
The SCSB aims to strengthen our capacity for log analysis, information security monitoring, and warning. SCSB extended Arcsight Log, the existing centralized retention equipment, purchased the Security Incident Event Management (SIEM) platform module, and extended and adjusted the system structure software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



To continue to reinforce information security for business needs in 2023, 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 the overall enhancement of information security protection for IoT equipment.

Reinforcement of information security control of IoT

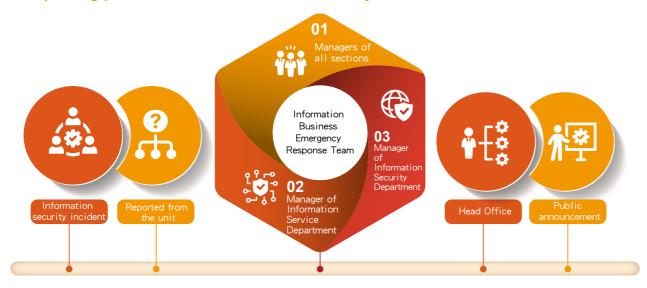
To manage the IoT equipment used for operation management, the SCSB completed the network partition establishment program of IoT equipment. The LAN of the branch is separated by firewalls based on the operating status for easy identification and management. Information security protection of IoT equipment is enhanced. The SCSB continues to strengthen the information security of IoT information systems, raise awareness of correct information security, improve the habit of information security, and avoid information security incidents such as sensitive data exposure.



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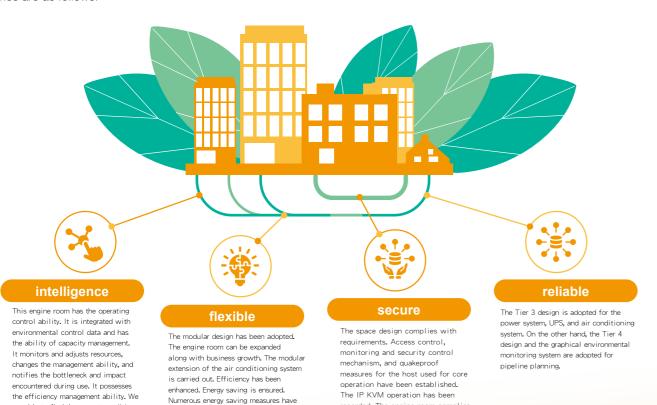
The SCSB explicitly specified the "Regulations Governing Information Security Incidents" and "Establishment Regulations for Information Security Incident Response Team" to define the reporting process and response guidelines for information security incidents. The SCSB is able to resume operation quickly and effectively according to systematic processing procedures 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 the 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 businesses. Meanwhile, this team helps the Head Office prepare for the press release and explain it to the public. The SCSB received 1 customer data breach in 2023 with actions and precautions taken to mitigate risk escalations timely. For more detailed information, please refer to Chapter 1.3 and Chapter 1.7 respectively.

» The reporting procedures for information security incidents



Establishment of a smart green engine room

To further strengthen the 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 the green engine room. The four themes are as follows:



been carried out to achieve the standard

recorded. The engine room complies

with ISO 27001.

1.6 Customer Relationship Management

With the service tenets "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 "Consumer Protection and Fair Customer Treatment" in the Strategic Planning Section of the Head Office. It is responsible for integrating the feedback channels for customers' messages, following up and analyzing consumer disputes and customer complaints, and reporting improvement measures to senior management to continue to improve our service



The SCSB has been awarded the "Top 25% Outstanding Banks "by the Financial Supervisory Commission's "Assessment of the Implementation of Treating Customers Fairly Principles" for four consecutive years since 2019. In 2022 and 2023, SCSB also won the "Excellence Bank's Award- Best Service Quality Prize" of Excellence Magazine for two consecutive years.

To continue to fulfill our customer-first service tenet and care customer's opinion, the international standard ISO 10002 Customer Complaint Management System was officially introduced at the end of 2021 to comprehensively review customer complaint management, and reinforce participation of top management engagement and lateral collaboration and communication among departments. Through regular management meeting, the possibility of optimization of customer service experience is being discussed for each case. The top management continues to monitor the execution outcome. SCSB passed the 10002:2018 certification in 2022 and continued to pass the certification in 2023. The president served as a "one-day lobby manager" at the branch, demonstrating the importance of senior executives to customers with practical actions, feeling the hard work of front-line colleagues, and listening to customer needs and suggestions, which shows that the Bank attaches great importance to listening to the voices of customers, and also promotes the improvement and optimization of the Bank's principles of fair hospitality.





The SCSB obtained ISO 10002 customer complaint management system verification and affirmation. In 2022, the certificate was issued by Hsieh Chun Hao, the COO of the British Standards Institution (BSI). Lin Chih Hung, then president of SCSB, received the certification on behalf of the company. In 2023, it continued to pass the review certification and obtained the renewal certificate.



The president takes practical actions to practice the importance that the SCSB's senior executives attach to customers' voices. He visits the branch to serve as a "one-day lobby manager" and has an in-depth understanding of customers' voices and the hard work of customer service staff on the front line (portrait of President Kuo, Ching-Yi the second row from the right)

and change the future.

are able to find the current condition



Consumer Service and Protection

By adhering to FSC's ten principles of fair customer treatment, the SCSB achieves KYC (Know Your Customer) and KYP (Know Your Product) based on the service idea of "always placing customers' needs first" and examines and tailor financial planning for customers meticulously. We are committed to the idea of customer first and "considerate, efficient and respectful" will be our best corporate image.

The SCSB stipulated the Guidelines for Consumer Protection 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. Customers aged 65 years old and above can get in line first for specialist service, spend less time waiting and use a more friendly financial service. 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.

To fulfill and enhance protection for rights of elderly customers, all kinds of regulations related to consumer protection and fair customer treatment are added and updated, including ISO 10002 Complaint Handling Management System Operation Directions, the Principles for the Fair Treatment of Elderly Customers, the Principles for Financially Friendly Services, the Principle of Fair Customer Treatment, the Regulations for Establishment of Consumer Protection and Fair Customer Treatment Committee, Consumer Protection Policy and Customer Information Management Guidelines were amended. Management for the personal information of the appellant for controversial case is reinforced.



 Consumer Protection Policy

▲ Listen to the Customers

The SCSB collects customer opinions through multiple channels and formulates the "Regulations for SCSB's Customer Information Management", which stipulates processing procedures, response deadlines, confidentiality of customer information, follow-up audits, personnel training, and other relevant standards for information submitted by customers. Complaints raised by customers due to consumer rights issues can be submitted to the SCSB through the 24-hour telephone customer service center, e-mail, or in writing and signed. The SCSB's procedures for accepting complaints, investigating, and responding to complaints have records and processing timelines to ensure the effectiveness of the consumer dispute handling mechanism.

Diverse Communication Channels for the Customer					
Smart customer services on the SCSB's website	Quick inquiry and relevant links and contents are provided here. The customer can input the question he/she wants to inquire or search for relative topics through help. Text and voice bot query services are provided.				
The SCSB's LINE account	Personal LINE account binding, announcement of latest news and discounts				
24-hour service hotline	Designated personnel will collect the customer's opinions and try to handle it	(02) 2552-3111 Free line: 0800-003-111			
Feedback mailbox	as soon as possible per the related regulations.	service@scsb.com.tw			

Customer Opinion Handling Process

The SCSB will continue to pass ISO 10002:2018 verification in 2023, and utilize standardized customer complaint handling processes and tracking timeliness to ensure that each customer complaint case can be handled clearly. Tracking, from absorption, processing, and questionnaire survey to case closure, as well as the case closure mechanism of independent personnel to ensure that every customer complaint case can be properly handled. The starting point for analysis of situations, personnel services, etc. is to discover possible improvement opportunities from the data and to comprehensively enhance the attention and awareness of customer complaints by front, middle, and back-office personnel. A total of 122 dispute cases will be accepted in 2023.

» Customer opinion handling process is as follows:



▲ Improve the Customer Service

Customer Satisfaction Survey

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 customer out respectively. In addition, the SCSB wants to know what do customers think about all the businesses and services we provided, in order to take corrective and preventive measures based on customer's advice and needs and enhance our ESG outcome. Since 2022, the SCSB has adopted the electronic method. The customer can scan the QR Code to fill out the customer satisfaction survey by counter.

Unit: Percentage

Customer satisfaction rate Unit		Actual result for 2023	Goal for 2023
Satisfied customers	In the satisfaction survey, the percentage of number of customers feel satisfied out of all the customers	98.16%	Over 95%
Scope of data: All domestic operating units	Percentage	100%	

Mystery Shoppers' Survey

In addition to maintaining the testing questions of the previous mystery shopper routine, the SCSB 2023 service testing will also take into account the impact of the new coronavirus pneumonia (COVID-19) on various industries around the world and the changes in the profile of customer groups, such as the impact on the Internet or mobile devices. Operations, online account opening, online loan application, etc., are continuously adjusted in line with the current situation, and financial-friendly issues of recent concern to the competent authorities are included in the content of counter inspections and telephone inspections of business units, thereby strengthening employees' business efficiency degree and response proficiency, continue to deepen the SCSB's brand value and enhance customer experience. In 2023, service testing will be carried out for 72 business units and 35 logistics units across the SCSB through on-site and telephone interviews, as well as implementation and satisfaction analysis surveys to maximize customer satisfaction.



The average score of branch on-site inspection service quality in 2023 is 72.95 points. Compared with the score in 2022, the total score has improved by 2.3 points. This is mainly due to the on-site branch inspection of "counter transactions" and "overall branch experience". The performance is better than last year. Significant progress.

- From the branch on-site visit records in 2023, service staff quickly ended the service and interaction after completing the deposit transaction; when responding to customer inquiries, they briefly explained the key points; the project with the best performance was "Business Promotion", and wealth management staff could Recommend suitable planning and investment methods from the customer's perspective, and during the interaction process, show your professional certificates promptly in the accounting office or the process of self-introduction, to gain the trust of customers.
- The branch telephone interview score improved by 0.35 points (total score of 10 points), mainly because the service staff can slow down and speak clearly when answering the phone so that customers can feel the sincerity of the service staff when answering the phone. Tone. After customers inquire about wealth management or lending, service staff take the initiative to leave their extensions and surnames to express their willingness and enthusiasm for follow-up services, which can increase the customer's favorability when calling the branch.

» Mystery Shoppers' Survey Process



▲ Financial Friendly Service

The SCSB has set up "Financial Friendly" and "Aged Friendly" sections on its official website. The "Financial Friendly" section integrates the implementation status of the SCSB's "Financial Friendly Service Measures", Q&A on financial friendly service operations, the SCSB's "Accessible Service Facilities (Measures) Available at Each Branch", and applications for people with disabilities through the Internet ATM inter-bank withdrawal fee reductions and automated service equipment environment inventory and refined lists are convenient for customers to refer to; the "Aged Friendly" area compiles service information related to elderly customers, including: housing for retirement, trust planning, life/medical/security Nursing care, long-term care from the Ministry of Health and Welfare, whole life insurance, information related to the SCSB's cross-industry services, anti-fraud reminders, etc., are convenient for the elderly to use.

» Service Highlights of the Year Related to Treat Customers Fairly



Column

Fair Hospitality Competition

To improve the SCSB's financial-friendly services, the SCSB hold the first fair customer service competition from December 2022 to October 2023, planning 6 major projects, including proposals for optimizing the principle of fair customer service, branch services for the elderly and people with disabilities Customer-friendly cases, participating in consumer protection-related courses organized by competent authorities, participating in activities or lectures for vulnerable groups such as the elderly or those with disabilities, customers using sign language interpretation services, successfully preventing customers from being defrauded, etc.

Those who meet the conditions for extra points for the activity items will be included in the scoring and ranked according to the total score. The top 10 will be awarded bonuses. Units that score in all 6 items will be provided with standard bonuses; the results of the Fair Hospitality Competition will be included in the organizational performance in 2023. Assessment - "Service Quality and Fair Hospitality" project and employees are actively encouraged to participate in the event.



Principle of **Fair Customer Treatment**



Financial Friendly Zone



Age-Friendly Zone



2023 Customer Financial Friendliness Feedback

Customer Satisfaction Feedback

East Tainan Branch



Let's protect the accumulated wealth together

Successfully prevented elderly customer Aunt Wu from being defrauded

Elderly customer Aunt Wu (age 84 years old) asked the counter staff to assist with ATM transfer payment. After inquiry, the counter staff found that the transfer payment was to renew the opening fee of the stock investment APP, so she notified the supervisor to provide care and share the current various investment fraud status. However, Aunt Wu insisted that she had not been defrauded.

The supervisor asked the deposit customer service assistant manager to report it to the police station, and the police provided care and dissuasion. At the same time, he called the 165 anti-fraud hotline for verification and confirmed that the account had been reported as a warning account. Aunt Wu then believed that she had encountered a scam.

Aunt Wu expressed her gratitude to our reception desk's colleagues at the branch for their patient assistance. They immediately sought confirmation from various sources when she found out she had any concerns, which saved her from monetary losses

After this case, a letter was received from the Criminal Police Brigade of the Tainan City Police Department praising the East Tainan Branch for successfully preventing the fraud.

Chung Ho Branch



Care and love make the elderly barrier-free **Enthusiastically assisting elderly** customer Mr. Ke in applying for the reissue of financial cards

An elderly customer, Mr. Ke (80 years old), came to the branch anxiously a few days ago and wanted to report the loss of his financial card. To provide financial-friendly services to elderly customers, the foreign exchange staff immediately called the number first, so that Mr. Ke could sit at the low counter with peace of mind.

The handling staff asked Mr. Ke why his debit card was lost, and learned that his wife accidentally lost it when taking it out. The handling staff then assisted in checking the account balance and confirmed that the deposit had not been stolen, which relieved Mr. Ke's worries; At the same time, because Mr. Ke is hard of hearing, the business, operation and compliance supervisor immediately stepped forward to care and help respond to customer issues, so that the handling staff could concentrate on processing card loss reports and reissues.

Mr. Ke said that he often forgets things, and his family has arranged for him to go to the hospital for a dementia test. When Mr. Ke reset his password, the handling staff reminded him that the old and new passwords can be the same, and contacted his wife to explain with his consent., to reduce the inconvenience of having to reset your forgotten password in the future.

After Mr. Ke completed the business, the business, operation and compliance supervisor personally took Mr. Ke to the ATM and guided him to reset the magnetic stripe password. After confirming the balance of the passbook with Mr. Ke, he escorted him to the branch door.

Mr. Ke praised the SCSB very much and said that the service attitude of the clerks at another bank was different when he handled the same business. To express his gratitude to the colleagues at Chung Ho Branch for their enthusiastic assistance and considerate, efficient

▲ Fulfill Consumer Protection

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. To continue to reinforce the management system and measures of our principle of fair customer treatment, the Establishment Regulations of Consumer Protection Committee was changed to our Establishment Regulations of Consumer Protection and Fair Customer Treatment Committee. The change was reported to and approved by the Board of Managing Directors in 2022. The committee convener, committee member and director-general are President and the unit manager of relevant unit, respectively. The function of the committee is adjusted. Meanwhile, the responsible unit of consumer protection and fair customer treatment is changed from Channel Management Department to Head Office to show how much we care about financial consumer protection and fair customer treatment.

» Consumer Protection and Fair Customer Treatment Committee Composition



Besides this, the SCSB complies with the regulations for principles of product or service suitability. Before drawing up a contract for financial product or service with the financial consumer, the SCSB fully understands the information of financial consumer and checks if the product or service is suitable for the financial consumer. For the review meeting regarding launching of the trust and insurance product, before the launch and sale of any financial management product, the SCSB will assess and review the content, legality and risk attribution of the product at the aforementioned review meeting. 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.

If there's a new product/service we never undertook, or before each unit submitted the application to the competent authority or took on business, relevant review documents shall be submitted based on regulations and submitted to the Compliance Department for new product and service compliance review. The chief compliance officer of the Head Office claims that the product or service meets legal and internal regulations and leaves a signature to show that he takes the responsibility for approval. This ensures that the operating activity meets legal and internal regulations. When a customer desires to purchase a financial product, he/she needs to finish the Know Your Customer (KYC) survey. The purpose is for the SCSB to assess the risk tolerance of the customer before providing relative financial services. The sales control mechanism regulates the salesperson to recommend the suitable product (Know your product, KYP) to the customer 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 customer. The mechanism will help realize the goodness of fit review of the product. The salesperson is responsible for carefully helping the customer assess the investment and financial management products to be purchased. These will help the customer not to exceed the investment risk he/she can tolerate. To fully know the customer and provide the financial management service that fits the customer's need, the SCSB established a control mechanism for the after sales service. We will regularly and occasionally review the customer's investment status to secure the customer's investment assets.

Appreciation from the Customer in 2023

I am a wheelchair user with severe physical disabilities. I recently went to the North San Chung Branch to upgrade my online banking privileges and negotiate an account. Due to many inconveniences and restrictions on my mobility, even though I was accompanied by my family, the service staff, Ms. Huang, still tried her best to help. I was the most helpful and provided the auxiliary equipment at hand in a timely and considerate manner so that I could sign smoothly. Ms. Huang was soft-spoken and patient during the service process, making me feel very at ease and cordial, which enabled me to complete all the business I needed to handle during this trip. When we wanted to know about the contents of your company's credit card, Ms. Huang also showed professional and detailed explanations, allowing me to fully understand the advantages of this card and apply for it.

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Thank you for having such a high-quality staff in your company to serve customers. Thank you for your kind service! (Mr. Liao)

This afternoon I went to the Hsin Tien branch to apply for online banking services. The process was much more complicated than I expected, but the SCSB's staff who helped me handled the process patiently and actively consulted senior staffs if I didn't understand anything.; And she still handled the customer's needs without haste even when it was almost 15:30. I am grateful to her. (Mr. Chen)





I would like to commend the Feng Yuan Branch's assistants and service staff because my uncle received a scam call (the other party pretended to be me and wanted to borrow money from my uncle) and asked my uncle to remit money to my friend. So my uncle went to Feng Yuan Branch to remit NT\$ 200,000. The SCSB staff repeatedly confirmed whether my uncle knew my friend. My uncle lied about knowing him and insisted on remitting money. After the remittance, my uncle called me to confirm whether my friend had received the money. Until then he did realize that he had been defrauded. I quickly notified Feng Yuan Branch, and with the prompt assistance of the SCSB staff, I successfully intercepted the payment. I hope the SCSB will reward her. (Ms. Fu)



Thank you, Chung Li Branch. When I wanted to transfer from my other bank account to my account at SCSB, I miskeyed the account Thank you, Chung Li Branch. When I wanted to transfer from my other bank account to my account at SCSB, I miskeyed the account number and the account was transferred to an account that was not my own. I immediately contacted the Chung Li Branch where I opened my account, for assistance. When the manager found out, he first checked my identity carefully, helped me communicate with the other party to the wrong account many times, actively coordinated the remittance, and repeatedly reassured me not to be nervous. They will try their best to assist me and make me feel at ease. Thank you very much!

After that, the money was successfully recovered and remitted to the correct account I wanted to remit. I am grateful and happy. Thank you again to everyone at the Chung Li Branch, especially the manager who helped me coordinate this process, which made me very for troubling everyone! (Ms. Qiu.)

secure. I will be more careful in the future, I'm sorry for troubling everyone! (Ms. Qiu)

» Customer Risk Tolerance Assessment







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 the 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's "Personal Data Management Policy" and relevant management guidelines are based on the "Personal Data Protection Act". "The SCSB Group Personal Data Protection Policy" specified that the SCSB and its suppliers must comply with the Policy to realize and reinforce personal data protection. The SCSB's personal data protection system was certified for Personal Information Management System (PIMS) in 2016. The SCSB set up the Personal Data Protection Management 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 customer'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 customer 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 self-evaluation 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. Customer privacy is listed as one of the essential check items. Defects during checking will be rechecked and improvement must be guaranteed.

The SCSB includes "Personal Data Protection" as part of the compliance risk self-assessment items from time to time, with each domestic unit performing its compliance risk self-assessments. If any assessment reveals a high level of risk, the unit should propose improvement plans and implement them accordginly.

To prevent customer data breaches and enhance the response capabilities to incidents of personal data infringement, the SCSB has established the "The Regulations for Reporting and Handling of Personal Data Security Incident". When a suspected personal data security incident occurs, the unit's Legal Compliance Officer should report it to the unit supervisor and make an initial assessment of the incident's severity right away. Thereafter, the Personal Data Protection Management Team should be notified immediately to ensure the proper handling of the personal data security incident and protect customers' rights. This involves communicating compensation plans and other necessary measures with customers. Subsequently, a security incident review meeting will be convened with relevant unit supervisors to formulate mitigation and prevention measures. Disciplinary actions against relevant personnel involved in the incident will be taken according to internal regulations.

In 2023, the SCSB received a letter from the local authorities stating that a data breach incident had occurred (accounting for 100% of exposed personal information) and was fined NT\$10 million by Financial Supervisory Commission (FSC). In addition, according to the letter issued by FSC, the number of the SCSB's customers' personal information breaches in this case was 14,010, which was 0.68% of the statistical population of customer personal information held by the SCSB. Moreover, relevant units have gradually improved monitoring of the use of "external storage media (USB)", strengthened access log management, and updated user access rights based on the principle of least privilege to enhance control measures.

» Reporting level of incidents on all levels



We follow the "Standards Governing the Security of Personal Data Files for the Designated Non-government Agency" established by the Financial Supervisory Commission to establish relative internal regulations for the personal file security maintenance. 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 personal information, protect the customer's right to personal information security, and maintain information security and privacy.

The SCSB has paid great attention to the security of personal data protection and adhered to the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" since 2017. A certified public accountant (CPA) conducts on-site audits of the design and implementation of the SCSB's personal data management system, and the relevant results are submitted annually to the FSC for review and approval. In addition, the SCSB has commissioned an accountant to conduct a bank-wide personal data protection audit in 2023.

Customer Rights Notification

To respect the rights of customers to exercise their personal information, the SCSB formulates the "Personal Data Management Policy" to inform customers of the purpose of use of personal information, the type of personal information, the duration, area, target and method of use, the rights and methods in line with the Personal Data Protection Act. Similarly, the subject may exercise his rights in accordance with Article 3 of the Personal Data Protection Act and freely choose to provide his or her personal data when failing to provide impact harnessing the interests of subjects, and the impact on the subject's rights and interests if he or she fails to provide his or her personal data at his or her own choice.

The SCSB's website also clearly states "Notification for the Contents of the Obligation to Inform the Practice" based on Article 8, Paragraph 1 of the "Personal Data Protection Act" with the following key points:

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

The SCSB fully informs customers of their rights to give prior consent to rights to opt-in and opt-out, request access to data held by the SCSB, and request data correction, deletion, removal of personal data (including transferring personal data to other data service providers), termination of processing and utilizing data accordingly.

In addition, in order to enhance customers' understanding of the SCSB's personal data protection measures, the SCSB has set up a Personal Data Protection Q&A section on its webpage which enables customers to quickly acknowledge the SCSB's personal data protection mechanism via simple and easy dialogues. As for putting customers' personal data into secondary usage, which refers to initiating telemarketing on customers with a collaborative relationship in accordance with the Personal Data Protection Act and other regulations, the amount of calls accounts for 7.65% of the total number of the SCSB's natural and legal persons. Moreover, internal regulations have been established to cater above activities and further comply with the following principles:

- Seek customers' prior written consent or authorization
- 2. Evaluate customers' ability to maintain confidentiality of customer data critically before establishing a sound partnership
- Transfer encrypted end-to-end customer data with collaborative partners, and only authorized persons could utilize data for
- Conduct both regular and spontaneous audits on collaborative partners to examine operations in compliance with legitimacy.



1.8 Digital Finance and Service Innovation

The SCSB's digital development continues to adhere to the vision of becoming a bank with the best digital experience in the minds of customers, focusing on customer needs and based on data analysis, providing customers with indispensable and convenient financial services, and becoming a guide for business departments and branches. A good helper for retaining guests. In addition, the SCSB has long participated in the Fintech Innovation Park and has become a member of the Enterprise Lab, maintaining good interactions with the park's new startups. Through the Enterprise Day activities held regularly in the park, the SCSB arranges for new startups to communicate with relevant departments of the SCSB and jointly seek cooperation opportunities. The results of digital financial promotion in 2023 include an increase of 1.1% in the number of active users of e-World Banking (eWB), a 17.4% increase in mobile banking users, and a growth of 50.2% in digital accounts. In the future, the SCSB will continue to improve its digital service content. Every year, it actively evaluates the introduction of various Fintech new technologies or cooperates with new startups to develop new business models for various digital services.

Looking forward to 2024, the SCSB has budgeted various system construction, new function development, and Fintech-related cooperation projects, and will continue to promote the development of various digital financial businesses in conjunction with the organizational restructuring of the Digital Finance Department.

The main promotion projects are as follows:

Corporate

online banking

3

Reconstruction

of corporate

online banking

LINE official

account text

customer

service

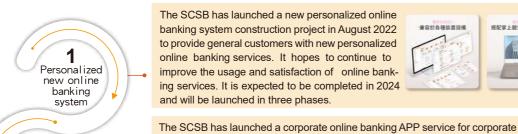
Digital

applications

6

Organizational

transformation of the Digital Finance Depart-





customers in 2022. This service uses NFC sensing technology to execute single transactions in Taiwan dollars, demonstrating the SCSB's innovation in improving transaction convenience and security. The SCSB plans to launch the service in 2024 In the first quarter, it provides multi-lingual. Taiwan dollar bulk, and Taiwan dollar salary transfer transaction services. In the future, the SCSB will continue to expand the service scope of the APP to ensure that it can meet the diverse financial needs of customers.



The SCSB plans to carry out a corporate online banking system reconstruction project to create a one-stop comprehensive financial service platform. In addition to simplifying the existing functional processes, it will re-create a visual, autonomous, scenario-based and intelligent experience and add intelligent monitoring and early warning functions. Provide business users with the most secure services.

The SCSB plans to provide exclusive text customer service for corporate customers in the first quarter of 2024 on Line's official account; and provide intelligent and convenient services through SmartRobot, presenting frequently asked questions in graphic cards, processes, and videos to guide customers to quickly obtain answers.; In the future, we plan to expand the application to live phone customer service LINE CALL.



LINE official account

In line with government policies, the SCSB has completed the first phase (wholesale) and second phase (universal) pilot plans for retail payment scenarios, hoping to provide specific groups with solutions to their transaction pain points and shorten transaction times. In the future, we will continue to carry out the next phase of pilot projects in line with policies, pay attention to the application of international digital currencies, and develop an ecosystem suitable for digital currencies.

In 2023, the SCSB adjusted the Digital Finance Department into the Digital Finance Business Department, which is responsible for the operation, marketing, risks, and operations of digital financial business. It has a FinTech Department, a Digital Strategy Department, and a Digital Marketing Department, which are respectively responsible for the Innovation and application of financial technology, digital financial business promotion, digital product research and development and training of digital talents, etc.

As a brand developed by the SCSB for young people, we plan to launch the CloudBank APP online virtual channel, covering functions such as planning, payment, accounting, and invoicing. It uses a gamified interface to integrate various bank services and preferential information and incorporates external partners' Product information to create new products and business models.





Column

AMK MFI (Cambodia)

AMK is committed to building a safe and easy-to-use mobile bank. Its functions include online account inquiry and transfer, mobile payment, fund transfer between Bakong member banks (Bakong is a blockchain payment system launched by the National Bank of Cambodia), and scanning QR codes to pay (supports AMK PAY, Bakong, KHQR, and UnionPay) and other multiple functions. In 2023, the number of mobile banking users increased by 264,000; merchants increased by 62,000.









CloudBank



2.1 Sustainable Finance

The SCSB works collaboratively with government guidelines, plans out products and services by resonating with the green finance aspect, and supports the development of diverse industries, including solar power, green tech, and key start-ups. In addition, as the Financial Supervisory Commission (FSC) has actively promoted the "Green Finance Action Plan 3.0" since 2022, the SCSB projects to advance both investing and financing business for the Six Core Strategic Industries and other green energy industries wholeheartedly to fulfill the goals of sustainable developments and net-zero emissions. Furthermore, the SCSB officially joined the Equator Principal Association back in October 2022 where the firm would adopt the "Equator Principles 4 (EP 4)". proactively conduct potential environmental and social risk management targeting credit cases, empower business partners to fulfill their environmental protection goals and social responsibilities, as well as optimize the sustainable finance impact. For investments and financing businesses involving high carbon-emitting fossil fuels, the SCSB has set the following phased reduction targets:

	Unconventional Oil & Gas	Coal Enterprises
Decarbonization strategy		in coal enterprises • Setting 2023 as the SCSB's base year, the financing positions will be converted into 0 by 2040 2. Investment:
Applicable scope*	 oil & gas Criteria for Identifying Unconventional Oil & Gas Industries in Financing Activities: Enterprises with unconventional oil & gas production-related business activities (including extraction, production, and infrastructure projects) for over 30% of revenue Criteria for Identifying Unconventional Oil & Gas Industries in Investment Activity: Enterprises with unconventional oil & gas production accounting for over 30% of revenue Including oil and gas produced or extracted through unconventional techniques, such as shale oil and gas, tar sands, Arctic oil and gas, deep water oil & gas, ultra-deepwater oil & gas, and liquefied natural gas derived by nonconventional extractions 	Enterprises with coal-related business activities account for over 25% of revenue Including coal mining, coal power, and coal infrastructure (such as coal processing plants, railways for coal transportation, receiving stations, pipelines, etc.) Specific industries involved may include sand and gravel extraction and other mining activities, electricity supply, railway transportation, and coal product manufacturing.
Business scope	Investment services: Including active investments in stocks investments Financing services: Including credit lines/lending activities, ufinancing/project financing	and bonds, passive investments, and third-party managed nderwriting fixed income product activities, and infrastructure

Note: The applicable scope does not include investments or financing for state-owned enterprises in different countries or funding for sustainable transition purposes.

Column

Issuing Sustainable Bonds to Empower Green Industries

The SCSB follows the "Green Bond Principles 2023", set up by the International Capital Market Association (ICMA), and the "Green Bond Investment Plan" developed under the Taipei Exchange's (TPEx) "Operation Directions for Sustainable Bonds". Moreover, the SCSB's first-ever sustainable bond was released in 2023 with a total amount accounting for NT\$2 billion focusing on renewable energy, energy efficiency improvement, pollution prevention, water resource conservation, water waste management, and affordable social housing. On the one hand, in 2023, the total cases of the SCSB's green credits, which were in line with investment plans and the Joint Credit Information Center's (JCIC) guidelines, were 934 with its remaining balance of NT\$14.5 billion. On the other hand, the SCSB also underwrote NT\$500 million green bonds with funds utilized in sectors of renewable energy and energy technology developments.

Column

SCSB's Credit and Debit Cards Achieved Carbon Neutrality **Claim Verification**

The whole series of the SCSB's credit and debit cards (with the EasyCard function) have undergone third-party verification and obtained the Ministry of Environment's Carbon Footprint Label in 2023, which makes the SCSB's debit cards become the first-ever labeled cards in the financial service industry. In addition, starting in 2022, the SCSB has issued a new series of environmentally friendly credit and debit cards to effectively calculate the amount of CO2e. Similarly, in February 2023, both products were awarded with the Ministry of Environment's Carbon Footprint Label Certificate. Following in October 2023, the SCSB further obtained carbon neutrality verification targeting its credit and debit cards as well as attained PAS:2060:2014- Carbon Neutrality Claim Certification.



▲ Sustainability Engagement with Customers

The SCSB projects to closely engage with clients by following the "Regulations for Sustainable Development Engagement" and designing the "SCSB Sustainabilitylinked Credit Extension Guidelines" to promote sustainable credit business. Moreover, the SCSB serves itself as the benchmarking management bank, and clients who achieve ESG indicators such as GHG emissions intensity, water consumption per unit of revenue, water consumption per unit of production, electricity consumption per unit of production, wastewater emission intensity, and suppliers' social responsibility, would benefit from rate cuts in return. This way, clients' adherence to ethical management, environmental protection goals, and the fulfillment of achieving the sustainable finance management policy would be more effective consequently. At the end of 2023, the SCSB had processed 28 Sustainability-linked loans, with a total credit balance of NT\$17.222 billion. Apart from internal guidelines, the SCSB aims to further promote ESG-centric consulting services in 2024 and assist SMEs in achieving low-carbon innovation developments, offering infrastructure-centric project loans for factories categorized under government unregistered and certain ones. At the end of 2023, the SCSB assisted in the completion of 288 applications, with a total lending balance amounting to NT\$1.518 billion.

The SCSB finished setting up the sustainable investment sector, which is a specific page within the SCSB website, in 2023 with a view to having stakeholders and investors acknowledge the concept of sustainable investment and the social impacts made by their investment decisions. Likewise, the SCSB also furnished an ESGthemed investment web page where sustainable investment-conscious enterprises and individuals were welcomed to critically choose from ESG funds and overseas bonds. Lastly, there were a total of 16 listed funds meeting the Financial Supervisory Commission's (FSC) ESG fund criteria in 2023 with an accumulative amount of 47 listed funds in the same year.







The SCSB's "Standard for Sustainable Development Promotion"



Responsible Financing

The SCSB not only follows the "Equator Principles" and the "Principles for Responsible Banking (PRB)" but formulates the "Guidelines Governing SCSB's Responsible Lending", "Guidelines for Loans Applicable to the Equator Principles", the "SCSB Sustainability-linked Credit Extension Guidelines", and "Credit Risk Management Policy" to review ESG risk factors deriving from lending applicants, investigate thoroughly negative sustainable information, and assess the potential impacts. Additionally, the extension of credit should take the following criteria into consideration, namely monitoring the status of credit applicants after granting loans, reviewing from time to time whether credit applicants fulfill their corporate social responsibilities, and proactively developing reactive plans for fear of credit applicants exerting potential negative sustainable impacts.









- · All SCSB staff are required to explain the ESG factors to both enterprises and individuals before engaging in new credit business
- Communicate ESG risks and opportunities with both enterprises and individuals via the SCSB's officail website, social media, marketing material, promotional advertising, mobile apps, and service/products application forms. The coverage rate is 100%
- Screen (KYC/CDD) customers to avoid associating with high-risk ESG industries and ESG issues covering anti-money laundering, environment, human rights, labor relations, and corporate social responsibility
- Review (KYC/CDD) whether clients fall under the categories of the Six Core Strategic Industries, green energy industry, and other ESG-friendly industries
- Refuse to conduct business with clients in coal mining, new coal-fired power plants, unconventional oil and gas, rainforest logging, tobacco manufacturing, arms (excluding local governments' defence industries), gambling industry which is not for public welfare
- Seek approval from relevant authorities after describing the result of ESG factor assessment comprehensively
- ESG factors could affect the interest rate criteria and credit extension
- · Review from time to time whether the customer fulfills environmental protection, corporate ethical management and social responsibility
- If ESG risk factors are found within clients' core business and behavior, clients' granted loan amount could be retrieved by the SCSB gradually and encounter denial in terms of loan extension

Credit Business with the Six Core Strategic Industries

The SCSB actively provides funds to the Six Core Strategic Industries, empowers economy transmissions, and aids in industry recovery. In 2023, there are 14,033 credit cases in total with the credit balance accounting for NT\$140.6 billion.

Types of credit	Balance (NT\$ thousand)
Information and digital industries	47,891,131
Cybersecurity industry	30,853,338
Precision health industry	13,525,862
National defense and strategic industry	69,060,696
Strategic and stockpile industries	54,375,262
Green and renewable energy industry	49,120,950

Note: As the Six Core Strategic Industries contained double-counting ones, the balance amount applied to each column would not be consistent with the credit balance of the Six Core Strategic Industries.

Credit Business with Green Energy Infrastructure

To achieve the net-zero goal in 2050, the SCSB supports the development of green energy infrastructure and encourages customers to invest in the construction of solar power plants, wind power plants, and renewable energy systems and plants. In 2023, there are 403 credit cases in total with the credit balance accounting for NT\$4.59 billion.

Types of credit	Balance (NT\$ billion)	
Solar power	2.94	
Offshore wind power	1.65	

ESG Corporate Credit in 2023

Types of credit	Number	Balance (NT\$ thousand)
Green credit (see Note below)	934	14,549,955
Sustainability-linked loan	28	17,222,013

Note: The criteria of green credit is in line with the Joint Credit Information Center's (JCIC) definition of green credit.

Project financing

The SCSB's project financing business complies with the requirements of "Guidelines for Loans Applicable to the Equator Principles". Internal experts and independent third-party organizations evaluate the environmental and social risks of projects, categorizing them into three levels, namely A, B, and C. The evaluation includes human rights, climate change, GHG emissions, and biodiversity, as well as environmental and social management systems and plans to bolster and implement environmental and social risk management for project financing cases. In 2023, there were 2 cases applied to the Equator Principles and underwritten by the SCSB with detailed information below.

Events	Affected environmental and social aspects	Management measures and results
Class C energy storage system- NT\$4.1 bil- lion and 8- year term syndicated loan	The parent company executing the project holds ISO 9001: 2015 Quality Management Systems, ISO 14064-1:2018 - Greenhouse Gases Part 1, and ISO 45001: 2018 Occupational Health and Safety Management Systems Due to Standards for Determining Specific Items and Scope of Environmental Impact Assessment for Development Activities, set up by the Ministry of Environment, per project is recognized as energy storage equipment instead of power generation one with a 2.5 km underground electric transmission line that does not exceed 50 km and is waived of conducting the environmental impact assessment accordingly as well as follow "Standards for Determining Specific Items and Scope of Environmental Impact Assessment for Development Activities"issued by the Ministry of Environment	The project obtained the Taiwan Power Company's review opinion on the energy storage system's parallel operation and plans to establish a 200 MW energy storage system parallel project in Liuying District Per project adopts the Environmental and Social Management System (ESMS), covering policies, identification of risks and impacts, management programs, organizational capacity and competency, emergency preparedness and response, stakeholder engagement, monitoring and review, etc. Appointed external consultants to conduct due diligence and asked a third party to perform the due diligence review
Class B solar fish farm- NT\$15.8 billion and 3-year term syndicated loan	Per project is not located upon any pivotal wetland with a 6.53 km underground electric transmission line generating 161 KV that does not exert detrimental environmental impact and is thus waived of conducting the environmental impact assessment	Per solar fish farm consists of 242 MW nameplate capacity Per project adopts the Environmental and Social Management Plan (ESMP) and the Environmental and Social Management System (ESMS), covering policies, identification of risks and impacts, management programs, organizational capacity and competency, emergency preparedness and response, stakeholder engagement, monitoring and review, etc. Appointed external consultants to conduct due diligence and asked a third party, DNV, to perform the due diligence review

Note1: In 2023, there were 2 cases applied to the Equator Principles. However, the Class B solar fish farm project will take effect in 2024, and the EP stated the disclosing scope includes effective projects in the previous fiscal year. This way, disclosed information on the SCSB's website would apply to the Class C energy storage system project only.

Note 2: To ensure compliance of Equator Principles, the environmental and social risk team will consider external independent third-party assessment opinions, such as TUV. Additionally, the SCSB had also obtained limited assurance from Deloitte Taiwan for two Equator Principles cases in 2023.

2023 SCSB Sustainability Report



» Environmental and social risk evaluation process in the Equator Principles



Evaluate whether a new case is applicable to the Fauator Principles



Internal experts conduct environmental and social risk evaluation



External experts conduct environmental and social risk evaluation



mental and

social risk

review

The environ-Monitoring for post-loan environmental team performs and social risk



Prepare an annual report for disclosing the Equator Principles

Green Building Loans

To encourage the public to purchase green buildings, the SCSB offers creditors the "Green, Own Home" limited-time mortgage plans under the condition of collaterals bearing the "Green Building Candidate Certificate", the "Green Building Label", or the "Smart Building Label" recognized by the Ministry of the Interior (MOI). In 2023, 667 loans applications were approved, with a balance around NT\$7.8 billion.

✓ Responsible Investment

The SCSB follows the "Principles for Responsible Investment (PRI)" and the "Stewardship Principles for Institutional Investors" to formulate regulations such as the "Regulations Governing Responsible Investment", "Regulations Governing Climate Risk Investment Management", and "Stewardship Standards", to dedicatedly develop green finance. In addition, through integrating ESG factors into investment decisions, promoting responsible investment and stewardship, and amplifying the sustainable influence within the financial services industry to foster a sustainable financial ecosystem. The discretionary asset management firms contracted by the SCSB have all signed statements of the "Stewardship Principles for Institutional Investors", covering 100% of the environmental, social, and governmental risk in the investment process.



Exclusion list

- · The SCSB would not invest in coal mining, tropical rainforest logging, the tobacco industry, Polychlorinated biphenyls (PCBs), nuclear weapons, and illegal gambling
- · The SCSB refrains from investing in projects involving pornography, drugs, money laundering, terrorist activities, forced labor, child labor, or violations of human rights. Furthermore, investments were also avoided in cases where the Board of Directors conducts businesses that violate laws, articles of association, or shareholder meeting resolutions, and have a significant impact on the rights of shareholders or investors.



Screening standards

- ESG due diligence was conducted for investment targets involving environmental pollution, social disputes, and poor corporate governance, or for industries or companies involved in potentially contentious issues.
- ESG indicators from domestic and international impartial organizations were incorporated into investment evaluation criteria, prioritizing companies with low to moderate ESG risks as investment targets.



governance

- Continued to monitor, analyze, and evaluate ESG-related information on investment targets after the investment, and evaluated whether to change investment strategies or limit quotas.
- Discretionary trustees must adhere to SCSB's list of prohibited activities.

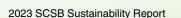
ESG-related Investment and Investment Products

The SCSB investment decisions targeting firms are highly associated with whether a firm is selected by the DJSI constituent stock. Moreover, the SCSB actively invested in targets listed in databases such as Bloomberg L.P. that meet sustainable indicators. As of the end of 2023, the total balance of ESG-related equity and bond investments was roughly equivalent to NT\$146 billion, possessing roughly 58.11% of the total equity and bond investments. There were 64 ESG-related investment products with a total AUM accounting of over NT\$1.1 billion.

	ESG-relevant Investment Categories	Balance (NT\$ billion)
Equity investment	Outstanding sustainable firm equity investment (e.g. DJSI and CommonWealth Magazine's CSR Awards)	7.539
	ESG rated equity investment	2.322
	Green bond	7.132
Bond investment	Social bond	2.660
bond investment	Sustainability bond	6.666
	ESG-rated bond	119.75

Note: ESG ratings are derived from Bloomberg queries for investment targets with E, S, or G ratings.

ESG-related Investment Product Categories	AUM (NT\$ million)
ESG fund (registered in the ESG fund section)	316.6
ESG overseas bond (registered in the ESG fund section)	819.305



2.2 Climate and Nature-related Information

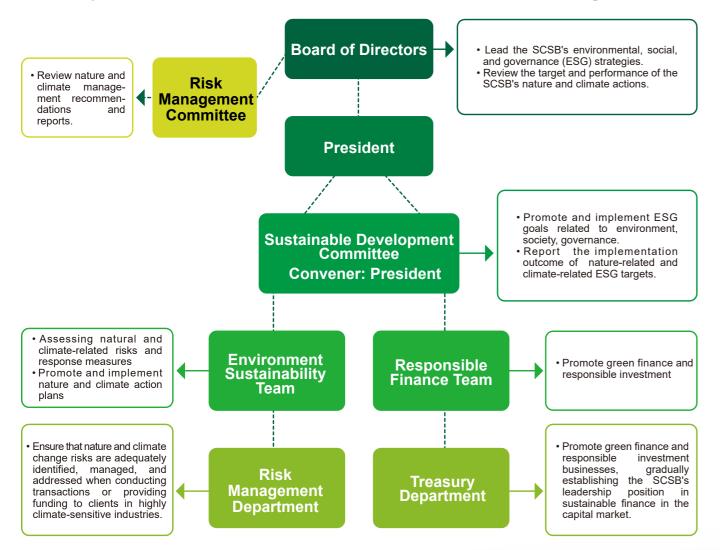
According to the Global Risk Report 2024 from the World Economic Forum (WEF), climate change and environment-related risks will continue to pose serious threats to the world in the next decade. These risks include extreme weather events, critical changes to Earth systems, biodiversity loss, ecosystem collapse, natural resource shortages, and pollution. Responding to the impact of climate change has become a global challenge, and in recent years, governments around the world have proactively formulated regulations to address it, including net-zero emissions targets. In January 2023, Taiwan also amended the "Climate Change Response Act" to include a net-zero emissions target by 2050. As more climate-related regulations are launched for various industries, businesses face both challenges and opportunities.

In response to numerous climate-related risks and opportunities, the SCSB has continued to uphold the framework of FSC's Domestic Bank Climate-related Financial Disclosure Guidelines. In 2024, the Board of Directors approved the SCSB's "Guidelines Governing Nature and Climate Risk Management" to identify and analyze significant nature-related and climaterelated risks and opportunities within the SCSB's business activities. This enhances the SCSB's governance and strategies in addressing nature and climate change issues. At the same time, the SCSB has set indicators and targets to regularly monitor management practices and respond to stakeholders' concerns about how the SCSB fosters nature and climate resilience in the financial services industry.

Governance

The Board of Directors at the SCSB is the highest governing body of nature and climate change-related issues. Additionally, regular reports and recommendations from the Risk Management Committee and Sustainable Development Committee enable the Board of Directors to effectively develop and establish policies and procedures for nature and climate risk management.

» The Responsibilities and Duties of the SCSB's Nature and Climate Risk Management Unit:



Article 6 to 8 of the SCSB's Guidelines Governing Nature and Climate Risk Management,

- Risk Management Committee: Per the authorization of the Board of Directors, the committee should exercise care of a prudent manager by conducting at least an annual review of nature and climate risk issues, as well as submitting recommendations and reports to the Board of Directors.
- Asset and Liability Management Committee: Responsible for reviewing nature and climate risk management-related regulations submitted by the Risk Management Department and examining lending and investment portfolios. This is to ensure that financial risks associated with natural capital or climate change comply with nature and climate risk management
- Sustainable Development Committee: Responsible for reviewing strategies, risk management, indicators, and goals related to nature and climate issues, and regularly monitoring their progress. The Sustainable Development Committee convenes regular quarterly meetings and reports to the Board of Directors at least once a year on the implementation outcome of nature and climate strategy-related goals.

Under the leadership of the President, the Sustainable Development Committee acts as the consolidating and guiding unit for the SCSB's sustainability development and nature and climate risk management. The committee convenes quarterly meetings to review the outcomes of climate-related policies, regulations, risks, and opportunities. The responsibilities of the two climate risk-related groups are:

- The "Environmental Sustainability Team" is led by the Risk Management Department and the head of the department. The team is responsible for overseeing nature capital and climate change-related issues, coordinating with various business units to identify risks and opportunities, and implementing action plans related to nature capital and climate change and environmental protection response measures. This ensures that nature and climate risks are adequately identified, managed, and addressed when conducting transactions or providing funding to clients in highly nature-sensitive or climate-sensitive
- The "Responsible Finance Team" is led by the Treasury Department and the head of the department. It is responsible for promoting the sustainable development of credit extension standards, green finance, responsible investment, and other relevant businesses, as well as implementing due diligence governance. This ensures that the SCSB maintains a strong foothold in the capital market and gradually establishes its leadership in the field of sustainable finance.

According to Article 24 of the SCSB's "Guidelines Governing Nature and Climate Risk Management", it is the responsibility of the Risk Management Department to gather and summarize the information and reports on natural and climate risks provided by each responsible unit at the end of the previous year. These reports are to be submitted to The Sustainability Development Committee on an annual basis. After consolidating and analyzing this information, the Risk Management Department must report relevant natural and climate risk information to the Board of Directors at least once a year. Additionally, the Risk Management Department compiles response measures developed by the respective units, enabling the Board of Directors and senior management to incorporate these considerations into their strategic planning and business monitoring.

Apart from the above mentioned top management units, various headquarters management units under the President are responsible for assisting in system implementation, talent training, measuring, monitoring, and reporting nature and climate risks according to their respective business functions. Furthermore, business management units under the President are responsible for managing various business functions according to their responsibilities. They are also required to draft system requirements, request the Information Technology General Department to build databases, provide nature and climate assessment-related data and results, and collaborate with the implementation of nature and climate action within the SCSB. The headquarters, business management units, as well as other units such as the operations unit and Auditing Department, operate under the SCSB's "Practical Guidelines for the Three Lines of Defense in Internal Control". Each unit carries out its duties based on its respective business functions to identify and assess nature and climate risks and opportunities relevant to the SCSB. They formulate nature-related and climate-related strategies and measures (including nature-related and climate change-related risks and opportunities), establish mechanisms and processes for nature and climate risk management, carry out risk management, help the Risk Management Department perform bank-wide climate change scenario analysis and stress testing, and support the implementation of climate actions.

- Professional Competency Training for the Nature and Climate Risk Management Unit To ensure that the SCSB's nature and climate risk management unit is equipped with the necessary capabilities to identify and respond to climate risks and opportunities effectively, themed training sessions and education are conducted annually for members of the Board of Directors and top management. The training aims to endow them with the knowledge and skills required to gain insight into international trends related to nature and climate change and sustainable operations. (For detailed information about nature and climate change education and training, please refer to 1.4 Risk Management and 3.2 Employee Training and Career Development).
- Sustainability and Climate-related Management Incentives The rewards and performance of the SCSB's top management are evaluated based on the achievement of performance and work targets. The work targets include sustainability and climate development goals, which were formulated based on the annual work priorities planned by the SCSB's six major working groups and the SCSB's "Sustainable Strategic Target Planning"
- In 2023, the SCSB included the goals of "reducing gasoline/electricity/water consumption/waste per NT\$ million revenue by 3% compared to last year" and "green energy consumption accounting for 8% of the SCSB' s total electricity consumption" into the KPI of the President and the Senior Executive Vice President, accounting for 4% of their overall performance evaluation. (Please refer to 1.1 Corporate Governance for sustainability and climate-related KPI information)

Identifying Risks and Opportunities

The SCSB's climate risk and opportunity identification and risk management process is as follows:



Collect climate-related topics by referring to domestic and foreign climate change studies and reports.

Discuss topics related to risks and opportunities and their relevance to the SCSB's business activities.

Various business units assess the potential impact, likelihood, and possible timing of climate risks and opportunities on their business activities.

Map the matrix to determine climate risk and opportunity-related material topics.



When climate risks occur, quickly initiate mitigation and response measures and recover as quickly as possible to reduce losses.

Regularly review strategic goals and implementation outcomes, as well as conduct rolling adjustments of implementation strategies.

Adopt corresponding strategies according to climate risks and opportunities, and formulate qualitative or quantitative KPIs.

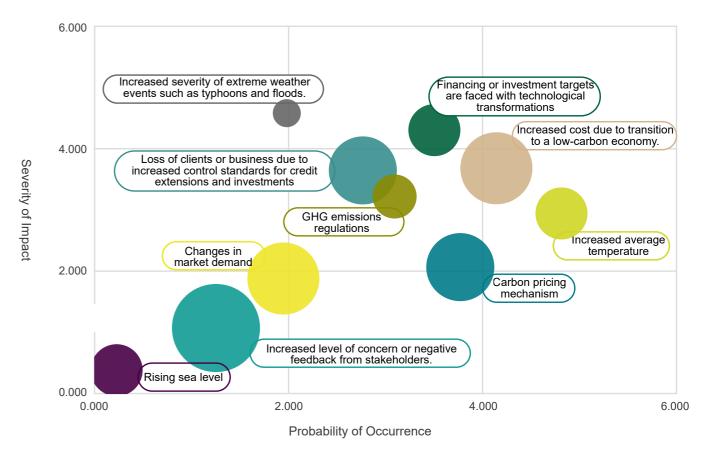


Analyze potential financial impacts and assess feasible response strategies.

The SCSB conducted climate change risk and opportunity identification by consolidating the opinions of various departments. The types of climate risks and opportunities are listed in the following table. Risks and opportunities were categorized based on their timing into short-, medium-, and long-term (short-term: occurring within 1 to 3 years; medium-term: occurring within 3 to 5 years; long-term: occurring after more than 5 years). The scope of risk coverage includes not only the SCSB's business operations but also upstream (suppliers) and downstream (clients, consumers). Furthermore, discussions and evaluations were conducted regarding the impact of climate change risks and opportunities identified on the SCSB's business or financial aspects. Adaptive action plans were formulated to address relevant risks accordingly. After discussions were made between the Risk Management Department and various departments, three physical risks and seven transition risks were identified in 2023:

Number	Туре	Risk Topic	Number	Туре	Risk Topic
R1	Acute Physical Risk	Increased severity of extreme weather events such as typhoons and floods.	R6	Reputational risk	Increased level of concern or negative feedback from stakeholders.
R2	Chronic physical risk	Increased average temperature.	R7	Policy or regulation-related transition risks	Increased cost due to transition to a low-carbon economy.
R3	Chronic physical risk	Rising sea level	R8	Policy or regulation-related transition risks	Loss of clients or business due to increased control standards for credit extensions and investments
R4	Technology risk	Financing or investment targets are faced with technological transformations	R9	Policy or regulation-related transition risks	GHG emissions regulations
R5	Market risk	Changes in market demand	R10	Emerging regulation	Carbon pricing mechanism

The following graph was the SCSB's climate change risk matrix. The size of the circles reflected the SCSB's ability to control these risks. Larger circles indicated a higher ability to effectively manage and control the risks, while smaller circles represented a lower degree of control or an inability to intervene.

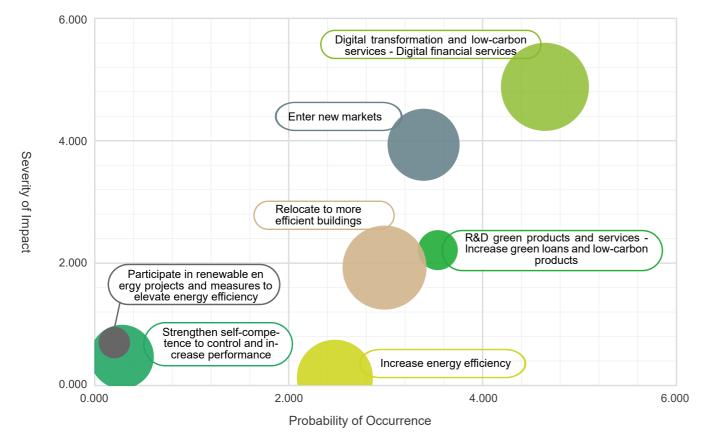


The SCSB also identified climate-related opportunities as illustrated below:

Number	Туре	Opportunity Topic	Number	Туре	Opportunity Topic
01	Markets	Enter new markets	O5	Products and services	Digital transformation and low-carbon services - Digital financial services
02	Resilience	Strengthen self-competence to control and increase performance.	O 6	Resource efficiency	Increase energy efficiency
03	Resilience	Participate in renewable energy projects and measures to elevate energy efficiency.	07	Resource efficiency	Relocate to more efficient buildings
04	Products and services	R&D green products and services - Increase green loans and low-carbon products			

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The following graph is the SCSB's climate change opportunity matrix. The size of the circles reflects the SCSB's ability to control these opportunities. Larger circles indicate a higher ability to effectively manage and control the opportunities, while smaller circles represent a lower degree of control or an inability to intervene.



✓ Climate Risk and Opportunity Management and Strategies

Climate change risks are a significant consideration in the SCSB's sustainable development blueprint. Under the FSC's instructions, the SCSB has integrated different departments and stipulated the "Guidelines Governing Nature and Climate Risk Management", taking into consideration credit or other indirect financial activities involving carbon-related asset credit risks. Through scenario analysis, the SCSB gauged the potential impact and challenges of different scenarios on business development, strategy, and financial performance to respond to possible situations in the future with more flexibility and resilience. At the same time, the SCSB allowed investors and stakeholders to understand its level of response to climate change topics, and how to make corresponding decisions.

Response Measures for Material Climate Risks:

Risk Topic	Policy or regulation-related transition risks	Technology risk	Policy or regulation-related transition risks
Risk type	Increased cost due to transition to low-carbon economy.	Financing or investment targets are faced with technological transformations	Loss of clients or business due to enhancing lending and investment standards control.
Time of occurrence	Short-term(occurring within 1-3 years)	Medium-term(occurring within 3-5 years)	Medium-term(occurring within 3-5 years)
Risk description	Competent authorities are increasingly demanding in terms of compliance with energy conservation and carbon reduction measures. Moreover, the SCSB may incur additional costs for purchasing energy-saving equipment or replacing obsolete equipment due to its commitment to SBT targets.	Competent authorities and markets are more demanding in terms of achieving netzero emissions, necessitating transformational actions by investment and financing targets to comply with regulations or meet market requirements. This leads to increased costs and potential risks such as failed developments due to high levels of technical uncertainties, decreased repayment capacity, or reduced lending returns, thereby impacting the overall interests of the SCSB.	Recently, international attention on investment and financing standards within the financial services industry such as the "Equator Principles" and "Principles for Responsible Investment" has continued to increase. Financial institutions adopting such standards may raise lending standards for clients, potentially affecting their willingness to cooperate and leading to client attrition.

Risk Topic	Policy or regulation-related transition risks	Technology risk	Policy or regulation-related transition risks			
Adaptive action plans	Regularly announce electricity-saving performances throughout the SCSB and conduct competitions and rankings. Replace air conditioners, lighting fixtures, and relevant equipment with energy-saving equipment. Priority will be given to setting up the SCSB's self-owned premises and future locations under green building standards. Introduction of the ISO 50001 energy management system as well as the promotion of energy conservation and carbon reduction.	The SCSB manages investment business by incorporating ESG risk and climate risk assessment mechanisms, gradually reducing investments in highenergy-consuming and high-carbon-emission industries while increasing investments in sustainable and high-performing companies. To address the technological transformation risks faced by the investment targets, the SCSB continuously monitors, analyzes, and evaluates relevant information before and after making investments. If any investment targets fall under exclusion criteria during the investment period, the SCSB will promptly review and assess whether the investment target could make any related improvements or plans, and adjust the investment strategy or limit the investment amount accordingly.	Incorporate high-carbon emitting enterprises into ESG risk assessments, provide clients with explanations regarding areas needing improvement based on assessment results, and continuously monitor progress towards improvement. Incorporate sustainable management factors such as ESG into responsible investment considerations, screen potential investment targets for ESG conditions, and conduct ESG due diligence on poor investment targets involving environmental pollution, social controversy, and poor corporate governance. Establish a negative list for industries or companies with potentially controversial issues, such as tobacco, arms, gambling, fur trading, mining, logging, and other industries. When submitting investment applications, due diligence and prudent evaluation are required. After evaluation, sustainable development. The project can only be undertaken if there is no significant adverse impact. Some industries, such as coal mining, tropical rainforest logging, tobacco manufacturers, polychlorinated biphenyls, nuclear weapons, and illegal gambling, excluded from consideration. Prior to evaluating new long-term equity investment proposals, an ESG check will be conducted. If the investment target or its industry has had instances of violating ESG-related regulations in past operations, participation in the investment will not be considered.			
Evaluation of Impact on Financial Performance and Cash Flow						
Impact during the reporting period						

Impact on cash flow

Impact on

- 1. A consultant was appointed to assist in the introduction of the ISO 50001 energy management system, which increased cash outflows from operations, totaling approximately NT\$1.33 million. NT\$630,000 has been paid in 2022 and NT\$350,000 has been paid in 2023
- 2. In 2023, a total of 865,513 kWh of green electricity was purchased. with a total cost of NT\$4,996,366. It's caused the Increase in cash outflows.
- 3. Due to the disposal costs incurred in replacing old air conditioners and lamps, the cost of disposal and scrapped equipment losses have slightly increased. The relevant air conditioners and lamps have been amortized and have no residual value
- 4. Purchasing energy-saving equipment such as air conditioners and lighting fixtures will increase procurement costs, totaling approximately NT\$6.35 million
- of investment business for high-carbon emission industries, potential targets, and new long-term projects, which indirectly affects the profitability of The SCSB's investment targets the investment portfolio or the willingness of credit must take transformation actions customers to borrow, resulting in a reduction in to comply with legal regulations interest income. or meet market demand, resulting . The SCSB's investment targets have passed ESG in an increase in operating costs and expenses, or even failure in development due to excessive technical uncertainty, affecting the profitability of the investment
 - assessment factors, which can highly avoid social disputes caused by the investment targets, or the invested companies facing environmental and social penalties and lawsuits, which will indirectly lead to an increase in their credit risks and a decrease in the company's market value. Therefore, by improving investment management and control standards and reducing the credit risk of investment targets, the SCSB's losses due to the decline in the value of financial assets or the inability to recover their book values have been reduced

1. By incorporating ESG risk assessment factors

into the evaluation and consideration criteria for

investment businesses, particularly concerning

high-carbon-emission industries, potential targets

1. The SCSB incorporates ESG risk assessment

factors into the evaluation and consideration factors

Expected future impact

profits have surged.

targets and may lead to portfolio

profits fell.

- 1. Upon appointing a consultant to aid in the implementation of the ISO 50001 energy management system, subsequent annual management fees will escalate, leading to an increase in accounts payable over the next 1 to 3 years, totaling NT\$350,000. These fees will be settled upon completion of verification
- 2. The ongoing replacement of aging air conditioners and lamps will marginally elevate disposal and scrapped equipment costs over the next 1 to 3 years. Given that the relevant equipment holds no residual value, there are no associated depreciation costs.
- 3. Sustained procurement of energysaving equipment like air conditioners and lamps will raise equipment acquisition expenses over the next 1 to 3 years, estimated to total approximately NT\$3 million.
- and new long-term projects, it anticipates an indirect impact on the profitability of the investment portfolio or the willingness of credit customers to borrow, leading to a decrease in interest income As a result of the smooth progress over the next 3 to 5 years. in the technological transformation of investment targets and favorable revenue and market performance, the SCSB's investment portfolio
 - 2. The SCSB's investment targets, having successfully passed ESG assessment factors, are poised to mitigate social disputes associated with investment targets, along with potential environmental and social penalties and lawsuits faced by invested companies. This, in turn, is expected to reduce credit risks and enhance market value. Consequently, by enhancing investment control standards and minimizing the credit risk of investment targets, the SCSB anticipates a decrease in losses stemming from the depreciation of financial assets or the inability to recover their book values over the next three to five years.

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Response Measures for Material Climate-Related Opportunities:

•	_ · · · · · · · · · · · · ·						
Opportunity Topic	Products and services	Markets	Resource efficiency				
Opportunity type	Digital transformation and low-carbon services - Digital financial services	Enter new markets	Relocate to more efficient buildings				
Time of occurrence	Medium-term(occurring within 3-5 years)	Short-term(occurring within 1-3 years)	Short-term(occurring within 1–3 years)				
Opportunity description	Enhance digital services and provide low-carbon, more convenient digital financial services to minimize paper-based operations and increase operating efficiency. Furthermore, collaborate with suppliers to share GHG inventory information, obtain service carbon footprints to reduce carbon emissions and cost from operations, and satisfy clients' needs for low-carbon services.	In response to the international trend of green industry development, companies with better performances in low-carbon, green, and ESG will become the mainstream in the market in the future. The SCSB can leverage sustainable due diligence and engagement to make more accurate green investments, as well as explore new business opportunities in the green finance market.	Use green buildings and eco-friendly facilities to achieve water-saving, energy-saving, wastereduction, and cost-reduction benefits.				
Adaptive action plans	Complete and optimized digital service platform, including resetting the personal online banking system, continuing to optimize and add new functions to the mobile banking APP, expanding digital account online account opening services to foreigners and sole proprietorship partnerships, and resetting corporate online banking Integrating business activities with the concept of carbon reduction, all series of credit cards and debit financial cards are made of PET-G environmentally friendly materials. Through the application of environmentally friendly raw materials, the carbon emissions generated when issuing credit cards are reduced. At the same time, all card types have obtained carbon footprint label certification to facilitate regular tracking in the future and continue to reduce carbon emissions generated during the service process (our credit cards and debit cards have obtained the "Executive Yuan Environmental Protection Agency" in February 2023 Product Carbon Footprint Label Certificate", and obtained the "Carbon Neutrality Declaration Verification Statement" issued by SGS in October of the same year)	provided by the Financial Supervisory Commission. Emphasis is placed on sustainable linkage credit, offering economic incentives like reduced interest rates to encourage borrowers to commit to predetermined sustainable performance goals and key performance indicators. Regular assessments of borrowers' sustainability goal achievements inform potential adjustments to credit conditions, such as interest rates. Additionally, initiatives promoting solar photovoltaic loans and green bond issuances are continued. Integrate sustainable development trends and climate change risks into the evaluation of trust product proposals. Assessment criteria encompass third-party rating agency scores, whether the issuer and investment industry fall within sectors to be avoided (e.g., tobacco, alcohol, gambling, pornography, illegal weapons manufacturing), and whether the issuing institution has had significant negative ESG issues within the past year. When applying for a green building mortgage, preferential loan plans are extended if the collateral meets the qualifications of the "Candidate Green Building Certificate" and "Green Building Label."	The SCSB kicked off a reconstruction project in 2020 for the headquarters building, incorporating the application of renewable energy equipment. As a result, the new building not only offers ample natural lighting and lowered air conditioning usage but also achieves partial energy self-sufficiency through rooftop solar power generation equipment. Construction of the new building was completed in 2023 and has obtained the Green Building Label. It is officially opened in 2024.				
	Impact assessment of fi	nancial performance and cash flow					
	Impact duri	ng the reporting period					

- 1. Fees, service charges, and foreign exchange gains from digital financial services increased by 0.17% compared to the previous year, leading to an increase in cash inflows.

 2. With the rise in fees for entrusted software development and maintenance, the payable
- amount to suppliers has increased.

 3. To mitigate carbon emissions during operations, The SCSB has adopted PET-G environmentally friendly material for credit and debit cards. The average production cost per card has increased from NT\$73.5 to NT\$79. Based on the 2023 production volume of 120,649 cards, the payable amount to suppliers has increased, totaling approximately NT\$663,570. In addition, the SCSB entrusted an external consulting company to purchase carbon rights and conduct carbon footprint and carbon label construction operations and entrusted a verification unit to perform carbon footprint verification and carbon neutral

Impact on

cash flow

4. Due to heightened demand for digital financial systems development, software licensing fees have risen.

fee was NT\$1.5 million.

declaration certification. The total entrustment

- Profits from green-themed investments and ESGrelated industry investments, such as dividend and interest income, have increased, resulting in a rise in cash inflows from operating activities.
- The SCSB underwrites green bonds to support customers in sustainability-related projects, boosting profits from bond underwriting and augmenting cash inflows from operating activities by approximately NT\$500,000. The SCSB underwrites socially responsible
- bonds to aid customers in sustainability-related endeavors, thereby increasing profits from bond underwriting and elevating cash inflows from operating activities by approximately NT\$900,000. In response to new market opportunities, expand the credit business of green building housing loans to increase the loan amount.
- The SCSB issues NT\$1 billion in green bonds and NT\$2 billion in sustainability bonds to raise funds for assisting customers in sustainability-related projects. This increase in financial bond issuance leads to a rise in capital inflows.
- 1. The SCSB initiates new building construction and decoration projects, resulting in an increase in payable amounts to suppliquent rise in cash outflows from operations, totaling ap-proximately NT\$3.4 billion.
 2. Procurement of
- solar power panels, high-efficiency ice water hosts, and other energysaving equipment for the new building will increase procurement costs and the cash outflow of acquired equipment, totaling NT\$500 million

Opportunity Topic	Products and services	Markets	Resource efficiency
	Exped	ted future impact	
Impact on cash flow	1. The SCSB anticipates a continued increase in fee income from digital financial services over the next 3 to 5 years. 2. With the rise in commissioned software development fees and maintenance costs, the payable amount to suppliers is projected to increase over the next 3 to 5 years. 3. Due to heightened demand for digital financial systems development, software licensing fees are expected to rise over the next 3 to 5 years.	Profits from green-themed investments and ESG-related industry investments are forecasted to boost investment income, including dividend and interest income, over the next 1 to 3 years. Interest income is expected to rise over the next 1 to 3 years due to profits from the credit business of green building mortgages. The SCSB plans to issue sustainable development bonds to raise funds for assisting customers in sustainability-related projects. The amount of financial bond financing is projected to increase over the next 1 to 3 years, thereby boosting cash inflow from bond issuance. The SCSB will repay funds and interest in installments according to the repayment period of the sustainable development bonds. The amount of bond repayments is expected to increase over the next 1 to 3 years, resulting in increased cash outflow for bond repayment.	The SCSB expects to save 20,000 kWh of electricity annually by utilizing a new building, leading to an approximate NT\$300,000 reduction ir electricity bills over the next 3 to 5 years.

Climate-Related Scenario Analysis

To reflect the impact of climate risks on the SCSB, a scenario analysis is conducted to assess the severity of potential impacts on each business area in the event of physical climate risks and transition risks. the SCSB used the Representative Concentration Pathways (RCPs) from the Assessment Report 5 (AR5) of the Intergovernmental Panel on Climate Change (IPCC) to project the climate scenario. The scenario analysis will help the SCSB to develop appropriate risk management strategies and responses to potential impacts, to enhance its climate resilience.

Note: AR5 includes four assumed scenarios: RCP 2.6. RCP 4.5. RCP 6.0 and RCP 8.5. Each scenario represents an increase in radiative forcing per square metre of 2.6, 4.5, 6.0 and 8.5 watts respectively by 2100. In addition, the IPCC published the Sixth Assessment Report (AR6) in 2021, which introduced the Shared Socioeconomic Pathways (SSP). These pathways incorporate socio-economic development elements into climate change scenarios. These elements have not yet been included in this report.

Climate Risk Scenario Analysis of Self-owned Locations

To understand the possible impacts of climate risks, the SCSB conducts scenario analysis to assess the extent of the impact on each business locations when physical climate risks and transition risks occur. The SCSB utilizes a risk sensitivity map based on physical risk severity levels of 1 to 3 (extreme rainfall frequency within 24 hours), vulnerability levels of 1 to 10 (flood potential, slope disasters), and exposure levels of 1 to 10 (exposure amounts). Using RCP 8.5 and RCP 2.6 as the hypothetical scenarios for risk impact, a risk analysis of the SCSB's assets was carried out for the mid-century period (2036-2065), and corresponding climate risk management strategies were also proposed.

		RCF	8.5	RCP	2.6
Climate Sensitivity	Climate Risk Sensitivity	Number of Locations	Risk exposure as a percentage of total assets (%)	Number of Locations	Risk exposure as a percentage of total assets (%)
High	300-201	0	0	0	0
Medium	200-101	9	3.09%	0	0
	100-81	6	0.31%	3	0.65%
Law	80-51	16	0.67%	5	0.26%
Low	50-11	41	1.00%	62	4.15%
	below 10	3	0	5	0.01%
Total		75	5.07%	75	5.07%

Note: The exposure amount is determined by evaluating the combined asset value and revenue of each location.



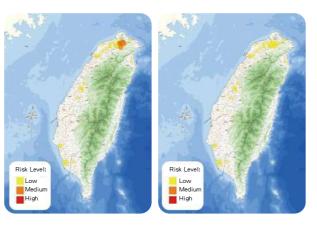
Analysis Outcome of Self-owned Locations

The SCSB conducted a climate sensitivity analysis at 75 of its locations in Taiwan. The analysis was performed under the most severe conditions of RCP 8.5, and the results showed that none of the locations were highly sensitive. Out of the 75 locations, nine (12%) were categorized as medium-sensitivity locations, while the remaining 66 (88%) were considered low-sensitivity locations. Notably, 44 locations (58.67%) had a climate risk sensitivity of less than

Under the RCP 8.5 scenario, the SCSB's total exposure to physical risks is approximately 5.07% of the total asset value of its locations. The exposure value of mediumsensitive locations is approximately 3.09% of the total asset value of all locations. The exposure value of low-sensitivity locations (including locations with a sensitivity of 1 to 100) represents approximately 1.98% of the total asset value of all locations, with locations with a climate sensitivity of less than 50 representing approximately 1% of the total asset value of all locations .

Self-owned Operating Locations -Combined Risks of Flooding and Slope **Land Disasters**

- Evaluation factors: Operating address, asset value, annual revenue of the location
- Risk consideration factors: Flood potential, slope land disaster



RCP 8.5

RCP 2.6

Response Strategy and Climate **Resilience Evaluation**

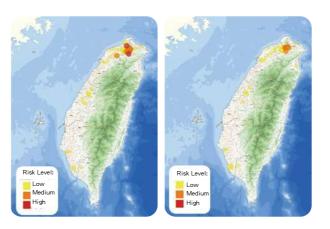
According to the analysis results, the SCSB's operating locations in Taiwan are not exposed to significant physical risks. However, to ensure effective control of the impact of physical risks, various operating locations have established response plans and disaster prevention protocols, as well as data backup readiness to minimize the damage of short-term natural disasters and maintain operational continuity in the aftermath of disasters.

Climate Risk Scenario Analysis of **Supplier Locations**

The SCSB used RCP 8.5 and RCP 2.6 as the hypothetical scenarios for risk impact, taking into consideration the combined risks of flood potential and slope land disaster, categorizing climate sensitivity into three levels: high, medium, and low. A higher climate sensitivity represents a greater threat of climate disasters. Based on this, an analysis of the exposure situation for 134 suppliers in Taiwan for the mid-century period (2036-2065) was conducted in 2023.

Supplier Location - Combined Risks of **Flooding and Slope Disasters**

- Evaluation factors: Supplier location, supplier procurement amount, substitutability
- · Risk consideration factors: Flood potential, slope land disaster



RCP 8.5

RCP 2.6

Analysis Outcome of Supplier Locations

According to the scenario evaluation, most of the SCSB's 132 suppliers have medium to low climate sensitivity. Together, they accounted for 99.75% of the SCSB's overall procurement amount in 2023. There were only two suppliers with high climate sensitivity, accounting for 0.25% of the procurement amount.

Unit: NT\$

			RCP8.5		RCP2.6			
Climate Sensitivity	Climate Risk Sensitivity	Number of suppliers	Procurement amount (NT\$)	Accounting for (%) of the procurement amount	Number of suppliers	Procurement amount(NT\$)	Accounting for (%)of the procurement amount	
High	90-61	2	2,500,000	0.25%	1	610,000	0.06%	
Medium	60-31	16	120,125,806	11.87%	1	1,890,000	0.19%	
	30-21	13	46,540,685	4.60%	6	27,277,411	2.70%	
Low	20-11	58	274,200,422	27.10%	23	145,294,890	14.36%	
	below 10	45	568,350,505	56.18%	103	836,645,117	82.70%	
To	tal	134	1,011,717,418	100%	134	1,011,717,418	100%	

In addition, to understand the impact of physical risks on suppliers, the SCSB assessed how different types of suppliers were affected by physical risks under the RCP 8.5 scenario. The SCSB also performed substitutability analyses on various suppliers, which were categorized into three levels, namely high substitutability (other suppliers can be found within a month), medium substitutability (other suppliers can be found within three months), and low substitutability (other suppliers can be found within six months). Key suppliers with low substitutability were mainly involved in the information industry, accounting for 17.22% of exposure.

Unit: NT\$

Type of	High su	bstitutability	Medium su	ıbstitutability	Low sub	estitutability	Total	The proportion of	
Procurement	Number of suppliers	Procurement amount	Number of suppliers	Procurement amount	Number of suppliers	Procurement amount	exposure Proportion	exposure for low substitutability suppliers	
Engineering	25	443,202,124	0	-	1	2,466,621	44.05%	0.24%	
Labor	16	20,803,097	2	4,795,290	3	23,871,342	4.89%	2.36%	
Procurement	0	-	0	-	0	-	0.00%	0.00%	
Information	21	250,856,724	10	30,797,017	27	174,201,167	45.06%	17.22%	
Uniform	0	-	0	-	0	-	0.00%	0.00%	
Insurance	5	26,605,888	0	-	0	-	2.63%	0.00%	
Asset	0	-	2	569,798	1	178,500	0.07%	0.02%	
Finance	11	13,980,439	4	565,226	6	18,824,185	3.30%	1.86%	

Note: The exposure amount is calculated based on SCSB's procurement amount, assuming that climate risks occur and suppliers experience product deterioration or supply interruptions, which may impact the procurement amount.



Response Strategy and Climate Resilience Evaluation

Although the current assessment reveals that the supply chain has negligible impact on operations, the SCSB will continue to monitor the stability of supplier delivery and vigorously find new suppliers to improve substitutability. Furthermore, to enhance the climate risk preparedness of suppliers, the SCSB hosted supplier conferences to promote climate risk prevention measures and disaster relief knowledge, while high-risk suppliers were advised to install flood control equipment.

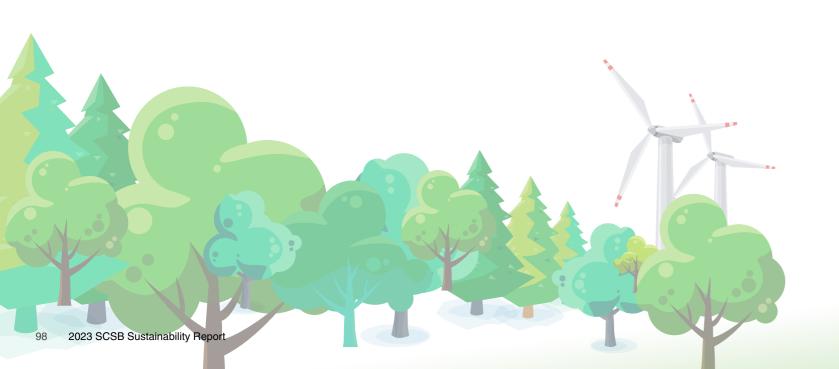
Climate Scenario Analysis of Lending and Investment Portfolios

To ensure objective evaluation and continually monitor the impact of climate change risks on business and operations, the SCSB continued to abide by the "Planning for Climate Change Scenario Analysis by Domestic Banks" (hereinafter referred to as the "operational plan"). Using the end of 2023 as the baseline, the SCSB analyzed potential risk impacts on domestic and international lending, bonds, and equity investment portfolios under scenarios of orderly transition, disorderly transition, and no policy scenario by 2030 and 2050.

The SCSB referred to the analysis methodology outlined in the operational plan, employing both macroeconomic pathways (including GDP, bank lending rates, and unemployment rates) and microeconomic pathways (including revenue losses, collateral losses, and additional cost expenditures) to conduct a comprehensive analysis and assessed the expected losses under different climate scenarios.

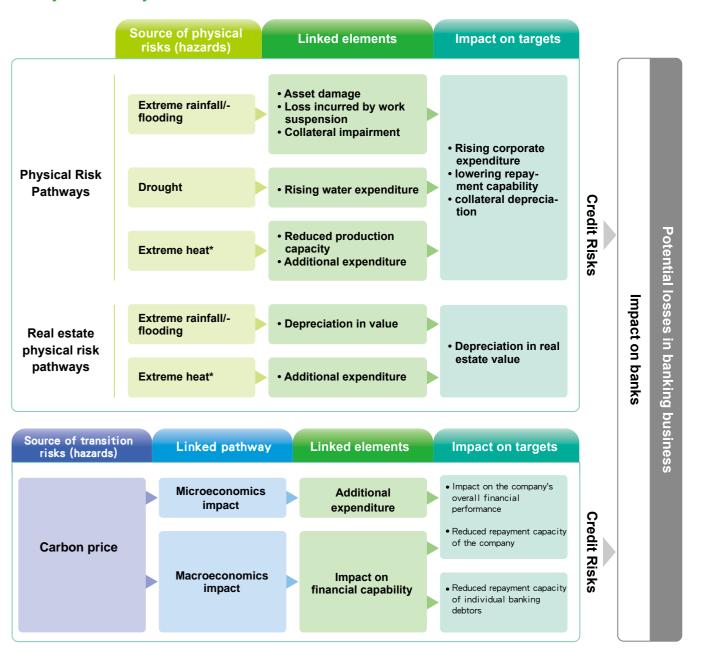
Description of Physical and Transition Risks

Risk type	Orderly Transition	Orderly Transition Disorderly Transition			
Physical risks		Application of IPCC AR5 RCPs			
risks	RCP 2.6 scenario	RCP 2.6 scenario	RCP 8.5 scenario		
Transition	Application of the NGFS climate cha	inge scenario framework to assess the imprices.	pact of carbon emission intensity and carbon		
risks	"Net Zero 2050" scenario	"Delayed Transition" scenario	"Baseline" scenario		



» Analysis Pathway¹

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Scenario Analysis Outcome

In 2050, under scenarios of orderly transition, disorderly transition, and no policy scenario, the SCSB expected loss amounts for general corporate clients are 9.52%, 10.41%, and 8.40% respectively, as a percentage of the baseline year (2022) net worth. For individual clients, the expected loss amounts are 0.22%, 0.20%, and 0.24% respectively, of the baseline year net worth. Overall, the disorderly transition scenario for 2050 shows the highest expected loss, with a combined expected loss for general corporate and individual clients amounting to 10.61% of the baseline year net worth.

Data source: A Discussion on Climate Change Scenario Analysis and Stress Testing of Credit Risk in the Banking Industry, JCIC.

The ratio of expected losses to net worth



Note 1: Pre-tax profit (NT\$16,484 million) is the pre-tax profit for the fiscal year 2023 as reported in the 2023 Q4 financial statements

0.21%

Note 2: Net worth (NT\$161,030 million) is the net worth after earnings distribution approved at the most recent shareholders' meeting for the past year.

0.22%

0.20%

0.26%

0.21%

0.24%

Climate-related Metrics and Targets

Individuals

GHG Emissions of Self-owned Locations

To monitor the management of climate-related risks and strengthen internal energy management, the SCSB has adopted the ISO 50001 Energy Management standard since 2022, with third-party verification.

Since 2022, the SCSB has also adopted the ISO 14064-1:2018 Greenhouse Gases Part 1, conducting annual inventories and obtaining third-party certification. SCSB continuously tracks greenhouse gas emissions through regular annual inventories and uses it as a climate-related indicator. For information on greenhouse gas emissions in 2023, please refer to section 2.3 Green Operations.

Financed Emissions

The SCSB employs the Partnership for Carbon Accounting Financials (PCAF) methodology to calculate the carbon emissions of investment and financing portfolios. As per the calculations, the total carbon emissions of the investment and financing portfolio for 2023 are 2,838.15 thousand metric tons of CO2e. The carbon footprint of the investment and financing portfolio will be 2.95 metric tons of CO2e/million NT dollars (approximately 90.45 tons CO2e/\$M invested). Most asset classes show a declining trend in their carbon footprint from 2021 to 2023. The SCSB will continue to track the carbon emissions of investment and financing portfolios and assist investment and financing objects in low-carbon transformation.

GHG Emissions of Investment and Financing Portfolio (ktCO2e)

Asset Class	2021	2022	2023	Quality of the data in 2023
Business loans	2,247.01	884.62	1,021.04	3.62
Listed equity and corporate bonds	1,179.13	937.12		2.67
Sovereign debt	-	-	368.22	2.00
Commercial real estate	25.04	29.01	30.17	4.05
Mortgages	469.43	417.47	434.36	5.00
Total	3,920.61	2,268.22	2,838.15	3.81

Note 1: Business loans do not include commercial real estate, mortgages, and project financing

Note 2: From 2021 to the end of 2023, SCSB has no automobile and motorcycle mortgage loan positions.

Note 3: The SCSB's project financing from 2021 to 2023 are all renewable energy power generation projects, therefore only the avoided carbon emissions are calculated. In 2023, the data quality of project financing is score 2.00.

Note 4: In 2023, the SCSB's investment and financing emission coverage rate is 91.16% (holdings included in calculation/total existing

Note 5: Due to the update of the PCAF methodology in 2022, financial carbon emissions for both 2021 and 2022 have been recalculated this year. Furthermore, with the introduction of the PCAF method for sovereign debt in 2022, the SCSB has also incorporated it into the calculation of financing emissions starting from 2023.

Note 6: The financial emissions of business loans and listed equity and corporate bonds in 2021 are significantly higher than those in the following two years. This is due to the higher carbon emission coefficients of specific industries (such as the power generation industry)

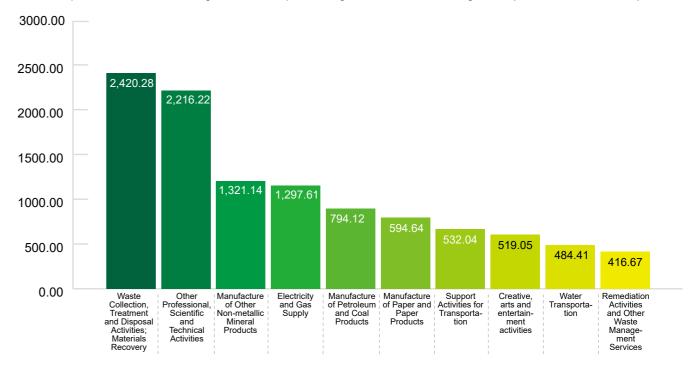
Investment and financing portfolio carbon footprint (Metric Ton CO2e, tCO2e/NT\$ million)

Asset Class	2021	2022	2023
Business loans	6.72	2.36	2.76
Listed equity and corporate bonds	9.35	6.80	5.40
Sovereign debt	-	-	6.69
Commercial real estate	0.69	0.72	0.71
Mortgages	1.88	1.48	1.40

The following are the carbon emission results of the investment and financing portfolio, which includes corporate loans, stock, and corporate bond investments. The 2023 carbon footprint results are presented by the industry category of Directorate General of Budget, Accounting and Statistics, Executive Yuan.

Among them, the top three industries with the highest absolute carbon emissions are "Electricity and Gas Supply" (33.72%), "Manufacture of Other Non-metallic Mineral Products" (15.51%), and "Manufacture of Electronic Parts and Components" (6.02%). Further analyzing the carbon footprint of the investment and financing portfolio, could find that the industry with the highest carbon footprint is the "Waste Collection, Treatment, and Disposal Activities; Materials Recovery". The second highest is the "Other Professional, Scientific and Technical Activities", and the third is the "Manufacture of Other Non-metallic Mineral Products". The carbon footprint values of these industries are 2,420.28, 2,216.22, and 1,321.14 metric tons CO2e /\$M invested, respectively.

Top ten industries with the largest carbon footprint among investment and financing clients (tons CO2e /\$M invested)



Besides inventorying stock and bond carbon emissions, the SCSB also follows the PCAF definition to include projects with clear funding purposes such as the construction or operation of wind or solar power generation facilities in the project financing category to calculate carbon emissions. Using year-end positions as the benchmark, the SCSB selected and reviewed power plant project financing, calculating the annual avoided emissions for renewable energy generation projects (primarily solar and wind power plants). The following is the project financing data for power plants in the last three years. In response to the global shift towards a low-carbon economy, the SCSB intends to continue to expand financing for renewable energy power plants in the coming years.



Avoided Emissions (ktCO2e)

Asset Class	2021	2022	2023
Project Financing for Power Plants	9.23	122.70	33.10

Note: Due to the large-scale renewable energy loan participation case in 2022, resulting in the highest avoided emissions in the past three years.

Nature-related Assessment

In September 2023, the Network for Greening the Financial System (NGFS) released a guidance framework on nature-related financial risks, highlighting the significant impact that nature-related risks may have on the global economy. This framework emphasizes that failure to consider, mitigate, and adapt to these impacts and changes will pose significant risks to the stability of financial institutions and financial markets.

As a financial institution, the SCSB not only plays a pivotal role in fostering industrial and economic development but also finds itself at the forefront of the impact amid the dynamic market environment.

In 2023, the SCSB expanded its risk analysis efforts beyond climate risks and introduced a nature-related risk assessment for the first time. To ensure financial stability and fulfill the responsibility of facilitating sustainable industrial development, the SCSB referred to the Taskforce on Nature-related Financial Disclosures (TNFD) framework in 2023 to conduct an inventory and evaluation of operating locations and credit extensions. By evaluating the impact and dependence of operational activities on nature-related resources, the SCSB can identify risks and opportunities that may arise from environmental changes. This serves as the foundation for adjusting business strategies and formulating response plans to prevent major irreversible impacts on the natural ecology due to operational strategies.

Evaluating Nature-related Dependencies and Impacts

» Evaluating Process Description:

The SCSB follows the "Additional guidance for financial institutions" published by TNFD in September 2023. This guidance identifies 16 nature-related sensitive industries as primary targets for evaluating the relationship between the value chain and the natural environment. Additionally, the SCSB adopts the LEAP assessment approach (Locate, Evaluate, Assess, Prepare) to identify nature-related risks and opportunities in its investment and financing positions.

The SCSB utilizes the ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) database model to categorize the dependence and impact of various industries on biodiversity into five levels: very low, low, medium, high, and very high. By integrating information such as the exposure proportion of financing positions and the intersection with biodiversity hotspots, the SCSB analyzes the potential impact and relevance of value chain activities on ecosystems.

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Very High High Medium Low Verv Low

The following are the results of the dependency and impact evaluation:

» Dependency Evaluation

		Pro	visioning Se	rvices			Regu	lating and n	naintenance s	ervices		0.4-44:
Recommended sectors		Din	ect Physical	Input			E	Enables Pro	duction Proce	ess		Outstanding of the SCSB's portfolio (%)
of concern in the TNFD additional guidance	Animal- based energy	Fibres and other materials	Genetic materials	Ground water	Surface water	Maintain nursery habitats	Pollination	Soil quality	Ventilation	Water flow maintenance	Water quality	
Oil, gas, and consumable fuels												0.28%
Chemicals				•	•				•	•	•	1.89%
Construction materials				•	•	* ! !					•	0.49%
Containers and packaging				•	•	*			•	•	•	0.05%
Metals and mining				•	•	* ! !				•		2.84%
Paper and forest products	•	•		•	•	 	•	•		•		0.75%
Construction services (includes manufacture of metal products)				•	•	*		•	•	•		19.87%
Sewerage, waste collection, treatment, and disposal				•	•	 		•		•	•	0.64%
Transport and associated services (includes passenger airlines)						1 1 1 1 1 1 1						1.28%
Automobiles				•					•	•	•	0.22%
Textiles, apparel, and luxury goods		•		•	•	 				•	•	2.35%
Beverages and food products (includes agriculture)					†							1.26%
Personal care products		•		•	•	 						0.09%
Pharmaceuticals	•			•	•					•	•	0.31%
Semiconductors and semiconductor equipment				•	•							0.94%
Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, and water utilities				•	•					•	•	1.54%
					Total							34.79%

				Regulatin	g and maint	enance se	rvices				
	Mitigates Direct Impacts					Pr	otection fro	om Disrupti	on		
Recommended sectors of concern in the TNFD additional guidance	Bio- remediation	Dilution by atmosphere and ecosystems	Filtration	Mediation of sensory impacts	Buffering and attenuation of mass flows	Climate regulation	Disease control	Flood and storm protection	Mass stabilisation and erosion control	Pest control	Outstanding of the SCSB's portfolio (%)
Oil, gas, and consumable fuels						•		•	•		0.28%
Chemicals	•	†	•	•		•		•	•		1.89%
Construction materials		•	*	•							0.49%
Containers and packaging	•	•	•	•		•		•	•		0.05%
Metals and mining			* ! ! !			•			•		2.84%
Paper and forest products	•	 	•								0.75%
Construction services (includes manufacture of metal products)	•		•	•		•		•	•	•	19.87%
Sewerage, waste collection, treatment, and disposal	•		•	•	•	•		•	•	•	0.64%
Transport and associated services (includes passenger airlines)								•	•		1.28%
Automobiles		•	•	•				•	•		0.22%
Textiles, apparel, and luxury goods	•	•	•					•	•		2.35%
Beverages and food products (includes agriculture)	•		*						•		1.26%
Personal care products		•	+								0.09%
Pharmaceuticals	•		•						•		0.31%
Semiconductors and semiconductor equipment		•	†								0.94%
Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, and water utilities	•		•	*		•		•	•		1.54%

» Impact Evaluation

Recommended sectors of concern in the TNFD additional guidance	Water use	Terrestrial ecosystem use	Freshwater ecosystem use	Marine ecosystem use	Other resource use	GHG emissions	Outstanding of the SCSB's portfolio (%)
Oil, gas, and consumable fuels	•	•	•	•			0.28%
Chemicals	•	•	 			•	1.89%
Construction materials	•	•	•	•		•	0.49%
Containers and packaging	•		 			•	0.05%
Metals and mining	•	•	•			•	2.84%
Paper and forest products		•	 	 		•	0.75%
Construction services (includes manufacture of metal products)	•	•	•			•	19.87%
Sewerage, waste collection, treatment, and disposal	•	•	•				0.64%
Transport and associated services (includes passenger airlines)			1 1 1 1 1	•		•	1.28%
Automobiles	•		 			•	0.22%
Textiles, apparel, and luxury goods	•	•	i i				2.35%
Beverages and food products (includes agriculture)	•		 				1.26%
Personal care products	•		1			•	0.09%
Pharmaceuticals	•		1				0.31%
Semiconductors and semiconductor equipment	•		 				0.94%
Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, and water utilities	•	•	•			•	1.54%
		Total					34.79%

Very High High Medium Low Very Low

Recommended sectors of concern in the TNFD additional guidance	Non-GHG air pollutants	Water pollutants	Soil pollutants	Solid waste	Disturbances	Outstanding of the SCSB's portfolio (%)
Oil, gas, and consumable fuels	•	•	•	•	•	0.28%
Chemicals	•	•	•	•		1.89%
Construction materials	•	•		•	•	0.49%
Containers and packaging		•		•		0.05%
Metals and mining	•	•	•	•	•	2.84%
Paper and forest products		•	•			0.75%
Construction services (includes manufacture of metal products)	•	•	•	•	•	19.87%
Sewerage, waste collection, treatment, and disposal		•	•			0.64%
Transport and associated services (includes passenger airlines)	•	•	•		•	1.28%
Automobiles	•	•	•	•	•	0.22%
Textiles, apparel, and luxury goods	•	•	•	•		2.35%
Beverages and food products (includes agriculture)	•	•	•	•		1.26%
Personal care products	•	•	•	•		0.09%
Pharmaceuticals	•	•	•	•		0.31%
Semiconductors and semiconductor equipment			•	•	•	0.94%
Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, and water utilities	•	•	•	•	•	1.54%
	Total					34.79%

Biodiversity Hotspot Evaluation of Value Chain

The SCSB utilized the "National Ecological Network Map" released by the Forestry and Nature Conservation Agency, Ministry of Agriculture, to analyze data on "Biodiversity Hotspots" (the map is based on the overlay and estimation of the distribution data of 42 mammal species, 110 bird species, 25 amphibian species, 48 reptile species, and 82 insect species in Taiwan). Each hotspot is based on a grid of 1×1 km, and the diversity of various biological populations within the hotspot area ranks in the top 5% of Taiwan.

To gain a better understanding of the distance from the SCSB's value chain activities to biodiversity hotspots, the SCSB analyzes whether its self-owned locations, supplier locations, and the company locations of financing clients are located within or adjacent to biodiversity hotspots within a 500-meter radius. The analysis results are as follows:

Overlapping Between Value Chain and Biodiversity Hotspots



None of the 75 self-owned locations were situated near or within biodiversity hotspots.



None of the 134 supplier locations were situated near or within biodiversity hotspots.



A total of 232 financing clients bases can be classified, of which 2 are in areas that are highly sensitive from a biological perspective. However, upon conducting our assessment, we found that none of these financing clients in the aforementioned locations have violated any environmental regulations. Moreover, they are not industries that have a high impact or dependence on the natural environment, and their financing constitutes only a small proportion. Based on our preliminary assessment, we can conclude that they are unlikely to have a significant impact on the surrounding environment and ecology, nor will they face any direct impacts due to changes in natural capital.



▲ Nature-related Risks and Opportunities Identification and Coping Strategies

Upon identification, the SCSB's self-owned locations are not located in areas sensitive to natural factors. However, to avoid potential impacts on biodiversity in the future, we have autonomously taken the following measures:

- 1. In 2022, the SCSB officially signed and joined the Equator Principles Association and strengthened the management of lending cases by following its assessment framework. This helps avoid dealing with clients posing significant environmental and social risks while ensuring that our lending business development does not have severe impacts on natural capital.
- 2. In 2023, the SCSB introduced the ISO 46001 Water Efficiency Management System to assess and track water consumption of equipment, adjusting facility effluents to achieve water conservation effect.
- 3. We constructed environmentally friendly office buildings with high daylighting and low energy consumption, equipped with solar panels and high-efficiency chiller units. This reduces energy and resource consumption during operations while minimizing damage to natural capital.
- 4. We adopted the ISO 20400 Sustainable Procurement Guidance Standard to assess the sustainability risks of suppliers. Apart from avoiding collaboration with suppliers that may cause severe environmental impacts, we also establish procurement principles and goals through management systems to actively purchase products with energy-saving effect or energysaving labels.

Regarding the locations of lending clients, the SCSB has conducted biodiversity hotspot assessments. The SCSB identified two sites situated in biodiversity hotspots. Further analysis of their industries and operating conditions indicates that they are not highly dependent on or impactful to ecological environments. However, to prevent adverse impacts on natural capital from its own operations and throughout the value chain, the SCSB has mandated that ESG and nature-related factors be considered before approving corporate loans. In 2022, the SCSB formally signed and joined the Equator Principles Association, following its assessment framework to enhance the management of credit cases. This ensures that the SCSB avoids engaging with clients posing significant environmental and social risks while developing its lending business without severely impacting natural capital

▲ Future Outlook

Supporting international sustainability initiatives has always been the SCSB's policy commitment to promoting sustainable development. The SCSB has already committed to setting science-based targets in March 2023 and is anticipated to submit targets for validation by 2025. Moving forward, the SCSB will not only focus on reducing carbon emissions in its operations but also continue to monitor the carbon risk of investment positions as well as carbon emissions associated with investment and financing activities. Furthermore, the SCSB will consider engaging with invested companies and low-carbon transformationrelated industries in the supply chain to achieve science-based carbon reduction targets. The SCSB will strive to contribute to the low-carbon transition of the global economy.

Moreover, the SCSB has evaluated nature-related risks and opportunities. To facilitate harmony between business development and ecological conservation, the SCSB will apply the comprehensive LEAP methodology outlined by the TNFD to analyze the dependence and impact level of its operations, investments, and financing businesses on the natural environment, as well as the associated risks and opportunities. This will deepen the SCSB's management of environmental impacts within its business.

2.3 GREEN OPERATIONS

As a member of the financial services industry, the SCSB not only adopted the TCFD framework to analyze climate-related risks but also continued to develop action plans to reduce potential direct environmental impacts. In 2022, the SCSB implemented the ISO 14001 and ISO 50001 international standards both with third-party verification. And formulated an "Environmental, Occupational Safety and Health, Energy and Resource Management Policy". Moreover, the SCSB also attained the ISO 46001 certification in 2023, aiming to apply systematic management policies to lower water consumption.

Through these ISO standards related to environmental management, the SCSB has launched various improvement projects related to energy, water resources, and waste. This demonstrates the SCSB's continued efforts to practice our commitment to environmental responsibility and sustainable development.

To integrate environmentally sustainable business policies into internal operating processes, the SCSB has started planning a carbon pricing system in 2023 and has also begun developing a risk assessment system based on carbon pricing. The introduction of carbon pricing will enable the SCSB to reflect potential carbon costs in its decarbonization strategies for investment and financing. It will also help the SCSB to manage energy management systems at various branches. This approach will incentivize colleagues to adopt environmental sustainability actions while also serving as a stress test mechanism for managing investment and financing risks.



Column

Internal Carbon Pricing

» Internal Carbon Pricing for Operational Management

- Operational management Internal carbon pricing: NT\$300/ton
- Carbon pricing category: Shadow price
- GHG Scope: Scope 2
- · Pricing method: Formulated after comprehensive consideration of domestic regulatory trends and internal carbon reduction costs.
- The SCSB uses the carbon fee rate that may be formulated by Taiwan's Ministry of Environment as the initial internal carbon price at the operational management level. However, since Taiwan's carbon fee benchmark has not yet been officially announced, the SCSB's internal carbon fee will be adjusted in the future based on the official pricing announced by the competent authority.

Various business units calculated their internal carbon fees according to the electricity consumption and energy-saving measures implemented.

The proportion of carbon fees from various business units relative to total revenue will be included in the annual performance evaluation.

Better energy-saving performance fosters unit performance growth and creates an incentivizing environment. In addition, the carbon pricing mechanism helps SCSB to objectively assess the potential energy costs at its operational locations in Taiwar

*According to discussions at the Ministry of Environment's carbon fee rate deliberative meeting, domestic carbon fees of Taiwan may be levied based on NT\$300 per ton. (This price is based on the recommended rates in the report "Carbon Pricing Options for Taiwan-Report Prepared for Taiwan Environmental Protection Administration" which was commissioned by the Taiwan Environmental Protection Administration from the London School of Economics and Political Science.)

上海商業儲蓄銀行

Column

» Internal Carbon Pricing for Investment and Financing Business Management

- Investment and financing business management Internal carbon pricing: NT\$1,500/ton
- Carbon pricing category: Shadow price
- GHG Scope: Scope 3
- Pricing method: Formulated after comprehensive consideration of domestic regulations, carbon trading market trends, and pricing levels in the industry. To ensure that the carbon fee reflects true costs, the system's carbon pricing benchmark in the future will take prices in the international carbon trading market and fluctuating factors such as inflation into consideration. It will be revised concurrently with the price levels at different times.

Conducted internal carbon pricing process assessments for specific high-carbonemitting industry clients through the system.

Calculated the estimated carbon fee by multiplying the client's annual carbon emissions by the carbon price set in the system.

If the estimated carbon fee for a client reaches a certain proportion or threshold, the system will issue a warning and mark the customer as a high-risk client.

The RM needs to confirm with the credit extension enterprises whether they have planned or implemented the following lowcarbon transformation projects and report the findings internally.

- 1. Conducted carbon reduction measures such as process improvement.
- 2. Conducted carbon reduction measures such as replacing obsolete factory equipment with new ones.
- 3. Used or rented green buildings, energy-saving buildings.
- 4. Introduced standards such as ISO 14064 or ISO 50001.
- 5. Applied IFRS S1 and S2 standards in disclosing financial information, as well as set reduction targets.
- 6. Joined international initiatives (such as RE 100 or SBTi, etc.) 7. Implemented other carbon reduction and transformation measures.

After discussions within the SCSB, if the client has made improvements or implemented low-carbon transformation projects, one can Undertake relevant credit projects after passing internal resolutions.

Column

Environment and Energy Management System

The SCSB regularly collects and studies the law as well as the opinions of internal and external stakeholders to identify environmental and energy-related risks and opportunities that may have a significant impact on the SCSB by following the PDCA cycle, as well as to continue improving environmental and energy performance

Since the SCSB is in the financial services sector, our main environmental impact during internal operations is resource consumption, particularly paper usage. To address this problem, the SCSB has implemented policies such as promoting electronic forms, paperless meetings, as well as paper recycling and classification to minimize paper consumption. In terms of direct and indirect energy and resource consumption, the SCSB consumes mainly water, electricity, and fuel for official vehicles. To mitigate its environmental impact, the SCSB has implemented policies such as procuring energyefficient equipment, optimizing lighting intensity, installing timers for lighting control, managing air conditioning usage, adjusting water flow, and performing regular maintenance and management of official vehicles. In compliance with relevant environmental regulations, the SCSB is committed to protecting the natural environment by enhancing the efficiency of resource utilization in its operational activities and internal management practices.



Paperless Policy

- The SCSB continually encourages customers to apply for credit cards online to save paper and meet carbon reduction targets. Customers who apply for the Minions Card online are offered a three-year waiver of the annual fee. In 2023, more than 78.5% of credit card applications were made online, totaling 32,677 applications. If each application uses two A4 sheets of paper, the online credit card application service saved 65,354 sheets of paper.
- . The SCSB is also promoting the use of electronic statements instead of printed statements. In 2023, the number of customers using only electronic statements reached 217,147, with a total of 1,060,761 electronic statements issued throughout the year. Assuming that each statement and envelope uses two A4 sheets of paper, these customers would collectively save at least 2,121,522 sheets of paper in 2023.

According to the Ministry of Environment's Carbon Footprint Information Platform, one A4 sheet of paper has a carbon footprint of 0.0068 kg. In addition, based on the estimation method recommended by the Intergovernmental Panel on Climate Change (IPCC), the mailing process for each physical statement generates approximately 6.32 g of CO2e. Therefore, the reduction in paper, envelopes, and statement mailing operations due to SCSB's paperless efforts in 2023 resulted in a reduction of 21,574 kg of CO2e. Additionally, the SCSB issued 1,096 electronic documents in 2023. Assuming each document would have used two A4 sheets of paper, this also reduced carbon emissions by approximately 14.9 kg of CO2e.

	Number of cases	Estimated carbon reduction due to paperless policy (kg CC)2e)
Use of electronic		Carbon reduction resulted from a decrease in paper statements	14,426.34
statements		Carbon reduction resulted from a decrease in paper statement mailing operations	6,704.01
Online credit card application	32,677	Carbon reduction resulted from a decrease in paper-based applications	444.40
Electronic documents	1,096	Carbon reduction resulted from a decrease in paper documents	14.9
Tot	al	21,589.65	



Energy Consumption and GHG Emissions

The energy consumption of each the SCSB operating location mainly consists of electricity and gasoline fuel for official vehicles. In 2023, the total energy consumption of the SCSB was 62,286 GJ, which is a 5.6% increase from last year's 59,003 GJ. Per capita energy consumption was 21.30 MWh, up by 3% from 20.65 MWh last year. The increase in energy consumption is due to the resumption of the SCSB's physical business after the epidemic, leading to increased fuel usage for gasoline, diesel, and natural gas.

Energy Type	2020	2021	2022	2023	2023	
Gasoline	6,953	5,963	5,914	6,667	1,852.23	
Diesel	135	47	13	81	22.71	
Natural gas	-	-	123	134	37.23	
Steam	-	602	410	556	154.59	
Non-renewable electricity	49,602	50,789	51,275	51,732	14,369.90	
Renewable	-	-	1,268	3,116	865.51	
Electricity	Total	57,401	59,003	62,286	17,302.17	
Unit		MWh				

	Goal Ad	chievement
Per capita energy consumption	2022	20.65 MWh
	2023	21.30 MWh

- Note 1: Energy unit conversion is calculated based on 1 cal=4.184 J, 1GJ=0.2778 MWh.
- Note 2: The calorific values of automotive gasoline, diesel, and imported natural gas in Taiwan are calculated based on the "Unit Calorific Value Table of Energy Products" published by the Energy Administration of the Ministry of Economic Affairs. The coefficients are 7,800 kcal/l, 8,400 kcal/l, and 9,000 kcal/m3 respectively.
- Note 3: Automotive gasoline in Vietnam, Indonesia, and Thailand is based on the IEA's "Oil Information 2023 Edition", "Indonesia: Fuels: Diesel and Gasoline" and "The Comparison of Fuel Consumption for Small Gasoline Engine Fueled by Commercial Gasoline Fuel in Thailand under Different Conditions" respectively. The calorific value coefficients are 7,840 kcal/l, 8,888 kcal/l and 8,059 kcal/l respectively.
- Note 4: Automotive gasoline in China is calculated based on the calorific value published in the "National Standard for Automotive Gasoline GB 17930-2016", with a calorific value coefficient of 7,909 kcal/L; purchased steam is calculated based on the calorific value announced in the "General Principles for Calculation of Total Energy Consumption GB/T2589-2008," with a calorific value coefficient of 3.763 GJ/ton; natural gas is calculated based on the calorific value announced in "General Principles for Comprehensive Energy Consumption Calculation GB/T2589-2020", and the calorific value coefficient is 0.0356 GJ/ cubic meters
- Note 5: The calorific value coefficient of purchased electricity in Taiwan is 3,600 GJ/million kilowatt-hour. In other regions, the coefficient specified in the power purchase agreement is used for the calculation.
- Note 6: Renewable electricity is purchased directly. A total of 842 certificates were purchased in 2023, totaling 865,513 kWh.
- Note 7: The data statistics includes the Shanghai Commercial and Savings Bank's headquarters, branches, and offices (118 locations in total).
- Note 8: The target for 2023 is a 3% reduction in per capita energy consumption compared to the previous year.
- Note 9: The 2023 Sustainability Report has included energy consumption of the Cambodian subsidiary (AMK Microfinance Institution Plc, AMK). AMK's company-wide energy consumption in 2023 was 16,470.03 GJ.



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2023 Electricity Conservation Program

Electricity Conservation Program

The SCSB implemented the ISO 50001 energy management system standard in 2022. The "Advertising Signboard Management Measures" were revised and approved on 17 May 2023. It is required to turn off signboard lights early and modify the controllers of signboard lights and ATM area lights to reduce energy consumption by controlling the power consumption of

equipment.

Implementation Methods and Outcomes

The SCSB revised the "Advertising Signboard Management Measures" on 17 May 2023. In response to the Taiwan government's promotion of energy conservation and carbon reduction, and line with the SCSB's ESG corporate image, the opening and closing times of branch signage lights will be adjusted as follows:

- (A) Daylight saving time: From May to October each year, opening at 18:00 and closing at 21:30.
- (B) Wintertime: from November to April of the following year, opening at 17:30 and closing at 21:00.

Each branch saves an average of 4,493 kWh of electricity per year, and the 72 branches in Taiwan are estimated to save 323,466 kWh of electricity.

The SCSB conducted a GHG inventory following ISO 14064-1:2018 Greenhouse Gases Part 1. The organizational boundaries were set using the operation control method and emissions were calculated by applying the emission factor method. The coefficients were derived from the GHG Inventory Table 6.0.4 published by the Ministry of Environment and the electricity emission coefficients published by the Energy Administration.

To achieve sustainable operations and implement sound carbon reduction measures, the SCSB has set a target to lower carbon emissions by 3% annually from the baseline year of 2022 to the target year of 2030.

Scope 1 emissions for 2023 increased by 366.1 tCO2e compared to 2022. This is mainly attributed to the use of dormitories and the gradual easing of COVID-19 restrictions, resulting in the resumption of physical business travel. The Scope 2 emissions had decreased by 25.87% compared to 2022. Combined Scope 1+2 emissions for 2023 was 0.1702 tCO2e per NT\$ million of revenue, reflecting a decrease of 28.27% compared to last year, thereby achieving the goal of reducing carbon emissions per NT\$ million of revenue by 3% compared to last year.

Scope 1 and Scope 2 Emissions

GHG Scope	2020	2021	2022	GHG Scope	2023		
Scope 1	513.3	707.2	702.9	Scope 1	1,069		
Scope 2	7.013.2	7 407 0	0 070 0	Scope 2 (Market-based)	7,323		
Scope 2	7,013.2	7,407.9	9,878.8	Scope 2 (Location- based)	7,323		
Soona 1.2	7.526.5	0.445.4	40 504 0	Scope 1+2 (Market-based)	8,392		
Scope 1+2	7,320.3	8,115.1	10,581.8	Scope 1+2 (Location- based)	8,392		
Unit							
		Goal A	chievement				
0000 年	9999 /T						

2022 年	Carbon emissions per		0.2373 tCO2e
2023 年	NT\$ million of revenue		0.1702 tCO2e
The	proportion decreased cor	mpared with 2022	28.27%

- Note 1: The electricity carbon emission coefficient in Taiwan adopts the 2022 electricity carbon emission coefficient announced by the Energy Administration of the Ministry of Economic Affairs. The coefficients in other regions adopt the local carbon emission coefficient or the data of each region in the Ecoinvent environmental database.
- Note 2: The remaining emission coefficients other than electricity mainly refer to the "Greenhouse Gas Emission Coefficient Management Table Version 6.0.4" announced by the Ministry of Environment of the Executive Yuan. The GHG emission coefficient for steam is taken from the Ecoinvent environmental database.
- Note 3: The global warming potential (GWP) is based on the IPCC Fourth Assessment Report in 2019-2020 and the IPCC Sixth Assessment Report in 2021-2023.
- Note 4: The greenhouse gas emissions inventory uses the "operation control" method and the statistical gas categories include CO2, CH4, N2O, HFCs, PFCs, SF6, and NF3.
- Note 5: The target to be achieved in 2023 is a 3% reduction in Scope 1 and Scope 2 carbon emissions per million of NT\$ revenue compared to the previous year.
- Note 6: The Scope 1 and Scope 2 reporting boundary includes The Shanghai Commercial and Savings Bank's headquarters, branches, and offices (118 locations in total) The GHG emissions from the SCSB's branches in Taiwan in 2023 have been verified by SGS and the verification report is attached to this report.
- Note 7: The SCSB's greenhouse gas (GHG) emissions for 2021 and 2022 have been verified by a third party and have received the ISO 14064-1:2018 Greenhouse Gases Part 1 verification statement. The verification was conducted by SGS in April 2023 and December 2023, and the verification period covers 1 January to 31 December 2021 and 1 January to 31 December 2022. The scope of the verification includes all the SCSB locations in Taiwan.
- Note 8: The carbon emissions data disclosed by the SCSB in the 2022 Sustainability Report are the external assurance results of the first half of 2023. In the second half of 2023, the SCSB conducted additional verification on the GHG emission. Therefore, in the 2023 Sustainability Report, the carbon emissions in 2022 have been revised simultaneously based on the verification results.
- Note 9: The 2023 Sustainability Report has included the greenhouse gas emission information of the Cambodian subsidiary (AMK Microfinance Institution Plc, AMK). AMK's company-wide emissions in 2023 were Scope 1: 486.33 tCO2e, Scope 2: 1,532.95 tCO2e, and Scope 3: 1,591.50 tCO2e.

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generation

.02 metric

Scope 3 Emissions

Emission scope and category	2020	2021	2022	2023
Scope 3 - Purchased Goods and Services (Upstream electricity)	No statistics available	1,206.5	1,190.1	1,347.9
Scope 3 - Employee commuting	No statistics available	1,808.4	1,951.2	1,856.7
Scope 3 - Business travel	1.2	4.8	6.8	115.7
Scope 3 - Emissions from product end-of-life stage	No statistics available	5.8	4.1	5.0
Scope 3 - Emissions from investment and financing activities	951,850	3,920,607	2,268,222	2,838,151
Unit		tCC)2e	

- Note 1: The upstream electricity carbon emission coefficient adopts the Product Carbon Footprint Information Network-Electricity Indirect Carbon Footprint (2021).
- Note 2: For the emission coefficients of employee commuting and business travel, domestically, the Product Carbon Footprint Information Network and the Ministry of the Environment's "Taiwan Vehicle Life Cycle Assessment" research project are adopted. Overseas, the coefficients for each region are taken from the Ecoinvent environmental database. The statistics of emission of employee commuting include both domestic and overseas employees.
- Note 3: End-of-life emissions are based on the SCSB 2022 Credit Card Carbon Footprint Report (valid until 24 November 2024).
- Note 4: Emissions from investment and financing activities are inventoried using the PCAF methodology. Due to the update of the PCAF methodology in 2022, financial carbon emissions for both 2021 and 2022 have been recalculated this year. Furthermore, with the introduction of the PCAF method for sovereign debt in 2022, the SCSB has also incorporated it into the calculation of financing emissions starting from 2023
- Note 5: The global warming potential (GWP) is taken from the IPCC Sixth Assessment Report 2021.
- Note 6: The target to be achieved in 2023 is a 3% reduction in carbon emissions per NT\$ million revenue compared to the previous year.
- Note 7: The Scope 3 reporting boundary includes the Shanghai Commercial and Savings Bank's headquarters, branches, and offices (118 locations in total)

■ Water Resources Management

The SCSB obtained all water supply from a third party, the Taiwan Water Corporation - without using groundwater or other water sources. Water was provided to office buildings and service locations for employees and some clients, without directly impacting water sources. Wastewater was discharged into the sewage system, collected through a network of pipelines, and sent to sewage treatment plants, thereby preventing pollution of other surface water bodies. Furthermore, the SCSB has implemented water-saving measures for toilets and other water-consuming equipment and purchased products with watersaving certification marks. In 2023, the SCSB's total water withdrawal was 65.1 ML, an increase of 8.2 ML compared to 56.9 ML in 2022. The water withdrawal per capita was 2.22 ten thousand liters, which is equivalent to a 12% increase from the previous year.

Item	2020	2021	2022	2023	
Water withdrawal (ML)	53.5	53.1	56.9	65.1	
Per capita water withdrawal (Ten thousand liters)	2.02	1.94	1.99	2.22	

Goal Achievement

Per capita water withdrawal increased by 0.23 Per capita water withdrawal increased compared with the previous year Ten thousand liters

Note 1: The SCSB assessed water stress using WRI's Aqueduct tool and determined that Taiwan is not located in a water-stressed area. Therefore, it was concluded that the SCSB does not withdraw water from water-stressed areas.

Note 2: According to the "Tap Water Quality Standards", the water withdrawn by the SCSB can be classified as fresh water.

Note 3: The data statistics includes The Shanghai Commercial and Savings Bank's headquarters, branches, and offices (118 locations in total).

Note 4: The target for 2023 was to reduce water withdrawal per capita by 3% from the previous year.

Note 5: The 2023 Sustainability Report has included the greenhouse gas emission information of the Cambodian subsidiary (AMK Microfinance Institution Plc, AMK). AMK's company-wide water withdrawal in 2023 was 44 million liters.

2023 Water Efficiency Management Programs

Water Conservation Program	Implementation Methods and Outcomes				
Adjusted water output in pantries and toilets	To reinforce water management, the SCSB completed the verification of the ISO 46001 Water Efficiency Management System in 2023. Subsequently, the SCSB analyzed water usage to identify potential savings areas and adjusted the water flow rates of faucets and flush valves in pantries and restrooms accordingly. After the improvements were made, an annual water saving of about 201.60 cubic meters was achieved.				

Waste Management Programs

The SCSB operates in the financial services sector and generates only non-hazardous waste. The SCSB encouraged employees to practice waste classification. Currently, designated recycling areas have been created in the headquarters building and branches to perform waste classification. Entrust legal recycling companies to dispose of waste by recycling, incineration, or landfill. Therefore, waste generated during the SCSB's operations did not lead to serious environmental

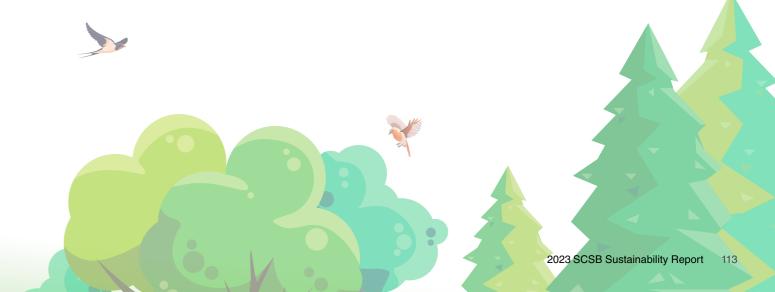
In 2023, 201 tons of waste was generated across all branches, reflecting a decrease of 63 tons compared to 2022. Nonrecyclable waste was 107 tons, a reduction of 63 tons from last year. The decline can be attributed to the paperless policy. In addition, the per capita amount of non-recyclable waste generated was 0.07 metric tons, a 25.8% decrease from last year's 0.09 metric tons, exceeding the 3% reduction target.

Non-hazardous waste	2020	2021	2022	2023	
Total waste recycled/ reused (tons)	65	136	94	94	
Total waste incinerated (tons)	140	250	170	107	
Total waste (tons)	205	386	264	201	
Per capita amount of waste (tons)	-	-	0.09	0.07	

Goal Achievement

Per capita waste generation has decreased compared with the previous year	Per capita waste of decreased by 0. tons
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- Note 1: Reuse methods for non-hazardous waste include only recycling/reuse and incineration. It does not include reuse, composting, recycling, deep well injection, burial, on-site storage, etc.
- Note 2: Data statistics cover all locations of the SCSB in Taiwan.
- Note 3: The target for 2023 is to reduce the amount of non-recyclable waste per capita by 3% from the previous year.
- Note 4: This annual report includes the waste generation data of the Cambodian subsidiary (AMK Microfinance Institution Plc, AMK). AMK's company-wide waste generation was 227 tons in 2023.



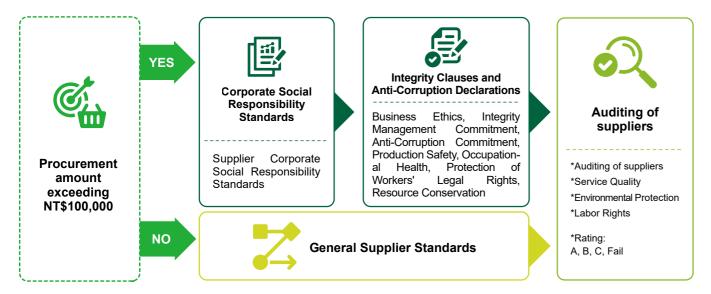


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2.4 Sustainable Procurement and Supplier Management

The SCSB's supplier management not only requires suppliers to comply with government regulations but also follows established guidelines such as the "Outsourcing Guidelines", "Outsourced Vendor Management Guidelines", "Selection of Entrusted Institutions Guidelines", "Procurement Guidelines", "Purchasing Operation Supplier Management Rules" and the "Supplier Corporate Social Responsibility Standards". These ensure that contract contents do not violate mandatory or prohibitive legal requirements. the SCSB has also included integrity clauses and anti-corruption declarations in supplier contracts, requiring all suppliers to acknowledge and comply with these statements, ensuring adherence to the Banking Act, Anti-Money Laundering Act, Personal Data Protection Act, and Consumer Protection Act.

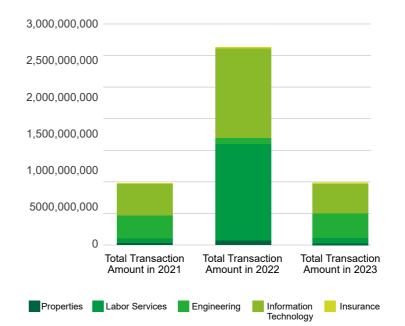
In 2023, the SCSB adopted and certified for the ISO 20400 sustainable procurement guidelines standard, integrating the concept of sustainable operations into the SCSB's procurement system and supplier policies. For supplier management, when the procurement amount exceeds NT\$100,000 or a contract signed, suppliers must provide a Supplier Corporate Social Responsibility Self-Evaluation Form and a Supplier Corporate Social Responsibility Commitment Letter. This ensures that partner companies have not experienced major occupational accidents, environmental penalties, or violations of labor laws. In 2023, the SCSB conducted written report reviews for 134 suppliers and performed on-site audits for 32 suppliers, with all onsite audits passing. Additionally, 14 new suppliers were selected based on environmental and social standards, accounting for 100% of the new suppliers in 2023.



The SCSB's suppliers mainly include properties, labor services, engineering, information technology, and insurance. In 2023, the primary procurements were in the engineering and labor services, amounting to NT\$445 million and NT\$455 million, respectively. The SCSB's procurement suppliers are primarily local. In addition to considering product quality and on-time delivery, the SCSB prioritizes environmentally friendly and energy-saving products, such as LED energy-saving light fixtures, FSC-certified photocopy paper, and energy-saving labeled computers and monitors. In 2023, the SCSB's total procurement of equipment amounted to approximately NT\$6.02 million.

The SCSB also purchased 842 Renewable Energy Certificates (equivalent to a total of 865,500 kWh of renewable energy) in 2023. The SCSB will continue to increase the proportion of environmentally friendly and energy-saving products in its procurement. Through green procurement, the SCSB aims to promote the growth of the green consumer market, create green benefits, and further expand energy-saving and carbon reduction efforts.

No.	2023 Green Procurement Measures and Performance	Procurement Amount/Quantity
1	Replacement of LED energy-saving light fixtures at business locations	Total procurement: 2,048 fixtures
2	Interior decoration of the new headquarters building in compliance with green building standards, using green building materials	-
3	Purchase of energy-saving equipment with energy-saving labels	Procured 257 computers, 189 monitors, and 2 laptops, totaling NT\$6,024,100
4	Procurement of Energy-Saving Equipment	Replacement of LED light fixtures totaled NT\$2,312,125; Replacement of air conditioning totaled NT\$4,046,300





Note: The increase in transaction amounts in 2022 was attributed to the construction of the SCSB's new building and the implementation of core system development projects. In 2023, with the completion of the construction project, the SCSB's procurement has returned to the levels of previous years.

Column

Achieving ISO 20400 Certification for Sustainable Procurement, Committed to **Green Supply Chain Management**

In 2023, the SCSB introduced the ISO 20400 Sustainable Procurement guidelines and achieved certification in January 2024. By conducting sustainable risk assessments on our suppliers, the SCSB identified potential risks in our supply chain related to environmental impact, occupational health and safety, and consumer privacy protection. This allowed the SCSB to establish risk control measures and management strategies appropriate for the procurement stages of operations.

Based on the risk assessment results, the SCSB also conducted educational training, surveyed the status of the supply chain, revised management regulations and supplier policies, and audited procurement processes. Through the transformation of working guidelines and management systems, the SCSB has strengthened the internal concept of green procurement, integrating sustainable principles into daily operations. The SCSB has also extended the sustainable procurement philosophy to our partnering suppliers, aiming to play a guiding role and work together with our supply chain partners to support the balanced and sustainable development of the economy, society, and environmental ecosystems.





3.1 Employee Composition and Diversity

Employee is one of the important factors for us to achieve the vision of common prosperity. To build a happy working environment, the SCSB actively recruits young talents through diverse recruitment channels and natures of work, hoping to maximize employee diversity. In addition, human rights and equality values are highly valued for recruitment, no discrimination against any gender, species, age group, political bias, marital or family status. The total number of employees in 2023 is 2,931, 74 more than in 2022 (2,857 employees), no significant difference.

Employee composition in the end of 2023

			Employmen	t contract		Employment type				
		Permanen	Permanent employees T		Temporary employees		Full-time employees		Part-time employees	
		Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	
	<30 years old	394	13.44%	0	0.00%	394	13.44%	0	0.00%	
Female	30–50 years old	915	31.22%	0	0.00%	913	31.15%	2	0.07%	
	>50 years old	329	11.22%	1	0.03%	329	11.22%	1	0.03%	
	<30 years old	165	5.63%	0	0.00%	165	5.63%	0	0.00%	
Male	30-50 years old	672	22.93%	0	0.00%	668	22.80%	4	0.14%	
	>50 years old	452	15.42%	3	0.11%	455	15.52%	0	0.00%	
Subtotal		2,927	99.86%	4	0.14%	2,924	99.76%	7	0.24%	
	Taiwan	2,837	96.79%	4	0.14%	2,834	96.69%	7	0.24%	
Region	Overseas areas	90	3.07%	0	0.00%	90	3.07%	0	0.00%	
Total		2,927	99.86%	4	0.14%	2,924	99.76%	7	0.24%	

Note 1: In 2023, 172 students took the internship at SCSB (not significantly different from 2022). Also in 2023, we hired 17 employees with disabilities and 2 Taiwanese indigenous persons.

Note 2: In 2023, we did not hire any employee with no guaranteed hours of work. Most of our part-time employees are company massagists.

Note 3: Percentage calculation = The number of this type of employee/Total number of employees

Note 4: Section 3.1 on employee-related data only covers the SCSB which does not include its subsidiaries. For the information of subsidiaries, the SCB (Hong Kong), the SCSB Leasing (China), and the AMK MFI (Cambodia), please refer to Chapter 4.

Our promotion policy is based on the "Regulations Governing Employee Transfer". The job opportunities opening are announced in the entire bank and a just, fair and open selection principle is adopted. To ensure that diverse chances of promotion are available to all employees, the SCSB strives to provide chances to employees for expertise building. For instance, the SCSB organized the financial professional course to all staff of business department who have been working one to three years to enhance their expertise regardless of gender. Therefore, the gender ratio balance of most types of employees is enhanced in 2023. The SCSB expects to enhance the ratio of male to female 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 adaptive development and equality of gender in promotion opportunities.

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Diversity indicators for employees in the end of 2023

Gender diversity indicators	Count	Employees indicators	Count
Female employees	1,639	Total employees	2,931
Females in management level	182	Total employees in management level	374
Females in entry management level	140	Total employees in entry management level	233
Females in mid management level	32	Total employees in mid management level	102
Females in top management level	10	Total employees in top management level	39
Females in management levels in the departments generating income	134	Total employees in management levels in the departments generating income	262
Female employees with duties associated with science, technology, engineering and math (STEM) to all positions associated with STEM	72	Total employees with duties associated with science, technology, engineering and math (STEM) to all positions associated with STEM	255

Gender diversity indicators	Percentage in 2023	Percentage in 2022	Difference
Percentage of female employees to all employees	55.92%	55.06%	+0.86%
Percentage of females in management level to all employees in management level	48.66%	47.23%	+1.43%
Percentage of females in entry management level to all employees in entry management level	60.09%	58.72%	+1.37%
Percentage of females in mid management level to all employees in mid management level	31.37%	30.56%	+0.81%
Percentage of females in top management level to all employees in top management level	25.64%	22.22%	+3.42%
The number of females in management levels in all the revenue-generating units	51.15%	49.06%	+2.09%
Percentage of female employees with duties associated with science, technology, engineering and math (STEM) to all positions associated with STEM	28.24%	26.81%	+1.43%

Note: Revenue-generating units include business departments, business units, and channel management departments.

Nationality	Number of employees	Percentage in total employees	Number of employees on management level	Percentage in total number of employees on management level
Taiwan	2,841	96.93%	364	97.33%
China and Hong Kong	43	1.47%	6	1.60%
Vietnam	31	1.06%	3	0.80%
Singapore	16	0.54%	1	0.27%





Composition of new employee hires and employee turnover in 2023

		New emplo	oyee hires	Employee	turnover
		Viewer count	Percentage in total employees	Viewer count	Percentage in total employees
	<30 years old	135	4.61%	64	2.18%
Female	30-50 years old	54	1.84%	40	1.37%
	>50 years old	4	0.14%	2	0.07%
	<30 years old	57	1.94%	30	1.02%
Male	30-50 years old	41	1.40%	19	0.65%
	>50 years old	3	0.10%	3	0.109
To	otal	294	10.03%	158	5.39%
Di.	Taiwan	271	9.25%	139	4.74%
Region	Overseas areas	23	0.78%	19	0.65%
Total		294	10.03%	158	5.39%

The average recruitment cost in the past four years (NT\$)

	2020	2021	2022	2023
Average recruitment cost	17,071	12,978	12,326	15,158

Note: Average recruitment cost = Recruitment cost this year/Total number of new employees this year.

Every year by analyzing the employee turnover rate of all job grades and the reason of leaving, SCSB identifies employees with potential flight risk and high flight risk, and formulates response and improvement measures accordingly to increase the retention rate. The average total employee turnover rate over the years is kept around 5%, shows that our employee care and welfare are recognized by employees to a certain degree. SCSB will continue to enhance employee retention measures.

Employee turnover rate in the past four years

	2020	2021	2022	2023
Total employee turnover rate	4.11%	5.01%	4.80%	5.39%
Voluntary turnover rate	4.11%	4.83%	4.69%	5.29%

Note 1: 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.

Note 2: This table only covers the SCSB which does not include its subsidiaries. For the information of subsidiaries, the SCB (Hong Kong), the SCSB Leasing (China), and the AMK MFI (Cambodia), please refer to Chapter 4.

Turnover rate for the past four years by job grade

Statistics Year	2020	2021	2022	2023
Turnover rate of all employees with job grade from 4 to 5	2.95%	3.09%	3.37%	3.99%
Turnover rate of all employees with job grade from 6 to 7	0.64%	0.89%	0.57%	0.51%
Turnover rate of all employees with job grade at 8 and above	0.19%	0.04%	0.07%	0.10%

Note 1: This table excludes retiree, employee on leave without pay, and laid off employee.

Note 2: This table only covers the SCSB which does not include its subsidiaries.

Analysis of reason for employee turnover in 2023

Reason of employee turnover/Job grade	Job grade from 4 to 5	Job grade from 6 to 7	Job grade at 8 and above
Incompetent	9	1	0
Career planning	31	8	2
Death	1	0	1
Others	6	0	0
Health or family issue	13	3	0
Advanced studies	12	1	0
Work in other banks	26	1	0
Change career or start a business	19	1	0
Total	117	15	3

Internal fill rate in the past four years

	2020	2021	2022	2023
Internal fill rate	34.50%	47.31%	44.73%	44.60%

Diverse recruitment

To correspond to our core strategy this year "Talent First", the SCSB provides internship through three diverse channels, academia-industry collaboration, overseas referral and non-profit organization. Students can understand practical operation in banking industry. In 2023, the SCSB recruits all kinds of talents, regardless of their school major or nationality. IT and digital talents are our priority. The SCSB collaborates with colleges and universities to cultivate sustainable banking talents. In addition, SCSB set up the "Pre-work Preparation Plan". It works with all universities, association and foundations with good reputation in Taiwan. There are 14 universities the SCSB has been working with, including National Taipei University, National Taipei University of Business, Soochow University, Tamkang University, Fu Jen Catholic University, Chung Yuan Christian University, Shih Hsin University, Tunghai University, National Central University, National Sun Yat-sen University, National Taipei University of Technology, National Cheng Kung University, National Taiwan Normal University and National Taiwan Ocean University. "House of Dreams" becomes a new partner for the Plan. Fresh graduates (seniors in college and sophomore in graduate school) can take internships at our business unit or information department in the second semester. We measure student's performance during internship. Students who perform well become full-time employees depending on the needs.

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SHOW AND

Recruitment website

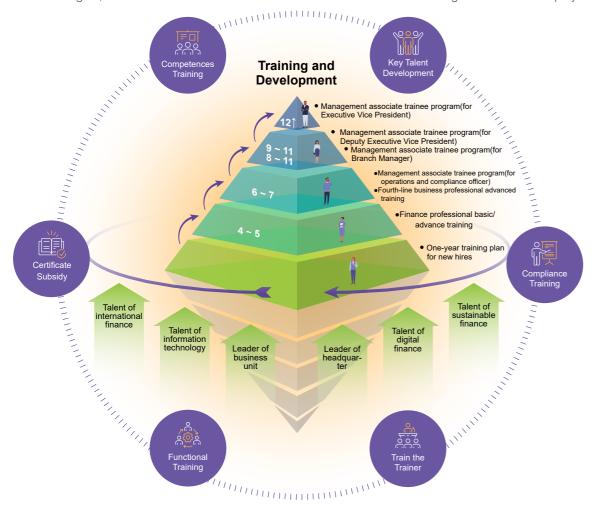
Recruitment channel	Recruitment goal	Method	Achievement in 2023
University collaboration	To expand the talent source and build a long-term, stable partnership with sources of great talents.	The SCSB set up the "Pre-work Preparation Plan". "House of Dreams" becomes a new partner for the Plan. Fresh graduates (seniors in college and sophomore in graduate school) can take internships at our operating unit or information department in the second semester. We measure student' s performance during internship. Students who perform well become full-time employees depending on the labor need.	internship program. ✓ 14 colleges worked with us in academic–industry collaboration. ✓ A total of 59.1% of the students





3.2 Employee Training and Career Development

The SCSB remains committed to the vision of "cultivating core skill and creating an abundant reserve of human capital". This vision is the strategic key point to talent development and cultivation. A top-down approach to talent cultivation has been rigorously planned carefully in conjunction with modern online education training courses. It is believed that corporate growth is predicated on sound human capital, and every employee is a valuable asset the SCSB must cherish and invest in. The SCSB has stipulated the "The Regulations Governing Education Training" in conjunction with a talent cultivation structure, strategic goals, and talent development needs. Furthermore, annual education and training plans were arranged according to clear training needs and targets, and the outcome is evaluated to reinforce the sustainable thinking of the SCSB's employees.



Target/Subject	Competences Development	Key Talent	Compliance Training	Train the Trainer	Functional Training	Certifica	te Subsidy								
Top management	Management associate trainee program (for senior executive)	Cultivation of													
Mid-level	New trainee program (for Branch Manager)	international finance talent Cultivation of information technology talent Cultivation of digital finance talent													
management	Management associate trainee program (for Branch Manager)														
Low-level management	Management associate trainee program (for operations and compliance officer)		technology talent Cultivation of digital finance	Training		External training Business	Lanaguage								
Business staff	Business staff training program			of multiple functional	Train the trainer (Introduction)	training	learining subsidy	Professtiona certificate							
business stail	New business staff trainee program												compliance	Train the trainer (Advance)	Self-developed training
Senior customer service officer	New customer service supervisor trainee program	Cultivation of sustainable finance		(riavarioo)											
Junior staff	Business professional basic / advanced training	talent													
New Hires	One-year training plan														

▲ Talent Development and Competencies Training Plan

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The SCSB hopes its employees enjoy working and challenge themselves. Besides transfers within the unit, those who have demonstrated exceptional performance and potential will be included in the SCSB's talent pool. Job rotation and overseas training were implemented systematically. These include the top manager cultivation plan, management trainee cultivation plan, and innovative talent cultivation plan, helping employees to accumulate their experience, turning them into talents for strategic development, and allowing them to fulfil the goal of career development. The key cultivation programs of this year are as followed:

Column

» Program name: Digital Development Key Employee Training

- Coverage: 41% (roughly 1,200 employees participated in the program)
- Program Details:

In respond to the trend of digital Fintech development and application, the SCSB strives to engage in digital transformation, shape a digital culture, popularize digital innovative thinking, and elevate employees' digital skills by implementing digital development key employee training in 2023.

- 1. Arranged for colleagues from various departments and management units to attend the "Business Data Analysis and Data Visualization Presentation Design" and "Agile Application Model in the Finance Industry"
- 2.Conducted digital classes presented by internal experts through synchronous distance-sharing to strengthen the fundamental digital knowledge of all colleagues, as well as enhance the familiarity and recognition of the SCSB's digital financial services/products.
- 3. Process Automation Basic Training:
- (1) "RPA Process Optimization Workshop"
- (2) "Robotic Process Automation (RPA) Practical Operation Course"
- 4.Data analysis personnel training: "Precision marketing practice and customer loyalty prediction model" training course
- Business Benefits:

In line with the SCSB's vision of digital transformation, it has conducted the "Commercial Data Analysis and Data Visualization Presentation Design" and "Agile Application Model in the Finance Industry" for 1,167 and 1,186 employees, respectively. Furthermore, process automation basic training and data analysis personnel training were carried out to bolster specialized talent training and enhance colleagues' digital skills. Meanwhile, digital class activities were conducted to expand the popularity and recognition of digital transformation among more than 4,600 employees, thereby increasing colleagues' recognition of digital transformation and their ability to undertake digital innovation projects. The ultimate aim is to help the SCSB realize this year's digital transformation strategy.



Column

» Program name: Financial Expertise Course Training Plan

- Coverage: 5.98% (175 employees participated in the program)
- Program Details:

To enhance the financial expertise of business unit employees so that they can offer customers comprehensive financial services, in addition to the "Financial Expertise Basics Course" (abbreviated as "Financial expertise B (asic) course") general training for junior staff (lasting 1-3 years), the "Financial Expertise Advanced Course" was also conducted (referred to as "Financial expertise A (dvanced) course") in 2023 to implement diverse training for promising junior staff with more than four years of experience. The course focuses on retaining diverse talents and involves the sharing of legal basis and relevant cases that need to be followed across four business fields. In addition, relevant courses such as fair hospitality, trust, wealth transfer, ESG, and sustainable management.

Direction for Course Topic Planning:

- 1. Basic knowledge (including the SCSB's policy regulations)
- 2. Business product cross-selling experience sharing (simulated scenario)
- 3. Business Q&A
- Business Benefits:

Three sessions of "Financial expertise B (asic) course" were held for 145 employees; one session of "Financial expertise A (dvanced) course" was held for 30 employees. The following benefits were achieved:

- 1. Improved business unit staff business skills across different fields
- 2. Provide customers with more comprehensive financial services and bolster customer service experience
- 3. Increase the product sales of business units
- 4. The number of financial certificates held by employees with grades four to five in 2023 was 4,881, which is 693 more than in 2022 (4,188 financial certificates), strengthening the professionalism of employee services







» Financial Friendliness and Fair Customer Treatment Training

In 2023, the SCSB provided online courses including "Financial Friendly Service" and "Treating Customer Fairly Principles in the Financial Service Industry" for all employees. Besides the above courses, the SCSB also organized the "Introduction to the Financial Consumer Protection Act" and "Service Quality and the Five Hearts Service Rules" online courses for new employees. For business unit employees, the SCSB launched the "Building an accessible bilingual financial service environment by 2030" program in conjunction with the Financial Supervisory Commission (FSC) to create a friendly bilingual financial service environment. In 2023, "English speaking training courses for deposit counter staff" and "English conversation courses for bank counters" were arranged to provide high-quality bilingual services to foreign customers. In addition, we have collaborated with the TASLI to produce an online course entitled "20 Commonly Used Sign Language Tips for the SCSB" to practice the SCSB's service philosophy of "Always placing customer's need first and always satisfying customers' needs". In 2023, 6,041 employees took part in the relevant courses, and the SCSB was recognized at second level in The Principle of Fair Customer Treatment appraisal by the FSC.

» Senior Manager Trainee Plan

According to Article 23-1 of the "Corporate Governance Best-Practice Principles for Banks", "Banking industry shall set up the management level development plan. The Board of Directors shall evaluate the development and implementation of the plan regularly to guarantee sustainable operation." Consequently, the SCSB continues to organize the senior talent cultivation plan, including:

- 1. Implemented leadership assessment and accelerated development plans, established high-level management talent standards based on the SCSB's strategic vision, applied assessment center technology to assess the ability of manager trainee talents, and implemented individual development plans (IDP) based on the results of the ability inventory. The SCSB arranged for 27 management trainee talents to receive the L3 Ready leadership assessment in 2023.
- 2. Arranged for two management trainee talents to participate in the "2023 Leading Executive Apex Program (LEAP)" organized by TABF. Through diverse learning activities such as mutual learning exchanges between top managers, case studies, practical exercises, overseas courses, and strategic topics, the SCSB will equip future financial top management talents with the three key capabilities of leadership, strategy, and sustainability.
- 3. Continued to organize the business English communication skills enhancement program, plan courses focusing on meeting hosting and discussion, and arrange for five and 39 management trainee talents to participate in one-on-one classes and group classes, respectively. It is hoped that through ongoing English conversation learning, managers can express and communicate more accurately in English, and demonstrate their professional qualities in business situations such as participating in international conferences, working abroad, or attending international seminars.
- 4. Arranged for five management trainee talents to participate in overseas seminars to obtain the latest information on globalization and develop personal leadership. They interacted with financial peers from different regions around the globe and formed networks to gain an in-depth understanding of diverse cultural perspectives, which will assist the SCSB in expanding its international financial business. "Individual development plan (IDP)", "English communication skills enhancement program", "2023 Leading Executive Apex Program (LEAP)", "overseas seminars", and online multimedia courses, etc. A total of 47 managers participated in the training program in 2023

» Sustainable Finance Talent Training

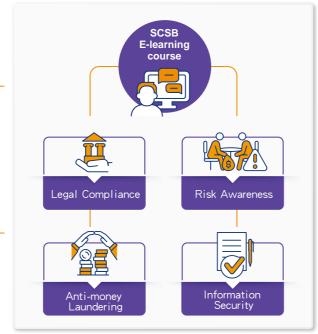
In 2023, the SCSB applied the theme of "Diverse Cores and Digital Sustainability" to conduct various courses such as theme training, sustainable skills, and general knowledge popularization for internal colleagues and top managers. Moreover, the SCSB also regularly arranged for directors, supervisors, and top managers to participate in specialized sustainability-related training and seminars on international sustainability and financial development trends, climate change, and energy transition, as well as the challenges and opportunities of offshore wind power development in 2023. To advance internal sustainable development policies and relevant business needs, the SCSB has arranged for colleagues to participate in the "Sustainable Finance Manager" training course organized by the Taiwan Institute for Sustainable Energy (TAISE) and the "Sustainable Finance Professional Talent Training Course" organized by the Taiwan Academy of Banking and Finance (TABF). In 2023, the total number of participants in the SCSB's sustainability-related educational training was 6,535, totaling 11,280.5 hours of training.



▲ Employee Training

To meet the training needs for employee development, the SCSB provided basic courses at all branches and departments, and established the SCSB e-College as the learning platform without time restriction. The SCSB provides diverse training methods and open learning classes. The courses are easy to access and the learning space has no any restrictions. The employees can join the professional or knowledge basis courses on the e-learning system through the Internet, e.g., antimoney laundering, legal compliance, information security, and risk awareness. This way, the employees are able to access the convenient and efficient learning environment and evaluate the learning results based on their own needs.





Certification Subsidy Plan

- 1. The SCSB actively participates in the sustainable finance certification program promoted by regulatory authorities, encouraging employees to undertake and obtain certifications in sustainable finance competency tests.
- 2. Language proficiency is recognized as a critical element supporting employees' engagement in international communications and exchanges. Therefore, the SCSB has established language subsidy standards, providing subsidies for language proficiency enhancement. As of the end of 2023, approximately 2,390 employees have obtained various language certifications. In alignment with the Financial Supervisory Commission's policy to foster a bilingual financial service environment, the percentage of employees passing English proficiency tests accounts for 81.54% of the total workforce. Apart from language enhancement subsidies, operating departments are also empowered to assess and proactively apply for funding subsidies for other necessary certifications based on employees' needs.
- 3. In addition, to the aforementioned subsidies, in 2023, in accordance with financial policies and operational strategies, the SCSB trust department also provided subsidies for the certification of "Elderly Financial Planning Consultants" and "Family Trust Planning Consultants".

2023 average employee training hours and expense

	Employee type		Average training hours	Average training expense (NT\$)
		<30 years old	N/A	N/A
	Top management	30-50 years old	N/A	N/A
		>50 years old	60.18	11,651.50
		<30 years old	N/A	N/A
	Mid-level management	30-50 years old	90.98	29,930.30
	ŭ	>50 years old	68.72	31,455.56
Female		<30 years old	N/A	N/A
	Entry-level management	30-50 years old	77.72	12,036.47
		>50 years old	73.32	10,695.88
		<30 years old	65.34	7,346.02
	Non-management level	30-50 years old	61.67	9,549.81
		>50 years old	56.06	9,665.57
		<30 years old	N/A	N/A
	Top management	30-50 years old	N/A	N/A
		>50 years old	62.09	45,286.71
		<30 years old	N/A	N/A
	Mid-level management	30-50 years old	73.71	16,983.72
Mala	management	>50 years old	78.76	23,713.22
Male		<30 years old	N/A	N/A
	Entry-level management	30-50 years old	52.86	8,510.11
	management	>50 years old	62.27	10,227.41
		<30 years old	74.94	8,216.76
	Non-management level	30-50 years old	61.16	9,653.61
	.070.	>50 years old	52.61	8,862.62
	Taiwan		63.70	10,258.98
Mada	China and	Hong Kong	26.92	4,966.90
Nationality	Vie	tnam	31.78	5,314.94
	Sing	apore	17.09	7,669.17
Taiwaı	nese indigenous peopl	les	97.34	16,941.92

Note: The total number of female employees is 1,639, with a total training duration of 103,523.22 hours and an average training duration of 63.16 hours per employee. The total number of male employees is 1,292, with a total training duration of 79,860.28 hours and an average training duration of 61.81 hours per employee.

Training type	Average training hours	Average training expense (NT\$)
Physical course	28.04	9,748.15
Virtual course	34.68	390.98
Internal training	48.95	2,677.80
External training	13.77	7,461.33
All employees	62.72	10,139.13

Note 1: The employee count calculated in this table excludes part-time staff.

Note 2: The data in this table only covers the SCSB and does not include its subsidiaries. For the information of subsidiaries the SCB (Hong Kong), the SCSB Leasing (China), and the AMK MFI (Cambodia), please refer to Chapter 4.



3.3 Employee Compensation and Benefit

The SCSB adheres to the sustainable strategy of "Balanced and Growth". In terms of talent capital management, apart from talent selection, cultivation, and utilization, the retention of talent is also a crucial focus for the SCSB. The SCSB establishes the Employee Welfare Committee to organize employee clubs, various activities, and diverse benefits. Additionally, a portion of the revenue is allocated to provide multifaceted subsidies, discounts, and additional compensation reward mechanisms. Since 2020, the SCSB has established Employee Assistance Programs (EAPs) to provide counseling services, facilitating enhanced communication channels. Furthermore, the SCSB aligns with governmental regulations, demonstrating comprehensive care for employees in compliance with various legal policies and regulations.

▲ Employee Caring

The SCSB treats employees like family members and places significant emphasis on their physical and mental well-being. Various welfare measures are regularly implemented, including comprehensive health checks for all employees. Additionally, a range of club activities and travel subsidies are provided, allowing employees to enhance their relationships and relieve stress outside of work. The SCSB also values the voices of its employees and has established the iTalking Employee Care Mailbox as a safe and confidential communication channel. Employees can use this platform to raise any work-related inquiries, suggestions, concerns, or requests for assistance. Furthermore, to aid employees in enhancing their professional skills and career development, a platform is provided for those seeking job transfers. These initiatives aim to boost employee morale and satisfaction, serving as catalysts for the SCSB's growth.

» iTalking Employee Caring Mailbox

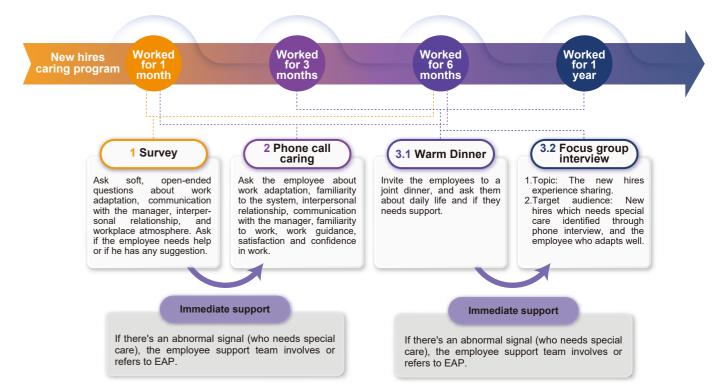


Since 2022, the SCSB has implemented the "New Employee Care Program" and continued to carry out questionnaire surveys, telephone interviews, and other relevant measures in 2023 in order to understand how new employees are adapting to their work in the SCSB, offer timely assistance, and collect employee feedback for relevant departments to adjust future business directions. A caring tea party was held for 165 new employees with less than a year of experience in 2023, allowing them to interact with care staff based on three major topics including "Business and Company System", "Workplace Environment" and "Work Adaptation", sharing experiences in practical operations, offering advice on how to quickly integrate into the SCSB, and inviting supervisors from the Human Resources Department and Channel Management Department to engage in real-time, two-way communication with new employees.

» 2023 New Staff Welcome Tea Party







The SCSB collaborates with external professional consultants, the "Chinese Foundation of Psychotherapy and Counseling Foundation", to establish an Employee Assistance Program (EAPs) to serve employees, aiming to cultivate a mentally and physically healthy workplace environment. The counseling scope of the SCSB's Employee Assistance Program (EAPs) includes work-related issues, family matters, parent-child relationships, interpersonal relationships, self-exploration, emotional management, real estate transactions, car accident disputes, divorce and alimony, inheritance and other legal topics. Employees can utilize this resource through toll-free phone calls, emails, or face-to-face individual counseling sessions.

To foster a culture of mutual care within the organization and enhance employee well-being and engagement, the SCSB continues to address human rights risks related to "Occupational mental health." Since 2020, the SCSB has organized "Supervisor Mental Training" courses, which continued through 2022. These courses aim to enhance supervisors' sensitivity and communication skills with subordinates, thereby creating a healthy work environment. In the fiscal year 2023, the SCSB conducted occupational mental health training courses, inviting Ms. Lin Cui-fen, a professional counseling psycholo-gist, to deliver the sessions. These courses aim to strengthen the psychological resilience of new staff members and en-hance supervisors' sensitivity and communication skills with subordinates.

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»Psychological Techniques and Effective Communication Skills for Leading New **Employees in 2023**





▲ Employee Benefit (Full-time Employees)

Benefit Measures	Taiwan	Overseas
Life insurance	Employee group insurance	Employee group insurance
Health insurance	Employee group insurance	Employee group insurance
Club subsidy	In accordance with the Employee Welfare Committee's Club Subsidy Guidelines (Table Tennis Club, Tai Chi Club, Golf Club, Yoga Club, Softball Club, Traditional Martial Arts Club, Basketball Club, Badminton Club, Art Club, Saxophone Club).	In accordance with the Employee Welfare Committee's Club Subsidy Guideline.
Guaranteed 13-month annual salary	Employees who were still working for the SCSB at the end of the year received a double salary payment equivalent to one month's salary in late December, calculated according to the proportion of days worked in the current year. They were also entitled to Chinese New Year bonuses, anniversary vouchers, and year-end bonuses.	In principle, the performance bonuses will not be lower than one month's salary.
Bank employee preferential savings deposits	During the tenure of full-time employees.	-
Bank employee preferential loans	Full-time employees who have completed at least five years of service.	-
Retirement subsidy measures	Under the old system, pensions are processed according to the SCSB's employment regulations; under the new system, pensions are processed according to the Labor Pension Act. President and retiree dinner program.	Organized according to regional laws and regulations overseas.
Flexible working hours	Due to the unique nature of the SCSB's business, some units or employees may opt for flexible working hours or shifts via written agreements.	Various departments may flexibly adjust the start and end times of work based on business needs.
Maternal health protection	Applicable to female employees of the SCSB who are pregnant, postpartum, or breastfeeding (including those who continue breastfeeding for up to one year after childbirth) in accordance with the maternal health protection plan.	-
Medical care subsidies	Full-time employees who have completed one year of service. Employees, their spouses, and minor children and those who are currently studying are eligible to apply for hospitalization or surgery subsidies.	-
Child education subsidies	Full-time employees who have completed one year of service.From kindergarten to graduate school, every child currently studying will be provided with child education subsidies every semester.	-

Benefit Measures	Taiwan	Overseas
Travel subsidies that are better than the current market standards	Full-time employees who have completed one year of service before the end of previous year. Subsidiary employees who participate in travel itineraries organized by China Travel Service (Taiwan) Limited may receive up to NT\$20,000 worth of subsidies (including Welfare Committee subsidies).	-
	Physicians and nurses offered on-site consultation services, health education and guidance.	-
	A massage station was established in the headquarters building.	-
	In 2023, the pandemic prevention vaccination leave (half-day with full pay) and pandemic care leave (without affecting full attendance) continued to be implemented.	-
Other benefits	According to regulations on special employee benefits that are better than legal requirements and the Welfare Committee's regulations for employee retirement, marriage, funeral subsidies, and emergency assistance.	According to regulations on special employee benefits that are better than legal requirements and the Welfare Committee's regulations for employee retirement, marriage, funeral subsidies, and emergency assistance.
	Organized the annual spring evening banquet, sports activities, anniversary celebrations, and Employee Assistance Programs (EAPs).	Organized the annual spring evening banquet, sports activities, anniversary celebrations, and Employee Assistance Programs (EAPs).

Note: Please refer to "About This Report" for important operational locations.

In addition, female employees are entitled to clear provisions regarding leave and wage benefits during menstruation, pregnancy (antenatal care, fetal health), maternity leave, childcare, and breastfeeding. The SCSB specifies paid maternity leave of 8 weeks, paid prenatal leave of 1 week, and paid paternity leave of 1 week for both primary and non-primary caregivers, in accordance with legal regulations. Furthermore, the SCSB goes beyond legal requirements by providing an additional 4 days of paid maternity leave. Parental leave is not limited to female employees; all eligible employees have the right to apply for parental leave to meet their family caregiving needs, thus expanding the protection for the SCSB employees.

Parental leave

Item	Female	Male	Total
Number of employees applying for unpaid parental leave in 2023	34	2	36
Number of employees to resume from unpaid parental leave in 2023 (A)	31	3	34
Number of employees actually resuming from unpaid parental leave in 2023 (B)	29	2	31
Number of employees resumed from unpaid parental leave in 2022 (C)	35	10	45
Number of employees resumed from unpaid parental leave in 2022 and stayed over a year in 2023 (D)	28	9	37
Return rate of the parental leave % = B/A	93.5%	66.7%	91.2%
Retention rate of the parental leave % = D/C	80.0%	90.0%	82.2%

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

Nursing and Childcare

The SCSB provides lactation rooms in the following locations: the fifth floor of Headquarters (Minsheng) Building, the 3rd floor of the Neihu Building, the 3rd floor of the Jiaxin Cement Building, Ren'ai Building and the 6th floor of the Personal Banking Building. These rooms are designated for postpartum female employees, offering a supportive environment. Furthermore, to cultivate a supportive workplace environment and assist employees in balancing work and family caregiving responsibilities, the SCSB has signed an agreement with Hess Educational Enterprise Co., Ltd. To provide corporate childcare services. Employees whose children attend childcare or nursery schools affiliated with the company are eligible to offset relevant expenses and extend childcare services.

▲ Compensation

The SCSB benchmarks market salary levels to provide employees with competitive compensation. Bonuses are discretionary and distributed during the Dragon Boat Festival and Mid-Autumn Festival based on the annual profit situation. Year-end performance bonuses follow a performance-oriented assessment system, reviewing the execution of annual work performance goals and considering overall employee behavior and performance throughout the year. After discussions between supervisors and employees, the annual performance assessment grades are determined, serving as a reference for year-end performance bonus distribution. Outstanding performers may also have opportunities for promotion and salary adjustment. Additionally, the SCSB offers employee benefits such as preferential deposit rates and loans for home purchases in accordance with related regulations. In 2023, the average salary ratio of female to male general employees at the SCSB was approximately 0.86:1, while the ratio for female to male employees at the supervisor level and above was approximately 0.80:1.

Average salary ratio of female and male

	General employee	Ratio	Managerial employee	Ratio
T	Female	0.86	Female	0.80
Taiwan	Male	1	Male	1

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

	Item	2023	2022	2021	Difference
	Number of full-time non-managerial employees (person)	2,606	2,476	2,382	5.25%
Taiwan	Average salary of full-time non-managerial employees (thousand in NT\$)	1,390	1,367	1,290	1.68%
	Medium of the salary of full-time non-managerial employees (thousand in NT\$)	1,260	1,255	1,191	0.40%

Note: The calculation of the disparity ratio is based on the percentage result of (2023 - 2022) / 2022.

Salary ratio of female and male on all levels

Item of gender pay indicators	Salary ratio of female and male
Salary for managers on executive level	0.81:1
Remuneration for managers on executive level	0.85:1
Salary for managers on general management level	0.83:1
Remuneration for managers on general management level	0.82:1
Salary for non-management employees	0.88:1
Remuneration for non-management employees	0.86:1

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Gender pay indicators

Item of gender pay indicators	Gender difference (%)	
Difference of average salary	16.23%	
Difference of median salary	14.13%	
Difference of average bonus	20.24%	
Difference of median bonus	17.53%	

Note 1: Salary covered salary and perk covering the period from January to December; the bonus covers holiday bonus, full attendance bonus, payment in lieu of untaken annual leave, year-end bonus, and other variable compensation.

Note 2: Gender Salary Difference = (male salary-female salary) / male salary; Gender Bonus Difference = (male bonus-female bonus) / male bonus

Note 3: The data in this table covered the SCSB's employee in Taiwan and did not include its oversea branches and subsidiaries. For the information of subsidiaries the SCB (Hong Kong), the SCSB Leasing (China), and the AMK MFI (Cambodia), please refer to Chapter 4.

▲ Long-term Incentive System

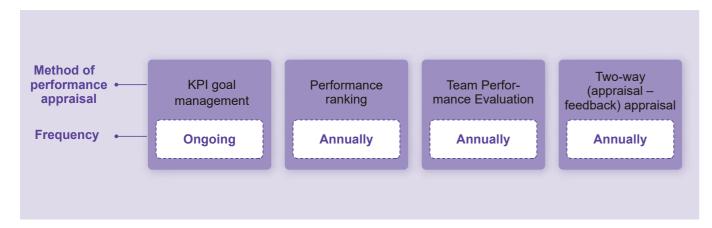
Long-term Incentive Measures	Details
Employee Stock Ownership Trust	To enhance employee morale, motivation, and retention, and share the fruits of sustainable operations, the SCSB established the "SCSB Employee Stock Ownership Association" in 2021, and formulated the "Management Measures for the SCSB Employee Stock Ownership Trust", covering 99.90% of all employees. A fixed amount of employees' monthly salary was allocated for purchasing trust stocks. Furthermore, the SCSB provided a monthly incentive bonus (hereinafter referred to as the bonus) to employees based on their monthly contribution amount, serving as an incentive for employees to hold the stocks for the long term.
Seniority award	The SCSB awarded commemorative trophy and incentives as mark of recognition to colleagues with 25 and 30 years of seniority, applicable to all employees.
Deferred compensation	To strengthen corporate governance and ensure the linkage between executive compensation, operational performance, future risk management and talent retention, the SCSB added deferred incentive clauses to the "Regulations for Remuneration Management" in 2023. This provision applies to 1.13% of all employees and will be activate in 2024. Under this clause, thirty percent of the performance bonuses for managers at the rank of deputy executive vice president (in grades twelve and above) will be deferred and distributed over a period of three years.
Service bonus	Employees who have served the SCSB for 15 years and apply for retirement within the same year, but have not completed the entire year of service, are eligible for a service bonus. This policy covers 95.91% of all employees at the SCSB.

▲ Fair Performance Appraisal

- 1. Performance Review: To achieve the SCSB's organizational strategic objectives and enhance employee competitiveness, the performance management system is utilized to cascade strategic goals from the entire organization down to individual objectives within each department. Throughout the year, continuous communication and dialogue between supervisors and subordinates are conducted to review goal execution, identify areas for improvement, and provide timely feedback to employees. All the SCSB employees are required to participate in regular performance evaluations, which fairly assess their job performance through mechanisms such as goal management and performance ranking. The performance management system covers all employees, with a coverage rate of 100%.
- Team Performance Evaluation: To incentivize business departments to enhance operational efficiency and empower employees to execute annual strategic objectives collaboratively, the SCSB has established the "The Shanghai Commercial and Savings Bank Organizational Performance Evaluation Measures for Business Unit", which sets group evaluation items and allocation according to each unit's strategies for the year. Departments that meet or excel in their evaluations will be rewarded with bonuses to encourage teamwork efforts.
- 3. 360-Degree Performance Feedback Mechanism and Agile Communication: In addition to self-assessment and supervisor evaluations in the annual performance appraisal, multi-dimensional performance assessment is undergo through Channel Management Department. Branch staff undergo service quality sampling assessments conducted by the Channel Management Department across all branches and support function nationwide. Meanwhile, feedback on customer satisfaction from mystery customers call-in and platinum customer service award is also incorporated into the evaluation mechanism.
- 4. Furthermore, specific departments and project teams hold regular stand-up meetings or weekly meetings during daily operations to discuss business execution, pending tasks, and strategies for addressing execution challenges. This fosters a culture of agile communication, ensuring effective and immediate communication between subordinates and supervisors, achieving multi-dimensional performance assessments.



» Performance Appraisal Flow and Frequency



Freedom of Association

The SCSB grants employees the freedom to associate, and there is an internal employee union available for employees to join voluntarily. Employees participating in the union receive equal treatment in all aspects (including but not limited to salary, bonuses, training, transfers, promotions, etc.). As of December 2023, the percentage of employees participating in the employee union accounted for 14.91% of the total workforce, representing a 0.32% increase compared to the same period in

Employee Work Experience Survey

Employees are the SCSB's most important asset. To optimize the employee work experience, SCSB has been conducting the employee engagement survey since 2020 to gain insight into their feedback and concerns. In 2022, the SCSB commissioned an objective third-party external consultancy to carry out an anonymous employee commitment and satisfaction survey, expanding the scope of the employee experience survey to include full-time employees worldwide. The survey aims to comprehensively evaluate the workplace experience of employees and understand their perspectives. Subsequently, the SCSB will conduct rolling policy adjustments based on the survey outcome and important suggestions from follow-up interviews to attract, retain, and cultivate outstanding employees, as well as plan the improvement directions. Also, the employee satisfaction level and commitment were analyzed according to diverse categories in conjunction with the above employee turnover rate analysis at various levels to facilitate early identification of potential turnover risks. Furthermore, improvement strategies for areas with lower scores (such as care mechanisms and benefits systems) will be devised to increase employee satisfaction and retention rates.

Survey Dimensions:

Employee engagement: Strategy and execution, job satisfaction, organizational culture, harmony and encouragement of innovation, career development

Employee commitment: Meaningful work, supportive management, positive work environment, opportunity for growth, leadership and trust, happiness and stress levels

Employee satisfaction: Nature of work, work environment, company culture, corporate philosophy

Survey Methodology:

Employee engagement: The online questionnaire survey is administered every two years using a 5-point scale (5 for very important, 4 for important, 3 for average, 2 for unimportant, and 1 for very unimportant). Employee engagement is calculated based on the percentage of responses indicating "very important" and "important" among the total number of

Employee commitment and satisfaction: The online questionnaire survey is administered annually using a 5-point scale (5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree, and 1 for strongly disagree). Employee commitment and satisfaction were calculated based on the survey results

Survey result for engagement of employees

	2020-2021	2022-2023
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%	43.1%
Engagement of all employees	95.8%	94.1%
Engagement of male employees	95.3%	93.0%
Engagement of female employees	96.2%	94.9%
Engagement of employees aging below 30	95.3%	93.8%
Engagement of employees aging 31 to 50	95.5%	93.2%
Engagement of employees aging over 50	96.6%	95.6%

Note: Survey on engagement of employees is held every two years. Last time it was conducted in 2022. Therefore, the SCSB used the result for 2023 as the result for 2022 as well.

Survey Results of Employee Experience and Satisfaction in 2023

Year of Survey	Coverage Area	Number of Respondents	Response Rate	Overall Commitment	Overall Satisfaction
2023	Taiwan and overseas	1,379	47.05%	70.10	69.83
2022	Taiwan and overseas	842	29.52%	76.62	76.11

Note 1: The base date for the number of respondents is based on the period from January 1 to December 31 of the respective year. The total number of employees for each year is based on the number of employees in the SCSB as of December 31 of the respective year.

Note 2: The response rate is calculated by dividing the number of respondents by the total number of the SCSB employees.

The SCSB values employee communication and has therefore commissioned an external consultancy to conduct the employee commitment and satisfaction survey using a third-party platform since 2022. All employees of the SCSB were invited to participate in the survey to understand their assessment across five dimensions: meaningful work, supportive management, positive work environment, growth opportunities, leadership and trust. Moreover, happiness and stress levels were also included as survey dimensions. Through the systematic collection of feedback and cross-analysis with relevant indicators such as employee performance and turnover, the SCSB has formulated talent experience optimization strategies and laid the foundation for the planning of the following year's talent management strategy.

2022 Survey Result Analysis and Improvement Plan	2023 Improvement Plan Implementation Status
It is recommended to expand the low-level management leadership management course and incorporate more team-building and corporate culture-building thinking.	Organized leadership skills and communication skills-related courses: In 2023, occupational mental health training courses were planned for branch managers, the Business, Operation & Compliance Vice President, and deposit RMs.
 It is recommended to monitor the learning progress of new employees and conduct pulse surveys regularly to obtain feedback and suggestions that can be compiled and provided to relevant units to assist them. 	 Implemented a new employee care program: Conduct questionnaire surveys, phone interviews, care tea parties, and relevant measures for colleagues with less than one year of seniority. The program was organized to help NT\$ customer service personnel understand the SCSB's policies, regulations, services, and operations.
 It is recommended to provide new employees with standardized online pre-employment training that is consistent with their job description and regularly hold physical training courses for new employees. It is advised to have in-house legal, accounting, and tax professionals produce online tutorial videos addressing key issues in daily operations. 	Physical and Online Training Courses: Theme promotion by external professionals. Produce e-learning courses on relevant topics based on the professional nature of various units' businesses.



3.4 Occupational Health and Safety

The SCSB attaches great importance to employee health and safety. In 2022, the SCSB introduced the ISO 45001 occupational health and safety management system and successfully obtained certification. Starting in the second half of 2023, the SCSB will expand the scope of certification to the entire country, and a certification coverage rate of 90.36% is expected to be achieved by 2024. A committee should be established in accordance with the "Regulations of Occupational Health and Safety Management" and the SCSB's "Regulations of the Establishment of Occupational Health and Safety Committees", and quarterly meetings should be convened. According to Article 11 of the Regulations of Occupational Health and Safety Management, labor representatives should account for over 1/3 of committee members. The SCSB's committee consists of 11 members, of which four are labor representatives, thereby complying with legal requirements.



Considering the work patterns of employees, the SCSB follows the framework of the Four Major Plans for Labor Health Services to formulate short-, medium-, and long-term occupational and environmental safety and health indicators and targets. Furthermore, the SCSB conducts surveys to identify and evaluate high-risk groups, implements improvement measures including health management and medical personnel interviews, as well as plans relevant health promotion activities. In 2023, the SCSB implemented projects to address potential workplace risks. These include the installation of partitions in electrical switch boxes to minimize the chances of operators accidentally touching live components; the installation of guardrails along the edges of roofs to prevent fall accidents; the installation of handrails and anti-slip strips on stairs to prevent falls and injuries while using stairs.

Short-, Medium-, and Long-term Indicators and Targets of Occupational and **Environmental Health and Safety**

Category Name of Performance Indicator		Explanation of Performance Indicator Calculation Methods	2024 Targets	2025 Targets	2026 Targets
Environmental safety	The expected number of environmental health		100%	100%	100%
		(Cumulative number of emergency response drills/ planned number of emergency response drills) * 100%	100%	100%	100%
Safety Committee meeting		(Number of Occupational Health and Safety Committee meetings/legally required number of Occupational Health and Safety Committee meetings) * 100%	100%	100%	100%
		Satisfaction survey score/total survey score ≧ 80	80	85	90

Health Risk Evaluation

High Health Risk Factors	The SCSB's Response and Management Measures
Poor work posture	Since most of the SCSB's employees work in a sitting position and use computers for a long time, they are prone to occupational hazards related to visual fatigue, repetitive tasks, and poor posture. Consequently, the SCSB has established the "Human Factors Hazard Prevention Plan" and the "Prevention Plan for Abnormal Workload-related Illnesses". To address potential occupational diseases, the SCSB has planned and implemented necessary safety and health measures, as well as performed hazard identification and risk assessments for potential high-risk groups. Moreover, the SCSB also arranged for occupational health service medical personnel to provide individual assessments and health education guidance.
Indoor CO ₂ concentration variations	Due to the potential problems of respiratory system issues and reduced attention caused by variations in indoor CO_2 concentrations, the SCSB has commissioned a work environment monitoring organization approved by the competent authority to conduct biannual monitoring of CO_2 concentrations in the workplace. All monitoring results in 2023 complied with legal regulations.
Abnormal workload/long working hours/night shift operation-related hazards	High stress and extended working hours may lead to occupational cardiovascular and cerebrovascular diseases, as well as hazards associated with night shift work. Therefore, the SCSB has implemented the "Illness Prevention Program Due to Abnormal Workload" to manage employee health. Also, colleagues can take advantage of SCSB's Employee Assistance Programs (EAPs) free of charge, which includes access to professional counseling psychologists and clinical psychologists who offer employees professional counseling services in a bid to enhance their quality of life. The SCSB has formulated a comprehensive overtime application process and regularly monitors employees' overtime hours. For employees with abnormal overtime hours, the SCSB communicates with them to understand the situation and adjust their workload as necessary. In 2023, there were no violations of the Labor Standards Act

concerning working hours.

The SCSB strives to uphold and care about employee health. The SCSB pays for the health examination for new employees and provides regular health check-ups that are superior to legal requirements. The roving check-ups are conducted on-site every three years. These are followed by a classification of employees' health conditions, on-site health service interviews, and health education for high-risk groups by the SCSB's occupational health service medical personnel. In 2023, medical personnel conducted 15 and 96 on-site health services with doctors and nurses, respectively, interviewing 381 employees (with an overall satisfaction rate of 98.3%). Additionally, the PDCA approach is applied to understand employees' pain points (needs) through empathy, assess internal and external resources and environments within the SCSB, as well as devise the "Labor Health Service Plan" and "Implementation Work Items and Timetable". Furthermore, practical health promotion lectures and activities were planned to encourage employees to value their health. The headquarters, Neihu, Chiaxin, and personal banking building were awarded the Badge of Accredited Healthy Workplace - Health Activation Mark by the Health Promotion Administration, Ministry of Health and Welfare in 2021. In 2022, the headquarters, Neihu, Chiaxin, personal banking building, and Renai building received the Badge of Accredited Healthy Workplace - Health Promotion Mark. In 2023, Chung Ho, Pan Chiao, Neihu Technology Park, San Chung, and Chung Hsiao branches received the Health Activation Mark.

Plan

Item:

- 1. Understand pain points focusing on employee needs (focus)
- 2. Analysis of health (physical) examina-
- 3. Evaluate internal and external resources, and prioritize the planning of health promotion plans.
- 4. Support from management.
- 5. Occupational Health and Safety Committee members: Drafting of annual employee health service plan implementation items and schedule, as well as occupational health and safety management plan.

Action

Occupational safety and health committee member:

- 1. Annual achievement report.
- 2. Conduct review and rectification of relevant projects based on evaluation
- 3. Propose improvement plans, further plan and develop diverse health promotion solutions, and obtain support from top management



- 1. Joint participation of management.
- 2. Promotion through health e-newslet-
- 3. Implement various health promotion activities.
- 4. EAPs recommendations.
- 5. On-site health services.
- 6. Work environment inspection, identify and assess workplace risk factors.
- 7. Club activities.
- 8. Occupational Health and Safety Committee members: Regularly report implementation status.

Check

Occupational safety and health committee member:

Regularly report on effectiveness evaluations including the number of participants in health promotion activities, satisfaction levels, health check-up data analysis, and health literacy improvement.

On-site Health Service was Provided by Contracted Occupational Health Service **Physicians and Nurses**

Contracted Services	Contracted Service Frequency	Number of Service Users in 2023	
Contracted labor health service physician Headquarters building four times/year Neihu building three times/year Chiaxin building twice/year Renai building twice/year Other units throughout Taiwan four times/year		In 2023, 47 employees consulted on-site health service physicians	
Contracted labor health service nurses	The headquarters building employs full-time nurses, while the service frequency at other branches is shown below: Neihu building three times/month Chiaxin building twice/month Renai building twice/month Other units throughout Taiwan once/month	In 2023, a total of 1,227 employees visited on-site health service nurses. The services provided included blood pressure monitoring, weight and body fat measurement, minor wound care, and health consultation. In addition, 334 employees used the service at other branches.	



Health Lecture Topic	Number of participants	Overall satisfaction
"Nutrition & Weight Loss" How to eat smart and healthy during Chinese New Year	20	98.0%
"Prevention of Ergonomic Hazards" Strong knees, sharp mind	28	96.0%
"Cardiovascular and Cerebrovascular Disease Prevention" Tips on maintaining a healthy heart and healthy brain, no CPR for me	28	97.1%
"Infectious Disease Prevention - Post-Pandemic" Traditional Chinese medicine can help long-COVID patients	37	95.5%
"Vision Care" Vision care tips for office workers	36	97.4%
"Prevention of Ergonomic Hazards" How to mitigate shoulder and neck pain	29	96.3%
"Oral Health" Health begins with "healthy teeth" (and plaque inspection)	31	96.0%
"Cardiovascular and Cerebrovascular Disease Prevention" Beat silent killers - Hypertension and hyperlipidemia	28	99.0%

In 2023, there were zero cases of occupational diseases, permanent disabilities, or fatalities resulting from occupational accidents at the SCSB. There were zero severe occupational injuries and 11 recordable occupational injuries, all of which were commuting accidents. The actual working hours were 5,814,704 hours, resulting in a recordable occupational injury rate of 1.89 (million hours * number of occupational injuries/actual working hours). No other workers experienced occupational injuries, and the overall average absenteeism rate for the SCSB employees in 2023 was 0.33%, which is below the SCSB's target of 0.5% for the same year.

- Note 1: Refer to the "Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by the Insured Persons of the Labor Occupational Accident Insurance" stipulated by the Bureau of Labor Insurance, Ministry of Labor, for the definition of severe occupational injury.
- Note 2: Absenteeism rate = (Occupational injury and sick leave + sick leave + personal leave/total work hour) x 100%. In 2023, the absenteeism rate excludes employees on long-term sick leave due to severe illnesses.

To bolster employee awareness of occupational health and safety, the SCSB continues to emphasize that employees must be able to withdraw from work immediately when faced with urgent and severe risks to their lives or health while performing their duties. The SCSB has also protect employees from any adverse consequences resulting from such actions. Moreover, the SCSB carries out regular occupational health and safety training sessions as required by the law. In 2023, the SCSB arranged for all employees to partake in the "Disaster Emergency Response Measures and Bank Office Disaster Prevention" online course, which achieved a 100% completion rate. The Administration Management Department is responsible for the annual inspection of fire equipment and AEDs to ensure that equipment at each location can effectively respond to emergencies.

Note 1: The training completion rate calculation for "Disaster Emergency Response Measures and Bank Office Disaster Prevention" excludes employees on unpaid leave, long-term leave, new employees who joined in December of the current year, and overseas employees.

Employee Health and Safety Plan

Project Items	Project Description and Achievements
Maternal Health Protection Plan	The SCSB has formulated the "Maternal Health Protection Plan", where occupational health service medical personnel provide care, counseling, and guidance for pregnant, postpartum, and breastfeeding female employees, as well as evaluate maternal workplace hazards. In addition, dedicated breastfeeding rooms are available at the headquarters (Minsheng), Neihu, Chiaxin, personal banking building, and Renai building. The breastfeeding rooms comply with the standards for the establishment and management of breastfeeding rooms in public places, providing female employees with a better and safer breastfeeding environment. Breastfeeding rooms at the headquarters, Neihu, Chiaxin, personal banking building, and Renai building received the Excellent Breastfeeding Room Certification from the Taipei City Department of Health.
Provision of healthcare information	The SCSB issued health e-newsletters to internal colleagues, focusing on disease prevention and control, health care, and employee health promotion. The diverse topics include the impact of prolonged sitting in the office, healthy eating, diabetes prevention, cardiovascular disease prevention, dementia prevention, and senior-friendly measures. In 2023, 27 e-newsletters were issued.
Adult heart and liver health check-up	The SCSB offered health check-ups for adults aged 40 and above. In 2023, 81 employees participated in the program and 47 employees participated in screening for Hepatitis B and C.
Health stairs	The health stairs were established and beautified to encourage colleagues to take the stairs more often. Climbing stairs instead of taking the elevator not only improves cardiopulmonary function and physical endurance but also helps boost employee work efficiency and morale. By integrating exercise into daily routines, the program can promote energy conservation and health. In addition, information such as floor step count and calories burned is also displayed.

Project Items	Project Description and Achievements				
Cancer screening activity	Cancer screening activities were organized. In total, 42 and 17 employees received pap tests and mammography, respectively, achieving an overall satisfaction of 97%.				
Adult heart and liver health check-ups held by the government 81 and 47 employees received adult check-ups and hepatitis B/C screening, respectively, achieving a satisfaction of 92.6%.					
Physical fitness tests	In 2023, physical fitness tests were conducted in the headquarters (Minsheng) building and Neihu building for 239 employees.				
Flu shots	In 2023, the SCSB organized two workplace flu shot sessions, offering both publicly-funded and self-funded flu shots at the headquarters (Minsheng) building for 81 employees.				
2023 Always Energetic – Workout Contest	To promote exercising, the Welfare Committee or the SCSB provides a subsidy for joining the Financial Cup held by The Bankers Association of the Republic of China (BAROC). The SCSB continues to care about the physical and mental health of employees. In 2023, the SCSB participated in seven contests including golf, badminton, bowling, basketball, tennis, and table tennis, receiving nine group and individual awards. A total of 89 employees joined the program. After the SCSB joined the "i Sports Calendar Ecosystem Points Competition" for the first time and won third place in 2022, the SCSB won the runner-up award in 2023.				



3.5 Human Rights and Equality

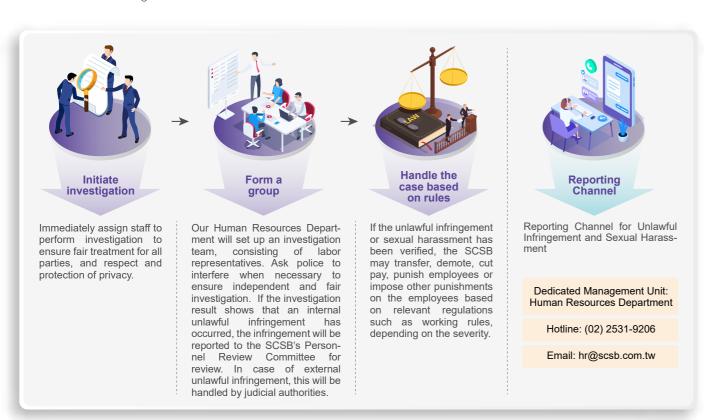
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To fulfill corporate social responsibility, protect the basic human rights of employees, suppliers, and business partners (e.g. customers), the SCSB strives to create an environment that ensures human rights and adheres to regulations of each global location . The SCSB agrees to and supports various principles disclosed in the "International Bill of Human Rights", "ILO Core Conventions on Labor Standards", and "The UN Global Compact". To eliminate any infringement or violation of human rights and reflect the responsibility of respecting and safeguarding human rights, the "SCSB Human Rights Policy" was formulated, and the "Employee Service Regulations" explicitly stipulate that employees should respect human rights in their daily work.

On the other hand, the "Sexual Harassment Prevention, Appeal, and Penalty Measures" and the "Plan for Unlawful Infringement Prevention on Duty" have been formulated for physical violence, verbal abuse, psychological violence, and sexual harassment. The sexual harassment prevention section is available on the website, providing a complete complaint and handling system, and protecting employees from unlawful physical or mental injury at work. In 2023, a branch was fined NT\$300,000 for violating Article 7 of the Gender Equality in Employment Act by publishing unlawful recruitment information. Subsequently, SCSB immediately reiterated compliance with the recruitment procedures at the monthly business meeting that month. Moreover, the entire Bank received training on "Prevention of Sexual Harassment and Gender Equality in the Workplace" in August to increase employee awareness and prevent accidental violations of relevant regulations.



The SCSB Human Rights Policy



Column

» Workplace Sexual Harassment Prevention Promotion Series

To reinforce colleagues' sexual harassment-related awareness, the SCSB has launched the e-academy course entitled "Sexual Harassment Prevention and Gender Equality Course". To further strengthen colleagues' sensitivities toward relevant issues, the Business, Operation & Compliance Vice President conducted presentations based on different themes for them during morning meetings for four consecutive weeks.

Content of "Sexual Harassment Prevention and Gender Equality Course":

- Sexual harassment prevention at the workplace
- "Keep Your Hands Off" Refuse sexual harassment at the workplace
- · Guidelines for preventing employment discrimination and gender discrimination
- · Channels for submitting sexual harassment complaints and counseling at the SCSB - EAPs

Promotion during morning meetings over four weeks:

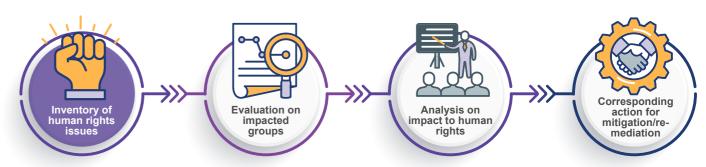
- Part 1: "Self" protection
- Part 2: Preventing "you" from becoming the perpetrator
- Part 3: What to do when "he/she" is hurt
- Part 4: Build mental strength







The SCSB's Human Rights Risk Due Diligence Process



- · Human Rights Issue Inventory: Annually or upon the establishment of new business relationships (such as mergers, acquisitions, joint ventures, etc.), a comprehensive inventory of key human rights issues and affected groups is conducted. The scope of human rights issue information collection includes forced labor, human trafficking, child labor, freedom of association, labor-management negotiations, equal pay for equal work, discrimination, overtime hours, occupational mental health, etc. In 2023, an identification of human rights risks to suppliers, all employees of the SCSB, and third-party personnel (contract workers) was conducted. After identification, responses were initiated concerning the two identified issues: "overtime hours" and "occupational mental health."
- Impact Group Assessment: Based on the issues of concern to the SCSB, the potential sources of risk related to impact groups are assessed, and human rights impact analyses are conducted accordingly.

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Identification of Human Rights Impacts:

	Supplier/Business partner	SCSB
Groups at Risk of Human Rights Issues	Female employeesThird-party employees	EmployeesFemale employeesIndigenous peoplesThird-party employees
Potential Human Rights Issues	Overtime hours Occupational health and safety Occupational Mental Health Diversity, inclusion, and anti-discrimination	Overtime hours Occupational health and safety Occupational Mental Health Diversity, inclusion, and anti-discrimination

	Human Rights Impact Analysis and Mitigation/Remediation Measures							
Human rights risk issues	Impacted groups	Sources of risk	Proportion of operational staff identified with human rights risks	Type of mitigation/ remediation measures	Response measures	Proportion of staff involved in related improvement measures		
	1. Alignment with Specific Business Needs employees 2. Employees Individual Factors	with Specific		Mitigation – Injury prevention	To ensure compliance with labor laws and regulations, the SCSB explicitly stipulates absenteeism-related provisions in its "Work Rules," "Employee Service Regulations," and "Overtime Application Procedures."			
		2.1% ^{Note 1}	Remediation - Restoration	At the end of each month, the SCSB conducts a tally of employees who have accumulated over 30 hours of deferred clock-ins for the month. This information is communicated to department supervisors to facilitate timely adjustments to workload, ensuring a balance between work and personal life for employees.	100% Note 2			
Occupational mental health	Sensitivity of supervisors to employee		Mitigation – Injury prevention	Monthly Article Sharing comprises topics such as work adaptation, career assistance, interpersonal relationships, marriage and parenting, family caregiving, legal matters, and psychological counseling, providing solutions to assist the SCSB employees in enhancing both their work and life quality.				
	All SCSB employees	care needs 2. Employees' mental health in high-risk states 3. Work envi- ronment		Remediation - Restoration	The SCSB offers Employee Assistance Programs (EAPs), leveraging external professional "employee counselors" to aid employees in identifying and resolving issues impacting their personal "work," "life," and "health" dimensions. Counseling is provided via telephone or email, with face-to-face sessions conducted when necessary, to support employees' mental and physical well-being, fostering a culture of mutual care within the organization and enhancing the workplace environment.	100% Note 4		

- Note 1: The total number of employees with monthly accumulated overtime hours exceeding 30 hours in 2023 (January to December) divided by the total number of employees in the SCSB (excluding locally employed personnel in overseas branches).
- Note 2: In 2023, a total of 61 employees exceeded 30 hours of overtime work per month. After appropriate adjustments to workload by SCSB, all employees showed improvement and did not violate the regulations regarding overtime hours stipulated in labor standards laws.
- Note 3: The total number of cases utilizing Employee Assistance Programs in 2023 divided by the total number of employees in the SCSB (excluding locally employed personnel in overseas branches).
- Note 4: In 2023, there were a total of 61 cases utilizing Employee Assistance Programs. Through the involvement of external professional "employee counselors," these cases assisted employees in identifying and resolving issues affecting their personal "work," "life," and "health" dimensions.

	Suppliers/Third-party Employees						
Human Rights Risk Issues	Impacted Groups	Source of Risk	Percentage of Human Rights Risks Identified	Type of Mitigation/ Remediation	Response measures		
Overtime	Third-party employee (temp	To meet specific business needs Employees' per- sonal reasons		Mitigation - Prevention of injury Mitigation - Prevention of injury Remediation Mitigation - Prevention of injury Remediation - Restoration Mitigation - Prevention of injury Mitigation - Prevention of injury Mitigation - Prevention of injury Mitigation - Restoration Mitigation - Restoration Mitigation - Prevention of injury Mitigation - Restoration Mitigation - Prevention of injury			
hours	worker)				The working hours of the temp worker complied with the rules. For overtime of temp workers, the SCSB authorized the dispatching agency to assist in monitoring the execution of their duties.		
		Management's sensitivity to-wards employ-ees who are in	In 2023, 100% of the contracts were signed based on labor regulations and temp worker regulations	Restoration SCSB authorized the dispatching agency to ass in monitoring the execution of their duties. The SCSB shared articles every month on topic such as work adaptation, career assistance interpersonal relationships, marriage and parentin family care, legal issues, and psychologic counseling, offering solutions to assist temp worke in improving their work and life quality. Temp workers received the same assistance as the SCSB employees. Employee Assistance Program (EAPs) assisted temp workers by hiring extern professional "employee consultants" to help ident and resolve issues that may affect them in through the same assistance as the score of the same as the score of the			
Mental health at workplace	Third-party employee (temp worker)	need of care 2. When employees' mental health is at a high-risk state 3. Work environ- ment			Temp workers received the same assistance as the SCSB employees. Employee Assistance Programs (EAPs) assisted temp workers by hiring external professional "employee consultants" to help identify and resolve issues that may affect them in three major areas including "work", "life", and "health". Counseling was provided via phone or email, and if necessary, face-to-face counseling sessions were carried out to foster a supportive organizational culture and work environment.		
	Supplier	Work environment	In 2023, the signing rate of the Supplier Social Responsibility		2. The addition of ethics clauses and anti-corruption statements (including occupational health) to		
			Commitment reached 100%.	Remediation - Restoration	Implement supplier labor rights audits and downgrade ratings or terminate transactions with non-compliant suppliers.		

Number of management sensitivity and psychological leadership skill training sessions In 2023	12
Number of management sensitivity and psychological leadership skill training participants In 2023	353

The SCSB has monitored human rights risk issues related to "occupational mental health" since 2020 and continued to do so in 2023 by organizing training sessions on management sensitivity and psychological leadership skills. The aim is to enhance management sensitivity and communication skills with subordinates to create a healthy workplace environment. In addition, the SCSB vigorously promotes relevant concepts among its employees as part of its strategic focus on "fulfilling social responsibilities and fostering a good image". Human rights education training continued in 2023 as part of these efforts.

Human rights education training						
Total number of trained employees	Percentage of trained employees	Total training hours	Average training hours per person			
2,856	97.44%	56,813.96	19.89			

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Column

» Expand the Mental Health at Workplace Training Course

The SCSB expanded the "Mental Health at Workplace Training Course" to junior staff in 2023, inviting counseling psychologist Ms. Lin Cuifen to design courses and practical exercises for colleagues in different positions including new employees in business units, deposit RMs, branch managers, Deputy Executive Vice President, as well as the Business, Operation & Compliance Vice President (including compliance managers in logistics units). Additionally, the training will emphasize bolstering the psychological guidance skills of the management and providing assistance to colleagues who may require counseling through our Employee Assistance Programs (EAPs). In 2023, 18 training sessions were held for 518 colleagues. The EAP (including phone, email, and face-to-face consultations) was used more than 60 times in 2023 and 2022, which represents a significant increase compared to 47 times in 2021.









3.6 Financial Inclusion

The SCSB upholds the service philosophy of "Always placing customers' need first" orienting towards societal needs and advancing multiple initiatives to enhance the accessibility of financial services for vulnerable groups. These groups include children, the general public, diverse communities, and the elderly, aligning with the principles of inclusive finance. The SCSB's subsidiary, AMK, also offers micro-loans to farmers, contributing to local income and standard of living improvements. The SCSB remains committed to ongoing efforts in introducing financial products that meet a broader range of needs, contributing to a more prosperous and harmonious society.

▲ Financial Inclusion Loan

To support various enterprises domestically, the SCSB provided a total of 29,004 loans in Taiwan in 2023, with a loan balance of approximately NT\$352 billion. Among these, NT\$280.605 billion was allocated to loans for small and micro-enterprises, accounting for 79.71% of the total.

	Social I	Commercial benefits	
Service Recipients	Number of loans granted in 2023 (Loan)	Cumulative beneficiary households (Account)	Loan balance at the end of 2023 (NT\$ billion)
Large-scale enterprise	909	262	71.44
SME	17,518	3,908	211.651
Micro-enterprises	10,577	3,383	68.954

Note: Small and medium-sized enterprises (SMEs) are categorized according to the definition provided by the Financial Supervisory Commission (FSC), with those having capital of less than NT\$30 million being further classified as micro-enterprises.

To enhance investors' understanding of loans with social benefits, the SCSB provides specific disclosures regarding overdue and collection information for micro-enterprises and loans utilized for community development. This practice aims to reflect both the social impact of the loans and the risk management associated with them to investors.

Credit Category	Number of overdue loans in 2023 (Loan)	Outstanding balance of overdue loans at the end of 2023 (NT\$ million)	Number of collection cases in 2023 (Loan)	Outstanding balance of collections at the end of 2023 (NT\$ million)	
Micro-enterprises	3	8	362	613	
Community development	0	0	0	0	

In 2023, there were 77,024 personal loans in total and the balance was about NT\$349.3billion by the end of the year. The SCSB offered numerous loan programs including student loans, housing loans, and start-up loans, with a spirit of financial inclusivity. Implementation of the programs in 2023 is shown below:

Category	Category Philosophy		Loan Balance at the End of 2023 (NT\$ thousand)
Student loans	The SCSB offered outstanding students the necessary funds for their studies to provide them with peace of mind while studying.	117	60,338
Housing subsidies	Offered disadvantaged groups preferential interest rates, loan amounts, and repayment terms for home purchase loans and home renovation loans	176	329,759
Green building loans	Preferential loans for buildings secured by the "Green Building Candidate Certificate", "Green Building Label", and "Smart Building Label" 667		7,824,749
Reverse mortgage	Helped seniors to remain self-sufficient by using their property to obtain a monthly income for their daily expenses 6		7,034
First-time purchase program for youths	SCSB provided housing subsidies for youths in Taiwan so that they can purchase their own home with peace of mind	2,024	5,652,931
Youth start-ups	Provided start-ups with revolving loans to help stabilize their operations	58	30,217
Owner's cash loans (Business owners' cash loans)	SCSB stimulated the domestic entrepreneurial economy by providing small loan channels for small and micro business owners	8	6,355
Relief loans	SCSB supported workers and small businesses to get through the pandemic	5,297	1,372,457
Post-pandemic revitalization loans (Type 1)	Provided financial assistance to small and medium-sized enterprises to facilitate post-pandemic revitalization and resume operations (up to NT\$35 million per loan application)	3,799	19,807,468
Post-pandemic revitalization loans (Type 2)	Provided financial assistance to small and medium-sized enterprises to facilitate post-pandemic revitalization and resume operations (up to NT\$4 million per loan application)	134	121,710

Column

» Cambodian Subsidiary AMK MFI's Microfinance Solutions

AMK is dedicated to providing low and middle-income households, medium, small, and micro enterprises/ communities, and farmers (agricultural machinery loans) with preferential interest rates and loan programs. In 2023, a total investment of more than US\$232,000 (approximately NT\$7.157 million) was made to help the abovementioned groups in realizing their dreams. In particular, loans for low and middle-income borrowers amounted to about NT\$5.239 million, loans for small enterprises and community development totaled NT\$339,000, and loans for farmers amounted to roughly NT\$1.578 million.





Note: The exchange rate used here is based on the Central Bank's announcement for the last business day of 2023 (12/29/2023), where US\$1 = NT\$30.735.

Chapter 0 Chapter 1 Chapter 1 Chapter 2 Environment – Always Sustainable



▲ Trust Transition

The SCSB proactively supported the Trust 2.0 Plan organized by the FSC. The Trust 2.0 Promotion Team was established at the headquarters in January 2021, and the SCSB implemented two major programs including the Strategic Alliance and Trust Helper. The former focused on the promotion of Trust 2.0 to implement comprehensive care trust, while the branch Trust Helper offered immediate trust service to customers at branch locations, aiming to facilitate the establishment of care trusts for senior citizens or people with disabilities. In 2023, the SCSB forged alliances with 241 partners from diverse industries, including long-term care facilities, nursing homes, social welfare charity groups, accountants (including bookkeepers), attorneys, and the medical industry.

Key Initiatives of FSC's Trust 2.0 Promotion	Execution Status by the SCSB
Guide industry players to gradually enhance the capabilities and organizational structure of their trust departments.	The Trust Department collaborated with the Wealth Management Department and Insurance Agency Department to establish an expert team, offering clients comprehensive services.
organizational structure of their trust departments.	 Established the Trust 2.0 Promotion Task Force, responsible for driving initiatives related to Trust 2.0.
Revise the establishment and assessment principles of the trust industry's salary system.	 Incorporate the promotion of trust business into branch or personnel assessments, with the trust department planning incentive programs to enhance the promotion incentives for trust business.
Encourage enterprises to establish employee welfare trusts.	Commenced the establishment of an employee stock ownership trust at SCSB starting from 2021.
Promote the certification system for * Eldercare Financial Planning Consultant* in trust expertise.	Encourage employees to participate in the certification examinations for "Eldercare Financial Planning Consultant" and "Family Trust Planning"
Promote the certification system for "Family Trust Planning Consultants" in trust expertise.	Consultants" and obtain certification. Fully subsidize the tuition and examination fees for certified employees and providing incentive bonuses.
Collaborate with social welfare organizations, care facilities, and medical institutions in cross-industry partnerships.	Continue to launch incentive programs for cross-industry alliance referrals in branches in 2023 to expand cooperation and promote elderly care trust through seminars and advocacy. Establish an elderly care trust business platform on the SCSB's website, integrate various information and strategic alliances. Additionally, align with the Trust 2.0 policy, the SCSB's alliance partner information is displayed on the Trust Association's cross-industry alliance platform.
7. Talent cultivation, advocacy, and mechanisms for industry-academia cooperation.	 Implement training courses required for the Trust 2.0 project, covering various professional courses related to trust business such as trust, law, accounting, taxation, and asset management. Conduct trust-related training courses for personnel in cross-industry alliance industries. Participate in the "Trust Love" campaign organized by the Commercial Times targeting college youth. Collaborate with industries related to elderly and disabled care, where the Trust Department and industry partners provide services to each other's clients, ensuring elderly and disabled individuals can enjoy a comprehensive and fulfilling living experience.

The SCSB values cultural preservation and the rights of disadvantaged students, women, children, seniors, and people with disabilities. The SCSB has assisted these groups by forming several charitable trusts and elderly care trusts. The trust situation for 2023 is illustrated below:

Category	Name	Philosophy	The Trust Balance at the End of 2023 (NT\$)
		Promoted Chinese culinary culture, enhanced the taste of life, cultivated happiness, and achieved harmony and joy in family life.	149,000
Charitable	Qinen Education Fund Charitable Trust of Rotary Club of Taipei	The purpose of the trust is to care for the education and holistic development of students who have lost their parents, provide academic excellence awards for students in domestic colleges and universities, and assist the livelihoods of financially disadvantaged students.	53,446,000
trust	Holistic Care Social Welfare Fund Charitable Trust	Donations or sponsorships were provided for the welfare of children, youths, women, seniors, people with disabilities, or other social welfare services.	2,000,000
	Social Fund Charitable Trust of TBLC	Donations or sponsorships were provided for the welfare of children, youths, women, seniors, people with disabilities, or other social welfare services in Taipei City.	200,000
	Senior care trust	Through the planning of care trust funds, seniors or people with	171,178,406
Care trust	Trust for people with disabilities	disabilities can receive adequate care in nursing homes, allowing them to enjoy quality family time without worrying about the security of their assets.	30,977,733

Note: In 2023, the SCSB handled a total of 626 care trusts, with 599 for the senior and 27 for people with disabilities .

Column

» Let Trusts Become the Support for Survivors

Launch Technologies Co., Ltd., a TPEx-listed client of the SCSB, suffered an explosion and fire at its Pingtung factory in September 2023, resulting in heavy casualties. The SCSB's Southern Region First Deputy Executive Vice President and Senior Vice President of the Kaohsiung Branch immediately expressed their condolences. Furthermore, they recommended the client allocate approximately NT\$500 million in compensation funds for the deceased and injured employees. The money is deposited into a dedicated trust account for the specific purpose of employee compensation.

The planning of survivors' trust can be divided into the following two types:

- (1) Insurance trust: Concerning the planning of survivors' pension insurance, the SCSB offers insurance trust services, where insurance claims are managed and utilized according to the contract, thus ensuring proper care of
- (2) Monetary trust: Monetary trust planning protects survivors' pensions from fraud and misuse to achieve asset protection. It also addresses future needs of beneficiaries such as "children's education", "youth entrepreneurship", and

▲ Protected the Rights of People with Disabilities

The SCSB not only offered trust services designed for people with disabilities as well as their families and relatives to accommodate their needs for managing wealth through trusts but also provided off-site signing services for customers who were unable to visit the SCSB branches. Furthermore, the SCSB's online banking and mobile APP banking services offer a user-friendly version and the SCSB's official website has obtained the "A" level certification for accessibility, providing a userfriendly interface with A-level accessibility standards for the entire website. The digital banking "Transaction Section" on the homepage of the official website offers online banking services designed for the visually impaired. Additionally, the SCSB's ATMs provide "Accessible ATM" services for the visually impaired, including functions such as cash withdrawal, transfer, balance inquiry, and changing passwords, all meeting accessibility specifications.

Item	Implementation Status
Building accessible design	 The SCSB's premises are equipped with accessible facilities including adequately positioned entrances with "Service Bells" and "Accessible Service Counters". The queue management system has a "Friendly Service" feature to prioritize service calls. In addition, "Form-Free" and QR code-based online form-filling services are provided for various transactions such as account opening, deposits, withdrawals, and remittances/exchange deposit tickets. The entrances feature friendly "Guide dogs are welcome" and "Sign language service" stickers, creating a welcoming environment Security personnel and concierges are ready to help people with disabilities conduct various financial services. In addition, considerations for accommodating people with disabilities were incorporated into the design and planning of branch facilities to offer them various financial services
Account opening and deposit/withdrawal services	 Assistance was provided for people with disabilities to perform deposit and withdrawal transactions at the counter. The SCSB staff would provide detailed information on the documents required and help them with various transactions Bank staff who were not designated account officers would assist visually impaired customers in opening a general current savings account. The SCSB produced Braille stickers for passbook covers, ATM card holders, and service bells. The SCSB also provided magnifying glasses, writing boards, and simple communication cards for the convenience of people with disabilities
Property trust services	 Provided property trust services to people with disabilities Provided off-site consultations and signing services to help those who are inconvenient to travel to take care of care trust matters Provided an enlarged version of the personal trust deed in friendly font. Disability certificate holders were eligible for discounts on trust handling fees and management fees. The SCSB provided bespoke planning and management services for trust funds
Text-based customer service	 Provided an online customer service area for accessing various business information, and intelligent customer service to resolve customer problems immediately The Palm Banking app has undergone OWASP security testing by the Taiwan Digital Talking Book Association and iForensics

Item	Implementation Status
Signed language interpretation/real-time transcription service	 Various branches offered real-time video sign language interpretation/transcription services for hearing-impaired customers. Branch staff can contact sign language interpreters/transcribers via video conference or customers can make an appointment for on-site sign language interpretation/real-time transcription services in advance
Personal loan services	To cater to the needs of customers with hearing impairments, notifications for loan approvals were sent through appropriate channels such as SMS or email
Accessible ATM	 As of December 31, 2023, all SCSB ATMs met the requirements for people with disabilities. There were a total of 271 wheelchair-accessible ATMs and 264 ATMs equipped with visual impairment features, including audio guidance (each branch has at least one ATM with voice functions for the visually impaired). Various branches provided spare headphones for customers in need of accessible ATMs.
Handling fee discount	The SCSB offered the "Application for Automated Service Fee Waiver and Account Modification for People with Disabilities" service on its official website
Accessible official website	The SCSB's official website caters to the browsing habits of most users across different platforms and provides a user-friendly interface that complies with the Level A standard of web accessibility.
Accessible online bank	The "Digital banking" transaction section on the official website offered ATM and online banking services designed for the visually impaired

■ Sustainable Insurance

The SCSB's Insurance Agency Department strives to provide premium services to meet the insurance needs, risk management, and financial planning of customers across all age groups. Furthermore, the SCSB offers comprehensive financial insurance services aimed at personal and asset protection, retirement planning, and asset inheritance for the general public.

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

In 2023, the SCSB provided a total of 1,235 insurance products related to environmental care, social responsibility, and ESG topics, generating a total premium of approximately NT\$763 million. To give back to society and safeguard the rights of vulnerable groups, the SCSB also sponsored micro-insurance for various disadvantaged groups annually. In 2023, the SCSB sponsored a total of NT\$95,067 for the benefit of 503 people.

Topic	Name	Details	Expected Benefits	Number of Products	Premium in 2023 (NT\$)
	Green home insurance	"Green building materials" can be used to repair residential damage to transform homes into energy-saving green homes	Using green building materials to repair homes helps to improve indoor air quality and maintain indoor environmental quality for occupants	307	895,379
Environmental care	Solar electronics insurance	High-quality insurance policies designed for solar energy,energy-saving, and carbon-reducing "equipment"	Solar energy is a form of renewable, sustainable, and clean energy that can be applied to homes. To encourage national participation in green energy generation, SCSB offers insurance coverage for individuals or businesses with solar electronic equipment installed on their premises	7	101,991
Social responsibility	Small amount whole life insurance	In response to the government's promotion of inclusive financial services, the SCSB strives to enhance basic protection needs for economically disadvantaged or specific groups	The SCSB offered insurance plans with low coverage thresholds and premiums, providing economically disadvantaged or senior customers with the opportunity to buy insurance	8	301,939
	Annuity insurance	Cooperated with government policies to promote annuity insurance and enhance the Taiwanese people's planning for longevity risk	With the appeal of "regular contributions while still young and receiving monthly income annuity after retirement", the SCSB strives to generate a stable cash flow for retirees and mitigate their potential longevity risks	13	39,871,840



Topic	Name	Name Details Expecte		Number of Products	Premium in 2023 (NT\$)
Social responsibility	Micro insurance	government's promotion of inclusive financial services, the SCSB has allocated funds to sponsor insurance protection plans for vulner-	The insurance plans designed for vulnerable groups serve to offer them essential protection with minimal premium payments. In the event of death or disability due to an insured accident, the plan can protect the insured and their families from financial hardship.	292	55,188
ESG link		Select investments with ESG investment links.	ESG embodies practical actions supporting sustainability and social issues, and can also serve as a reference indicator for risk		721,454,192

▲ Financial Planning for Youths

Column

» PukiiBank

Children are parents' most important assets, thus the SCSB is committed to safeguarding our customers' most treasured assets by offering minors under the age of 20 the PukiiBank savings account, which provides preferential interest rates for savings accounts. In addition, the personalized "PukiiBank Easy Debit Card" (for domestic and international withdrawals and transfers) is provided to engage in transactions. Trained youths to make purchases with Visa cards. By linking designated accounts, maintaining transaction records in passbooks, and verifying monthly spending statements, youths can develop the mindset of spending within their means and effective wealth management. Since it was introduced in 2014, more than 5,982 accounts have been opened.

Note: The SCSB's Cambodian subsidiary AMK MFI has also launched the Smart Kid account to encourage youths under the age of 18 to keep a good habit of long-term savings. For more details, please refer to https://www.amkcambodia.com/en/personal/deposits/ smart-kid-account/

Also, the SCSB has hosted PukiiBank Finance Camp for Kids to teach children financial knowledge in an easily understandable manner through four board games, namely "Family Financial Management", "Bidding Psychology", "Risk Management Expert", and "Financial Wizard". These games assist children learn about investment, risk management, bidding negotiation skills, and the importance of correct financial values through diverse gameplay experiences, thereby instilling in children the fundamental concepts of saving, investing, and insurance from an early age. Since it was launched in 2014, more than 5,000 students have joined the program.













3.7 Sustainability and Financial Education

Since 2006, the SCSB has collaborated with the FSC to organize the "Financial Knowledge Promotion in Campuses and Communities" in conjunction with the BAROC, TABF, and The National Federation of Credit Co-operatives R.O.C. (NFCC). The SCSB has been honored by the FSC and received the certificate of appreciation for more than ten consecutive years since 2011. To help children and clients understand investment and financial concepts as well as sustainability trends, the SCSB has also organized children's financial camps and various lectures via offline or online multimedia platforms such as Facebook. The activities held in 2023 are shown below:



Name	Philosophy	Target Group	Number of Sessions Held in 2023	Number of Participants in 2023	Starting Year	Cumulative Number of Participants
PukiiBank Finance Camp for Kids	Provided children with financial education and planning online financial literacy sessions for parents not only enhances family relationships but also allows them to learn about financial concepts together	Children	1	55	2014	5,134
Conduct financial	Assist young students and the general public	Elementary and middle school students	15	1,077		
literacy outreach programs in schools and	in acquiring accurate financial knowledge on topics such as money management, understanding credit cards, financial planning,	College students	1	80	2006	No statistics available
communities.	debt management, and fraud prevention.	Other demographic groups	15	1,094		
Industry-academia collaboration - Trust promotion	Promoted trust-related knowledge in colleges and universities	College and university students	1	77	-	
Introduction of trust service and practical applications	Explained the concept of trusts and financial fraud prevention to senior citizens, improving their awareness of financial fraud and illustrating the benefits of trusts	Students from Song Nian University	3	79	-	
ESG sustainable development lecture series	In response to the ESG and sustainability trend, experts were invited to conduct lectures on net zero emissions, placemaking, and other sustainability-related topics	General public	12	799	2022	1,060
Themed lectures	To lead market capital towards investment profitability and Sustainable Development Goals (SDGs), themed lecturers were organized to discuss topics such as carbon trading and impact investment.	General public	5	430	-	
Financial services charity carnival	With the themes of financial knowledge promotion, financial fraud prevention, and charity, the SCSB strives to provide an enjoyable and educational carnival experience through a variety of activities.	General public	2	No statistics available	2018	No statistics available
Public lecture on guardianship and trust	Invited experts to share the concept of trust and guardianship with the public	General public	1	60	-	
Sustainable finance forum – "Strategies for sustainable businesses - Exploring business opportunities through ESG"	Shared how to explore business opportunities through ESG from the perspective of the financial services industry, TWSE and TPExlisted companies, and the traditional industry	(Containing	1	120	2022	270
Cross-domain innovation forum on intelligent manufacturing technology and green finance	Consolidated information service providers' solutions for supply chain management, energy conservation, and green finance to share successful transformation case studies, government resources, and bank incentive programs	and green process	1	40	-	
Introduction to green credit	Helped businesses in mitigating or adapting to climate change-related risks, guide industries in carbon reduction and sustainable		1	37	2020	120
Info-session for care trusts and trust services	Explained the care trust mechanism to offer senior citizens peace of mind about asset security	Professionals/ senior citizens	5	98	-	-

3.8 Social Engagement

Since its establishment in 1915, the SCSB has been committed to the principle of "serving society," emphasizing the promotion of public welfare activities. Through various initiatives, the SCSB provides a more secure life for the elderly, youth, and persons with disabilities, striving to create a more compassionate society. To extend the power of "good" to every corner of society, the SCSB established the "SCSB Cultural and Educational Foundation" and the "SCSB Charity Foundation" in 1990 and 2010, respectively. In recent years, the SCSB has actively integrated its business operations with philanthropic efforts, combining credit card rewards and occupational affinity cards for charitable purposes to effectively disseminate social influence. With the ethos of "taken from the community, giving back to society", the SCSB employees form a volunteer team, spreading the power of "good" across various regions in Taiwan.

To effectively manage the resources invested in social engagement and assess their outcomes, the SCSB utilizes the Business for Societal Impact (B4SI) community investment assessment framework. In 2023, the SCSB categorized its social projects into charitable donations, community investments, and business advocacy. Through quantified results, the SCSB evaluates the input and output of relevant social welfare projects, aiming to allocate resources for social welfare engagement appropriately and improve resource conversion efficiency. This ensures the sustainable development of charity projects, maintaining the SCSB's original intention of fostering goodness in society.

In 2023, the SCSB's donations (excluding contributions to the Cultural and Educational Foundation, Charitable Foundation, and its Cambodian subsidiary, AMK MFI) totaled NT\$82.4342 million for the year. This included NT\$67.1383 million for Credit Guarantee Funds, NT\$15 million for the SCSB Foundation to support cultural and sustainable development, NT\$65 thousand to the Ting Sheng Foundation in Vietnam for medical charity events, NT\$47 thousand to support relief efforts for the Turkish earthquake through the World Taiwanese Chambers of Commerce, and NT\$26 thousand for the Clear Poverty Scholarship

In 2023, the SCSB Cultural and Educational Foundation and the SCSB Charitable Foundation sponsored academic seminars, cultural activities, and charitable events, with expenditures of approximately NT\$27.4129 million and NT\$3.4844 million, respectively, bringing the total expenditure to approximately NT\$ 3,089.73 million.

In 2023, the SCSB's subsidiary in Cambodia, the AMK MFI, donated about NT\$1.77 million to NPOs such as the Cambodian Red Cross and Smile Cambodia (which provides free surgery for children born with cleft lip, cleft palate, and other facial deformities), as well as to local festivities and funeral events. In addition, the AMK MFI sponsored road safety awareness campaigns for 380 primary school students, providing them with 200 helmets, five televisions, and 9,800 textbooks.



 The SCSB Cultural & Educational Foundation was honored with the "Gold Award" of the 16th "Arts & Business Awards", which was presented by Minister of Culture Che Shih and accepted by Secretary-General of the Cultural & Educational Foundation Yu-Ching Lu.





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Sustainable Strategy and Management

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Donation Category



110,196,619











Charity event category









100%

77.26%

Note: The data includes the subsidiary of the AMK MFI (Cambodia). The exchange rate is calculated according to the exchange rate announced by the Central Bank on the last business day of 2023 (December 29, 2023), where US\$1 = NT\$30.735.

Charitable Strategy

With a century-long history, the SCSB has always aspired to be a commercial bank that assists individuals in starting families and enterprises in transmitting their legacy. At its inception, the SCSB aimed to become a cornerstone of the community, embodying the core philosophy of "Being thoughtful in all aspects, passing down from generation to generation." It actively integrates its resources, strengthens relationships with customers and supply chain partners, and incorporates the needs and expectations of stakeholders. Through three major philanthropic strategies: "Care and Love Society," "Taking Action to Cherish the Earth," and "Invest in the Future with Wisdom," the SCSB combines its core financial strength to create the greatest possible social impact.



Commercial Benefits





	Care and Love Society	Take Action to Cherish the Earth	Invest in the Future with Wisdom		
Value to the SCSB	not just a belief but a commitment. Through this belief, every employee, business endeavor, and even clients become partners with the SCSB in responding to societal needs and providing resources. This foster deepened communication	Recognizing that the Earth and its environment are finite resources, the SCSB understands the importance of ensuring their sustainability. Only by safeguarding natural resources from depletion can economic development in ecologically sensitive communities be sustained, allowing the SCSB and its commercial partners to thrive together in the long term.	The SCSB acknowledges the transformative power of knowledge in society: fostering skilled labor forces, promoting stable economic growth, and nurturing the ability to address societal issues. By continuously investing in these aspects, the SCSB contributes to the advancement of human civilization. Moreover, such societal investments inevitably yield returns to the SCSB by providing outstanding talent, loyal customers, and mutual progress for humanity and SCSB alike.		
	1 MO POVERTY 1.1 \ 1.5	2 HINGER ((() 2.3 \ 2.4	4.3 × 4.5 × 4.7		
	2 ABO HUNGER 2.1 \ 2.2	8 DECENT WORK AND ECONOMIC GROWTH 8.3	8 DESCRIPTIONS AND ECONOMIC GROWTH 8.10		
Corresponding SDGs	3 GOOD HEALTH AND WELL-BEING 3.4	12 RESPONSIBILE CONSUMPTION AND PRODUCTION 12.8	11 RIGHAMAE CITES AND COMMUNITIES 11.4 \ 11.7		
		14.1 \ 14.2	13 CLIMATE 13.3		
		15 UPE ON LAND 15.5	17 PARTICIPISMPS 177.16 \ 17.17		
Responsibility Unit	Head Office The SCSB volunteer team The SCSB Charity Foundation	Head Office	Head Office The SCSB volunteer team The SCSB Cultural and Educational Foundation		
Communication mechanisms	The Head Office consolidates business resources, gathers customer and national policy data, and promotes social stability during the pandemic. The SCSB volunteer team and the SCSB Charity Foundation regularly visit social welfare organizations to assess their needs and ensure the efficiency of resource utilization.	The Head Office collects a list of ecological issues and ecologically sensitive communities, participating in regular and irregular activities, deepening understanding, and mitigating the economic impact of local environmental vulnerability caused by the community. The Head Office collaborates with local conservation organizations through financial sponsorship and practical conservation actions to safeguard biodiversity and ecosystem functioning in various regions.	fairness and efficiency in the distribution of social resources. The Head Office and the SCSB Cultural & Educational Foundation collect knowledge lecture needs from key stakeholders (rehabilitated individuals, retired military personnel, disadvantaged women, people with disabilities), organize relevant lectures, promote the popularization of financial knowledge, and		
Goals for the next 3–5 years	Continued to support at least 30 public welfare events held by the competent authorities every year Continued to be included in the top 50% of FSC's The Treating Customers Fairly Principlet evaluation Continued to promote inclusive finance and conduct Trust 2.0-related outreach activities to	gasoline and diesel vehicles (including leased vehicles) with hybrid or electric vehicles	 Promoted ecological activities and ESG-related knowledge in conjunction with the Cultural & Educational Foundation Cultivated digital finance talents Trained sustainable finance talents 		

Care and Love Society

- · Strengthen cooperation with customers, with 2 corporate clients responding to charitable donations.
- · Deepen brand value through media
- Increase employee participation, with 173 staff volunteers involved.



Environmental/ Social Benefits Care and Love Society

- · Participated in 16 charitable projects, with donations totaling approximately NT\$2.53
- Benefitted a total of 5,212 individuals through charitable projects, including 4,532 beneficiaries of the charitable foundation, 380 students, and 300 elderly individuals through the SCSB's subsidiary AMK MFI (Cambodia).

Supported the "Fountain of Wisdom Theatre Rural Tour" of the Stars Guardian Project

Since the Fountain of Wisdom Theatre (formerly W3 Theatre) was founded in 2012, it has staged nearly 100 charity performances for children in rural, impoverished, and underprivileged areas in a bid to convey positive energy and new perspectives to children through drama. The SCSB donated NT\$50,000 in 2023 to support its play "Pandora's Hope", hoping to stand as a beacon of hope alongside the troupe for underprivileged children.

Supported the "Rural Cinema Project"

Taiwan Film and Audiovisual Institute kicked off the "Rural Cinema Project" touring screening project in 2018 to preserve Taiwan's invaluable film and audiovisual cultural heritage. The program hopes to let people living in rural areas appreciate the allure of the sights and sounds of the big screen, as well as introduce cinematic art to people's lives in 368 towns and townships across Taiwan. In 2023, the SCSB donated NT\$500,000 to support the screening of "Good Bye, Taipei" in Erlin by "Erlin Elementary School" and "Wishful Syncing" by "Pinglin Elementary School" in Guanxi. Please refer to activity review for achievement details: https://www.youtube.com/watch?v=DN4x-RTn6lg





raise awareness

Business



Supported the "Kanner Diversity Support Program" with Love

The Kanner Foundation of Taiwan vigorously promotes the "Diversity Support Program" to provide funding for people with Kanner's syndrome and their families in areas such as "life care training", "artistic development", "social skills", and "occupational development training". The SCSB donated NT\$50,000 in the hope of supporting and assisting people with intellectual disabilities in preparing for employment to turn their lives around and embrace a brighter future.



Respect Seniors "Replace Outdated Equipment in Nursing Homes"

The SCSB upholds the dual theme of "Love Earth & Support Eco-friendly Practices" and "Gratitude & Care" to reach out to communities, care for underprivileged groups, and promote ESG and other public welfare activities. In 2023, the SCSB donated NT\$650,000 to Heartlight Education and Nursing Institution, Bolatu Rehabilitation Home, and Chaoxing Foundation to replace old air conditioners, fans, washing machines, and chairs.



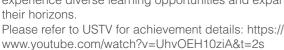


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Donation to "Charity Love Carnival"

The SCSB and the SCSB Cultural & Educational Foundation co-sponsored the "Charity Love Carnival", a charity event organized by the Foreign Trade Association and the Little Tree Foundation. In 2023. inspired by the core values of "Benevolence, Love, and Sustainability", the SCSB combined diverse content to create Taiwan's largest frameless classroom, encouraging people to bravely love, embrace what they love, and pursue sustainable love. This year, the event attracted nearly 27,000 participants, while 500 rural elementary school teachers and students were invited to spend a night at the world-class exhibition hall to experience diverse learning opportunities and expand





■ Take Action to Cherish the Earth

- · Promoted the environmental protection movement and the SCSB's climate governance culture through media ex-
- · Strengthened employees' environmental thinking and enhance organizational cohesion. A total of 100 employees and 135 family members participated in offline activities



Earth

- Joined the "Tree Planting Sponsorship Program" and planted 1,630 trees
- · Organized beach cleaning activities, collecting approximately 80 kilograms of
- Launched the "Love Earth Sustainable NT\$ Fixed Deposit Project for Wild Birds" and adopted the "Salt Field Wetland" to safeguard biodiversity
- Collaborated with multiple parties on the "National Carbon Capture" program to foster a national carbon economy

Responding to the "Tree Planting Sponsorship Program" initiated by BNP Paribas, the SCSB planted over 3,000 trees in India and an additional 4,347 trees in Indonesia in 2023.

The exclusive wealth management program introduced by BNP Paribas in Taiwan collaborates with the French social enterprise, Reforest Action, dedicated to forest restoration. High-net-worth clients participating in sustainable financial products developed by BNP Paribas can contribute to forest conservation by planting a tree in India or Indonesia through Reforest Action for every US\$10,000 invested. In 2023, the SCSB planted a total of 7,347 trees, generated 5,732 hours of local employment, sequestered approximately 860 metric tons of CO2e, and provided habitat for 17,196 animals, ensuring oxygen supply for 22,928 months.

In response to the "Tree Carbon Sequestration" initiative by Green Hope Spring, the SCSB collaborated with corporate partners and local residents to plant 1,111 Taiwan Ebony.

Green Hope Spring is committed to tree planting for the Earth's preservation and uses blockchain technology to track tree planting records, aiming to develop a tree-centric circular economy system. In 2023, the SCSB participated in the "Tree Light Avenue, Chishang Low Carbon Journey" project jointly launched by Green Hope Spring and the Chishang Township in Taitung. This initiative involved planting various native Taiwanese tree species to enhance soil and water conservation on unused local land. A total of 1,111 Taiwan Ebony were planted in 2023, capable of sequestering an average of 16.65 metric tons of CO2e annually.

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Love Earth "Bird Conservation Project"

The SCSB sponsored the Taiwan Wild Bird Federation and the Wild Bird Society of Tainan in adopting the state-owned non-public "Salt Field Wetland" to protect wild bird habitats and hopes to support the following initiatives: (1) salt field bird species surveys and patrols, (2) injured wild bird rescues, (3) training programs for wild bird investigators, (4) research on migratory bird migration routes, and (5) assist in the exchange of international conservation experiences. These measures were implemented to maintain environmental biodiversity.

Meanwhile, the SCSB hopes to join forces with its customers in protecting wild bird ecology. Driven by the appeal of "You Deposit, I Donate", the SCSB launched the "Love Earth - Sustainable NT\$ Fixed Deposit Project for Wild Birds", which offers a one-year NT\$ fixed deposit rate of 1.8%, higher than that of the industry standards, to encourage customers to join this initiative. In 2023, 2.927 wild bird fixed deposits were received, generating a total amount of NT\$7.293 billion. The SCSB also donated a certain proportion of the proceeds to the aforementioned two associations in order to contribute to wetland conservation and wild bird protection.





Love Earth and Support Environmental Protection "New Taipei Guanyin Mountain Hiking and Cleanup"

The SCSB collaborated with the Cultural & Educational Foundation and employees and their family members in northern Taiwan to organize the mountain cleanup public welfare activity. The Guanvin Mountain cleanup event saw the participants of 50 employees and 30 family members, picking up 10kg of trash. All participants brought their reusable water bottles and rain gear to minimize the use of disposable plastic products. While collecting trash along the hiking trails, they also took the opportunity to educate tourists about the importance of environmental conservation. The SCSB colleagues also visited the Guanyinshan Raptor Exhibition Hall to help them understand raptors and their ecology on the Guanyin Mountain.



Create a Practical Carbon-reducing Economy "National Carbon Capture"

Recognizing the shared goal of reducing carbon emissions, SCSB collaborated with National Cheng Kung University (hereinafter referred to as NCKU) and GreenHope to launch the program to advocate for consumers to adopt ecofriendly consumption behaviors.

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The project involves the provision of the "National Carbon Collection" application system by GreenHope as the foundation for personal carbon data services. Furthermore, NCKU encouraged the participation of students, faculty, and alumni in creating personal carbon economy asset passbooks. After standardizing the data on carbon reduction behaviors, it was converted into carbon data assets, which were used to provide peer-to-peer economic incentives to generate tangible economic value.

Additionally, to encourage teachers and students to participate in the event more proactively, besides enjoying store discounts, the SCSB also offered consumers the additional bonus of "get two rewards for every purchase made" to promote national green consumption starting from campuses.





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✓ Invest in the Future in a Smart Way

- · Bolstered academic exchanges, with a total of 14 schools joining the industryacademia collaboration program
- Cultivated sustainable finance and digital talents. In 2023, 172 interns were recruited
- Hosted sustainable development lectures to refine employees' sustainable financial thinking
- Organized the Shanghai-Hong Kong-Taiwan Financial Technology Competition 'InnoFuture' to promote regional financial technology innovation and collaboration



Environmental/ **Social Benefits** Supporting multiculturalism, the SCSB sponsored 37 academic and cultural events and 25 music and arts events contributing approximately NT\$30.8973 million (including over NT\$7.15 million dedicated to promoting domestic cultural and artistic development).

Number of scholarship recipients: 412, total scholarship amount: Approximately NT\$12.20 million

Financial Education

The SCSB vigorously hosted a wide range of financial knowledge promotional activities to improve customers' financial knowledge (please refer to 3.7 Sustainability and Financial Education for more details)



Culture & Art Lecture Series

To build a society that embraces literature, create the idea of lifelong learning, and enhance cultural education in Taiwan, since 2002, the SCSB has held knowledgeable and practical speeches with various themes every month. The nine lecture series that are still being conducted and the number of sessions that have been held are outlined below: Literature Cinema (73 sessions), Corporate Manager Enhancement Book Club (205 sessions), Our Literary Dream (160 sessions), Wealth Lecture Hall (55 sessions), LOHAS (151 sessions), Meeting with Entrepreneurs (32 sessions), Appreciating the Beauty of Sound (195 sessions), Enriching Life (240 sessions), ESG Sustainable Development (12 sessions). Each session accommodates approximately 40-50 participants. With a total of nearly 1,300 sessions in the lecture series, the cumulative number of participants has exceeded one hundred thousand, greatly appreciated by the general public.

Sustainable Development Lecture and Forum Series

In response to sustainability trends and the SCSB's sustainable development, the SCSB organized a series of internal and external sustainability development lectures in 2023 aimed at incorporating sustainability thinking into its corporate culture. It is hoped to create more opportunities for sustainable exchanges between the SCSB and various stakeholders through external lectures. In 2023, the internal "ESG and Sustainable Development" lecture series organized by the Cultural and Educational Foundation consisted of 12 sessions covering diverse topics such as carbon trading, netzero emissions, and impact investment. To expand the impact of sustainability, in December 2023, the SCSB organized the "Strategies for sustainable businesses-Exploring business opportunities through ESG" for the SCSB suppliers, shareholders, and employees, hoping to gather the strengths of stakeholders to realize macro-sustainable development.

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Set Up Scholarships

The SCSB Cultural & Educational Foundation" has set up scholarships and administered various bursaries to encourage outstanding students and cultivate professional talents. In 2023, 412 students received a total of about NT\$12.2 million worth of scholarships from the SCSB and the Foundation.



Industry-academia Collaboration

The "InnoFuture" Fintech Competition, jointly organized by Bank of Shanghai, Shanghai Commercial Bank, and the SCSB, focus on financial technology (Fintech) as its core, covering various forward-looking areas such as artificial intelligence, biotechnology, blockchain, and the metaverse. By offering substantial prizes, the competition aims to encourage teams from the three regions to implement innovative projects and even collaborate with SCSB on Proof of Concept (PoC), hoping to bring more opportunities for innovative development to the financial industry.

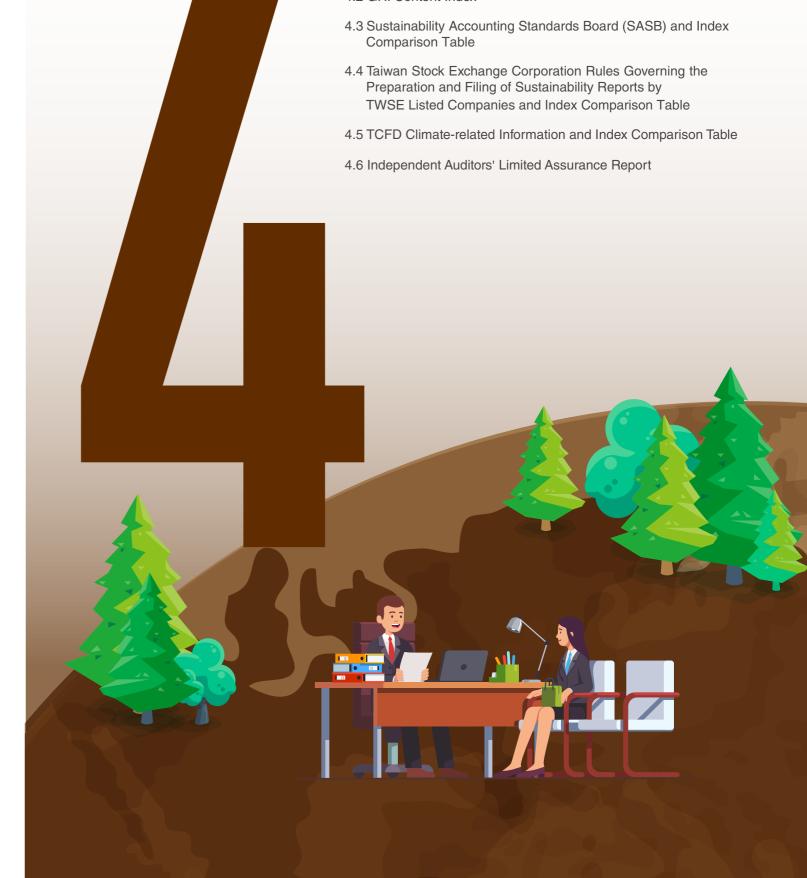
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Appendix



4.2 GRI Content Index



4.1 Data for Social Indicators

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Employee composition by employment contract and type		SCSB	SCB	SCSB Leasing	АМК	Total	Percentage of total employees in each category	
		<30 years old	394	243	1	809	1,447	16.59%
	Female	30-50 years old	913	501	6	392	1,812	20.78%
		>50 years old	329	229	-	6	564	6.47%
		<30 years old	165	240	-	1,619	2,024	23.21%
Full-time employees	Male	30-50 years old	668	475	4	894	2,041	23.41%
		>50 years old	455	238	4	17	714	8.19%
	Region	Local	2,834	1,735	15	3,737	8,321	95.42%
		Oversea	90	191	-	-	281	3.22%
	Subtotal		2,924	1,926	15	3,737	8,602	98.65%
	Female	<30 years old	-	2	-	-	2	0.02%
		30-50 years old	2	-	-	108	110	1.26%
		>50 years old	1	1	-	-	2	0.02%
		<30 years old	-	-	-	-	-	-
Part-time employees	Male	30-50 years old	4	-	-	-	4	0.05%
		>50 years old	-	-	-	-	-	-
	Dogi	Local	7	2	-	108	117	1.34%
	Region	Oversea	-	1	-	-	1	0.01%
	Subtotal		7	3	-	108	118	1.35%

	Diversity indicators for employees — Gender								
Er	mployee compos	sition	SCSB	SCB	SCSB Leasing	АМК	Total	Percentage of total employees by category	
	Female employe	es	1,639	976	7	1,315	3,937	45.15%	
		<30 years old	-	6	-	-			
	Top management level	30–50 years old	-	88	-	8		13.04%	
	ievei	>50 years old	10	65	-	-			
	Mid management level	<30 years old	-	36	-	3	353		
		30–50 years old	2	179	2	25		26.01%	
		>50 years old	30	75	-	1			
Female		<30 years old	-	48	-	60		49.43%	
	Entry management level	30–50 years old	35	118	1	108	518		
	icvei	>50 years old		43	-	-			
	Total female employees in management level		182	658	3	205	1,048	36.72%	
	Management let the revenue-ger functions	vel in	134	65	-	33	232	21.11%	
	All positions ass STEM	sociated with	72	39	-	-	111	23.62%	

Note: Revenue-generating units include business departments, business uints, and channel management departments.



		Dive	rsity indica	tors for em	ployees - I	Nationality			
E	mployee comp by national		SCSB	SCB	SCSB Leasing	АМК	Total	Percentage of total employees	Percentage of management level by category
		Management level	364	1	1	-	366		
	Taiwan	Non-management level	2,477	2	-	-	2,479	32.63%	16.17%
	China and	Management level	6	907	6	-	919		
	Hong Kong	Non-management level	37	888	8	-	933	21.24%	40.59%
	Vietnam	Management level	3	-	-	-	3		
		Non-management level	28	-	-	-	28	0.36%	0.13%
	Singapore	Management level	1	3	-	-	4	0.22%	0.18%
		Non-management level	15	-	-	-	15		
		Management level	-	-	-	903	903		39.89%
	Cambodia	Non-management level	-	-	-	2,941	2,941	44.08%	
		Management level	-	41	-	-	41	0.89%	
Nationality	United States	Non-management level	-	37	-	-	37		1.81%
	United	Management level	-	19	-	-	19		
	Kingdom	Non-management level	-	20	-	-	20	0.45%	0.84%
		Management level	-	1	-	1	2		
	Australia	Non-management level	-	-	-	-	-	0.02%	0.09%
		Management level	-	4	-	-	4		
	Canada	Non-management level	-	1	-	-	1	0.06%	0.18%
	•••••	Management level	-	2	-	-	2		
	Malaysia	Non-management level	-	1	-	-	1	0.03%	0.09%
		Management level	-	1	-	-	1		
	Portugal	Non-management level	-	1	-	-	1	0.02%	0.04%

New hire empl	oyees	SCSB	SCB	SCSB Leasing	AMK	Total
	<30 years old	135	132	-	226	493
Female	30-50 years old	54	89	-	15	158
	>50 years old	4	8	-	-	12
	<30 years old	57	150	2	671	880
Male	30-50 years old	41	92	1	157	291
	>50 years old	3	18	-	-	21
Donien	Local	271	470	3	1,069	1,813
Region	Oversea	23	19	-	-	42
Total new hire en	nployees	294	489	3	1,069	1,855
Total employ	rees	2,931	1,929	15	3,845	8,720
Hire Rate	Hire Rate		25.35%	20.00%	27.80%	21.27%
The average recruitme	ent cost (NT\$)	15,158	46,843	41,388	9,300	20,176.99

Employee turn	nover	SCSB	SCB	SCSB Leasing	AMK	Total
	<30 years old	64	99	1	158	322
Female	30-50 years old	40	81	-	25	149
	>50 years old	2	28	-	-	30
	<30 years old	30	95	4	491	620
Male	30–50 years old	19	81	1	188	290
	>50 years old	3	43	-	-	46
Region	Local	139	410	6	862	1,421
negion	Oversea	19	17	-	-	36
Total employee to (Leave without pay	urnover excluded)	158	427	6	862	1,457
Total voluntary emplo	yee turnover	155	347	3	546	1,055
Total employ	Total employees		1,929	15	3,845	8,720
Total employee turi	Total employee turnover rate		22.14%	40.00%	22.42%	16.71%
Voluntary employee t	urnover rate	5.29%	17.99%	20.00%	14.20%	12.10%

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Salary ratio of female and male on all levels

Salary ratio(Female:Male)	SCSB	SCB	SCSB Leasing	АМК
Salary for managers on executive level	0.81:1	0.61:1	-	0.62:1
Remuneration for managers on executive level	0.85:1	0.57:1	-	0.60:1
Salary for managers on general management level	0.83:1	0.90:1	1.02:1	1.00:1
Remuneration for managers on general management level	0.82:1	0.91:1	1.03:1	0.99:1
Remuneration for non-management employees	0.88:1	0.98:1	1.08:1	1.19:1
Overall average of total remuneration	0.86:1	0.78:1	0.69:1	1.08:1

Gender pay indicators

Gender pay difference (%)	SCSB	SCB	SCSB Leasing	AMK
Difference of average salary	16.23%	22.22%	30.58%	-8.01%
Difference of median salary	14.13%	15.08%	22.33%	-9.46%
Difference of average bonus	20.24%	37.46%	3.86%	0.35%
Difference of median bonus	17.53%	16.39%	0.00%	-1.23%

Note: Gender Salary Difference = (male salary - female salary) / male salary; Gender Bonus Difference = (male bonus - female bonus) / male bonus.

Average	training hours (hour per capita)	SCSB	SCB	SCSB Leasing	AMK	Overall
	Physical course	28.04	13.39	-	0.43	12.72
	Virtual course	34.68	26.67	-	0.47	17.96
	Internal training	48.94	39.22	-	0.88	25.80
	External training	13.77	0.84	-	0.02	4.88
	Indigenous people	97.34	-	-	-	97.34
	Taiwan	63.70	24.80	-	-	63.64
	China and Hong Kong	26.92	42.14	-	-	41.79
	Vietnam	31.78	-	-	-	26.62
NI a Cara a Pi	Singapore	17.09	32.67	-	-	13.76
Nationality	Thailand	-	-	-	-	-
	Cambodia	_	-	-	0.90	0.90
	Indonesia	-	-	-	-	-
	Australia	-	39.00	-	6	22.50

Average	training hours(hou	ır per capita)	SCSB	SCB	SCSB Leasing	AMK	Overall
	Cana	ada	-	38.23	-	-	38.23
	Mala	•	-	10.50	-	-	10.50
Nationality	Portu	ıgal	-	24.00	-	-	24.00
	United		-	4.63	-	-	4.63
	United K	ingdom	-	16.89	-	-	16.89
		<30 years old	-	46.94	-	-	46.94
	Top management	30–50 years old	-	40.28	-	6.25	37.45
		>50 years old	60.18	47.87	-	-	49.51
	Mid-level management	<30 years old	-	37.79	-	34.67	37.55
Female		30-50 years old	90.98	41.48	-	5.44	37.23
		>50 years old	68.72	45.64	-	56.00	52.27
		<30 years old	-	50.30	-	3.50	24.30
	Entry-level management	30-50 years old	77.72	36.11	-	2.07	27.50
		>50 years old	73.32	38.07	-	-	63.25
		<30 years old	-	38.50	-	-	38.50
	Top management	30-50 years old	-	45.06	-	4.00	39.1 ⁻
		>50 years old	62.09	34.08	-	-	38.4
		<30 years old	-	35.46	-	5.07	21.2 ⁻
Male	Mid-level management	30-50 years old	73.71	37.86	-	1.27	21.47
		>50 years old	78.76	33.37	-	28.00	56.83
		<30 years old	-	38.66	-	1.64	6.58
	Entry-level management	30-50 years old	52.86	39.27	-	1.44	10.84
		>50 years old	62.27	37.57	-	36.00	48.54
	Overall Average (Per C	Capita)	62.72	40.05	-	0.89	30.67



Avera	ige training expense NT\$ per capita)	SCSB	SCB	SCSB Leasing	АМК	Overall
Fu	III-time employee	2,924	1,926	15	3,737	8,602
ı	Physical course	9,748.15	1,980.39	-	349.77	3,908.97
	Virtual course	390.98	668.96	-	7.23	285.82
I	nternal training	2,677.80	2,567.54	-	7.23	1,488.26
E	external training	7,461.33	81.81	-	349.77	2,706.53
In	digenous people	16,941.92	-	-	-	16,941.92
	Taiwan	10,258.98	649.33	-	-	10,248.84
	China and Hong Kong	4,966.90	2,774.35	-	-	2,825.64
	Vietnam	5,314.94	-	-	-	5,314.94
	Singapore	7,669.17	6,185.33	-	-	7,434.88
	Thailand	-	-	-	-	-
	Cambodia	-	-	-	356.97	356.97
Nationality	Indonesia	-	-	-	-	-
	Australia	-	640.00	-	471.30	555.65
	Canada	-	2,477.60	-	-	2,477.60
	Malaysia	-	228.00	-	-	228.00
	Portugal	-	684.00	-	-	684.00
	United States	-	201.95	-	-	201.95
	United Kingdom	-	1,829.74	-	-	1,829.74

	Average training e (NT\$ per capi	expense ita)	SCSB	SCB	SCSB Leasing	АМК	Overall
		<30 years old	-	5,572.67	-	-	5,572.67
	Top management	30–50 years old	-	3,900.50	-	610.65	3,626.35
		>50 years old	11,651.50	2,958.09	-	-	4,117.21
		<30 years old	-	5,156.67	-	125.50	4,769.65
Female	Mid-level management	30–50 years old	29,930.30	2,882.44	-	922.90	2,907.23
		>50 years old	31,455.56	2,503.41	-	810.90	10,681.45
	Entry-level management	<30 years old	-	4,764.67	-	69.72	2,156.36
		30–50 years old	12,036.47	1,935.19	-	52.09	2,510.55
		>50 years old	10,695.88	2,004.84	-	-	8,170.78
		<30 years old	-	684.00	-	-	684.00
	Top management	30–50 years old	-	5,363.90	-	5,109.54	5,327.03
		>50 years old	45,286.71	2,181.19	-	-	9,534.49
		<30 years old	-	3,155.41	-	610.67	1,962.56
Male	Mid-level management	30–50 years old	16,983.72	2,502.42	-	1,103.66	2,474.53
		>50 years old	23,713.22	1,562.36	-	557.30	13,059.08
		<30 years old	-	2,522.80	-	347.62	855.44
	Entry-level management	30–50 years old	8,510.11	2,073.45	-	209.66	1,041.26
		>50 years old	10,227.41	2,208.00	-	21.60	8,486.66
C	Overall Average (Pe	er Capita)	10,139.13	2,649.35	-	308.94	4 ,173.91

4.2 GRI Content Index

Statement of use	The Shanghai Commercial and Savings Bank, Ltd. has reported in accordance with the GRI Standards for the period January 1 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standard is being released when the Report is published.

	Disclosure Items	Correspondent Chapter	Page
	GRI :	2: General Disclosures 2021	
2-1	Organizational details	Overview of the SCSB	32
2-2	Entities included in the organization's sustainability reporting	About the Report	4
2-3	Reporting period, frequency and contact point	About the Report	4
2-4	Restatements of information	No information has been restated.	-
2-5	External assurance	About the Report 4.6 Independent Auditors' Limited Assurance Report	4 178
2-6	Activities, value chain and other business relationships	Overview of the SCSB 2.4 Sustainable Procurement and Supplier Management	32 114
2-7	Employees	3.1 Employee Composition and Diversity	118
2-8	Workers who are not employees	3.1 Employee Composition and Diversity	118
2-9	Governance structure and composition	Sustainable Development Strategies 1.1 Corporate Governance	22 42
2-10	Nomination and selection of the highest governance body	1.1 Corporate Governance	42
2-11	Chair of the highest governance body	1.1 Corporate Governance	42
2-12	Role of the highest governance body in overseeing the management of impacts	Stakeholder and Material Issues Sustainable Development Management	12 22
2-13	Delegation of responsibility for managing impacts	Sustainable Development Strategies	22
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Strategies	22
2-15	Conflict of interest	1.1 Corporate Governance	42
2-16	Communication of critical concerns	Sustainable Development Strategies 1.2 Ethical Management	22 49
2-17	Collective knowledge of the highest governance body	1.1 Corporate Governance	42
2-18	Evaluation of the performance of the highest governance body	1.1 Corporate Governance	42
2-19	Remuneration policies	1.1 Corporate Governance	42
2-20	Process for determining remuneration	1.1 Corporate Governance	42
2-21	Annual total compensation ratio	In 2023, the annual total compensation ratio was 9.51, and the change in the annual total compensation ratio was -6.15.	-

	Disclosure Items	Correspondent Chapter	Page
2-22	Statement on sustainable development	Message from the Chairman Message from the President	6 7
	strategy	Sustainable Development Strategies	22
2-23	Policy commitments	Sthical Management Structure	49 140
2-24	Embedding policy commitments	1.2 Ethical Management 3.5 Human Rights and Equality	49 140
2-25	Processes to remediate negative impacts	Stakeholder and Material Issues 1.2 Ethical Management 3.5 Human Rights and Equality	12 49 140
2-26	Mechanisms for seeking advice and raising concerns	1.2 Ethical Management 3.5 Human Rights and Equality	49 140
2-27	Compliance with laws and regulations	Compliance Significant non-compliance with laws and regulations identified by the SCSB: the fine above NT\$100,000 or the company is penalized by being suspended from practice	52
2-28	Membership associations	Stakeholder and Material Issues	12
2-29	Approach to stakeholder engagement	Stakeholder and Material Issues	12
2-30	Collective bargaining agreements	3.3 Employee Compensation and Benefit The SCSB has established the labor union, and the labor union plans to negotiate a collective bargaining agreement after the SCSB's new building is completed in 2024. Therefore, no group agreement has been signed in 2023.	128
	GRI 3: Ma	terial Topics 2021	
3-1	Process to determine material topics	Stakeholder and Material Issues	12
3-2	List of material topics	Stakeholder and Material Issues	12
3-3	Management of material topics	Stakeholder and Material Issues	12
	GRI 201: Econo	mic Performance 2016*	
201-1	Direct economic value generated and distributed	Operating performance 3.8 Social Engagement	36 152
	GRI 205: Ar	nti-corruption 2016*	
205-2	Communication and training about anti-corruption policies and procedures	1.2 Ethical Management	49
205-3	Confirmed incidents of corruption and actions taken	1.2 Ethical Management	49
	GRI 206: Anti-co	mpetitive Behavior 2016*	
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	1.2 Ethical Management	49
	GRI :	207: Tax 2019	
207-1	Tax guidelines	Tax Policy	37

	Disclosure Items	Correspondent Chapter	Page
	GRI 30	12: Energy 2016	
302-1	Energy consumption within the organization	2.3 Green Operations	107
	GRI 303: Wat	er and Effluents 2018	
303-3	Water withdrawal	2.3 Green Operations	107
	GRI 305:	Emissions 2016	
305-1	Direct (Scope 1) GHG emissions	2.3 Green Operations	107
305-2	Energy indirect (Scope 2) GHG emissions	2.3 Green Operations	107
305-3	Other indirect (Scope 3) GHG emissions	2.3 Green Operations	107
	GRI 30	06: Waste 2020	
806-3	Waste generated	2.3 Green Operations	107
306-5	Waste directed to disposal	2.3 Green Operations	107
	GRI 308: Supplier Env	vironmental Assessment 2016	
308-1	New suppliers that were screened using environmental criteria	2.4 Sustainable Procurement and Supplier Management	114
	GRI 401: E	Employment 2016*	
101-1	New employee hires and employee turnover	3.1 Employee Composition and Diversity	118
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.3 Employee Compensation and Benefit	128
401-3	Parental leave	3.3 Employee Compensation and Benefit	128
	GRI 403: Occupation	onal Health and Safety 2018	
103-1	Occupational Health and Safety Management System	3.4 Occupational Health and Safety	136
103-2	Hazard identification, risk assessment, and incident investigation	3.4 Occupational Health and Safety	136
103-3	Occupational health services	3.4 Occupational Health and Safety	136
103-4	Worker participation, consultation, and communication on occupational health and safety	3.4 Occupational Health and Safety	136
103-5	Worker training on occupational health and safety	3.4 Occupational Health and Safety	136
103-6	Promotion of Worker Health	3.4 Occupational Health and Safety	136
103-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.4 Occupational Health and Safety	136
	GRI 404: Trainir	ng and Education 2016*	
104-1	Average hours of training per year per employee	3.2 Employee Training and Career Development	122
104-3	Percentage of employees receiving regular performance and career development reviews	3.3 Employee Compensation and Benefit	128
	GRI 405: Employee Diversity and Ed	qual Opportunities for Employees 2016*	
105-1	Diversity of governance bodies and employees	1.1 Corporate Governance 3.1 Employee Composition and Diversity	42 118
			

	Disclosure Items	Correspondent Chapter	Page
	GRI 414: Supplier	r Social Assessment 2016	
114-1	New suppliers that were screened using social criteria	2.4 Sustainable Procurement and Supplier Management	114
	GRI 415: I	Public Policy 2016	
115-1	Political contributions	1.2 Ethical Management	49
	GRI 417: Marke	ting and Labeling 2016*	
417-1	Requirements for product and service information and labeling	Compliance Customer Relationship Management	52 69
417-2	Incidents of non-compliance concerning product and service information and labeling	1.3 Compliance	52
117-3	Incidents of non-compliance concerning marketing communications	1.3 Compliance	52
	GRI 418 Cus	stomer Privacy 2016*	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.5 Information Security	63

Note: The topic with asterisk symbol is a material GRI topic this year. Its material topic management policy is disclosed in the chapter corresponding to the index.





4.3 Sustainability Accounting Standards Board (SASB) and **Index Comparison Table**

Disclosure topics	Index code	Accounting index	Correspondent chapter/Description	Page
Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	1.5 Information Security 1.7 Privacy Information Protection	63 76
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	1.5 Information Security	63
	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	3.6 Financial Inclusion	145
Financial Inclusion	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	3.6 Financial Inclusion	145
& Capacity Building	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	3.6 Financial Inclusion	145
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	3.7 Sustainability and Financial Education	151
Incorporationof Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	2.1 Sustainable Finance	82
	FN-CB-410b.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	2.2 Climate and Nature-related Information	88
Financed	FN-CB-410b.2	Gross exposure for each industry by asset class	2.2 Climate and Nature-related Information	88
Emissions	FN-CB-410b.3	Percentage of gross exposure included in the financed emissions calculation	2.2 Climate and Nature-related Information	88
	FN-CB-410b.4	Description of the methodology used to calculate financed emissions	2.2 Climate and Nature-related Information	88
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	1.2 Ethical Management	49
	FN-CB-510a.2	Description of whistleblower policies and procedures	1.2 Ethical Management	49
	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Not applicable (The SCSB is not a G-SIB.)	-
Systemic Risk Management	FN-CB-550a.2	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	1.1 Corporate Governance 1.4 Risk Management	42 57
	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Overview of the SCSB 3.6 Financial Inclusion	32 145
Activity metric	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	3.6 Financial Inclusion	145

4.4 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by **TWSE Listed Companies and Index Comparison Table**

		Article content		Description		Corresponding chapters in the report
	Table 1-3 No.1	Number of data breaches, percentage of data breaches involving personally identifiable information (PII), number of customers affected by data breaches	information) and was fir	curred (accounting for ed NT\$10 million. In ac number of the SCSB'	100% of exposed personal	1.5 Information Security 1.7 Privacy Information Protection
ĺ			Target group	Social benefit	Business benefit]
				ber of loans in 2023	Loan balance by the end of	
		Number and amount	Micro-business	10.577	2023 (NT\$ hundred million) 689.54	
	Table 1-3 No.2	of loans outstanding qualified to programs designed to promote small business and	Note1: SMEs are the the FSC, and	ones complying with	the definition specified by the ones with the amount	
		community development	Ministry of He	alth and Welfare's "F Work". There are no	elopment is based on the Regulations on Community community development-	
ı						
			Name	Target Group	Number of Participants in 2023	
			PukiiBank Finance Camp for Kids	Children	55	
		Number of participants	Financial Knowledge Promotion in Campuse	Middle and elementary school students	ol 1,077	
	Table	in financial literacy initiatives for unbanked.	and Communities	College students		- 3 / Suctainability and
	1-3 No.3	underbanked		Other groups	1,094	Financial Education
	140.0	or underserved disadvantaged groups	Industry-academia collaboration - Trust seminar	College students	77	
			Introduction of trust service and practical applications	Students from Sor Nian University	9 79	
			Briefing session for car trusts and trust services		rly 98	





	Article content			Descrip	tion		Corresponding chapters in the report
Table 1-3 No.4	Products and services designed to deliver an environmental or social benefit for each business line	Types of credi Solar power Offshore wi power • In 2023, 6	gage gram gramic coans trust a Edu trus cultu Qine Holi func	with green energy in Number of credit 402 1 reen building loans NT\$7,824,749 thouse all benefits: Number of Loans in Number o	applicated applicated and. 2023 117 6 2,024 58 3,799 134 T able etary harido of lifare	Loan Balance at the End of 2023 (NT\$ thousand) 60,338 7,034 5,652,931 19,807,468 121,710 The Trust Balance at the End of 2023 (in NT\$) 149,000 53,446,000 2,000,000	Corresponding chapters in the report 2.1 Sustainable BankingSustainable Finance 3.6 Financial Inclusion
		Care trust		erly care trust		200,000 171,178,406	
				et for people with bilities		30,977,733	
Table 2	Climate-related information	2.3 Green ope The SCSB is a the GHG inven The SCSB exp	ration listed ntory o ects	d company with a ca of the SCSB and sor	pital ov ne subs tion rep	er NT\$10 billion. In 2023, sidiaries was implemented. oort for total GHG emissions 24.	2.2 Climate and Nature-related Information 2.3 Green Operations









		Disclosure Items	Correspondent Chapter	Page
Cavamana	а	Describe the board's oversight of climate-related risks and opportunities.	2.2 Climate and Nature-related Information	88
Governance	b	Describe management's role in assessing and managing climate-related risks and opportunities.	2.2 Climate and Nature-related Information	88
	а	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2.2 Climate and Nature-related Information	88
Strategy	b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.2 Climate and Nature-related Information	88
	С	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	2.2 Climate and Nature-related Information	88
	а	Describe the organization's processes for identifying and assessing climate-related risks.	2.2 Climate and Nature-related Information	88
Risk Management	b	Describe the organization's processes for managing climate-related risks.	2.2 Climate and Nature-related Information	88
	С	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.2 Climate and Nature-related Information	88
	а	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2.2 Climate and Nature-related Information	88
Metrics and targets	b	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	2.2 Climate and Nature-related Information 2.3 Green Operations	88 107
	С	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2.2 Climate and Nature-related Information	88







4.6 Independent Auditors' Limited Assurance Report

Deloitte.

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Shanghai Commercial & Savings Bank, Ltd.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's selected performance indicators ("the Subject Matter Information") and applicable criteria.

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and the criteria specifically designed by the Company, and for such internal control as management determines in necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Information Control of Property of Pr

- Inquiring of management and the personnel responsible for the Subject Matter Information to
 obtain an understanding of the policies, procedures, internal control, and information system
 relevant to the Subject Matter Information to identify areas where a material misstatement of
 the subject matter information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such
 as inspection, re-calculation, re-performance, observation, and analytical procedures to obtain as inspection, re-calculation, re-periodic evidence supporting limited assurance.

The Subject Matter Information involved non-financial information, which was subject to 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.

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 is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

The engagement partner on the limited assurance report is Shin-Tsung Wu.

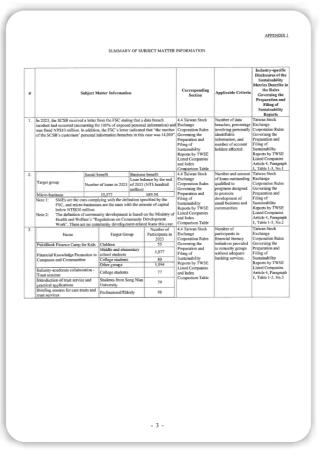
Deloitte & Touche

June 14, 2024

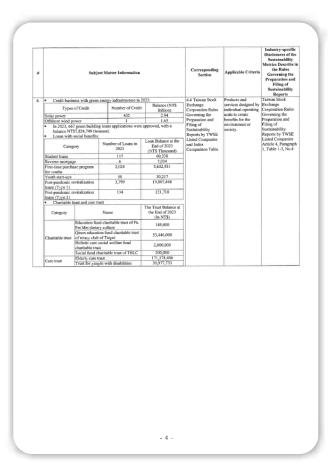
For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version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

- 2 -

23 averag	Employee training hours Employee Type Top management Mid-level management	<30 years old 30-50 years old >50 years old	Average Training Hours	3.2 Employee		Reports
emale	Top management	<30 years old 30-50 years old	Training Hours	Training and Career	GRI 404-1: 2016 Average hours of	N/A
emale		30-50 years old		Development	training per year per	
emale			N/A		employee	
emale	Mid-level management		N/A 60.18			
emale	Mid-level management	<30 years old	00.18 N/A			
emale		30-50 years old	90.98			
unidir.		>50 years old	68.72			
		<30 years old	N/A			
	Entry-level management	30-50 years old	77.72			
		>50 years old	73.32 65.34			
	Non-management level	<30 years old 30-50 years old	61.67			
	, wor management level	>50 years old	56.06			
		<30 years old	N/A			
	Top management	30-50 years old	N/A			
		>50 years old	62.09			
	Mid found monocomment	<30 years old	N/A			
	Misd-tevet management					
fale		<30 years old	N/A			
	Entry-level management					
		>50 years old				
		<30 years old				
	Non-management level					
he total mu	unber of female employees	is 1,639, with a total tra	ining duration of			
3,523.221	hours and an average training	ng duration of 63.16 ho	urs per employee.			
he total mu	mber of male employees is	1.292, with a total train	ing duration of			
1,860.28 B	ours and an average training	2023	is per employee.	2.3 Green	Designated	N/A
		94		Operations	indicator I	
		107			Waste by category	
otal waste	(tons)	201				
Item of	Gender Pay Indicators		N6)		Designated	N/A
ifference	of average salary					
			_	penent	Oction pay	
Memore	of average bonus		_			
ote 1: 5	Salary covered salary and n		from January to			
	December, the bonus covers	holiday bonus, full att	endance bonus,			
		innual leave, year-end	bonus, and other			
		(male salary forests es	lary Vmale salary			
	Gender Bonus Difference=(male bonus-female bor	us)/male bonus.			
ote 3: 1	The data in this table covere	d the SCSB's employe	e in Taiwan and did	1		
	not include its oversea bran-	thes and subsidiaries. F	or the information			
	the AMK MFI (Cambodia)	ug nong), me sest L elease refer to Chaster	 cassing (Crima), and 			
be overall	average absenteeism rate for	r the SCSB employees	in 2023 was	3.4 Occupational	Designated	N/A
33%.				Health and Safety		
					Absenteeism rate of employees	
lone-ten	n sick leave due to severe il	, are appeared and fall of Inesses.	живана оприлусса			
h 13 h 16	total must be to	Early-level management level. Non-management level. Non-management level methods of publication of the second complexes in tool number of fault complexes in tool number of rails complexes in tool number of rails complexes in tool number of rails complexes in tool number of the second complexes in the second tool of the second tool o	le Entry-level management best SS-50 yearn old SS-50 y	ale Entry-level insuragement (1982) ware old 178.76 Entry-level insuragement (1982) ware old 178.76 Non-emangement (1982) ware old 1	ale Entry-level management (1) 250 years old (1) 28.76	ale \$1.50 \times model \$78.76 \$1.50 \times model \$7



		s	ubject Matt	er Informatio	n		Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe i the Rules Governing the Preparation and Filing of Sustainability Reports
2.	Gen	der Diversity Indicators	Count	Employees	Indicators	Count	3.1 Employee Composition and	Designated indicator 4	N/A
	Female 6	employees		Total employ		2,931	Diversity	Gender diversity indicators (Number	
-1	Females level	in management	182	Total employ management	ees in level	374		of people classified	
- [Females	in entry	140	Total employ management	ees in entry	233		by rank, gender, age and other diversity	
- 1	Females	nent level in mid	32	Total employ	ees in mid	102		indicators)	
J	manager Females	ment level	10	management Total employ		39			
-1	manager	ment level		management	level				
-1	levels in	in management the departments ng income	134	Total employ management departments s income	levels in the	262			
1	duties as science, engineer (STEM)	employees with sociated with technology, ing and math to all positions ed with STEM	72	Total employ duties associa science, techr engineering a (STEM) to all associated wi	ated with sology, and math I positions	255			
- 1	Note:	Revenue-generatin	g units includ	le business de	partments, bu	siness units,			
ŀ	-	and channel manag	Employm	ent Contract	Employs	nent Type			
1			Permanent Employees	Temporary	Full-time Employees	Part-time Employees			
ı			Count	Count	Count	Count			
- 1	Female	<30 years old 30-50 years old	394 915	0	394 913	0 2			
1		>50 years old	329	1	329	1			
-1	Male	<30 years old 30-50 years old	165 672	0	165	0 4			
1	Nume	>50 years old	452	3	455	0			
-1		Subtotal	2,927	4	2,924	7			
-1	Region	Overseas areas	2,837	4 0	2,834	7 0			
ı		Total	2,927	4	2,924	7			
ŀ		Nationality		N	amber of Em	ployees	i		
	Taiwan				2,841				
- 1	Vietnam	nd Hong Kong			31				
	Singapo	re			16				1



3.6 Finnesia Designated Section Sectio		Subj	ect Matter Information		Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
14. In 2023, there were 2 accumulative cases applied to the Equator Principles. 2.1 Sustainable Designated indicator 6 Number of cases in	M No	ME licro-enterprises tote 1: SMEs are the ones FSC, and micro-bus below NTS\$30 mill te 2: The definition of co Health and Welfare Work", There are n	3,908 3,383 complying with the definition innesses are the ones with the a ion. mnuntly development is base in "Regulations on Community occumumity development-reliations"	unount of capital d on the Ministry of y Development ated loans this year.		The cumulative beneficiary households of loans to micro-enterprises and SME in 2023	N/A
Principles are applied in 2023	14. ln:	2023, there were 2 accumula	tive cases applied to the Equat	tor Principles.		indicator 6 Number of cases in which the Equator Principles are	
15. The SCSB airms to units SMS in eathering low-carbon innovation development, General principation and principal development, General principal principal development, General principal principal development, General principal principal development, General principal development, General principal development of the SCSB assisted in the completion of 2015 depolaration, with a total lending balance amounting to NY13.519 billion. SMS in makineting low-carbon amounting to several principal development of the several	fac	velopments, offering infrastr stories and specific ones. At a empletion of 288 applications	ucture-centric project loans for the end of 2023, the SCSB assi	r both managed isted in the	2.1 Sustainable Finance	indicator 7 Number and total amount of Ioan applications to assist SMEs in achieving low-carbon innovation developments, offcring infrastructure-centric project loans for both managed	N/A















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