



## Implementation of Risk Management Committee

SCSB's Board of Directors established the Risk Management Committee Charter in March 2016 to enhance board functions, strengthen risk management mechanism, and become aligned with international risk management trends. The Risk Management Committee was established in July the same year to improve the board's operational efficiency and decision-making ability, and thus effectively lower decision-making risks, improve the quality of internal control, and realize the core value of risk management.

### A. Qualifications for the appointment:

The Board of Directors appoints at least three directors to serve on the committee, which must include an independent director. The term of a director serving as a member of the committee, except as otherwise provided by laws and regulations or the SCSB Articles of Incorporation or bylaws, shall extend from the date of the director's selection as Committee member by the Board to the date of expiration of the director's term, the director's resignation from the committee or the directorship, or the director's replacement by another director selected as Committee member by the Board.

### B. Duties:

With authorization from the Board of Directors, the Committee shall exercise the due care of a good administrator to faithfully perform the following duties, and shall submit its recommendations or reports to the Board of Directors:

- a. Review the risk management policy.
- b. Review risk management strategies, including risk appetite and limit.
- c. Review the appropriateness of various risk management mechanisms and the risk management framework to ensure that there are sufficient resources and systems in place for risk management.
- d. Review risk management reports periodically submitted by management, including credit risks, interest rate risks, market risks, national risks, operational risks, liquidity risks, capital adequacy management, stress tests for various risks, and risk assessment for derivatives transactions.
- e. Review risk management policies for new businesses.
- f. Review risk management related matters required by domestic and overseas competent authorities to be reported to the Board of Directors.
- g. Perform other matters related to the duties as required by the Board of Directors.



If a member of the Committee has a conflict of interest in performing the duties in the preceding paragraph, he shall state the important aspects of its stake in the meeting of the Committee concerned, and where there is a likelihood that the interests of SCSB would be jeopardized, he may not participate in discussion or voting, shall recuse himself from any such discussion and voting, and may not exercise voting rights as proxy on behalf of another member of the Committee.

C. The Members' Professional Qualifications and Experience: Please refer to "2. (1) Directors and Independent Directors" under "Corporate Governance Report".

D. Operations:

- a. SCSB's Risk Management Committee is formed by 3 directors, in which 2 are independent directors; the convener is also an independent director.
- b. The 3th Risk Management Committee was appointed from July 5, 2021 to June 15, 2024.

A total of 4 (A) Risk Management Committee meetings were held in the previous period. The attendance record of the Risk Management Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	TSENG, KUO-LIEH	4	0	100%	Independent Director
Member	CHIOU, YI-JEN	4	0	100%	
Member	HSIEH, KING-HU	4	0	100%	Independent Director

E. Work focus:

- a. Review risk management reports.
- b. Review risk management policies for new businesses.
- c. Review the appropriateness of the Risk Management Policy and strategies established and revised.

F. Operation of proposals:

Implementation status of proposals discussed by the Risk Management Committee in 2022:

(Both non-voting attendees and presenters left the meeting before discussions and voting on the proposals)

Time	Meeting No.	Proposal	Resolution	Remarks
2022/3/17	3rd meeting of 3rd-term	2021 Implementation Report on Compliance Risk Management and Supervision, SCSB's exposure in China and management measures	All these items were passed as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 4th meeting on March 26, 2022.
		2021 Status Report on Overall Implementation of Information Security	This item was passed based on their revised wording as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 4th meeting on March 26, 2022.
		Application for unsecured financial debentures	This item was passed as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 4th meeting on March 26, 2022.



Time	Meeting No.	Proposal	Resolution	Remarks
		Launching of the "foreign currency-denominated structured notes linked to equity (incl. stock) indexes" business	This item was passed based on their revised wording as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 4th meeting on March 26, 2022.
		Establishment of the Mobile Corporate Internet Banking business plan and Regulations Governing Group Credit Loan Risk Management	All these items were passed as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 4th meeting on March 26, 2022.
		Amendments to the Guidelines Governing Fund Operations Authorization, Procedures for Proprietary Trading of Foreign Bonds in Concurrent Engagement in Securities; Product Suitability Policy for Proprietary Trading of Foreign Bonds in Concurrent Engagement in Securities; Standards for Recognizing Professional Investors and High Net-worth Customers in Concurrent Engagement in Securities, Regulations for Hong Kong Branch Liquidity Management, Guidelines Governing Investment Risk Management, Guidelines Governing Liquidity Risk Management, Guidelines Governing National Risk Management, Guidelines Governing Credit Risk Management, and Guidelines Governing Stress Test Management	All these items were passed as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 4th meeting on March 26, 2022.
		Amendments to the Hong Kong Branch Fund Trade Policy, Guidelines Governing Risk Management and Supervisory Framework of Compliance, Credit Risk Management Policy, and Guidelines Governing Capital Adequacy Management	All these items were passed based on their revised wording as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 4th meeting on March 26, 2022.
2022/6/9	4th meeting of 3rd-term	2022 AML/CFT Risk Assessment Report for the insurance agency	This item was passed as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 5th meeting on June 17, 2022.
		Launching of the "structured product (principal not protected) with foreign currency principal linked to domestic equity (including stock index) options" business	This item was passed according to the revision recommendations as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 5th meeting on June 17, 2022.
		Establishment of the Guidelines Governing Climate Risk Management	This item was passed according to the revision recommendations as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 5th meeting on June 17, 2022.
		Amendment to the Risk Management Policy	This item was passed according to the revision recommendations as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 5th meeting on June 17, 2022.



Time	Meeting No.	Proposal	Resolution	Remarks
2022/8/4	5th meeting of 3rd-term	Application for senior unsecured USD-denominated interest rate-linked structured financial debentures and cumulative subordinated debentures without maturity date	All these items were passed as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 6th meeting on August 13, 2022.
		Report on SCSB's business plan, capital adequacy evaluation results, and description of self-assessment of risk indicators	This item was passed as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval.	The item has been submitted to and approved by the 21st Board of Directors in its 6th meeting on August 13, 2022.
		Amendments to the Regulations for Hong Kong Branch Liquidity Management and Regulations for the Review of Trust Products in High Net-worth Customers Services	All these items were passed as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 6th meeting on August 13, 2022.
		Amendments to the Regulation for the Management of Customers Rights and Interests for Financial Derivatives and Hong Kong Branch Recovery Plan	All these items were passed based on the revised article as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 6th meeting on August 13, 2022.
2022/11/3	6th meeting of 3rd-term	Amendments to the Regulations for Structural Products, Regulations for Exchange Rate Options, Guidelines Governing Fund Operations Authorization, Guidelines Governing Singapore Branch Fund Operations Authorization, Guidelines Governing Discretionary Management of Securities Investment, Mainland China Financial Business Relationship and Investment Risk Management Policy, Regulations for Singapore Branch Liquidity Management and Product Suitability Policy for Proprietary Trading of Foreign Bonds in Concurrent Engagement in Securities	All these items were passed as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 7th meeting on November 12, 2022.
		Amendment to the Guidelines Governing Financial Derivatives Operations Authorization	This item was passed as the chair received no objections from the attending members, and was submitted to the Board of Directors for approval. Regulations governing the permissions and operations management of traders should be immediately included into the business manual for compliance and management.	The item has been submitted to and approved by the 21st Board of Directors in its 7th meeting on November 12, 2022.
		Amendments to the Guidelines Governing Risk Management and Supervisory Framework of Compliance, Regulations for Detecting SCSB's Operating Risks and Guidelines Governing Financial Derivatives Risk Management	All these items were passed based on their revised wording as the chair received no objections from any attending members, and were submitted to the Board of Directors for approval.	The items have been submitted to and approved by the 21st Board of Directors in its 7th meeting on November 12, 2022.