



Ethical Corporate Management

Evaluation Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs (1) Does the Bank establish business integrity policies approved by its board of directors and state in its regulations or external correspondence about the policies and practices it has in place to maintain business integrity? Are the Board of Directors and the management committed to fulfilling this commitment?	✓		1. The Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct approved by the Board of Directors sets forth the policies and practices for ethical business conduct, and the commitment of the Board of Directors and executive management to implement such policies. Reviews and amendments are made whenever necessary. 2. SCSB's Article 16 of "Work Rules" and Article 12-1 of "Regulations for Employee Service Compensation" approved by the Board of Directors stipulate that employees shall implement ethical corporate management. The relevant provisions to be followed and implemented are described in the new employee training course.	No difference.
(2) Does the Bank establish an assessment mechanism for risks of dishonest conduct, and do it regularly analyze and evaluate operating activities that contain higher risks of dishonest conduct within the scope of its business? Does the Bank develop dishonest conduct prevention plans based on such mechanisms and taken measures to prevent occurrences including at least those listed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		1. To implement ethical corporate management and raise employees' awareness, SCSB requires all units to assess their own ethical corporate management risks every year, in order to reduce unethical conduct in operating activities. 2. Business units formulate preventive and control measures to prevent the risk of unethical conduct according to their characteristics based on the principle of ethical management and stable operations. 3. Every year, SCSB exercises enhanced promotion of business ethics-related regulations to improve employees' understanding of ethical conduct. 4. Procedures for Ethical Management and Guidelines for Conduct, which include preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, Regulation Governing Outward Donations, Codes of Ethical Conduct, Work Rules, Regulations for Employee Service Compensation, and Intellectual Property Management Policy were established to prevent unethical conduct.	No difference.
(3) Does the Bank stipulate, implement, and regularly review and revise operating procedures, behavioral guidelines, disciplinary actions, and complaint systems in its dishonest conduct prevention plans?	✓		1. SCSB's "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Codes of Ethical Conduct", "Procedures for Handling Whistleblowing", and "Preventing Insider Trading Administration Measures" have explicitly stated that unethical conduct is prohibited. SCSB specifically regulates the operating procedures and guidelines for employees in carrying out business; if there is any violation of ethical conduct, the method of reporting, punishment for violation, and an appeal system are to be reviewed at any time to determine whether the appropriateness and effectiveness of the relevant regulations need to be amended. In addition, internal senior executives' meetings, morning conferences and educational training were also used to raise employees' awareness towards ethical corporate management.	No difference.

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			<p>2. To enhance employees' understanding of SCSB's affairs and to facilitate the exchange of opinions between the middle and senior management team and all employees, SCSB has established the "Regulations for Employees Communication". The mechanisms of communication include internal meetings and the President's mailbox (email for feedback of opinions from employees), human resources communication website, and the iTalking employee care mailbox in real time for employees to express their opinions.</p> <p>3. SCSB has announced the stipulation of Article 12 of "Employee Service Compensation Regulations" for all employees: "Employees and their relatives shall not accept commissions, remunerations or other benefits from customers in any name, except for regular business hospitality. In addition, SCSB also accepts gifts from customers or giving out New Year holiday gifts. The annual limit to any customer is NT\$5,000, and any breaches of the limit shall be submitted to the Executive Vice President or above for review and approval."</p>	
2. Fulfill ethical corporate management (1) Does the Bank evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		<p>1. SCSB regulations explicitly state that the lawfulness and ethical corporate management policy of trading counterparties, as well as records of unethical conduct, must be evaluated before engaging in business dealings, in order to ensure that their business is fair and transparent, and that they will not demand, offer, or accept bribes. When engaging in business activities, the contract signed with trading counterparties must include a clause on compliance with ethical corporate management, and that the contract may be terminated at any time if the counterparty is involved in unethical conduct. This prevents transactions with counterparties that were involved in unethical conduct.</p> <p>2. SCSB has formulated samples for ethical conduct clauses that must be included in contracts signed with trading counterparties. These samples are provided via internal announcements for all SCSB units to use.</p> <p>3. Every year, SCSB implements assessments of suppliers.</p> <p>4. SCSB has formulated clauses of ethical conduct in its procurement contracts, including a clause of guarantee that suppliers shall not offer rebates.</p>	No difference.
(2) Does the Bank establish a unit affiliated to the Board of Directors and dedicated to promoting business integrity which regularly (at least once per year) reports on the implementation of its business integrity policies and dishonest conduct prevention plans and supervision?	✓		<p>The Secretarial Office of the Board of Directors is the dedicated unit for implementing ethical corporate management, and is responsible for the implementation and coordination of related matters, as well as determining whether regulations are effective. The Secretarial office periodically (at least once a year) reports the implementation status of ethical corporate management to the Board of Directors. Contents of the report include examination of related regulations, the statement and commitment of directors and executive managers to comply with the ethical corporate management policy, compliance and implementation status of various units, the communication, training, internal and external audits, and self-inspection of the implementation status, and handling of whistleblowing cases.</p>	No difference.



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(3) Does the Bank establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		<p>1. SCSB's "Corporate Governance Best Practice Principles" state that proper limits must be put on loans to stakeholders. Real estate transactions must be based on the principles of fair, just, and objective, and comply with regular business practices. Business dealings between affiliated enterprises must be based on the principle of fair and reasonable, and written regulations must be established for financial and business transactions between affiliates. Establish and announce whistleblowing channels for internal and external personnel, and establish a whistleblower protection system and include it in the internal control policy. Directors must have a high level of self-discipline, and must recuse themselves from discussing and voting on agenda items of board meetings that involve their own interests or the interests of the legal entity they represent, which is cause for concern that it will damage SCSB's interests; such directors also may not exercise voting rights on behalf of other directors. Directors shall also exercise self-discipline amongst themselves and may not provide inappropriate support for each other.</p> <p>2. All directors recused themselves and did not participate in discussions and voting when they had a conflict of interest during a meeting of the Board of Directors, Board of Executive Directors or a functional committee.</p> <p>3. Whistleblowing methods and channels are disclosed on SCSB's intranet and website.</p> <p>4. To improve employees' understanding of SCSB's businesses and facilitate the opinion exchange between senior management and all employees, SCSB established the Regulations for Employee Communication, which specifies communication mechanisms through which employees offer feedback, including: internal meetings, the President's Mailbox (employee feedback mailbox), human resources communications website, and the iTalking employee care mailbox, which has the merit of immediacy.</p> <p>5. Through public announcement, SCSB has communicated to all employees Article 12 of the Regulations Governing Employee Service Compensation, quoted as follows: "Employees and their relatives may not receive commissions, compensations or other benefits from customers in any name, except for accepting funds for normal business transactions. In addition, the total value of gifts or new year presents from a customer in a year may not exceed NT\$5,000. Those who receive a total amount that exceeds the said limit must obtain approval from the Vice President or an officer of higher position."</p>	No difference.

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(4) Does the Bank establish an effective accounting and internal control systems in order to implement integrity management? Does its internal audit unit develop relevant audit plans based on dishonest conduct risk assessment results and check or assign external CPAs to check compliance with dishonest conduct prevention plans based on such audit plans?	✓		<p>1. SCSB has established an effective accounting system, internal control system, internal audit system, self-check system, legal compliance system, and risk management mechanism to maintain the effective and appropriate operation of the internal control system. In addition, CPAs are commissioned to conduct internal control system checks every year.</p> <p>2. Based on the risk assessment results of the audited units of SCSB and other matters specified by the competent authority, the Audit Department compiles the annual audit plan. Ethical corporate management is listed as the priority of the audit, and the audit results are disclosed in the audit reports of each audited unit, so that the senior management and key board members can timely understand whether any personnel are involved in unethical behaviors or improper behaviors, and evaluate whether the preventive measures established for the implementation of ethical corporate management are operating effectively.</p>	No difference.
(5) Does the Bank regularly hold internal and external educational trainings on ethical corporate management?	✓		<p>SCSB organizes education and training on ethical corporate management each year. The contents include “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct” and other relevant regulations, as well as sharing of cases of dishonest behavior. In 2023, a total of 13,197 employees across SCSB engaged in related courses:</p> <ol style="list-style-type: none"> 1. From 2023/1/1 to 2023/12/31, SCSB held 0.67-hour online course on “Professional Ethics”. (295 approved participants) 2. On 2023/1/11, the Taiwan Securities Association held a 3-hour seminar for the “2023 Fair Customer Treatment Evaluation Table”. (1 approved participant) 3. On 2023/4/12, the Financial Consumption Review Center held the “2023 Financial Consumption Dispute Cases Seminar” for 3 hours. (1 approved participant) 4. From 2023/5/12 to 2023/6/30, the Taipei Foundation of Finance held the “Principle of Fair Customer Treatment for Financial Service Industry.” (1 approved participant) 5. From 2023/7/17 to 2023/12/31, SCSB held a 2-hour online course on “Anti-corruption and Whistleblower Protection”. (2,783 approved participants) 6. From 2023/7/17 to 2023/8/31, SCSB held a one-hour “Whistleblowing” online course. (126 approved participants) 7. On 2023/8/24, the Taiwan Academy for Banking and Finance held the “2023 Consumer Insurance Updates in the Banking Industry” for 5.5 hours. (54 approved participants) 	No difference.



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			<p>8. From 2023/8/28 to 2023/12/31, SCSB held a 1-hour online course on "Corporate Governance of Corporate Sustainability Lecture - Notes on Short-term and Insider Trading." (700 approved participants)</p> <p>9. On 2023/8/30, the Taiwan Academy of Banking and Finance organized the "2023 Consumer Insurance Update in the Banking Industry" for 5.5 hours. (10 approved participants)</p> <p>10. On 2023/9/1, the Taiwan Academy for Banking and Finance held the "2023 Consumer Insurance Updates in the Banking Industry" for 5.5 hours. (115 approved participants)</p> <p>11. On 2023/9/13, the Securities and Futures Institute held the "Insider Trading Practical Case Analysis" for 3 hours. (1 approved participant)</p> <p>12. On 2023/10/20, the Securities and Futures Institute held the "2023 Insider Trading Prevention Seminar" for 3 hours. (1 approved participant)</p> <p>13. From 2023/11/6 to 2023/12/31, SCSB held the "Corporate Governance Lecture for Corporate Sustainability - Integrity is our value." (Chinese version 1.5 hours, 3,020 approved participants) (English version 0.3 hours, 89 approved participants).</p> <p>14. From 2023/11/13 to 2023/12/31, SCSB held a 2-hour online course on "2023 Banking Friendly Services". (3,008 approved participants)</p> <p>15. From 2023/11/20 to 2023/12/31, SCSB held a 3.3-hour online course on "2023 Principles of Fair Customer Treatment for the Financial Service Industry." (2,990 approved participants)</p> <p>16. On 2023/11/22, the Financial Consumer Review Center held the "Introduction to the Financial Consumer Protection Act and Cases" course for 3 hours. (1 approved participant)</p> <p>17. On 2023/12/31, the Taiwan Academy of Banking and Finance organized the "Love of Learning Lecture Series - Fair Treatment and Friendly Finance" for 1.5 hours. (1 approved participant)</p>	
<p>3. Operation of the integrity channel</p> <p>(1) Does the Bank establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	✓		<p>1. To establish a corporate culture of honesty and transparency, to promote sound business operations, and to protect the rights and interests of whistleblowers, SCSB's Board of Directors has approved the "Procedures for Handling Whistleblowing," which covers the following issues: incentives and penalties based on individual circumstances if the reported case is substantiated.</p> <p>2. SCSB has established and announced its acceptance method, on SCSB's official website (in Chinese and English) and internal website, as a reporting channel for external and internal personnel, and the Compliance Department acts as the dedicated unit for receiving and investigating reported cases.</p>	No difference.

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(2) Does the Bank develop any standard operating procedures, follow-up measures required after investigations, and confidentiality measures for handling whistle-blowing matters? Has the Bank developed any standard operating procedures, follow-up measures required after investigations, and confidentiality measures for handling whistle-blowing matters?	✓		<p>3. Channels for making complaints are as follows:</p> <p>(1) Whistle-blowing hotline: (02) 6618-9952.</p> <p>(2) Whistle-blowing email address: compliance@scsb.com.tw or write to the Chief Compliance Officer at SCSB's Headquarters.</p> <p>1. In the "Procedures for Handling Whistleblowing," SCSB specifies the conditions for non-acceptance of a reported case, the procedures and timeline for handling the case, the follow-up measures for the investigation report, and the protection of the whistleblower.</p> <p>2. Circumstances of refusal:</p> <p>(1) The whistleblower failed to provide complete information and timely supplemented and corrected information or unable to notify.</p> <p>(2) Having become aware of and reported to the judiciary.</p> <p>(3) Does not fall under the type of whistleblowing case for acceptance.</p> <p>(4) Repeated reporting, except for new facts or evidence.</p> <p>(5) Matters that are obviously inconsistent with the facts or contain untruthful critics.</p> <p>However, the relevant information should be retained for future reference.</p> <p>3. Processing procedures and timeline:</p> <p>(1) Initiating the investigation: Personnel may be notified of their opinions in a non-public manner, and the personnel under investigation shall be obliged to keep the content of the investigation confidential.</p> <p>(2) Review and re-review of investigation reports: After the investigation report is deliberated by the review committee, the follow-up matters shall be handled in accordance with the relevant regulations for appropriate disposal.</p> <p>(3) Report to the Board of Directors: The responsible unit shall report the handling of the reported case and the subsequent corrective measures to the board of directors.</p> <p>(4) Inform the whistleblower: The whistleblower shall be notified within one month after the report has been reported to the board.</p> <p>(5) The dedicated unit shall complete the investigation within three months. If it is necessary to prolong the investigation (three months), the reason for such an extension may be stated.</p> <p>4. Confidentiality: The identity of whistleblowers shall be kept confidential. Except as required by law or litigation, no information that can identify the whistleblower shall be disclosed, and effective and appropriate protection measures shall be taken.</p>	No difference.

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(3) Does the Bank provide proper whistleblower protection?	✓		1. SCSB has formulated the “Procedures for Handling Whistleblowing” and established a whistleblower protection system, which stipulates that the identity of the whistleblower and the content of the report shall be kept confidential, and that except for those who made malicious attacks, SCSB shall not make improper or adverse penalty to the whistleblower due to their whistleblowing. 2. SCSB established “Regulations for Employees Communication,” “Regulations for Sexual Harassment Prevention, Grievance and Disciplinary,” and “Plan to Prevent Unlawful Infringement While Performing Duties.” The identity of complainants and contents of complaints are kept confidential. For complaints filed based on the principle of goodwill, the complainant will not receive any unfair treatment.	No difference.
4. Strengthening information disclosure Does the Bank disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		SCSB has disclosed related regulations and implementation results on its Chinese and English version websites and the annual report. SCSB’s Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Codes of Ethical Conduct are disclosed on the Market Observation Post System.	No difference.
5. If the Bank has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation. SCSB established the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and actual needs. Contents of the principles are irregularly amended, and its implementation status is periodically reported to the Board of Directors each year. There is no discrepancy between actual operations and contents of the principles.				
6. Other important information to facilitate a better understanding of the Bank’s ethical corporate management policies (e.g., review and amend its policies). SCSB requires units to periodically conduct self-evaluations of whether the Bank’s business and operations comply with ethical corporate management. SCSB communicates ethical corporate management regulations and provides the latest information on laws and fines to raise compliance awareness. SCSB organizes training courses on ethical corporate management to raise the standards for professional ethics. SCSB will also review and amend related regulations in response to developments in internal and external regulations related to ethical corporate management, in order to improve our ethical corporate management performance. There were no reports of any violations of ethical corporate management in 2022.				

(10) Corporate Governance Guidelines and Regulations

SCSB Corporate Governance Best Practice Principles and related guidelines are disclosed on the official website: <https://www.scsb.com.tw> "Corporate Governance" section.

(11) Other Important Information Regarding Corporate Governance

SCSB has established and disclosed on official website the “Preventing Insider Trading Administration Measures” to prohibit insiders such as directors or managers from exploiting undisclosed information in the market for profit. In 2023, there were no penalties or prosecutions for violating regulations on insider trading or related party trading.

Other information has been disclosed on SCSB's official website: <https://www.scsb.com.tw> "Corporate Governance" section.