

2020

CORPORATE SOCIAL RESPONSIBILITY REPORT

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Report Profile

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About this Report:

This Report is prepared by Taichung Commercial Bank Co., Ltd. (hereinafter, "Taichung Bank" or "the Bank") in accordance with the core options of the GRI sustainability reporting standards issued by the Global Reporting Initiative (GRI), and is incorporated the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies. All financial data is calculated in New Taiwan Dollars, and the financial statements are prepared following the International Financial Reporting Standards (IFRSs). This Report is posted on the Taichung Bank website for downloading and reading to demonstrate the Bank's best endeavors that put forward for corporate social responsibility.

Reporting period:

This Report was first issued in June 2015; 2021 is the Report's seventh publication. The Report will continue to be issued annually in the future.

Reporting scope and boundaries:

The content herein states the performance and achievements of Taichung Bank on various key issues of sustainable development in 2020 (January 1 to December 31, 2020). Except for the consolidated financial statements, it does not cover the relevant activities of the subsidiaries. This Report targets the Taiwan area as the core for the scope of disclosure. There is no significant difference compared with the previous year's report.

Guarantees statement:

Taichung Bank entrusts the British Standards Institution (BSI) to verify this Report, in accordance with the GRI sustainability reporting standards (GRI Standards), as well as the A1000 Assurance Standard (AA1000AS v3) Type 1, a moderate level of assurance. After verification, this Report is confirmed to conform to the core options of the disclosure items under the GRI Standards as well as the AA1000 APS accountability principles (2020) of materiality, inclusivity, responsiveness, and impact. The British Standards Institution (BSI) Independent Assurance Opinion Statement is detailed in the Appendix.

Suggestions and comments:

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https://www.tcbbank.com.tw/CSR/E_05.html



GRI 102-14 102-15

Upholding our entrepreneurial spirit- care attentively

The World Economic Forum (WEF) announced its 2021 Global Risks Report in January this year. In its ranking of “the risks that are most likely to occur”, “extreme weather” ranked the first for 5 consecutive years. And in the rankings, there are clear and present dangers in the past 2 years. Extreme weather also ranked the third, second only to infectious diseases and livelihood crises, which indicates that the issue of global climate change is becoming more and more important. Facing with the test of climate change as well as increasing emerging risks in the future, banks – playing a role as financial intermediaries – have an obligation and a responsibility to drive other industries and customers to care about ESG, and to exert their influence to implement sustainable development. From top to bottom, the Board of Directors as well as all employees of Taichung Bank, has adhered to the core thinking of “care attentively and shine within”, and continued to hold fast to sustainable vision and mission of the Bank.

Seeking progress in stability as our consistent persistence

Looking back at 2020, under the influence of the COVID-19 outbreak, Despite the fact that the market was not conducive to investors, but with adherence to the operating principles of “increasing profits while stabilizing transactions” and “seeking progress while maintaining stability”, Taichung Bank still managed to show performance worthy of recognition. In terms of anti-pandemic actions, relevant advance measures were initiated as early as Lunar New Year Festival 2020; an inter-departmental emergency response team was established with the selection of branches to implement backup plans and to proactively cooperate with the government in the anti-pandemic policy. By doing so, the Bank helped to ensure the rights and interests of the customers, the health of employees, as well as the operations of the Company.

In terms of corporate governance, the Bank ranked in the Top 6%–20% in the 6th Corporate Governance Evaluation of listed companies awarded by the Taiwan Stock Exchange Corporation, and was recognized by being incorporated as a constituent stock of the Corporate Governance 100 Index by the Taiwan Index Plus Corporation. In terms of operating scale, total assets continue to grow steadily, reaching NT\$736.7 billion in 2020. In terms of results of sustainable operations, the Bank received the “Encouraging Domestic Banks to Cooperate in the New Southbound Policy on Credit Extension Program for Target Countries – Excellent Performance Bank Award” given by the Financial Supervisory Commission; the “Outstanding Institution Golden Security Award” given by the Joint Credit Information Center, for the sixth year in a row; the Sports Promoter Award – “Golden Sponsorship Award” and “Long-term Sponsorship Award” given by the Ministry of Education; the Bronze Award in the Corporate Sustainability Report Awards for the “TCSA Taiwan Corporate Sustainability Awards” given by the Taiwan Institute for Sustainable Energy; the “Best Sustainable Management Award” in the Excellent Bank Evaluations; the “Best Customer Recommendation” and “Best Charity Promotion” awards given in the Wealth Magazine Wealth Management Awards; and various other awards, encouragement, and recognition.

Governance with due diligence to protect our next generation

In order to fulfill the social responsibility that the financial industry should bear in the financial supply chain, Taichung Bank has autonomously issued Corporate Social Responsibility (CSR) Reports since 2015, and has autonomously implemented the ESG principles and established various management mechanisms. In order to establish a sound governance system and strengthen the management mechanism of the Bank, the Bank established a “Corporate Governance and Nomination Committee” in January 2021 to properly implement the governance of ethical corporate management, and is committed to promoting corporate social responsibility. The Bank also introduced the Taiwan Intellectual Property Management System (TIPS), and strengthened its intellectual property management system with the goal of passing relevant verifications.

In terms of environmental sustainability, we proactively solve environmental and climate issues through our core business. In recent years, investment in green industries has increased. In 2020, investments in green bonds increased to NT\$390 million. We also successfully assisted and coached small and medium enterprises (SMEs) in expenditures for improving sewage, environmental protection equipment, fire protection facilities, etc., with the financing loan quota reaching NT\$700 million. In addition, the Bank passed the external verification of the BSI greenhouse gas inventory in 2020. In the future, we will continue to improve the branch environment towards the goal of green buildings and low pollution, and live up to the task of sustainable coexistence between corporate management and the natural environment.

Cultivating talents to jointly create our capacity for progress

In this rapidly changing digital age, we have never stopped moving forward and bravely accepting challenges. Through regular “FinTech Development Strategy meetings”, more possibilities for the realization of financial ideas are increased. In addition to enhancing digital banking services and introducing RPA process automation mechanisms, we also maintain an open attitude and continue to cooperate with multiple parties to create more high-quality digital services. We also plan to establish a digital finance-related department in 2021. In addition to proactively promoting digital finance business, we will also recruit digital technology talents with technological expertise and innovative thinking to join the Bank.

In terms of cultivating talents with care, Taichung Bank values each employee and provides a fair and competitive salary system. The initial salary of non-experienced staff is 1.35 times better than the legally mandated minimum and basic wage. We assist employees to build a strong retirement life through an employee share ownership trust.

Faced with an erratic global economy and uncertain risks in the financial market, as well as the critical stage for the opening of domestic online-only banking, the Bank regards market reforms as an aid to moving forward. Taking into account risk management and asset quality as well, it adheres to the principle of “stable operations, friendly innovation, and sustainable development” to integrate ESG into every detail. Through our 5 major goals –optimizing financial supervision; strengthening business structures; refining organizational resilience; accelerating digital transformation; and implementing inclusive finance – we continue to innovating products and services, drive diversified profits, and create sustainable value.

Taichung Commercial Bank
Chairman

王 豐 輝

01

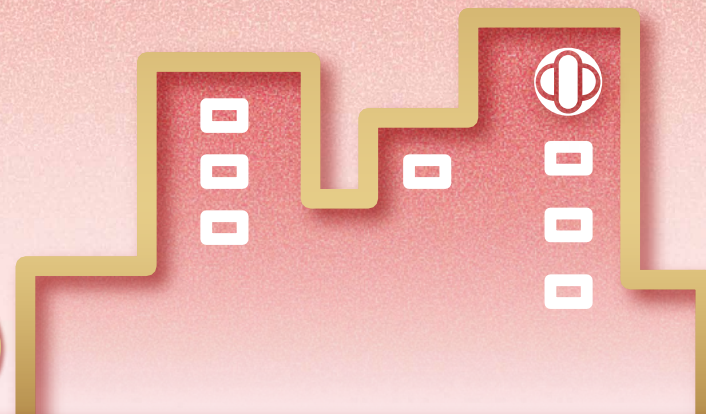
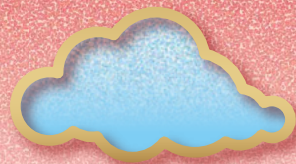
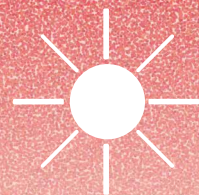
Overview of the Business

1.1 Bank profile

1.2 Business philosophy

1.3 Business performance

1.4 Operating results



1.1 Bank profile

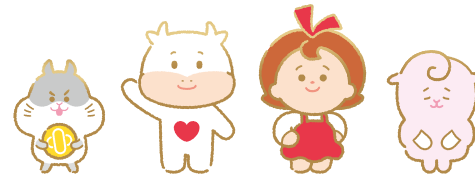
GRI 102-1 102-2 102-3 102-4 102-5 102-6 102-7

The Bank was formerly known as the “Taichung District Rotating Savings and Credit Company”. It was established in April 1953 and started business in August of the same year. At that time, the business was primarily undertaking rotating savings and credit business. The business area covered the central region, including Taichung County/ City, Changhua County, and Nantou County, before restructuring. In response to the promulgation of the Banking Act and in order to meet the requirements of business development, it was restructured into the “Taichung District Small and Medium-sized Enterprise Bank” in 1978. Later, in order to expand the scale of operations and popularize capital. The shares of the Bank went public on May 15, 1984, thus gradually building up a solid business foundation.

Since the establishment of the Taipei Branch in September 1995, the business scope has crossed beyond the operating threshold of regional small and medium-sized banks, and passed another new milestone. In the following years, the concentration of business offices in the central region has been expanded to the northern and the southern regions to grow the business to the western half of Taiwan. With the efforts of all our employees, the scale of operations has grown stronger and stronger. In December 1998, the Bank was restructured into the “Taichung Commercial Bank” and became a veritable commercial bank.

Till the end of 2020, the capital of the Bank was NT\$41.517 billion, and its business units totaled 83 branches (including the Labuan Branch in Malaysia) and one Offshore Banking Unit. In order to refine the Bank’s competitive advantages in “local finance”, “SME finance” and “diversified finance”, it reinvested in the establishment of the 100%-owned “Taichung Bank Insurance Brokers Co., Ltd.”, “Taichung Bank Leasing Co., Ltd.”, “Taichung Bank Finance Leasing (Suzhou) Corporation Limited”, “Taichung Commercial Bank Securities Co., Ltd.” and “Taichung Bank Venture Capital Co., Ltd.” combined with the reinvestment in “Taichung Bank Securities Investment Trust Co., Ltd.” to establish and construct a diversified financial organizational structure, and practice the value and mission of corporate sustainable operations, and gradually realize the vision of extending the Bank’s overseas territory.

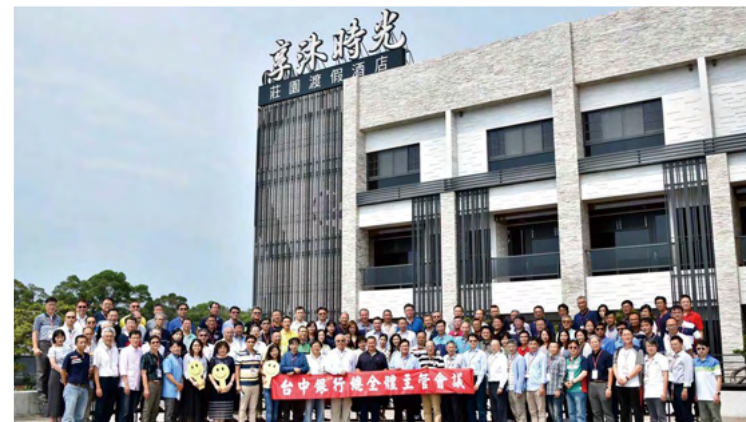
The expansion of business services and the operating volume of various services are several times the size and scale of the business services that could have been undertaken by the Rotating Savings and Credit Company at the beginning. These achievements show the concrete returns that the Bank has received from its dedicated operations. The growth of Taichung Bank is remarkable testimony which shows clearly to everyone.



Basic information of Taichung Bank:

Data as of: December 31, 2020

Company Name	Taichung Commercial Bank Co., Ltd.
Paid-in capital	NT\$41,516,943,130
Total assets	NT\$727,676,304,443 (parent company only)
Chairman	Kuei-Fong Wang
Address of the head office	No. 87, Minquan Road, West District, Taichung City
Total number of employees	2,672
Business places	83 offices (including overseas branches)
2020 net profit after tax	NT\$4,025,533,094 (parent company only)
2020 credit rating (Fitch international credit rating)	A-(tw)





1.2 Business philosophy

GRI 102-2 102-6 102-16

1.2.1 The brand spirit of " We Do Our Best for You "

Through our five core services of Taichung Bank, Taichung Bank Insurance Brokers, Taichung Bank Securities, Taichung Bank Leasing, and Taichung Bank Securities Investment and Trust, we convey the brand spirit of "We Do Our Best for You" to the public; provide a full range of financial services; and shoulder and implement the five core concepts of "service, products, professionalism, customers, and public welfare" endowed by the financial industry.

Five core concepts



1.2.2 The vision of being the " front line of the country ", " most appreciated by society ", and the "most trusted by customers ".

The foundation of the business laid for 60 years and beyond has always upheld our most earnest initial intention to meet the needs of customers. Taichung Bank is committed to building the most professional financial team, guarding with care the commission entrusted by the customers, and gradually realizing our target visions of being the "front line of the country", "most appreciated by society", and the "most trusted by the customers".

Front line of the country:

Although the financial environment is always changing, what remains unchanged is that Taichung Bank still maintains our motivation and initial intention, continues to enhance the core values of the financial services industry, and implements "regulatory compliance, risk management, and performance management" in order to build the vision of becoming the first-line brand among domestic banks. We aim for earnings per share (EPS) of NT\$2 or more, with an operational structure better than the industry standard, and assets exceeding NT\$1 trillion. The Bank undertakes to never cease from endeavoring forward.

Most appreciated by society:

We started business in Taichung yesterday, stand firm in Taiwan today, and resolve to expand internationally tomorrow. With the corporate brand spirit of "We Do Our Best for You", we will adapt ourselves and follow trends, constantly surpassing social expectations and customer needs. Taichung Bank believes that the financial industry and society are an interdependent community of life, and even the influential key to leading social progress. In the face of the reforming wave of financial digitalization, the Bank is committed to providing financial services that keep pace with customer needs, break through barriers of time and space, and offer comforting experiences and thus build a full financial group that stays close to consumers.

Most trusted by customers:

Taichung Bank has established a deep partnership with cross-generational customers by implementing the concept of deep cultivation in the locality. As we cherish this trust, we pay extra attention to customer value in passing on experience and knowledge of employees as well as business operations. We aim to continue providing customers with robust financial services, implement the best corporate governance, and demonstrate outstanding business performance in pursuit of excellence. We aim for the orientation of satisfying Customer Demand as our driving force, so as to create sustainable value of the enterprise, and to become the general public's first choice for a cooperative partner in financial services.



1.3 Business performance

GRI 201-1

(1) Business performance

Unit: NT\$1,000 /%

Item / Year	2018	2019	2020
Net income	11,689,424	12,095,628	11,643,742
Total assets	690,832,103	682,688,922	736,770,021
Shareholder equity	47,823,653	51,309,206	57,321,753
Net profit after tax	4,008,369	4,319,883	4,025,533
Earnings per share (NT\$)	1.12	1.11	1.03
Employee benefit expenses	3,723,758	3,833,009	3,970,323
Return on assets	0.59	0.63	0.57
Return on common equity	8.79	8.72	7.41
Market value	35,960,186	44,506,019	45,045,883

Note: Consolidated financial data for the Company and its subsidiaries.

Note: Earnings per share for 2018 and 2019 are retrospectively adjusted figures.

(2) Differences in sources of income

Earnings rate	2018	2019	2020
Net interest income	72%	69%	71%
Net fee income	24%	24%	25%
Others	4%	7%	4%

Note: Consolidated financial data for the Company and its subsidiaries.



(3) Dividend distribution

Unit: NT\$

Item / Year	2018	2019	2020
Cash dividend	0.28	0.28	0.24
Stock dividend	0.52	0.52	0.45
Total	0.80	0.80	0.69

Note: The surplus earnings distribution proposal for 2020 has yet to be recognized by the Regular Shareholders Meeting, which was originally scheduled to be held on May 28, 2021. In response to the Measures Related to Public Companies' Delayed Convening of Shareholders' Meetings in Response to the Pandemic, as promulgated by the Financial Supervisory Commission on May 20, 2021, the originally-scheduled general meeting will not be held; an additional resolution by the Board of Directors was made to convene the annual general meeting July 1, 2021.



(4) Tax amount and donations

Unit: NT\$1,000

Item / Year		2018	2019	2020
Tax amount	Income tax for profit-seeking business	629,803	747,421	638,960
	Business tax	598,411	599,228	550,473
	Stamp duty	41,886	43,463	42,165
	Others (land value tax, housing tax, etc.)	30,877	30,867	25,105
Donations		81,532	121,368	141,988

Note: primarily for Taichung Bank.

(5) Credit ratings

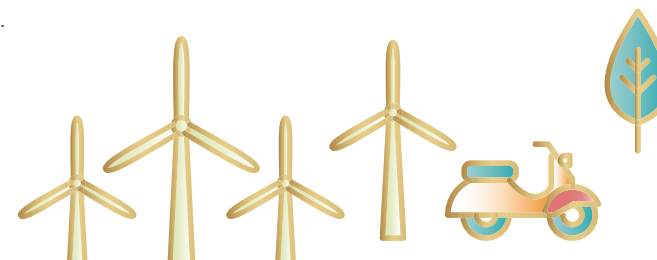
Rating agency	Date of rating	Credit rating		
		Long term	Short term	Outlook
Fitch Australia Pty Ltd., Taiwan Branch	2018.6.5	A-(tw)	F1(twn)	Stable
	2019.5.24	A-(tw)	F1(twn)	Stable
	2020.5.12	A-(tw)	F1(twn)	Stable

1.4 Operating results

Taichung Bank's important sustainable business achievements and recognition for 2020



- **Ranked in the Top 6%-20% among listed companies** in the 6th Corporate Governance Evaluation by the Taiwan Stock Exchange Corporation.
- Incorporated into the constituent stocks of the **“Corporate Governance (CG) 100 Index”** by Taiwan Stock Exchange Corporation.
- Won the **“Encouraging Domestic Banks to Cooperate in the New Southbound Policy on Credit Extension Program for Target Countries – Excellent Performance Bank Award”** given by the Financial Supervisory Commission.
- Won the **“Outstanding Institution Golden Security Award”** given by the Joint Credit Information Center for 6 consecutive years.
- Won the **“Top 5000 Large Enterprises in Taiwan Area”** by China Credit Information Service Ltd. in 2020.
- Won the **“Best Potential Award”** and **“Best Sustainable Management Award”** in the 2020 Excellent Bank Evaluation.
- Won the **“Best Customer Recommendation”** in the *Wealth Magazine* Wealth Management Awards.
- Ranked **479th** out of the Top 1000 World Banks in Tier 1 capital by *The Banker* magazine; placed in the top 500 banks globally for two consecutive years.
- External verification through BSI greenhouse gas inventory.
- Won the Bronze Award of the Corporate Sustainability Report Award in the **“TCSA Taiwan Corporate Sustainability Award”** from the Taiwan Institute for Sustainable Energy.
- Won the Sports Promoter Award – **Golden Sponsorship Award** and **Long-term Sponsorship Award given by the Ministry of Education.**
- Incorporated in the list of the **“Taiwan HC 100 Index”** for 6 consecutive years.
- Complied with the government policy to assist companies in financial relief; amount reached **NT\$24.82 billion** as of the end of December 2020, ranking fourth among private banks.
- Won the **“Best Charity Promotion”** in the *Wealth Magazine* Wealth Management Awards.

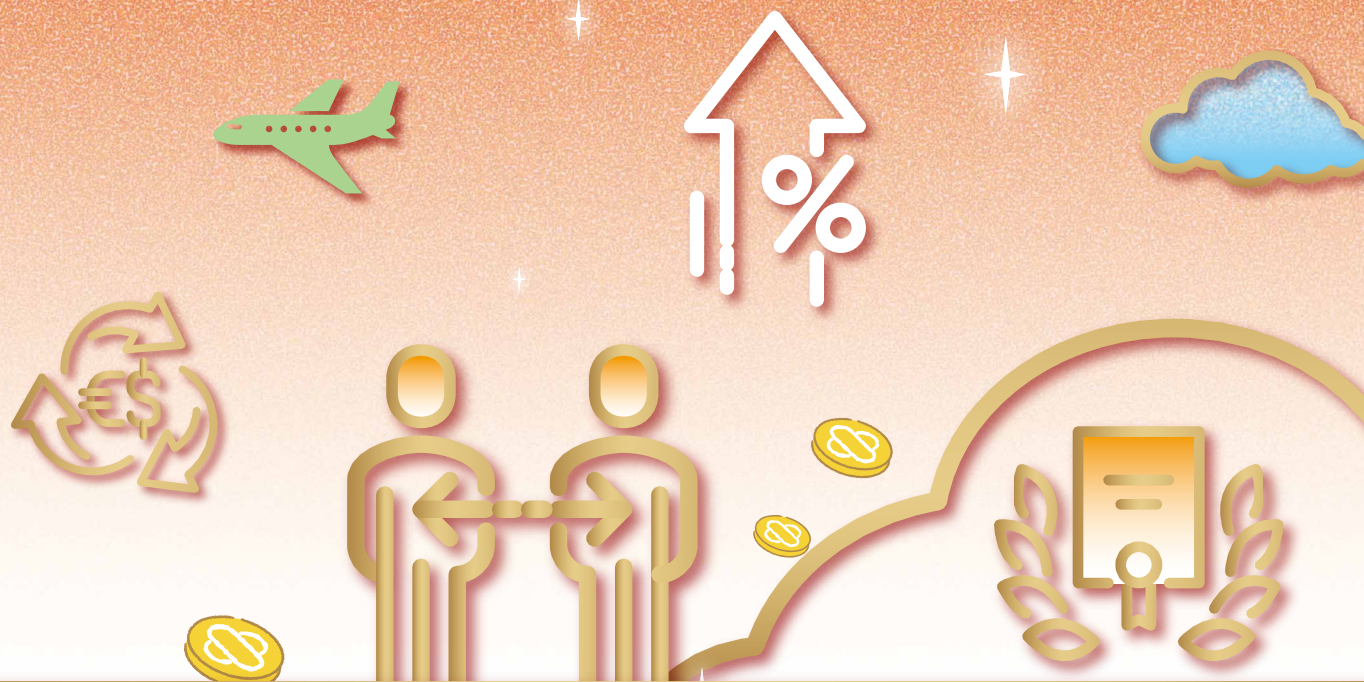


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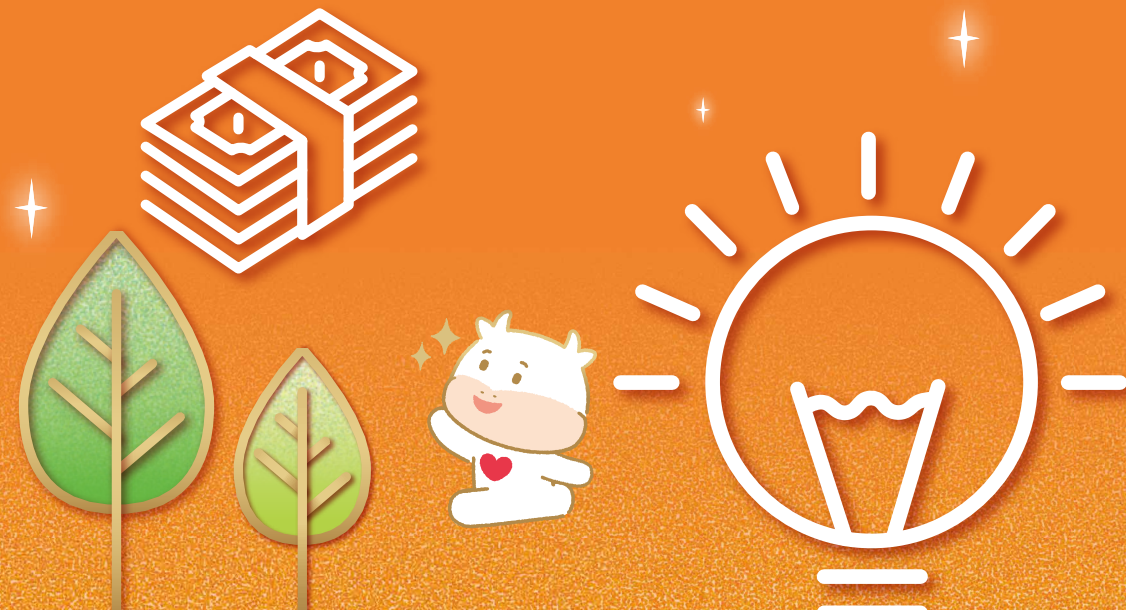


Do Our Best to Run Business!

A 60-year Journey with You!



- 2.1 Stakeholder engagement
- 2.2 Corporate governance operations
- 2.3 Cooperative promotion of business
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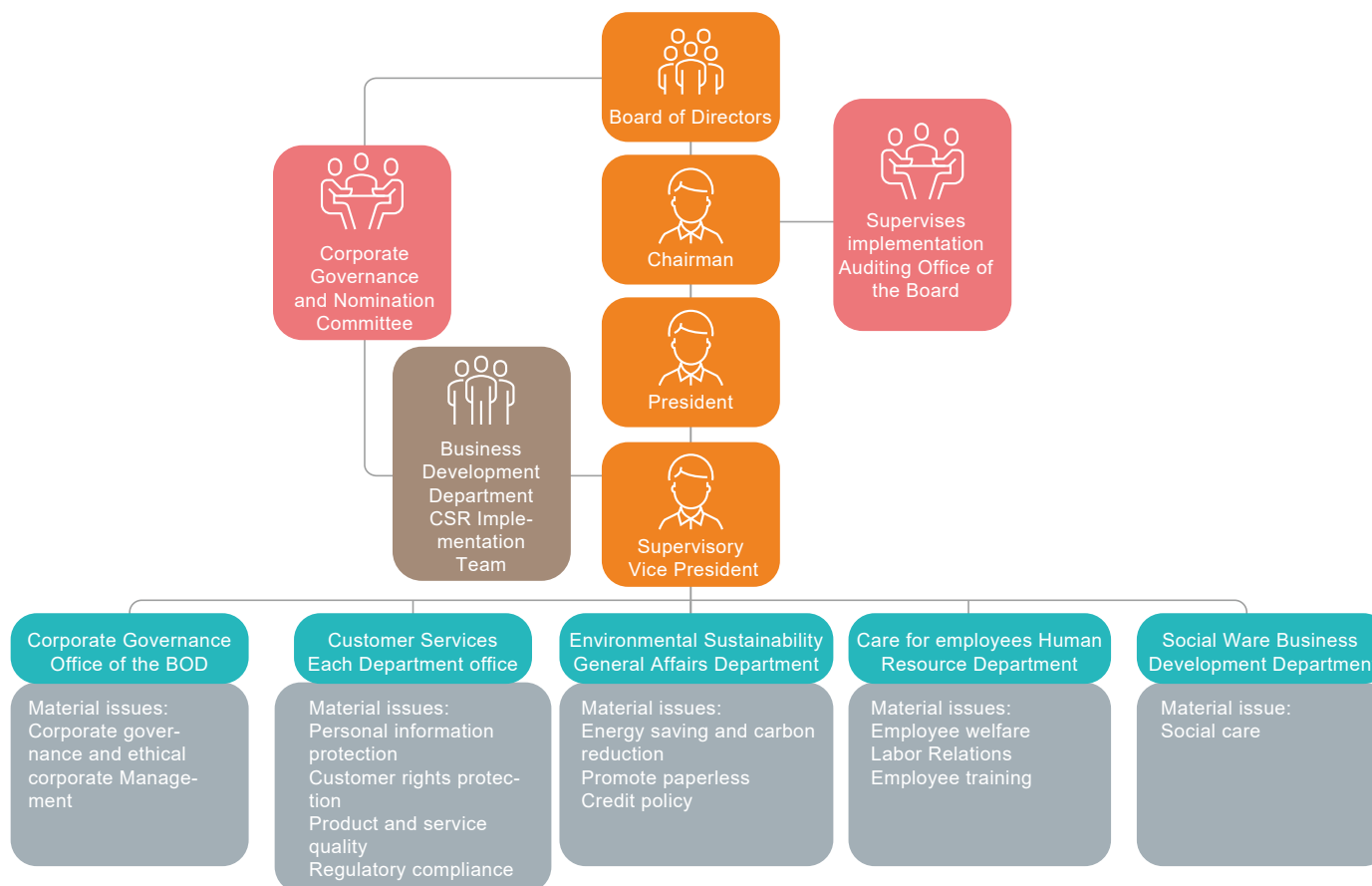
2.1 Stakeholder engagement

GRI 102-40 102-42 102-43 102-44 102-46 102-47

While engaged in business operations, Taichung Bank proactively implements corporate social responsibility to comply with the international trend of balancing development of environment, society and corporate governance. By assuming corporate citizenship, the Bank enhances contributions to the national economy; improves the life quality of the employees, communities, and society; promotes competitive advantages based on corporate responsibility; and proactively fulfills its corporate social responsibility based on respecting social ethics and paying attention to the rights and interests of other stakeholders. While pursuing sustainable operations and profitability, the Bank also attaches importance to environmental, social and corporate governance factors, and incorporates them into the management and operations of Taichung Bank.

2.1.1

In order to implement the promotion of corporate social responsibility, the Taichung Bank Board of Directors approved the revisions of the "Taichung Commercial Bank Co., Ltd. Corporate Social Responsibility Rules" in 2014. The Business Development Department serves as the integrating unit to assist relevant departments such as corporate governance, human resources, general affairs, legal and regulatory compliance, credit, and risk management in implementing corporate social responsibility related issues. They report to the Board of Directors with the annual corporate social responsibility implementation results.



1. Corporate social responsibility implementation structure:

This structure is composed of the chairman, the CSR implementation team, and the Auditing Office of the Board. The CSR implementation team is established by task grouping. The assistant manager of the Business Development Department serves as the convener to appoint the supervisors and suitable personnel from among the relevant departments or offices as the team members; to coordinate issues related to corporate social responsibility; and to collect and compile the corporate social responsibility report, then report it to the Corporate Governance and Nomination Committee, and publish it following Board of Directors approval.

2. Sustainable development strategy:

(1) Sustainable development:

Taichung Bank provides a full range of financial services, shoulders and implements the five core concepts of “service, products, professionalism, customers, and public welfare” endowed by the financial industry, and conveys the brand spirit of “We Do Our Best for You”.

(2) Business strategy:



Faced with the erratic global economy and uncertain risks in the financial market, as well as the critical stage for the opening of domestic online-only banking, the Bank regards market reforms as an aid to moving forward. Taking into account both risk management and asset quality, the Bank adheres to the principle of “stable operations and friendly operation”. Based on the principle of “innovation and sustainable development”, ESG is integrated into every detail. Through our five major goals of optimizing financial supervision, strengthening business structure, improving organizational resilience, accelerating digital transformation, and implementing inclusive finance, we continue to innovating products and services that drive diversified profits and create sustainable value.


(3) Business strategy:

- A. Implement a top-down corporate culture of treating customers fairly (“TCF”), and continue to strengthen corporate governance and information security protection capabilities.
- B. Introduce agile development to become the new normal of organizational culture; enhance operational capabilities and innovative actions.
- C. Continue to implement highly rigorous monitoring and attention to the capital adequacy ratio, to stabilize and improve the quality of assets.
- D. Optimize the financial service process, develop diversified payment services, and create a better financial experience
- E. Deepen core niche services and product innovation capabilities, and pursue development with equal emphasis on profitability and quality.
- F. Expand overseas toward the New Southbound countries, provide customers with high-quality financial services, and stabilize the operating foundation for overseas development.
- G. Establish a grouping operations mechanism, and perfect the professional financial management consultant team to meet customers’ financial expectations.
- H. Implement inclusive finance, provide customers with one-stop high-quality financial services, and develop a diversified trust market.



3.Primary achievements and future goals of sustainable development in 2020:

	Implementation status in 2020	Objectives in 2021	Medium-term goals (3–5 years)	Long-term goals (5 or more years)
 Governance	<p>Taichung Bank attaches great importance to every aspect of corporate governance, implements regulatory compliance, safeguards shareholder rights and creates corporate value.</p> <p>01. Ranked in the Top 6%–20% among the listed companies in the 6th Corporate Governance Evaluation by the Taiwan Stock Exchange Corporation.</p> <p>02. Incorporated into the constituent stocks of the “Corporate Governance (CG) 100 Index” by Taiwan Stock Exchange Corporation.</p> <p>03. Won the “Top 5000 Large Enterprises in Taiwan Area” from China Credit Information Service Ltd. in 2020.</p> <p>04. Won the “Encouraging Domestic Banks to Cooperate in the New Southbound Policy on Credit Extension Program for Target Countries – Excellent Performance Bank Award.” given by the Financial Supervisory Commission.</p> <p>05. Won the Bronze Award in the Corporate Sustainability Report Awards for the “TCSA Taiwan Corporate Sustainability Awards” given by the Taiwan Institute for Sustainable Energy.</p> <p>06. Won the “Best Potential Award” and “Best Sustainable Management Award” in the 2020 Excellent Bank Evaluation.</p> <p>07. Received the recognition of A-rating by Fitch International Credit Rating.</p> <p>08. Formulated the “Stewardship Policy”.</p> <p>09. Formulated the “Standard Operating Procedures for Handling Director Requests”.</p> <p>10. Corporate Social Responsibility Report verified and passed by BSI.</p> <p>11. Won the “Best Sustainable Management Award” in the 2020 Excellent Bank Evaluation.</p>	<ul style="list-style-type: none"> Continue to refine each link and build a robust corporate governance system. Accelerate the development of FinTech. Deploy throughout the national financial market. Participate in relevant evaluation and certification, and focus on sustainable development. Implement a system for maintaining the regulatory compliance. Announce the annual financial report within two months after the end of the fiscal year. Arrange for an external evaluation agency or a team of external experts and scholars to complete the performance evaluation of the Board of Directors and functional committees prior to the end of the first quarter of the year. 	<ul style="list-style-type: none"> Implement a top-down corporate culture of treating customers fairly (“TCF”); continue to strengthen corporate governance and information security protection capabilities; link the concept of intellectual wealth to the overall operating structure; and accelerate the digitalization of anti-money laundering systems to implement the financial supervision system. 	<ul style="list-style-type: none"> Earnings per share (EPS) reach NT\$2 or more. Asset size exceeds NT\$1 trillion. Implement the best corporate governance and demonstrate excellent operating performance.
 Environment	<p>01. The interior decoration of the business unit is primarily simple and practical. The building materials primarily have domestic and foreign environmental protection labels or green building material labels. At the same time, it is also required to use low-polluting and recyclable building materials.</p> <p>02. Continued to promote the reduction of energy and paper consumption, reduced the carbon footprint, and implemented energy savings and carbon reduction into the operation and management links, through the implementation of electronic official documents, the digitization of employee salary and tax-related documents, e-education and training, and the use of energy-saving lamps.</p> <p>03. Expanding green credit is one of the Bank's lending strategies. The Bank must gradually cultivate resilience in response to climate change risks. The Bank provides projects such as “Solar Photovoltaic Power Generation Equipment Financing Project” and “Specific Factory Transformation Financing Project”, including assisting green energy operators to obtain funds required for business development, and assistance companies and entities in applying for inclusion of management in accordance with the Factory Management Act. It also continues to assist the industrial upgrading and low-carbon transformation on this land, and supporting green industries including bicycles, solar energy, water treatment, etc. The cumulative number of customers in these areas increased to 1,303 in 2020.</p> <p>04. The recruitment process is carried out online. At the preliminary screening stage, the recruitment website is used for talent selection, and computer software is used for interview tests (such as suitability tests). In addition, by arranging video interviews, the carbon emissions and commuting time generated by the applicants from the interview will be reduced.</p> <p>05. Use the digital learning platform for internal personnel education and training, so that employees are not be restricted by time and space. It can also deepen their willingness to learn and make the learning process more flexible, reducing training costs and simplifying operating procedures.</p>	<ul style="list-style-type: none"> Continue to promote environmental sustainability and echo the United Nations Sustainable Development Goals (SDGs). Continue to support green energy. Continue to implement energy-saving and carbon-reduction measures. Continue to promote paperless recruitment and video interviews. Continue to promote the digital learning platform, evaluate and purchase online courses related to professional skills, and upgrade relevant online courses (such as: communication, service, business English). 	<ul style="list-style-type: none"> Introduce agile development to make it the new normal of organizational culture, and continue to digitize internal processes. 	<ul style="list-style-type: none"> Grasp the business opportunities of global industrial chain transfer; continue to integrate cross-business sales platforms; and promote the development momentum of trade and finance business. In line with government policies, we will gradually expand into the new south to overseas markets; provide customers with professional, convenient, high-quality and complete financial services; and stabilize the operating foundation for overseas development.

	Implementation status in 2020	Objectives in 2021	Medium-term goals (3–5 years)	Long-term goals (5 or more years)
 Society	<p>01. From 2015 to 2020, Taichung Bank's stock had been incorporated in the list of 'Taiwan HC 100 Index' over the past 6 years. It is obvious that the Bank's profitability has not only been recognized, but also recognized in terms of employee compensation and benefits.</p> <p>02. Taichung Bank has a fair and competitive salary system. The initial salary of non-experienced officers is 1.35 times better than the legal minimum basic wage. The employee's annual salary is 13 months, including 12 months of salary and 1 month of Spring Festival bonuses. In addition, depending on the current year's operating performance, employee's personal performance and other conditions, operating performance bonuses are issued.</p> <p>03. Participated in social welfare activities; took academic education, charity and care, humanities and arts, community activities, and sports development as the five major aspects; proactively responded to various activities, and exerted social influence. In addition, Taichung Bank has been supporting the development of domestic sports for a long time and won "Sports Promoter Award" – Golden Sponsorship Award and Long-term Sponsorship Award given by the Ministry of Education.</p> <p>04. Encouraged business units to autonomously participate in local related activities, such as: holding financial knowledge promotion, adopting or beautifying public facilities, and holding or sponsoring close-knit and good-neighbor activities. Joined hands in fighting the pandemic to help farmers; assisted in purchasing and participating in agricultural assistance projects through the Yunlin Gukeng Township Vegetable and Fruit Marketing Cooperative, donating to Shengang Middle School, Shengang Elementary School, and Shekou Elementary School low- and middle-income households to help farmers and disadvantaged families at the same time with practical actions so as to bring warmth to society.</p>	<ul style="list-style-type: none"> Continue to deepen corporate social responsibility. Implement the brand spirit of "We Do Our Best for You" in business promotion, and exert the positive influence of the financial industry on society. Diversify cultivation of financial talents and a friendly working environment. 	<ul style="list-style-type: none"> Focusing on the customer needs as the core and technology as the accelerator, optimize financial service processes; focus on various application scenarios, developing diversified payment services; integrate online and offline channels, integrated such into daily life, and creating a better financial experience. 	<ul style="list-style-type: none"> In order to implement inclusive finance, meet the needs of the customers' lives, and respond to the trend of aging and declining birthrates by integrating various financial products to provide customers with one-stop high-quality financial services.

2.1.2 Analysis of material issues



1. Identify stakeholders

In order to more accurately grasp the connection between the issues of concern to the stakeholders and the long-term value creation of the Bank, the Bank refined the analysis method of material issues in 2020 and convened the CSR Committee of members of its corporate governance, customer service, environmental sustainability, employee care, and social welfare teams to jointly discuss and identify stakeholders based on the spirit of the AA1000 accountability principles, taking into account the relevant cases from various business development departments and the financial industry, and to decide on 7 stakeholder groups as follows:



Note: Accountability, a British non-profit organization based on the AA1000 standard, announced in 2019 that the AA1000 AP added "impact" as one of the verification principles.





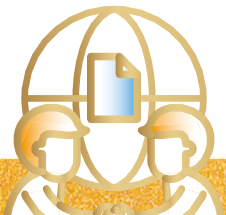





2. Communicate with stakeholders and collect related topics:

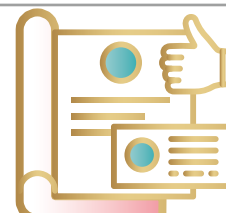
Providing multiple communication channels and attaching importance to the opinions of every interested person, Taichung bank makes sure these have become an important reference for the improvement of Taichung Bank's business.

Stakeholder	Importance	Communication channel / Communication frequency	Communication achievements with 2020 stakeholders	Issues of material concern
 Customer	Transparent communication, listen to the voice of customers, take customer needs as the core, provide warm services and high-quality and innovative customer experiences.	<ul style="list-style-type: none"> Handle customers' inquiries and complaints immediately. Conduct a satisfaction survey for wealth management clients every six months. Collect customers' complaints every month. Reveal relevant information through annual reports every year. Hold investment and financial management seminars and business promotion meetings from time to time. 	<ul style="list-style-type: none"> Provided customers affected by the COVID-19 with discounted/cut interest rates on mortgages and consumer loans. In addition, established courtesy counters for the elderly, medical care and anti-pandemic personnel, so that they can enjoy priority to access counter services. Handled customers' inquiries and complaints in real time. In 2020, the number of customer service hotline answers totaled 118,596 calls; 57,762 outbound calls. Consolidated the reasons and improvement measures of customers' complaints review on a monthly basis. Conducted quarterly TCF education and trainings, aimed at sharing customers' complaint cases on deposit and foreign exchange business. Conducted satisfaction surveys for customers' wealth managers every six months, with average satisfaction rate exceeding 95%. Held a "VIP Customer Briefing", inviting professional lecturers to analyze investment market trends, and focused on anti-pandemic and healthy lockdown life at home. Formulated the Information Security Policy and personal data protection related rules. There were no personal data infringement incidents in 2020. 	<p>Product and service quality</p> <p>Protection of customers' rights and interests</p> <p>Personal information protection</p>
 Employee	Talent is the most important key for an enterprise to build its core competitiveness, and it is also an important foundation for sustainable operations.	<ul style="list-style-type: none"> Employees can convey their opinions to any supervisor of the human resources department through a dedicated line or in person, or send them to the human resources department in writing / email. The Bank keeps confidential all employee opinions, and responds to employee opinions, handles sexual harassment incidents, and prevents malpractice or illegal incidents immediately. <p>Others:</p> <ul style="list-style-type: none"> Held regular professional education and training courses. Selected regularly outstanding talents from the Bank every year and train them to become supervisors-to-be at all levels through IDP (Individual Development Plan). Convened a labor-management meeting every quarter. Annually reviewed employee compensation and benefits. The "internal website" of the Bank has business information and employee exchange and discussion area, where employees can go and express their opinions freely. Disclosed the human rights policy and the Procedure for Handling Whistleblowing Reports on the External Website. 	<ul style="list-style-type: none"> Formulated the annual education and training plan according to the development strategy of the Bank, and formulated more specific training courses according to different positions and different levels. Discovered high-quality talents with future potential and built up our talent pool through complete education and training and professional function evaluation. Convened a total of 4 labor-management meetings to coordinate labor-management relations and to promote labor-management cooperation. 	<p>Talent cultivation</p> <p>Employee benefits</p> <p>Labor relations</p>

Stakeholder	Importance	Communication channel / Communication frequency	Communication achievements with 2020 stakeholders	Issues of material concern
 Investor / Shareholder	The support of the shareholders and the investors is the force for the Company to grow steadily.	<ul style="list-style-type: none"> Announced financial and business information on a monthly basis. Announced financial reports on a quarterly basis. Held the Shareholders Meeting every year and issue the annual report to announce financial status and operating performance. The public information area was established to disclose the Bank's operating performance and legal required public information. 	<ul style="list-style-type: none"> Held institutional investor conferences to disclose the Company's financial information and operating policies so as to enhance communications with the investors. Ranked in the Top 6%–20% among the listed companies in the 6th Corporate Governance Evaluation by the Taiwan Stock Exchange Corporation. Received A-(twn) for domestic long-term rating, BB+ for international long-term rating, bb+ for individual strength rating, and the Outlook rating by Fitch credit ratings is "stable". Incorporated into the constituent stocks of the "Corporate Governance (CG) 100 Index". Established a performance evaluation system for the Board of Directors, conducted annual evaluation operations and reported such to the Board of Directors. The evaluation results are disclosed on the Company's website and annual report. Disclosed timely important information on the Market Observation Post System and the Company's website. 	Operational performance Corporate governance Ethical corporate management Risk management Sustainable development
		<ul style="list-style-type: none"> Stock affairs related information: Taichung Commercial Bank Stock Affairs Division / 11F, No. 50, Section 1, Xinsheng South Road, Zhongzheng District, Taipei City / (02)2395-7388 Contact information of the Audit Committee: (04)2221-7619 / supervisor@tcbbank.com.tw 		
 Community	Gather the power of the public welfare and the charity organizations to jointly practice the concept of love	<ul style="list-style-type: none"> Held campus and community financial advocacy events from time to time. Participated proactively in charity activities and sports events. Encouraged business units to organize and participate in local CSR activities. Social responsibility and public welfare area on Taichung Bank's website was established to share the results of the activities with society. Contact information: Business Development Department (04) 2223-6021#5321 Helped clients plan and take care of their parents' lives through the "LOHAS Nursing Trust", which can avoid improper misappropriation of the funds. Provided complete and comprehensive consultation, assisted in planning retirement life, and implemented trust plans. "LOHAS Nursing Trust" contact information: Trust Department (04) 2223-6021 #5882 	<ul style="list-style-type: none"> Encouraged business units to autonomously participate in local related activities, such as: holding financial and wealth management knowledge promotion events, greening and beautifying public facilities, and sponsoring close-knit and good-neighbor activities. Participated in social welfare activities, proactively responded to various activities, and exerted social influence. Responded to the government with the Trust 2.0 "The Promotion Plan for Full Functions of Trust Services" policy, integrated the real estate and nursing trust structures, created friendly residences, and provided local elderly services. 	Social care

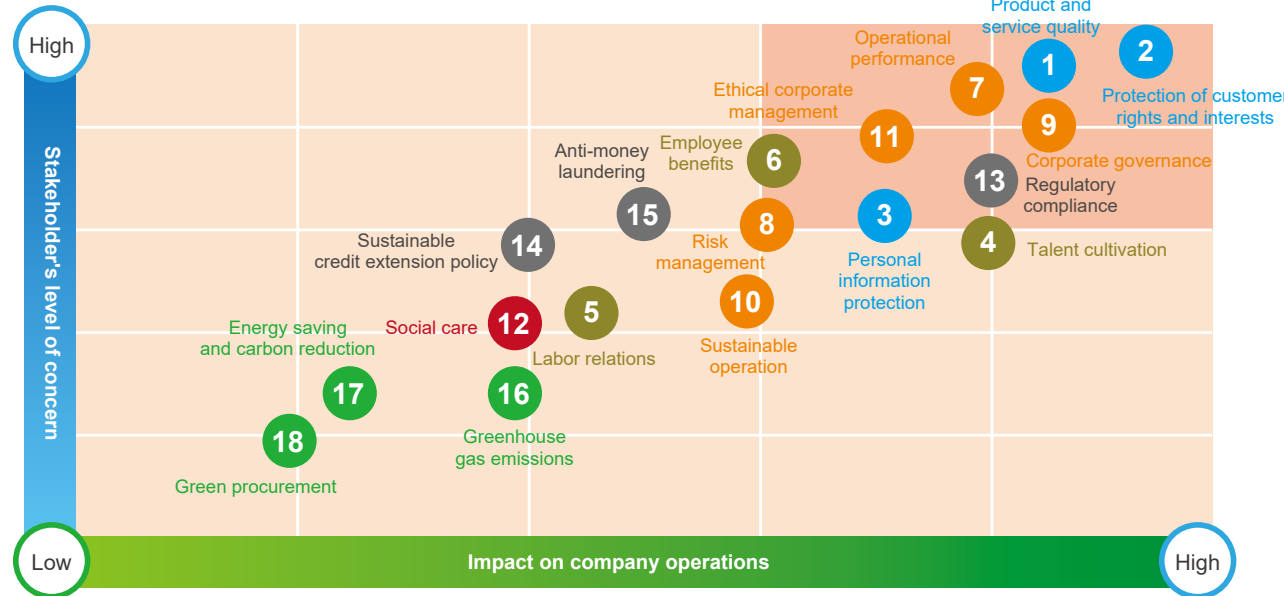


Stakeholder	Importance	Communication channel / Communication frequency	Communication achievements with 2020 stakeholders	Issues of material concern
 Government agencies	Abided by the laws and regulations of government agencies; strictly and proactively cooperated in government policies	<ul style="list-style-type: none"> Provided monthly operating data and information. Announced the accountant's audit report quarterly. Published the annual report and corporate social responsibility report every year. Evaluation conducted by government agencies. Participated in policy discussions and symposiums held by the competent authority from time to time. Cooperated with the competent authority in supervision and inspection. 	<ul style="list-style-type: none"> In order to enhance the information transparency of the Bank and increase the level of trust of all stakeholders in the Bank, the Company's annual report is posted every year and uploaded on the Market Observation Post System. The Corporate Social Responsibility Report is issued every year. This Report is based on the GRI sustainability reporting standards and fully exposes the six aspects of financial governance, treating customers fairly ("TCF"), risk management, operational performance, financial innovation, and talent cultivation of the Bank. Participated in the "Advocacy Seminar on the Evaluation Operations of Treating Customers Fairly (TCF) Principle in the Financial Services Industry" organized by the Financial Supervisory Commission. Cooperated in the policy to implement greenhouse gas emission verification and disclosure. 	<ul style="list-style-type: none"> Operational performance Regulatory compliance Anti-money laundering Sustainable credit extension policy
 Supplier	Suppliers are the partners for sustainable operations and growth.	<ul style="list-style-type: none"> Opened tenders in public media and the Bank's website, and invited unspecified suppliers to participate. Gave priority to purchasing and using environmentally friendly products that meet renewable materials, recyclable, low-pollution or energy-saving products. 	<ul style="list-style-type: none"> Gave priority to purchasing products with environmental protection labels approved by the government, and cooperated with the suppliers that use renewable materials, recyclable, low-pollution or energy-saving materials in the use process and waste treatment. Requested that the suppliers sign contracts with the Bank that include the "Commitment on Ethical corporate management, Human Rights and Environmental Sustainability", in which it undertakes to be based on the maintenance of human dignity and basic human rights to balance economic, social and environmental ecology and sustainable environmental development as the corporate goal, and to follow relevant laws and regulations as well as international norms such as human rights, and environmental protection. The photocopying paper and toilet paper purchased and used by the Bank all comply with the carbon footprint and FSC mark. 	<ul style="list-style-type: none"> Greenhouse gas emission Energy saving and carbon reduction Green procurement
 Media	The media are important channels for mutual understanding with stakeholders.	<ul style="list-style-type: none"> Interview activities and press conferences. Press releases. 	<ul style="list-style-type: none"> Issued press releases on various issues that are valued by stakeholders. Communicated important information in real time to reduce the damage of wrong information to the Company. Provided the Company's latest operating status to help the public master the status in real time. 	<ul style="list-style-type: none"> Corporate governance Protection of customer rights and interests Social care



3. Conducting the materiality analysis

With regard to boundaries of assessments for consideration, the business units and the head office of Taichung Bank, based on the information provided by the business management departments of the Bank, and referring to the current situation of the industry, social development trends, interviews with stakeholders, and online questionnaires, Taichung Bank lists the stakeholders' potential on key issues of concern to carry out relevant risk assessments. After the results were discussed by the CSR implementation team, 18 issues of concern were selected and confirmed by the head of the integrating unit of this Report. The issues were then scored according to the level of impact of each issue on Taichung Bank's operations and the level of concern of stakeholders. The levels of concern were classified as either high, medium, or low, as was the level of operational impact that produces a matrix of material issues (detailed in the chart below) identifying issues that may impact Taichung Bank's operations. The relevant responses and implementation results are explained separately in each chapter.



- High**
- Main topics of concern**
- 2. Protection of customer rights and interests
 - 1. Product and service quality
 - 7. Operational performance
 - 9. Corporate governance
 - 11. Ethical corporate management
 - 13. Regulatory compliance
 - 4. Talent cultivation
 - 3. Personal information protection
 - 6. Employee benefits
 - 8. Risk management
- Issues of continued concern**
- 15. Anti-money laundering
 - 10. Sustainable operation
 - 14. Sustainable credit extension policy
 - 5. Labor relations
 - 12. Social care
 - 16. Greenhouse gas emissions
 - 17. Energy saving and carbon reduction
 - 18. Green procurement
- Low**

Six material issue groups:

Customer relationship issues:

- 1. Product and service quality
- 2. Protection of customer rights and interests
- 3. Personal information protection

Employee relations issues:

- 4. Talent cultivation
- 5. Labor-management relations
- 6. Employee benefits

Corporate governance issues:

- 7. Operational performance
- 8. Risk management
- 9. Corporate governance
- 10. Sustainable operations
- 11. Ethical corporate management

Social participation issues: 12. Social care

Regulatory compliance issues:

- 13. Regulatory compliance
- 14. Sustainable credit extension policy
- 15. Anti-money laundering

Environmental protection issues:

- 16. Greenhouse gas emissions
- 17. Energy saving and carbon reduction
- 18. Green procurement

Comparison of material issues matrix between 2020 and 2019:

1. Protection of customer rights and interests: In response to cases subject to penalties imposed, the policy, strategy and principle of treating customers fairly ("TCF") continued to be enhanced this year; attention paid to the protection of the customer rights and interests was increased.

2. Ethical corporate management: In order to implement the ethical corporate management policy this year, the "Ethical Corporate Management Operational Procedures and Code of Conduct" and the "Director and Manager Code of Conduct" have been formulated, and ethical corporate management has been added to the issue of corporate governance and adjusted to a high level of concern.

3. Sustainable credit extension policy: As the credit extension policy supports green energy industries such as alternative energy, water resources and environmental pollution control, the name was adjusted to the Sustainable Credit Extension Policy.

4. Social care: In response to the expansion of charitable care, including academic, cultural, and sports activities, the two issues of concern of "charity care" and "academic, cultural, and sports activities" were merged into social care.




5. Greenhouse gas emissions: Due to the active introduction of greenhouse gas inventory and verification this year, the level of attention to greenhouse gas emissions has been increased from a secondary concern to a continuous concern.



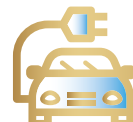
4. Relationship between the United Nations Sustainable Development Goals and Taichung Bank

The United Nations Sustainable Development Goals (SDGs) were adopted in 2016 and will last until 2030, in a hope to achieve common goals such as the vision and priorities of sustainable development through global forces.





The SDGs call on governments, the private sector, and civil society around the world to work together in order to eradicate poverty, create dignified living, and promote peaceful and inclusive societies.

UN SDGs Goals	UN SDGs Secondary Goals	Major issues of Taichung Bank	Response to Implementation Status in 2020
Goal 1: No Poverty 	1.4: To ensure that all men and women, especially the poor and disadvantaged groups, have fair rights and access rights to economic resources, basic services, land and other forms of property, inheritance, natural resources, new technologies and financial services (including micro-credits)	Product and service quality Social care	<ul style="list-style-type: none"> Micro business loan The "Taichung City Government Youth Entrepreneurship and SME Loan" was launched to stimulate youth entrepreneurial energy and assist in the realization of dreams. (See Chapter 3, Section 3 for details.) Small credit loans To assist the customers with seasonal working capital needs, with charity lottery dealers as the target group. (See Chapter 3, Section 3 for details.)
Goal 2: Zero Hunger 	2.C: Take measures to ensure that the commercial market for food and their derivative products function normally, and obtain market information as scheduled, including grain storage so to reduce extreme food price fluctuations.	Social care	<ul style="list-style-type: none"> Join hands to fight the pandemic and help farmers, assist in the purchase of unsold agricultural products through the Yunlin Gukeng Township Vegetable and Fruit Distribution Cooperative and donate them to disadvantaged families. (See Chapter 6, Section 2 for details.)
Goal 3: Good Health and Well-being 	3.9: Significantly reduce the number of deaths and diseases from dangerous chemicals, air pollution, water pollution, soil pollution and other pollution. 3.C: Increase the financing and borrowing for health care in developing countries.	Product and service quality Employee benefits Social care	<ul style="list-style-type: none"> Nursing Trust Actively cooperated with the Financial Supervisory Commission to promote the implementation of "LOHAS Nursing Trust", hoping to achieve the property safety and nursing care of the elderly as well as the physically and mentally disabled through the trust mechanism. (See Chapter 3, Section 3 for details.) Employee group insurance(See Chapter 4, Section 2 for details.) Employee health(See Chapter 4, Section 2 for details.) Workplace safety and health Provided a safe and secure working environment for all employees and stakeholders, and continuously improved occupational safety and health management. (See Chapter 4, Section 5 for details.) Blood Donations for Love Organize the blood donation activity of "Caring for LOVE in 2020". (See Chapter 6, Section 6 for details.)

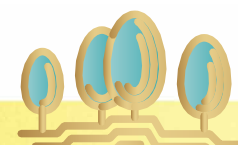
Note:The SDG images in the table are quoted from the CSRone Sustainability Reports Platform.



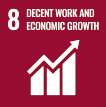




UN SDGs Goals	UN SDGs Secondary Goals	Major issues of Taichung Bank	Response to Implementation Status in 2020
Goal 4: Quality Education 	4.5: Eliminate gender inequality in education, and ensure that disadvantaged groups have access to education and vocational training for all levels, including the physically and mentally handicapped, Indigenous people, and disadvantaged children. 4.A: Establish and upgrade educational facilities suitable for children, the physically and mentally disabled, as well as both genders, and provide all people with a safe, non-violent, educated, and effective learning environment.	Talent cultivation Social care	<ul style="list-style-type: none"> ■ Cultivate employees Formulated the annual education and training plan to promote the exclusive training of each function, to enhance human capital and create competitive advantage in accordance with the strategic development of the Bank. (See Chapter 4, Section 3 for details.) ■ Plan campus visits to business units to promote financial knowledge Planned campus visit itineraries and arranged relevant financial courses to strengthen young students' awareness of finance. (See Chapter 6, Section 1 for details.) ■ Provide school scholarships Held the annual meeting to resolve the amount of scholarships and the number of places available, and opened applications for outstanding students from impoverished families. (See Chapter 6, Section 1 for details.)
Goal 5: Gender Equality 	5.2: Eliminate all forms of violence against women in public and private settings, including human smuggling, sexual assault, and various other forms of exploitation. 5.5: Ensure that women fully participate in political, economic and public decision-making, and ensure that women have a fair opportunity to participate in decision-making and leadership at all levels. 5.C: Adopt and strengthen sound policies and enforceable legislation to promote gender equality and improve the capabilities of women from all walks of life.	Corporate governance Employee benefits	<ul style="list-style-type: none"> ■ Gender equality in supervisory positions (See Chapter 4, Section 1 and Section 4 for details.) ■ Parental leave without pay (See Chapter 4, Section 4 for details.)
Goal 6: Clean Water and Sanitation 	6.B: Support and strengthen the participation of local communities to improve water and sanitation management.	Energy saving and carbon reduction	<ul style="list-style-type: none"> ■ Resource recycling (See Chapter 5, Section 2 for details.)
Goal 7: Affordable and Clean Energy 	7.A: Improve international cooperation to increase access to clean energy and technology by 2030, and promote energy infrastructure and clean energy technology investment.	Energy saving and carbon reduction Sustainable credit extension policy	<ul style="list-style-type: none"> ■ Energy saving and carbon reduction management (See Chapter 5, Section 1 for details.) ■ Green energy industry credit extension policy Total green industry loans for 2020 were in the amount of NT\$3.2 billion. (See Chapter 5, Section 5 for details.) ■ Uphold the spirit of the Equator Principles (See Chapter 5, Section 5 for details.)





Note: The SDG images in the table are quoted from the CSRone Sustainability Reports Platform.









UN SDGs Goals	UN SDGs Secondary Goals	Major issues of Taichung Bank	Response to Implementation Status in 2020
Goal 8: Decent Work and Economic Growth 	<p>8.3: Encourage the formalization and growth of micro enterprises and SMEs, including access to financial services.</p> <p>8.5: Achieve comprehensive and productive employment, so that all men and women have a good job, including young people and the physically and mentally handicapped, and achieve equal pay for equal work.</p> <p>8.7: Take immediate and effective measures to prohibit and eliminate the worst forms of child labor and eliminate oppressed labor.</p> <p>8.10: Strengthen the capacity of domestic financial institutions to provide a wider range of banking, insurance and financial services for all people.</p>	<p>Operational performance</p> <p>Sustainable operation</p> <p>Social care</p> <p>Talent cultivation</p>	<ul style="list-style-type: none"> ■ The scale of operations maintained momentum for development and continues to increase overall revenue (See Chapter 1, Section 3 for details.) ■ Employee treatment From 2015 to 2020, Taichung Bank's stock had been incorporated in the list of 'Taiwan HC 100 Index' over the past 6 years. (See Chapter 4 for details.) ■ Industry-university cooperation with universities and colleges The Bank has carried out industry-university cooperation internship work-study programs with universities and colleges. 54 students from 18 universities and colleges participated in the internship work-study program in various units in 2020. (See Chapter 4, Section 1 for details.) ■ Employee education and training Formulated the annual education and training plan according to the Bank's strategic development, and promoted the exclusive training of each function to enhance human capital and create competitive advantage. (See Chapter 4, Section 3 for details.) ■ Employee continuing education Trained staff with an global perspective; the Bank also accepts and sends staff to study overseas. (See Chapter 4, Section 3 for details.)
Goal 9: Industry, Innovation, and Infrastructure 	<p>9.3: Improve access to financial services for small-scale businesses, especially developing countries, including affordable loans, and integrate them into value chains and markets.</p>	<p>Sustainable credit extension policy</p> <p>Product and service quality</p>	<ul style="list-style-type: none"> ■ Adhered to the enterprise spirit of "We Do Our Best for You", and deeply cultivated local customers ■ Supported SMEs ■ Cooperated with the government in promoting cultural and creative industries (For the above 3 points, refer to Chapter 3, Section 3 for details.) ■ Promoted the digital financial environment (See Chapter 3, Section 2 for details.)
Goal 10: Reducing Inequality 	<p>10.1: Promote social, economic and political integration, regardless of age, gender, physical or mental disability, race, ethnicity, motherland, religion, economic or other status by 2030.</p> <p>10.5: Improve the regulations and supervision of global financial markets and financial institutions, and strengthen the implementation of such regulations.</p>	<p>Labor relations</p> <p>Regulatory compliance</p> <p>Protection of customer rights and interests</p>	<ul style="list-style-type: none"> ■ Employee rights ■ Strengthen compliance with financial regulations ■ Accessible facilities Actively established accessible ATMs, accessible spaces and ATMs for the visually impaired to provide a friendly service environment for the disabled (See Chapter 3, Section 5 for detail)

Note: The SDG images in the table are quoted from the CSRone Sustainability Reports Platform.













UN SDGs Goals	UN SDGs Secondary Goals	Major issues of Taichung Bank	Response to Implementation Status in 2020
Goal 12: Responsible Consumption and Production 	12.7: Promote a sustainable public procurement process based on national policies and priorities.	Sustainable credit extension policy Green procurement	<ul style="list-style-type: none"> Uphold the spirit of the Equator Principles (See Chapter 5, Section 5 for details.) Green procurement and supply chain management <ol style="list-style-type: none"> Contractor safety management control Supported local agriculture Chose green building materials Requested environmental requirements of suppliers and third-party suppliers (See Chapter 5, Section 3 for details.)
Goal 15: Life on Land 	15.A: Mobilize and substantially increase financial resources from various places to protect and sustainably use biodiversity and ecosystems.	Social care	<ul style="list-style-type: none"> Held dumping charity sale activities and clean mountain activities Business units engaged in corporate social responsibility activities reward programs (See Chapter 6, Section 5 for details.)
Goal 16: Peace, Justice and Strong Institutions 	16.10: Ensure that people can obtain information and protect fundamental freedoms in accordance with national legislation and international agreements. 16.A: Build capabilities at all levels through international cooperation, especially in developing countries, to prevent violence and fight terrorism and crime. 16.B: Promote and implement non-discriminatory laws and policies to achieve sustainable development.	Risk Management Personal information protection Anti-money laundering Corporate governance Ethical corporate management	<ul style="list-style-type: none"> Ethical Corporate Management Best Practices Principles Refer to the 2020 Annual Report of Taichung Bank for details. Risk management mechanism (See Chapter 2, Section 7 for details.) Anti-money laundering and countering the financing of terrorism Established an AML (Anti-Money Laundering and Anti-Terrorism) system, through which customer name verification, risk evaluation, transaction monitoring are conducted and due diligence data is stored to assist in anti-money laundering and countering the financing of terrorism. (See Chapter 2, Section 5 for details.)
Goal 17: Partnerships for the Goals 	17.14: Improve policy coherence to achieve sustainable development.	Product and service quality	<ul style="list-style-type: none"> Strengthen international financial business (See Chapter 3, Section 1 for details.)

Note: The SDG images in the table are quoted from the CSRone Sustainability Reports Platform.










5. Draw up a correspondence table between management policies and major subject boundaries

ESG Profile	Material issues	GRI specific topic disclosure (performance indicators)	GRI Management Approach (see Appendix for details.)	Chapters in this Report	Risks and opportunities of key impacts		UN SDG Objectives	Impact scope (graphical)		
					Risk	Opportunity		Direct impact	Indirect impact	Impact related to business relationship
 Governance	1. Product and service quality 2. Guarantee of customer rights and interests 3. Protection of personal data	Customer privacy (GRI418)& (GRI 418-1) Economic performance (GRI 201)& (GRI 201-1)	1. Provide diversified financial products. 2. Implement the Treating Customers Fairly (TCF) Principle and consumer protection policy. 3. Formulate the Guidelines for Personal Data Files Security Maintenance. 4. Perfect the information security system.	Do Our Best to Safe Guard Customers! A Trustworthy Partner!	<ul style="list-style-type: none"> Facing the competition of non-financial industry to step into the financial territory through technological expertise. Violation of relevant financial consumer protection laws and regulations will be punished and fined by the competent authority, which will affect the Company's image. With the open trend of emerging technologies (the cloud, biometric verification, Internet of Things, OpenAPI), data protection becomes more difficult, and things that affect the rights and interests of customers are likely to occur. 	<ul style="list-style-type: none"> Provide customer-centric online digital services, and deepen and maintain customer relationships combined with warm service offered by physical business units, so as to furnish customers with innovative and diversified financial services, as well as to face challenges and opportunities. Develop diversified and cross-sector inclusive financing services. Cross-industry partners (such as e-commerce and financial technology companies) can integrate digital loan application processes through APIs, create more diversified and friendly financial scenarios, further perfect the development of digital products (digital credit loans and house loans), and construct diversified identity authentication platforms, so as to enhance the convenience and favorable experience of online application services for customers. Implement cyber security and protection; protect customers' rights and interests; provide customers with security, reliability, and satisfaction; and heighten employee cyber security awareness, so as to facilitate the Company's sustainable growth. By using big data analytics for multiple application technologies as a reference basis for marketing, credit management, product design, cross-selling, customer services, etc., better understand customer demand, and thus deepen and maintain customer relationships, as well as to build up brand loyalty. 	     	Employee	Customer Investor	General public, Competent authority
 Social	4. Talent cultivation 5. Labor relations 6. Employee benefits	Employment relationship (GRI401)& (GRI401-1) Training and education (GRI 404)& (GRI 404-1)	1. Enhance employee sense of identity with the Company 2. Comply with the relevant laws and regulations of the Labor Standards Act 3. Arrange a sound education and training system 4. Provide various welfare systems	Care attentively! Achieve a peaceful life and contentment in work!	<ul style="list-style-type: none"> With the advent of the digital finance era, many business operations no longer require labor and are replaced by AI. It is even more important to cultivate talents with cross-field skills. If the Company fails to create an equal employment environment and provide good working conditions, it may not only cause labor disputes, but may also affect the recruitment and retention of talents, and even damage its goodwill and brand image. 	<ul style="list-style-type: none"> The digital transformation driven by FinTech establishes a brand-new business model, investing in and promoting the optimization of operations and services so as to improve operating efficiency. The dedicated department in charge of staff training formulates an annual education and training plan in accordance with the Bank's development strategy, and formulates more specific training courses for different positions, so as to build up human capital and create competitive advantage. Work-study programs for industry-university cooperation internships with universities and colleges will not only reduce the cost of new hires leaving due to the "skills-education mismatch", but also fulfill their social responsibilities. 	    	Employee	Competent authority	Competent authority

Note: The SDG images in the table are quoted from the CSRSone Sustainability Reports Platform.

ESG Profile	Material issues	GRI specific topic disclosure (performance indicators)	GRI Management Approach (see Appendix for details.)	Chapters in this Report	Risks and opportunities of key impacts		UN SDG Objectives	Impact scope (graphical)		
					Risk	Opportunity		Direct impact	Indirect impact	Impact related to business relationship
 Governance	07. Operational performance 08. Risk management 09. Corporate governance 10. Sustainable operation 11. Ethical corporate management	Economic performance (GRI 201)& (GRI 201-1) Socio-economic compliance (GRI 419)& (GRI 419-1)	1. Announcements of corporate governance related information is available for reference on our website, Market Observation Post System, etc. 2. Regularly publish financial reports and annual reports 3. Strengthen internal control and risk management.	Working Hard on Operations! A 60-year Journey with You!	<ul style="list-style-type: none"> The failure of internal control causing violations of the law will be punished by the competent authority and damage the Company's image. Operational risks caused by failure of updating changes in laws and regulations in real time, information security incidents, climate change and emerging technologies. COVID-19 has had a serious impact on the global economy, and various domestic industries have been strongly impacted. It has also increased the risk of investment and financing in the financial industry, affecting operating performance and profitability. 	<ul style="list-style-type: none"> Carry out the implementation system of the three lines of defense, ensure the effective implementation of the risk management system, reduce the occurrence of operational risk incidents, and achieve sustainable development of the enterprise. Keep constant tabs on whether the laws and regulations have changed so as to comply with the regulations and requirements of the competent authorities, and to abide by financial-related laws and regulations properly. Issues such as green finance, Trust 2.0 and the reconstruction of dangerous and old buildings are growing, which will help to develop new types of businesses and create new business models. 	  	Employee	Customer	Investors Competent authority
 Social	12. Social care	Indirect economic impact (GRI 203)& (GRI 203-1)	1. It is primarily to promote academic education, sports development, humanities and arts, charity care, and social activities. 2. There is an incentive mechanism for business units to participate in local activities so as to encourage business units to participate in community activities.	Care attentively! Give full play to the power of goodness!	<ul style="list-style-type: none"> Most public welfare activities require long-term continuous investment in order to produce benefits. How to allocate resources in the most effective way and integrate them with the core functions of the financial industry so as to help solve social or environmental problems must also be reviewed and evaluated. 	<ul style="list-style-type: none"> Implement the advocacy for business units to participate more in public welfare activities, which may affect employees, customers and residents so that public welfare implementation can be upgraded to multiple levels in society, not only to enhance the corporate image, but also to obtain business income and improve corporate operating performance. 	      	Employee	Community	

Note: The SDG images in the table are quoted from the CSRone Sustainability Reports Platform.

ESG Profile	Material issues	GRI specific topic disclosure (performance indicators)	GRI Management Approach (see Appendix for details.)	Chapters in this Report	Risks and opportunities of key impacts		UN SDG Objectives	Impact scope (graphical)		
					Risk	Opportunity		Direct impact	Indirect impact	Impact related to business relationship
 Governance	13. Regulatory compliance 14. Sustainable credit extension Policy 15. Anti-money laundering	Socio-economic regulatory compliance (GRI 419)& (GRI419-1)	1. Follow laws and regulations 2. Anti-money laundering and countering the financing of terrorism	1. Working Hard on Operations! A 60-year Journey with You! 2. Count Our Blessings! Protect Our Homeland!	<ul style="list-style-type: none"> Failure to comply with the procedures for anti-money laundering and countering the financing of terrorism may result in penalties, corrections, or other sanctions by the competent authority, which may damage the Company's image and the promotion of domestic and foreign business. In order to implement relevant regulations such as anti-money laundering and countering the financing of terrorism (AML), the cost of regulatory compliance has increased. 	<ul style="list-style-type: none"> Implementing relevant regulations such as anti-money laundering and countering the financing of terrorism is conducive to the promotion of domestic and foreign business. 	    	Employee	Customer	Competent authority
	16. Greenhouse gas emissions 17. Energy saving and carbon reduction 18. Green procurement	Energy (GRI 302) Emissions (GRI 305) Supplier environmental assessment (GRI 308)	1. Promote the replacement of energy-saving related products 2. Continue to promote the reduction of operating procedures and the reduction of paper consumption 3. Adopt products with domestic and foreign environmental protection labels and green building material labels	Count Our Blessings! Protect Our Homeland!	<ul style="list-style-type: none"> Suppliers failing to comply with relevant environmental regulations or using substances harmful to humans in their products may cause discomfort or health hazards to employees and customers. Due to the transformation of Taiwan's power structure, it is estimated that electricity prices will gradually increase in the future, which will increase the Company's operating costs. In addition, the carbon emission coefficient of the electricity used will also gradually increase, resulting in the reduction of carbon reduction effectiveness of the Bank or the failure to achieve the target. 	<ul style="list-style-type: none"> The implementation of energy conservation and carbon reduction will help reduce operating costs. Continue to promote daily energy conservation concepts, and establish good electricity consumption habits among employees. The Company purchases environmentally friendly and energy-saving products, supports suppliers to develop related technologies or obtain environmental protection marks, and jointly builds an environmentally sustainable society. 	  	Employee	Customer General public	Competent authority Supplier

Note:The SDG images in the table are quoted from the CSRone Sustainability Reports Platform.

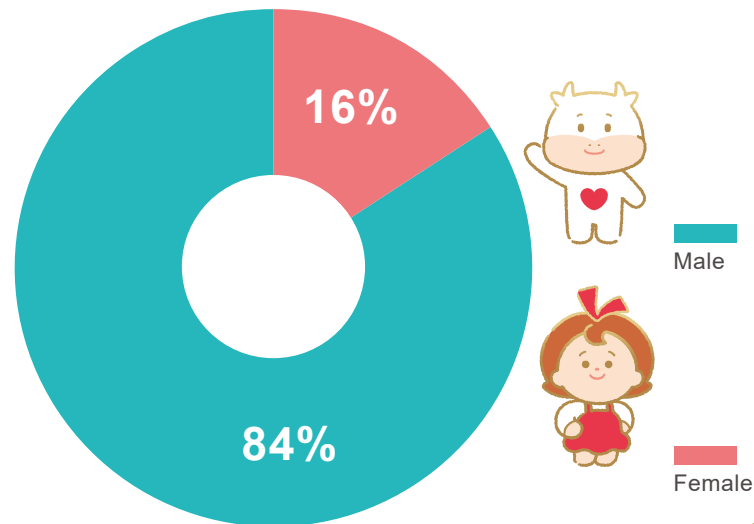


2.2 Corporate governance operations

GRI 102-10 102-18

he purpose for the Bank's establishment is sustainable operations, and good corporate governance is the foundation of the enterprise's sustainable operations. In order to achieve the ideal goal of corporate governance, we continue to strengthen the functions of the Board of Directors, improve the leadership management of the operating team, disclose information in real time with transparency and accuracy, and fulfill our corporate social responsibilities. In 2020, the Bank ranked in the Top 6%–20% among listed companies in the 6th Corporate Governance Evaluation by the Taiwan Stock Exchange Corporation, and was affirmed by being incorporated as a constituent stock of the "Corporate Governance (CG) 100 Index" by Taiwan Stock Exchange Corporation.

The Bank will conduct the re-election of the 24th Board of Directors at the Regular Shareholders Meeting on June 30, 2020. The Board of Directors has 12 seats. Among them, there are 2 female directors, for a proportion of female Board of Directors members of 16%. This is higher than the 13.37% of TWSE listed companies and 14.34% of GTSM listed companies, and indicates that the Board of Directors is gender diverse. In addition, a natural person director was added (5 natural person directors, including 4 independent directors), and the Bank continued to strengthen the



diversification of the Board of Directors and the sound development of the structure.

In addition, in order to establish a sound corporate governance system, bring the functions of the Board of Directors into full play, and perfect the quality of board decision-making, the Board of Directors has established a "Remuneration Committee", "Audit Committee", "Risk Management Committee" and "Corporate Governance and Nomination Committee" under the Board of Directors. According to their powers and functions, they are in charge of discussions of important proposals, as well as crucial issues such as economy, environment, and society.

In 2018, the Bank established a "Corporate Governance Section" and a head of corporate governance to supervise and implement the operation of corporate governance. Every year, the number of training hours required by law and regulations are completed, and directors are scheduled to participate in internal and external training courses on a regular basis, with topics covering corporate governance, corporate social responsibility, treating customers fairly ("TCF"), anti-money laundering and countering the financing of terrorism, etc. All directors' number of training hours for 2020 met all requirements.

In 2019, the Bank formulated the "Standard Operating Guidelines for Handling Director Requests" to provide directors with support and establish a good communication channel between the directors and the Company.




The directors have transparent and real-time information. With full discussion and communication on the Company's operations and future directions, decisions that have a major impact on organizational growth, operational development, performance improvement, and risk management, etc., the Board of Directors effectively supervises and maintains good communications with the Company's management to give full play to the functions of the Board of Directors. A total of 12 board meetings were held in 2020, and the average actual attendance rate of directors was 98%.

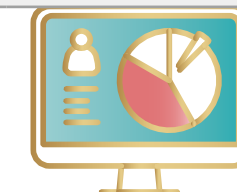
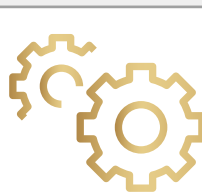
In order to establish a good communication channel with the stakeholders, Taichung Bank has established the Operational Guidelines for Handling Important Internal Information and implemented a spokesperson system. The Bank also releases to the investors the contact information on the Taichung Bank's external website. Investors can learn more through various channels about the corporate affairs. (For details of the implementation status of the Board of Directors, refer to the 2020 Annual Report of Taichung Bank).

2020 Annual Report of Taichung Bank ▶



2.2.1 Taichung Bank's corporate governance operations status

Item		Taichung Bank's operations status	
Company shareholding structure and shareholder equity	The method the Bank uses to handle shareholder suggestions or disputes, etc.	Taichung Bank has established a dedicated contact line and e-mail address to handle the shareholders' suggestions and disputes and other issues, and announced it on the Taichung Bank website.	
	The situation that the Bank masters the actual control of its major shareholders and the list of major shareholders' ultimate controllers	Taichung Bank keeps track of any changes in the shareholding of 5% or more thereof and shareholders who are directors and supervisors, or changes in pledge thereof at all times, and all such changes are publicly disclosed on the Market Observation Post System in accordance with regulations.	
	The situation that the Bank establishes a risk control mechanism and firewall with related companies	The transactions between Taichung Bank and its affiliates are handled in accordance with laws and regulations and necessary monitoring and processing are carried out, and there are provisions in the "Handling Rules for Supervision over Subsidiaries".	
Composition, powers and responsibilities of the Board of Directors	The situation that the Bank sets up independent directors	The Bank added 1 independent director (4 independent directors in total) in 2020.	
	Periodic evaluation of the independence of the certified public accountants	The Bank does not appoint the same accountant to conduct the audit and attestation for many consecutive years. In addition, the Evaluation Report and Statement of the Independence of the certified public accountant of the Bank were submitted to the Audit Committee on February 24, 2020, and were approved by the Board of Directors on February 25, 2020.	
	Board performance evaluation	The Bank revised the "Guidelines for Board Performance Evaluation" on October 19, 2020 to include the functional committee into the scope of evaluation.	
	Director liability insurance	The Bank continued to take out the director and the manager liability insurance for the period from May 1, 2020 to May 1, 2021, and the insured amount was US\$20 million.	
Status of establishing communication channels with stakeholders		<p>(1) The relevant regulations of the Banking Act and the competent authority on the restrictions on credit extension to interested parties have been disclosed on the internal website of Taichung Bank. Training courses on regulatory compliance are organized from time to time for the relevant personnel in charge to understand and comply with. Meanwhile, when interested parties are transferred, the information sheets of interested parties are immediately filled in and reported, which shows the smooth communication channels.</p> <p>(2) Taichung Bank not only publishes information on the Market Observation Post System in accordance with the regulations, but also publishes such information on the Taichung Bank website to facilitate investor inquiries.</p>	
Information disclosure	The status that the Bank established a website to release the financial, business and corporate governance information of Taichung Bank	<p>A website has been established to release the financial, business and corporate governance information of Taichung Bank.</p> <p>Financial Statements, Corporate Governance Zone ▶</p>  	
	The Bank adopts other information disclosure methods (such as setting up an English website, appointing a special person to collect and disclose bank information, implementing the spokesperson system, posting on the Bank's website the process of the institutional investor conference, etc.)	<p>(1) Taichung Bank has one spokesperson and one deputy spokesperson, with the vice president concurrently serving as the spokesperson. The spokesperson takes the order of the chief to speak to the public, and supervises the responsible unit to handle news releases, media contacts and other public relations services. If the spokesperson cannot perform his/her duties, the deputy spokesperson will act on his/her behalf.</p> <p>(2) Two sessions of the institutional investor conference were held on March 31, 2020 and August 28, 2020, and the audio and video files have been posted on the Bank's website.</p> <p>Investor Conference Information ▶</p> 	



Item		Taichung Bank's operations status
Important company rules formulated or revised by the Board of Directors in 2020	Board of Directors rules and systems	The rules of the Board of Directors meetings and the powers and responsibilities of independent directors.
	Corporate governance	Corporate Governance Best Practice Codes, Organizational Rules of Audit Committee, Organizational Rules of Remuneration Committee, Ethical Corporate Management Codes, Operating Procedures for Ethical Corporate Management and Code of Conduct, and Guidelines for Performance Evaluation of the Board of Directors.
	Risk management	Guidelines for Reporting Material Incidentals, and information security policies.
	Regulatory compliance	Guidelines for Handling Reported cases.
	Anti-money laundering	Anti-money laundering and countering the financing of terrorism plans and policies.
2021 corporate governance goals		(1) Continue to pay attention to and ensure the quality of information disclosure, and increase the trust of all stakeholders in the Bank. (2) Continue to communicate with the investors and hold the institutional investor conference each quarter. (3) Import Taiwan Intellectual Property Management System (TIPS) and pass the verification. (4) Establish a Corporate Governance and Nomination committee, establish a good governance system, and strengthen management mechanisms for the Bank.

2.2.2 Corporate governance operations structure





2.2.3 Basic information of directors (including independent directors)

Title	Name	Date of appointment (assuming office)	Gender	Major experience (education background)
Chairman	Kuei-Fong Wang	2020/06/30	Male	Education: MBA of NYU Experience: VP, Corporate Financing Dept., BNP Paribas Hong Kong; Chairman, China Man-Made Fiber Corporation; Chairman, Pan Asia Chemical Corporation; Chairman, Taichung Bank Insurance Brokers Co., Ltd.; Vice Chairman, Taichung Commercial Bank Co., Ltd.
Managing Director	Hsu Tian Investment Co. Ltd. Representative: Ming-Hsiung Huang	2020/06/30	Male	Education: Department of International Trade, Tamkang University Experience: Vice Chairman, Taichung Bank Securities Investment Trust Co., Ltd.; Executive Vice President, Cosmos Bank Co., Ltd.
Managing Director	Hsu Tian Investment Co. Ltd. Representative: Wei-Liang Lin	2020/06/30	Male	Education: Dept. of Accounting and Statistics, Tamkang University Experience: President, Chang Hwa Bank Co., Ltd.
Managing Director (Independent Director)	Chien-An Shin	2020/06/30	Male	Education: MBA, Saginaw Valley State University, USA Experience: President, Medium Business Bank of Taiwan; President, Chang Hwa Bank Co., Ltd.
Independent Director	Hsin-Chang Tsai	2020/06/30	Male	Education: Department of Finance and Banking, National Taiwan University; EMBA, National Taiwan University Experience: Chief Financial Officer, South Asia, HTC
Independent Director	Li-Woon Lim	2020/06/30	Male	Education: Master of Business Administration, Stanford University; Bachelor of Arts (with Distinction) in Economics, Stanford University; Master of Science in Electrical Engineering, Stanford University. Experience: BANK OF AMERICA Merrill Lynch—Board of Directors, Merrill Lynch (Asia Pacific) Limited; BANK OF AMERICA Merrill Lynch—Managing Director, Head of Credit Products, Asia; UBS AG—Managing Director
Independent Director	Pi-Ta Chen	2020/06/30	Male	Education: EMBA, National Central University; Dept. of Cooperative Economics, Tamkang University Experience: Executive Vice President, Cosmos Bank Co., Ltd.
Director	Hsu Tian Investment Co. Ltd. Representative: Te-Wei Chia	2020/06/30	Male	Education: Dept. of Statistics, National Cheng Kung University Experience: Senior Executive Vice President, Taichung Commercial Bank Co., Ltd.
Director	Hsu Tian Investment Co. Ltd. Representative: Shioh-Huey Yeh	2020/06/30	Female	Education: Doctor of Business Administration, Renmin University of China, Beijing; Dept. of Accounting, National Chengchi University Experience: Supervisor, Young Fast Optoelectronics Co., Ltd.; Independent Director of Shin-Shin Department Store; President of Concords Securities Corp.; Director of Mega Holdings Company
Director	Hsu Tian Investment Co. Ltd. Representative: Hsin-Ching Chang	2020/06/30	Male	Education: Master in Land Administration, National Chung Hsing University Experience: Chief Auditor, Land Bank of Taiwan
Director	Hsu Tian Investment Co. Ltd. Representative: Shin-Yi Chiang	2020/06/30	Male	Education: MBA, University of Illinois at Urbana Champaign, USA Experience: Independent Director, Far Glory Life Insurance Corporation Ltd.; Executive Vice President, M&A Division, The Croesus Group (Private Equity Fund based in Singapore); Executive Vice President, Office of Representative, RAFFIA CAPITAL, INC. (Private Equity Fund based in Shinsei Bank, Limited, Japan)
Director	Hsu Tian Investment Co. Ltd. Representative: Li-Tzu Lai	2020/06/30	Female	Education: Doctor of College of Finance, Feng Chia University Experience: President, Taichung Bank Insurance Brokers Co., Ltd.; Branch Deputy Manager, Taichung Commercial Bank Co., Ltd.

2.2.4 Board of Directors Diversity Policy

The Bank has formulated the “Corporate Governance Best Practice Code”, in which Chapter 4 “Strengthening the Functions of the Board of Directors” stipulates that board members shall generally possess the knowledge, skills, and literacy necessary for execution.

It also formulated the “Guidelines for Selection of Directors”, according to which the composition of the Board of Directors shall be diversified, and an appropriate diversification policy shall be formulated in accordance with the Company’s operation, operation type and development needs, including the two major aspects of standards for basic conditions and values (gender, age, etc.), and professional knowledge (professional background).

The 24th Board of Directors of the Bank has a total of 12 seats. Female directors account for 16%, independent directors account for 33%, and natural person directors account for 41%. The Bank will continue to strengthen the diversification of the Board of Directors and the sound development of the structure.

After analyzing the future development direction of the Bank’s operations, responding to emerging risks, and implementing diversified policies, the members of the 24th Board of Directors of the Bank not only have industry experience in banking, insurance, securities, as well as legal, accounting, finance, taxation, technology or risk management, and other professional skills, but also have a wealth of international market understanding, and industry and risk management knowledge.

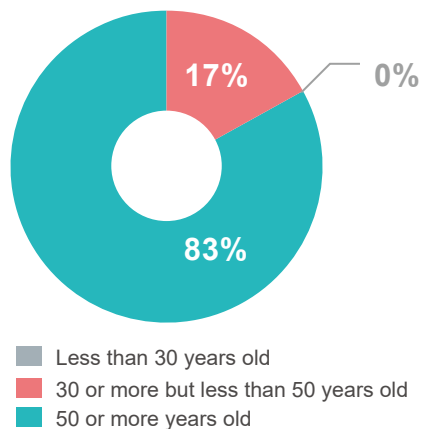
Name	Gender	Operational judgment competency	Accounting and financial analysis capability	Operation management capability	Risk management capability	Crisis handling capability	Industry knowledge	International market outlook	International market outlook leadership capability	Decision-making capability
Chairman Kuei-Fong Wang	Male	★	★	★	★	★	★	★	★	★
Managing Director Ming-Hsiung Huang	Male	★	★	★	★	★	★	★	★	★
Managing Director Wei-Liang Lin	Male	★	★	★	★	★	★	★	★	★
Independent managing director Chien-An Shih	Male	★	★	★	★	★	★	★	★	★
Independent director Hsin-Chang Tsai	Male	★	★	★	★	★	★	★	★	★
Independent director Li-Woon Lim	Male	★	★	★	★	★	★	★	★	★
Independent director Pi-Ta Chen	Male	★	★				★		★	
Director Te-Wei Chia	Male	★	★	★	★	★	★	★	★	★
Director Shioh-Huey Yeh	Female	★	★	★	★	★	★	★	★	★
Director Hsin-Ching Chang	Male	★	★	★	★	★	★	★	★	★
Director Shih-Yi Chiang	Male	★	★	★	★	★	★	★	★	★
Director Li-Tzu Lai	Female	★	★	★	★				★	★



2.2.5 Age distribution of directors

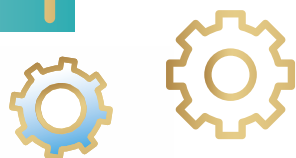
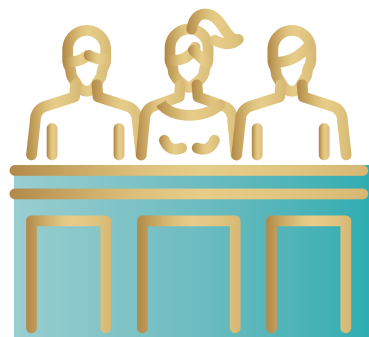
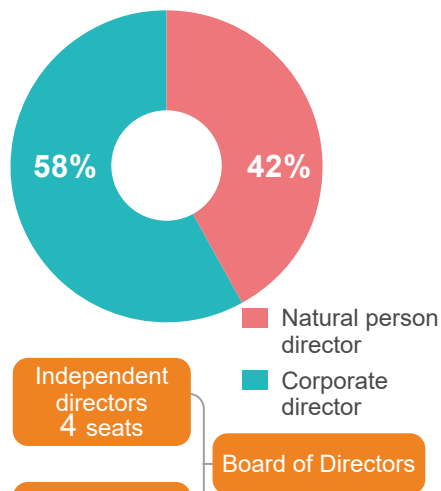
Age range	Number of people
Less than 30 years old	0
30 or more but less than 50 years old	2
50 or more years old	10
Total	12

© The average age of directors is 60



2.2.6 Director structure

Director structure	Seats
Natural person director	5
Corporate Director	7

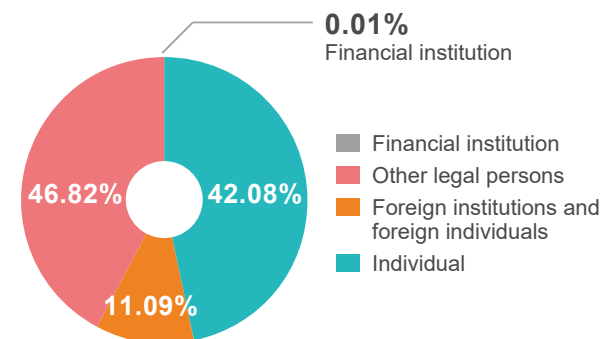


Independent directors
4 seats

Directors
8 seats

Board of Directors

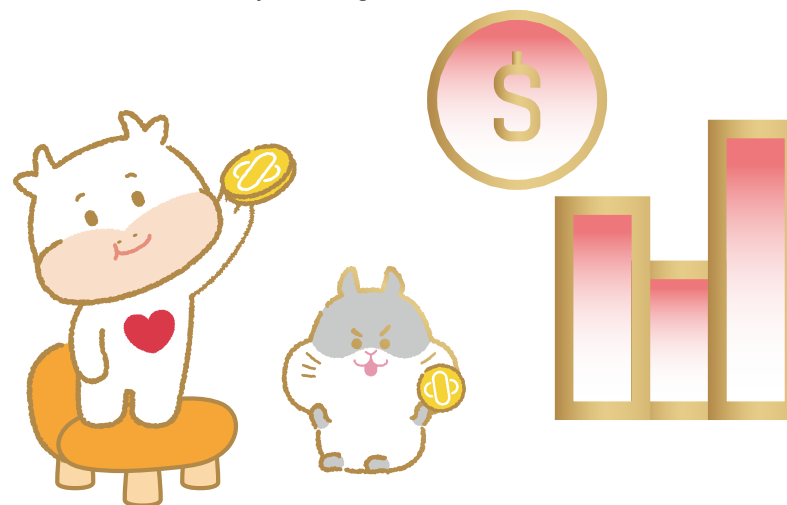
2.2.7 Shareholder structure



(Date of statistical release: as of 2020/12/31)

2.2.8 Salary indicator of president and vice president

The remuneration to the President and the Executive Vice Presidents shall commensurate with their individual professional standing and experience with reference to the standard of the same trade subject to the review of the Remuneration Committee and the final approval of the Board. Further to the fixed monthly salaries, a performance bonus and special bonus will be released based on the overall business performance of the year in accordance with the regulation governing rewards to the employees. For linking with possible risk in the future, the performance bonus of personnel at the level of department head or higher (inclusive) shall be retained in part for deferred payment pending on no involvement of misconduct in business operation and no violation of law that may cause significant loss and risk to the Bank.



2.2.9 Functional organization operations status



Audit Committee

A total of 13 meetings were held in 2020, with an average attendance rate of 97.8%.



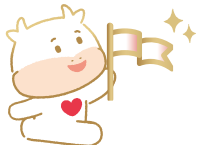
Remuneration Committee

A total of 6 meetings were held in 2020, with an average attendance rate of 94.43%.



Risk Management Committee

A total of 4 quarterly meetings were held in 2020, and another 5 temporary meetings were held.



Corporate Governance and Nomination Committee

Established January 14, 2021.

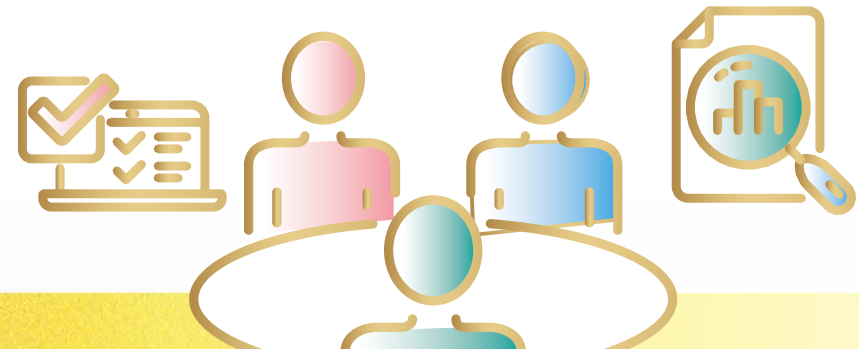
Audit Committee

In order to improve the corporate governance and supervision function, the Bank established an "Audit Committee" in 2014, which is composed of all independent directors. The Audit Committee and its independent directors have the primary purpose of supervising the following matters in addition to the exercise of powers in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the provisions of the Taiwan Stock Exchange or Taipei Exchange Market:

1. Fair presentation of the Company's financial statements.
2. Selection (dismissal) of certified public accountants and their independence and performance.
3. Effective implementation of the Company's internal control.
4. The Company's compliance with relevant laws and regulations as well as rules.
5. Management and control of the Company's existing or potential risks.

A total of 13 meetings were held in 2020, with an average attendance rate of 97.8%.

Title	Name	Actual number of times in attendance	Number of times in attendance by proxy	Actual attendance rate (%)	Remarks
Independent Managing Director	Chien-An Shih	6	-	100	Data newly elected: June 30, 2020
Independent Director	Hsin-Chang Tsai	12	1	92.3	
Independent Director	Li-Woon Lim	13	-	100	
Independent Director	Pi-Ta Chen	6	-	100	Data newly elected: June 30, 2020
Independent Director	Jin-Yi Lee	7	-	100	Data discharged: June 30, 2020





Remuneration Committee

A sound salary and remuneration system is an important part of corporate governance and risk management. In 2011, the Bank established a "Remuneration Committee". The members were appointed by the resolution of the Board of Directors. The current members are composed of 3 independent directors. They shall faithfully perform the following functions and powers with the due care of good managers, and submit the proposed suggestions to the Board of Directors for discussion:

1. Establish and regularly review the performance appraisal criteria and remuneration standards for managers and business personnel, as well as the remuneration structure and system of directors.
2. Regularly evaluate and determine the remuneration of directors and managers.

A total of 6 meetings were held in 2020, with an average attendance rate of 94.43%.

Title	Name	Actual number of times in attendance	Number of times in attendance by proxy	Actual attendance rate (%)	Remarks
Former member	Ying-Hui Wu	2	0	100	Data discharged: June 30, 2020
Independent director (Convener)	Hsin-Chang Tsai	6	0	100	
Independent director	Li-Woon Lim	5	1	83.3	
Independent Managing Director	Chien-An Shih	4	0	100	Data newly elected: June 30, 2020

Risk Management Committee

In order to implement regulatory compliance and promote sound operations and development of the Bank and ensure asset and financial quality, the Bank has established a Risk Management Committee under the Board of Directors to implement risk management decisions approved by the Board of Directors, and review various risk management related matters. The Risk Management Committee shall have one chairperson, who shall be the chairman or a director appointed by the chairman, and the committee members shall be served by the president, the various vice presidents, the head of each business management unit of the head office, and the persons designated by the chairperson. The Risk Management Committee holds committee meetings every three months, and may convene ad hoc meetings according to business needs.

A total of four quarterly meetings of the Risk Management Committee were held in 2020. The content of the meeting covers a comprehensive analysis of the Bank's various risk exposure situations, and focuses on the large differences in various risk positions and approaches to limit exposure due to internal and external factors; puts forward relevant asset portfolio adjustment recommendations for the members' consideration and discussion; and submits the Bank's risk management report to the Board of Directors after being reviewed by the risk Management Committee, so that the Board of Directors can grasp the current risk status of the Bank and take appropriate measures and decisions in a timely manner.

In addition to the quarterly regular meetings, a temporary risk management committee was convened five times, primarily due to the reason that the competent authority revised the regulations, or to cooperate in the current operating conditions of the Bank to formulate the Operational Guidelines for Derivatives Conducted by Customers; Aggregate Risk Limit Management Guidelines; Operational Guidelines for Investment in Foreign Currency Securities; Operating Strategies and Operational Standards for Undertaking Derivatives Business; Guidelines for Handling New Taiwan Dollar Convertible Corporate Bond Asset Exchange Transaction Limits; Long-term and Short-term Investment Evaluation Standards; Operational Guidelines for Detecting Operational Risks; Interest Rate Risk Management Guidelines; and Guidelines for Reporting of Significant Incidents. Also formulated the top three proposals for detecting business risks and regularly reviewing the strategies, standards and methods administered by the Risk Management Department, and planned the "2020 Annual Cash Capital Increase Issuance of Ordinary Shares" in order to improve the Bank's capital utilization efficiency.

Corporate Governance and Nomination Committee

In order to establish a good governance system and strengthen the management mechanism of the Bank, the Board of Directors adopted a resolution on January 14, 2021 to establish a "Corporate Governance and Nomination Committee" consisting of 3 directors (including 2 independent directors). It holds a meeting at least once a year and may hold meetings at any time as needed. The Committee assists the Board of Directors in implementing the management of ethical corporate management and is committed to promoting corporate social responsibility. The primary responsibilities are as follows:

1. Suggest a list of director candidates to be nominated by the Board of Directors.
2. Draw up and review the director training plan.
3. Review the performance evaluation guidelines of the Board of Directors and each functional committee, and review the results of implementation.
4. Review the ethical corporate management policy and review the implementation results.
5. Resolve on corporate social responsibility policies, systems or related management principles.
6. Supervise the implementation and execution of corporate social responsibility matters.

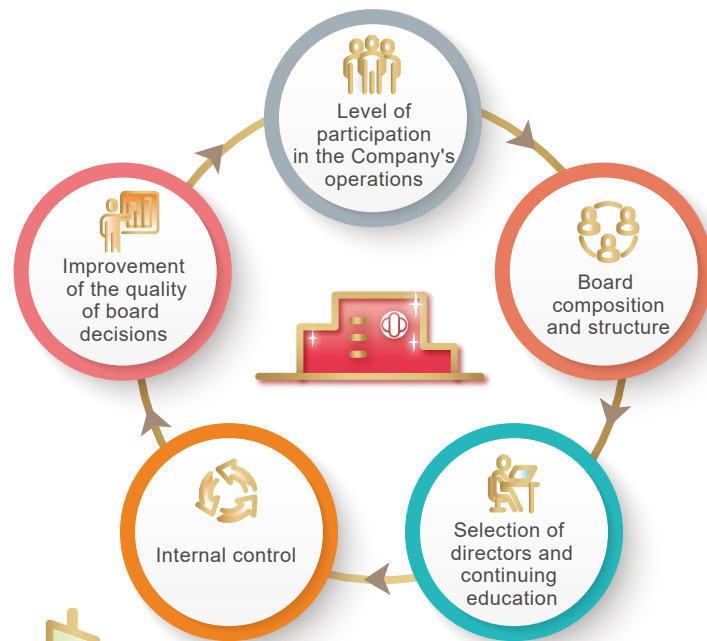


2.2.10 Board performance evaluation

In order to implement corporate governance and enhance the functions of the Board of Directors, the Board of Directors adopted a resolution on December 13, 2016 to formulate the "Board Performance Evaluation Guidelines". And on October 19, 2020, the "Board of Directors and Individual Directors Performance Evaluation Self-evaluation Questionnaire" was revised to add the "Functional Committee Performance Evaluation Self-evaluation Questionnaire".

The Bank appointed the independent external professional consulting organization "EY Advisory Services Inc." to conduct the performance evaluation of the 2019 Board of Directors. The evaluation results of the Board of Directors and functional committees were submitted to the Board of Directors on May 7, 2020.

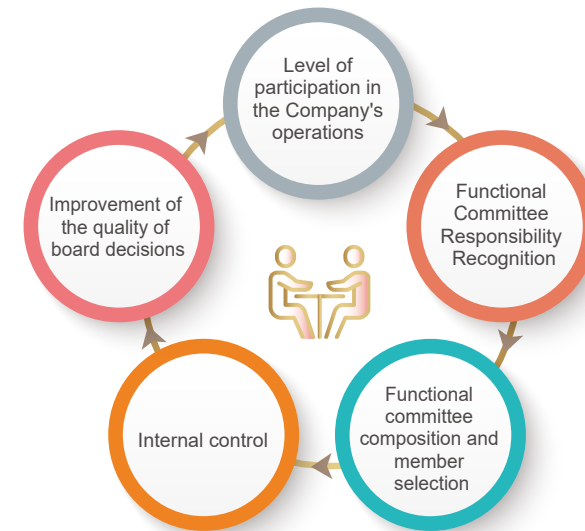
Based on the results of the comprehensive evaluation, the Bank's comprehensive performance in terms of board structure, members, process and information are all "advanced". The relevant measurement items for evaluation indicators are as follows:







▲ Board performance evaluation items contain 5 major aspects



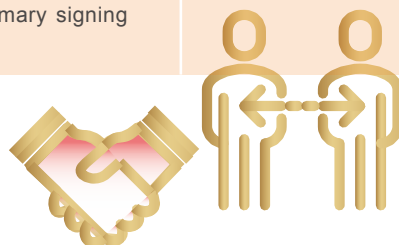
▲ Board member performance evaluation items contain 6 major aspects



▲ Board of Directors performance evaluation items include 5 major components

Work item	Implementation instructions	Cooperative unit
 Issue investigation and design	<ul style="list-style-type: none"> Provide Taichung Bank the EY's board self-assessment Inventory and review the current basic Discuss the question outline and items of the director interview with the staff, as well as the interview process According to the Company's customary signing (submission) procedure, pre-review or instruct the director interview questions and topics 	<ul style="list-style-type: none"> Office of BOD
 Board interview	<ul style="list-style-type: none"> Conduct individual/group interviews with at least 2 directors If necessary and practical, we will further interview other directors to complete the evaluation information 	<ul style="list-style-type: none"> Representatives of Board members Office of BOD
 Issue identification and analysis	<ul style="list-style-type: none"> Provide observations and discoveries Complete the first draft of the performance evaluation document 	<ul style="list-style-type: none"> Office of BOD
 Conclusion and suggestion	<ul style="list-style-type: none"> Feedback evaluation results and adjustment suggestions, and finalize the performance evaluation document If necessary, the work results will be reported to the governance unit in accordance with the Company's customary signing (submission) procedure 	<ul style="list-style-type: none"> BOD Office of BOD

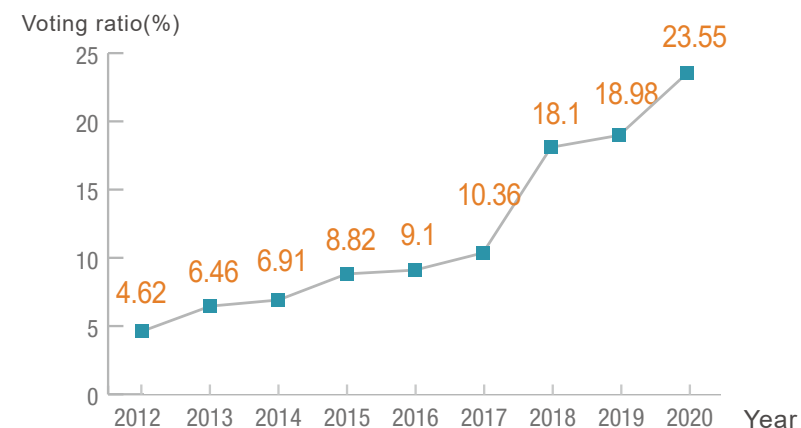
▲ Board performance evaluation process



2.2.11 Investor relations

1.Shareholders Meeting

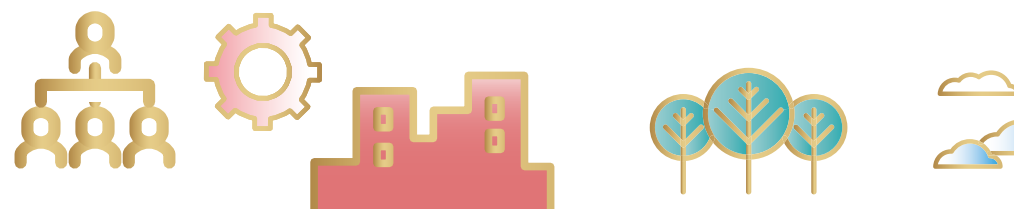
Taichung Bank adheres to the service attitude of "We Do Our Best for You" and proactively invests in the management of relationships with the investors. Therefore, in order to practice shareholder activism, Taichung Bank adopted an electronic voting system at the 2012 Regular Shareholders Meeting to ensure that investors do not lose their right to participate in corporate governance due to time or distance. The number of shareholders who use electronic voting is still growing year by year. In addition, in order to take into account the rights of the foreign shareholders to participate in the shareholders meeting, in 2020, in addition to the Chinese version of the shareholders meeting manual, Taichung Bank also uploaded the English version of the shareholders meeting manual and meeting notices to the Market Observation Post System to allow more foreign investors to see the dedication of Taichung Bank, which shows that Taichung Bank attaches great importance to corporate governance.



▲ Electronic voting ratio

2.Spokesperson system

In order to establish a good internal material information processing and disclosure mechanism for Taichung Bank to avoid improper information leakage, and to ensure the consistency and correctness of information published by Taichung Bank to the public, the Bank has formulated the Operating Rules for Processing Internal Material Information, which clearly stipulate that unless otherwise provided by laws or regulations, the disclosure of Taichung Bank's internal material information shall be made by the spokesperson or deputy spokesperson of Taichung Bank.

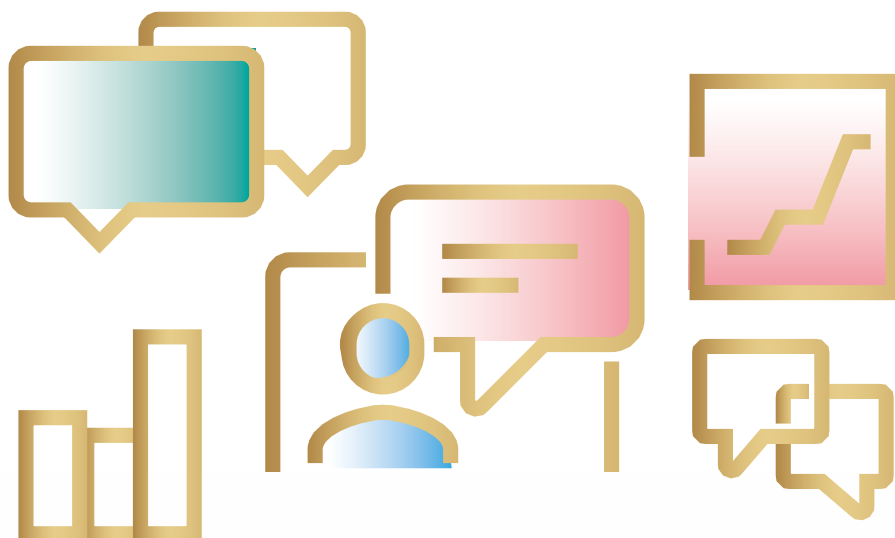


3.Public information

In order to enable investors and stakeholders to grasp company information in real time, Taichung Bank is committed to fully disclosing information and enhancing information transparency. The Bank upholds the principle of real-time, complete, and transparent disclosure of financial business information, with the goal of helping the stakeholders understand the operations of Taichung Bank and protect the rights and interests of the shareholders. Taichung Bank is fully aware of the importance of the shareholders, and stakeholders fully understanding the Company's financial business status and Taichung Bank's governance situation. Through the convening of Shareholders Meetings and monthly announcements on the revenue, the Bank strengthens the transparency of information disclosure, and based on the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", it discloses material information on the Market Observation Post System. In addition, on the Taichung Bank website, both Chinese and English versions are in place, which are regularly updated and provided with information of interest to interested parties. The Taichung Bank website also provides public information and annual reports for investors to download, in order to achieve the goal of complete and full disclosure of Taichung Bank's information.

4.Investor communication

Establishing good interaction with the investors is the key to the Company's progress. Providing investor-related contact information on the Taichung Bank website means that investors can access a smooth channel to contact Taichung Bank and provide suggestions and advice.

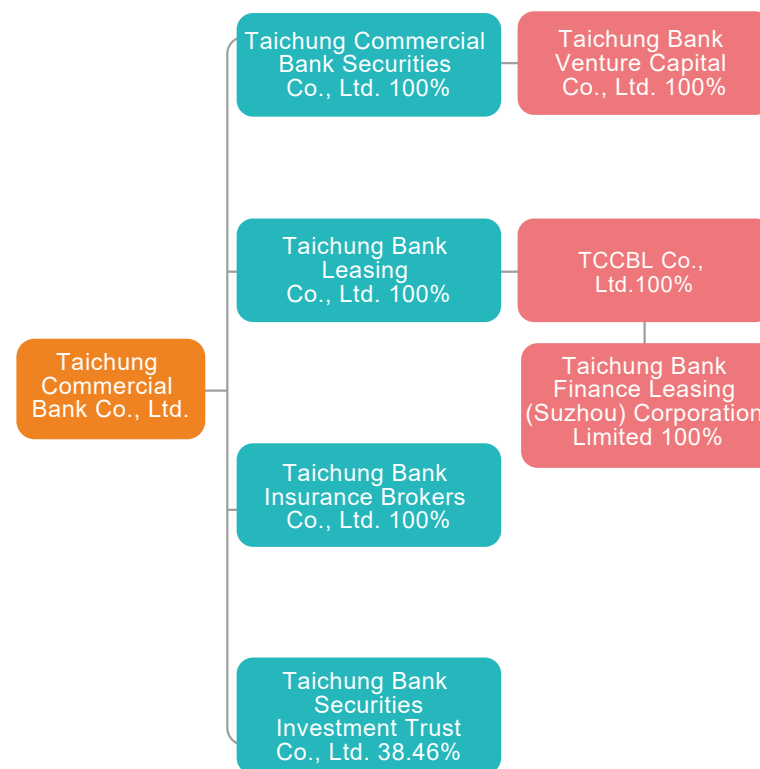


2.3 Cooperative promotion of business

GRI 102-45

The Bank has been operating conscientiously for more than 67 years and has invested in "Taichung Commercial Bank Securities Co., Ltd.", "Taichung Bank Venture Capital Co., Ltd.", "Taichung Bank Leasing Co., Ltd.", "TCCBL Co., Ltd.", "Taichung Bank Finance Leasing (Suzhou) Corporation, Limited.", "Taichung Bank Insurance Brokers Co., Ltd." and "Taichung Bank Securities Investment Trust Co., Ltd.". The Bank establishes a quasi-financial holding organization structure, integrating six major business entities to provide customers with complete and comprehensive financial services.

Organization chart of Taichung Commercial Bank's reinvestment enterprises





2.3.1 Taichung Commercial Bank Securities Co., Ltd. (hereinafter, “Taichung Bank Securities”):

The Bank was divided into the establishment of “Taichung Commercial Bank Securities Co., Ltd.” on May 2, 2013. The paid-in capital at the end of 2020 was NT\$1.404 billion.

Taichung Bank Securities has established Brokerage Business Headquarter, Proprietary Trading Department, and Underwriting Department. Brokerage Business Headquarter has Brokerage Department and branches in Yuanlin, Fengyuan, Taipei, Kaohsiung, and so forth to provide customers with services such as brokerage trading of securities in Taiwan Stock Exchange and Taipei Exchange, futures investments, and the re-consigned trading business in overseas stock markets, and proactively promotes inclusive finance, providing regular saving plan of Exchange Traded Funds services.

In response to the advent of the digital age, Taichung Bank Securities provides customers with a diversified electronic trading platform and secure electronic transaction services. As to environmental issues, Taichung Bank Securities proactively promotes paperless electronic statements to implement energy-saving and carbon-reduction policies, and comes up with relevant supporting activities to be included as normal services. In the future, the Company will continuously dedicate to various digital development and progress.

In terms of market contribution to the financial services industry, Taichung Bank Securities participated in the TPEX 200 Index Futures Trading Competition held by Taipei Exchange in December 2020. Fortunately, Fengyuan and Yuanlin Branches won the 3rd and the 4th prizes of “Futures Introducing Broker, Branch Manager and Salesman Award”, respectively. Moreover, they ranked the 5th and the 7th in the “Monthly Ranking Points Award for Futures Introducing Broker” of the “TPEX 200 Index Futures Supreme Contest” by the Taiwan Futures Exchange, and were honored with the 8th and 15th places in the “Wealth Supreme Award”, as well.

The underwriting department, who guided companies doing IPO and emerging market listing, has led more than 10 emerging market listing cases, and over 3SPO cases within 3 years, and thus established the Company's qualification as a leading underwriter in the industry. The underwriting department continues to recruit underwriting and financial advisory professionals, to build a comprehensive investment banking team, and gradually introduces the COSO internal control self-assessment system into internal management and client guidance operations. Under the leadership of Chairwoman, Ms. Yeh, who is also qualified as a social worker, we look forward to achieving the ultimate goal of fulfilling corporate social responsibilities and supporting high-quality enterprises.

Facing the trend of FinTech, Taichung Bank Securities has comprehensively improved its information technology and information security capabilities, and has transformed to adopt FinTech services. For corporate finance and personal finance services, Taichung Bank Securities provides “comprehensive fundraising planning” and “comprehensive financial planning” services respectively as two primary businesses to thrive with internal and external customers of the Group.

Taichung Bank Securities upholds the parent company (Taichung Bank)'s business concept of “We Do Our Best for You”, responding and making efforts to the anti-drug movement by subscribing soymilk exclusive for charitable event from Fraternity Care Association. In addition, to show the carefulness of the elders in the community, Taichung Bank Securities promotes “Inclusive Finance, Elderly Inclusion” wealth management activity which will revitalize the financial environment and enhance the economic autonomy of the senior citizens.

Taichung Bank Securities made equity investment in the establishing of Taichung Bank

Venture Capital Co., Ltd. in November 2020 and officially went into operation. It was the result reflecting company's hard work in corporate finance business in recent years. Looking forward, Taichung Bank Securities will collaborate closely with corporate finance business divisions, such as underwriting, to provide front-end capital market customers with the best service.



< Taichung Commercial Bank
Securities Co., Ltd.



2.3.2 Taichung Bank Venture Capital Co., Ltd. (hereinafter, “Taichung Bank Venture Capital”):

The Bank invested and established Taichung Bank Venture Capital Co., Ltd. on November 10, 2020 through a 100% reinvestment of “Taichung Commercial Bank Securities Co., Ltd.”. The paid-in capital at the end of 2020 was NT\$210 million, and it primarily engaged in venture capital business.

Taichung Bank Ventures is based on the spirit of venture capital and manages risks. By building a diversified and appropriate investment portfolio, it seeks long-term development and profitable potential for unlisted startups in order to promote its venture capital business. Moreover Taichung Bank Venture Capital also proactively explores companies with good operating prospects but which are undervalued and have been registered on the Emerging Stock and GISA Board. Taichung Bank Venture Capital invests in individual stocks to create profit opportunities, and to introduce financial integration services to give full play to the comprehensive effects of financial integration.

In view of the possibility that the global economy will face a more unstable year, the investment strategy of Taichung Bank Venture Capital will focus on value-based startups, and obtain the best bargaining space when the capital market is relatively wait-and-see. Market conditions are gradually disposing of listings and over-the-counter investment equity in order to realize profits. It is expected that with the gradual expansion of operations, Taichung Bank Venture Capital will continue to bring positive benefits. However, in addition to creating profits, it is still necessary to balance risks and pursue long-term stable returns as the goal.



< Taichung Bank Venture Capital
Co., Ltd.



2.3.3 Taichung Bank Leasing Co., Ltd.(hereinafter, “Taichung Bank Leasing”):

Taichung Bank Leasing is a 100% reinvested subsidiary of the Bank. It was established on January 13, 2012, with a paid-in capital of NT\$1.965 billion at the end of 2020. Taichung Bank Leasing provides diversified services and financial products, including leasing business, installment payment business, domestic accounts receivable transfer business, financing loan business, etc.

Taichung Bank Leasing adheres to the concept of “We Do Our Best for You”, focusing on unique financing models and core competitiveness of SMEs, and focusing on “Taiwan and Mainland market layout”, “niche market development for SMEs” and “diversified funding sources”, and in line with a dedicated service attitude and professional spirit, to meet the diversified needs of enterprises for funds, and to provide business owners with a full range of financial services. In the future, driven by the dual-engine strategy of Taiwan and Mainland China, we will be able to further cultivate the Taiwan market, integrate product channels, develop niche markets, and enhance cross-strait business cooperation in order to create more fruitful business results.



< Taichung Bank Leasing Co., Ltd.

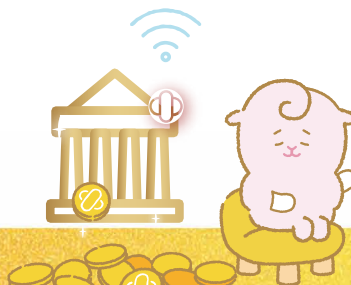
2.3.4 Taichung Bank Finance Leasing (Suzhou) Corporation Limited(hereinafter, “Taichung Bank Leasing (Suzhou)”):

TCCBL Co., Ltd., a subsidiary of “Taichung Bank Leasing Co., Ltd.”, that the Bank invested in through 100% reinvestment, established “Taichung Bank Finance Leasing (Suzhou) Corporation Limited” in Suzhou, PRC on November 12, 2012. By the end of 2020, the paid-in capital was US\$30 million.

Taichung Bank Leasing (Suzhou) has successively carried out various financial leasing businesses, deeply cultivated the market of products and services such as direct leasing and leaseback in China, and gradually established and strengthened the integrity of relevant markets and product lines to meet customer needs and increase customer satisfaction. In the future, in addition to continuing to cultivate the original manufacturing industry and Taiwanese customers, it will proactively develop new markets, industries and services. While pursuing business growth, it also continues to promote personnel training, resource integration, process innovation, system improvement, and risk management, with the goal of becoming a high-performance financial services company.



< Taichung Bank Finance Leasing (Suzhou) Corporation Limited



2.3.5 Taichung Bank Insurance Brokers Co., Ltd. (hereinafter, “Taichung Bank Insurance Brokers”):

Taichung Bank Insurance Brokers is a 100% reinvested subsidiary of the Bank. It was established on September 26, 2007, and its paid-in share capital was NT\$1.286 billion at the end of 2020.

Since its establishment, Taichung Bank Insurance Brokers has always adhered to the concept of “Love life, cherish trust”, listening to customer needs, providing professional insurance product planning, and striving to tailor insurance protections to customers. Doing a good job in risk management makes us a pioneer in the promotion of customized insurance policy services for the bancassurance industry. Colleagues are active and enthusiastic, with “customer first” as the highest service index. Proper risk management can promote social stability, implement business philosophy, and best demonstrate our social responsibility. In recent years, the insurance environment has been fiercely competitive, yet Taichung Bank Insurance Brokers has still stood out. It has been ranked among the top three by the China Credit Information Service Ltd. in the Top 5000 large-scale corporate insurance brokerage industry for three consecutive years. It has also won the 2018 and 2019 Insurance Dragon and Phoenix Awards. The insurance broker company became the most desired enterprise for graduates of the Finance and Insurance Department and has been recognized by the general public.

In line with the FinTech development goals of the competent authority, and in response to the protection of the earth and paper reduction, we proactively promote mobile insurance and provide a highly efficient digital financial operation mode. In addition, the development, production and testing of the audio-visual signing system will start in September 2020, to be officially launched on January 19, 2021. It adopts innovative FinTech to provide complete protection for customers, and the sales process between salespersons and customers can be recorded in real time by video or audio as well as in electronic signature for detailed records.

Taichung Bank Insurance Brokers has always adhered to the concepts of love and care. In December 2020, Taichung Bank Insurance Brokers participated in a charity event for Love without Obstruction at the Democracy Lawn of the Legislative Yuan, to assist the disabled in providing a comfortable environment to watch a performance by Paper Windmill Theater. In order to help disadvantaged people obtain enough warm clothing before the Lunar New Year, a winter warming event was organized in Taichung Bank Insurance Brokers to donate warm clothing to the Eden Social Welfare Foundation.



< Taichung Bank Insurance Brokers Co., Ltd.



2.3.6 Taichung Bank Securities Investment Trust Co., Ltd. (hereinafter, “Taichung Bank Investment Trust”):

Taichung Bank Investment Trust, formerly known as “Reliance Securities Investment Trust Co., Ltd.” (renamed on March 5, 2020), was established on June 1, 1995. The company paid-in capital at the end of 2020 was NT\$312 million, and the Bank held 38.46% of its shares, being the largest shareholder of the company.

Taichung Bank Investment Trust is primarily engaged in the issuance of mutual funds, discretionary entrustment, private equity and other businesses approved by the competent authority. In the year 2020, Taichung Bank Investment Trust has issued the mutual funds were TCB DAH-FA Fund, TCB Digital Fund, TCB Taiwan Main Stream Small and Medium Cap Funds, TCB Chinese Selected Growth Equity Fund, TCB TAROBO China Fund, and TCB Enhanced Money Market Fund.

In recent years, the domestic securities investment trust companies have proactively issued index funds. Such passively managed index funds have also grown significantly in China. However, Taichung Bank Investment Trust, as a professional asset management company, has been adhering to the management goal of surpassing the index and has developed active funds. The core of the Company is based on active operational management. With good corporate governance and manager's investment research expertise, Taichung Bank Investment Trust has generally achieved the goal of surpassing the index. Therefore, in 2020, the performance of Taichung Bank Investment Trust stock funds was mostly better than index performance. Taichung Bank Investment Trust has spared no effort to strengthen stock selection capabilities. In 2020, TCB TAROBO China Fund used the quantitative module developed by Thumb Investment Advisor, and used the domestic patented “fund due diligence scoring system” core system to analyze it. Good investment targets are used for investment decision-making, using technology and big data to guide new investment thinking. In the future, Taichung Bank Investment Trust will continue to diversify and proactively develop new products to make product performance grow steadily, with customer-oriented, tailor-made suitable products for customers, and stay committed to being a professional asset management company.



< Taichung Bank Securities Investment Trust Co., Ltd.



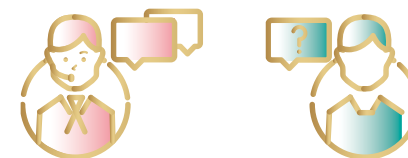
2.3.7 Synergies of industrial value chain management:

1. Expand securities territory:

In addition to expanding the Bank's existing securities brokerage business and increasing fee income, Taichung Bank Securities also provides domestic customers with more diverse and complete financial services through securities Proprietary trading and underwriting businesses. The Bank cooperated with Taichung Bank Securities to promote the securities business and proactively serve the customer base of the securities as well, so that the Bank and Taichung Bank Securities can be more collaborative in business development and cooperation.

2. Expand leasing business to serve Taiwanese businesspeople across the Taiwan Strait:

In 2020, Taichung Bank Leasing (Suzhou) had five business locations in Suzhou, Xiamen, Chengdu, Zhengzhou and Changsha. In the future, it will gradually expand its operations of mainland leasing business. By complementing the credit business of the cross-strait leasing company and the Bank, it will enhance the revenue outside of the industry, and at the same time, through diversified operations, it meets the financial needs of domestic business operations and provides better financial services for Taiwanese businesspeople in Mainland China.



2.3.8 Supervision of reinvestment business

In accordance with the relevant regulations of the Bank's subsidiary supervision, the supervision unit conducts supervision operations in terms of operational management, finance, business information, compliance with laws and regulations, anti-money laundering, countering the financing of terrorism, audit management, and strengthens the internal audit and risk management systems of the subsidiaries so as to reduce operational risks.

1. Supervision of operation management:

- (1) Establish an appropriate organizational control structure between the Bank and subsidiaries, and evaluate the performance of the appointed directors and supervisors of the subsidiary every year, and the evaluation results will serve as an important reference for their suitability.
- (2) Set out overall business strategies, risk management policies, and guidelines applicable between the Bank and subsidiaries. If a subsidiary discovers material risk exposures, jeopardizing financial or business conditions or compliance with laws and regulations, it must immediately take necessary measures and report to the Bank's responsible unit to take appropriate countermeasures, and must report the risk situation and countermeasures to the Board of Directors of the subsidiary.
- (3) Establish policies and procedures for business connection and management applicable

to the Bank and subsidiaries in relation to business segmentation, conditions for accounts receivable and accounts payable, and account processing.

- (4) Set up policies and procedures for supervising each subsidiary's material financial and business matters such as business plan and budget, material investment and reinvestment in equipment, borrowings and debt, lending of funds to others, endorsement/guarantees, obligations and commitments, investment in securities and derivatives, important contracts, major changes in assets, and management of the adoption of the International Financial Reporting Standards (IFRSs), the accounting professional judgment process, and the process for changes in accounting policies and accounting estimates.
- (5) The Bank convenes monthly meetings based on information such as management conditions and material risk exposures, etc., submitted by the subsidiaries to evaluate and review subsidiaries' operating performance, compliance with laws and regulations, risk management, etc, to check if there is any defect and how the corresponding improvements are implemented.

2. Supervision of financial and business information:

- (1) Supervise subsidiaries to establish independent financial and business information systems, which must comply with relevant laws and regulations and the regulations of the Bank.
- (2) Establish an independent and effective financial and business communication system between the Bank and subsidiaries; in addition to the major financial and business matters that shall be reported prior to their occurrence, when major events publicized or declared in accordance with related regulations occur, subsidiaries shall immediately report to the Bank's responsible units when the situation arises, or on the day the occurrence is expected. The Bank's competent units shall supervise subsidiaries to report or make reports for subsidiaries.

3. Supervision of regulatory compliance, anti-money laundering and countering the financing of terrorism:

(1) Subsidiaries shall make regularly reports to the Bank about the implementation of the following regulatory compliance items according to their business attributes:

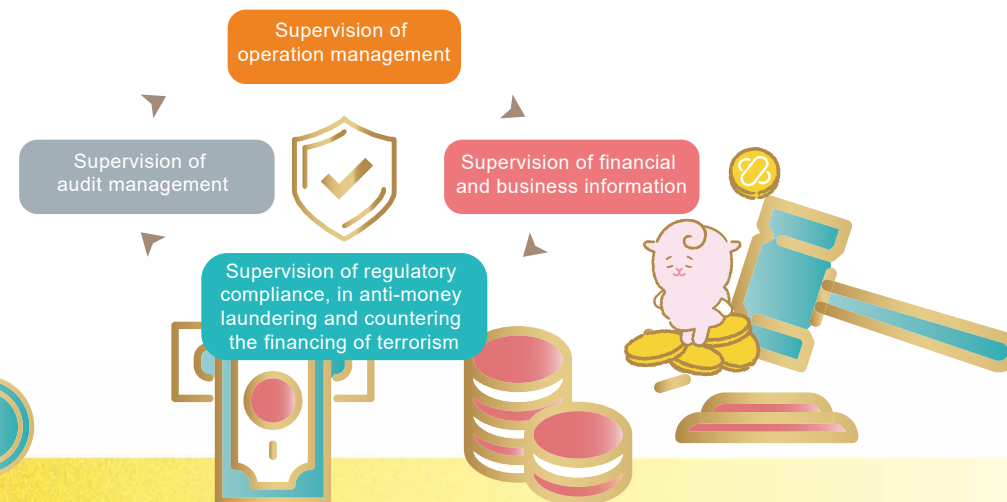
- A. Make semiannual reports about the operation and management regulations in compliance with relevant laws and regulations to update the situation in a timely manner.
- B. Make semiannual reports on the implementation of regulatory compliance.
- C. Report the annual supervision key points of the competent authority at the beginning of each year.
- D. Recent external and internal inspections that have raised deficiencies in compliance with laws and regulations and their improvements.

(2) The supervision items on subsidiaries in relation to anti-money laundering and countering the financing of terrorism are listed as follows:

- A. Subsidiaries shall make semiannual reports about the implementation of anti-money laundering and countering the financing of terrorism. Besides, in regard to the weaknesses identified in the risk assessment report and the deficiencies pointed out in internal and external audits, subsidiaries shall implement improvements, follow up the progress status and report to the Bank. When anti-money laundering and countering the financing of terrorism related laws and regulations or major adjustments to internal procedures, the subsidiary shall explain the changes to the Bank.
- B. Subsidiaries shall comply with laws and regulations related to anti-money laundering and countering the financing of terrorism, and comply with the requirements of the Bank for anti-money laundering and countering the financing of terrorism. If they cannot comply with requirements of local regulations, they shall report to the unit in charge of anti-money laundering and countering the financing of terrorism of the Bank to be approved by the Bank.
- C. In the events where major suspected anti-money laundering and countering the financing of terrorism, incidents occur in subsidiaries or investigation, punishment or sanction is conducted or imposed on subsidiaries by the competent authority, it shall immediately report to the Bank's responsible unit for anti-money laundering and countering the financing of terrorism and countermeasures within the scope permitted by laws and regulations.

4. Supervision of audit management:

The Bank instructs subsidiaries to establish their internal control systems and incorporates this into the internal audit operation. Subsidiary shall, with the least delay, report to the Bank's audit unit matters such as special audit plan, annual audit plans, or self-inspection plans and the implementation thereof, and the correction of any defects and irregularities discovered in their internal control systems. The internal audit unit of the Bank shall review the audit reports or self-inspection reports submitted by each subsidiary, and shall follow up on the correction of any defects and irregularities in internal control systems.



2.4 Laws and regulations and regulatory compliance

GRI 102-16

In accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the Bank established the "Implementation Rule of Compliance System of Taichung Commercial Bank" and a regulatory compliance system based on these rules. A senior management (equivalent to Vice President) who is appointed to act as the Chief Compliance Officer of Head Institution, charge of all legal compliance affairs and regularly make reports to Audit Committee and Board of Directors, so that the Board of Directors can know the implementation status of the regulatory compliance system and make appropriate decisions.

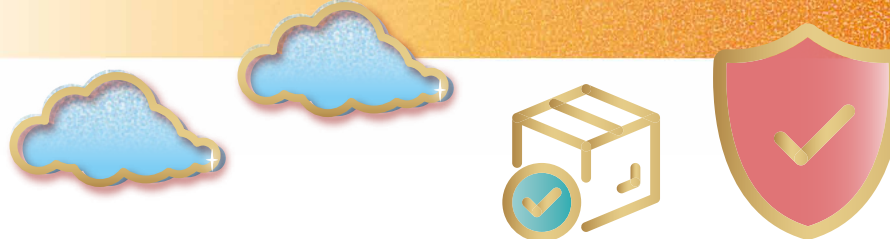
In order to enhance the law-abiding awareness of our employees, we are committed to implementing a regulatory compliance system. The Legal & Compliance Department is responsible for the planning, management and implementation of the regulatory compliance system, including the establishment of a "regulatory compliance system" as a communication; consultation and communication channel for legal updates to continue to pay attention to the changes in laws and regulations; complying with laws and regulations to formulate and update relevant internal regulations in a timely manner; supervising all units to handle laws and regulations compliance self-evaluation operations every six months; and regularly conducting legal and regulatory compliance education trainings.

In order to protect the rights and interests of consumers and implement honest operations, the Bank has set "Employee Work Rules", "Consumer Protection Policies" and "Fair-Dealing Policy and Strategy" to ensure the compliance with ethical conduct and implementation of consumer protection. In addition, for handling new types of businesses, financial products or important business activities, including cooperative promotion, work entrustment, business cooperation agreements, etc., suitability assessments are conducted to ensure that related businesses and newly launched products comply with laws and regulations and consumer rights.

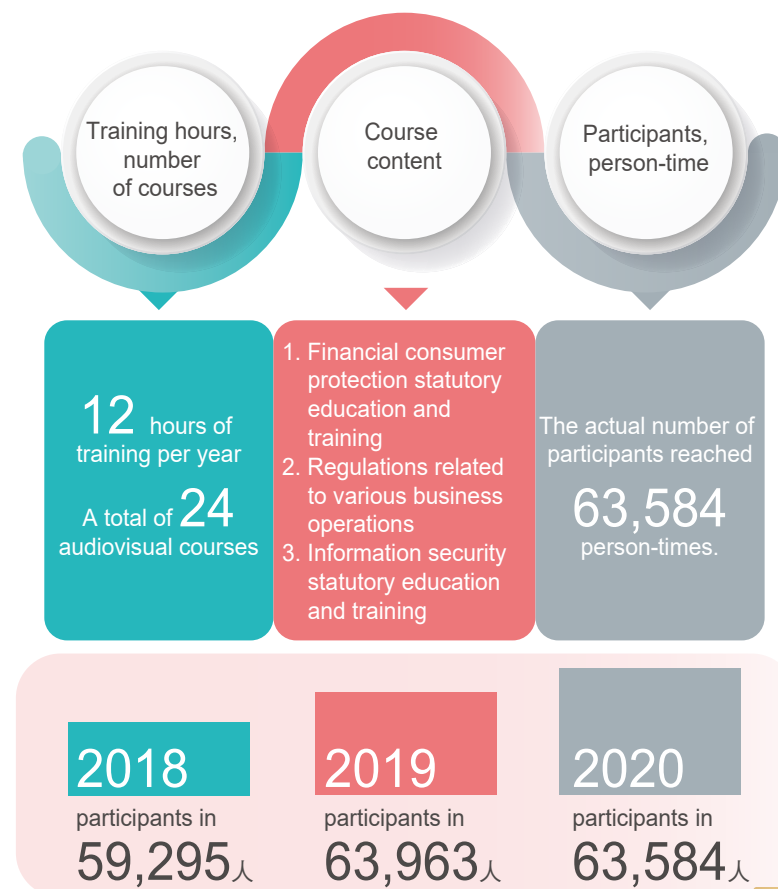
The Bank's security control and protection of customers' personal data has been verified by the British Standards Institution's "BS10012: 2017 Personal Information Management System" international standard, and through education and training, the Bank has strengthened employees' awareness of the risks of data leakage or misuse, to protect the security of customers' personal information. Regarding the implementation of the EU's "Personal Data Protection Rules" (hereinafter, the "GDPR"), EU citizens' personal data inventory and related control measures are carried out, and specific practices or penalties in the EU area are continuously monitored to respond to the possible impact of the GDPR.

The Bank understands that corporate social responsibility stems from employees' compliance and enforcement of laws and regulations, and education and training are the best way to cultivate employees' knowledge and compliance.

This behavior establishes a culture of regulatory compliance and enhances the convenience of regulatory compliance education. The Bank provides 12 hours of online teaching education and training per year, for people from all walks of life to select



courses according to their needs. The content includes 24 audio-visual courses in three categories: "Financial Consumer Protection Statutory Education and Training"; "Regulations related to various business operations"; and "Information security statutory education and training". Through legal explanations and case studies and sharing, specific examples are used to guide employees to establish compliance concepts, which are then carried out after each course. Tests were conducted to verify the effectiveness, and the actual number of participants reached 63,584 person-times.



2.5 Anti-money laundering and countering the financing of terrorism

GRI 102-16

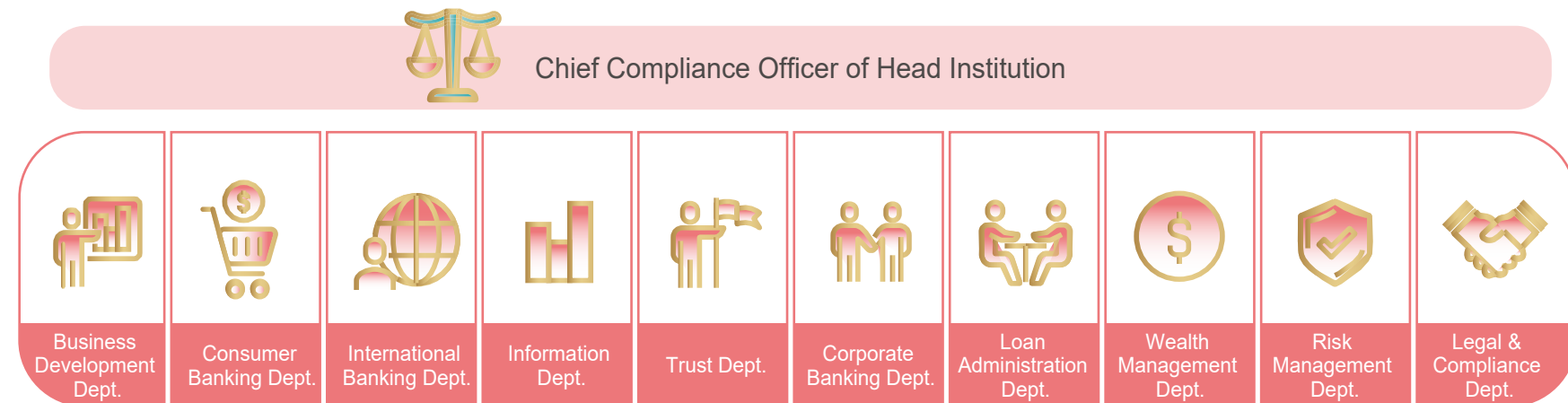
In view of the threats posed by money laundering and terrorism to global social security and economy, the international association "Financial Action Task Force on Money Laundering, FATF" has kept urging all countries in the world to reinforce the anti-money laundering & countering the financing of terrorism system to prevent the expansion of unlawful conduct. With the aim of cooperating with government's AML & CFT mechanism and improving internal control system, the Chief Compliance Officer of Head Institution has been appointed by the Bank's Board of Directors to act as the dedicated supervisor for AML & CFT since 2017. The Anti-money Laundering Division, which acts as a responsible unit for anti-money laundering affairs, has been set under Legal & Compliance Department to supervise the Bank's AML & CFT operations.

Besides the formulation of AML & CFT related rules & regulations and operations handbook, the "AML & CFT Management Team" has also been set, which is chaired by the Chief Compliance Officer of Head Institution and comprises the heads of the following departments as team members: Business Development Department, Consumer Banking Department, International Banking Department, Legal & Compliance Department, Risk Management Department, Information Department, Trust Department, Loan Administration Department, Wealth Management Department and Corporate Finance Department. The team regularly examines the AML & CFT implementation status, reviews defects and discusses improvement measures to ensure the establishment, integration and operation of AML & CFT mechanism.

With a view to continuously enhancing employees' AML & CFT professional competence, the Bank encourages employees to obtain the CAMS certification (CAMS: Certified Anti-Money Laundering Specialist) and domestic AML & CFT professional certification and to continuously enhance professional knowledge. There were 81 staff in total who had obtained the CAMS certification and 1,017 staff who had received AML & CFT professional certification awarded by Taiwan Academy of Banking and Finance by the end of 2020.

The Bank has also established AML&CFT (Anti-Money Laundering & Countering the Financing of Terrorism) systems for customer name checking, risk evaluation, transaction monitoring and Due Diligence Investigation data retention to assist the implementation of Anti-Money Laundering & Countering the Financing of Terrorism.

Number of AML & CFT professional certificates obtained	Number of staff who received the CAMS certification
1,017	81



▲ Organization Chart of the AML & CFT Management Team



2.6 Internal control and audit system

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2.6.1

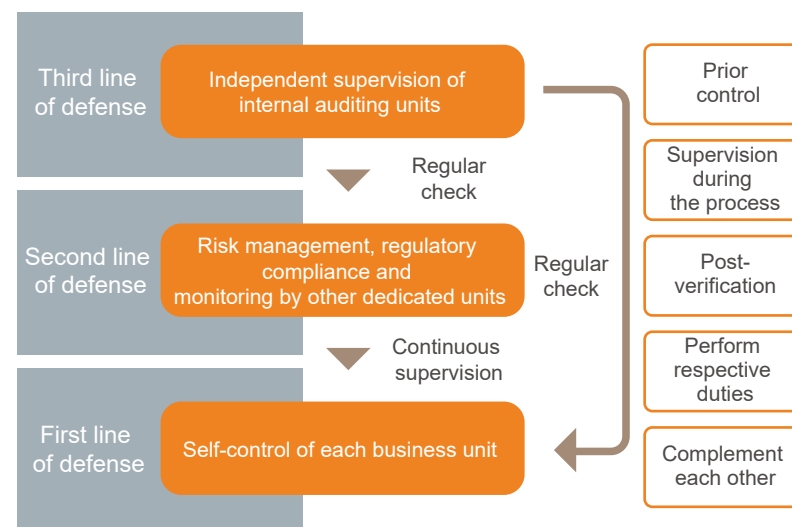
Taichung Bank established a general audit system and established an audit office under the Board of Directors in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The internal audit system is the responsibility of the Auditing Office of the Board. It carries out the audit business in an independent and transcendent spirit, checks and evaluates whether the internal control system is operating effectively, and provides timely improvement suggestions to ensure the continuous and effective implementation of the internal control system, assisting the Board of Directors and management to fulfill its responsibilities. The primary tasks are as follows:

1. Prepare internal audit work manuals and work papers, which include the evaluation of the internal control system regulations and business processes to determine whether the current regulations and procedures have adequate internal control, and whether the management unit and the business unit actually implement the internal control system, and whether the effectiveness of controlling and implementing internal control is reasonable, etc.
2. Supervise the business management unit to formulate the content and procedures for self-inspection, and the implementation of the self-inspection by each unit.
3. Formulate an annual audit plan, formulating an audit plan for subsidiaries and units according to the business risk characteristics of each unit; conduct a routine audit at least annually, and a special audit on its and all its subsidiaries' operation, finance, asset quality and information departments; a special audit at least annually on other management departments; a routine audit at least annually on its all business centers, foreign business units, and a special audit on subsidiaries at least semiannually.
4. For declarations and check deficiencies listed in the internal control system statement by financial inspection agencies, accountants, internal audits, and business units from self-check inspection opinions and the internal control system, the improvement items must be strengthened and continuing tracking and review performed; a report must also be submitted to the Board of Directors in writing and delivered to the Audit Committee.
5. Starting from 2019, the Legal Affairs and Compliance Department and the Risk Management Department has held internal control joint meetings on a quarterly basis to establish a horizontal communication mechanism to communicate with the Bank's internal control, regulatory compliance weaknesses and high-risk businesses, and to review operating procedures and internal control systems to strengthen the operations of the three lines of defense.
6. In order to strengthen the anti-fraud function of internal control, the check of misappropriated funds is included in the key items of the check, including the prohibition against handling the entire process of the counter operation on behalf of the customer; the prohibition against accepting the authorization of the customer or execution of the transaction on behalf of the customer; the prohibition against acting as a delivery person for important items or as the designated collection or payment personnel for such; when documents or files of the statement are made, the prohibition against the method of receiving the trust fund statement being the control of the self-collector; the tracking operation for the statement return; the

random inspection of the financial specialist's drawer; checks on whether the financial management specialist and the customer, or the customer and the customer, share the same mobile device or the same IP address for transactions; and checks on whether the financial management specialist's deposit account transactions are abnormal.

2.6.2

In order to effectively improve the internal control system and strengthen the corporate constitution, and to promote the implementation of the concept of the three lines of defense of internal control, the Bank issued the "Code of Practice for the Three Lines of Internal Control" taking reference to the "Code of Practice for the Three Lines of Internal Control of Banks" issued by the Bankers Association of the Republic of China. The structure and primary functions of the three lines of defense of the Bank's internal control are as follows:



	Implementation unit	Scope of power and responsibility	Implementation method
First line of defense	1. Each business unit 2. Transaction unit of the head office department 3. Unit with duties involving the first line of defense	Responsible for identifying and managing risks, designing and implementing effective internal control procedures for the risk characteristics to cover all relevant operating activities. Assumes the risks arising from their respective day-to-day offices in terms of their functions and business scope.	Continually implemented, by transaction
Second line of defense	1. Risk Management Department 2. Legal & Compliance Dept 3. Other head office departments	Other functions and units that are independent of the first line of defense and not the third line of defense; assist and supervise the first line of defense to identify and manage risks based on their characteristics. Responsible for the formulation of the Bank's overall risk management policy for each major risk category, supervising the overall risk tolerance and risk tolerance status, and reporting the risk control status to the Board of Directors or senior management.	Continually or periodically implemented, by risk
Third line of defense	Auditing office of the Board	In the spirit of independence and transcendence, they perform auditing business and assist the Board of Directors and senior management to check and evaluate whether the risk management and internal control systems are operating effectively. Includes assessing the effectiveness of risk monitoring on the first and second lines of defense, and providing suggestions for improvement in a timely manner, to reasonably ensure that the internal control system can be implemented continuously and effectively, and as a basis for reviewing and revising the internal control system.	Periodically implemented, by risk

1. First line of defense (each business unit, the trading unit of the head office department, or units with duties involving the first line of defense):

Undertakes the risks (based on transactions) generated by their respective daily firms in terms of their functions and business scope, and are responsible for identifying and managing risks, and for designing and implementing effective internal control procedures for the characteristics of the risks to cover all relevant operating activities.

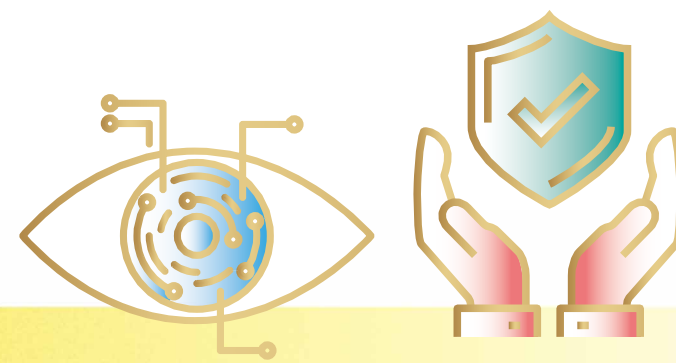
(1) Powers and responsibilities of the line of defense:

- All business units: identify, evaluate, control and reduce risks arising from operating activities to ensure that operating activities are consistent with the Bank's goals and tasks.
- Transaction units of the head office department: follow the internal regulations of the Bank, perform risk identification, assessment, measurement and take appropriate risk countermeasures, proactively monitor various limits, and report in accordance with regulations.

C. The head office department whose duties involve the first line of defense: follow the Bank's internal regulations and fully understand the business risks under its jurisdiction to implement the implementation of various operating regulations.

(2) Line of defense control points:

- Based on transactions, continuous monitoring.
- Conduct self-inspection every month.
- Perform monthly risk and control self-assessment (RCSA)
- Compliance with self-evaluation of laws and regulations every six months



2.Second line of defense(risk management department, legal affairs and compliance department and other full-time units):

According to their characteristics, assist and supervise the first line of defense to identify and manage risks (based on risk); are responsible for the formulation of the Bank's overall risk management policy for each major risk category; supervise the overall risk tolerance and risk tolerance status, and report to the board Senior management reports on the risk control situation.

(1) Line of defense powers and responsibilities:

the business management projects and business management rules that each department is responsible for at hierarchical levels.

(2) Line of defense control points:

each department monitors the control measures established by the business management items and the business management rules for which they are hierarchically responsible.

3.Third line of defense(Auditing Office of the Board):

(1) Line of defense rights and responsibilities:

In the spirit of independence and transcendence, they perform the audit business, and assist the Board of Directors and senior management to check and evaluate whether the risk management and internal control systems are operating effectively (based on risk), including evaluating the first and second lines of defense. The effectiveness of risk monitoring and timely improvement suggestions are provided, to reasonably ensure the continuous and effective implementation of the internal control system and serve as the basis for review and revision of the internal control system.

(2) Line of defense control points:

- Internal audit: Regularly conduct internal audits on the first line of defense and the second line of defense, evaluate the effectiveness of internal control for inspection, and report the audit results to the Audit Committee and the Board of Directors.
- Self-inspection: Supervise the second line of defense business management unit to formulate self-inspection content and procedures, and review the implementation of the first and second lines of defense for self-inspection, and report the review results to the Audit Committee and the Board of Directors; the deficiencies listed in the self-check of the defense line are sent to the business management unit of the second defense line by letter, promoting that the supervising business units avoid similar deficiencies.

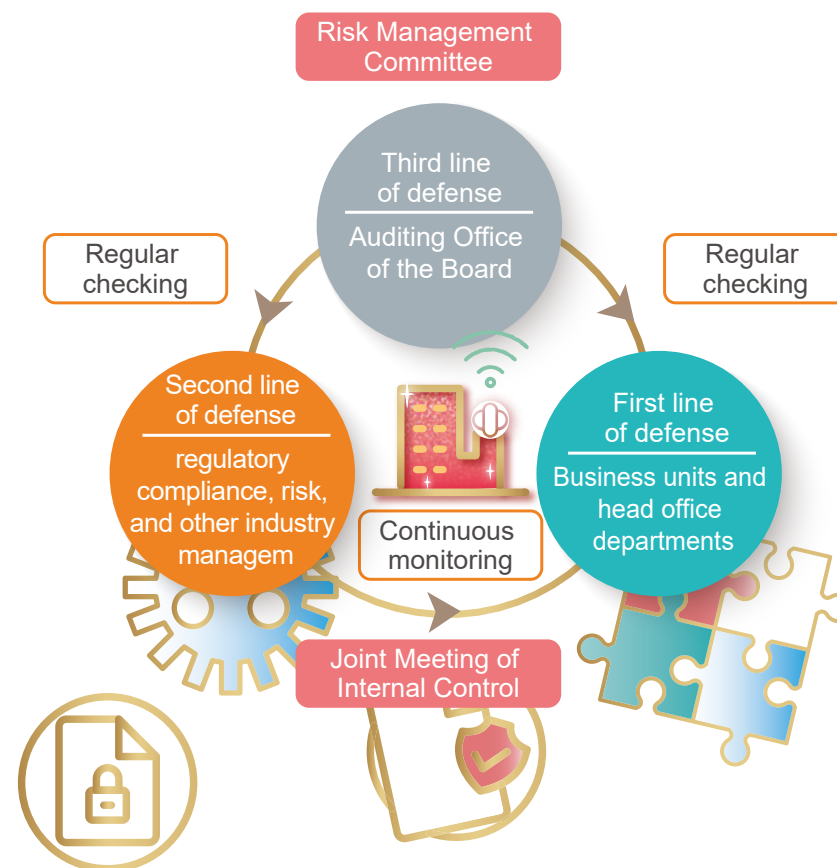


4.Establish an internal control joint meeting operation mode:

In order to strengthen the operation of the three lines of defense of the Bank's internal

control, enhance the communication and coordination between the second line of defense and the third line of defense, and effectively detect business risks, the Bank has issued by official letter the "Implementation Guidelines for the Joint Meeting of Internal Control". A joint internal control meeting is held every quarter with the attendance of Chief Auditor, Chief Compliance Officer of Head Institution and the Auditing Office of the Board, Legal & Compliance Department, Risk Management Department, the assistant manager of Information Department, and relevant supervisors; in addition, and depending on the proposals discussed at the meeting, the head office business management department or business unit may dispatch personnel to participate in such meetings.

The joint meeting is focused on the coordination between the various lines of defense to promote effectiveness and efficiency. The content includes reviewing the responsibilities of each line of defense based on management and supervision, and monitoring the operational risks of the first line of defense, as well as the division of labor/sharing of internal control information of each line of defense, recent cases and patterns of major penalties in the industry, sharing of recent major legal changes, etc.



2.7 Risk management mechanism

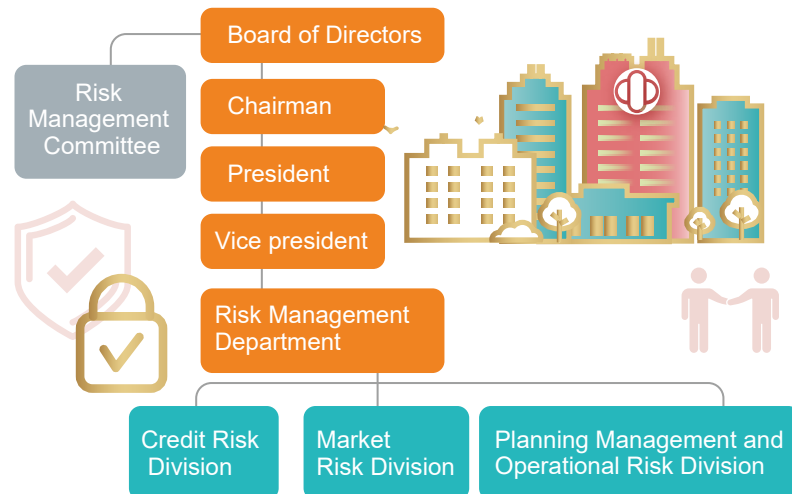
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2.7.1 Risk management objectives

In order to implement risk management and promote the sound operation and development of Taichung Bank to ensure asset and financial quality, Taichung Bank has approved the risk management policy from the Board of Directors as the guiding principle of the risk management system, and establishes various risks according to the scale of operations and the degree of risk management mechanism, to implement risk management system and control procedures to effectively control risks.

2.7.2 Risk management organization structure

The Board of Directors of Taichung Bank is the highest decision-making unit for risk management and bears the ultimate responsibility for overall risk. In order to strengthen the function of risk management, a risk management committee is established under it to implement risk management decisions approved by the Board of Directors and review various risk management related matters to ensure smooth risk management operations. The Risk Management Committee holds regular meetings to supervise the implementation effectiveness of risk management, risk status, risk decision-making, compliance with relevant risk management regulations, and other matters; they also report to the Board of Directors. The Risk Management Department implements and tracks the follow-up processing of relevant units on various risk management resolutions and deliverables of the Board of Directors and risk management committee.



▲ Risk Management Organization Chart

2.7.3 Risk management policy

1.Principles of risk management

- (1) Monitor capital adequacy based on business scale, credit risk, market risk, operational risk status, and future operating trends.
- (2) Establish a management mechanism for measuring and monitoring liquidity positions to measure, supervise, and control liquidity risks.
- (3) Establish a management mechanism to identify measure and monitor the risks of money laundering and financing of terrorism, and follow the standard operating procedures of relevant laws and regulations for anti-money laundering, so as to reduce the risks of money laundering and financing of terrorism.
- (4) Taking into account the characteristics of overall risk insurance, self-held capital, and liabilities, carry out asset allocations and establish business risk management.
- (5) Establish an assessment method for the quality and classification of bank assets, calculate and control large-amount risk exposure, and regularly review and verify the provision of allowances for losses.
- (6) Establish an information security protection mechanism and emergency response plan for banking business and transactions, interactive use of information, etc.

2.Risk management mechanism

Taichung Bank formulates various risk management policies and management mechanisms, and sets stop-loss mechanisms or various risk concentration limits for various transactions, investments, and credit facilities according to the nature of the business to avoid excessive concentration of risks. The Bank does this in order to effectively identify, measure and monitor various risks, establish risk management procedures, and regularly review and continuously update and revise various risk management methods as the basis for implementing risk management.

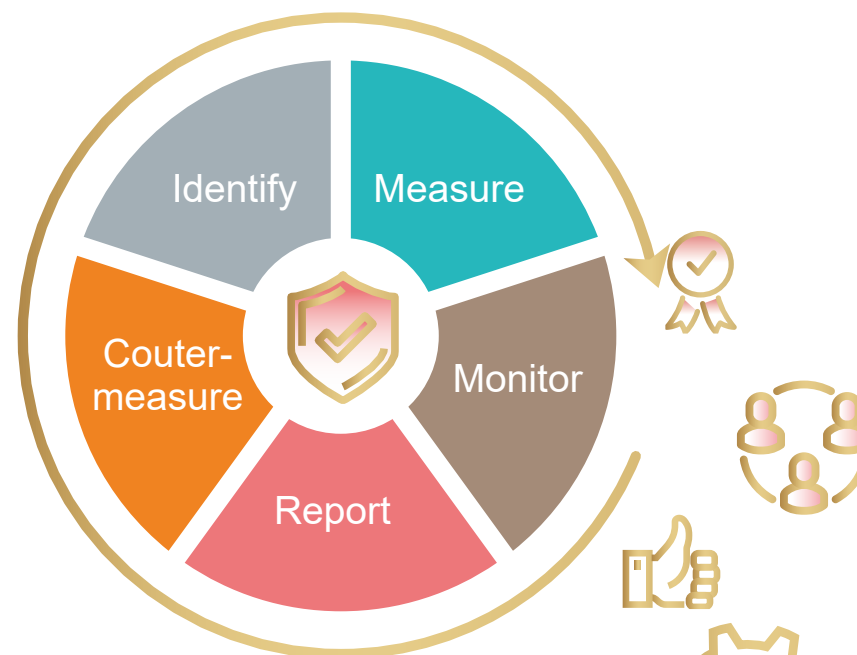




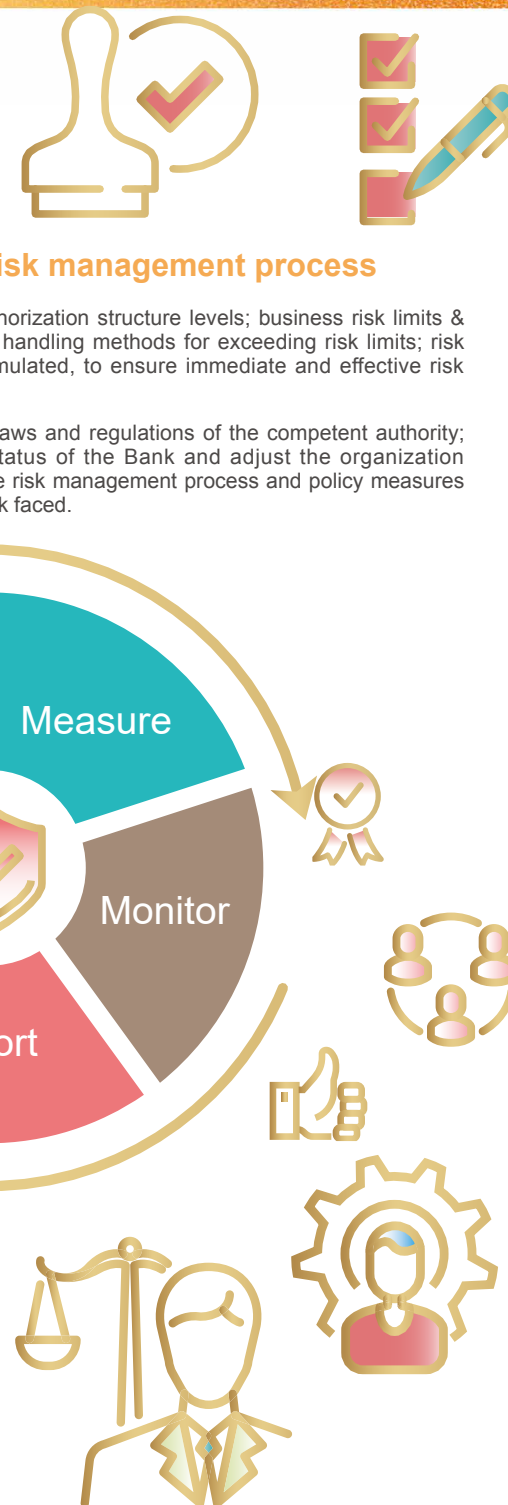
- Monitor capital adequacy based on business scale, credit risk, market risk, operational risk status, and future operating trends.
- Establish a management mechanism for measuring and monitoring liquidity positions to measure, supervise, and control liquidity risks.
- Establish a management mechanism to identify, measure and monitor the risks of money laundering and financing of terrorism, and follow the standard operating procedures of relevant laws and regulations on the prevention of money laundering to reduce the risks of money laundering and terrorist financing.
- Taking into account the characteristics of overall risk insurance, self-held capital and liabilities, carry out asset allocations and establish business risk management.
- Establish an assessment method for the quality and classification of bank assets, calculate and control large-value risk insurance, and regularly review and verify the provision of allowances for losses.
- Establish information security protection mechanisms and emergency response plans for banking business, transactions, and interactive use of information.
- Establish identification of emerging risks and develop appropriate response measures and reporting mechanisms.
- Implement sustainable risk management, and incorporate industrial environment, social and corporate governance risks into credit and investment workflow assessment procedures, to improve asset quality, improve business development, and promote the fulfillment of corporate social responsibilities.

2.7.4 Effectiveness of the risk management process

1. For the business' risks, a variety of authorization structure levels; business risk limits & control methods; reporting procedures; handling methods for exceeding risk limits; risk management reports; etc. must be formulated, to ensure immediate and effective risk control.
2. Cooperate with the amendment of the laws and regulations of the competent authority; consider the business development status of the Bank and adjust the organization structure; regularly review and revise the risk management process and policy measures to effectively and correctly assess the risk faced.



▲ Risk Management Procedure



2.7.5 Emerging risk identification and countermeasures:

Risk description	Possible impact	Countermeasures
Information Technology Risk	The poor performance or effectiveness of information software and hardware causes cost waste or operational errors, which may cause financial losses to the Company.	<p>(1) Establish a network connection attack defense mechanism</p> <p>A. Set up a firewall to protect the Bank's network from being arbitrarily accessed, as the first-line security protection of the network.</p> <p>B. Establish an intrusion prevention system, regularly update attack signatures and analyze attack behaviors, and immediately block network attacks through pre-defined defense rules.</p> <p>C. The Bank has leased decentralized denial-of-service attack defense services from Chunghwa Telecom to avoid the loss of system resources for external websites or network equipment and to ensure the normal services of the Bank's external websites.</p>
		<p>(2) Establish a malware defense mechanism</p> <p>A. The Bank's personal computers and servers all require installing Trend Micro's anti-virus software, scanning hard drives on a weekly schedule, and having managers analyze statistical reports and monitor infection events.</p> <p>B. Verification of external mail servers through mail filtering equipment, detection of spam, scanning of malicious software and analysis of embedded URLs in mails, to exclude suspicious mails from being sent to our mailboxes.</p> <p>C. Verification of IP's and scanning for malicious software through website filter management devices; if an inappropriate website or malicious website content is detected, the devices stop access in real-time and display the reason for the blocked access in the user's browser.</p> <p>D. Introduce an application control solution for ATMs, and create a whitelist of applications so that the ATM can only execute permitted applications under the monitored mechanism.</p>
		<p>(3) Develop, drill and review emergency response plans</p> <p>A. For information host systems at the "important" level, drills and reviews for different scenarios are carried out at least once every six months; other types of "secondary" or "normal" level servo hosts are also regularly rehearsed and recovered based on the situation.</p> <p>B. Define threat scenarios, such as information system intrusion, personal information infringement, email social engineering, and DDoS attacks, and perform information security notification response exercises.</p>
Global infectious diseases	The spread of novel infectious diseases threatens the health of employees, which in turn impacts the Company's operational efficiency and worsens the outlook for the global economy.	<p>(1) In order to prevent the spread of the virus, the bank's lobby and related office equipment are designated to be cleaned and disinfected once an hour. Colleagues in the business unit wear masks and try to maintain social distance.</p> <p>(2) In order to achieve the goal of "uninterrupted operations", the headquarters and offices work in different locations to reduce the risk of cross-infection.</p> <p>(3) During the peak period of the pandemic, a weekly summary report is made on important indicators, the number of infected people, the affected industrial credit locations, the level of mask stocks in business units, and related news reports to facilitate immediate control of the pandemic situation and impact.</p> <p>(4) Perform novel coronavirus-related credit and investment position stress tests to assess the expected loss, risk tolerance and impact on capital adequacy ratio in different scenarios.</p>



2.7.6 Risk management effectiveness and objectives

Risk description	Risk management effectiveness in 2020			Risk management targets for 2021
Integrated risk management	<ul style="list-style-type: none"> Sent a letter report to the Financial Supervisory Commission pursuant to the "Information Required to be Reported in Compliance with the Supervisory Review Principle by Domestic Banks". In order to enhance the breadth, depth, and rapid communication of risk management, a refined scheme for the comprehensive graphical version of the risk management quarterly report was launched. Issued business and other news as well as relevant positions of the Bank or its recommendations, and provided "risk management newsflashes" to senior management to facilitate the grasp of the economic situation, industry trends, and financial arteries in real time. Paid attention to issues related to risk events, such as COVID-19, global central bank interest rate policies, China-US trade events, etc., on the impact of the Bank's operations, and issued relevant risk newsflashes for evaluation. 	<ul style="list-style-type: none"> Implemented Bank capital stress testing based on COVID-19 and other scenarios, and performed stress tests on related credit extension and investment positions so as to assess the expected loss, risk tolerance, and impact on the capital adequacy ratio in different scenarios. Released the Risk Monitor, a risk management dashboard, to monitor 61 important indicators, and used yellow lights to give reminders when the indicators show poor trends, turning from positive to negative, falling below budget levels, or approaching early warnings or limits. Included capital consumption and risk reduction efficiency in the operational performance assessment of business units to reduce the impact of credit extension business on the capital adequacy ratio, and to improve overall capital returns as well. 	<ul style="list-style-type: none"> Considering the key risk types set out by the Basel Committee on Banking Supervision, a total of 14 risk type monitoring indicators were established, with a total of 189 indicator items in order to strengthen the role and function of the head office business management unit's second line of defense, and presented the risk monitoring report targeting each risk type and the primary business content. Followed the market discipline principle under the third pillar of the New Basel Capital Accord to conduct the disclosure of information related to capital adequacy and risk management in 2020. In order to be able to understand the overall risk exposure of the Bank in real time to facilitate early response, the Risk Management Committee held regular meetings to report on various risk exposure situations. Formulation, revision, and regular review of risk management related policies. 	<ul style="list-style-type: none"> Continue to strengthen the capital standards of the Bank and evaluate the feasibility of planning and issuance of various capital instruments. In response to the new standards of capital requirements under Basel III, actively construct and introduce the "Loan-to-Value Ratio (LTV)". Cooperate with the competent authority to discuss and revise the operational risk capital requirement plan. In order to reduce possible operational risks caused by the spread of COVID-19, activate a mechanism for personnel to work in different locations and for data backup in different locations.
Credit risk management	<ul style="list-style-type: none"> Analyzed specific asset portfolios and formulated related countermeasures. Strengthened post-loan management measures under Article 72-2 of the Banking Act. 	<ul style="list-style-type: none"> Added CP (Commercial Paper) guarantee and monitoring of total risk exposure. 	<ul style="list-style-type: none"> Strengthened the control/limit and monitoring of the aggregate quota of credit extension, investment, and interbank loans and deposits to Mainland China. 	
Market risk management	<ul style="list-style-type: none"> Conducted matters in relation to LIBOR transition. Calculated the new version of the interest rate risk in the banking book (IRRBB). Analyzed profit and loss of wealth management products. Reported on status of derivatives transactions to the Board of Directors. 	<ul style="list-style-type: none"> Management by exception of the initial margin and performance bond for derivatives transactions investment quota to customers. Offsetting transaction and transaction review for derivatives transactions of the customers. 	<ul style="list-style-type: none"> Evaluation, verification, and review operations for derivatives transactions. Monitored the market price and related market information of long-term and short-term investment targets. 	
Operational risk management	<ul style="list-style-type: none"> In response to revision of capital requirements by the competent authority, the Bank revised its calculation of the capital adequacy ratio and the capital management policy. Strengthened the standardized approach for measuring counterparty credit risk (SACCR) for derivatives transactions. 	<ul style="list-style-type: none"> Strengthened the operational risk management mechanism. Reporting on material contingencies. Detected business risks and monitored indicators. 	<ul style="list-style-type: none"> Inventoried the operating procedure for the head office business management department and linked the risk and control self-assessment mechanism. Conducted matters related to joint conference on internal control. 	

2.8 External initiatives and important exchanges of opinion

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2.8.1 Capital adequacy and risk management

Taichung Bank's capital adequacy ratio and leverage ratio are calculated in accordance with the reform scheme for strengthening capital regulations of banks introduced by the Bank for International Settlements' Basel Committee on Banking Supervision as well as the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and the "Methods and Forms for Calculating Bank's Regulatory Capital and Risk-Weighted Assets" issued by the Financial Supervisory Commission in order to conform to the competent authority's requirements; regular stress tests and internal capital adequacy assessment process (ICAAP) are conducted to assess existing capital and the provision set aside to be sufficient to cover possible losses under stressed scenarios; and capital adequacy and risk management related information is publicly disclosed on the external website.

2.8.2 Accuracy of financial reporting exposure

In order to effectively improve the efficiency of the formulation of domestic accounting standards and international image, as well as to enhance the international appraisal of capital market of Taiwan, strengthen the comparison of financial statements between domestic and international enterprises, and attract foreign investment in the domestic capital market, the Financial Supervisory Commission (FSC) began in 2018 to adopt the International Financial Reporting Standard (IFRS) No. 9 "Financial Instruments". Since IFRS 9 Bulletin revised the classification, measurement and impairment of financial assets, which affected a rather wide range of the financial industry, the Company has retained the accounting firm to assist in the introduction and analyze the primary differences and possible effects, as well as to continue to evaluate the impact of other standards and interpretation revisions on financial status and financial performance, with a view to being fully in line with international standards for the preparation and disclosure of financial reports.

2.8.3 Improvement of financial consumer protection

In order to enhance the protection of financial consumers and promote the establishment of a corporate culture with "treating customers fairly" ("TCF") as the core, the policies and strategies for the Bank's "TCF Principles" have been formulated in accordance with the "Treating Customers Fairly (TCF) Principles for Financial Service Industries" issued by the Financial Supervisory Commission as the highest guiding principle of the Bank, to treat the customers fairly and ensure that the processes of financial products, services, or handling of customer complaints follow the relevant provisions of financial consumer protection.

2.8.4 Collection and reporting of resident identity

Taichung Bank requires financial institutions to collect and report relevant information based on the tax resident status of the account holder in accordance with the Foreign Account Tax Compliance Act ("FATCA"), the Agreement for Cooperation to Facilitate the Implementation of FATCA signed between the Taipei Economic and Cultural Representative Office in the United States and the American Institute in Taiwan ("Taiwan-US IGA"). The "Regulations



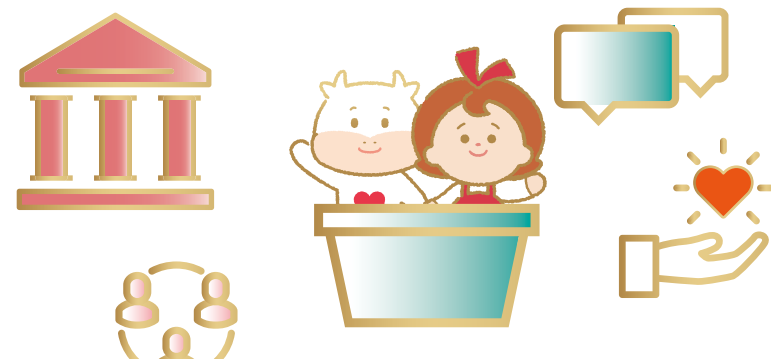
Governing the Implementation of the Common Reporting Standard and Stewardship for Financial Institutions" ("Taiwan CRS") pursuant to Paragraph 6, Article 5-1 of the ROC's Tax Collection Act stipulates the "Implementation Measures for Joint Reporting and Stewardship" and other related regulations.

2.8.5 Regulations governing the implementation of the common standard on reporting and stewardship for financial account information

In response to the CRS clause added to the "Regulations Governing the Implementation of the Common Reporting Standard and Stewardship for Financial Institutions" ("Taiwan CRS"), since January 2018, we obtain the customer's self-certification documents in accordance with the law when the customer establishes a business relationship with the Bank. We do this to identify the country / region where the customer is a tax resident, exchange financial account information for tax purposes through intergovernmental agreements, and provide such information to tax collection agencies of other countries / regions to make global tax information more transparent, so as to fulfill our social responsibilities.

2.8.6 Participation in associations and external organizations

In order to implement the regulations of the competent authority, facilitate the development of financial business and enhance professional knowledge and skills of employees, Taichung Bank is an active participant in the Bankers Association, Trust Association, Taiwan Financial Services Roundtable, Financial Information Service Co. Ltd., National Credit Card Center, Taiwan Mobile Payment Co. Ltd., Taiwan Academy of Banking and Finance, and other organizations. Meanwhile, subsidies are also provided to encourage employees to take part in legally registered and established clubs/organizations such as Lions Clubs International, Rotary Club, Junior Chamber International, Kiwanis International, etc. (Note: Due to the expiration of the contract, the Bank terminated cooperation with Taiwan Mobile Payment on December 25, 2020.).



03



Do Our Best to Safe Guard Customers!

A Trustworthy Partner!

- 3.1 Inclusive finance, robust channels and business locations
- 3.2 Digital finance, embracing technology life
- 3.3 Diversified innovation in financial products and services
- 3.4 Introduction of the Principles for Responsible Investment (PRI)
- 3.5 Customer rights protection
- 3.6 COVID-19 response measures
- 3.7 Improving customer service and maintaining customer relationships



3.1 Inclusive finance, robust channels and business locations

3.1.1 Establishment of more business units to expand the financial territory

In 2020, Taichung Bank had 83 business units (including the Labuan Branch in Malaysia) and one Offshore Banking Unit (OBU). Business locations are concentrated in the areas of Taichung, Changhua, and Nantou. In the future, by adopting the strategies of extending business locations nationwide, enhancing competitiveness of the regional channel network, increasing the market share in rural areas with business potential, etc., we will proactively establish more business units and extend our business to the north, south, and east of Taiwan, and link them to neighboring business units to build up robust business channel deployment, developing towards the ultimate target of 100 business units in the best-suited business locations.

Item	Target for 2021	Mid-term target	Long-term target
Number of business units	87	95	100



3.1.2 Facilitating balanced urban/rural development

Based on supporting the competent authority's financial policy, fulfilling corporate social responsibilities, and promoting financial inclusion, the Bank will continue the endeavor to establish business locations in areas where the number of branches of financial institutions is expected to increase, with the hope that we will be able to provide local residents with diversified services to meet their financial needs. With in-depth Bank operations and development stationed in the local area, we will correct the lack of local financial services, improve basic conditions for economic development, attract investment willingness from private sectors, and assist in the balanced urban/rural development.

1. Establishment of additional branches

The Financial Supervisory Commission approved the establishment of a domestic branch in Mailiao Township, Yunlin County on January 5, 2021 to expand our service opportunities in the southern region, and continue to deepen the domestic market with the corporate brand spirit of "We Do Our Best for You".

2. Office relocation and decoration

The Shalu Branch of the Bank will undergo a refurbishment project. The relocation thereof was approved by the Financial Supervisory Commission on December 29, 2020. In the future, the new branch office will provide local customers with a modern, comfortable and spacious service environment offering existing customers and residents in neighboring areas a better service experience.

3.1.3 Strengthening the digital channel planning

We will develop products with unique characteristics to the digital channel for each business, and provide the customers with the most suitable products with market competitiveness; with innovative services through virtual channels and transformation of the operating process of physical business units to strengthen the overall digital functions, improve the service quality of online banking and e-channels of banking, and proactively engage in cross-industry alliances of cooperative channels.

3.1.4 Establishment of additional overseas business locations

The Labuan Branch opened for business in 2018. Facing the impact of the COVID-19 pandemic in 2020 on global economic environment, Malaysia's economic and financial recovery has been slower than expected. In addition to cultivating existing business customers from Taiwan, the Bank will also seek local strategic partners to assist in expanding business locally.

In the face of the post-pandemic era, the Bank will use the government's New Southbound Policy to prioritize deployment in Southeast Asian countries. In 2021, we will successively establish marketing offices in Penang and Kota Kinabalu, the capital of Sabah, combining local talents to provide Taiwanese business people and local customers with high-quality and convenient financial services to further perfect our international network.



3.2 Digital finance, embracing technology life

In response to the advent of the financial ecosystem era, the Bank proactively develops digital finance and regularly holds “FinTech development strategy meetings”. This enables more financial innovations to be continuously realized, explores development strategies for digital finance and development directions for all projects, and provides customers with innovative and diversified financial services, so as to bring finance closer to the lives of users, develop the people-oriented digital finance, and create beautiful user experiences.

3.2.1 Upgrade of digital banking services

1. The operation of the mobile banking app has been optimized. In February 2020, a foreign currency transfer / remittance function was added to the mobile banking, allowing customers to conduct foreign currency transactions on the mobile banking for the designated account. In addition, in order to allow customers to easily grasp accounting information, the content of push messaging was adjusted in April 2020 to show the amount of account transactions on expense / income in the subject content.
2. In response to the trend in modern electronic services, the “ETF and foreign stock online trading functions” service was added to the online banking and mobile banking Apps to provide our customers with more convenient financial services starting in April 14, 2020. Foreigners can invest in domestic and overseas funds, ETFs, and special stocks through online banking and invest in domestic and overseas funds in mobile banking, providing more convenient investment and wealth management services to foreigners.

3.2.2 Multi-party cooperation to optimize digital services

1. Taichung Bank proactively cooperates with government policies, and became one of the first batches of banks to launch the Open Banking API to enhance the timeliness of various applications for financial services by the public.
2. On July 29, 2020, the Bank joined the “MyData” program organized by the National Development Council, by which the public can authorize their own personal data online to apply for credit cards and loan business online, reducing the cumbersome steps of handling or applying for related documents at the counter.
3. We cooperated with the third-party service provider “Moneybook” to provide multiple open information query services, such as interest rates and exchange rates.

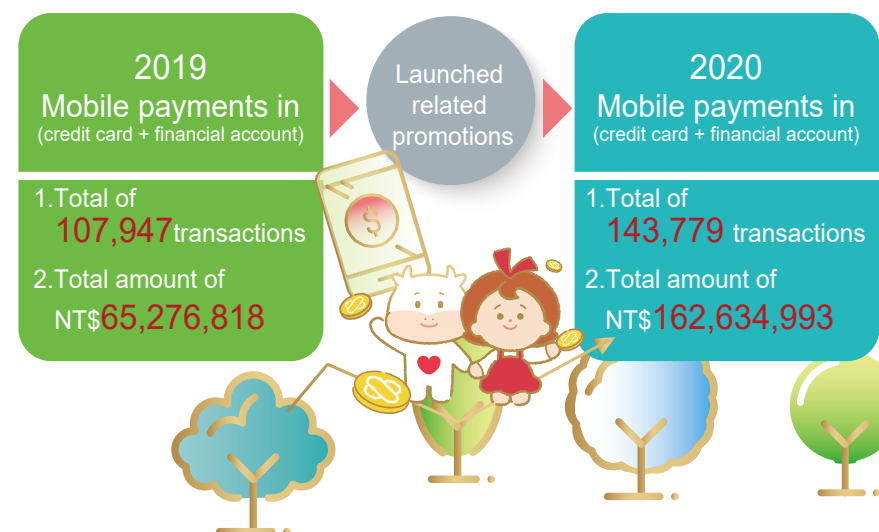


3.2.3 Upholding the customer orientation and bringing a more perfect experience

1. We provided our customers with the “Electronic Integrated Statement Service”, combining account details such as deposits, loans, trusts, foreign exchanges, etc., which makes it convenient for users to browse on mobile devices, and provides interactive services such as bill installment payment setting, bonus point redemption and online payment service.
2. In order to satisfy demand for customer services from multi-faceted channels, we planned online smart text customer service, integrating smart chat robot responses as well as real person text customer service. This effectively solves customer questions and reduces waiting time, and is expected to improve the efficiency of bank services.
3. We introduced the “RPA (Robotic Process Automation)” process automation mechanism that can quickly and effectively process an enormous amount of data in a flash. For accounting, taxation, and other operations, utilizing the RPA to complete data collection and compilation, report preparation, tax declaration and other matters assists in improving the efficiency of operations.

3.2.4 Diverse and convenient payment types

Mobile payment tools that can be bound to credit cards and financial accounts were added to provide the customers with more diverse and convenient consumer payment options. Taichung Bank helps our cardholders to bind their credit cards to mobile payment tools such as Taiwan Mobile Payment, JKOPAY, LINE Pay, O'Pay, and GAMA PAY. Financial accounts can be bound to JKOPAY and GAMA PAY. (Note: Due to the expiration of the contract, the Bank terminated cooperation with Taiwan Mobile Payment on December 25, 2020.)



3.3 Diversified innovation in financial products and services

To pursue the “customer demand” orientation as the driving force, to create sustainable value for the enterprise and become the public’s most preferred financial service cooperative partner.

3.3.1 Standing by youth for practice entrepreneurial dreams

1. The Bank was invited by the Taiwan Creative Content Agency in September 2020 to be one of the friendly banks to jointly provide the “Cultural and Creative Industry Youth Entrepreneurship and Startup Loan”. Through this, we contribute to the cultural and creative industry by assisting with financing, and jointly enhance cultural industry economy synergies as well as the commercial value and competitiveness of the ROC’s cultural industry. At the same time, we encourage young people to put their dreams into practice, as well as to demonstrate the implementation of good intentions of the policy.
2. The Bank continues to cooperate with Taichung City Government’s policy of assisting youth entrepreneurship in providing “Taichung City Government Youth Entrepreneurship and SME Loans” and “Taichung City Yong Farmer Entrepreneurship and Agricultural Enterprise Loans”. Through these, we assist Taichung City youth entrepreneurship, SMEs, and farmers (enterprises) obtain funds needed for operations, in order to stimulate the entrepreneurial energy of young people and help realize their dreams, thereby developing the creative economy of the city.



▲ Minister of Culture, Lee Yung-te (5th from left); Chairman of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Li Yao-kui (4th from left); and President of Taichung Bank Te-Wei Chia (3rd from left) led the senior management team and others by being present at the ceremony and giving their full support to cultural-creative startups.

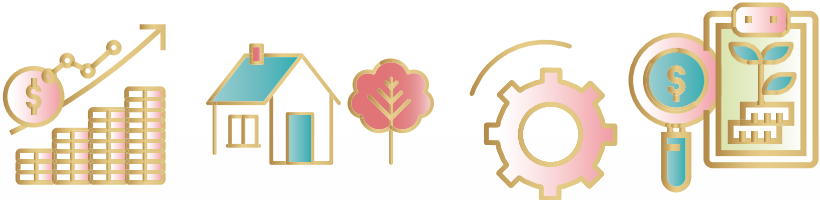
3.3.2 Providing customers with value-added services

1. In order to optimize the user experience, the user experience (UXI) team was introduced to assist the Bank in implementing the “user experience and interface design” of the “ATM optimization project”. This was fully launched in all business units and service points to provide services on October 13, 2020. The new ATM version means it takes only 30 seconds to withdraw money, and even as little as 15 seconds to check a balance. Compared with the old version of the ATM interface, operation times are cut by more than half.
2. In order to provide the customers with more convenient services, we plan to install at least one ATM with a deposit function in each business unit. This way, users can go to the automated service area to operate the equipment on their own, reducing the waiting time at the counter.
3. Starting from the core business of the enterprise and combined with the professional assistance of the real estate brokerage industry, we established a bilateral contact point to provide consumers of the Bank with value-added services. For customers who mortgage Bank immovable property (for deferred payment cases or with demands for sale), the Bank provides free referral services to assist customers in disposing of assets at an agency service fee lower than the market price.

3.3.3 Lottery dealer financing project

Aiming at charity Scratch-Off Lottery dealers as the target group, the Bank provided the “Lottery Dealer Financing” project loan to assist customers in their need for seasonal revolving funds for financial consumer protection. In the three years since the start of implementation on November 21, 2018, a cumulative total of 476 loans have been drawn, amounting to NT\$721.59 million as of December 31, 2020.

Project period	Number of applications	Amount (NT\$1,000)
2018 (2018/11/21–2019/02/28)	37	45,250
2019 (2019/09/02–2020/02/28)	222	335,740
2020 (2020/09/17–2020/12/31)	217	340,600





3.3.4 “Loan for Your Happiness” and “Good Luck Pregnancy” project loans

In cooperation with the government policy to encourage people to marry and have children, the Bank launched the “Loan for Your Happiness” and “Good Luck Pregnancy” project loans to meet the financial needs of customers.

3.3.5 Enterprise capital increase for employee stock subscription credit loan project

For TWSE / TPEX-listed and Emerging Market companies that undertake cash capital increase and issuance of new shares (including transfer of treasury stocks) and derive credit extension business for employee stock subscriptions, in addition to the operating status of each TWSE / TPEX-listed and Emerging Market company, TCRI (Taiwan Corporate Credit Risk Index) level, etc., the overall ESG performance of the enterprise is included in the evaluation of credit conditions to encourage the promotion of sustainable finance.

Since August 26, 2020, the Bank has approved 24 companies, among which 3 companies with ESG scores falling within the Top 20% of total scores were provided with preferential interest rates. A cumulative total of 18 loans have been drawn since the start of its implementation, amounting to NT\$29,260,000 as of December 31.

3.3.6 Improving the quality of trust services

In addition to providing abundant and diversified financial products, we also continue to develop a variety of trust products from the perspective of caring for the general public. In an easy and simple way, we aim to allow ordinary people to be able to enjoy the convenience and safety brought by the trust mechanism in their lives as well, reflecting the true meaning of inclusive finance:

1. The Bank started to undertake two businesses, including “Real Estate Development Trust” and “Pre-Sale Home Price Trust”, to avoid unauthorized misappropriation of purchasers’ down payments for house loans as a result of construction companies’ land and building financing resulting in failure to complete the construction project, so as to protect the general public who purchase pre-sale homes.
2. In 2013, with the trend in rising consumer awareness, the Bank launched the “Advance Payment Trust (including the Pre-Sale Home Price Trust)”, which uses the trust mechanism to protect the safety of private transactions and to provide protection for disadvantaged transaction parties, so that prepaid instrument issuance systems (such as catering & accommodation vouchers) is strengthened so as to fulfill our social responsibilities.

3. In 2014, the Bank launched the “Employee Stock Ownership and Savings Trust” business. Taiwan has become an aged society. However, under the current labor pension system, post-retirement income replacement ratios have still no effectively increased, so workers may then face unsustainable dilemmas after retirement. This service allows general enterprises to create an extra pension reserve in addition to the pension funds provided pursuant to labor laws and regulations, to enhance the welfare of employees and stabilize society.
4. In 2015, the Bank launched the “LOHAS Nursing Trust” in response to Taiwan becoming an aged society with fewer children, and strengthening the care for disadvantaged groups. The Bank also actively cooperates with the Financial Supervisory Commission in promoting the business of “Property Trust for Seniors and Disabled”, in the hope to achieving property safety and care for the elderly and the physically and mentally disabled through the trust mechanism, as well as fulfilling the social responsibility of the trust industry.
5. Since the Financial Supervisory Commission released the Trust 2.0 “The Promotion Plan for Full Functions of Trust Services” promotion plan on September 1, 2020, the Bank has proactively invested labor in the planning of various related trust businesses; integrated internal resources to prepare new types of businesses and services; and gathered together outstanding personnel from various business units for education and training, to make them the seed personnel for the Trust 2.0 Project in response to the government policy. In addition, the following measures have been taken:

- (1) The organizational structure of the Bank has been strengthened. The Trust Management Division was added to the Trust Department on September 16, 2020, staffed with one supervisor and one person in charge of planning and handling Trust 2.0 related business.
- (2) We started by considering the two issues of most concern to the public: “After I die, who will take care of my children for me?” and “If one day I don’t remember you, will you still remember me?”. From here, we cut right to the services that general livelihood requires the most, such as “Insurance Benefit Trust”, “Nursing

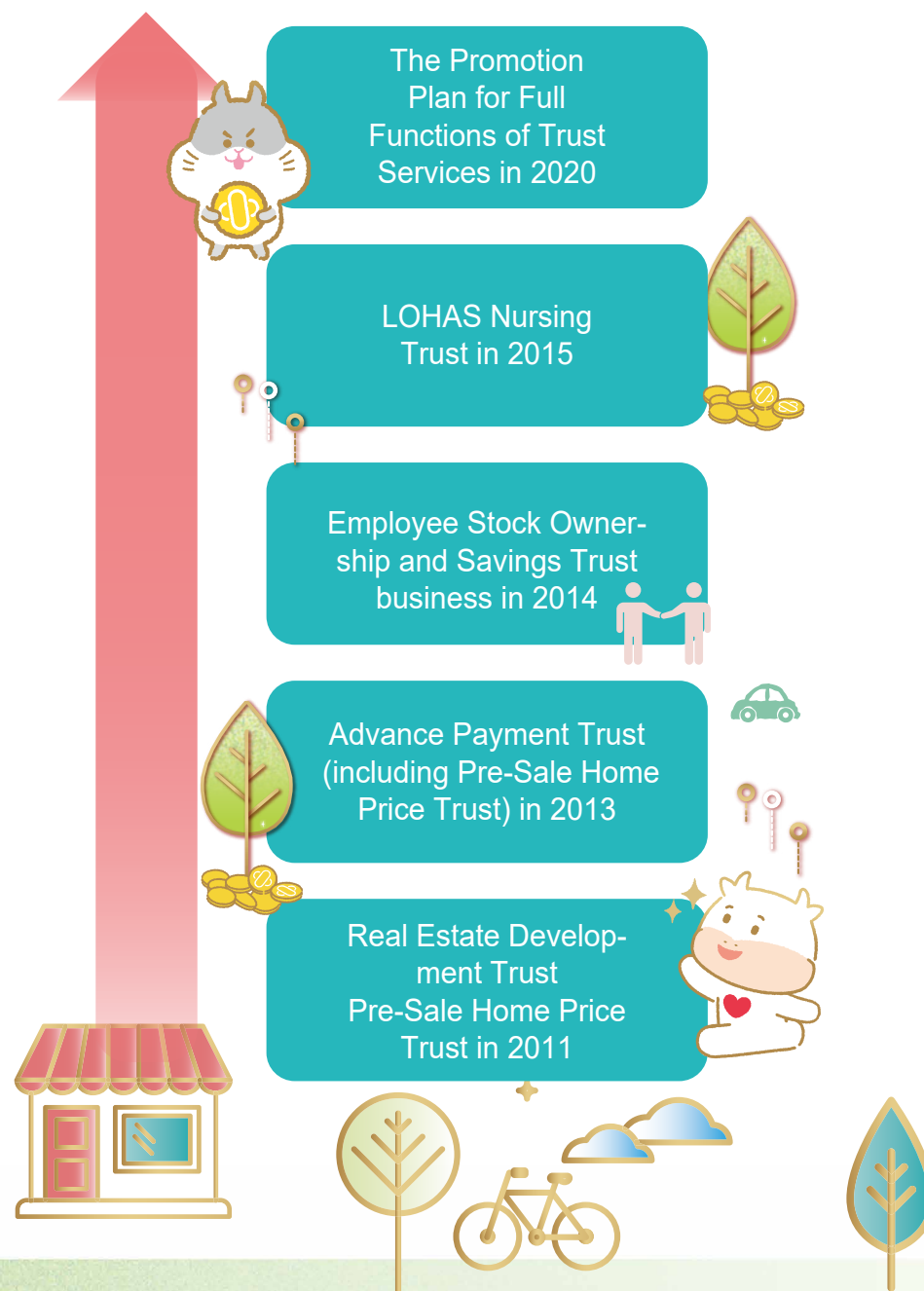


Trust for Disabled”, and “Nursing Trust for Seniors”, to continue to provide trust services in the way closest to the public.

- (3) The supervisor of each business unit and one person in charge each (a total of 164 people over two sessions) were invited on December 4 and December 11, 2020 to attend education and training sessions on Trust 2.0 issues and business. Personnel from long-term care facilities were also invited to the Bank to give lectures to our employees, explaining current long-term care policies and practices of the government.
- (4) A total of 30 business executives from various business units in the central region were called together on December 22, 2020 to carry out the “Trust One-Stop Integrated Service” - HoChin Cohousing Compound visit activity - in order to get to understand the design concept, architectural thinking, resident life planning, and so on of the HoChin Cohousing Compound, and to stimulate employees' new thoughts for business innovation and assist the various groups in society in need of help.



- (5) A short video advocating the Bank's Trust 2.0 was produced.
- (6) The Trust 2.0-related business promotion incentive plan has been formulated to encourage employees to promote and undertake the business.
- (7) The Reverse Mortgage project was implemented and related business preparations have been completed.
- (8) The Bank will continue to invest resources and seek horizontal alliances with various industries in providing the consumers with one-off trust services, and will apply to undertake lease trust, superficies trust, and other services in order to launch the residential nursing home and other community elder care services. In addition, we expect ourselves to become an important promoter that gives impetus to the Trust 2.0 "The Promotion Plan for Full Functions of Trust Services" Scheme, so that people from all walks of life can enjoy the functions and services of the trust mechanism.



3.3.7 Promoting a bilingual service environment

The FSC promotes bilingual environments at first line service counters and bilingual consulting services to be set up and provided by domestic banks. In response to this, the Bank has set up a model business unit at the Business Department in Taichung City. The content created is as follows:

- 1.Environment and equipment:** A bilingual environment at the counter in the Bank lobby was created, including signboards, counters, special areas, automated service areas, take-a-number machine, multimedia, etc.
- 2.Information system:** A bilingual consulting service function was added at the bilingual service counter, including internal operations, digital financial services, customer service center, and other systems.
- 3.Counter services and documents:** Bilingual documents and forms primarily for deposit and remittance transactions as well as other categories of transactions are provided.
- 4.Bilingual service personnel:** The counter is staffed with personnel possessing bilingual skills to perform deposit and remittance operations at the counter, and to provide assistance in bilingual consulting services for related services as well.

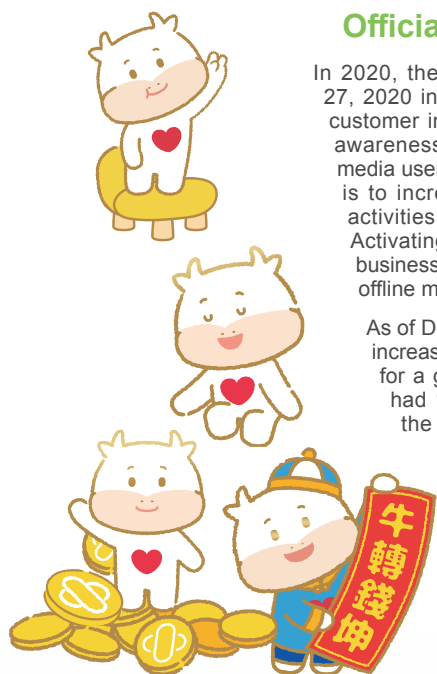
3.3.8 “Taichung Bank Baby A-Zhong’s Fun Club” Official Social Media Pages

In 2020, the Bank created a community page on Instagram on April 27, 2020 in order to strengthen social media marketing and increase customer interactions and stickiness, in the hope of expanding brand awareness through digital channels. Taking into account the social media user base and platform attributes, the direction of implementation is to increase the proportion of interactive posts and hold online activities, thus creating an approachable, young corporate image. Activating online follower interactions also guides followers to visit business units and locations nationwide so as to achieve the effect of offline marketing.

As of December 31, 2020, there were 34,091 Facebook followers, an increase of 11,017 compared to 23,074 persons at the end of 2019, for a growth rate of about 47.75%; the Bank's Instagram account had 1,436 followers. Expanded social media platforms enhance the visibility of marketing channels, and greatly increase the

Unit: Person

	2018	2019	2020
Number of fans	10,208	23,074	34,091



Bank's exposure, which effectively improves communication with the public.

We use our official social media pages to share the corporate social responsibility of the Bank and advertising activities, and organize online follower bonuses such as giveaways of lottery tickets, as well as use the social platform to advocate financial-related knowledge to the public, such as annual public welfare blood donation activities, credit card firsthand discount information, giveaways of sponsored sporting event tickets, anti-money laundering advocacy, etc. In addition, in order to improve the personal information security of the lottery draw for the Bank, a lottery registry form was created to prevent the risk of participant data being retained on third-party platforms.

1.Social responsibility

In order to fulfill its corporate social responsibilities, the Bank has held a number of charity activities. Of these, the annual charity blood donation was also promoted through the social media platform, and followers were all invited to jointly participate in the grand charity donation.

2.Financial advocacy

In response to the evolution of emerging technologies in the digital age, the Bank advocated anti-money laundering, digital financial services, and other knowledge to enhance followers' financial awareness and sensitivity, and thus reduce fraud.

3.Promotion events

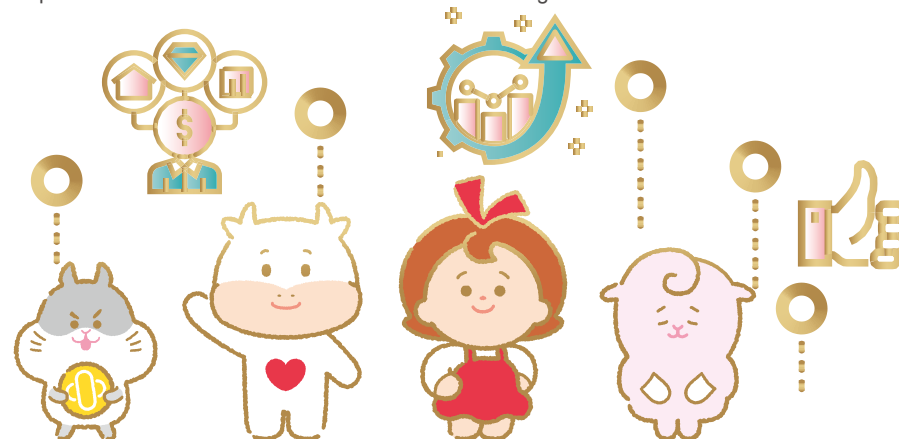
We release information about relevant promotional events of the Bank from time to time, including credit cards, deposits in NTD and foreign currencies, mobile payments, etc. to provide followers with firsthand information, as well as discounts and rebates while they shop.

4.Follower interactions

Online fan activities were held to attract young people with exclusive prize drawings, combined with giveaways tickets to sporting events sponsored by the Bank.

5.Festive celebration

For important festivals, we draw stickers and create dynamic pictures of our mascots to celebrate together and enhance interactions with followers. Followers can also forward the pictures to relatives and friends to offer warm blessings.



3.4 Introduction of the Principles for Responsible Investment (PRI)

In order to perform its responsibility of stewardship, the Bank introduced the principles for responsible investment into relevant processes. Considering the environmental, social, governance (ESG), and other sustainable business elements, the Bank established various management mechanisms, and continued to strengthen and implement such mechanisms so that the investment business can develop in a sustainable and sound manner.

3.4.1 Effectiveness of RPI implementation

1. Formulate Stewardship Principles with the goal of increasing investment value and enhancing the overall interests of the Company and shareholders.

The scope of the Stewardship Principles includes securities investments in stocks and bonds.

2. Incorporate ESG issues into the investment evaluation process, and follow the evaluation process to verify whether it meets the Bank's standards prior to making investment.

In order to perform its responsibility of due diligence governance, the Bank's investment process shall incorporate environmental, social, and governance (ESG) issues, as well as pay attention to, analyze, and evaluate the relevant risks and opportunities concerning any company invested in, and may use the following relevant indicators:

1. Select targets that comply as ESG-related ETF constituent stocks of the Taiwan Stock Exchange or meet the ESG scoring standards of international institutions.
2. Exclude targets with investment in disputed industries (such as controversial arms industries & gaming industries) or that clearly violate ESG-related matters.
3. Continue to pay attention to whether companies invested in properly expose and provide their information related to ESG issues.

3. Continue to pay attention to companies invested in, and appropriately conduct dialogue and interact with companies invested in.

- In 2020, the Bank participated in voting at 34 shareholders meetings held by investees, participated in 19 sessions of institutional investor conferences held by investees, visited 4 companies, and attended 2 investor conferences, assigning Bank staff to attend in person or electronic voting.
- When the Bank attended the institutional investor conference held by Taiwan Fire & Marine Insurance Co., Ltd. (a company invested in) in 2020, the bank suggested that the company should strive for ESG ratings and actively promote ESG disclosure matters.
- In 2020, the Bank received a total of 37 shareholders' meeting notices from

investees, with a participation rate of 91.89%. Of these meetings, the Bank participated in 34 sessions in person by assigning staff to attend in person or electronic voting; for the remaining 3 companies, we did not send personnel to participate in shareholders meetings, due to the severe COVID-19 pandemic situation and these companies' lack of electronic voting mechanisms.

4. When necessary, the Bank may cooperate with other institutional investors to safeguard the rights and interests of fund providers and to enhance the sustainable development of companies invested in.

- There was no such incident in 2020.

5. When a company invested in is in a major violation of the corporate governance principles or at the risk of damaging the long-term value of the Bank's shareholders on a specific issue, the Bank will inquire with the invested company's management as to the handling status from time to time, and will not rule out the possibility of uniting with other investors to jointly express an appeal.

- There was no such incident in 2020.

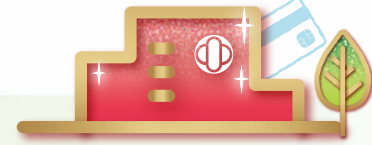
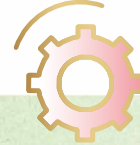
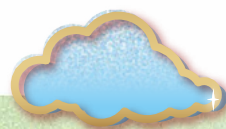
6. Conflict of Interest Management Policy: Transactions made by employees of the Bank concerning conflicts of interest shall be strictly restricted by relevant laws and regulations as well as the "Employee Work Rules", "Employee Code of Conduct", and "Ethical Corporate Management Best Practice Principles" of the Bank.

- Employees of the Bank shall comply with the code of conduct for employees, various business rules on investment, and related internal control systems in the performance of their duties; and shall avoid conflicts of interest through educational advocacy, hierarchical responsibilities, information control and management, firewall design, supervision and control mechanisms, etc.
- After review, there were no major conflicts of interest in 2020 for the Bank, which indicates that the preventive measures against conflicts of interest are effective.

7. Actively participate in voting at shareholders meetings and formulate voting policies.

The Bank issued a letter on December 17, 2020 formulating the Stewardship Principles, which include the voting policy.

In order to respect the business expertise of companies invested in and to facilitate their effective development, we support in principle the proposals put forward by such companies; however, in principle, we do not support proposals concerning major issues that hinder the sustainable development of companies invested in, violate corporate





governance (such as false financial reports, etc.), or have negative effects on the environment or society (such as serious environmental pollution, violation of human rights, deprivation of labor rights, etc.). If the voting right is exercised electronically, such right on the extraordinary motion of the shareholders meeting as well as the revision of the original motion shall be deemed to be waived.

In 2020, the Bank participated in the voting at 34 shareholders meetings held by investees. Of these, the Bank sent personnel to participate in person in the voting at 2 shareholders meetings held by investees, and participated in electronic voting at 32 shareholders meetings held by investees. Of proposals at these meetings, the Bank voted in favor of 147, against 0, and abstained on 9.

8. Participate in ESG forums organized by external organizations.

On August 26, 2020, staff were sent to attend the ESG Reform and Transformation Summit Forums hosted by Business Weekly and co-organized by the Stock Exchange Corporation.

9. The Bank regularly discloses its stewardship status on its website and updates it at least once a year.

The Bank disclosed the following documents on its external website:

- Institutional Investor Stewardship Principles Compliance Statement
- Stewardship Principles
- 2018 Stewardship Principles implementation status
- 2019 Stewardship Principles implementation report
- 2020 Stewardship Principles implementation report

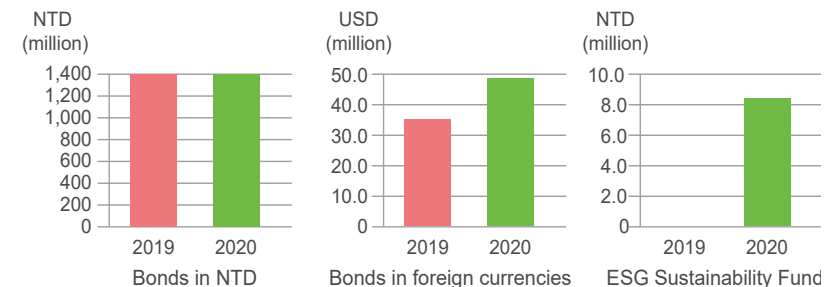
3.4.2 Specific results in 2020

With the rapid development of green finance and ESG, not only do we face changes in financial investment judgment standards, we all face a rapidly changing world and unpredictable risks, which also constitute a new viewpoint on crisis handling. However, green finance no longer just pursues the supremacy of financial benefits in investment and financing decision-making. It must rather consider potential environmental impacts; integrate potential returns, risks and costs related to the environment into financial decisions and daily business; guide economic resources; and promote sustainable development in society and environment.



The Bank upholds the principles of responsible investment, increasing the proportion of investment in green bonds year by year and building the investment position of ESG Sustainability Funds to support invested companies' low-carbon and green projects through action. The status of green investment and ESG investment of the Bank is as follows:

ESG-related product	Content	Investment amount in 2019 (million)	Investment amount in 2020 (million)	Difference (million)
Investment in green bonds	Bonds in NTD	NTD \$1,400	NTD \$1,400	+NTD \$0
	Bonds in foreign currencies	USD \$36.4	USD \$49.9	+USD \$13.5
Investment in ETF	ESG Sustainability Fund	NTD \$0	NTD \$8.8	+NTD \$8.8



Through our stewardship actions, the Bank pays attention to environmental, social, governance (ESG) and other sustainable business issues of companies invested in, to increase the investment value and enhance the overall benefits of funds providers of the Bank. This way, we respond to the trend in international stewardship and the operation of institutional investors. The Bank completed signing of the compliance statement on the "Institutional Investor Stewardship Principles" on July 30, 2018. In response to the amendment made by the Stock Exchange Corporation on the Institutional Investor Stewardship Principles, the Bank completed compliance statement updates on December 24, 2020. Externally, the Bank has established an institutional investor stewardship area on the Company's website to disclose the implementation status of stewardship; while internally, the Bank has incorporated ESG issues into the investment evaluation process and formulated stewardship policies to regulate conduct.

3.5 Customer rights protection

GRI 102-16

The collection, processing, or use of personal data by Taichung Bank is based on the rights and interests of customers, as well as with the attitude of a good manager. The use of relevant data shall not exceed the scope of specific purposes, and shall be properly and reasonably related to the purpose of collection. Appropriate information security measures for the files and systems of personal data are adopted to prevent personal data from being stolen, altered, destroyed, lost, or leaked; and data that has exceeded its retention period or has no storage role for reference purposes is destroyed in accordance with regulations, so as to protect the rights and interests of customers as well as to fulfill the Company's duty to keep customer information confidential. In 2020, there were no complaints regarding infringement of customer privacy and loss of customer data.

3.5.1 Continuing to improve the policy and strategy of the Treating Customers Fairly (“TCF”) Principle

The implementation of the Treating Customers Fairly (“TCF”) Principle fosters Taichung Bank to establish a corporate culture with “TCF” as the core, formulate strategies for proper implementation, and to enhance employee awareness of financial consumer protection and compliance with financial consumer protection-related laws and regulations, so as to reduce cost from violations and increase financial consumers' confidence in the Bank.

In order to promote the understanding and internalization of the TCF Principle by all our employees as the corporate culture of the Bank, and to improve the quality of customer service and reduce customer complaints, special education and training courses on TCF are organized. These are aimed specifically at case studies and sharing on suspected violations of the TCF Principle, customer complaints and appeals encountered in various aspects of the business, and conveying the improvement practices and response techniques to all employees through this mechanism.



3.5.2 Specific issues of concern to stakeholders

GRI 102-17

With regard to the misappropriation of customer funds by the wealth management specialist in OO Branch in 2020, in addition to proactively and immediately cooperating with the competent authority in investigation and handling, Taichung Bank also immediately conducted in-depth internal reviews and related process improvements to strengthen the control mechanism in real time, so as to prevent similar incidents occurring.



Issues of concern to stakeholders related to Taichung Bank 2020 violations of fair customers treatment

Case Brief

In 2020, the FSC found the deficiency that staff member Yang ○○ of ○○ Branch of the Bank was involved in embezzlement of customer funds and abnormal fund transactions with customers. This was verified to be in violation of Paragraph 1, Article 45-1 of the Banking Act, and a fine in the amount of NT\$4 million was therefore imposed in accordance with Subparagraph 7, Article 129 of the same Act.

Deficiency

1. Operation of confirming the identity of the customer was not properly implemented, and review mechanism was not functioning.
2. Failure to implement the supervision of employees to follow the code of conduct.

Improvement Measures

1. Strengthening the personnel management system

- (1) In order to reduce the turnover rate of new hires and improve the service quality and professional functions in operations of business units, a dedicated teller mechanism was established.
- (2) The Bank revised its "Implementation Guidelines for Staff Rotation" on July 1, 2020 to add that: For operation supervisors who have served in same unit for 2 or more consecutive years, a short-term unit rotation of 5-10 days per year shall be arranged to strengthen internal control and to prevent occurrence of malpractice.

2. Complete internal control

- (1) In order to strengthen the effectiveness of regulatory compliance of the Bank's personnel, additional relevant management and supervision measures as well as the auxiliary management tools were formulated, and an accountability mechanism was established.
- (2) Improvements have been made to adopt the function of increased reminders, strengthen management measures, enhance education and training, as well as to establish a whistleblowing system for customer complaints.
- (3) Extending the scope of sending deposit balance statements: For the reconciliation of deposit balances, the scope of customers for sending the statement was extended from June 2020, that is, for all trust wealth management customers, statements will be sent to facilitate customers' grasp of asset status.
- (4) On July 1, 2020, the Business Development Department of the Bank informed all units by letter that in order to strengthen internal control and prevent malpractice, except for accounts of fund collection and delivery that have been set in the system as well as temporarily assigned accounts, staff are strictly forbidden to deliver non-counter transactions to tellers for customers. In case of any involvement with violations of laws and regulations, the personnel concerned shall be disciplined severely.
- (5) On July 1, 2020, the Human Resources Department of the Bank informed employees of all units by letter that if there is a subsequent violation of the relevant operating regulations on processing transactions for non-counter customers, the personnel concerned shall be punished with a major demerit in accordance with Article 43 of the Employee Work Rules. If there are damages, claims for damages shall be initiated in accordance with the law to achieve the effect of vigilance.

3. Strengthening education and training as well as the concepts of respecting the law and self-discipline

- (1) We continued to strengthen various education and training in business for new recruits and in-service personnel.
- (2) Handling mechanism for shortening the duty rotation cycle of long-term wealth management specialists:

The Bank revised our "Wealth Management Business for Prevention of Business Personnel from Misappropriating Client Funds - Second Line of Defense Check Guidance", that is, from the original "for the operation personnel who have served in same unit for 10 or more consecutive years" to "for the operation personnel who have served in same unit for 7 or more consecutive years"; and from the original stipulation "for personnel who have served in the same business unit for 20 or more years and have worked as business personnel for 7 or more years" to "for personnel who have served in the same business unit for 20 or more years and have worked as business personnel for 5 or more years".

- (3) Strengthening the investigation of credit reports:

All business personnel shall review the comprehensive credit report every year. Where the financing limit reaches a specific amount (such as the amount borrowed reaching NT\$2 million) or in other circumstances of bad credit, in addition to requesting the unit supervisor of the staff concerned and the party concerned to explain, the proportion and number of cases for random checks and eternal confirmation from among the customers handled by the staff concerned shall be increased.

4. Effective checking system

- (1) Strengthening checks on designated personnel on leave: According to the "Wealth Management Business for Prevention of Business Personnel from Misappropriating Client Funds - Second Line of Defense Check Guidance" of the Bank, the Wealth Management Department shall report monthly to the Human Resources Department in accordance with the "Designated Leave Guidance" of the Bank regarding business personnel on leave to undergo checks. During the leave period, the business supervisor or assistant business supervisor of the business unit shall visit in person or call on the phone the customers managed by the business personnel to check whether there is any abnormality in dealings with customers. From now on, the number of cases to be checked will be increased and the head office will provide an account list for conducting the checks.
- (2) Note mechanism for large deposit transactions: A specific proportion of large deposits (NT\$1 million or more per day or monthly cumulative totals of NT\$1 million or more), outward remittances, and transfer transactions (excluding wealth management transactions and foreign exchange transactions) are to be randomly checked, and a note mechanism is added to be employed one on one by the operation supervisor with the customer, so as to confirm real transaction(s) made by the customer.
- (3) We conduct checks on deposit transactions of wealth management personnel twice a year by assigning special personnel to check whether the funds of wealth management personnel involve any improper transactions, or inward or outward remittances. During the check period, for personnel with transactions NT\$500,000 or more and more than six (6) transactions, such personnel shall be reviewed, interviewed, and tracked, and an early warning mechanism for improper fund transactions shall be established.

5. Establishing a whistleblowing system

We informed employees of all units by letter that if they discover violations of law, they should report forthwith to the Legal & Compliance Department via the dedicated reporting hotline. The content reported and reporting personnel are absolutely kept confidential.

3.5.3 Recognized by winning the Golden Security Award

In 2020, the Bank won the “Golden Security Award” as an outstanding member institution of the Joint Credit Information Center. For the effectiveness of the implementation of the “Credit Information Security Control”, this award affirmed the efforts made by the Bank in maintaining the accuracy of joint credit data, implementing security controls for the joint credit inquiry, conducting checks, and control of system operations. It also showed the dedicated care of the Bank for the protection of customer information.



3.5.4 Personal data protection measures

1. In response to the implementation of the Personal Data Protection Act, Taichung Bank has strengthened our personal data protection mechanism and improved the quality of information services, and passed the “BS 10012: 2017 Personal Information Management System” international standard verification certified by British Standards Institution (BSI). We reinforce information security targeting, in terms of personal data protection, asset classification and risk management, physical equipment and environmental security, communication and operations management, system development and maintenance management, enterprise sustainable operations management, access control management, event management and analysis, and regulatory compliance. We implement personal data protection in operation links to demonstrate our determination for good management and protection.
2. For the storage, transmission and use of files containing personal data, a proper control mechanism has been established. Taichung Bank has established access authority management and review; encrypted data exchange; financial terminal encrypted communication; system development process control; database auditing and monitoring; portable storage media control; personal data inventory; mail archive preservation; mail content personal data screening; website connection control; log archiving protection; etc.
3. For natural persons who appoint a third party to handle foreign exchange-related business, when the authorization letter records the appointee / agent's ID card number / residence card number / passport number and other personal information, the trustee appointee / agent shall be informed of the intent and content of collecting, processing, or using his personal information by the Bank, so as to implement the regulations of the Personal Data Protection Act.

3.5.5 Information security measures

1. The Bank has established a dedicated unit for information security, responsible for information security governance and planning of information security protection and implementation. In order to effectively manage information security risks and operations management perspectives, and enhance information security management capabilities, information security management review meetings are held every year. They are responsible for the information security management framework (ISO 27001), internal and external issues and requirements of stakeholders, and conducting evaluation and control of internal and external threats in conjunction with relevant units from the perspective of risk management, so as to create a secure information environment for the development of FinTech.
2. In order to demonstrate the support for implementing the information security by the management, the annual information security overall implementation and information security statement is jointly signed by the chairman, president, chief auditor and information security dedicated unit supervisor, and submitted to the Board of Directors for discussion, so as to implement board supervision, strengthen corporate governance, and protect the rights and interests of customers.
3. In order to protect the rights of customers and achieve the goal of enterprise sustainable business operations, the information system uses a three centers in two places architecture to improve disaster response capabilities and shorten recovery times. We formulate a plan with different exercise scenarios for the core host every six months, conduct at least one exercise and review its processes, and exercise obstacle recovery for the satellite system every year, to reduce operational risks and improve customer service levels.

3.5.6 Protection of customer personal data

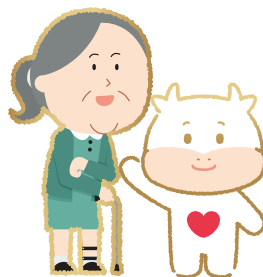
The customer data and files of Taichung Bank are regularly checked. Data and files that have exceeded their retention periods or which have no value of being kept for future reference will be destroyed in accordance with rules, to avoid the outflow of customer personal data.



▲ The Tainan Branch of Taichung Bank successfully received an award for successfully blocking fraud.

3.5.7 Protection of customer assets

Through friendly reminders from our staff and their proactive care for the customers at the counters, the Bank successfully blocked 24 fraudulent transactions in 2020, with a total value exceeding NT\$6.34 million. Of these, two blocked cases even exceeded NT\$1 million.



3.5.8 Debt negotiation mechanism

Taichung Bank adheres to the spirit of helping the disadvantaged and cooperating with the government in implementing the "Consumer Debt Clearance Act". A dedicated debt negotiation contact point has been established for consumer debt clearing, providing a great number of programs and measures. The relevant programs and measures are as follows:

1. Debt negotiation mechanism:

Debtors may make the application when the debt is not attributable to themselves or the debt cannot be fulfilled. The Bank plans a debt repayment schedule based on debtors' actual repayment capacity to effectively help debtors reduce the financial burden and repay the debt, and assists them in re-adjusting their lives and reducing family and social problems.

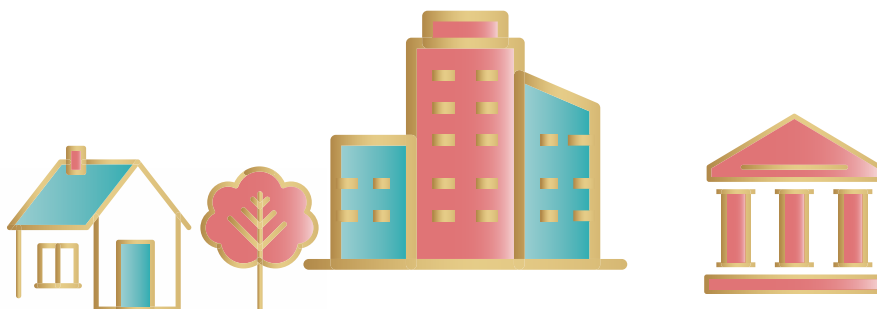
In 2020, the Bank accepted a total of 370 pre-negotiations and pre-mediations, and completed signing of 173 contracts. From the launch of the scheme in 2008 through 2020, the total number of accepted cases reached 4,808, and 2,764 contracts were completed with signing. The performance rate of the negotiated schedule was about 71.31%. The mechanism has successfully assisted 750 people in completing debt repayment and starting new lives, which creates a win-win situation.

2. Individual negotiation consistency scheme:

If the debtor is unable to continue to perform a contract and breaks their commitment partway for cause, but is still willing to repay, they may restart the negotiation with the Bank to solve the debt problem and regain their pace of life and confidence.

3. Change of repayment conditions scheme:

When the debtor is unable to continue repayment out of deduction of income due to unemployment or salary cut, the debtor may apply to change the repayment conditions to reduce the monthly repayment amount and reduce the burden of repayment.



3.5.9 Implementing know-your-customer (KYC) operating procedures and attaching importance to disadvantaged customers' rights and interests in investments

The Bank conducts wealth management business through rigorous and conforming procedures for Know-Your-Customer (KYC), assesses and explores the true financial needs of customers, and allows customers to choose financial products that are truly suited to themselves, so as to protect their financial consumption rights and interests. In addition, we pay attention to disadvantaged customers' rights and interests in investments, and use system control and regular report review to avoid excessive sales (in accordance with the "Taichung Commercial Bank Undertaking Wealth Management Business Know-Your-Customer Operating Guidelines").

3.5.10 Strengthening Know-Your-Product (KYP) operating procedures and enhancing the review of products to be launched, to protect the rights and interests of customers

In order to protect the rights and interests of investors, the Bank has formulated the "Operating Guidelines for Review of Financial Products" and "Review Guidelines for Overseas Structured Products to be Launched", and established a "Financial Product Review Committee" and "Review Panel" in accordance with the aforementioned Guidelines. All financial products that customers may purchase from the Bank must undergo professional review (including aspects such as legality, conditions of issuing



institutions, product structure, and risk levels) prior to the launch of these products.

3.5.11 Pre-recording confirmation of specific matters to protect the rights and interests of customers

With regard to the evaluation operations of investment risk attributes for large subscription transactions made by non-professional investors, subscription transactions of high-risk products made by specific disadvantaged customers, subscription transactions of non-principal guaranteed overseas structured products, applications for professional investor qualification, customers not conducting transactions at the counter, and other matters, the confirmation procedure for the recording of the transaction must be completed before the transaction can be concluded (in accordance with the "Taichung Commercial Bank Undertaking Wealth Management Business Recording Confirmation Operating Rules").

3.5.12 Provision of investment information to customers

We value after sales service and customers' "right to know". In addition to delivering investment information to customers through customers arriving at the counter or paying visits to customers from time to time, the Bank also regularly sends out trust statements to help customers understand their personal asset gains and losses, as well as information about changes in financial products, so that customers can make judgements on investment opportunities at the right time.

3.5.13 Full disclosure of trust fees, various expenses and collection methods

1. In order to improve the quality of service, beginning in December 2017 and in accordance with the Securities Investment Trust & Consulting Association of the R.O.C.'s "Rules for Fee Payments and Sales Conduct by Members and Their Sales Organizations/Distribution Channels", fund transaction confirmation statements are sent to disclose the expense ratio that a fund is subject to, including management fees, storage fees, distribution fees, etc., with the transaction scope including fund subscription, conversion and redemption, so as to protect the rights and interests of investors.
2. In order to protect the rights and interests of customers, the new "Offshore Fund Post-Handling Fee Share Class Fee Structure Statement" was added on December 21, 2018 in accordance with Subparagraph 4, Article 8 of the Securities Investment Trust & Consulting Association of the R.O.C.'s "Rules for Fee Payments and Sales Conduct by Members and Their Sales Organizations/Distribution Channels", so as to allow customers to fully understand the structures of pre- and post-handling fees, share classes of offshore funds, and the sample calculation for illustration.
3. Starting from October 1, 2019 and according to Subparagraph 3, Article 8 of the Securities Investment Trust & Consulting Association of the R.O.C.'s "Rules for Fee Payments and Sales Conduct by Members and Their Sales Organizations/

Distribution Channels", when selling different classes of the same fund, investors shall be provided with the expense ratio and rate of return of each share class for the fund being sold in the past five years.

3.5.14 Pre-confirmation mechanism for trust transactions

In order to protect the rights and interests of customers, when customers of the Bank arrive at the counter to apply for subscription, redemption, conversion, account opening, and other changes to a trust, a third party (not the wealth management personnel who handle such transactions or applications, nor referrers) shall conduct confirmation of the customer's identity and the transaction or application content. For items where a pre-recorded telephone transaction confirmation is required, such as cases of accepting the transaction outside the bank, the transaction confirmation shall be made with the customer by telephone recording and the audio file shall be kept for future reference, and the authenticity and correctness of the trust transaction application shall be fully confirmed.

3.5.15 Verification letter checking mechanism

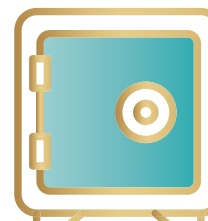
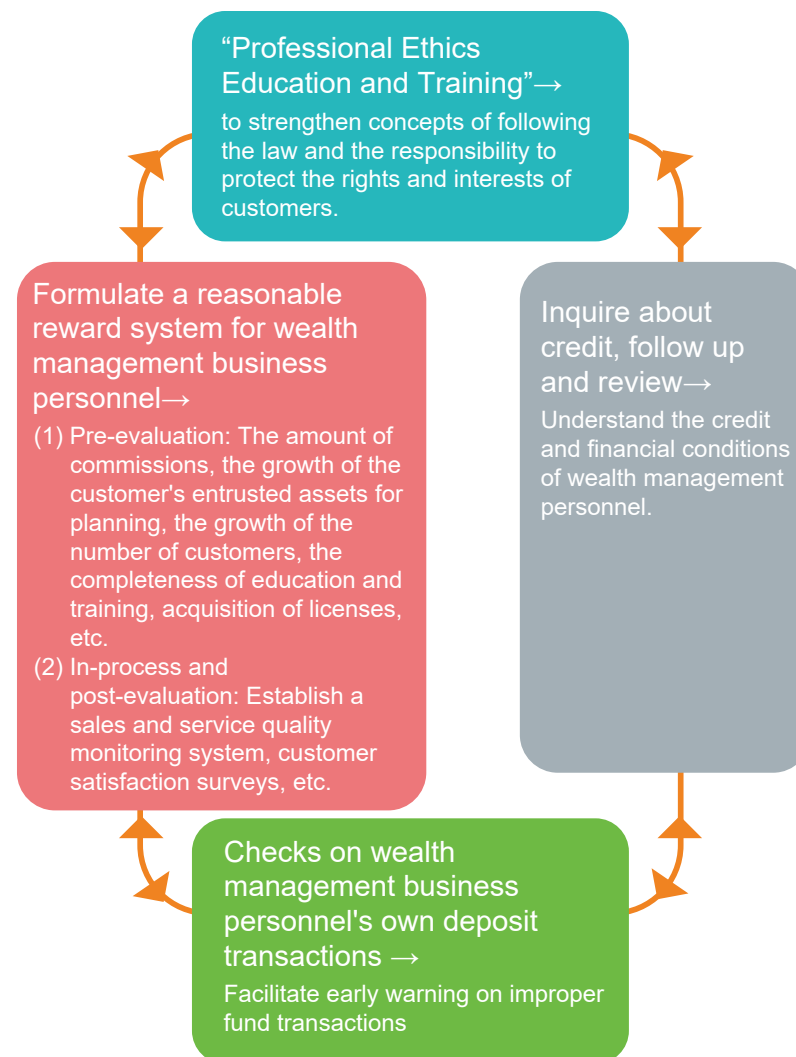
The Bank uses "half a year" as the random check with verification letter cycle as the confirmation mechanism, and sends by post the "Taichung Commercial Bank Non-discretionary Money Trust Funds Investment in Domestic and Foreign Securities Investment Verification Letter and Statement" in June and December each year, to proactively asks customers to check whether the investment balance stated in the statement is consistent.



3.5.16 Wealth management business personnel management mechanism

In order to prevent wealth management business personnel from earning commissions through improper sales behaviors, Taichung Bank has adopted the following specific measures to protect the rights and interests of customers:

1. Professional Ethics Education Trainings are organized for wealth management business personnel every six months, to strengthen the concepts of following the law and the responsibility to protect the rights and interests of customers.
2. The Bank conducts an inquiry about the credit, follow-up, and review of wealth management business personnel once a year, to understand their credit and financial conditions in a timely manner and prevent the occurrence of malpractice. In addition, the Bank checks deposit transactions made by wealth management business personnel twice a year, to facilitate early warnings of improper transactions of funds.
3. The Bank equally considers the factors before, during and after the event, and formulates a reasonable reward system for wealth management business personnel. The pre-evaluation principles include the amount of commissions, the growth of the customer's entrusted assets for planning, the growth of the number of customers, the completeness of education and training, the acquisition of licenses, etc.; the in-process and post-evaluation principles include audit deficiencies, customer complaints or disputes, and service quality monitoring.
4. In order to ensure that customers understand the nature of the product and the risks that may be faced, the principle of control before, during and after the event is adopted. Prior control includes strengthening the education of wealth management business personnel when introducing and recommending or selling financial products; they shall fully inform customers of the investment risk content, fully understand the customer and implement the product suitability policy, so as to avoid sales behaviors where the complexity of the product and the customer's investment experience are poorly matched, where their professional knowledge and background are inequivalent. In-process and post-transaction control include the establishment of a sales and service quality monitoring system for wealth management business personnel, the content of which includes customer satisfaction surveys and post-transaction monitoring mechanisms. If there is a short-term loss, the wealth management business personnel will visit the customer to explain and analyze current market conditions, and the wealth management supervisor will do follow up tracking after the transaction to ensure the implementation of the prior control.

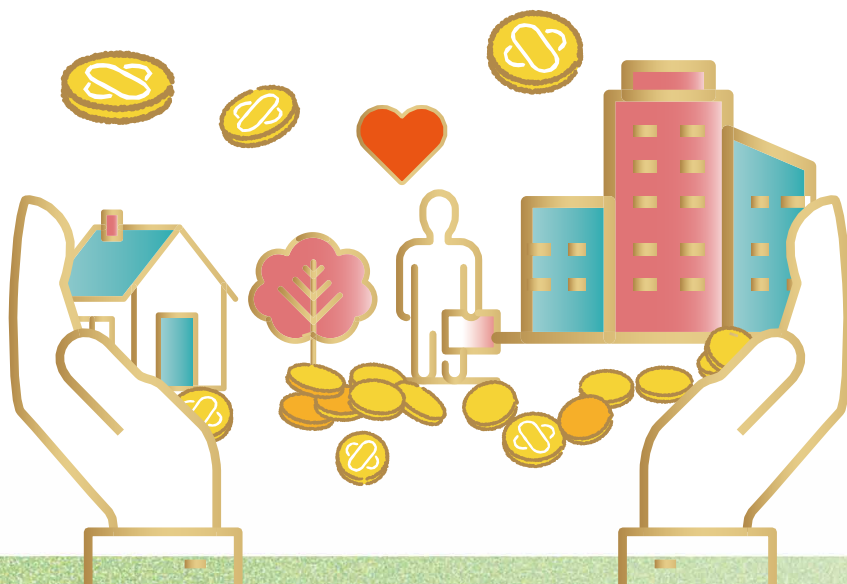


3.5.17 Providing financial-friendly measures and services for disabled persons and more

Taichung Bank has proactively established accessible ATMs, accessible spaces, and ATMs for the visually impaired to provide a friendly service environment for people with disabilities; our World Wide Web page has added accessible web pages to provide exchange and interest rate query services. This also conforms to accessible web page design standards, winning the public information accessible web page conformance level A+. Internet banking and our Internet ATM have also both obtained the internet banking accessibility conformance issued by the National Communications Commission. The Bank has also proactively planned for accessible transfer services in mobile banking to expand service levels.

Installation status of Accessible ATM and ATMs for the visually impaired – Running total for the past three years Unit: Machines

Year	2018	2019	2020
Accessible ATMs	153	155	185
ATM for the visually impaired	2	2	2



3.6 COVID-19 response measures

With the impacts of the COVID-19 pandemic situation, people, businesses, and enterprises have all been badly hit. Taichung Bank has spared no effort to care for and to support the government's various anti-pandemic policies, and implemented numerous relief mechanisms to stand behind the public during the pandemic-fighting period.

3.6.1 Uninterrupted financial services

1. Business unit backup plan

Our goal was that, during the period when COVID-19 was continuing to escalate, our financial services should not be affected. From among the 82 business units of Taichung Bank throughout Taiwan, the first backup and second backup business units were selected to implement the backup plan; they ordered each business unit to prepare all the anti-pandemic supplies (masks, forehead thermometers, and disinfectant alcohol) in the early stage of the pandemic, when it hadn't spread rapidly.

2. Head office personnel working in multiple locations

In addition to each branch, the services in important accounting processing, system operations, and non-interruptible business of great concern to all branches (including head office information, finance, trust, credit card, foreign exchange, customer service, centralized operations, and other departments) also started in late February 2020 to implement work from multiple offices, with more than one hundred employees going to work in the Taiping Employee Training Center and its surrounding offices respectively so as to strengthen pandemic backup and control measures.

3. Online loan area

The "Central Bank and Ministry of Labor Anti-Pandemic Loan Area" was established on the official website of Taichung Bank right away, allowing the public and enterprises to download a form and fill in their information for loan application online, or make appointments to apply for loans in person at business locations, thereby shortening the application time and speeding up the time to obtain funds.





3.6.2 Reducing burdens on people's lives

1. Credit card fee deferment measures

In order to help credit card customers who were affected by the COVID-19 pandemic, make it through the difficulties, the Bank offered credit card customers a relief scheme in which they may apply for a 3–6-month deferment of paying the accounts payable on their credit card bills, without having to pay liquidated damages or revolving interest during the deferment period. A total of 119 cases were accepted in 2020.

2. Loan interest rate cut measures

The interest rates for existing loan customers affected by the pandemic were cut by 25 basis points by the Central Bank, and then further reduced to 0.27%; additional favorable interest rate cuts for self-use residential loans and consumer loans are provided as well.

3. Offering loans on favorable terms

Complied with the government by launching relief schemes, such as labor relief loans and preferential interest rates; deferred payments to assist the general public in obtaining funds; and provided anti-pandemic and medical personnel in need of revolving funds with preferential loans (such as anti-pandemic balance transfer loans) for themselves, their spouses, and first-degree blood relatives in a sped-up review process so as to help reduce their life burdens.

4. Setting up a relief team

We established various relief contact points. Not only did we effectively carry out internal promotion of policies and those policies' corresponding relief schemes provided by external institutions, but we also sped up the processes for relevant relief operations. For example, for labor relief loans, the average number of days for approval is about 2.7 days, or about 2 to 4 days faster than the time it takes to close the case on a general relief credit extension. This greatly improves convenience for customers and allows us to stand with the people through difficult times.



3.6.3 Effectiveness of convenient and speedy measures

According to the labor relief statistical table released by the Credit Guarantee Fund, the Bank ranked 7th (out of 34 banks) in terms of the number of cases undertaken by private banks undertaking this labor relief loan scheme; if financial holding companies are excluded, the Bank jumps to 2nd in ranking. In response to this labor relief loan scheme, various convenient and speedy measures have been formulated, such as funds that may be drawn (remitted) to virtual accounts in other financial institutions (thus eliminating cumbersome account opening procedures), as well as for subsequent repayments; online appointment system (thus reducing crowding in Bank lobbies); sending notices to customers via text message after a loan draw (thus simplifying the drawing process); etc. The Bank has made breakthrough developments in our credit extension business, and we have continued to plan for streamlining the operation process, expressing our care through specific actions, and fulfilling our social responsibility in the pandemic-fighting work.

Aspect	ESG-related products and services	2020	
		Number of cases	Amount (Unit: NT\$1,000)
Social	Anti-pandemic project loan	15	21,180
	Labor relief loan	6,459	645,130



3.7 Improving customer service and maintaining customer relationships

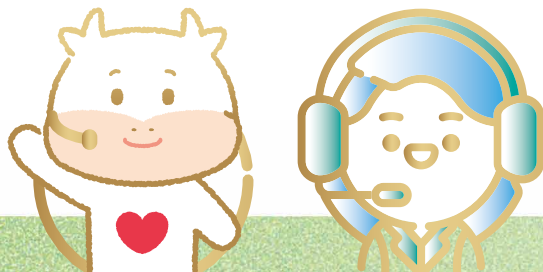
While the business develops, we continue to establish a corporate culture that values the protection of financial consumers. We treat financial consumers in a fair and reasonable manner; with the mission of “care attentively and shine within”, we listen to customer needs, value the protection of customer rights and interests, and provide customers with diversified, convenient and speedy financial services. Combined with the concept of inclusive finance, we operate with care and continue to improve customer experiences, so as to give full play to the spirit of sustainable development.

3.7.1 Establishing a culture of the treating customers fairly (“TCF”) principle

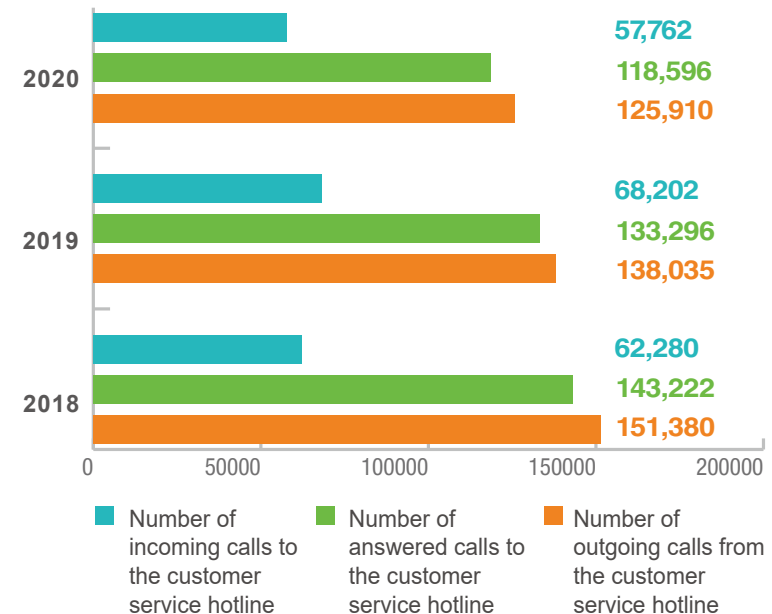
1. We adhere to the business philosophy of professional finance and integrity services, take TCF as the core, and value consumer rights and interests. In addition to formulating relevant regulations, we also incorporate the TCF Principle into education and training courses, and conduct educational advocacy and personnel training from time to time. The FSC has implemented an evaluation mechanism based on the TCF Principle since 2019. The Bank has reported the implementation status in accordance with the principle of the three lines of defense for internal control, so as to enhance the protection of financial consumers and create a financial brand that provides customers with security.
2. Based on the spirit of protecting financial consumers and maintaining a fair trading market, the marketing and labeling of financial products and services are all handled in accordance with the “Financial Consumer Protection Act”, “Banking Act” and the regulations of the competent authorities for the Bank’s various businesses. All product information is fully disclosed on the Bank’s website, statements, application forms, flyers, and advertising materials.

3.7.2 Customer communication channels

In order to improve the quality of services, the Bank provides customers with diversified and instant consultation channels, providing customer consultation and assistance in resolving doubts and other matters. Customers may directly express their opinions to the business unit, or through the 24-hour customer service hotline (direct dialing for all local calls in Taiwan, at 449-9888; for mobile phones and calls made to offshore islands, must add “04” prefix) or letters, electronic service mailboxes, and other communication channels to report questions, so that the customer’s voice can be effectively dealt with and responded to.



Statistical Table for Customer Service Hotline in the Past Three Years



	2018	2019	2020
Response rate (Note 1)	94.6%	96.6%	94.2%
Service level (Note 2)	80.4%	88.4%	83.7%

Note 1 : The response rate of the customer service hotline is the ratio of the total number of calls answered to the total number of incoming calls.

Note 2 : The service level is the achievement rate for answering calls within 30 seconds.

Note* : In 2020, the response rate and service level decreased by 2.4% and 4.7% compared with those in 2019. Explanation: In response to the impact of COVID-19 pandemic, we have assisted in handling relevant cooperative measures, and actively invested in filling up vacancies and training of customer service personnel to improve staff retention and service standards; and in response to digital development, we also assisted in the introduction of new business / new system, which substantially increased business volume.

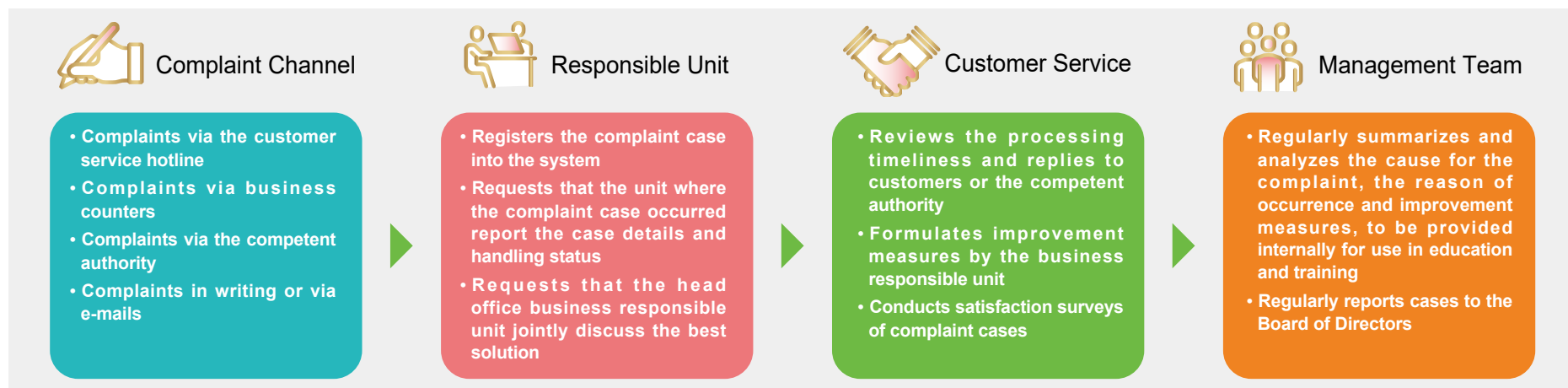


3.7.3 Customer complaint mechanisms

1. Protecting the rights and interests of customers is the most valued responsibility of the Bank. The establishment of the complaint system is an important mechanism for safeguarding the rights and interests of customers. In order to ensure that customer opinions can be effectively responded to, the Bank provides complete, transparent and diversified complaint channels. Customers may lodge their complaints to the Bank via our 24-hour free local call complaint hotline at 0809-096-888, or in writing, email, and other channels. In order to properly handle customer complaints, strengthen the service quality of the Bank, and enhance our image, the Bank has established a dedicated unit responsible for handling financial consumption disputes, thus jointly processing customer complaints and improving the efficiency of customer complaints.
2. All customer complaints from different channels such as customer service hotlines, business counters, competent authorities, the review center, emails, and letters are included within the "customer complaint management system". This allows us to control the processing procedures of customer complaints in a systematic way and quantify data from complaint cases to ensure that customers receive replies. Subsequently, we review the content of complaint cases to make improvements and thus avoid recurrence.

3. The Bank attaches great importance to the complaint rights and interests of every customer, faces problems with a positive attitude, stays on top of timeliness in handling customer complaints, and communicates with relevant responsible units to discuss best solutions. The number of complaints in 2020 increased by 12.7% over 2019. This was due to the increase in loan, wealth management, and credit card business complaint cases as a result of impacts from the 2020 COVID-19 pandemic situation. In order to make complainants feel that the Bank attaches great importance to their complaints, after the closing of the customer complaint case, we conduct a satisfaction survey regarding thereto. In order to continuously and effectively control the number of cases and quality in processing the cases, the Bank regularly reviews the types and handling status of financial consumption disputes aimed at monthly customer complaint cases. The Bank also requests that various business management departments formulate improvement measures and summarize and analyze the content of complaint cases on a quarterly basis, to improve service quality and to be used as educational materials for education and training. The Bank organizes courses on "common customer complaint education and training" from time to time, to strengthen employees' attitudes towards handling complaints and concepts regarding the rule of law. Regulatory compliance education and training are implemented; and complaint cases from previous years are regularly reported and explained to the Board of Directors, to facilitate management understanding of handling status of complaint cases from all Bank branches.
4. Customer feedback is the driving force by which the Bank marches toward providing higher-quality services. We believe that only by listening to customer needs and responding to customer demands immediately, with a dedicated and enthusiastic service attitude, can we win customers' trust and pass on our corporate image of "We Do Our Best for You".

Taichung Bank Customer Complaint Mechanisms



3.7.4 Holding VIP customer briefings

In 2020, a total of 7 medium-to-large scale “VIP Customer Briefings” for Father’s Day were held in the northern, central and southern areas of Taiwan respectively, with a total of 356 participants. In cooperation with the government’s anti-pandemic policy and in response to the investment and wealth management needs of customers, professional lecturers were invited to analyze investment market trends, and focusing on how to stay healthy at home in lockdown while fighting pandemic. They shared anti-pandemic health exercises with customers, analyzed current global economic conditions and development trends, and helped customers understand the pulse of the investment market.



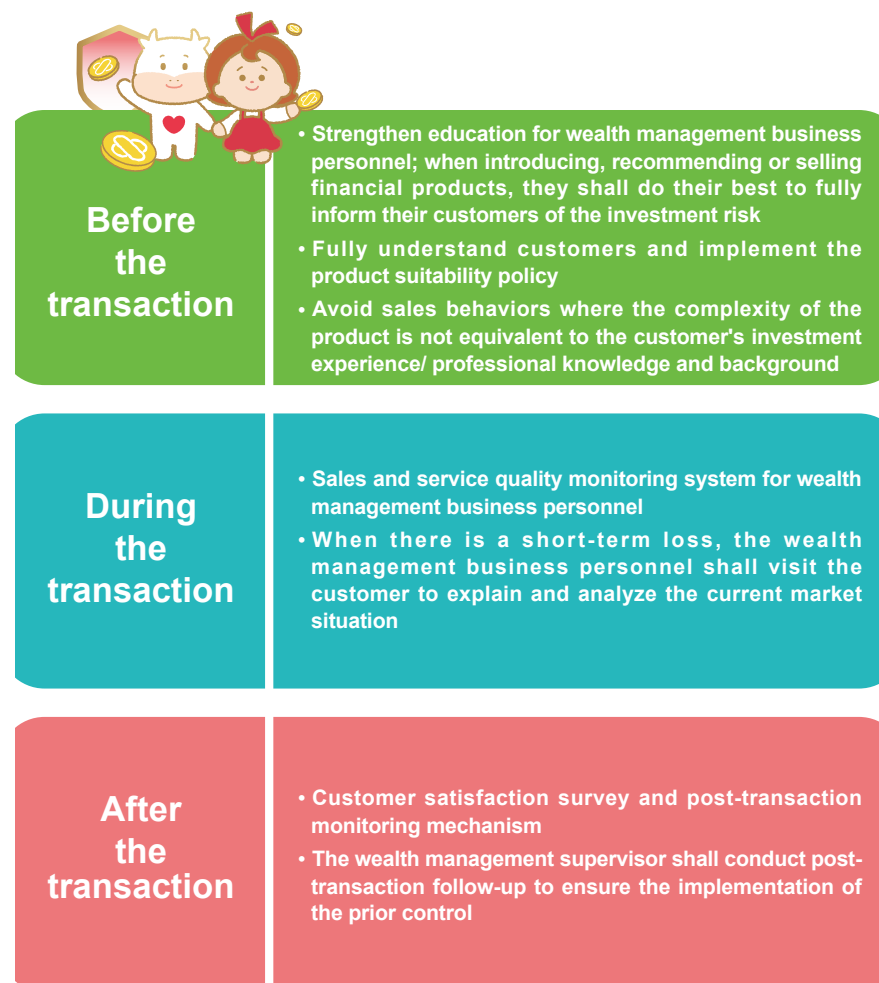
3.7.5 Holding business unit briefings

A total of 167 business unit small-scale briefings were held in 2020, with a total of 2,347 participants. In addition to analyzing the investment market outlook, allowing customers to understand the pulse of the investment market and advocating financial knowledge, the Bank also arranged soft topic courses such as retirement planning and floral art, to enhance sound interaction between the Bank and customers. This allowed customers who had not visited in a long while to adjust their asset allocation through this kind of small briefing session, thus complying with market trends and increasing the investment performance of wealth management customers.



3.7.6 Implementing the protection of customer rights and interests

Adhering to the spirit of service “care attentively and shine within”, Taichung Bank holds fast to the rights and interests of customers. The Bank implements consumer protection in accordance with the policy and strategy of the Treating Customers Fairly (“TCF”) principle, ensures that customers understand the nature of the product and the possible risks faced, and adopts control principles before, during, and after the event.



3.7.7 Customer satisfaction surveys

Taichung Bank conducts customer satisfaction surveys on the service quality of wealth management business personnel every six months, to strengthen the monitoring of sales and service quality of wealth management business personnel. Average satisfaction rates have all exceeded 95%.

Survey Year	2018	2019	2020
Satisfaction Rate (%)	96%	96.5%	99%

3.7.8 Implementing good service quality

In order to strengthen staff service etiquette and improve service quality, Taichung Bank has established service etiquette standards and teaching materials, established a position of service etiquette seeded lecturers to be responsible for training the unit personnel for sound etiquette, and designed a quantifiable assessment mechanism, including on-site assessment, telephone testing, and customer complaints (with weight given to each item according to the assessment criteria for the current year) to review the service etiquette of the business unit in their performance of services at the counter and on the telephone from the customer's point of view. The assessment results are announced, and there are group competitions, as well as rewards and punishments, at the end of the year as one of the standards for issuing performance bonuses to the operation units, in the hope of maintaining service quality through systematic and organized management.

1. Annual service quality assessment results:

Year	2018	2019	2020
Service quality scoring (Percentage system)	90.48%	88.80%	93.58%

Note: Service quality scoring varies due to the different key assessment elements for the year, since each item accounts for different weights within the rating.

2. The statistics of customer complaints related to service etiquette in the past three years are as follows, all of which have been closed:

Year	2018	2019	2020
Number of cases	6	21	8

Note: In order to improve service quality and reduce customer complaints, the Bank has continued to increase the number of service etiquette training hours in the “New Recruit Training Courses” and organized a “Customer Complaint Case Study Seminar” to strengthen the quality of service etiquette of employees.



04



Do Our Best to Care for Our Employees!

Create Pleasant Work Environment for Happy Life!

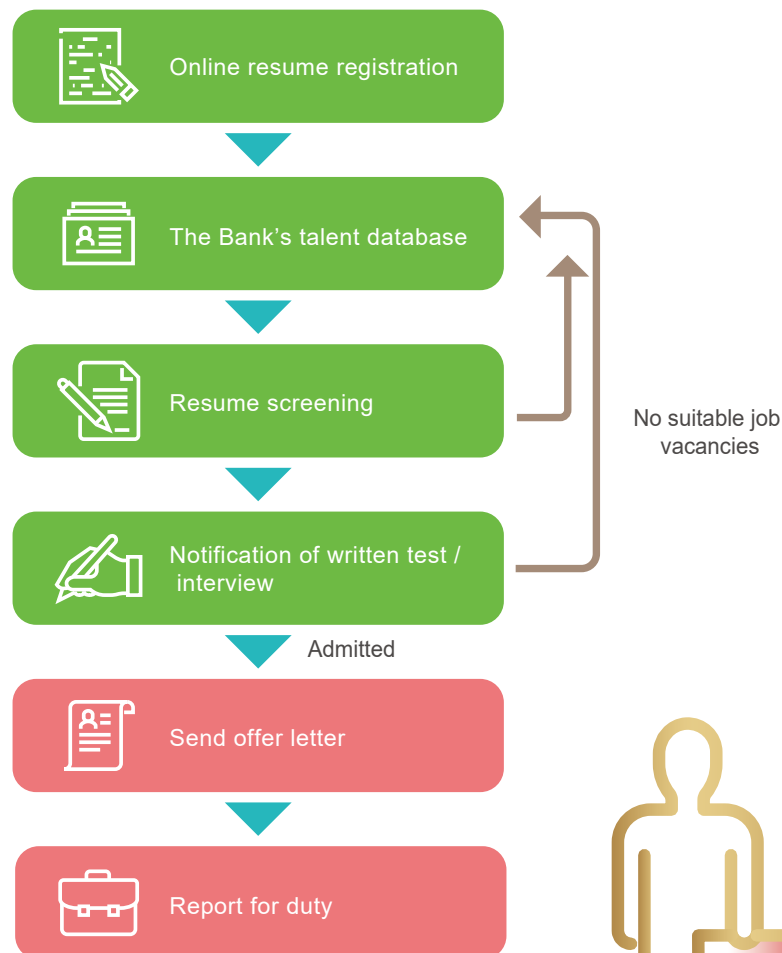
- 4.1 Employment situation
- 4.2 Salary and benefits
- 4.3 Talent cultivation and career development
- 4.4 Harmonious labor relations
- 4.5 Workplace safety and health



4.1 Employment situation

GRI 102-8 202-1 202-2 401-1 402-1 405-1

Taichung Bank had a total of 2,672 formal employees at the end of 2020. The talent recruitment process is as follows:



The Bank also recruits talents through public channels such as job banks, campus recruitment, and employee referrals. Our talents are an important asset of the Bank and the key to determining our competitive advantage. We always look forward to recruiting diverse talents through multiple channels, passing on our corporate philosophy, creating corporate value, and achieving the vision of sustainable operation and the pursuit of excellence.

Taichung Bank is committed to creating a diversified and equal employment environment; maintaining the advantages of localization and ensuring labor rights in the locality; and giving priority to hiring employees local to the business unit. The senior management personnel (personnel at or above the manager level) of the primary operation locations in Taiwan are 100% local residents, and senior management personnel in overseas locations are also Taiwanese employees. The Bank properly abides by relevant government laws and regulations in labor protection, prohibiting hiring of child labor, and formulates personnel management rules and work rules at the same time to ensure the labor rights and interests of all employees. The rules state that when major changes in operations occur in the Company, the Company shall give at least 10 days' prior notice, based on the seniority of employees, in order to reduce the impact on employees.

The relevant labor structure of the Bank is as follows:

1. Employee structure – by gender

Number of employees by gender	Formal employees (Taiwan region)	Formal employees (Overseas region)	Dispatch
Male	1,168	4	5
Female	1,496	4	37
Total	2,664	8	42

Note: All employees of the Bank are full-time employees.

2. Employee structure - by fixed salary and commission system

Number of employees, by fixed salary/ commission system	Formal employees (Taiwan region)	Formal employees (Overseas region)	Dispatch
Fixed salary	2,664	8	42
Commission system	0	0	0
Total	2,664	8	42

3. Formal employee structure –by gender, age, supervisory position, and general position

Gender	Age range	Taiwan region		Overseas region		Total
		Supervisory position	General position	Supervisory position	General position	
Male	≥50 years old	277	132	1	0	410
	30~49 years old	200	305	2	0	507
	< 30 years old	0	254	0	1	255
	Total number of men	477	691	3	1	1,172
Female	≥50 years old	130	72	0	0	202
	30~49 years old	149	529	2	0	680
	< 30 years old	0	616	0	2	618
	Total number of women	279	1,217	2	2	1,500
Total		756	1,908	5	3	2,672

Note:

(1) 1,911 employees were not in supervisory positions in 2020, and 1,857 in 2019, accounting for an increase of 54 employees.

(2) "Supervisory positions" refers to persons holding management positions.

4. Educational level of current employees (base date, December 31, 2020)

Educational background	Master degree or higher	University / Junior college	Senior high school / vocational school or lower	Total
Taiwan region	333	2,205	126	2,664
Overseas region	3	4	1	8

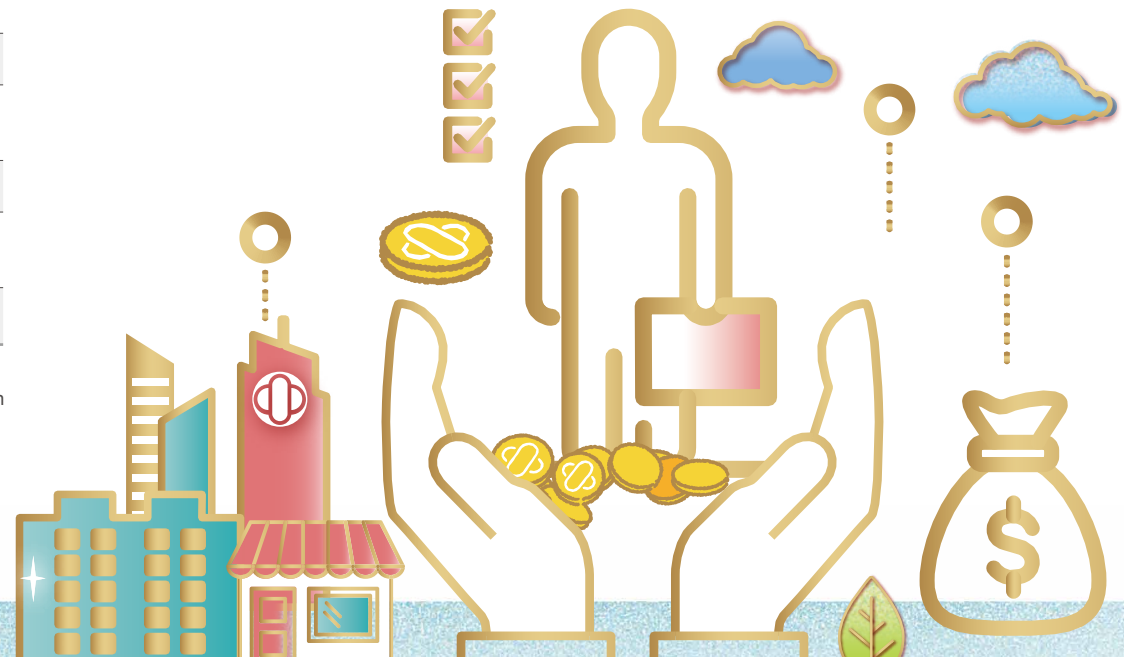
5. Statistics on number of employees with disabilities, end of December 2020 (Taiwan region)

Actual number of employees with disabilities	Statutory number of employees with disabilities	Insufficient number of employees with disabilities to be employed
20 (Note)	26	2

Note:

(1) 20 disabled employees were recruited, among whom 4 persons are severely disabled, making 2 vacancies for employees with disabilities.

(2) The Bank gives priority to reviewing the resumes of disabled candidates when recruiting employees, and continues to recruit via the recruitment area of the Bank and the job bank to provide job opportunities.



6. New recruit turnover rate

Year	Persons at the end of the year		Gender	Female			Male			Total		New recruit turnover rate
	Female	Male	Age range	< 30 years old	30~49years old	≥50 years old	< 30 years old	30~49 years old	≥50 years old	Female	Male	
2018	1,314	1,061	New recruits	201	83	5	90	76	5	289	171	19.37%
			Left position	82	70	4	36	51	5	156	92	10.44%
2019	1,466	1,144	New recruits	326	83	3	151	85	13	412	249	25.33%
			Left position	145	95	3	79	56	14	243	149	15.02%
2020	1,500	1,172	New recruits	195	61	10	132	66	11	266	209	17.78%
			Left position	96	75	8	69	67	9	179	145	12.13%

Note:

(1) The number of persons leaving positions does not include work-study students.

(2) Turnover rate = Number of persons leaving their positions / number of persons at end of year.

(3) New recruit rate = Number of new recruits / number of persons at end of year.

4.1.1 Industry-University Cooperation

1. The Bank has carried out an industry-university cooperation internship and work-study program with universities and colleges. In 2020, 18 universities and 54 students practiced in various units for internships and work-study.
2. The Bank initiates early selection of outstanding talents from soon-to-be-graduates, to retain them in the future and reduce costs from new recruits leaving their positions due to "educational and skill mismatches".

4.1.2 Employee performance appraisal management

All employees of the Bank are required to receive annual performance appraisal management. Through performance management, it helps employees effectively improve their "work performance", "professional knowledge and skills", "service attitude" and "level of regulatory compliance" and strengthen organizational effectiveness. The results of the annual performance appraisal are used as a reference for talent development, such as the issuance of operating performance bonuses,

salary adjustments, and promotions. In addition, the frequency and method of regular appraisals of business / wealth management personnel have been increased due to variances in employee duties. The percentages of such personnel subject to increased appraisals to the total employees are as follows (%).

Personnel subject to periodic performance appraisals	Wealth management personnel (Persons)	Sales personnel (Persons)	Ratio of all appraised personnel to total employees (by gender)
Male	86	404	41.81%
Female	212	249	30.73%
Total	298	653	35.59%



4.2 Salary and benefits

GRI 401-1 401-2 401-3 405-2

The salary system of Taichung Bank is divided into regular salary (base salary; various allowances) and irregular salary (such as overtime pay). Salaries of new recruits are determined regardless of gender, based on criteria such as academic background and work experience, work performance and abilities, professional skills required, etc. The system also takes into account the salary surveys conducted by corporate management consulting companies, comparing corresponding positions in the same industry, to design a fair and competitive salary system. The initial salary of non-experienced staff is 1.35 times better than the legally mandated minimum and basic wage. The employee annual salary is 13 months, including 12 months of salary and a one-month Spring Festival bonus. In addition, operating performance bonuses are issued depending on the operating performance and employee personal performance for the current year. In order to implement the link between performance bonuses and future risks to prevent managers from engaging in high-risk businesses in pursuit of high remuneration, payment of some “operating performance bonuses” have been deferred since 2014.

In addition, the Bank has established the “Remuneration Committee” to determine and regularly review the reasonableness of the remuneration of senior managers. In 2020, a total of six “Remuneration Committee” meeting were held to discuss relevant issues.

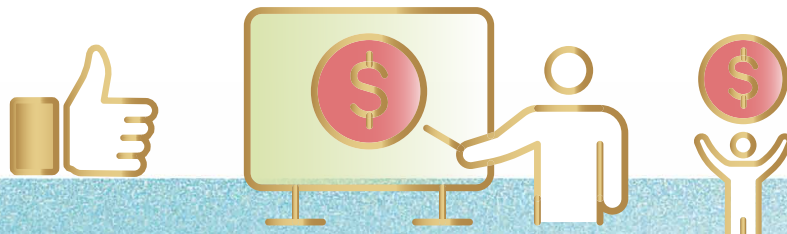
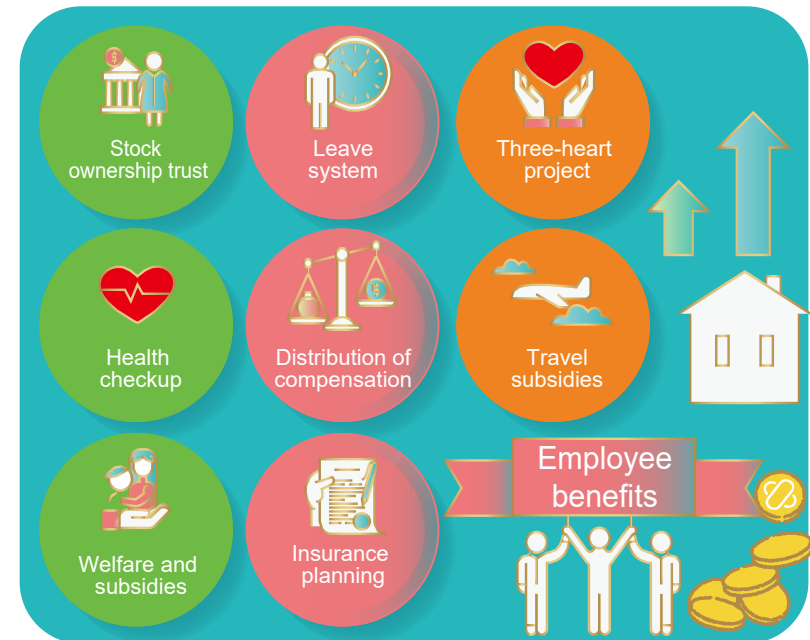
Adhering to taking care of the lives of employees and improving work efficiency, the Bank established the “Taichung Commercial Bank Employee Welfare Committee” in accordance with the “Employee Welfare Fund Act” to provide various welfare and subsidies (including marriage, childbirth, birthdays, funerals, travels, education scholarships for employee’s children, festive appreciation gifts, etc.), in the hope of increasing the level of employee identification with the Company. In addition, in order to create a sound retirement plan, for employees who apply to the new system in accordance with government regulations, the Bank appropriates 6% of the employee monthly salary to the Bureau of Labor Insurance personal pension account on a monthly basis; for employees who apply the old system, the Bank entrusts an actuarial company with actuarial calculations for appropriation rates, and appropriates pension reserve funds to be deposited in the “labor retirement reserve fund account” with the Department of Trust, Bank of Taiwan, according to the appropriation rates in the actuarial report.

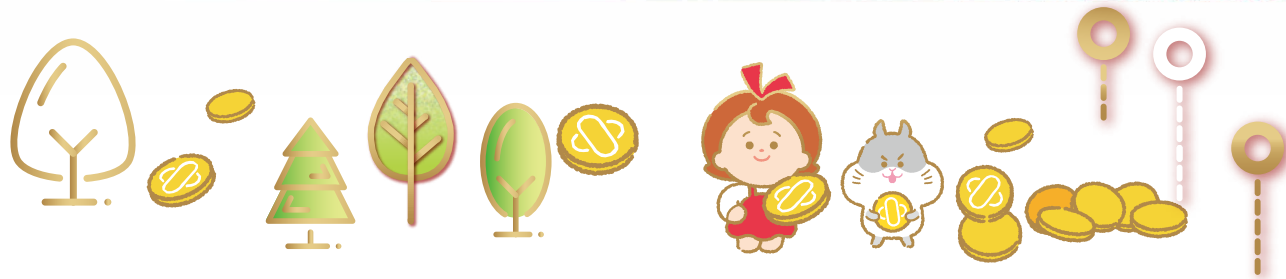
From 2015 to 2020, Taichung Bank’s stock had been incorporated in the list of ‘Taiwan HC 100 Index’ over the past 6 years. This indicates that not only the profitability of the Bank has been affirmed, but also the employee salary and benefits are recognized as well. In 2020, the expenditures of Taichung Bank on employee salary and benefits amounted to NT\$3,476,970,000, accounting for 32.67% of revenue (excluding overseas). The Bank appreciates attracting more outstanding talents and being the backing and support for more than 2,000 families.

1. Ratio table of personnel at all levels

Level	Ratio of basic salary (male: female)	Ratio of average annual salary
Supervisor	1:1	1:0.876
Staff	1:1	1:0.856

Note: In 2020, there were more male supervisors than female supervisors in the Bank; in terms of other staff, there were more male staff as well due to the professional skills required for their duties (such as information, construction and maintenance, etc., for whom the salary structure is different from that of ordinary staff), and therefore the ratio of average annual salary for males is higher than that for females.





2. Employee Benefits Overview Table

Benefit items	Description
Employee Stock Ownership Trust	<ol style="list-style-type: none"> 1. The Bank wants to enhance the employee welfare of the Bank, assist employees in long-term savings and investment, accumulate wealth for promotion of stability of life after retirement, and to increase employees' cohesion with the Company. For these reasons, and so that employees can hold company stocks and share in the results of our business operations, the "Taichung Commercial Bank Co., Ltd. Employee Stock Ownership Association" was established to launch an employee stock ownership trust. 2. Employees may choose to participate at their discretion, and employees may choose to increase or decrease the amount within a designated range at a specified time. Funds with a monthly fixed amount are deposited in the trust. The Company, depending on its earnings per share (EPS) for the preceding year, appropriates the funds at the appropriation rate corresponding to the appraisal level of the employee for the preceding year, multiplied by the employee deposit amount, as an incentive payment from the Company.
Employee insurance plan	<ol style="list-style-type: none"> 1. In addition to enrolling in labor insurance, national health insurance and 6% appropriation for labor pension funds starting from the date of report for duty by employees in accordance with the law, the Bank also provides additional insurance for employees: Group injury insurance, accidental injury medical insurance, term life insurance, daily hospital and surgical benefit insurance, etc., as well as "cancer medical insurance" (beginning August 2019), in order to take care of employees' lives and improve employee welfare. 2. In addition, the Bank also plans group insurance exclusively for employees, including life insurance, critical illness insurance, accident insurance and medical insurance, etc., and employees may choose to insure themselves and their dependents at their discretion so as to enjoy more complete protection.
Various welfare and subsidies	<ol style="list-style-type: none"> 1. We provide various welfare and subsidies for childbirth, marriage, birthday celebrations, funerals, birthday parties, and education scholarships for employees' children. 2. In response to government policies to encourage childbirth, the childbirth allowance increased from NT\$2,000 to NT\$10,000 starting in 2020. 3. In order to promote legitimate leisure activities, the "Club Management and Subsidy Guidelines" are formulated to encourage employees to proactively participate in activities and achieve the goal of physical and mental health through club operations and subsidies for club expenses.
Employee travel subsidies	In order to train employees' physical fitness, balance their physical and mental health, and promote caring communication among employees, a certain quota of funds for each person according to the resolution of the Employee Welfare Committee of the Bank every year is allocated for each unit to plan its own travel itineraries and locations.
Employee Assistance Programs (EAPs)	Based on the care for employees, to promote the physical and mental health of employees, and to support work-life balance, the employee assistance program – "Three Heart Project - Attentiveness, Care, and Happiness" (Three hearts to care for employees: Corporate attentiveness / professional care / happy employees) is especially implemented.
Distribution of employee compensation	In order to encourage employee morale, the Bank distributes employee compensation at a certain percentage based on the profitability status for the current year, and calculates cash and stocks distributable to each employee in proportion of the employment period by referring to the performance appraisal of each employee, in accordance with Paragraph 3, Article 235-1 of the Company Act.
Regular health checks	<ol style="list-style-type: none"> 1. According to the "Labor Health Protection Regulations", employers shall periodically implement health check-ups for employees according to different ages and frequencies. The Bank provides free health check-ups to all employees every two years. 2. In addition, starting from August 1, 2020, the Bank provides our managers with a subsidy for health check-up costs once every two years for carrying out more in-depth check-ups.
Employee leave system	<p>Taichung Bank has formulated the "Guidelines for Employee Special Leaves" and rules for granting leave in accordance with the law. The following provisions are even better than what is required by law:</p> <ol style="list-style-type: none"> (1) 10 days of marriage leave for the employee him/herself, 3 days for the marriage of the employee's children, and 1 day for the marriage of the employee's brothers and sisters. (2) 10 days of funeral leave for the employee's parents, adoptive parents, stepparents, and spouses who pass away. (3) In case of ordinary injury and sick leave (including miscarriage prevention leave and menstrual leave for more than 3 days), the salary for leave periods of 30 days or less is paid as usual, and half-salary is paid for the leave period exceeding 30 days.



3. Salary information for full-time employees in non-supervisory positions:

Unit: person / NT\$1,000

Item	2018	2019	2020	Difference with preceding year
Number of full-time employees in non-supervisory positions	2,014	2,225	2,364	139
Average salary	1,074	1,061	1,032	(29)
Median salary	921	939	867	(72)

Description:

1. The term "non-supervisory position" mentioned in this table excludes "managers", according to the interpretive decree issued with the official letter No. Tai-Tsai-Cheng-3-Zi-920001301 on March 27, 2003.
2. Compared with 2019, there was an increase of 139 full-time employees in non-supervisory positions in 2020, most of whom were fresh graduates just graduating from school. Due to their relatively low salary, the average and median salaries went down.

4. Annual average employee welfare costs:

Unit: person / NT\$1,000

Year	2018 (All employees - excluding overseas & director remuneration)	2019 (All employees - excluding overseas & director remuneration)	2020 (All employees - excluding overseas & director remuneration)	Difference with preceding year
Employee benefit costs / person	1,381	1,327	1,290	(37)
Total employee benefit costs for employees in non-supervisory positions	1,947,031	1,808,130	1,677,345	(130,785)
Employee benefit costs for employees in non-supervisory positions / person	1,169	1,034	909	(125)

Description:

1. Starting in 2019, the number of persons was calculated based on the annual average number of people.
2. In 2020, there was an average increase of about 124 new recruits over 2019; the welfare cost per employee went down as a result of relatively low salaries.



4.3 Talent cultivation and career development

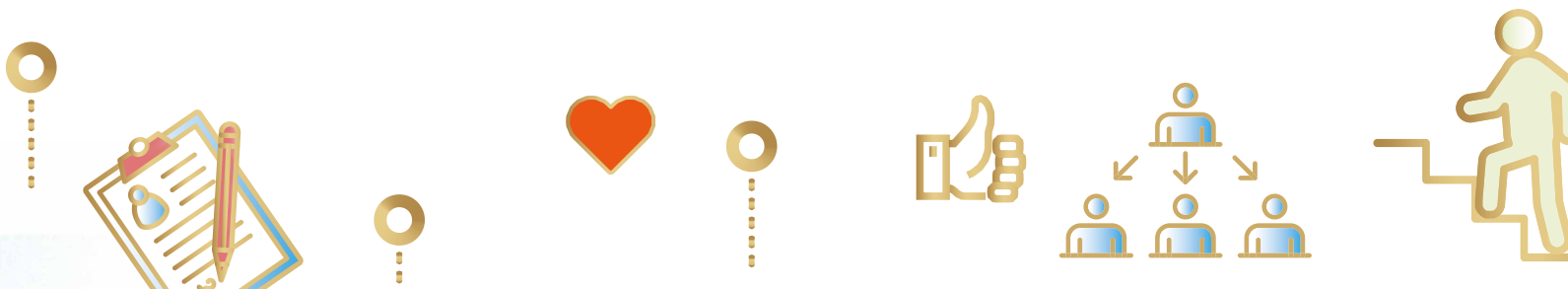
GRI 404-1 404-2 404-3

The Bank believes firmly that education and training are the key factors for the corporate sustainable development and continuous progress of the Company. In order to cultivate outstanding talents and satisfy the development of employees at all levels, the dedicated department in charge of staff training formulated an annual education and training plan in accordance with the development strategy of the Bank. This department also drew up more specific training courses for different duties and levels, in order to simultaneously improve the quality, depth, and effectiveness of the courses, and thus deeply cultivate human capital and create competitive advantages.

4.3.1 Sound cultivation system:

Tradition, support, and guidance are an important part of the Bank's corporate culture. The Bank promotes various education and training programs aimed at employee career planning and adaptive development, and selects specialized employees to act as lecturers to share work skills and inherit professional knowledge. The Bank continues to cooperate with external training institutions such as the Taiwan Academy of Banking and Finance as well as the Trust Association in implementing training on regulatory compliance, anti-money laundering, derivatives, trust regulations and so on, as well as providing professional training in financial functions.

Category	Purpose	Content
New recruit training	To enable new recruits to promptly understand the services and culture of the Bank, and become aware of daily operating procedures and control key points.	Includes courses such as understanding the Company's history and culture; company organization; personal career blueprint and promotion system; integration of career development with company vision; various laws and regulations to be complied with; relevant rights and obligations; as well as introduction to welfare matters.
Professional Training (depends on duties)	To enable employees to be the right people in the right places, so as to shape all-round talents in the financial industry and stimulate work potential.	The Bank provides various education and training according to the needs of various duties, and plans the employee career development map, so that employees may be nurtured in line with their career development.
Management training	To strengthen the professional knowledge, functions, and leadership management abilities that supervisors must possess.	<ol style="list-style-type: none"> 1. Held the lecture on "Corporate Governance & Ethical Corporate Management" to provide senior executives and managers with regular continuing education and understanding of future developments. 2. Started relevant courses in regulations, professional functions, sensitivity and so on to strengthen the professionalism of supervisors and lead employees in implementing corporate policies. 3. Arranged training courses on LIFO report analysis as well as "service, management, and communication" skills to facilitate strengthening first-time supervisors' basic concepts.



Category	Purpose	Content
Individual Development Plan (IDP)	To discover high-quality talents with future potential and build up the talent pool for the Bank.	The Bank has established operations and management thinking based on the “performance development”, “personnel management”, “career development”, “training development”, and “key talent management and development”. By doing so, the Bank cultivates strategic analysis and organizational planning capabilities, and thus maintains organizational development and team operations.
Regulatory compliance training	To enable employees to understand the procedures for regulatory compliance to be followed in various services, thus ensuring compliance with internal rules, laws and regulations during business execution.	The Bank strengthens the concept of following the law by employees and improved their operational knowledge and skills so as to avoid repetition of deficiencies, and regularly organizes education and training on regulatory compliance, anti-money laundering, internal audits and controls, etc.
Other training	To provide employees with more comprehensive and diverse education and training content and types.	The Bank provides diversified course content (such as information security, FinTech, big data, marketing skills, innovation, etc.) to broaden employee horizons and increase sensitivity to the financial environment so as to enhance professional functions.
Certification Award & Subsidy Measures	To encourage employees to use their free time after work for self-learning to enrich their professional knowledge, proactively obtain financial professional licenses, and pass foreign language certifications, so as to enhance their competitiveness in the workplace.	The Bank provides employees who obtain professional financial licenses and pass the foreign language certification with subsidies, in accordance with the “Certification Award & Subsidy Measures” of the Bank. The number of subsidies was 1,379, amounting to NT\$1,184,663.



▲ Taichung Bank Cultivation System

1. Cultivation system results:

	Number of training sessions	Number of participants
New recruit training	11	498
Professional Training	166	10,817
Management training	8	511
Individual Development Plan (IDP)	6	101
Regulatory compliance training	25	1,392



4.3.2 Education and training statistics:

Education and training can cultivate common values of employees, enhance organizational cohesion and improve work efficiency. In addition, with a rapidly changing financial market, in order to strive for employee familiarity with the latest financial knowledge, product information, regulation systems, and market trends and thus provide customers with high-quality, specialized services, the Bank provides various training sessions (such as deposit and remittance, extending credit, foreign exchange and wealth management) based on various services, and extensively assigns personnel to participate in internal and external education and training courses to absorb new knowledge.

1. Relevant training results in 2020:

	2018	2019	2020
Internal training course sessions	231	243	224
Participants in internal training	13,637	14,066	13,861
Total internal training hours	121,560	133,034	105,762
External training course sessions	340	465	446
Participants in external training	835	1,069	1,518
Total external training hours	10,027	10,849	11,810
Average training hours of employees	55.4	55.6	44
Average training cost of employees	4,852	5,186	3,499
Total cost of staff training	11,524,103	13,535,858	9,349,691

Description:

Affected by the pandemic in 2020 and in order to avoid the risk of cluster infection, education and training sessions were reduced for the first half of the year, and some courses were adjusted to be carried out via video in the second half of the year. Therefore, overall trainees and costs decreased.

2. Average training hours for supervisory positions and ordinary positions in 2020:

	2019		2020	
	Supervisory position	Ordinary position	Supervisory position	Ordinary position
Female	58	58	51	45
Male	49	52	39	42
Total	52	56	43	44

3. Education and training on human rights policies in 2020:

We incorporated human rights policies and gender equality and friendly workplace advocacy into the compulsory items for the education and training of new recruits. Content thereof includes introductions to relevant laws and regulations (such as gender equality law, sexual harassment prevention, occupational safety and health, personal data protection), introduction to reporting and complaint channels, the workplace blueprint and promotion system, employee career development, employee-related rights and obligations, welfare matters, etc. Thus, the Bank advocates protection of and attention to the human rights policies of the Bank through education and training, and strives to create a safe, equal working environment free from discrimination and harassment. In 2020, we organized education and training courses related to human rights policies, and the training rate of employees amounted to 100%.



4.3.3 Talent cultivation project:

Digital finance transformation project	<ol style="list-style-type: none"> 1. Strengthened employees' digital financial literacy, specialized knowledge and marketing capabilities of digital financial products, and encouraged employees to take the "Basic FinTech Knowledge Assessment Test" to strengthen their functions and competitiveness. As of the end of 2020, a total of 277 people in the Bank obtained test certification. 2. Participated in the "FIN & TECH" course organized by the Taiwan Academy of Banking and Finance, in order to help grasp development trends, and respond and transform in a timely way. 3. Purchased books related to digital transformation and distributed them to employees to read, in order to help them understand how to utilize digital technology as a service medium, and then reflect on the positioning and plan future development strategies, so as to grasp trends and create a digital financial environment.
Online English learning courses	<p>In order to cooperate with the Financial Supervisory Commission in promoting the national policy of bilingual environment and providing a bilingual environment for financial service accessibility, the Bank is committed to building up and improving our staff's English proficiency. In addition to encouraging employees to proactively obtain foreign language related certification (e.g., GEPT & TOEIC), even more subsidies were provided to employees for participation in online learning courses organized by language training centers. As of the end of 2020, two sessions were organized, with learning periods of 6 months each.</p>
Overseas business units assignment plan	<p>In order to expand our international business territory, we established branches overseas, selected employees who were interested in serving overseas, and organized the "Overseas Business Unit Expatriation Plan Briefing" to provide employees with diverse career planning and development.</p>

4.3.4 Employee career development:

The Bank provides a robust training plan for employees to clearly see their own workplace blueprint, and plans their career development map based on various positions. Employees can receive cultivation in line with the career development, so that employees can be the right person in the right place. As employees strengthen their life-long skills, they establish concepts that will support them in lifelong learning and career planning after retirement as well.

1. Functional competencies:

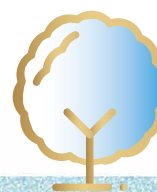
We gradually introduce the concept of "functional competencies", and help employees understand the functions and expertise required for various duties through competency enhancement instruments (passing basic certification tests, preliminary functional training, cultivation of specialized skills, etc.). We also provide a career development map and robust education and training program, to enable employees to set their career directions and strengthen their needed skills as soon as possible. This not only enhances the advantages of the workplace, but also helps employees with life-long learning and career planning.

2. Rotation of duties:

In order to shape the all-round talents in the financial industry and stimulate work potential, the Bank implements the rotation of duties among units in accordance with the "Five Principles of Rotation" and in accordance with the applicable laws and regulations. This cultivates employees' ability to support one another and fully understand various tasks, and even helps employee accumulate experience in various fields, thus optimizing employee adaptability in the workplace.

3. Cultivation of specialized functions:

In compliance with division of services, specialized division of labor, and assisting employees in long-term career development, the Bank organizes various specialized courses based on different business departments, such as business norms, operating procedures, marketing skills, and customer relationship management, to strengthen employee functions. Also, in response to FinTech and the rise of overseas business, we continue to send staff to participate in training courses on new types of business, and cultivate new ideas and skills for employees, to face the rapid changes in the emerging workplace, and adapt to environmental changes and organizational growth.





4. Online learning system:

We are gradually introducing an online learning system, providing diversified learning courses that break limitations of time, space, and distance in order to create a learning environment where employees can strengthen their specialized and management capabilities, anytime and anywhere. This makes education and training more efficient, and the development of specialized functions more rapid, thus improving employee competitiveness in the workplace.



4.4 Harmonious labor relations

GRI 406-1 411-1 412-2

4.4.1 Regular labor-management meetings are held:

Good employee and labor relations are one of the key elements for the success of a company. In 2020, Taichung Bank had 6 labor representatives and 6 management representatives, and regularly held labor and management meetings to coordinate labor and management relations and promote labor and management cooperation. This year, a total of 4 labor and management meetings were held. The representatives from both sides fully discussed the issues concerned by employees. Both parties also selected bargaining representatives for the collective agreement to proceed with bargaining in appropriate timing.

4.4.2 Diversified channels for communicating employee opinions:

Only effective two-way communication can consolidate employees' cohesion and sense of identity with the Company. In order to prevent malpractice, if employees discover illegal or sexual harassment, violation of internal control rules by supervisors or employees, engagement in high-risk speculative activities, etc., they may report such occurrence and make statements in writing, by email, internal website, complaint hotline, or other formal channels.

The Company maintains confidentiality for all employees who express their opinions, and responds immediately. A total of 3 employee complaints were investigated and completed with handling in 2020; there were no complaints involving issues of human rights, discrimination, rights of Indigenous peoples, or forced or compulsory labor.

Employee complaint cases in the past three years

Unit: Cases

2018	2019	2020
2	3	3



4.4.3 Organizational climate questionnaire

Target: Personnel of assistant manager and lower rank (excluding work-study students)

Purpose: To understand the work experience of employees, so that employees can work, learn and grow happily in Taichung Bank, and thus create a vibrant and warm organizational environment in which to achieve a beautiful vision together.

Aspects: Includes work atmosphere, interpersonal relationships in the workplace, company recognition, career development, etc.

Questionnaires sent out: 2,484

Questionnaires received: 1,928

Questionnaire response rate: 77.6%

Questionnaire results:

Level of satisfaction	Work atmosphere	Interpersonal relations in the workplace	Level of identification with the Company	Career development
All employees	92.74%	97.04%	98.50%	98.76%
Male	92.62%	97.67%	98.45%	98.83%
Female	92.82%	96.63%	98.53%	98.70%

Actual actions:

1. In order to implement care for employees; to create an organizational culture with a warm working environment and good interactions; and to take the initiative to care for the physical and mental, family, economic and work conditions of employees, the Bank drew up the "Employee Life Counseling Visit Form".
2. In order to encourage employees to take more days off to seek physical and mental balance, and to seek balance between life and work, incentive measures such as the leave rate for units and individuals were especially drawn up.



4.4.4 Creation of a gender equality workplace

In response to the Ministry of Labor's promotion of employment equality, and promotion of avoiding workplace gender discrimination and workplace sexual harassment caused by gender stereotypes in the workplace, the Bank follows the measures to promote work equality under the Act of Gender Equality in Employment, the relevant regulations on the prevention of workplace sexual harassment, and the prevention of employment discrimination under the Employment Service Act to establish a gender equality workplace and environment. In order to prevent the occurrence of sexual harassment, establish a gender equality workplace and environment and protect the rights and interests of victims, a total of 3 cases of sexual harassment were accepted in 2020; handling was done in accordance with regulations. An investigation team was established within five business days of receipt to initiate investigations. Investigation processes and information were all kept confidential, and the investigation report was submitted to the "Employee Sexual Harassment Complaints Handling Committee"; personnel concerned were disciplined and moved from their original positions, and the cases were also reported to the competent authority in accordance with relevant procedures.

Taichung Bank is committed to creating a sound working environment and harmonious labor-management relations as well, abiding by various labor laws and regulations, protecting the rights and interests of employees, and formulating various measures including "menstrual leave", "family care leave", "prenatal checkup leave", "paternity leave", "maternity leave", "prevention of miscarriage leave", the "related rules on parental leave without pay", etc. in order to promote gender equality. In addition, the management unit can check staff business trip and attendance status in the business trip and attendance management system, to understand whether an employee works overtime. In light of the regulations in relation to the Labor Standards Act, the Bank has also repeatedly reiterated that an overall harmonious labor-management relationship creates a win-win situation for business growth of the Company and the rights and interests of employees.

1. Statistics table on the proportion of women in each group in the past three years

	2018	2019	2020
Percentage of female employees	55.33%	56.17%	56.14%
Percentage of female executives	34.71%	37.35%	36.93%
Percentage of female junior supervisors	40.09%	43.59%	42.72%
Percentage of middle-to-senior level female executives	23.93%	24.60%	25.30%
Percentage of females serving in management positions with the function of income growth (such as sales)	28.54%	31.57%	31.50%
Percentage of non-supervisory female employees	64.00%	63.83%	63.79%
Percentage of new female recruits	62.83%	62.33%	56.00%

Description:

1. "Junior supervisors" include the supervisory positions of division chief, deputy division chief, and junior manager.
2. "Middle-to-senior level executives" include the supervisory positions of deputy manager and (assistant) manager or higher.

2. Paternity leave without pay status in 2020

Item	Male	Female	Total
Number of people who can apply unpaid parental leave in 2020 (A)	22	75	97
Applicants for leave without pay at the end of maternity leave in 2020 (B)	1	26	27
Application rate in 2020 (B/A)	5%	35%	28%
People supposed to be reinstated from unpaid parental leave in 2020 (C)	2	27	29
Reinstatements from unpaid parental leave in 2020 (D)	0	18	18
Reinstatement rate in 2020 (D/C)	0%	67%	62%
Number of reinstatements from 2019 and remain in office for more than one year as of 2020 (E)	1	16	17
Reinstatements from unpaid parental leave in 2019 (F)	1	16	17
Retention rate in 2020 (E/F)	100%	100%	100%

4.4.5 Labor unions

The labor union was established on March 27, 1999. It regularly convenes the board and supervisory board meetings as well as member representative meetings, and elects labor representatives. These representatives participate in the Employee Welfare Committee meeting held by the Company, labor-management meeting, and Labor Pension Reserve Supervisory Committee meeting, and negotiate revision of the "Taichung Bank Employee Work Rules" in order to protect the rights and interests of members, improve the capacity of members, enhance working conditions, communicate labor and management opinions, increase company productivity, promote employee welfare, and facilitate labor-management cooperation, so as to achieve the purpose of sustainable operations for Taichung Commercial Bank.

1. Meeting titles and frequency in 2020

Meeting	meetings
Board and supervisory board meeting	6 meetings
Participation in labor-management meeting	4 meetings
Employee welfare committee meeting	4 meetings
Labor pension reserve supervisory committee meeting	8 meetings
Personnel appraisal and appraisal committee meeting	10 meetings
Employee sexual harassment complaint handling committee meeting	2 meetings
Bureau of Labor's labor inspection briefing	4 meetings
Attendance in employee Minquan and Minzu Building operating environment for monitoring operations	2 meetings



4.5 Workplace safety and health

In order to provide a safe and secure operating environment for all employees and stakeholders, Taichung Bank continuously improves occupational safety and health management, which is described in the following two items:

4.5.1 Forming employee safety concepts and habits

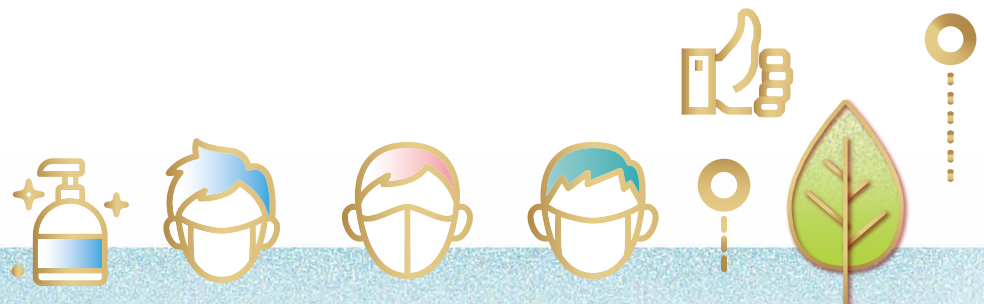
1. In order to promote employee safety and health rules and prevent occupational disasters, each unit formulates an annual "automatic inspection plan" to implement independent management of safety and health.
2. In order to effectively implement the management of occupational safety and health personnel in various business units, the Information Department of the Company has designed a "Roster of Occupational Safety and Health Personnel in Each Unit" system, which automatically replaces relevant personnel after the transfer of such personnel to other units operating in line with the human resources system. The Bank also arranges occupational safety and health business supervisors, first aid personnel, and fire control management personnel of each unit to participate in relevant training on a regular basis, and compiles educational and training materials for on-the-job employees in order to increase the specialized literacy.
3. Each business unit implemented two or more safety drills per year with response measures. Through pre-arranged simulation scenarios, they familiarize themselves with various equipment, handle and respond to disaster situations, implement hazard awareness, and increase employees' self-protection and disaster response and handling capabilities.
4. We formulated the "Prevention Plan for Unlawful Infringement in Performing Duties" this year to protect employee workplace safety and avoid workplace bullying incidents. This year, one investigation was conducted on a workplace unlawful infringement case. There were no cases of unlawful infringement in any unit workplace.
5. The Bank strengthened the procedures for the notification of various construction hazards in all business units, and the head office assisted in the implementation of related hazard notification operations.

4.5.2 Health promotion management

1. The Bank identified and evaluated the hazards of the workplace environment and operations.
2. The Bank investigated the relevance of employee health conditions and operations, conducted health risk assessments for workers with high health risks, and took necessary preventive and health promotion measures.
3. A Medical Room was established and staffed with dedicated nursing personnel to perform on-site worker health services, in accordance with the regulations on worker health protection.

4. A doctor engaged in worker health services was specially contracted to provide on-site services, and conducted health seminars and health consultations quarterly to enhance employee health awareness.
5. We ensure that risk factors in the workplace are reduced and eliminated, and female employees who are pregnant and less than one year after delivery are not allowed to engage in work that may affect the maternal health of embryonic development, pregnancy or lactation, in accordance with the Workplace Maternal Health Protection Guidance.
6. We provide facilities of breast-collecting room / space exclusively for mothers, and create a friendly working environment for maternal employees based on the principles of maternal protection and equal employment rights.
7. We conduct health checkups for employees every two years. Medical personnel analyze, evaluate, manage, and save health check records, so that employees can better understand their own health conditions and continue to track health abnormalities and achieve "early detection and early treatment".
8. We ensure the physical and mental health of related employees through the analysis of employee physical examination data, identification and evaluation of high-risk groups, doctor consultations and health seminars, measures to adjust or shorten working hours and replacement of work content, health checkups, management and promotion, effectiveness evaluation and improvement, as well as other related safety and health matters, to reduce the risk of cerebro-cardiovascular diseases caused by work.
9. Health seminars and doctor-hosted health consultations in 2020 were as follows:

No.	Seminar	Date	participants
1	Perspectives on COVID-19	2020.03.03	20
2	Prevention and treatment of women's cancers	2020.06.16	35
3	Weight control	2020.09.22	45
4	Stretch your muscles and live a relaxed life	2020.12.12	38



05



Do Our Best to Appreciate Blessings!

Guard our homeland!

- 5.1 Energy saving and carbon reduction management
- 5.2 Resource recycling and reuse
- 5.3 Green procurement and supply chain management
- 5.4 Promotion of paper-free work
- 5.5 Credit extension policy





In the face of climate change issues, the United Nations adopted 17 “Sustainable Development Goals” (SDGs) in 2015. Among these, SDG 13 “Climate Action” sets out climate change mitigation and adaptation as a definite vision and goal for sustainable development, calling on global and various companies to take urgent action to combat climate change and its impact, in the hope of pursuing green economic growth under the premise of environmental protection. However, the industry type of the Bank has little impact on the environment in the course of operations.

Taichung Bank understands that the financial industry plays a key role in the mitigation of and adaptation to global climate change. With the power of influence in the financial industry, it pays attention to the impact of disasters caused by climate change and the impact on the financial market or economic development, and identifies the risks in credit extension business and other business operations to facilitate the control of the risk profile, and further to seek potential development opportunities. The Bank has been committed to promoting environmental protection as energy conservation and carbon reduction management, resource recycling and reuse, green procurement and supply chain management, and promotion of paper-free work since 2018. The results of related management measures are as follows.

Governance	The Bank uses the “Corporate Social Responsibility (CSR) Promotion Team” to support the Company in implementing effective management of climate change, and applies the governance of climate risks and opportunities to the management of company operations.
Strategy	<p>After assessment, the Company's primary climate-related risks are market and regulatory risks in transitional risks; opportunities are using payment flows to assist the development of the green industry:</p> <ul style="list-style-type: none"> • Market and regulatory risks in transition risks We use the power of influence in the financial industry to draw attention to the impact of disasters caused by climate change and the impact on financial markets or economic development, to identify the risks of credit extension business and other business operations, and thus control the risk profile. • Payment flow assisting green industry in development opportunities From 2018 to 2020, the Bank assisted in financing the green industry such as solar energy, renewable energy and electric vehicles totaling NT\$10.1 billion.
Risk management	<p>Based on the climate-related risks and opportunities of Task Force on Climate-related Financial Disclosures (TCFD), the Bank divided climate-related risks into two categories as follows:</p> <p>(1) Transitional risks related to the low-carbon economy - such as green financial financing and the variability of laws and regulations.</p> <p>(2) Physical risks related to the impact of climate change, and then seeking potential development opportunities.</p> <p>The “Corporate Social Responsibility (CSR) Promotion Team” of the Company assesses climate-related risks and opportunities based on the level of impact on the Company's operations and the likelihood of occurrence.</p>
Indicators and targets	<p>Energy saving and carbon reduction targets</p> <p>Short-term target: Save 1% of electricity consumption per capita</p> <p>Mid-term target: Save 1% of electricity consumption per capita per year</p> <p>Long-term target: Save total energy of 4% per capita, as compared to 2020</p>

5.1 Energy saving and carbon reduction management

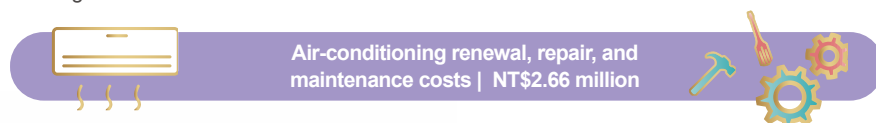
GRI 302-1 305-1 305-2

Short term (2020) Target: Save usage of electricity by 1% per capita	Mid-term (2021-2023) Target: Save usage of electricity by 1% per capita	Long term (2024) Target: Save total electricity consumption of 4% per capita, as compared to 2020.
<ul style="list-style-type: none"> Management and replacement of old equipment Green buildings with environmental protection elevator system 	<ul style="list-style-type: none"> Regularly advocate that business units save energy, and post energy-saving slogans to reduce energy consumption 	<ul style="list-style-type: none"> The new headquarters building adopts gold-grade green architecture and the silver-grade intelligent architecture. The office building refurbishment adopted energy-saving first-grade products and LED lighting for related electrical equipment.

5.1.1 Energy savings in air conditioning

Taichung Bank is committed to energy conservation in air-conditioning. All business units are to cooperate in the energy saving policy of the Bureau of Energy of the Ministry of Economic Affairs and respond to the nationwide energy saving action. Stickers of "Energy-savings mode in operation" are posted in business halls; windows are installed with curtains, sun shields and other sun shading devices; and room temperatures are controlled at 26–28°C. In aspects of air conditioning equipment, high energy efficiency (high EER value) air conditioning equipment is used. The air conditioning system in the head office is equipped with an air conditioning system with variable air volume. The air conditioning system in the business unit adopts a split multi-connection air conditioning system, with excellent split control technology, paired up with a variety of different types of indoor units. The Bank also regularly maintains the system to achieve stable performance. Electric fans save operation of air-conditioning compressors, which can improve indoor air quality to achieve saving effects, reduce energy consumption, and achieve the purpose of energy savings and carbon reduction.

In order to save energy in all business units, old air conditioners are replaced during office building refurbishment.



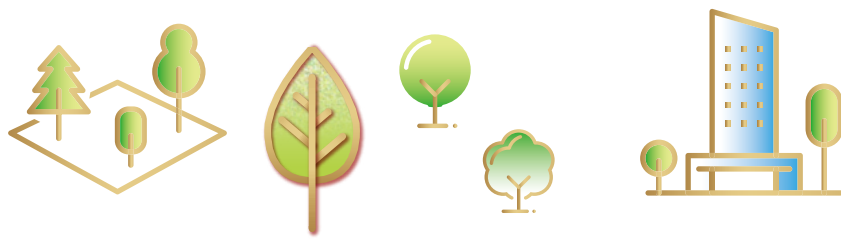
5.1.2 Energy-saving lighting

- In cooperation with the government's energy-saving policy, Taichung Bank realized that office building lighting accounts for 40% of total electricity consumption. In 2020, new constructions and refurbishment projects all adopted LED lights, with a replacement rate of about 46%. In addition, damaged old lighting in the headquarters building was gradually replaced with LED lights, for a replacement rate of about 37%, effectively reducing both heat sources and electricity usage.
- The Bank measures illuminance in all offices and parking lots every year, and provides lighting at the right time. Outdoor night lighting uses photosensitive automatic switches. Advertising signboard lighting is adjusted in a timely way to match the seasons; such lighting is only turned on after sunset, and the overall switch-off time is 11:00pm.
- In cooperation with the government's energy-saving and carbon-reduction policy, the lighting in some branches has been fully replaced with energy-saving lighting certified by the Ministry of Economic Affairs, meeting the criteria to apply for energy-saving subsidies given by Taichung City Government (total construction costs amounting to NT\$56,400).
- During the interior decoration of the office building of the Bank, we used good spatial layout planning and traffic flow arrangements to allow more natural lighting in the office space and thus reduce the amount of artificial lighting and achieve energy savings and carbon reduction.

Lighting-up time for advertising signboards				
	November to February of next year Winter months	March to May Winter months	June to August Summer months	September to October Summer months
Lit times	5:30pm to 11:00pm	6:00pm to 11:00pm	6:30pm to 11:00pm	6:00pm to 11:00pm

5.1.3 Video conference

In order to improve efficient use of time, save personnel travel costs, and avoid unexpected risks to facilitate real-time decision-making and respond to market changes, each department used video conferences for education and training every month in 2020. An average of about 84 video conferences were used every month via devices to communicate face-to-face with the business unit.



5.1.4 Energy-saving effects

The results of the actual implementation of the aforementioned energy-saving measures by the Bank are detailed in the following table:

1. Head office energy and carbon emissions data in 2020

Items in the head office	2018	2019	2020	Change compared with preceding year
(Scope 1) Direct sources of greenhouse gas emissions (metric tons CO ₂ e / year)	225.0598	239.3388	228.856	4.38% decrease
(Scope 2) Indirect sources of energy emissions (metric tons CO ₂ e / year)	1,677.9895	1,658.6688	1,819.1253	9.67% increase
Total emission equivalent (metric tons CO ₂ e / year)	1,903.049	1,898.008	2,047.981	7.90% increase
Total carbon emissions per capita (metric tons CO ₂ e / per capita)	2.96	2.85	2.856	0.21% increase

Note:

- The global warming potential (GWP) value uses the GWP values published in the IPCC report of 1996, 2001, 2007, and 2013, which is selected by the organization according to the needs of the inventory. The default is the IPCC Fifth Assessment Report (2013) [GWP selection can be adjusted according to needs].
- The operation control method is adopted for setting the greenhouse gas inventory boundary.
- Carbon emission calculation formula:
(1) Electricity consumption * CO₂ equivalent per kilowatt-hour of electricity consumption = metric tons of carbon dioxide equivalent (Bureau of Energy of the Ministry of Economic Affairs)
The emission factor per kilowatt-hour of electricity in 2017 was 0.554 (KgCO₂e / kWh), the



emission factor per kilowatt-hour of electricity in 2018 was 0.533 (KgCO₂e / kilowatt-hour), and the emission factor per kilowatt-hour of electricity in 2019 and 2020 was 0.509 (KgCO₂e / kWh).

(2) Except for electricity, coefficients adopt version 6.04 of the Greenhouse Gas Emission Coefficient Management Table of the Environmental Protection Administration of the Executive Yuan.

- The number of people in the head office increased from 642 in 2018, to 665 in 2019, to 717 in 2020.
- In order to save energy and make good use of official vehicle resources through effective management, 34 official vehicles in 2017 and 47 in 2018 were reduced to 19 official vehicles in 2019 and 16 in 2020, for total fuel consumption reductions of 2,085 liters.
- The increase in the number dining at the staff restaurant in the head office resulted in an increase in total natural gas usage.
- The analysis is only based on the analysis of water and electricity consumption in the Minzu and Minquan Buildings of the head office. Water and electricity consumption for the branches was included in the data collected in 2020, and therefore there is so far no comparison data.
- Data verification for 2018 and 2019 was completed and revised.
- After calculating the data for 2020, verification has not been completed.

2. Data on electricity consumption and carbon emissions of business units in 2020

Items in branches	2019	2020	Change compared with preceding year
Total electricity consumption (kWh)	7,076,131	7,179,281	1.45% increase
Total electricity consumption (million Joules)	25,474,071.6	25,845,411.6	1.45% increase
(Scope 2) Carbon emission from electricity (t CO _{2-e})	3,601	3,654	1.47% decrease
Average consumption (kWh / per capita)	4,078	3,687	10.6% decrease

Note:

- Total number of persons in business units was calculated as 1,735 in 2019 and 1,947 in 2020.
- One kWh = kilowatt hours = 1000W*3600s=3.6*10⁶ Joules



5.2 Resource recycling and reuse

GRI 303-1

5.2.1 Soil water retention

Architectural “soil water retention index” is using design to promote the water permeability of the soil, and via extensively setting up storage pools for infiltration, improving the water circulation capacity of the earth. This improves the ecological environment, regulates the microclimate, and eases the phenomenon of high temperatures in the urban climate.

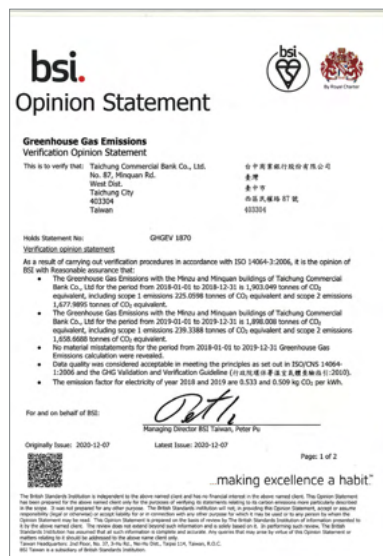
The better the water retention performance of the soil, the better the capacity of the soil to conserve rainwater; this, in turn, is beneficial to the activity of microorganisms in the soil, thereby improving the activity of the soil and maintaining the ecological balance of the natural environment in the building location.

Most of the Bank's existing office buildings are old. In the future refurbishment planning of the office buildings, consideration will be given to installing permeable paving materials and increasing the amount of greenery in the open spaces surrounding the location. In addition, when the Bank carried out the new construction project for the new headquarters building, the B1 excavation area was specially reduced in the basement planning, and the excavation rate was reduced to less than 60%. In addition to increasing the permeable area of the ground, this also increases the depth of planting and covering soil on the ground layer, to ensure plants will have a good growth environment. Artificial pavement such as driveways, sidewalks, plazas, etc. are designed with permeable pavements to increase the water retention of the soil; in addition, for the garden planting troughs on artificial sites such as roofs, balconies, and basements, the design of intercepting rainwater is also adopted as much as possible to achieve partial water retention functions.



5.1.5 BSI verification

This was conducted in accordance with the requirements of ISO 14064-1 (2006 edition) / CNS 14064-1 and the Greenhouse Gas Inventory and Registration Guidelines of the Environmental Protection Administration of the Executive Yuan; the base year will be set in coordination with the policy in the future. The “Taiwan Green Productivity Foundation” assisted the Bank in handling the greenhouse gas inventory of the head office and passing the BSI verification. Refer to the 2018-2019 Greenhouse Gas Inventory Report and BSI Greenhouse Gas Verification Statement.



2018 Greenhouse Gas Inventory Report



2019 Greenhouse Gas Inventory Report



BSI Greenhouse Gas Verification Statement



5.2.2 Water resources management

Wastewater treatment	<ol style="list-style-type: none"> 1.Kitchen wastewater treatment is equipped with grease traps and is regularly maintained and cleaned. 2.Toilet sewage is properly connected and discharged to the sewage sewer.
Saving water	<ol style="list-style-type: none"> 1.Water-saving toilets are used; water-consuming toilets are replaced with two-stage flushing accessories. 2.Urinal flushing devices were replaced with automatic induction types, with adjustment to proper flushing times. 3.Water output of the faucet is adjusted to 60% of the original volume, with advocacy to turn off faucets when not in use. 4.Toilets, water towers and reservoirs are regularly checked and repaired, and other water pipe joints are checked to see if there are any leaks. 5.Plant watering is done in the morning and evening, as these are times when the sunlight is weak and evaporation is low. 6.Toilet cleaning water is changed to using underground water to save tap water usage.
Water quality and safety	<ol style="list-style-type: none"> 1.Water tower of the building is cleaned once a year, and water quality testing is conducted to check whether the PH value and chlorine content meet standard values and to check water tower equipment and pool to ensure water safety. 2.Drinking fountains in the building are regularly inspected and maintained to check whether water quality meets the standards, and at the same time to replace filters and ensure safety of daily drinking water.
Water source	Taiwan Water Corporation. Water used in the building of the Bank is primarily for office and household use; it is only used by employees and some customers, and has no significant impact on the water source. Underground water is used to clean toilets to reduce tap water usage.
Water saving advocacy	Through posters, slogans, educational courses, and other diversified methods of publicity, the concept of water saving is integrated into every detail of each employee's daily duties to achieve the purpose of saving water resources.



1. Head office water consumption data (kL) in 2020

Item	2019	2020	Change compared with preceding year
Total surface water consumption (kL)	13,460	12,407	7.8% decrease
Metric tons of carbon dioxide equivalent (metric tons of CO ₂ e)	2.019	1.861	7.8% decrease
Average consumption (kL / per capita)	20	17	13.5% decrease

Note:

1. The number of people in the head office increased from 665 in 2019 to 717 in 2020.
2. Only the electricity consumption of the head office in Minzu and Minquan Buildings (not included in the underground water consumption) is analyzed.
3. Approximate equivalent of CO₂ emissions of 1 kL of water = 0.150 kg CO₂ / unit (Taiwan Water Corporation).
4. The water consumption data statistics for the head office started in 2019.

2. Business unit water consumption data (kL) in 2020

Item	2019	2020	Change compared with preceding year
Total surface water consumption (kL)	49,114	103,304	110.3% increase
Metric tons of carbon dioxide equivalent (metric tons of CO ₂ e)	7.367	15.496	110.3% increase
Average consumption (kL / per capita)	28	53	87.3% increase

Note:

1. The total number of people in business units in 2019 was 1,735; the total number of people in business units in 2020 was 1,947.
2. Approximate CO₂ emission equivalent of 1 kL of water = 0.150 kg CO₂ / unit (Taiwan Water Corporation).
3. The primary reason for the increase in water consumption by business units in 2020 was the rupture and leakage of water pipes.
4. Statistics on water consumption of business units began in 2019.

5.2.3 Indoor environments

Taichung Bank's interior decoration focuses on simplicity and practicality, and adopts simple décor as the design basis. The "Indoor Environmental Index" are primarily evaluated in the following four aspects: sound environment; light environment; ventilation & air circulation; and indoor building materials & décor.

Sound environment	Equipment such as system cabinets and screens can be disassembled and assembled for environmental protection and reuse to reduce costs and avoid wasting resources.
Light environment	The indoor lighting adopts anti-glare lamps, grilles and high-efficiency power-saving lamps (using a gradual replacement method). The outer wall glass adopts light glass or low-E glass, and does not use high-reflective glass or color glass with heavy colors, to ensure good lighting.
Ventilation and air-circulation	Central air-conditioning systems are equipped with a fresh outside air system to keep healthy air in the indoor environment. In 2017, we started to test the CO ₂ content in the office premises of the head office to ensure the comfort of the employees' working environment.
Interior building materials and décor	In terms of interior decoration, it is encouraged to minimize the amount of interior decoration and integrate the old office furniture with the new space. This not only reduces waste and reuse of objects, but also meets environmental protection appeals.

Note:

In the interior decoration planning, building materials with domestic and foreign environmental protection labels and green building materials labels are primarily used. The waste generated by the decoration is properly classified to reduce the impact on the environment.



5.2.4 Classification methods for resource recycling

(1)Flat waste:

Newspapers, photocopying paper, magazines, paper bags, recycled paper, and other pure pulp products are first bundled (used books are separated from other waste paper and bundled with those of the same nature), then handed over to environmental protection groups for recycling.

(2)Solid waste:

General recyclables, bottles and cans, containers, lunch boxes, other plastics, metals, acrylic, styrofoam, lamps, light bulbs, batteries, waste containers with environmental agent, etc. are separately classified and recovered by environmental protection groups.

(3)Others:

With glass, large office furniture, home appliances, air conditioners, computer, and other large-scale recycling waste, specialized suppliers or local cleaning personnel are notified for removal.

5.2.5 Food waste

If leftover food, fruits, vegetables, or expired food are still usable, they are handed over to animal husbandry suppliers to be recycled as feed. About 5 metric tons are recycled every year.



5.3 Green procurement and supply chain management

GRI 102-9 102-10 308-1

The suppliers of the Bank are primarily suppliers of construction contracting, information equipment, office equipment, and consumables. The description is as follows:

(1)Contractor safety management control

From procurement, design units to construction units, the Bank puts forward safety and health management matters in accordance with relevant occupational safety and health regulations, and includes drawings or construction safety and health specifications and other tendering documents in the construction contract for execution.

(2)Support of local agriculture

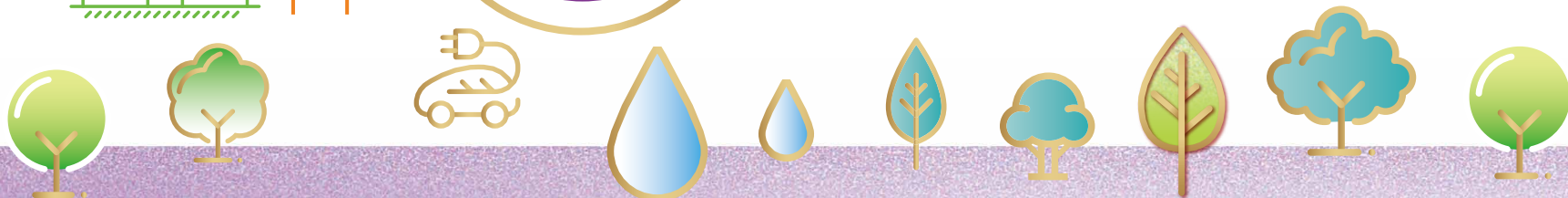
Nowadays, when the awareness of food safety is rising, the daily meals provided by our staff restaurants, including meat, ingredients, fruits and vegetables, are seasonal agricultural products from the market in Taiwan acquired daily by our purchase personnel. According to statistics, the purchase amount in 2020 amounted to NT\$11,000,000. In addition to providing employees with fresh and hygienic ingredients, it has also established a sense of mutual support and trust with local fruit and vegetable and meat stall operators. In the future, the Bank plans to continue to invest resources in the provision of services to employees with safe and delicious fresh food.

(3)Selection of green building materials

Taichung Bank's interior decoration is primarily simple and practical, with lightweight decoration as the design basis. Building materials with domestic and foreign environmental protection labels and green building materials labels are used as much as possible to reduce air pollution. At the same time, it also requires the use of low pollution, recyclable building materials. In addition, office equipment such as system cabinets and partitions are assembled in a disassemble manner and can be reused to reduce costs and avoid wasting resources.

(4)Environmental protection and occupational safety and health requirements

In procurement tendering, priority is given to purchasing from suppliers who have obtained the government-recognized environmental protection labels as the use permit, or where the use process and waste treatment are in line with requirements for renewable materials, recyclable, low-pollution or energy-saving suppliers, in order to enhance social benefits and reduce social costs. In addition, in accordance with regulations in occupational safety, we require suppliers to provide construction personnel with qualified personal protective equipment; and dangerous machinery and equipment must be inspected by the inspection agency before it can be used as well.





(5)Jointly implementation of corporate social responsibility

In order to fulfill the Bank's commitment to and responsibility of supplier management, we work with our suppliers to jointly observe good ethical standards, pay attention to labor human rights, promote the objective of environmental sustainability, and encourage our suppliers to work together to implement corporate social responsibilities. From 2020 onwards, 57 vendors (suppliers) were promoted to jointly sign and follow relevant regulations on environmental protection, occupational safety and health, and labor human rights.

5.4 Promotion of paper-free work

5.4.1 Reduction of paper output

In response to environmental protection and implementation of paper-free work, the online official document system was officially launched in November 2018, and the issuance of paper forms for employee salary income tax withholding statements, labor and national health insurance payment certificates, and individual income in NTD and foreign currency deposit interest withholding statements stopped since 2014. The Bank recommends that employees use the citizen digital certificate to inquire through the individual income tax return filing software.

5.4.2 Internal online system

The Bank promotes paperless service activities, and has built an internal online system, including employee enquiry and application work, education and training courses, business manuals, rules and regulations, accounting affairs processing, e-management reports, etc.

5.4.3 Construction of an online teaching area

In response to energy-saving, carbon-reduction, and paper-saving, the audio-visual teaching area was set up; annual fixed, statutory courses or basic pre-in person courses are all posted online to save photocopying costs.



5.4.4 Internal official document system

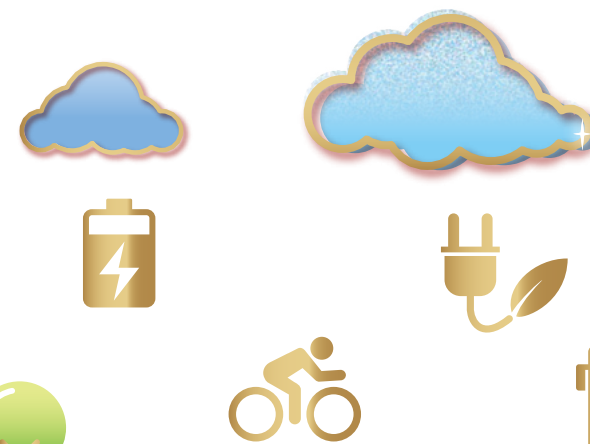
Official documents between Taichung Bank and various business units are transmitted through computers and telecommunication networks, and official documents and regulations are available on the internal website for viewing to ensure information security. So long as information security is ensured, the use of single-sided recycled paper or double-sided printing is promoted to reduce paper consumption and toner usage.

5.4.5 Electronic statements

In order to protect the earth and reduce society's resource consumption, while taking into account the rights and interests of customers, we have continued to promote electronic statements since 2013 in order to reduce paper usage and improve efficiency in customer usage.

5.4.6 Online accounts processing

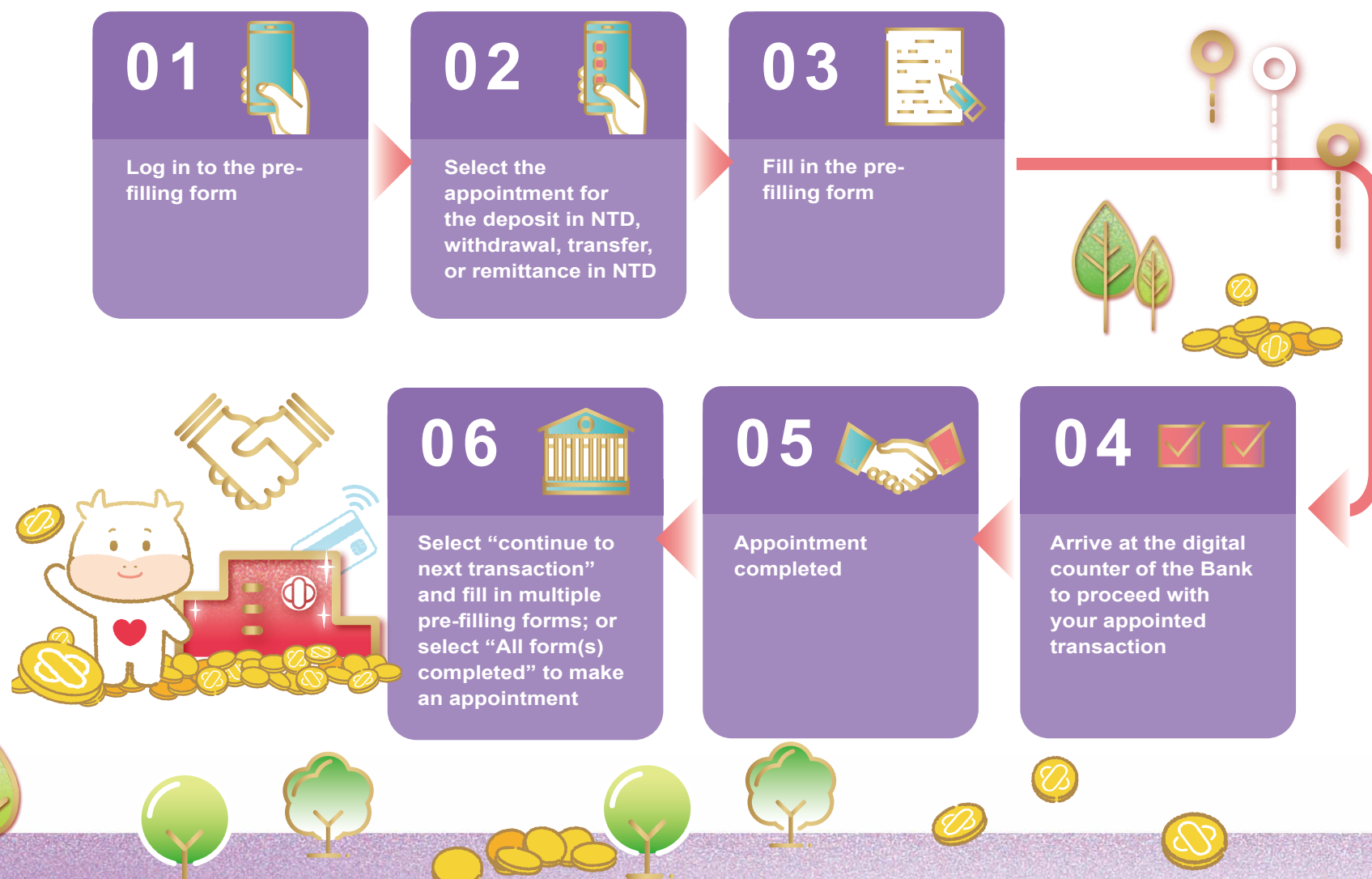
In response to the promotion of energy savings and carbon reduction as well as the implementation of corporate social responsibility, whole-batch accounts processing was changed to online sign-off, thus reducing voucher quantities. The number of executed operations in 2020 was 157,210, for a reduction of 157,210 vouchers and costs from manual login operations.



5.4.7 Online counter

We promote the online counter and online counter services. Services that once had to be handled at the counter are now open for online pre-filling form services, including deposits, withdrawals, transfers, remittances, etc., to reduce customer waiting time and reduce paper consumption.

Simple flow chart of pre-filling form



5.4.8 Effectiveness in promoting paper-free work

In response to the promotion of energy saving, carbon reduction and the implementation of corporate social responsibility in society, many operations have been changed to paperless or reduced paper and vouchers. Since the implementation of paper-free work, Taichung Bank has reduced paper consumption by 1,288,474 sheets (equivalent to a reduction of 9,277 kilograms in carbon emissions, and 154 fewer felled trees). The primary projects and results are as follows:

No.	Item	2018 results		2019 results		2020 results	
		Executed operations (operation)	Reduced paper consumption (sheets)	Executed operations (operation)	Reduced paper consumption (sheets)	Executed operations (operation)	Reduced paper consumption (sheets)
1	Electronic official document online management system	49,638	148,914	79,603	238,809	89,187	267,561
2	Batch accounts processing	84,371	84,371	137,206	137,206	157,210	157,210
3	Payment processing platform	-	-	-	-	4,416	4,416
4	Prepaid cost sharing system	5,482	5,482	5,580	5,580	6,458	6,458
5	Property depreciation and amortization automation	4,165	4,165	16,615	16,615	20,164	20,164
6	Online interest payment for bills to save stamp duty	87,998	41,292	65,944	65,944	66,505	66,505
7	Business expense processing	2,404	2,404	12,237	12,237	-	-
8	Application for important accounts reversal online	1,405	1,405	1,736	1,736	-	-
Total		235,463	288,033	318,921	478,127	343,940	522,314

Note:

1. With reference to the carbon footprint of A4 Paper Star photocopying paper, with carbon label product information issued by the Environmental Protection Administration of the Executive Yuan, every 500 sheets of photocopying paper has a carbon footprint of 3.6 kg.
2. A sheet of A4 paper weighs about 4 to 6 grams, and each box of A4 paper is about 25 kilograms (5,000 sheets). Each ton of pulp requires about 24 trees, with an average height of 12 meters and a diameter of 15 to 20 cm. A ton of pulp can be produced into 40 cartons of paper, and therefore about $24/40 = 0.6$ trees must be felled to produce 1 carton of paper (with reference to the Construction and Planning Agency of the Ministry of Internal Affairs of the Republic of China).
3. The payment processing platform was launched in September 2020, which uses online banking remittances to reduce the amount of paper used for withdrawals and remittance vouchers.
4. "Business expenses processing" and "Applying for important accounts reversal online" items have been merged into Item 1 "Batch accounts processing" in 2020.

5.5 Credit extension policy

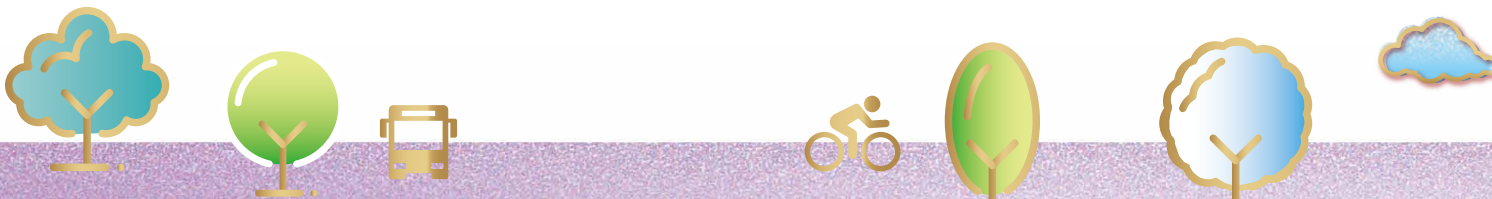
GRI 201-2

5.5.1 Assistance in the development of enterprises and prosperity of Taiwan economy

1. Small and medium enterprises (SMEs) are the foundation of Taiwan's economic development. However, due to the relatively small capital of SMEs, the limited scale of operations, and the increasing pressure of global competition and the industrial environment, financing transactions provided by financial institutions to SMEs play an extremely important role in the development of SMEs' operations. Taichung Bank is committed to providing financial services for SMEs, and provides various financial products and wealth management services for SMEs. The Bank hopes to become the most trustable and trusted financial partner of SMEs.
2. We work hard to help companies relieve the pressure of repayment in a timely manner during the relief period, and flexibly utilize the Small & Medium Enterprise Credit Guarantee Fund of Taiwan ("Taiwan SMEG") coupled with the government's relief policy to help many companies resolve their capital needs and provide various financial services.
3. Taichung Bank uses the Taiwan SMEG guarantee mechanism to provide SMEs with various financing services, assists many SMEs to resolve their capital needs and provide various financial services, and was awarded as the bank with excellent performance in "Startup Key Industry Lending" by the Financial Supervisory Commission.
4. In response to the revision of the Factory Management Act to provide counseling to suppliers to be incorporated into full management and permitted to operate legally on-site, and assist unregistered factories in providing the "specific factory transformation financing projects" and thus improve sewage, environmental protection equipment, fire-fighting facilities and other expenditures. Taichung City Government cooperates with the Taiwan SMEG to match the credit insurance program to help suppliers successfully obtain registration qualifications as specific factories.
5. In the specific performance of corporate financial services, Taichung Bank provides various financial services for enterprises to provide diversified products and assist enterprises in obtaining funds set out as follows:
 - (1) In order to promote the upgrading of cultural and creative industries, the Bank cooperated with the Ministry of Culture in promoting the "Favorable Loans for Cultural and Creative Industries" to assist various cultural and creative businesses in obtaining the necessary funds. As of December 2020, the Bank's total credit extension line for the creative industries was in the amount of NT\$4.85 billion, a total of 824 cases.
 - (2) In order to cooperate with the government in promoting the green energy technology for the Five plus Two Industries, the Bank provided the "Solar Photovoltaic Power

Generation Equipment Financing Project" to assist in the construction of environmental protection equipment, hoping to effectively exert the influence of the Bank's corporate social responsibility and deepen the development of green finance in Taiwan.

- (3) In cooperation with urban renewal and development as well as the reconstruction of dangerous old buildings, the Bank provides landlords and builders with funds required for improvement through reconstruction and replacement of old and dangerous buildings, and assists in the integration of old home reconstruction, taking into account improvements in living safety in society as well as urban beautification.
- (4) For SMEs with insufficient collateral and insufficient banking experience, the Bank proactively promotes both the Taiwan SMEG and flexible use of the credit guarantee fund, including various project loans of SME guarantee funds, agricultural credit guarantee funds or overseas credit guarantee funds, through transferring loan cases to the Taiwan SMEG to obtain guarantee to facilitate enterprises to obtain bank financing to help them grow effectively during the operation stage.
- (5) In cooperation with the government's return policy for Taiwanese business people and support for local SMEs, we have launched the "Three Major Programs for Investment in Taiwan" preferential loans ("Welcome back to Taiwan" loans for returning business people's investment projects, SME accelerated investment loans, and Taiwanese enterprise accelerated investment in Taiwan project loans) to assist enterprises in upgrading their investment and thus create stable employment opportunities.
- (6) In response to the revision of the Factory Management Act, the Bank provides counseling to suppliers to be incorporated into full management and permitted to operate legally on site, and assists unregistered factories in providing the "specific factory transformation financing projects", thus improving sewage, environmental protection equipment, fire-fighting facilities, and other expenditures. Taichung City Government cooperates with the Taiwan SMEG to match the credit insurance program and help suppliers successfully obtain registration qualifications as specific factories.
- (7) In cooperation with the Small and Medium Enterprise Administration of the Ministry of Economic Affairs in the promotion of the "Loan Project for Small and Medium Enterprise Innovation Development".
- (8) In order to support domestic enterprises to expand overseas markets, the Bank proactively promotes the "Guaranteed Financing for Promotion of Overseas Credit Guarantee Fund".
- (9) In order to assist enterprises and suppliers in obtaining funds required for capital expenditures in purchasing land in industrial areas, the Bank undertook the "Financing Project for Manufacturing Enterprises' Purchasing of Land for Factory Construction".



- (10) In cooperation with Taichung City Government and the Taiwan SMEG, assisted young entrepreneurs and SMEs in Taichung City to obtain funds needed for business operations and apply for "Taichung City Government Youth Entrepreneurship and SME Loans".
- (11) In cooperation with the Central Bank, handled the "Loan Project for Small and Medium Enterprises Affected by the COVID-19 Pandemic".
- (12) In cooperation with the government, handled the "Fund Relief, Stimulus Loans, and Interest Subsidy Operations for Enterprises in Difficulty Affected by COVID-19 Pandemic".



5.5.2 Using payment flows to assist in the development of green industry

Since the United Nations signed the "Framework Convention on Climate Change" in 1992, governments of various countries have successively promoted new green policies. At the same time, global companies have felt increasingly severe climate impacts. In addition to promoting energy conservation and carbon reduction, they also promote the development of the green industry to be adapted to and reduce the impact brought by climate change.

With the increasing development of the global economy, along with the destruction of environmental ecology and extreme climates caused by climate change, catastrophic climates occur frequently in various places. This not only has serious impacts on biological survival and environmental ecology, but also cause huge economic losses and impacts on business operations and the development of global supply chains. Taichung Bank proactively cooperates with the government in developing green energy technology, the Asian Silicon Valley, medical biotechnology, defense industry, smart machinery, new agriculture, and new key industries in the circular economy, and implements the "Encouraging National Banks to Undertake Loan Programs for Startup Key Industries" program. The Bank also cooperated with the government in promoting green energy technology in the "Five plus Two" industries to provide green loans with assistance in the construction of environmental protection equipment, fulfilled the Bank's corporate social responsibilities, and formulated the "Solar Photovoltaic Power Generation Equipment Financing Project".

The development of green industry must go through a long process of growth. Financial institutions need to break through the traditional framework of industrial risks faced by green industry, communicate with green enterprises on the acceptance of loan products, and make payment flow an indispensable development factor in the process of green industry development or transformation. Taichung Bank has strengthened its payment flow services for the green industry in recent years, targeting industries that can produce energy-saving, carbon-reduction, mitigation of greenhouse effect, and weather protection, to reduce the impact of climate change. These industries include bicycles, solar energy, water treatment, electric vehicles, forestry, horticulture, herbal medicine, renewable energy, public transportation, environmental protection facilities, etc., thus providing diversified financial loan services. The cumulative number of loans for green industry customers has increased from 147 in 2011 to 1,303 in 2020.

The results of assisting the green industry in financing are as



follows:

1. In 2020, total loans to the green industry were approximately NT\$3.2 billion, of which the top three growth industries were the renewable energy industry with a growth rate of 307%, the horticulture industry with a growth of 143%, and the bicycle industry with a growth of 89%. The amount of assistance in financing green industries is as follows:

Unit: NT\$1,000/%

	2019	2020	Change as value	Change as proportion
Horticulture	94,000	228,210	134,210	143%
Public transportation	858,233	752,893	-105,340	-12%
Green facilities	155,200	40,000	-115,200	-74%
Forestry	0	0	-	-
Bicycles	233,500	442,425	208,925	89%
Water treatment	609,005	471,500	-137,505	-23%
Solar energy	2,113,300	905,054	-1,208,246	-57%
Renewable energy	50,000	203,275	153,275	307%
Electric vehicles	165,000	133,300	-31,700	-19%
Herbal medicine	0	57,000	57,000	-
Total	4,278,238	3,233,657	-1,044,581	-24%

2.Changes in cumulative value of green industry loans from 2011 to 2020:

Unit: NT\$1,000

	Amount	Cumulative amount
2011	5,737,411	5,737,411
2012	5,774,358	11,511,769
2013	6,659,043	18,170,812
2014	5,220,700	23,391,513
2015	4,408,224	27,799,738
2016	5,132,162	32,931,900
2017	2,695,894	35,627,794
2018	2,711,605	38,339,399
2019	4,278,238	42,617,637
2020	3,233,657	45,851,294



3.Changes in the number of green industry customers during 2011-2020:

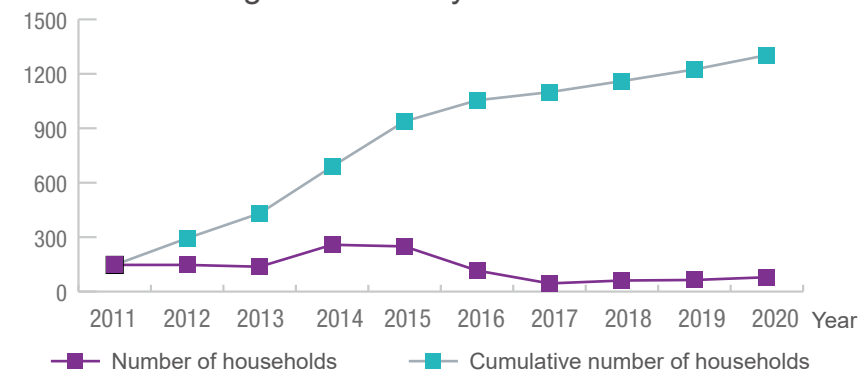
Unit: household

	Customers	Cumulative number of customers
2011	147	147
2012	147	294
2013	137	431
2014	258	689
2015	249	938
2016	116	1,054
2017	45	1,099
2018	61	1,160
2019	64	1,224
2020	79	1,303



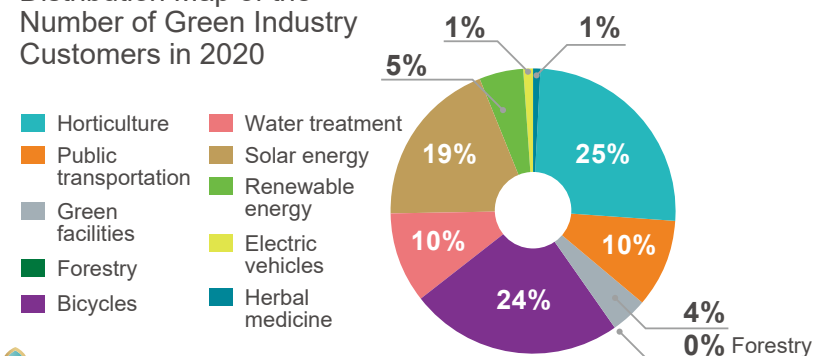
2011-2020 Cumulative number of green industry customers

Number of customers



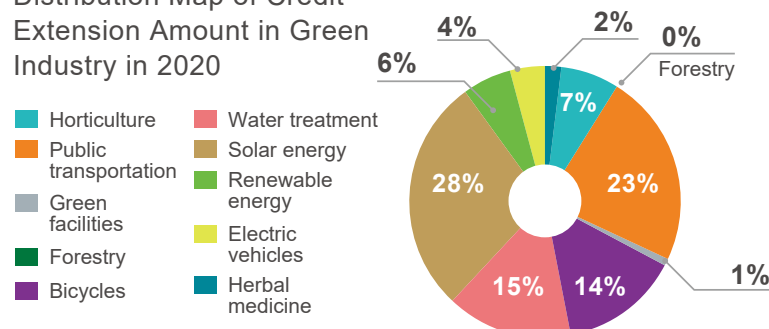
4. Regarding extending credit to green industry, due to the capital concentration of each industry and the characteristics of the industry scale, based on the distribution Taichung Bank's green industry financing customers in 2020, the primary concentration is in solar energy, horticulture, water treatment, bicycles, and public transportation, which account for about 88% of the green industry.

Distribution Map of the Number of Green Industry Customers in 2020



5. In 2020, the distribution of Taichung Bank's financing amount in the green industry was primarily concentrated in solar energy, public transportation and water treatment in order, accounting for approximately 66% of the green industry.

Distribution Map of Credit Extension Amount in Green Industry in 2020



5.5.3 The principle of green review, to ensure environmental protection

Taking into account the spirit of the Equator Principles, Taichung Commercial Bank evaluates the risks that the industry may cause to the environment during the review stage of the credit extension case, and implements on-site inspections. For cases involved in violation of the Equator Principles, credit is not extended. After the loan is approved, if there is environmental pollution or harm to the public welfare, the loan interest rate for that credit extension case will be increased or the loan will not be renewed after the credit extension case expires. Through the above-mentioned review, evaluation and post-loan management, we proactively guard environmental protection.

5.5.4 Risks and opportunities brought about by climate change

In recent years, global climate change has led to frequent extreme weather events, which not only affects the ecological environment, but also causes economic losses and impacts financial stability. The "Global Risks Report" released by the World Economic Forum (WEF) in January 2021 pointed out that the world's top five long-term risk factors are all related to the climate crisis, such as extreme weather events and climate change.

In this situation, extreme weather has obvious negative effects on the financial system. For example, severe natural disasters under the influence of climate have caused the collateral and assets held by banks to face the risk of value loss, which may impact the profit and operation of the banking industry, and also has a negative impact on financial stability.

1. Risk description and its classification

Internationally, the transmission channels of climate risk are generally divided into physical risks and transformational risks, which are summarized as follows:

- (1) Physical risk: Accompanying the occurrence of extreme weather events (such as heat waves & droughts), not only causing asset impairment, but also weakening the borrower's solvency.
- (2) Transition risk: When the government proactively introduces emission reduction of greenhouse gases, it may impose additional taxes and fees on the emissions, which may harm some industries (such as petrochemicals & transportation), but may also benefit some industries (such as renewable energy & electric vehicles).

2. Financial impact of the risk or opportunities

According to the "Climate-Related Financial Disclosures" issued by the Financial Stability Board (FSB), the related risks primarily include the physical risks that banks may face due to climate change and the risks of transitional economies. Customers are facing physical risks, which will impact their production capacity and growth due to the impact of supplier equipment or labor. In addition, transformation risks will cause capital expenditures, increased costs, or reduced revenues, and cannot attract investors or correspondent banks.

3. Methods to manage risk or opportunities


For different levels of risk, including the physical risks that banks may face due to climate change, the Bank has established a review system to reduce the increasingly serious climate change risks and grasp emerging business opportunities (such as undertaking credit extension cases for green buildings and energy-saving equipment related industries).

4. Cost of actions to manage risk or opportunities

The Bank currently takes into account the spirit of the "Equator Principles" when conducting credit review in the "Credit Extension Policy". During the review phase of credit extension cases, the Bank evaluates the risks that the industry may cause to the environment and implements on-site inspections. For cases in violation of the Equator Principles, credit is not extended; the risks and opportunities that climate change may bring to the Bank's management are assessed, and climate change factors are incorporated into the long-term strategic planning and decision-making process, and integrated into the overall risk considerations.



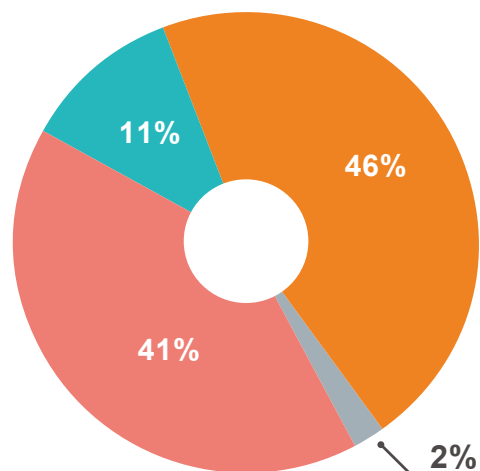


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Taichung Bank has been in operation for more than 60 years. Our employees have been deeply involved in our local community for a long time, and have built deep relationships with local enterprises, organizations and people. They have not only interactions in financial services, but also maintain the relationship like partners. In shouldering the five core concepts of “services, products, professionalism, customers, and public welfare” assigned to the financial industry, they have long been transformed into proactive action, caring for society and embodying love, while conveying our corporate spirit of “We Do Our Best for You”. Based on the spirit of giving back to society what we take from society, Taichung Bank will continue to take real action, and hope that by calling on employees to participate, the infinite power of collection of the many will help the energy of love to be transmitted.

Total 2020 investment in social welfare: NT\$34,612,039



Academics & education :
14,051,387

Charity care :
3,853,075

Development of
physical education :
15,828,950

Social activities :
878,627

- Academics & education
- Charity care
- Development of physical education
- Social activities

6.1 Academic education series

GRI 203-1

Item	Actual benefits / invested resources
Invested funds	NT\$ 14,051,387
Sessions held	13
Participants (people)	771
Cumulative participation hours	3,084

- The Bank has carried out industry-university cooperation internship work-study programs with universities and colleges. In 2020, 54 students from 18 universities and colleges did internship work-studies in various units.
- Many colleges and universities (National Taiwan Ocean University, Chung Hwa University, National Chi Nan University, Hsing Wu University, etc.) visited the business unit of Taichung Bank, and through mutual interactions, helped their students better understand bank operations and incorporate the financial industry into their career planning.
- We provided scholarships to commercial and technical vocational schools in Changhua County.
- Since Taichung Bank established the “Taichung Commercial Bank Cultural and Educational Foundation” on September 30, 1975, students with outstanding academic performance have been awarded scholarships by the foundation every year. This has won praise and response from all walks of life. In addition to continuing to reward outstanding students in the future, the foundation will organize related activities with “love and care - We Do Our Best for You” as the central principle, and thus expand into society and serve the people.



6.2 Charity Care Series

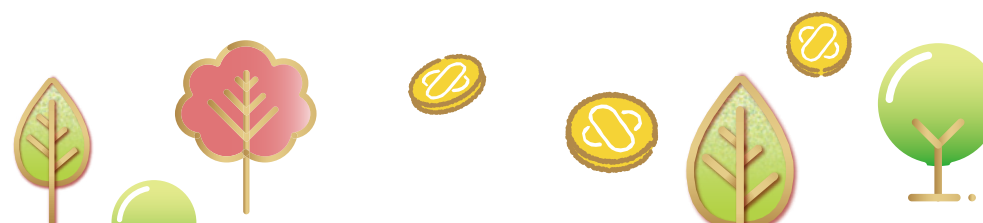
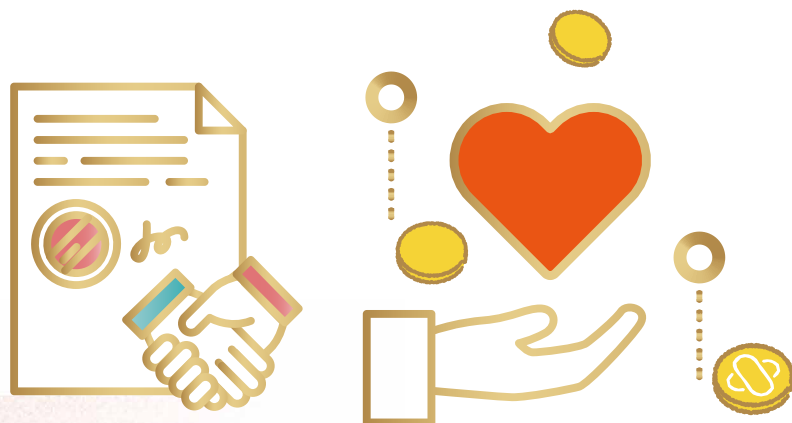
GRI 203-1

10 students won scholarships from the Taichung Commercial Bank Cultural and Education Foundation in 2020, each receiving NT\$10,000.

Name of college/university	Number of scholarships provided
Taipei university	2
China University of Technology	1
Chung Cheng University	1
Taipei University of Business	1
Chengchi University	1
Tsing Hua University	1
Cheng Kung University	1
Changhua University of Education	1
Shu-Te University	1

Item	Actual benefits / invested resources
Invested funds	NT\$3,853,075
Sessions held	11
Participants	Approx. 4,500
Cumulative participation hours	370

- The Bank joined hands in fighting the pandemic to help farmers. We assisted in purchasing and participating in agricultural assistance projects through the Yunlin Gukeng Township Vegetable and Fruit Marketing Cooperative, donating to Shengang Middle School, Shengang Elementary School, and Shekou Elementary School low- and middle-income households, to help farmers and disadvantaged families at the same time with practical actions and bring warmth to the society.
- The Bank continued to care for the society with actions, participated in social welfare, and organized the "Care with LOVE in 2020 – share your love by blood donation together with Taichung Bank" blood donation events, held in various blood donation truck / rooms in central Taiwan. We even purchased pineapples from some small farmers who could not sell their pineapples due to the pandemic, and gave the pineapples especially to those enthusiastic blood donors. In 2020, a total of 3,980 blood donors participated in the grand event. We collected 6,230 bags of blood, and gave away more than 4,000 kg of pineapples.
- Taichung Bank cooperated with Dajia Mazu Jenn Lann Temple in issuing the Mazu Safe Card. A fixed rate of the monthly amount paid by the card is allocated as a donation to Dajia Mazu Jenn Lann Temple, helping the development of local religious activities and fulfilling the responsibility of giving back to the local community.
- Taichung Bank also cooperated with the Maria Social Welfare Foundation in issuing the "Maria Charity Affinity Card". A fixed rate of monthly card payments is allocated as a donation for Maria Welfare Foundation, thus helping children with disabilities have better places and more comprehensive care.
- We sent credit card bills with flyers inserted therein, and published information about fundraising and collection of receipts on a monthly basis so as to support Zenan Homeless Social Welfare Foundation to help the homeless, people dealing with life difficulties, the elderly, the disabled, and single mothers receive shelter.



Issuing credit cards for public welfare, to help society be full of love	
Purpose of program	To gather the power of public welfare and charity organizations, to jointly practice the concept of love
Cause of program	To help the development of traditional religious customs in Taiwan, and provide proper and comprehensive care for children with disabilities.
Method of program	In 2020, Taichung Bank continued to provide gifts for initial payments with the card, and bonuses to encourage staff to promote the Mazu Safe Affinity Card and Maria Charity Affinity Card, as well as to participate in activities such as the Dajia Mazu Cultural Season.
Results over the past three years	<p>[Dajia Jenn Lann Temple Safe Affinity Card]</p> <ul style="list-style-type: none"> In 2018, allocated NT\$3,413,291 to Dajia Jenn Lann Temple as donations, and sponsored Dajia Mazu Cultural Season activities in the amount of NT\$500,000. In 2019, the Bank allocated NT\$3,025,200 to Dajia Jenn Lann Temple as donations, and sponsored Dajia Mazu Cultural Season activities in the amount of NT\$700,000. In 2020, cardholders' credit card payments went down significantly due to the impact of COVID-19, resulting in donations allocated to Dajia Jenn Lann Temple declining to NT\$2,261,849. However, Taichung Bank still maintains our enthusiasm in giving donations for social welfare, and continued to sponsor Dajia Mazu Cultural Activities in the amount of NT\$700,000. <p>[Maria Charity Affinity Card]</p> <ul style="list-style-type: none"> In 2018, NT\$105,446 was allocated to Maria Foundation as donations. In 2019, NT\$88,647 was allocated to the Maria Foundation as donations. In 2020, the amount of cardholder payments through the card declined significantly due to the impact of COVID-19, resulting in donations allocated to the Maria Foundation declining to NT\$69,454.

6.3 Sports development series

GRI 203-1

Item	Actual benefits / invested resources
Invested amount	NT\$15,828,950
Participants (people)	Approx. 300
Cumulative number of participation hours	320

- The Bank received the Sports Promoter Award – Golden Sponsorship Award and Long-term Sponsorship Award given by the Ministry of Education.



- The Bank sponsored the “2020 Taichung Bank Top Speed Supercar Racetrack TKOC Karting Series Customer Experience Activity” event, inviting customers of the Bank to participate in the experience. Event participants covered a wide range of ages. By organizing these events, the Bank creates positive energy to support sports.
- The Bank continued to sponsor the corporate archery league organized by the Chinese Taipei Archery Association and established the “Taichung Bank Archery Golden Falcon Team” to participate in competitions. The Golden Falcon Team won in the 2020 Archery League, with second place in the men's individual event and the first place in the mixed doubles event in the regular competition; the team won first place in the men's individual event and the first place in the mixed doubles event in the playoffs. The Bank spares no effort in nurturing players.

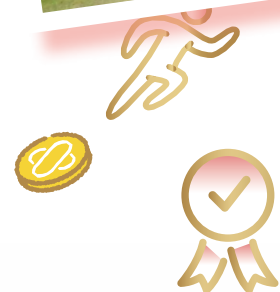
6.4 Social activities

GRI 203-1

- The Bank has been paying close attention to sports development for a long time and will continue to sponsor domestic and international sports events. In 2020, the Bank also sponsored Li Hsin-yu, a billiards player.
- The Bank organized the “9th Taichung Bank Golf Friendship Tournament” event. Through the bonds of friendship and event participation, the Bank increases closeness with the customers.
- The Bank sponsored the Taiwan Indigenous Baseball Development Association to organize the “27th Care Cup Baseball Tournament”, focusing on Indigenous groups and the deep cultivation of the national sports.
- The Bank sponsored the Chen Ch’ung-kuang Cultural and Educational Foundation in holding the “12th Ch’ung-kuang Cup Junior League Championship”.
- The Bank co-organized the 2020 Dajia Mazu Cultural Season “2020 All Come BIKE” and “2020 Dajia Marathon BOBI Run for Blessings Road Run” activities, and created the publicity to invite the public to participate in the grand events.
- The Bank supported the Tianzhong Township Office in Changhua County to host the “2020 Taiwan Rice Warehouse Tianzhong Marathon” event, which combines sports, leisure, agriculture and commercial activities to market the local tourism characteristics of Tianzhong Township.



- The Bank participated in the “2020 Financial Service Charity Carnival” (Chiayi Fair) organized by the Taiwan Financial Services Roundtable, setting up a booth there. The theme of the event was primarily based on advocacy of financial knowledge, charity, and public welfare, thus establishing correct concepts in financial knowledge among the people.
- In order to activate the Taichung tourism economy and promote the economic development of local business districts, mass merchandising, department stores, catering, and lodging, etc., the Bank sponsored the Taichung City Government in the “2020 Taichung Shopping Festival” activity.
- The Bank supported Taiwanese art and literature performances with practical actions, and sponsored the performance of the Neo-Classical Chamber Orchestra in “Soundscape Music Theater - A Ten Line Poem for NK”.
- In order to implement community care and enhance the local value of business units, the Bank used the communities where each business unit is located as starting points, integrating into the local community and activating local sentiment. A total of 68 sessions were held in 2020 to give back to the community and neighbors and do our best for social welfare.
- In order to strengthen the public awareness of preventing economic crimes and ensure the safety of property, the Bank assisted the Ministry of Justice Investigation Bureau in conducting economic crime prevention and advocacy to the public. The Bank published the “2020 National Security Protection Quiz Contest Activity” advertisement short film; encouraged various agencies to establish administrative transparency measures in order to enhance the public understanding of, supervision of, and trust in public affairs; and assisted the Agency Against Corruption of the Ministry of Justice in advocating the transparency and sunshine theme of the micro-film “Embrace the Sunshine, Hold on to Happiness”.
- In cooperation with government policy and regulation advocacy, the Bank played the “anti-fraud”, “anti-bribery at elections”, “financial basic knowledge advocacy” and “anti-money laundering” videos on the multimedia broadcasting systems of all business units.
- The Bank assisted the John Tung Foundation in promoting the “2020 Quit Smoking Contest” and encouraged employees and their families, relatives & friends to proactively fight the pandemic and sign up to quit smoking.



6.5 Promotion of the “Reward Program for Business Units Engaged in Corporate Social Responsibility Activities”

GRI 203-1

6.5.1

Since 2015, in addition to the continuous promotion of charity activities by the head office, the Bank has decided to spread the seeds of good deeds in order to get closer to this land, inviting all business units in Taiwan to respond together, and encourage business units to spontaneously participate in local relevant activities. Examples include organizing advocacy of financial and wealth management knowledge; adopting or greening and beautifying public facilities; organizing or sponsoring good neighbor activities; participating in charity fairs; hiking and cleaning mountains; cleaning streams and beach cleaning activities; participating in volunteers for environmental protection resource classification activities; providing volunteer services for disadvantaged organizations; calling on employees to subscribe for special agricultural products from disadvantaged families; and other public welfare activities. Since 2015, a total of 324 sessions have been held. With the personal participation of employees, we have driven relatives, friends and customers to respond together and contribute efforts to the public welfare.

Achievements of business units engaged in corporate social responsibility activities in 2020

Corporate social responsibility activities (sessions)		Participants (people)	Invested amount	Cumulative hours
Financial basic knowledge advocacy	28	1,398	NT\$138,050	3,127 hours
Participation in community activities	3	78		
Community environmental cleanup	27	585		
Blood donation activities	3	317		
Participation in sports activities	3	57		
Care for the disadvantaged	4	83		

Note: This amount is included within the amounts in the sections above.

6.5.2

Taichung Bank upholds the spirit that “what we take from society, we use for society”. We express our care for society through practical actions, and proactively promote “campus and community financial knowledge advocacy activities”. Hoping to plant basic education and link up the power of all our employees, we promote wealth management and consumer knowledge, and achieve the objective of popularizing financial knowledge.

Item	Cumulative, 2015–2020	Cumulative target for 2021	Cumulative target for 2026
Financial knowledge advocacy sessions	125	150	500

6.5.3 Experience sharing by business units engaged in corporate social responsibility activities in 2020



Caring for society: We share the responsibility
(Changhua County Private Christian Joy Nursery; Joy Boiled Dumpling Charity Sale)

- In order to help the public better understand and support the concept of Joy Nursery, Huatan Branch and Joy Nursery jointly carried out public welfare activities. Both parties set up a stall in front of the Huatan Branch on April 10, 2020 to sell handmade dumplings from the Joy Dumpling Workshop.
- Due to the impact of COVID-19, the usual face-to-face sales model of the past was adjusted to a pre-order and pick-up model. Colleagues in the business unit continued to recommend the products of Joy Nursery to customers when they handling business at the counter, and when they go out to visit or explore customers. With the benefits of group purchases, the nursery can get the most help.
- Due to the impact of the epidemic, many physically and mentally handicapped people are not doing as well in the workplace. Through the dumpling charity sale, in addition to helping the disabled to make up for lost income during the pandemic-fighting period, the Bank also fulfilled its corporate social responsibility to care of disadvantaged families.



Unpolluted forests; a purified environment

- In order to implement public welfare through the five core values of the Bank, we take active actions to care for society, embody love, and convey a corporate image of true affection. The Jungong Branch chose the nearby popular attraction, the Dakeng No. 9 hiking trail, as a place for activities to rehabilitate the environment.
- At 9:30 am on November 8, 2020, during a breezy and sunny holiday and under the leadership of the business unit, Assistant Manager Mr. Yang, a group of 16 employees, and many families started this time with joy of this cleaning the mountain activity. Along the way, everyone carefully checked left and right to see if there was anything that did not belong in the mountain forest. Even the slopes beside the trails were not overlooked. The process of picking up the garbage from the starting point to the finishing point was also appreciated by many climbers and people out to get some fresh air. After the efforts of employees, the hiking trails were finally restored their original clean appearance, and a fresh environment was brought to the forests, so that the trails will be beautiful and clean.



Transmission of financial knowledge and anti-fraud advocacy

- In order to enhance the corporate image of the Bank, the Zhongzheng Branch staff went to Zhongxiao Elementary School in Taichung City to conduct an advocacy activity to give full play to financial knowledge in the locality. The content of this advocacy was to teach children about the Bank's main business services (such as deposit, lending and credit cards), anti-money laundering and countering the financing of terrorism, anti-fraud advocacy, and the importance of wealth management (if you don't maintain your money, your money won't maintain you, etc.). This was done in hopes that the children could learn more about the Bank's business services. Before talking about the subject of the course, we first introduced the basic information of Taichung Bank to the children. After the brief introduction, we started to explain to the children: What do their older brothers and sisters who work at the bank counter do every day? And what kinds of affairs do all the people who come to the bank handle? In addition to deposits and withdrawals, what other services does the bank offer? And we explained in detail to the children the importance of saving, so that the children could understand the difference between putting pocket money in the piggy bank and depositing it in the bank.



6.6 The 3rd “Care with LOVE and share our love – by blood donation and helping farmers” blood donation event

GRI 203-1

Item	Actual benefits / invested resources
Invested amount	NT\$821,772
Participants (people)	100
Cumulative number of participation hours	80

Taichung Bank has been deeply involved in Taiwan for more than 60 years. During this period, the Bank has silently dedicated our care, in the hopes of implementing the corporate philosophy of “care attentively and shine within” to every corner of society. Over the years, the Bank has proactively promoted various public welfare activities, hoping to pass on this idea that giving is more blessed than receiving.



Activity concept:

Taichung Bank once again cooperated with the Taiwan Blood Services Foundation in 2020 to host the third “Care with love and share our love” blood donation event. The activity was initiated by the head office in cooperation with the Taiwan Blood Services Foundation. It is hoped that this activity will be held year after year; by donating blood to spread love, we connect the strengths of our business units and employees, and call on more people to participate. We uphold the corporate spirit of doing everything with love and care to give back to society, fulfill the Company's commitment and care to society, and create invaluable assets of love.



Action plan:

The theme of the blood donation in 2020 was “Share our love by blood donation and helping the farmers”. There were many farmers affected by the pandemic. Pineapples, in particular, were unable to be sold because of the sharp decline in exports. There was no sales channel for two-year-old pineapples. It was unbearable for the farmers to see their long-awaited harvest come to nothing. Taichung Bank took this into consideration and purchased the Golden Diamond Pineapples from Yunlin farmers in May. In addition to solving the problem of overproduction of farmers, this also benefited students and disadvantaged groups in Shengang District, Taichung City. In June, we combined the blood donation event with the purchase of 2,500 kg of pineapples from farmers in Nantou. In the period of excessive supply of agricultural products in the market, the Bank effectively alleviated sales problems and avoided heavy losses in the fruits grown by the farmers.



Implementation results:

The event was originally scheduled to end on June 28, but a meaningful action aroused widespread responses. Enthusiastic blood donors called on friends, families, and more people to participate, not only helping others but also helping farmers. In order to expand the effect of blood donation to help farmers, Taichung Bank had especially shot a film to let the general public see the stories of small farmers. The film aroused an enthusiastic response on the social platform. It perfectly combined kindness and creativity to maximize the benefits. Golden diamond pineapples, once remaining unsold due to the pandemic, instead was in short supply. In order to continue sharing this love, apart from increasing the number of the sessions, the event was extended to July 30. A total of 3,980 blood donors participated in the event, 6,320 bags of blood were collected, and more than 4,000 kg of pineapples were given away to caring blood donors.



Appendix

GRI 102-55 103-1 103-2 103-3

Independent assurance opinion statement



獨立保證意見聲明書

台中銀行 2020 年度企業社會責任報告書

英國標準協會與台中商業銀行股份有限公司(簡稱台中銀行)為相互獨立的公司，英國標準協會除了針對台中銀行 2020 年度企業社會責任報告書進行評估和查證外，與台中銀行並無任何財務上的關係。

本獨立保證意見聲明書之目的，僅作為對台中銀行 2020 年度企業社會責任報告書所界定範圍內的相關事項進行保證之結論，而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外，對於其他目的之使用，或閱讀此獨立保證意見聲明書的任何人士，英國標準協會並不負責或承擔任何有關法律或其他之責任。

本獨立保證意見聲明書係英國標準協會查閱台中銀行提供之相關資訊所作出之結論，因此查證範圍乃基於並局限於這些提供的資訊內容之內，英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問，請由台中銀行一併回覆。

查證範圍

台中銀行與英國標準協會協議的查證範圍包括：

1. 本查證作業範疇與台中銀行 2020 年度企業社會責任報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準 V3 的第 1 應用類型評估台中銀行遵循 AA1000 當責性原則(2018)的本質和程度，不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結台中銀行 2020 年度企業社會責任報告書內容，對於台中銀行之相關運作與績效則提供了一個公平的觀點。基於保證範圍限制事項，台中銀行所提供資訊與數據以及抽樣之測試，此報告書並無重大之不實陳述。我們相信有關台中銀行 2020 年度的經濟、社會及環境等績效資訊是誠正確無誤地呈現。報告書所揭露之績效資訊展現了台中銀行對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準 V3 查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要之訊息資料及說明。我們認為就台中銀行所提供之足夠證據，表明其依據 AA1000 保證標準 V3 的報告方法與自我聲明符合 GRI 永續性報導原則之選項係屬公允的。

查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於台中銀行政策進行訪談，以確認本報告書中聲明書的合適性
- 與管理層討論有關利害關係人參與的方式，然而，我們並無直接接觸外部利害關係人
- 訪談 28 位與永續性管理、報告書編製及資訊提供有關的員工
- 審查有關組織的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作宣告的支持性證據
- 針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查

結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性及衝擊性與 GRI 永續性報導原則的詳細審查結果如下：

包容性

2020 年報告書反映出台中銀行已將尋求利害關係人的參與，並建立重大永續主題，以發展及達成對企業社會責任具有責任且策略性的回應。報告書中已公正地報告與揭露經濟、社會及環境的訊息，足以支持適當的計畫與目標設定，以我們的專業意見而言，這份報告書涵蓋了台中銀行之包容性議題。

重大性

台中銀行公布對組織及其利害關係人之評估、決策、行動和績效會產生實質性影響與衝擊之重大主題，永續性資訊揭露使利害關係人得以對公司之管理與績效進行判斷，以我們的專業意見而言，這份報告書適切地涵蓋了台中銀行之重大性議題。

回應性

台中銀行執行來自利害關係人的期待與看法之回應，台中銀行已發展相關溝通政策，作為提供進一步回應利害關係人的機會，並能對利害關係人所關切之議題作出及時性回應，以我們的專業意見而言，這份報告書涵蓋了台中銀行之回應性議題。

衝擊性

台中銀行已識別並以平衡和有效之量測及揭露方式公正展現其衝擊，台中銀行已建立監督、量測、評估和管理衝擊之流程，從而在組織內實現更有效之決策和結果管理，以我們的專業意見而言，這份報告書涵蓋了台中銀行之衝擊性議題。

GRI 永續性報導原則

台中銀行提供有關依據 GRI 永續性報導原則之自我宣告，與相當於「核心選項」(每個涵蓋特定主題 GRI 原則之重大主題，至少一個特定主題的揭露項目依據其全部的報導要求)的相關資料，基於審查的結果，我們確認報告書中參照 GRI 永續性報導原則的社會責任與永續發展之相關揭露項目已被報告，部分報告或省略，以我們的專業意見而言，此自我宣告涵蓋了台中銀行的社會責任與永續性主題。

保證等級

依據 AA1000 保證標準 V3 我們審查本聲明書為中度保證等級，如同本聲明書中所描述之範圍與方法。

責任

這份企業社會責任報告書所屬責任，如同責任信中所宣稱，為台中銀行負責人所有，我們的責任為基於所描述之範圍與方法，提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者，本查證團隊係由其專業背景，且接受過 AA1000AS-ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會管理標準的訓練，具有主導稽核員資格之成員組成，本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2020076
2021-05-06

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Independent assurance opinion statement



INDEPENDENT ASSURANCE OPINION STATEMENT

Taichung Bank 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to Taichung Commercial Bank Co., Ltd. (hereafter referred to as Taichung Bank in this statement) and has no financial interest in the operation of Taichung Bank other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Taichung Bank only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Taichung Bank. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Taichung Bank only.

Scope

The scope of engagement agreed upon with Taichung Bank includes the following:

1. The assurance scope is consistent with the description of Taichung Bank 2020 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the Taichung Bank's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Taichung Bank 2020 Corporate Social Responsibility Report provides a fair view of the Taichung Bank CSR programmes and performances during 2020. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Taichung Bank and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate Taichung Bank's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Taichung Bank's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Taichung Bank's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 28 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below.

Inclusivity

This report has reflected a fact that Taichung Bank has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Taichung Bank's inclusivity issues.

Materiality

Taichung Bank publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Taichung Bank and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Taichung Bank's management and performance. In our professional opinion the report covers the Taichung Bank's material issues.

Responsiveness

Taichung Bank has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Taichung Bank is developed and continually provides the opportunity to further enhance Taichung Bank's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Taichung Bank's responsiveness issues.

Impact

Taichung Bank has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Taichung Bank has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Taichung Bank's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Taichung Bank provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Taichung Bank's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the Taichung Bank's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2020076
2021-05-06

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2020 management policies and elements thereof

Material topic(s)	How to manage it/them	Intention of management policy	Relevant policies	Performance results	Complaint mechanism(s)	Evaluation mechanism(s)
Product and service quality Protection of customer rights and interests Personal data protection	<ol style="list-style-type: none"> 1. In order to pursue the “customer demand” orientation as the driving force to create sustainable value for the enterprise, become the preferred financial service partner of the public. 2. The collection, processing or use of personal data by Taichung Bank is based on the interests of the customers and based on the attitude of a good administrator. 3. For files and systems containing personal data, adopt appropriate information security measures to prevent personal data from being stolen, altered, damaged, lost or leaked, and in accordance with regulations, check and destroy data that has exceeded its storage period or has no value in storage or for future reference, and thus protect the rights and interests of customers and fulfill the duty of confidentiality of customer information. 	<ol style="list-style-type: none"> 1. To provide diversified financial products to meet customers' needs. 2. To protect the rights and interests of financial consumers. 3. To ensure the safety of the customer personal data and respect the rights and interests of the customers. 	<ol style="list-style-type: none"> 1. Management key points for launching new financial products, new services and new business operations 2. Consumer protection policy 3. Financial institution information system security standards 4. Security control operating standards for electronic banking business undertaken by financial institutions 5. Personal Data Protection Act 	III Do Our Best to Guard Customers!A Trustworthy Partner 3.3 Diversified innovation in financial products and services 3.5 Customer rights protection 3.7 Improving customer service and maintaining customer relationships	<ul style="list-style-type: none"> • Phone No.: (04) 2223-6021 #5304, #5368 • Toll-free: 0809-096-888, 449-9888 (for mobile phones, add 04 prefix) 	Complaint mechanism Internal audit Competent authority inspection and supervision Financial Ombudsman Institution



Material topic(s)	How to manage it/them	Intention of management policy	Relevant policies	Performance results	Complaint mechanism(s)	Evaluation mechanism(s)
<p>Talent cultivation</p> <p>Labor-management relations</p> <p>Employee benefits</p>	<p>1. Committed to cultivating employees in the Bank, the dedicated department responsible for staff training formulates an annual education and training plan based on the Bank's strategic development, and promotes exclusive training for each function, thus enhancing human capital and creating competitive advantage.</p> <p>2. The labor union holds regular labor-management meetings, establishes diverse communication channels for employees, and creates a gender-equal workplace to achieve a harmonious labor-management relationship.</p> <p>3. In order to take care of employee lives and improve work efficiency, the Bank provides various welfare and subsidies (including marriage, childbirth, birthdays, funerals, travels, education scholarshipss for employee's children, festive appreciation gifts, etc.).</p>	<p>1. To enhance staff functions and future career planning.</p> <p>2. To achieve a workplace where labor-management relations are peaceful.</p> <p>3. In the hope of increasing employee identification with the Company.</p>	<p>1. Employment Work Rules</p> <p>2. Key points for the implementation of employee welfare and subsidies</p> <p>3. Employee Welfare Fund Act</p>	<p>IV Do Our Best to Care for Our Employees! Create Pleasant Work Environment for Happy Life!</p> <p>4.2 Salary and benefits</p> <p>4.3 Talent cultivation and career development</p> <p>4.4 Harmonious labor-management relations</p>	<p>• Phone No.: (04) 2223-6021 #5288</p> <p>• Human Resources Department hotline (04) 2223-5112</p> <p>• Official mailbox of the Human Resources Department at: personnel@tcbbank.com.tw</p>	<p>Complaint mechanism</p> <p>Remuneration Committee</p> <p>Union association</p> <p>Internal trainings</p> <p>Assessment tests for certifications</p>
<p>Operational performance</p> <p>Corporate governance</p> <p>Risk management</p> <p>Sustainable development</p>	<p>1. Key points for performance appraisal of the head office and units are formulated, and performance appraisal of each business unit is issued every year to clearly set the annual operating performance targets to ensure that targets are achieved.</p> <p>2. To establish a good communication channel with the stakeholders., Taichung Bank has established guidelines for handling important internal information and implemented a spokesperson system. The Bank also disclosed the investor contact information on the Taichung Bank external website. Investors can learn more about the Company through various channels. Also established corporate governance personnel to enhance the effectiveness of the Board of Directors.</p> <p>3. In order to strengthen the risk management function, a Risk Management Committee has been established to implement risk management decisions approved by the Board of Directors and review various risk management related matters and ensure the smooth operation of risk management.</p> <p>4. Through implementing the concept of deep cultivation, we have created a deep partnership with "cross-generation" customers. As we cherish this "trust", we create the driving force for the sustainable value of the Company in the transfer of employee salaries and business operations, and become the preferred financial service partner for the general public.</p>	<p>1. To achieve the assigned targets, strengthen the management structure and increase profitability</p> <p>2. To strengthen the functions of the Board of Directors, protect the rights of the shareholders and the stakeholders, and promote the sustainable operation of the Bank.</p> <p>3. To implement the risk management system and control procedures to effectively control risks.</p>	<p>1. Corporate Governance Best Practice Principles</p> <p>2. Operating Rules for Handling Significant Internal Information</p> <p>3. Risk management policy and management mechanism</p> <p>4. Brand spirit of "We Do Our Best for You"</p>	<p>I. Overview of the Business</p> <p>1.3 Operating performance</p> <p>II. Do Our Best to Run Business! A 60-year Journey with You!</p> <p>2.1 Stakeholder engagement</p> <p>2.2 Corporate governance operations</p> <p>2.4 Laws and regulations and regulatory compliance</p> <p>2.5 Anti-money laundering and countering of the financing of terrorism</p> <p>2.7 Risk management mechanism</p>	<p>• Phone No.: (04) 2223-6021 #5536</p>	<p>Performance appraisal</p> <p>Corporate governance evaluation</p> <p>Risk management committee</p> <p>Board performance evaluation</p> <p>TCSA Taiwan Corporate Sustainability Forum Report Award</p>



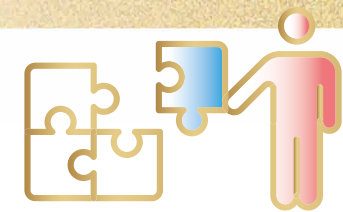


Material topic(s)	How to manage it/them	Intention of management policy	Relevant policies	Performance results	Complaint mechanism(s)	Evaluation mechanism(s)
Social care	Upholding the five core philosophies of “service, products, professionalism, customers, and public welfare” endowed by the financial industry, we proactively take action to care for the society and embody love, conveying the corporate spirit of “with all our heart”.	With academic education, humanities and arts, charitable care, sports development and social activities series as the primary promotion areas, and Taichung Bank resources, we will do our best for the society.	Corporate Social Responsibility Code	VI. Do Our Best to Care for the Community! Extend Positive Influence in Society!	• Phone No.: (04) 2223-6021 #5321	Charity, sports activities, cultural sponsorship Closing report
Regulatory compliance Anti-money laundering Sustainable credit extension policy	<ol style="list-style-type: none"> 1. Establish a “legal compliance system” as a channel for communicating, consulting, and communicating laws and regulations, continuously paying attention to changes in laws and regulations, cooperating with laws and regulations in a timely manner and updating relevant internal regulations, supervising all units in handling laws and regulations and following self-assessment operations every six months, and conducting education and training on laws and regulations on a regular basis. 2. The Bank has formulated relevant regulations and business handling manuals for the anti-money laundering and combating capital terrorism, and has established an “anti-money laundering and countering of the financing of terrorism management team” to regularly review implementation, review deficiencies and discuss improvement measures, to ensure the anti-money laundering and the establishment, integration and operation of mechanisms for combating terrorism. 3. Taichung Bank is committed to providing financial services for small and medium enterprises (SMEs). The Bank provides various financial products and financial services for SMEs, hoping to act as the most trusted and trusted financial partner of SMEs. 4. In recent years, Taichung Bank has strengthened our financial services for green industries, aiming at energy-saving, carbon-reduction, greenhouse effect reduction, and weather protection reduction for the earth. Industries impacted by climate change. 	<ol style="list-style-type: none"> 1. To ensure the compliance and management of Taichung Bank's rules. 2. To ensure the establishment, integration, and operation of mechanisms for anti-money laundering and countering of the financing of terrorism. 3. To support SMEs and assist Taiwan's economic development. <p>To strengthen payment services for the green industry and reduce the impact of climate change.</p>	<ol style="list-style-type: none"> 1. Laws and regulations and regulatory compliance 2. Key Points for Anti-money laundering and countering of the financing of terrorism 	<p>II. Do Our Best to Run Business! A 60-year Journey with You!</p> <p>2.4 Laws and regulations and regulatory compliance</p> <p>2.5 Anti-money laundering and countering of the financing of terrorism</p>	<ul style="list-style-type: none"> • Phone No.: (04) 2223-6021 #5308, #5314, #5368 	<p>Complaint mechanism</p> <p>Supervision by the competent authority</p> <p>Corporate governance e Valuation</p> <p>Equator Principles</p>



Material topic(s)	How to manage it/them	Intention of management policy	Relevant policies	Performance results	Complaint mechanism(s)	Evaluation mechanism(s)
<p>Emission of greenhouse gases</p> <p>Energy savings and carbon reduction</p> <p>Green procurement</p>	<p>1. Promote environmental protection as energy savings and carbon reduction management, resource recycling, green procurement and supply chain management, and promote paper-free work.</p> <p>2. Through the selection of green building materials and environmental protection requirements for suppliers and co-workers, benefits to society are improved and environmental costs are reduced.</p>	<p>1. To reduce greenhouse gases.</p> <p>2. To mitigate the impact of climate change.</p>	<p>1. Operational measures for operations such as the construction and maintenance project and the purchase of custom-made sales and financial matters.</p> <p>2. Select business units to conduct simple energy consumption assessments and formulate relevant strategies to reduce energy consumption.</p>	<p>V. Do Our Best to Appreciate Blessings! Guard Our Homeland!</p> <p>5.1 Energy saving and carbon reduction management</p> <p>5.2 Resource recycling and reuse</p> <p>5.3 Green procurement and supply chain management</p> <p>5.4 Promotion of paper-free work</p>	<p>• Phone No.: (04) 2223-6021#459</p>	<p>Contractor safety and management control</p> <p>Local agriculture first</p>

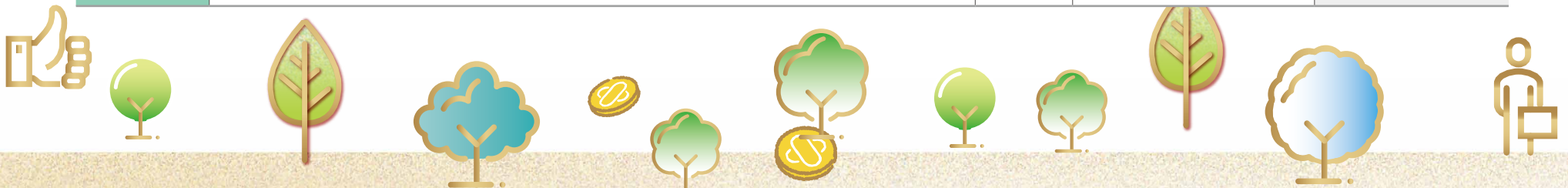




GRI Sustainable Reporting Standards (GRI Standards: 2016)

GRI 102: General Disclosure 2016	Description	Page Number	Chapter(s)	Remarks
Organization Overview				
102-1	Describe the name of the organization	5	Company Profile	
102-2	Describe the primary brands, products and services.	5-6		
102-3	Describe the location of the organization's headquarters.	5		
102-4	Number and name(s) of country(ies) in which the organization operates.	5		
102-5	Nature and legal form of ownership.	5		
102-6	Describe the market in which the organization provides services.	5-6		
102-7	Describe the size of the organization.	5		
102-8	Employee composition	72-74	Employment situation	
102-9	Describe the organization's supply chain.	93-94	Green procurement and supply chain management	
102-10	Significant changes in the size, structure, ownership and supply chain of the organization during the reporting period.	25-35	Corporate governance operations	
		93-94	Green procurement and supply chain management	No major changes in the supply chain
102-11	Describe whether the organization has relevant early warning policies or principles.	45-48	Risk management mechanism	
102-12	List the economic, environmental and social regulations, principles or other initiatives that have been signed and approved by the organization and formulated by external parties.	49	External initiatives and important exchanges of opinion	
102-13	List the public associations (such as industry associations) and national or international advocacy organizations that the organization participates in.	49	External initiatives and important exchanges of opinion	
102-14	Provide a statement about the sustainability of the organization and strategy by the top decision-maker of the organization.	3	Message from the Chairman	
102-15	Describe key shocks, risks, and opportunities.	3	Message from the Chairman	

GRI 102: General Disclosure 2016	Description	Page Number	Chapter(s)	Remarks
Organization Overview				
102-16	Describe the organization's values, principles, standards, and codes of conduct, such as codes of conduct and ethical codes.	6 40 42-48 59	Business philosophy; Laws and regulations and regulatory compliance; Internal control and audit system; Risk management mechanism; Customer rights protection	-
102-17	<ul style="list-style-type: none"> Seek advice on ethical and legal behavior, and organizational integrity. Reporting of unethical or illegal behavior and organizational integrity. 	60	Specific issues of concern to stakeholders	-
Governance				
102-18	Describe the governance structure of the organization.	25-35	Corporate governance operations	-
Stakeholder communication				
102-40	List the stakeholder groups that organize the negotiation.	10-24	Stakeholder engagement	-
102-41	The proportion of the total number of employees guaranteed by the group negotiation agreement.	There is no group agreement in 2020		-
102-42	Describe the method of identification and selection with respect to the stakeholders communicated.	10-24		-
102-43	Describe the method of communication with stakeholders, including the frequency of communication according to different stakeholder groups and forms, and explain whether any communication procedures are specifically conducted for the preparation of this report.	10-24		-
102-44	Describe the key issues and concerns raised through stakeholder communication, and how the organization responds to these key issues and concerns, including through reports. Explain the stakeholder groups who put forward each key issue and concern.	10-24		-





GRI 102: General Disclosure 2016	Description	Page Number	Chapter(s)	Remarks
Reporting practice				
102-45	<ul style="list-style-type: none"> List all entities included in the organization's consolidated financial statements or equivalent documents. State whether there are entities in the organization's consolidated financial statements or equivalent documents that are not included in this report. Organizations can quote information in public consolidated financial statements or equivalent documents to report the standard disclosure items. 	See 2020 Annual Report of Taichung Bank for details	Information and cooperative promotion business	-
102-46	<ul style="list-style-type: none"> The process of defining report content and considering the boundaries. How does the organization follow the "Principles for Defining Report Content". 	10-24	Stakeholder engagement	-
102-47	List all major considerations identified in the process of defining the content of the report.	10-24		-
102-48	Describe the impact and reason for the re-editing of any information provided in the previous report.	2	Report information	-
102-49	Describe the significant changes in the scope and boundary of consideration compared with the previous reporting period.	2		-
102-50	The reporting period for the information provided (e.g., fiscal year or calendar year).	2	Report information	-
102-51	Date of the last report.	2019/6	-	-
102-52	Reporting cycle.	2	Report information	-
102-53	Provide a contact person who can answer the relevant questions of the report.	2		-
102-54	Describe the "compliance" option selected by the organization.	2		-
102-55	The GRI Content Index lists all the disclosure items that use the GRI Standards in the report.	114-118	Appendix	-
102-56	Describe the organization's policy and current practices for seeking external assurance / assurance for the report.	-	Appendix Warranty Instructions	-



Specific Topic Disclosure

Material topics	GRI standards	Description	Page	Chapter	Remarks
GRI 103: Management policy 2016	103-1	Interpretation of material topics and their boundaries.	110-113	Appendix	-
	103-2	Management policy and its elements.			-
	103-3	Evaluation of management policies.			-
Economic Performance Disclosure					
※GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed by the organization.	7	Business performance	-
	201-2	Financial impact of climate change on the organization's activities and other risks and opportunities.	97-101	Credit extension policy	-
GRI 202: Market image 2016	202-1	Ratio of the standard salary of grassroots personnel of different genders to the local minimum salary.	72-74	Employment status	-
	202-2	Proportion of employing local residents as senior management.			-
※GRI 203: Indirect effect of economic shock 2016	203-1	Infrastructure investment and support services development shock.	103-109	Do Our Best to Care for the Community! Extend Positive Influence in Society!	-
	203-2	Significant indirect economic shocks, including the extent of the shocks.	49	External initiatives and important exchanges of opinion	-
Environmental Performance Disclosure					
※GRI 302: Energy 2016	302-1	Energy consumption within the organization	87-90	Energy saving and carbon reduction management	-
※GRI 305: emission 2016	305-1	Direct (Scope 1) greenhouse gas emissions	87-90	Energy saving and carbon reduction management	-
	305-2	Energy indirect (Scope 2) greenhouse gas emissions			-
GRI 307: Regulatory compliance related to environmental protection 2016	307-1	Violation of environmental laws and regulations.	-	-	None
※GRI 308: Supplier environmental assessment 2016	308-1	Adopt environmental standards to screen new suppliers	93-94	Green procurement and supply chain management	-

Specific Topic Disclosure

Material topics	GRI standards	Description	Page	Chapter	Remarks
Social Performance Disclosure					
※GRI 401: Labor-employment relationship 2016	401-1	New recruits and former employees	72-74	Employment situation	-
	401-2	Benefits provided only to full-time employees (excluding temporary or part-time employees).	75-77	Salary and benefits	-
	401-3	Parental leave	83-84		-
GRI 402: Labor-employment relationship 2016	402-1	Whether to specify the shortest notice period for major operational changes in the collective negotiation.	72-74	Employment situation	-
※GRI 404: Training and Education 2016	404-1	Average number of training hours per employee per year	78-82	Talent cultivation and career development	-
	404-2	Improve employee skills and transfer assistance programs	-		-
	404-3	Proportion of employees receiving regular performance and career development reviews	-		-
GRI 405: Diversity of employees and equal opportunities 2016	405-1	Diversity of corporate governance organization members and various types of employees.	72-74	Employment situation	-
	405-2	Female-male basic salary and remuneration ratio.	75-77	Salary and benefits	-
GRI 406: Non-discrimination 2016	406-1	Discrimination incident and the improvement actions taken by the organization.	82-84	Labor-management relations	-
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents involving infringement of the rights of Indigenous peoples.	82-84	Labor-management relations	-
GRI 412: Human rights assessment 2016	412-2	Employees receive training on human rights policies or procedures	78-82	Talent cultivation and career development	-
※GRI 418: Customer Privacy 2016	418-1	Complaints related to infringement of customer privacy and loss of customer information have been confirmed.	-	-	None
※GRI 419: Socio-economic regulatory compliance 2016	419-1	Violation of laws and regulations in the social and economic fields	See 2020 Annual Report of Taichung Bank for details	-	-

Note: ※ denotes a material topic.

GRI Industry Exposure - Financial Services Industry

Aspects	Index	Description	Page	Chapter(s)	Remarks
Product portfolio	FS1/DMA	Policies applicable to the specific environmental and social elements of the business department.	3	Message from the chairman	-
Product portfolio	FS2/DMA	The business unit's procedures for assessing and screening environmental and social risks.	10-24	Stakeholder engagement	-
Product portfolio	FS3/DMA	Supervising customer implementation and compliance with environmental and social requirements within the scope of the agreement or transaction.	97-101	Credit extension policy	-
Product portfolio	FS4/DMA	Improving the process of employees' ability to implement environmental and social policies and the procedures applied to the business department.	10-24	Stakeholder engagement	-
Product portfolio	FS5	Interaction with the customers / the business partners in terms of environmental and social risks and opportunities.	10-24		-
Product portfolio	FS6	Different business services as a proportion of the whole (divided by region, scale, and industry).	7	Business performance	-
Product portfolio	FS7	Products and services designed to bring clear benefits to society.	51-70	Do Our Best to Guard Customers!A Trustworthy Partner!	-
Product portfolio	FS8	Products and services designed to bring clear benefits to the environment.	87-101	Do Our Best to Appreciate Blessings! Guard Our Homeland!	-
Audit	FS9	Evaluate the audit coverage and frequency of the audit and risk assessment procedures for the implementation of environmental and social policies.	42-48	Internal control and audit system; Risk management mechanism	-
Active ownership	FS10	The organization interacts with the companies in its portfolio on environmental or social issues.	35-40	Cooperative promotion of business; Laws and regulations and regulatory compliance	-
Active ownership	FS11	Percentage of assets subject to environmental or social screening.	-	-	No related occurrence
Active ownership	FS12	The Company uses the voting policy of holding shares on environmental / social issues.	-	-	No related occurrence
Workplace safety and health	DMA	Financial institutions shall explain the relevant policies and practices by which they assist employees and their relatives or community members to face threats and violent behaviors.	85	Workplace safety and health	-



Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Section	Section(s) in the report
1. Implement corporate governance.	Do Our Best to Run Business! A 60-year Journey with You!
2. Develop a sustainable environment.	Do Our Best to Appreciate Blessings! Guard Our Homeland!
3. Maintaining social welfare.	Do Our Best to Ca re for the Community! Extend Positive Influence in Society!
4. Strengthen the disclosure of corporate social responsibility information.	Do Our Best to Run Business! A 60-year Journey with You!

Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Article No.	Description	Number Report Chapter	Page	Chapter in the report
Article 3	The corporate social responsibility report shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified.		10-24	Stakeholder engagement
Article 4, Paragraph 2 (1)	The number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.		75	Salary and benefits
Article 4, Paragraph 2 (2)	The company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, access and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.		87-90	Energy saving and carbon reduction management





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