

1-2 GHG emissions reduction targets, strategies, and specific action plans

| GHG emissions reduction baseline year and reduction targets, strategies, and specific action plans, as well as target achievement status | | | |
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| <p>1. At the first 2024 Taiwan Financial Holdings (TFH) meeting of chief sustainability officers (CSOs), where the baseline year was 2023, the short-term goal for reduction of Scope 1 and 2 GHG emissions was 42% by 2030, and the long-term goal was to reach net-zero by 2050. The meeting set a goal of reducing emissions by 6% each year beginning from 2024, eventually reaching a goal of reducing 2030 emissions by 42% from the 2023 level. The reduction strategies and specific action plans are as follows:</p> <p>(1) Energy conservation: Related strategies and action plans included obtaining ISO 14001 certification of the environmental management system and ISO 50001 certification of the energy management system; continued to expand the scope of management; on the basis of service life expectations, continued to plan switching to more energy-efficient central air conditioning, split air conditioning, and window air conditioning units; on the basis of service life expectations, conducted an annual replacement of aging and energy-inefficient fleet vehicles and fleet motorcycles; again switched over to more energy-efficient lighting equipment; conducted priority procurement of products that bear an Energy Label, a Green Mark logo, a Water Efficiency Label, or a Green Building Material Label; continued to conduct energy conservation outreach activities, and adopted an internal carbon pricing implementation plan; and obtained a Green Building Mark and a Building Energy-Efficiency Label.</p> <p>(2) Energy purchases: These included direct energy purchases, wheeling of renewables, and evaluation of the purchase of renewable energy certificates.</p> <p>(3) Energy creation: This included installation of solar panels atop the roofs of self-owned bank properties.</p> <p>2. Baseline year (2023) GHG emissions (by market): Scope 1 -- 4,476.1629 tCO2e; Scope 2 -- 18,443.5655 tCO2e; Scope 1 and 2 combined -- 22,919.7284 tCO2e.</p> <p>3. 2024 GHG emissions and status of target achievement: The Bank is scheduled to complete a verification of its 2024 GHG emissions by end-April 2025. Comprehensive verification data will be disclosed on the Market Observation Post System (MOPS) website, and the target achievement status will be disclosed in the annual report for the following year.</p> | | | |
| Matters Evaluated | Y | N | Implementation Status |
| | | | Summary Description |
| 1. Establishment of Ethical Management Policies and Programs | | | |
| (1) Does the Bank have a Board-approved ethical management policy? Is an ethical management policy clearly expressed in the Bank's charter and public documents? Are its Board of Directors and top management committed to vigorous implementation of that policy? | V | | <p>(1) a. Making reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and related laws and regulations, the Bank's Board of Directors approved the "Bank of Taiwan Ethical Best Practice Standards" (hereinafter, the "Best Practice Standards") in January 2023. In addition, to fully implement a policy of ethical management and actively prevent unethical conduct, the Bank's Board of Directors, acting in accordance with the Best Practice Standards, in May 2023 adopted the "Bank of Taiwan Handbook for Ethical Corporate Management Procedures and Practices," which set out specific provisions governing the conduct of bank personnel when handling bank business.</p> <p>b. The "Code of Ethical Conduct for Directors, Supervisors, and Executive Officers of TFH and its Subsidiaries" adopted by the Bank's parent company, Taiwan Financial Holdings (TFH), expressly sets out the types of ethical conduct that directors and senior management are required to maintain.</p> |

7. Status of the Bank's Ethical Management and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

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| (2) Does the Bank have a mechanism for assessing the risk of unethical behavior? Does the Bank periodically analyze and assess business activities that pose a relatively high risk of unethical behavior? Has it adopted a program for the prevention of unethical behavior, and does the program include the preventive measures set out in Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? | V | | <p>(2) a. The Bank has completed its "Assessment Report on the Risk of Unethical Behavior" (period of assessment: 1 July 2023 to 30 June 2024), the assessment results did not exceed the threshold values and submitted it to the Audit Committee and Board of Directors in August 2024.</p> <p>b. Acting in accordance with the "Ethics Guidelines for Civil Servants" and the "Directions for the Registration of Incidents Involving Lobbying of the Ministry of Finance or its Agencies or Institutions," the Bank has set out prescribed procedures that employees must observe when they experience an incident with ethical implications—e.g. when someone approaches them with a request, seeks to influence them, gives a gift, or treats them to a meal or drinks.</p> |
| (3) Has the Bank adopted a program for the prevention of unethical behavior? Does the program expressly set out operating procedures and a code of conduct, provide for punishment of unethical behavior, and establish a system for lodging complaints? Is the program being properly implemented? | V | | <p>(3) a. The "Bank of Taiwan Handbook for Ethical Corporate Management Procedures and Practices" have specific provisions governing the conduct of bank personnel when handling bank business, set out procedures for handling related matters and punishing ethical infractions, and establish a system for lodging complaints.</p> <p>b. On the education and training section of its intranet, the Bank has placed teaching materials regarding the "Ethics Guidelines for Civil Servants," and the Bank uses various means (text messages, awareness activities, etc.) to occasionally remind employees of the Ethics Rules and the need to comply with them.</p> |
| 2. Implementation of Ethical Management | | | |
| (1) Does the Bank evaluate the ethics track record of parties with which it does business? Do the contracts that it enters into with such parties expressly set out provisions governing ethical conduct? | V | | <p>(1) The Bank conducts its purchasing operations in accordance with the provisions of the "Government Procurement Act" as well as related secondary regulations and legislative interpretations. To avoid awarding procurement contracts to unethical firms, before opening bid packages the Bank always visits the website of the Executive Yuan's Public Construction Commission to check whether bidders have been blacklisted and are therefore prohibited by law from taking part in public tenders or receiving a contract award. The Bank has also adopted penal provisions governing what to do when unethical behavior occurs.</p> |
| (2) Does the Bank have a dedicated unit that reports to the Board of Directors and is responsible for promoting ethical business practices? If so, does this unit report periodically (at least once per year) to the Board of Directors on the status of its work to oversee implementation of the ethical management policy and the program for the prevention of unethical behavior? | V | | <p>(2) To achieve sound ethical corporate management, and to fully implement a policy of ethical management, the Bank's Committee for Corporate Sustainability acts as the unit in charge of matters pertaining to ethical corporate management, while the members of the work team of the unit in charge take responsibility, based on their job duties, for judging the efficacy of malfeasance prevention programs and implementing them. The work team of the unit in charge submits a batch report periodically (once per year) to the Board of Directors on its handling of matters pertaining to ethical corporate management. The report on the Bank's 2024 implementation of ethical corporate management was approved by the 28th meeting of the 7th Board of Directors on 8 November 2024.</p> |
| (3) Has the Bank adopted a conflict-of-interest policy, and provided an appropriate complaint channel? Is the policy being properly implemented? | V | | <p>(3) The Bank's "Charter," "Audit Committee Charter," and "Rules of Procedure for Board of Directors Meeting" all set out provisions regarding director recusal.</p> |

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| (4) Has the Bank established effective accounting and internal control systems designed to achieve ethical management? Has its internal audit unit, based on the results of its assessment of the risk of unethical behavior, adopted a related audit plan? Based on such audit plan, does the Bank audit its compliance with the program for the prevention of unethical behavior, or retain a certified public accountant to carry out audits? | V | | <p>(4) a. The Bank has adopted an accounting system in accordance with legal requirements and reported it to the Ministry of Finance for forwarding to the Executive Yuan for approval. The Bank has also contracted with KPMG Certified Public Accountants to audit its 2024 financial report and its internal control systems.</p> <p>b. In order to establish a fully adequate internal audit system, the bank adopts an annual audit plan that complies with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and is based on the risk assessment results generated by the Bank's risk-based internal audit system.</p> |
| (5) Does the Bank periodically hold in-house or out-of-house education and training sessions that focus on business ethics? | V | | <p>(5) a. A number of different training courses at the Bank of Taiwan Training Institute in 2024 included units that focused on "legal compliance and case histories (including civil service ethics legislation)." These courses attracted a total participation of 873.</p> <p>b. While holding an "Ethics Workshop" in 2024, the Bank arranged a course on "Strengthening Financial Ethics: A Case Study in Fraud." The course was attended by 109 persons.</p> |
| 3. The Operation of Whistleblower System | | | |
| (1) Has the Bank established a whistleblower system that provides for whistleblower incentives? Is there a convenient channel for whistleblowers to raise their concerns? Does the Bank assign appropriate personnel who are exclusively tasked with responsibility for interfacing with the persons against whom whistleblowers lodge complaints? | V | | <p>(1) a. The Bank's Department of Ethics accepts whistleblower complaints in accordance with the provisions of the Executive Yuan's "Anti-Corruption Informant Rewards and Protection Regulation." In addition to using its website to advise the public of its whistleblower hotline, whistleblower fax number, whistleblower post office box address and email address, the Bank also assigns case officers to handle specific complaints.</p> <p>b. The Bank has adopted the "Bank of Taiwan Whistleblower Program Rules," and has established various whistleblower channels. The Bank's Department of Compliance serves as a window for accepting cases raised by whistleblowers, and assigns case officers to handle specific complaints. In addition, Article 11 of the "Whistleblower Program Rules" provides as follows: "If a whistleblower complaint is confirmed, then the matter shall be referred to the head office's Human Resources Evaluation Committee for deliberations.</p> |
| (2) Has the Bank adopted a standard operating procedure for investigations launched in response to whistleblower complaints? For completed investigations, has the Bank prescribed required follow-up measures and a confidentiality regime? | V | | <p>(2) a. The Bank's Department of Ethics investigates whistleblower complaints in accordance with the "Procedures for Handling Whistleblower Complaints and Providing Whistleblower Incentives and Protections (including Confidentiality)," which are in the "Anti-Corruption Manual" issued by the Agency Against Corruption, Ministry of Justice. Documents related to whistleblower complaints are classified as confidential, and handled in accordance with the document confidentiality rules set out in the Executive Yuan Document Processing Manual. If an investigation reveals that any employee has engaged in administrative irregularities, disciplinary action shall be taken in accordance with applicable provisions, and the violator's business unit shall be instructed to take corrective action. If illegal activity has occurred, the matter shall be referred to judicial organs for investigation.</p> |

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| (3) Has the Bank adopted measures to protect whistleblowers from retaliation? | V | | <p>b. The Bank has adopted a set of "Whistleblower Program Standard Operating Procedures," which set out procedures for each stage, including acceptance, investigation, and deliberation of cases raised by whistleblowers. In addition, regulations require Bank personnel to preserve confidentiality with respect to information about the identity of whistleblowers and the content of their complaints.</p> <p>(3) a. Article 6, paragraph 5, subparagraph 4 of the "Bank of Taiwan Anti-Bribery Rules" prohibits the Bank from engaging in any form of retaliatory action, and when a person acting in good faith and with reasonable purpose files a whistleblower report, the Bank shall make every possible effort to prevent the whistleblower from becoming the target of retaliation, discrimination, or any other improper treatment.</p> <p>b. Article 13 of the BOT "Whistleblower Program Rules" provides that the Bank shall not, on account of a whistleblower case, fire or demote a whistleblower, reduce his/her pay, harm the interests to which he/she is entitled by law, contract, or custom, or take any action that is otherwise prejudicial to the whistleblower.</p> |
| 4. Strengthening of Information Disclosure | V | | The Bank has adopted "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Procedures and Practices," and posted them to its website. Also, acting in compliance with the "Regulations Governing Information to be Published in the Annual Reports of Banks" the Bank uses its annual reports to disclose its ethical best practice standards and the state of their implementation, and posts its annual reports on its website and the Market Observation Post System (MOPS) website. |
| 5. Please describe any differences in operations and rules of ethical management regulations that the Bank has established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies": | | | The Bank is not a TWSE/GTSM listed company, but it has adopted the "Bank of Taiwan Ethical Best Practice Standards" with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." |
| 6. Other important information that would aid in understanding the Bank's ethical management operations (such as the Bank's review and revision of ethical management regulations): | | | To comply with the "Principle of Ethical Management" being promoted by Financial Supervisory Commission, to create a business environment that is conducive to sustainable development, and to establish a risk-based risk assessment mechanism, the Bank has adopted the "Bank of Taiwan Rules for Assessing the Risk of Unethical Behavior" in order to periodically analyze and assess business activities within the scope of its business that pose the risk of unethical behavior. |

8. Internal Control System

(1) Internal Control Statement

Please refer to pages 52 and 53 of the Chinese annual report.

(2) Independent Auditors' Report

Please refer to page 54 of the Chinese annual report.