

2022

永續報告書

Sustainability Report



GRI 2-2 GRI 2-3 GRI 2-5 GRI 2-14

About This Report

As a local community bank, King's Town Bank Co. Ltd. (hereinafter referred to as KTB) adheres to its core value of "take from society, give back to society". Through the preparation and disclosure of the Sustainability Reports every year, we respond to the concerns of our stakeholders regarding the sustainable development of KTB. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: SASB Standards, in line with UN Sustainable Development Goals (SDGs), and with reference to regulations including Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. Data in the report are provided by specialized ESG staff in each department, sorted and compiled by the Strategy and Operations Department as a draft, and then submitted to the unit heads of each department, ESG team members and the chairman for approval to ensure the accuracy and consistency of the information. We aim to facilitate the public's understanding of KTB's implementation of sustainable development through open and transparent information, so as to raise the importance of sustainability development in all sectors of society.

Report Quality Management Process



Reporting period

KTB has been issuing Sustainability Reports on a yearly basis, since 2015. This is the 9th ESG report. This report discloses information from January 1, 2022, to December 31, 2022. The previous Sustainability Report was published in June 2022, and the next Sustainability report is scheduled to be published before June 30, 2024.

Scope of the Report

The report discloses information related to the operational activities and services of KTB in Taiwan, covering "economy", "environment", "governance", "human rights" and "self-evaluation". The report discloses 93.41% of KTB's consolidated revenue, excluding subsidiaries King's Town Bank International Leasing Co., Ltd., King's Town Securities Co., Ltd. and King's Town International Construction Management Co., Ltd. Any discrepancies between the quantitative indicators and the aforementioned scope are specified in the report.

Reporting Principles

Issuing Unit	Compliance Items
The Global Reporting Initiative (GRI)	<ul style="list-style-type: none"> GRI Sustainability Reporting Rules 2021
Taiwan Stock Exchange Corporation	<ul style="list-style-type: none"> Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
Sustainability Accounting Standards Board (SASB)	<ul style="list-style-type: none"> Sustainability Accounting Standards Board - Regulations Governing Commercial Banks

Third-Party Assurance

The report has been audited by an independent third-party assurance organization, SGS Taiwan, using the AA1000 AS v3 Type 1 Moderate level, focusing on the inclusivity, materiality, responsiveness, and impact of the information disclosed in the report. For details on SGS assurance statements, please refer to [Appendix 9.5 Independent Assurance Statement](#). The financial information in this report is based on the annual financial statements of the Bank after the adoption of the accounting standards. In addition, this report has also been audited by EY Taiwan for limited assurance in accordance with the Statements of Assurance Engagements Standards No. 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the ISAE 3000 Accreditation Standards issued by the International Auditing and Assurance Standards Board (IAASB) issued by the Accounting Research and Development Foundation in Taiwan. Please refer to [Appendix 9.6 CPA's Limited Assurance Report](#) for the CPA's independent assurance statement.

Feedback

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[ESG Report](#)



[KTB's ESG & IR English website](#)

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GRI 2-22

Chairman's Message



2022 was a year of challenges and opportunities. While we have gradually learned to live with COVID-19, the war between Russia and Ukraine broke out at the beginning of the year. The expanding of the war not only gave rise to humanitarian issues, but also caused the issue of energy security to the forefront of the political agenda due to the shortage of oil and gas supplies caused by the war. Major European countries were forced to restart coal-fired power generation or extend the service life of their nuclear power plants after prioritizing "energy security" and "affordability". While global carbon reduction efforts are being hampered, extreme climate disasters are still being reported around the world, with droughts, floods, hurricanes and heat waves occurring more frequently and at a higher level than ever before. Floods in Pakistan flooded nearly one-third of the country, Hurricane Ian displaced tens of thousands of people, and extreme high temperatures caused droughts and reduced agricultural production around the world, further increasing pressure on food prices and security. Global citizens are facing a critical decision point due to political turmoil and rapid climate change, challenging the governments and corporations' commitment to carbon reduction and climate action. However, because of such challenges, it is the most urgent and priority task to accelerate the transformation to clean energy, to reduce the dependence on fossil fuel and to diversify renewable energy sources.

The financial sector, as a provider of capitals, has a key role to play in climate action, and it is the responsibility of KTB to take a more proactive role and work with businesses and other stakeholders to mitigate environmental impacts. In addition to 'climate' being a top priority in sustainable development, we are aware that the impact of 'sustainable development' on other areas is also growing, and to this end, we are focusing our efforts on the following aspects:

Planning climate change strategies and implementing environmental management policies

In response to climate change, KTB has become a supporter of Task Force on Climate-related Financial Disclosure (TCFD) in July 2021, and will refer to the TCFD framework to make disclosures in four areas: governance, strategy and risk management, indicators and targets. We also continue to deepen our disclosures, develop strategies and refine climate risk management based on our analysis, and improve the knowledge and understanding of climate-related opportunities and risks among our stakeholders. We became an official member of the Equator Principles Association by the end of 2022. By incorporating judgment, assessment and control of environmental and social risks into the credit process, we are working with our customers to shift to a more sustainable and low-carbon economy. In addition to our financial impact, in 2022, we have successfully achieved our carbon, electricity and water reduction targets made in 2017, and have again developed short-, medium- and long-term plans to achieve "2050 net zero emissions" through four strategies.

Deeply developing local community care measures, and focusing on diversity and human rights equality

The COVID-19 accelerated the use of digital services, but it also highlighted specific social issues, such as: fewer jobs, demand for childcare, more women lost their jobs than men, aging workforce, and what is the irreplaceable value of human beings as the application of artificial intelligence expands further? As a local enterprise in Tainan, KTB has been listed in the Bloomberg Gender Index for three consecutive years (2021-2023) by taking "local caring" as the starting point and actively constructing gender equality and other friendly mechanisms, and in October 2022, KTB launched the "KTB Babies" program to provide stepped fertility incentive - "the more children you have, the higher the monthly subsidy" - in the hope that employees can "give birth and raise children with peace of mind" and promote long-term local prosperity. On the social front, the three bases are "academic education," "caring for the disadvantaged," and "humanities and arts." Through the efforts of our branches, we work with government agencies and local organizations to promote anti-fraud, financial education, energy conservation initiatives, and festivals and other local diversified activities. We believe that digital technology could improve working efficiency and give us more time to show "warmness" and "flexibility", which is our value.

Strengthening corporate governance and deepening sustainable development goals

In 2022, which is full of uncertainties and insecurity, the importance of corporate governance and risk management is even more evident. Based on the stable development, our company has been awarded the top 5% of the Taiwan Stock Exchange's Corporate Governance Evaluation for the fifth consecutive year (2018-2022), and ranked at 10% in the industry category - Finance and Insurance. We are recognized by Newsweek's World's Most Socially Responsible Banks 2022 award and TCSA Sustainability Report 2022, Category 1 Gold Level for Financial and Insurance. The Bank is highly recognized by the authorities and the public for its governance and management. In terms of sustainable development goals, the company's mission is to realize the "local touch", and the eight goals of SDG4 Quality Education, SDG5 Gender Equality, SDG7 Affordable and Clean Energy, SDG8 Decent Work and Economic Growth, SDG10 Reduced Inequality, SDG12 Responsible Consumption and Production, SDG13 Climate Action, and SDG16 Peace, Justice and Strong Institutions are all notable highlights, reflecting the company's sincere and down-to-earth spirit and its responsibility as a business operator.

We sincerely thank you for you to accompany the KTB for 75 years. KTB will continue to walk alongside and grow with you with global thinking and local actions, just like the phoenix tree rooted in excellence and thriving in enthusiasm.

Chairman



2022 ESG Important Results and Sustainable Development Performance

Different Bank



京城銀行
King's Town Bank

Sincerity is the key to success



Named to
"Bloomberg Gender
Equality Index"
for 3 consecutive years



Tainan City
2022
Green Performance
Purchasing
Companies



Obtained by the
Headquarters and
Anhe building ISO
50001 Third Party
Verification



2022
The bank
Self-generated
Green Power
40,540 kWh
in total



Passed for the
Headquarters and all
branches ISO 14064-1
GHG Audit



Newsweek Weekly
World's Most Socially
Responsible Banks
2022 Awards



The only one
in Taiwan
Western Union
Remittance
Cooperative Bank



2022
Head Office Staff
Restaurant
Listed as
Green Restaurant



2022 TCSA
Sustainability Report
Finance and insurance
industry
Class 1 Gold Level



Five
consecutive years
Corporate Governance
Evaluation [Top 5%]
Listed Company



Information
Security Obtained
Management System
(ISMS)
ISO/IEC 27001
Certification



2022
Officially became
one of the members of
"The Equator
Principles
Association"

Year	Earnings per share(EPS)	Net value per share	Return On Equity(ROE)
2020	NT\$4.90	NT\$41.66	12.55%
2021	NT\$5.02	NT\$43.60	11.80%
2022	NT\$1.98	NT\$38.17	4.84%

Year	Electricity consumption per employee	Water consumption per employee	GHG Emissions
2020	4.77 MWh	19.45 cubic meters	2,344 t-CO ₂ e
2021	4.19 MWh	21.02 cubic meters	2,123 t-CO ₂ e
2022	3.95 MWh	19.33 cubic meters	2,306 t-CO ₂ e

Year	Welfare expense per employee	Education training investment total expense (Note)	Total volunteer participation hours
2020	NT\$1,057.1 thousand	NT\$3,795 thousand	7,326 hours
2021	NT\$1,048.0 thousand	NT\$3,381 thousand	5,341 hours
2022	NT\$1,010.8 thousand	NT\$3,531 thousand	4,275 hours

Note: Employee training has moved online over the years, which has reduced actual cost and also significantly reduced carbon emission.

CHAPTER 01

About King's Town Bank

"King's Town Bank will move mountains"

King's Town Bank was a small and medium-sized corporate bank in Tainan region. In 2006, it was renamed "King's Town Bank" to symbolize a new service spirit. We always strive for excellence and serve our customers with honesty and sincerity. We aim at providing unique and all-rounded services to our customers.

- 1.1 Vision
- 1.2 Operational Performance

GRI 2-1 GRI 2-6 SDG 8.10 SDG 11.a

1.1 Vision

The corporate logo of King's Town Bank - "Flame Tree" is a flowering tree unique to southern Taiwan, symbolizing that KTB originated from southern Taiwan. The flaming red petals represent the entrepreneurial character of KTB's passion for service; the sturdy tree trunk represents our business philosophy of being entrenched in the local market. The corporate typeface of "King's Town Bank" is Wei Bei. This typeface originated from stone rubbing from ancient epigrapher's carvings. The typeface is more free and powerful than the regular script, possessing both artistry and power, as befits the ethos of "King's Town Bank will move mountains".

Building a "different bank" has been our business philosophy. We are committed to focusing on our advantages, identifying our strengths and positions, understanding our customers, recognizing possible risks of every transaction, and planning our long-term strategies and goals based on sustainability, thereby bettering society.

As most of our customers are in Yunlin, Chiayi, and Tainan, many of our branches are located in districts with a population of only a few thousand. As a "local bank", our mission is to provide service to the community. In 2017, we worked with a local Tainan illustrator and designed KTB's mascot - an owl (later named "Guchiu"), symbolizing professionalism, justice, and diligence. In 2019, the Bank organized a public naming and personification event. In 2020, with the launch of the international transmission service "King's Pay", a new mascot "Wuchiu" was born. Its vivid yellow color and the W-shaped bang on the forehead symbolize the close cooperation between KTB and Western Union, providing customers with borderless, timely, and easy remittance service.

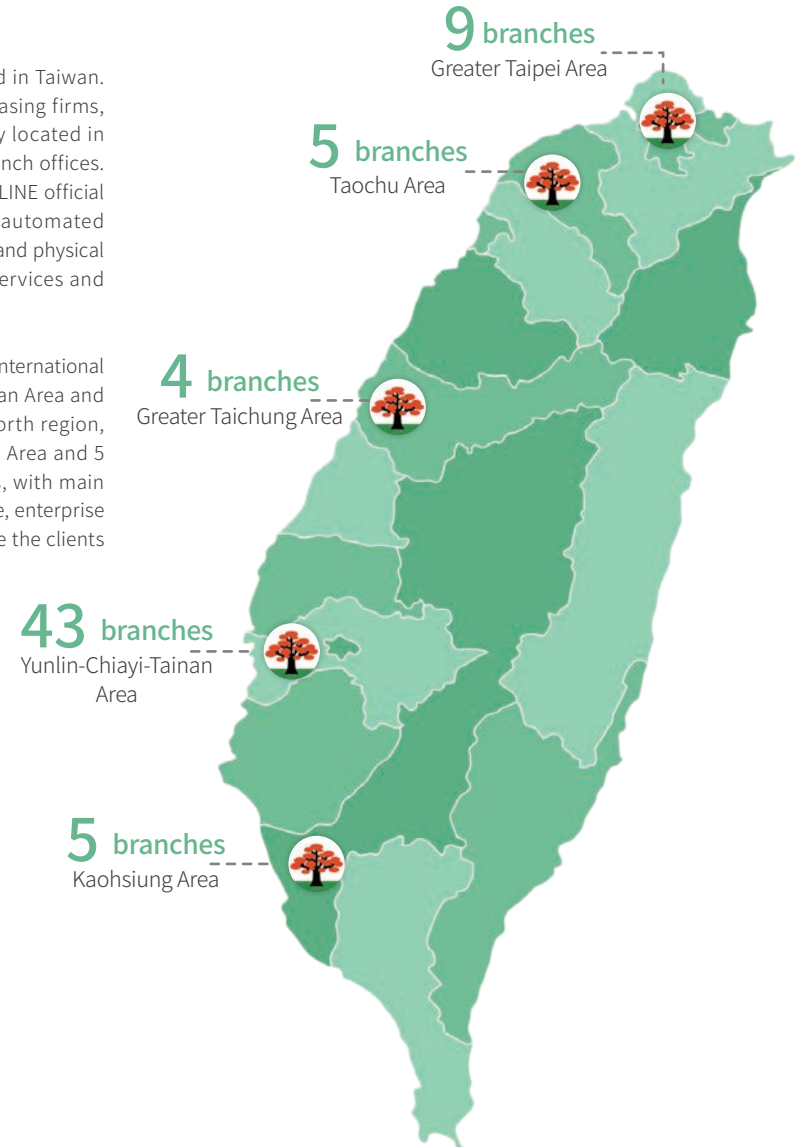
We hope that by giving the mascot a bright and vivid image, financial services will no longer be seen as cold and rigid to the public, but a loyal partner in the daily life of the people, and bring customers and local residents the "local touch".

Service Network

The operating sites of KTB and its subsidiaries are located in Taiwan. Physical channels include branch offices, international leasing firms, and securities subsidiaries. The branch offices are mainly located in central and southern Taiwan, accounting for 73% of all branch offices. Digital channels include Internet banking, mobile banking, LINE official account, Facebook fan page, customer service hotline, automated service equipment, etc. We present an integration of virtual and physical financial services through online and offline services and interactions.

At present, KTB has total 66 domestic operating sites, and 1 international financial business branch, distributed in Yunlin-Chiayi-Tainan Area and main metropolitan areas. There are 14 branches in the north region, 4 in the Greater Taichung Area, 43 in Yunlin-Chiayi-Tainan Area and 5 in Kaohsiung Area, all of which are full-featured branches, with main business scope being wealth management, personal finance, enterprise finance and other diversified business, and they can provide the clients with the best financial service.

- 66** Branches
- 3** Credit Centers
- 1** Leasing Subsidiary
- 1** Securities Subsidiary
- 1** Building Brokerage Firm



About Kings Town Bank Co., Ltd.

Date of establishment	1948/11/1	Affiliates · King's Town Bank International Leasing Co., Ltd · King's Town Securities Co, Ltd. · King's Town International Construction Management Co., Ltd.
Headquarters	Tainan City, Taiwan	
Capital	NT\$11.112 billion	
Assets	NT\$379.987 billion	
No. of employees	994 persons	
Industry	Finance and insurance	
Stock code	2809	

Operation Support

Business supervision, product service supply, business cooperation and so on

Financial Intercourse

Provision of financial services (evaluation, investment, financing and so on)

Competent Authority/ Suppliers and business partners

- Government/Competent Authority
- Industrial Trade Union
- Suppliers
- Investment and Trust/ Insurance Companies
- Strategic Cooperation Partners
- Non-governmental Bodies/Organizations
- Accounting Firms
- Consulting Firms

Affiliates

- King's Town Bank International Leasing Co., Ltd
- King's Town Securities Co, Ltd.
- King's Town International Construction Management Co., Ltd

Customers/ Financial transaction objects

- Individual Customers
- Corporate Customers
- Financial Peers
- Investee Companies
- Investors

KTB's Service Network

Deposit business

		Number of checking and savings account	Value of checking and savings account
Natural person	National	910,208	162.6 billion
	Foreign national	16,383	0.278 billion
Small business		1,852	2.59 billion
Corporate customers		59,963	88.9 billion

Credit business

	Number of loans accounts	Value of loans
Personal	7,664	59.8 billion
Small business	1,855	30.1 billion
Corporate customers	851	156 billion

Forex business

Trust business

Assets under management
41.523 billion

Leasing business

Investment

Financial Services Banks and Insurance

Securities brokerage

Note: Small enterprises: They are defined under the "Small and medium Enterprises Credit Guarantee Fund" and those with capital less than NT\$25 million

SDG 8.5

1.2 Operational Performance

KTB prioritizes integrity and risk management, coupled with innovation and customized services, in its operations. Over the years, KTB has been focusing on improving the performance of its financial and non-financial services and sharing the results with our shareholders.

Financial Performance

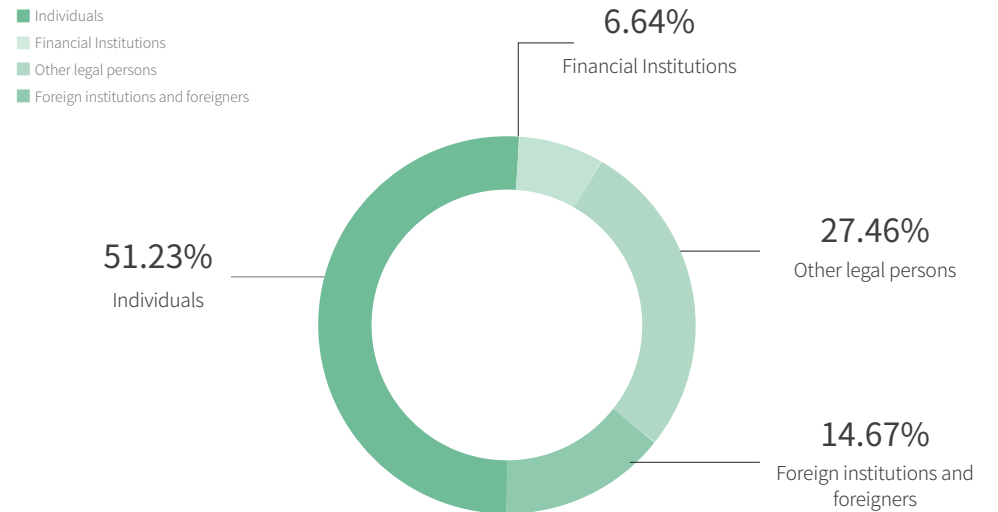
KTB's 2022 net income after tax reached NT\$2.21 billion. The earnings per share was NT\$1.98, return on equity was 4.84%, and return on assets was 0.61%. In a year full of challenges in external environment, KTB's abundance in capital and outstanding asset quality allows us to have the ability to respond to market fluctuation. For relevant financial statements, please refer to [\[pages 138-140 of KTB's 2022 Annual Report\]](#).

Unit: NT\$ million

	Item	2020	2021	2022
Operating ability	Total assets	325,458	343,149	379,987
	Shareholder equity	46,583	48,881	42,417
	Net income	8,907	10,262	5,352
	Net profit after tax	5,491	5,630	2,210
	Net value per share	NT\$41.66	NT\$43.60	NT\$38.17
Profitability	ROE	12.55%	11.80%	4.84%
	ROA	1.81%	1.68%	0.61%
	Earnings per share	NT\$4.90	NT\$5.02	NT\$1.98
Quality of assets	Capital adequacy ratio	16.23%	16.62%	14.05%
	NPL ratio	0.01%	0.02%	0.02%
	Coverage ratio of allowance for bad debt	11760.49%	8277.51%	8870.25%
Distributed economic value	Employee salaries and benefits	1,053	1,139	1,162
	Dividends to shareholders	2,018	2,355	1,222
	Tax paid	956	1,311	1,543
	Policy-based donations	0	0	0

Shareholder Structure

KTB only issues ordinary shares, and the shareholding ratio and number of shares for each category are as follows:



Shareholder Structure	Number of persons (ge)	Number of shares hold (share)
Governmental Agencies	0	0
Financial Institutions	15	73,806,617
Other legal persons	179	305,184,471
Foreign institutions and foreigners	247	163,039,644
Individuals	50,449	569,203,533
Total	50,890	1,111,234,265

Base date: January 31, 2023

GRI 207-1

Taxation Management

Tax revenue is an important source for the government to provide infrastructure and public services such as education and social welfare. While making profits, KTB pays taxes honestly and gives back to the society, which is consistent with the Company's principle of integrity and prudence. The taxation management policies of the Company are as follows:



Legal Compliance

Comply with the local tax laws and regulations and their spirits, correctly calculate the tax burden and complete the declaration within the statutory period, and fulfill the tax obligations



Taxation Planning

Make the most appropriate tax decisions on the Company's overall tax burden in accordance with laws and regulations and do not trade for tax avoidance purposes or make tax planning by using tax havens



Information Transparency

Comply with financial reporting standards and annual report disclosure requirements, and make disclosure regularly through public channels to ensure information transparency



Talent Development

Continue to cultivate talents through education and training to enhance the professional quality of taxation



Substantial Compliance

Make related party transactions meeting the substantive commercial purposes, with the transaction price not different from that of non-related party transactions, in accordance with the transfer pricing norms, and conduct arm's length transactions



Honest Communication

Maintain mutual trust and honest communication with tax collection authorities

Unit: NT\$ million

KTB makes all its profits in Taiwan regions, and has declared and paid various taxes within the prescribed time limit, of which the income tax paid in Taiwan accounted for 100%. It does not reduce its tax burden by setting up bases in tax havens or low-tax areas, nor does it arrange non-arm's length transactions or sets up special trading structures to manipulate profits and losses. According to the CSA Handbook published by S&P Global in 2023, the average effective tax rate and average cash tax rate for the global banking industry in 2022 were 20.9% and 21.28%, respectively. As 100% of KTB's operating bases are located in Taiwan, and Taiwan's statutory tax rate (20% under the general tax system; 12% under the minimum tax system) is lower than that of other tax jurisdictions, the Group's effective tax rate and cash tax rate are lower than the global average, while the cash tax rate above the global average is detailed in the notes. The information on the income tax of the Group for the most recent three years is shown in the table to the right:

	Net profit before tax (A)	Income tax expenses (B)	Effective tax rate (B)/(A)	Adjustments (D)	Income tax expenses after adjustment (E)=(B)+(D)	Effective tax rate after adjustment (E)/(A)	Income tax paid (F)	Cash tax rate (F)/(A)
2020	6,263	772	12.32%	481	1,253	20.01%	612	9.77%
2021	6,505	875	13.45%	428	1,303	20.03%	926	14.23%
2022	2,944	734	24.92%	-148	585	19.88%	1,038	35.27%

Note 1: Income tax expenses include income tax and undistributed earnings tax of the group company, etc.

Note 2: The low effective tax rate in 2020 and 2021 was mainly due to the high proportion of tax-exempt income. The increased effective tax rate in 2022 compared with that in 2021 was due to decreased proportion of tax-exempt income as influenced by Russo-Ukrainian War and raised interest rate in Taiwan and US. The effective tax rate after adjustment was similar to the statutory tax rate (20%) after excluding the impact of tax-free income under the Income Tax Act and the time difference.

Note 3: The difference in cash tax rate was the amount of impact caused by the time difference in tax burden. The high cash tax rate in 2022 was due to that the statutory tax rate was changed from the minimum tax rate 12% to general tax rate 20% as caused by the decreased tax-exempt income proportion in 2022, as well as make-up for the income tax approved in previous years.

CHAPTER 02

GRI 2-12

Sustainable Enterprise Blueprint

Corporate sustainable development is our goal of moving forward continuously. Apart from insisting on prudent management in the finance industry, we have also been contemplating on: how to fulfill the social responsibility of an enterprise? How to deliver resources to the people in need? How to exert our influence on the positive development of the whole society?

For this purpose, KTB formulated "[Sustainable Development Best Practice Principles](#)" passed by the Board of Directors in reference to "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" of Taiwan Stock Exchange Corporation, "UN Global Compact" and so on, and also set "Corporate Governance and Nomination Committee" affiliated to the Board of Directors as the supreme guidance unit of sustainable development, under which "ESG Team" (Also known as Sustainability Team) served as ESG promotion unit, and then established KTB's list of materiality principles in "governance", "society" and "environment" by virtue of organized operation and strategic planning, evaluated risks and opportunities of various topics under discussion, and studied and drew up corresponding management strategies and action plans, to reduce the impact and influence.

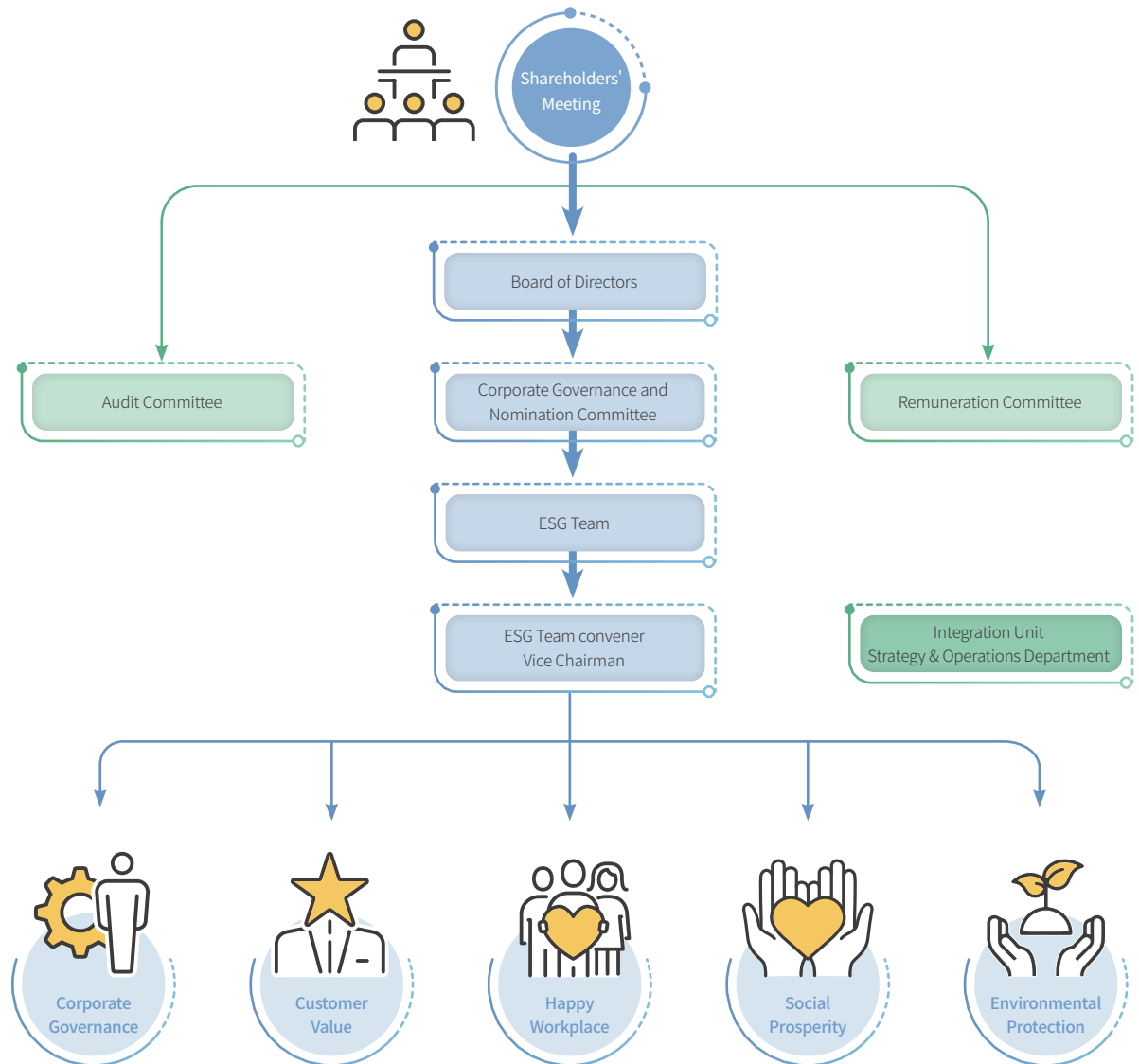
- 2.1 Sustainable Development Management Framework
- 2.2 Respond to the UN Sustainable Development Goals
- 2.3 Climate Risks and Opportunities

GRI 2-9 | GRI 2-13 | GRI 2-16

2.1 Sustainable Development Management Framework

In sustainable development management framework, the "Corporate Governance and Nomination Committee" is the supreme guidance unit of sustainable development. Such committee consists of at least three directors elected by the Board of Directors, the majority of which are independent directors. In addition, there is also an "ESG Team", which would hold meetings quarterly. The Vice Chairman is the convener of ESG Team, and the Strategy and Operations Department is the integration unit, which is responsible for formulating and reviewing ESG policy, system and management policies, integrating and planning ESG activities of the whole bank in collaboration with various other departments of the Headquarters. Besides, submit execution results and future work plan, etc. of sustainable development to the "Corporate Governance and Nomination Committee" for discussion, and then report to the Board of Directors, and make adjustment as advised by the Board of Directors.

In 2022, the Company held total 4 "ESG Team Meetings", and submitted the execution plan and results to the "Corporate Governance and Nomination Committee" for discussion on February 21, 2022 and August 15, 2022, and then reported to the Board of Directors, to review important ESG strategies, topics and key events of the Company, and make resolution on subsequent management policies. Contents of proposal are as follows: revision to Code of Practice for Sustainable Development, Analysis of Major Issues' Communication with the Stakeholders, Execution Condition of Sustainable Development in 2021, Sustainable Development Plan in 2022, Execution Condition of Sustainable Development in the First Half of 2022, Financial Disclosure Report of Climate Risks, and Greenhouse Gas Inventory and Verification Plan. The above contents are consented and passed by all members of the Corporate Governance and Nomination Committee and all participating directors of the Board of Directors. "Sustainable operation" is combined with daily business to promote development of various ESG aspects, and improve efficiency of the enterprise in executing sustainable development.



Operation Mode of Sustainable Development Strategies



ESG Team
Planned Annual Work Projects

2022 Annual Work Plan

- Governance aspect: abide by "[Sustainable Development Best Practice Principles](#)", strengthen consciousness of all members in complying with laws, improving risk management mechanism, introduce ISO 27001 International Certification, and improve law-complying management efficiency supported by science and technology.
- Social aspect: create a happy and safe workplace environment, revise and practice human-right policy and implement gender equality; optimize customer service gradually, and improve digital financial service; support local small and medium-sized enterprises and adjacent education institutions, participate in arts and humanities activities, and shorten urban-rural gap.
- Environmental aspect: promote environmental-friendly acts, pay attention to net zero and sustainable issues, introduce ISO environment management policy, execute greenhouse gas inventory and green procurement of the whole bank, deepen climate governance and action in accordance with TCFD framework, and promote ESG sustainable credit extension.



Corporate Governance and
Nomination Committee View
Implementation Possibilities
and Outcomes

Summary of 2022 Annual Implementation Outcomes

- It continued to optimize law compliance and risk management, improved information security management system (ISMS) policy and norm, and obtained "ISO/IEC 27001: 2013" certification, improved business skills and operation efficiency, and has ranked top 5% of listed companies according to "Corporate Governance Evaluation" of Taiwan Stock Exchange Corporation for 5 years (2018-2022, the 4th to the 8th session) successively.
- It actively reduced "Workplace Gender Difference", has been evaluated as "Bloomberg Gender Equality Index" for three consecutive years (2021-2023), promoted children allowance for KTB babies, increased transaction items used by digital path users to 2.74, and made title sponsorship of "Eternal Golden Castle Opera Concert" to promote cultural exchange.
- It executed carbon-reduction plan, reduced energy consumption and greenhouse gas emission, obtained third-party certification for greenhouse gas inventory of the whole bank, and "Green Restaurant" for employee canteen of the Headquarters, participated in and responded to green office, and became a member of "Green Partners".
- It formulated four strategies and responded to the issue of climate change with practical action, became a member of "Equator Principles Association" formally in 2022, and internalized the equatorial principle and spirit into its own business; it determined, measured and managed the risks of special financing on environment and society gradually, and made effective management in an orderly way.



Report to Board of Directors



Detailed Implementation by
ESG Team


Main Work Plan in 2023

- Governance aspect: strengthen assets security management system, and implement anti-money-laundering risk management in accordance with important measures in "Sustainable Development Blueprint" of the Financial Supervisory Commission.
- Social aspect: introduce ISO 45001 Management System, improve occupational health and safety management, implement fair hospitality, and establish Fair Hospitality and Friendly Service Promotion Team.
- Environmental aspect: continue to deepen climate governance in accordance with TCFD framework, introduce ISO 14001 Environmental Management System, and improve sustainable finance system.

2.2 Respond to the UN Sustainable Development Goals


The United Nations proposed global sustainable development goals (SDGs) in 2015 as the guideline for sustainable development action, the Sustainable Development Committee in Taiwan also formulated Taiwan sustainable development goals (T-SDGs) in accordance with local development demand, and promoted cooperation and efforts of the international, government, agencies and organizations and every person by focusing on People, Planet, Prosperity, Peace and Partnership, thus being able to eradicate extreme poverty and hunger and realize a peaceful society with dignity, justice and inclusiveness by 2030. When focusing on sustainable strategy, KTB included UN sustainable development (SDGs) and Taiwan sustainable development goals (T-SDGs) into decisions on development strategy and core business, and practiced its core concept of "take from society, give back to society", so as to fulfill due responsibilities as an international citizen.

For KTB's sustainable development strategies, the actions taken in line with SDGs and T-SDGs are as follows:




SDG 4 & T-SDG 4

- Since 2007, KTB has been organizing finance education activities in cooperation with local schools and organizations. There were **90** activities held in 2022, benefiting **4,361** people.
- In 2022, a total of **6** lectures for Little Financial Specialist and finance education activities were held, with a total of **335** students participating.
- In 2022, a total of **99** "Anti-fraud Advocacy" events were organized, benefiting **2,575** people.



SDG 5 & T-SDG 5

- The ratio of female to male employees at KTB is **63:37**.
- Female managerial officers accounted for **52.15%** of all managerial officers at KTB.



SDG 7 & T-SDG 7

- Since 2012, KTB has set solar devices in the Headquarters and Taibao Branch, respectively, and planned to set solar branches successively, with self-generated green power totally **40,540** kwh by the end of 2022.




SDG 8 & T-SDG 8

- Support SMEs, the loan to which accounted for **60.4%** of the total loan balance.
- Provide convenient, diverse, and accessible financial services. In 2022, KTB invested NT\$**66** million in the research and development of such service.



SDG 10 & T-SDG 10

- Cooperate with Western Union, to provide safer, more convenient remittance with lower handling fees for foreign workers, aiming to reduce underground banking. KTB completed **270,391** such transactions in 2022.



SDG 12 & T-SDG 12

- By promoting the customers to use electronic billings, in 2022, it sent total **488,701** pieces of Taiwan foreign currency and fund e-statements and fund cloud statements, with a growth of **39.3%** compared with that in 2021, and had a decrease of **1.47** million pieces of papers consumed, equaling to a decrease of **9.38** metric tons CO₂.



SDG 13 & T-SDG 13

- Scope 1 and Scope 2 emissions of the whole bank were **2,306** t-CO₂e/year, with a decrease of **19.46%** compared with 2017, achieving the emission reduction goal in 2022 successfully.



SDG 16 & T-SDG 16

- In 2022, performances of the Board of Directors and all functional committees were all evaluated as "Excellent".
- World Wide Web (WWW) of KTB disclosed "Ethical Corporate Management, Anti-Corruption, and Anti-Bribery Policy and Commitment", which revealed zero-tolerance and action of KTB toward corruption and bribery. In 2022, there were no cases involving corruption, bribery and other dishonesty behaviors.
- It actively promoted education and training on preventing money-laundering and fighting against capital terrorism, and in 2022, it blocked **94** frauds and about NT\$**24.12** million successfully.

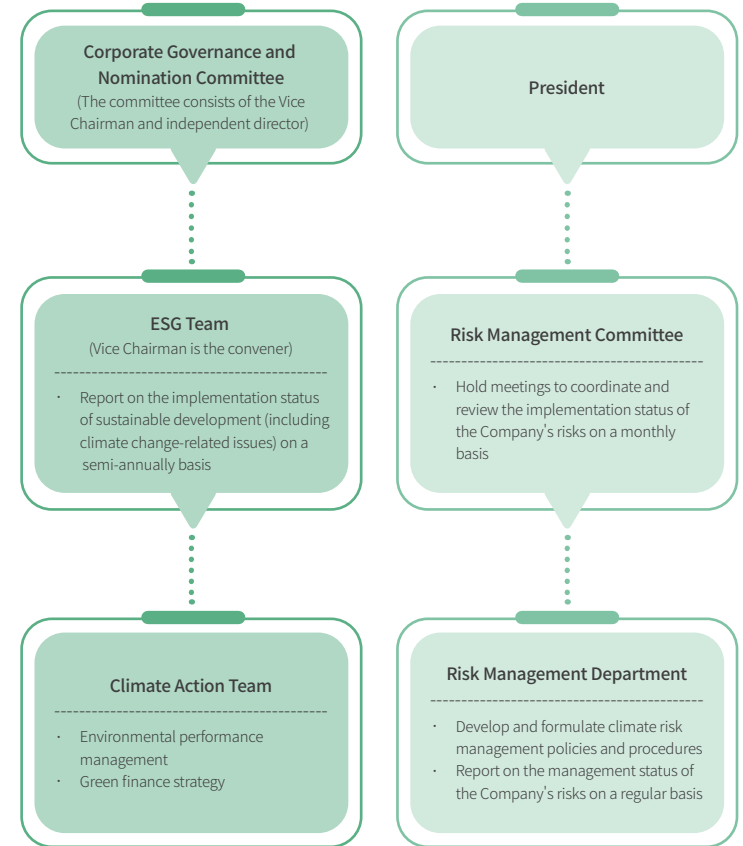
SDG 8.10

2.3 Climate Risks and Opportunities

World Economic Forum released "Global Risk Report" in January 2023, in which it showed that in a world of unbalanced geopolitical and economic environment, the increased living cost would come into accelerated deterioration. However, the greatest challenge in next ten years mainly refers to crisis in environmental and social aspects, especially environmental risk. Compared with the ten risks in 2022, the environmental risks increased not only in quantity from 5 to 6, but also in severity, and more emphasis was laid on importance of taking actions to cope with climate change.

In response to global climate action, KTB has become a supporter of Task Force on Climate-related Financial Disclosure(TCFD) in July 2021, and with reference to the TCFD framework, KTB made disclosure in 2021 sustainability Report in terms of governance, strategy, risk management, indicators and goals. In 2022, KTB continued to improve its mastery of the impact of climate risks on finance, adopted the Network for Greening the Financial System (NGFS) and the Representative concentration pathways (RCPs) of the 5th Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC), as well as the "Scenario Analysis of Climate Changes by Domestic Banks in 2022" released by Taiwan competent authority, to implement and deepen management and information transparency of climate risks.

Governance



GRI 201-2

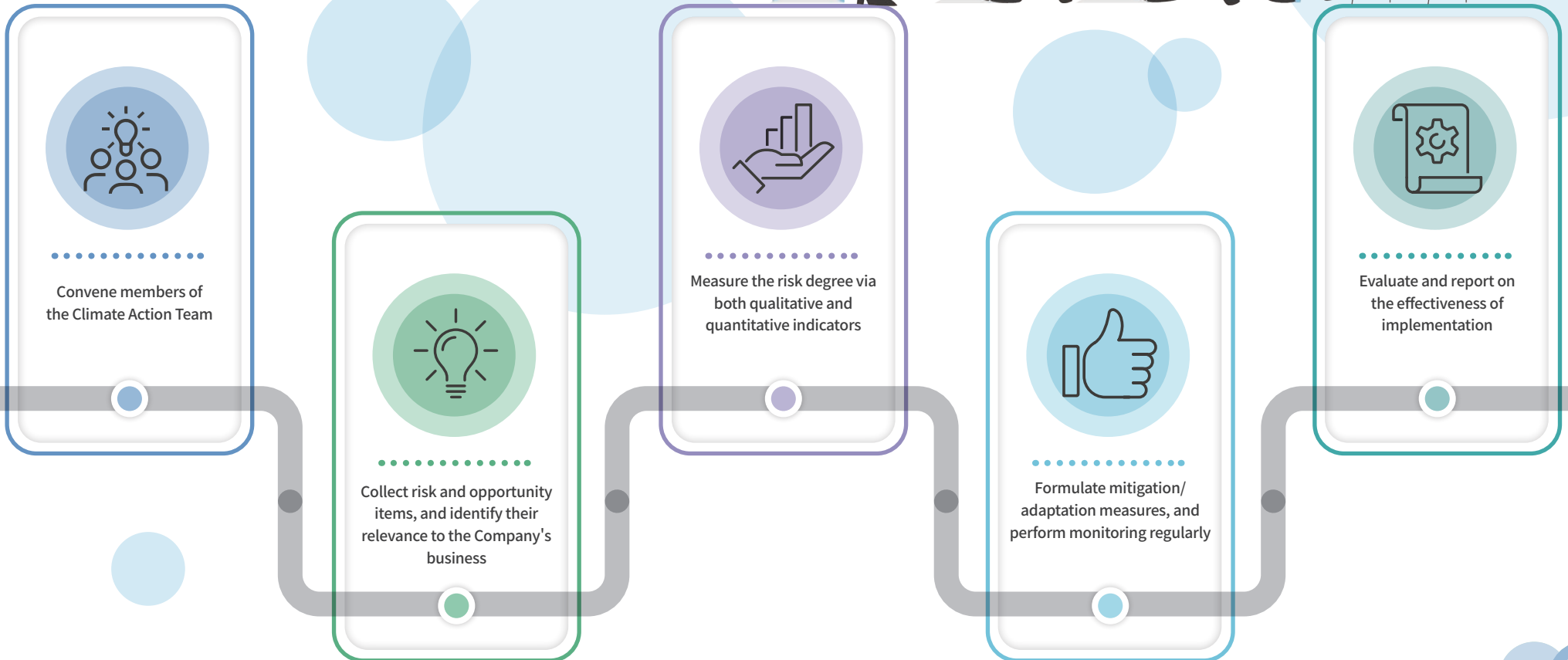
Strategy and Risk Management

KTB's climate-related management strategy mainly focuses on three aspects, which is taken as the direction for optimization year-by-year:

- Manage climate-related risks, including physical and transition risks
- Manage the impact of the Company's operations on the climate
- Support customers in their transition to a low-carbon economy with financing or investment products



► Steps and Management Processes to Identify Risks and Opportunities of Climate Change



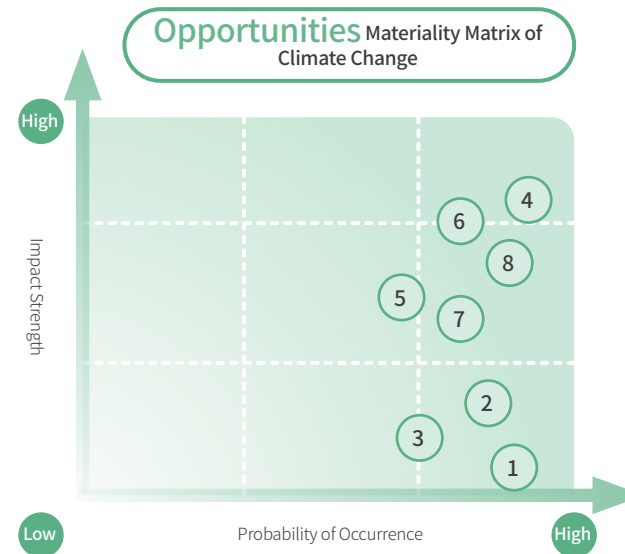
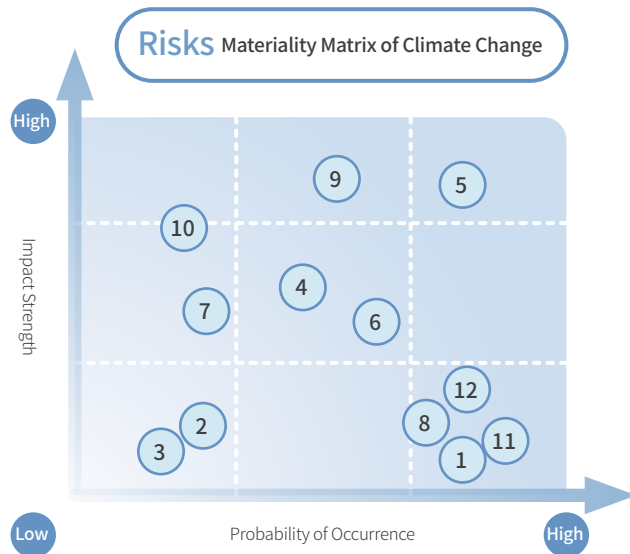
According to the framework of the TCFD proposal, the Company has identified a total of 12 climate risk items and 8 climate opportunity items associated with the Company, and invited members of the Climate Action Team to assess the degree of impact on the Company's business, strategy or financial planning and the possibility of occurrence, and draw up the Company's risk opportunity materiality matrix.

Type of Risk	Category of Risk	Risk Description	Potential Financial Impact	Relevant with existing risks	Occurrence Cycle	Risk Management Measures	Corresponding No.
Transition Risk	Regulatory and Policy Risks	More stringent code of sustainable development or carbon reduction targets set by the government will result in an increase in the Company's related operating costs, such as: stipulate the proportion of renewable energy use and net zero carbon emission in 2050, etc.	Increase capital expenditure Increase operating costs	Operational Risk	Short term Medium term	Management Measures - Control <ul style="list-style-type: none"> A dedicated unit has been set up to collect information for trends of energy conservation and carbon reduction and regulatory changes at home and abroad, and develop corresponding policies through consulting and reviewing leading enterprises' cases Introduce ISO 50001 Energy Management System and obtain certification to improve energy management performance and energy efficiency Introduce ISO 14001 Environmental Management System, and obtain certification in 2023 as estimated, to effectively reduce impact on environment during operation process of our company ISO 14064-1 Greenhouse Gas Inventory of the whole company has been completed in 2022 in advance, and certification has been obtained Evaluate to expand the installation of solar power generation systems in self-owned premises or purchase of green power, to increase the proportion of renewable energy use 	1
		Policy restriction leads to early write-off or retirement of existing assets	Reduce asset value	Market Risk	Medium term	Management Measures - Control <ul style="list-style-type: none"> Purchase products with environmental protection and energy saving labels and conforming to environmental protection laws and regulations, and increase the proportion of green buildings in self-owned premise 	2
		Climate change-related litigation risks, such as: litigations arising from personnel casualties due to damage to the Company's assets by climate	Increase operating costs Decrease operating income	Operational Risk	Medium term	Management Measures - Control <ul style="list-style-type: none"> Make an inventory of the service status of the Company's assets and their service life, taking into account the scenario of a 24-hour rainfall return period over 50 years 	3
		The government implements stricter carbon tax or carbon pricing for industries with high carbon emissions, which affects the profitability and repayment capacity of its credit customers	Decrease operating income	Credit Risk	Medium term	Management Measures - Control <ul style="list-style-type: none"> Measure the impact of credit customers of industries with high carbon emissions on the Company's credit risk based on the 5P principles during the credit investigation process, and conduct regular post-loan management to check the volatility of their profitability 	4
	Technical risk	Products or services are replaced by low-carbon technologies, such as: transform from physical to online (e.g. FinTech)	Decrease operating income Increase operating costs	Operational Risk	Short term Medium term	Management Measures - Avoid <ul style="list-style-type: none"> The Company has established the "Digital Service and Channel Management Department" in 2015 to expand the application scope and customer base of digital financial products year by year Assess the overall digital development trend and the characteristics of its own customer base, and create digital products that truly meet market needs 	5

Type of Risk	Category of Risk	Risk Description	Potential Financial Impact	Relevant with existing risks	Occurrence Cycle	Risk Management Measures	Corresponding No.
Transition Risk	Consumer preference/ Market supply and demand imbalance Risks	The consumers have increased environment-protection awareness, and have decreased preference and even resistance to products or services not being environmental friendly	Decrease operating income	Reputation risk	Medium term Long term	Management Measures- Control · Pay close attention to the industrial status and development trend, and take environmental impact into consideration at the time of product design	6
	Reputation risk	The investment and financing parts involve great dispute of sustainability, which influence the stakeholders' impression of our company	Reduce asset value Reduced access to capital	Reputation risk	Long term	Management Measures- Control · Carefully assess whether the counterparty is involved in major disputes related to the environment, human rights, society and governance before investing and financing · We have signed the " Compliance Statement of the Code of Due Diligence Governance for Institutional Investors " in 2016, and review and disclose its implementation every year	7
Physical Risk	Immediate risk	Operation bases suffer from natural disasters, causing damage to the premises and equipment, and even operation disruption	Reduce asset value Decrease operating income	Operational Risk	Short term	Management Measures- Control · Strengthen disaster prevention facilities for premises and equipment, take out suitable insurance policies to transfer risks when appropriate, and set up backup systems for critical information equipment · Emergency Response Operation Key Points are in place to rapidly activate the standby mechanism in the event of a disaster to mitigate the impact of operational disruption	8
		Rainfall and flood cause shutdown, destruction fo assets and decreased price in collaterals of the credit customers	Decrease operating income Reduce asset value	Credit Risk	Medium term	Management Measures- Reduction/Transfer · Identify impact of extreme rainfall condition on operation place of the credit customers, which shall be included in consideration of repayment ability · Identify real estate collateral with high climate risk and manage their loan-to-value ratio	9
	Long-term risk	Rising sea level puts operation locations at risk of flooding	Reduce asset value	Market Risk	Medium term Long term	Management Measures- Reduction/Transfer · Verify whether existing operation bases are located in warning areas with a high risk of flooding, strengthen their adaptation measures, and take this risk into account when selecting sites or acquiring self-owned land	10
		The increase in the number of hot days increases the demand for electricity	Increase operating costs	Operational Risk	Short term Medium term	Management Measures- Control · Replace equipment with poor water-saving and power-saving performance year by year · When building or renovating premises, reduce air-conditioning energy consumption through design by referring to green building standards	11
		Long drought without rain influences production capacity of the enterprise and increases additional water-taking cost, thus damaging profitability of the credit customers	Decrease operating income	Credit Risk	Medium term	Management Measures- Control · In accordance with the industry attribute, operation place and water consumption of the credit customers, identify the relevance between water resource gap and business turnover of the enterprises, which shall be included in the consideration for repayment capacity	12

Type of Opportunity	Category of Opportunity	Opportunity Description	Potential Financial Impact	Occurrence Cycle	Actions Taken	Corresponding No.
Opportunity	Resource Efficiency	Expand the use of energy-saving and water-saving equipment	Reduce operating costs	Short term	· Continue to prioritize the procurement of products with energy-saving and water-saving labels	1
		Promote e-statement and reduce paper printing	Reduce operating costs	Short term, medium term	· Encourage customers to transform from paper bills into e-statement through promotional activities such as: "Digital e-Route", "Digital Random Gate", and cooperate with DOMI Earth on the "Lighting Infinite Hope Program"	2
	Energy Source	Increase the use of low-carbon energy can help mitigate the potential risk of rising fossil fuel prices	Reduce operating costs	Short term, medium term	· Evaluate the feasibility of building a solar branch when renovating and renovating the self-owned buildings	3
	Products and Services	Respond to the green industry policies, increase the amount of green financing, increase the number of loan customers and capacity	Increase operating income	Medium term, long term	· Respond to the "Green Finance Action Plan 2.0", and support the development of green industries based on the principle of risks consideration	4
		Provide digital products and services to reduce customers' carbon footprint in physical branches	Increase operating income	Short term	· The Company has established the Digital Service and Channel Management Department in 2015 to expand the application scope and customer base of digital financial products year by year	5
	Market	Enhance electronic transactions and reach a more diverse customer base	Increase operating income	Medium term, long term		6
		Grasp new market opportunities by financing green industries	Increase operating income	Medium term, long term	7	
	Resilience	Plan green financing and investment policies to enhance the breadth and depth of green financial products	Increase operating income	Medium term, long term	· Focus on market development, give full play to the Company's own characteristics, and tailor financial products for customers	8

Note: Short term: It is estimated to occur within 1-3 years; Medium term: It is estimated to occur within 3-10 years; Long term: It is estimated to occur after 10 years



Scenario setting

Taking the scenario framework of the Network for Greening the Financial System (NGFS) in 2021, KTB selected Net Zero 2050, Delayed Transition and Current Policies as the main basis for transition scenario factors, then produce physical risk related factor using IPCC's RCPs scenario, and then make corresponding integration.

Climate risk scenario setting of KTB in 2022 was as follows:

Scenarios	Scenario I	Scenario II	Scenario III
NGFS scenarios	Net Zero 2050	Delayed Transition	Current Policies
Principal axis of scenarios	Make orderly transition immediately Achieve net zero emission by 2050	Delay the transition (2030) Still meet goals of the Paris Agreement by 2050	No increased carbon-reduction action Maintain existing policy
Temperature rise by the end of this century	1.5°C	1.8°C	3°C +
Description of Transition Risk	Orderly transition condition	Disordered transition condition	No-policy scenarios
IPCC RCPs scenarios	RCP 2.6	RCP 2.6	RCP 8.5
Carbon price	2030: US\$156/t 2050: US\$437/t	2030: US\$ 0/t 2050: US\$829/t	2030: US\$ 0/t 2050: US\$ 0/t
GDP growth rate	2030: 3.23% 2050: 1.21%	2030: 1.46% 2050: 1.15%	2030: 3.0% 2050: 1.3%
Unemployment rate	2030: 3.92% 2050: 3.89%	2030: 4.61% 2050: 3.37%	2030: 4.15% 2050: 4.39%

Note: In general, the economic variables such as carbon price and GDP growth rate are provided by reference to "Scenario Analysis of Climate Changes by Domestic Banks in 2022"

Climate Scenario Analysis Category

	Climate Risk Factor	Risk Transmission Path	Analysis Business Category	Risk Factor Transmission Result
Transition Risk	Policies and laws - carbon price	<ul style="list-style-type: none"> Increased production cost or business expenses 	<ul style="list-style-type: none"> Credit extension to enterprises Equity and debt investment for non-transaction purpose 	Credit risk - expected loss
		<ul style="list-style-type: none"> Economic deterioration on the whole results in decreased repayment capacity of individuals 	<ul style="list-style-type: none"> Credit extension to individuals; excluding house loan 	Credit risk - expected loss
Physical Risk	Extreme rainfall and floor (350mm in 24h) Drought and water shortage (Low water limit ratio 10%-30%)	<ul style="list-style-type: none"> Impairment of assets Revenue loss caused by shutdowns Impairment of collaterals 	<ul style="list-style-type: none"> Credit extension to enterprises Equity and debt investment for non-transaction purpose 	Credit risk - expected loss
		<ul style="list-style-type: none"> Impairment of value 	<ul style="list-style-type: none"> Individual house loan Commercial real estate, land, buildings and plants 	Credit risk - expected loss
		<ul style="list-style-type: none"> Increased water consumption cost 	<ul style="list-style-type: none"> Credit extension to enterprises 	Credit risk - expected loss

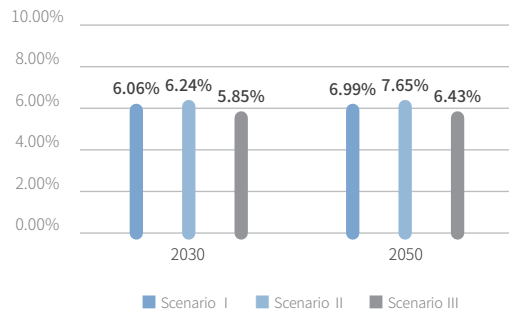


Scenario Analysis Result

Under the above climate scenario architecture, we used post-pressurization loss change circumstance of the credit risk parameters i.e. Probability of Default (PD) and Loss Given Default (LGD) evaluating domestic and foreign credit, domestic foreign-currency securities and equity investment of KTB, and demonstrated the evaluation result using capital at risk.

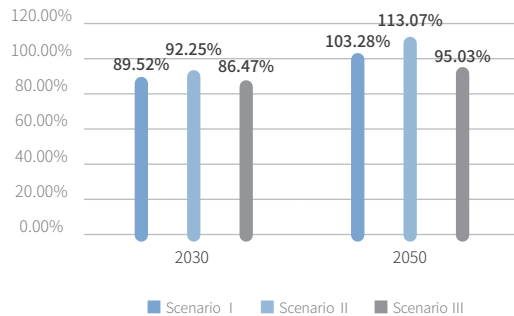
It is discovered that, expected loss under various scenarios in 2050 is higher than that in 2030, showing that the climate risk becomes intensified with time going on. By making comparison of the difference in different scenarios, both Scenario I and Scenario II adopted transition action, but in Scenario II, it is assumed that transition step in preliminary stage is gentle, and relatively active transition strategy is taken until 2030, therefore, in 2030, Scenario II needs to suffer from a higher transition risk than Scenario I, and with time going on to 2050, it will suffer from a higher physical risk impact as well.

► Value of capital at risk



Note: Capital at risk refers to the ratio of expected loss in net value, of which the net value is the value by the end of 2022

► Expected loss/pre-tax profit and loss



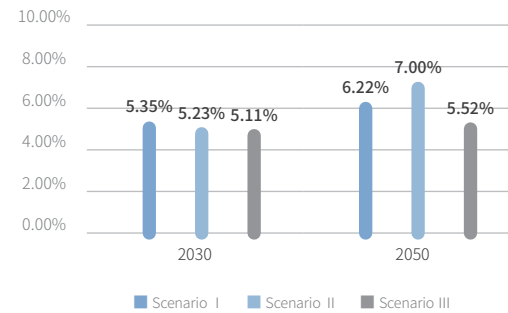
Note: pre-tax profit and loss refer to the value by the end of 2022

General Corporate Credit Business

Scenario analysis result in 2030 showed that, although both Scenario I and Scenario II are confronted with transition risk, Scenario I has slightly higher credit risk than Scenario II, which is mainly due to that the impact brought by policy change has shown appearance gradually, however, by 2050, Scenario I will have slightly lower credit risk than Scenario II.

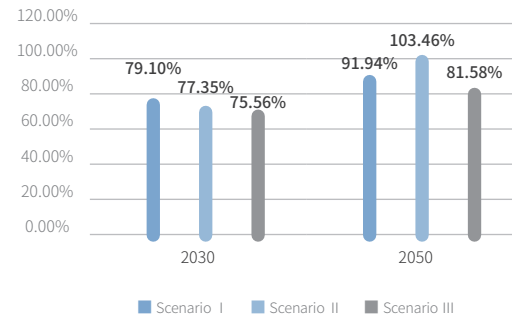
In 2050, capital at risk of general corporate credit business under all scenarios is higher than that in 2030, especially Scenario II. It is shown that under disordered transition, there are both physical risk and higher transition risk in 2050.

► Value of capital at risk



Note: Capital at risk refers to the ratio of expected loss in net value, of which the net value is the value by the end of 2022

► Expected loss/pre-tax profit and loss

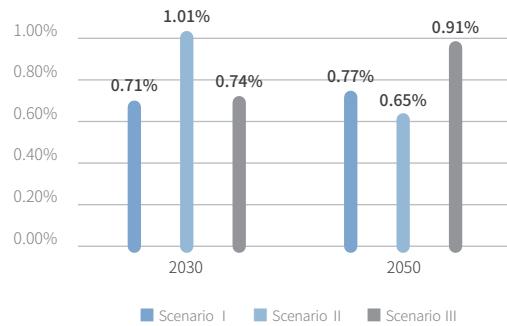


Note: pre-tax profit and loss refer to the value by the end of 2022

Individual Credit Business

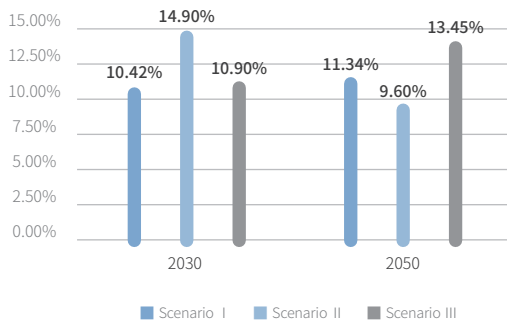
In 2030, capital at risk of Scenario II is significantly higher than Scenario I. This is mainly due to that both Scenario I and Scenario II have transition action, but in Scenario II, it is assumed that relatively active action begins from 2030, and the impact of policy change on overall economy will always be the maximum during 5-10 years from the beginning of transition, and then decreased year by year, besides, the more active the action, the greater impact on overall economy. And also for this reason, the individual credit business in 2030 is easy to suffer from a higher credit risk under the condition of low economic growth rate and high unemployment rate.

► Value of capital at risk



Note: Capital at risk refers to the ratio of expected loss in net value, of which the net value is the value by the end of 2022

► Expected loss/pre-tax profit and loss

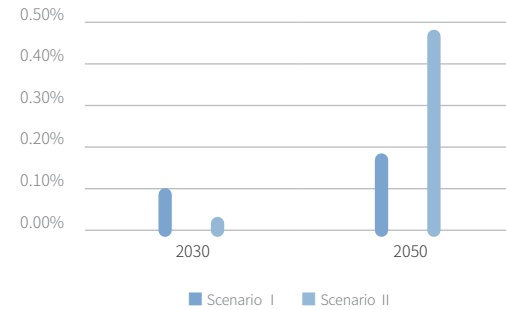


Note: pre-tax profit and loss refer to the value by the end of 2022

Investment business for non-transaction purpose

In 2030, expected credit risk loss rate (EL%) of Scenario I is higher than Scenario II, with an increase of 10 basis points (0.01%) on average compared with the benchmark, which mainly reflects the impact brought by policy adjustment within a short term. In 2050, EL% of Scenario II is higher than Scenario I, with an increase of 42.2 basis points on average, which reflects the increasingly expanded impact brought by physical risk with time going on.

► Δ Expected credit risk loss rate



Performance Indicators and Objectives

Please refer to section [8.1 Sustainable operating environment](#) in this report



CHAPTER 03

GRI 2-12 GRI 2-14 GRI 3-1 SDG 16-6 SDG 16-b

Stakeholder Engagement

Every year, KTB follows the 4 main principles of GRI Standards of stakeholder inclusiveness, sustainability context, materiality, and integrity to review its sustainability issues and carry out materiality analysis, through the 3 main steps of identification, sequence, and confirmation. Thereby, KTB reviews its sustainable development results and timely adjusts the sustainable development strategies and long-term goals. These will serve as the preparation guidelines for the Sustainability reports.

- **3.1 Stakeholder Identification and Communication**
- **3.2 Materiality Analysis**
- **3.3 Strategies, Goals, and Achievements of Material Issues**



Identification

1. Collect issues regarding sustainability

We compile 36 items that are closely related to KTB, with reference to international sustainable development trends and guidelines, sustainable investment institutions, regulations issued by the competent authorities, information disclosed by domestic and overseas companies in the same industry, and KTB's material issues of the previous year and future operating strategies

2. Stakeholder concern

With reference to the stakeholder identification of the companies in the same industry, we identify the possible stakeholder groups. Then through the discussion on ESG Team meetings, we identify 6 types of stakeholders, taking into consideration the impact of the functions of each business on the operation of KTB, or the internal or external organizations, or individuals who are affected by KTB's operation



Sequence

3. Investigate the degree of impact

By distributing "KTB Stakeholder Questionnaire", the stakeholders and ESG team members were invited to evaluate KTB's positive and negative impact degrees on corporate governance, environment, society and population in terms of risk, profitability and corporate competitiveness, including the possibility, scale and range of positive impact, as well as the possibility and severity of negative impact, and total 218 valid questionnaires were collected

4. Draw impact significance matrix

Via impact evaluation questionnaire, ESG Team defines the impact with scope and range above 3.76 and occurrence possibility above 3.76 as significantly positive impact; and defines the impact with severity above 3 and occurrence possibility above 2.72 as significantly negative impact, therefore, there are total 6 significantly positive impact and 9 significantly negative impact (belong to 10 sustainability issues together)



Confirmation

5. Identify material issues

We prepare the KTB's significance matrices based on the analysis results. At last, upon discussion by ESG Team, We identified 10 material issues, and reported the issues to the Corporate Governance and Nomination Committee and the Board of Directors

6. Develop management policy and response

After confirmation from the Corporate Governance and Nomination Committee and the Board of Directors, we set goals on the management and tracking of each material issues, to respond to the expectation of stakeholders

GRI 2-26 GRI 2-29

3.1 Stakeholder Identification and Communication

With reference to the stakeholder identification of the companies in the same industry, KTB identifies the possible stakeholder groups. Then through the discussion on ESG Team meetings, we identify 6 types of stakeholders, taking into consideration the impact of the functions of each business on the operation of KTB, or the internal or external organizations, or individuals who are affected by KTB's operation, which are customer, employee, investor/shareholder, governmental agency, supplier, general public/ social welfare organization, respectively, and report the communication condition with the stakeholders to the Corporate Governance and Nomination Committee and the Board of Directors once half a year.

Note: ★ means a material issue of the Company



Customers

Customers are the foundation of KTB's operation. We listen to the customers' needs and provide them with professional financial services, to help customers achieve their life goals



Employees

Employees are KTB's the most important partners. We value the rights and benefits of each employee, respects and cares for every employee. Through establishing a safe and healthy workplace, and proactively nurture our employees, KTB aims to grow together with its employees



Investors/
Shareholders

The long-term and stable support of the investors/shareholders is an important recognition for KTB. We maintain a smooth communication channel with investors/ shareholders through transparent information disclosure. In addition, we take sustainable operation as its own responsibility in order to live up to the trust of our investors/ shareholders

Communication Frequency and Channels	Topics Concerned about
<ul style="list-style-type: none"> 24-hour customer hotline Customer complaint hotline E-mail Facebook fan page LINE official account Annually: Customer satisfaction survey Monthly: Summarize customer complaints When required: Organize financial wealth management and investment seminars 	<ul style="list-style-type: none"> ★ Information Security ★ Talent Attraction and Retention ★ Talent Cultivation and Development ★ Employee Care and Friendly Workplace ● Sustainable Operating Environment

Communication Frequency and Channels	Topics Concerned about
<ul style="list-style-type: none"> Employee internal communication website and President's mailbox Annually: Employee satisfaction survey Quarterly: Employee Welfare Committee meetings Quarterly: Labor Retirement Reserve Supervisory Committee meeting Quarterly: Labor-management meeting Semiannually: Occupational safety and health education and training When required: Education training and talent development courses 	<ul style="list-style-type: none"> ★ Information Security ★ Regulatory Compliance ★ Risk Management ★ Labor Rights ★ Talent Attraction and Retention

Communication Frequency and Channels	Topics Concerned about
<ul style="list-style-type: none"> Establish investor relationship websites in Chinese and English for domestic and foreign investors to make inquiries Monthly: Announce operating performance Quarterly: Hold institutional investor conference Annually: Hold shareholders' meetings Annually: Prepare annual reports, sustainability reports and due diligence governance reports When required: Disclose financial and business inquiry and material information on the Market Observation Post System (MOPS) in accordance with related regulations When required: Participate in and disclose credit rating When required: Hold or participate in investor conferences 	<ul style="list-style-type: none"> ★ Information Security ● Corporate Governance and Ethical Management ★ Employee Care and Friendly Workplace ★ Risk Management

Note: ★ means a material issue of the Company



Government Agencies

The finance industry is highly regulated. Compliance with government regulation, abiding by government policies, and establishment of an ethical and stable business operation are beneficial to the stability of society



Suppliers

Being a responsible corporation, KTB prudently selects high-quality suppliers, exerts its influence to establish a sustainable supply chain



General Public/ Social Welfare Organizations

Community is the foundation of KTB. KTB adheres to the concept of "take from society, give back to society", and through cooperation with local communities and social welfare organizations, KTB gives back to the community and encourages a positive cycle in the society

Communication Frequency and Channels	Topics Concerned about
<ul style="list-style-type: none"> Reporting all required information on time When required: Cooperate with supervision and inspection activities When required: Participate in policy briefing sessions and symposiums When required: Carry out field visit to related agencies to establish smooth communication channels When required: Communicate through telephone, e-mail, and letters 	<ul style="list-style-type: none"> ★ Information Security ● Corporate Governance and Ethical Management ★ Risk Management ★ Employee Care and Friendly Workplace

Communication Frequency and Channels	Topics Concerned about
<ul style="list-style-type: none"> Annually: Encourage supplier to conduct self-assessment of corporate social responsibility Annually: Hold supplier education training, and advocate relevant matters Annually: Visit and inspect suppliers for compliance with law and regulations When required: Encourage major suppliers to sign the Human Rights and Environmental Sustainability Commitment. 	<ul style="list-style-type: none"> ● Supplier Management ★ Sustainable Finance

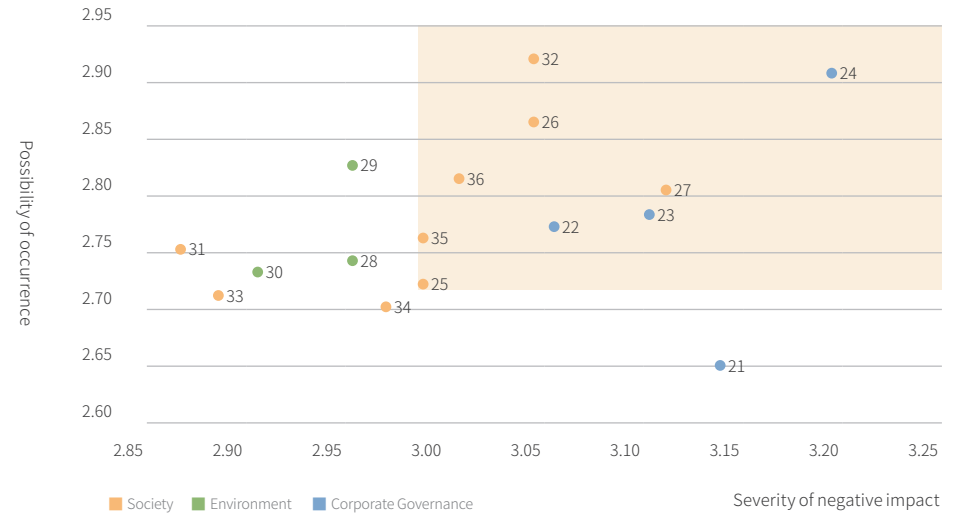
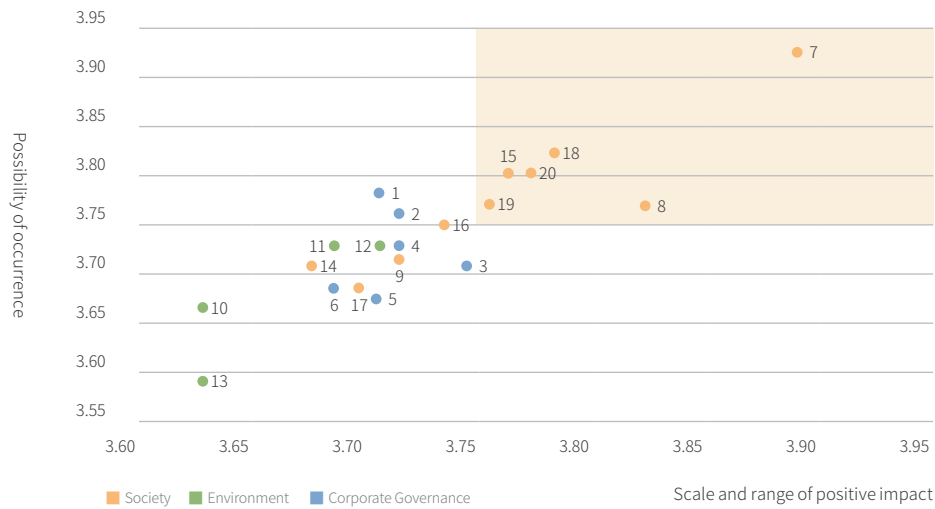
Communication Frequency and Channels	Topics Concerned about
<ul style="list-style-type: none"> When required: Establish a close connection with local residents through the branch offices When required: Participate in NPO/ NGO events and activities held by local communities When required: Co-organize events with long-term partners When required: Share financial education and anti-fraud knowledge through social platforms such as Facebook pages 	<ul style="list-style-type: none"> ● Supplier Management ★ Labor Rights Corporate Governance and Ethical Management ★ Service Quality and Customer Experience



3.2 Material Issue Analysis

In accordance with the issues of the stakeholders' concern, our company sort out 36 negative and positive impacts related with KTB, make analysis and draw impact significance matrix, and then upon discussion of ESG Team at meetings, identity 10 material issues closely related with operation of KTB's industry category at last, with an increase of 2 new material issues than the previous year, which are Sustainable Finance and Employee care and friendly workplace, respectively. Corporate Governance and Ethical Management is excluded become it is listed as low risk this year, and the results are reported to the Corporate Governance and Nomination Committee and the Board of Directors.

Materiality Matrix



► Positive impacts, material issues and sequence

Corresponding No.	Aspects	Structure	Corresponding issues	Sequence
7	Society	Customer service	*Service Quality and Customer Experience	Positive 1
8	Society	Customer service	*Fintech and Innovation	Positive 2
18	Society	Happy Workplace	Labor Rights	Positive 3
20	Society	Happy Workplace	*Talent Attraction and Retention	Positive 4
15	Society	Happy Workplace	*Talent Cultivation and Development	Positive 5
19	Society	Happy Workplace	*Employee care and friendly workplace	Positive 6

Note: * indicates that corresponding issue has both positive significance impact and negative significance impact.

► Negative impacts, material issues and sequence

Corresponding No.	Aspects	Structure	Corresponding issues	Sequence
24	Corporate Governance	Corporate Governance	Information Security	Negative 1
27	Society	Customer service	Sustainable Finance	Negative 2
23	Corporate Governance	Corporate Governance	Regulatory Compliance	Negative 3
22	Corporate Governance	Corporate Governance	Risk Management	Negative 4
32	Society	Happy Workplace	*Talent Cultivation and Development	Negative 5
26	Society	Customer service	*Fintech and Innovation	Negative 6
36	Society	Happy Workplace	*Talent Attraction and Retention	Negative 7
35	Society	Happy Workplace	*Employee care and friendly workplace	Negative 8
25	Society	Customer service	*Service Quality and Customer Experience	Negative 9

Note: * indicates that corresponding issue has both positive significance impact and negative significance impact.

Material Issues and Boundaries of Impact

● Directly ■ Indirectly ◆ Via business relationship

Order of Importance	Issues	GRI Standards / Specific Topics	Management Policies (Corresponding Sections)	Impact Boundaries and Level of Involvement ^{Note}					
				Internal			External		
				KTB (including subsidiaries) and employees	Customers	Investors/ Shareholders	Government Agencies	Suppliers	General Public/ Social Welfare Organizations
1	Information Security	GRI 418 Customer Privacy	4.4 Information Security	●	●				
2	Sustainable Finance	Custom Issues	5.3 Sustainable Finance	●	◆	■			■
3	Regulatory Compliance	Custom Issues	4.2 Regulatory Compliance	●	◆	●	●	◆	
4	Risk Management	GRI 3-3 Management of material topics	4.3 Risk Management	●	◆	●	●	◆	
5	Talent Cultivation and Development	GRI 404 Education and Training	6.2 Talent Cultivation and Development	●		■			
6	Fintech and Innovation	Custom Issues	5.2 Fintech and Innovation	●	◆	■			■
7	Talent Attraction and Retention	GRI 401 Employment GRI 405 Diversity and Equal Opportunity	6.1 Talent Attraction and Retention	●		■			
8	Employee Care and Friendly Working Environment	GRI 403 Occupational Health and Safety	6.3 Employee Care and Friendly Workplace	●		■			
9	Service Quality and Customer Experience	GRI 417-3 Incidents of non-compliance concerning marketing communications	5.1 Service Quality and Customer Experience	●	◆	■			
10	Labor Rights	GRI 406-1 Incidents of discrimination and corrective actions taken	6.4 Labor Rights	●					

Note: The impact boundary of GRI specific topics and the relation between the impact boundaries and KTB are in accordance with the GRI Standard. The key stakeholders of the value chain are taken into consideration for the impact boundary. The connection of the impact boundary is divided into three levels of involvement: If the impact is directly caused by KTB, caused jointly by KTB and other units, or caused via business relations.

GRI 3-2

GRI 3-3

3.3 Strategies, Goals, and Achievements of Material Issues

For each material issue, we identify its impacts on KTB, and set management strategies, short-, medium-, and long-term goals, and follow-up plans, to continue to implement KTB's sustainable plans.

Aspects	Issues	Risks and opportunities - impact on economy, environment and population (including human rights)	Management Strategies	2022		2023 Key Goals	Medium- and Long-Term Goals
				Key Performance Indicators and Objectives	Achievements		
Corporate Governance	Information Security	As mobile and Internet applications proliferate, the threat of information security increases. Only through ever-improving information security protection can KTB ensure a smooth operation and protect important information from leakage	<ul style="list-style-type: none"> Mitigate threats of cyber-attacks through internal information security advocacy and assessment, social engineering email attack drills, and information security emergency response drills Pay attention to the development of information security, and establish key indicators 	<ul style="list-style-type: none"> Pass ISO 27001 International Certification Rate of information security advocacy is up to 100% Hold Information Security Management Committee meetings regularly for at least 4 times Number of core accounting system crashes: 0 Upgrade of the foreign exchange core accounting host system 	<ul style="list-style-type: none"> Obtain ISO 27001 international certification Held 12 information security advocacy activities and tests. 3,018 persons participated in the training, with a 100% advocacy rate Held 5 Information Security Management Committee meetings 0 core accounting system crashes Complete the upgrade of the foreign exchange core accounting host system 	<ul style="list-style-type: none"> Complete the upgrade of the wealth-management core accounting host system at the rate of 50% There were no significant information security events 	<ul style="list-style-type: none"> Expand the scope of international standard certification on information security and personal data to enhance the overall information security of enterprise
	Regulatory Compliance	Establish a regulatory compliance culture, and reinforce it in daily business operations. This not only decrease regulatory compliance costs, but also increase the level of stakeholders' trust in us, as well as to protect everyone's rights and benefits	<ul style="list-style-type: none"> Raised the employees' awareness of regulatory compliance, and enhanced their ability to identify matters regarding anti-money laundering and countering the financing of terrorism Introduce technology aids to improve the effectiveness of regulatory compliance management 	<ul style="list-style-type: none"> Regular quarterly compliance training and legal awareness programs Entrust an external professional organization to conduct a special audit on the mechanism for anti-money laundering and countering the financing of terrorism Self-assessment of compliance at least once every six months Review customers of general risk/high risk regularly, and make suspicious transaction reporting system online 	<ul style="list-style-type: none"> Organized or participated in regulatory compliance education training, with a total of 12,786 trainees An assurance report with "assurance conclusion" was issued by the external professional organization for the audit on the mechanism for anti-money laundering and countering the financing of terrorism in 2022 Two self-assessments of compliance were conducted by 84 departments and units of the Bank Systematization of regular customer reviews and suspicious transaction reporting 	<ul style="list-style-type: none"> Establish law-compliance and anti-money-laundering integration platform of the whole bank Promote law-compliance forum of business units 	<ul style="list-style-type: none"> Continue to optimize the regulatory compliance and anti-money laundering operation system, and promote management efficiency with the aids of technology tools
	Risk Management	Preemptive risk management is more effective than remedial measures. A comprehensive risk management mechanism is beneficial to mitigate or prevent potential loss while maintaining KTB's competitiveness	<ul style="list-style-type: none"> Comprehensive risk management mechanism and structure Carry out regular internal inspections to ensure the operation of internal control 	<ul style="list-style-type: none"> Regular Risk Management Committee meeting Submission of assessment results of each risk control item to the Board of Directors on a regular basis every year 	<ul style="list-style-type: none"> Convened 12 Risk Management Committee meetings Prepared the "Risk Control Report" and submitted 4 such reports to the Board of Directors 	<ul style="list-style-type: none"> Formulate climate risk management policies and procedures 	<ul style="list-style-type: none"> Establish the risk control self-assessment and key risk indicator reporting platform Introduce the risk system in ESG
Society	Sustainable Finance	In the development of social economy, financial institutions play the role of financial intermediation and are crucial to the direction of industry development	<ul style="list-style-type: none"> Support credit and investment objects having positive impact on environment and society Promote inclusive finance, to enable all social groups to enjoy diversified financial services 	<ul style="list-style-type: none"> Support loan amount of ESG sustainable industry, with the proportion maintained above 8% Support loan to SMEs, with the proportion above 50% of the total loan balance Apply to join "Equator Principles Association" 	<ul style="list-style-type: none"> The loan amount of ESG sustainable industry accounted for 9.26% of total loans Loan balance to SMEs accounted for 60.44% Signed to join "Equator Principles Association" formally in December 2022 	<ul style="list-style-type: none"> Strengthen formulation of sustainable finance management policies and procedures Expand promotion of sustainable finance products 	<ul style="list-style-type: none"> Continue to deepen the disclosure contents and formulate carbon asset goals by applying TCFD framework

Aspects	Issues	Risks and opportunities - impact on economy, environment and population (including human rights)	Management Strategies	2022		2023 Key Goals	Medium- and Long-Term Goals
				Key Performance Indicators and Objectives	Achievements		
Society	Talent Cultivation and Development	Employees are the KTB's partners. The growth of employees is the growth of KTB	<ul style="list-style-type: none"> Organize education training that corresponds to the employees' work content and the organization's plans Establish a clear and fair performance assessment policy 	<ul style="list-style-type: none"> The number of employee education training hours is up to 40h on average Open at least one diverse functional course Review and adjust employee performance assessment system every year 	<ul style="list-style-type: none"> ✓ Average training hours per employee was 54.48 hours ✓ Open English, Strategy and Marketing Management courses ✓ Adjust key points of operational personnel assessment, so as to enable the peers to focus on customer care and improve counter service 	<ul style="list-style-type: none"> Adjust the English improvement plan, and continue to organize relevant training courses Review and adjust employee key performance indicator (KPI) 	<ul style="list-style-type: none"> Promote employees' lifelong learning to improve their English and digital competencies
	Fintech and Innovation	Continue to provide innovative, convenient, and safe digital finance and services is the driving force behind our operating development	<ul style="list-style-type: none"> Expand FinTech business cooperation and application programming interface (API) services to provide innovative services and products Initiate data bank projects, and proactively develop AI transformation 	<ul style="list-style-type: none"> 3 digital finance product and service transaction items Increase account opening for digital banking by 30% 	<ul style="list-style-type: none"> X The number of digital transaction items for old customers increased from 2.14 to 2.74 (fail to reach the goal, please refer to Page 55 for details) ✓ Account-opening rate for digital channels was 65% 	<ul style="list-style-type: none"> Enhance digital penetration rate and active rate of customers Digital transaction proportion of deposit and remittance transactions on the whole is improved by 3% 	<ul style="list-style-type: none"> Enhance digital penetration rate and active rate of customers Continue to increase the number of digital products, and increase digital engagement of customers
	Talent Attraction and Retention	Hire outstanding talents is the foundation of a company's growth. Creating a place that attracts talents and allows them to demonstrate their strengths is a key value of a company's existence.	<ul style="list-style-type: none"> Focus on personality traits, professional abilities, and appropriate job arrangements, treat all KTB's employees with fairness and mutual respect Provide fair competition and development opportunities for employees 	<ul style="list-style-type: none"> Maintain the proportion of female managerial officers to 50% above Retention rate of new employees after one-year service was 70% at least 	<ul style="list-style-type: none"> ✓ Female managerial officers accounted for 52.15% ✓ Retention rate of new employees after one-year service was 92.22% 	<ul style="list-style-type: none"> Maintain the proportion of female managerial officers to 50% above Maintain the retention rate of new employees after one-year service to 70% above 	<ul style="list-style-type: none"> Continue to build a gender-friendly workplace and fulfill the Company's responsibilities of caring for employees Expand multiple channels of seeking talents and establish a good corporate image to attract external potential talents
	Employee Care and Friendly Workplace	By implementing safety measures and training to reduce occupational accidents, it is conducive to creating a safer and more efficient working environment, thus improving the employee morale and productivity, and reducing potential legal disputes and financial loss	<ul style="list-style-type: none"> Establish a friendly and safe working environment Establish a perfect identification system of employees' health risks 	<ul style="list-style-type: none"> Evaluate implementation circumstance of four plans for laborer health protection Completion rate of safety and health education and training is 100% 	<ul style="list-style-type: none"> ✓ Perform health examination of employees of the whole bank by district in 2022 (once every two years) ✓ Completion rate of on-the-job training course of rescue personnel/occupational health and safety supervisors and occupational health and safety education and training for new employees is 100% 	<ul style="list-style-type: none"> Create a friendly and healthy workplace, and provide psychosomatic counseling and care measures for employees Introduce ISO 45001 system certification gradually 	<ul style="list-style-type: none"> By reference to assessment indicators of external assessment institutions, adjust and create a working environment of workplace gender equality and diversity and inclusiveness, as well as improvement measures
	Service Quality and Customer Experience	Provide high-quality services with an emphasize on customer experience to retain long-term customers to use our products and services	<ul style="list-style-type: none"> Optimize operation procedures and improve operation efficiency Improve customer experience with the aid of technology 	<ul style="list-style-type: none"> Customer satisfaction is above 90% Complete handling, tracking and investigation of customer complaint cases 	<ul style="list-style-type: none"> ✓ Overall customer satisfaction rate was 91.7% ✓ There were total 23 customer complaint cases, which were closed in 2 days on average 	<ul style="list-style-type: none"> Continue to improve the service quality of our tellers to maintain customer satisfaction above 85% Improve the operating procedures of branch offices 	<ul style="list-style-type: none"> Continue to improve the service quality of our tellers to maintain customer satisfaction above 85% Improve the usage rate of digital services to expedite operating procedures and reduce transaction disputes
	Labor Rights	The protection of labor rights is the first step to a harmonious labor-management relationship	<ul style="list-style-type: none"> Maintain a smooth labor-management communication channel Eliminate employment discrimination and sexual harassment, and establish an equal working environment 	<ul style="list-style-type: none"> Hold regular labor-management meetings every year Resolve employees' grievance cases every year Perform human right risk impact assessment every year 	<ul style="list-style-type: none"> ✓ Held 4 labor-management meetings ✓ 0 employees' grievance cases ✓ Human rights risk assessment was 2.41% 	<ul style="list-style-type: none"> Maintain a designated pass rate of labor inspection and labor-dispute handling, and maintain the violation and unresolved cases at 2 (or fewer) 	<ul style="list-style-type: none"> Eliminate employment discrimination and protect labor rights

CHAPTER 04

Corporate Governance

- **4.1 Governance**
 - 4.1.1 Ethical Corporate Management
- **4.2 Regulatory Compliance**
 - 4.2.1 Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)
- **4.3 Risk Management**
- **4.4 Information Security**
 - 4.4.1 Personal Data Protection

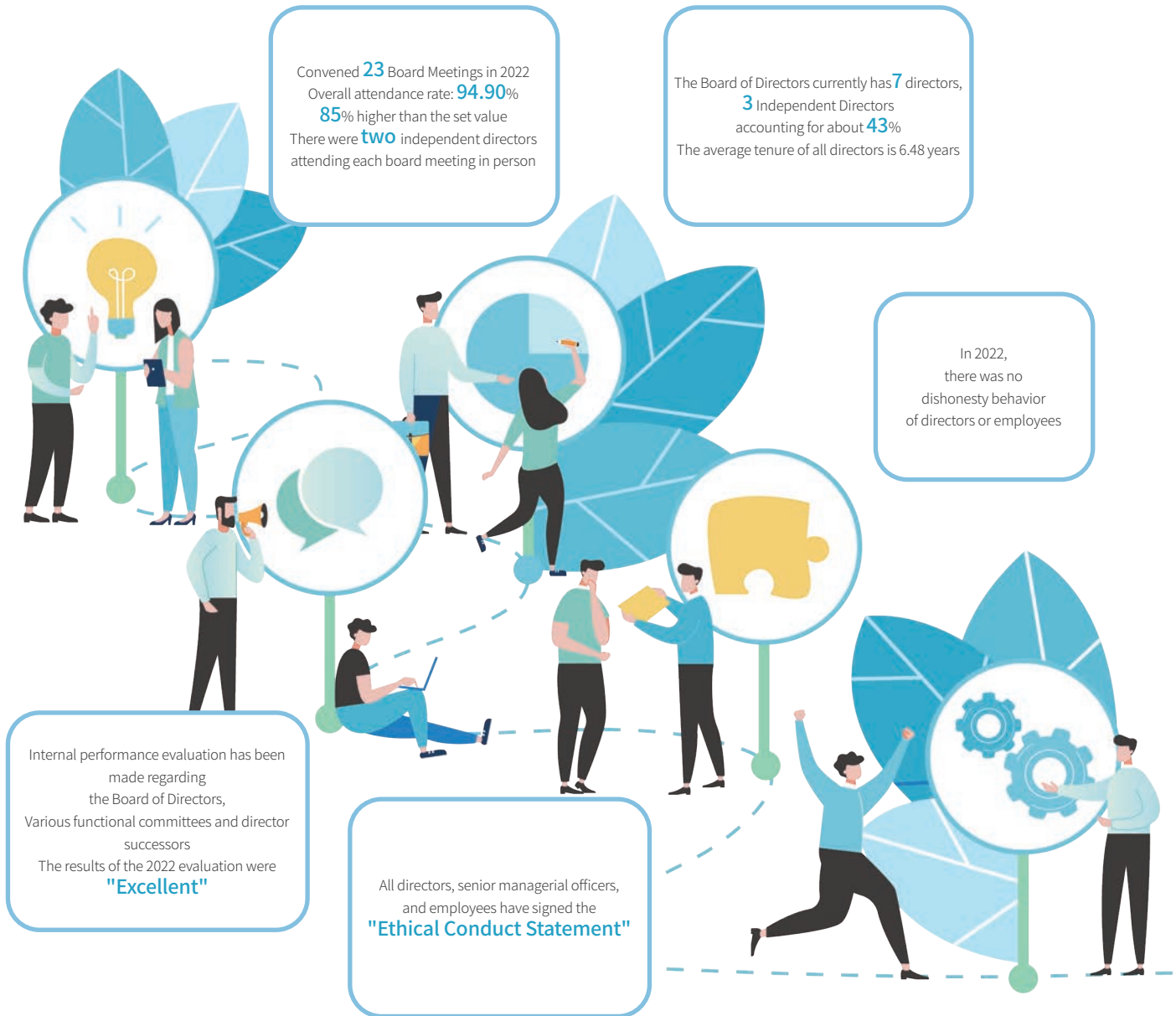
GRI 2-11 GRI 2-17 GRI 2-18 SDG 16.6 SDG 16.7 SDG 17.14

4.1 Corporate Governance

KTB continues to enhance the functionality of the Board of Directors, improve the efficiency of the operating team, strive for information transparency, ensure the rights and benefits of shareholders and investors, and build a foundation for sustainable development. From 2018 to 2022, KTB was ranked among the top 5% of TWSE-listed companies in the "Corporate Governance Evaluation" by the Taiwan Stock Exchange Corporation (4th to 7th session) for 5 consecutive years, demonstrating the determination and achievements of KTB in building its corporate governance policy. The number of further study of each director conformed to stipulations in "Key Points for Further Study of Directors and Supervisors from TWSE/GTSM Listed Companies", and relevant achievements in 2022 are as follows

A Sound Board Structure

KTB's Board of Directors is the supreme governing body of the company, and it now has 7 Directors (not being employees), and 3 Independent Directors which accounts for 43% of all directors. For strengthening the Board's supervisory and management functions, multiple functional committees, including the "Audit Committee", "Compensation Committee", and "Corporate Governance and Nomination Committee" are established directly subordinate to the Board of Directors. These committees are responsible for the discussion and resolution of key issues and issues in the economic, social, and environmental aspects. The functional committees consist of or participated by Independent Directors to achieve effective independent supervision and the check and balance mechanism to ensure all resolutions and actions of the Board are submitted to the Board of Directors for report and discussion. Furthermore, in February 2019, the Board of Directors appointed Vice President Chien-Ko, Yang, who has more than 5 years of work experience in finance, stock affairs, and business administration, to serve as the "Corporate Governance Officer", who is responsible for providing necessary information for the Directors to carry out their duties, regulations regarding meeting procedures and resolutions, continuing training of Directors, and other necessary assistance



Duties and Operation of Functional Committees in 2022



Audit Committee



Compensation Committee



Corporate Governance and Nomination Committee

Name of Committee	Audit Committee	Compensation Committee	Corporate Governance and Nomination Committee
Established in	2011	2011	2017
Number of meetings	11	6	6
Average attendance rate	100%	100%	91%
Number of members	3	3	4
Number of independent directors	3	3	3

Main Deliberations and Functional Matters

- Formulate or amend the internal control system in accordance with Article 14(1) of the Securities Exchange Act
- Assessment of effectiveness of the internal control system
- Formulate or amend handling procedures for acquired or disposed assets, and significant financial transactions in derivatives in accordance with Article 36(1) of the Securities Exchange Act
- Matters involving interest of directors
- Material transaction of assets or derivative products
- Offer, issue or make private placement of negotiable securities with equity nature
- Appointment, removal or remuneration of certified accountants
- Appointment and removal of finance, accounting or internal audit supervisor
- Annual Financial Report signed by the Chairman, Manager and Accounting Supervisor, and Q2 Financial Report ought to be audited and certified by a certified public accountant.
- Other significant matters stipulated by the Company or competent authority

- Review these procedures periodically, and put forward amendment suggestions
- Establish and periodically review the annual and long-term performance goals, and the policies, systems, standards, and structure for the remuneration of the directors and managerial officers of KTB
- Regularly assess the performance goals of the directors and managerial officers of KTB, and determine the content and amounts of their individual compensation

- Establish the standards of independence and diversity of background, such as expertise, skills, experience, gender, etc. required of board members and senior managerial officers, and based on which to look for, review and nominate candidates for directors and senior managerial officers
- Establish and develop the organizational structure of the board and each of the committees, evaluate the performance of the board and each of the committees, and evaluate the independence of the independent directors.
- Formulate and periodically review the further study plan for directors as well as the succession plan for directors and senior managerial officers
- Be responsible for the research analysis, implementation and planning recommendations of corporate governance system, regular review of corporate governance standards and related regulations, and related regulations
- Review of implementation effectiveness of corporate governance system
- Formulate and supervise the Supervise implementaimplementation of ethical corporate management policies and plans to prevent unethical conduct
- Adopt the policies, systems or relevant management guidelines for sustainable development of the corporate
- Overseeing the implementation and execution of sustainable development, and the management shall make report to the Board of Directors periodically

GRI 2-10 GRI 2-15

Independence and Interest Recusal

In terms of the Board operation, KTB's Board of Directors carries through the promise of ethical management and has formulated the ["Regulations Governing Procedure for Board of Directors Meetings"](#), which stipulates in Article 15 that, any motions at the board meetings that pose a conflict of interest with the Director himself/herself or the entity he/she is representing, the Directors shall recuse himself/herself from the discussion and voting on the matters, and he/she must not vote on other Directors' behalf, in accordance with the regulation or in a more rigorous approach. For the implementation status of the directors' recusal of proposal involved in conflicts of interest, please refer to [\[Page 29 of King's Town Bank Co., Ltd. 2022 Annual Report\]](#). Furthermore, for fulfilling the requirement of independence, the ["King's Town Bank Co., Ltd. Corporate Governance Best-Practice Principles"](#) states the number of seat, qualifications, tenure, functions, and responsibilities of Independent Directors, and explicitly stipulates that the number of independent directors shall not be less than two and shall not be less than 1/3 of total number of directors, and the term of independent directors shall not exceed 3 terms. In addition, KTB has formulated the ["Rules Governing the Scope of Powers of Independent Directors"](#) for independent directors to follow to perform their duties well and effectively enhance the operation of the Board of Directors and the Company's business performance. For the details on the professional qualifications of directors and independence of independent directors, please refer to ["Page 13 of King's Town Bank Co., Ltd. 2022 Annual Report"](#).

GRI 2-9 GRI 405-1

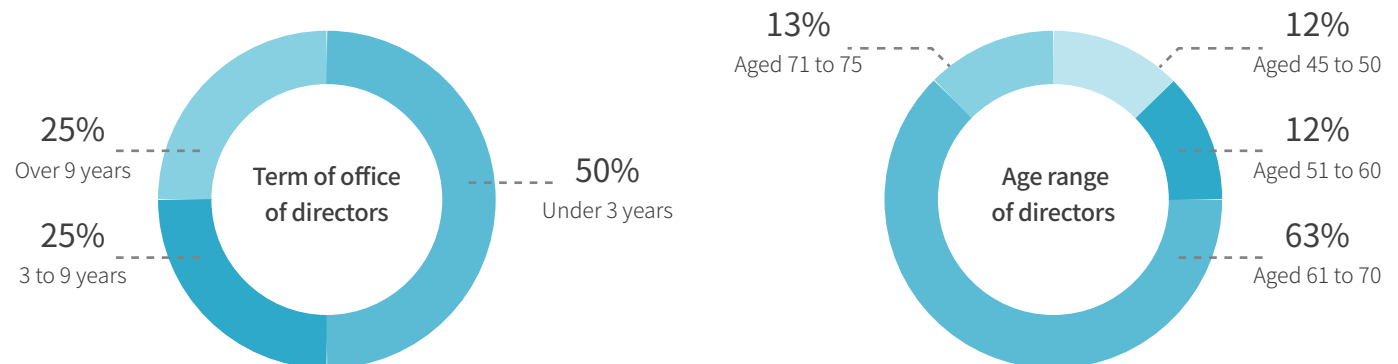
Diverse Board Members

To actively implement the director and diversity policy, and give consideration to both specialty and gender balance, KTB states explicitly in the ["King's Town Bank Co., Ltd. Corporate Governance Best-Practice Principles"](#) and ["Procedures for the Election of Directors"](#) that constitution of board members should take a diversity policy into consideration, i.e. their basic conditions (gender, age, nationality, etc.) and professional knowledge and skills (professional background, professional skills and industry experience, etc.). All director candidates shall be nominated by the Nomination Committee by "Candidate Nomination System" in accordance with the Company Act, where, the Nomination Committee shall take development strategy of the company and overall functional configuration of the Board of Directors into account, and then submit to the Board of Shareholders for appointment after being passed upon resolution of the Board of Directors. Currently, all 7 of KTB Directors are males, and possess rich work experience, solid education background, and also diverse backgrounds. This has brought more perspectives to KTB and improved KTB's tolerance in the face of changes. In the future, KTB will also continue to look for appropriate female candidates for directors, to further improve diversity of directors. Implementation of diversity of KTB's board members is as follows

Professional background and experiences of director

Job Title/ Name	Professional qualification and experience	Number of public companies in which he co-acts as independent director
Chairman Chen-Chih Tai	He has more than five years of working experience required for commercial, legal, financial or banking business, and is specialized in risk management, investment decision-making, financial analysis and overall economic analysis. He was previously an executive director of Macoto Bank, and now acts as directors of many companies such as Mentex and PayEasy Digital simultaneously, and he has also been listed among "Top 100 Taiwanese Business Leaders" according to Harvard Business Review for many times	0
Vice Chairman Chiung-Ting Tsai	He has more than five years of professional background and experience in investment decision-making, financial analysis and product positioning, and is specialized in risk management, investment decision-making, financial and overall economic analysis in terms of professional ability and industry experience. He was previously Vice President of Vincera Capital, and now acts as directors of companies such as Jingzhan Hotel simultaneously	0
Director Chung-Chang Tsai	He has more than five years of working experience related with commercial, legal, financial or banking business, and has served industry-university research and education promotion for many years. He currently co-acts as Principal of the Min Da Senior High School, Executive Supervisor of the Republic of China Private Education Association, Director of the Corporate Body Shenshui Deweng Culture and Education Foundation, and Director of Tainan County Education Culture and Education Foundation	0
Director Ching-Shun Ou	He has more than five years of practical working experience required for commercial, legal, financial or banking business, and has many years of practical and professional experience in construction and land development, etc. At present, he co-acts as Chairman of Baihong Construction Co., Ltd., Director of Wangfu Security Co., Ltd., and Supervisor of King's Town Construction Co., Ltd.	0
Independent Director Chao-Long Chen	He has more than five years of working experience in international development, technological development, business management and crisis handling, and is mainly specialized in medical study, technological development and international development. At present, he co-acts as Chairman & President of CHO PHARMA INC, and Honorary President of Kaohsiung Chang-Gung Memorial Hospital. He has made academic contributions to liver for more than 40 years, and is known as "Father of Liver Transplant"	1
Independent Director Chuan-Fu Hou	He has more than five years of rich working experience in banking, credit business, financial and risk management, and is specialized in strategy and risk management and credit business. He was previously Chairman of Tainan Life Insurance Agency Co., Ltd., President of KTB, and Business Manager of The Dai-ichi Kangyo Bank, Limited	0
Independent Director Bing-Sung Wu	He has accumulated more than five years of professional working experience in banking, risk management, marketing business and financial management, and has many years of practical experience in risk management, marketing business and financial affairs. He was previously Independent Director of YIHO International Co., Ltd., Director of Tang Eng Iron Works Co., Ltd., Manager of Bank of Taiwan Kaohsiung Branch, Manager of Bank of Taiwan Fengshan Branch, and Manager of Bank of Taiwan Tainan Branch	1
Independent Director Hung-Liang Chiang	He has more than five years of practical working experience required for commercial, legal, financial or banking business, and is specialized in banking, financial innovation, business management, information security risk management and marketing strategy. He was previously Chairman of Taiwan Microzyme Corp., Professional Examiner of Bureau of Industry, Vice President of KTB Strategy and Operations Department, Vice President of KTB Risk Management Department and Information Technology Department, and Manager of Shin Kong Bank in legal and financial business area; he is now independent director of KTB	0

Note: Independent Director Hung-Liang Chiang resigned on February 24, 2022, while the new Independent Director BING-SUNG WU was selected in May 2022



Continuing Education and Performance Evaluation of the Board of Directors

All the KTB directors complete their continuing education in accordance with the "King's Town Bank Co., Ltd. Directions for the Implementation of Continuing Education for Directors" every year. In 2022, the average duration of training for KTB's Directors was 9.14 hours, which was 6 hours higher than the period as recommended by regulations. The courses include "Principle of Fair Hospitality and 21-discipline Management of Science and Technology", "Corporate Governance System and Relevant Regulations on Anti-Money Laundering", "Discussion on Supervision of Independent Directors and Board of Directors from International Perspective", "About Codes and Cases on Ethical Corporate Management, Corporate Governance and Sustainable Development" and so on, and the contents cover corporate governance, regulatory compliance, sustainable development and other latest topics, so as to enhance their professionalism, enhance operation decision-making as well as risk governance function of the Board of Directors by arranging diversified courses.

In addition, KTB has formulated the "[King's Town Bank Regulations on the Board and the Functional Committee Performance Evaluation](#)". The Corporate Governance and Nomination Committee carries out annual performance evaluation on the Board and functional committees. The overall performance evaluations of the Board and the functional committees, and the self-evaluation by the Board members are carried out in the first quarter of every year, and the evaluation results are compiled by the board's meeting organization unit. In addition to review of operation performance, the evaluation contents also cover non-financial projects, such as: improvement of corporate governance, diversity and professionalism of board members, review of risk management system, effectiveness of implementation of sustainable development and other economic, environmental and population impact projects, and report the result to the Board of Directors, to serve as reference for remuneration and successor nomination of individual director. In 2022, performances of the Board of Directors and all functional committees were all evaluated as "Excellent", and the report to Corporate Governance & Nomination Committee and Board of Directors was made on February 20, 2023. For detailed evaluation contents, please refer to "[Results of the Functional Committee Performance Evaluation](#)".

Moreover, the "[King's Town Bank Regulations on the Board and the Functional Committee Performance Evaluation](#)" stipulates that the board performance evaluation shall be conducted by an external professional independent institution or an external professional scholar team every three years. KTB has appointed "EY Advisory Service Inc." to carry out the 2021 external board performance evaluation in 2022. The performance evaluation result was "Advanced", and the evaluation summary is as follows:

- The composition and establishment of King's Town Bank's Board of Directors and Functional Committees are set up pursuant to related regulations issued by the competent authority, and relevant bylaws and rules of procedure are in place. Board members have diverse background, including expertise in accounting, financial analysis, international market perspective, and risk management, so as to provide the Board suggestions from diverse perspectives.
 - All the Directors fully understand their roles and responsibilities and the division of tasks between different units, skills and technology, and the importance of the mechanism to establish the mutual trust of the management team. Through efficient work division and communication, the Board and the management team are able to jointly handle emergencies and resume operation in the shortest possible time, and thus won the trust of customers.
 - The meeting organization unit arranges lectures for newly-appointed directors, to familiarize him/her with the overview of corporate culture, industry overview, the Bank's performance, and legal liabilities. Before each Board meeting, the Directors may request supplementary materials and communication through telephone with the meeting organization and proposal units, to provide the Directors with a better understanding of the motion content and facilitate the discussion of motions.
- Other relevant information is disclosed on KTB's official website "[External Evaluation Results of the Performance of the Board of Directors](#)". The next external performance evaluation is scheduled for the first quarter of 2025.

Board Performance Evaluation	Functional Committee Performance Evaluation	Board Member Performance Evaluation
5 major aspects and 26 indicators	5 major aspects, 22 to 27 indicators subject to different committees	6 major aspects and 18 indicators
<p>Excellent</p> <p>The results of the 2022 evaluation were</p> <ul style="list-style-type: none"> • Participation in the Bank's operation • Improvement of the quality of the Board of Directors decision making • Composition and structure of the Board • Election and continuing education of the directors • Internal control 	<p>Excellent</p> <p>The results of the 2022 evaluation were</p> <ul style="list-style-type: none"> • Participation in the Bank's operation • Awareness of the duties of the functional committee • Improvement of quality of decisions made by the functional committee • Makeup of the functional committee and election of its members • Internal control 	<p>Excellent</p> <p>The results of the 2022 evaluation were</p> <ul style="list-style-type: none"> • Alignment of the goals and mission of the Company • Awareness of the duties of a director • Participation in the Bank's operation and communication • Management of internal relationship and communication • The director's professionalism and continuing education • Internal control

GRI 2-19 | GRI 2-20

Remuneration Policy

(1) Director

Remuneration of KTB directors follows stipulations in Article 33 of the Articles of Association: "in case KTB makes profit in the current year, provision for director remuneration not higher than 2% of such profit shall be made, however, if KTB still has accumulated loss, the make-up amount shall be reserved from such profit first". No director remuneration has been provided in recent two years.

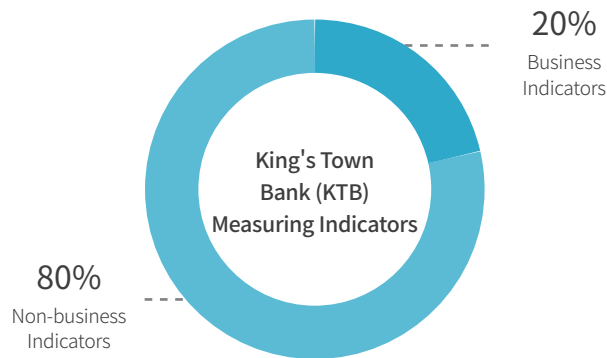
In addition, it is provided in Article 25(1) of the Articles of Association that: "remuneration of the directors shall be determined by the Board of Directors by reference to the level of related peers and listed companies". Remuneration of KTB directors is paid by reference to peer level, individual performance of the directors, operational performance of the Company and "Evaluation Results of the Performance of the Board of Directors". In addition, in accordance with Article 5 of "Specification of Scope of Responsibility of Independent Directors," and considering that responsibility and commitment time of independent directors are different from general directors, therefore, reasonable remuneration different from that of general directors is made for independent directors. In addition to fixed remuneration every month, the independent directors do not acquire additional remuneration to directors as stipulated in the Articles of Association, and the business execution expense is determined by reference to the standard for general directors. For remuneration to directors, please refer to ["Page 23-24 of King's Town Bank Co., Ltd. 2022 Annual Report"](#). Relevant performance evaluation and remuneration rationality are examined by the Compensation Committee and the Board of Directors.

President, Senior Vice President and Managerial Officers

Performance evaluation and remuneration system regarding the President and senior managerial officers of the Company are handled respectively in accordance with "Regulations on the Annual Employee Performance Evaluation", "Regulations on the Employee Benefit Payment" and "Regulations on the Distribution of Annual Bonus" passed by the Board of Directors. The bonus is related with the unit performance evaluation results, and the unit performance evaluation contents include both business indicators and non-business indicators, and in the meantime, reasonable remuneration is provided by taking individual performance, responsibility assumed and individual contribution into account. Every year, remuneration treatment and relevant performance evaluation of the managerial officers would be proposed and discussed at meeting of the Compensation Committee, and then submitted to the Board of Directors for examination and approval.

In terms of business indicators, to strengthen consistency between goals of the management and overall ESG sustainable development strategies of KTB, KTB has listed "ESG Implementation" as one of the measuring item for departments and sections of the Headquarters since 2021, and further requires that its ESG goals shall be set the weight no less than 5% since 2023.

Measuring indicators, weight and connotation of performance goals



Measuring indicators and weight		Description
Business Indicators 80%	Financial and operational indicators	<ul style="list-style-type: none"> Financial profitability indicators, such as: net income, pre-tax profit and loss, ROA, ROE, EPS and so on Business indicators, e.g., risk tolerance, quality of assets, improvement rate of defects from financial examination, adequacy rate of system equipment and so on Strategic development indicators, such as: achievement rate of system/process optimization, number of promotion/optimization of digital financial products and so on
	ESG implementation	<ul style="list-style-type: none"> Improve promotion of enterprise and corporate governance, environmental sustainability and social responsibility External evaluation score of sustainable development capacity
Non-business Indicators 20%		Regulatory compliance, internal audit and internal control, and inter-unit feedback

GRI 201-1 GRI 205-1

4.1.1 Ethical Corporate Management

KTB values ethical management as the foundation for corporate management. In order to implement ethical management and anti-corruption, KTB has designated the Corporate Governance and Nomination Committee as a dedicated unit responsible for ethical management to incorporate ethics and moral values into the business strategy of KTB. It also adopts appropriate prevention measures against corruption and malfeasance in accordance with the laws and regulations. Moreover, every year, the Administration Management Department performs an unethical conduct risk assessment on all operating sites and identifies major unethical conduct risks. The Department then reports the unethical conduct risk assessment results, ["ethical management policy and the results of supervision"](#) to the Board of Directors. According to the risk evaluation in 2022, no significant risk of dishonesty has been identified in the Company, nor has any director or employee involved in ethical conduct.

All KTB directors, senior managerial officers, and employees have signed the ["Ethical Conduct Statement"](#) and disclosed their ["Ethical Corporate Management, Anti-Corruption, and Anti-Bribery Policy and Commitment"](#) on the official website of King's Town Bank to exhibit KTB's zero-tolerance attitude and action against corruption and bribery. The Company also links employee ethics with their performance and remuneration, and has established an explicit reward and punishment system. For implementing ethical corporate management, KTB has formulated the ["Ethical Corporate Management Best Practice Principles"](#), ["Procedures for Ethical Management and Guidelines for Conduct"](#), ["Code of Ethical Conduct"](#), etc. The content summary for each principle is as follows:

Ethical Corporate Management Best Practice Principles & Procedures for Ethical Management and Guidelines for Conduct

- The Code and Procedures are formulated with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and approved by the Board of Directors, as the policy for ethical management of KTB
- Based on the "Ethical Corporate Management Best Practice Principles", KTB has formulated the "Procedures for Ethical Management and Guidelines for Conduct" as the procedures for KTB's corporate management and a program to prevent unethical conduct, which was approved by the Board of Directors
- The Principles stipulate that "all Directors, managers, employees, or anyone who has substantial control over the management should not engage in unethical conducts while engaging in business activities"
- The Principles stipulate in Article 7 that: It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following: A. Offering and acceptance of bribes; B. Illegal political donations; C. Improper charitable donations or sponsorship; D. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits; E. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights; F. Engaging in unfair competitive practices; G. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.
- The Procedures and Guidelines provide the prevention programs and handling procedures concerning matters such as, acceptance of improper benefits, facilitating payments, political contributions, charitable donations or sponsorships, recusal, confidentiality regime, unfair competition, and insider trading
- KTB has established internal advocacy, a system for rewards, penalties, and complaints, and related disciplinary measures
- Every year, KTB assesses its risk of unethical conduct and reports the results to the Board of Directors
- The implementation results of ethical management are reported to the Board of Directors on a yearly basis



Codes of Ethical Conduct

- To assist the Directors and managerial officers to act in line with the ethical standards and to facilitate the stakeholders' understanding of KTB's ethical standards, the "Code of Ethical Conduct" has been established and approved by the Board of Directors
- 100% advocacy rate of related content to all directors, managers, and employees



"King's Town Bank Co., Ltd. Ethical Corporate Management, Anti-Corruption, and Anti-Bribery Policy and Commitment"

- KTB lays great emphasis on ethical conduct and anti-corruption. KTB evaluates the legality of the counter-parties, fully understands their status of ethical management and compliance with corporate social responsibility, before involving in business dealings with subsidiaries or others, and makes explicit clauses regarding ethical corporate management and sustainable development in contracts with the suppliers
- All Directors, agents, contractors, suppliers, and related persons shall comply with all policies, laws, regulations, rules, and procedures regarding anti-bribery and anti-corruption when representing KTB or providing services for KTB



GRI 205-2

Implementation Status of Ethical Corporate Management

Education Training



- KTB organizes regular ethical management-related education and training for Directors, senior management, and all employees. In 2022, 21,335 participants attended online and physical classroom-based education training for ethical corporate management, with a total of 14,321 man-hours.
- Training courses include: "Integrity Management and Anti-Corruption and Anti-Bribery Policy Advocacy", "Whistleblower System Advocacy", "Procedures for Handling Material Inside Information and Insider Trading Prevention Education Advocacy", "Principle for Financial Service Industries to Treat Clients Fairly", "Anti-Money Laundering and Counter-Terrorism the Financing of Terrorism Advocacy", and "Personal Data Protection Act Advocacy" and so on.

Law Compliance Advocacy



- Matters needing attention are disseminated to the Directors, senior management, and all employees through education training and case studies. The dissemination content includes: Prevention of unethical conduct, the regulations, channels, and dealing methods regarding whistleblower system, Procedures for Handling Material Inside Information, prevention of insider trading, and self-regulatory of merger and acquisition information disclosure, etc.
- Advocacy rate is up to 100%.

Establish Internal Control System



- KTB has established an internal control system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". KTB's independent audit department has established a rigorous annual audit plan to ensure that the design and implementation of the ethical corporate management system continue to be effective.

Evaluate Counterparts' Ethical Records



- When entering into contracts with counterparties, the relevant matters related to the statement of ethical management clauses are included in the contract. The contracts are reviewed for good faith provisions during the contract review process.

GRI 415-1

Political Contributions

KTB has explicitly stipulated the handling procedures for political contributions and charitable donations or sponsorships in the "Procedures for Ethical Management and Guidelines for Conduct" that donations or public sponsorships shall comply with national laws and regulations for the ethical corporate management, Codes of Ethical Conduct and Political Donations Act. The Company's donations involving political/policy influence in the most recent three years are shown in the table below:

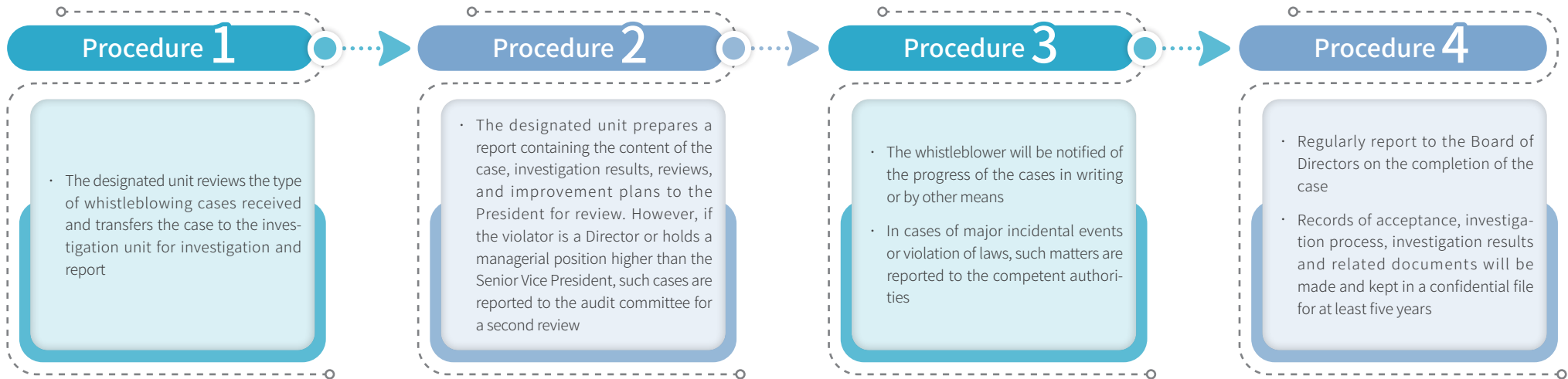
Unit: NTS

	2020	2021	2022
Policy lobbyists/organizations and interest groups	0	0	0
Political organizations and candidates	0	0	0
Industry/trade associations and think tanks that influence legislation	0	0	0
Others, such as: election bills and referendum-related expenses	0	0	0
Total	0	0	0
Coverage	100%	100%	100%

Whistleblowing System and Whistleblower Protection Measures

To establish an ethical and transparent corporate culture, and to promote robust business, KTB has formulated the "[Regulations Governing the Implementation of the Whistleblower System](#)", after review and approval from the Board of Directors. The Regulations stipulate that the "Compliance Department" is the designated unit for KTB's whistleblowing system. The head of the Compliance Department of the headquarters is responsible for the acceptance, allocation, reply, follow-up, improvement, records, and keeping of reports, etc. KTB has also established written, email and hotline to receive whistleblowing cases and has disclosed them on the Company's official website "[Stakeholders Communication Channels](#)" and the Intranet for internal colleagues and external personnel. Anonymous reporting is enabled to actively prevent unethical conduct, fraud and criminal behavior.

Whistleblowing Procedures:



Whistleblower Protection Measures

KTB shall keep the process of the whistleblowing cases confidential. The personnel involved in the handling and investigation of a case shall declare in writing to keep the identity of the informant and the content of the report confidential, and related documents shall be kept in the confidential files for at least five years. Where the whistleblower is an internal personnel, KTB undertakes measures to protect the internal whistleblower from improper treatment or dismissal, discharge, demotion, reduction in salary, impairment of their rights under the law, contract, or custom, or other adverse action as a result of the whistleblowing.

Number of Cases Received in 2022 and Description of Handling

The Company has received a total of 0 case through the whistleblowing channel. In case of receiving a case through the whistleblowing channel, we will find whether it has evidence for violation or not and make it reported. During the process of handling, we pay attention to confidentiality to safeguard the rights and interests of the whistleblowers.

Number of cases received through whistleblowing channel	2021	2022
Named whistleblowing	1	0
Anonymous whistleblowing	0	0

Note: The Company received a total of 1 insider whistleblowing through the whistleblowing channel in 2021. No evidence for violation has been found, and the case has been reported and closed in accordance with regulations. During the process of handling, we pay attention to confidentiality to safeguard the rights and interests of the whistleblowers.



[Contact Channels of Stakeholders](#)

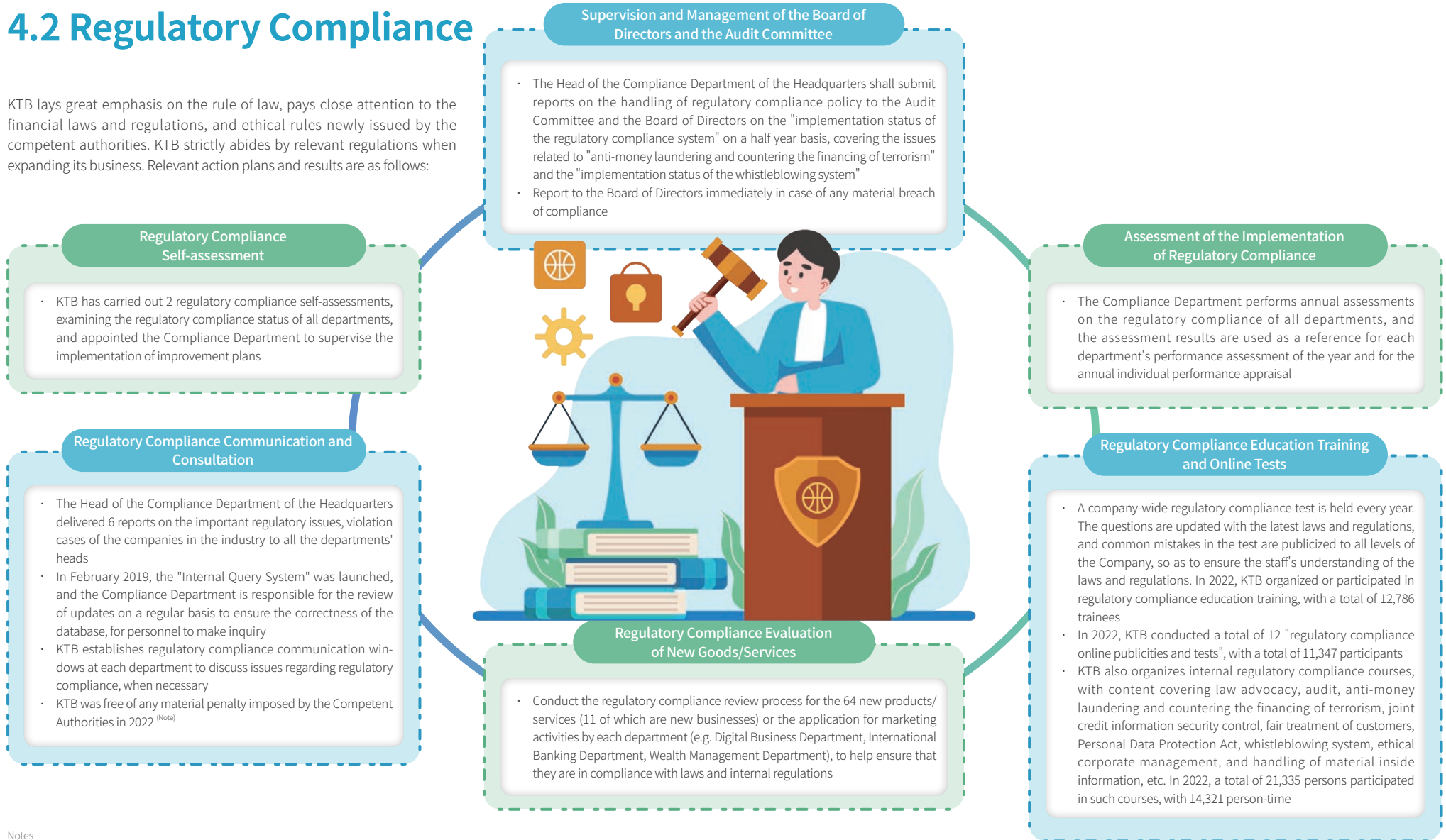


[Stakeholders Questionnaire](#)

GRI 2-27 SDG 8.10

4.2 Regulatory Compliance

KTB lays great emphasis on the rule of law, pays close attention to the financial laws and regulations, and ethical rules newly issued by the competent authorities. KTB strictly abides by relevant regulations when expanding its business. Relevant action plans and results are as follows:



Notes

1. The so-called "material punishment" refers to the punishment cases and disposal measures ought to be published by the Financial Supervisory Commission as in conformance to Article 2 of the "Measures of the Financial Supervisory Commission for Public Announcement of Its Material Punishment Measures for Violation of Financial Laws and Regulations".
2. The Company collects various punishments imposed by various administrative authorities on the Company in the annual report, and judges whether such punishments shall be disclosed or not according to the above standard of "Material", regarding which explanation shall be made.

4.2.1 Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)

The world is paying more and more attention to the prevention of money laundering. As criminals often use financial institutions to transfer illegal proceeds of crime, financial institutions play an important role as the front-line gatekeeper in the money laundering process. Adhering to the international regulations, KTB formulates the AML/CFT policies, carries out the institutional risk assessment, and improves education training, annually, so as to implement and strengthen the control mechanisms of AML/CFT.

Supervisors Are Set Up in Each Department

- Supervise the implementation of AML/CFT-related matters in their department
- Monitor customer account transactions and conduct regular audits of high-risk, average-risk and low-risk customers for money laundering prevention purposes

Set Up Designated Office

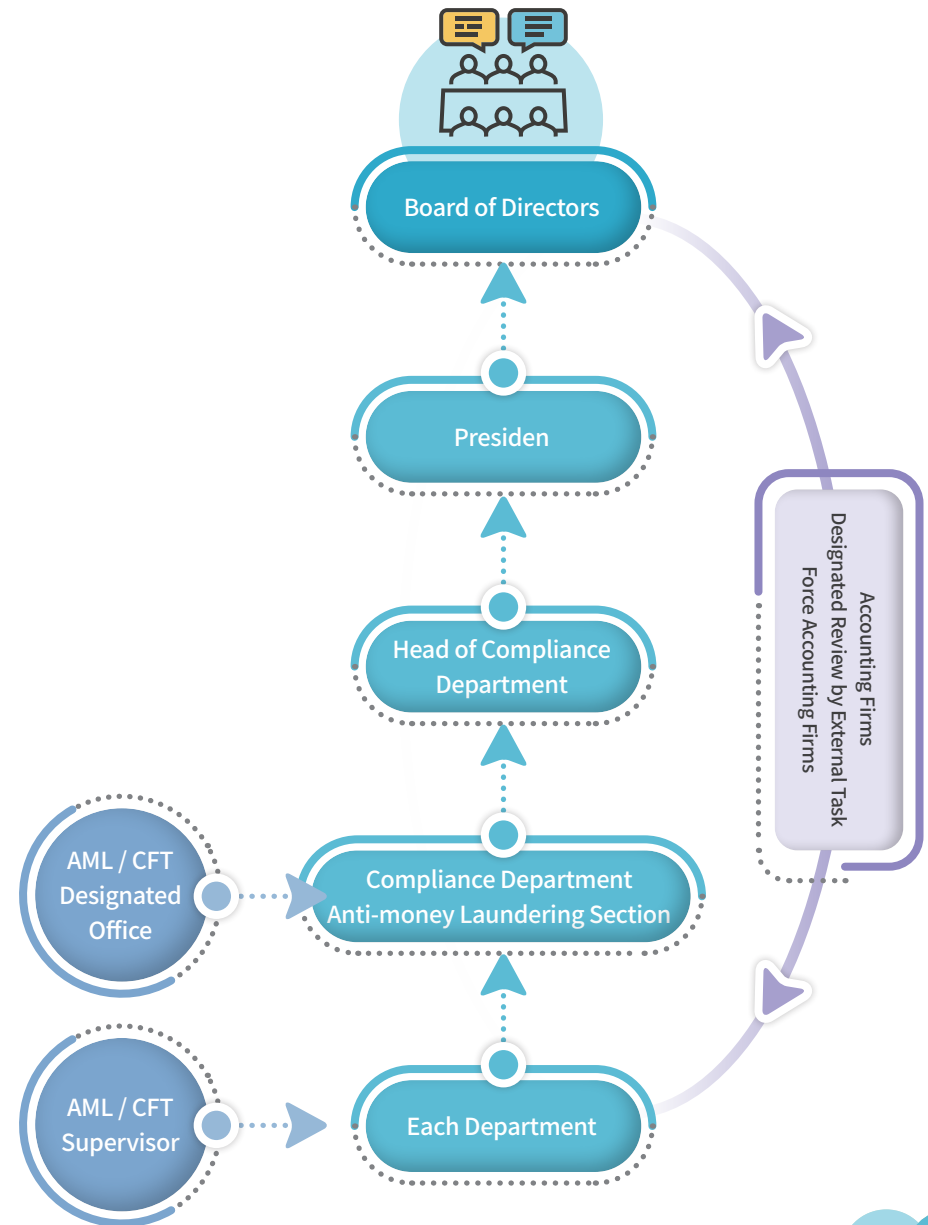
- The Compliance Department is the designated office responsible for matters regarding AML/CFT
- The "Money Laundry Prevention Section" is set up under the Compliance Department, responsible for supervising the identification and evaluation of money laundering and terrorism financing, as well as the planning and implementing policies and procedures

Entrust Certified Public Accountants (CPAs) to Carry out Special Reviews

- Every year, KTB entrusts CPAs to carry out reviews on the AML/CFT mechanism of the previous year
- The CPAs issued the 2022 assurance report with "assurance conclusion"

AML/CFT Risk Assessment

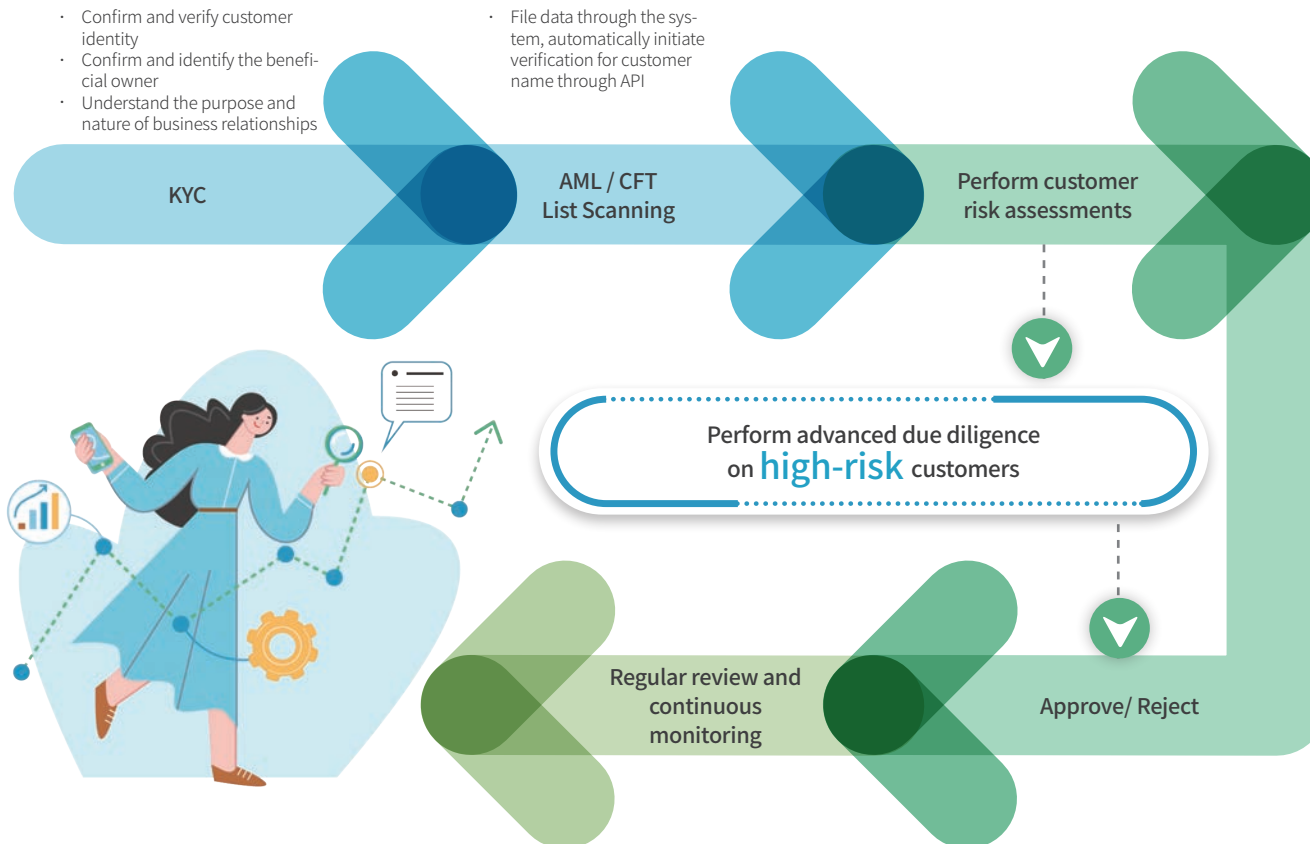
- AML/CFT risk assessments are carried out every year, and the assessment results are submitted to the Board of Directors.
- Strengthen risk precaution and adjust control measures based on the assessment results



Relevant Regulations on AML/CFT

In order to implement the management of AML/CFT, KTB has formulated "[King's Town Bank Co., Ltd. Policies and Procedures for Identification, Assessment and Management of the Risks of Money Laundering, Terrorism Financing and Proliferation Financing](#)", "[Directions Governing Anti-Money Laundering and Countering-Terrorism Financing](#)" and other specifications passed by the Board of Directors, while all subsidiaries formulate their own internal specifications in accordance with the specifications, templates and guidelines of the competent authority and labor union of their business category. Such regulations set out the implementation procedures, including the procedures for identification and verification of customers with documents from reliable and independent sources, identification of beneficial owner, face-to-face and non-face-to-face customer due diligence (CDD), anti-terrorism list review, monitoring and regular review of the list of politically exposed persons (PEPs), participation in the review of customers with high money laundering risk and terrorism financing risk by senior management, etc.

▶ AML/CFT Management Procedures



Education Training and Certifications

In order to raise the employees' awareness of the risks of money laundering and financing of terrorism, the supervisory officers must receive related education training every year, and all employees must receive "AML/CFT" advocacy courses and online tests every year. Moreover, KTB organizes training courses for new recruits. The courses not only include relevant law advocacies, but also provide case studies, notes on risk assessments, and operation procedures, to build a top-down AML/CFT culture.

Content of Education Training	Person Times	Training Hours
Regular, ongoing online courses (supplemented by penalty cases and self-assessment)	11,347	6,463.42
Group wide internal network of compliance/legal managers in charge	3,511	3,514.91
Face-to-face training by compliance/legal officers	6	117
Face-to-face training by specialized external firm	15	45
Mandatory annual refresher training	279	3,839.50
Total	15,158	13,979.83



GRI 3-3

4.3 Risk Management

When developing its businesses, KTB prevents or mitigates damages that may be caused by risks through identification, balance, supervision, and management, so as to achieve reasonable risk pricing, to attain the balance between risk and performance. The implementation status of KTB risk management in 2022 is as follows:



The head of the Risk Management Department regularly reports to the Board of Directors on the "Risk Control Report" to fully disclose all risk exposures of KTB. The content of the report includes risk assessment, supervision, control, and execution. **Total of 4 reports for the year**



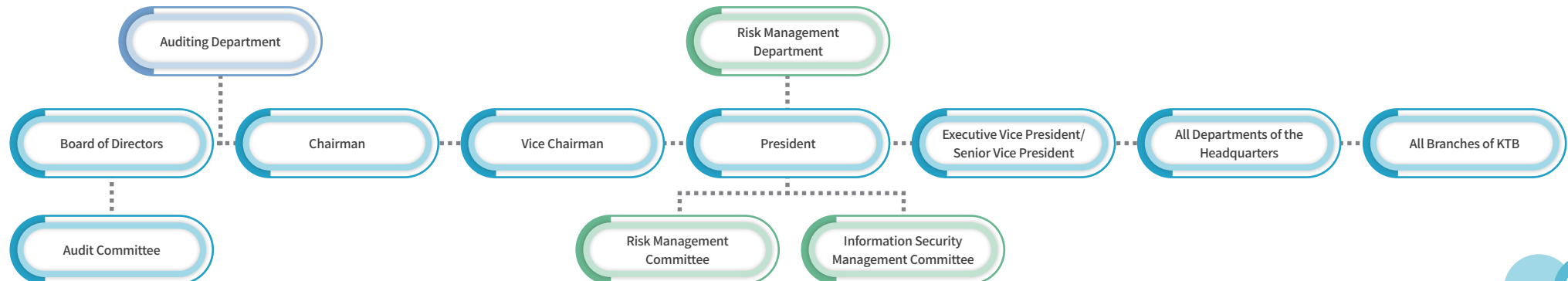
Convene Risk Management Committee meetings to review all implementation and management of risk controls, and to revise relevant regulations. **Total of 12 meetings for the year**



The Risk Management Department is responsible for supervising all departments to carry out the "Risk Control Self-Assessment", and based on the quantitative data of the result, formulate qualitative risk assessment, summarize risk exposures of each category of event, and propose appropriate improvement procedures. **Total of 4 assessments for the year.** Self-assessments in 2022 were all in compliance with regulations

Organizational Structure of Risk Management

The Board of Directors is the highest authority in the risk management mechanism. It bears the ultimate responsibility for approving KTB's risk management policies and maintaining effective internal control policies. The functional committee - "Audit Committee" at the same level with the Board of Directors serves as the Supervision Unit. In addition, "Risk Management Committee" is set as passed by the Board of Directors, where, the President acts as Chairman, while heads of the departments such as the Risk Management Department, Treasury Department, Digital Service and Channel Management Department, Credit Assessment Department, Administration Management Department, International Banking Department, Compliance Department, Strategy and Operations Department and so as act as ex officio member. The committee holds meeting regularly every month, to guide addition and revision to risk management policy and make overall planning of various risk management matters of the whole company. The "Risk Management Department" is responsible for executing and promoting the policies formulated by the Committee. The Department is also an independent unit that plans and supervises the overall risk management of KTB. At the beginning of every year, the head of the Risk Management Department is responsible for reporting various risk exposure conditions at the end of the previous year to the Audit Committee, and then to be passed upon resolution of the Board of Directors.



Risk Management Policies

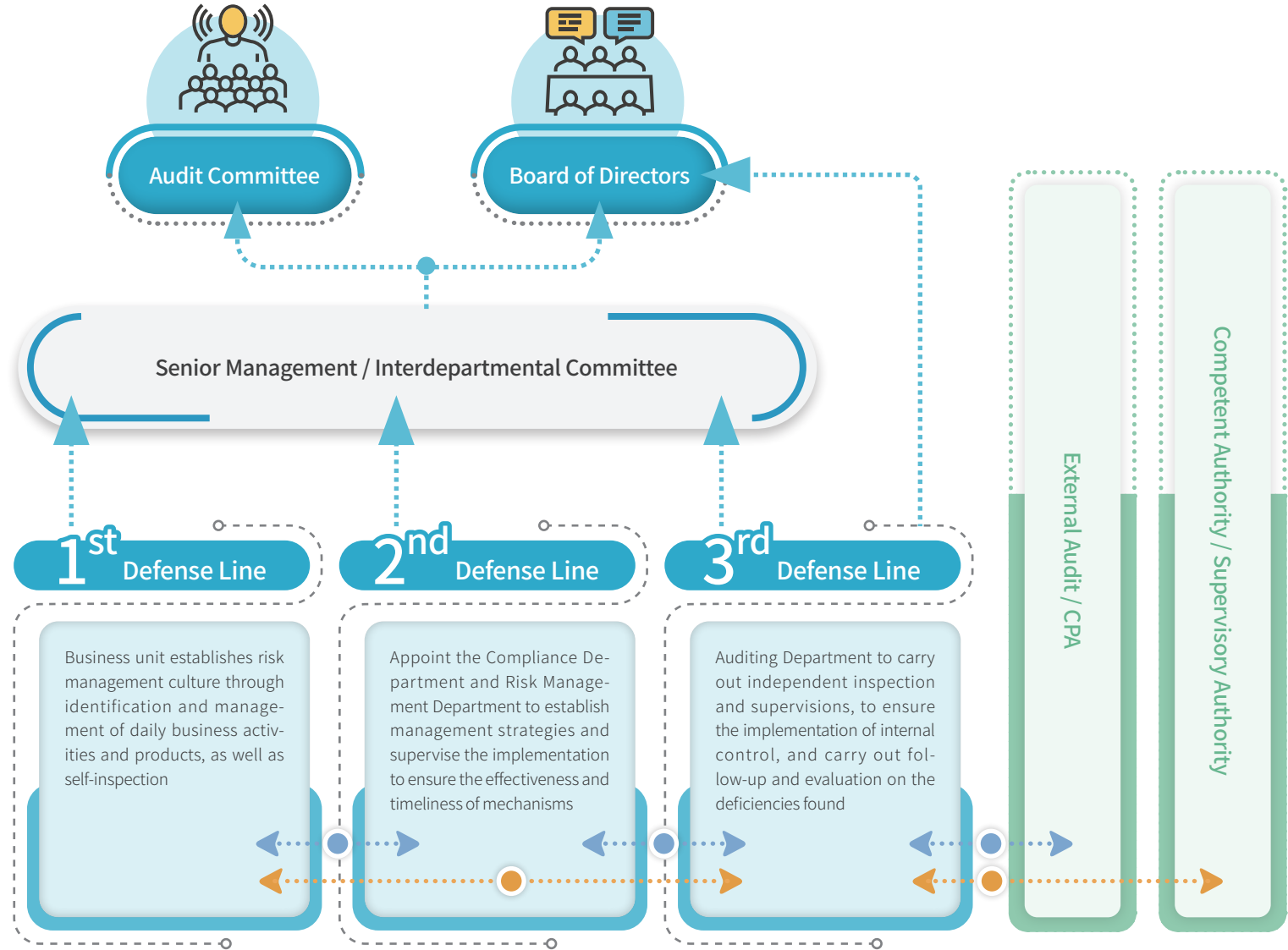
In order to ensure sustainable management and capital security, KTB clearly specifies the objectives and procedures of risk management based on the risk management policies approved by the Board of Directors. Thereby, KTB establishes effective risk management mechanisms to assess and monitor its risk-bearing capacity, the current status of risk already incurred, and to determine its risk response strategies. Moreover, KTB has established a capital adequacy assessment process that takes into consideration the risk status in order to maintain capital adequacy based on business growth. In addition, KTB conducts appropriate overall capital allocation to establish management measures for a variety of business risks considering our overall risk exposure and includes all risks on and off the balance sheet in the scope of risk management.

The scope of risk management includes: credit risk, market risk, operational risk, liquidity risk, country risk, legal risk, and other risks. The management standards and regulations are formulated according to the different risks, specifying the management countermeasures, organizational structure and responsibilities, and management procedures for different risks.

Risk Management Mechanisms

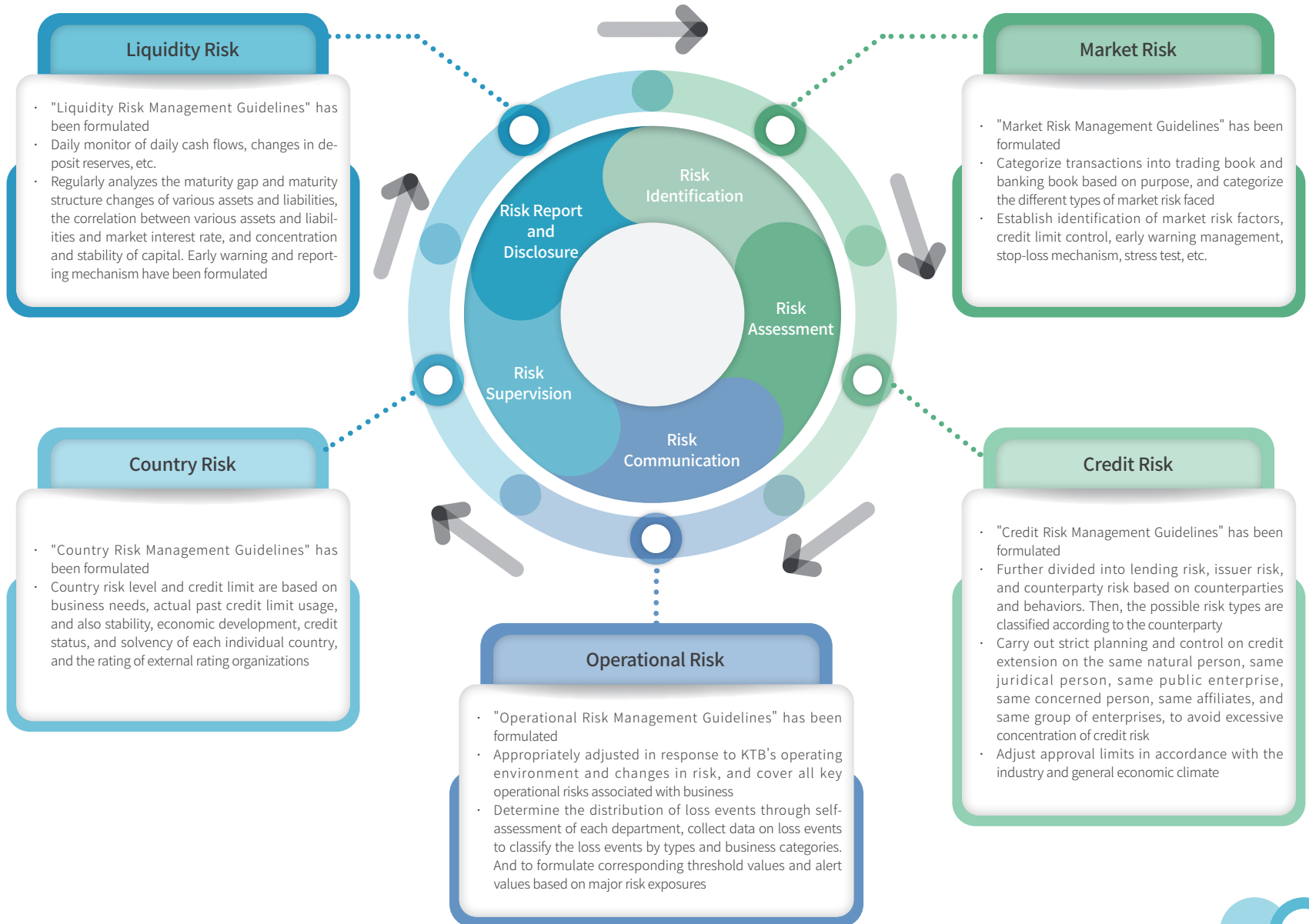
Risk management is the responsibility of all personnel in KTB. Through the 3 defense lines of internal control and various risk management procedures, KTB has established a comprehensive risk protection to ensure that all business risks can be controlled timely and effectively.

The 3 Defense Lines of Risk Management



Risk Management Procedures and Categories

The Company collects various risk factors regarding various financial products or services, which shall be used to identify relevant risks that might influence corporate sustainability. The Company formulates quantitative or qualitative standards in accordance with requirements and criteria of the competent authority to establish risk assessment indicators, thus serving as the basis for management decision-making, performance evaluation and so on. Each department abides by various measures and criteria to control risk of the business under their jurisdiction, and provides assistance in identifying and evaluating whether the risk control method is appropriate or not. The Risk Management Department performs independent monitoring of important projects or integration risk, and reviews and amends KTB's risk management goals and practical operations, so as to achieve dynamic prevention and control of risk expansion. In addition, the Risk Management Department is responsible for preparing risk control report and disclosing relevant information regularly.



Build Awareness of Risk Culture

Linking Risk and Performance




- ✓ The performance appraisal and remuneration of the President, senior management and employees are linked to the operational performance, as well as the internal control, regulatory compliance, ethical management and other factors. In the event of a major risk event, the Board of Directors shall, in addition to taking necessary disciplinary action as prescribed by law and regulations, take measures such as, dismissal, reassignment, termination, or reduction of remuneration, as appropriate. Please refer to "[Page 26-27 of King's Town Bank Co., Ltd. 2022 Annual Report](#)" for detailed regulations.
- ✓ The withdrawal rate and capital provision are included in the performance assessment items of business units to raise the attention of front-line business units to risk in daily life.
- ✓ Continuously follow up, review and track the improvement according to the inspection opinions, deficiencies and the items to be improved as listed by the internal audit unit, which is also listed as an important item for the reward and punishment and performance appraisal of the relevant units.
- ✓ The evaluation results of regulatory compliance for each unit are taken as the basis for the evaluation of relevant personnel.

Enhancement of Risk Culture

- ✓ According to the "Key Points for the Implementation of the Risk Control Self-Assessment System of Each Unit", KTB regularly evaluate the operation status of each unit using the "Risk Control Assessment Form", including operation procedures, rules and measures, new products/businesses, activities, processes, systems, etc., maintain the quantitative data of the self-assessment and inspection results on a regular basis according to the business and risk-taking situation, and start planning, building, and developing a risk management system to ensure the continuous and effective operation of the system.
- ✓ Conduct risk management education and training for all units on a regularly basis, and deeply embed the awareness of risk management and control in daily decision-making.

Emerging Risks

The Company has established a sound risk identification and response process. In addition to the management and control of important risk items such as market, credit, country, operation, and liquidity, KTB also continue to keep an eye on the long-term impact of issues arising from changes in economy, environment, geopolitics, society and technology in recent years, such as new infectious diseases, information security and climate change, on the company's operations. Meanwhile, we have established an identification process and developed risk mitigation measures, and make every effort to minimize the possible impact on the company should a risk occur.

Type of Risk	Risk Description	Impact on KTB	Risk Mitigation Strategies
 New Infectious Diseases	The global epidemic is raging without warning, changing the global economy, business models and lifestyles	<ul style="list-style-type: none"> · The increase of confirmed cases at home and abroad and the impact of the quarantine policy will lead to the suspension of work and production, which will reduce corporate profits and further affect the repayment ability of creditors · Under the strain of the epidemic, people's willingness to go out has been reduced, and the zero-touch economy has emerged 	<ul style="list-style-type: none"> · Cooperate with government policies to support enterprises to survive the epidemic while taking into account credit risks · Strengthen the function and efficiency of the Bank's internal system to provide customers with a safe and convenient financial platform
 Information Security	Data extortion or theft and major virus attack cause system paralysis	<ul style="list-style-type: none"> · Data extortion and theft will result in the leakage of KTB's business secrets and personal/customer data. If the system is unable to operate normally due to virus attack, it will not only damage KTB's business reputation, but also erode its operation 	<ul style="list-style-type: none"> · For details about risk management measures, please refer to section 4.4 Information Security
 Climate Change	The increased frequency and intensity of extreme climates has caused damage to physical assets, as well as changes in relevant policies	<ul style="list-style-type: none"> · Damage to physical assets will have a negative impact on assets and liabilities, and if it occurs on the creditors side, it will also affect the value of collateral · Tighter laws and regulations will increase related compliance costs 	<ul style="list-style-type: none"> · For details about risk management measures, please refer to section 2.3 Climate Risks and Opportunity

GRI 418-1

4.4 Information Security

Innovation in digital technology, especially FinTech, has brought great changes to people's lives. The emergence of new technologies, such as web applications, mobile applications, digital currency, blockchain, mobile payment, API and biometrics, have facilitated an enormous evolution in the finance industry. The changes have not only created new opportunities but also brought along information security risks. Such risks include: cyber-attack, incorrect user authentication, money laundering and fraud, leakage of personal data, etc.

In response properly to risks and opportunities brought by digital technologies, KTB has established a sound management structure and system, enhanced hardware and software strength, and conducted education and training, to take precautions and countermeasures. Achievements in 2022 are as follows:

Management Framework and System

ISO 27001 Information Security Management Certification has been obtained

- Number of Information Security Management Committee meetings held in 2022: **5**
- Report the overall information security execution of the previous year to the Board of Directors every year

Education Training and Certifications

Organize 3 hours of information and education on information security for all staff annually.

- In 2022, we held **2** internal information security advocacy sessions, and **1** information security course evaluation, with **100%** advocacy rate, **2,929** participants, and average test score: **98**
- Number of international information security certifications obtained: **5**

Continuity of Information System

Number of core accounting system crashes: **0**

- Usage rate of personal online banking: **100%**
- Usage rate of mobile banking: **100%**
- Usage rate of corporate online banking: **100%**

Material Information Security Incident

There were no significant information security incidents in 2022 ^{Note}

- Number of personal data leakage events involving information security: **0**
- Number of personal data leakage and customer complaint events due to information security: **0**
- Number of personal data leakage and punishment events from Competent Authority due to information security: **0**

Note: "Significant information security incident" refers to the information security incident in conformance to Article 4 of "Verification and Public Disposal Procedures for Significant Information of Listed Companies with Negotiable Securities".

Information Security Management Framework

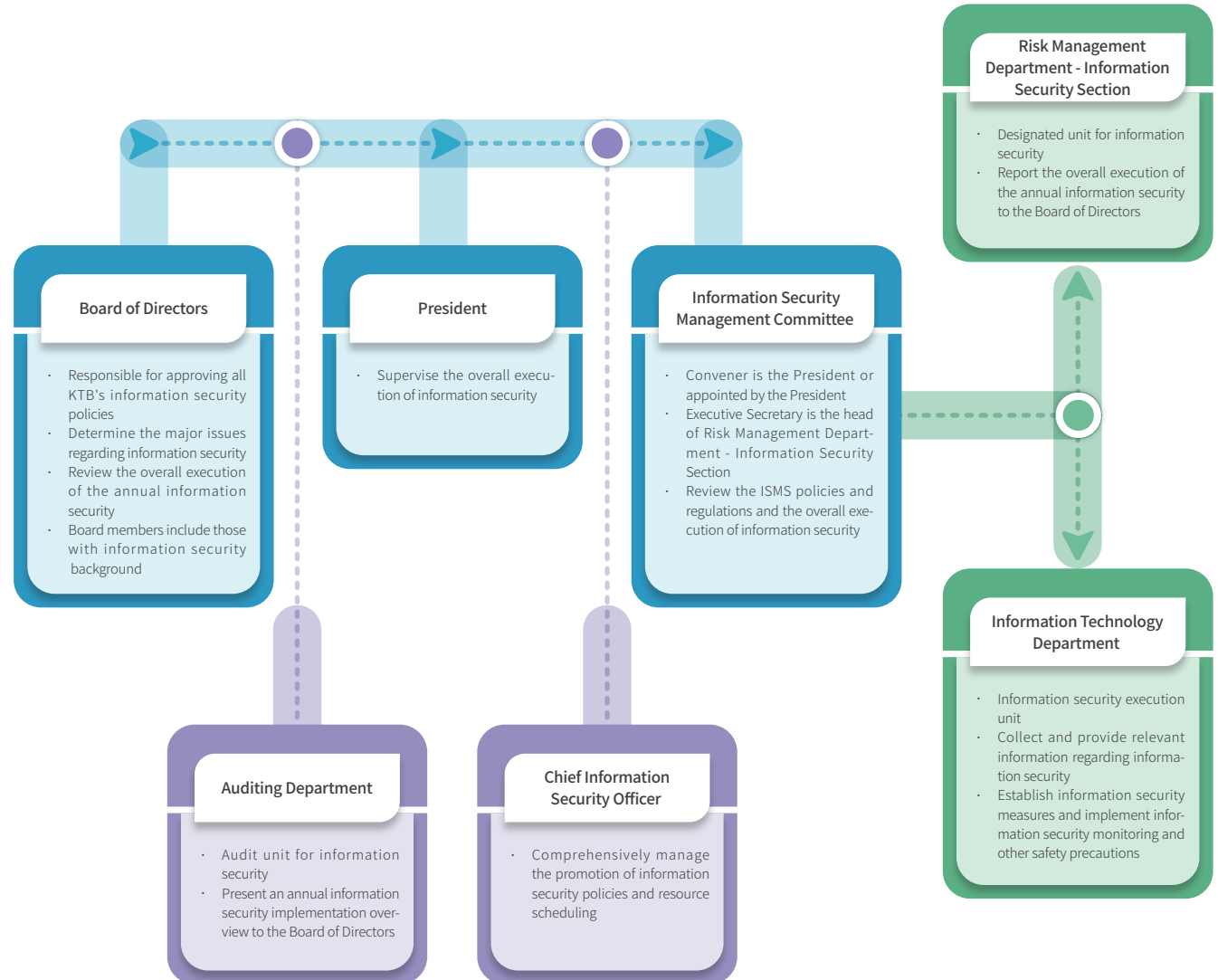
The Information Technology Department of KTB is the information security execution unit and the first defense line of information security internal control. The Board of Directors approved the establishment of a dedicated unit of information security "Information Security Section" under the Risk Management Department in August 2015, to serve as the second defense line of information security internal control and to be responsible for the planning, promotion, monitoring and management of the information security management system (ISMS), so as to enhance the information security management. The Auditing Department under the Board of Directors is an independent information security audit unit, which plays the role of the third defense line of information security internal control, and is responsible for information security audits to ensure the implementation of management operations.

In order to improve the Bank's ISMS, respond to all changes in information security regulations, and comply with relevant government laws and regulations, so as to reduce the risks and impacts arising from information security, KTB established the "Information Security Management Committee" in November 2015. The committee is responsible for reviewing the ISMS policy and regulations as well as overall implementation of information security. The dedicated unit of information security - "Information Security Section" under the Risk Management Department, submits the implementation overview to the chairman every year, and then the Auditing Department will report the results to the Board of Directors. The committee has set up a convener, who is acted or designated by the president, and its members are acted or designated by heads of the Risk Management Department, Information Technology Department, Digital Service and Channel Management Department, Compliance Department and department heads of the units designated by the convener. The Auditing Department is a non-voting member at meetings. The committee holds at least one management review meeting on a regular basis every year, or holds meetings irregularly as required. Main task of the meeting is as follows:

- (1) Formulate KTB's Information Security Policies.
- (2) Promote the Information Security Management System.
- (3) Evaluate infrastructure of the Information Security Management System.
- (4) Handle and review material information security incident
- (5) Determine the major issues or discussion matters regarding information security as proposed by each unit.
- (6) Review the overall execution of the annual information security.
- (7) Discuss other information security matters.

In addition, to strengthen the information security management framework, KTB set a new position of Information Security Officer on December 21, 2021, to be responsible for integrated information security policy promotion and resource scheduling.

Information Security Risk Management Framework



Information Security Management Measures

KTB has formulated the "[Information Security Policy](#)" to protect the confidentiality, integrity, and availability of KTB's information assets, to prevent risks including, inappropriate use, leakage, alteration, and damage, and to ensure the safety of the collection, handling, transmission, storage, and distribution of information. Moreover, KTB has formulated procedures and manuals in accordance with the "[Information Security Policy](#)", to specify the actions of employees, outsourced service providers, and visitors, and report relevant regulations to the Information Security Management Committee.

The Company has obtained the "Information Security Management System (ISMS) ISO/IEC 27001: 2013" Certification (valid to October 31, 2025) in December 2022. The Company will continue to make review and improvement, to conform to the latest development trend of information security related laws, technology, organization and operation. In addition, in accordance with the requirements of the competent authorities, regulations and the Bank's ISMS standards, we implement relevant control measures to build and strengthen all-round information security defense capabilities. The specific management plan is as follows:

(1) Information Security Protection and Inspection Analysis

- Establish an information security inspection platform for real-time information monitoring and statistical data presentation.
- Establish backup routes and "Distributed Denial-of-Service (DDoS) Attack Monitor and Traffic Cleaning Protection" mechanism for Internet network of major businesses.
- Appoint external professional companies to conduct information security evaluation on a regular basis, including information architecture review, network activity detection, security settings review, vulnerability scanning, penetration testing, compliance review, etc., and according to KTB's internal security management standards, incorporate all risk items in the evaluation report into the regular review of the Information Security Management Committee and track their improvement measures to ensure the security of information.
- Update information security protection software and hardware regularly to detect and blocks Internet attacks effectively and timely.
- Join the Financial Information Sharing and Analysis Center (F-ISAC), to become a member of domestic information security joint defense system, and establish a joint defense system to have instant access to financial security information.

(2) Information Security Emergency Response Drills

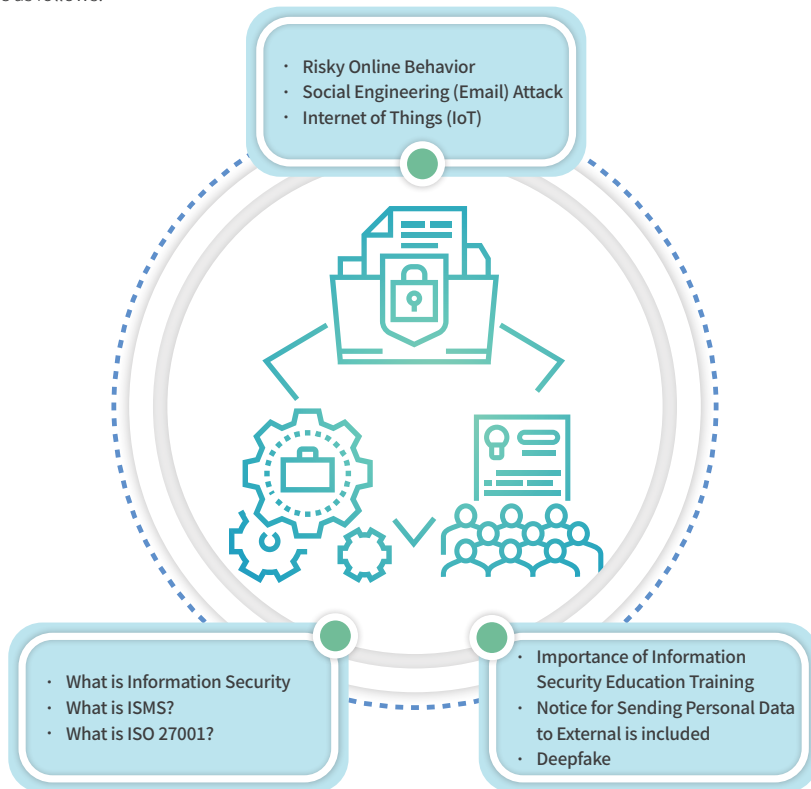
In order to minimize the impact on business and resume operation in the shortest time in case of major disasters occurring to the information service, KTB has formulated regulations including, "Business Continuity Management Manual", "Cyber Security Incident Management Procedure", "ATM Cyber Security Emergency Response Procedure", "Information Technology Department Handling of Denial-of-Service Attack Guide", and "Information Technology Department Open System Backup Exercise Plan", etc. Also, KTB conducts annual drills to minimize possible information security impacts through skillful and correct operation procedures. In 2022, KTB organized total 32 drills, and the content is as follows. KTB has submitted the status of the drills to the Information Security Committee for review:



Resources Invested in Information Security

KTB has been continuously investing in information security related fields. In 2022, KTB invested a total of NT\$125,811 thousand in information security, and the projects invested include the improvement of information security and defense equipment, data monitoring and analysis, education training and so on. In terms of information security deployment, there is 1 Information Security Officer, 3 members of information security promotion unit as the 2nd defense line, and 92 members of information security execution unit as the 1st defense line, total 96 members.

However, in terms of education training, the whole company participated in information security test, with a pass rate of 100%. 3,097.5 hours of internal and external courses related to information security were organized, of which 96.9% were internal education training courses and 3.1% were external education training courses. In addition, the information security promotion unit also performs 2 times of information security advocacy education training toward the whole company every year, with the advocacy topics being planned in accordance with laws and regulations as well as both internal and external threatening events at present, and the contents of topics are as follows:



Information Security Incident Reporting Process

KTB has developed the "Cyber Security Incident Management Procedures" to standardize the reporting process, evaluation capability and contingency measures of information security incidents. In the event of an information security incident, the personnel of relevant units being notified shall classify and identify the incident in the first time, and decide whether to form an "emergency response team" according to the incident level, identify the scope of impact within certain time, find out possible causes, eliminate and solve the information security incident, and analyze and produce reports after handling the incident to prevent the incident from happening again. List the loss, possible influence and countermeasures from significant information security incidents in recent year and as of publishing date of the annual report. If it is unable to make estimation reasonably, the fact that can't be reasonably estimated shall be explained: there is no significant security incident in 2022 and by January 2023.

Material Information Security Incident	2020	2021	2022
Total number of material information security incidents	0	0	0
Number of customer data loss cases due to information security incidents	0	0	0
Number of customers affected by information security incidents	0	0	0
Financial loss due to information security incidents	0	0	0

Data Leakage Incident	2020	2021	2022
Number of data leakage incidents (A)	0	0	0
Number of personal data leakage incidents (B)	0	0	0
Proportion of personal data leakage incidents (B/A)	0	0	0
Number of customers affected by data leakage incidents	0	0	0

4.4.1 Personal Data Protection

KTB lays great emphasis on the personal data and privacy of customers. It has formulated "[King's Town Bank Co., Ltd. Personal Data Management Goals and Policies](#)" and management guidelines in accordance with the "Personal Data Protection Act", the "Self-discipline Regulations on Confidentiality of Customer Data by the Banking Industry", the "Rules Governing the Security and Maintenance of Personal Data Files of Non-government Agencies Designated by the Financial Supervisory Commission" and the "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation", to protect the customer's right to personal data, which is applicable to all the behaviors of all KTB employees who come into contact with personal data in the performance of their duties. KTB has also established the "Task Force for Implementing Personal Data Protection Management (Personal Data Team)", to handle relevant issues and implements personal data protection measures through regular education training and drills. In 2022, there were no cases of personal data leakage, nor complaints involving infringement of customer privacy.

Personal Data Protection and Management Implementation

KTB's important regulations on personal data protection and management are as follows:

Personal Data Management Goals and Policies

- The basic framework of KTB's personal data protection and management system provides the framework and establishment methods of KTB's personal data management, elaborates the personal data management goals and policies to be abided by all KTB employees, and specifies the roles and responsibilities of the employees in their work of planning, implementation, and continuous improvement of personal data management
- Specify the operation mechanism of the personal data management system and the responsibilities of the management, and have a regular evaluation mechanism to reflect the latest developments in government laws, information technology, corporate business, so as to ensure the achievement of personal data management goal

Management Guidelines for Personal Data Risk Assessment

- Specify the risk level and corresponding control measures of the personal data files held by KTB
- Control and mitigate the personal data risks through evaluation and identification of risk impact level and the possibility of occurrence, corresponding risk control measures, and maintenance of the personal data files

Management Guidelines for Personal Data Leakage Emergency Response Management

- Serves as the principle and emergency countermeasures in cases of personal data incidents, so as to swiftly resolve the problems and mitigate possible damages when the incidents occur
- Specify the personal data incident handling authority and responsibility, personal data incident reporting and handling procedures, and personal data incident emergency countermeasures
- The personal data incident emergency countermeasures include, methods to control the damage to the concerned party, the methods to inform the concerned party after the investigation has concluded, and the content to be informed to the concerned party, such as the incidents and countermeasures taken

Regulations on the Security Maintenance of Personal Data File

- It is enacted after being approved by the Board of Directors, as a reference for the planning, formulation, revision, and implementation of KTB's personal data file security maintenance plans, and the processing method for personal data after termination of the business relationship
- Require that all departments should respect the rights and interests of the concerned parties when gathering, handling, or utilizing personal data and that they should conduct all related matters with honesty and credibility, and not exceed the scope of the specific purpose
- Develop a Privacy Policy to clearly inform the customers about KTB's personal data and privacy protection measures. KTB has disclosed the [\[Privacy Protection Policy\]](#) on the company website to inform customers that their personal data transmitted through the Internet is protected appropriately
- Specify relevant personal data management procedures and measures, for example: when entrusting a third party to gather, handle or utilize personal data, the entrusted party shall be subject to the provision of this method. The entrusting party shall be responsible for the supervision of the entrusted party, and specify the details in the entrustment contract or relevant documents. And, the data subject shall be clearly informed of the purpose of data collection, the types of data collection, the period, objects and methods of personal data utilization and other matters, which shall be provided to the data subject and disclosed on KTB's official website [\[Personal Information Notice\]](#).
- Specify the management procedures and measures, audit and record-keeping systems, education training and advocacy matters of personal data



[Privacy Protection Policy](#)



[Mandatory Disclosure Regarding Personal Data](#)

CHAPTER 05

Customer Value

- 5.1 Service Quality and Customer Experience
- 5.2 Fintech and Innovation
- 5.3 Sustainable Finance

GRI 2-25 GRI 417-3 SDG 8.10 SDG 10.3 SDG 10.4

5.1 Service Quality and Customer Experience

Customers are the foundation of KTB business. Our goal is to improve customer experience, protect customers' benefits and rights, secure customers' assets, and assist customers to achieve their goals in life. Major achievements in 2022 are as follows:

Protect Customers' Rights and Interests



- Conduct "Consumer Protection Effectiveness Evaluation" on a half-year basis
- Organized or participated in education training related to fair treatment of customers, consumer protection, with a total of **11,570** participants, and about **13,001.6** training hours.
- A total of **28** advocacy courses were organized for all staff of deposit and remittance business, customer relationship and insurance business in terms of treating customers with integrity and friendly finance services
- Organized **2** "Consumer Protection Advocacy" events

Improve Customer Experience



- Overall customer satisfaction: **91.7%**
- There were **23** customer complaint cases, which was 8% less than that of the previous year. Cases were closed in **2** days on average.

Secure Customers' Assets






- Successfully blocked **94** scam cases amounting to around NT\$**24.12** million
- A total of **99** "Anti-fraud Advocacy" events were organized, benefiting **2,575** people

GRI 417-3 SDG 16.b

Build a Culture of Treating Customers Fairly

In line with international trends in financial consumer protection, in compliance with the "Principle for Financial Service Industries to Treat Customers Fairly" formulated by the FSC, and to enhance all our employees' awareness of consumer protection and compliance with relevant laws and regulations, KTB has formulated the "Policies and Strategies on Fair Treatment of Customers" and the "Regulations on Consumer Protection", all of which have been approved by the Board of Directors, aiming to implement the fair treatment of customers throughout the entire process of dealing with customers, from design, advertising, sales, contract fulfillment, service consultation to complaint handling. KTB specifies the relevant laws and self-regulatory guidelines regarding the "principles for fair treatment of customers" for all products and services, and stipulates the supervision and improvement plans for "principles for fair treatment of customers" and the education advocacies and training of employees, to ensure that the customers can fully understand the important contents of the goods or services and contracts, and be aware of their risks before entering into a contract with KTB.

Practical Actions for Fair Treatment of Customers

		
<p>The Board of Directors promotes the corporate culture of "fair treatment of customers"</p>	<p>Regularly review the implementation of fair treatment of customers</p>	<p>Comprehensive education training and advocacy</p>
<p>Designate the "Digital Service and Channel Management Department" as the responsible unit for fair treatment of customers</p>	<p>As of the end of 2022, there was no violation of "principles for fair treatment of customers"</p>	<p>Organized or participated in education training related to fair treatment of consumer protection, with a total of 11,570 participants</p>
<ul style="list-style-type: none"> Report to the Board of Directors semi-annually on the implementation of consumer protection. The content shall include: analysis of and improvement plans for customer complaints, the progress of consumer litigation cases, consumer protection evaluation, and education training and advocacy results of consumer protection, to enable the Board of Directors to review the implementation of consumer protection and the effectiveness of the consumer protection mechanism A total of 7 Directors and the responsible persons have completed the "Education Training for Fairness in the Financial Services Industry", which focused on the Financial Consumer Protection Act, principles for fair treatment of customers, and case studies of financial consumer disputes The Board of Directors reported or discussed a total of 21 cases involving the fair treatment principle, consumer protection, or customer complaints 	<ul style="list-style-type: none"> Establish an evaluation table, to assist the management unit to review the regulations regarding the principles for fair treatment of customers Both regulatory compliance self-assessment and self-inspection contain "principles for fair treatment of customers", and KTB carries out review, improvement, and follow-ups on the process of each item. In 2022, there were about 200,844 self-checked cases. Carry out the "Consumer Protection Evaluation" semiannually, and the management unit is responsible for self-evaluation on the aspects of "appropriateness of consumer policy", "completeness and correctness of consumer information disclosure", "effectiveness of consumer dispute handling mechanism", and "results of consumer protection measures" For personnel who frequently contacting with consumers, such as deposit and remittance staff and customer relationship managers, there are non-financial indicators for assessment and evaluation 	<ul style="list-style-type: none"> Organize education training regarding consumer protection. The content of the training shall include Financial Consumer Protection Act, principles for fair treatment of customers, case studies on financial consumer disputes, customer service and treatment, handling procedures, and listening and questioning skills, so as to help the trained personnel build the skill of responsible product sales Regularly organize consumer protection advocacy sessions, to understand the customers' level of understanding of consumer protection, show them the common misconceptions, so as to achieve bilateral education and consumer protection purposes Conduct confidential customer service sampling by telephone. The content is especially simulated for customers with physical and mental disabilities, senior citizens, and application for fee waiver, and questions are asked to understand the implementation of fair treatment by front-line staff

Establishing a friendly financial service network

According to the estimation of the National Development Council, the proportion of Taiwan's elderly population will exceed 20% in 2025 and Taiwan will enter a super-aged society. Such demographic change will bring new challenges and opportunities for financial service providers, especially for us, who have a large number of customers in the middle and south of Taiwan. These customers are more sensitive to the inconvenience of financial services due to the deterioration of their physical functions. Therefore, KTB has taken many measures to build a financial protection network for senior consumers, prevent senior financial exploitation, and introduce simple, easy-to-understand and customized products to help them in terms of life care and retirement planning.

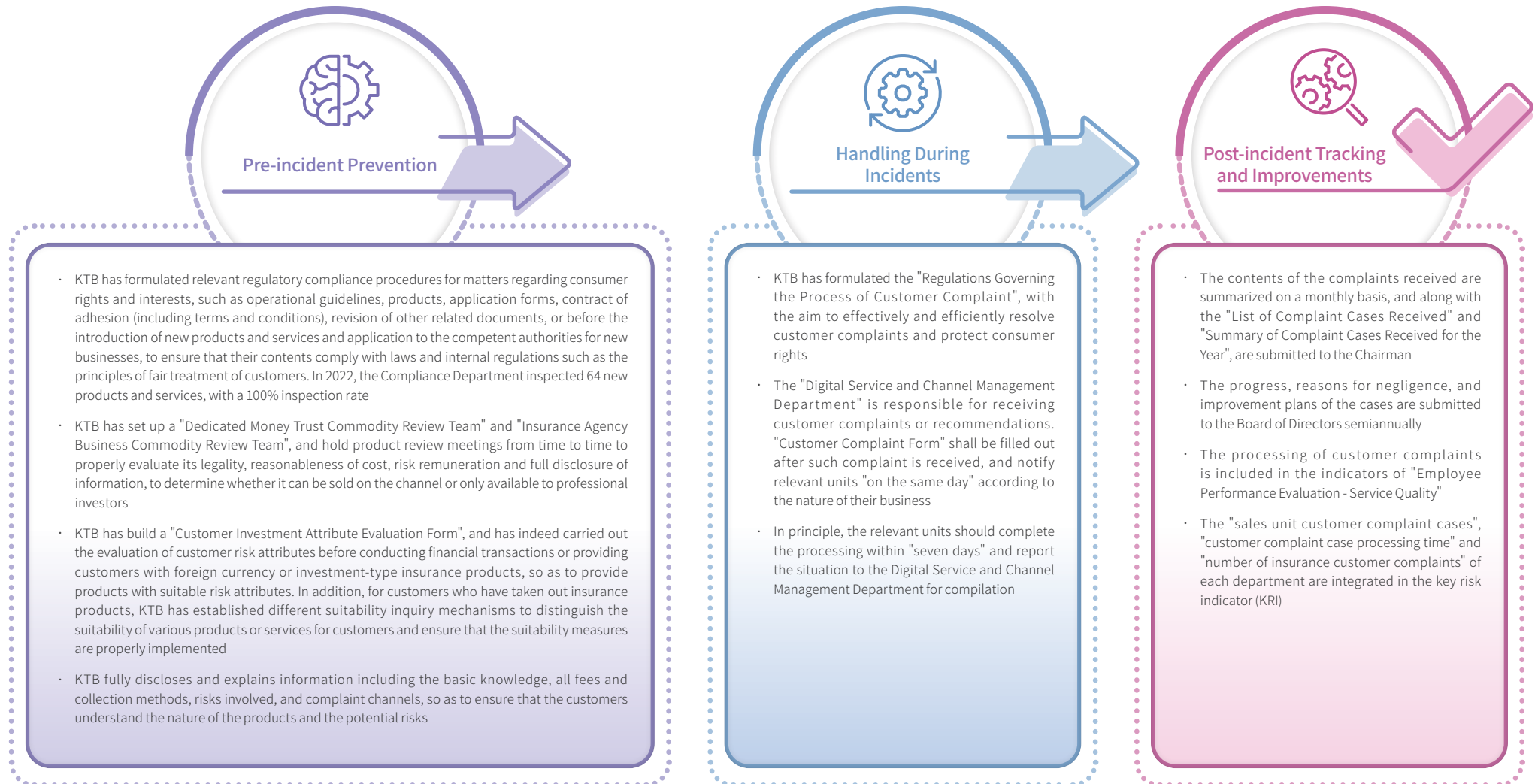
In addition to senior customers, in order to achieve comprehensive and inclusive financial inclusion, in 2022, KTB included "Friendly Financial Services" and "Senior Customer Protection" in its "Policies and Strategies on the Principle of Fairness in Customer Service" and the new "KTB Financial Friendly Services Guidelines" were made to ensure that people with physical and mental disabilities and senior customers can fully enjoy their basic rights and equal and reasonably convenient financial services. The Guidelines cover the environment, communication, services, products, and information, and fulfill the bank's responsibilities in the financial system through annual education and training, regular audits, and announcements.



GRI 2-26

Implement Customer Protection and Complaint Protection

KTB protects the rights and interests of customers and enhances their trust in KTB through preemptive prevention, handling during incident, and post-incident tracking and improvements.



Provide Heartfelt Customer Services

KTB prioritizes "customers' needs", when developing all its products and services. Through visiting customers, customer suggestions, brainstorming by internal employees, KTB optimizes the contents and procedures of its products and services, aiming to bring customers the most heartfelt products and services of the highest quality.

Questionnaire Survey

- Understand the customers' satisfaction and suggestions through distributing surveys at the counter and online
- In 2022, a total of 1,306 valid questionnaires were collected, with an overall satisfaction rate of 91.7%, in which, 92.6% of the customers are satisfied with the services they received at the counters
- Summarize the customers' suggestions and inform each management unit to respond with countermeasures
- Hold "King's Heart" to invite customers to encourage our front-line employees for their excellent performance and collect 77 positive feedbacks

Brainstorming by Internal Employees

- Hold the "King's Idea!" Employees are invited to brainstorm and spark new ideas with their experiences and creative thinking to create a more effective business model in the aspects of business procedures, internal control, system, new products and services, and customer satisfaction improvement
- A total of 10 proposals were implemented in 2022

Modular Service Training Courses

- Beginner courses: The training content for new colleagues covers basic customer service and etiquette
- Through the "Deposit and Exchange Reminders" held every Wednesday, front-line colleagues can instantly understand the latest laws and regulations, new special projects, various business notes, customer service cases and frequently asked questions, totaling 52 times
- Monthly online education training is provided through case studies to promote consumer protection operations and require colleagues to implement

Secret Customer Investigation

- Branches are randomly selected every quarter for surprise check
- In response to the epidemic, we carried out a random check by telephone instead, covering the following topics: frequently asked questions for deposit and remittance by customers, newly launched products, functions and telephone etiquette



Mr. Chen:

In November 2022, I went to the Hsin-Chuang branch for Western Union remittance. The staff member who received me, Mr. Huang, was very patient in helping me and smiling all the time, making me feel good about the service, and he is a commendable employee.

Mr. Wang:

In September 2022, when I went to the New City Branch to make an ATM deposit, there was no deposit record for the amount I remitted due to my mistake. I immediately informed Mr. Hsu, the assistant manager of the branch, about the situation, and he said he would definitely help to handle the situation, so I went back to my business. I received the payment record message in the afternoon. I am truly grateful to the staff of Capital Bank for their help and I am glad that I made the right choice in trusting Mr. Hsu, so I don't have to worry about it.

Mr. Zheng:

I visited Wenxin Branch in December 2022 to inquire about USD deposit and foreign currency account opening. I was very impressed with the warm and cheerful greeting and the cautious attitude of staff of the branch. I feel at ease with the service during the process. KTB has two great employees who are the best spokespersons for the bank!

5.2 Fintech and Innovation

In recent years, due to the emergence of open banking, FinTech, and web-only banking, the finance industry is undergoing a faster digital transformation than other industries. In 2020, as a consequence of the COVID-19 pandemic, the zero contact economy boomed, and the mentality of FinTech users has changed from resistant, to curious and accepting.

In 2015, KTB noticed an imminent revolutionary wave in the finance industry and thus established the "Digital Service Department" in response to this wave. In 2016, we integrated the company's resources and merged the former "Business Division" into "Digital Service and Channel Management Department" to integrate digital technology with traditional business. In addition, we hold "Digital Service Meeting" every two weeks, where we convene relevant departments to discuss and propose new ideas, new services and new experiences according to different business projects. Nonetheless, bringing more convenient and safer (for relevant mechanisms, please refer to [section 4.4 Information Security](#)) financial services to our customers, and delivering heartfelt services through digital tools are our unchanging goals. To this end, we provide a variety of digital platforms that make it easy for business owners and individuals to complete the transactions they want, whether using computers or mobile phones. At the same time, through the patient explanation and active expansion of our staff, we can eliminate the pain points of customers in use, so that customers can truly experience the convenience brought by technology. We can see that customers of KTB are more willing to use digital services year by year. In the future, KTB will continue to introduce more safe and convenient products to bring customers zero-time difference and zero-distance financial services. KTB's achievements in digital services in 2022 are as follows:

KTB's Digital Finance Development Goals



- Perfect customer experience
- Improve customer digital adhesion
- Reduce operation risks and costs by using technology

Improve customer digital adhesion



- The average number of digital transactions used by existing customers increased from **2.14** to **2.74** ^(Note)
- The average monthly number of digital transaction users by the end of 2022 increased by **20.9%** from the previous year
- The number of corporate online banking users increased by 28% from the previous year, and the annual actualization rate increased by **2%**
- The number of corporate online banking transactions increased by **12.59%** from the previous year

Perfect customer experience



- Digital channel customer satisfaction: **81.84%** for Enterprise Internet Banking and **4.66** (out of 5) for Mobile Internet Banking
- **12** personnel digital services were launched and optimized
- **6** enterprise online banking functions were launched and optimized

Reduce operation risks and costs



- The proportion of digital transactions in branches reached **44%**, increased by **3.96%** compared to 2021
- Digital channel accounts accounted for **65%** of the total number of accounts opened



Note: The average number of digital transactions used by existing customers should be increased from 2.14 to 3 in 2022, but the target was not met because the software and hardware development schedule did not meet expectations.

Innovative and Intimate Digital Services

Faced with the continuous innovation of digital financial services, the differences among peers are gradually narrowing, and strengthening KTB's digital competitiveness has become the primary issue of the financial industry under the trend of digitalization. We believe that digital competitiveness lies not only in the provision and innovation of products, but also in "digital inclusion". In particular, we have a large number of customers in the central and southern regions. We are more aware of the digital divide caused by age and place of residence, as well as the concerns and considerations of customers when they actually use digital services. Therefore, KTB's concepts of designing digital products are focused on a digital platform that can provide customers with all-rounded services, so as to satisfy customers' needs, improve business efficiency, create unique values, and promote the transformation toward digital finance.



Corporate Online Banking

- Provide diversified online cash management services for corporate customers, such as: domestic and foreign transfer payments, payroll deposits, foreign exchange services, collection services...etc.
- Provide corporate customers with the ability to connect their internal system applications to the bank's corporate online banking function via an application programming interface (API) and to complete their financial information integration through tight security compliance



Goyee Digital Account

- Customers can open new NTD and foreign currency accounts online, and enjoy services including money transfer, mobile payment, currency exchange, overseas remittance, funds and wealth management, securities investments without going to the bank
- Integrating the Group's resources, goyee digital accounts and Capital Securities accounts were launched in May 2022, bringing a smooth experience of digital accounts + securities accounts in one go
- The number of applicants for goyee accounts in 2022 is 99.6% higher than that in 2021.



King's Global Pass | King's Pay

- In 2020, KTB launched digital channel services jointly with Western Union, providing a true digitalized wire transfer platform from opening accounts to wire transfer. Through King's Pay, customers can instantly make wire transfer to more than 200 countries and regions around the world, which will be done immediately, with a low commission and no additional fees for beneficiary
- In November 2022, we integrated "King's Pay" remittance service, and then launched "King's Global Pass" (pronounced "Qian Hui Tong" in Taiwanese) foreign exchange digital platform to provide customers with diversified and innovative foreign exchange product solutions, so that it is no longer difficult to circulate the currency in hand around the world. Customers do not need to go to the counter in person. You can use all the convenient and legal foreign exchange products and services provided by KTB through King's Global Pass website and APP



Innovative Payment

- Under the epidemic, no-contact finance has become an important part of epidemic prevention. The convenience of mobile payment has become an indispensable payment method in people's lives. KTB has actively promoted "Taiwan Pay", "Jko Pay" and other mobile payment services, which could enable the people to scan QR Code or display payment code to complete transactions and transfers
- National payment (tax): Login to mobile banking or personal Internet banking to pay a number of livelihood fees, such as: water, telecommunications, parking fees, in response to the convenience of the people, electronic government



Other Services

- Official account of KTB LINE: Provide personalized services and latest promotions through LINE
- Mobile Online Banking Push Notification: Notify you of any changes to your account immediately, so you don't have to worry about fraudulent claims, and you can receive timely news about special offers
- Mobile Phone Portal Number Transfer: Provide customers with a mobile phone number as a payment account, and one mobile phone portal number can be tied to multiple bank accounts, overcoming the trouble of remembering a long list of accounts and reducing the risk of account number input errors

SDG 10.5

5.3 Sustainable Finance

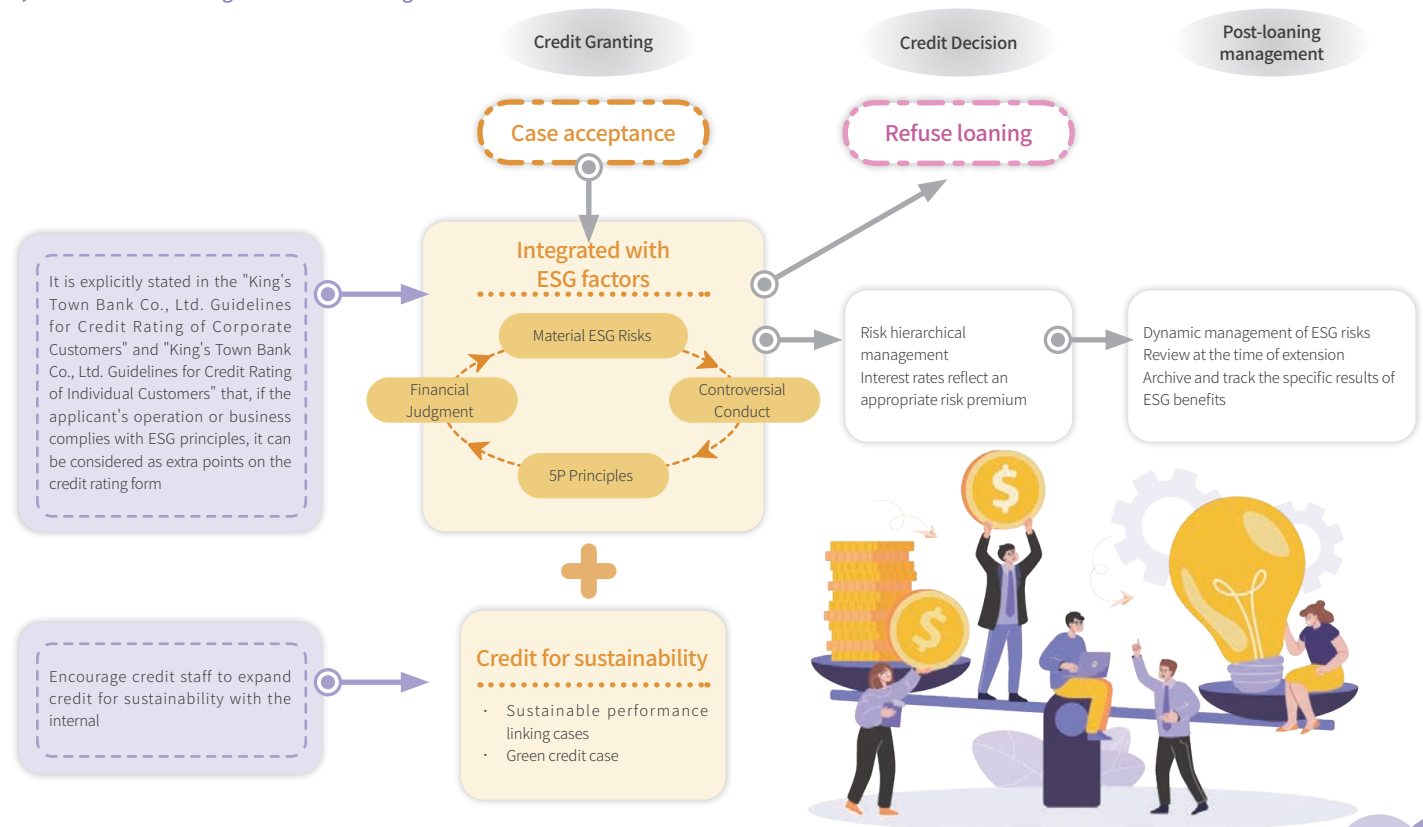
In the development of social economy, financial institutions play the role of financial intermediation and are crucial to the direction of industry development. Capital lending, investment, deposit and remittance services, and financial products are the main source of income of KTB. By incorporating the concept of ESC into our businesses, we review the identities of our credit and investment targets, and inspect the products, and provide inclusive financing, to effectively exert the influence of the financial supply chain and promote society's awareness of sustainable development. Major achievements in 2022 are as follows:

<p>Sustainable Credit Extension</p> <p>The loan amount of ESG sustainable industry accounted for 9.26% of total loans</p>	<p>Inclusive Finance</p> <p>Provide safe, convenient, and low-cost Western Union Money Transfer Service. About 55.67% of transactions were made by customers with new residents or migrant status</p>
<p>Financial Inclusion Services</p> <p>Assist SMEs to obtain working capital. The credit balance of SMEs increased by 18.01% in 2022</p>	<p>Impact Investment</p> <p>DJSI investment accounted for 21.42%</p>

Sustainable Credit Extension

Before released loans to corporate customers, KTB reviews the loaning based on the 5P principle - people, purpose, payment, protection, and perspective, according to the borrower's situation, fund use, repayment source, guarantee of creditor's rights and borrower's prospect, also incorporates the enterprise's ESG status into the credit investigation process, such as whether it has been subject to major pollution penalties, whether it has been involved in civil and criminal litigation, whether there is any incident that has an obvious adverse impact on the operation or image of the enterprise, and the prospects and risks of the industry, such as policy directions and changes in laws and regulations. Moreover, the "King's Town Bank Co., Ltd. Guidelines for Credit Rating of Corporate Customers" and "King's Town Bank Co., Ltd. Guidelines for Credit Rating of Individual Customers" stipulates that, if the applicant's operation or business complies with ESG principles, it can be considered as extra points on the credit rating form. In addition, for enterprises that are beneficial to sustainable development, KTB also implements an internal award mechanism to encourage the sales employees to develop credit business of sustainable industries, so as to increase capital investment in eco-friendly industries, including green power, clean energy, circular economy, and health care. The business unit will check and annotate on the application documents for disclosure purpose

► Credit Process Integrated with ESG Diagram



Industry Financing

As of the end of December 2022, KTB's balance of lending to ESG sustainable industries such as green technology, circular economy, biotechnology and healthcare, and new agriculture reached NT\$22,782 million, an increase of 17% over the same period in 2021, accounting for 9.26% of the total lending.

In addition, in order to help companies invest in clean energy, energy storage systems, clean transportation and pollution control projects that are explicitly designed for environmental protection, and to encourage companies to continue to invest in sustainability-related activities, we have set sustainable development goals in cooperation with them and offered financial services if they achieve them. KTB has made reference to the Green Loan Principles and Sustainable Linked Loan Principles of LMA (Loan Market Association), LSTA (Loan Syndications and Trading Association), and APLMA (Asia Pacific Loan Market Association), made related operation methods and recording principles, and held internal training in September 2022 to strengthen frontline credit staff's understanding of green credit and sustainable performance linking loans. As of the end of December 2022, the balance of lending eligible for green capital purposes was NT\$1.626 billion and the balance of lending eligible for sustainable performance linking loans was NT\$1.18 billion.

Unit: NT\$ one hundred million

Sustainable Credit Business	Balance at the end of 2022
Loans to ESG sustainable industry	227.82
Green credit	16.26
ESG sustainable performance linking loans	11.8
Proportion in total loans	10.41 %
Total loans to ESG sustainable industry	9.26 %

Unit: NT\$ one hundred million

ESG opportunities	Industry	Loan balance at the end of 2022	Proportion in total loans
Environmental friendly	Green energy technology	156.36	6.36 %
	Circular economy	22.13	0.90 %
Social friendly	Biotechnology & medical	34.34	1.40 %
Environmental & social friendly	Innovative agriculture	14.99	0.61 %
Total loans to ESG sustainable industry		227.82	9.26 %

Project Financing

[GRI 2-23](#)
[GRI 2-24](#)

In view of the fact that "net zero emissions" has become a common goal worldwide, the development of renewable energy has become an important part of it. In addition to financing the equipment and technology required for renewable energy projects through general lending, KTB also supports the development and construction of special projects. From small and medium-sized solar power projects to the recent booming offshore wind power projects, the relevant balance as of December 2022 was NT\$10.277 billion, which could be translated into carbon reduction benefits of about 262.4 thousand t-CO₂e per year.

As we continue to invest in renewable energy projects, in order to further carefully assess the environmental responsibility of the project development process, KTB officially signed the Equator Principles Association in December 2022. At the same time, the environmental and social impacts of the cases are assessed and risk-graded in accordance with the Fourth Edition of the Equator Principles framework, and environmental and social impact monitoring, improvement plans and post-loan management are properly formulated to reduce the possible negative impacts on the environment and society.

Green Energy Project Financing	Balance at the end of 2022	Participating Power Stations	Converting to Carbon Reduction Benefits
Wind Power	NT\$9.952 billion	188.33 MW	253.2 thousand t-CO ₂ e
Solar Power	NT\$0.325 billion	14.92 MW	9.2 thousand t-CO ₂ e

Note 1: The installed capacity of a participating power station is calculated by multiplying the participation ratio by the total installed capacity of the site.
 Note 2: Estimated generation capacity = installed capacity * annual running hours * capacity factor
 Note 3: Electricity emission coefficient was 0.509 KgCO₂e/kWh in 2022 according to the announcement of "Bureau of Energy, Ministry of Economic Affairs" in 2021.

Support Small- and Medium-Sized Enterprises (SMEs)

The small- and medium-sized enterprises are the backbone of Taiwan's industry and economic development. However, these enterprises face higher operating costs due to small loan amounts, but large number of transactions, or they have to bear higher financing risk due to relatively imperfect accounting system and higher difficulty in the credit check. These factors lower the financial institutions' willingness to finance small- and medium-sized enterprises. As a consequence, many promising enterprises are nipped in the bud due to a lack of capital. KTB has spared no effort in supporting SMEs over the years. KTB utilizes its advantages in the concentration of branch offices in central and southern Taiwan, understanding of the nature of the customers and industries, flat organization, flexible operating strategies, to provide small- and medium-sized enterprises with different financing plans based on the nature of their industry and life cycle, complemented by digital financial products, so as to address their capital needs, from loans to daily operation. As of the end of 2022, the loan balance of SMEs accounted for 60.44% of the total loans, among which the loan balance of small enterprises with capital less than NT\$25 million accounted for 12.26%.

Unit: NT\$ one hundred million

Outcomes for Supporting SMEs	2020	2021	2022
Loan balance at the end of the year	1,133.04	1,259.34	1,486.20
No. of loans	4,745	5,417	5,348
Number of customers	2,751	2,613	2,435
Percentage of loan balance	60.32 %	60.10 %	60.44 %

Note: SMEs are defined in accordance with the "Small & Medium Enterprise Credit Guarantee Fund of Taiwan"

Unit: NT\$ one hundred million

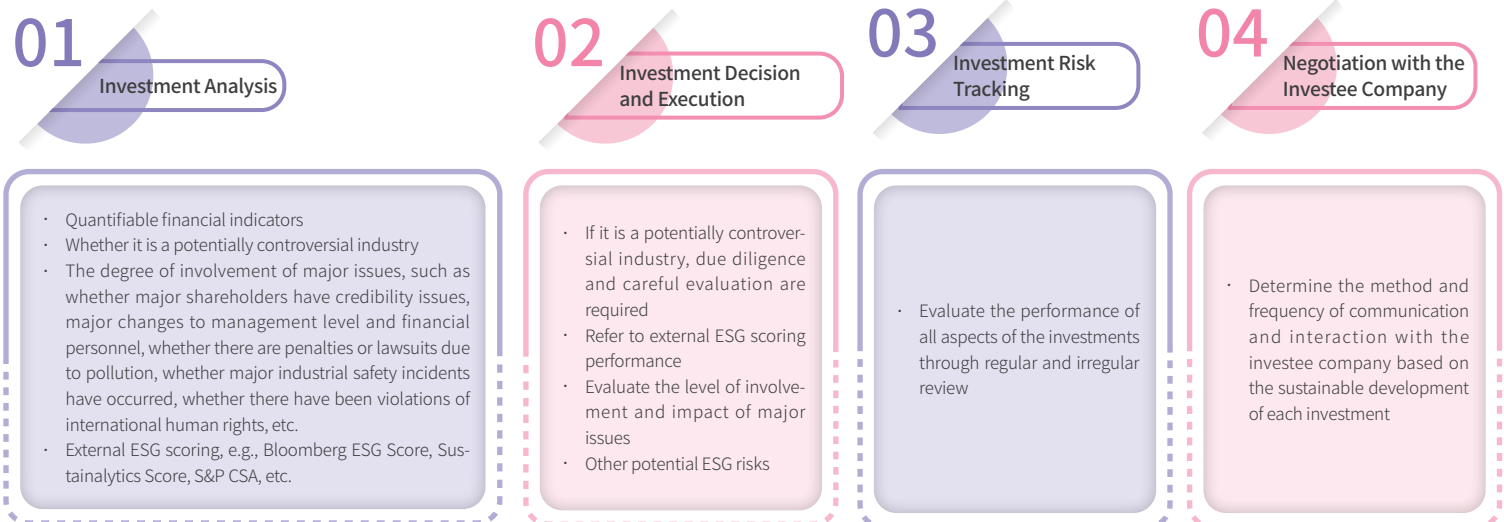
Outcomes for Supporting Small Enterprises	2020	2021	2022
Loan balance at the end of the year	350.51	277.29	301.38
No. of loans	2,963	2,825	2,646
Number of customers	2,283	2,055	1,855
Percentage of loan balance	18.66 %	13.23 %	12.26 %

Note: "Small enterprises" refer to SMEs with a capital of less than NT\$25 million

Responsible Investment

Besides undertaking credit businesses to support sustainable development, KTB also lays great emphasis on the investees' actions in the aspects of environment, society, and corporate governance, when investing in shares or credits. Thus, the "Stewardship Principles" was formulated, and approved by the Board of Directors, specifying the principles, such as the due diligence policy, with the aim to facilitate the improvement of investees' corporate governance quality, through caring for, communication, and interaction with the investees, thereby promoting an overall positive development in the industry, economy, and society as a whole. The "[Stewardship Principles](#)", "[Stewardship Compliance Statement](#)", and "[Stewardship Report](#)" are available for download from KTB's official website.

Incorporate ESG in Investment Decision-Making Process



SDG 8.3

Specific achievements of responsible investment in 2022:

The Dow Jones Sustainability Index (DJSI) is the world's number one corporate sustainability assessment index. DJSI started in 1999 and invited thousands of corporations worldwide to participate in the Corporate Sustainability Assessment, and only the top 10% companies with the highest scores in their corresponding industry are selected as the DJSI constituent stock. As of the end of 2022, about one-fifth of the securities held by KTB belong to DJSI constituent stock. This fully shows that KTB not only balances the risks and revenue when investing but also adheres to its principles of responsible investment.

Unit: NT\$ one hundred million

Investments	Amount	Percentage
Stock position in the DJSI	4.83	39.92 %
Credit position in the DJSI (excluding domestic government bonds)	86.10	20.88 %
Total	90.93	21.42 %



Western Union Remittance, a Safe Way for New Immigrants to Send Money Home

KTB is currently the only bank in Taiwan that has cooperation with Western Union. Due to the tightening of anti-money laundering laws, regulatory compliance costs of banks has increased. Therefore, many financial institutions chose to withdraw from the market due to the consideration of operating efficiencies, while others increased the handling fee for international remittance. However, being an island country, Taiwan has always been a multi-cultural society. With the development of trade and globalization, people of different nationalities, ethnic groups, beliefs, cultures come to Taiwan, and thus drives the growth of international remittance. New immigrants and foreign workers have traveled to Taiwan with dreams. However, they face great difficulties in basic financial services, such as sending money to their home countries, due to factors such as language barriers, lifestyle, and cultural backgrounds. As a consequence, they turn to illegal underground banking. We noticed that our customers rely heavily on Western Union, and we believe that we should shoulder the responsibility of inclusive financing, to provide comprehensive financial services to everyone in the society. With strict control mechanisms, employee training, and supplementary systems (please refer to section [4.2.1 Anti-Money Laundering and Countering the Financing of Terrorism](#) for details), KTB has implemented the AML/CFT policy, and simultaneously launched online Western Union service, and King's Pay, so that our customers may complete remittance through PCs and mobile phones. Moreover, customers can enjoy the immediate collection and low handling fees, compared to normal international remittances which take 2 to 3 days to receive the money and has high handling fees.

In 2022, the total number of Western Union remittance transactions was 270,391, of which about 55.67% were made by new immigrants and foreign workers, and 55.71% were made through the Internet or APP, which shows that the development of the Online Western Union remittance service has greatly helped new immigrants and foreign workers to overcome the limitations of time and region in the past and find a safe way to send money home.



CHAPTER 06

Happy Workplace

Employees are KTB's partners. We believe that we have to emphasize on employees' rights and interests, cultivate talents, arrange duties appropriately, establish reasonable performance management system, and build an equal and safe workplace, so as to achieve cohesiveness among all employees and improve their sense of identity with KTB. When we realize the personal value of our employees, we are achieving a win-win-win situation for the company, employees, and customers.

KTB actively is actively reducing the "gender gap in the workplace" and taking concrete actions to achieve the UN Sustainable Development Goals - SDG 5 Gender Equality. In January 2023, KTB was included in the Bloomberg Gender-Equality Index (GEI) evaluation for three years in a row. The index covered 483 companies from 45 countries and regions across a wide range of industries. The evaluation includes the following aspects: Female Leadership & Talent Pipeline, Equal Pay & Gender Pay Parity, Inclusive Culture, Sexual Harassment Policies, and Pro-Women Brand. We received excellent score in Pro-Women Brand and Equal Pay & Gender Pay Parity, and perfect score in Sexual Harassment Policies. This is a recognition of KTB's long-term efforts in building a gender-friendly workplace.

- **6.1 Talent Attraction and Retention**
- **6.2 Talent Cultivation and Development**
- **6.3 Employee Care and Friendly Workplace**
- **6.4 Labor Rights**

GRI 2-21 | GRI 405-2 | SDG 5.5

6.1 Talent Attraction and Retention

Current Employee Structure

In 2022, KTB had 994 full-time employees and 77 temporary employees (74 contracted employees and 3 dispatched employees). For details on the distribution of employees, please refer to [Appendix 9.4 Human Resource Management Indicators](#). The ratio of female to male employees was 63:37, and the number of female employees holding managerial positions accounted for 52.15% of the total, which demonstrates KTB's focus on personality traits, professional abilities, and appropriate job arrangements when hiring employees and recruiting outstanding talents. KTB treats all its employees with fairness and mutual respect, to provide fair competition and development opportunities for both sexes.

► Percentage of female employees of all groups in the past three years

Category	2020	2021	2022
All female employees	64.01%	63.17%	63.28%
Female managerial officers	54.14%	53.87%	52.15%
Senior managerial officers	36.67%	41.30%	37.63%
Intermediate and junior managerial officers	62.00%	59.51%	58.57%
Managerial officers of business unit	-	58.60%	56.62%
Non-managerial female employees	68.33%	67.32%	68.16%
New female recruits	56.36%	55.91%	61.64%
Female technical professional(STEM-related) employees	-	30.23%	29.67%

Note 1: Female managerial officers includes the following three categories:

- (1) "Senior managerial officers": Refers to managerial officers at the manager level (inclusive) or above
- (2) "Intermediate and junior managerial officers": Refers to managerial officers at the deputy (assistant) level
- (3) Managerial officers of business unit: Managerial officers of branches and credit centers

Note 2: Technical professionals: Employees who use knowledge and skills for science, technology, engineering or mathematics (STEM) in their jobs and have relevant qualifications.



SDG 8.5

SDG 8.b

Diversified Recruitment Channels

KTB proactively invests resources in recruiting outstanding talents with potential, with local residents as the main recruiting targets. In addition to general external recruitment, we put great emphasis on industry-academia cooperation, which includes campus recruitment, internship program, courses co-organization, career coaching programs, company visits, and seminars, to assist students in their career exploration, and at the same time, to find our future partners.

Promotion Program of "Friends to Comrades"

KTB values employee retention. A good retention rate not only reduces recruiting costs but also boosts organizational morale. However, we have also noticed that the highest turnover rate occurred during the probationary period, mainly due to incompatibility with the jobs or corporate culture. In order to encourage employees to recommend outstanding talents, expand the company's talent introduction channel, and reduce frictional turnover rate, we have launched the "Talent Recommendation Incentive" subsidy program in 2022, in which employees who recommend talents and apply for the job vacancies announced in the recruitment website will receive the recommendation incentive after the recommended talents being formally employees, and the employees who made the recommendations will be given the retention incentive again when the recommended employees have served for the company for two years. In 2022, there were five new recruits recommended by employees, with a retention rate of 100%; and the retention rate of new recruits after one year of service was 92.22%.

College and University Internship Programs

Since 2017, KTB has been promoting internship programs in colleges and universities, including semester internship program and summer holiday internship program. In the internship, senior employees are assigned to work together with students to complete daily tasks, so as to facilitate the student's understanding of the outlook of the finance industry through practical experience. The internship also helps students combine theoretical knowledge and practical experience to reduce their inability to adapt to the workplace after they are formally recruited in the future. In 2022, there were 13 semester interns and 5 summer holiday interns. We hope that our internship program can effectively assist students in adapting to the workplace, and the company can also recruit outstanding talents earlier through the internship programs.

The Youth's Employment Ultimate Program

Since August 2020, KTB has responded to the Ministry of Labor's "The Youth's Employment Ultimate Program", providing not only employment opportunities for youth, but also practical vocational training. We assigned senior employees to act as training instructors to lead and guide students to familiarize themselves with skill sets, on a one-on-one basis, and regularly track and provide feedback to them. In this way, these students may have a less steep learning curve in their future work and acquire useful skills. By the end of 2022, we have hired a total of 125 employees under this program.

SDG 8.5

Talent Retention Measures

Hiring outstanding talents is the foundation of a company's growth. Creating a place that attracts talents and allows them to demonstrate their strengths is a key value of a company's existence. Only in this way can we move forward together with a common goal and become a prosperous company.

Comprehensive Remuneration Structure

Based on the position and responsibilities of the employees and the operating performance of KTB, the departments, and the individuals, KTB has formulated a comprehensive remuneration structure and system. Performance evaluation and remuneration are carried out in accordance with the "Regulations on the Annual Employee Performance Evaluation", "Regulations on the Employee Benefit Payment", and "Regulations on the Distribution of Annual Bonus", approved by the Board of Directors. Remuneration includes base salary, additional pay, allowance, and annual bonus. In addition, with reference to the salary and remuneration level of peer companies in the same industry, we adjust the base salary in a timely manner to provide our employees with competitive and motivating salary and remuneration.

In 2022, KTB's total compensation expense was NT\$901 million, and the highest individual total compensation (Note) is 15.9 times the median total compensation of employees; and the percentage increase in the highest individual total compensation is 22.1 times the median percentage increase in the average total compensation of employees.

Regarding the implementation of salary equality, KTB complies with labor acts, including Labor Standards Act, Gender Equality at Work Act, and Employment Services Act, and provides fair and reasonable salary and remuneration based on the ability and experience required by the position, without gender discrimination. The salary and related performance assessment of managers are also proposed to the "Compensation Committee" every year for discussions to examine the reasonableness of the correlation between personal performance, company operational performance, and future risks. The ratio of female to male employees at all levels of KTB for total salary and remuneration and for the regular salary and remuneration ratio (female: male) in 2022 are shown below:

Note: For the highest individual total salary, employees changed in 2022 and therefore it is calculated by combining the total compensation of the former and successor personnel of the position.

► The ratio of female to male employees at all levels of KTB for total salary and remuneration and for the regular salary and remuneration ratio

Category of employee	Total compensation	Regular compensation
Senior managerial officers	0.72	0.74
Intermediate and junior managerial officers	0.88	0.92
Non-managerial positions	0.92	0.95

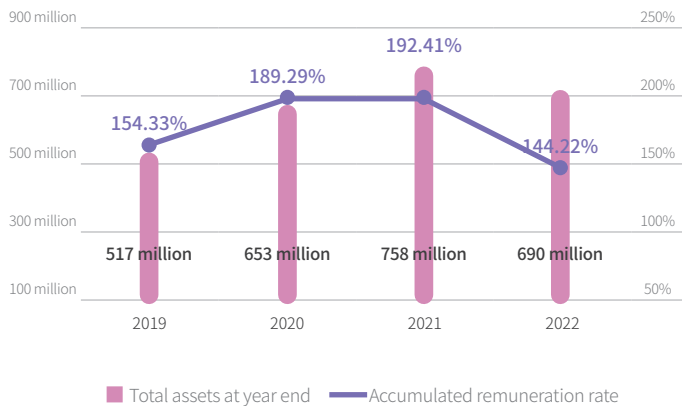
Note 1: Total compensation: refers to the sum of salary, allowance, and annual bonus

Note 2: Regular compensation: Refers to the monthly remuneration paid to employees for their work: including the basic salary and monthly fixed allowances, transportation expenses, meal expenses, water and electricity expenses, monthly work (production, achievement, performance) bonuses and perfect attendance bonuses, etc.

Long-term Reward Mechanism

In addition to the salary mentioned above, KTB regards every employee as its partner and believes that KTB's steady growth lies in the team's cooperation and profit-sharing. In 2010, we launched the employee stock ownership trust, and the employees formed the "King's Town Bank Employee Stock Ownership Association". It has been agreed upon that KTB allocates a certain amount from each member's salary and deposits it to the trust organization for long-term investment and management of KTB's stocks. Also, KTB allocates an additional amount as reward based on the members' performance evaluation of the previous year and their voluntary contribution. Through "from employees to shareholders", KTB gives its employees a sense of value in the workplace and the meaning of their hard work. As KTB grows and appreciates, we also assist our employees to build up their own assets so that they can enjoy a secure retirement in the future. The employee stock ownership trust participation rate for 2022 was 88.13%, with employee participation increasing by 7.28% over last year. However, total assets and compensation rates decreased due to the poor performance of the financial market in 2022.

► Performance of employee holding trust

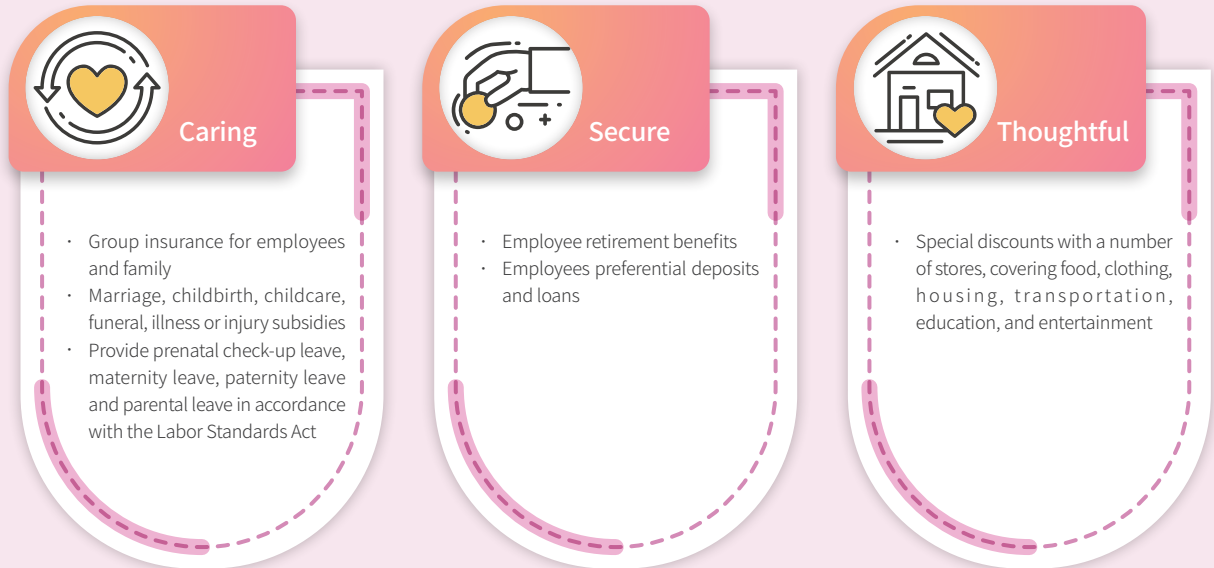



GRI 401-2

SDG 8.8

Employee Benefit Plans

As employees devote most of their time and efforts to work, it is the responsibility of KTB to help employees achieve a work-life balance. In addition to the statutory labor and health insurance, KTB has introduced a number of measures and programs to take care of the employees in multiple aspects, such as the important moments of their lives, daily needs, emergency assistance, and retirement. The average welfare expense in 2022 was NT\$1.0108 million^(Note).





**0-6 years old
step-by-step childcare
allowance for KTB babies**

In order to encourage employees to have children and reduce their burden of childcare, we have launched the "Childcare Allowance for KTB Babies of 0-6 Years Old" in 2022, which not only provides a monthly subsidy for childcare, but also includes a stepped reward. The more kids you have, the more reward you will receive, which could be up to NT\$ 1.095 million, to encourage our employees to have more and more children. For the first KTB child, the employee will receive NT\$2,000 per month, for the second, he or she will receive NT\$5,000 per month, and for the third, he or she will receive NT\$8,000 per month, in the hope that our employees could feel at ease when giving birth and raising their children.

Note: The benefits for part-time employees and interns are determined according to individual contracts.

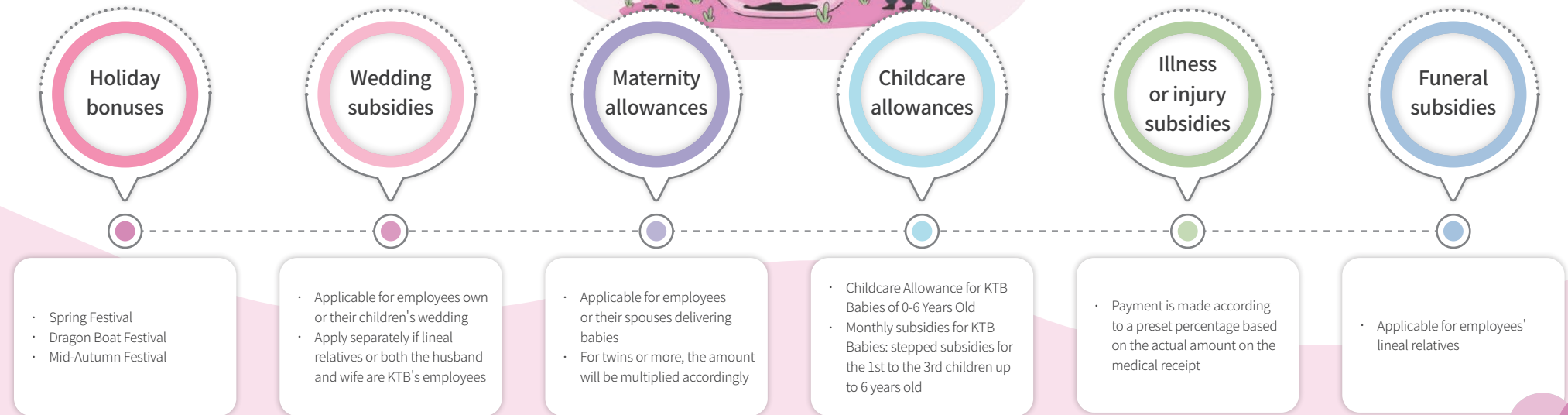
GRI 201-3

✓ Provide employees with secure retirement

In order to encourage employees to plan their future retirement through long-term savings, KTB has formulated the "Regulations Governing Retirement of Employees" with reference to the "Labor Standards Act" and the "Labor Pension Act". Employees that can apply for retirement are those who have served in KTB for more than 15 years and have reached the age of 55, those who have served for more than 25 years, and those who have served for more than 10 years and have reached the age of 60. KTB has also set up the "Labor Retirement Reserve Supervisory Committee" to review, check, and supervise issues related to the employee's retirement reserves. A total of 7 Labor Retirement Reserve Supervisory Committee meetings were held in 2022.

With regards to the retirement system, for those who are subject to the "Labor Standards Act", KTB allocates 15% of the total salary of the employees to the "Company Pension Account" at the Bank of Taiwan every month starting 2012. When employees retire, the retirement pension is calculated based on the base unit of their service years and the approved average monthly salary for the final six months before their retirement. For the employees who are subject to the "Labor Pension Act", 6% of the individual employee's salary is allocated to their own individual labor pension account at the Bureau of Labor Insurance on a monthly basis. In 2022, NT\$37.03 million was recognized and allocated to the retirement plan.

► Various benefit measures



✓ Care for important moments of employees

KTB has formulated the "King's Town Bank Co., Ltd. Working Rules", which specify the various benefits and leaves employees are entitled to. In addition, KTB has also set up the "Employee Welfare Committee" to be in charge of employee welfare matters and formulated the "King's Town Bank Enforcement Rules for Employee Benefits" as the basis for the utilization of employee welfare fund. Employee welfare fund, deposited in a special account, is exclusively for welfare purposes, and cannot be utilized unless approved by the Employee Welfare Committee. Benefit allocation is calculated in accordance with the following guidelines: 0.1% of the total monthly operating revenue and 0.5% of the monthly salary of each employee are allocated for employee benefits. All employees (including those who are on probation period) of KTB are entitled to the same rights and obligations. A total of 7 Employee Welfare Committee meetings was held in 2022.



✓ Care for the daily needs of employees

We care for the actual needs of our employees. We provide our employees with perks, including biannual health check-up services that are more favorable than the statutory requirements, departmental gathering allowance, coupons for arts and entertainment activities, special discounts for nurseries and afterschool care centers, corporate discounts for purchases from e-commerce companies, discounts for mobile phone services, discounts for automobile purchases, free legal consultation services at specific law firms. The perks cover a wide range of aspects, including food, clothing, housing, transportation, education, and entertainment; we care for our employees wherever they go and with whatever they need in their everyday lives.

In April 2022, the epidemic situation in Taiwan was still serious. In order to encourage employees to receive the vaccine and increase the vaccination coverage rate, KTB offered an incentive payment of NT\$2,000 for each employee who received two doses of the vaccine to increase the vaccination coverage rate to more than 99% by the end of August, hoping to encourage all employees to actively receive the COVID-19 vaccine to enhance their ability to prevent the epidemic. The target has been achieved smoothly in August that year. Up to now, the COVID-19 has deeply affected our economic activities and health. KTB understands that at such a time, enterprises should be the first to think about the needs of employees and society. From 2020 to 2022, we tried to make our employees feel "We care about your wellbeing!" by offering relief money and COVID-19 prevention payments and taking other measures.

GRI 404-2 SDG 4.5

6.2 Talent Cultivation and Development

Comprehensive Training System

In 2022, KTB held or participated in 1,135 internal or external education training classes (including 121 physical classes, 972 online classes and 42 financial management classes) with 84,467 participants. Every employee took part in 85 education training courses on average, with a total of 54.48 training hours. For details on education training, please refer to [Appendix 9.4 Human Resource Management Indicators](#).

KTB provides a comprehensive training system based on the 4 principles, Preliminary Training, On Site Training, On Job Training, and Development Training. Based on the employees' experience, job function, professional ability, KTB conducts or encourages them to participate in internal or external education training, with the aim of enhancing the professional ability of our employees, improving organizational operation efficiency, strengthening employee's identification with KTB, and assisting them to build their own career development plans.

Incentives and Subsidies for Continuing Training and Certifications

Besides encouraging employees to participate in internal and external education training, KTB also designs a system to provide its employees with career growth opportunities and resources. KTB has formulated the "Major Licenses/Certificates Subsidy Scheme" based on the list of required certificates for each position and duty. For employees who obtain international certificates, such as CFA, FRM, AFMA, PMP, they may apply for subsidies for the application fee, and receive an additional monthly professional allowance. For details on the certificates held by KTB employees in 2022, please refer to "[Page 58 to Page 88-90 of King's Town Bank Co., Ltd. 2022 Annual report](#)".



Special Project Training Plan

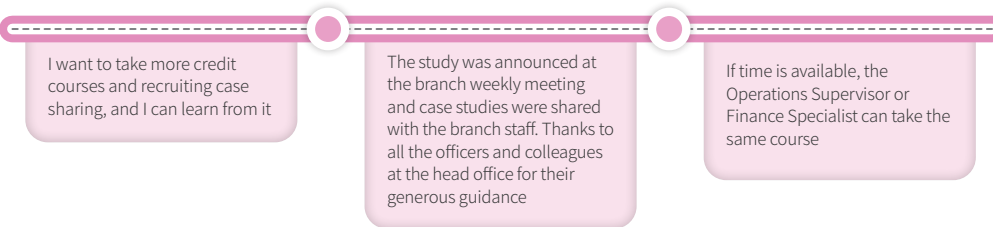
KTB has developed training programs for its four major training systems, and through the Kirkpatrick Model and Human Capital ROI, we quantify the effectiveness of training, track and evaluate the changes in employee behavior and performance after learning and training, and calculate the ROI of training to verify the specific economic benefits of training to the enterprise, and further optimize the training content to ensure that employees are professionally equipped.

Credit business workshop

- ✓ Course attributes and targets: It is a program of "on-the-job training", and the target participants are managers and operation supervisors of sales departments, and the supervisors of Credit Center, Credit Review Department and Strategy and Operations Department are instructors.
- ✓ Course content: Introduction of credit business and post-lending management, and sharing of credit cases in different industries.
- ✓ Course objective: To enable managers to understand the need to balance risk and profitability in the use of bank capital by considering asset liquidity, safety and yield.

▶ Student Feedback

The positive feedback from the students after the course shows that the courses offered could really meet the needs of the sales departments. We will use the feedbacks as the basis for improvement and continue to adjust the course content to improve the professionalism of credit business in each branch.



I want to take more credit courses and recruiting case sharing, and I can learn from it

The study was announced at the branch weekly meeting and case studies were shared with the branch staff. Thanks to all the officers and colleagues at the head office for their generous guidance

If time is available, the Operations Supervisor or Finance Specialist can take the same course

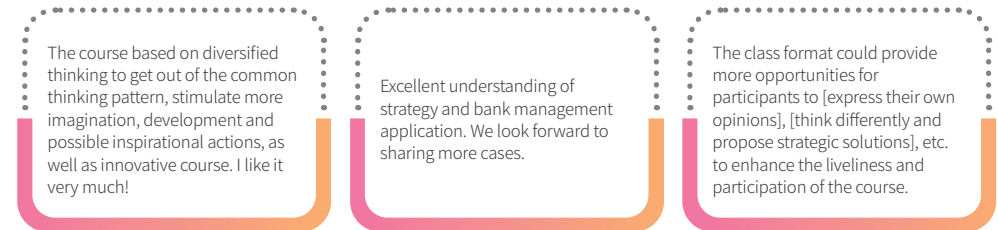
▶ Evaluation of Training Benefit

Item	Indicators	2022
L1 Reaction	Course satisfaction rate	91.47 %
L2 Learning	Course completion rate	100 %
L3 Behavior	Employee retention rate	98.85 %
L4 Results	Net revenue on loans (NT\$ 100 million)	25.59
L5 ROI	Profitability / Related Training Costs	63,409.70

Strategy and Marketing Management Course

- ✓ Course attributes and targets: It is a "reserve training" program, and the target participants are reserve staff, middle and senior executives of each unit, etc. External experts are specially hired as instructors.
- ✓ Course content: To learn various techniques and methods of marketing and management strategies through practical exercises, while building positive communication consensus and ability among team members inside and outside the company.
- ✓ Course objective: To improve the participants' concept of "management" and to let employees understand the current marketing policy in order to improve team cohesion, centripetal force, and the ability to market financial products.

▶ Student Feedback



The course based on diversified thinking to get out of the common thinking pattern, stimulate more imagination, development and possible inspirational actions, as well as innovative course. I like it very much!

Excellent understanding of strategy and bank management application. We look forward to sharing more cases.

The class format could provide more opportunities for participants to [express their own opinions], [think differently and propose strategic solutions], etc. to enhance the liveliness and participation of the course.

▶ Evaluation of Training Benefits

Item	Indicators	2022
L1 Reaction	Course satisfaction rate	97 %
L2 Learning	Course completion rate	100 %
	Report completion rate	100 %
L3 Behavior	Employee turnover rate	3.03 %
	Employee unit retention rate	81.82 %
	Unit employee assessment growth rate (Excluding employees entered the company in current year)	12.12 %
L4 Results	Transfer rate of personnel duties	12.12 %
	Wealth management fee income (NT\$ 100 million)	1.18
L5 ROI	Profitability / Related Training Costs	1,247.90

Expanding Career Experience through Job Rotation

The cultivation of talents relies not only on education training and continuing training but also on a systematic job rotation mechanism. Job rotation provides the employees a chance to expand their experience beyond their duties, enhance their abilities, and unlock their potential. From the organization's perspective, job rotation brings stimulation to internal revitalization and enhances the flexibility and breadth of manpower. At the same time, job rotation also reduces job burnout from long-term repetitive work, so as to strengthen the internal operational safety control.

We have formulated the "Regulations Governing Job Rotation" to mitigate the disadvantages and strengthen the advantages through systemization and scheduled rotation. The job rotation mechanism consists of job rotation training and internal recruitment. The former is a planned training based on the internal needs of the organization; while the latter is based on the employees' willingness to change their career path. Content of job rotation includes:

- ✓ Intra-unit rotation: Become an all-rounded financial expert through gaining experience in different areas of the business.
- ✓ Inter-unit rotation: Learn to work with different colleagues and enhance the ability to collaborate.
- ✓ Interdepartmental rotation or rotation between headquarters and branches: Cultivate the ability of strategic planning, strategy execution, and receiving customers, and improve the communication between departments or between headquarters and branches.

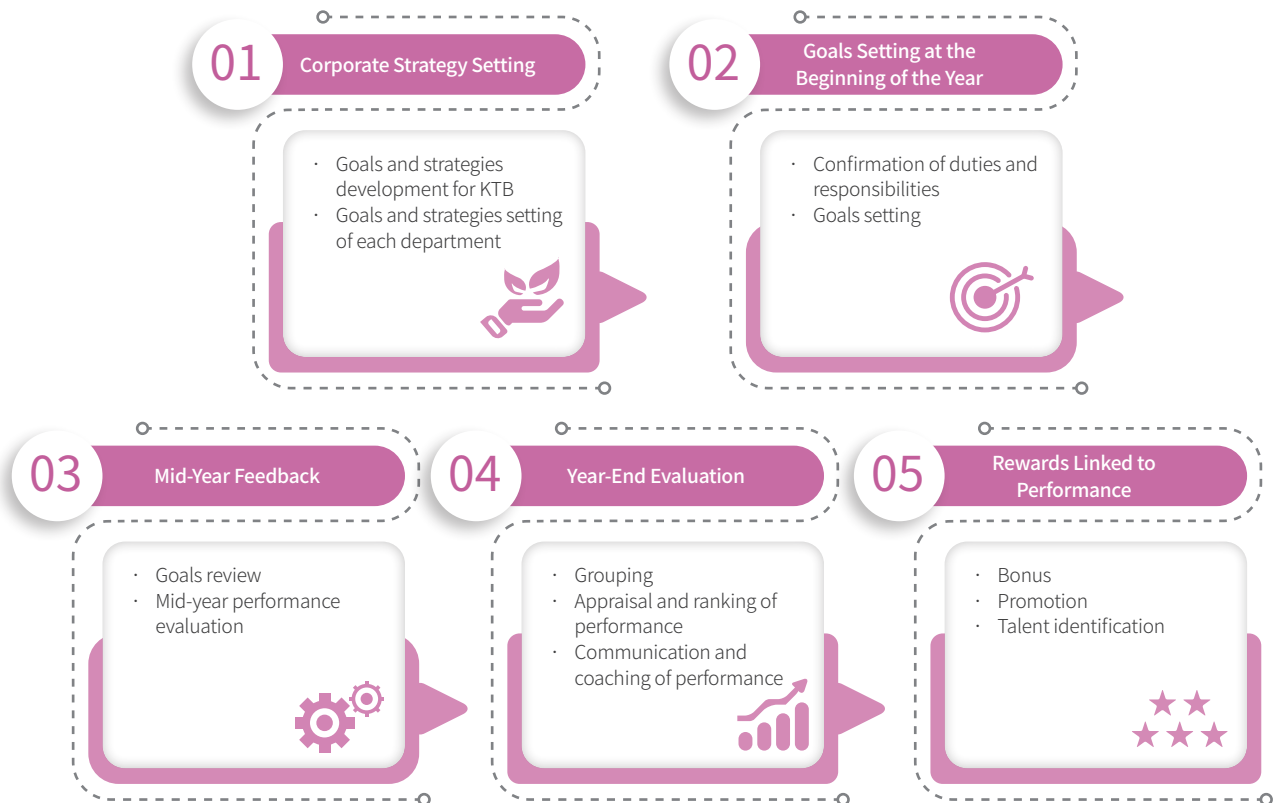
In 2022, there were 124 positions transferred through job rotation training, and only 1 position through internal recruitment. The filling rate of internal employees for vacancies was up to 52.52%. For relevant data, please refer to [Appendix 9.4 Human Resource Management Indicators](#).

In order to protect the rights and interests of the employees, when there are changes in labor contracts due to KTB's business or employee career planning, they shall be announced in accordance with the following regulations, and KTB shall prepare the employees for job handover and their new work environment, so as to minimize the job handover time and the occurrence of operational interruptions.

- ✓ Where an employee has worked continuously for more than 3 months but less than one year, the notice shall be given 10 days in advance.
- ✓ Where an employee has worked continuously for more than 1 year but less than 3 years, the notice shall be given 20 days in advance.
- ✓ Where an employee has worked continuously for more than 3 years, the notice shall be given 30 days in advance.

Guided Performance Development Management

A fair and reasonable performance development system can motivate and retain talents. Also, it can promote employees' understanding of the expectation and performance of their own duties, provide a clear goal for future development, and align the goals of the employees with that of KTB. KTB has formulated the "Regulations on the Annual Employee Performance Evaluation", and "Regulations Governing Promotion of Employees". The assessment items include, ethics and attitude, work performance, professional growth through learning, leadership and management, and records of awards and penalties. In 2022, 99.2% of the students were evaluated, excluding one part-time employee and seven new employees who arrived at the company in December 2022. (For relevant data, please refer to [Appendix 9.4 Human Resource Management Indicators](#).)



GRI 403-5 SDG 8.8

6.3 Employee Care and Friendly Working Environment

The work at KTB are mostly long-hour and static, but not high-risk or disease-prone work. Based on assessment and investigation, the health risks are mostly traffic accidents and the "three-hypers" (hypertension, hyperglycemia, and hyperlipidemia) caused by a lack of exercise and unbalanced diet. KTB takes precautions against abnormal workloads and human-induced hazards. Moreover, most KTB employees are female, thus we lay great emphasis on maternal health protection, and are devoted to the protection of physical and mental health of female workers during pregnancy, postpartum, and breastfeeding.

Build a Safe Workplace

Develop safety and health measures

KTB has established the "Code of Practice on Safety and Health", which defines the authorities and responsibilities of safety and health management, and regular maintenance and inspection of equipment or devices, and also clearly specifies work safety and health standards and incident report procedures to reduce the chance of hazards. We have established safety and health personnel to be in charge of formulating occupational hazard prevention plans, planning and supervision of each department's handling of safety and health issues, and organizing the safety and health education training for the employees. The head and designated personnel of each department are responsible for issues related to occupational safety and health, as well as to remind all employees to abide by relevant work regulations to protect their own safety.

Moreover, according to the nature of the finance industry, KTB has formulated the "Rules of Procedure for the Security Maintenance and Administration", and "Operating Processes of Anti-Robbery Drill", and requires every department to carry out an anti-robbery drill per quarter, to equip relevant personnel with the knowledge and skills for emergencies, so that they can handle different risks caused by different hazards and mitigate possible damages.

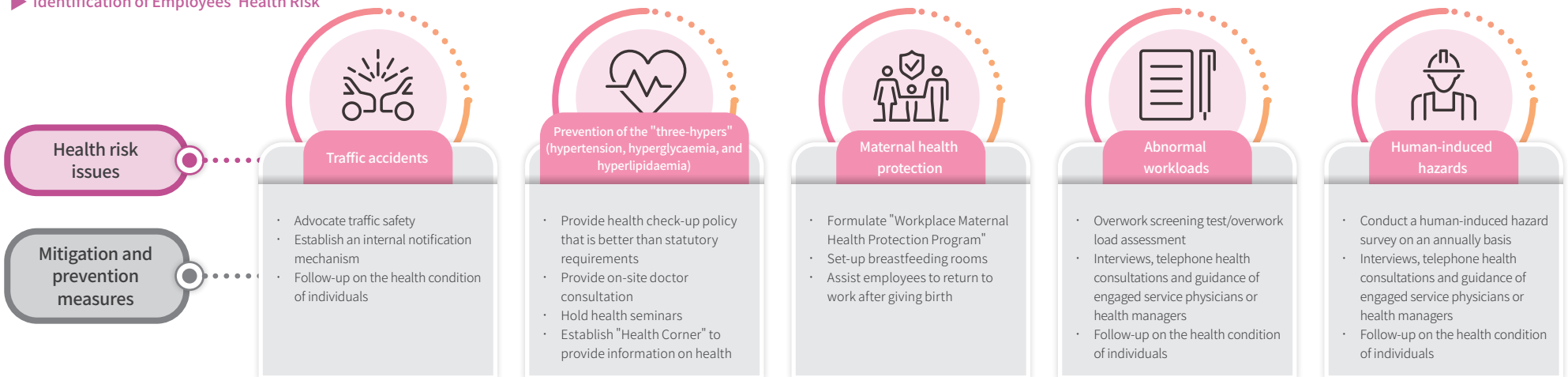
Implement occupational safety and health education and training

- ✓ Arrange fire drills and first aid education training every year. In 2022, KTB organized 2 self-defense fire drill, with 56 participants.
- ✓ Provide a 3-hour occupational safety and health education and training for new recruits.
- ✓ Appoint safety and health personnel to participate in external professional training. Participated in a total of 18 courses (including 3 first-aid personnel training courses), with 90 person-times in total.

Statistics on occupational injuries

In case of injuries, KTB offers occupational sick leave in accordance with regulations and actual circumstances, and assists employees to apply for subsidies, and provides what they need in the shortest time possible. In 2022, there were 5 commute injuries, all caused by traffic accidents during the employees' commute to work. Follow-up telephone interviews were conducted to provide health education and traffic safety promotion, and no work-related deaths occurred. (For relevant data, please refer to [Appendix 9.4 Human Resource Management Indicators](#).)

► Identification of Employees' Health Risk



GRI 403-3 GRI 403-6 SDG 3.7

Promote Employees' Health

KTB hires nurses to take care of the health of its employees. KTB also arranges annual health check-ups, on-site health consultation by doctors, health seminars, blood donations, and surveys, so as to provide employees with care and follow-ups on their physical and mental health and make necessary adjustments to their duties.

Physical and mental health care measures

Provide health check-up that is better than as required by the law. KTB provides health check-ups every two years, analyzes the annual abnormal check-up report, and takes initiatives to care, make medical referrals, provide consultation services for employees, and follow the improvements. In 2022, we entrusted Dajia Lee General Hospital to conduct employee health checkups, and the basic "health checkup items" and colorectal cancer screening were free of charge. This time, through the assistance of the Central and Western District Health Center in Tainan City, we are also able to assist in cervical cancer and breast cancer screening with the help of the Mammography Van, so as to ensure the health of our female employees. The number of health check-ups completed was 947, and the subsidy amounted to NT\$1,666,519. According to the results, 28 employees are identified as high-risk (health risks were categorized according to the health management risk table jointly developed by doctors and our nursing



Professional Health Screening Team Conducting Health Checkups for Our Employees



Physician Consultation



Sub wipe breast camera vehicle and X-ray vehicle

staff, and the items included liver abnormalities, cardiovascular diseases, kidney diseases, blood diseases and lung diseases, etc.), who were given a follow-up notice, and employees were invited to go to medical institutions for follow-up and treatment. The employees with mid- and low-risks took part in online healthcare promotion course.

- In 2022, KTB held 3 on-site consultation sessions, where employees received one-on-one health consultation, evaluation, and were given effective suggestions and assistance.
- KTB has set up the "Health Corner", and "Health Management Column", in the Intranet, to provide information on health knowledge, drug and food safety, health welfare, and health activities, to help employees build the right health concept.
- KTB has established the "Abnormal Load-Induced Disease Prevention Program", "Ergonomic Hazard Prevention Program", and "Unlawful Assault Prevention Program in the Performance of Duty" to prevent physical and mental harm caused by unsatisfactory working conditions, improper working hours, or other unlawful assaults in the workplace.
- The Headquarters Building has nutritionists to plan and cook employee meals. KTB uses local ingredients or produce that is in season. During holidays, KTB prepares festival feast and invites all employees to enjoy the festive atmosphere.

Anti-epidemic measures



Anti-epidemic Zone

KTB has set up an "Anti-epidemic Zone" on the Intranet to update and collect epidemic information and anti-epidemic measures at any time for employees to inquire.



Anti-epidemic Mechanism and Anti-epidemic Materials

In response to the COVID-19 outbreak, KTB quickly responded to the government's epidemic prevention policy and carried out off-site backup and personnel control, distributed adequate alcohol, hand soap on each floor and each department, and provided complete personal protection, such as masks, protective masks and other epidemic prevention materials to protect all employees.



Epidemic Prevention Leave

In response to the changes in the epidemic situation, KTB provides different types of leave and flexible working hours according to the needs of home office, quarantine, care and vaccination, etc. We have also prepared easy-to-understand instructions to provide reference for confirmed employees to apply for labor insurance and illness benefits. For detailed statistics, please refer to [Appendix 9.4 Human Resource Management Indicators](#).

SDG 5.4 SDG 10.4

Maternal health program

KTB is devoted to building a gender equality and friendly workplace. We offer females a place to shine and be a strong support for working mothers. From pregnancy, giving birth, breastfeeding, to raising a child, females have to bear with physical discomfort, mental anxiety, and a change in their identity. On top of that, they have to juggle between family and work. KTB has formulated the "Workplace Maternal Health Protection Program", and provides employees benefits including maternity allowance, childcare allowances, maternity leave, parental leave, and breastfeeding (collection) time (for data related to parental leave, please refer to [Appendix 9.4 Human Resource Management Indicators](#), infant care center, and preschool. We stand side by side with our female employees to welcome the most important moment of their life and help them strike a balance between family and career.



Pregnant

- Nurses to understand the health status of employees and provide health guidance
- Evaluate the workplace environment and operational hazards, and make appropriate adjustment
- Paid antenatal examination leave
- Pregnant women can wear comfortable and easy-to-move in clothes



Giving Birth

- Maternity allowance of **NT\$5,000** per child, multiply accordingly for twins or more
- Paid maternity leave and paternity leave are giving according to Labor Standards Act
- A total of **25** "KTB babies" were born in 2022



Breastfeeding and childcare

- Encourage breastfeeding
- Breastfeeding rooms are set up in Headquarters Building
- Provide 60 minutes of breastfeeding per day; if the employee works over for more than one hour, another 30 minutes of breastfeeding will be provided. Breastfeeding (collection) time is regarded as working time
- Provide family care leave and parental leave
- Provide childcare allowance for KTB babies of 0-6 years old



Work-Family Balance

- Assist employees to return to work after giving birth, return rate for 2022 was **54%**. Some employees did not apply for return due to family reasons
- Sign special agreements with nurseries and kindergartens to provide employees with discounts and reassuring organization information
- Provide **1**-hour-a-day time off for more flexibility to take care of family

GRI 2-23 | GRI 2-24 | GRI 406-1 | SDG 5.2 | SDG 8.6 | SDG 10.2 | SDG 10.3

6.4 Labor Rights

KTB adheres to the regulations and laws related to international human rights. We are committed to building a culture of diversity, equality, and smooth labor-management communication, and to providing a safe, healthy, and harassment-free working environment.

Promote a Culture of Diversity and Equality


Support employee diversity

KTB respects the uniqueness of each individual, recognizes the different perspectives and sparks that diversity can bring to a company. KTB provides an environment of gender equality (for details, please refer to [Percentage of female employees of all groups in the past three years](#), and has never discriminated against employees or their age, marital status, or family background (for relevant data, please refer to [Appendix 9.4 Human Resource Management Indicators](#)). Besides, KTB fully supports the employment rights of employees with physical or mental disabilities. We adjust and evaluates the work content appropriately according to the individual employees, and continue to hire new recruits with physical or mental disabilities through all available channels. In 2022, KTB has 9 employees with physical or mental disabilities.




1 Identify the Impact

In accordance with the international human rights framework and the Bank's human rights policy, identify the objects that may be at risk and major human rights issues in the course of operations




2 Evaluate Risks

Identify risk levels of each issue through data analysis



3 Draw up Plans

Develop corresponding action plans and mitigation measures based on the assessments of the degree and level of human rights risks on a regular basis



4 Review the corrections

Review the relevant actions and commitments to mitigate human rights risks on an annual basis, and track the implementation of the action plans for adjustment and revision

Sexual harassment prevention

In order to protect gender equality and dignity at work, KTB has formulated the "Guidelines for the Prevention, Correction, Complaint, and Punishment of Sexual Harassment at Workplace", which has been disclosed on KTB'S official website - [\[Guidelines for the Prevention, Correction, Complaint, and Punishment of Sexual Harassment at Workplace\]](#), stipulating that all forms of sexual harassment at the workplace are prohibited. KTB also organizes sexual harassment-related education training to advocate the importance of sexual harassment prevention and eliminate the hostility originated from sex or gender, so as to protect employees, job applicants, and customers from the threat of sexual harassment.

KTB has established the sexual harassment complaint channel, complaint reporting method, investigation mechanisms, handling methods, and punishment. After receiving a sexual harassment complaint, KTB sets up the Sexual Harassment Complaint Handling Committee, and, when required, may retain experts or scholars as committee members to handle the cases independently, and report to the Board of Directors based on the circumstances. The investigation shall be based on the principle of protecting the privacy and dignity of the informer, and KTB promises not to terminate, transfer, or take any disciplinary action that is adverse against employees who personally file complaints or assist other persons to file complaints regarding sexual harassment. There were 0 sexual harassment complaint case received in 2022.

Formulate and implement human rights policy

KTB supports and implements human rights policy, practices workplace diversity, and does not treat differently or discriminate in any form on the grounds of gender, sexual orientation, race, class, age, marriage, language, thought, party, place of origin, birthplace, appearance, facial features, physical or mental impairment, or trade union membership. In addition, KTB abides by laws and regulations and has never used child labor or illegal labor. KTB has established the "[King's Town Bank Co., Ltd. Human Rights Policy](#)", which was approved by the Board of Directors with reference to the spirit and basic principles of human rights protection as outlined in various international human rights conventions, including the United Nations' "The Universal Declaration of Human Rights", "The United Nations Global Compact", "United Nations Guiding Principles on Business and Human Rights", and "International Labor Organization - Declaration of Fundamental Principles and Rights at Work". KTB carries out education training to advocate its spirit on a regular basis. In 2022, the total education training reached 209 training hours, with an advocacy rate of 100%.

Perform human rights due diligence

KTB conducts human rights due diligence on all operation locations (including 66 branches and 3 credit centers) every year, identifies risks for possible issues and objects, and discloses the implementation status of subsequent risk mitigation measures, with a completion rate of 100% in 2022.

► Human Rights Due diligence and Implementation Outcome

Evaluation Issues	Target of Evaluation	Risk Identification Ratio ^(Note 1)	Total Risk Ratio	Risk Mitigation Management Measures	Impact Ratio ^(Note 2)	Total Impact Ratio	Impact Remediation / Implementation Outcome
Workplace Equality	Employees with physical or mental disabilities	0.91 %	5.74 %	<ul style="list-style-type: none"> Control the number and percentage of employees with disabilities, personnel appointments, and management procedures. Abide by the Act of Gender Equality in Employment, and other employment-related laws and regulations. Organize human rights education training advocacies on a regular basis 	0.00 %		In 2022, KTB hired a total of 9 employees with physical and mental disabilities, meeting the legal requirements. No dispute or improper work place management issue occurred in 2022.
Occupational Health and Safety	All employees	3.02 %		<ul style="list-style-type: none"> Establish the "Code of Practice on Safety and Hygiene" and abide by the laws and regulations regarding occupational safety and health, protect the employees' health and safety, continue to improve the safety and health condition of the work environment, prevent the occurrence of occupational hazards, and ensure workplace safety. Organize employee occupational safety and health training, and first aid personnel training, and increase the employees' awareness of hazard risk. Promote health management and occupational disease prevention plans which include the "Ergonomic Hazard Prevention Program", "Unlawful Assault Prevention Program in the Performance of Duty", "Workplace Maternal Health Protection Program", and "Abnormal Load-Induced Disease Prevention Program", and carry out execution assessment checklists and surveys, and follow-up on the health condition of the employees. Provide employees with information related to work, foods, health education, exercise, workplace epidemic prevention, and health promotion, and arrange related seminars. Carry out regular employee health check-ups and invites contracted doctors to the Company to provide employees with health consultation. 	2.41 %	2.41 %	<ol style="list-style-type: none"> In 2022, no cases of occupational accidents occurred in the workplace were reported. In 2022, there were 5 commute injuries, all caused by traffic accidents during the employees' commute to work. Follow-up telephone interviews were conducted to provide health education and traffic safety promotion Abnormal Workload-induced Disease Prevention Programs: KTB conducted an overwork screening test/overwork load assessment questionnaire throughout the Bank, with the results as: 0 for mild, 9 for moderate (interview recommended), and 0 for severe (interview required). Among the 9 employees under moderate workloads, 8 employees have been interviewed or guided by KTB's engaged service physician, and the other 1 employees have been interviewed by the health manager of the Human Resources Department. Workplace Maternal Health Protection Program: Among the participants, 15 employees were pregnant and 17 employees were within one year after delivery, all of whom have undergone interviews or telephone interviews with KTB's engaged service physician for health consultations, and are at the first-level management (Not harmful to the health of mother, fetus or infant as assessed by the physician). Human-induced Hazards Prevention Program: According to the survey results, there were 15 employees with symptoms (more than 3 points). 10 out of the 15 employees have been interviewed in person, by video interview or by telephone by our special physicians for health consultation and guidance, and 5 have been interviewed by health managers by telephone for health consultation and guidance. Unlawful Infringement Prevention Program in the Performance of Duty: According to the survey results in 2020, there were 4 business premises are rated as "high risk" after evaluation (this program is carried out once every three years) In 2022, four online courses on four cancers were held to enhance the knowledge and importance of screening for colorectal cancer, oral cancer, cervical cancer, and breast cancer. Numbers of participants in online courses: 970 for colon cancer prevention and treatment, 962 for oral cancer prevention and treatment, 964 for cervical cancer prevention and treatment, and 954 for breast cancer prevention and treatment
Discrimination and Sexual Harassment	All employees	0.10 %		<ul style="list-style-type: none"> Formulate the "Guidelines for the Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace", forbid relative complaint channels, and create a friendly and equal workplace environment. Set up the "Sexual Harassment Complaint Handling Committee", establish complaint channels, and handle complaints in a fair manner. Organize regular "Sexual Harassment Prevention" and human rights education and advocacy courses, raise the awareness of gender equality among supervisors and employees 	0.00 %		No complaints of discrimination or sexual harassment in 2022
Working Hour	All employees	1.21 %		<ul style="list-style-type: none"> Strictly observe labor laws and regulations, specify regulations in the Work Rules and related regulations, and enhance related advocacies. Establish rules governing attendance and over-time management, assist the managers and employees to better manage working hours and extension of working hours. Regularly review the overtime situation of each unit, and carry out subsequent follow-up management and manpower adjustments. 	0.00 %		There were no penalties for violating labor laws and regulations in 2022
Labor disputes	All employees	0.50 %		<ul style="list-style-type: none"> Strictly observe labor laws and regulations, and specify regulations in the Work Rules and related regulations. Hold regular labor-management meetings, communicate with employees in a proper manner, and ensure harmony between labor and management. Conduct regular employee satisfaction surveys, to understand employee concerns and feedback 	0.00 %		No labor disputes occurred in 2022

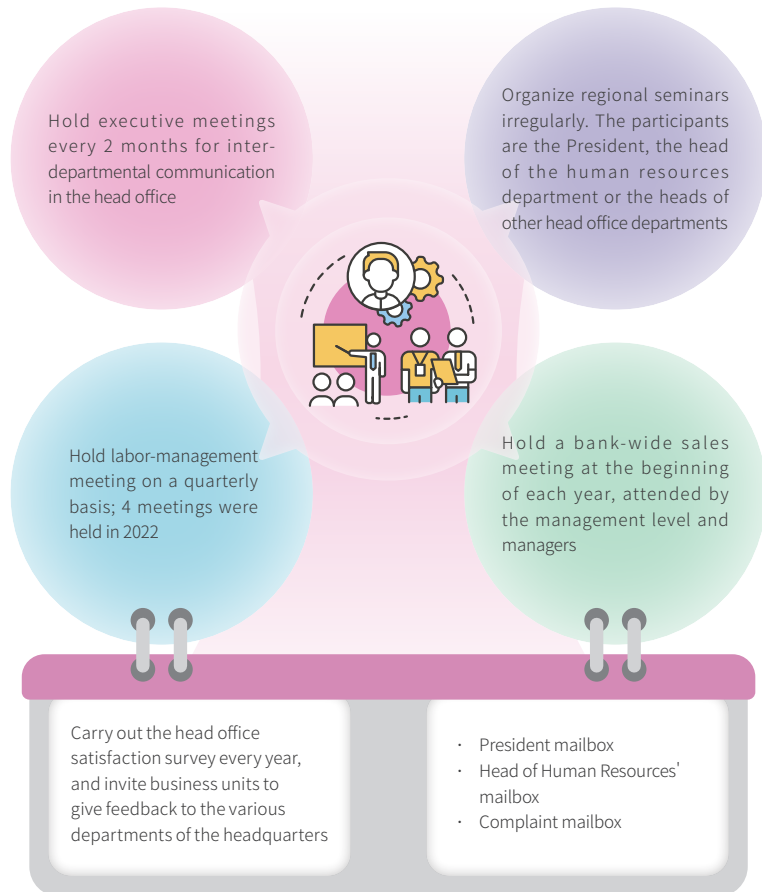
Note 1: Risk identification ratio = number of potential employees / total number of employees

Note 2: Impact ratio = number of actual occurrences / total number of employees

Implement Labor-Management Communication

KTB puts emphasis on the voice of employees and smooth communication. KTB has established diverse communication channels, where employees may give their valuable opinions to the President or heads of all departments through formal meetings, face-to-face conversation, regular surveys, or the President's mailbox. The President also leads the heads of related departments to organize regional seminars at the branch offices, to build an effective, efficient, and bilateral communication mechanism. There were 0 employee complaint case received in 2022.

Employee Communication Channels



Employee Opinion Collection

KTB conducts a bank-wide employee engagement survey every year, targeting supervisors and current employees of each department (including probationary employees, excluding part-time employees and interns). The survey focuses on salary and benefits, job duties, promotion and assessment, education and training, and organizational management, etc. The survey also asks about the years of experience in order to understand the dedication of employees with different years of experience and their responses to each aspect, and then passes the feedback suggestions provided by employees to the relevant departments for evaluation and improvement. In 2022, the response rate was 86% and the employee engagement rate was 84.42%.

Survey Results

1. Employees generally believed that their job positions can give full play to their strengths.
2. Employees are satisfied with the educational training arrangements and the health information and consultation provided by the company during the vaccination period.
3. There is room for improvement in salary and benefits, promotion assessment and manpower demand.

Response and Adjustment

1. Made a comprehensive salary adjustment in recognition of the hard work of colleagues, and outstanding colleagues promotion or promotion salary is calculated separately, expecting their hard work and continued efforts.
2. Adjust the evaluation points of employees on the operation side, allow the employees to focus on customer care and improve counter service.
3. We listen to the manpower needs of each department and add the talents required by their business to shorten the length of manpower vacancies as much as possible, and at the same time, we have established internal recruitment channels and designed multiple recruitment measures such as referral awards.
4. We will continue to upgrade our "online training platform" and expect that by 2023, employees will be able to learn and study online at any time after installing the application on their smart phones or tablets, regardless of the company's network domain.

Employee engagement in the past year

Year	Engagement	Questionnaire response rate	Gender		Age			Managerial positions	
			Male	Female	30 years old & under	31 ~ 49 years old	50 years old & Above	Managerial positions	Non-managerial positions
2020	79.20%	91.10%	-	-	-	-	-	-	-
2021	80%	64%	-	-	-	-	-	-	-
2022	84.42%	86%	85.63%	83.75%	81.33%	83.46%	89.00%	90.62%	83.74%

CHAPTER 07

SDG 11.a

Social Prosperity

Operation sites of KTB are mainly located in the central and south parts, and "Community" is the base on which we stand. We choose to start from local places to achieve the purpose of social existence and social prosperity. We confirm the transition and influence of resource investment on the society by means of evaluation, by making action measures and reviewing the implementation effectiveness, so as to distribute the resources to people in need more effectively, and create social corporate influence continuously.

- 7.1 Academic Education
- 7.2 Caring for the Disadvantaged
- 7.3 Arts and Humanities

Social Investment Evaluation Mechanism

We abide by Article 27 of the "[Sustainable Development Best Practice Principles](#)", and when making social investment project, we will firstly evaluate possible opportunities or impact of such investment action on the community. As far as we are concerned, financial service business always gives people a feeling of being professional and trustworthy, and in the meantime, by making use of its "local" characteristic, it can also bring a change opportunity to the community while shortening the distance with community residents. For example, the promotion of financial knowledge enables people of more age levels to have more channels to contact with the financial knowledge that is often difficult for them to understand, thus improving their personal financial management and enabling them to fully participate in economic activities. What's more, anti-fraud advocacy is conducive to reducing the financial fraud risk of the community residents.

Social Investment Actions and Measures

In order to fully demonstrate the efficiency and extend impact of our social investment, KTB's social prosperity focuses on three major activities i.e. "Academic education", "Care for the Disadvantaged" and "Arts and Humanities". The social investment of KTB can be divided into "Call of the Headquarters" and "Branches are Good Neighbors". The ESG Team carries our subsequent follow-up and summary on each social investment, and reports and shares the feedback of the investment at meetings on a regular basis. The reports on the investments will serve as the reference for our continued improvement of social investment.

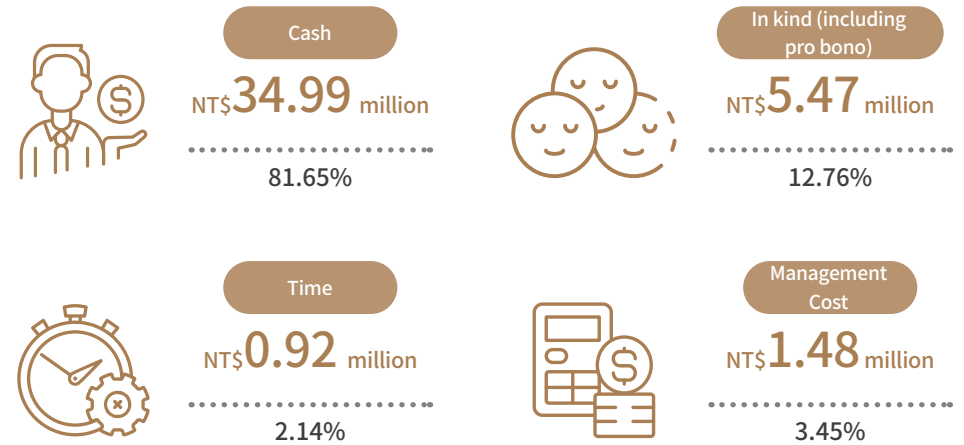
Call of the Headquarters: Most plans are the responses to social needs or proposed by employees. The ESG Team is responsible for summary and discussion and reports the final plan to higher authorities for approval and budget application. Finally, the plan is handed over to the responsible management unit depending on the nature of the activities in the plan. In order to encourage the participation of employees in the activities, we have implemented the "volunteer leave" system. All employees who answer the Call of the Headquarters will be given 1 paid day off. We aim to invite more people to participate in our activities, through which we can expand our influence.

Branches are Good Neighbors: With the help of our branch offices in various cities and counties, the ESG Team proposes annual promotion focus and directions, and the branch offices are responsible for holding "community care events" by combining local cultural characteristics and customs to becoming good neighbor to the local residents. Due to the ever-evolving forms of scams, and the importance of the proliferation of financial knowledge, we have set "financial education" and "anti-scam advocacy" since 2019 as the two key points of the community care activities. Change, start from you and me, bit by bit and little by little.

Implementation effect of social investment

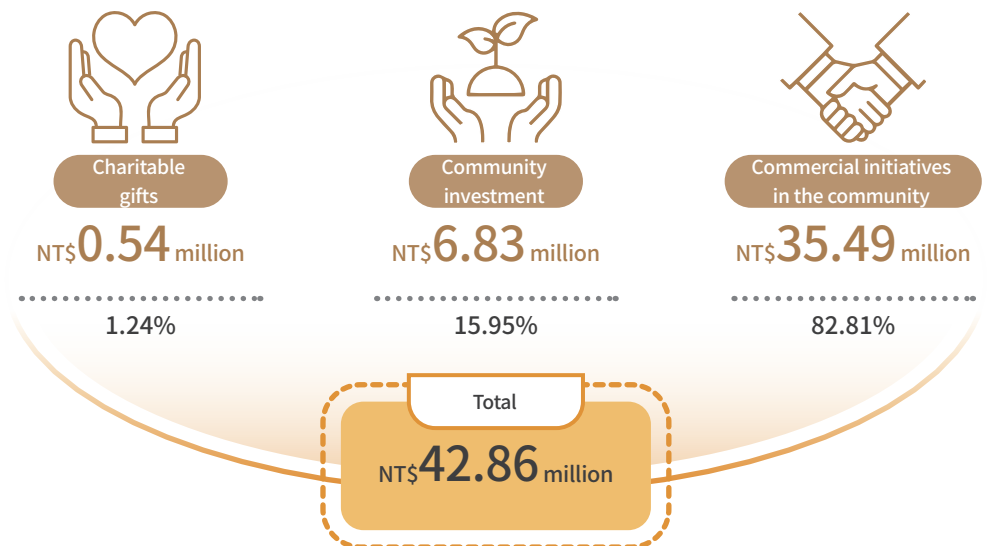
Types of KTB's social investment resources(Form of Contribution) can be divided into "Cash", "In-kind", "Time" and "Management Cost", and the investment motives(Driver for Contribution) are divided into "Charitable gifts", "Community investment" and "Commercial initiatives in the community". In the meantime, KTB assesses the overall condition of resource investment regularly by reference to London Benchmarking Group (LBG) framework, for the benefit of follow-up evaluation and tracking.

Form of Contribution



Note: Time contribution is calculated based on man-hours invested and converted to approximately equivalent value based on average personnel costs per person per hour in 2022

Driver for Contribution



SDG 4.4 SDG 4.7 SDG 4.a

7.1 Academic Education

"Education is the first step to change". The implementation of education equality is a long-term common goal of the world and one of the Sustainable Development Goals of the United Nations. KTB has been consistent in our goal for academic education. We aim to exert our core competency to help more children to enjoy equal rights to education. Thus, we cooperate with local schools and have been arranging financial education activities since 2007. The participants range from kindergarten children to college students. We arrange enriching and diverse activities for different age groups, hoping that the financial management concepts can take root and bear fruit.

For the implementation of education equality, 21% of KTB's branch offices are located in or neighboring to the "priority towns/cities for regional revitalization" selected by the government. Therefore, we understand the educational resource difference between rural and urban areas. These areas face a brain drain and a structural transformation of the industry. As a result, problems such as grand parenting, culture shock between mainstream and local, and insufficient quality and quantity of teachers. These problems have directly resulted in the lack of motivation to learn and unsatisfactory learning results. Therefore, KTB integrates existing local resources, works together with charities, puts plans into action to respond to the sustainable development goals, and goes deeply into campus to understand that what children need is not only material donations but also long-term companionship.

Promotion of Digital Financial Knowledge

KTB always held promotion of financial knowledge in a face-to-face way in previous years. Many physical promotion activities have been stopped or delayed since the COVID-19 epidemic is still severe, however, as far as we are concerned, social participation can't be stopped due to the epidemic factor. In addition to encouraging the branches to resume relevant activities successively when the COVID-19 epidemic slows down, KTB also launched financial knowledge promotion in digital form. We increase interaction with the customers and the public by means of posting messages on social media platforms, thus achieving the purpose of "Education and Promotion" as well. Overcoming the barrier of space also makes financial knowledge accessible to more people. In 2022, a total of 8 articles on financial education and anti-scam advocacy were published, which were liked and messaged for up to 8,056 times.



Little Financier Activities and Finance Education for Schools and Campus

A correct concept of financial management should be cultivated from an early age. Through the branch offices' collaboration with local schools, daycare centers, kindergartens, we arrange financial activities which are not commonly seen in classrooms. These activities include introduction to the correct concept of money, understanding currencies, anti-scam advocacy, and identifying counterfeit money. We aim to stimulate the children's interest and motivation through videos, Q&As, and games. We also invite children to our branch offices to experience the bank services, through which, we can satisfy their curiosity for what adults do in a bank. In addition to Little Financier, in 2022, our company was invited by Chaoyang University of Technology (CYUT) to act as the judge and reviewer of the "National Financial Institution Service Innovation and Creativity Competition". This competition laid emphasis on innovative and creative cross-domain thinking, where, the participating teams made cross-domain innovative application thinking, and put forward the specific thinking and suggestion on "How to Improve Digital Financial Services of Financial Institutions by Service Innovation", thus turning it into specific and feasible operation planning, and enhancing the participating students' understanding of financial service industry. In 2022, a total of 6 lectures for "Little Financier Activities and Finance Education for Schools and Campus" were held, with a total of 335 students participating.



Children experiencing filling of invoices and on-the-counter (OTC) deposit at Taiwan Fund for Children and Families



Kid Castle's English Tutoring Class - get to know bank

Industry-Academia Cooperation among Colleges and Universities

We value the industry-academia cooperation with academic institutions. Through bilateral communications, we integrate theoretical knowledge with practical work, which can spark new business models for the industry. For more actual performance of the industry academia cooperation, please refer to [Diversified Recruitment Channels](#). Besides, we are also in cooperation with Innovative Fintech Business Models Center of National Cheng Kung University as well as College of Management of National Taiwan University.



President Hung-Liang Chiang (the first one on the right) attended the NCKU International Forum of Innovative Fintech Business Models Center, and acted as a discussant

- ✓ We have held "The International Trends and Prospects Forum of FinTech, RegTech and Sustainable Finance" for 3 consecutive years in cooperation with Innovative Fintech Business Models Center, National Cheng Kung University as well as many enterprises. In 2022, President Hung-Liang Chiang and Senior Vice President Qi-Wei You acted as discussant of the forums, respectively, and by sharing the outlook for sustainable finance as the trend of financial innovation in Taiwan, they brought some thinking to the participants on finance and supervision technology, and shared financial science and technology and green finance knowledge and trend to more people, so as to promote popularization of the knowledge of sustainable finance and technology.
- ✓ Senior Vice President Qi-Wei You has been a course lecturer of Innovative Fintech Business Models Center of National Cheng Kung University for 3 consecutive years.
- ✓ KTB participated in the Customer Experience Workshop (CXW) held by the College of Management of National Taiwan University for 2 consecutive years, and acted as the owner to provide the group students with practical enterprise problems, and perform deep learning by experience mode, so as to cultivate their problem-solving ability.



Senior Vice President Qi-Wei You (the third on the right) attended the International Forum, and acted as a discussant of the Regulatory Compliance Science and Technology Practice Session



Senior Vice President Qi-Wei You (the second on the right) has been the owner to "Customer Experience Workshop (CXW) for two consecutive years

Inclusive Financing Education in the Community

"Anti-scam advocacy" protects the public's assets

Scam tactics are constantly evolving, making it difficult for the elderly who are less concerned about the news, engages in less social interaction, and is less familiar with digital products. Most of KTB's branch offices are located in Yunlin, Chiayi, and Tainan regions, and our customers are relatively older. Therefore, we utilize the customers' trust in us and put "anti-scam advocacy" as the community care key activity to raise the public's awareness of scams through the efforts of each branch office, sharing of case studies, and anti-scam slogans. In 2022, 99 "Anti-scam Advocacy" events were held, benefiting 2,575 people. Apart from the regular advocacy, KTB employees also act as front-line gatekeeper against scams and maintain a high degree of vigilance and enthusiasm of a busybody. In 2022, KTB successfully blocked 94 cases of scams with a total amount of NT\$24.12 million.



SDG 4.7

SDG 4.a

Promote Equal Opportunity in Education

The "Twilight Elite Development Association R.O.C". education subsidy program for low-income high school students

High school is a pivotal stage for future success in education, but some children are unable to concentrate on their schoolwork or pursue further studies due to difficult circumstances at home. The "Twilight Elite Development Association R.O.C". was established for the purpose of subsidizing tuition and other fees to students in need. At present, the subsidized bases have reached 13 counties and cities and 34 cooperative schools. Through inheritance and feedback, the students who have been assisted become the main force in the operation, achieving a good cycle. Since 2014, KTB donated a year's worth of tuition and other fees for students every year. In this way, underprivileged students are able to concentrate on their education, pass the entrance exams for their desired university's major, and improve their home environment through the power of education.

"Social Entertainment Enterprise: See the World with Your Heart" goes to rural communities to introduce new possibilities to children

"See the World with Your Heart" is the first social enterprise caring emotional health in Taiwan. It aims to lead students to understand the importance of emotional health and how to relieve stress through artistic creation. KTB partnered with the "Social Entertainment Enterprise (SEE): See the World with Your Heart" for three consecutive years. In 2022, KTB provided art creation stress relief courses and financial education promotion activities for 30 students from Jiangjyun Elementary School in Jiangjyun District, Tainan City, providing diversified learning content and challenges to children in remote areas. For the course this year, the Artist Ashley was invited to perform aesthetic teaching and sharing. She asked children from the largest carrot producing area in Taiwan to take carrot planted in their hometown as their topics of creation, thus enabling them to know their hometown while making creation and stress relief. The course also combined KTB's core functions to bring students an interesting and educational game of Finance Monopoly. Through the game, students can understand the importance of saving and investing, understand the difference between "need" and "want", and establish a correct concept of consumption. After the course, we held small exhibitions in Jiali Branch and Xuejia Branch respectively, and displayed the paintings by the school-children in the branch hall, so that more people could see their creation.



Painting teaching by the Artist Ashley



Finance Monopoly Game



Finance Monopoly Game



"See the World with Your Heart" Teacher Mico made the students to know what emotion is

SDG 10.4

7.2 Caring for the Disadvantaged

Taiwan Fund for Children and Families: Safeguarding the Smiles of Children

Taiwan Fund for Children and Families has had 56 years of accompanying disadvantaged families in Tainan. Since 2015, KTB has provided nearly 200 pings (approximately 661 square meters) of land in Tainan City for free for eighth consecutive year for the Tainan Fund for Children and Families to establish a "Parent-Child Happy School". The school aims to be a resource center of preliminary prevention of child neglect and abuse, to provide a stable location and therapy for underprivileged children and their families, and to provide information on where to seek appropriate help. There are many soft and hard facilities related with children protection in the school, and diversified topic parents-child activities are often held, to improve parents-child interaction relationship with the concept of "parents-child co-work, co-creation and co-learning".

In addition to provide site for free, we continue to deepen the cooperation with Taiwan Fund for Children and Families in Tainan, and combine social welfare with core banking function or environmental issues via various activities, making social welfare not only be limited to the "donation" channel.

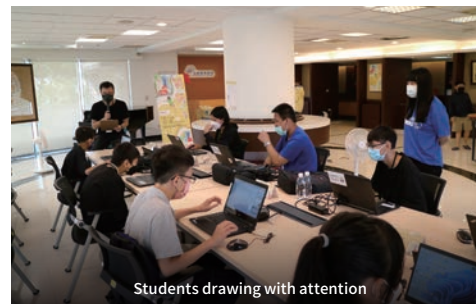
- ✓ KTB's Vice Chairman, Mr. Tsai, donates his personal articles for charity sale every year, and the income of which is donated to the Taiwan Fund for Children and Families in full.
- ✓ In 2022, by combining with "KTB World Earth Day - Barter Activity", KTB invited the Headquarters peers to donate more food and epidemic prevention and control supplies.
- ✓ KTB donates micro group accident insurance to disadvantaged families tutored by Taiwan Fund for Children and Families in Tainan, providing an insurance amount as high as NT\$500,000 per insured person. We hope that KTB can not only provide the disadvantaged families with spiritual support, but also open a protection net of insurance for them, so as to help them out in the face of accidents. KTB donated a total of 84 policies in 2022.



Senior Vice President Qi-Wei You (the fourth on the right) attended the micro insurance donation ceremony



Opening Ceremony of Program the World Innovation Education Base



Students drawing with attention



Vice President Chien-Ko Yang (the first on the right) acted as award people of The First PTWA Computer Drawing Competition

Program the World Association (PTWA) becomes the light to children

The Program the World Association (PTWA) was established by Professor Wen-Yu Su from National Cheng Kung University in 2016, and it is devoted to teaching children in remote rural areas to write programs since learning to program is the start of cultivating logic. This is also an industry for starting one's own business without limitation to region. It's hoped that, by virtue of companion teaching and long-term planning, we can enable the children in remote rural areas to change their situation in the long term. Since January 2022, KTB has been leasing the rooms on the second floor of Eastern Tainan Branch for free, to serve as "Program the World Innovation Education Base" of PTWA, so as to help PTWA also have a site in Southern Taiwan. It aims to enable more adolescents to have the opportunity of having access to different education resources and opportunities, and train more programming teachers.

Programming is not use of rigid and difficult language, but a comprehensive application. The existence of "Program the World Innovation Education Base" also enables PTWA to hold more diversified activities, touching more children with potential. In July 2022, KTB, PTWA and the School of Innovative Product Design of Southern Taiwan University of Science and Technology worked together to hold The First 2D/3D National Computer Drawing Competition; compared with traditional drawing media, computer drawing has a relatively lower threshold, especially for those children with special needs (e.g. autism, attention deficit hyperactivity disorder, or learning disabilities of other types). Computer can greatly reduce the children's feeling of learning frustration. According to previous teaching experience of PTWA, it is also discovered that most students have significantly improved their cognitive competence during the process of computer drawing. The Drawing Competition was funded by donations from KTB in full, including provision of admission scholarship and transportation allowance for poverty students participating in the final. On the current day of the event, total 28 students entered the final and obtained scholarship. We hope that, by virtue of this computer drawing competition, we can drive more enterprises to find new directions for education of the next generation together.

SDG 11.a

Give Back to the Community

Ronald McDonald House, accompanying with love

"Ronald McDonald House Charities Foundation" was donated and established by MacDonal in Taiwan in 1997. The first "Ronald McDonald House" was settled in Taipei City in April 2007, providing a "home away from home" for families of sick children who seek medical treatment across counties and cities. Besides, "Ronald McDonald Parents-Child Room" was set up in Taichung Veterans General Hospital. By providing free accommodation and care service and accompanying with love, it helps the sick children to face the challenge of life bravely together with their families. At present, the second "Ronald McDonald House" is under preparatory construction in Kaohsiung. Its well known by KTB that Kaohsiung City has three major medical centers, and shoulders the responsibility for emergency and severe medical institutions in Southern Taiwan, and there are about 20%-30% cases belonging to seeking medical treatment across regions in each medical institution. Therefore, KTB made generous donation in the first place, hoping to call on people of all walks of life to work together for health and well-being of the children, thus helping more families in need, and reducing their economic burden from transportation and accommodation for seeking medical treatment.

We know that there are still many people who need our help and care in many unseen corners throughout the society. Therefore, KTB constantly encourages all its branch offices in various cities to take initiative to care for any groups in need, hoping to see figures wearing the orange KTB vest lending a helping hand in many locations.



Mingshiung Branch donated rice to Fengshou Community Care Site



Ahe Branch worked in cooperation with the Jade Saint Palace to hold Spring Festival Charity Sale Activity



Chung Hwa Branch participated in the blood donation and charity sale



Meishan Branch participated in Community Incense Activity



Kaiyuan Branch Distributed Fortune Water, Wishing the Pilgrims Happy New Year



Guiren Branch and Chung Hwa Branch supported local activity - Guiren Shakya Festival



Wenxin Branch and Dali Branch participated in Welfare Blood Donation Activity, to donate warm blood



Guanmiao Branch Showed Care for Elderly People Living Alone

SDG 11.4

7.3 Arts and Humanities

KTB has demonstrated consistent and unwavering support for cultural development in Taiwan, especially promotion of arts and humanities. KTB formulated "[Sustainable Development Best Practice Principles](#)" passed by the Board of Directors as the basis, and continued to inject resources into cultural and artistic activities or cultural and creative industries mainly by means of donation, sponsorship and procurement. In the frenetic pace of modern-day society, we hope to return to our roots and enrich the soul through appreciating works of art and guiding people's understanding and perception of aesthetics. In 2022, KTB invested NT\$ 5,122,446 in development of arts and humanities, with participants being up to 35,594 person times in related activities.

Tainan International Music Festival - Eternal Golden Castle Opera Concert

"Tainan International Music Festival" is the first international music brand created by Tainan City Government and Cultural Bureau in 2021, selecting top domestic and foreign musicians and programs to produce and hold exquisite indoor and outdoor music banquet, lecturers, workshops and other musical activities. Its mission is to create top and exquisite new music experience internationally, cultivate excellent music talents and make social bonding, hoping to incubate Tainan's musical environment step by step via musical promotion and rooted education. To welcome the "400th Anniversary" of Tainan in 2024, Tainan City Government and Cultural Bureau hereby decided to hold the "Opera Selection Concert" (one program of "2022 Tainan International Music Festival") grandly in "Eternal Golden Castle" (a Grade I State-designated Historic Site in Tainan City). Special invitation was made to Chinese Artist Neng-Sheng Yu living in Austria for transnational supervision, and well-known European singers gathered here to make romantic singing of classic bel canto, complementing the century-old architecture. KTB promoted artistic culture for long term, and also sponsored NT\$ 2 million as fund subsidy for the activity. This concert also had the sponsorship name "Eternal Golden Castle Opera Concert", hoping to promote local cultural atmosphere and international cultural exchange and development by virtue of the broad influence of the music festival platform as well as organization and connection by musics of well-known international musicians. The two concerts had a total of about 4,000 participants.



The audience could obtain small gifts by participating in on-site activities



KTB supported activities of arts and humanities, and sent staff to guide the audience to enter the site



Propaganda Poster of Eternal Golden Castle Opera Concert



The concerts were held in "Eternal Golden Castle"

Various Arts and Cultural Activities

- ✓ KTB has sponsored the Musician Yu-Chien Tseng Violin Concert for 3 consecutive years, and in 2022, we sponsored the New Year Concert of Yu-Chien Tseng and the master conductor Lan Shui, who made grand performance in Taipei National Concert Hall, Kaohsiung Weiwuying Concert Hall and Taichung National Opera House, respectively. KTB invited both its customers and employees to attend the concerts, with a total of about 4,806 audiences for three concerts.
- ✓ National Kaohsiung Center for the Arts is the artistic development base in Southern Taiwan. KTB has sponsored many activities of the center since 2019, and sponsored the Broadway musical "The Lion King" in 2022, and invested the customers for joint appreciation., with the number of audience being about 1,788.
- ✓ Yanshuei Fireworks Festival is a famous sightseeing folk event in Taiwan. To promote local development and cultural inheritance, KTB has participated in relevant activities and sponsored the activity fund for many consecutive years. According to statistics, a total of 25,000 people participated the Firecracks Festival in 2022.

CHAPTER 08

Sustainable Environment

As global warming intensifies, controlling temperature rise to avoid climate crisis and achieving net zero emission in 2050 have become a global consensus. KTB is fully aware of the importance of sustainable environmental management. In recent years, in addition to introducing an energy management system, actively promoting environmental protection and energy conservation, formulating relevant concrete and feasible measures and promoting, implementing, and reviewing them, and continuously improving environmental management practices, KTB signed on as a TCFD supporter in July 2021, and has actively developed relevant countermeasures. In the future, we will cooperate with the "Sustainable Development Roadmap for TWSE- and TPEX-Listed Companies" issued by Taiwan Stock Exchange to gradually complete the group-wide GHG inventory and verification.

- 8.1 Sustainable Operating Environment
- 8.2 Supplier Management

8.1 Sustainable Operating Environment

SDG 7.3

Management Policies

Important Regulations for Environmental Management

KTB has formulated the "[Sustainable Development Best Practice Principles](#)", which was approved by the Board of Directors, as the principle to develop its sustainability, which has been disclosed on KTB's official website. KTB has also formulated the "Energy Conservation and Environmental Protection Standards Implementation Guidelines" and "Energy Operation Control Manual" as the principles for the promotion of environmental protection and energy conservation.

Environment Management Framework

We take initiative to set the reduction goal and employs third-party verification to review the achievement condition. At the time of implementation, KTB regularly reviews the energy consumption (water, electricity, greenhouse gas, etc.) of the whole bank compared to the same period last year, as well as monthly reviews the water and electricity consumption of each business unit for any irregularities, and reports the findings to the ESG Team meeting, so as to implement sound environmental management.

Introduction of Management System

- ✓ In 2018, KTB introduced the ISO 50001 Energy Management System and reduced cost and GHG emission through review, identification, measure, and management of energy consumption, and through the establishment of organizational energy management goals and action plans.
- ✓ KTB introduced ISO 14064 Greenhouse Gas Inventory in 2021, and carried out greenhouse gas inventory toward the whole KTB for the first time in 2022. KTB obtained third-party assurance report in 2023, and it's estimated to complete inventory and verification of all affiliates by the end of 2025.
- ✓ It plans to introduce ISO 14001 Environmental Management System in 2022, and estimates to obtain third-party verification in the latter half of 2023.

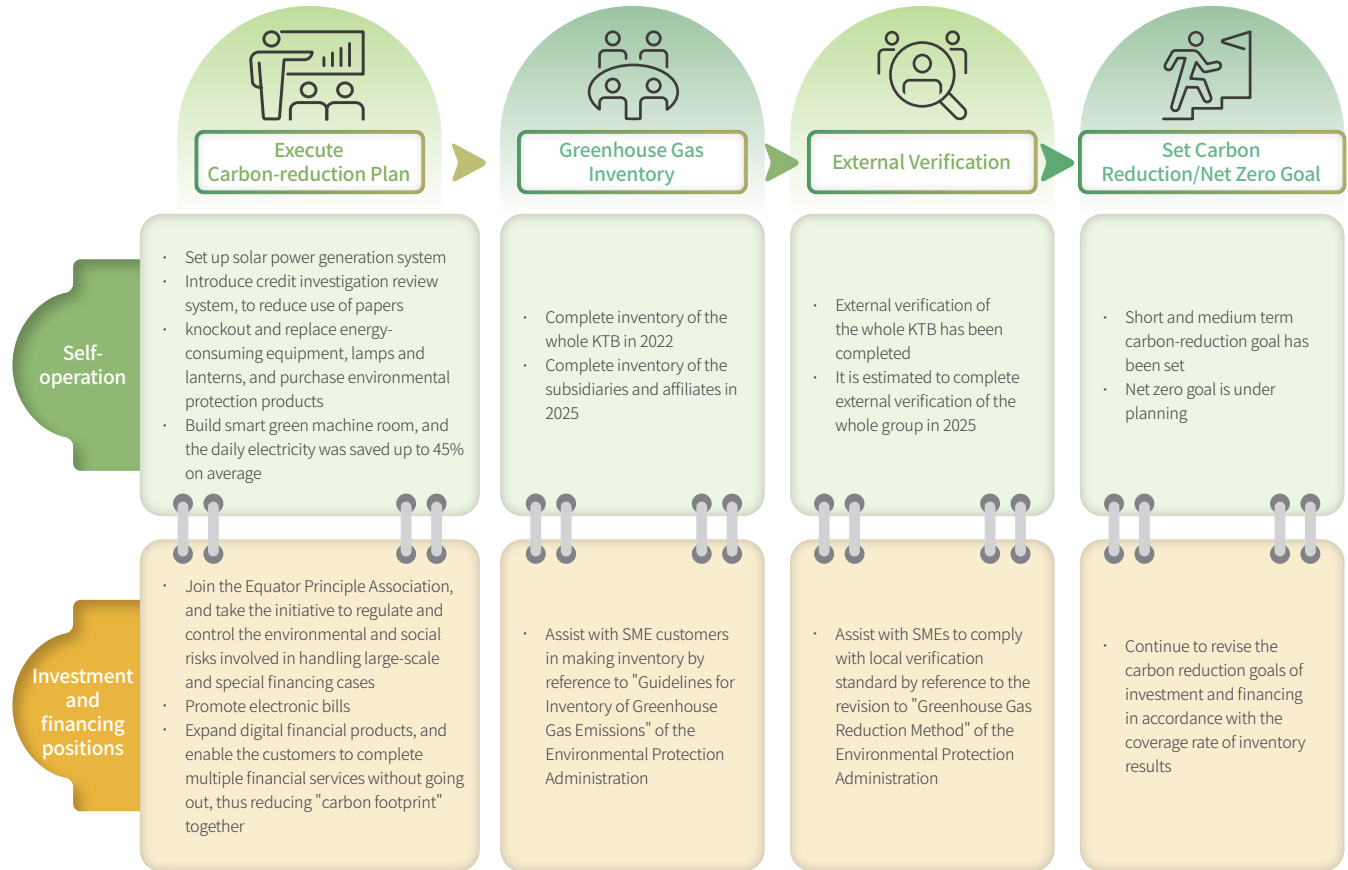


Net Zero Planning

Confronted with the trend of net zero emission internationally, our company formulated four strategies from the aspects of self-operation and investment and financing positions, respectively, to reduce our own carbon emission from operation, and we also make review every year to achieve the goal of net zero gradually.

1. Execute carbon-reduction plan: continue to reduce carbon emission during the operation process
2. Greenhouse gas inventory: understand the amount of greenhouse gas emission during the operation process
3. External verification: verify the inventory data by rigorous means
4. Set carbon reduction/net zero goal: formulate net zero goal after having rigorous and scientific data, and continue to take practical carbon reduction actions.

In addition to self-operation, it's estimated by us that the project of the largest carbon emission is the emission by investment and financing customers in Scope 3 (include all other indirect emissions). However, small and medium-sized enterprises (SMEs) have many difficulties in executing inventory and disclosure of relevant data, requiring assistance by financiers very much. To solve this problem, KTB is planning to assist with SME financing customers in making carbon inventory. This action can not only help KTB have a more comprehensive understanding of the total carbon emissions from the investment and financing positions, but also enable the SMEs not to be neglected in the carbon reduction topic nowadays.



Environmental Goals

Degree of Compliance	Environmental Issues	Base Year (2017)	2022	2022 Achievements	2023 Goals	2027 Goals
😊	GHG Management	2,863 (t-CO ₂ e/year)	2,306 (t-CO ₂ e/year)	A decrease of 19.46% compared with 2017	Carbon emission per capita decreased by 1% compared with the previous year	Carbon reduction per capita in accumulation reached 5% of that in 2022
😊	Energy Management	5,128,403 (kWh)	3,928,789 (kWh)	A decrease of 23.39% compared with 2017	Electricity consumption per capita decreased by 1% compared with the previous year	Electricity saving per capita in accumulation reached 5% of that in 2022
😊	Water Resources Management	21,944 (kWh)	18,707 (kWh)	A decrease of 14.75% compared with 2017	Water consumption per capita decreased by 1% compared with the previous year	Water saving per capita in accumulation reached 5% of that in 2022
-	Waste Management	Estimated reduction achievement disclosed in 2023			Waste per capita decreased by 1% compared with the previous year	Waste reduction per capita in accumulation reached 5% of that in 2022

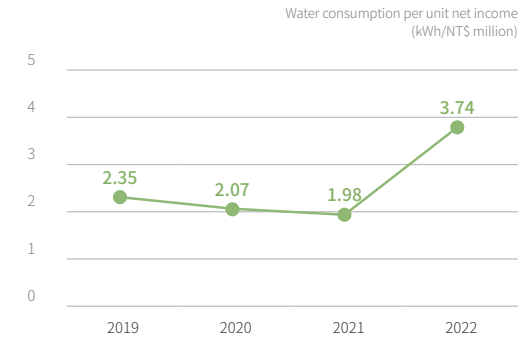
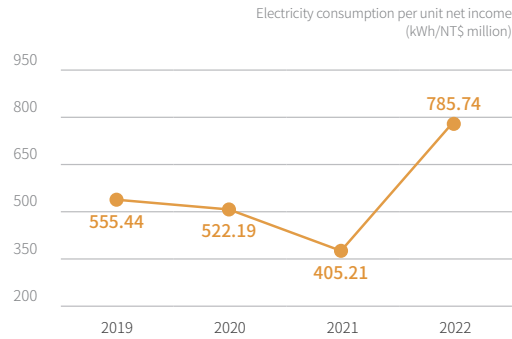
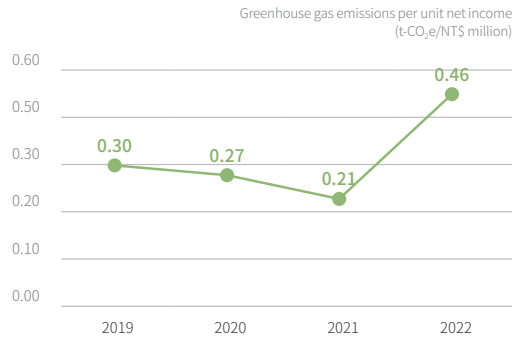
Note 1: Targeted reduction per capita in accumulation in 2027, with the accumulation time being 2023-2027

Note 2: Boundary of the waste data is the Headquarters Building, while the whole KTB is covered in all other topics.

SDG 11.6

Environment Management Achievements

In 2022, KTB achieved its reduction goals of GHG emissions, electricity consumption and water consumption (taking 2017 as the base year), where, there was reduction in both the electricity consumption and water consumption compared with the previous year, regarding which reference can be made to [Energy Management and Water Resources Management](#); there was a small increase in GHG emissions since the inventory boundary was different from that of the previous year. There was great increase in various environmental intensity data, for the main reason that the investment profit and loss influenced overall profit performance in 2022, and the net income decreased about 50% compared with the previous year.



Specific Actions

GHG Management

KTB's main GHG emissions are from electricity consumption. Thus, we have set forth special energy-conservation plans for light fixtures, air-conditioners, computer room, and elevators, and we have also set a goal of reduction. In 2022, we made greenhouse gas inventory of the whole KTB and obtained third-party assurance report, which showed that, Scope 1 and Scope 2 emissions of the whole bank were 2,306 t-CO₂e/year, with a decrease of 19.46% compared with 2017, achieving the emission reduction goal in 2022 successfully; in the meantime, we also draft the reduction goal in 2023-2027 (please refer to [Environmental Goals](#)), and will continue to review the achievement condition in the future.

GHG Composition and Emissions of the Whole KTB in 2022

Unit: t-CO₂e

	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Subtotal	Proportion
Scope 1	41.9408	86.9653	1.0291	176.1183	-	-	-	306.0535	13.25%
Scope 2	1999.7536	-	-	-	-	-	-	1999.7536	86.58%
Scope 3	3.9858	-	-	-	-	-	-	3.9858	0.17%
Total	2045.6802	86.9653	1.0291	176.1183	-	-	-	2309.7929	100%
Proportion	88.57%	3.77%	0.04%	7.62%	-	-	-	-	-

Note 1: Scope 1 refers to direct GHG emissions

Note 2: Scope 2 refers to indirect GHG emissions

Note 3: Scope 3 include all other indirect emissions, and the same as Category IV: indirect GHG emissions from products used by the organization

Total GHG Emissions

GHG Emissions (t-CO ₂ e)	2019	2020	2021	2022
Scope 1 (Category 1)	44	29	96	306
Scope 2 (Category 2)	2,451	2,315	2,027	2,000
Total	2,495	2,344	2,123	2,306
Emission per capita	2.58	2.46	2.20	2.32
Scope 3 (Category 4)	-	-	17	4

Note 1: The data from 2019 to 2020 were measured by self-inspection, covering the Headquarters Building and 66 branches (i.e. The whole KTB).

Note 2: The data of Scope 1 and Scope 3 in 2021 were only based on the verification data of the Headquarters Building, which were 95,5265 and 16,8375 respectively. The data of Scope 2 includes the inspection data of the Headquarters Building, plus the self-inspection data of 66 branches (unit: t-CO₂e).

Note 3: Verification data of the whole KTB was taken as the disclosure basis in 2022, and since the data of Scope 1 covers the whole KTB, therefore, there was a great increase compared with 2021 (with the Headquarters Building as the boundary)

Note 4: The data of Scope 1 mainly include data from official vehicle oil, liquefied petroleum gas (LPG), generator diesel and refrigerant.

Note 5: Scope 1 emission is based on the "Greenhouse Gas Emission Factor Management Table" version 6.0.4 issued by the Environmental Protection Administration, Executive Yuan, and the global warming potential (GWP) is based on the "Climate Change 2007" IPCC Fourth Assessment Report.

Note 6: Scope 2 annual emission is based on the announcement by the "Bureau of Energy, Ministry of Economic Affairs". The 2022 electricity carbon emission factor is based on 2021's factor, which was 0.509 KgCO₂e/kWh.

Note 7: "Number of employees" are full-time employees at a total of 994 persons.

Energy Management

The electricity used in the operating process of KTB is mainly externally purchased electricity (non-renewable energy), and a small part of it is gasoline and liquefied petroleum gas. For the use of energy, KTB has introduced the ISO 50001 Energy Management System to effectively improve energy efficiency and reduce electricity consumption. The actual actions taken are as follows:

- ✔ Newly installed and replaced lighting fixtures and is fully equipped with energy-saving LED light fixtures
- ✔ Installed variable speed air conditioners, as a constant temperature control device, and sets the average indoor air temperature at no lower than 26 degrees Celsius
- ✔ Adjusted the computer room layout and reorganized the circuit to improve the energy efficiency of the computer room
- ✔ Set the billboard light timer depending on the daylight time of the seasons
- ✔ Shuts down some elevators during non-peak hours
- ✔ Electrical appliances or equipment, such as photocopiers, shredders, computers, lights, elevators, etc., are set to sleep, standby, or auto-sensing modes.

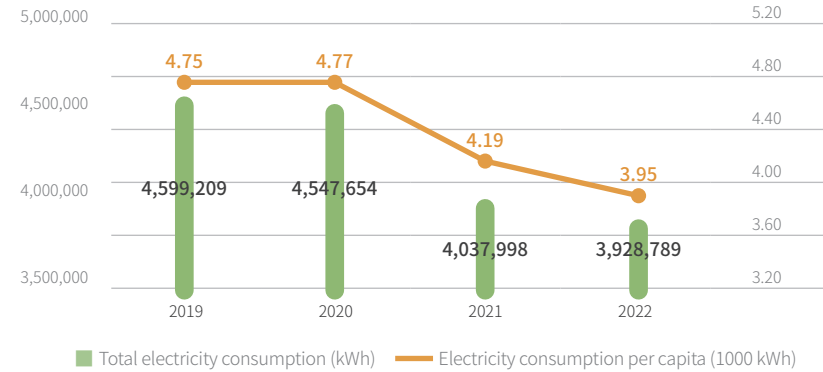


Moreover, KTB's energy policy was issued by the President and posted on all floors of KTB. Regular energy-saving and carbon-reduction education training courses are also held to remind the employees of the importance of their participation. As a result, the total electricity consumption in 2022 was 3,929 million kWh, which was a 23.39% reduction compared to 2017, reaching the reduction target in 2022 successfully. Since electricity source is of great consumption by KTB, therefore, the reduction target in the following five years will still focus on electricity consumption, please refer to the [Environmental Goals](#).

Water Resources Management

100% of the water used in KTB's operations comes from the Taiwan Water Corporation, and no groundwater or other water sources are used. The water used in all office buildings and operating sites is only for employees and some customers. There is no significant impact to the water source and is mainly used for drinking, air conditioning systems, cleaning, and other purposes. The wastewater is then discharged through the sewage system. In the face of increasingly serious water shortage in Taiwan, KTB has set a goal of reduction. Our priorities are to purchase and use products with water-saving labels and inspect the water consumption in the headquarters and branch offices for any abnormalities on a monthly basis, and advocate correct concept of water consumption. According to statistics, the total water consumption in 2022 was 18,707 cubic meters, which was still 14.75% lower than that of the base year (2017), achieving the goal successfully.

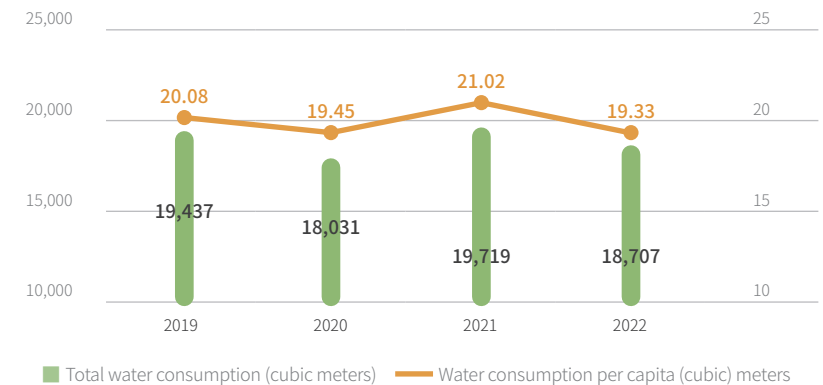
Electricity consumption of KTB



Type of Energy	Unit	2020	2021	2022
Liquefied petroleum gas (LPG)	Kg	1,804.00	1,320.00	2,224.10
Diesel	Liter (L)	-	121.9	947.4
Gasoline	Liter (L)	10,834.80	8,354.60	14,309.40
Electricity	kWh	4,547,654.00	4,037,998.00	3,928,789.00
Total energy consumption	GJ	16,819.40	14,883.20	14,759.10

Note: Natural gas was not used

Water consumption of KTB



SDG 12.5

Waste Management

KTB has long had the awareness of waste reduction. Disposable tableware was never used in the employees' canteen in the Headquarters Building. All kinds of disposable utensils were not actively provided when the canteen was renovated in 2010. This policy has effectively reduced the use of about 150,000 paper containers. In addition, for inevitable wastes, KTB separates the waste into general waste (including kitchen wastes) and recycled waste to increase the recycling rate. In order to track and manage the situation of waste management in the Headquarters Building, all the wastes were weighed before disposing, since November 2018. The data for waste treatment in the past four years are shown in the right table:

To further implement reduction in wastes, KTB formulated a 5-year goal (please refer to the [Environmental Goals](#)). KTB will carry out active reduction measures actively since 2023, to reduce impact on the environment during the operation process.

Promotion of Paperless Office

Unlike the manufacturing industry, the financial service industry does not directly cause negative impacts on the environment. However, it uses a large amount of paper in the operating process or the internal exchange of documents. As the traditional papermaking process requires a lot of water, fuel, electricity, and forest resources, the promotion of paperless office and digitization (for achievements, please refer to section [5.2 Fintech and Innovation](#)) is the top practical action of KTB for the protection of the ecological environment.

- ✔ Implement a paperless policy for documents and conference materials, and promote double-sided printing and waste paper reusing. In 2022, a total of 12,671 files were exchanged through the electronic official document system, and the usage rate reached 95.4%
- ✔ By promoting the customers to use electronic bills, in 2022, it sent total 488,701 pieces of Taiwan foreign currency and fund e-statements and fund cloud statements, with a growth of 39.3% compared with that in 2021, and had a decrease of 1,470,000 pieces of papers consumed, equaling to a decrease of 9.38 metric tons CO₂
- ✔ "Credit Investigation Review System" was used to convert hard copies of credit cases to electronic versions for storage and transmission, thus reducing carbon footprint incurred during transportation and paper waste greatly. A total of 4,241 credit cases were uploaded in 2022. Estimating the average paper usage per corporate and individual case, we expect the reduction was about 1.44 million sheets of paper, or 9.21 metric tons of CO₂ equivalent

Note 1: In accordance with the "Taiwan Product Carbon Footprint" issued by the Environmental Protection Administration, 1 A4 paper is equivalent to 6.4 g CO₂e.

Note 2: The estimated carbon emission mentioned above is not included in the GHG emission and carbon-reduction goals of KTB.

Item		2019	2020	2021	2022	
General waste	Landfill disposal	0	0	0	0	
	Incineration disposal	Energy recovery	7.41	8.96	9.08	10.11
		No Energy recovery	0	0	0	0
	Other disposal methods	0	0	0	0	
Total		7.41	8.96	9.08	10.11	
Recycled waste		2.61	3.33	2.79	2.20	
Total Wastes		10.02	12.29	11.87	12.31	
Waste per capita (kg)		-	-	44.55	42.80	
Data Coverage			100%	100%	100%	

Note 1: The values are in "metric tons"

Note 2: The disclosure boundary is Headquarters Building

SDG 11.a

Innovative Carbon-reduction Actions

- ✔ KTB has also worked with a B Corporation - Domi Earth to launch the "Power to Change! Light Up Infinite Hope" project since October 2020. KTB promises to donate NT\$100 for each conversion of paper bills to e-bills by KTB's customers. The donation will be used for replacing the lights of underprivileged families with energy-saving light fixtures. With the innovative model, the effect of the conversion of e-bill is not restricted to the "environment" aspect, but extends to helping the underprivileged families through the expenses saved to create a win-win-win situation for corporate, society, environment. In 2022, the funds donated was used to replace the overall lighting fixtures, check the safety of household electricity consumption, and pass on the concept of basic energy-saving education for the energy-disadvantaged families. It is expected to save 515 kWh per household per year.
- ✔ KTB made response to "World Earth Day", and protected the earth from not being left behind. KTB introduced a series of Earth Day creative activities in 2022, such as: the business sites turned off the sign lights for three consecutive days, and invited the surrounding stores to make common response; held "Barter Activity" to advocate "No Waste and Less Cost", having completed exchange of 100 second-hand goods successfully, and the participating peers could also obtain a small power-saving product exclusively developed by DOMI Earth (a B-type corporation), as well as Shihu masks produced for raising funds for Taiwan Shihu Conservation Association; launched "Donderdag-Veggie Dag", calling on people to "Have Less Meat to Save the Earth", thus being able to reduce 180kg of carbon emissions per person per mean; in addition, it also promoted digital transaction, encouraging the employees, customers and community residents to jointly advocate and implement environmental protection and ecological conservation starting from their daily life and business activities.



SDG 12.7

National Green Life and Green Procurement

Green life is one of the key strategies for Net Zero Transition in Taiwan in 2050, hoping to reduce GHG emissions by change in clothing, food, shelter, traveling, education, entertainment and procurement behaviors and consumption mode. KTB cooperated with the Environmental Protection Administration to actively promote the "National Green Life" campaign, to practice green life from indicators such as reduction from source, environmental greening and beautifying, saving of energies and resources, advocacy and green procurement, etc. In 2022, KTB obtained Green Restaurant qualification, and participated in response to green office, thus becoming a member of "Green Partners".

KTB also actively responds to green procurement, and the amount of related procurement increases year by year. It has won the Tainan City Outstanding Green Procurement Enterprise Award for two consecutive years. KTB's procurement amount in 2022 was NT\$30,039,918. In the future, KTB will continue to support low-carbon products, green building materials and sustainable product enterprises through green procurement to improve the efficiency of all resource use.

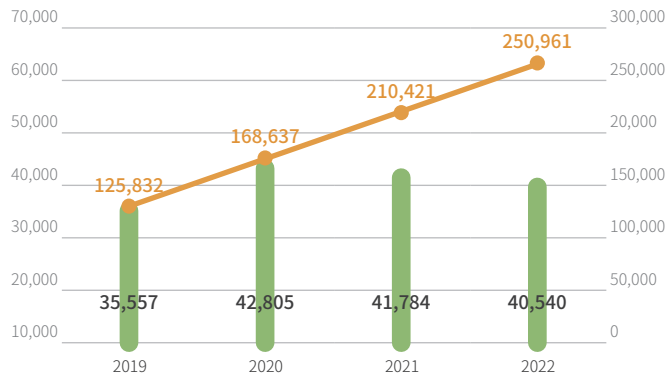


[Green Restaurant Link](#)

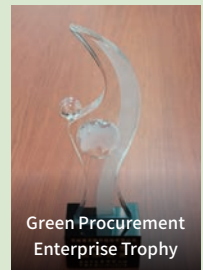
Self-generated Green Power

Since 2011, KTB has been preparing to install its own solar power system on the roof of the Headquarters Building, with a capacity of 9.87 kW, which was connected to the grid in 2012. KTB has been looking for appropriate branch locations to expand green power generation. In 2019, we set up a solar power generation system in Taibao Branch, with a capacity of 19.825 kW. In 2022, KTB self-generated about 40,540 kWh of green electricity, reducing carbon emissions by about 20.64 metric tons. Since 2012, we have generated 250,961 kWh electricity in total, reducing carbon emissions by about 130.16 metric tons.

Self-generated green power



■ Annual power generated (kWh) — Accumulated power generated since self-generation (kWh)



8.2 Supplier Management

KTB supplier management strategy covers three main aspects: "corporate ethics and human rights", "rights and interests of employees", and "environmental protection". KTB has formulated the "Regulations on Supplier Management", which has been disclosed on the KTB's official website, stipulating that suppliers shall lay emphasis on corporate social responsibility, promote sustainable development, and abide by regulations on ethical management, occupational health and safety, and labor human rights, etc., and devote to reducing their impact on the environment.

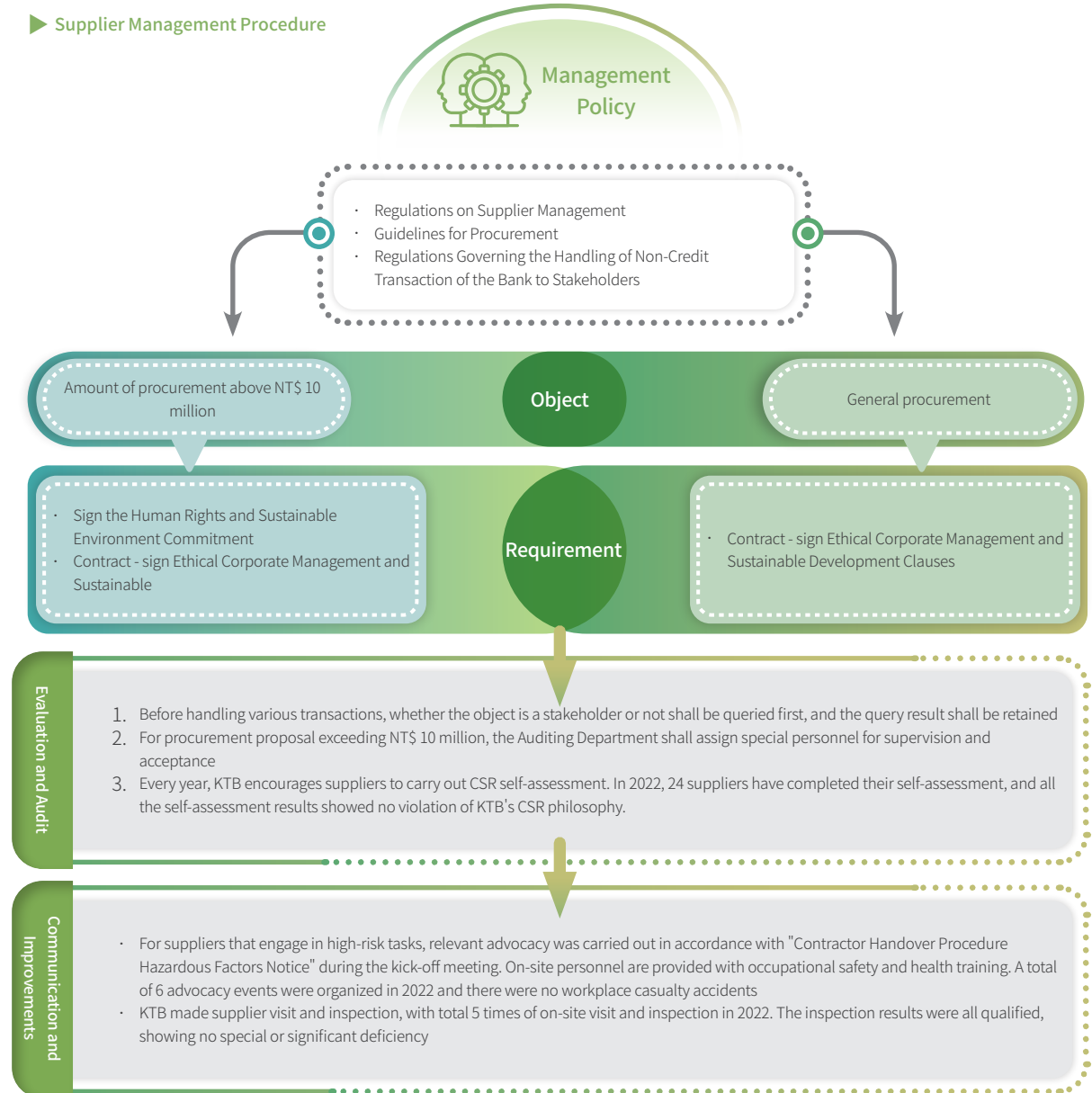
In terms of practical implementation, KTB formulated "Guidelines for Procurement" and "Regulations Governing the Handling of Non-Credit Transaction of the Bank to Stakeholders", established fair and reasonable manufacturer-selecting mechanism and procurement procedures. In addition, when signing contract with the suppliers, we set up clauses regarding ethical corporate management and sustainable development, etc., and the suppliers can become qualified manufacturers only after signing such clauses. KTB promoted self-assessment and acceptance inspection of the suppliers, as well as performed health education training and advocacy regarding work with high risk, as well as routine visit, inspection, communication and improvement of the suppliers, so as to strengthen supplier management.

KTB prioritizes local suppliers as its source of procurement. KTB's suppliers include postal and courier service providers, printing and packaging manufacturers, machine and equipment maintenance service providers, software developers, construction and security maintenance providers, etc. The procedures of regulations and management regarding suppliers are as shown below:

Supplier Management Conditions in Previous Years

	2020	2021	2022
Number of Suppliers with Self-assessment	19	27	24
Number of on-site visits	5	5	5
Number of suppliers with significant deficiency	0	0	0
Proportion of suppliers passing assessment	100%	100%	100%

Supplier Management Procedure



CHAPTER 09

Appendix

- 9.1 GRI Standards - Content Index
- 9.2 Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- 9.3 Comparison Table of Disclosure Items of Sustainability Accounting Standards Board (SASB)
- 9.4 Human Resource Management Indicators
- 9.5 Statement of Independent Assurance Opinion
- 9.6 CPA's Limited Assurance Report
- 9.7 ISO 50001, 14064-1, 27001 Certificates

9.1 GRI Content Index Table

Instruction for Use

KTB reported contents from January 1, 2022 to December 31, 2022 in accordance with GRI Standards

GRI 1 used GRI 1: Base 2021

Applicable GRI Industry Standards N/A

GRI Standards	Disclosure	Corresponding Section	Page No.	Remarks/Omission
GRI 2: General Disclosures 2021	2-1 Organizational Details	1.1 Vision 1.2 Operational Performance	04-06	
	2-2 Entities included in the organization's sustainability report	About This Report	↓	
	2-3 Reporting period, frequency and contact point	About This Report	↓	
	2-4 Restatements of information	--	--	No restatements of information
	2-5 External guarantee/assurance	About This Report 9.5 Statement of Independent Assurance Opinion	↓ 102	
	2-6 Activities, value chain and other business relationship	1.1 Vision	04	
	2-7 Employees	9.4 Human Resource Management Indicators	98	
	2-8 Workers who are not employees	9.4 Human Resource Management Indicators	98	
	2-9 Governance structure and composition	2.1 Sustainable Development Management Framework 4.1 Corporate Governance	09 29-31	
	2-10 Nomination and selection of the highest governance body	4.1 Corporate Governance	31	
	2-11 Chair of the highest governance body	4.1 Corporate Governance	29	
	2-12 Role of the highest governance body in overseeing the management of impacts	2. Sustainable Enterprise Blueprint 3. Stakeholder Engagement	08-09 20-27	
	2-13 Delegation of responsibility for managing impacts	2.1 Sustainable Development Management Framework	09	
	2-14 Role of the highest governance body in sustainability reporting	About This Report 3 Stakeholder Engagement	↓ 20-21	
	2-15 Conflicts of interest	4.1 Corporate Governance	31	Please refer to " Page 9-13 of King's Town Bank Co., Ltd. 2022 Annual Report " for details

GRI Standards	Disclosure	Corresponding Section	Page No.	Remarks/Omission	
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	2.1 Sustainable Development Management Framework	09	
	2-17	Group knowledge of the highest governance body	4.1 Corporate Governance	32	
	2-18	Evaluation of the performance of the highest governance body	4.1 Corporate Governance	32	
	2-19	Remuneration policy	4.1 Corporate Governance	33	
	2-20	Process to determine remuneration	4.1 Corporate Governance	33	
	2-21	Annual total compensation ratio	6.1 Talent Attraction and Retention	63	
	2-22	Statement on Sustainable Development Strategy	Chairman's Message	01	
	2-23	Policy Commitments	5.3 Sustainable Finance 6.4 Labor Rights	58 72	
	2-24	Embedding policy commitment	5.3 Sustainable Finance 6.4 Labor Rights	58 72	
	2-25	Processes to remediate negative impacts	5.1 Service Quality and Customer Experience	53	
	2-26	Mechanisms for seeking advice and raising concerns	3.1 Stakeholder Identification and Communication 5.1 Service Quality and Customer Experience	22-23 53	
	2-27	Compliance with laws and regulations	4.2 Regulatory Compliance	37	
	2-28	Membership associations	--	--	The Company has the following membership: The Bankers Association of the Republic of China, Tainan Chamber of Commerce, Trust Association of Republic of China, R.O.C. Bills Finance Association and Insurance Agents Association. It became a rock member of Business Council for Sustainable Development of the Republic of China (BCSD-Taiwan) and a member of "Equator Principles Association" in 2022.
	2-29	Approach to stakeholder engagement	3.1 Stakeholder Identification and Communication	22-23	
2-30	Collective bargaining agreement	--	--	The Company had neither Labor Union nor collective agreement.	

GRI Standards	Disclosure		Corresponding Section		Page No.	Remarks/Omission
Material topics						
GRI 3: Material Topics 2021	3-1	Procedures to determining material topics	3	Stakeholder Engagement	20-21	
	3-2	List of material topics	3.3	Strategies, Goals, and Achievements of Material Topics	26-27	
Talent Attraction and Retention						
GRI 3: Material Topics 2021	3-3	Labor-employment relation management policy	3.3	Strategies, Goals, and Achievements of Material Topics	27	
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	6.1	Talent Attraction and Retention	65	
GRI 401: Labor-employment relation 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	6.1	Talent Attraction and Retention	64-65	
GRI 405: Employee Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.1 Appendix 9.4	Corporate Governance Human Resource Management Indicators	31 98-99	
	405-2	Ratio of basic salary and remuneration of women to men	6.1	Talent Attraction and Retention	63	
Employee care and friendly workplace						
GRI 3: Material Topics 2021	3-3	Occupational health and safety management policy	3.3	Strategies, Goals, and Achievements of Material Topics	27	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	-	-	-	Information unavailable/ incomplete. Headquarters Building of our Company introduced ISO 45001 Occupational Health and Safety Management System in 2023, and is estimated to obtain certification in 2024. At present, our Company is formulating relevant policies and management mechanism, and is planning to expand to other business sites year by year. Relevant information is estimated to be disclosed in 2024 Sustainability Report
	403-2	Hazard identification, risk evaluation and accident investigation	-	-	-	
	403-3	Occupational health service	6.3	Employee care and friendly workplace	69-70	
	403-4	Worker participation, consultation, and communication on occupational health and safety	-	-	-	Information unavailable/ incomplete. Headquarters Building of our Company introduced ISO 45001 Occupational Health and Safety Management System in 2023, and is estimated to obtain certification in 2024. At present, our Company is formulating relevant policies and management mechanism, and is planning to expand to other business sites year by year. Relevant information is estimated to be disclosed in 2024 Sustainability Report
	403-5	Worker training on occupational health and safety	6.3	Employee care and friendly workplace	69	<ol style="list-style-type: none"> Health and safety training of non-employees (contracted employees and dispatched employees) is estimated to be firstly executed in the Headquarters Building in 2023, and then expanded to other operation sites year by year. Relevant information will be disclosed in the sustainability report released subsequently Upon evaluation, specific occupational hazard or risk training will be firstly executed toward employees in the Headquarters Building in 2023, and then expanded to other operation sites year by year. Relevant information will be disclosed in the sustainability report 2023 Information such as evaluation of the effectiveness of training will be incorporated into implementation projects of various occupational safety and health education and training, which is estimated to be disclosed gradually in 2023
	403-6	Promotion of worker health	6.3	Employee care and friendly workplace	70	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships*	-	-	-	Information unavailable/ incomplete. Our Company has started to carry out hazard identification and risk assessment of the Headquarters Building in 2023. Our Company will formulate relevant prevention and relief measures successively, and plan to expand to other business sites year by year. Relevant information is estimated to be disclosed in 2024 Sustainability Report
	403-9	Work-related injuries	Appendix 9.4	Appendix 9.4 Human Resource Management Indicators	100	Information unavailable/ incomplete. Our Company will disclose relevant information after introducing ISO 45001 Management System into the Headquarters Building, and after establishing and improving the notification process and tracking system of non-employees (contracted employees and dispatched employees)
Talent Cultivation and Development						
GRI 3: Material Topics 2021	3-3	Training and Education Management Policies	3.3	Strategies, Goals, and Achievements of Material Topics	27	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	6.2 Appendix 9.4	Talent Cultivation and Development Human Resource Management Indicators	66 100	
		Programs for upgrading employee skills and transition assistance programs	6.2	Talent Cultivation and Development	66-68	
	404-3	Percentage of employees receiving regular performance and career development reviews	Appendix 9.4	Appendix 9.4 Human Resource Management Indicators	100	

GRI Standards	Disclosure	Corresponding Section	Page No.	Remarks/Omission
Labor Rights				
GRI 3: Material Topics 2021	3-3 Labor rights management policies	3.3 Strategies, Goals, and Achievements of Material Topics	27	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	6.4 Labor Rights	72	No discrimination event occurred
Service Quality and Customer Experience				
GRI 3: Material Topics 2021	3-3 Service quality and customer experience management policies	3.3 Strategies, Goals, and Achievements of Material Topics	27	
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	5.1 Service Quality and Customer Experience	51	There was no violation of any regulation and/or voluntary convention
Information Security				
GRI 3: Material Topics 2021	3-3 Information security management policies	3.3 Strategies, Goals, and Achievements of Material Topics	26	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Information Security	44	
Risk Management (custom topic)				
GRI 3: Material Topics 2021	3-3 Risk management policies	3.3 Strategies, Goals, and Achievements of Material Topics	26	
		4.3 Risk Management	40	
Sustainable Finance (custom topic)				
GRI 3: Material Topics 2021	3-3 Sustainable finance management policies	3.3 Strategies, Goals, and Achievements of Material Topics	26	
		5.3 Sustainable Finance	57	
Regulatory Compliance (custom topic)				
GRI 3: Material Topics 2021	3-3 Regulatory compliance management policies	3.3 Strategies, Goals, and Achievements of Material Topics	26	
		4.2 Regulatory Compliance	37	
Fintech and Innovation (custom topic)				
GRI 3: Material Topics 2021	3-3 Fintech and innovation management policies	3.3 Strategies, Goals, and Achievements of Material Topics	27	
		5.2 Fintech and Innovation	55	
Non-material topics disclosed independently				
GRI 200: Economic Performance 2016	201-1 Direct economic value generated and distributed	1.2 Operational Performance	06	
	201-2 Financial implications and other risks and opportunities due to climate change	2.3 Climate Risks and Opportunities	12	
	205-1 Operations assessed for risks related to corruption	4.1.1 Operational Integrity	34	
	205-2 Communication and training about anti-corruption policies and procedures	4.1.1 Operational Integrity	34	
	207-1 Approach to tax	1.2 Operational Performance	07	

9.2 Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Articles	Contents of Rules	Corresponding Section	Page No.
Article 3	A listed company which meets the requirements under Article 2 of the Rules shall prepare an annual sustainability report for the preceding year by referring to the Global Reporting Initiatives (GRI) Standards published by the GRI, Sector Disclosure and other applicable rules according to its sector features. In the report, the company shall disclose its identified material economic, environmental and social topics, management approach, topic-specific disclosure, and its reporting requirements, which shall, at a minimum, meet the core option of the GRI Standards.	9.1 GRI Standards - Content Index	92
	The sustainability report mentioned in the preceding paragraph shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified.	3.3 Strategies, Goals, and Achievements of Material Topics	26
	In the sustainability report, a listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured or verified by a third party.	9.1 GRI Standards - Content Index 9.5 Statement of Independent Assurance Opinion	92 102
	The topic-specific disclosure referred to in Paragraph 1 shall be evaluated and disclosed by adopting the standards in compliance with the rules of the competent authorities. If the competent authorities have not promulgated the applicable standards, the company shall adopt the approach of evaluation commonly used in practice.	9.1 GRI Standards - Content Index	92
Paragraph 1 of Article 4	As for the sustainability report prepared by TWSE listed companies, in addition to the contents mentioned above, the food industry and TWSE listed companies mentioned in Subparagraph 2, Paragraph 1, Article 2, chemical industry, finance and insurance industry, shall strengthen disclosure of sustainability indicators by industry. (Schedule I (3) - Sustainability disclosure indicators - Finance and insurance): (1) Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	4.4 Information Security	47
	(2) Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	5.3 Sustainable Finance	59
	(3) Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	7.1 Academic Education	77
	(4) Products and services designed by individual operating units to create benefits for the environment or society.	5.3 Sustainable Finance	60
Paragraph 2 of Article 4	The sustainability indicators disclosed in accordance with Schedule I (1-3) by the food industry and the listed companies, chemical industry and finance and insurance industry prescribed under Subparagraph 2, Paragraph 1, Article 2, shall obtain a CPA's letter of opinion issued according to the rules published by the Accounting Research and Development Foundation, ROC.	9.6 CPA's Limited Assurance Report	103
Paragraph 1 of Article 4-1	TWSE listed companies prescribed under Article 2 shall disclose climate related information with special seal.	2.3 Climate Risks and Opportunities	12
Subparagraph 1, Paragraph 2 of Article 4-1	Steel industry, cement industry and those industries having paid-in capital being up to NT\$ 10 billion, shall disclose GHG Scope 1 and Scope 2 data of individual companies since 2023	8.1 Sustainable operating environment	86

9.3 Comparison Table of Disclosure Items of Sustainability Accounting Standards Board (SASB)

Sustainability Accounting Standards Board (SASB)

Topics	Indicator Code	Nature	Disclosure Items	Corresponding Section	Page No.
Information Security	FN-CB-230a.1	Quantitative	(1) Number of data breaches (2) Percentage involving personally identifiable information (3) Number of account holders affected	4.4 Information Security	47
	FN-CB-230a.2	Qualitative	Describe methods for identifying and addressing data security risks	4.4 Information Security	44-47
Financial inclusion and Empowerment	FN-CB-240a.1	Quantitative	Loans outstanding qualified to programs designed to promote development of small business and communities (1) Number (2) Amount	5.3 Sustainable Finance	59
	FN-CB-240a.2	Quantitative	Overdue loans and collections outstanding qualified to programs designed to promote development of small business and communities (1) Number (2) Amount outstanding	Relevant information will be further disclosed in the future	-
	FN-CB-240a.3	Quantitative	Total number of accounts for free services provided to the groups without banking services or without adequate banking services	1.1 Vision	05
	FN-CB-240a.4	Quantitative	Number of participants in financial literacy initiatives provided to the groups without adequate banking services	7.1 Academic Education	77
Incorporate ESG Elements into the Credit Review	FN-CB-410a.1	Quantitative	Distinguish between commercial and industrial credit risks by industry	Please refer to [Page 217 & Page 411 of King's Town Bank Co., Ltd. 2022 Annual Report] for details	-
	FN-CB-410a.2	Qualitative	Describe the method for incorporating ESG elements into the credit review	5.3 Sustainable Finance	57
Business Ethics	FN-CB-510a.1	Quantitative	Financial loss due to fraud, insider trading, anti-monopoly, anti-competitive, market manipulation, malpractice or other laws or regulations related to the financial industry as determined by legal procedures	4.2 Regulatory Compliance	37
	FN-CB-510a.2	Qualitative	Describe the whistleblower system and procedures	4.1 Corporate Governance and Ethical Management	36
System Risk Management	FN-CB-550a.1	Quantitative	Global Systemically Important Banks (G-SIB) by Category	KTB is not a G-SIB, this indicator does not apply	-
	FN-CB-550a.2	Qualitative	Describe methods for incorporating mandatory and voluntary stress test results into capital adequacy ratio plans, long-term strategies and other business activities	Please refer to [KTB Official Website/Announcement/Statutory Disclosure] for details	-
Activity Indicators	FN-CB-000.A	Quantitative	The number and amount of deposit accounts by individuals and small enterprises	1.1 Vision	05
	FN-CB-000.B	Quantitative	The number and amount of loans by individuals, small enterprises and business customers	1.1 Vision	05

GRI 2-7 GRI 2-8

9.4 Human Resource Management Indicators

► Staff composition

Category			Male	Female	Total number
Regular employees (full-time employees)	Permanent employees	Serving employees	364	623	987
		Part-time employees	0	1	1
	Regular contract employees	Interns	1	5	6
		Contract staff	0	0	0
Total			365	629	994

Note 1: All KTB employees are hired within Taiwan, and the statistics is made regarding serving staff by December 31, 2022

Note 2: Part-time employees, temporary employees and employees without working-hour guarantee are not employed

Category			Male	Female	Total number
Non-regular employees (Non-employee workers)	Contracted employees	Security personnel	72	0	72
		Cleaning staff	0	2	2
	Dispatched employees	Kitchen assistants	0	3	3
Total			72	5	77

► Gender and Age Distribution of Regular Employees

Gender	Age	Managerial officers				Non-Managerial officers		Total of regular employees	
		Senior managerial officers		Intermediate and junior managerial officers		Number of persons	Proportion	Number of persons	Proportion
		Number of persons	Proportion	Number of persons	Proportion				
Male	30 years old and under	0	0.00 %	0	0.00 %	97	14.04 %	97	9.76 %
	31-49 years old	8	8.60 %	36	17.14 %	78	11.29 %	122	12.27 %
	50 years old and above	50	53.76 %	51	24.29 %	45	6.51 %	146	14.69 %
Female	30 years old and under	0	0.00 %	0	0.00 %	213	30.82 %	213	21.43 %
	31-49 years old	5	5.38 %	62	29.52 %	206	29.81 %	273	27.46 %
	50 years old and above	30	32.26 %	61	29.05 %	52	7.53 %	143	14.39 %
Total of this category		93	9.35 %	210	21.13 %	691	69.52 %	994	100.00 %

GRI 405-1

► Diversity Indicators Distribution of Regular Employees

Diversified items	Aborigines		Non-Taiwanese nationality		Number of employees with physical or mental disabilities
	Total number	Number of managerial officers	Total number	Number of managerial officers	
Number of persons	1	0	1	0	9
Percentage in total employees	0.10 %	0.00 %	0.10 %	0.00 %	0.91 %

GRI 401-1

Distribution of new recruits	Category	Gender		Age			Title		Group		Nationality		Total number of new recruits and proportion of new employees
		Male	Female	30 years old and under	31-49 years old	50 years old and above	Managerial officers	Non-Managerial officers	Non-aborigines	Aborigines	Taiwanese nationality	Non-Taiwanese nationality	
	Number of persons	56	90	110	27	9	16	130	146	0	145	1	146
	Percentage in total employees	5.63 %	9.05 %	11.07 %	2.72 %	0.91 %	1.61 %	13.08 %	14.69 %	0.00 %	14.59 %	0.10 %	14.69 %

Note 1: Average recruitment cost (NT\$/person) = Recruitment cost (NT\$) ÷ Number of new employees

Note 2: Average recruitment cost was NT\$ 8,045 in 2022

Distribution of resigned employees	Item	Gender		Age			Title		Group		Nationality		Total number of resigned employees	Proportion of resigned employees
		Male	Female	30 years old and under	31-49 years old	50 years old and above	Managerial officers	Non-Managerial officers	Non-aborigines	Aborigines	Taiwanese nationality	Non-Taiwanese nationality		
	Voluntary separation	45	69	50	29	35	29	85	114	0	114	0	114	11.47 %
	Involuntary separation	2	3	3	1	1	0	5	5	0	5	0	5	0.50 %
	Total	47	72	53	30	36	29	90	119	0	119	0	119	11.97 %
	Percentage in total employees	4.73 %	7.24 %	5.33 %	3.02 %	3.62 %	2.92 %	9.05 %	11.97 %	0.00 %	11.97 %	0.00 %	-	-

Note 1. Voluntary separation includes resignation, retirement and early retirement

Note 2. Involuntary separation includes severance and death

Internal employees filling for vacancies	Item	Gender		Age			Title		Group		Nationality		Total	Filling rate of internal employees for vacancies
		Male	Female	30 years old and under	31-49 years old	50 years old and above	Managerial officers	Non-Managerial officers	Non-aborigines	Aborigines	Taiwanese nationality	Non-Taiwanese nationality		
	Rotation training	34	90	25	61	38	48	76	124	0	124	0	124	52.52 %
	Internal recruitment	1	0	1	0	0	0	1	1	0	1	0	1	
	Total	35	90	26	61	38	48	77	125	0	125	0	125	

Note: Filling rate of internal employees for vacancies = number of internal employees filling for vacancies ÷ number of vacancy

GRI 404-3
▶ Percentage of Employees Receiving Regular Performance and Career Development Reviews

Item	2022 Assessment	Gender		Title	
		Male	Female	Managerial officers	Non-Managerial officers
Employees that had performance assessment	986	362	624	300	686
Proportion	99.20 %	99.18 %	99.21 %	99.01 %	99.28 %

Note: 994 regular employees, and the employees that had performance assessment excluded 1 part-time employee and 7 new employees on December 1, 2022

GRI 404-1
▶ Investment in Employee Education and Training

		2019	2020	2021	2022
Training hours	Female	20,541	27,121	34,882	37,817
	Male	10,372	10,664	13,653	16,333
	Managerial positions	11,906	14,640	17,189	18,863
	Non-Managerial positions	19,007	23,145	31,346	35,287
Total training hours		30,913	37,785	48,535	54,150
Average training hours per employee	Female	33.6	44.5	57.3	60.1
	Male	29.1	31.1	38.5	44.7
	Managerial positions	41.6	50.5	57.9	62.3
	Non-managerial positions	27.9	34.9	47	51.1
Total training expense (NT\$)		4,378,967	3,795,051	3,381,320	3,530,696
Average training expense per employee (NT\$)		4,524	3,982	3,508	3,552

Note: Employee training has moved online over the years, which has reduced actual cost and also significantly reduced carbon emission. Total training expense decreased, but the average training hours per employee increased

GRI 403-9
▶ Occupational Hazards

Item	Male	Female	Total
Total working days	88,897	153,948	242,845
Total working hours	711,176	1,231,584	1,942,760
Number of disabling injuries	0	0	0
Total lost days of disabling injuries	0	0	0
Frequency of disabling injuries (FR)	0	0	0
Severity rate of disabling injuries (SR)	0	0	0

Note 1: Total workdays in 2022 were [249], and the calculation is based on the number of employees on December 31, 2022

Note 2: Log-in of occupational accident filling system is taken as the criteria for statistics, and it is also stipulated that: Commuting occupational accidents should be included in number of disabling injuries, total lost days of disabling injuries, frequency rate of disabling injuries (FR) and severity rate of disabling injuries (SR)

Note 3: Number of disabling injuries refers to the number of deaths, permanent total disability, permanent partial disability and temporary total disability caused by occupational accidents

Note 4: Total lost days of disabling injuries refers to the total number of days lost after all injuries occurred. The number of days in which the injured person was temporarily (or permanently) unable to return to work, excludes the day when the injury occurred and the day of returning to work, but should include the number of days in between (including Sundays, holidays or days of shut down) and any days in which the injured person was still unable to work even after returning to work as a result of the accidents

Note 5: Frequency of disabling injuries (FR) = number of disabling injuries per million total working hours = number of disabling injuries x 1,000,000 / total working hours

Note 6: Severity rate of disabling injuries (SR) = number of lost days of disabling injuries per million total working hours = total lost days of disabling injuries x 1,000,000 / total working hours

Note 7: Total number of occupational disease-related or work-related deaths: 0

Note 8: Definition of severe occupational injury: it will take more than six months to recover to the state before injury; both the number and rate were 0

Note 9: Both number and rate of recordable occupational injuries were 0

Note 10: Total number of work-related deaths of contracted employees/suppliers: 0



► Absence Statistics

Item	Male	Female	Total
Days of injury leave	8	156.5	164.5
Days of sick leave	818.375	1795	2613.375
Days of menstruation leave	0	21.125	21.125
Days of personal leave	87	149.25	236.25
Total days of absence	913.375	2121.875	3035.25
Absence rate	1.03 %	1.38 %	1.25 %

Note: Absence rate = (days of injury leave + days of sick leave + days of menstruation leave + days of personal leave) / total working days x 100%

GRI 401-3

► Unpaid Parental Leave

	Male	Female	Total
No. of employees eligible for unpaid parental leave in 2022	13	55	68
No. of employees that took unpaid parental leave	0	9	9
No. of employees that should return to work after taking parental leave in the year (A)	0	13	13
No. of employees returned to work after taking parental leave in the year (B)	0	7	7
Return to work rate (B/A)	0 %	54 %	54 %
No. of employees that should return to work after taking parental leave in the previous year (C)	0	7	7
No. of employees that returned to work after taking parental leave in the previous year and stay employed for 12 months (D)	0	6	6
Retention rate (D/C)	0 %	86 %	86 %

Note: The data for "No. of employees eligible for unpaid parental leave" is the number of employees applied for maternity subsidy in the most recent 3 years

► Absence rate in previous years

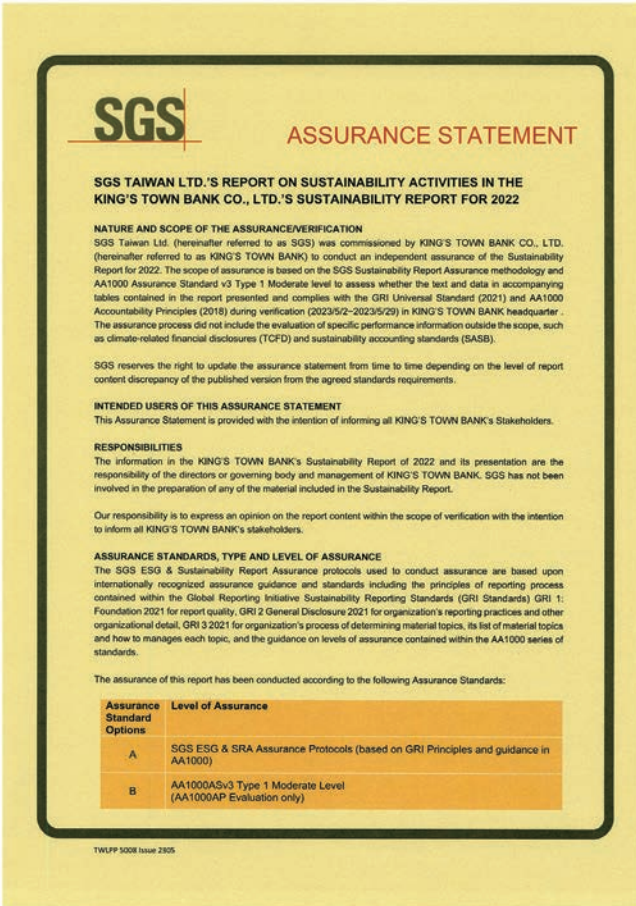
Item	2019	2020	2021	2022
Absence rate (%)	0.21	0.23	0.44	1.25
Data Coverage (employees)	100 %	100 %	100 %	100 %

► Anti-epidemic Measures /Leave

Item	Number of applicants	Number of days
Telecommuting	24	2217
Flexible working hours	0	0
Work from home	30	78.5
Family care leave	4	10
Anti-epidemic care leave	44	164
Vaccination leave	55	51
Quarantine leave (for those quarantined due to official contact)	0	0
Quarantine leave (for those who quarantined not due to official contact)	116	298.5
One-hour out	266	99.74

GRI 2-5

9.5 Independent Assurance Statement



SGS ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE KING'S TOWN BANK CO., LTD.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by KING'S TOWN BANK CO., LTD. (hereinafter referred to as KING'S TOWN BANK) to conduct an independent assurance of the Sustainability Report for 2022. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/5/2-2023/5/29) in KING'S TOWN BANK headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all KING'S TOWN BANK'S Stakeholders.

RESPONSIBILITIES
 The information in the KING'S TOWN BANK'S Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body and management of KING'S TOWN BANK. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

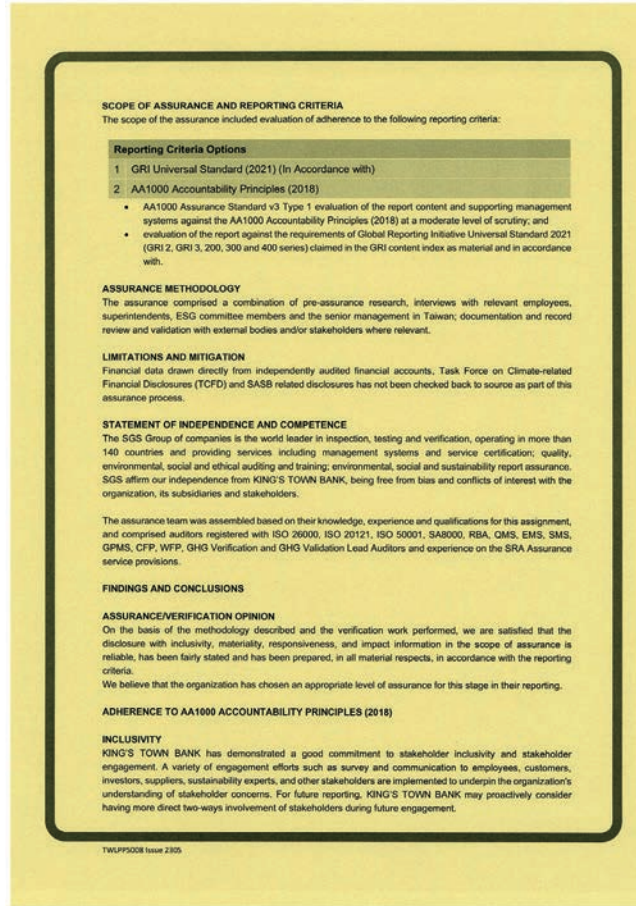
Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all KING'S TOWN BANK'S stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
 The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

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SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

- GRI Universal Standard (2021) (In Accordance with)
- AA1000 Accountability Principles (2018)
 - AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
 - evaluation of the report against the requirements of Global Reporting Initiative Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
 Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from KING'S TOWN BANK, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

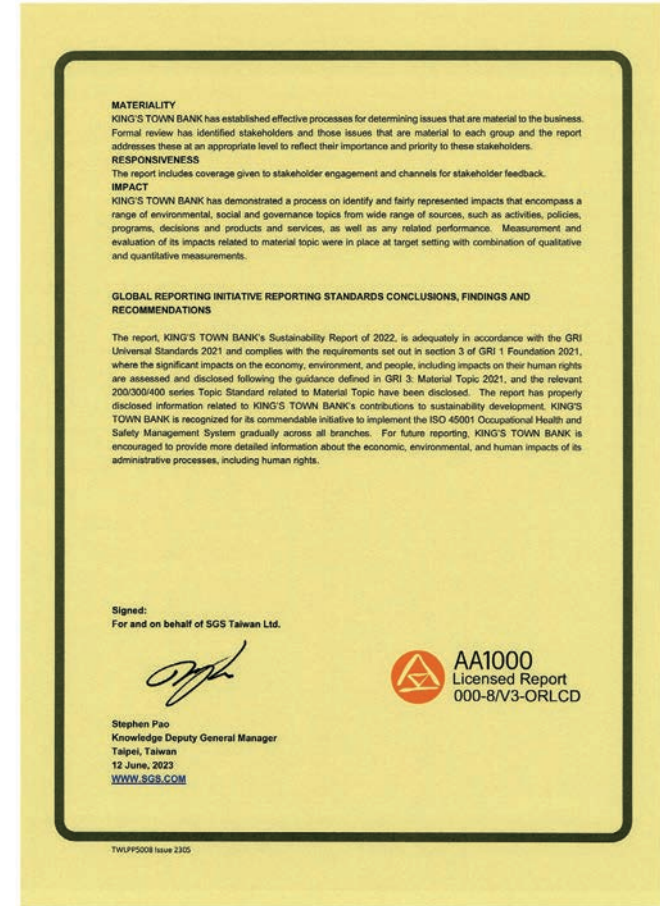
FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
 On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.
 We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY
 KING'S TOWN BANK has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, KING'S TOWN BANK may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

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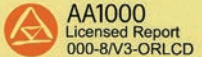
MATERIALITY
 KING'S TOWN BANK has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

RESPONSIVENESS
 The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT
 KING'S TOWN BANK has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
 The report, KING'S TOWN BANK'S Sustainability Report of 2022, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to KING'S TOWN BANK'S contributions to sustainability development. KING'S TOWN BANK is recognized for its commendable initiative to implement the ISO 45001 Occupational Health and Safety Management System gradually across all branches. For future reporting, KING'S TOWN BANK is encouraged to provide more detailed information about the economic, environmental, and human impacts of its administrative processes, including human rights.

Signed:
 For and on behalf of SGS Taiwan Ltd.

Stephen Pao
 Knowledge Deputy General Manager
 Taipei, Taiwan
 12 June, 2023
WWW.SGS.COM

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9.6 CPA's Limited Assurance Report

Accountant's Independent Assurance Report

King's Town Bank Co., Ltd.

I. Scope of Assurance

The firm accepts the appointment of King's Town Bank Co., Ltd. (hereinafter referred to as King's Town Bank) to conduct a limited assurance engagement and issue a report on the sustainability performance information selected from the 2022 Sustainability Report. For information on the targets selected by King's Town Bank and their applicable benchmarks, please refer to Appendix I for details.

Responsibilities of the Management

King's Town Bank's management shall prepare the 2022 Sustainability Report based on appropriate benchmarks, with reference to the GRI Standards published by the Global Reporting Initiative (GRI), and in accordance with the industry disclosure standards issued by the Sustainability Accounting Standards Board (SASB) for the Commercial Banks, and shall design, implement, and maintain internal controls related to the preparation of the report to collect and disclose its contents.

Responsibility of the Firm

The firm planned and conducted limited assurance engagement in accordance with the requirements of Statement of Assurance Standards No. 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation (ARDF) as well as ISAE 3000, which was issued by the International Auditing and Assurance Standards Board (IAASB).

II. Assurance Engagement

The nature and timing of the enforcement procedures in the limited assurance engagement are different from those applicable to reasonable assurance cases. The scope is narrower, and the level of assurance obtained is significantly lower than that of a reasonable assurance engagement. In order to obtain limited assurance, the firm has considered the effectiveness of King's Town Bank's internal control when determining the nature and scope of the assurance procedure, but the purpose is not to express an opinion on the effectiveness of King's Town Bank's internal control.

To reach a conclusion of limited assurance, the firm has performed the following:

- Conducted interviews with King's Town Bank's management and staff to understand King's Town Bank's fulfillment of corporate social responsibility and the reporting process;
- Understood the expectations and needs of the main stakeholders of King's Town Bank, the specific communication channels between the two parties, and how King's Town Bank responded to such expectations and needs through interviews and inspection of relevant documents;

- Conducted analysis on selected sustainability performance information in the report; collected and evaluated other supporting evidence and management statements obtained; selected samples for testing when necessary;
- Perused the Sustainability Report of King's Town Bank and confirmed that it is consistent with the understanding obtained by this firm regarding the overall fulfillment of CSR.

III. Congenital Limitations

As the non-financial information contained in the Sustainability Report is subject to measurement uncertainty, the choice of different measurement methods may result in significant differences in performance measurement. Because of the sample-based nature of the assurance process and the inherent limitations of any internal control, it may not be possible to detect all material misstatements that exist, whether due to fraud or error.

IV. Quality Control and Independence

The firm follows the standards for quality control of accounting firms in the Taiwan Standard on Quality Control 1, and establishes and maintains a complete quality control system, including compliance with written policies and procedures related to professional ethics, professional standards, and applicable laws and regulations. The firm also follows the Code of Ethics for Accountants regarding independence and other ethics, which is based on the principles of integrity, impartiality and objectivity, professional competence and due professional care, confidentiality and professionalism.

V. Conclusion

According to the procedures carried out by the firm and the evidence obtained, it has not been found that the sustainable performance information selected by King's Town Bank in 2022 has not been prepared in accordance with the applicable benchmark and needs to be significantly revised.

Ernst & Young Global Limited

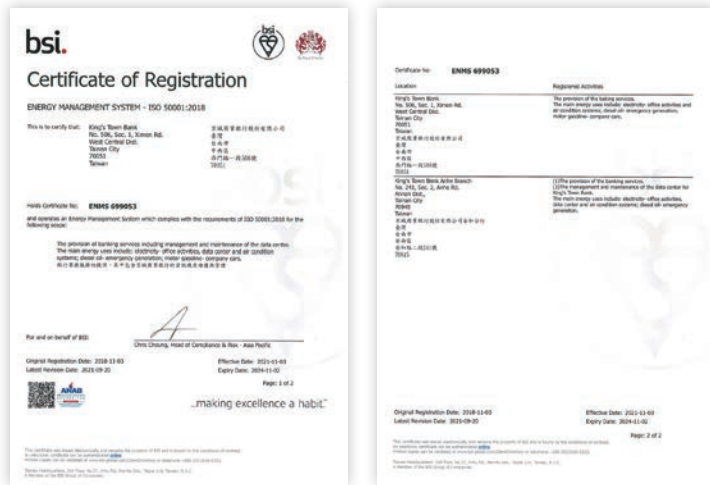
June 10, 2023

► Summary Table for Assurance Items

No.	Page	Titles	Subject Information	Notes	Applicable Standards
1	44	4.4 Information Security	There were no major information security incidents in 2022	In 2022, King's Town Bank recorded the number of information leakage incidents, the proportion of information leakage incidents related to personal information, and the number of customers affected by information leakage incidents according to the "Information Security Incident Management Procedures".	Article 4, Paragraph 1, Subparagraph 3, Item 1 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies". The number of information leakage incidents, the proportion of information leakage incidents related to personal information, and the number of customers affected by information leakage incidents.
2	59	5.3 Sustainable Finance	"Assist Small- and Medium-Sized Enterprises Supporting the performances of Small Businesses At the end of 2022, the balance of loans was NT\$30.138 billion; the number of loans was 2,646; the number of loan customers was 1,855; and the loan balance percentage was 12.26%."	The (1) loan balance, (2) the number of loan cases and (3) the number of loan accounts for small businesses of King's Town Bank at the end of 2022. 1. Small enterprises refer to the definition derived from the "White Paper of Small and Medium-Sized Enterprises": those whose paid-in capital is less than NT\$25 million. 2. The balance of loans includes NT\$ loans, foreign currency loans and overdraft accounts. 3. The number is calculated based on the number of drawdowns. 4. The number of households is based on the result after the household registration at the end of 2022 (i.e., the same Tax ID number or Logic Serial Number (LOSN) is calculated only once).	Article 4, Paragraph 1, Subparagraph 3, Item 2 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies". The number of loans and the balance of loans to promote the development of small businesses and communities.
3	77	7.1 Academic Education	In 2022, a total of 6 "Small Financier" activities and campus finance lectures were held, and a total of 335 students participated in the events.	The sessions and number of participants at the financial educational services lectures provided by King's Town Bank in 2022 to the disadvantaged groups who lack banking services, including students in remote areas.	Article 4, Paragraph 1, Subparagraph 3, Item 3 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies". Number of participants in financial education for disadvantaged groups lacking banking services.
4	60	5.3 Sustainable Finance	The total number of Western Union remittance transactions in 2022 was 270,391, of which 55.67% were made by new residents or migrant workers, and 55.71% were made through the Internet or APP. The development of the Western Union remittance service has significantly helped new residents and migrant workers to find a way to remit money home without worrying about the time and geographical constraints they have previously faced.	The number of Western Union remittances from King's Town Bank in 2022. Western Union remittances have the following benefits compared to general international remittances: easy processing; shorter collection time; lower processing fees, the recipient can receive the full amount of the remittance, etc. The above advantages can increase the frequency of financial services for new residents and migrant workers to achieve the goal of financial inclusion. It is a service that can create social benefits.	Article 4, Paragraph 1, Subparagraph 3, Item 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies". Products and services designed by each business unit to create environmental or social benefits.

9.7 ISO 50001, 14064-1 and 27001 Certificates

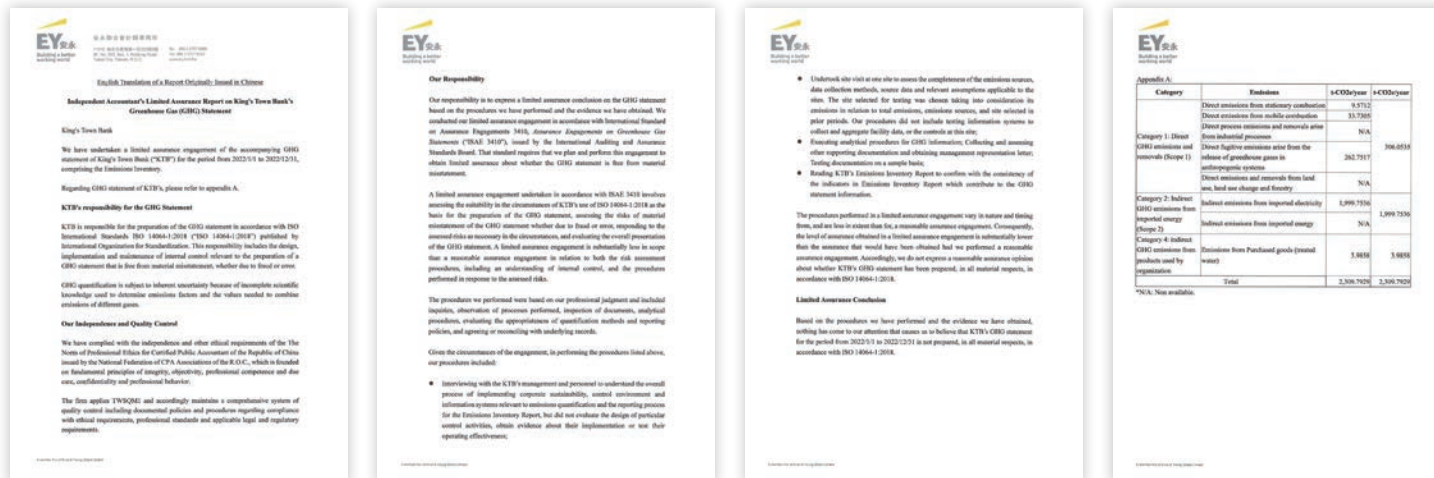
ISO 50001 Energy Management System Certificate



ISO 27001 Information Security Management Systems Certificate



ISO 14064-1 Greenhouse Gas Assurance Report



Please refer to the [Official Website / Sustainability / Downloads / Regulations and Disclosures / Sustainable development](#) for detailed certificate contents



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