

2023 永續報告書 Sustainability Report



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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 2021: 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



ESG of each department dedicated staff material provision | Strategy and Operations Department to compile, integrate and edit revision | The draft shall be checked by the unit heads of all departments and ESG team members | The content of the report has been approved by the Sustainable Development and Nomination Committee and the Board of Directors

Reporting period

KTB has been issuing Sustainability Reports on a yearly basis since 2015. This is the 10th ESG report. This report discloses information from January 1, 2023, to December 31, 2023. The previous Sustainability Report was published in June 2023, and the next CSR report is scheduled to be published before June 30, 2025.

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 96.25% 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.

The standards to be followed for various types of information and auditing agencies are as follows:

Information Category	Compliance Items / Standards	Verification / Assurance Agencies
Sustainable Information	GRI Sustainability Reporting Standards 2021	SGS Taiwan Ltd.
	Sustainability Accounting Standards Board (SASB) - Regulations Governing Commercial Banks	-
Financial Information	Annual Financial Statements	Ernst & Young Global Limited (EY Taiwan)
Environmental Data	ISO 14064-1 - GHG Inventory	Ernst & Young Global Limited (EY Taiwan)
Management System	ISO 45001 - Occupational Health and Safety Management System	SGS Taiwan Ltd.
	ISO 14001 - Environmental Management System	British Standards Institution (BSI Taiwan)
	ISO 50001 - Energy Management System	British Standards Institution (BSI Taiwan)
	ISO/IEC 27001 - Information Security Management Systems (ISMS)	British Standards Institution (BSI Taiwan)

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 8.5 Independent Assurance Statement](#). The financial information in this report is based on the annual financial statements of the Company 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 8.6 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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Chairman's Message



In 2023, it was one of the hottest years on record. UN Secretary-General Antonio Guterres urgently addressed the issue of climate change, referring to it as "the era of global boiling," in July. Many scientists pessimistically predicted that achieving the goals set forth in the Paris Agreement, which aimed to "limit the increase in global temperature to 2° C, or even 1.5° C," by the end of the century, was nearly an impossible task. This heightened the significance of the 28th United Nations Climate Change Conference (COP 28), held in Dubai at the end of November, with record-high attendance. The highly anticipated United Nations Climate Change Conference also released the Global Stocktake report for the first time, which disclosed the performance and gaps in carbon reduction among participating countries. The report revealed that to achieve the goals of the "Paris Agreement," global greenhouse gas emissions need to decrease by approximately 43% by 2030 compared to 2019 and by 60% by 2035. This requires the collective efforts of all departments, including scaling up renewable energy, gradually phasing out fossil fuels, and halting deforestation. The report emphasized that the effective implementation of climate action relies crucially on the roles of "finance" and "technology." With the passage of the Climate Change Response Act by the Legislative Yuan in Taiwan, significant strides have been made in addressing climate change. The law includes provisions such as enshrining the target of achieving net-zero emissions by 2050, the formal implementation of carbon pricing, the addition of a dedicated chapter on climate adaptation to enhance resilience based on scientific principles, and the incorporation of the concept of just transition into the legislation to assist communities affected by climate policies in transitioning stably. These regulations and policies have also pushed

Taiwan's businesses towards a pivotal turning point in sustainable development. Moreover, in 2023, "net-zero emissions" and "green environmental protection" emerged as the most commonly searched keywords among the general public, indicating that Taiwan's transition towards net-zero has expanded from energy and industrial transformation to encompass "lifestyle transformation" and "social transformation," facilitated by citizen communication and participation.

Recognizing the crucial role of the financial sector as a driver of the transition to net-zero emissions, KTB actively collaborates with businesses and other stakeholders to build a sustainable financial ecosystem. We not only consider environmental factors but also incorporate "social" and "governance" aspects into our sustainability efforts. We believe that "sustainable development" has expanded into diverse areas, and like a domino effect, every step we take requires careful consideration. Therefore, our focus on sustainable development revolves around the following aspects:

Expand Climate Action Strategies and Implement Environmental Management Policies

In the face of escalating climate change, we should no longer passively respond but instead proactively adopt strategies and embrace new opportunities. In addition to joining the "Equator Principles" in December 2022, KTB drafted a "Sustainable Finance Policy" in 2023. This policy incorporates environmental and social risk factors into various business operations, guiding clients and stakeholders towards sustainable, low-carbon, and environmentally friendly economic models. Furthermore, in February 2023, we established the "KTB Climate Risk Management Guidelines" to enhance our overall capacity for managing climate change-related risks, focusing on both mitigation and adaptation measures. In terms of operational environmental management, KTB participated for the first time in the "5th National Enterprise Environmental Protection Award" organized by the Environmental Protection Administration, Executive Yuan (Rename as Ministry of Environment) in 2023 and was honored with the Bronze Award. This recognition highlights the collective efforts of every energy-saving and carbon-reducing practice, every attempt at green innovation, and every employee's commitment to environmental protection at King's Town Bank. In addition, the entire Bank has already passed ISO 14064-1 GHG verification, and the Headquarters Building has obtained ISO 14001 environmental management system certification. In 2023, new short, medium, and long-term carbon reduction goals were set for various carbon reduction, energy saving, and water conservation plans, hoping to gradually achieve the vision of "net zero emissions by 2050" through four major strategies.

Leveraging Technology to Promote Inclusive Finance and Enhance the Quality of Fair Treatment of Customers

With the rise of Fintech, digital finance not only saves users and financial institutions the transportation and time costs of interaction but also expands the scope of financial services. This enables vulnerable groups, who were previously overlooked by the traditional financial system, to access financial-friendly services at a lower cost. In addition to driving financial digital transformation, financial technology has become an important force in promoting inclusive finance. In 2023, King's Town Bank collaborated with the "Taiwanese Association of Sign Language Translation Interpreters (TASLI)" to provide real-time sign language interpretation services at bank counters through video calls. They also redesigned the ATM usage process and interface to accommodate the needs of color-blind (weak) customers. Additionally, we introduced a "Youth" and "Elderly" section in the "Friendly Financial Services on the Official Website." This initiative aimed to help customers of different ages and needs quickly find suitable financial products and gain access to financial knowledge and anti-fraud tips. The KTB aims to comprehensively expand the spirit of inclusive finance through the integration of technology. This involves reducing digital disparities, strengthening the accessibility and usability of financial services, and practicing the concept of "digital finance transformation, walking hand in hand with customers" while providing financial services.

Strengthening Operational Governance and Building a Diverse and Inclusive Workplace

The sustainability of a corporation encompasses more than just environmental and social aspects. In fact, it is the foresighted planning and risk management within corporate governance that allow companies to move towards stable operational development. KTB has been steadily advancing, seeking breakthroughs amidst stability. For six consecutive years (2018-2023), it has been awarded the top 5% in the Taiwan Stock Exchange's "Corporate Governance Evaluation," and ranked within the top 10% in the financial insurance industry category. Additionally, for three consecutive years (2021-2023), it has been selected for inclusion in the Bloomberg Gender Equality Index. These achievements demonstrate our dedication to ESG sustainable development and have received high recognition and praise from regulatory authorities and external organizations.

"ESG" or "Sustainability" has become the mainstream topic across various domains. We believe that environmental, social, and corporate governance factors are not separate axes; rather, the term "sustainability" encompasses the role and objectives of enterprises within society. It also represents the contribution of businesses to the prosperity of society and even the world. KTB believes that every small change will accumulate into a significant impact and will continue to take this as its responsibility.

Chairman



2023 ESG Important Results and Sustainable Development Performance



Year	Earnings Per Share (EPS)	Net Value Per Share	Return On Equity (ROE)
2021	NT\$5.02	NT\$43.60	11.80%
2022	NT\$1.98	NT\$38.17	4.84%
2023	NT\$5.59	NT\$45.10	13.42%

Year	Electricity Consumption Per Employee	Water Consumption Per Employee	GHG Emissions
2021	4,189 kWh	21.02 cubic meters	2,123 t-CO ₂ e
2022	3,953 kWh	19.33 cubic meters	2,306 t-CO ₂ e
2023	3,948 kWh	20.58 cubic meters	2,196 t-CO ₂ e

Year	Welfare Expense Per Employee	Education Training Investment Total Expense ^(Note)	Total Volunteer Participation Hours
2021	NT\$1,048 thousand	NT\$3,381 thousand	5,341 hours
2022	NT\$1,010.8 thousand	NT\$3,531 thousand	4,275 hours
2023	NT\$1,234.5 thousand	NT\$4,326 thousand	3,654 hours

CHAPTER 01

King's Town Bank will move mountains

"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 perfection and excellence, with sincerity and diligence. We aim at providing unique and all-rounded services to our customers.

- 1.1 Vision
- 1.2 Operational Performance
- 1.3 Sustainable Enterprise Blueprint
Strategy and Management

GRI 2-1 GRI 2-6

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 Stele. 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."

Our business philosophy is to persist in creating a "different bank." In the ever-changing financial environment, we root ourselves in the local community, steadfastly innovate, and forge the unique financial value of KTB. 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 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 but also conveys their longing for distant family members.

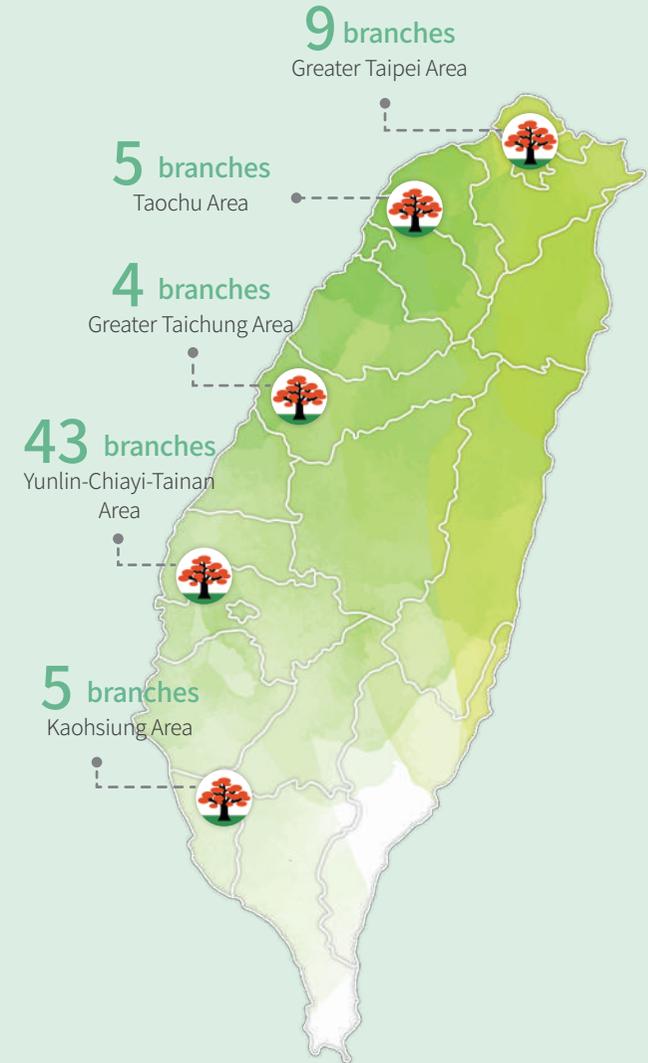
Hoping to bridge the distance between us and our customers, we aspire to inject vitality into the financial industry through the vivid and personable images of our two mascots. By doing so, financial interactions are no longer just about stark numbers but rather about warm and vibrant financial-friendly services, bringing "local inspiration" to both customers and fellow community members.

Service Locations

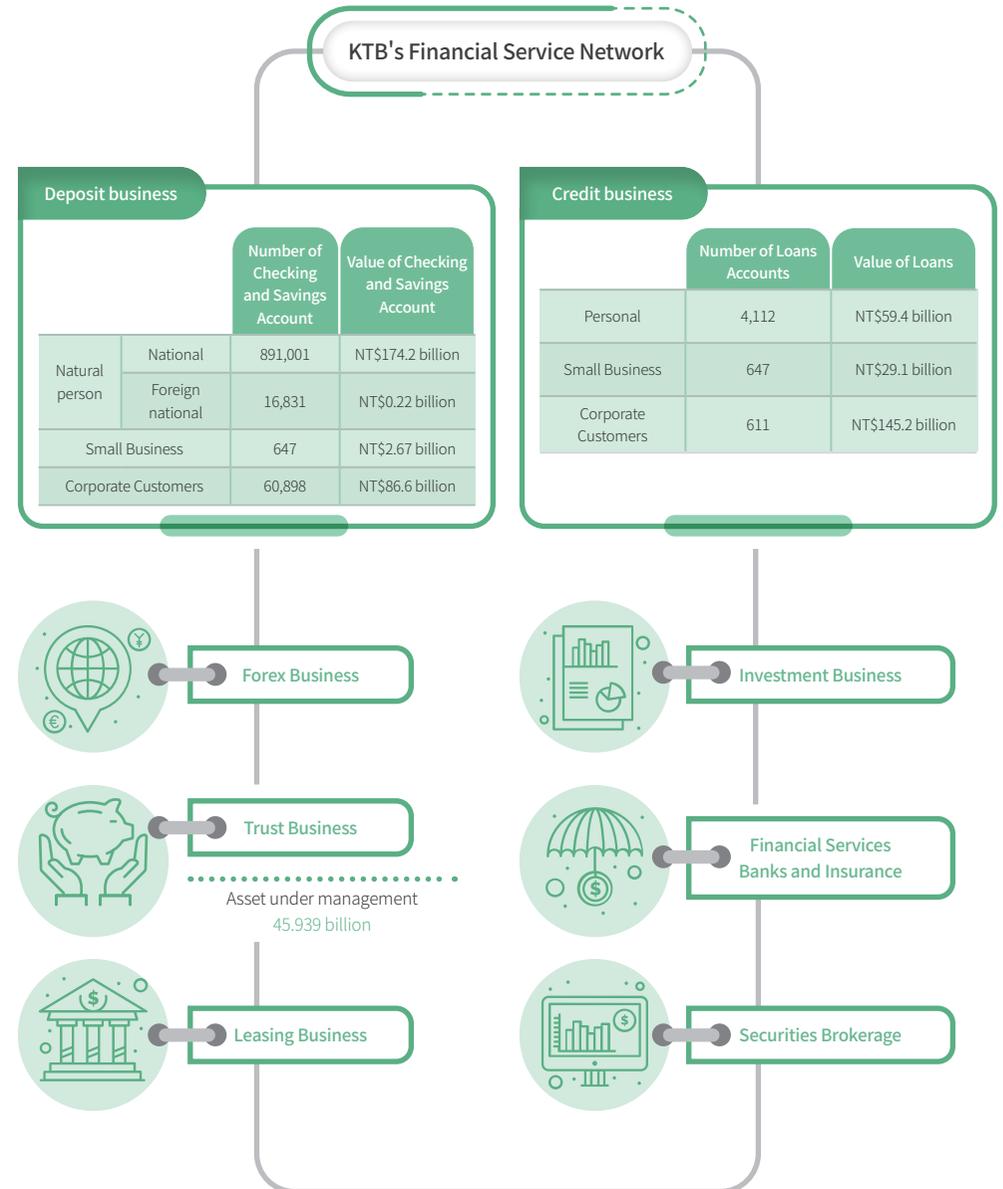
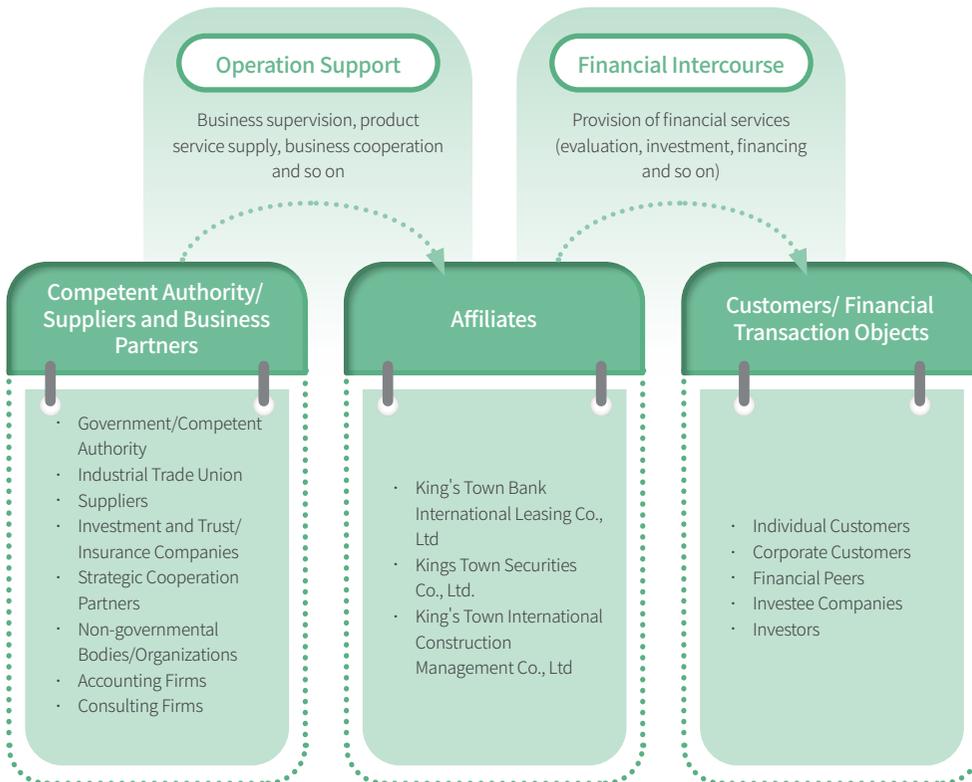
The operating sites of KTB and its subsidiaries are located in Taiwan. Physical channels include branch offices, international leasing firms, and a securities subsidiary. The branch offices are mainly located in central and southern Taiwan, accounting for 73% of all branch offices. Digital channels include Internet banking, mobile banking, LINE official account, Facebook fan page, customer service hotline, automated service equipment, etc. We provide customers with an integration of virtual and physical, secure and convenient financial-friendly 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.

- 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
Headquarters	Tainan City, Taiwan	<ul style="list-style-type: none"> King's Town Bank International Leasing Co., Ltd King's Town Securities Co, Ltd. King's Town International Construction Management Co., Ltd.
Capital	NT\$11.112 billion	
Assets	NT\$384.348 billion	
No. of Employees	968 persons	
Industry	Finance and insurance	
Stock code	2809	



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

GRI 2-1

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

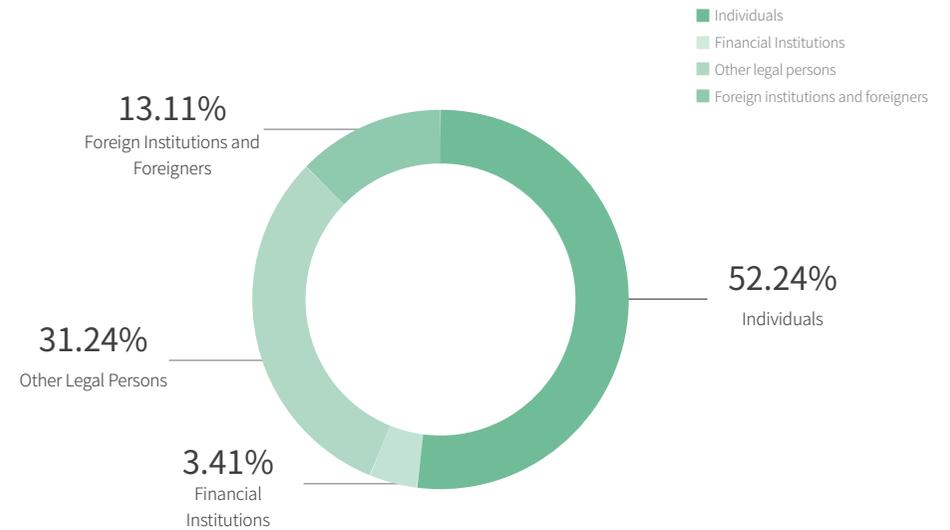
KTB's 2023 net income after tax reached NT\$6.207 billion. The earnings per share was NT\$5.59, return on equity was 13.42%, and return on assets was 1.62%. In a year full of challenges in external environment, KTB's abundance in capital and outstanding asset quality allows us to have the ability to respond to market fluctuation. For relevant financial statements, please refer to [\[pages 146-148 of KTB's 2023 Annual Report\]](#).

Unit: NT\$ million

	Item	2021	2022	2023
Operating Ability	Total assets	343,149	379,987	384,348
	Shareholder equity	48,881	42,417	50,115
	Net income	10,262	5,352	9,972
	Net profit after tax	5,630	2,210	6,207
	Net value per share	NT\$43.60	NT\$38.17	NT\$45.10
Profitability	ROE	11.80%	4.84%	13.42%
	ROA	1.68%	0.61%	1.62%
	Earnings per share	NT\$5.02	NT\$1.98	NT\$5.59
Quality of Assets	Capital adequacy ratio	16.62%	14.05%	16.58%
	NPL ratio	0.02%	0.02%	0.02%
	Coverage ratio of allowance for bad debt	8277.51%	8870.25%	7571.27%

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 people (persons)	Number of shares hold (share)
Government Agencies	0	0
Financial Institutions	13	37,937,050
Other Legal Persons	178	347,147,820
Foreign Institutions and Foreigners	215	145,713,422
Individuals	49,809	580,435,973
Total	50,215	1,111,234,265

Base Date: January 31, 2024

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. KTB is dedicated to sustainable development, enhancing shareholder value, and fulfilling our corporate social responsibility. 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 social responsibilities of 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



Economic Substance

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



Risk Management

Tax planning should consider optimizing the overall tax burden of the Company while adhering to principles such as sustainable development, corporate social responsibility, and tax risk management. This approach aims to uphold shareholder rights and create shareholder value.

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 Companion published by S&P Global in 2024, the average effective tax rate and average cash tax rate for the global banking industry in 2023 are 21.29% and 19.94%, 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 in 2023. The information on the income tax of the Group for the most recent three years is shown in the table below

Unit: NT\$ million

	2021	2022	2023
Net Profit Before Tax (A)	6,505	2,944	7,359
Income Tax Expenses (B)	875	734	1,152
Effective Tax Rate (B)/ (A)	13.45%	24.92%	15.65%
Adjustments (D)	428	-148	318
Income Tax Expenses After Adjustment (E)=(B)+(D)	1,303	585	1,470
Effective Tax Rate After Adjustment (E)/ (A)	20.03%	19.88%	19.97
Income Tax Paid (F)	926	975	1,042
Cash Tax Rate (F)/ (A)	14.23%	33.11%	14.16%

Note 1: Income tax expenses include income tax and undistributed earnings tax of the group company, etc.
 Note 2: The variance in effective tax rates is due to the proportion of tax-exempt income in the respective year. In 2022, the effective tax rate was higher due to a decrease in the proportion of tax-exempt income resulting from losses in Overseas Banking Branch. This led to an effective tax rate higher than the statutory tax rate (20%). After excluding the effects of tax-exempt income as regulated by tax laws and temporal differences, the adjusted effective tax rate for 2022 is equivalent to the statutory tax rate (20%).
 Note 3: The variance in cash tax rates arises from the impact of temporal differences in tax liability payments. In 2022, the cash tax rate was higher due to a decrease in the proportion of tax-exempt income resulting from losses in Overseas Banking Branch. This led to the adoption of the general tax rate of 20% instead of the minimum tax burden of 12%, as well as the supplementary imposition of income tax based on prior-year assessments.

GRI 2-12

1.3 Sustainable Enterprise Blueprint Strategy and Management

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 “Sustainable Development and Nomination Committee” affiliated to the Board of Directors as the supreme guidance unit of sustainable development, under which “ESG Task Force” (Also known as ESG 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.

Sustainable Development Management Framework

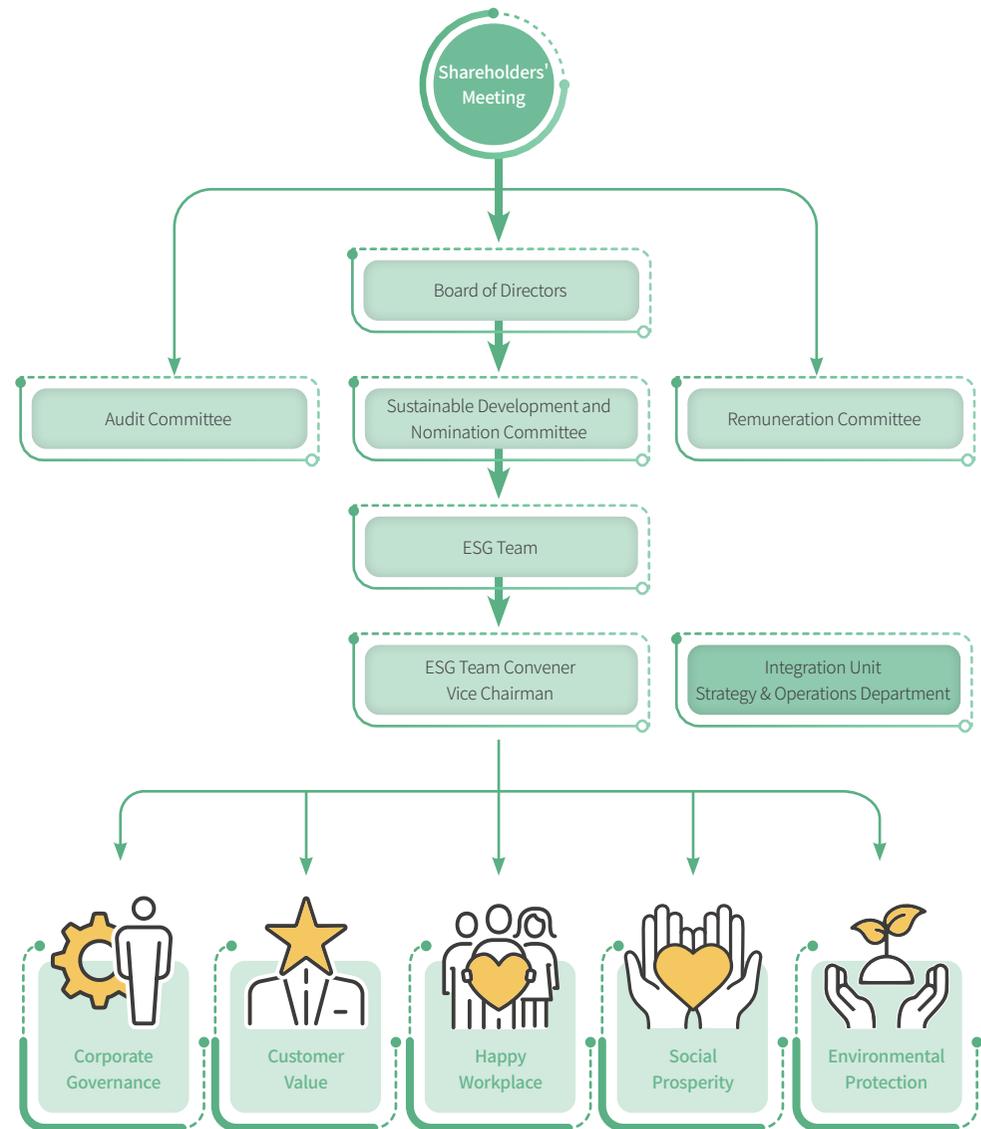
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GRI 2-16

In sustainable development management framework, the “Sustainable Development 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 Task Force,” 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 “Sustainable Development and Nomination Committee” for discussion, and then report to the Board of Directors, and make adjustment as advised by the Board of Directors.

In 2023, the Company held total 4 “ESG Team Meetings,” and submitted the execution plan and results to the “Sustainable Development and Nomination Committee” for discussion on February 20, 2023 and August 14, 2023, 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 2022, Sustainable Development Plan in 2023, Execution Condition of Sustainable Development in the First Half of 2023, 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 Sustainable Development 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

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 & Friendly Customer 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.



Sustainable Development and Nomination Committee View Implementation Possibilities and Outcomes

Summary of 2023 Annual Implementation Outcomes

- It continued to optimize regulatory compliance and risk management, improved information security management system (ISMS) policy and norm, enhanced business skills and operation efficiency, and has ranked top 5% of listed companies according to "Corporate Governance Evaluation" of Taiwan Stock Exchange Corporation for 6 years (2018-2023, the 4th to the 9th session) successively.
- The Company's commitment to environmental sustainability and energy conservation has been acknowledged by external organizations. We recently participated in the 5th National Enterprise Environmental Protection Award, organized by the Environmental Protection Administration of the Executive Yuan (Renamed as Ministry of Environment), and were honored to receive the Bronze Award in the non-manufacturing category.
- To promote inclusive finance and financial friendliness, a "Fair & Friendly Customer Service Promotion Team" was established (its supervisory level was elevated to the President and renamed as the "Fair & Friendly Customer Service Promotion Committee,") following approval by the board of directors. KTB collaborated with the Taiwan Association of Sign Language Interpreters (TASLI) to provide on-site sign language video translation services. We also incorporated the needs of color-blind customers into the planning of ATM usage processes and interface redesign. Moreover, we upgraded and optimized the "Friendly Financial Services" on the official website, adding dedicated sections for the "Youth" and "Elderly" demographics. These sections share various common financial product knowledge and anti-fraud tips tailored to each demographic.
- KTB has been actively working to reduce workplace gender disparities and have been selected for the Bloomberg Gender Equality Index evaluation for three consecutive years (2021-2023). Additionally, the "KTB Babies 0-6 Staggered Parenting Subsidy" program has received strong support from our colleagues, providing subsidies to 18 KTB babies. In order to establish a secure and conducive workplace environment and safeguard the rights of all employees, we have proactively implemented the ISO 45001 Occupational Health and Safety Management System and obtained third-party certification.
- KTB has responded to various themed events under the "Tainan 400" held by the Tainan City Government. Additionally, KTB has sponsored the "Anthropocene" exhibition at the Kaohsiung Museum of Fine Arts. By supporting local cultural and artistic endeavors, we aim to engage the public in environmental issues.
- KTB continues to advance the company-wide carbon management mechanisms. In addition to implementing ISO 50001 Energy Management System verification and completing a greenhouse gas inventory verification across the entire company, the Headquarters Building has adopted the ISO 14001 Environmental Management System. Furthermore, by procuring green energy, we further reduce our energy consumption and greenhouse gas emissions.



Report to Board of Directors and Approved



Detailed Implementation by ESG Team

Main Work Plan in 2024

- Governance aspect: KTB has implemented the "Responsibility Map System" as instructed by the Financial Supervisory Commission (FSC). This system is designed to establish a governance framework based on responsibility, enhancing accountability mechanisms for senior management. Additionally, we continuously strive to obtain ISO 27001 recertification to strengthen our information security protection system.
- Social aspect: Enhancing fair treatment of customers and depth, integrating digital services to promote inclusive finance, and deepening gender diversity and inclusivity awareness to implement human rights policies.
- Environmental aspect: KTB is gradually introducing and establishing financial carbon emission inventories for investment and financing portfolios. We are also focusing on issues such as net-zero emissions and carbon management, deepening our climate governance and assessing related risks.

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:

4 QUALITY EDUCATION
SDG 4 & T-SDG 4

- Since 2007, KTB has been organizing finance education activities in cooperation with local schools and organizations. There were **94** activities held in 2023, benefiting **3,488** people
- In 2023, a total of **4** lectures for Little Financial Specialist and finance education activities were held, with a total of **231** students participating
- In 2023, a total of **104** "Anti-fraud Advocacy" events were organized, benefiting **1,412** people

5 GENDER EQUALITY
SDG 5 & T-SDG 5

- The ratio of female to male employees at KTB is **64:36**.
- Female managerial officers accounted for **53.31%** of all managerial officers at KTB
- In 2022, KTB launched the "Childcare Allowance for KTB Babies of 0-6 Years Old," which not only provides monthly parenting subsidies but also incorporates a tiered bonus reward system. In 2023, a total of NT\$**475,000** was disbursed as subsidies, benefiting **18** KTB babies

7 AFFORDABLE AND CLEAN ENERGY
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 **40,478** kwh by the end of 2023
- The Dounan Branch became the first branch to obtain green building certification in 2023

8 DECENT WORK AND ECONOMIC GROWTH
SDG 8 & T-SDG 8

- Support SMEs, the loan to which accounted for **60.94%** of the total loan balance
- For three consecutive years, KTB has participated in the Ministry of Labor's "The Youth's Employment Ultimate Program." By the end of 2023, a total of **177** individuals have been employed through this initiative.

10 REDUCED INEQUALITIES
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 **275,210** such transactions in 2023

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
SDG 12 & T-SDG 12

- By promoting the customers to use electronic billings, in 2023, it sent total **643,091** pieces of Taiwan foreign currency and fund e-statements and fund cloud statements, with a growth of **31.6%** compared with that in 2022, and had a decrease of **1.93** million pieces of papers consumed, equaling to a decrease of **12.35** metric tons CO₂
- In 2023, electronic document systems were implemented in all branch offices. Throughout the bank, a total of **21,708** documents were processed via the electronic document system, accounting for **97.77%** of all document usage

13 CLIMATE ACTION
SDG 13 & T-SDG 13

- The Company's Scope 1 and Scope 2 greenhouse gas emissions in fiscal 2023 were **2,196**(metric tons of CO₂e/year), with average per capita quantity of **2.27** t-CO₂e, a reduction of **2.16%** from the baseline year of 2022.
- The average amount of waste per person in the head office building is **39.45** kilograms in 2023, a decrease of **7.83%** compared to the baseline year of 2022

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
SDG 16 & T-SDG 16

- In 2023, both the Board of Directors and all Functional Committees Performance Evaluation received an "Excellent" rating in their performance evaluations
- The Company's official website discloses the "Ethical Corporate Management, Anti-Corruption, and Anti-Bribery Policy and Commitment," demonstrating the Company stance and actions against corruption and bribery. In 2023, there were no reported incidents of dishonest behavior involving corruption or bribery
- KTB has been actively promoting anti-money laundering and counter-terrorism financing education and training. In 2023, we successfully prevented **134** instances of fraud, amounting to approximately NT\$**57.08** million in prevented losses

CHAPTER 02

GRI 2-12 GRI 2-14 GRI 3-1

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 report

- **2.1 Stakeholder Identification and Communication**
- **2.2 Materiality Analysis**
- **2.3 Strategies, Goals, and Achievements of Material Issues**



Identification

1. Collect issues regarding sustainability

We compile 36 items of positive and negative impacts 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 materiality 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 222 valid questionnaires were collected

4. Draw impact significance matrix

Via impact evaluation questionnaire, ESG Team defines the impact with scope and range above 3.88 and occurrence possibility above 3.90 as significantly positive impact; and defines the impact with severity above 2.81 and occurrence possibility above 2.66 as significantly negative impact, therefore, there are total 5 significantly positive impact and 7 significantly negative impact (belong to 9 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 9 material issues, and reported the issues to the Sustainable Development and Nomination Committee and the Board of Directors

6. Develop management policy and response

After confirmation from the Sustainable Development 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

2.1 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 Sustainable Development 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 management and investment seminars 	<ul style="list-style-type: none"> ★ Service Quality and Customer Experience ★ Sustainable Finance ★ Labor Rights ★ Talent Attraction and Retention

Communication Achievements in 2023

- The number of Facebook fans has reached 36,779
- The number of LINE@ friends has reached 111,638
- A total of 1,616 questionnaires were collected for the customer satisfaction survey, resulting in a satisfaction rate of 91.9%
- There were a total of 41 customer complaint cases, with an average processing time of 1.61 days
- A total of 8 financial management and investment seminars were held, benefiting 507 attendees

Communication Frequency and Channels	Topics Concerned about
<ul style="list-style-type: none"> Employee internal communication website and general manager'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"> ★ Regulatory Compliance ★ Service Quality and Customer Experience ★ Risk Management ★ Sustainable Finance ★ Talent Cultivation and Development

Communication Achievements in 2023

- The employee satisfaction survey response rate is 95%. The overall satisfaction rate is 91.93%
- A total of 4 Employee Welfare Committee meetings was held
- A total of 8 of Labor Retirement Reserve Supervisory Committee meeting was held
- A total of 5 labor-management meetings was held

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"> ★ Service Quality and Customer Experience ● Climate Change Strategy ★ Talent Cultivation and Development ★ Labor Right

Communication Achievements in 2023

- Participated in external evaluations conducted by Sustainalytics, FTSE Russell, S&P Global, and Fitch
- Organize and participate in five corporate and investor briefing sessions (two self-organized and three invited)

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 correspondence 	<ul style="list-style-type: none"> ★ Regulatory Compliance ● Operating Environment Sustainability ★ Risk Management ★ Fintech and Innovation ● Supplier Management

Communication Achievements in 2023

- Attended 24 policy briefing sessions and seminars in total
- Respond promptly to inquiries from competent authorities

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 ★ Information Security ● Operating Environment Sustainability ● Climate Change Strategy

Communication Achievements in 2023

- Promoted 27 suppliers to complete their self-assessments. The self-assessment results did not contradict the Company's corporate social responsibility principles
- Total of 8 advocacy events were organized and there were no casualties due to workplace accidents.
- There were 9 field visits and inspections performed without any special or significant non-conformity detected
- When we enter into contracts with suppliers, we stipulate human rights and environmental sustainability clauses in the contracts

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"> ★ Regulatory Compliance ★ Service Quality and Customer Experience ★ Information Security ★ Sustainable Finance

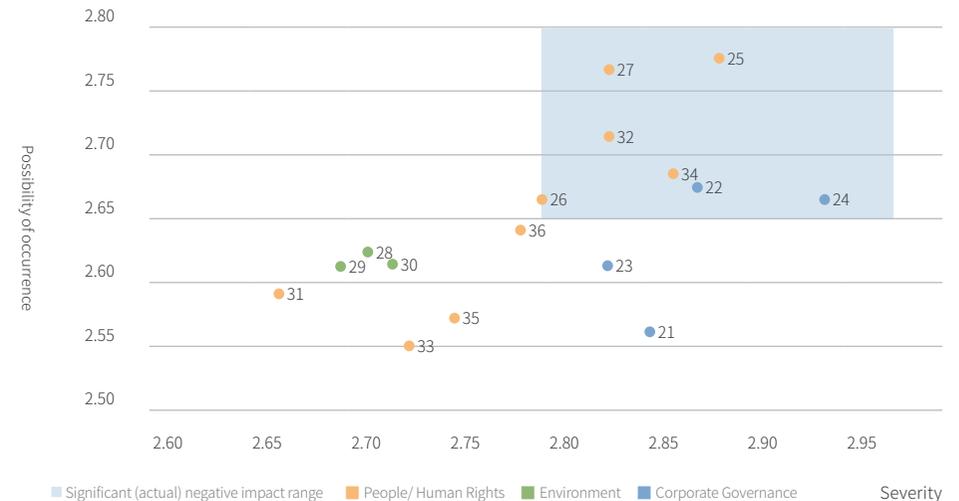
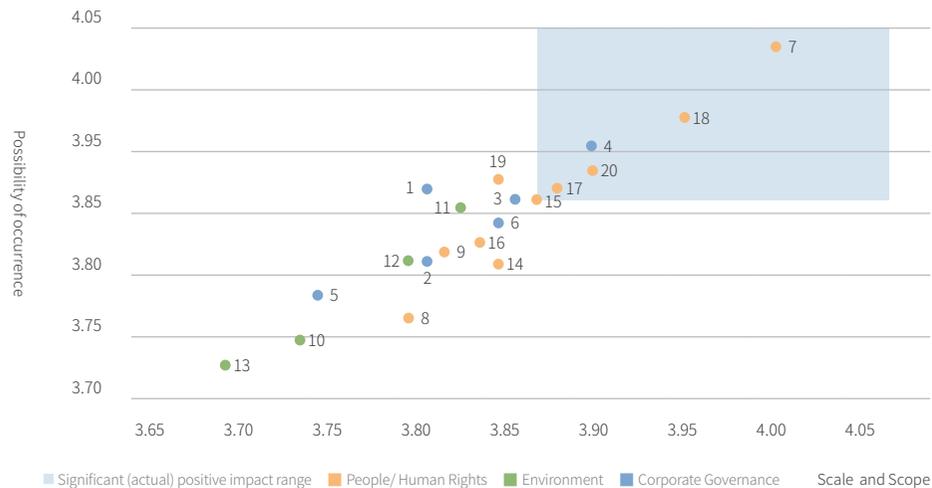
Communication Achievements in 2023

- A total of 298 community activities were participated in, with a total volunteer time of 3,654 hours, benefiting a total of 12,730 individuals
- Collaboration with 17 public welfare organizations, non-governmental and non-profit organizations, as well as humanities and arts groups

2.2 Materiality Analysis

The Company has sorted out 36 positive and negative impacts related to KTB based on stakeholder concerns, and has conducted analysis and drawn an impact significance matrix. Following discussions in the ESG Team meetings, we have identified 9 significant issues closely related to the operations of KTB's industry. Compared to 2022, one material issue - "Employee Care and Friendly Workplace" - has been removed. This decision was primarily influenced by the fact that this issue did not show significant impacts across all six categories of stakeholders in the positive and negative impact assessment. The detailed information is illustrated in the diagram below, where the blue boxes represent significant positive and negative impacts, which are actual impacts, while the others represent potential impacts. The results have been reported to the Sustainable Development and Nomination Committee and the Board of Directors.

Materiality Matrix



Positive impacts, material issues and sequence

Corresponding No.	Aspects	Structure	Corresponding Issues	Sequence
7	People/ Human Rights	Customer Service	Service Quality and Customer Experience*	Positive 1
18	People/ Human Rights	Happy Workplace	Labor Rights*	Positive 2
4	Corporate Governance	Operational Governance	Regulatory Compliance	Positive 3
20	People/ Human Rights	Happy Workplace	Talent Attraction and Retention	Positive 4
17	People/ Human Rights	Happy Workplace	Labor Rights*	Positive 5

Note 1: * indicates that corresponding issue has both positive significance impact and negative significance impact.
 Note 2: Please refer to [the Material Issues and Boundaries of Impact](#) for the impact of positive sequence 1 to 5

Negative impacts, material issues and sequence

Corresponding No.	Aspects	Structure	Corresponding Issues	Sequence
25	People/ Human Rights	Customer Service	Service Quality and Customer Experience*	Negative 1
27	People/ Human Rights	Customer Service	Sustainable Finance	Negative 2
32	People/ Human Rights	Happy Workplace	Talent Cultivation and Development	Negative 3
34	People/ Human Rights	Happy Workplace	Labor Rights*	Negative 4
22	Corporate Governance	Operational Governance	Risk Management	Negative 5
24	Corporate Governance	Operational Governance	Information Security	Negative 6
26	People/ Human Rights	Customer Service	Fintech and Innovation	Negative 7

Note 1: * indicates that corresponding issue has both positive significance impact and negative significance impact.
 Note 2: Please refer to [the Material Issues and Boundaries of Impact](#) for the impact of negative sequence 1 to 7

Material Issues and Boundaries of Impact

● Directly ■ Indirectly ◆ Via business relationship

Order of Importance	Issues	Impact Explanation	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	Service Quality and Customer Experience	Positive 1: Optimizing operational processes, improving operational efficiency, which resulted in enhanced service quality and increased customer satisfaction Negative 1: The low quality of service has resulted in customer complaints, which in turn has affected their willingness to continue doing business	GRI 417-3 Incidents of non-compliance concerning marketing communications	5.1 Service Quality and Customer Experience	●	◆	■			
2	Sustainable Finance	Negative 2: Failure to conduct thorough due diligence and careful assessment when selecting investment targets led to heightened investment risks	Custom Topic	4.2 Sustainable Finance	●	◆	■			■
3	Talent Cultivation and Development	Negative Point 3: Failure to conduct educational training activities and cultivate professional talents has resulted in employees being unable to be placed in suitable positions	GRI 404 Training and Education	6.2 Talent Cultivation and Development	●		■			
4	Labor Rights	Positive 2: Addressing employment discrimination and sexual harassment and constructing a safe and equitable work environment Positive 5: Maintaining an open channel of communication between labor and management, and being able to listen to different perspectives Negative 4: The Company violates labor laws, leading to labor disputes	GRI 406-1 Incidents of discrimination and corrective actions taken	6.4 Labor Rights	●					
5	Risk Management	Negative 5: The risk management is superficial and does not effectively identify emerging risks, leading to operational damage	GRI 3-3 Management of material topics	3.3 Risk Management	●	◆	●	●	◆	
6	Information Security	Negative 6: Failure to respond to evolving cybersecurity attack methods, resulting in the leakage of sensitive information or disruption of operational systems	GRI 418 Customer Privacy	3.4 Information Security	●	●				
7	Fintech and Innovation	Negative 7: Failure to actively engage in digital transformation leading to operational bottlenecks and a loss of many customers	Custom Topic	5.2 Fintech and Innovation	●	◆	■			■
8	Regulatory Compliance	Positive 3: Gradually strengthening employee awareness of regulatory compliance, anti-money laundering, and counter-terrorist financing to reduce associated potential risks	Custom Topic	3.2 Regulatory Compliance	●	◆	●	●	◆	
9	Talent Attraction and Retention	Positive 4: Treat all employees with fairness and mutual respect, and ensure equal opportunities for both genders to compete and grow, thereby enhancing the organization's dynamism	GRI 401 Employment GRI 405 Diversity and Equal Opportunity	6.1 Talent Attraction and Retention	●		■			

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

2.3 Strategies, Goals, and Achievements of Material Topics

For each material issue, we identify its impacts on KTB, and set management strategies, short-, medium-, and long-term goals, and track the execution results quarterly through the ESG team to continue to implement KTB's sustainable plans. Please refer to the following table for relevant achievements or refer to [the operational approach to sustainable development strategies](#).

Aspects	Issues	Risks and Opportunities- Impact on Economy, Environment and Population (Including Human Rights)	Policy and Commitment	Management Strategies	2023		2024 Key Goals	Medium- and Long-Term Goals (5-10 years)
					Key Performance Indicators and Objectives	Achievements		
Corporate Governance	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; failure to comply with timely updates to regulations may result in penalties imposed by competent authorities	The Company has established the "Implementation Rules of Regulatory Compliance" and the "Anti-Money Laundering and Countering Terrorism Financing Policy" and is dedicated to: <ol style="list-style-type: none"> 1. Establish a clear and suitable system for the transmission, consultation, coordination, and communication of laws and regulations 2. Provide comprehensive and relevant regulatory training to all personnel across all units 3. Implementing anti-money laundering and counter-terrorism financing risk assessments allows management to timely and effectively understand the overall money laundering and terrorism financing risks they face, make decisions on the mechanisms to be established, and develop appropriate mitigation measures 	<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 · 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"> ✓ Organize or participate in regulatory compliance and anti-money laundering education and training, totaling 3,453 hours ✓ The "2023 Anti-Money Laundering and Countering the Financing of Terrorism Internal Mechanism Audit Project" did not reveal any findings or recommendations, and an auditor's assurance report has been issued ✓ Adjustments or online integration of anti-money laundering measures are being undertaken to facilitate implementation by operational units, and efforts are ongoing to continuously optimize the anti-money laundering review systems ✓ Conducting a regulatory compliance forum, in which supervisors from various business units participate in project discussions, provides a platform for diverse dialogue and exchange opportunities 	<ul style="list-style-type: none"> · Education Training and Promotion on "Anti-Money Laundering and Countering Terrorism Financing Policy," and "Personal Data Protection Act" · Automated implementation of Anti-Money Laundering Measures in securities subsidiaries 	<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; If risk management is treated as a mere formality and fails to identify emerging risks, it can result in operational damage	The Company has established the "Risk Management Regulations" and is committed to: <ol style="list-style-type: none"> 1. Considering overall exposure, appropriate allocation of capital is undertaken to establish management mechanisms for various business risks, thereby enhancing operational performance 2. According to relevant regulations, audits are conducted to assess whether the operations of each business unit and business management units comply with risk management procedures. Furthermore, we assess the effectiveness of our risk management mechanisms and provide timely recommendations for improvement 	<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 · Formulate climate risk management policies and procedures 	<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 ✓ Establishing the "KTB Climate Risk Management Guidelines" ✓ Building a Key Risk Indicator Reporting Platform through BPM 	<ul style="list-style-type: none"> · Implementation of preliminary establishment of ISO 22301 management process 	<ul style="list-style-type: none"> · Obtaining ISO 22301 third-party certification · Optimizing the mechanism for climate risk management
	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 protects important information from leakage; failing to respond to evolving cyber attack techniques may result in the leakage of sensitive information or the disruption of operational systems	The Company has established "Information Security Policy" and is committed to: <ol style="list-style-type: none"> 1. Management should actively participate in and support the information security management system, and provide adequate resources 2. "Information Security Policy" should be reviewed by the Information Security of Risk Management Department at least once a year, or when significant changes occur, to ensure compliance with the latest trends in relevant laws, technologies, organizations, and information security operations 	<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"> · The rate of information security awareness has reached 100% · Regularly convene the Information Security Management Committee, with at least four meetings held annually · The implementation rate of the system service status monitoring platform (ELK) has reached 100% · There were no significant information security incidents 	<ul style="list-style-type: none"> ✓ Participated in a total of 43 internal and external cybersecurity courses, with a combined total of 2,275 participants and a cumulative duration of 3,529 hours. The internal information security awareness rate is 100% ✓ Hold Information Security Management Committee meetings regularly for at least 6 times ✓ The achievement rate for self-developed programs by programmers, along with collaboration with vendors and data center personnel, has reached 100% ✓ There were no significant information security incidents 	<ul style="list-style-type: none"> · There were no significant information security incidents · The achievement rate for improving service interruptions and system abnormalities has reached 100% 	<ul style="list-style-type: none"> · Expand the scope of international standard certification on information security to enhance the overall information security of enterprise

Aspects	Issues	Risks and Opportunities- Impact on Economy, Environment and Population (Including Human Rights)	Policy and Commitment	Management Strategies	2023		2024 Key Goals	Medium- and Long-Term Goals (5-10 years)
					Key Performance Indicators and Objectives	Achievements		
Population (including human rights)	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; If the service quality is low, it may impact customers' willingness to continue doing business with us	The Company has established policies and strategies such as the "Principle of Treat Clients Fairly Policy and Strategies" and "Consumer Protection Measures." We are committed to implementing relevant regulations in all aspects of customer transactions, including design, advertising, sales, contract fulfillment, service consultation, and customer complaint handling, ensuring fair treatment of customers throughout the process	<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% 100% of completing handling, tracking and investigation of customer complaint cases At least 10 branch operational workflow improvements have been implemented 	<ul style="list-style-type: none"> Overall customer satisfaction rate was 91.9% 100% of completing handling, tracking and investigation of customer complaint cases Streamline and digitize the planning process to reduce operational risks and enhance branch operational efficiency: 46 items 	<ul style="list-style-type: none"> Customer satisfaction has been increased, with a customer satisfaction rate exceeding 90% Enhancing specific measures to fair treatment of customers and financial friendliness 	<ul style="list-style-type: none"> Customer satisfaction is above 90% 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; If workplace cultural diversity awareness is not established and exclusion or discrimination occurs, or if the company violates labor laws, it can result in labor disputes	The Company has established "Human Rights Policy," pledging to uphold workplace diversity and refrain from discriminating against individuals based on gender, sexual orientation, nationality, race, class, age, marital status, language, ideology, political affiliation, birthplace, appearance, physical or mental disabilities, or past union membership. We adhere to regulations and do not employ child labor or illegal workers. Regular education and training sessions are conducted to promote awareness of these principles	<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 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"> Held 5 labor-management meetings 0 employees' grievance cases ^(Note 1) There has been one employment-related labor dispute incident ^(Note 2) 	<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
	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; When there is a disparity in pay for equal work, it can result in a decline in employee motivation	The Company has established the "Sustainable Development Best Practice Principles" and is committed to prioritizing personal qualities, professional abilities, and suitable job assignments when hiring and promoting exceptional talent. The Company treats all employees with fairness and mutual respect, ensuring equal opportunities for fair competition and growth	<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 employees with fair competition and development opportunities 	<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 at least 70% Review and adjustment of employee performance assessment (KPI) and reward system 	<ul style="list-style-type: none"> Female managerial officers accounted for 53.31% Retention rate of new employees after one-year service was 93.20% In 2023, the Bank has approved a salary adjustment plan for all staff members, with an increase ranging from 3% to 3.5% 	<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 80% above 	<ul style="list-style-type: none"> 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

Note 1: On June 16, 2023, a grievance was received from colleagues at Branch regarding poor service from head office staff. However, as the complaint did not specify the staff members involved, and after contacting the complainant, they failed to provide additional details and complete the complaint form within the specified deadline. Therefore, only the relevant unit supervisor was informed, and the case was subsequently closed as unsubstantiated. As a result, the number of employee complaint cases is 0.

Note 2: The meeting of the Labor Bureau for coordination did not reach a consensus, and mediation was unsuccessful. We will continue to follow up on this matter.

Aspects	Issues	Risks and Opportunities- Impact on Economy, Environment and Population (Including Human Rights)	Policy and Commitment	Management Strategies	2023		2024 Key Goals	Medium- and Long-Term Goals (5-10 years)
					Key Performance Indicators and Objectives	Achievements		
Population (including human rights)	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; however, failure to conduct thorough due diligence and prudent assessment when executing business operations may lead to increased business risks or damage to the Company's reputation	The Company has developed the "KTB Sustainable Financial Policy," pledging to follow international sustainability principles, support businesses or industries that have environmental, social, and governance benefits, and assess the provision of financial products and services. When dealing with contentious companies or industries, the Company should conduct thorough due diligence investigations and careful assessments to minimize the risk of significant adverse effects on sustainable development	<ul style="list-style-type: none"> Support credit and investment targets that have a positive impact on the environment and society Promote inclusive finance to ensure that all segments of society have access to diverse 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 	<ul style="list-style-type: none"> ✓ The loan amount of ESG sustainable industry accounted for 10.7% of total loans ✓ Loan balance to SMEs accounted for 60.94% 	<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
	Talent Cultivation and Development	Employees are the KTB's partners. The growth of employees is the growth of KTB; failure to conduct education and training activities and cultivate professional talent may lead to employees being unable to assume suitable positions	The Company has implemented the "Employee Education and Training Regulations" to enhance talent development and promote the concept of lifelong learning among employees, as well as to unleash individual potential. Additionally, it monitors training outcomes and maintains systematic records of course information	<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 40 hours on average Adjust the English improvement plan, and continue to organize relevant training courses 	<ul style="list-style-type: none"> ✓ Average training hours per employee was 70 hours ✓ A total of 490 frontline employees participated in the "Web English" training course 	<ul style="list-style-type: none"> Each branch in the six municipalities must have at least one employee who is proficient in English to work at the operation terminal Continued promotion of the succession plan for middle and senior executives / core staff rotation and training program 	<ul style="list-style-type: none"> Promote employees' lifelong learning to improve their English and digital competencies
	Fintech and Innovation	Continuing to provide innovative, convenient and secure digital finance and services is the engine of our operational growth; failing to actively participate in digital transformation could lead to operational bottlenecks and the loss of a significant number of customers	The Company has established the "Organizational Regulations," which clearly outline the various aspects of digital services. It is dedicated to developing digital financial policies, managing digital brands, and implementing innovative digital business strategies. The Company invests in research and development, strategic planning, marketing, and the design of digital products and services. Additionally, it supports the consultation, management, and education and training of digital financial services	<ul style="list-style-type: none"> Innovation and optimization of FinTech products and services Based on customer requirements, plan and develop digital financial products and their associated services 	<ul style="list-style-type: none"> The average number of digital financial product and service transactions per customer for existing customers is 3 Digital transaction proportion of deposit and remittance transactions on the whole is improved by 3% 	<ul style="list-style-type: none"> ✓ The average number of digital transaction items for old customers increased from 2.74 to 3.25 ✓ The digital percentage of deposit transactions has increased by 4.05% 	<ul style="list-style-type: none"> Enhance digital penetration rate and active rate of customers Increase the ratio of digital transactions 	<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

CHAPTER 03

Operational Governance

- **3.1 Corporate Governance**

- 3.1.1 Ethical Corporate Management

- **3.2 Regulatory Compliance**

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

- **3.3 Risk Management**

- 3.3.1 Emerging Risks

- **3.4 Information Security**

- 3.4.1 Personal Data Protection

GRI 2-11

3.1 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 2023, KTB was ranked among the top 5% of TWSE-listed companies in the "Corporate Governance Evaluation" by the Taiwan Stock Exchange Corporation (4th to 9th session) for 6 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 2023 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," "Remuneration Committee," and "Sustainable Development and Nomination Committee" are established directly subordinate to the Board of Directors. These committees are responsible for the discussion and resolution of key bills 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. In addition, the Board of Directors appointed Manager Tzu-Yun, Chen who holds a lawyer's license, as the dedicated "Corporate Governance Officer" of KTB in March 2023. Manager Chen is responsible for providing the board with relevant information, procedural guidance, and legal compliance matters necessary for their duties, arranging training for directors, and providing any other necessary assistance.

Duties and Operation of Functional Committees in 2023

Name of Committee	Audit Committee	Remuneration Committee	Sustainable Development and Nomination Committee ^(Note)
Established in	2011	2011	2017
Number of meetings	11	7	7
Average attendance rate	100%	100%	80%
Number of members	3	3	4
Number of independent directors	3	3	3

Note: On March 20, 2023, the Corporate Governance and Nomination Committee was renamed the Sustainable Development and Nomination Committee.



Convened **24** Board Meetings in 2023
 Overall attendance rate: **95.23%**
85% higher than the set value
 There were **2** independent directors attending each board meeting in person

The Board of Directors currently has **7** directors
3 Independent Directors accounting for about **43%**
 The average tenure of all directors is **7** years

There were no unethical incidents involving directors or employees in 2023

Internal performance evaluation has been made regarding the Board of Directors, various functional committees and director successors. The results of the 2023 evaluation were "**Excellent**"

All directors, senior managerial officers, and all employees have signed the "**Ethical Conduct Statement**"

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 "Rules of Procedure for Board 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 27-28 of King's Town Bank Co., Ltd. 2023 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 13-14 of King's Town Bank Co., Ltd. 2023 Annual Report."

GRI 2-9 GRI 405-1

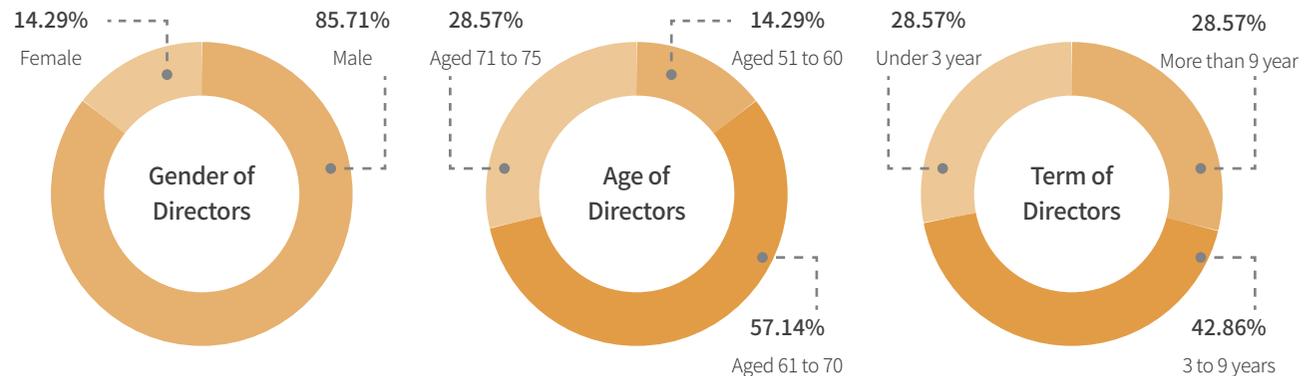
Diverse Board Members

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.) Additionally, Article 29 of Corporate Governance Best-Practice Principles explicitly states that "there must be at least one director of each gender." 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. The current Board of Directors of the Company consists of 7 members, including 1 female and 6 male members, all of whom possess extensive academic and professional backgrounds, contributing diverse perspectives to KTB. This diversity further promotes the sustainable development of our enterprise. Implementation of diversity of KTB's board members is as follows

Professional Background and Experiences of Director

Job Title/ Name	Gender	Professional Qualifications and Experience	Number of Public Companies In Which He Co-Acts As Independent Director
Chairman Chen-Chih Tai	Male	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, PayEasy Digital and Taiga Development 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	Male	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 Ronald McDonald House Charities, H2O Hotel and Ethereal Capital simultaneously	0
Director Ching-Shun Ou	Male	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. Previously served as a director of Wangfu Security Co., Ltd., a supervisor of Jincheng Construction Co., Ltd., and currently holds the position of Chairman at Baihong Construction Co., Ltd.	0
Director Yi-Li Chuang	Female	With over five years of experience in business, law, finance, or banking, and extensive experience in the field of education, currently serves as the Chairman of Hsinray Investment Co., Ltd.	0
Independent Director Chuan-Fu Hou	Male	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. Currently serves as the director of Hou Family Ancestral Shrine Foundation, a supervisor of Helibao Construction Co., Ltd. and Libao Construction Co., Ltd.	0
Independent Director Chao-Long Chen	Male	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, Honorary President of Kaohsiung Chang-Gung Memorial Hospital and director of Taipei Medical University. He has made academic contributions to liver for more than 40 years, and is known as "Father of Liver Transplant"	2
Independent Director Ping-Sung Wu	Male	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. He currently serves as independent director of Ample Electronic Technology Co., LTD. and associate professor of Department of Finance, National Kaohsiung University of Science and Technology	1

Note:Yi-Li Chuang was elected as a new director at the KTB shareholders' meeting on May 23, 2023



GRI 2-17 | GRI 2-18

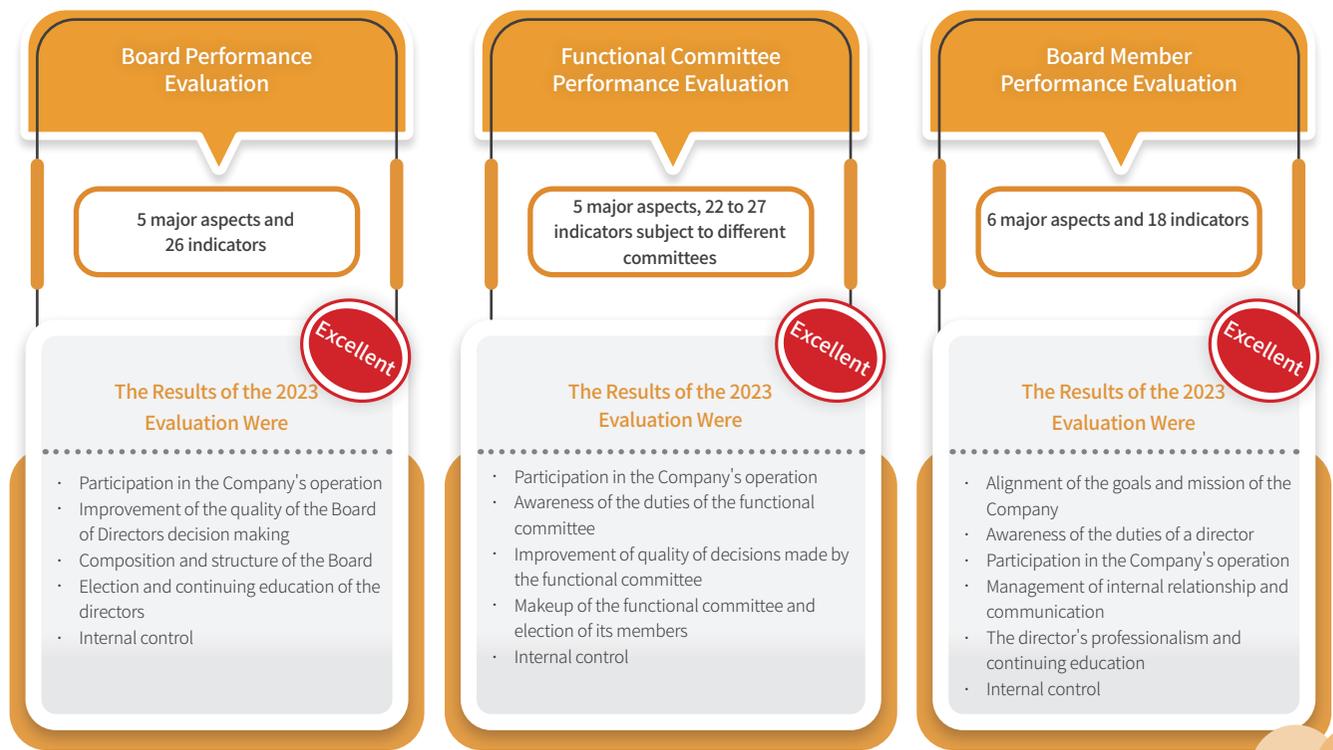
Continuing Education and Performance Evaluation of the Board of Directors

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 2023, the average duration of training for KTB's Directors was 9 hours, which was 6 hours higher than the period as recommended by regulations. The courses include "The Principle of Treat Clients Fairly and Ethical Corporate Management," "The latest development trend of international carbon tariff and the sustainable management strategy of securities and finance industry," "Recent developments in ESG and key considerations for Directors and Supervisors," "Corporate M&A Practices and Related Impacts to Financial Statements" and so on, and the contents cover corporate governance, regulatory compliance, climate-related, 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 Sustainable Development 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 2023, performances of the Board of Directors and all functional committees were all evaluated as "Excellent," and the report to Sustainable Development and Nomination Committee and Board of Directors was made on February 26, 2024. 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 "Ernst & Young Corporate Management Consulting Services Limited" 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 crisis management ability, 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 Performance Evaluation results of the Board of Directors](#)." The next external performance evaluation is scheduled for the first quarter of 2025.



Category	Aspects and Indicators	2023 Results	Key Evaluation Points
Board Performance Evaluation	5 major aspects and 26 indicators	Excellent	<ul style="list-style-type: none"> • Participation in the Company'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
Functional Committee Performance Evaluation	5 major aspects, 22 to 27 indicators subject to different committees	Excellent	<ul style="list-style-type: none"> • Participation in the Company'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
Board Member Performance Evaluation	6 major aspects and 18 indicators	Excellent	<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 Company's operation • 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, how ever, 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.

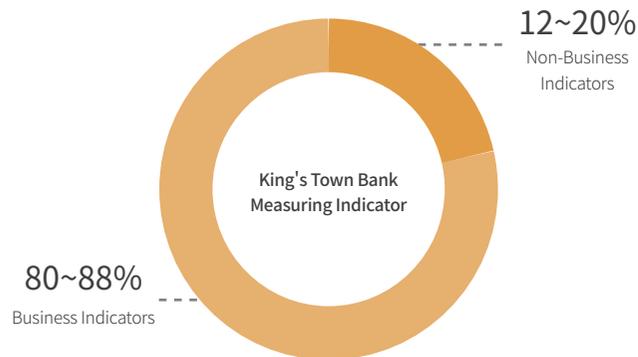
In addition, it is provided in Article 25(1) of the Articles of Association that: "remuneration of the directors shall be determined by the Board of Directors by reference to the level of related peers and listed Companies." Remuneration of the Company directors is paid by reference to peer level, individual 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 for 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 21-22 of King's Town Bank Co., Ltd. 2023 Annual Report](#)." Relevant performance evaluation and remuneration rationality are examined by the Remuneration Committee and the Board of Directors.

(2) President, Senior Vice President, Chief Auditor, Managerial Officers, and Employee

Performance evaluation and remuneration system regarding the President, Senior Vice President, Chief Auditor, Managerial Officers, and Employee 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. Each year, the Remuneration Committee discusses the compensation and benefits of the Company's senior executives at the Remuneration Committee meeting and submits them to the Board of Directors for approval. The bonus component is linked to the performance assessment of the Company's units.

The content of unit performance evaluation is divided into business indicators and non-business indicators, accounting for 80% to 88% and 12% to 20%, respectively. The business indicator items include financial profitability indicators, operational indicators, strategic development indicators, and ESG sustainable development performance implementation indicators. The content and weight of each indicator are determined according to the responsibilities of each unit. It is stipulated that the weight of the assessment of the implementation of sustainable development in the overall unit of the Bank shall not be less than 5%. This is to integrate the resources of the entire Bank, formulate a unified sustainable development strategy, strengthen the Company's commitment to sustainable development goals, and achieve sustainable development goals. Non-business indicators include regulatory compliance, internal audit and internal controls. While taking into account individual performance, responsibilities and contributions, appropriate compensation is provided so that pay is highly correlated with company performance.

Measuring Indicators, Weight and Connotation of Performance Goals



Type	Indicator Item	Weight Proportion	Description
Business Indicators	Financial Indicators	20~40%	The financial performance of the company and its comparison to industry standards: net income, pre-tax profit and loss, ROA, ROE, EPS and so on
	Business Indicators	20~40%	Based on short, medium, and long-term operational strategies, future development goals are planned, including: risk tolerance, asset quality management, improvement rate of defects from financial examination, adequacy rate of system equipment, and anti-money laundering risk mechanisms, etc
	Strategy Development Indicators	20~40%	Actively monitor the development of business trends, such as: achievement rate of system/process optimization, promoting a variety of digital financial products, and improving the quality of financial services
	ESG Sustainable Performance Development	5~15%	Strengthening our commitment to sustainable development goals, we are dedicated to implementing key sustainable development initiatives, including: emphasizing ethical corporate management, ensuring fair treatment of customers, promoting environmental sustainability, identifying climate risks and opportunities, investing in human capital development, prioritizing human rights issues, and ESG major tasks
Non-Business Indicators		12~20%	Regulatory compliance, internal audit and internal control, inter-unit feedback or special contributions

GRI 205-1

3.1.1 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 Sustainable Development 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 2023, 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](#)," and "Treat Clients Fairly Policy and Strategies," etc. The content summary for each principle are 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." Compliance with Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, relevant regulations for Exchange-Listed and OTC-Listed Companies, or other relevant commercial business is essential for fostering integrity in our operations
- 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: Offering and acceptance of bribes; Illegal political donations; Improper charitable donations or sponsorship; Offering or acceptance of unreasonable presents or hospitality, or other improper benefits; Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights; Engaging in unfair competitive practices; 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
- "Procedures for Ethical Management and Guidelines for Conduct": 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 conducts an assessment of the risks associated with unethical behavior and report to the board of directors. Additionally, KTB provides the board with an annual report on the execution status of ethical corporate management



"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
- To prevent conflicts of interest and self-serving actions, individuals are obligated to maintain confidentiality, exercise loyalty, ensure fair dealings, and responsibly protect and utilize company assets. These principles should be communicated to all directors, managers, and employees, reaching a target of 100%



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

- KTB places a strong emphasis on integrity and anti-corruption efforts. In all business dealings with subsidiaries and third parties, KTB conducts thorough assessments of the legality of the counterparties involved. It ensures a comprehensive understanding of their commitment to integrity and compliance with corporate social responsibility policies. KTB explicitly rejects any direct or indirect provision, commitment, request, or acceptance of any form or guise of improper benefits. Contracts explicitly include clauses mandating adherence to integrity and corporate social responsibility principles
- All Directors, agents, contractors, suppliers, and related persons shall comply with all policies, laws, regulations, rules, and procedures regarding anti-bribery, anti-corruption and improper benefits 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 2023, 15,087 participants attended online and physical classroom-based education training for ethical management, with a total of 24,064 training hours per person.
- Training courses include: "Whistleblower System," "Ethical Corporate Management and Anti-Corruption, Anti-Bribery Policy," "Internal Major Information Processing Procedures and Insider Trading Prevention Related Laws and Regulations" (including promoting the prohibition of insider trading, and also promoting not trading its stocks during the 30 days before the annual financial report announcement and the 15 days before each quarterly financial report announcement closed period), "Merger and Acquisition Information Disclosure Self-Discipline Norms," "Anti-Money Laundering," "Fair Treatment of Customers Principle," "Compliance with Laws and Regulations," "Personal Data Protection Law," "Human Rights Policy," and "Information Security" courses.

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.

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: NT\$

	2021	2022	2023
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%

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 Preventions 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%.

Evaluate Counterparts' Ethical Records

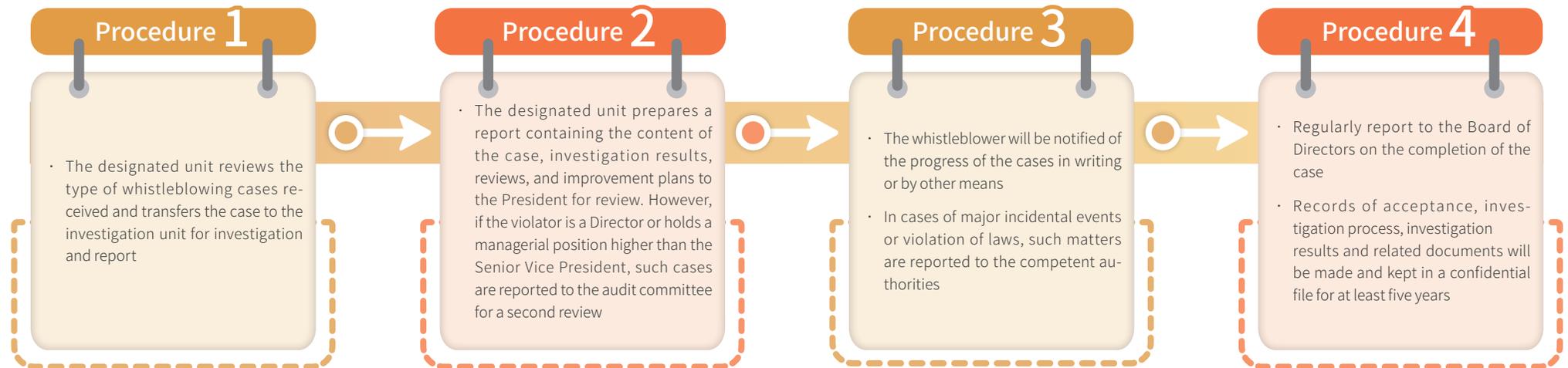


- When entering into contracts with counterparties, the relevant matters related to the statement of ethical management clauses are included in the contract. The contracts are reviewed for good faith provisions during the contract review process.

Whistleblowing System and Whistleblower Protection Measures

To establish an ethical and transparent corporate culture, and to promote robust business, KTB has formulated the "[Regulations On 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 established 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 2023 and Description of Handling

The Company has received a total of 3 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	2023
Named Whistleblowing	1	0	3
Anonymous Whistleblowing	0	0	0



[Stakeholders Communication Channels](#)



[Stakeholders Questionnaire](#)

GRI 2-27

3.2 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:

Regulatory Compliance Self-Assessment

- KTB has carried out 2 regulatory compliance self-assessments, examining the regulatory compliance status of all departments, and appointed the Compliance Department to supervise the implementation of improvement plans.

Supervision and Management of the Board of Directors and the Audit Committee

- The head of the Compliance Department of the headquarter delivered 6 reports on the important regulatory issues, violation cases of the companies in the industry to all the departments' heads.
- In February 2019, the "Internal Query System" was launched, and the Compliance Department is responsible for the review of updates on a regular basis to ensure the correctness of the database, for personnel to make inquiry.
- KTB establishes regulatory compliance communication windows at each department to discuss issues regarding regulatory compliance, when necessary.
- In 2023, KTB did not receive any significant penalties from competent authorities. ^(Note)

Supervision and Management of the Board of Directors and the Audit Committee

- The Head of the Compliance Department of the Headquarters shall submit reports on the handling of regulatory compliance policy to the Audit Committee and the Board of Directors on the "implementation status of the regulatory compliance system" on a half year basis, covering the issues related to "anti-money laundering and countering the financing of terrorism" and the "implementation status of the whistleblowing system."
- Report to the Board of Directors immediately in case of any material breach of compliance.
- In 2023, KTB reported to both the board of directors and the audit committee for 9 times. These reports aimed to ensure that governance bodies and senior management were fully informed about the implementation status of regulatory compliance matters.

Assessment of the Implementation of Regulatory Compliance

- The Compliance Department performs annual assessments on the regulatory compliance of all departments, and the assessment results are used as a reference for each department's performance assessment of the year and for the annual individual performance appraisal.

Regulatory Compliance Education Training and Online Tests

- A company-wide regulatory compliance test is held every year. The questions are updated with the latest laws and regulations, and common mistakes in the test are publicized to all levels of the Company, so as to ensure the staff's understanding of the laws and regulations. In 2023, KTB organized or participated in regulatory compliance education training, with a total of 244 trainees.
- In 2023, KTB conducted a total of 5 "regulatory compliance online publicities and tests," with a total of 4,825 participants.
- KTB also organizes internal regulatory compliance courses, with content covering law advocacy, audit, anti-money laundering and countering the financing of terrorism, joint credit information security control, fair treatment of customers, Personal Data Protection Act, whistleblowing system, ethical corporate management, and handling of material inside information, etc. In 2023, a total of 15,087 persons participated in such courses, with 24,064 person-time.

Regulatory Compliance Evaluation of New Goods/Services

- Conduct the regulatory compliance review process for the 137 new products/ services (6 of which are new businesses) or the application for marketing activities by each department (e.g. Digital Service and Channel Management Department, International Banking Department, Investment Service Department), to help ensure that they are in compliance with laws and internal regulations



Note
 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.

3.2.1 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
- Supervision included reviewing 168,830 accounts and transaction monitoring operations; 17,979 cases of periodic reviews were conducted for high-risk, moderate-risk, and low-risk customers for money laundering prevention purposes

Set Up Designated Office

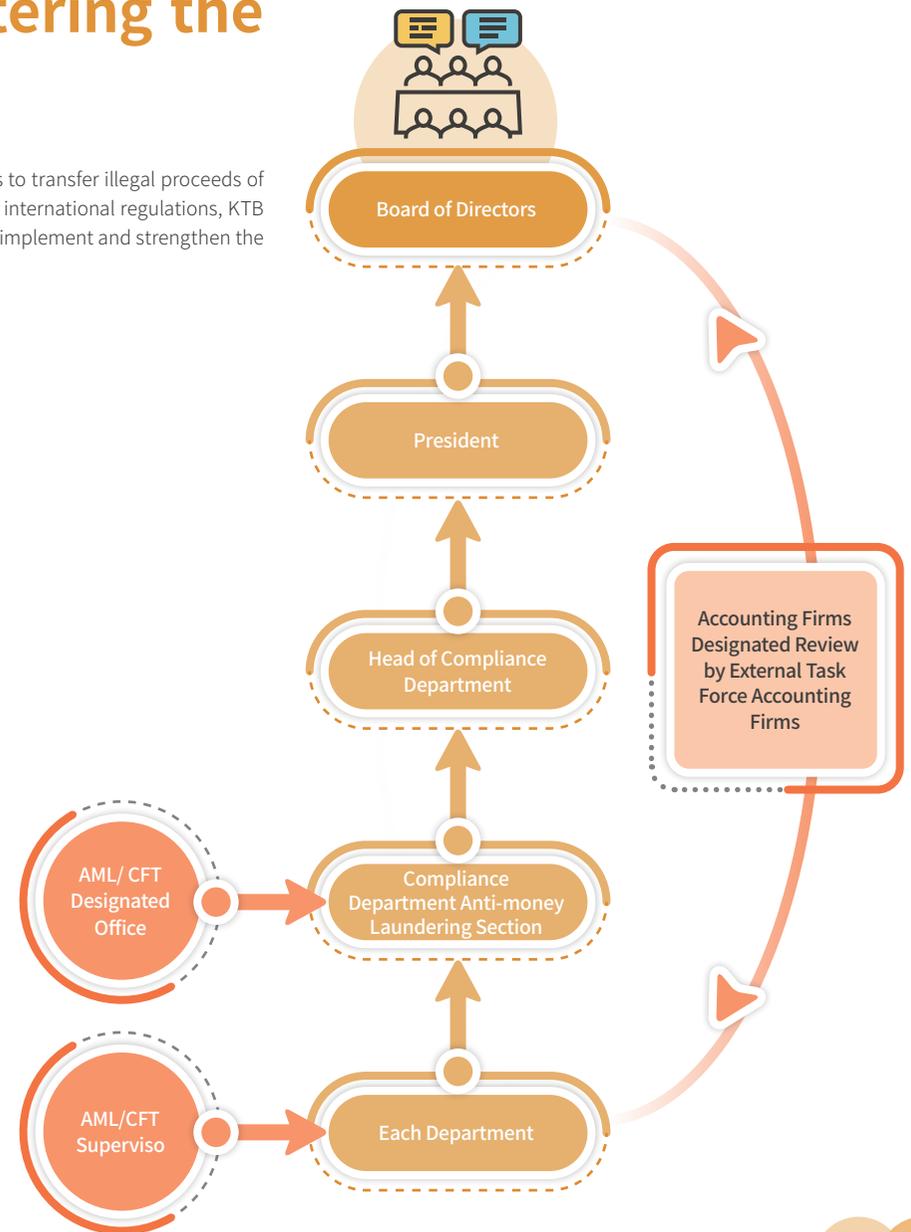
- The Compliance Department is the designated office responsible for matters regarding AML/CFT
- The "Money Laundry Prevention Section" is set up under the Compliance Department, responsible for supervising the identification and evaluation of money laundering and terrorism financing, as well as the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

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

- In 2024, KTB entrusted the external independent firm Ernst & Young Global Limited to carry out reviews on the "2023 Anti-Money Laundering and Countering the Financing of Terrorism Internal Mechanism Audit Project," which did not reveal any findings or recommendations, and an auditor's assurance report has been issued

AML/CFT Risk Assessment

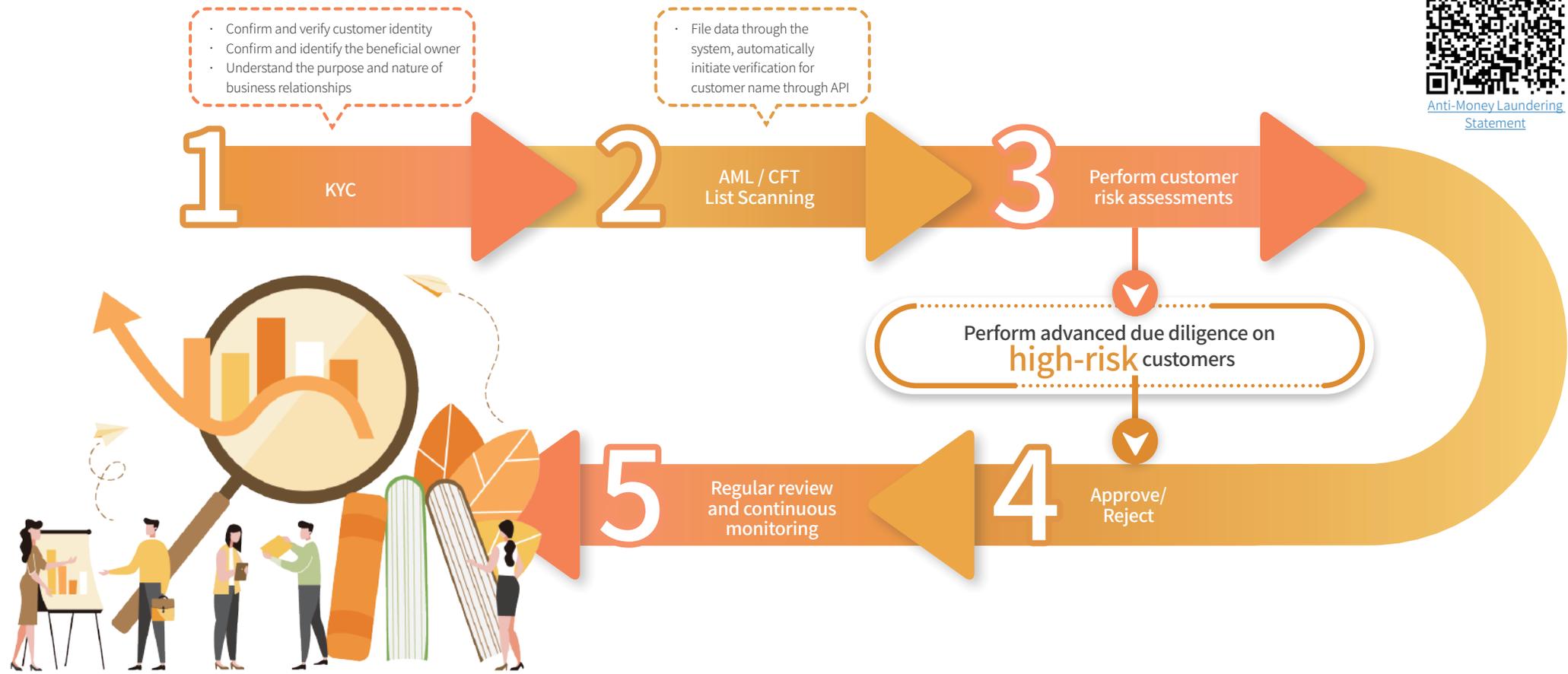
- AML/CFT risk assessments are carried out every year, and the assessment results are submitted to the Board of Directors
- Strengthen risk precaution and adjust control measures based on the assessment results



Relevant Regulations on AML/CFT

To ensure the effective implementation of Anti-Money Laundering and Countering the Financing of Terrorism, KTB has established various regulations approved by the board of directors, including the "[King's Town Bank Directions Governing Anti-Money Laundering and Countering-Terrorism Financing](#)," "[King's Town Bank Anti-Money Laundering and Countering Terrorism Financing Policy](#)," and "[King's Town Bank Anti-Money Laundering and Countering Terrorism Financing Risk Identification and Assessment Procedure](#)." Each subsidiary follows internal regulations based on industry regulatory requirements and guidelines provided by regulatory authorities and associations. 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



GRI 3-3

3.3 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 2023 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 evaluation, summarize risk exposures of each category of event, and propose appropriate improvement procedures. Total of 4 assessments for the year. Self-assessments in 2023 were all in compliance with regulations

Build Awareness of Risk Culture

Linking Risk and Performance

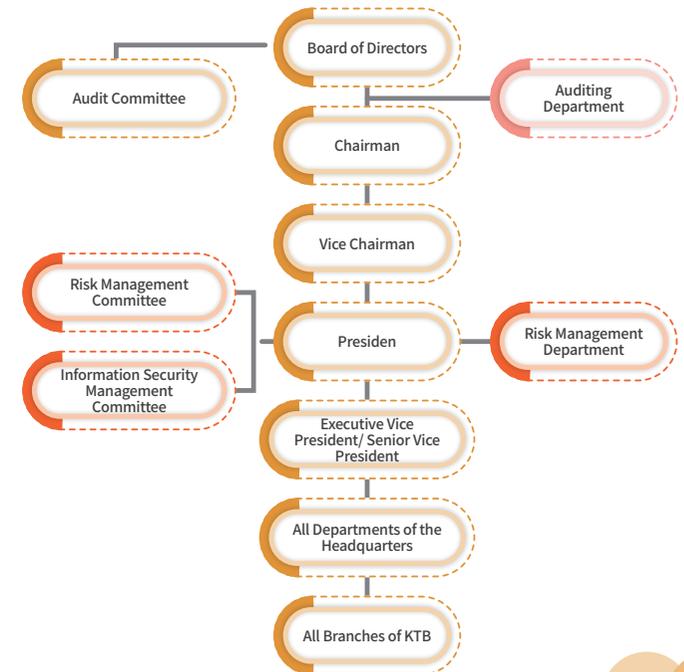
- ✓ The performance appraisal and remuneration of general manager, senior management and employees are linked to the operational performance, as well as the internal control, regulatory compliance, ethical management and other factors. In the event of a major risk event, the Board of Directors shall, 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 24-25 of King's Town Bank Co., Ltd. 2023 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 an irregularly basis, and deeply embed the awareness of risk management and control in daily decision-making.

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 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

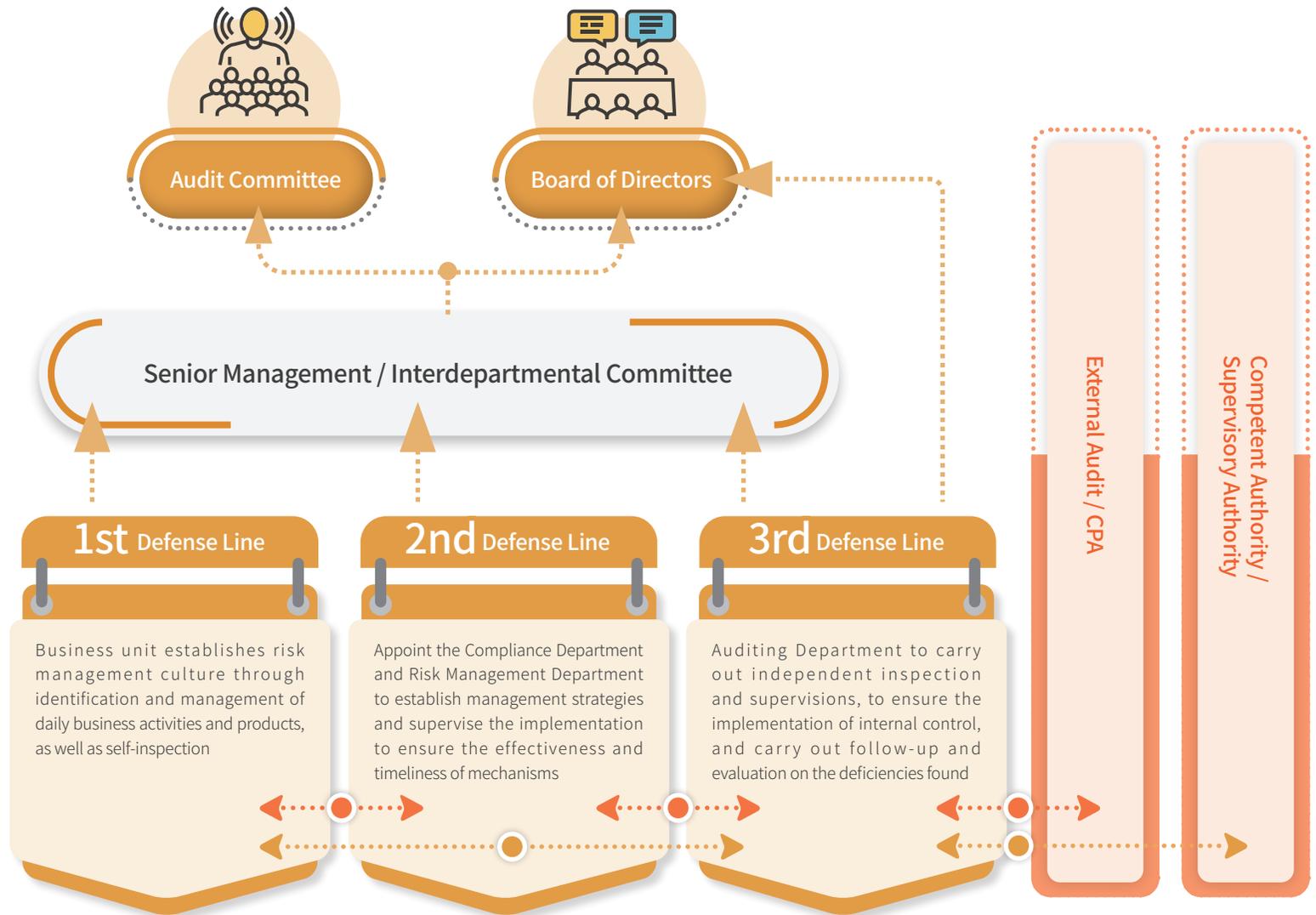
In order to ensure sustainable management and capital security, KTB clearly specifies the objectives and procedures of risk management based on the risk management policies approved by the Board of Directors. Thereby, KTB establishes effective risk management mechanisms to assess and monitor its risk-bearing 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

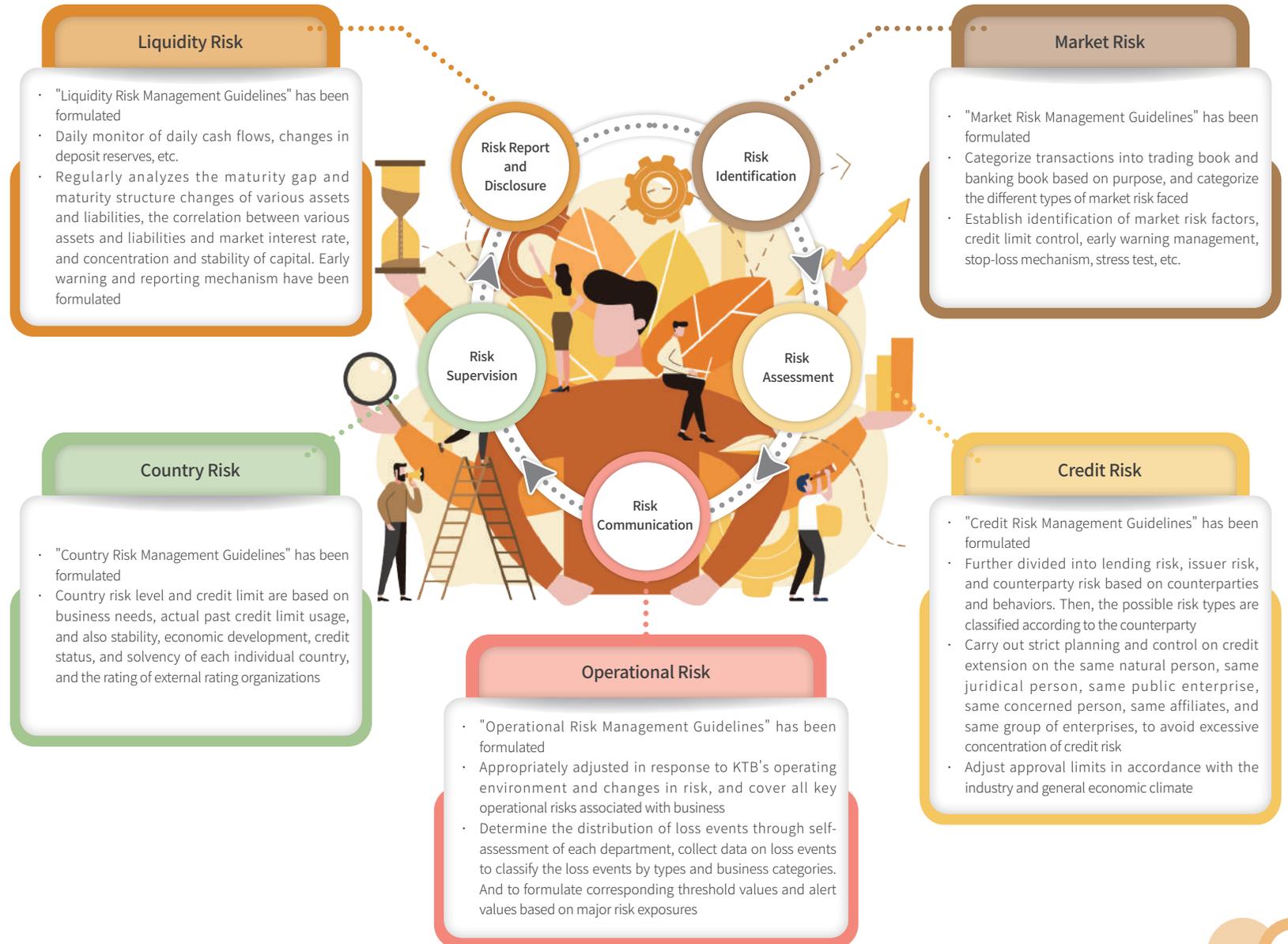
Risk management is the responsibility of all personnel in KTB. Through the 3 defense lines of internal control and various risk management procedures, KTB has established a comprehensive risk protection to ensure that all business risks can be controlled timely and effectively.

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.



3.3.1 Emerging Risks

According to the World Economic Forum's "The Global Risks Report 2024," there is a growing recognition of both long and short-term risks. The worsening environmental risks are imminent, alongside societal polarization, geopolitical conflicts, and the rapid advancement of AI technology, all contributing to heightened uncertainty in global operations. In this global wave of change, the financial industry will be highly affected. In response to these challenges, KTB has not only established robust risk management mechanisms but also prioritized emerging risks as areas of focus, enabling the Bank to keep abreast of global developments, assessing the pros and cons for its operations and management planning, and continuously gathering risk reports from leading global institutions and address issues of concern from various stakeholders. By staying vigilant and proactive, the Bank can identify the latest trends in emerging risks and implement effective strategies to address them.

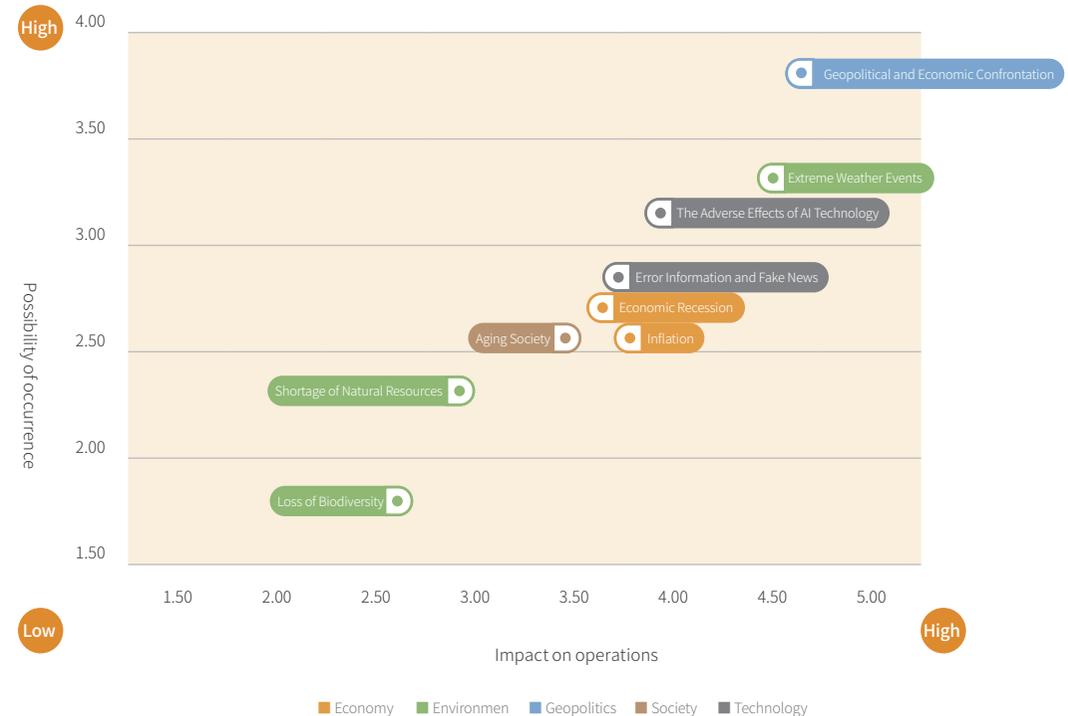
Analysis of emerging risk factors for KTB, taking into account the World Economic Forum's "The Global Risks Report 2024," evaluates five major categories of risk factors: economic, environmental, geopolitical, social, and technological, based on "likelihood of occurrence" and "impact severity." Three key emerging risks that may have a long-term impact in the future are identified, and corresponding response measures are proposed.

► Emerging Risk Identification Process



► Emerging Risk Matrix

The emerging risks of the Company are assessed based on the "degree of operational impact" and "likelihood of Occurrence." 9 major emerging risk factors have been identified: geopolitical and economic confrontation, extreme weather events, misinformation and fake news, inflation, biodiversity loss, aging society, adverse effects of AI technology, economic recession, and natural resource scarcity. Among these, the emerging risks with the greatest impact are "geopolitical and economic conflicts" and "extreme weather event." In light of this, measures have been developed to strengthen the Company's operations and resilience in addressing these risks



► Emerging Risk Identification Results and Response Actions

Name of The Emerging Risk	Category	Risk Description	Impact or Influence on Operations	Mitigating Actions/Response Policies
Geopolitical and Economic Confrontation	Geopolitics	<ol style="list-style-type: none"> The ongoing war between Ukraine and Russia, along with the escalating conflict between Israel and Palestine, has contributed to a rise in geopolitical tensions. This volatility may lead to decreased investments, economic recession, and instability in resource prices. Additionally, it could result in worsening trade conditions and the financial burden of post-war reconstruction costs Due to the turbulent global economic situation, which in turn affects the overall flow of capital in the market, economic activities in different countries may slow down. This could potentially result in unexpected depreciation of assets, stagnation in nationwide supply chains, and negative growth 	<ol style="list-style-type: none"> The economic stagnation has resulted in a decline in investment activities, which has reduced the opportunities for banks and financial institutions to expand their business externally. As a result, the asset income of KTB has been affected Potential customers may have their repayment ability greatly affected by significant fluctuations in the overall economy, which can lead to an increase in credit risk and default rates. Consequently, there is a rise in overdue loans, making it challenging for KTB to recover its debts promptly. Consequently, the investment and financing department may experience losses or a decline in business income 	<ol style="list-style-type: none"> Establish a risk assessment mechanism that categorizes risks into high, medium, and low levels, and implement effective risk management and early warning measures. If there are any significant and urgent changes in the market conditions, KTB will make every effort to quickly identify and address them in order to minimize any potential losses To enhance control over financing positions, closely monitor customer trends, and regularly review relevant repayment records and abnormal conditions, KTB will make gradual and ongoing adjustments Please refer to the Company's official website for quarterly operating results and investor conference information
Extreme Weather Events	Environment	<ol style="list-style-type: none"> The frequency of extreme weather events has significantly increased, resulting in damage to physical assets and necessitating additional operating costs to implement measures for mitigating climate disasters In response to international policies on achieving net zero emissions and carbon credits, there has been a change in the objectives of corporate governance and future policy direction to align with national regulations 	<ol style="list-style-type: none"> Any damage to physical assets will impact KTB's asset-liability, which in turn affects credit ratings and funding costs. This can raise doubts about KTB's financing ability Climate-related measures and regulations are becoming more stringent. Failing to fully comply with and enforce these measures not only violates national policy regulations but also results in negative publicity and harm to the reputation and image of KTB 	<ol style="list-style-type: none"> Internally, it is important to implement appropriate asset allocation and management policies, while also paying close attention to the structure of liabilities. It is crucial to adopt sound financial strategies to ensure the stability and sustainable development of operations By actively collecting global issues of concern and recent trends, KTB incorporates climate-related policies into its internal regulations. KTB also implements energy-saving measures and promotes relevant regulations. Additionally, regularly records and follows up on the processing procedures Please refer to 4.3 Sustainable Operating Environment for relevant adjustment measures
The Adverse Effects of AI Technology	Technology	<ol style="list-style-type: none"> The rapid advancement of AI technology has led to a massive output of information, making it difficult to digest large volumes of data within a short period. This challenge often results in difficulties discerning the authenticity of information, leading to incorrect judgments New types of cyber attacks emerge incessantly, posing significant cybersecurity risks to enterprises such as data breaches and system anomalies 	<ol style="list-style-type: none"> With the rapid advancement of technology, the disparity in digital literacy has grown. When confronted with vast amounts of data, it is easy to be misled and make incorrect judgments, which can lead to harm to the interests of KTB and its stakeholders The cyber attack has caused a disruption in the operations of KTB. If the Company's core business, customer data, and confidential documents are stolen or damaged, it will result in significant harm to KTB, including financial losses, damage to reputation, and legal liability 	<ol style="list-style-type: none"> Regularly monitor cybersecurity risks in the industry, enhance the information security structure of KTB, optimize data firewalls, and perform subsequent analysis, evaluation, and tracking to continuously strengthen the cybersecurity system Obtain ISO 27001 certification and systematically enhance areas that require improvement, while concurrently emphasizing the significance of information security. Upgrade monitoring equipment and optimize security measures within the system Please refer to 3.4 Information Security and 5.2 FinTech and innovation for the adjustment measures

GRI 418-1

3.4 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 cyberattack, 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 2023 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 2023: **6**
- 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 2023, we held **2** internal information security advocacy sessions, and 1 information security course evaluation, with **100%** advocacy rate, **2,895** 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: **99.9%**
- Usage rate of mobile banking: **99.9%**
- Usage rate of corporate online banking: **99.9%**

Material Information Security Incident

There were no significant information security incidents in 2023 ^{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**



Information Security Management Framework

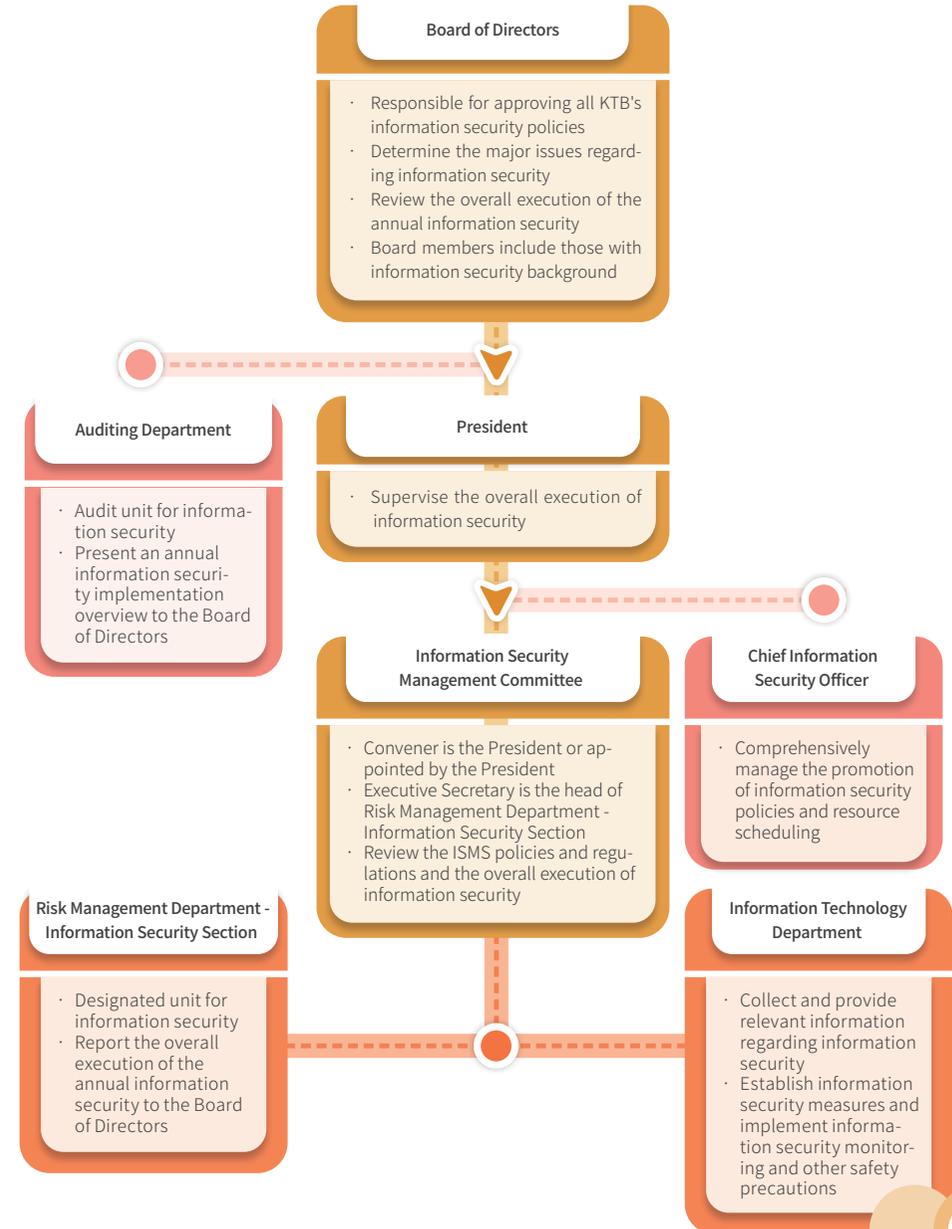
The Information Technology Department of KTB is the information security execution unit and the first defense line of information security internal control. The Board of Directors approved the establishment of a dedicated unit of information security "Information Security Section" under the Risk Management 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. And in accordance with the Financial Supervisory Commission's "Financial Cyber Security Action Plan 2.0," which encourages financial institutions to appoint directors, advisors, or establish cybersecurity advisory groups with cybersecurity backgrounds, a "Cybersecurity Advisory Group" was officially established on July 1, 2023. The members include the President, Chief Auditor, Chief Regulatory Compliance Officer, Head of Risk Management, Head of Information Technology, Chief Information Security Officer, as well as internal and external members appointed by the President. The primary members consist of relevant managers from the Company's three lines of defense in cybersecurity, with responsibilities and qualifications closely related to the overall cybersecurity policy of the institution. In order to improve the board members' comprehension of the cybersecurity landscape and successfully integrate cybersecurity risks into business decision-making.

Information Security Risk Management Framework



Information Security Management Measures

Information Security Policy

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:

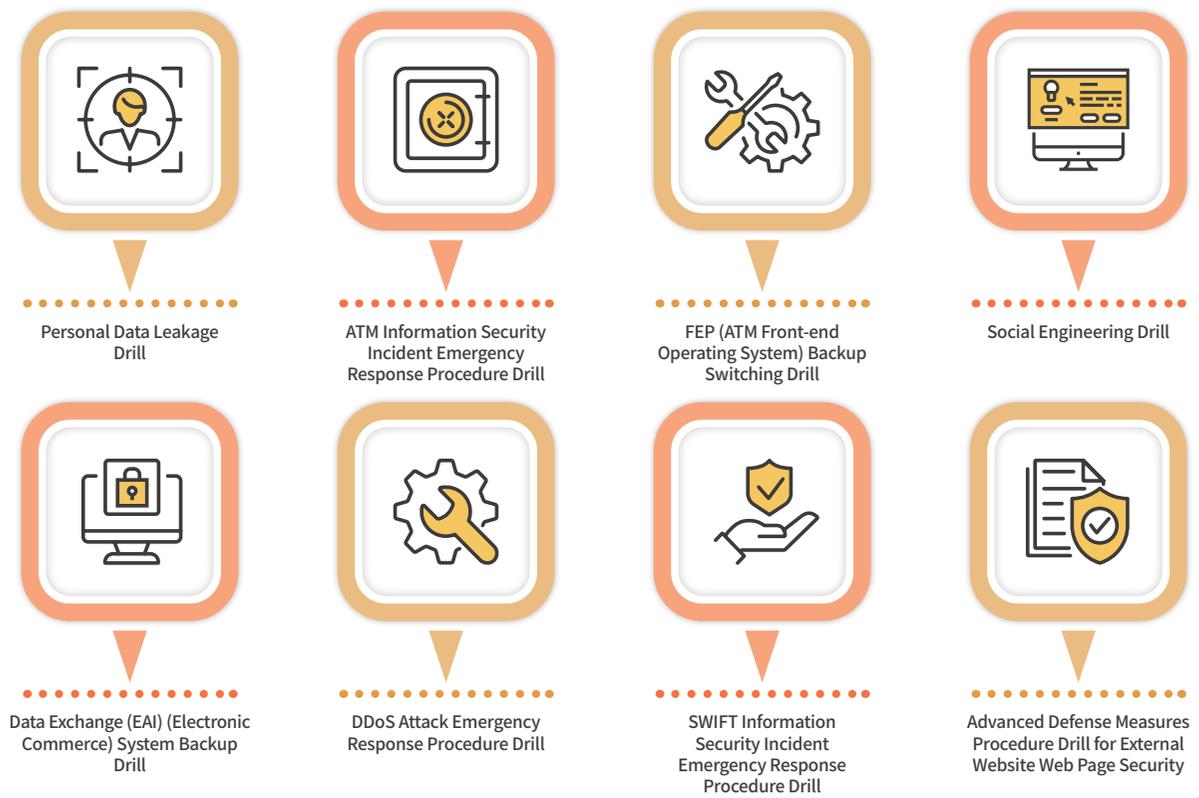
(1) Information Security Protection and Inspection Analysis

- 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.
- Regular information security evaluations are conducted by external professional vendors, including information architecture review, network activity testing, security settings review, vulnerability scanning, penetration testing, compliance review, etc. In accordance with the internal information security management regulations established by King's Town Bank, the risky items in the evaluation report are regularly reviewed and improvement measures are tracked in the Information Security Management Committee to ensure information security is not compromised.
- 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 Office Handling of Denial-of-Service Attack Guide," and "Open System Backup Exercise Plan," etc. Also, KTB conducts annual drills to minimize possible information security impacts through correct operation procedures. In 2023, KTB organized total 31 drills, and the content is as follows. KTB has submitted the status of the drills to the Information Security Committee for review:

(3) Information Security Planning: In order to continuously enhance the Company's management measures related to information security, we plan to implement the new version of ISO 27001:2022 and provide education and training for personnel with relevant certifications in information security.



Resources Invested in Information Security

KTB has been continuously investing in information security related fields. In 2023, KTB invested a total of NT\$45,601 thousand in information security, accounting for 65.70% of the total information budget 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, 4 members of information security promotion unit as the 2nd defense line, and 94 members of information security execution unit as the 1st defense line, total 99 members.

In terms of education training, the whole company participated in information security test, with a pass rate of 100%. 3,529 hours of internal and external courses related to information security were organized, of which 87% were internal education training courses and 13% were external education training courses. In addition, the information security promotion unit conducts information security awareness training twice a year for the whole company. The topics of the awareness training are planned according to the laws and regulations and current internal and external threat events, and the 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 material information security incident in 2023 and by January 2024.

Material Information Security Incident	2021	2022	2023
Total Number of 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	2021	2022	2023
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

3.4.1 Personal Data Protection

KTB places great importance on customer data protection and privacy. In compliance with the "Personal Data Protection Act," "Self-regulatory Standards for Customer Data Confidentiality in Banking," "Regulations Governing Security Measures of the Personal Information File for Non-government Agencies Designated by Financial Supervisory Commission," and the "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation," we have established the "[King's Town Bank Co., Ltd. and Affiliated Enterprises Personal Data Management Objective and Policy](#)." This framework aims to create a basic management structure for personal data protection within the Company and its subsidiaries (and sub-subsidiaries), ensuring the rights and interests of personal data subjects. Additionally, we have established the "King's Town Bank Privacy Protection Policy," "King's Town Bank Personal Data Breach Emergency Response Guideline," and "King's Town Bank Personal Data File Security Maintenance Regulation," among other relevant regulations, to protect the rights of customer personal data. These policies apply to all actions involving personal data encountered by KTB employees in the course 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 2023, there were no cases of personal data leakage, nor complaints involving infringement of customer privacy.

Personal Data Protection and Management Implementation:

"King's Town Bank Co., Ltd. and Affiliated Enterprises Personal Data Management Objective and Policy"

- The basic framework of the personal data protection management system of the Company and its subsidiaries (hereinafter referred to as "Affiliated Companies") outlines the structure and implementation methods of our personal data management system. It clarifies the personal data management objectives and policies that all employees of the Company should follow, as well as the roles and responsibilities they should assume in the 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 goals.
- Establish a personal data management system to analyze business processes, information systems, and third-party management, and control the specific purposes of acquiring, processing, using, and storing personal data, implementing the personal data management policy. Begin by strategically positioning organizational management and operations, and then analyze business processes and information systems to assess the legality of acquiring, processing, using, transmitting, and storing personal data



[Personal Data Management Objective and Policy](#)

"King's Town Bank Privacy Protection Policy"

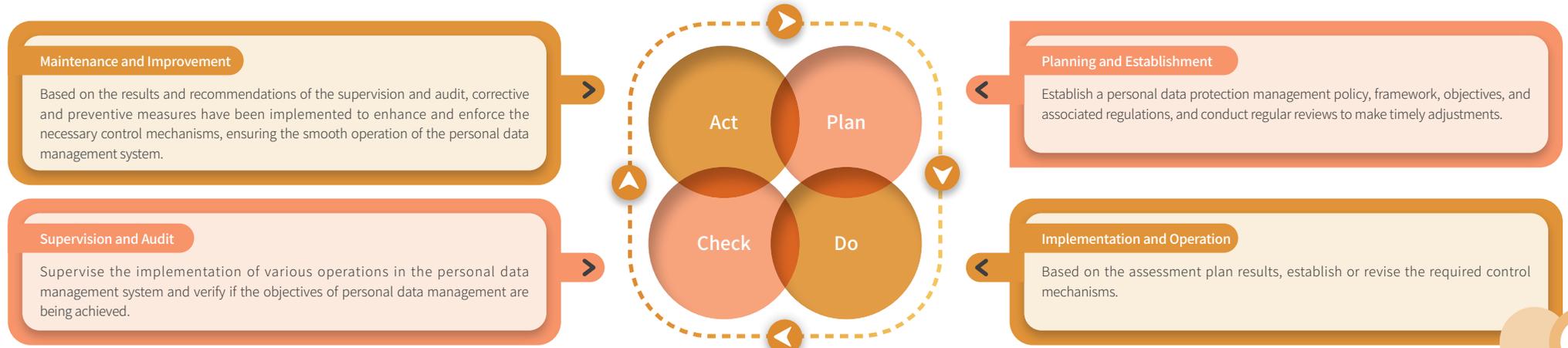
- The Company's collection, processing, and use of your personal information are in line with the specific purposes and necessary scope of relevant business categories and comply with the provisions of the Personal Data Protection Act and other relevant laws and regulations
- Regarding your personal information file, the Company will adopt appropriate security measures and make every effort to use reasonable technology and measures to comply with relevant laws and regulations for security maintenance in order to prevent personal information from being stolen, altered, damaged, lost, or disclosed. The Company strictly adheres to relevant government regulations and information management principles, employs network firewalls, and supplements with intrusion detection systems and comprehensive antivirus mechanisms to protect information systems in order to prevent unauthorized access and malicious software damage
- The Company will not sell, exchange, rent, or disclose personal information to any third party in any way. We are committed to implementing the personal information management policies of the Company and its affiliated companies



[Privacy Protection Policy](#)

Operation Mechanism of Personal Data Protection Management System:

The personal data management system follows the cyclic operation model of "Plan-Do-Check-Act (PDCA)"



CHAPTER 04

Climate Action

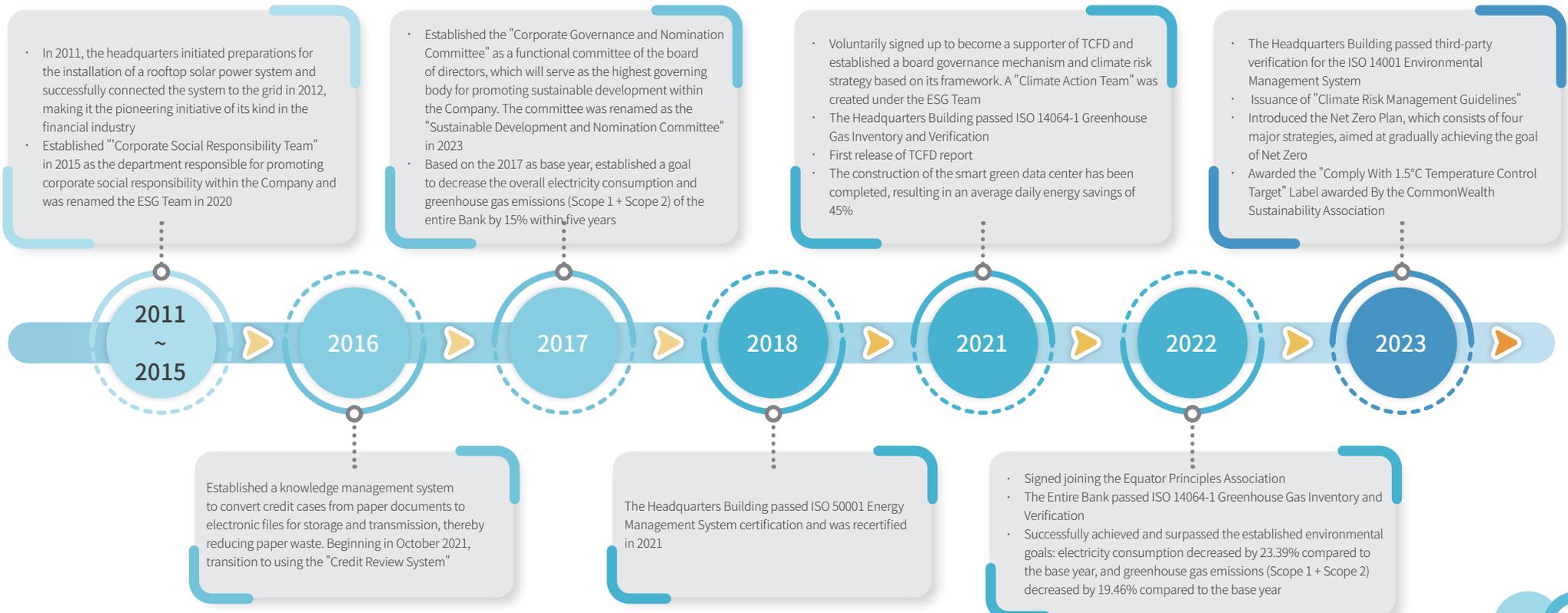
- 4.1 Climate Risks and Opportunities
- 4.2 Sustainable Finance
- 4.3 Sustainable Operating Environment
- 4.4 Supplier Management

The World Economic Forum released its Global Risks Report In February 2024, which highlighted that environmental risks continue to dominate perceptions of current, short-term, and long-term risks. The report noted that two-thirds of respondents identified "extreme weather events" as the primary risk most likely to cause significant crises in 2024. Section 2.3 of the report, titled "A 3°C world," indicates that under current climate warming trends, it is highly likely that the world will reach a climate tipping point within the next decade. This tipping point could trigger long-term, potentially irreversible, and self-sustaining changes in the Earth's systems. The threshold for this tipping point could occur at a global warming level of 1.5°C or even before reaching that level. As a result, social and environmental risks in many economies will significantly increase. The immense impact and substantial infrastructure demands will exceed the capacities of some countries, threatening the most vulnerable populations.

As the threat of global climate change becomes increasingly evident, governments worldwide are actively formulating regulations, enhancing climate change mitigation efforts, and setting net-zero emission targets. Financial institutions, serving as intermediaries of capital, play a crucial role in steering sustainable development. Beyond reducing their own operational carbon footprints, they have a responsibility to promote the rational allocation of capital through financial tools and mechanisms, guiding businesses towards achieving low-carbon transitions.

KTB, in response to global climate action, signed the Task Force on Climate-related Financial Disclosures (TCFD) in July 2021. Following the TCFD framework, KTB made its first related disclosures in its 2021 sustainability report and has continued to enhance its understanding and management of the financial impacts of climate risks each year. In 2022, KTB implemented and deepened its climate risk management and information transparency following the "2022 Climate Change Scenario Analysis for Domestic Banks" issued by Taiwanese competent authorities. In 2023, the Board of Directors approved the "King's Town Bank Climate Risk Management Guidelines" to enhance the Company's assessment of potential climate change risks and opportunities. This development includes measures for mitigating and adapting to climate risks, thereby improving the Company's capacity for climate change risk management.

KTB's Important Milestone in Climate Action

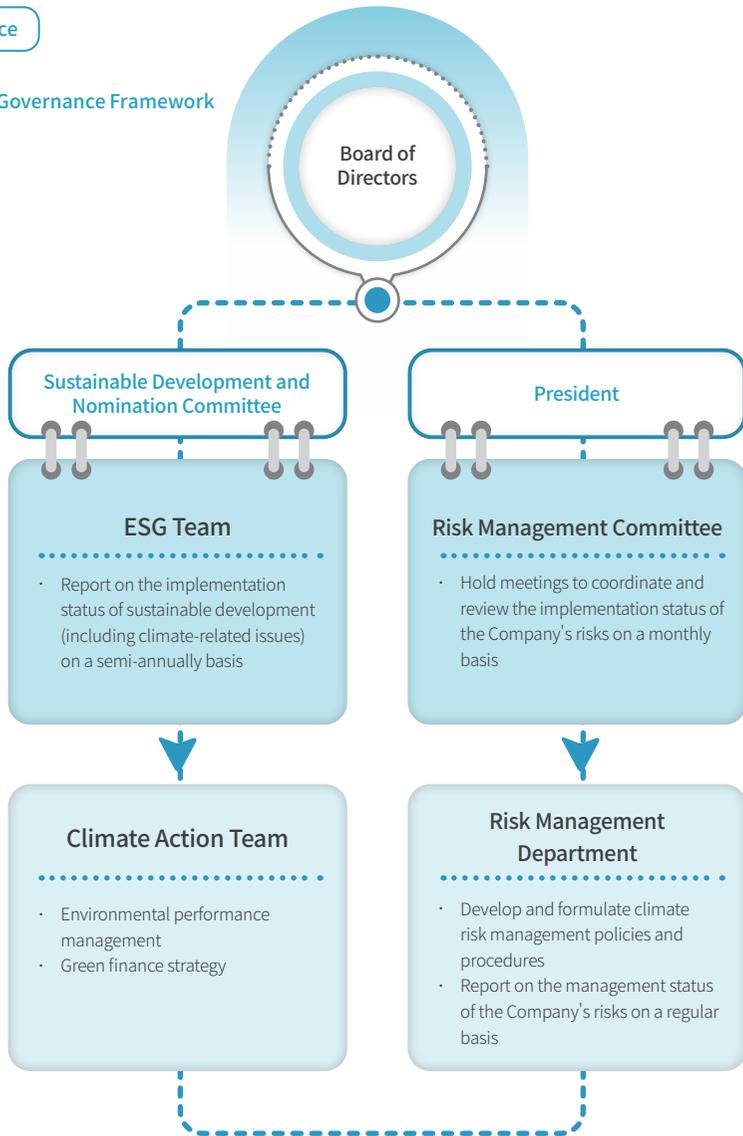


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4.1 Climate Risks and Opportunities

Governance

► Climate Governance Framework



Board of Directors and Functional Committees	Members	Meeting Frequency	Role of Climate Issues
Board of Directors	All directors	Twice a month	<ul style="list-style-type: none"> The Board of Directors is the highest risk management unit of the Company, responsible for supervising the effective operation of the risk management system and mechanism, and approving the policies and regulations related to risk management
Sustainable Development and Nomination Committee	Three independent directors and one director	Quarterly	<ul style="list-style-type: none"> Responsible for overseeing the implementation and execution of the Company's sustainable development initiatives, including climate governance issues

Managerial Positions	Convener	Meeting Frequency	Role of Climate Issues
ESG Team	Vice Chairman	Quarterly	<ul style="list-style-type: none"> The convener is the Vice Chairman, and the Strategy and Operations Department acts as the coordinating unit, with the President and designated department heads serving as team members. Within the ESG Team, there is also a "Climate Action Team" that is responsible for promoting the Company's environmental performance management and green finance strategy. Every six months, the Team submits its plans and achievements to the Sustainable Development and Nomination Committee for reporting to the Board of Directors
Risk Management Committee	President	Once a month	<ul style="list-style-type: none"> The "Risk Management Committee" has been set up under the President, with the President as the chairman, and the "Risk Management Department" as the execution and promotion unit, which is responsible for reporting the Company's risk management status to the Board of Directors on a regular basis

Climate Risk Transmission Pathway

Strategy and Risk Management

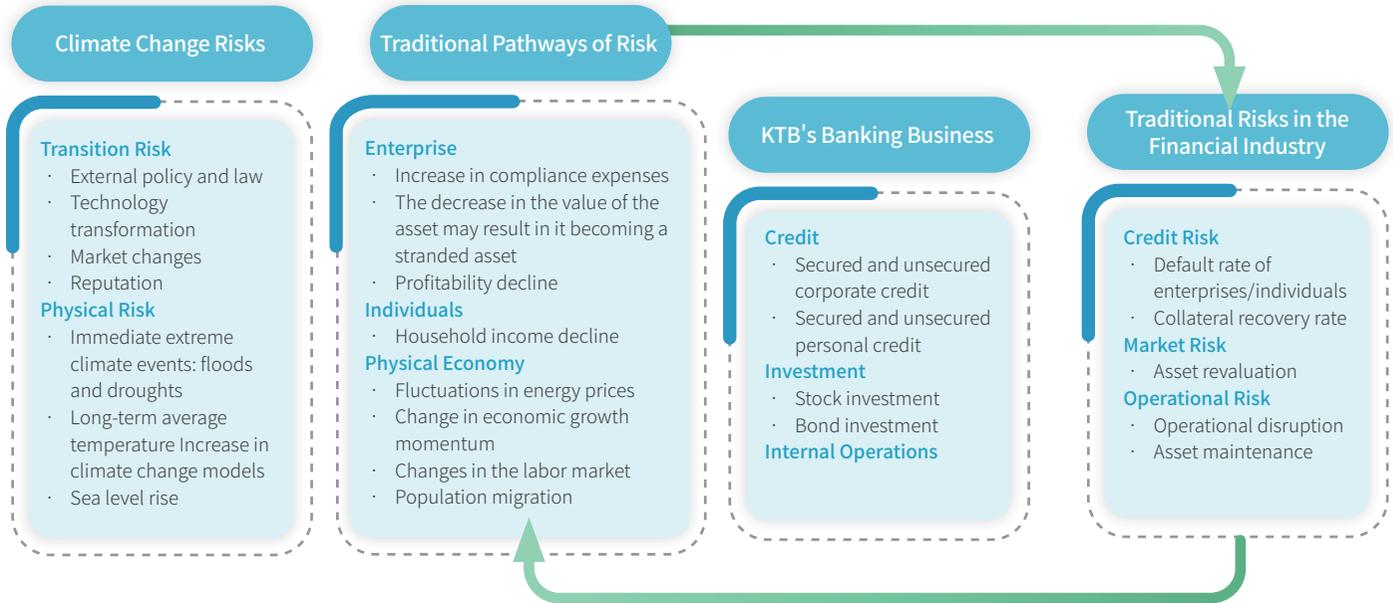
KTB's climate-related management strategy mainly focuses on three aspects, which is taken as the direction for optimization year-by-year:

- 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

Regarding climate risk management, we believe that climate-related risks are not standalone risk categories but rather impact financial institutions directly or indirectly through transmission to individual and macroeconomic levels. This exacerbates traditional financial risks such as credit risk, market risk, operational risk, and others.

Identification and Management Process for Climate Risks and Opportunities

In order to comprehend the impacts and effects of climate change on the Company, the Board of Directors serves as the highest decision-making body for the Company's climate risk management framework. It determines comprehensive climate risk management guidelines and major decisions based on overall operational strategies and business environment assessments. Furthermore, within the ESG Team, a Climate Action Team has been formed to identify and evaluate the risks and opportunities associated with climate change. The Team also aids in the development of quantitative methods and indicators, as well as the implementation of effective management measures. Regular reports on climate-related matters are submitted to the Risk Management Committee, which is responsible for overseeing the comprehensive framework and execution of the climate risk management mechanism.



01

Refer to domestic and international climate change reports, regulatory guidelines from relevant authorities, etc. to gather climate-related issues

02

Discuss the relevance of risk and opportunity issues to company operations

03

Assess the potential impact, likelihood, and timing of climate risks and opportunities on their respective business units

04

The Climate Action Team conducts an analysis of the potential financial impacts and develops a matrix chart to evaluate the importance of climate risks and opportunities

07

Regularly review the implementation results and adjust the strategy in a rolling manner

06

Qualitative or quantitative goals are established based on management measures or response strategies

05

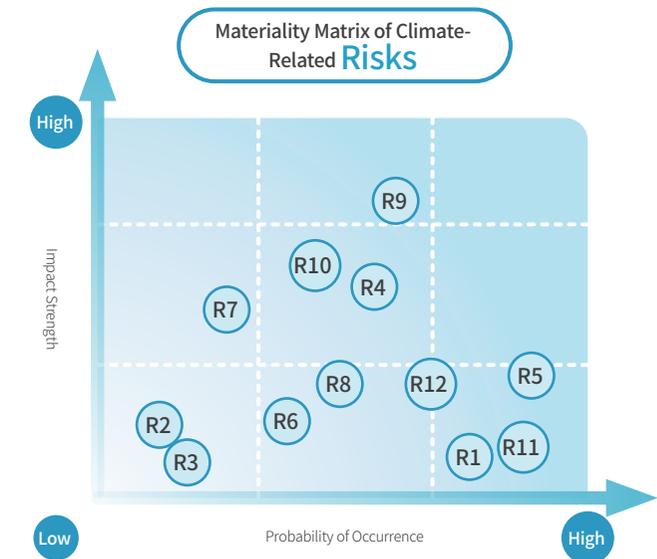
Compare climate risks to existing risks and develop risk management measures or response strategies

► 2023 KTB Climate-Related Risks

Type of Risk	Category of Risk	Risk Description	Relevant with Existing Risks	Occurrence Cycle	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.	Operational Risk	Short term Medium term	R1
		Policy restriction leads to early write-off or retirement of existing assets	Operational Risk	Medium term	R2
		Climate change-related litigation risks, such as: litigations arising from personnel casualties due to damage to the Company's assets by climate	Operational Risk	Medium term	R3
		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	Credit Risk	Short term Medium term	R4
	Technical Risk	Products or services are replaced by low-carbon technologies, such as: transform from physical to online (e.g. FinTech)	Operational Risk	Short term Medium term	R5
	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	Reputation Risk	Medium term Long term	R6
	Reputation Risk	The involvement of the Investment and Financing Department in significant sustainability controversies has affected stakeholders' perception of the company	Reputation Risk	Long term	R7
Physical Risk	Immediate Risk	Operation bases suffer from natural disasters, causing damage to the premises and equipment, and even operation disruption	Operational Risk	Short term	R8
		Rainfall and flood cause shutdown, destruction for assets and decreased price in collaterals of the credit customers	Credit Risk	Medium term	R9
	Long-term risk	Rising sea level puts operation locations at risk of flooding	Operational Risk	Medium term Long term	R10
		The increase in the number of hot days increases the demand for electricity	Operational Risk	Short term Medium term	R11
		Long drought without rain influences production capacity of the enterprise and increases additional water-taking cost, thus damaging profitability of the credit customers	Credit Risk	Medium term	R12

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

The Company follows the framework suggested by the Task Force on Climate-related Financial Disclosures (TCFD), identifying a total of 12 risks and 5 opportunities associated with our business. Each business unit evaluates the potential impact, likelihood, and timing of climate risks and opportunities on their operations. Then, the members of the Climate Action Team assesses the potential financial implications and creates a matrix depicting the significance of climate-related risks and opportunities for the Company.



Based on the assessment of probability and impact, KTB has identified R4, R9, and R10 as relatively significant. For significant climate-related risks, the Company has implemented the following risk management measures:

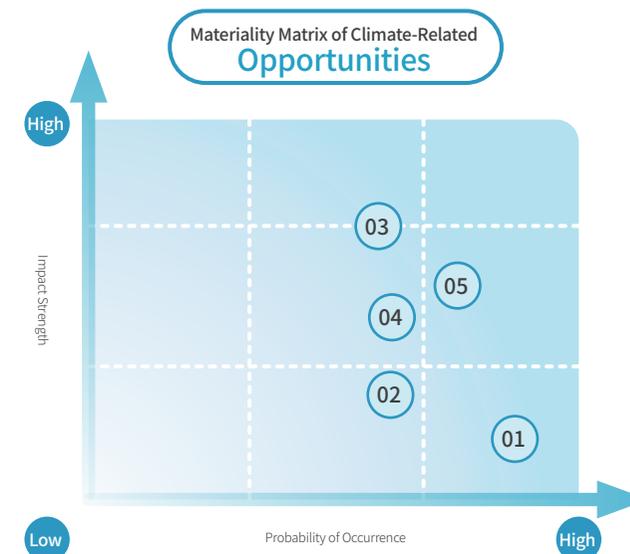
Corresponding No.	Type of Risk	Risk Description	Potential Financial Impact	Relevant with Existing Risks	Occurrence Cycle	Financial Impact Assessment	Risk Management Measures
R4	Regulatory, Policy and Transition Risks	The government implements stricter carbon tax or carbon pricing for industries with high carbon emissions, which affects the profitability and repayment capacity of its credit customers	<ul style="list-style-type: none"> Decrease operating income 	Credit Risk	Short term Medium term	<ul style="list-style-type: none"> Please refer to the Transition Risk analysis 	<p>Management Measures - Control</p> <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
R9	Immediate Physical Risk	Rainfall and flood cause shutdown, destruction for assets and decreased price in collaterals of the credit customers	<ul style="list-style-type: none"> Decrease operating income Reduce asset value 	Credit Risk	Medium term	<ul style="list-style-type: none"> Please refer to the Physical Risk analysis 	<p>Management Measures- Reduction/Transfer</p> <ul style="list-style-type: none"> 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
R10	Long-Term Physical Risk	Rising sea level puts operation locations at risk of flooding	<ul style="list-style-type: none"> Reduce asset value 	Operational Risk	Medium term Long term	<ul style="list-style-type: none"> Please refer to the Physical Risk analysis 	<p>Management Measures- Reduction/Transfer</p> <ul style="list-style-type: none"> 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



► 2023 KTB Climate-Related Opportunities

Type of Opportunity	Category of Opportunity	Opportunity Description	Occurrence Cycle	Corresponding No.
Opportunity	Resource Efficiency	Expand the use of energy-saving and water-saving equipment	Short term	01
	Energy Source	Increase the use of low-carbon energy and reducing reliance on fossil fuels to avoid potential price increases	Short term, medium term	02
	Products and Services	Respond to the green industry policies, increase the amount of green financing, increase the number of loan customers and capacity	Medium term, long term	03
		Deliver digital products and services that meet customers' growing demands for efficiency, convenience, and a low carbon footprint	Short term	04
	Market	Increase the number of electronic transactions and extending the reach to different customer segments	Medium term, long term	05

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



Based on the assessment of probability and impact, KTB has identified 03, 04, and 05 as relatively significant. For significant climate-related opportunities, the Company has formulated following action measures:

Corresponding No.	Type of Opportunity	Opportunity Description	Potential Financial Impact	Occurrence Cycle	Financial Impact Assessment	Actions Taken
03	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	• Please refer to 4.2 Sustainable Finance	• Respond to the "Green Finance Action Plan 3.0," and support the development of green industries based on the principle of risks and return consideration
04		Deliver digital products and services that meet customers' growing demands for efficiency, convenience, and a low carbon footprint	• Increase operating income	Short term	• Please refer to 5.2 Fintech and Innovation	• 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
05	Market	Increase the number of electronic transactions and extending the reach to different customer segments	• Increase operating income	Medium term, long term		

Assessing Strategy Resilience through Scenario Analysis

KTB follows Taiwan's regulatory framework "Scenario Analysis of Climate Changes by Domestic Banks in 2022," based on the scenario framework provided by the Network for Greening the Financial System (NGFS) in 2021. The system selects Net Zero 2050, Delayed Transition, and Current Policies as the main scenario factors for transition scenarios. These are aligned with the Representative Concentration Pathways (RCPs) from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) to identify physical risk factors. This integrated approach strengthens climate risk management and enhances transparency in information disclosure.

Climate Risk Scenario Setting

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
Physical Risks Corresponding to IPCC RCP 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)	<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
	Drought and water shortage (Low water limit ratio 10%~30%)	<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, which is calculated by dividing the expected loss amount by the net value of the base year.

Overview

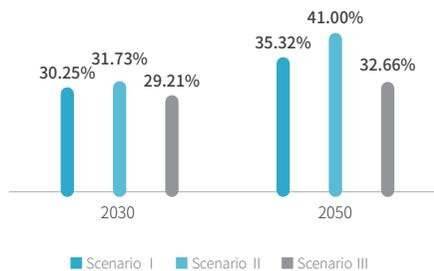
Overall, the expected losses in 2050 are higher than those in 2030 across all scenarios, indicating that the overall climate risk intensifies over time. Comparing the differences between various scenarios, it can be observed that the expected losses in the no-policy scenario are lower in both 2030 and 2050. However, the expected losses in 2050 are slightly higher than those in 2030, mainly due to the greater impact of physical risks.

► Capital at Risk



Note: The net value represents the value as of the end of 2023

► Expected loss/ pre-tax profit and loss

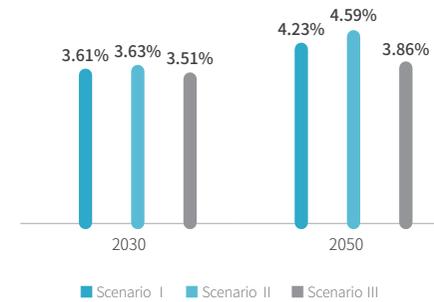


Note: pre-tax profit and loss refer to the value by the end of 2023

General Corporate Credit Business

The scenario analysis results for general corporate credit are similar to the overall performance. By 2050, the capital at risk for general corporate credit business is higher across all scenarios compared to 2030, especially in Scenario 2. Demonstrate that by 2050, under a disorderly transition, higher transition risks will be faced simultaneously with physical risks.

► Capital at Risk



Note: The net value represents the value as of the end of 2023

► Expected loss/ pre-tax profit and loss



Note: pre-tax profit and loss refer to the value by the end of 2023

Individual Credit Business

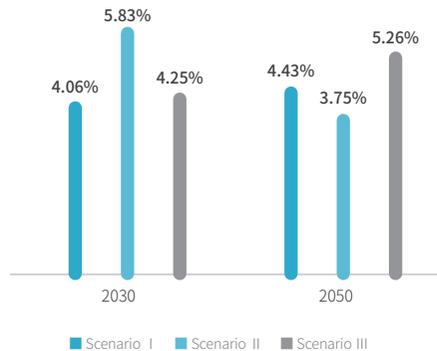
In 2030, Scenario 2 had the highest value of capital at risk among the six scenarios. This is mainly due to that both Scenario I and Scenario II have transition action, but in Scenario II, it is assumed that relatively active action begins from 2030, and the impact of policy change on overall economy 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 is easy to suffer from a higher credit risk under the condition of low economic growth rate and high unemployment rate.

► Capital at Risk



Note: The net value represents the value as of the end of 2023

► Expected loss/ pre-tax profit and loss

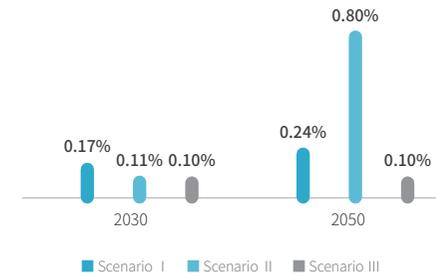


Note: pre-tax profit and loss refer to the value by the end of 2023

Investment business for non-transaction purpose

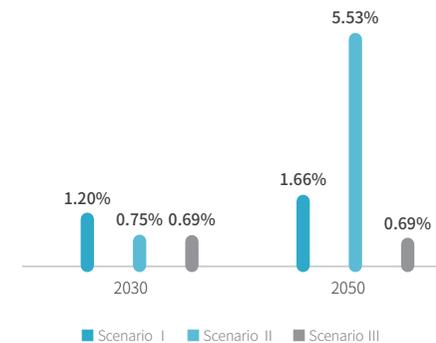
In 2050, the Value of capital at risk in Scenario 2 is the highest among the six scenarios, mainly reflecting the significant transition risks brought about by rapid policy adjustments in the short term.

► Capital at Risk



Note: The net value represents the value as of the end of 2023

► Expected loss/ pre-tax profit and loss



Note: pre-tax profit and loss refer to the value by the end of 2023

Physical Risk Analysis

The Value of Real Estate Collateral Has Decreased as a Result of Flooding Caused by Heavy Rainfall

KTB primarily generates revenue from credit business, with real estate often used as collateral. Climate change has increased the frequency and intensity of extreme weather events, potentially reducing the value of real estate collateral associated with credit business. As a result, banks face an elevated credit risk. Consequently, KTB has recognized the depreciation of real estate collateral as a significant climate risk factor.

KTB analyzes the real estate collateral in Taiwan using climate risk analysis data and examines the distribution of risk levels, potential impairment amounts, and the capacity to withstand in the areas where the collateral is located in 2050, which was conducted under two scenarios of IPCC RCP 2.6 and 8.5.

Under scenarios RCP 2.6 and RCP 8.5, collateral tends to exhibit moderate to mild risk. Observing collateral located in "significant" risk areas, potential impairment amounts to approximately 14%, indicating that tail risks are also within manageable limits. The change in loan-to-value (LTV) ratio from approximately 55% to around 72% reflects an increased risk tolerance for credit cases using real estate as collateral across different scenarios. The assessment indicates a moderate financial impact from physical risks on this business.

Real Estate Collateral				
Risk Level	2050 RCP 2.6		2050 RCP 8.5	
	Loan Balance Ratio	Potential Impairment Amount Ratio	Loan Balance Ratio	Potential Impairment Amount Ratio
Mild	13.72%	6.51%	12.88%	7.01%
Moderate	61.02%	48.12%	63.33%	47.71%
High	5.96%	5.48%	5.04%	5.20%
Extreme	7.74%	25.99%	6.34%	26.13%
Significant	11.55%	13.91%	12.42%	13.96%

Note 1: Risk levels are categorized into five grades based on severity and vulnerability. Analyzing a total of 3,554 collateral items

Note 2: Loan balance ratio = Loan balance in each risk level / Total loan balance secured by real estate. Potential impairment amount ratio = Potential impairment amount in each risk level / Total potential impairment amount of loans secured by real estate

Heavy rainfall and flooding have led to impairment of the value of owned operational sites

KTB's another major revenue source is related banking operations. If operational sites are flooded due to extreme weather conditions, it could result in business interruptions, asset and equipment write-offs, and potential impairment of owned asset values. This in turn increases operational risks for the bank. Therefore, KTB considers the depreciation losses from flooded operational sites as one of the significant climate risk factors.

KTB utilizes a climate risk analysis database to analyze all owned operational sites. It examines the risk levels, potential impairment amounts, and resilience of these sites under the IPCC RCP 2.6 and RCP 8.5 scenarios projected for the year 2050.

Under both RCP 2.6 and RCP 8.5 scenarios, KTB's operational sites are predominantly located in moderate to low-risk areas. The potential impairment amounts of owned buildings, measured as a percentage of net worth, are 0.1045% and 0.1046% respectively. This assessment indicates a low financial impact from physical risks on the Bank's owned fixed assets.

Risk Level	Operating Sites					
	2050 RCP 2.6			2050 RCP 8.5		
	Owner-Owned Premises		Tenanted Premises	Owner-Owned Premises		Tenanted Premises
Number of Premises	Proportion of Potential Impairment Amount to Net Worth	Number of Premises	Number of Premises	Proportion of Potential Impairment Amount to Net Worth	Number of Premises	
Mild	9	0.15%	5	9	0.16%	6
Moderate	9	0.31%	15	9	0.31%	15
High	3	0.17%	4	3	0.17%	3
Extreme	5	0.16%	1	5	0.16%	1
Significant	7	0.25%	8	7	0.25%	8

Note 1: Risk levels are categorized into five grades based on severity and vulnerability. Analyzing a total of 66 operational sites, with 33 owner-owned

Note 2: premises and the tenanted premises

Potential impairment amount = Net value of owned operational sites(land and buildings) at the end of 2023 x Estimated impairment ratio. Net value is as of the end of 2023

Transition Risk Analysis

The implementation of the carbon pricing system has led to increased costs for businesses

In February 2023, Taiwan released the "Climate Change Response Act," and announced for the first time that starting in 2024, carbon fees will be imposed on carbon emitters with annual emissions exceeding 25,000 metric tons of carbon dioxide equivalent. In addition to the costs of carbon taxes/fees, businesses must also comply with low-carbon transformation regulations. This requires making adjustments to production processes, supply chain management, or product design, which leads to increased expenses. As a result, the company's profitability is affected, and it may also impact the assessment of the company's repayment ability and the potential increase in credit risk by banks. Therefore, KTB has recognized the carbon pricing system as a significant climate risk factor.

Based on the NGFS climate change scenario framework, KTB analyzed the distribution of risk levels and the resilience of its domestic credit business in response to an orderly transition and a disordered transition in 2030 and 2050. The analysis was conducted under two scenarios: Net Zero 2050 (which involves an immediate and orderly transition to achieve net zero emissions by 2050) and Delayed Transition (where the transition is postponed until 2030, but the Paris Agreement goals are still achieved by 2050).

KTB categorized the transition risk of its domestic credit business primarily as Level 1 - "Mild," accounting for approximately 77.14%. If we analyze the changes in expected credit losses and capital at risk under scenarios of orderly and disordered transition, and further assess the risk tolerance for 2030 and 2050, the results show that the financial impact of transition risks on this business is low.

	Orderly Transition		Disordered Transition	
	2030	2050	2030	2050
Expected Increase in Credit Losses	43 bps	60 bps	45 bps	70 bps
Increase in Value of Capital at Risk	+1.44%	+2.00%	+1.49%	+2.34%

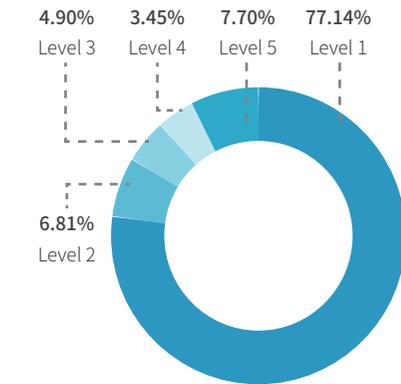
Note 1: Risk level was categorized by industry corresponds to the ratio of carbon price revenue loss. There are five levels, with the highest risk being level five. A total of 1,314 records were analyzed

Note 2: Industries classified under risk level five for carbon price revenue loss include agriculture, petroleum and natural gas extraction, electricity and natural gas supply, and aviation transport, among others

Note 3: Loan balance ratio= Loan balance of each risk level / Total loan balance of corporate customers

Note 4: Increase in value of capital at risk = Difference in expected credit losses between two periods / Net value at the end of 2023

► Distribution of loan balances for carbon revenue loss



High-carbon emission industries and enterprises

Taiwan is scheduled to start implementing carbon fees from 2024, officially entering the era of pricing carbon emissions. In response to this policy, KTB has considered that the credit recipients are primarily domestic enterprises. Therefore, we have referred to the "Regulations for Gas Emission Inventory Registration and Inspection Management" and have classified the power generation industry, steel industry, petroleum refining industry, cement industry, semiconductor industry, and thin-film transistor liquid crystal display industry as "high carbon emission industries." In addition, we are tracking the total of 25,000 metric tons of carbon dioxide equivalent in direct emissions and indirect emissions from electricity for credit recipients. This is to enhance monitoring and control of transition risks under the carbon pricing system.

As of the end of 2023, there are a total of seven credit recipients in the aforementioned category of KTB. Based on the methodology of the climate change competent authority, an analysis was conducted to evaluate the performance of value of capital at risk in 2030 and 2050. The analysis considered regulatory changes, the impact of natural disasters, and both orderly and disordered transitions. The results are as follows:

Category	Loan Balance Ratio	Orderly Transition		Disordered Transition	
		2030	2050	2030	2050
Electric Power Supply	0.04%	0.00%	0.01%	0.00%	0.01%
Steel Industry	0.00%	0.00%	0.00%	0.00%	0.00%
Petroleum Refining Industry	0.00%	0.00%	0.00%	0.00%	0.00%
Cement Industry	0.00%	0.00%	0.00%	0.00%	0.00%
Semiconductor Industry	0.01%	0.00%	0.00%	0.00%	0.00%
Thin Film Transistor Liquid Crystal Display Industry	0.00%	0.00%	0.00%	0.00%	0.00%
The Total Direct and Indirect Emissions Amount to 25,000 tCO ₂ e	0.88%	0.06%	0.08%	0.05%	0.10%
Total	0.92%	0.07%	0.08%	0.06%	0.11%

Note 1: Loan balance ratio = Loan balance of the category / Total loan balance of the entire Bank in 2023

Note 2: Value of capital at risk = Expected credit losses of the category / Net value at the end of 2023

Note 3: The term "electric power supply" does not include companies involved in renewable energy power generation

Scenario Analysis of High Credit Concentration Industries

KTB primarily relies on credit business as its revenue source. To manage climate-related risks arising from industry concentration, industries with loan proportions exceeding 8% are further screened for analysis. The industries with concentration exceeding 8% at KTB are financial services and real estate development. The value of capital at risk performances in various scenarios for the years 2030 and 2050 are as follows:

Categories of Industry	Loan Amount Ratio	Baseline Scenario	Orderly Transition		Disordered Transition		No Policy	
			2030	2050	2030	2050	2030	2050
Financial Services Sectors	11.80%	0.38%	0.76%	0.85%	0.71%	0.95%	11.80%	0.38%
Real Estate Development Industry	19.02%	0.52%	0.85%	0.97%	0.97%	0.93%	19.02%	0.52%

Climate-Related Indicators and Targets

KTB implemented the ISO 50001 Energy Management System in 2018 and the ISO 14064-1 Greenhouse Gas Inventory in 2022. In line with the global objective of achieving net-zero emissions, KTB has integrated greenhouse gas emissions as a crucial climate-related metric and goal. For further information, please refer to [4.3 Operating Environment Sustainability](#).



4.2 Sustainable Finance

► Overview of Sustainable Products and Services at KTB

Corporate Finance	Product and Service Description	Specific Actions for 2023
Green Credit	Assist companies and industries in securing the required funding for the development of renewable energy, clean transportation, and sustainable water sources, among others	The balance as of December 2023 is NT\$8.539 billion
Sustainable Performance Linked Loan	Encourage companies to establish and achieve their own sustainable development goals. If companies successfully achieve these goals, they will receive financial incentives, such as reductions in interest rates and waivers of fees	The balance as of December 2023 is NT\$1.349 billion
Sustainable Deposits	To meet the expectations of businesses and the general public, KTB ensures that the funds deposited in the bank are effectively and properly utilized for targets that have tangible benefits for the environment and society	The "Sustainable Fixed Deposit Project" was launched in early December 2023. By the end of the month, a total of six companies had responded, and the committed amount reached NT\$190 million. Funds are utilized for the purposes of investing in renewable energy, promoting energy conservation, conserving water resources, and supporting clean transportation

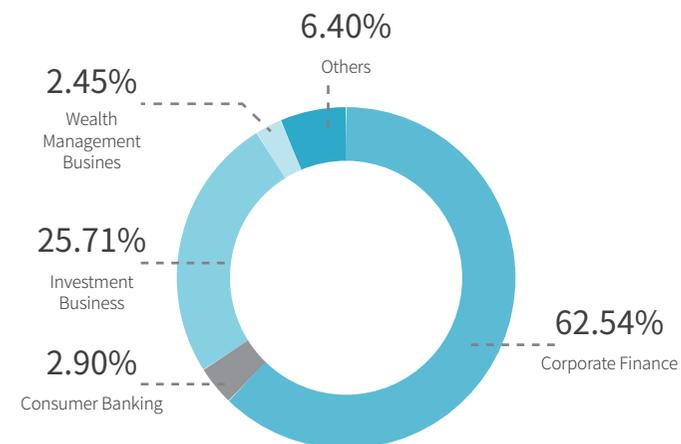
Personal Finance	Product and Service Description	Specific Actions for 2023
ESG-Related Financial Products	In response to the growing awareness of ESG investing among domestic investors, KTB has increased the selection of financial products	<ul style="list-style-type: none"> 48 ESG funds were listed, generating sales of approximately NT\$2.23 billion, which accounted for about 60% of the total annual sales
King's Step by Step Surprise	Combine digital services with reducing carbon footprint; encouraging customers and employees to choose "walking" whenever possible when moving, and promoting familiarity with digital products by logging into the mobile banking app daily	<ul style="list-style-type: none"> 15,000 customers participated Accumulated 1.6 billion steps, which is equivalent to a walking distance of 960,000 kilometers, resulting in a reduction of approximately 227.2 tons of carbon emissions
Online Credit Application Service	Online credit application conditions and mortgage applications were launched in July 2023, followed by online repayment services in September. Expanding digital financial services to more areas, thereby reducing the reliance on paper, mail transportation, and physical commuting	<ul style="list-style-type: none"> Online applications for credit condition changes and mortgage loans totaled 19 cases A total of 12 online repayment applications were submitted, with a transaction completion rate of 83%

Taiwan declared its commitment to achieving "Net Zero Emissions by 2050" in 2021 and identified "Green Banking" as one of the 12 key strategies towards this goal. The financial industry plays a vital role in establishing green finance mechanisms and implementing targeted measures, serving as an intermediary for funds and facilitating investments to support sustainable development. It has become an essential driving force in the transition to net zero emissions. Therefore, while climate change causes changes in the operational environment and necessitates additional expenditures to mitigate potential damages, it also presents opportunities for financial institutions.

KTB places a strong emphasis on climate change issues and sustainable development. It not only continues to enhance its climate risk management mechanisms but also actively develops financial products and services that are aligned with climate and sustainability goals. Integrating ESG (Environmental, Social, and Governance) considerations into its daily business processes, KTB leverages its influence in the financial supply chain to promote societal awareness and importance of sustainable development.

Investment Business	Business Description	Specific Actions for 2023
Sustainable Equity Investments	Support innovative startups through reinvestments to propose new sustainable development solutions	In 2023, an additional NT\$7.1 million was allocated to support the first Taiwanese startup that converts waste into solid renewable fuel

► Proportion of Net Income from Different Business Operations at KTB

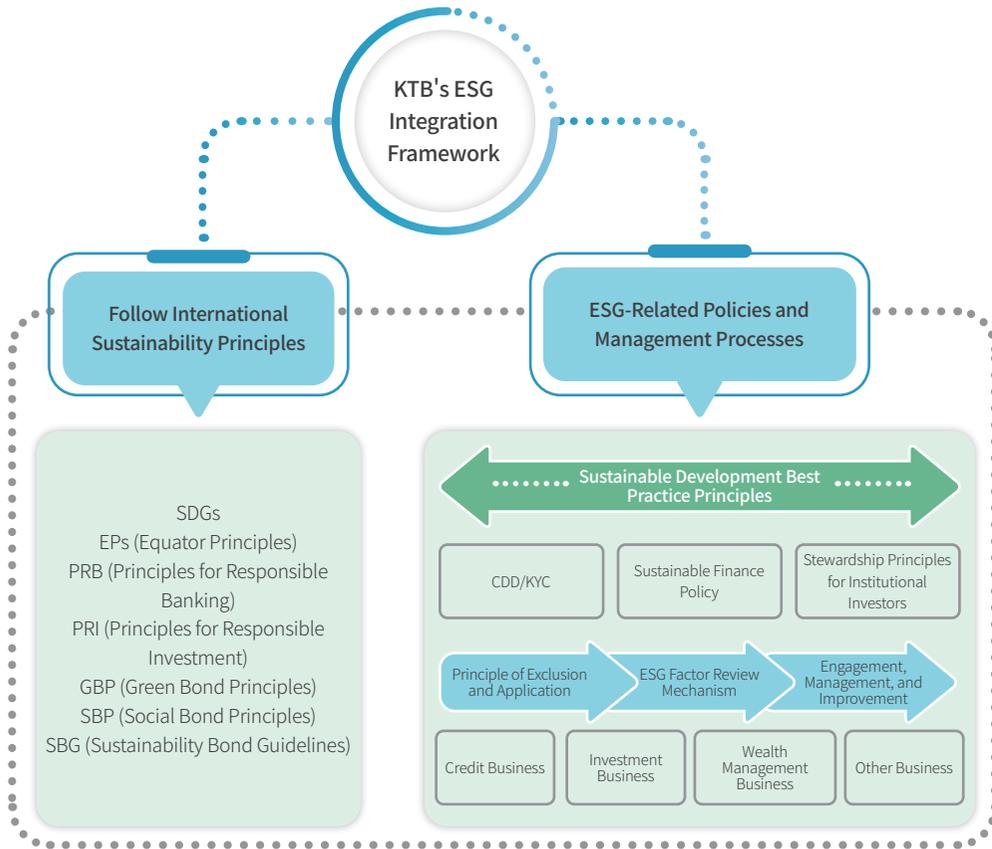


Note: Figures for Parent Company Only Financial Statements

GRI 2-24

Sustainable Financial Management Policy

To further encourage all business units to integrate ESG factors into their business planning and operations, KTB has developed the "KTB Sustainable Finance Policy." This policy is anticipated to be approved by the board of directors and implemented across the entire Company in the first half of 2024. According to the policy, each business unit is required to include ESG factors in the evaluation criteria, taking into account the scope of their operations and service characteristics. As part of the customer due diligence process, their ESG performance should be assessed to identify any relevant risks and opportunities. The implementation status will be discussed by the ESG Team and reported to the Sustainable Development and Nomination Committee as well as the Board of Directors. KTB's Sustainable Financial Management Policies are as follow:

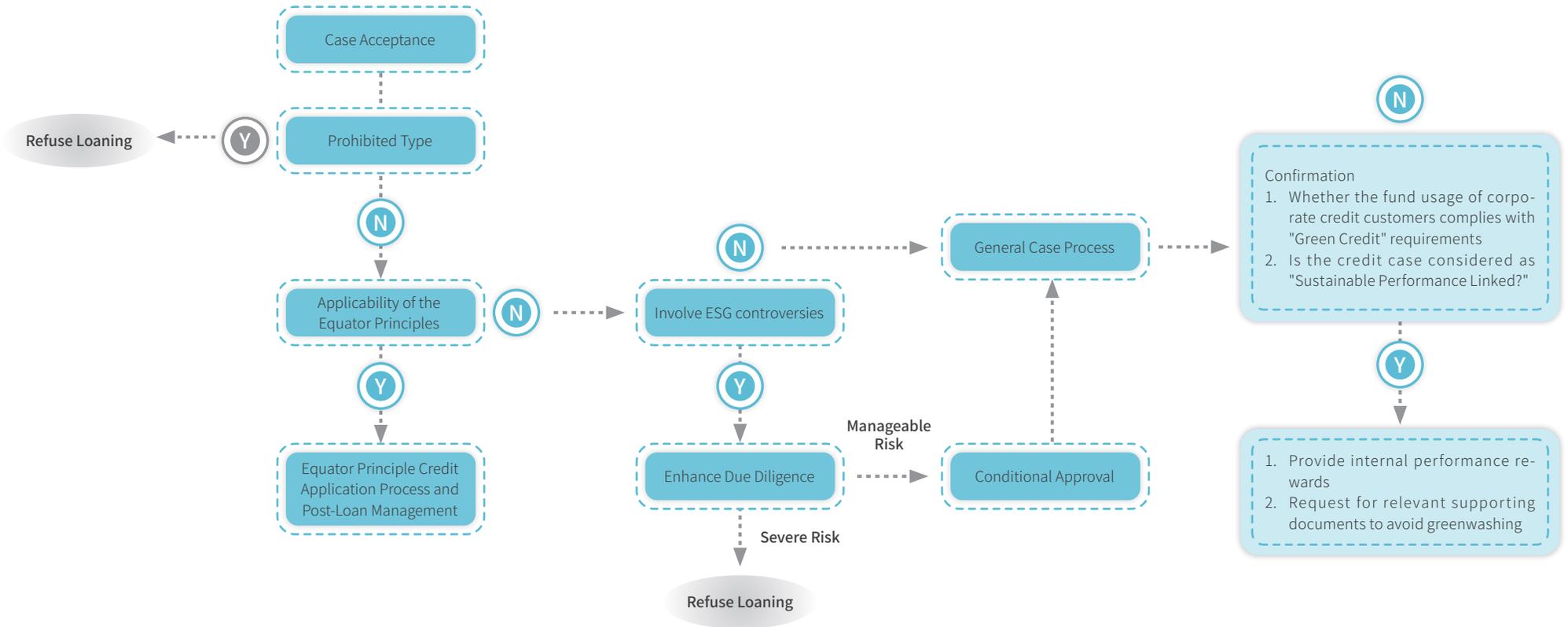


Scope of Application	Various Activities Such as Product and Service Development, Investment, and Financing
Category	Industry/ Economic activities
Prohibited Industries	<ol style="list-style-type: none"> Designated sanctions targets under the Anti-Money Laundering Act and the Counter-Terrorism Financing Act as determined by the competent authority Individuals involved in illegal activities such as pornography, illegal arms manufacturing or trading, illegal gambling, and the harmful exploitation of endangered wildlife and plants
Positive Industry	<ol style="list-style-type: none"> Engage in renewable energy and alternative fuels can help to reduce greenhouse gas emissions Those who are involved in water resources, energy conservation, and energy storage equipment can enhance the efficiency of natural resource utilization To protect the natural environment, invest in products or equipment for environmental protection, pollution prevention and reduction, and other related purposes Utilization of ecological crop protection and sustainable management of natural resources and the environment can address food security concerns and enhance biodiversity Engage in vaccine and pharmaceutical research and development, as well as healthcare, to ensure and enhance health and well-being Provide affordable vocational or higher education, promote equal learning opportunities for disadvantaged groups, and advance equitable and quality education access Engage in activities that contribute to sustainable development in other areas
The Enterprise or Industry Needs to Enhance Its Due Diligence Investigation to Assess Whether to Provide Financial Products/ Services or Gradually Reduce Them	<ol style="list-style-type: none"> Significant environmental violations have occurred, resulting in daily penalties, work stoppages, business suspensions, closure orders, permit revocations, or criminal referrals by various levels of environmental protection agencies and those who have failed to propose specific improvement plans Instances of human rights violations, such as the employment of child labor and human trafficking, are significant, and no specific improvement plans have been proposed Occurrences of occupational accidents, food safety issues, or significant governance failures reported by the media, indicating substantial compliance risks and failure to present specific improvement plans Business activities involving coal-fired power generation, harmful radioactive substances, or tobacco

Sustainable Financing

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. To improve the understanding of frontline sales personnel in sustainable industries, we conducted a total of five educational trainings in 2023, with a participation of 140 individuals. For more information on the training outcomes, please refer to [\[6.2 Talent Cultivation and Development - Project Training Plan\]](#)

► Sustainable Financing Review Process Diagram



Sustainable Industry Financing

As of the end of December 2023, KTB's loan balance in ESG sustainable industries such as green energy technology, circular economy, biotech healthcare, and new agriculture reached NT\$24.982 billion, reflecting a 10% increase from the same period in 2022, accounting for 10.7% of the total loan.

Furthermore, to support businesses in investing in clean energy, energy storage systems, clean transportation, and pollution control projects for green purposes, and to incentivize businesses to continue their sustainable efforts, collaborates with companies to establish sustainable development goals and offers financial incentives if the goals are achieved. KTB references the Green Loan Principles and Sustainability Linked Loan Principles established by the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA), and Asia Pacific Loan Market Association (APLMA). We are developing operational procedures and annotation guidelines based on these principles. Additionally, we conduct internal education and training sessions to enhance frontline credit officers' understanding of green loans and sustainable performance linked loan. As of the end of December 2023, the loan balance for green fund purposes stood at NT\$8.539 billion, while the loan balance for sustainable performance linked loan amounted to NT\$1.349 billion.

Unit: NT\$ one hundred million

Sustainable Credit Business	Balance at the End of 2023
Loans to ESG Sustainable Industry	249.82
Green Credit	85.39
Sustainable Performance Linked Loan	13.49
Total of Sustainable Credit	348.7
Proportion in Total Loans	14.92%

Unit: NT\$ one hundred million

ESG Opportunities	Industry	Loan Balance at the End of 2023	Proportion in Total Loans
Environmental Friendly	Green Energy Technology	180.32	7.72%
	Circular Economy	23.6	1.01%
Social Friendly	Biotechnology & Medical	31.46	1.35%
Environmental & Social Friendly	Innovative Agriculture	14.44	0.62%
Total Loans to ESG Sustainable Industry		249.82	10.70%

GRI 2-23

Project Financing

In light of the global goal of achieving "Net Zero Emissions," the development of renewable energy has become a crucial component. Apart from offering financial support for equipment, technology, and other requirements of renewable energy projects through general loans, KTB also promotes the development and implementation of project initiatives. From small and medium-sized solar power to the recent surge in offshore wind power, as of December 2023, the corresponding balance stands at NT\$10.586 billion, which is equivalent to an annual carbon reduction benefit of approximately 166,600 tons.

Green Energy Project Financing	Balance at the End of 2023	Participating Power Stations	Converting to Carbon Reduction Benefits
Wind Power	NT\$10.395 billion	200.74 MW	161,000 t-CO ₂ e
Solar Power	NT\$191 million	9.25 MW	5,600 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: Capacity factors are based on the average capacity factors for wind and solar power from Taipower in 2023

Note 4: Electricity emission coefficient was 0.495 KgCO₂ e/kWh in 2023 according to the announcement of "Bureau of Energy, Ministry of Economic Affairs" in 2022

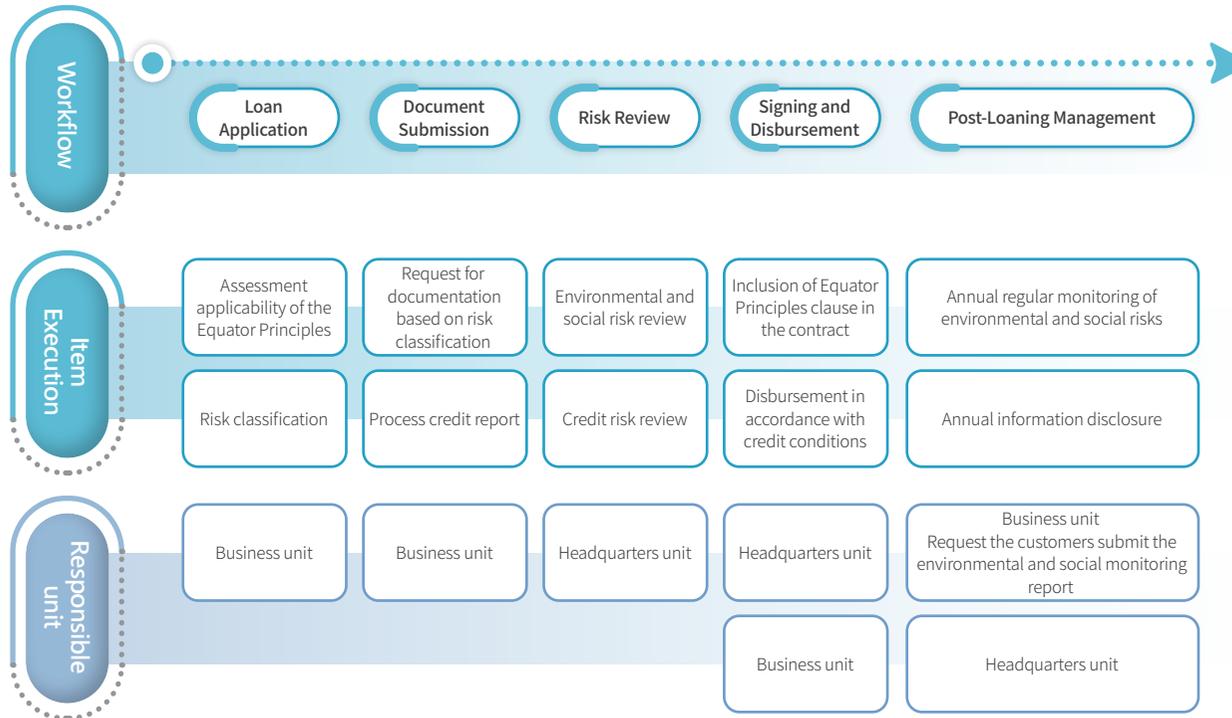


Equator Principles

To accelerate international integration and promote sustainable financial development, as well as guide companies to prioritize environmental protection and social responsibility, KTB officially joined the Equator Principles Association on December 1, 2022. Additionally, in 2023, KTB issued the "KTB Equator Principles Financing Guidelines." When KTB processes corporate financing applications, we evaluate the applicability of the Equator Principles based on the amount and purpose of each case. If the case falls under the Equator Principles, it undergoes further classification into "Category A, High Risk B, B, C" using the Equator Principles Risk Classification Checklist. Depending on the classification, relevant documents are requested, and a dedicated unit conducts a review of environmental and social risks to ensure the completeness of risk classification and related documentation. After the case is approved, a routine review will be conducted in accordance with regulations to monitor its environmental and social performance.

In 2023, there were a total of four cases under review. Out of these, one case required examination according to the Equator Principles. In total, one case was approved, fulfilling the disclosure requirement for the EP (Financial Close) status. The details are as follows:

▶ Equator Principle Credit Application Process Flowchart



▶ 2023 Equator Principle Case

Case Type: Project Financing			
	A	B	C
Industry			
Mining	0	0	0
Infrastructure	0	0	0
Oil and Gas Extraction	0	0	0
Energy and Power	0	1	0
Others	0	0	0
Region			
Americas	0	0	0
Europe, Middle East, and Africa	0	0	0
Asia Pacific, Oceania	0	1	0

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 2023, the loan balance of SMEs accounted for 60.94% of the total loans, among which the loan balance of small enterprises with capital less than NT\$25 million accounted for 12.44%.

Unit: NT\$ one hundred million

Outcomes for Supporting SMEs	2021	2022	2023
Loan Balance at the End of the Year	1,259.34	1,486.20	1,447.65
No. of Loans	5,417	5,348	4,237
Number of Customers	2,613	2,435	1,183
Percentage of Loan Balance	60.10%	60.44%	60.94%

Note 1: SMEs are defined in accordance with the "Small & Medium Enterprise Credit Guarantee Fund of Taiwan"

Note 2: The year-end loan balance for corporate customers is NT\$145.218 billion

Note 3: The year-end balance of loans to small and medium-sized enterprises accounts for 99.69% of the year-end balance of total corporate loans

Unit: NT\$ one hundred million

Outcomes for Supporting Small Enterprises	2021	2022	2023
Loan Balance at the End of the Year	277.29	301.38	290.85
No. of Loans	2,825	2,646	1,460
Number of Customers	2,055	1,855	647
Percentage of Loan Balance	13.23%	12.26%	12.44%
Year-End Loan Balance for Small Business Sustainability Credit	-	-	1.48
The Percentage of Sustainability Credit to the Year-End Loan Balance for Small Businesses	-	-	0.51%

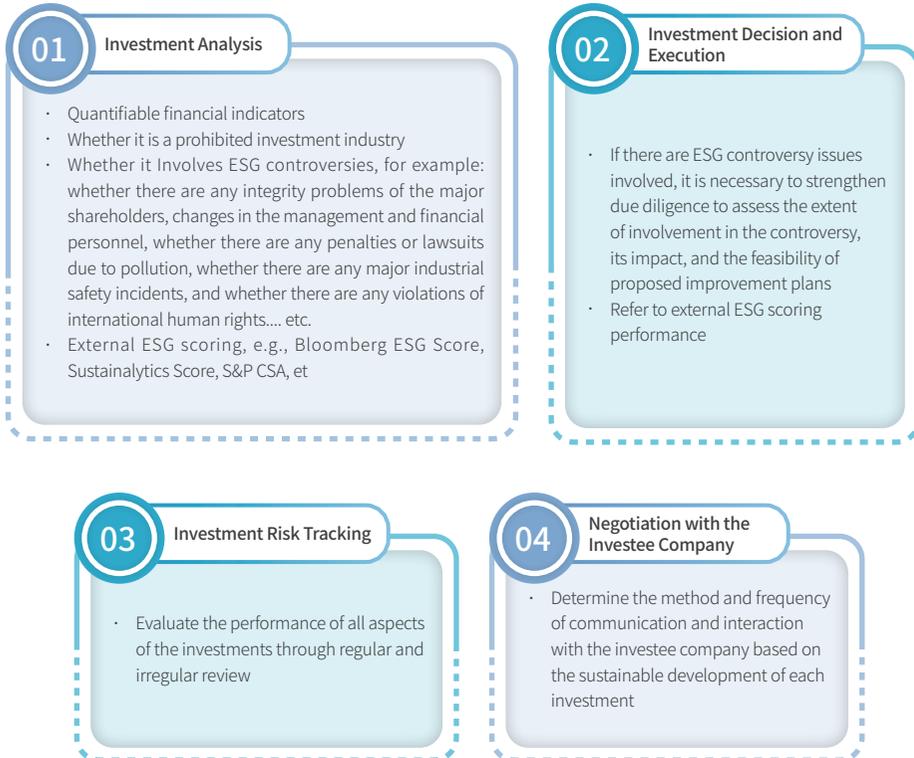
Note: "Small enterprises" refer to SMEs with a capital of less than NT\$25 million



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



Specific achievements of responsible investment in 2023

KTB not only conducts due diligence and engagement on investment targets in its investment decision-making process to fulfill its responsibilities to investors, but also recognizes that investment can encourage businesses to adopt more sustainable business models, thereby leveraging its investment influence. Therefore, we refer to various external ESG rating results during the investment process to obtain a more objective evaluation of the sustainability performance of our investment targets. As of the end of 2023, approximately 18% of KTB's securities were ranked in the top 10% of industries in the DJSI, and 21% were classified as "low risk" according to Sustainalytics standards. These figures demonstrate our commitment not only to balancing risk and return in investments, but also to actively considering the ESG performance of investment targets.

Unit: one hundred million

Investments	Total Amount	ESG Compliance	Amount	Percentage
Stock Position	25.89	Companies Ranked in the Top 10% of the DJSI	2.99	11.54%
		CDP Questionnaire - Companies Listed on the B List or Higher	9.99	38.58%
		Identifies as Low-Risk Companies by Sustainalytics	1.33	5.12%
		Stock Position in the DJSI	0.5	1.94%
Credit Position (Excluding Domestic Government Bonds)	349.61	Companies Ranked in the Top 10% of the DJSI	63.63	18.20%
		CDP Questionnaire - Companies Listed on the B List or Higher	131.12	37.51%
		Identifies as Low-Risk Companies by Sustainalytics	77.5	22.17%
		Bonds Compliant with ICMA Principles	17.16	4.91%
Total	375.50	Companies Ranked in the Top 10% of the DJSI	66.62	17.74%
		CDP Questionnaire - Companies Listed on the B List or Higher	141.11	37.58%
		Identifies as Low-Risk Companies by Sustainalytics	78.82	20.99%

4.3 Operating Environment Sustainability

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 reduces 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 14064-1 Greenhouse Gas Inventory in 2021, and carried out greenhouse gas inventory toward the whole KTB for the first time in 2022 and obtained third-party assurance report, and it's estimated to complete inventory and verification of all affiliates by the end of 2025.
- ✓ In 2022, the Headquarters Building implemented the ISO 14001 Environmental Management System and obtain system certification in 2023. This system aims to analyze and identify risks, opportunities, and internal and external issues in order to minimize environmental impact. It also aims to demonstrate corporate environmental performance in line with stakeholder expectations.

Net Zero Planning

Confronted with the trend of net zero emission internationally, our company formulated four strategies from the aspects of internal 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. Implementation of carbon reduction plans: Continuously reduce carbon emissions in operational processes
2. Greenhouse gas inventory: Understanding the Greenhouse Gas Emissions in the Operational Process
3. External verification: Verify the data obtained through rigorous methods of investigation
4. Set carbon reduction/net-zero goals: Based on rigorous and scientific data, set net zero goals and consistently implement practical carbon reduction measures.

In addition to internal 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.

	Execute Carbon-reduction Plan	Greenhouse Gas Inventory	External Verification	Set Carbon Reduction/ Net Zero Goal
Internal Operation	<ul style="list-style-type: none"> Set up solar power generation system Introduce a credit review system and enterprise process management to reduce paper usage Replace energy-consuming equipment and lighting, and purchase eco-labeled products Procurement of green energy ^(Note) 	<ul style="list-style-type: none"> Continue conducting greenhouse gas inventories across the entire bank Complete inventory of the subsidiaries and affiliates in 2025 	<ul style="list-style-type: none"> Continue conducting greenhouse gas external verification across the entire bank It is estimated to complete external verification of the whole group in 2025 	<ul style="list-style-type: none"> Short and medium term carbon-reduction goal has been set The net zero target is expected to be set in 2024, as stated in the sustainability report
Investment and Financing Positions	<ul style="list-style-type: none"> Join the Equator Principle Association, and take the initiative to regulate and control the environmental and social risks involved in handling large-scale and special financing cases Promote electronic bills Expand digital financial products, and enable the customers to complete multiple financial services without going out, thus reducing "carbon footprint" together 	<ul style="list-style-type: none"> Refer to the Ministry of Environment's "Guidelines for Greenhouse Gas Emission Inventory" to assist small and medium-sized enterprise clients in conducting an inventory 	<ul style="list-style-type: none"> Refer to the revision the Ministry of Environment's "Greenhouse Gas Reduction Act," we will support small and medium-sized enterprises in complying with local inspection standards 	<ul style="list-style-type: none"> Based on the coverage rate of the inventory check, continuously revise the carbon reduction goals for investment and financing

Note: The Company has been utilizing green energy since 2024.

Environmental Goals

Degree of Compliance	Environmental Issues	Average per capita quantity in 2022 (base year)	Average per capita quantity in 2023	2023 Achievements	2024 Goals	2027 Goals
😊	GHG Management	2.32 (t-CO ₂ e)	2.27 (t-CO ₂ e)	Carbon emission per capita decreased by 2.16% compared with 2022	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	3,952.50 (kWh)	3,947.91 (kWh)	Electricity consumption per capita decreased by 0.12% compared with 2022	Electricity consumption per capita decreased by 1% compared with the previous year	Electricity consumption per capita in accumulation reached 5% of that in 2022
😞	Water Resources Management	19.33 (cubic meters)	20.58 (cubic meters)	Water consumption per capita increased by 6.47% compared with 2022	Water consumption per capita decreased by 1% compared with the previous year	Water consumption per capita in accumulation reached 5% of that in 2022
😊	Waste Management	42.80 (kilograms)	39.45 (kilograms)	Waste per capita decreased by 7.82% compared with 2022	Waste reduction per capita decreased by 1% compared with the previous year	Waste reduction per capita in accumulation reached 5% of that in 2022

Note 1: Boundary of the waste data is the Headquarters Building, while the whole KTB is covered in all other topics.

Note 2: The basis for greenhouse gas disclosure boundaries includes Scope 1 and Scope 2 for the Entire Bank.

Note 3: The cumulative per capita reduction target for 2027 accumulates from 2023 to 2027.

Speciflt Actions

Water Resources Management

The water used in KTB's operations comes from the Taiwan Water Corporation and Taipei Water Department, 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. Facing Taiwan's increasingly severe water shortage, we have set reduction targets. We prioritize purchasing products with the water-saving label, conduct monthly reviews of water usage across the Headquarters and its Business Units for any anomalies, report water-saving achievements quarterly in the ESG Team, present water-saving outcomes semi-annually to the Sustainable Development and Nomination Committee and the Board of Directors, and periodically educate employees on proper water usage practices.

In 2023, the total water usage was 19,386 cubic meters, increased compared to the previous year, which resulted in a 6.47% rise in per capita water consumption compared to the base year (2022). To reduce water usage in the new year, we are actively implementing proactive controls to manage water consumption at each operational site. We aim to monitor energy consumption at the source and introduce water-saving initiatives. We will integrate water usage at operational sites with performance evaluations, using incentives and penalties to ensure that water-saving awareness and actions are implemented by every team member.

Water Consumption Data for the Entire Bank

Item	2020	2021	2022	2023
Total Water Consumption (cubic meters)	18,031	19,719	18,707	19,386
Water Consumption Per Capita (cubic meters)	19.45	21.02	19.33	20.58
Unit Net Revenue Water Consumption (cubic meters/ Million)	2.07	1.98	3.74	2.02
Data Coverage Rate (Calculated based on the Number of Employees)	97.27%	97.30%	97.38%	97.31%

Note: The water consumption data for the Company in 2022 and 2023 can be found in the Greenhouse Gas Inventory Assurance Report.

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 2023, the total Scope 1 and Scope 2 emissions for the Entire Bank amounted to 2,196 t-CO₂e, with a per capita emission of 2.27 t-CO₂e. This represents a decrease of 2.16% compared to the base year (2022), successfully achieving the reduction target.

► Total GHG Emissions

Greenhouse Gas Emissions (t-CO ₂ e)	2020	2021	2022	2023
Scope 1	29	96	306	304
Scope 2 (location-based)	2,315	2,027	2,000	1,892
The Total Scope 1 and Scope 2 (location-based)	2,344	2,123	2,306	2,196
Emission per capita	2.46	2.20	2.32	2.27
Unit Net Revenue Greenhouse Gas Emissions (t-CO ₂ e/ Million)	0.27	0.21	0.46	0.23
Scope 3 (Note 7)	-	17	4	3
Total (Scope 1 + Scope 2 + Scope 3)	2,344	2,140	2,310	2,199

Note 1: 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 2: Based on verified data for the Entire Bank in 2022 and 2023, Scope 1 emissions data covers the Entire Bank, resulting in a significant increase compared to 2021 (where boundaries were limited to the Headquarters Building only).

Note 3: Assurance Scope for 2022 and 2023: Scope 1 to 3 (covering the Entire Bank). The assurance work was planned and performed by Ernst & Young Global Limited in accordance with engagement number 3410, "Assurance Engagement on Greenhouse Gas Statement," and resulted in a limited assurance conclusion.

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 2023 electricity carbon emission factor is based on 2022's factor, which was 0.495KgCO₂e/kWh.

Note 7: Scope 3 for 2022-2023 includes emissions purchased goods and services. Scope 3 for 2021 included purchased goods and services, capital goods, and waste generated from operations.

Note 8: According to ISO 14064-1, the organization's greenhouse gas inventory standard, emissions = activity data * emission factor * global warming potential (GWP).

Note 9: The greenhouse gas inventory adopts the "Operational Control Approach" to aggregate data.

Greenhouse Gas Strategy and Specific Action Plan

- ✓ Please refer to [the net zero strategy](#) for greenhouse gases
- ✓ Specific Action Plan

In pursuit of the goal of sustainable environmental management, King's Town Bank has implemented the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System to reduce environmental pollution risks and improve energy efficiency. Internally, the Bank has also issued the "Guidelines for Sustainable Development Practices," the "Implementation Guidelines for Energy Conservation and Environmental Protection Behavior," and the "Energy Operation Control Manual" as specific action guidelines to promote environmental protection and energy conservation.

In order to effectively reduce greenhouse gas emissions, our Company has formulated the following energy-saving measures:

- (1) Newly installed and replaced lighting fixtures are fully equipped with energy-saving LED light fixtures.
- (2) 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.
- (3) Adjusted the computer room layout and reorganized the circuit to improve the energy efficiency of the computer room.
- (4) Set the billboard light timer depending on the daylight time of the seasons.
- (5) Shuts down some elevators during non-peak hours.
- (6) Electrical appliances or equipment, such as photocopiers, shredders, computers, lights, elevators, etc., are set to sleep, standby, or auto-sensing modes.
- (7) Prioritize purchasing products with the Water Efficiency Label and promote the correct concept of water usage.
- (8) Reduce the use of plastic or disposable utensils and cups, and implement proper waste sorting and resource recycling.
- (9) Promote digital transactions and paperless operations, and encourage double-sided printing and paper recycling.
- (10) Join the green procurement campaign to support low-carbon products, green building materials, and sustainable goods enterprises.

In addition, to promote sustainable energy development, King's Town Bank is responding to Taiwan Power Company's pilot program for small-scale green energy sales. Starting in 2024, the Bank will switch to green energy for its main office. The Company will also continue to evaluate suitable branch locations to expand solar power generation systems and gradually increase the proportion of renewable energy used.

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. Please refer to [the greenhouse gas strategy and specific action plan](#) for further details on the measures.

In order to promote employees' actions and awareness of environmental changes and energy conservation, we regularly organize educational training sessions to remind all employees to participate. Under various actions, the total electricity consumption in 2023 was 3.821 million kWh, with a per capita electricity consumption of 3,947.91 kWh, which represents a decrease of 0.12% compared to the base year (2022). Although we did not achieve the goal of reducing per capita electricity consumption by 1%, we have developed a new energy-saving plan. This plan aims to integrate energy reduction targets and performance assessments across all operational locations. Units that demonstrate better energy-saving performance will be rewarded, incentivizing behavioral change among all employees. Through this approach, we aim to achieve reductions at the source and further decrease electricity consumption across our operational sites.

► Electricity Consumption Data for the Entire Bank

Item	2020	2021	2022	2023
Electricity Consumption (kWh)	4,547,654	4,037,998	3,928,789	3,821,580
Electricity Consumption Per Capita (kWh)	4,771.93	4,188.79	3,952.50	3,947.91
Unit Net Revenue Electricity Consumption (kWh/Million)	522.19	405.21	785.74	398.18
Data Coverage Rate	100%	100%	100%	100%



► Energy Consumption

Type of Energy	Unit	2020	2021	2022	2023
Liquefied Petroleum Gas (LPG)	Kg	1,804.00	1,320.00	2,224.10	2,292.00
Diesel	Liter (L)	-	121.9	947.4	748.6
Gasoline	Liter (L)	10,834.80	8,354.60	14,309.40	14,398.80
Electricity	Kilowatt hour (kWh)	4,547,654	4,037,998	3,928,789	3,821,580
Total Energy Consumption	GJ	16,819.40	14,883.20	14,759.10	14,372.50

Note 1: Natural gas is not used

Note 2: The increase in the consumption of liquefied petroleum gas in 2022 compared to 2021 is attributed to a higher number of employees dining at the staff cafeteria in the Headquarters Building

Energy Saving Plan and Achievements

Scope 2 accounts for 86.2% of KTB's greenhouse gas emissions, indicating that electricity usage is the primary source of emissions in our operational process. To effectively improve energy efficiency and reduce energy costs, we have implemented various energy-saving measures since 2018. These measures include replacing energy-efficient lighting fixtures, upgrading air conditioning equipment, replacing chillers, and upgrading elevator equipment. In 2020, we initiated the construction of a smart green data center and successfully completed the conversion of the main system. As a result of the renovation, the data center now achieves an average daily energy savings of 45%. The energy-saving plan and its effectiveness for the 2023 are as below:

Energy Saving Plan	Number of Locations	Estimated Energy Savings (kWh/year)	Estimated Carbon Reduction Benefits (t-CO ₂ e/ year)
Replace Energy-Efficient Lighting Fixtures	Eight locations with 415 light fixtures	30,067	14.88
Replacement of Old Air Conditioning Equipment	Six locations, 27 units	94,603	46.83
Total		124,670	61.71

Note: The energy savings and carbon reduction benefits are estimated values for the entire year. The electricity emission factor used is based on the 2022 electricity carbon emission factor of 0.495 KgCO₂e/ kWh

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 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.

KTB has set a 5-year reduction target (please refer to the [Environmental Goals](#)). To minimize the environmental impact of our operations, we have implemented the following measures, resulting in a successful reduction of per capita waste by 39.45 kilograms. This represents a decrease of 7.83% compared to the previous year, and we have achieved our goal for 2023.

1. Cancel personal trash bin
2. Disposable utensils are not allowed for takeout in the employee cafeteria

Item		2020	2021	2022	2023	
General Waste	Landfill	0	0	0	0	
	Incineration	Energy recovery	8.96	9.08	10.11	9.75
		No energy recovery	0	0	0	0
	Other Processing	0	0	0	0	
	Total	8.96	9.08	10.11	9.75	
Recycled waste		3.33	2.79	2.20	2.07	
Total Waste Amount		12.29	11.87	12.31	11.82	
Per Capita Waste (kg)		-	44.55	42.8	39.45	
Data Coverage Rate		100%	100%	100%	100%	

Note 1: The unit is "metric ton"
 Note 2: The disclosed boundary is the Headquarters Building

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 [5.2 Financial Technology and Innovation](#)) is the top practical action of KTB for the protection of the ecological environment.

- ✓ In 2023, the Business Process Management (BPM) system was implemented, facilitating the digitization of paper forms and significantly reducing paper usage. By the end of 2023, a total of 60 forms were transitioned online, with 4,476 forms processed through the system.
- ✓ KTB implemented paperless management for official documents and meeting materials, and promoted double-sided printing and paper recycling. In 2023, electronic document systems were adopted in all branch offices, with a total of 21,708 documents processed through the system, achieving a utilization rate of 97.77% across the Entire Bank.
- ✓ KTB promoted the adoption of electronic bills by customers in 2023. A total of 643,091 electronic statements were sent for foreign currency and fund transactions, including cloud-based fund statements, marking a 31.6% increase compared to 2022. This initiative reduced paper usage by approximately 1.93 million sheets, equivalent to a reduction of 12.35 metric tons of carbon dioxide emissions.
- ✓ Use the "Credit Investigation and Review System" to convert hard copies of credit cases to electronic versions for storage and transmission, reducing carbon footprint incurred during transportation and paper waste. A total of 4,756 credit cases were uploaded in 2023. Estimating the average paper usage per corporate and individual case, we expect the reduction was about 1.67 million sheets of paper, or 10.7 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.

Innovative Carbon-reduction Actions

- In response to Earth Day, KTB is furthering its commitment to environmental protection in 2023 by expanding the barter activity that was initiated last year. This year, the activity will be integrated with the "Green Point" initiative of the Ministry of Environment, which will serve as the grand prize. The scope of the "barter trade" activity has been expanded to include nearby branches of the Headquarters Building, promoting the "3R principle" to extend the lifespan of items and reduce waste production. A total of 172 items were successfully exchanged, saving unnecessary waste for the planet. To encourage colleagues to participate, 1,000 eco-friendly green points will be awarded for each completed exchange. The more exchanges, the more green points received. Additionally, in order to add fun to the energy saving and carbon reduction activities, the company also held a "Waste Battery Recycling Competition" within the company. The competition was organized by department, and the funds generated from recycling these batteries will be donated to the Society of Wilderness. Everyone was invited to work together to implement green life, practice green consumption from our ordinary business and life, and invest in our beautiful blue planet.



Friendly Farming, Friendly Land

KTB, originating from Tainan and deeply rooted in Southern Taiwan for many years, values community care and interaction with customers and residents. In addition to our social initiatives, we aspire to dedicate more efforts to local environmental protection activities. In 2021, KTB made a donation to the "Taiwan Regional Revitalization Foundation," which led to their introduction to the local revitalization group, Food Healthy Limited company.

In 2023, KTB and Food Healthy jointly organized a one-day agricultural experience event. The event invited the supervisors of KTB's South District business units to participate. The activities included setting up eagle perches, making biochar, preparing fish balls, planting corn, weeding, and other field experiences. Participants also had the opportunity to visit large-scale agricultural equipment to understand the operational mode and importance of sustainable farming. They learned about the ecological balance achieved through natural and sustainable land cultivation methods, which not only maintain the land but also restore the habitat of local species.

On the day of the event, participants had the opportunity to freely exert themselves and work up a sweat, as they walked on the soft farmland and got closer to our land. Through these practical actions, we were able to demonstrate our commitment to being environmentally friendly. This was a truly unique experience for us, as we typically spend long hours in the office. It also marks the first step towards promoting land conservation. We look forward to collaborating with more environmental organizations in the future and making a meaningful contribution to the environment, ecology, and biodiversity.

File on Food Healthy Limited company

Food Healthy Limited company is a social enterprise founded by young farmers who have returned to their hometown in Xuejia, Tainan. Utilizing technology, they effectively manage hundreds of hectares of farmland and employ large-scale agricultural machinery to improve production efficiency. They cultivate a diverse range of crops, including black beans, corn, and wheat. The establishment of Food Healthy Limited company aims to tackle the challenges posed by an aging rural population and abandoned farmland by implementing a co-farming model that involves both youth and elderly individuals. This model allows elderly farmers to retire comfortably while infusing the countryside with youthful energy. It also provides a platform for young farmers to pursue their careers and promotes the sustainability of the land through natural and non-toxic farming practices. Food Healthy Limited company has also established its own brand, which has gained popularity among many companies and has received numerous awards. Furthermore, they have implemented a production and sales traceability system to ensure consumer confidence. They also aim to use a socially innovative model to revitalize rural ecology and drive the sustainable transformation of Taiwan's miscellaneous grain agriculture.

Benefits of Constructing an Eagle Perch

- ✓ By constructing field perches, it is possible to attract Black Kites that are specialized in catching mice. This allows them to make a brief stop and have a satisfying meal, effectively reducing the damage caused by rodents to crops
- ✓ With the assistance of Black Kites, farmers can now eliminate the need for using harmful chemical pesticides to manage rodent pests. Additionally, they no longer have to be concerned about birds inadvertently consuming poisoned mice while hunting in the fields

Uses of Biochar

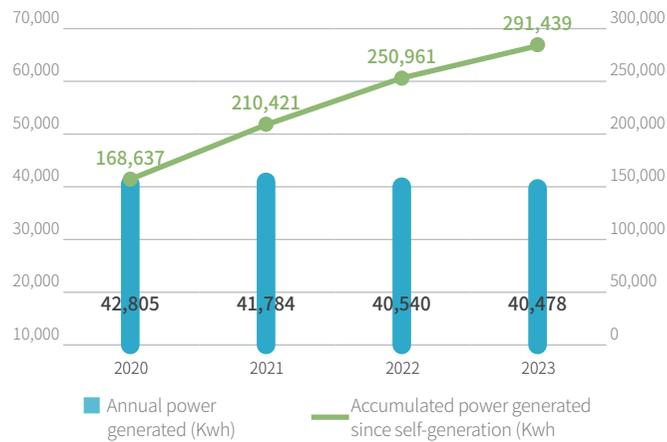
Biochar is a form of charcoal that can be utilized as a soil amendment in agriculture. It is produced through the incomplete combustion of natural organic fuel using a process known as pyrolysis, which takes place in low oxygen or anaerobic environments. The production process of biochar captures and removes greenhouse gases from the atmosphere, converting them into a highly stable form and storing them in the soil for thousands of years. In addition, incorporating biochar into the soil can enhance plant growth, increase crop yield, improve water quality, and reduce the reliance on chemical fertilizers.



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 2023, KTB self-generated about 40,478 kWh of green electricity, reducing carbon emissions by about 20.04 metric tons. Since 2012, we have generated 291,439 kWh electricity in total, reducing carbon emissions by about 150.2 metric tons.

► Self-generated Green Power



National Green Life and Green Procurement

Green Life is one of the key strategies for Taiwan's 2050 net zero transformation. It aims to change behaviors and consumption patterns in food, clothing, housing, transportation, nurturing, leisure, and shopping to reduce greenhouse gas emissions. KTB is collaborating with the Ministry of Environment to actively promote the "National Green Life" movement. They focus on waste reduction at the source, environmental beautification, energy and resource conservation, advocacy and promotion, and green procurement. By practicing green living, they have achieved certification as an eco-friendly restaurant and actively participate in promoting green offices, becoming a part of the "Green Partners" initiative.

KTB also actively participates in green procurement activities, maintaining a consistent procurement amount each year. As a result, KTB has been awarded the Green Performance Purchasing Companies Award from Tainan City for three consecutive years. KTB's procurement amount in 2023 was NT\$11,394,326. 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.



[Eco-Friendly Restaurant Link](#)



2023 Tainan City Outstanding Green Procurement Enterprise Award-Vice President Chien-Ko, Yang (right) received the award.

4.4 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.

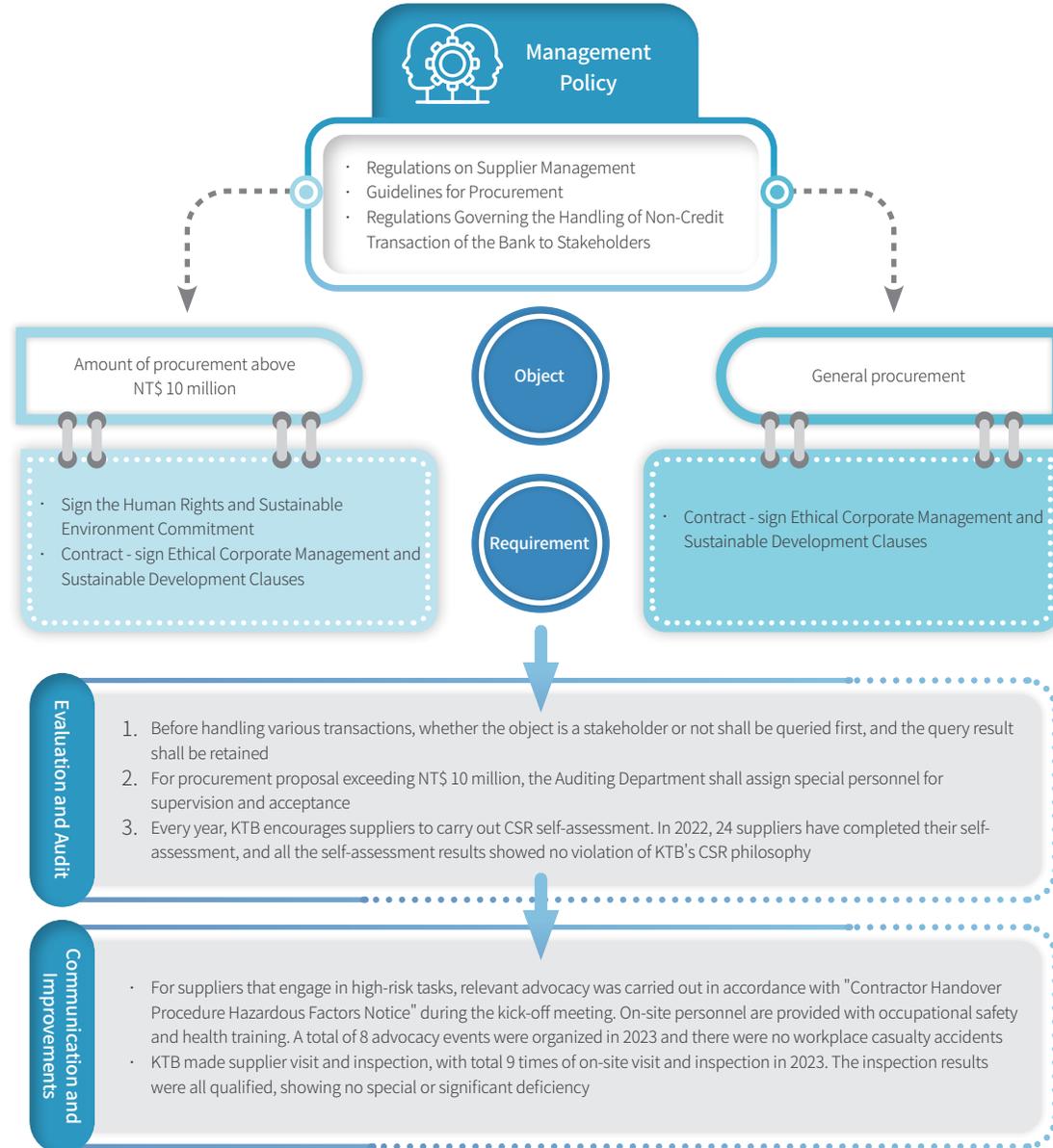
In terms of practical implementation, KTB formulated "Guidelines for Procurement" and "Regulations Governing the Handling of Non-Credit Transaction of the Bank to Stakeholders," established fair and reasonable manufacturer-selecting mechanism and procurement procedures. In addition, when signing contract 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, and also 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

	2021	2022	2023
Number of Suppliers with Self-assessment	27	24	27
Number of On-Site Visits	5	5	9
Number of Suppliers with Significant Deficiency	0	0	0
Proportion of Suppliers Passing Assessment	100%	100%	100%

Supplier Management Procedure



CHAPTER 05

Customer Value

In this rapidly changing environment, customer needs and expectations are constantly evolving. To better meet customer requirements, we must continuously explore innovation and strive to build a more open, fair, and sustainable financial system. In this process, we believe that by implementing digital transformation and financial technology, we can offer customers more convenient, secure, and efficient services. Simultaneously, we will adhere to the principle of treating customers fairly, ensuring that every customer can access equal financial services.

- **5.1 Service Quality and Customer Experience**
 - 5.1.1 Financial Inclusion
- **5.2 Fintech and Innovation**

GRI 2-25 | GRI 417-3

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.

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.

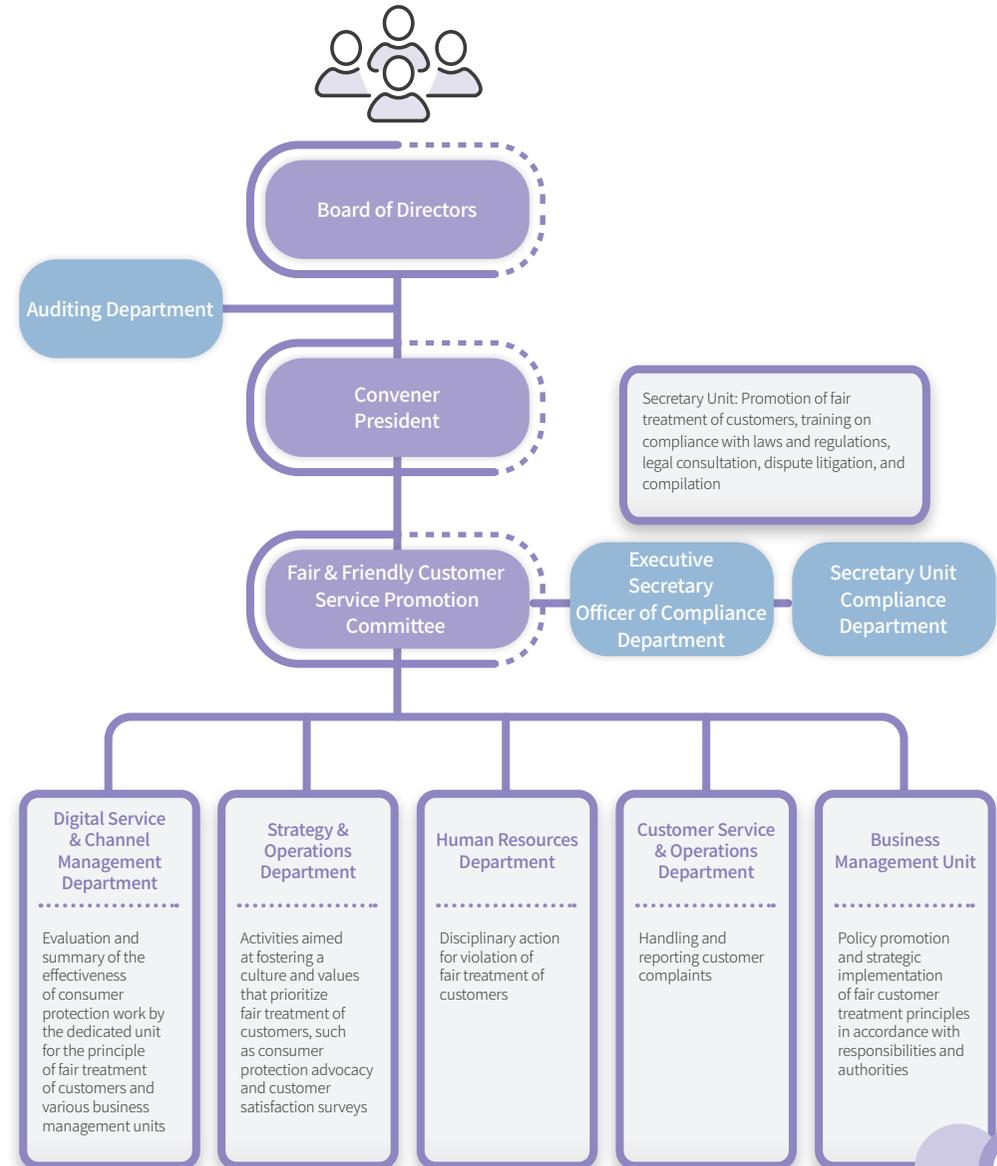
Fair & Friendly Customer Service Promotion Committee

To ensure that customers are treated fairly and equitably throughout the entire transaction process and to deepen the KTB's core corporate culture of fair treatment of customers, the Board of Directors resolved in 2023 to establish the "Fair & Friendly Customer Service Promotion Team." In early 2024, it was elevated to the "Fair & Friendly Customer Service Promotion Committee," with the President serving as the convener and the Compliance Department as the secretariat. The head office compliance department is responsible for the execution, with

supervisors at each level promoting fair treatment of customers. Members of the management level and above in various business units of the head office serve as committee members, creating a horizontal communication channel to implement the company-wide principle of fair treatment of customers. The committee convenes meetings every two months as a standard practice, with the presence and guidance of the Corporate Governance Officer (who also serves as the Board Manager) and the Auditing Department. These meetings aim to fulfill the oversight objectives of the Board of Directors.

The Digital Service and Channel Management Department is the dedicated unit responsible for ensuring fair treatment of customers. It is responsible for overseeing the implementation of the "Principle of Fair Treatment of Customers" across various departments, identifying any potential violations of the principle, proposing specific solutions, and presenting reviews and responses at committee meetings supervised by vice president and above.

KTB actively implements the principle of fair treatment of customers and has established the "Financial Friendly Service Guidelines." It is required to review the internal regulations, education and training, business operations, and customer complaint cases related to the principle of fair treatment of customers every two months and make timely adjustments. The measures for fair treatment of customers are also included as designated items in department assessments, and the implementation status needs to be reported to the board of directors. The board of directors will then execute the resolution on fair treatment of customers and financial friendliness, and follow up with tracking, verification, and review.



► Practical Actions and Results for Fair Treatment of Customers



The Board of Directors Promotes the Corporate Culture of "Fair Treatment of Customers"

- ✓ Established the Fair & Friendly Customer Service Promotion Committee
- ✓ Every six months, reports to the Board of Directors regarding the implementation of fair customer treatment, including: analysis of customer complaints and improvement measures, consumer protection measures, progress in consumer protection dispute resolution, effectiveness evaluation of consumer protection, consumer protection education and training, and advocacy efforts. These reports facilitate the Board of Directors' review of the results of fair customer treatment implementation
- ✓ The eight directors, responsible individuals, and president have all completed the training on "Fair Treatment of Customer Principles and Ethical Corporate Management." The training covers topics such as the Financial Consumer Protection Act, fair treatment of customer principles, case studies of financial consumer disputes, and safeguarding the rights of vulnerable groups
- ✓ The Board of Directors reported or discussed a total of 20 cases involving the fair treatment principle, consumer protection, or customer complaints



Regularly Review the Implementation of Fair Treatment of Customers

- ✓ As of the end of 2023, KTB did not receive any penalties from regulatory authorities and there was no violation of "principles for fair treatment of customers"
- ✓ In order to implement the policy of financial friendliness and fair treatment of customers, a mechanism has been established to enhance care for elderly customers
- ✓ Establish an evaluation table, to assist the management unit to review the regulations regarding the principles for fair treatment of customers
- ✓ KTB has established an "Implementation Guidelines for Regulatory Compliance System," which includes a new business check item related to "providing financial-friendly measures or implementing protection measures for vulnerable groups." Existing services and products are reviewed for their friendly service functions based on their characteristics, and adjustments are made to improve digital disparity issues. For relevant measures, please refer to [the friendly measures implemented in various services and products](#)
- ✓ In addition, products are developed with a focus on the needs of the elderly. Commonly used digital software is utilized to guide their use of digital tools, thereby reducing the digital divide among elderly customers. For information on assistance measures, please refer to [the friendly measures implemented in various services and products](#)
- ✓ Before offering financial product sales and other financial services, it is essential to have a comprehensive understanding of customers' relevant information, including young people, people with disabilities, and the elderly. Based on the customer's investment characteristics and risk tolerance level, appropriate products or investment portfolios should be offered or recommended, and potential risks should be disclosed. If customers insist on investing in products or investment portfolios with a higher risk level than their risk tolerance, it should be politely declined.
- ✓ 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"
- ✓ Designating fair customer treatment measures as designated assessment items for departments and focusing on personnel who frequently interact with customers, such as deposit and withdrawal operation staff and customer relationship managers, to establish non-financial indicator assessment and evaluation items
- ✓ To promote the fair treatment of customers and friendly financial services, and to encourage the implementation of caring questioning, colleagues and business units who successfully prevent fraud cases will be reported to the HR Review Committee for commendation. Additionally, business units that prevent fraud cases involving a certain amount of money will be rewarded with a cash prize.



Comprehensive Education Training and Advocacy

- ✓ Conducted or participated in education and training related to fair treatment of customer and consumer protection, with a total of 42,419 participants and a cumulative training duration of 57,408.3 hours
- ✓ Every year, education and training on the "Principle for Financial Service Industries to Treat Clients Fairly" are conducted for all staff members. Additionally, courses on topics such as the Financial Consumer Protection Act, fair treatment of customer principles, case studies of financial consumer disputes, service response, handling procedures, and questioning and listening skills are arranged for relevant personnel in each business unit. These courses provide training on how responsible marketing of products should be conducted
- ✓ To keep frontline colleagues informed about the latest regulations, new projects, important business matters, customer service cases, and common audit deficiencies, we offer two online courses: "Fair Treatment of Customer Service Tips" on a weekly basis and "Fair Treatment of Customer Service Academy" every two weeks. Additionally, we distribute a monthly newsletter called "Fair Treatment of Customer Service Fraud Prevention Bulletin" to share the most up-to-date fraud prevention techniques.
- ✓ 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
- ✓ Senior managers participated in a 3-hour course titled "Financial Accessibility and Advocacy Training for People with Disabilities." The course had a total of 10 participants and aimed to enhance the financial accessibility awareness of senior personnel



Enhance the Customer Experience, Safeguarding Customer Rights, and Protecting Customer Assets

- ✓ Successfully blocked 134 scam cases amounting to around NT\$57.08 million
- ✓ A total of 104 "Anti-fraud Advocacy" events were organized, benefiting 1,412 people
- ✓ There were a total of 41 customer complaint cases, with an average processing time of 1.61 days
- ✓ Every six months, 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. A total of 120,214 people were reached through promotion and education in 2023

GRI 2-26

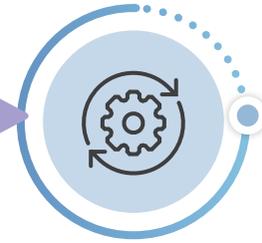
Implement Customer Protection and Complaint Protection

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.



Pre-incident Prevention

- KTB has formulated relevant regulatory compliance procedures for matters regarding consumer rights and interests, such as operational guidelines, products, application forms, contract of adhesion (including terms and conditions), revision of other related documents, or before the introduction of new products and services and application to the competent authorities for new businesses, to ensure that their contents comply with laws and internal regulations such as the principles of fair treatment of customers. In 2023, the Compliance Department conducted checks on 137 cases of legality, including new products and services, achieving a 100% inspection rate
- KTB has set up a "Dedicated Money Trust Commodity Review Team" and "Insurance Agency Business Commodity Review Team," and hold product review meetings from time to time to properly evaluate its legality, reasonableness of cost, risk remuneration and full disclosure of information, to determine whether it can be sold on the channel or only available to professional investors
- KTB has build a "Customer Investment Attribute Evaluation Form," and has indeed carried out the evaluation of customer risk attributes before conducting financial transactions or providing customers with foreign currency or investment-type insurance products, so as to provide products with suitable risk attributes. In addition, for customers who have taken out insurance products, KTB has established different suitability inquiry mechanisms to distinguish the suitability of various products or services for customers and ensure that the suitability measures are properly implemented
- KTB fully discloses and explains information including the basic knowledge, all fees and collection methods, risks involved, and complaint channels, so as to ensure that the customers understand the nature of the products and the potential risks



Handling During Incidents

- KTB has formulated the "Regulations Governing the Process of Customer Complaint," with the aim to effectively and efficiently resolve customer complaints and protect consumer rights.
- The Customer Complaints Responsible Unit is the "Customer Service & Operations Department", responsible for receiving complaints or customer suggestions at the counter and filling out a "Customer Handling Form." They then inform relevant departments on the same day based on the nature of the business and also copy the Fair Treatment of Customer Responsible Unit (Digital Service and Channel Management Department).
- The relevant units should aim to complete the processing within seven days and then report the processing status to the responsible unit for consolidation



Post-incident Tracking and Improvements

- Each month, the case content is compiled along with the "List of Complaint Case Received" and the "Summary of Complaint Cases Received for the Year" for a joint review by the Fair Treatment of Customer Responsible Unit (Digital Service and Channel Management Department) and the Executive Secretary of the Compliance Department. Finally, they are presented to the Chairman for approval, facilitating the implementation of fair treatment of customer
- The progress, reasons for negligence, and improvement plans of the cases are submitted to the Board of Directors semiannually
- The processing of customer complaints is included in the indicators of "Employee Performance Evaluation - Service Quality"
- The "sales unit customer complaint Cases," "customer complaint case processing time" and "number of insurance customer complaints" of each department are integrated in the key risk indicator (KRI)

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 every year. Based on the responses received, appropriate follow-up measures are implemented.
- In 2023, a total of 1,616 valid questionnaires were collected, resulting in an overall satisfaction rate of 91.9%. The satisfaction rates for each channel and business are all above 88%
- Hold "King's Heart" to invite customers to encourage our front line employees for their excellent performance. This event resulted in a total of 2,116 positive feedback on our staff and branches.

Modular Service Training Courses



- Beginner courses: The training content for new colleagues covers basic customer service and etiquette
- Advanced courses: Financial Inclusion Education Training, Sign Language Training, Elderly Care Training, and other courses aimed at increasing awareness of special populations and improving communication skills
- Through the weekly "Fair Treatment of Customer Reminder" newsletter every Wednesday, frontline colleagues are kept updated on the latest regulations, newly launched projects, business reminders, customer service cases, and common issues. In 2023, a total of 50 newsletters were issued
- Every two weeks, online education and training sessions are conducted to educate consumers through case analysis and remind frontline staff of operational precautions to enhance the quality of service

Service Enhancement



- KTB has partnered with the Taiwan Sign Language Interpretation Association (TASLI) to offer in-person sign language video translation services at their counters, in order to bridge the digital gap for the elderly and individuals with disabilities
- All business units have completed education and training and have been awarded the "Dementia-Friendly Label." They have also applied to be recognized as "Dementia-Friendly Organizations" by the Health Promotion Administration of the Ministry of Health and Welfare and are registered on the government's Dementia-Friendly Resource Integration Platform. This allows them to provide suitable services and assistance to individuals with dementia

Secret Customer Investigation



- Every six months, a branch is randomly selected for telephone sampling. The content covers common customer deposit and withdrawal issues, newly launched products, features, and telephone etiquette. In 2023, as part of the "King's Heart" event, secret customer phone evaluations were conducted in all branches. The average score reached 86 points, and subsequent improvement measures were formulated based on the evaluation results



King's Heart

Positive Feedback

Customer A:

I would like to express my deepest gratitude to the Yongkang Branch. Whenever I have questions or need assistance, your expertise and attentive service put me at ease. Thank you for not only being an excellent bank officer, but also for being a friend who genuinely cares about customers. Thank you for providing me with all the services and for accompanying me throughout my financial journey. I am honored to be your customer!

Customer B:

I would like to express my gratitude to the North Kaohsiung Branch for their proactive approach in inquiring about my needs and providing assistance. The staff members consistently offer detailed explanations and efficiently handle payments and receipts. Moreover, the friendliness and attentiveness of every staff member at the branch are truly commendable. I am truly impressed by your exceptional service.

Customer C:

I would like to express my gratitude to Miss Gao from the Business Department. Despite my advanced age and slower thinking and movements, Miss Gao always assists me with a warm and friendly smile whenever I visit for deposits, withdrawals, or other financial transactions. Her helpfulness makes me feel very comforted. Having her with us when conducting business at the bank is truly invaluable.

5.1.1 Financial Inclusion

Establish 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 elderly customers, for comprehensive and inclusive financial inclusion, KTB has established policies and strategies for the "Policies and Strategies on the Principle of Fair Treatment of Customers" and the "KTB Financial Friendly Services Guidelines." These guidelines not only incorporate "friendly financial services," "protection for elderly customers," and "strengthened care mechanisms for elderly customers" but also ensure that people with disabilities and elderly customers can fully enjoy their basic rights and receive equal, fair, and convenient financial services. The guidelines cover a wide range of measures including environment, communication, services, products, and information. Each year, education and training related to these guidelines are conducted for directors, responsible individuals, senior managers, branch managers, and frontline staff. Regular checks and announcements are also made to ensure compliance, thereby fulfilling the bank's responsibilities in the financial system.



Elderly
Customers

- Front line staff shall proactively observe customers to see if they are physically challenged, e.g., needing support or moving slowly, and provide appropriate assistance in a timely manner
- When executing foreign currency transactions, the system automatically reads whether the customer is a senior citizen, and if the senior threshold is reached, and a care question will pop up
- Digital account adds questions regarding care for elderly customers
- Improve protection measures for senior customers' abnormal financial transactions, such as cashing out over NT\$1.5 million and transferring over NT\$3 million, etc., and keep records of such transactions with caring questions
- When selling financial products, we confirm that customers understand the risks of the products, and we also make caring phone calls by our caregivers to confirm that there is no improper solicitation
- In response to the government's efforts to provide trust services for an aging society and for the protection of the property of the demented, KTB has actively launched a hospice trust to protect the future and meet medical care needs of the trustees. In addition to managing trust assets in the form of time deposits, we have also introduced innovative ways to provide trust services. For example, when a branch is engaged in a real estate purchase price trust, it learns through KYC (Know your customer) that the client plans to live in a nursing facility in his or her old age, and suggests that the real estate purchase price can be combined with a hospice trust, and the bank will manage the trust property for the client according to the instructions to pay for the future nursing facility and related medical expenses. Through this product, we can protect the financial resources of the elderly in their old age, and solve the problem that they may not be able to use the funds according to their own wishes in their old age due to loss of capacity, and protect their assets.
- Inclusion of telephone interview control form for elderly customers in the insurance system
- The official website has added a dedicated section for the "elderly" demographic, which offers information on retirement trusts, financial planning, savings, and insurance



People with Physical or
Mental Disabilities

- ATM UI revision and operation flow optimization. The redesign includes considerations for color schemes to ensure readability for colorblind and visually impaired customers. Additionally, provisions are made for a voice-guided ATM interface for visually impaired customers
- Low counters, barrier-free access/ramps, service bells, and guidance services are available at all branches
- Appropriate assistances are provided according to the needs of different types of people with physical and mental disabilities, such as sign language interpretation, remote video or other communication aids and other specialized consultation services, so that people with physical and mental disabilities can fully express their views, and uphold an impartial, objective and non-discriminatory position to review and respond
- QR Code links are installed on ATMs to provide access to text-based customer service, enabling individuals with disabilities to voice their opinions and exercise their rights
- Appropriate friendly service measures are provided, such as online booking and on-site services, to guide people with physical and mental disabilities to complete financial services
- Accessible web pages on the official website are provided for visually impaired customers to realize "information perception," "easy operation," "content understanding," and "stable reading," which won the "AAA rating for website accessibility" by the National Communication Commission
- ATM withdrawal fee waiver for people with physical and mental disabilities from January 2017



Foreign
Customers

- ATMs have been upgraded to accommodate a wider range of transaction types. The user interface includes prominent buttons and visual cues to enhance comprehension for international customers
- In line with the government's bilingual-friendly policy, all 47 branches in the six cities have more than one English-speaking employee, and the current implementation progress is 89%
- Complete bilingual labels are established, such as: callers, remittance rate display boards, operation forms, etc
- We continue to cooperate with other international remittance companies to provide customers with convenient and diversified international remittance channels, and in consideration of the characteristics of the user groups, we have set up the website in Chinese, English and Vietnamese, and customer service lines in English to provide new immigrants and foreigners with more friendly services



Disadvantaged
Groups

- We worked with the Taiwan Fund for Children and Families to promote China Life Micro Group Injury Insurance, please refer to [Taiwan Fund for Children and Families: Safeguarding the Smiles of Children](#) for more details
- In 2023, a total of 8 debt coordination meetings were attended, where we listened to the demands of debtors and implemented debt negotiation measures



Young Customers

- The official website has launched a dedicated section for the "Youth" demographic. This section allows users to access financial knowledge and exclusive offers tailored for young customers. Additionally, a new "Home Purchase Loan" service has been introduced to assist young customers in realizing their dream of homeownership. The website features a dedicated section providing essential information on loan requirements under the theme "Completing the Dream of Homeownership for Youth," promoting the Company's "King's Loan" housing loan project
- Introduce the youth advantage savings program, real estate buying and selling, or pre-sale house price trust

Elder Care Trust

To assist the elderly and people with disabilities in protecting their assets and to promote community financial education, KTB leverages its regional bank characteristics to become the "Neighborhood's Trusted Companion." It has introduced a simple eldercare trust product, named "King's Anxin" in 2023, to aid elderly, disabled individuals, and those in need of eldercare in asset protection.

This product structure involves a "self-beneficiary trust," where the settlor and the beneficiary are the same person. The trust property delivered is in the form of money, and the trust property is invested through regular deposits with the Company. Customers can choose to entrust the Company solely with the custody of the funds or request the Company to handle living allowances, nursing home fees, or other expenses approved by the Company, according to their needs. By promoting this service, we aim to cultivate retirement and eldercare awareness among customers and encourage them to plan for a stable retirement life early on.

Achievements in 2023

Cumulative number of beneficiaries: **7** individuals
 Principal balance of trust assets: NTS**29.78** million
 The ratio of the principal balance of trust assets to the total amount of money in trust (excluding securities investment trust, futures trust fund custody), real estate trust, and securities trust business: **0.32**%.

Micro injury insurance and small amount endowment insurance

To offer affordable basic insurance coverage to economically disadvantaged or specific identity groups, and in response to the aging and declining birth rate trends in Taiwan, KTB is promoting micro-injury insurance and small-scale endowment insurance. The target groups include low-income households, middle-low-income households, indigenous people, fishermen, farmers, people with disabilities, as well as their family members and elderly individuals. The objective is to safeguard vulnerable families, provide support to a broader range of groups, and meet their essential needs.

Unit: 10,000

Insurance Products	Target	Number of Policyholders	Total Insured Amount
Micro Injury Insurance	Low-income households, middle-low-income households, indigenous people, fishermen, farmers, people with disabilities, and family members of the aforementioned groups	123	6,150
Small Amount Endowment Insurance	Elderly individuals with limited budgets are seeking to establish basic security	11	620
Total		134	6,770

Official Website

Different financial demographics have varying needs for products and services. As a result, KTB has customized its offerings to cater to the specific requirements of each demographics. KTB has created a dedicated web page that offers detailed information about its products and services, along with any ongoing promotions. This web page is regularly updated and incorporates anti-fraud measures, ensuring that users can access real-time financial information online. The relevant internet services are as follow

Category	Target	Content and Results
Financial Friendly Zone Homepage	<ol style="list-style-type: none"> 1. People with physical or mental disabilities 2. Young demographic under 30 years old 3. Senior demographic above 65 years old 	<ol style="list-style-type: none"> 1. Introduction to universal financial friendly measures, including accessibility services and facilities, as well as customer service hotlines and contact information, allowing customers to access relevant information on the same page 2. Since its establishment on April 6, 2023, the webpage has received approximately 1,014 visits, with an average duration of 54 seconds
Youth Financial Friendly Zone	<ol style="list-style-type: none"> 1. Young demographic under 30 years old 2. Novice investors 	<ol style="list-style-type: none"> 1. The mission is to provide tailored financial products including savings, wealth management, insurance, and securities for the younger generation. We aim to empower young clients through dedicated sections to enhance their financial knowledge and offer exclusive benefits. Most importantly, we strive to build sufficient risk resilience among young individuals, preventing them from falling victim to scams, market speculation, or impulsive investments 2. Since its opening on December 12, 2023, until the end of that year, there were 60 visits, with an average duration of 1 minute and 4 seconds per visit
Senior Financial Friendly Zone	Senior demographic above 65 years old	<ol style="list-style-type: none"> 1. The Company remains committed to retirement planning for senior citizens. To that end, we have developed dedicated webpages that offer information on elder care trust, financial planning, wealth management, deposits, insurance, loans, and other related services. Furthermore, we have included resources on common financial exploitation schemes that target the elderly, along with preventive measures to safeguard against such scams 2. Since its opening on December 21, 2023, until the end of that year, there were 12 visits, with an average duration of 1 minute and 44 seconds per visit
Accessibility Zone and Financially Friendly Service Implementation Status	People with physical or mental disabilities	To clearly introduce the environment, accessible facilities, provided services, and the application process for ATM interbank withdrawal fee waivers for each business unit in a tabular format, the webpage has also been awarded the "Website Accessibility AAA Level Certification," which is beneficial for people with disabilities to obtain relevant information
Account Opening Friendly Service Package and FAQ	All users	<ol style="list-style-type: none"> 1. The "Account Opening Friendly Service Package" offers users a simplified version of the account opening process, eliminating the need to navigate through complex documents or web content. This can greatly enhance the success rate of account opening and expedite the process 2. FAQs are responses to common questions from the general public, such as applying for online banking services, system support, password settings, and the use of electronic certificates. They help users avoid the need to wait for phone calls or email exchanges and provide timely solutions to user problems 3. In 2023, there were a total of 11,267 visits, with an average duration of approximately 59 seconds
Anti-Fraud Zone	All Users	<ol style="list-style-type: none"> 1. The collection of anti-fraud promotional videos and graphics from various government agencies, combined with the self-written and illustrated materials by KTB, is more likely to capture users' interest, deepen their impression, and strengthen public awareness of fraud prevention 2. From August 15, 2023, until the end of the year, there were a total of 1,360 visits, with an average visit duration of approximately 20 seconds

Friendly Measures for Services and Products

Product	Official Website	Online Banking	Mobile Banking Application	KTB Platform	King's Step by Step Surprise	Red Envelopes Comes	Wire Transfer with Phone Number	LINE Account Notification	FB Fan Group
Target of care	People with physical or mental disabilities			New immigrants and the elderly	Elderly				
Friendly service measures	An accessible facilities section has been established, and the website has obtained AAA-level accessibility certification	Obtained the accessibility certification and is continuously adjusting related functions	Adjust mobile banking transaction items and commission the Taipei Parents' Association for the Visually Impaired to test and verify. Continuously test and adjust until the end of 2023	Development of multilingual functionality and verification of counter care for elderly customers	According to statistics, over 40% of elderly individuals have a daily exercise habit, primarily walking or jogging. We have added a "King's Step by Step Surprise" feature to our mobile banking app, which can record daily step counts. By incorporating check-ins, step challenges, or completing financial tasks (such as transfers, fixed deposits, currency exchanges, etc.), we aim to make the app habitual and enjoyable for senior customers, alleviating their fear of using mobile banking	Red envelope gifting is a Taiwanese tradition. We have introduced red envelopes during various festivals to encourage elderly customers to engage with digital services	Introducing this feature would enhance convenience for seniors when receiving payments, especially as having numerous bank account numbers can be challenging to remember	In order to provide the elderly with up-to-date information on accounting changes and the latest methods for preventing fraud, customers are encouraged to link their services	Facebook is one of the most popular social media platforms among older adults, and it is utilized to disseminate anti-fraud messages

Western Union Remittance and King's Pay, 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 multicultural 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 [3.2.1 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, King's Global Pass 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 2023, the total number of Western Union remittance transactions was 275,210, of which about 51.20% were made by new immigrants and foreign workers, and 63.34% 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. In addition, KTB's King's Pay is a popular choice among many new immigrants for sending money back to their home country. It offers fast and convenient service. In 2023, a total of 3,660 new immigrants used King's Pay, with a remittance amount of NT\$67.47 million.

▶ Western Union Remittance Transaction Status

	2021	2022	2023
Total Number of Transactions	365,664	270,391	275,210
Annual Growth Rate of Transaction Volume	-21.60%	-26.05%	1.78%
Proportion of Online or APP Transactions	56.12%	55.71%	63.34%
The Proportion of New Residents or Migrant Workers	67.57%	55.67%	51.20%

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 and Channel Management 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 [3.4 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 2023 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 to **3.25** in December, 2023
- The average monthly number of digital transaction users in 2023 increased by **17.06%** from the previous year
- The number of corporate online banking users increased by **11.56%** compared to the previous year
- The number of corporate online banking transactions increased by **5.02%** from the previous year

Perfect customer experience



- Digital channel customer satisfaction: **94** points, an increase of **0.6** points compared to last year.
- **14** personnel digital services were launched and optimized
- **10** enterprise online banking functions were launched and optimized

Reduce Operation Risks and Costs



- The digital percentage of deposit transactions has increased by **4.05%**
- The percentage of account openings through digital channels is as high as **81.85%**
- The introduction of personal online banking and the "online repayment" feature in mobile banking has received positive feedback from customers



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
- The application rate for new customers of Corporate Online Banking reached 85% in 2023



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 2023 is 61.96% higher than the previous year



Innovative Payment

- With the passage of time and the advancement of digital finance, mobile payments have become an essential 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. Additionally, it facilitates digital transformation for businesses and caters to diverse payment requirements
- 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



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 application, 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
- In 2023, a special satisfaction survey was conducted for users of King's Global Pass | King's Pay. The majority of customers expressed satisfaction with the app's usability and provided positive evaluations.
- In the future, "King's Global Pass" will expand its service scope and open registration to foreigners and migrant workers, thereby enabling a larger number of individuals to avail themselves of foreign exchange services



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. In 2023, a total of 8,623 households applied to link their mobile numbers
- Providing oral transactions and online application services to enhance customer convenience and reduce application time. The following are the related services:
 - (1) Oral transactions: opening accounts, applying for financial cards, updating customer basic information, making remittances, and conducting deposit/withdrawal/transfer operations
 - (2) Online services: Our online services include digital account opening, account closure, appointment scheduling for inheritance matters, reissuance of financial cards, issuance of deposit balance certificates, number reservation (real-time or by appointment), reporting loss of financial cards/passbooks/seals, exporting passbook covers, and updating basic information
- To expedite customer counter transactions, authorize the use of branch corporate online banking certificates to waive fees.

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 three-win situation for the company, employees, and customers.

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

6.1 Talent Attraction and Retention

Current Employee Structure

KTB had 968 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 8.4 Human Resource Management Indicators](#). The ratio of female to male employees was 64:36, and the number of female employees holding managerial positions accounted for 53.31% 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	2021	2022	2023
All Female Employees	63.17%	63.28%	64.36%
Female Managerial Officers	53.87%	52.15%	53.31%
Senior Managerial Officers	41.30%	37.63%	41.24%
Intermediate and Junior Managerial Officers	59.51%	58.57%	59.02%
Managerial Officers of Business Unit	58.60%	56.62%	58.57%
Non-Managerial Female Employees	67.32%	68.16%	69.37%
New Female Recruits	55.91%	61.64%	65.75%
Female Technical Professional Employees	30.23%	29.67%	31.58%

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



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 2023, there were six new recruits recommended by employees, with a retention rate of 83.33%.

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. From the academic year of 2022 to 2023, a total of 20 interns were recruited. In July 2023, 10 interns successfully transitioned to full-time employee after passing their probationary period assessment, resulting in a retention rate of 50%. We expect that a well-designed internship program can effectively assist students in transitioning from academia to the workplace more seamlessly. Additionally, companies can leverage internship programs to identify and recruit talented individuals early on.

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 January 2023, we have hired a total of 177 employees under this program.

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 2023, the total compensation expenses for KTB amounted to NT\$10.82 billion. The highest individual total compensation within the Company is 16.4 times the median total compensation of all employees and 11.7 times the average total compensation of all employees. The percentage increase in the highest individual total compensation is 2.7 times the median percentage increase in total compensation for all employees (calculated as the percentage increase in annual total compensation for the highest-paid individual divided by the median percentage increase in annual total compensation for all employees, excluding the highest-paid individual).

Regarding the implementation of salary equality, KTB complies with labor acts, including Labor Standards Act, Gender Equality in Employment 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 "Remuneration Committee" every year for discussions to examine the reasonableness of the correlation between personal performance, company operational performance, and future risks. The average monthly salary of employees at KTB is 1.9 times the minimum wage in Taiwan. 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 2023 are shown below:

► 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 GRI 2-21 GRI 405-2

Category of Employee	Total Compensation	Regular Compensation
Senior Managerial Officers	1.12	0.75
Intermediate and Junior Managerial Officers	0.91	0.91
Non-Managerial Positions	0.88	0.89

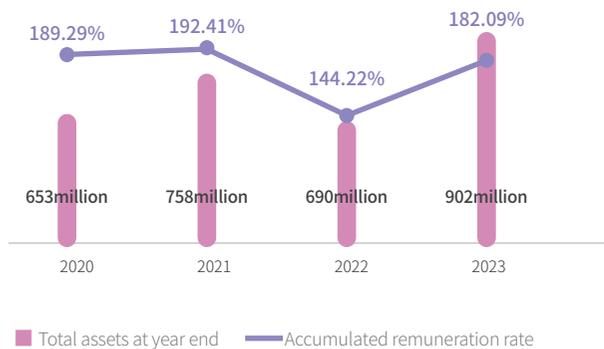
Note 1: Total compensation: refers to the sum of salary, allowance, and annual bonus

Note 2: Regular salary compensation refers to the monthly payment of wages to employed staff, including base salary and various monthly allowances (such as position/title allowances, professional allowances) and fixed subsidies (such as meal allowances, regional allowances)

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. The Company also allocates additional relative incentive bonuses based on members' performance evaluations from the previous year and the amount members contribute voluntarily. 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 2023 was 89.05%, with a cumulative return rate of 182.09%.

► Performance of employee holding trust



GRI 401-2

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 2023 was NT\$1.2345 million ^(Note).



Caring

- Group insurance for employees and family
- Marriage, childbirth, childcare, funeral, illness or injury subsidies
- Provide prenatal check-up leave, maternity leave, paternity leave and parental leave in accordance with the Labor Standards Act



Secure

- Employee retirement benefits
- Employees preferential deposits and loans



Thoughtful

- Special discounts with a number of stores, covering food, clothing, housing, transportation, education, and entertainment



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," 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. In 2023, a total of NT\$475,000 was disbursed as subsidies, benefiting 18 KTB babies.

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

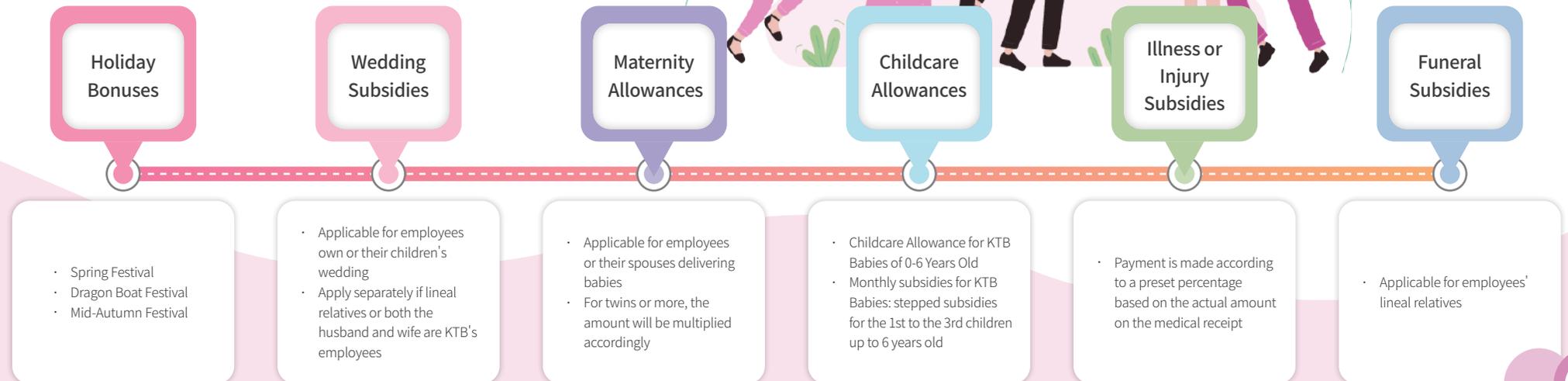
GRI 201-3

✓ 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 8 Labor Retirement Reserve Supervisory Committee meetings were held in 2023.

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. Furthermore, the Company hires external actuaries on an annual basis to assess the allocation status and ensure compliance with legal regulations. In 2023, NT\$35.45 million was recognized and allocated (old system) to the retirement plan. 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 2023, NT\$36.12 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 4 Employee Welfare Committee meetings was held in 2023.

✓ Care for the daily needs of employees

We care for the actual needs of our employees and provide them with various benefits. These include a daily 1-hour leave, health check-up services that exceed legal requirements every two years, employee preferential loans, group insurance, health lectures, departmental meal expenses, discounts on arts, culture, and entertainment activities, special agreements with childcare centers and daycare classes, discounts on e-commerce purchases, telecommunications discounts, accommodation discounts, car purchase discounts, and free legal consultation services from contracted law firms. These benefits cover the categories of food, clothing, housing, transportation, education, and entertainment, ensuring that our employees are well taken care of wherever they go.

GRI 404-1 GRI 404-2

6.2 Talent Cultivation and Development

Comprehensive Training System

In 2023, KTB held or participated in 865 internal or external education training classes (including 294 physical classes, 510 online classes and 61 financial management classes) with 78,236 participants. Every employee took part in 81 education training courses on average, with a total of 70 training hours. For details on education training, please refer to [Appendix 8.4 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.

Programs for Enhancing Employee Skills and Transition Assistance

KTB places great importance on the career development of each employee and provides workplace adaptation support and counseling (via telephone or face-to-face) when necessary. We are committed to assisting employees in adjusting their roles or units, or providing mutually agreed-upon solutions as needed. For employees who retire or are terminated, we offer support through interviews to understand their reasons. We provide suggestions and assistance for job retraining, reemployment, or applying for relevant subsidies from government agencies. From 2022 to 2023, the Company rehired a total of 19 retired or former employees, offering them ongoing opportunities for reemployment in a supportive work environment.





Preliminary Training

- We hold "Practical Training for New Employees," which covers the introduction of operation process, law promotion, information security, system simulation, and corporate introduction to help new employees adapt to the new organization quickly
- We have set up a "Regional Training Unit" to assign senior employees to teach and assist new recruits under a 3-month "Mentorship Program"



On Site Training

- Organize events such as: in-service education and training for AO staff, in-service workshops for trust industry managers, on-the-job training for trust staff, pre-employment training courses for joint marketing and promotion by securities firms, financial-friendly education and training, and shaping a quality service image and demeanor. These events aim to enhance the essential skills needed by employees to perform their duties and motivate colleagues to acquire relevant qualifications or certifications



On Job Training

- Organize or encourage employees to participate in various project courses, such as on-the-job training for anti-money laundering and counter-terrorism financing, on-the-job training for regulatory compliance, training on "industry trend analysis" for credit business personnel, and corporate governance courses. This will help colleagues gain a deeper understanding of their job responsibilities and optimize their work processes and models
- To promote employees' sustainability mindset, we have implemented courses on sustainable development and climate change for all staff members. Additionally, we encourage colleagues to participate in external ESG courses to stay informed about sustainable development trends and topics like net-zero emissions. In 2023, a total of 119 sustainability-related courses were attended by 15,889 individuals, totaling 17,785 hours. Furthermore, we have planned to introduce a mandatory 3-hour ESG course from external sources in 2024, aiming to foster a more comprehensive understanding and awareness of sustainability among all employees



Development Training

- A professional manager must not only have professional skills, but also have the ability to handle problems, lead teams, think strategically, and communicate across departments. Each year, we hold different reserve training courses to help middle and senior executives to acquire all-around management skills and bring their management effectiveness into full play. We offer "Effective Motivation and Communication Coaching Training" to enhance logical thinking skills through practical exercises and learn various techniques and methods to avoid conflicts, as well as to build the ability of team members to communicate actively and reach consensus





On Site Training: "Shaping the Image and Exemplary Service" Course Practice



On Site Training: "Shaping the Image and Exemplary Service" Practical Exercise



Development Training: Participants Engage in One-on-One Practice Sessions in the "Effective Motivation and Communication Coaching Training"

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.

ESG Sustainable Finance Course - Analysis of Industry Trends

- ✓ Course attributes and target audience: This project plan falls under the category of "On-the-Job Training" and is aimed at credit personnel and business unit managers. The instructors for this program are selected by the Credit Assessment Department and the Compliance Department.
- ✓ Course content: This course provides an introduction to sustainable finance-related businesses. It includes explanations and case studies on the new semiconductor industry and the development of the circular economy.
- ✓ Course objective: The objective of this course is to enhance the understanding of credit personnel in sustainable finance-related businesses, support the Company in expanding its ESG business, and increase the number of cases that connect green credit with sustainable performance.
- ✓ Number of participants: 140 individuals
- ✓ Coverage rate: 14.5%

► Evaluation of Training Benefit

Item	Indicators	2023
L1 Reaction	Employee education and training satisfaction	100%
L2 Learning	Education training completion rate	94%
L3 Behavior	The growth rate of green credit linked to sustainable performance cases	43%
L4 Results	Green credit and sustainable performance linked disbursement balance (in thousands)	9,887,481
L5 ROI	Profitability / Related Training Costs	34,211.50

Shaping the Image and Exemplary Service

- ✓ Course attributes and target audience: This project plan is classified as "on-the-job training" and is designed for frontline tellers. External experts have been specifically recruited to act as instructors.
- ✓ Course content: This course goes beyond makeup styling and reception etiquette. It provides a comprehensive approach to introduce students to the world of practical etiquette. Using clear and understandable methods, students will learn about graceful demeanor and professional reception skills.
- ✓ Course objective: The objective of this training course is to enhance the service etiquette and problem-solving skills of counter staff, effectively resolve customer complaints, reduce the overall probability of customer complaints, and indirectly improve the net profit of the Company.
- ✓ Number of participants: 72 individuals
- ✓ Coverage rate: 7.4%

► Evaluation of Training Benefit

Item	Indicators	2023
L1 Reaction	Employee education and training satisfaction (Text feedback)	100%
L2 Learning	Education training completion rate	100%
L3 Behavior	Customer complaint resolution rate	100%
L4 Results	Customer satisfaction rate	91.90%
L5 ROI	Profitability / Related Training Costs	13,969.20

Effective Motivation and Communication Coaching Training

- ✓ Course attributes and target audience: This project falls under the category of "development training" project, and participants include management trainee and department vice managers. External professional consulting and coaching teams serve as instructors.
- ✓ Course content: This course aims to enhance logical thinking and effective communication skills through practical exercises. Participants will also learn various techniques and methods to effectively manage and prevent conflicts.
- ✓ Course objective: The objective of this course is to foster positive communication and consensus-building skills among team members, both internally and externally. The aim is to minimize conflicts and improve the overall operational performance of the Company
- ✓ Number of participants: 35 individuals
- ✓ Coverage rate: 3.6%

► Evaluation of Training Benefit

Item	Indicators	2023
L1 Reaction	Employee education and training satisfaction (out of 5 points)	5
L2 Learning	Task submission completion rate	100%
	Education training completion rate	94.40%
L3 Behavior	Trainee retention rate	100%
L4 Results	Performance or growth rate assessment	53.60%
L5 ROI	Profitability / Related Training Costs	5,796.30

GRI 404-3

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 2023, there were 172 positions transferred through job rotation training, and only 4 position through internal recruitment. The filling rate of internal employees for vacancies was up to 61.32%. For relevant data, please refer to [Appendix 8.4 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. Evaluations are conducted twice a year, once in the middle and once at the end of the year. In 2023, 99.38% of the students were evaluated, excluding one part-time employee and five new employees who arrived at the company in December 2023.



GRI 403-5 SDG 8.8

6.3 Employee Care and Friendly Working Environment

The KTB prioritizes workplace safety. In 2023, KTB implemented the ISO 45001 Occupational Health and Safety Management System and obtained third-party certification. By conducting hazard identification and risk assessment, KTB effectively reduces and mitigates potential hazards. Furthermore, KTB offers a range of initiatives such as physical and mental care programs and health lectures to ensure the well-being of its employees. In the future, KTB will continuously enhance these measures using the PDCA management approach, with the aim of creating a comprehensive and supportive work environment.

Occupational Health and Safety Management System

KTB has implemented the "Environmental, Health and Safety, and Energy Policy" as the benchmark for occupational health and safety. In compliance with regulations, KTB conducts an annual ISO 45001 Occupational Health and Safety Management Review Meeting. This meeting is attended by the president, department heads, and labor representatives. Its purpose is to provide updates on the operation, objectives, improvements, and accomplishments of the occupational health and safety system. The meeting also aims to ensure the efficient functioning and ongoing enhancement of the management system, ultimately fostering a secure work environment.

And the "Occupational Safety and Health Management Manual" and the "Occupational Safety and Health Work Guidelines" have been established. KTB also 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 occupational safety and health management 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

- ✓ General safety and health education and training are conducted annually for all employees to enhance their occupational safety and health knowledge.
- ✓ Arrange fire drills and first aid education training every year. In 2023, KTB organized 2 self-defense fire drill, with 66 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 52 courses (including 21 first-aid personnel training courses), with 1,175 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 2023, there were no recorded occupational injuries or work-related fatalities. However, there were 8 commuting accidents, all of which were caused by traffic accidents during the commute. Follow-up telephone interviews were conducted to provide health education and counseling, and a comprehensive traffic safety campaign was launched, reaching 100% of the target audience. (For relevant data, please refer to [Appendix 8.4 Human Resource Management Indicators](#)).



Occupational Safety and Health Risk Assessment

The work environment at KTB is often characterized by long periods of static work, with no high-risk or specific disease-prone tasks. To effectively identify workplace hazards and promote health and safety, we utilize a "Hazard Identification and Risk Assessment Management Procedure," along with the four major safety plans required by law, to identify, assess, and control workplace hazards and operational risks.

The assessment results for 2023 have identified three high-risk issues related to workplace hazards. We have promptly reviewed and planned improvement measures, and all subsequent risk improvement measures were completed within the same year. The remaining risks, such as the accumulation of the three hyperts due to lack of exercise habits and good dietary concepts, maternal health protection, abnormal workloads, human factors hazards, and illegal infringements, are considered low risks. We employ a graded management approach to control and monitor these risks, and provide education and training to effectively manage health risks and ensure the health and safety of all employees.

► Risk Identification and Control Measure

Risk Identification		Impact Level	Recognition Frequency	Mitigation and Prevention Measures
Workplace Hazards ^(Note)	Improvement of Water Quality Testing for Water Dispensers	High risk	Every year	Establish a testing frequency of once every three months and ensure that it is properly implemented
	Carbon Dioxide Air Testing	High risk	Every year	Establish a testing frequency of once every six months and ensure that it is properly implemented
	Improvement of kitchen gas safety	High risk	Every year	Gas detectors are installed and the equipment is regularly maintained by dedicated personnel
Prevention of the Three Hyperts		Low risk	Every two years	Conduct health promotion lectures
Protection of Maternal Health in the Workplace		Low risk	Every year	<ol style="list-style-type: none"> Hazard identification and assessment Unit hazard identification and risk assessment Hazard risk confirmation Classification management and health protection measures
Abnormal Workloads Contribute to the Development of Diseases		Low risk	Every year	<ol style="list-style-type: none"> Investigation of musculoskeletal injuries and illnesses Hazard assessment, improvement methods, and implementation Control and monitoring
Prevention of Musculoskeletal Disorders Caused by Repetitive Tasks		Low risk	Every year	<ol style="list-style-type: none"> Investigation of musculoskeletal injuries and illnesses Hazard assessment, improvement methods, and implementation Control and monitoring
Prevention of Illegal Infringement on Job Execution		Low risk	Every year	<ol style="list-style-type: none"> Construction of code of conduct Identification and evaluation of hazards Implementation of hazard prevention and communication skills training

Note: The implementation scope is limited to the Headquarters Building, while other risk issues pertain to the entire Bank.

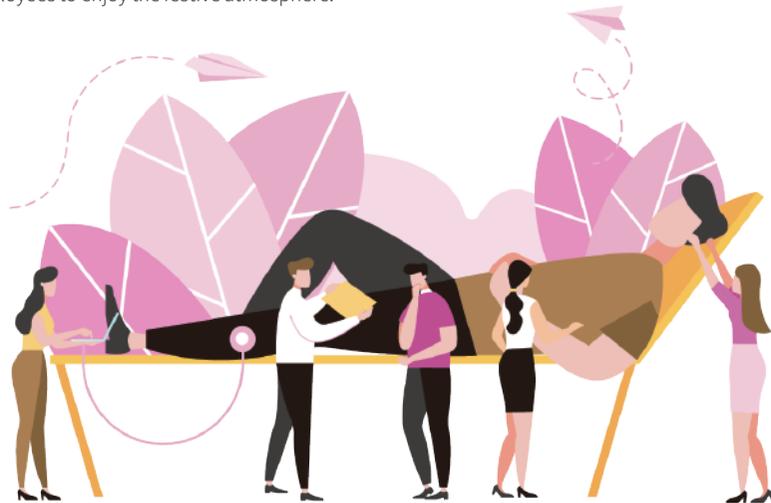


Promote Employees' Health

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. In 2023, KTB became a Corporate Health Responsibility (CHR) company for the efforts on caring, showcasing our dedication to promoting employee well-being.

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 2023, KTB held 3 on-site consultation sessions, where employees received one-on-one health consultation, evaluation, and were given effective suggestions and assistance, with a total of 20 participants.
- ✔ KTB has set up the "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," "Workplace Maternal Health Protection Program," "Unlawful Assault Prevention Program in the Performance of Duty," and "Program for Prevention of Musculoskeletal Disorders Caused by Repetitive Tasks". Additionally, KTB regularly conducts investigations and collect surveys pertaining to the four major safety plans, managing and tracking them diligently. These efforts aim to prevent physical and mental harm to employees resulting from unfavorable work environments, improper work hours, or other workplace infringements.
- ✔ The Headquarters Building has employed Chief with Level B technician for Chinese Culinary 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.



▶ Health Lecture

Course Name	Contents	Hours	Number of Participants
No pain, No Soreness, Exercise at Work	Office musculoskeletal stretching exercises	1	34
You Deserve the Best for Hardworking Super Brain Relaxation Technique	The brain's perspective on how stress is formed, how to become a master of the brain, and how to practice making the brain an automated transmitter of positive responses to stress and emotional regulation.	1	45
666 Office Stretches for Relaxation and Brain Boosting	Office stress relief and musculoskeletal stretching exercises	1	27
Caring for Health, Starting from the Heart	Prevention of the Three Hypers	0.5	45
Total		3.5	151



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, 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. In 2023, the Company was certified as a "Family Friendly Business" by the New Taipei City Labor Affairs Department. This certification demonstrates our commitment to assisting employees in finding secure employment, retaining talented individuals, and providing a supportive family care program. Our achievement in creating a friendly workplace environment for women, as well as middle-aged and elderly individuals, has been recognized by external parties.

► Unpaid Parental Leave GRI 401-3

	Male	Female	Total
No. of employees eligible for unpaid parental leave in 2023	12	47	59
No. of employees that took unpaid parental leave	2	7	9
No. of employees that should return to work after taking parental leave in the year (A)	1	9	10
No. of employees returned to work after taking parental leave in the year (B)	0	6	6
Return to work rate (B/A)	0%	67%	60%
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)	-	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



Pregnant

- Nurses to understand the health status of employees and provide health guidance
- Evaluate the workplace environment and operational hazards, and make appropriate adjustment
- 7-day full-pay 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
- 8 weeks of fully paid maternity leave
- When an employee accompanies their spouse for prenatal check-ups or during childbirth, they are entitled to full pay for the accompanying check-ups and a 7-day paternity leave
- A total of 20 "KTB babies" were born in 2023



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 postpartum colleagues in their return to work, achieving a 60% return rate in 2023. Some colleagues chose not to reapply for employment due to family commitments
- 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

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 section [\[Percentage of female employees of all groups in the past three years\]](#)), and has never discriminated against employees or their age, marital status, or family background (for relevant data, please refer to [Appendix 8.4 Human Resource Management Indicators](#)). In order to promote diversity and inclusion effectively, KTB introduced a mandatory course on "unconscious bias" in 2023. Our goal is to raise awareness among all colleagues and managers that bias can exist in everyone's values and beliefs, often going unnoticed but significantly impacting their actions, decisions, and emotional responses. By providing this opportunity, we aim to eliminate unconscious bias and foster a more welcoming and equitable workplace environment. 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 2023, KTB has 10 employees with physical or mental disabilities.

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. In 2023, the advocacy rate reached 100%.

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 2023.

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, nationality, 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 2023, the total duration of human rights education training and sexual harassment prevention advocacy reached 1,944 hours, with a advocacy rate of 100%.

Perform Human Rights Due Diligence

In addition to formulating human rights policies, KTB conducts human rights due diligence investigations annually on all operational locations, including 66 branches and 3 credit centers. These investigations aim to identify potential issues and subjects at risk, disclosing the

implementation status of subsequent risk mitigation measures to ensure the effectiveness of human rights policy execution. The completion rate for 2023 was 100%. Furthermore, the results of these investigations are reviewed and approved by the President and disclosed on the official website under the [\[2023 Human Rights Risk Assessment Management Table\]](#).



► Human Rights Due diligence and Implementation Outcomes

Evaluation Issue	Target of Evaluation	Risk Identification Ratio <small>(Note 1)</small>	Total Risk Ratio	Risk Mitigation Management Measures	Impact Ratio <small>(Note 2)</small>	Total Impact Ratio	Impact Remediation / Implementation Outcome
Workplace Equality	Employees with physical or mental disabilities Applicant and interview applicants	0.93%	5.68%	<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%	1.96%	<p>In 2023, KTB hired a total of 10 employees with physical and mental disabilities, surpassing the legal requirements</p> <p>No dispute or improper workplace management issue occurred in 2023, and no workers under the age of 16 were employed</p> <p>2023 Education training completion rate reached 100%</p>
Occupational Health and Safety	All employees	3.10%		<ul style="list-style-type: none"> Implemented the ISO 45001 Occupational Health and Safety Management System and obtained third-party certification Establish the "Occupational Safety and Health Management Manual" and "Code of Practice on Occupational 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. 	1.86%		<ol style="list-style-type: none"> In 2023, no cases of occupational accidents occurred in the workplace were reported. Only 8 occupational accidents occurred during employees' commute to and from work, involving 8 individuals. Subsequent telephone interviews were conducted to provide health education consultation, process group insurance claims, and assist with applications for employee injury and illness subsidies. Furthermore, this year's safety and health education training program included traffic safety promotion and precautionary measures to enhance employees' awareness of traffic safety and risk prevention Abnormal Workload-induced Disease Prevention Programs: KTB conducted an overwork screening test/overwork load assessment questionnaire throughout the Bank, with the results as: 41 for mild, 1 for moderate (interview recommended), and 1 for severe (interview required). Among the 2 employees under moderate and severe workloads have received video consultations with KTB's engaged service physician Workplace Maternal Health Protection Program: Among the participants, 15 employees were pregnant and 10 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 16 employees with symptoms (more than 3 points). 11 out of the 16 employees have been interviewed in person, by video interview or by telephone by our special physicians for health consultation and guidance, and 2 have been interviewed by health managers by telephone for health consultation and guidance. The remaining 3 have resigned or retired Unlawful Infringement Prevention Program in the Performance of Duty: According to the survey results in 2023, one department (workplace) has been assessed as having a "moderate" level of risk In 2023, a total of 4 physical courses were conducted for health promotion activities, with a total of 151 participants
Discrimination and Sexual Harassment	All employees Applicant and interview applicants	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," and handle complaints in a fair manner Organize regular "Sexual Harassment Prevention" advocacy courses and human rights education and training to raise the awareness of gender equality among supervisors and employees 	0.00%		<p>There were no cases of employment discrimination or workplace harassment complaints in 2023</p> <p>2023 Education training completion rate reached 100%</p>
Working Hour	All employees	1.03%		<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%		<p>There were no penalties for violating labor laws and regulations in 2023</p> <p>Employees who work more than 8 hours per day are eligible to apply for overtime pay</p>
Labor Dispute	All employees	0.52%		<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 engagement surveys to understand employee concerns and feedback 	0.10%		<p>In 2023, there was one case of labor dispute mediation. A meeting was held at the Labor Affairs Bureau to coordinate the issue, but consensus could not be reached, and thus mediation was unsuccessful. We will continue to monitor this case</p>

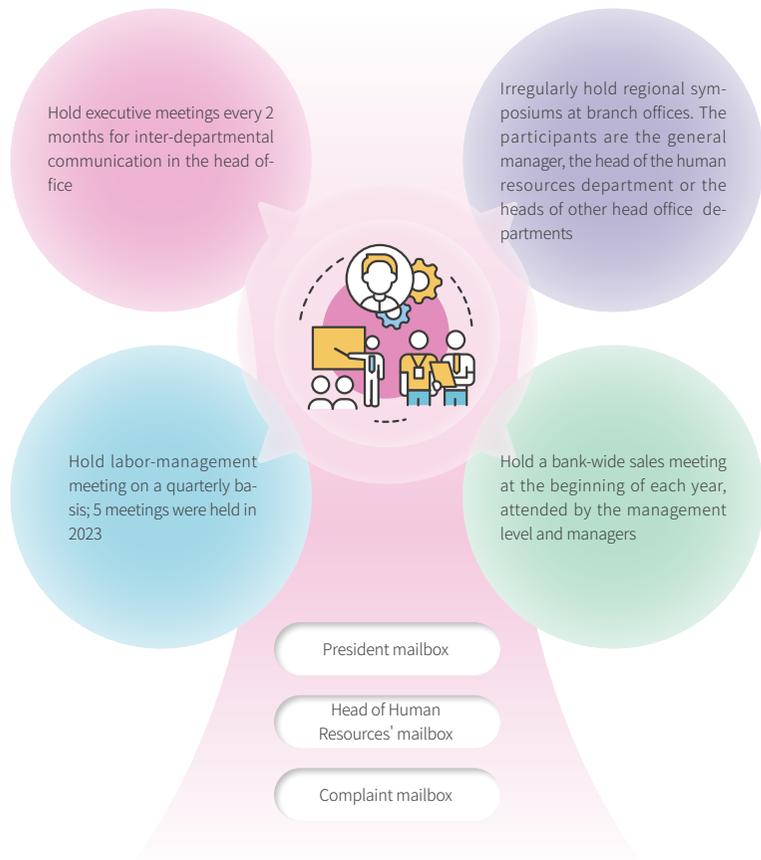
Note 1: Risk identification ratio = number of potential employees / total number of employees

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 2023.

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 includes indicators such as feeling happy most of the time at work, feeling stressed most of the time at work, being completely satisfied with one's job responsibilities, and having a clear sense of purpose in one's work. It also examines the commitment and responses of colleagues in different age groups to various aspects. The feedback and suggestions provided by colleagues will be forwarded to relevant departments for evaluation and improvement. In 2023, the response rate was 95.21% and the employee engagement rate was 91.93%.

Survey Results

1. Employees generally feel content and satisfied in their work, experiencing a high level of agreement when it comes to managing stress, understanding their purpose, training programs, and the need for additional staff
2. Employees generally agree on various aspects such as salary and benefits, education and training, promotion system, communication and coordination, and teamwork within the Company
3. Employees acknowledge the Company's commitment to respecting employees of diverse religions, races, and sexual orientations

Response and Adjustment

1. The employee suggestions have been reviewed for feasibility by the relevant departments, and necessary improvements have been implemented.
2. The Company actively evaluates the universality and implementation of overall benefits and makes improvements to plans that do not meet current conditions
3. Continued promotion of gender equality in all aspects, and no cases of discrimination complaints have been reported

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%
2023	91.93%	95.21%	92.08%	91.83%	89.72%	90.63%	96.51%	95.62%	91.53%

CHAPTER 07

Social Prosperity

Nearly 65% of KTB's branches are concentrated in the Yunlin-Chiayi-Tainan Area. Our goal is to establish a robust presence in the local community by investing resources and collaborating with partners in different areas. Together, we will organize community activities, support local businesses, and promote educational programs, all with the aim of achieving a shared vision of prosperity and inclusivity. The city of Tainan, with its rich history, is not only a cultural treasure trove but also a crucial area for fostering community prosperity and exemplifying the KTB's dedication to sustainable values.

- 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. When KTB engages in social investment, it leverages its unique "localization" feature to create a welcoming environment and bring a "local inspiration" to every corner of the community. This includes promoting financial education, raising awareness about fraud prevention, offering friendly customer service, engaging bank employees as volunteers, and organizing heartwarming charity events. We believe that localization is a crucial factor in promoting social prosperity in the financial services industry. By understanding the local culture, needs, and issues, and providing appropriate assistance, we can establish closer connections with the community and its residents. This approach not only addresses financial needs but also cultivates long-term relationships, thereby contributing to social prosperity.

Social Investment Action 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.

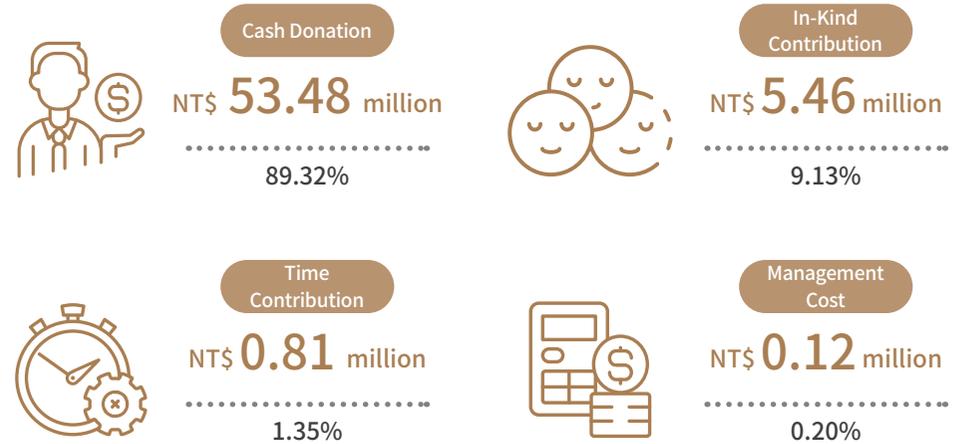
Call of the Headquarters: Most plans are the responses to social needs or proposed by employees. The ESG Team is responsible for summarization and discussion and reports the final plan to higher authorities for approval and budget application. Finally, the plan is handed over to the responsible management 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. In light of the rising number of fraud cases and the continuous development of fraudulent techniques in recent years, as well as the significance of promoting financial literacy, we have made "Financial Education" and "Anti-Fraud Advocacy" the primary areas of focus for our community care initiatives since 2019. Each branch hosts at least one "Financial Education" and "Anti-Fraud Advocacy" event annually, aiming to effect tangible improvements in the local community through practical measures.

Implementation Effect of Social Investment

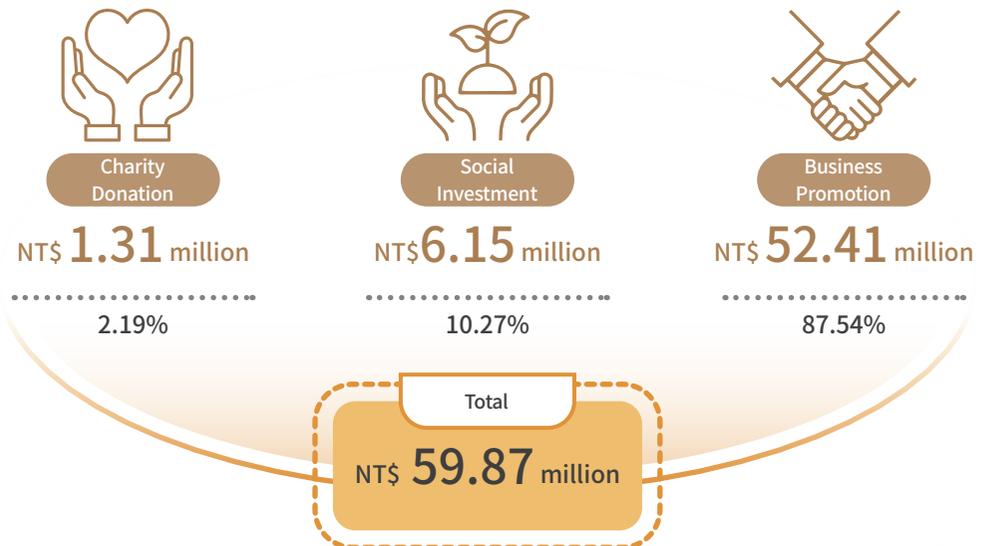
Types of KTB's social investment resources(Form of Contribution) can be divided into "Cash," "In-kind," "Time" and "Management Cost," and the investment motives(Driver for Contribution) are divided into "Charitable gifts," "Community investment," and "Commercial initiatives in the community". In the 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.

Types of Investment Resource



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 2023

Investment Motivation



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

With the widespread use of technology, digital financial education has become essential. While online transactions have brought convenience that was not available in the past, they have also become a haven for criminals with malicious intent. Nowadays, people are relying more and more on the internet for financial transactions, making fraud prevention crucial. In addition to working closely with the police and raising advocacy among our customers about anti-fraud measures, KTB also utilizes social media platforms to share information on fraud prevention. This includes highlighting the identification of fraudulent methods, safeguarding personal information, and promoting financial literacy through digital channels. It not only achieves the goal of "Education and Promotion," but also ensures that everyone can use financial transaction services more safely in the digital environment. In 2023, a total of 10 articles on financial education and anti-scams were published, which were liked and messaged for up to 3,464 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-scams advocacy, and basic ATM operations. We aim to stimulate the children's interest and motivation through videos, Q&As, and games. In addition to Little Financier, in 2023, KTB was invited by Chaoyang University of Technology to serve as a lecturer for the "Career Planning Course in Finance and Banking." The course focuses on the theme of "Banking Industry Ecosystem and Future Innovation" and explores the profound impact of technology on the financial services industry, including topics such as digital transformation. The traditional financial services industry is constantly seeking innovative transformation opportunities in the face of technological challenges. The course also examines the various development patterns that emerge from the close integration of the future financial services industry and technology. These insights are valuable and it is hoped that this event will inspire future talented and visionary individuals in the financial sector. In 2023, a total of 4 lectures for Little Financial Specialist and finance education activities were held, with a total of 231 students participating.



Little Financier Growth Camp - Guanmiao Branch Staff Teaching Students How to Operate ATMs



Invited to Serve as A Lecturer for the "Career Planning Course in Finance and Banking" at Chaoyang University of Technology



Introduced the Banking Environment and the Available Services to the Children at American Eagle Institute

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](#), and we also actively engage in collaboration and promotion through other forms:

- ✓ We have held "International Forum of Sustainable FinTech and RegTech" for 4 consecutive years in cooperation with Innovative Fintech Business Models Center, National Cheng Kung University as well as many enterprises. In 2023, President Hung-Liang Chiang, Vice President Qi-Wei You, and Executive Manager Wan-Hsin Liu served as speakers at the forum. They shared their experiences and skills in financial management talent during the global digital and sustainable transformation, with the aim of passing on their accumulated pre-career value and providing guidance. Their goal is to equip our exceptional students with strong professional skills and assist them in finding their future path.
- ✓ Vice President Qi-Wei You has been a course lecturer of Innovative Fintech Business Models Center of National Cheng Kung University for 4 consecutive years.
- ✓ Vice Chairman Chung-Ting Tsai of KTB and Chairman Hui-Yu Chen of the Life Insurance Association have graciously sponsored the "2023 1st NTU Overseas Internship Program." They have chosen over 30 students from National Taiwan University to take part in internships and practical training at overseas companies, NGOs, and research institutions in 10 countries during the summer break. This project is the first school-level overseas internship program in Taiwan. It focuses on mentorship-based internships, where mentors from different overseas institutions act as "guides" to provide students with the opportunity to experience foreign workplace culture or participate in international service, and to enhance their personal careers.



Vice Chairman Cai Chung-Ting Tsai (the First on the Right) is Sponsoring the "1st NTU Overseas Internship Program"



President Hung-Liang Chiang (on the right) Attended the NCKU International Forum of Innovative Fintech Business Models Center, and Acted as a Discussant



Vice President Qi-Wei You Was One of the Discussant at the Practical Session on the Trend of Financial Digital Empowerment



Executive Manager Wan-Hsin Liu (the First on the Right) Acted as a Discussant for the Practical Session Aimed at Enhancing the Competitiveness of Industry Experts.

Inclusive Financing Education in the Community

"Anti-Scam Advocacy" Protects the Publics' 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 publics' awareness of scams through the efforts of each branch office, sharing of case studies, and anti-scam slogans. In 2023, 104 "Anti-scam Advocacy" events were held, benefiting 1,412 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 2023, KTB successfully blocked 134 cases of scams with a total amount of NT\$57.08 million.



"Financial Services Charity Carnival." A Fun and Educational Community Financial Carnival

"Taiwan Financial Services Roundtable" is committed to promoting financial literacy and raising awareness of the financial industry's efforts in financial education and social welfare. Each year, it collaborates with various financial industry associations and surrounding organizations to organize the "Financial Services Charity Carnival." The event aims to promote financial knowledge, charity and public welfare, and prevent financial fraud. Its goal is to foster a correct understanding of financial knowledge among the public and demonstrate concern for rural and socially vulnerable groups, thereby highlighting the active involvement of the financial services industry in social welfare and fulfilling its social responsibilities. This year, the Headquarter Building and other branches (Zhongzheng, Gangshan, North Kaohsiung, Nanzi, and Kaohsiung) collaborated to organize the "2023 Financial Service Charity Carnival - Kaohsiung Event." The event was held at Aozihdi Forest Park in Gushan District, Kaohsiung City. Through interactive financial education games, the general public was educated about fraud prevention. Participants included children and the elderly, who are often more susceptible to fraud. The staff members guided them through interactive questions and answers, helping them understand the latest fraud techniques and avoid financial losses. Approximately 300 people engaged with our booth at this event, and the Company also made a donation of NT\$100,000 to a social welfare organization.



President Hung-Liang Chiang (Right) Takes the Stage to Receive a Certificate of Appreciation



Interaction Between Bank Employees and the Public at Booth Games



Group Photo of Financial Services Charity Carnival

Promote Equal Opportunity in 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 in Taiwan that is dedicated to promoting emotional well-being. The mission is to educate students about the significance of emotional health and the use of art creation as a method of stress relief. KTB has partnered with Social Entertainment Enterprise for four years in a row. In 2023, employees from the head office, Taibao branch, and Puzi branch visited Zhucun Elementary School in Puzi City, Chiayi County. They conducted art therapy classes, provided financial education, and promoted environmental protection activities for 26 students. This initiative aimed to offer a range of educational opportunities and inspire children in rural areas. This year, the curriculum invited artist Teacher EMMA to conduct an art course, enabling children to comprehend the significance of emotional well-being. By engaging in the creation of images, they can alleviate stress and engage in a meaningful conversation with their inner selves. In addition, the course content not only incorporates the core functions of KTB to provide students with an engaging and educational Monopoly game, but also integrates environmental sustainability issues into interactive classes. Through game competitions, students can learn the significance of savings and investments, as well as grasp the distinction between "needs" and "wants" and develop a proper consumption mindset. Simultaneously, it enables students to comprehend the importance of conserving energy and safeguarding the environment in their daily lives.



"Social Entertainment Enterprise: See the World with Your Heart" Activity Group Photo



Finance Monopoly Game



Sharing Children's Artwork at Zhucun Elementary School



Course Promotion "Collecting Coins Battle"

7.2 Caring for the Disadvantaged

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

NanTaiNan Fund for Children and Families has had 57 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 nine 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 cowork, co-creation and co-learning." The 2023 activities in collaboration with the Tainan Taiwan Fund for Children and Families are as follows:

- ✓ This year, King's Town Bank, through collaboration with Yu-Ching District Farmers' Association and NanTaiNan Fund for Children and Families, is once again donating micro-group accident insurance to families in need. Each insured individual is covered up to a maximum of 500,000 New Taiwan Dollars, providing assistance to over 100 economically disadvantaged families to supplement their social safety net. This donation initiative involved first negotiating with multiple insurance companies to identify suitable products. Eventually, TransGlobe Life and China Life were selected for underwriting. Subsequently, in collaboration with YuJing Branch, FuCheng Branch, and XinXing Branch, and in partnership with Yu-Ching District Farmers' Association and NanTaiNan Fund for Children and Families, product briefings were organized, appropriate policyholders were assessed, and the initiative aimed to bring responsible and sustainable financial services to underserved groups. This approach ensures that even previously hard-to-reach communities can access resources and that societal resources are distributed more effectively.
- ✓ In light of the increasing number of underprivileged families and children in today's society, the XinXing Branch, in collaboration with the NanTaiNan Fund for Children and Families, is committed to caring for the underprivileged and fulfilling social responsibilities. Through the "Little Green Buds Tutoring Class," they teach children basic saving concepts and provide them with supplies. By offering thoughtful companionship, they warm the hearts of these children and support their growth.



Cooperation Between XinXing Branch and NanTaiNan Fund for Children and Families - Supporting Underprivileged Families and Children



Interaction and Donation of Supplies Between Employees of the XinXing Branch and Children

Program the World Association (PTWA): Becoming the Beacon for Children

The Program the World Association (PTWA), which was founded in 2016 by Professor Su Wen-Yu of National Cheng Kung University, is committed to educating children in rural areas about programming and making through open courses. Its mission is to support underprivileged education in rural areas by providing educational resources and opportunities. The association works in collaboration with local schools and teaching groups to promote training for local teachers and students, with the aim of assisting children in remote areas in improving their current situation through guided teaching and long-term planning. Since January 2022, KTB has been offering the second floor of the Eastern Tainan Branch for free to the PTWA (Program the World Association) as a Program the World's innovative education base. This initiative helps PTWA establish a presence in southern Taiwan, providing more opportunities for teenagers to access diverse educational resources. Since its inception, PTWA has hosted 70 technology courses for disadvantaged and special education children, 10 technology camps, 10 teacher training sessions for technology lesson plans, and over 15 educational seminars, art performances, and other activities.

KTB, in collaboration with PTWA, successfully organized the "First National Computer Graphics Competition" in 2022. To further encourage young people to unleash their creativity and cultivate an interest in programming, we are partnering with PTWA once again to hold the "Second National Computer Graphics Competition." Additionally, in line with the Company's commitment to environmental sustainability, the theme of the event is "Caring for the Earth, Sustainable Environment." This theme not only prompts the participating youth to reflect on the importance of environmental sustainability but also inspires them with the endless possibilities for environmental improvement. The graphic competition was fully sponsored by the Company, which included providing scholarships for admitted students and transportation subsidies for underprivileged students participating in the finals. A total of 41 people registered for the preliminary round, out of which 23 were selected for the finals and 22 participated. A total of NT\$46,000 was awarded as prize money. Through the organization of this event and our dedicated support, we aim to nurture more talented young individuals and establish a positive cycle. Once they have acquired skills, we hope they will be willing to return to their hometowns and contribute their abilities to help the next generation.



Program the World Innovation Education Base



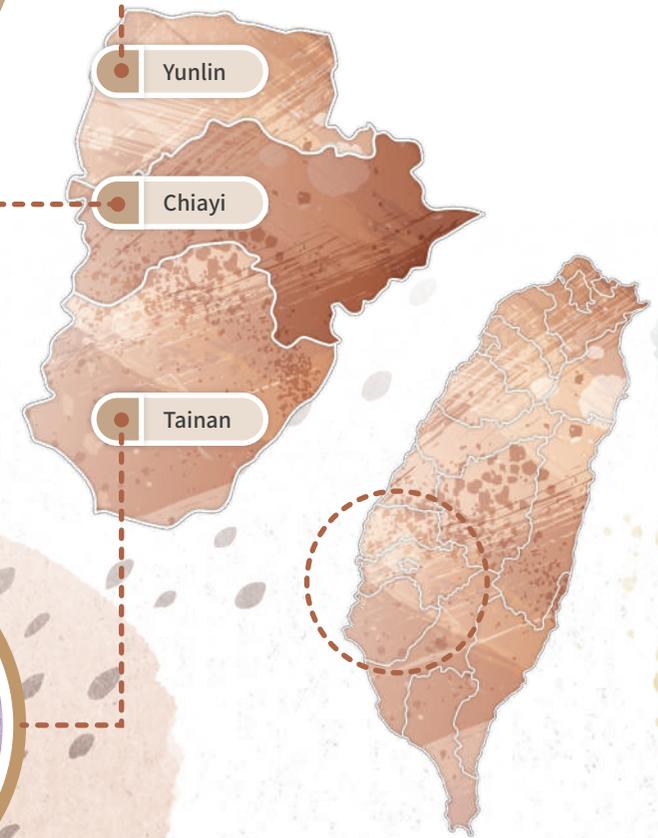
Chien-Ko Yang, the Deputy Manager (second from the left), acted as the presenter for the second PTWA Computer Graphics Competition

Teach for Taiwan and The 13th Charity Concert of Love in Action

The "Teach for Taiwan (TFT)" was established in 2013 with the goal of tackling "educational inequality" and working towards providing equal educational opportunities for all children. This involves addressing issues such as uneven distribution of teacher resources, family dysfunction, low community engagement, and imbalanced social structures. As a long-term funding partner, KTB actively collaborates with us by providing tangible support to create equal educational opportunities for underprivileged children. This not only helps improve the education level but also enhances the Bank's connection with the community. With a charitable spirit and an educational philosophy aimed at helping the underprivileged, let us extend love to every vulnerable child, just as light brings warmth. This will foster social inclusion and equity, and showcase the positive and enduring impact of the Company on overall social welfare.

Give Back to the Community

King's Town Bank is the only financial institution in Taiwan headquartered in Tainan City, and most of its branches are located in Yunlin, Chiayi, and Tainan, accounting for about 65% of the total. As a local bank, we utilize the strengths of our branch partners to implement community care activities, caring for our neighbors and friends in remote areas, and linking up the feelings of the local community. In 2023, our branches in Yunlin, Chiayi, and Tainan organized a total of 206 community care activities, benefiting 7,709 people.



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 2023, KTB invested NT\$ 5,184,828 in development of arts and humanities, with participants being up to 92,871 person times in related activities.

2023 Tainan Arts Festival - Young Dream

"Tainan Arts Festival" is an annual cultural event organized by the Tainan City Government. It invites exceptional artists, groups, and theaters from diverse fields to participate and showcases a variety of art performances in the nooks of Tainan's streets and alleys, showcasing the city's cultural uniqueness. "2023 Tainan Arts Festival," themed "Young Dream" showcases innovative elements that blend international and local, traditional and modern, and formal performance venues with everyday life settings, aiming to showcase the beauty of Tainan, an ancient capital. KTB has always been dedicated to promoting the humanities and supporting local culture and are honored to be a significant sponsor of the Tainan Arts Festival, which not only demonstrates the Company's social responsibility but also fosters the growth and advancement of local arts and culture. A total of 82,763 person took part in this event.



"2023 Tainan Arts Festival - Belgian Sensory Theater" event



Sponsor Kaohsiung Museum of Fine Arts: Exhibition "Anthropocene"

Kaohsiung Museum of Fine Arts: Exhibition "Anthropocene"

The Kaohsiung Museum of Fine Arts, as a prominent art hub in southern Taiwan, offers an exhibition space that seamlessly integrates diverse art forms with the beauty of nature. In addition to showcasing art, it also inspires visitors to value environmental conservation. In 2023, KTB sponsored the special exhibition "Anthropocene" in collaboration with the Kaohsiung Museum of Fine Arts, jointly promoting environmental sustainability. The exhibition encouraged contemplation on the relationship between artificial landscapes, geological changes, and natural ecology, raising awareness and promoting the conservation of the Earth's ecosystem. Approximately 3,728 visitors attended the exhibition during its run.

Tainan 400

In 2024, which marks the 400th anniversary of the founding of Tainan, KTB actively responds to the various themed activities of the Tainan City Government's "Tainan 400" campaign. We have launched calendars and desk calendars with the theme of "Tainan 400," collaborating with local artists to create unique and culturally rich illustrations that showcase the charm of Tainan. These illustrations include cultural and tourist attractions in Tainan such as Hayashi Department Store, Shennong Street, Jingzaijiao Tile-paved Salt Fields, Sicao Green Tunnel, and Anping Tree House. Additionally, we have produced commemorative insulated bottles for "Tainan 400" and will present them to our valued customers, demonstrating our commitment to local engagement and support for local culture.

Various Arts and Cultural Activities

- ✓ KTB has been a sponsor of violinist Yu-Chien Tseng's concerts for four consecutive years. In 2023, the Bank sponsored the concert "Yu-Chien Tseng and the Berliner Barock Solisten," which took place at the National Concert Hall in Taipei (1 performance), the National Kaohsiung Center for the Arts (Weiwuying) (1 performance), and the Hsinchu Performing Arts Center (2 performances). The concerts were highly successful, attracting a total audience of approximately 4,775 people. KTB extended invitations to both customers and employees to attend the concerts.
- ✓ KTB has always been dedicated to supporting cultural and artistic activities. After inviting customers to participate in the Chimei Museum Special Exhibition in 2021, the Bank is once again inviting customers to take part in the "2023 Chimei Music Festival" organized by the museum in 2023. The objective is to establish a cultural public welfare platform by promoting the concepts of "Activating Collections" and "Educational Promotion" and collaborating with local businesses. Simultaneously, it aims to broaden the local residents' understanding of global culture and art, foster cultural literacy, and involve approximately 3,284 participants.
- ✓ The purpose of the "Ring the Silver Bell" event at the Tainan Art Museum is to create a space that is friendly to the elderly, develop art promotion activities specifically for the elderly, and cultivate interdisciplinary professionals. KTB sponsored NT\$200,000 to support the vision of establishing an art museum at the Tainan Art Museum that is accessible to the elderly. The goal is to achieve equal rights for the elderly and create an art museum environment that is suitable for people of all ages.



2023 Chimei Music Festival Promotional Poster



In Response to the "Tainan 400" Distinctive Illustrations Drawing - Tainan Lantern Festival

CHAPTER 08

Appendix

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- 8.1 GRI Guidelines - Content Index
- 8.2 Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- 8.3 Comparison Table of Disclosure Items of Sustainability Accounting Standards Board (SASB)
- 8.4 Human Resource Management Indicators
- 8.5 Independent Assurance Statement
- 8.6 CPA's Limited Assurance Report
- 8.7 Management System and Greenhouse Gas Inventory Certificate

8.1 GRI Standards - Content Index

Instruction for Use	KTB reported contents from January 1, 2023 to December 31, 2023 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 1.2	Vision Operational Performance	4-6	
	2-2	Entities included in the organization's sustainability report	i	About This Report	i	
	2-3	Reporting period, frequency and contact point	i	About This Report	i	
	2-4	Restatements of information	--		--	No restatements of information
	2-5	External guarantee/ assurance	i 8.5	About This Report Statement of Independent Assurance Opinion	i 112	
	2-6	Activities, value chain and other business relationships	1.1	Vision	4-5	
	2-7	Employees	8.4	Human Resource Management Indicators	109	
	2-8	Workers who are not employees	8.4	Human Resource Management Indicators	109	
	2-9	Governance structure and composition	1.3 3.1	Sustainable Enterprise Blueprint Strategy and Management Corporate Governance	8 21-22	
	2-10	Nomination and selection of the highest governance body	3.1	Corporate Governance	22	
	2-11	Chair of the highest governance body	3.1	Corporate Governance	21	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.3 2	Sustainable Enterprise Blueprint Strategy and Management Stakeholder Engagement	8-9 11-19	
	2-13	Delegation of responsibility for managing impacts	1.3	Sustainable Enterprise Blueprint Strategy and Management	8	
	2-14	Role of the highest governance body in sustainability reporting	i 2	About This Report Stakeholder Engagement	i 12	
	2-15	Conflicts of interest	3.1	Corporate Governance	22	Please refer to " Page 13-14 & Page 27-28 of King's Town Bank Co., Ltd. 2023 Annual Report " for detail

GRI Standards	Disclosure	Corresponding Section	Page No.	Remarks/ Omission
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	1.3 Sustainable Enterprise Blueprint Strategy and Management	8	
	2-17 Group knowledge of the highest governance body	3.1 Corporate Governance	23	
	2-18 Evaluation of the performance of the highest governance body	3.1 Corporate Governance	23	
	2-19 Remuneration policies	3.1 Corporate Governance	24	
	2-20 Process to determine remuneration	3.1 Corporate Governance	24	
	2-21 Annual total compensation ratio	6.1 Talent Attraction and Retention	81	
	2-22 Statement on sustainable development strategy	Chairman's Message	1	
	2-23 Policy commitments	4.2 Sustainable Finance 6.4 Labor Rights	55 91	
	2-24 Embedding policy commitments	4.2 Sustainable Finance 6.4 Labor Rights	55-56 91	
	2-25 Processes to remediate negative impacts	2.1 Stakeholder Identification and Communication 5.1 Service Quality and Customer Experience 6.4 Labor Rights	13-14 72 93	
	2-26 Mechanisms for seeking advice and raising concerns	2.1 Stakeholder Identification and Communication 5.1 Service Quality and Customer Experience 6.4 Labor Rights	13-14 70 93	
	2-27 Compliance with laws and regulations	3.2 Regulatory Compliance	28	
	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 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	2.1 Stakeholder Identification and Communication	13-14	
2-30 Collective bargaining agreements	--	--	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	Process to determine material topics	2	Stakeholder Engagement	11-12	
	3-2	List of material topics	2.3	Strategies, Goals, and Achievements of Material Topics	17-19	
Talent attraction and retention						
GRI 3: Material Topics 2021	3-3	Labor-employment relation management policy	2.3	Strategies, Goals, and Achievements of Material Topics	18	
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	6.1	Talent Attraction and Retention	83	
GRI 401: Employment 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	82-83	
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	3.1 8.4	Corporate Governance Human Resource Management Indicators	22 109-111	
	405-2	Ratio of basic salary and remuneration of women to men	6.1	Talent Attraction and Retention	81	
Talent Cultivation and Development						
GRI 3: Material Topics 2021	3-3	Occupational health and safety management policy	2.3	Strategies, Goals, and Achievements of Material Topics	19	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	6.2 8.4	Talent Cultivation and Development Human Resource Management Indicators	84 111	
		Programs for upgrading employee skills and transition assistance programs	6.2	Talent Cultivation and Development	84-86	
	404-3	Percentage of employees receiving regular performance and career development reviews	6.2	Talent Cultivation and Development	86	
Labor Rights						
GRI 3: Material Topics 2021	3-3	Labor rights management policies	2.3	Strategies, Goals, and Achievements of Material Topics	18	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	6.4	Labor Rights	91-92	No discrimination event occurred
Service Quality and Customer Experience						
GRI 3: Material Topics 2021	3-3	Service quality and customer experience management policies	2.3	Strategies, Goals, and Achievements of Material Topics	18	
GRI 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	5.1	Service Quality and Customer Experience	71	There was no violation of any regulation voluntary convention

GRI Standards	Disclosure	Corresponding Section	Page No.	Remarks/ Omission
Information Security				
GRI 3: Material Topics 2021	3-3 Information security management policies	2.3 Strategies, Goals, and Achievements of Material Topics	17	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4 Information Security	36	
Risk Management (custom topic)				
GRI 3: Material Topics 2021	3-3 Risk management policies	2.3 Strategies, Goals, and Achievements of Material Topics	17	
		3.3 Risk Management	31	
Sustainable Finance (custom topic)				
GRI 3: Material Topics 2021	3-3 Sustainable finance management policies	2.3 Strategies, Goals, and Achievements of Material Topics	19	
		4.2 Sustainable Finance	54-59	
Regulatory Compliance (custom topic)				
GRI 3: Material Topics 2021	3-3 Regulatory compliance management policies	2.3 Strategies, Goals, and Achievements of Material Topics	17	
		3.2 Regulatory Compliance	28	
Fintech and Innovation (custom topic)				
GRI 3: Material Topics 2021	3-3 Fintech and innovation management policies	2.3 Strategies, Goals, and Achievements of Material Topics	19	
		5.2 Fintech and Innovation	77	
Non-material topics disclosed independently				
GRI 200: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	4.1 Climate Risks and Opportunities	43	
	205-1 Operations assessed for risks related to corruption	3.1.1 Ethical Corporate Management	25	
	205-2 Communication and training about anti-corruption policies and procedures	3.1.1 Ethical Corporate Management	26	
	207-1 Approach to tax 2019	1.2 Operational Performance	7	
GRI 400: Social Performance 2016	401-3 Parental leave	6.3 Employee Care and Friendly Working Environment	90	

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

Articles	Contents of Rules	Corresponding Section	Page No.
Article 3	The TWSE listed companies should annually prepare their sustainability reports for the previous year by referencing the Universal Standards, Sector Standards, and Material Topic Standards published by the Global Reporting Initiative (GRI). These reports should disclose the company's identified material topics and impacts related to economic, environmental, and social (including human rights) issues, along with the relevant disclosures and reporting requirements. Additionally, companies may refer to the standards of the Sustainability Accounting Standards Board (SASB) to disclose industry-specific information and provide an index mapping SASB indicators to the content of the report.	8.1 GRI Standards - Content Index	103
	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.	2.3 Strategies, Goals, and Achievements of Material Topics	17
	In the sustainability report, a TWSE 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.	8.1 GRI Standards - Content Index 8.5 Statement of Independent Assurance Opinion	103 112
	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.	8.1 GRI Standards - Content Index	103
Paragraph 1 of Article 4	The TWSE listed companies specified in Subparagraphs 1 and 2 of Paragraph 1, Article 2 should enhance the disclosure of sustainability indicators according to their respective industries (as outlined in Schedule I (3) - Sustainability Disclosure Indicators - Financial and Insurance Industries): (1) Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	3.4 Information Security	39
	(2) Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	4.2 Sustainable Finance	59
	(3) Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	7.1 Academic Education	96
	(4) Products and services designed by individual operating units to create benefits for the environment or society.	4.2 Sustainable Finance	76
Paragraph 2 of Article 4	The TWSE listed companies mentioned in the preceding paragraph should disclose the sustainability indicators of their respective industries according to Schedule I (1-1) to Schedule I (1-3). They must obtain an assurance report from an accountant based on the standards issued by the Accounting Research and Development Foundation.	8.6 CPA's Limited Assurance Report	113
Paragraph 1 of Article 4-1	TWSE listed companies prescribed shall disclose climate related information with special seal (Schedule II)	4.1 Climate Risks and Opportunities	43
Paragraph 2, Article 4-1 and Subparagraph 1 of the same paragraph	The applicable schedule for the inventory of Scope 1 and Scope 2 greenhouse gas emissions in the information mentioned in the preceding paragraph is as follows: 1. Steel industry, cement industry, as well as those with a paid-in capital of NT\$10 billion or more as of the end of the most recent fiscal year, should disclose individual company data starting from 2023 and consolidated parent-subsidiary data starting from 2025.	4.3 Operating Environment Sustainability	62
Paragraph 3, Article 4-1 and Subparagraph 1 of the same paragraph	TWSE listed companies should conduct assurance of Scope 1 and Scope 2 greenhouse gases according to the following schedule: 1. Steel industry, cement industry, as well as those with a paid-in capital of NT\$10 billion or more as of the end of the most recent fiscal year, should complete individual company assurance starting from 2024 and consolidated parent-subsidiary assurance starting from 2027.	8.7 Management System and Greenhouse Gas Inventory Certificate	115
Paragraph 4, Article 4-1 and Subparagraph 1 of the same paragraph	The TWSE listed companies should disclose their carbon reduction targets, strategies, and specific action plans for the company (including subsidiaries in consolidated financial statements) according to the following schedule: The TWSE listed companies with a paid-in capital of NT\$10 billion or more as of the end of the most recent fiscal year, as well as steel industry and cement industry, should complete disclosure starting from 2025.	4.3 Operating Environment Sustainability	62-63

8.3 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	3.4 Information Security	39
	FN-CB-230a.2	Qualitative	Describe methods for identifying and addressing data security risks	3.4 Information Security	36-39
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	4.2 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	5
	FN-CB-240a.4	Quantitative	Number of participants in financial literacy initiatives provided to the groups without adequate banking services	7.1 Academic Education	96
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 283 & Page 431 of King's Town Bank Co., Ltd. 2023 Annual Report] for details	-
	FN-CB-410a.2	Qualitative	Describe the method for incorporating ESG elements into the credit review	4.2 Sustainable Finance	55-56
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	3.2 Regulatory Compliance	28
	FN-CB-510a.2	Qualitative	Describe the whistleblower system and procedures	3.1 Corporate Governance	27
System Risk Management	FN-CB-550a.1	Quantitative	Global Systemically Important Banks (G-SIBs) 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	5
	FN-CB-000.B	Quantitative	The number and amount of loans by individuals, small enterprises and business customers	1.1 Vision	5

GRI 2-7

GRI 2-8

8.4 Human Resource Management Indicators

► Staff composition

Category			Male	Female	Total Number
Regular Employees (Full-Time Employees)	Permanent Employee	Serving Employees	345	621	966
		Part-Time Employees	0	1	1
	Regular Contract Employees	Interns	0	1	1
		Contract Staff	0	0	0
Total			345	623	968

Note 1: All KTB employees are hired within Taiwan, and the statistics is made regarding serving staff by December 31, 2023

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

Category			Male	Female	Total Number
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	Percentage in Total Employees	Number of Persons	Percentage in Total Employees
		Number of Persons	Percentage in Total Employees	Number of Persons	Percentage in Total Employees				
Male	30 years old and under	0	0.00%	0	0.00%	106	15.92%	106	10.95%
	31-49 years old	12	12.37%	34	16.59%	64	9.61%	110	11.36%
	50 years old and above	45	46.39%	50	24.39%	34	5.11%	129	13.33%
Female	30 years old and under	0	0.00%	0	0.00%	229	34.38%	229	23.66%
	31-49 years old	8	8.25%	66	32.20%	183	27.48%	257	26.55%
	50 years old and above	32	32.99%	55	26.83%	50	7.51%	137	14.15%
Total of This Category		97	10.02%	205	21.18%	666	68.80%	968	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	2	0	0	0	10
Percentage in Total Employees	0.20%	0%	0%	0%	1.01%

GRI 401-1

Distribution of New Recruits	Category	Gender		Age			Occupation		Race		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	50	96	119	22	5	13	133	145	1	146	0	146
	Percentage in Total Employees	5.17%	9.92%	12.29%	2.27%	0.52%	1.34%	13.74%	14.98%	0.10%	15.08%	0.00%	15.08%

Note: Average recruitment cost was NT\$11,549 in 2023, average recruitment cost (NT\$/person) = Recruitment cost (NT\$) ÷ Number of new employees

Distribution of Resigned Employees	Item	Gender		Age			Occupation		Race		Nationality		Total Number of Resigned Employees	Proportion of Resigned Employees to total 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	61	102	90	48	25	27	136	163	0	162	1	163	16.84%
	Involuntary Separation	4	3	2	2	3	0	7	7	0	7	0	7	0.72%
	Total	65	105	92	50	28	27	143	170	0	169	1	170	17.56%
	Percentage in Total Employees	6.71%	10.85%	9.50%	5.17%	2.89%	2.79%	14.77%	17.56%	0.00%	17.46%	0.10%	-	-

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			Occupation		Race		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	71	101	42	57	73	83	89	172	0	172	0	172	61.32%
	Internal Recruitment	3	1	2	2	0	0	4	4	0	4	0	4	
	Total	74	102	44	59	73	83	93	176	0	176	0	176	

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

GRI 404-1

► Investment in Employee Education and Training

		2020	2021	2022	2023
Training Hours	Female	27,121	34,882	37,817	46,990
	Male	10,664	13,653	16,333	20,404
	Managerial Positions	14,640	17,189	18,863	25,404
	Non-managerial Positions	23,145	31,346	35,287	41,990
	Total Training Hours	37,785	48,535	54,150	67,394
Average Training Hours Per Employee	Female	44.5	57.3	60.1	75.4
	Male	31.1	38.5	44.7	59.1
	Managerial Positions	50.5	57.9	62.3	84.1
	Non-managerial Positions	34.9	47	51.1	63
Total Training Expense (NT\$)		3,795,051	3,381,320	3,530,696	4,325,733
Average Training Expense Per Employee (NT\$)		3,982	3,508	3,552	4,469

► Absence Statistics

Item	Male	Female	Total
Days of Injury Leave	47.5	82.5	130
Days of Sick Leave	446.63	1,180.63	1,626.26
Days of Menstruation Leave	0	19.38	19.38
Days of Personal Leave	128.88	260.63	389.51
Total Days of Absence	623	1,542.13	2,165.13
Absence Rate	0.71%	1.00%	0.90%

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

► Occupational Hazards

Item	Male	Female	Total
Total Working Days	87,630	153,651	241,281
Total Working Hours	701,040	1,229,208	1,930,248
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 2023 were [245], and the calculation is based on the number of employees on December 31, 2023

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 rate in previous years

Item	2020	2021	2022	2023
Absence Rate	0.23%	0.44%	1.25%	0.90%
Data Coverage (employees)	100%	100%	100%	100%

8.5 Statement of Independent Assurance Opinion



SGS ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE KING'S TOWN BANK CO., LTD.'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE
 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 2023. 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 Standards and AA1000 Accountability Principles (2018) during assurance (2024/5/3-2024/5/27) 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 2023 and its presentation are the responsibility of the directors or governing body (as applicable) 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 assurance 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)

TWLP5008 Issue 2404

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

Reporting Criteria Options
1 GRI Standards (in Accordance with)
2 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) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the standards.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability 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, Total Impact Measurement and Management, and 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 assurance, 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 28000, ISO 20121, ISO 50001, SAB000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service providers.

ASSURANCE / VERIFICATION OPINION
 On the basis of the methodology described and the assurance 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.

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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.

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 2023, 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. For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts on the economy, environment, and people, including impacts on their human rights as well as the role of the highest governance body in overseeing these processes. In addition, in view of the proposed medium and long-term goals, the effectiveness of the planned management proposals must be reexamined.

Signed:
 For and on behalf of SGS Taiwan Ltd.




Stephen Pao
 Business Assurance Director
 Taipei, Taiwan
 27 June, 2024
www.sgs.com

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8.6 CPA's Limited Assurance Report

CPA's Limited Assurance Report

King's Town Bank Co., Ltd.

Scope of Assurance

The CPA has accepted the appointment from King's Town Bank Co., Ltd. (hereafter referred to as King's Town Bank) to perform an "Limited Assurance Engagement", defined by assurance standards issued by the Accounting Research and Development Foundation, on the selected sustainability performance information (referred to as the "subject information") for 2023 sustainability report and issues a report.

Subject Information and its Applicable Criteria

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

The responsibilities of the management of King's Town Bank are based on the regulations of the Taiwan Stock Exchange's "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," as well as referencing appropriate criteria to prepare subject information. This includes referencing the 2021 GRI Standards issued by the Global Reporting Initiative (GRI) and adhering to disclosure standards for the commercial banking industry set forth by the Sustainability Accounting Standards Board (SASB). The management of King's Town Bank should select applicable criteria and ensure accountability for reporting the subject information in accordance with these criteria in all material aspects. This responsibility includes establishing and maintaining internal controls related to the preparation of subject information, maintaining appropriate records, and making relevant estimates to ensure that the subject information is not materially misstated due to fraud or error.

Responsibility of the CPA

The responsibility of the CPA is to form conclusions on the subject information based on the evidence obtained.

The CPA, in accordance with the requirements of the Assurance Standard 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation and the ISAE 3000 issued by the

International Auditing and Assurance Standards Board (IAASB), plans and performs assurance engagements to identify whether the subject information needs any modifications due to non-compliance with the applicable criteria in all material respects, and to issue a limited assurance report. Based on professional judgment, including the assessment of risks of material misstatement due to fraud or error, the CPA determines the nature, timing, and extent of the assurance procedures.

The CPA believes that sufficient and appropriate evidence has been obtained to provide a basis for expressing a limited assurance conclusion.

Independence and Quality Management of the CPA

The CPA and affiliated organization follow 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.

The firm adheres to Quality Management Standard No. 1, "Quality Management for Accounting Firms." This quality management standard mandates the design, implementation, and execution of a quality management system, which includes policies or procedures related to compliance with professional ethics standards, professional standards, and applicable laws and regulations.

Explanation of the Executed Procedure

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. Consequently, the level of assurance obtained in limited assurance engagements is significantly lower than that obtained in reasonable assurance engagements. The procedures designed by the accounting firm are intended to obtain limited assurance and to form a conclusion based on it. These procedures do not provide all the evidence necessary for reasonable assurance.

Although the CPA considered the effectiveness of internal controls at King's Town Bank when determining the nature and scope of assurance procedures, the CPA's opinion does not express an opinion on the effectiveness of internal controls at King's Town Bank. The procedures performed by the CPA do not include testing controls or performing procedures related to the aggregation of data or calculations within the information technology (IT) system.

Limited assurance engagements involve conducting inquiries primarily directed at personnel responsible for preparing the subject matter information and related information, and applying analytical and other appropriate procedures.

The procedures performed by the CPA include:

- 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;
- Interview relevant personnel at King's Town Bank to understand the processes involved in collecting, organizing, and reporting the subject information;
- Verify whether the standards have been correctly applied in accordance with the methods outlined in the applicable criteria;
- Conduct analysis on selected sustainability performance information in the report; collect and evaluate other supporting evidence and management statements obtained; selected samples for testing when necessary;
- Sample relevant documents pertaining to source information and conduct tests to verify their accuracy;
- 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.

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.

Conclusion

Based on the procedures performed and the evidence obtained, the CPA does not find any material misstatements in the subject matter information that would require significant adjustments due to non-compliance with applicable criteria.

Ernst & Young Global Limited

CPA: Roger Tseng

June 17, 2024

► Summary Table for Assurance Items

No.	Page	Titles	Subject Information	Applicable Standards	Additional Information
1	39	3.4 Information Security	There were no major information security incidents in 2023.	In 2023, 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	4.2 Sustainable Finance	Support Small- and Medium-Sized Enterprises (SMEs) Supporting the performances of Small Businesses At the end of 2023, the balance of loans was NT\$29.085 billion; the number of loans was 1,460; the number of loan customers was 647; and the loan balance percentage was 12.44%.	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 2023. 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 2023 (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	96	7.1 Academic Education	In 2023, a total of 4 "Small Financier" activities and campus finance lectures were held, and a total of 231 students participated in the events.	The sessions and number of participants at the financial educational services lectures provided by King's Town Bank in 2023 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	76	5.1.1 Financial Inclusion	The total number of Western Union remittance transactions in 2023 was 275,210, of which 51.20% were made by new residents or migrant workers, and 63.34% 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 2023. 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.

8.7 Management System and Greenhouse Gas Inventory Certificate

▶ ISO 50001 Energy Management System Certificate



▶ ISO 14001 - Environmental Management System Certificate



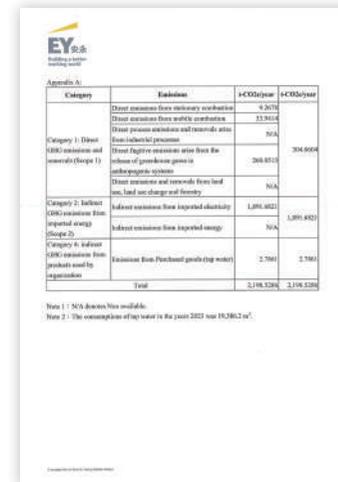
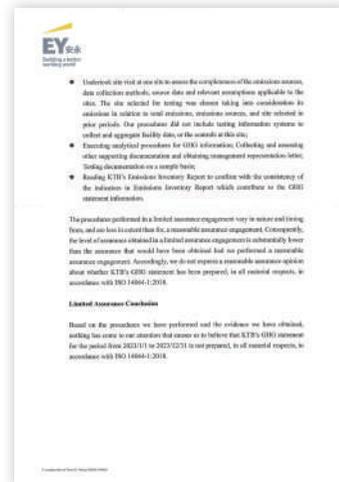
▶ ISO 45001 - Occupational Health and Safety Management System Certificate



▶ 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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