高雄銀行
BANK OF KAOHSIUNG



ESG Report

Sustainability Report

A BANK YOU CAN TRUST



2023

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About the Report

Welcome to the 2023 sustainability report released by Bank of Kaohsiung Co., Ltd. (stock symbol: 2836, hereinafter referred to as Bank of Kaohsiung). Bank of Kaohsiung was a local bank conceived with a policy mission at the time of its establishment, and has transformed into a national commercial bank. Bank of Kaohsiung seeks to provide a full range of financial products for the hearty service of the customers and for the achievement of sustainable development in the long run. Bank of Kaohsiung actively supports the policy of the government, advocates social and economic development, protects labor rights and upgrades the quality of the living environment. We expect to become a local financial advocate of Kaohsiung, cultivate local financial services, work with Kaohsiung to promote local construction, and protect citizens of Kaohsiung.

In demonstrating our efforts in sustainability in economic development, human rights protection, social engagement, environmental protection, and corporate governance, Bank of Kaohsiung strengthens the bonding with all stakeholders, and allows the public and stakeholders to understand the philosophy and practices of Bank of Kaohsiung in sustainable development through the open, transparent Sustainability Report.

To respond to environmental protection and promote paperless policy, the entire report is posted on the sustainable development section of Bank of Kaohsiung for the public to download and read.

• Report period

The Report discloses the performance and implementation in corporate governance, society and environment of Bank of Kaohsiung in 2023 (January 1 to December 31). To make sure that project and event performance is complete and comparable, some of the contents include the information in 2022 and outlook for 2024.

- The time the previous report was released: September 2023
- The time this report will be released: August 2024
- The time the next report will be released: August 2025

• Scope of the report

The Report primarily covers the disclosure of non-financial information, such as the operating activity and service of Bank of Kaohsiung. The related scope of financial performance covers the financial statement and auditor's report (P.3-7) of 2023. All financial figures are in NTD. Information involving affiliates will be stated explicitly in the Report.

• Rules for writing

This report was prepared in accordance with the GRI Standards (2021) published by the Global Reporting Initiative (GRI), which incorporates the Banking Standards of Sustainability Accounting Standards Board, TCFD and the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” and "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” of TWSE, which cover the information about various corporate sustainability management policies, key material issues, and project performance.

• Management method of report

1. Structure establishment: All of the department heads of Bank of Kaohsiung pass out stakeholder and material topic survey, confirm the result after analysis, and interview with members of the department according to the GRI Standards (2021). They draw up the framework of the annual report based on analysis and discussion result.
2. Data collection: All teams of the Sustainable Development Committee collect data and information, and forward them to the secretarial unit (Executive Administration) for compilation.
3. Preparation of the Report: The report is prepared based on the information and data sent back from all department units. Proofreading, typesetting and graphics design are then performed for the report.
4. Internal review: The Report shall be reviewed and approved by the Sustainable Development Committee before publication per the resolution of the “Board of Directors.”
5. External validation: Bank of Kaohsiung entrusted Ernst & Young Global Limited to execute limited assurance according to ISAE 3000, Assurance Engagements Other than Audits or Reviews of. Historical Financial Information, announced by Accounting Research and Development Foundation. Refer to the appendix for the auditor limited assurance report.

• Contact

Executive Administration, Bank of Kaohsiung Co., Ltd.

Address: No. 168, Bo’ ai 2nd Rd., Zuoying Dist., Kaohsiung City
Tel.: +886-7-5570535
Fax.:+886-7-5570518
Website:http://www.bok.com.tw
Email:esg@mail.bok.com.tw

Bank of Kaohsiung 2023 Sustainability Report (Chinese/English Version)

Bank of Kaohsiung 2023 TCFD Report

Bank of Kaohsiung website

Sustainable Development Zone of Bank of Kaohsiung

Bank of Kaohsiung stakeholder section

Sustainability Highlights in 2023

Sustainable operation result of Bank of Kaohsiung

E/// Environmental sustainability



Goal for energy saving

★ Control the water outlet temperature of ice water cooling system for air conditioning. Replace regular light bulbs with LED.

- In 2023, electricity consumption was reduced by 1.35% compared to the previous year, and the headquarters building's electricity consumption was reduced by 5.25%.

Carbon Reduction Effectiveness

★ Emissions reduction from fuel and energy-related activities in Scopes 1, 2 and 3

- In 2023, greenhouse gas emissions were reduced by 1.23% compared to the previous year.

Goal for energy-use reduction

★ Use less paper. Strengthen online business and the use of electronic official document system.

- Annual printing volume of office machines: 10,701,965 in 2021, 10,112,349 in 2022, and 10,433,752 in 2023. From 2021 to 2023, the reduction has attained 268,213 pcs in total.
- Promotion of electronic official documents: A total of 20,309 documents were sent and received in 2021, 23,090 in 2022, and 26,061 in 2023. From 2021 to 2023, the number of electronic official documents increased by 5,752.

Waste treatment

★ The expired subpoena files were no longer incinerated but dissolved in water instead to reduce GHG emissions.

- The total expired summons in 2022 weighs 39,900kg. They are no longer incinerated but dissolved in water instead.
- The total expired summons in 2023 weighs 63,740kg. They are no longer incinerated but dissolved in water instead.
- Implemented ISO 50001:2018 Energy Management System and passed third-party.
- Implemented ISO 14001:2015 Environmental Management System and passed third-party verification.

Promote Green Operations

★ Collaborate with Customers for Sustainability

- Launch Green Deposits
- Establish a "Green Electricity Trading Platform" and Build a Secure Green Electricity Trading Ecosystem through Cross-Industry Collaboration

S/// Social care

School education promotion

★ "Plan for Trust Promotion on Campus" implemented according to the government's policy

- In 2023, four trust seminars were held on college campus, attended by 245 persons in total.

Financial knowledge promotion seminar

★ Promote financial knowledge and take action to respond to social needs.

- In 2023, we promoted financial knowledge in relevant institutions and communities through a total of 17 events. 519 persons attended these events.

Local social care

★ Fully support local social welfare groups and charity groups. Make donations to various institutions and disadvantaged groups.

- In 2023, NT$1,369,011 were donated and sponsored to all local social welfare groups and public charity events.

Arts, culture and sports support

★ Fully support local sports and physical education development foundation in Kaohsiung to do our bit to physical education events in Kaohsiung.

- In 2022~2023, we have donated a total of NT$3,050,000to the "Kaohsiung City Sports Development Fund Competitive Sports Players New Heights Project.

Public Welfare Trust

★ Launch the "Public Welfare Trust Zone"

- In 2023, launched the "Public Welfare Trust Zone" webpage to help more people understand trust functions and shared resource services, fulfilling corporate social responsibility and creating shared prosperity.

Employee Care

★ Promote Employee Satisfaction Survey

- By the end of 2023, initiated an employee satisfaction survey project to continuously improve various systems and enhance the work environment.



G/// Corporate governance

Commercial Times

★ Diverse Trust Innovation Award of the 3rd Trust Awards in 2023

- "Quality Award" in the Best Urban Renewables Trust Innovation Awards

Joint Credit Information Center

★ 17th Golden Safety Award, Golden Quality Award and Golden Excellence Award in 2023

- Gold Award, Credit Information Division

Inclusion in Index Constituent Stock

★ Consecutively selected as a constituent stock of the "Taiwan High Compensation 100 Index"

- We have excellent operational performance and also value employees. Meanwhile, we have been included in the index constituent stock for two consecutive years.

Taiwan Corporate Sustainability Awards, TCSA

★ 2023 Sustainability Report Award

- We received the "Silver Award" in Category 2 of the Financial and Insurance Industry.

Corporate Governance Evaluation

★ Ranking of the 10th Corporate Governance Evaluation

- Ranked among the top 6%~20% in "Listed Companies" and 21%~ 40% in "Financial Insurance" in the corporate governance evaluation

Information security

★ Strengthen information management specifications.

- Passed ISO 27001 information security management system certification for 15 consecutive years.
- Passed BS 10012 personal information management system certification for 10 consecutive years.

Fair Customer Treatment

★ Establish a fair and honest corporate culture, implement fair customer treatment principles, and improve product and service quality.

- Ranked in the top 50% for fair customer treatment evaluation in the banking industry in 2023.



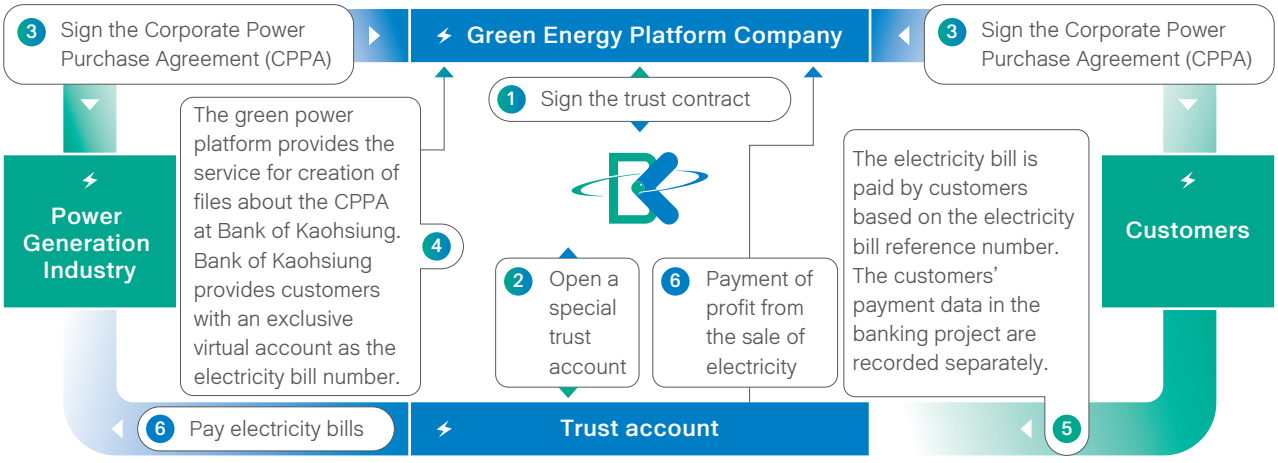
Work with renewable energy dealers to build green power trading trust cooperation.

In response to the net-zero policy promoted by the government, Bank of Kaohsiung has been developing green energy financing business for over three years. Meanwhile, in order to practice ESG and develop the "green power trading platform" mechanism in response to the demand for green power in various industries, we implement the "green power trading platform" operator trust service mechanism in response to the photovoltaic credit business. Through the purchase and sale price trust mechanism, the cash flows generated from the purchase and sale of green electricity between buyers, sellers, and platform operators can be carried out via a safe and stable mechanism.

We implement the ESG policy from all aspects proactively and work together to contribute to environmental sustainability. In recent years, we have promoted the renewable energy financing business proactively, and also boosted various related businesses strongly. With the vigorous and open development of the green energy trading mechanism, we work with the green power generation industry, green power platforms and customers proactively, in order to create a safer green power trading ecosystem and assist enterprises in low-carbon transformation through the physical actions.







Commercial Times held the “Best Urban Renewables Trust Innovation Awards.” Bank of Kaohsiung was honored with the Quality Award.

Bank of Kaohsiung took part in the 3rd Trust Award held by Commercial Times in 2023. It was honored with the Quality Award of the “Best Urban Renewables Trust Innovation Awards” in the Real Estate Management and Utilization Trust category.

In order to successfully complete the daunting task of a project for reconstruction of urban unsafe and old buildings, the building itself shall meet many statutory requirements and the residents’ fundraising and successful construction projects are also the key points to be taken into consideration. In order to overcome multiple difficulties and residents' concerns, Bank of Kaohsiung thinks innovatively and also gets rid of the traditional frameworks, since it made all residents act as the borrowers and principals & beneficiaries at the same time to execute the financing and trust contracts with the Bank respectively, instead of allowing the builders to direct the credit extension and execute the trust contract. Therefore, the residents do not have to worry about the high reconstruction costs and interest expenses, but can protect their interests and rights by means of the trust.



Award content

Market innovation

The recipients of financing are the whole residents, not the builders. The residents are the de facto beneficiaries of the trust. Mitigate the risk over uncompleted buildings and boost the confidence of residents in managing the reconstruction of urban unsafe and old buildings.

Diverse services

We provide customized trust services based on the needs of households. Bank of Kaohsiung acts as an impartial third party to review documents and control cash flows to effectively reduce the trading risks between buyers and sellers.

Social Responsibility

We voluntarily inquire about the need for nursing care for the elderly and disabled residents and provide nursing care trust services to make them feel our attentiveness and warmth, and also fulfill our social responsibility at the same time.

Bank of Kaohsiung integrates multi-source resources and cross-industry cooperation to provide one-stop innovative services.

Bank of Kaohsiung not only provides "financing and credit extension" services and "self-construction trust for urban unsafe and old buildings,” but also integrates resources such as depository and remittance, credit extension, trust and information internally and attorneys-at-law, land agents, construction management companies and social welfare groups externally. We look forward to meeting the various needs of each principal through the trust mechanism. We even considering the transaction security issues that residents may face if they want to sell their houses. Therefore, we provide an innovative one-stop service called "Trust on Real Estate Transaction Price,” so that residents can start a family and pursue their dreams without worries!



I Commercial Times reported and showed recognition on Bank of Kaohsiung winning the “Best Urban Renewables Trust Innovation Awards” on December 25, 2023.

Bank of Kaohsiung serves as an agency for the city treasury, which is beneficial for both the Bank of Kaohsiung and the Kaohsiung City Government. Bank of Kaohsiung becomes a secure financial advocate for citizens.

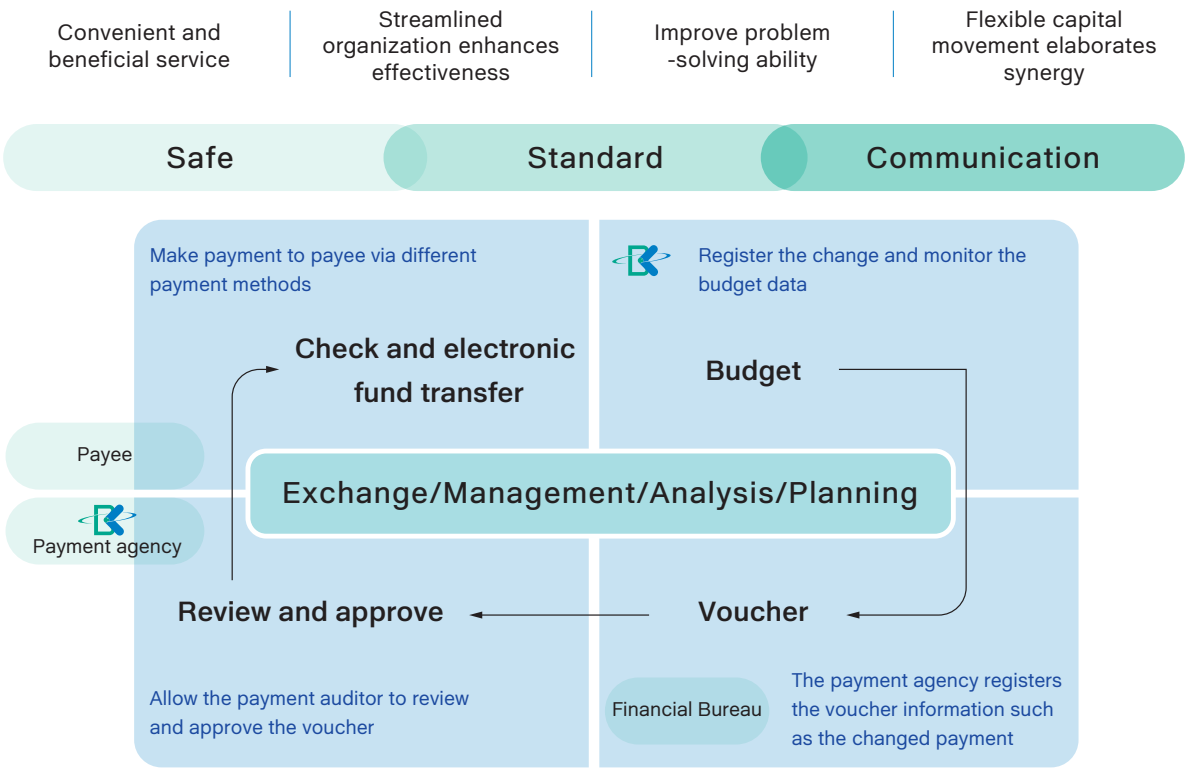
Bank of Kaohsiung provides custody services for cash, bills, treasury, and custody, transfer and property title of securities to all municipal agencies and schools in Kaohsiung. Through this service, we promote the concept of ESG and ensure the security of the city government assets and cash payments. We are the agency for the city treasury, our head office serves as the chief treasury, and our branches or affiliated agencies are branch treasuries. We extend the idea of local financial service to regions without our affiliated agency. We offer attentive financial services in these regions by entrusting financial institutions to act as affiliated agencies.

We also set up a centralized payment system to offer a convenient payment service to all municipal agencies and schools to save time for payment, speed up the process, and enhance administrative efficiency. Meanwhile, we support process transparency, and significantly improve convenience and practicality. In the Bank of Kaohsiung Public Treasury, we also provide a barcode on fee payment slips for agencies to use the barcode on the platform. This saves labor and paper. It also connects to payment methods such as "barcode for convenient store," "Kaohsiung Pay" and "mobile payment," more convenient for payment.

Service vision, goal and benefit

Vision	Goal	Benefit
"Safe"	Convenient and beneficial service	Offer diverse payment methods for payment convenience.
"Standard"	Streamlined organization enhances effectiveness	Labor cost is reduced for the Disbursement Division of Kaohsiung City Government to focus on innovation and improvement of payment service.
"Communication"	Improve problem-solving ability	Check handling of voucher and payment progress online anytime. This helps increase cashflow and provides transparent information.
	Flexible capital movement elaborates synergy	Print the payment information any time for convenient reconciliation and real-time tracking. This increases capital movement and usage efficiency.

Instruction for centralized payment system of Bank of Kaohsiung



Centralized payment platform

About Bank of Kaohsiung

As a local financial institution rooted in Kaohsiung, Bank of Kaohsiung expects to offer good local financial services for customers. The goal of Bank of Kaohsiung is to become the most reliable partner for customers, offer heartwarming, excellent services, develop with collaborations, and become a safe, reliable financial advocate for citizens of Kaohsiung.

In response to the ESG trend, our business vision is "Creating business performance, establishing an excellent Bank of Kaohsiung, stabilizing sustainable operation." While enhancing financial business performance, we also focus on the sustainable development value of the non-financial performance of the bank. By integrating ESG into our corporate culture, we realize our sustainable development. Meanwhile, we also develop diverse ESG transformation financial products and fulfill customer care to satisfy customer needs.

Not only do we offer the most comprehensive services to citizens of Kaohsiung, but we also extend our business from Kaohsiung and anticipate becoming the best bank in Taiwan. Therefore, we will actively deepen customer operation and work with customers for a better future for both ourselves and customers. We will continue to strive to provide the best financial service and work with customers for growth and development.



Company profile

Company history

Formerly Known as "City Bank of Kaohsiung Co.,Ltd." and called "City Bank of Kaohsiung" for short, the Bank changed its name to "Bank of Kaohsiung Co., Ltd." on Jan. 1, 1994 and hereunder is abbreviated to "Bank of Kaohsiung."

Bank of Kaohsiung had paid-in capital of NT$450,000,000 at the initial stage of operation where Kaohsiung City Government held 99.994% of its shares. Bank of Kaohsiung successfully listed its stock at Taiwan Stock Exchange (TWSE) on May 18, 1998 to actively improve its operation nature, enhance financial transparency, and improve competitive power. Bank of Kaohsiung was privatized on September 27, 1999, and was upgraded to a national bank on May 31, 2001 at the approval of the Ministry of Finance.

After going through the capital increase and privatization in the past 42 years, and with the economic development of Kaohsiung, we have completed a capital increase by NT$5.35 billion in 2024 after 7 years, which is the largest capital increase since we were established. As of the end of June 2024, the total capital has amounted to NT$17.743 billion.

Company' s current condition

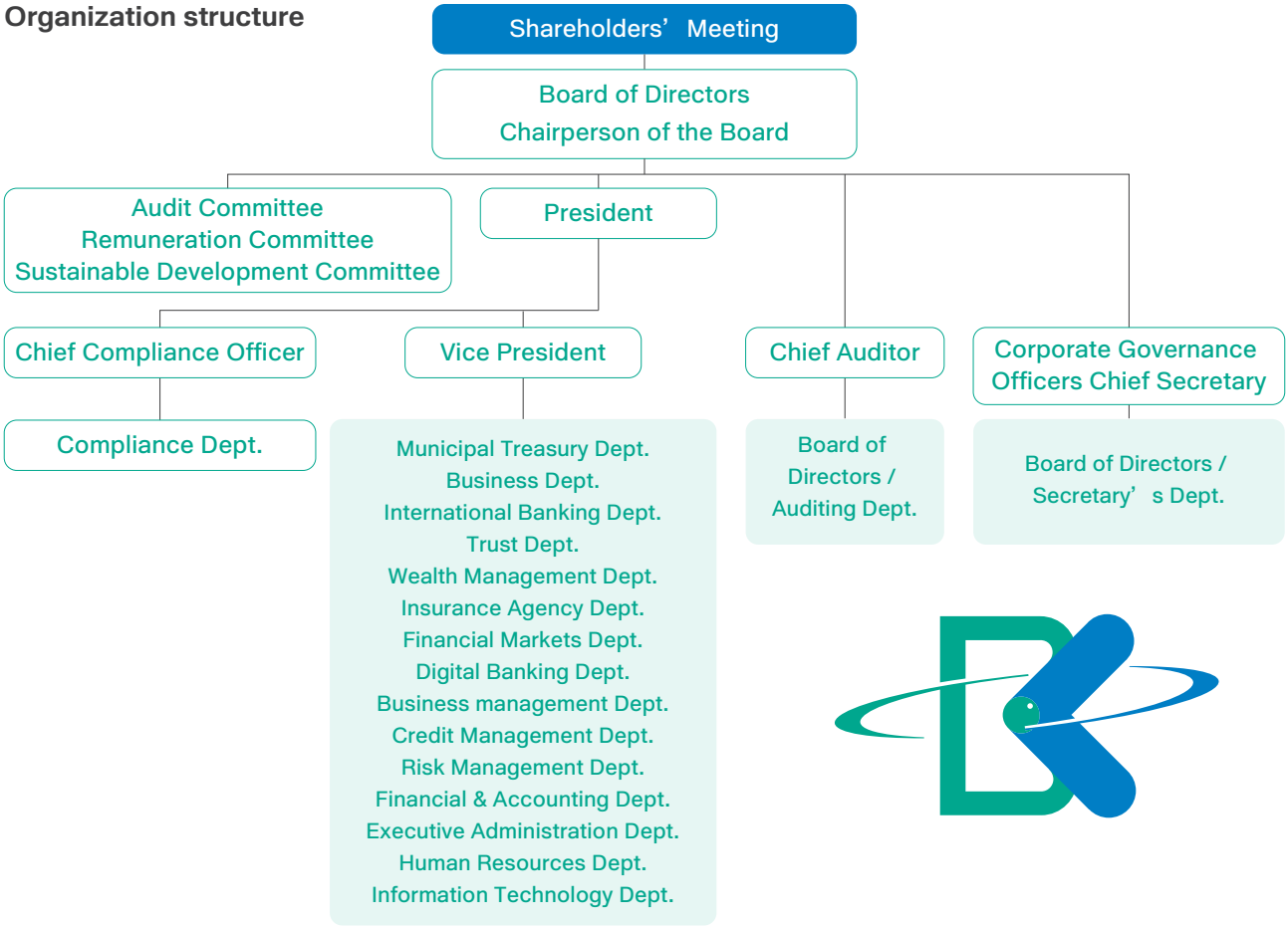
Company Name	Bank of Kaohsiung Co., Ltd. (stock symbol: 2836)
Founding Date	January 13, 1982
Head Office Address	No. 168, Bo' ai 2nd Rd., Zuoying Dist., Kaohsiung City
Chairman	Cheng Mei-Ling
President	Hsu Chui Mei
Total number of employees	1,100 persons
Capital	NT$17,743 million (data year as of June 2024)
Asset size	NT$306.895 billion
Primary business	Financial businesses such as agency of city treasury, deposit, credit, foreign exchange, investment

Note： Data year: December 31, 2023

Operating business

Deposit business	• Transaction, remittance, check collection and agency business of demand, periodic and check deposit
Wealth management business	• Through wealth management business personnel, we execute financial planning or asset allocation based on customer needs, offer all kinds of financial instruments and services in the scope of our business authorized by competent authorities.
Credit business	• Consumer financial instrument: Home loan, comprehensive simple credit loan, working capital loan, personal consumer loan, student loan • Corporate financial instrument: Working capital loan, capital expenditure loan, program loan, development of domestic and overseas L/C, Stand-By L/C opening and negotiation, and guarantee and acceptance
E-financial business	• Chip ATM card, online, bank, online ATM, telephone, Corporate Finance Network (Finance XML), UnionPay Taiwan ATM acquiring business, city treasury online payment, mobile bank, and credit card and appointed store acquiring business
Foreign exchange business	• Export, import, inward and outward remittance, foreign exchange deposits (including OBU foreign exchange check deposit), guarantee for foreign currency loan and foreign currency guarantee payment, and derivatives trading
Trust business	• Real estate trust, securities trust, money trust, debt of money claim trust and the trust for collateral of debt of money claim, serving as executor and administrator of the estate, fully authorizing investment by trust, serving as the agent of release, transfer and registration of securities, and distribution of dividend, interest and bonus, providing counseling service of distribution and collection of securities, securities, signature, custody and safe deposit box rental
Investment business	• Stock trading, basic beneficiary certificate, short term bill, fixed-income preferred stock, NCD of Central Bank, government bond, corporate bond, beneficiary securities, and asset-backed securities
Gold passbook business	• Lump sum investment, resale and withdrawal of gold passbook, lump sum investment, resale and transfer between accounts of dollar cost averaging
Insurance agency business	• Life insurance agency business: Life insurance, health insurance, injury insurance, annuity insurance, investment-oriented insurance, foreign currency non-investment insurance product • Property insurance agency business: Residential fire insurance, commercial fire insurance, compulsory and voluntary liability insurance of automobile and motorcycle, injury insurance and health insurance, liability insurance product

Organization structure



36 Domestic Banking Units

(34 Branch Offices、1 Mini Branch Offices、1 Offshore Banking Unit)

Sustainable operation concept

Since Bank of Kaohsiung was founded 42 years ago, we have always worked together with the Great Kaohsiung, witnessing the prosperity and development of the Kaohsiung area, and bearing the changes of the times together with this land. As a local financial institution, we play the role of financial support and also should leverage social responsibility proactively to assist in industrial development and low-carbon transition, promote sustainable economic development, and implement sustainability practices to become an excellent model company in Kaohsiung City.

One of our primary business philosophies we always hold fast to is to offer services that are more valuable, deepen customer relationship management, provide all-round service, enhance service quality, and strive to earn customer trust. To realize this management philosophy, we will continue to offer a series of innovative products, brand-new channels, and optimize business processes. We will also accelerate digital transformation to improve the convenience and efficiency of financial services to meet customers' increasingly diversified and personalized needs and create our core competitiveness of financial services. Meanwhile, we treat employees well, create a safe workplace, build coherence, distribute dividend stably, build sustainable operation, win shareholders' support, elaborate our influence as a financial institution, give back to society, and create a stable, genuine positive cycle.

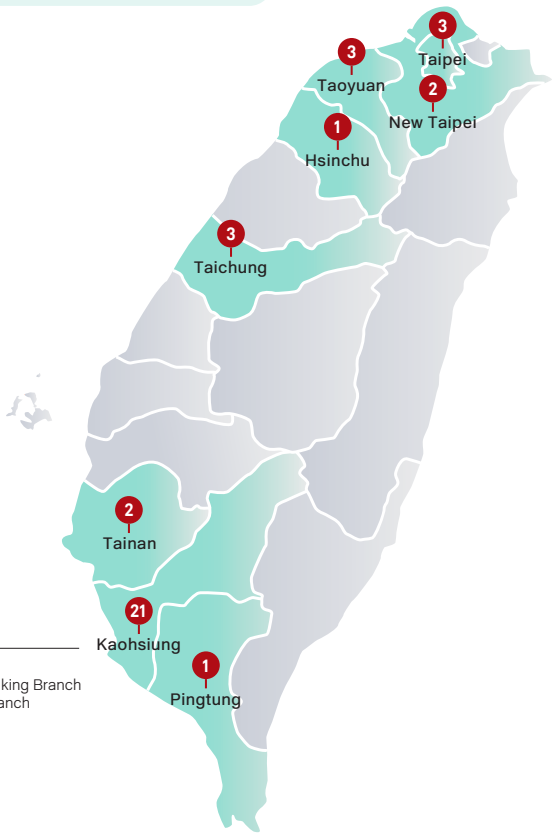
Bank of Kaohsiung will adhere to a stable management philosophy. Based in the greater Kaohsiung area and continuing to cultivate the Taiwan market, Bank of Kaohsiung will expand its financial business in other regions proactively, develop digital transformation and provide sustainable and low-carbon transformation financial products to improve profitability. We are committed to offering innovative, diverse and low-carbon sustainable financial products and services. Meanwhile, our mission is to guarantee the rights of stakeholders, including customers, shareholders and employees. Our business vision is to create operating performance, make Bank of Kaohsiung great, and operate stably and sustainably. We are committed to achieving six operational policies, including: 1. Improve business performance; 2. Assist in industrial development and low-carbon transition; 3. Accelerate information optimization and digital transformation; 4. Improve emerging risk and asset quality control; 5. Enhance the employees' training and talent cultivation; 6. Implement sustainable management precisely, hoping to break through the current status and become a high-quality bank among domestic banks.

Management Philosophy of Bank of Kaohsiung

- Improve business performance
- Assist in industrial development and low-carbon transition
- Improve emerging risk and asset quality control
- Implement sustainable management precisely
- Enhance the employees' training and talent cultivation
- Accelerate information optimization and digital transformation

Business location and employee overview

Bank of Kaohsiung has 36 branches in Taiwan, including one OBU and one mini branch. The future deployment strategy of Bank of Kaohsiung is to set a foothold in Kaohsiung, expand business over Taiwan and become an outstanding bank in Taiwan. Our goal is to find the market with potential profits, improve the service network of Bank of Kaohsiung all over Taiwan, and achieve the target of local finance by becoming a bank citizens of Kaohsiung can rely on at ease, and a financial support for Kaohsiung City Government. Meanwhile, we gradually extend services around Taiwan, and develop diverse financial services to extend business opportunity sustainably.



Business performance management

Financial performance

1. Our business and financial indicators

Our economic value generated and distributed in the past three years

Unit: NTD thousand

Item	Key Elements	2021	2022	2023
Direct economic value generated — A	Revenue (net income)	4,013,744	3,899,078	3,820,774
Economic value distributed — B	Operating cost	568,721	608,270	616,415
	Employee salary and welfare	1,721,040	1,760,100	1,745,421
	Payment to investors (allotment and dividend of the year)	681,595	0	1,071,579
	Payment to the government (tax)	201,119	229,310	285,811
	Donation to society	33,908	51,576	59,928
	Sum	3,206,383	2,649,256	3,779,154
Economic value retained (Generated — A - Distributed — B)		807,361	1,249,822	41,620

Our financial performance in the past three years

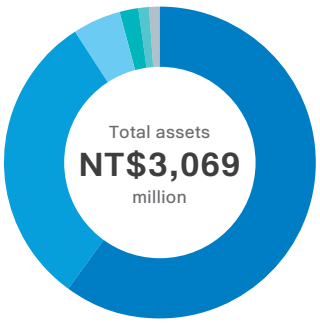
Item	2021	2022	2023
Bank of International Settlement ratio (BIS ratio) (%)	13.23	12.36	12.28
Return on Assets (ROA) (%)	0.32	0.33	0.30
Return on Equity (ROE) (%)	5.37	5.54	5.00
Loan-to-Deposit Ratio (LDR) (%)	76.25	76.71	73.76
Non-Performing Loans Ratio (NPL ratio) (%)	0.27	0.24	0.25
Basic Earnings Per Share (EPS) (NTD)	0.74	0.73	0.70

2. Our business and financial indicators

1%
Other Assets
25 million

1%
Property and equipment
30 million

2%
Cash and cash equivalents
62 million



60%
Discounts and loans
1,835 million

31%
Financial assets and investment
952 million

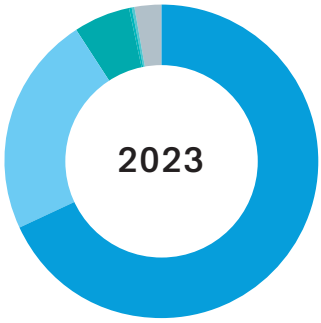
5%
Due from Central Bank and other banks
165 million

Percentage of revenue of all businesses of Bank of Kaohsiung in 2023

2.67%
Other Operating Revenue

0.20%
Revenue on Foreign Exchange Business

0.32%
Revenue on Deposit Business



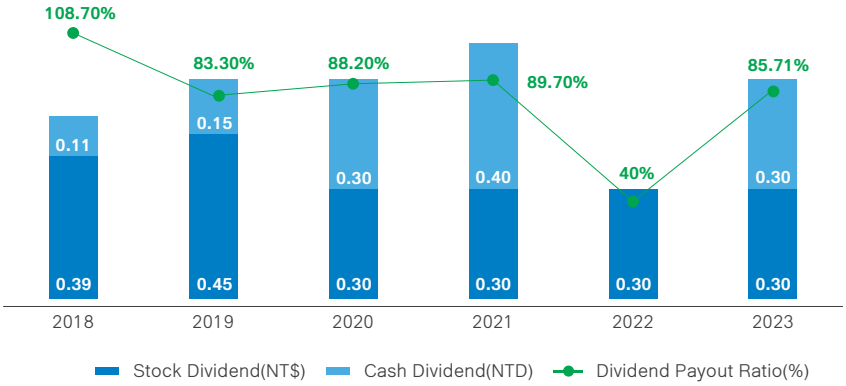
68.09%
Revenue on Loan Business

22.86%
Revenue on Investing Business

5.86%
Revenue on Wealth Management Business

3. Dividend in the past six years

Dividend payment policy of Bank of Kaohsiung in the past five years

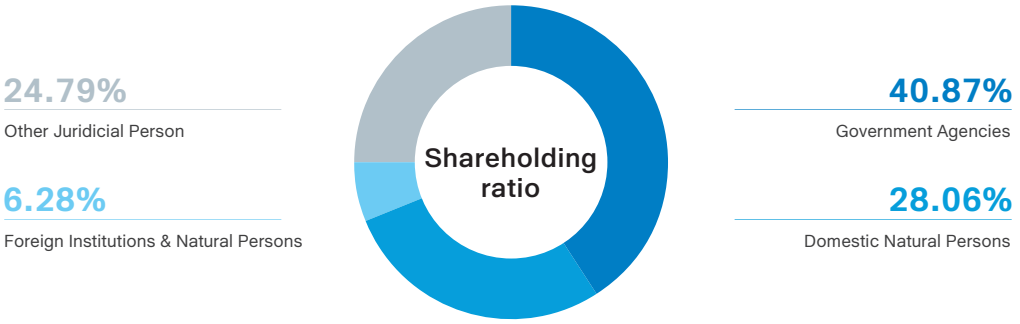


Shareholder structure

Bank of Kaohsiung is an institution registered as an organization based on the Banking Act of the Republic of China and the Company Act, and operates banking business. All kinds of corporate governance and operations management affairs are executed according to regulations and the articles of incorporation the Company formulated. Our largest shareholder is Kaohsiung City Government (40.30% of shares). Other main shareholders include Jinn Her Enterprise Co., Ltd., and domestic and overseas corporations and legal entities. Our shareholder structure is stable. Bank of Kaohsiung holds a shareholders' meeting every middle of the year, and reports on operation overview of the Company, and discusses the financial statement, surplus use and distribution, and regulation amendment.

Shareholding ratio

Shareholding base date:3.25.2024



Tax management

To respond to international trends of tax governance, Bank of Kaohsiung pays tax honestly, fulfills corporate social responsibility and builds a corporate tax culture. Bank of Kaohsiung has no overseas location for now, but it is highly confident of future growth. No tax policy has been formulated, but we abide by the seven principles below to manage tax problems properly.

Compliance Bank of Kaohsiung complies with tax regulations in the country where its business offices are located, international tax guidelines, and tax regulations in the locations where its business offices are located. We file and pay tax honestly, and fulfill our social responsibility as a taxpayer.	**Commercial substance** Bank of Kaohsiung complies with tax regulations in the country where its business offices are located, international tax guidelines, and tax regulations in the locations where its business offices are located. We file and pay tax honestly, and fulfill our social responsibility as a taxpayer.	**Develop expertise** Enhance professional competence in tax matters, and continue to train talents in tax matters.
Transparent information Comply with financial reporting standards and rules formulated by competent authorities, regularly disclose information through an open channel and strengthen tax information transparency.	**Follow rules for trade** Both parties participating in trading shall comply with commercial substance principles and tax compliance principles. The price shall reflect economic substance and adhere to specifications in tax regulations.	**Risk management** By evaluating transformation of tax regulations in the country its business offices are located in, and international tax guidelines, Bank of Kaohsiung identifies potential tax risks and draws up response measures. **Ethical management** Communicate with tax collection agencies located where the business office is located honestly, and maintain a good and harmonious relationship.

1 Sustainable Development Blueprint

Building Future Visions



2014

- Since Bank of Kaohsiung prepared the CSR Report for the first time in 2014, it has continued to prepare and publish the Report every year.

2015

- We promote paperless work, encourage the adoption of e-statements, and reduce paper consumption.

2016

- The Company was presented with the "Excellence Award for Innovation in e-Cash Flow Business" by FISC.
- Honored by the "10th Golden Award Organized by Joint Credit Information Center.

2017

- Top 10 Outstanding Banks in the "Evaluation and Incentive Measures for the Trust Industry to Handle Wealth Trusts for the Elderly and People with Physical and Mental Disabilities."
- Best Service Innovation Award for e-Flow Business and 11th Golden Award
- Given the priority to procure products with related certifications, including "Green Label" or "Energy Saving Label."

2018

- Honored by the "Bronze Award in the Finance and Insurance Category of the TCSA."
- In July 2018, the Environmental Protection Bureau of the Kaohsiung City Government presented the "2017 Kaohsiung City Outstanding Performance Award - Procurement Group" for green procurement amounting to NT$5 million or more the "Sustainable Environmental Protection Award" for vigorous promotion of environmental protection business.

2019

- Won the "Silver Award in the Finance and Insurance Category of TCSA."

2020

- Launch of "Hsiung-Hoyaa" Digital Deposit Account for Convenience of Digital Life and Realization of Inclusive Financing
- Honored by the "Bronze Award in the Finance and Insurance Category of the TCSA."
- Encourage suppliers and partners to fulfill corporate social responsibilities

2021

- Formulated Bank of Kaohsiung's "Environmental and Energy Management Directions."
- Receive the third-party certification for ISO 14001 2015 Environmental Management System and ISO 50001 2018 Energy Management System.
- The name of the "Corporate Social Responsibility Committee" of Bank of Kaohsiung was renamed as "Sustainable Development Committee."
- The name of Bank of Kaohsiung's "Corporate Social Responsibility Best Practice Principles" was renamed as "Sustainable Development Best Practice Principles."

2022

- Work with Kaohsiung Municipal Minsheng Hospital to create the first "ESG trust" in Taiwan.
- The Sustainability Report has passed the ISAE 3000, so that the quality and credibility of the Report were improved.

2023

- Upgrade the "Sustainable Development Committee" to a functional committee of the Board of Directors.
- Add Bank of Kaohsiung's "Sustainable Development Committee Charter."
- Publish the first "Bank of Kaohsiung TCFD Report," which has been published on a yearly basis since then.
- Demonstrate the value of Bank of Kaohsiung's sustainable development after receiving the " TCSA - Silver"
- Establish the "Green Power Trading Platform" for cross-industry cooperation to build a secure green power trading ecosystem.

2024

- Launch the "Green Deposit" to offer diverse sustainable financial instruments.
- Implement the ISO14064-1 greenhouse gas inventory, and pass the third-party verification.
- Launch the signing and implementation of the "Equator Principles" in line with international due diligence systems.
- Implement the "PCAF" to improve the inventory of financial carbon emissions.
- Launch the ISO 20400 sustainable procurement implementation project.

1.1 Operator’s sustainability commitment

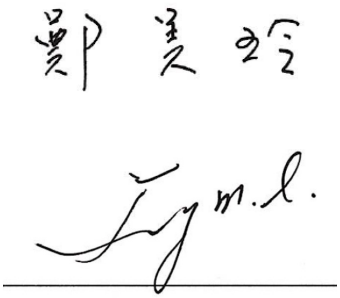
1.1.1 Message from the Chairman



In 2023, with the efforts of the management team and all employees of Bank of Kaohsiung, our ESG practices made a great leap. In order to practice the ESG management philosophy, the Board of Directors resolved to approve the upgrading of Sustainable Development Committee to a functional committee of the Board of Directors, with the Chairman serving as the Committee convener. The convener shall invite all independent directors to serve as the Committee members. The dedicated taskforces in charge of “corporate governance,” “environmental sustainability,” “responsible financing,” “employee care” and “social charity” were set up and governed by the Committee. Two meetings shall be held each year in principle, and ad hoc meetings may be held at any time whenever necessary, in order to deepen sustainable development. Meanwhile, we formulate short, medium, and long-term goals for sustainable development to concretely implement sustainable transformation.

Profitability improvement and cash capital increase for transformation

Our net profit before tax in 2023 reached a record high of NT$1.205 billion, an increase by NT$65 million or 5.7% from NT$1.14 billion in 2022, with EPS NT$0.7, ROA 0.3%, and ROE 5%. In order to improve our capital adequacy ratio and financial soundness to expand our business momentum, in March 2024, we completed the capital increase by NT$5 billion, which was the largest ever. It has been 7 years since the capital increase by NT$1.8 billion in 2017. We will continue to implement six major business strategies: “Improve business performance; assist in industrial development and low-carbon transition; accelerate information optimization and digital transformation; improve emerging risk and asset quality control; enhance the employees’ training and talent cultivation; implement sustainable management precisely,” in order to create the growth momentum proactively to feed back to shareholders with physical performance.



Promoting Sustainability and Moving towards Net Zero

Following Taiwan’s 2050 net-zero emission roadmap and other sustainability-related policies, we have set short-, medium- and long-term goals for sustainable development with environmental, social and governance (ESG) as the strategic focus, and integrated sustainability into our management philosophy and financial management. We hope to leverage the influence of the financial industry to drive employees and the industry to move toward net zero jointly.

We launched the "green deposit" project in early 2024 to earmark funds for financing projects such as solar photovoltaics, net-zero carbon emission digital plants, and sustainable financing projects in line with government policies. To promote environmental sustainability, we contract an independent third-party professional certification organization to conduct assurance and review every year, and disclose the relevant information on our official website. Meanwhile, we have formulated the "Sustainable Loan Review Guidelines" to include ESG factors in the loan evaluation. Through the credit review mechanism, we encourage corporate loan customers to strive to complete sustainable transformation. In terms of investment, we follow the "Principles for Sustainable Investment (PRI)" and establish our own "Sustainable Investment Guidelines” to root the concept of sustainability in corporate operations and extend it to investment policies to demonstrate our commitment to sustainable development.

In order to mitigate abnormal climate changes, we start from our own operations. In terms of energy use, we improved the items including air conditioning equipment, lighting, replaced old air conditioners, promoted energy-saving policies, etc., and worked together with our colleagues to move towards environmental sustainability. By implementing the routine practices, we improve our energy performance. In the future, we will continue to plan for branches to build solar panels and implement the ISO20400 sustainable procurement standards.

In order to align with international sustainability initiatives, in 2024, we launched the Equator Principles (EPS) and Carbon Accounting Finance Alliance (PCAF) methodology implementation project to inventory and calculate the emissions that should be recognized in investment and financing. Then, we will adjust the direction of our investment and financing and move towards the Science Based Targets Initiative (SBTi). We hope to join international initiatives and optimize internal investment and financing business management processes and digital management, in order to achieve the goal of sustainable management, and work together for the sustainable development of the environment and society to achieve a new milestone in our sustainable development.

Friendly Finance, Giving Back to Society

Since the "Bank of Kaohsiung Social Welfare & Charity Foundation" was established in 2008, we have proactively invested in social welfare and care for the underprivileged. We also organize blood drives every year to encourage the public to donate blood to help others. Meanwhile, in response to the poverty eradication indicators of the United Nations Sustainable Development Goals (SDGs), and in order to provide financial services to disadvantaged groups and rural areas, achieve financial inclusion and implement social welfare, we donated recycled computers in 2023 and assisted in the construction of network networks. We also donated sports equipment to the Eden Foundation to protect the health of the physically challenged, and also supported arts, cultural and sports activities, and continued to sponsor student scholarship and provide the programs, such as youth entrepreneurship. As Taiwan is entering a super-aged society, we aim to provide friendly financial services for the elderly, the disabled, and disadvantaged groups, build a friendly environment, and fulfill our corporate social responsibility.

In order to help enterprises understand and implement sustainable transformation and cultivate corporate sustainability awareness, in 2023, we collaborated with EY Taiwan to organize the "ESG Corporate Sustainability New Economy Forum: "Corporate Sustainability to Build Competitiveness," invited customers and industry, government, and economic leaders to gather together to discuss sustainability issues. The response was enthusiastic. We communicated our focus on environmental sustainability through physical actions, and worked with enterprises to achieve sustainable management and steadily fulfill our corporate social responsibility.

Each employee is an important member of our bank, and talents are always treated as our important capital. To build a happy workplace, we continue to promote the strategy of sustainable talent and divide the management of human capital into short-, medium- and long-term goals to connect the Four Major Aspects: namely, "Talent attraction and retention, employee care and a friendly workplace, employee remuneration and benefits, human rights protection, and gender equality," expecting to provide employees with a relaxed and happy working environment through comprehensive policies on remuneration and benefits, talent retention, friendly workplace, lifelong learning, and retirement to enhance employees' sense of belonging, and realize the corporate goal of talent sustainability. Meanwhile, we have been selected as a constituent stock of the "Taiwan High Compensation 100 Index" for many years.

Enhance Governance for Sustainable Operations

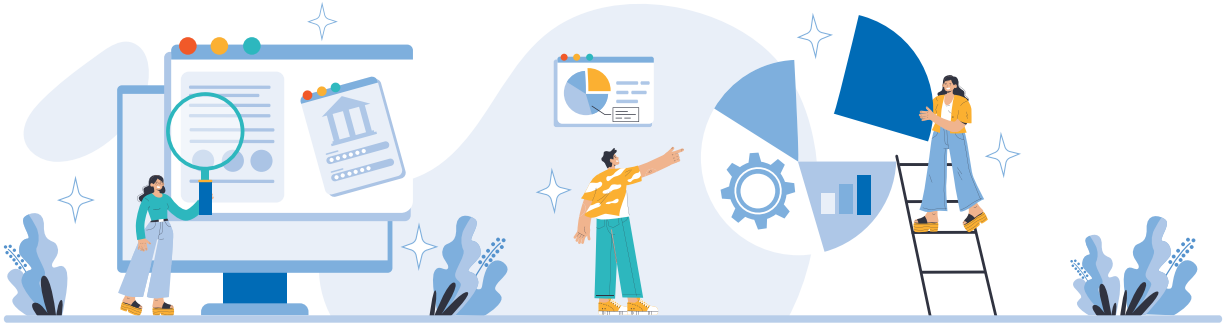
In order to protect the shareholders' equity and take into account the other stakeholders' interests, in terms of corporate governance, we improve the effectiveness of corporate governance proactively, establish a corporate culture, and effectively exert the functions of the Board of Directors. With the concerted efforts of all, we were awarded the 2023 TCSA-Sliver Award in the "Corporate Sustainability Report" category. The Corporate Governance Center of TWSE announced the results of the 10th Corporate Governance Evaluation in 2023. We improved our ranking in the TWSE listed companies by one notch to 6%~20%. This reflects that we are committed to improving the effectiveness of corporate governance. Our corporate governance promotion results are recognized. We also expect us to continue to make improvement to pursue excellence and outstanding growth.

1.2 Sustainable Governance

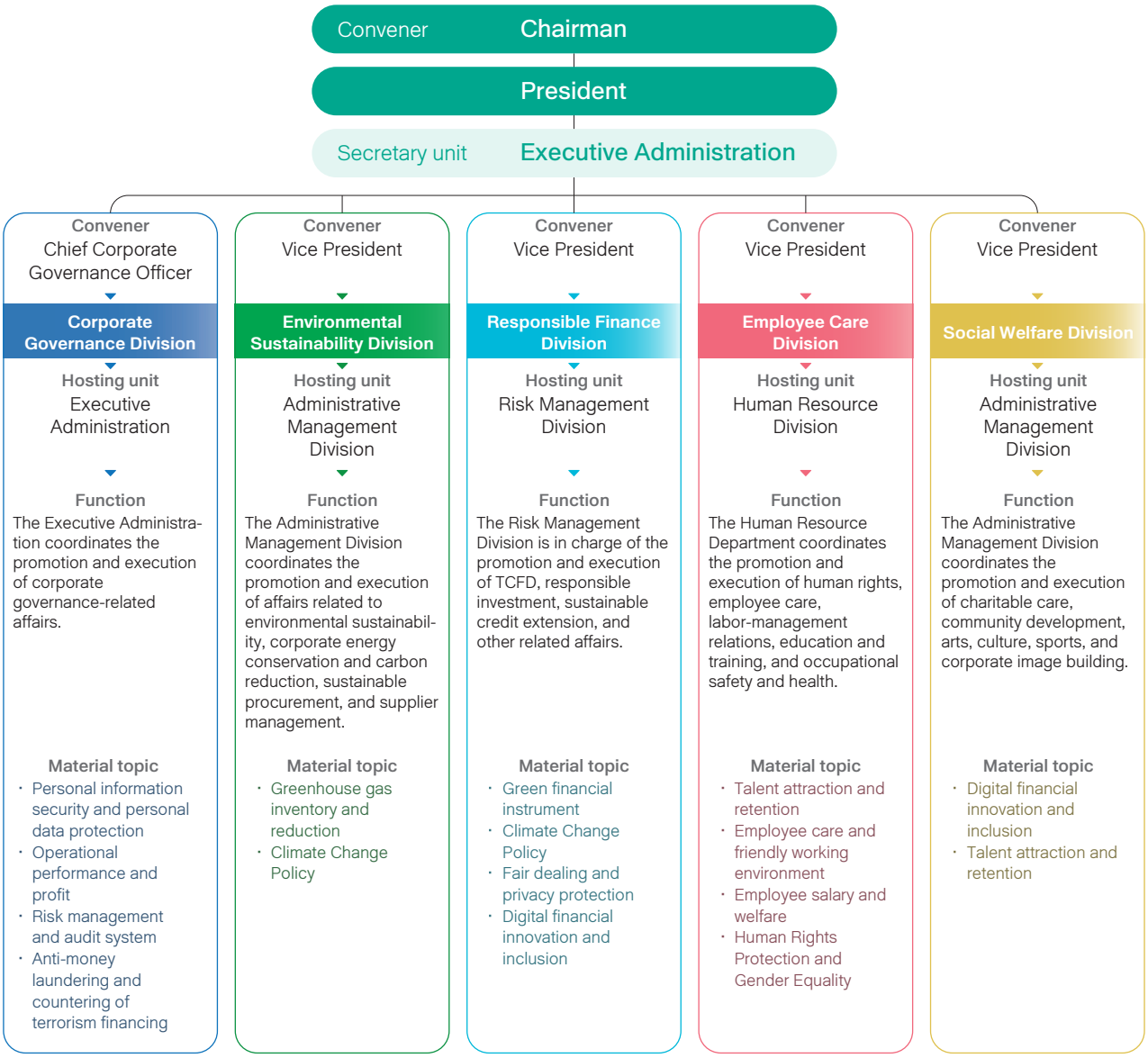
1.2.1 Sustainability Committee

In order to promote sustainable development, Bank of Kaohsiung had the "Sustainable Development Committee Charter" passed by the Board of Directors, established the "Sustainable Development Committee" and upgraded the Sustainable Development Committee as one of the functional committees of the Board of Directors in August 2023. The Chairman serves as the convener and the Executive Administration as the secretariat unit. Meanwhile, there are five dedicated divisions in charge of the promotion and execution of affairs related to "Corporate Governance," "Environmental Sustainability," "Responsible Finance," "Employee Care," and "Social Welfare."

The Committee meets at least twice a year in principle and may convene special meetings at any time as needed. In order to deepen our sustainable development, we have also formulated the "Sustainable Development Best Practice Principles" to implement the sustainable management philosophy.



Structure and Functions of Sustainable Development Committee



Tasks of each division are divided into all relevant function units, which execute, track and review the outcome of all items in the scope and tasks of sustainable development. Later on, a sustainability report is composed based on the outcome at the end of every year and the outcome is compiled into the "Sustainability Report" to be submitted to the "Sustainable Development Committee" and "Board of Directors" each year.

1.2.2 Sustainable development focuses and SDGs

As a local bank in Kaohsiung City, Bank of Kaohsiung is well aware of the importance and benefits of local financial services to the overall market environment of Kaohsiung, due to the commercial prosperity and social progress in the greater Kaohsiung area. We strongly believe that corporate management should integrate sustainable development in local environment, social responsibility and corporate governance, and we also undertake our corporate social responsibility proactively.

We will assist enterprises to complete low-carbon transformation and develop digital finance. Meanwhile, in accordance with the United Nations Sustainable Development Goals (SDGs) as a guide, we will integrate the concept of sustainability into our business strategies. In response to the competent authority' s requirement about sustainability laws and regulations, we have formulated our ESG roadmap to ensure that our business development not only realizes economic benefits, but also poses a positive impact on society and the environment, hoping to extend our sustainable impact throughout Taiwan.

Aspects	Material topic	SDG indicator	Corresponding chapter	2023 Performance of Bank of Kaohsiung
Governance	**Personal information security and personal data protection**		3.6 Information security and personal information protection	• Passed ISO 27001 and BS10012 • Zero information security incidents in 2023 • Four information security meetings were held in 2023. • Perform information security assessment of computer system once. • Perform drill and review of BCP for twice. • Carry out backup drills for other kinds of server hosts. • All personal information protection operations in 2023 have been completed. • Spend up to three hours executing information security education training for all employees every year. Information security specialists receive at least 15 hours of training. • In 2023, the training completion rate for all branches was 100%.
	Anti-money laundering and countering of terrorism financing		3.5 Anti-money laundering and countering of terrorism financing	• Appoint CPAs to implement the anti-money laundering and countering of terrorism financing internal control system, and issue the "Anti-Money Laundering and Countering of Terrorism Financing Assurance Report." After submitting the Report to the Audit Committee and the Board of Directors for approval, it reported to the competent authority in writing on March 25, 2023 according to regulations for future reference. • Our dedicated supervisor in charge of anti-money laundering and countering of terrorism financing, dedicated personnel, and anti-money laundering supervisor of our domestic business units attended 12-hour education training on anti-money laundering in 2023.
	Operational performance and profit		Sustainability Highlights in 2023	• Selected as a constituent stock of the "Taiwan High Compensation 100 Index" for two consecutive years • Work with renewable energy dealers to build green power trading trust cooperation. • In the 2023 Trust Awards, we won the "Quality Award" in the Best Urban Renewables Trust Innovation Awards. • The Company won the Golden Award, Credit Information Division in the Golden Safety Award, Golden Quality Award and Golden Excellence Award of Joint Credit Information Center in 2023. • Selected as a bank for lending performance to SMEs rated A by the Financial Supervisory Commission in 2023
	Risk management and audit system		3.3 Risk management and audit	• Continue to rigorously implement the three lines of defense for internal control to monitor internal control operations. • The risk management report is prepared and submitted to the Risk Management Committee, Audit Committee and Board of Directors on a quarterly basis. • In 2023, a total of 14 employees participated in the risk management education and training.
Society-Internal	**Talent attraction and retention**		5.1 Talent recruitment and retention	• Invested about NT$5 million in education and training • Industry-academia collaboration with 4 universities and 52 students by 2024 • Recruit talents through the diverse channels including campus talent recruitment, industry-academia collaboration (internship), Youth Employment Navigation Program, job banks, and the TWFT Financial Elite Network. • Starting in September 2023, in order to promote outstanding young people, the promotion of those whomeet the promotion eligibility criteria in 7th job level will be evaluated and promoted on a monthly basis.
	Employee care and friendly working environment		5.3 Safe workplace and friendly working environment	• We provide employee with health consultation service. In 2023, a total of 47 people participated in the employee consultation interview. In the future, we will regularly pay a visit to check the employees' health improvement status and continue to provide the consultation service to employees. • As of the end of 2023, a total of 73.09% of employees have signed the collective bargaining agreements.
	Employee salary and welfare		5.1 Talent recruitment and retention	• Grant employee compensation every year depending on profits. • Activation of new employee 7-day special leave, better than that provided under the Labor Standards Act; paid sick leave (30 days) and personal leave (14 days), better than those provided under the Labor Standards Act • Encourage employees to join shareholding trusts and offer discount interest rates on employee savings. • We subsidize the employees' training credits, and provide " education scholarships " and travel subsidies for the employees' children.

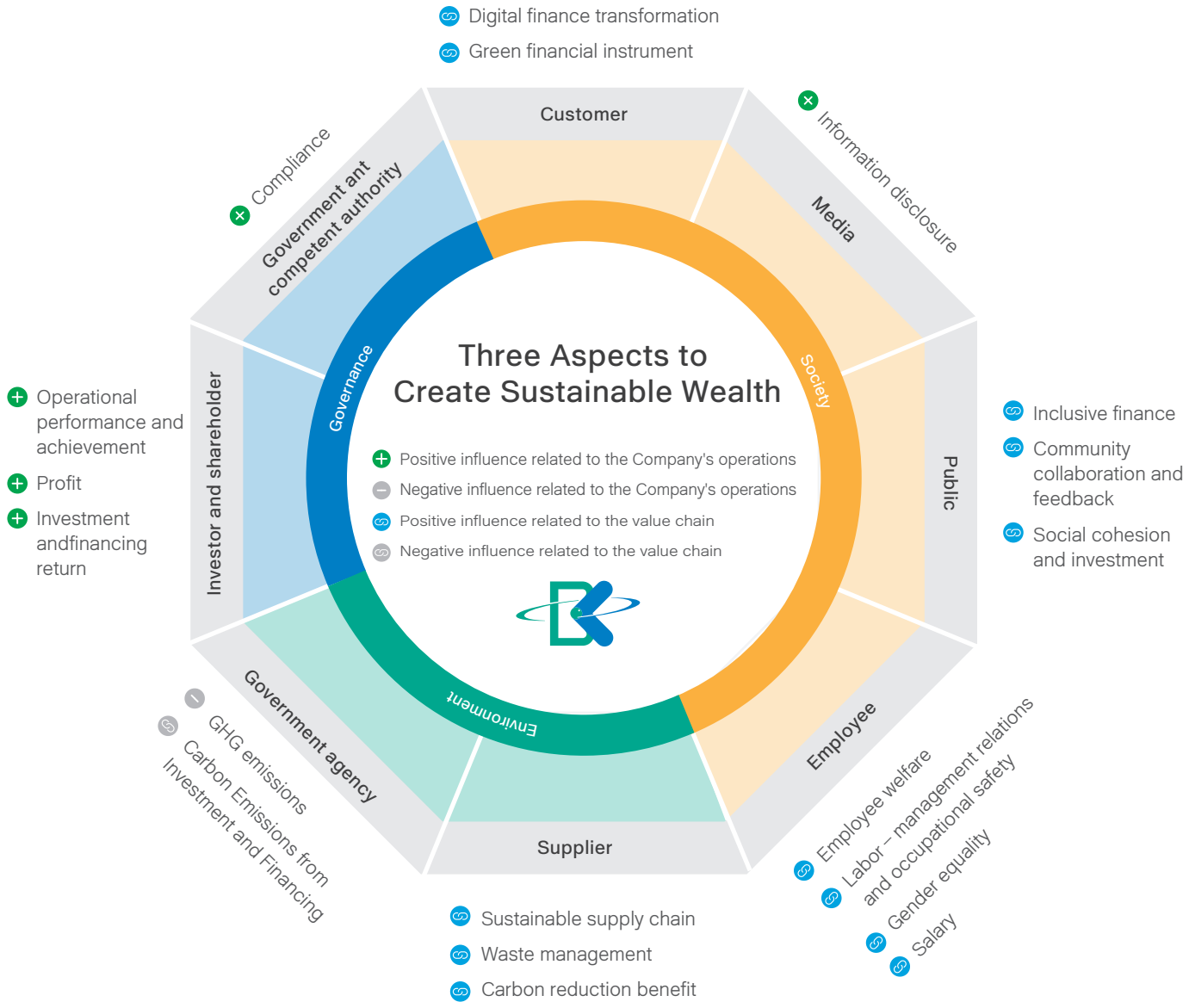
Aspects	Material topic	SDG indicator	Corresponding chapter	2023 Performance of Bank of Kaohsiung
Society-Internal	**Human Rights Protection and Gender Equality**		5.4 Employee communication and human rights	• Initiate the formulation of human rights policies in reference to the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization Declaration on Fundamental Principles and Rights at Work and its Follow-up; the administrative procedures are expected to be completed in 1H of 2024. • In accordance with our "Corporate Governance Best Practice Principles" to consider the diversity of Board members, the ideal ratio of female directors is at least one third of the total number of directors, or there should be at least one female director.
	Fair dealing and privacy protection		2.3 Customer care and rights protection	• In accordance with our "Fair Dealing Policy and Strategy," we have established our "Directions for Establishment of Fair Dealing Committee" to expressly state the rules governing meeting affairs and parliamentary operations. The Fair Dealing Committee meets every six months to review the implementation of the Fair Dealing Policy. • In 2023, we effectively prevented customers from being defrauded, intercepting approximately NT$9 million and US$5,500 in amount, and rewarded 29 colleagues.
	Digital financial innovation and inclusion		2.1 Sustainable financial product and service 2.2 Local financial support for Kaohsiung	• Develop digital finance through four strategic aspects: "internal system optimization," "user experience design," "financial technology," and "digital solution." • In 2023, the business department was set up as a bilingual flagship branch as a demonstration branch. Then, until 2025, one bilingual flagship branch will be set up in the central and northern Taiwan, respectively. • Provide sign language service for the people with hearing impairment in response to the fair dealing and friendly finance.
Environmental sustainability	**Green financial instrument**		2.1 Sustainable financial products and services	• In 2023, the Review Guidelines for Sustainability Loans were formulated to offer customers with good ESG performance preferential interest rates. • By offering sustainable structured loans, we discuss the ESG or SDGs as a linking condition. When the performance targets are achieved, we will provide borrowers with preferential interest rate to encourage enterprises to work towards low-carbon transformation and sustainable development. • Link green/sustainable deposits, offer green/sustainable financing, and apply for loans related to renewable energy and energy technology development, affordable housing, and employment promotion. • Establish the Green Energy Development Center to promote solar photovoltaic and green energy technology loan programs proactively; and support low-carbon transformation by providing net-zero carbon emissions and digital smart factory loan programs. • Pass the Sustainable Investment Guidelines and review the ESG performance of investment portfolios to reduce sustainability risks and promote sustainable investment opportunities in the longer run. • Develop the MyData platform and join the blockchain alliance of peers in the same industry.
	Greenhouse gas inventory and reduction		4.3 Future carbon reduction strategies and target planning	• In order to implement carbon reduction, a greenhouse gas inventory has been conducted throughout the Bank since 2023, and annual energy conservation and carbon reduction goals were also set. • The business space prioritized the replacement of major energy equipment, and completed the installation of solar photovoltaic panels on the roof of the Cao Ya Branch to reduce carbon emissions through photovoltaics.
	Climate Change Policy		2.4 Climate change risk management of TCFD	• In response to climate changes, we take the principle of sustainability into consideration in the basis of loan and investment, and include the climate change risk assessment items to reduce future potential risks.

1.2.3 Creation of stainable influence value

Three Aspects to Create Sustainable Wealth

Bank of Kaohsiung values the use of ESG sustainable investment indicators, and closely integrates the three aspects, environment, society and governance, into our operation and governance, summarizes the sustainable indicators of various aspects, and responds to the needs and expectations of relevant stakeholders.

We assist enterprises in low-carbon transformation and development of digital finance proactively. By focusing on the ESG strategy, through 19 precise sustainability indicators, we conduct in-depth analysis on the status of each item in our operations and value chain, and comprehensively assess the positive and negative impact posed by them. Relevant sustainability issues are identified, and each taskforce under the Sustainable Development Committee is responsible for planning specific promotion plans, establishing key performance indicators, and formulating clear short-, medium-, and long-term sustainable to fulfill our commitment to sustainable development.



1.3 Stakeholder and Bank of Kaohsiung

1.3.1 Stakeholder and materiality assessment process

Bank of Kaohsiung adheres to the core value of sustainable development and proactively builds a diversified communication platform to exchange opinions with various parties, so as to gain a deeper understanding and voluntarily respond to the expectations of stakeholders. Based on the engagement results, we keep improving our operational management measures to promote the thriving development of sustainable management. We will continue to maintain close communication with stakeholders, analyze and identify stakeholder engagement and material topics on a regular basis every year, and report the analysis results and communication status to the Sustainable Development Committee to ensure continuous consensus and action.

In compliance with materiality defined under the new GRI Standards (2021), we conducted in-depth analyses on domestic and international sustainability trends and changes in laws and regulations, and took into consideration the standards related to sustainability issues in the financial industry. A total of 20 material sustainability topics were identified in response to the expectations of stakeholders.

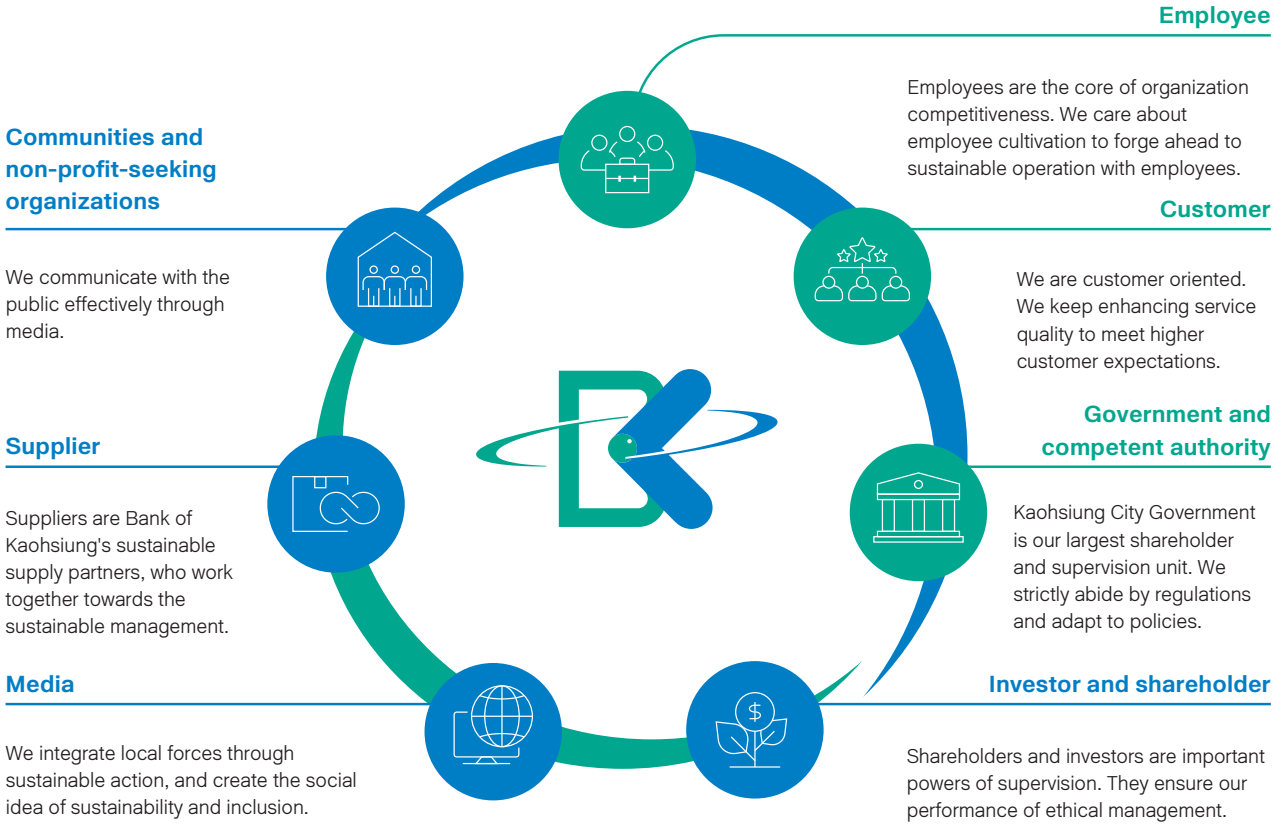
▼ Step 1	Identify stakeholders	Five principles in AA1000 Stakeholder Engagement Standard are our identification standards. We use them to define the internal and external group or individual influencing the company or affected by the company, and pass out stakeholder survey to all department heads.
		39 stakeholder questionnaires (biennial), identifying a total of 7 types of stakeholders
▼ Step 2	Collect sustainability topics	Through sustainability standard and specifications (GRI, TCFD, SASB), topics domestic and overseas competitors pay attention to, MSCI ESG rating standard, and material global sustainability trends, we focus on sustainability topics related to the operations of Bank of Kaohsiung.
		Perform 18 cross-departmental sustainability interviews, and pick 20 sustainability topics to execute impact assessment.
▼ Step 3	Evaluate impact	The assessment results of each topic were plotted into a matrix of material topics according to the importance stakeholders paid to the topics and the degree of impact on the Company. We also divide them into high, medium and low levels as the reference for materiality judgment by Bank of Kaohsiung.
		21 internal material topic questionnaires, 117 stakeholder material topic questionnaires
▼ Step 4	Check material topics	By performing survey on internal staff and stakeholders, horizontal communication among all units, and advice from external counselors and experts, we check how much a material topic is related to organization operation and the degree of impact. After comprehensive consideration, we further analyze and choose 11 critical material topics.
		1 cross-department and external consultant and expert meeting and 1 ESG taskforce meeting to identify 13 key material topics
▼ Step 5	Formulate management guideline and perform review regularly	We examine the result of material topic identification, and compare it with material topics in previous year to establish management approach and goal of material topic. The guideline and goal are examined and managed every year to make sure that they meet sustainability context and integrity.
		100% of material topics met the requirements for sustainability and integrity, and more than 3 cross-departmental and external consultant and expert meetings were held for policy setting and follow-up on effectiveness.

1.3.2 Stakeholder engagement and management

In the stakeholder engagement process, Bank of Kaohsiung first focused on and paid close attention to the opinions of various departments within the Company, and sorted out a list of potential stakeholders based on the investigation result. Our Sustainability Committee members adhere to the five principles under the AA1000 Stakeholder Engagement Standard, namely communication frequency, responsibility, influence, diverse perspectives, and tensions for in-depth induction and discussion to determine the stakeholders that are most important to us. Finally, seven major stakeholders were identified, including customers, employees, government and competent authorities, investors and shareholders, media, suppliers, communities, and non-profit-seeking organizations. We can precisely focus on the contents of the report and communicate more effectively based on the in-depth analysis on stakeholders.

We have created a stakeholder section on our sustainable development website to provide stakeholders with appropriate communication methods, understand their reasonable expectations and needs, and appropriately respond to their corporate social responsibility issues of concern.

Importance of Stakeholders to Bank of Kaohsiung



We actively respond to topics stakeholders pay attention to, organize communication methods with different frequencies, and maintain a good relationship with stakeholders. In 2023, we also effectively communicated with stakeholders based on different issues. We list the achievements of stakeholder communication as follows.

Achievement of stakeholder communication

Stakeholder	Communication issues	Communication channel and frequency	Annual Communication Highlights
Employee	• Business promotion • Education and training • Employee salary and welfare • Talent attraction and retention • Employee care and friendly working environment	• Education and training [regular] • Symposium [as needed] • Weekly report of each unit (internal meeting) [regular] • Official letter [as needed] • Labor-management meetings [regular] • "Employee Communication Mailbox of Bank of Kaohsiung" section [irregular] • Labor union [as needed]	• Over 15 sessions of education and training • Held two labor-management meetings

Stakeholder	Communication issues	Communication channel and frequency	Annual Communication Highlights
Customer	• Business needs, financial condition, or renewal • Customer Complaints or Inquiries • Due Diligence of Institutional Investors • Personal information security and personal data protection • Operational performance and profit • Ethical management • Digital financial innovation and inclusion	• Visit in person [irregular] • Telephone assistance [as needed] • Correspondences via email [irregular] • Opinion exchanged via our official website [as needed] • 24-hour voice mail service [as needed] • Customer satisfaction survey [regular] • Forums and lectures [as needed] • Sales counter [as needed]	• Satisfaction survey: 97% of customers are satisfied with us • 3,831 cases via 24-hour toll-free service calls • We set up an official website dedicated to our sustainability section to enhance information disclosure. • Diversify financial instruments and launch the "Green Deposit Project"
Government and competent authority	• Business report • Subsidy interest declaration for projects or concessional loans • Policy cooperation, response to management status, or answers to questions • Business Inquiries and Replies • Due Diligence of Institutional Investors • Improvement of audited deficiencies • Legal Compliance and Ethical Corporate Management	• Online filing [regular] • Evaluation by the competent authority [regular] • Telephone [as needed] • Written, official document [as needed] • Our official website [as needed] • Seminar [as needed] • External communication mailbox [as needed]	• Participate in one seminar of the Anti-Money Laundering Office, Executive Yuan • No major violations in 2023 • Every year we entrusted the CPAs to perform project audit on internal control system for anti-money laundering and counter-terrorism.
Investor and shareholder	• Due Diligence of Institutional Investors • Financial information • Distribution of dividends • Personal Data and Protection	• Market Observation Post System [as needed] • Our official website [as needed] • Investor conference [regular] • Shareholders' meeting [regular] • Sustainability Report [regular] • TCFD report [regular] • Annual report [regular]	• Ranked 6%~20% in the corporate governance evaluation • Our first climate-related financial disclosure (TCFD) report was released in 2022. • Promote Sustainable Development Actions and Corporate Governance 3.0 - Sustainable Development Roadmap
Media	• Due Diligence of Institutional Investors • Corporate governance • Inclusive finance	• Our official website [as needed] • Market Observation Post System [as needed] • Investor conference [regular] • Press release [as needed] • Shareholders' meeting [regular]	• Quarterly investor conferences (4 sessions in total) • Our Sustainability Report won the TCSA Sustainability Report of the Year Award - Silver • We publish about 20 press releases every year. • We host dinner parties with the media occasionally.
Supplier	• System development, establishment, and maintenance • Listing, change, and solicitation of insurance products • Security administration • Energy Use Management • Greenhouse Gas Reduction • Supplier management • Climate Change Strategy	• Public tendering [as needed] • Telephone contact [as needed] • Correspondences via email [as needed] • External communication mailbox [as needed] • Monthly supplier meeting [regular]	• Public bidding for procurement projects • Hold system development, establishment and maintenance meeting every month. • Complete the sustainability risk self-assessment questionnaire of important suppliers
Communities and non-profit-seeking organizations	• Due Diligence of Institutional Investors • Inclusive finance • Public welfare activities	• Telephone assistance [as needed] • Our official website [as needed] • Business Hall [as needed] • Relevant forums and presentations are held [as needed] • Public welfare activities [as needed] • Investor conference [regular] • Shareholders' meeting [regular]	• Held 1 sustainability forum • 4 investor conferences • 1 shareholders' meeting • Participate in non-profit-seeking organizations' activities from time to time. Please refer to "CH6. Social feedback and dedication - achieving social co-prosperity" of this report.

1.3.3 Connecting operational value to stakeholder

Following global climate changes and sustainable development trends, banks around the world are paying more and more attention to green financial products, responsible investment, and credit extension. Not falling behind any others, Bank of Kaohsiung connected operational value to different stakeholders, assessed the impact and influence posed by the operational value chain on the environment and society, and addressed material issues. We endeavor to stabilize operating foundation, increase market competitiveness, and make sure that we have created specific operational value of Bank of Kaohsiung in the financial sector in Taiwan.

Value Chain	Stakeholder	Operational value	Material issues of concern to stakeholders
Upstream supply chain	Supplier	Suppliers are an important partner for the sustainable development of Bank of Kaohsiung. Stable operation requires integrity of the supply chain maintained by suppliers, supplementing needs from upstream, midstream and downstream sectors.	• Energy Use Management • Climate Change Strategy • Sustainable procurement
Our operation	Employee	Employees are the most important backbone for Bank of Kaohsiung and the critical core for maintaining our stable operation. A robust employee system helps increase our market competitiveness.	• Employee salary and welfare • Talent attraction and retention • Personal information security and personal data protection
	Government and competent authority	Government and competent authority guide the operational direction of Bank of Kaohsiung. We adjust operational strategy based on their instruction and strictly abide by their instruction according to regulations.	• Personal information security and personal data protection • Compliance • Greenhouse gas inventory and reduction
	Investor and shareholder	Investors and shareholders play a key role in operational supervision, examining operational guideline and defect, and making sure that operational performance of Bank of Kaohsiung grows stably.	• Employee salary and welfare • Talent attraction and retention • Personal information security and personal data protection • Anti-money laundering and countering of terrorism financing • Compliance • Climate Change Strategy
	Media	Media is a critical power for expressing the operation achievement. Bank of Kaohsiung shows a positive corporate image to the public through media, which acts as an important bridge for our communication with the public.	• Human Rights Protection and Gender Equality • Employee care and friendly working environment • Personal information security and personal data protection • Fair dealing and privacy protection • Risk management and audit system • Anti-money laundering and countering of terrorism financing
	Communities and non-profit-seeking organizations	As a local bank in Kaohsiung, we work hand-in-hand with society and assist in community development to implement sustainable operation everywhere in society. Meanwhile, we increase the operational value of Bank of Kaohsiung.	• Green financial instrument • Climate Change Strategy • Sustainable procurement • Greenhouse gas inventory and reduction
Downstream Investment, Financing and Banking	Customer	Customers are at the end of the operational value chain. We care about customer advice and feedback to operation. Customers are one of the important factors determining operational value of Bank of Kaohsiung.	• Climate Change Strategy • Greenhouse gas inventory and reduction • Employee care and friendly working environment

1.4 Material topics and management approach

1.4.1 Result of material topic assessment

Bank of Kaohsiung analyze domestic and international sustainability trends and regulation changes, and summarize sustainability topics all stakeholders pay attention to, based on definition of materiality in the GRI Standards (2021). We pass out material topic survey to all stakeholders through the ESG Committee. The survey is based on double materiality principles, "positive and negative impact, influence and frequency on the operations of Bank of Kaohsiung" and "positive and negative impact and influence on economy, environment and people (human rights)." 138 valid questionnaires have been collected.

The ESG Committee assessed financial and non-financial impact of all topics on the company in short run, mid run and long run, selected the topics stakeholders pay attention to, and created an annual list on materiality of topics stakeholders pay attention to and topics impacting operation. There are 13 sustainability topics on the list. Therefore, Bank of Kaohsiung can learn more about material impact we caused and expectation from stakeholders. We also give a chance for stakeholders to express their needs on sustainability information and help Bank of Kaohsiung fully understand what stakeholders think. The following are the definition and management strategy of topic materiality:



High Impact

Target setting and regular follow-up management



Medium impact

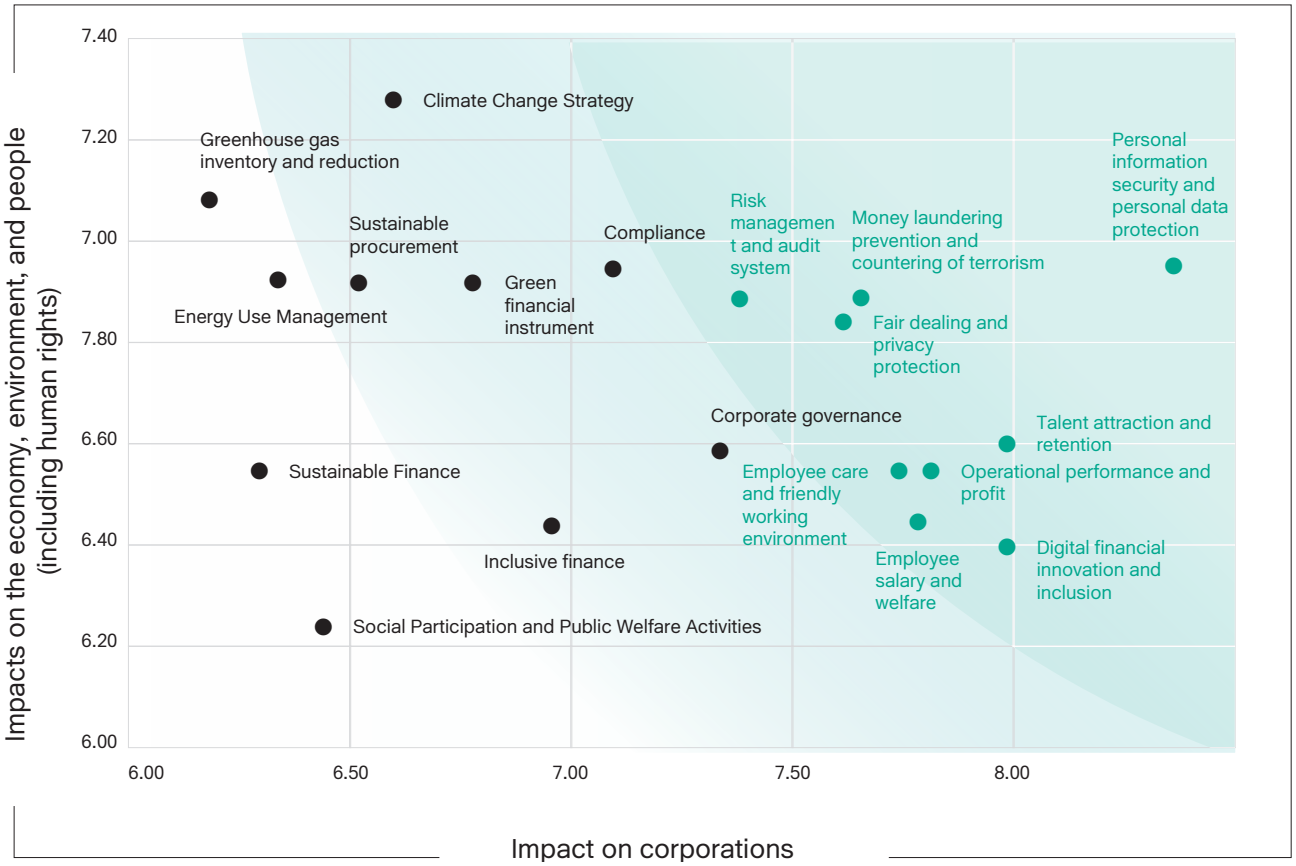
Establish management policies and control by dedicated units



Low impact

The short-term impact is low and will be monitored continuously.

Material Issues Matrix



Instructions to changes in issues

Name of Issue	2023 ranking	2022 ranking	Description of changes
Personal information security and personal data protection	1	1	-
Talent attraction and retention	2	8	Rank up
Money laundering prevention and countering of terrorism	3	-	New issues in 2023
Fair dealing and privacy protection	4	12	Rank up
Digital financial innovation and inclusion	5	7	Rank up
Operational performance and profit	6	2	-
Employee care and friendly working environment	7	10	Rank up
Employee salary and welfare	8	4	-
Risk management and audit system	9	6	-
Human Rights Protection and Gender Equality	10	18	Rank up
Compliance	11	9	-
Corporate governance	12	3	-
Climate Change Strategy	13	14	Rank up
Green financial instrument	14	-	New issues in 2023
Sustainable procurement	15	17	Rank up
Inclusive finance	16	13	-
Energy Use Management	17	11	-
Greenhouse gas inventory and reduction	18	15	-
Sustainable Finance	19	16	-
Social Participation and Public Welfare Activities	20	19	-

1.4.2 Material topic impact boundary

After internal and external impact assessment and integration of stakeholders' perspectives, 13 material topics were identified from the 20 ESG issues of Bank of Kaohsiung and generated after confirmation with the Bank of Kaohsiung's ESG Committee. We will continue to contact and discuss with stakeholders, check if positive and negative impact of material topics on our stakeholders have changed, and keep up with stakeholder' s expectation on Bank of Kaohsiung.

Aspects	Material topic	Corresponding GRI Standards	Scope of impact on stakeholders						
			Employee	Customer	Government and competent authority	Investor and shareholder	Media	Supplier	Communities and non-profit-seeking organizations
Environment	**Climate Change Strategy**	• GRI 201: Economic Performance	V	V	V			V	
	Green financial instrument	• Industrial topics. There' s no applicable GRI standard.		V					
	Greenhouse gas inventory and reduction	• GRI 305: Emissions	V	V	V			V	

Aspects	Material topic	Corresponding GRI Standards	Scope of impact on stakeholders						
			Employee	Customer	Government and competent authority	Investor and shareholder	Media	Supplier	Communities and non-profit-seeking organizations
Society	**Digital financial innovation and inclusion**	• Industrial topics. There's no applicable GRI standard.	V	V	V	V		V	V
	Talent attraction and retention	• GRI 401: Employment • GRI 404: Training and Education • GRI 405: Diversity and Equal Opportunity	V						
	Employee care and friendly working environment	• GRI 403: Occupational Health and Safety • GRI 405: Diversity and Equal Opportunity	V						
	Employee salary and welfare	• GRI 401: Employment	V						
	Human Rights Protection and Gender Equality	• GRI 405: Diversity and Equal Opportunity	V						
Governance	**Personal information security and personal data protection**	• GRI 418: Customer Privacy	V	V	V				
	Anti-money laundering and countering of terrorism financing	• Industrial topics. There's no applicable GRI standard.		V	V				
	Fair dealing and privacy protection	• GRI 418: Customer Privacy		V	V				
	Operational performance and profit	• GRI 201: Economic Performance	V			V			
	Risk management and audit system	• GRI 201: Economic Performance	V	V	V				

Departments Corresponding to Material Topics

Bank of Kaohsiung realized that sustainable development is not only an overall goal but also the result of various departments' joint efforts. Therefore, we sorted out 13 material topics and their corresponding departments, confirmed the potential impacts of different departments on sustainability, and prioritized them according to internal and external impact indices. The priority of material topics also expressly designated corresponding departments to ensure comprehensive consideration of and responses to the ESG issues.

Rank	Material topic name	Corresponding department
1	**Personal information security and personal data protection**	Information Division, Compliance Division
2	**Talent attraction and retention**	Human Resource Division
3	**Money laundering prevention and countering of terrorism**	Information Division, Compliance Division
4	**Fair dealing and privacy protection**	Compliance Division
5	**Digital financial innovation and inclusion**	Digital Finance Division, Credit Management Division, Financial Market Division
6	**Operational performance and profit**	Financial Market Division, Credit Management Division, Digital Finance Division, Overseas Department, Trust Department, Public Treasury Department, Insurance Agency Department, Wealth Management Division, Executive Administration, Financial Accounting Division
7	**Employee care and friendly working environment**	Human Resource Division, Administrative Management Division
8	**Employee salary and welfare**	Human Resource Division
9	**Risk management and audit system**	Risk Management Division, Audit Division of the Board of Directors
10	**Human Rights Protection and Gender Equality**	Human Resource Division
11	**Climate Change Strategy**	Risk Management Division, Credit Management Division, Financial Market Division, Executive Administration, Administration Management Division
12	**Green financial instrument**	Financial Market Division, Credit Management Division, Executive Administration, Overseas Department, Trust Department, Wealth Management Division, Insurance Agency Department
13	**Greenhouse gas inventory and reduction**	Operational Carbon Emissions: Administrative Management Division Financial Carbon Emissions: Risk Management Division, Credit Management Division, Financial Market Division, Digital Finance Division

1.4.3 Material topic management approach

For the 13 material topics as identified, Bank of Kaohsiung organized the short-term, mid-term and long-term management approach and response measures, and set up corresponding goals and action plans for different topics. We track the outcome regularly and execute roll planning to adjust our goal. For important topics that are not material topics, we formulate regulations based on existing management process. Meanwhile, we disclose relevant indicators for stakeholders to get a whole picture of operation.

SDGs of Bank of Kaohsiung

Personal information security and personal data protection

Actual and potential positive impacts (opportunities) on the economy, environment, and population	• Strengthening the structure of information security gives customers confidence in data protection and makes them more willing to share data or establish more business relationships with us.
Actual and potential negative impacts (risks) on the economy, environment, and population	• Failure to properly manage information might result in disclosure of our confidential information and customer personal data, which may lead to the impairment of our goodwill or customers' distrust and further loss.
Policies and Commitments	• We manage customers' personal information strictly, protect data with the highest level of information security protection, regularly maintain and update the information security system, and ensure perfect personal information protection.
Resources invested in 2023	• Conduct computer system information security assessment operations • Replacement of webpage application firewall system • Replacement of network firewalls in the demilitarized zone • Establish network firewalls in the development and testing area of e-banking and remote data centers • Establish email system to replace and expand email defense system BEC commercial fraud module

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
• Conduct computer system information security assessment operations • Establish information communication security analysis and reporting software • Establish Zero Trust Network Mechanism Construction Project • Establish the open source software security testing system • International business continuity management standard implementation and verification project • Purchase of F5 load balancers • Purchase Forcepoint DLP Endpoint software • Purchase the license to use the Windows update audit module of WinMatrix IT Resource Management System. • Establish an API management platform	• Expected to implement BCM in the future. • Continue to maintain the information security management system. • Optimize the process for information security incident drill.

Talent attraction and retention

Actual and potential positive impacts (opportunities) on the economy, environment, and population	• In a situation where talent recruitment is difficult, if we can increase the attractiveness of employment and retain willingness to stay, we can stabilize our talent composition and benefit our long-term operations.
Actual and potential negative impacts (risks) on the economy, environment, and population	• Failure to recruit or retain existing employees may result in a shortage of workers, thereby unfavorable to our business scale expansion and stable development.
Policies and Commitments	• We focus on diverse development of employee, offer complete employee education training, enhance retention rate of employee, strive for attracting talents in banking and financial sectors, increase market competitiveness and ensure operation stability.
Resources invested in 2023	• Increase the frequency and hours of English courses. • Increase the hours of ESG-related education and training courses, reaching 3,103.7 hours in 2023. • Bilingual and digital (information) specialists are subject to a seed talent plan for education and training to cultivate talents. • Increase the number of people working with colleges and universities for industry-academia cooperation; until 2023, there were 52 people in 4 universities, an increase from 2022.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
• Increase the percentage of employees obtaining English-language proficiency certificates by more than 20%. • Industry-academia collaboration is expected to increase by 4 universities every year. • Scheduled to increase the number of participants in ESG-related education and training courses by 10% each year. • In addition to the statutory courses, we also organize various continuing education programs for various business lines from time to time, and continue to provide diversified courses of qualified training institutions to accelerate the improvement of core profession and skills. • Scheduled to increase the number of employees participating in the competency development plan by 10% each year.	• Increase the percentage of employees obtaining English-language proficiency certificates by more than 30%.

Anti-money laundering and countering of terrorism financing

Actual and potential positive impacts (opportunities) on the economy, environment, and population	• Strengthen the internal control and supervision system and improve the Bank's reputation and trust to make customers more willing to cooperate with us, help us expand the customer base and operation scale and increase customers' loyalty.
Actual and potential negative impacts (risks) on the economy, environment, and population	• Strengthening the money laundering prevention control might result in the increase in operating costs or impact on customer experience, but failure to manage it properly might also result in compliance risk.

Policies and Commitments	● Guidelines Governing Anti-Money Laundering and Countering Terrorism Financing ● Assess money laundering and terrorism financing risks and formulate prevention plans, policies and procedures ● Regulations Governing the Duties, Powers and Responsibilities of Money Laundering and Countering Terrorism Financing
Resources invested in 2023	● Regularly report to the Board of Directors and the Audit Committee on the bank-wide implementation of anti-money laundering and countering terrorism financing ● Appoint CPAs to audit the anti-money laundering and countering of terrorism financing project for 2023.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Continue to optimize anti-money laundering operations in response to laws and regulations and the practical operational needs. ● Regularly organize anti-money laundering and compliance education and training courses to strengthen the professional knowledge of personnel at all levels in implementing anti-money laundering operations. ● Appoint CPAs to audit the internal control system for anti-money laundering and countering of terrorism financing in accordance with regulations.	● Optimize the anti-money laundering system and consider the implementation of anti-money laundering AI technology to assist manual review. ● Complete all tasks for which the Occupational Health Division is responsible according to external and internal regulations; enforce compliance system and mitigate the risk over violation of laws by the Company. ● Improve the communication mechanism with the first and third line of defense, control the legal compliance risks precisely, enhance the legal compliance awareness of all employees, and ensure the effective operation of the legal compliance system.

Fair dealing and privacy protection

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Help enhance brand image and customer satisfaction, thereby promoting business growth, reducing legal risks, and promoting digital innovation and technological development.
Actual and potential negative impacts (risks) on the economy, environment, and population	● Legal compliance, information security, and reputation risks may arise if they are not managed properly, but customer experience may be affected if they are overly rigorous.
Policies and Commitments	● We adhere to our service-oriented and customer-friendly service philosophy, and shape a top-down corporate culture with the principle of fair dealing as the core, and continue to implement customer data management and strengthen privacy protection to protect the rights and interests of customers. ● Fair Dealing Policy and Strategy ● Consumer Protection Guidelines ● Customer Data Confidentiality Guidelines ● Personal Data Management Policy
Resources invested in 2023	● The Fair Dealing Committee completed the review on a total of 2 discussion cases, 7 report cases, and 1 other report case, and submitted them to the Audit Committee and Board of Directors to give specific instructions on the implementation of our fair dealing policy, and instruct relevant units to evaluate and handle the matters proactively. ● Establish the Bank's "Fair Dealing Committee," which is directed and promoted by the President personally. ● Invite business units and sales units to jointly organize the personal data file infringement response drill. ● Complete the ongoing review and verification of the Personal Information Management System (PIMS) to maintain the validity of certificates. ● Completed self-evaluation on the effectiveness of fair dealing and consumer protection.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
• Each business management unit proposes "measures or systems for innovation or improvement" to strengthen the effectiveness of our operation and implementation of the fair dealing policy. • Continue to organize education and training for our directors, senior managers, and employees to deepen the protection for financial consumers. • Continue to conduct self-evaluation on our performance in fair dealing and consumer protection, review the performance of our implementation of consumer protection, and propose optimization or improvement measures in a timely manner. • Continue to organize drills for contingency handling of personal data file infringement incidents to enable relevant units to be familiar with the contingency procedures (such as operational risk notification, and major incident notification, etc.). • Continue to maintain the Personal Information Management System (PIMS) and maintain the validity of certificates	• Continuously discuss and implement "innovative or improved measures or systems" in reference to the latest policies or instructions announced by the competent authorities to help present more specific achievements of our business lines in promotion in line with the "Principle for Financial Service Industries to Treat Clients Fairly." • Continuously maintain the Personal Information Management System (PIMS)

Digital financial innovation and inclusion

Actual and potential positive impacts (opportunities) on the economy, environment, and population	• In addition to reducing operating costs through automated processes, we can optimize customer experience, provide more comprehensive financial services to different groups, and achieve financial inclusion.
Actual and potential negative impacts (risks) on the economy, environment, and population	• When enhancing the innovation and inclusion of digital finance, it is extremely easy to face huge security risks, such as data breach and unfair use.
Policies and Commitments	• We proactively execute digital transformation and digital financial innovation, offer convenient, safe digital financial experience to customers, continue to promote inclusive financial policy, and expand market share with diverse financial instruments.
Resources invested in 2023	• Digital deposits: 11,283 accounts were opened as of the end of 2023 • Student loans: There have been 32,348 loans checked online in total. The online loan checking rate for the first semester of 2023 (July to September, 2023) was 58.09%. • Youth entrepreneurship loans: 3,318 loan applications have been submitted online. 1,030 loan applications have been checked online. • Digital channel interface bilingualism • Mobile Banking APP Additions of Diversified Payment Channels • Redesign the interface of our official website • Replace the hardware and software facilities of our accessible ATMs. • Increase the number of discounts for inter-bank ATM withdrawal fees for persons with physical and mental disabilities.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
• Optimize customer communication channels, such as establishing real-person text customer service and optimizing website interface. • Increase the percentage of transactions not performed over the counter. Save the labor and operation cost for OTC. • Replace 2 ATMs in the city government branch, and add a voice interface to the new ATMs to meet ATM accessibility regulations. • Plan to offer App in English for foreign customers.	• Replace ATMs in regional hospitals and colleges with first priority. Add voice interface to ATMs in regional hospitals and colleges. • Evaluate the existing security control mechanism and simplify customer identity authentication. • Continue to adjust customer function, and optimize all kinds of bilingual menus. • Launch various credit card OTC services online.

Operational performance and profit

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Help form a positive cycle of investing resources in recreating resources, while good operational performance may also help invest resources in all ESG aspects.
Actual and potential negative impacts (risks) on the economy, environment, and population	● In the pursuit of good operational performance, it is necessary to identify and respond to relevant risks, such as risks such as legal compliance, market, operation, technology, and talent.
Policies and Commitments	● Stable operation and profit are our basic commitment to shareholder and investor. Through strategy of diversification and release of green financial instrument, we stay healthy and grow stably.
Resources invested in 2023	● Launch diverse financial instruments. ● Transparent disclosure of financial performance ● Stable revenue growth ● Achievement rate of foreign exchange transactions (USD) was 103.58%.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Actual net income growth by 10% in 2023.	● Perform strategy of diversification to muscle for domestic and overseas market share. ● Increase shareholders' profit. ● Actual net income growth by 30% in 2023.

Employee care and friendly working environment

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Maintain and improve employee productivity and job satisfaction while reducing labor turnover costs, and also committed to the protection of human rights to protect employees from illegal abuse.
Actual and potential negative impacts (risks) on the economy, environment, and population	● Without a friendly working environment, it may lead to difficulties in talent recruitment, high turnover rate, and high incidence of workplace accidents, thereby unfavorable to our operational development.
Policies and Commitments	● We care about occupational safety and health of employees, actively create a friendly workplace, regularly pay attention to employee' s mental and physical health, fulfill occupational safety and health management, and create a safe workplace and a heartwarming environment.
Resources invested in 2023	● The first draft of the employee satisfaction survey has been completed, and the Information Division has been requested to design the system for filling in. Follow-up analysis of the employee satisfaction survey will also be conducted. ● In 2023, the employee health consultation service was provided internally, and 47 employees were interviewed. ● 13 employees underwent maternal health risk assessment in 2023.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Plan and adjust strategies based on the survey results, optimize links with low satisfaction, and improve employee satisfaction. ● We will continue to regularly pay a visit to check the employees' health improvement status and continue to provide the consultation service to employees. ● Continuous care, hazard assessment and control, physician interview guidance, risk classification management, work adaptability arrangements, etc.	● Satisfaction rate reaching 60%~80%; the satisfaction survey for the previous year is conducted in January each year.

Employee salary and welfare

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Attractive salaries and benefits can increase the incentives to attract and retain talents, and may also maintain employees' job satisfaction and loyalty.
Actual and potential negative impacts (risks) on the economy, environment, and population	● If the salary is lower than the average in the same industry, it may be difficult for talents to choose our bank, or the turnover rate may be high, which is unfavorable for the long-term development of talents.
Policies and Commitments	● Employees are the most important backbone and asset for us. We enhance the employee welfare system, enhance employee salary and bonus, maintain cohesion, and effectively enhance our operational efficiency and performance.
Resources invested in 2023	● Increase overall salary of employees. ● Enhance employee welfare system. ● Outcome of communication in the labor – management meeting

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Provide counseling service to employees and maintain the mental and physical health of employees. ● Help more employees acquire English certificates. ● Enhance employee satisfaction survey.	● Build diverse employee communication channels to maintain harmony in labor – management relations. ● Continue to draw up diverse training plans for all kinds of businesses in the bank, and inform employees of external training courses immediately.

Risk management and audit system

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Establish a sound risk management and audit system to reduce the possibility and impact of risks.
Actual and potential negative impacts (risks) on the economy, environment, and population	● Without a sound management system, it may lead to frequent risks, loss of customer trust, and significant legal compliance risks.
Policies and Commitments	● We regularly examine and enhance risk management and audit system, implement good investment and financing risk control, add or amend all kinds of risk management regulations in time, and carry out information disclosure of risk management.
Resources invested in 2023	● Monitor credit risk, market risk, bank book interest rate risk, operational risk, liquidity risk and climate risk, etc., on a daily or monthly basis. ● The monitoring results are reported to the Risk Management Committee on a monthly basis, and to the Audit Committee and the Board of Directors on a quarterly basis.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Continuously monitor various risks and regularly submit the results to the Risk Management Committee, Audit Committee and the Board of Directors ● Introduce the version of "Basel III : Finalising post-crisis reforms" released by Basel Committee on Banking Supervision (BCBS).	● Add examination contents of ESG topic, and amend and check the working paper accordingly. ● Update the formula of capital adequacy ratio according to the schedule and specification in the "Minimum capital requirements for market risk."

Human Rights Protection and Gender Equality

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Attract talents with similar philosophies, protect the working environment of current employees, build a positive corporate image, and committed to human rights protection.
Actual and potential negative impacts (risks) on the economy, environment, and population	● In the event of human rights and gender equality-related incidents or illegal workplace violations, there might be loss of talent or legal compliance risks.
Policies and Commitments	● Regarding gender equality, in addition to the policy that there is no differential treatment based on gender, we also provide employees with childcare leave and family care systems that are applicable regardless of gender and are better than those under the Labor Standards Act. Expected to complete our human rights policy in 2024 in accordance with international conventions.
Resources invested in 2023	● The first draft of human rights policy has been submitted to Legal Compliance for review. ● Currently there are 2 female directors.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Administrative procedures expected to be completed in 1H of 2024. ● Taking into account gender equality, we will strive to increase the number of female directors to one-third of the whole directors.	● Establish a corporate culture with sufficient human rights awareness and caring gender, race and age equality.

Climate Change Strategy

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● With the booming development of the renewable energy industry, it is possible to expand investment projects and opportunities, and to develop related innovative financial products. A sound climate change strategy also builds resilience to address climate risks.
Actual and potential negative impacts (risks) on the economy, environment, and population	● The Bank is also affected by climate changes. Risk items, such as credit risk and operational risk, derived from climate risks are likely to pose some significant impact.
Policies and Commitments	● All unit executives of the relevant businesses may set up our climate risk evaluation methods and processes based on customers or asset portfolios. They estimate the level of climate risks and take differential risk management measures. ● All units carry out operations and processes associated with climate risks based on their function. They shall adopt proper climate risk management and countermeasures.
Resources invested in 2023	● Establish our "Climate Risk Management Guidelines" to clearly delineate the organizational structure and major responsibilities for climate risk management. ● We amended our "Regulations Governing Credit Extension and Investment Sector Limits," by adding the control over the total credit and investment balance for industries with high TCFD sensitivity, and including the monitoring status in the risk management report, which is submitted to the Risk Management Committee on a monthly basis and to the Audit Committee and Board of Directors on a quarterly basis.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Adopt difference management measures based on identified climate risk, and regularly report climate control to all management levels.	● Continue climate risk identification and assessment ● Implement IRFS S1 and S2 ● Assess the feasibility of implementing international carbon management tools, such as CDP, SBTi and ICP.

Green financial instrument

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Satisfy the diverse needs of customers and achieve the purpose of environmental protection while innovating products.
Actual and potential negative impacts (risks) on the economy, environment, and population	● Increase operating costs, labor costs, time costs, and liquidity risks, such as cooperating to ensure relevant business execution and reviewing customer KPI achievement rate.
Policies and Commitments	● We completed and approved the "Sustainable Loan Review Guidelines" and "Sustainable Investment Guidelines" in 2023, and upgraded new digital business cooperation development models to diversify our sustainable financial products.
Resources invested in 2023	● Formulate the Sustainable Loan Review Guidelines and establish ESG questionnaire and risk assessment related systems; integrate with trust and renewable energy companies to establish a green power trading platform; link green deposits to create green financing (renewable energy and energy technology development) and sustainable financing (affordable housing, and employment promotion).

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● In 2024, the consolidated target of green energy loan business is to increase the loan balance in 1H of the year by NT$8 billion, and the provisional loan balance in 2H of the year will grow by NT$12 billion. ● Average annual balance of factory loans increased by NT$5 billion. ● Launch the Equator Principles execution and implementation project ● Inventory of Carbon Emissions from Investment and Financing (Scope 3)	● The consolidated target for medium- and long-term green energy loan businesses is tentatively set to grow the loan balance by NT$20 billion in one year. ● Average annual balance of factory loans increased by NT$30 billion.

Greenhouse gas inventory and reduction

Actual and potential positive impacts (opportunities) on the economy, environment, and population	● Help identify emission hotspots, and then set the optimal reduction plan to reduce current operating costs and carbon fees that may be faced in the future.
Actual and potential negative impacts (risks) on the economy, environment, and population	● Excessive cost and time might need to be invested if the optimal inventory and reduction plan is not established, and legal compliance risks may be faced if inventory and verification are not achieved.
Policies and Commitments	● Achieve the goal of GHG emissions. ● Set the 2050 net-zero carbon emission goal in accordance with the national policy and vision.
Resources invested in 2023	● GHG reduction by 1.23% ● Cao Ya Branch completed the construction of solar photovoltaic panels. ● Management control and equipment replacement of air-conditioning equipment, including the Head Office Building, Jianguo Branch, Taoyuan Branch, Youchang Branch, Qijin Mini Branch, and Hsinchu Branch.

Short-term goal (one year)	Medium- and Long-term Goals (3~5 years)
● Expected to complete ISO 14064-1 third-party verification throughout the Bank in 2024. ● The goal for reducing GHG emissions by 1% per year ● The goal for saving 1% of power per year ● Complete the construction of solar photovoltaic panels in Qiaotou Science Park Branch in 2024.	● Increase percentage of transferring power consumption to renewable energy. ● Purchase of renewable energy certificate

2 Financial Products and Services

Build Responsible Finance



Core vision and commitment

As a local bank, Bank of Kaohsiung is committed to providing local customers with comprehensive financial services. It also incorporates sustainable development into financial products and services to become a long-term partner of customers on their sustainable development roadmap, assist in industrial transformation and sustainability, enhance customers' competitiveness and power, and promote the local economic development in Kaohsiung. We also continue to develop fair dealing and friendly finance to build customers' trust and loyalty to us and contribute to the stability of the financial market and harmonious development of the society.

We have implemented the TCFD since 2023 to assess the impacts posed by climate changes in an objective and quantitative manner, hoping to enable stakeholders to understand and recognize Bank of Kaohsiung's actions and resilience in coping with the climate changes. Meanwhile, in 2024, we launched the EPs execution and implementation project and PCAF Investment and Financing Carbon Inventory, which will turn challenges into low-carbon transformation opportunities and business opportunities and create an endless wave of ESG in Kaohsiung.

Achievement and performance in 2023

Sustainability trust	Sustainability loan	Sustainable investment
• Signed 15 trusts regarding cross-industry-alliances	• Established the Green Energy Development Center and established the Review Guidelines for Sustainability Loans.	• Approved the Directions for Sustainability investment

Fair Dealing and Friendly Finance	Digital finance	Eradication of Poverty
• The "Regulations Governing Rewards for Implementation of Finance-Friendly Services" were established to reward branches and clerks with outstanding performance in providing finance-friendly services. • The "Directions for Establishment of Fair Dealing Committee" were established to found the Fair Dealing Committee, with the President as the convener.	• Develop the MyData platform and join the blockchain alliance of peers in the same industry.	• Loans with preferential interest rates for financially disadvantaged groups (including students and young entrepreneurs)

Material topic

Digital financial innovation and inclusion	Operational performance and profit	Risk management and audit system	Climate change

Enhancement goal

Short run	Mid-term	Long-term
• Develop mobile banking APP • Establish the mobile insurance application information system • Complete the EPs implementation and Investment and Financing Carbon Inventory • Include ESG factors in the trust product review process • Distribute ESG self-assessment questionnaires to investees	• Launch the public treasury business. • Strive to participate in the green energy financing syndicated loan project • Set up one bilingual flagship branch in the central and northern Taiwan, respectively	• Establish bilingual branches everywhere • Strengthen the agency service function of the Kaohsiung City Government's city treasury services • Ask external agencies to perform satisfaction surveys on customer services.

2.1 Sustainable financial products and services

With the wave of global sustainable development, the financial industry has become an important driving force for sustainable development, helping corporations achieve sustainable transitions perfectly with sufficient funds and due diligence regarding sustainability. The capital expenditures of the financial industry forge ahead toward environmental protection, energy savings, and high performance.

Bank of Kaohsiung has incorporated the sustainability principles into its loan and investment business. We assess the environmental, social, and corporate governance implementation status of loan customers and investees to reduce the threat to us caused by excessive sustainability or ESG management risks. In the future, we will launch the EPs execution and implementation project, and expect to strive to become the arranger for international syndicated loans. We have also established a green energy development center to work with renewable energy suppliers to establish the green power trading trust cooperation, increase the credit balance of the renewable energy financing project, and promote the development of enterprises in the renewable energy industry, pose an indirect impact on the development of Taiwan's renewable energy industry and increase the utilization rate of renewable energy. Meanwhile, in recent years, we have been committed to digital financial transformation and development of the MyData platform to reduce paper consumption, transform into a green bank, and hope to become an ESG model among the banks in Kaohsiung and even throughout Taiwan.

Sustainable Financial Products and Services

- Encourage all units to innovate and develop sustainable financial products, and promote green finance and sustainable development through products such as green deposits and ESG trust products.

Leverage the value to meet customers' needs

- By providing professional financial products and services, we help corporate customers achieve low-carbon transformation and meet the financial service needs of individual customers, thereby realizing value and winning customer trust.

Operations and Risk Management

- In addition to participating in international ESG-related initiatives and principles proactively, we have established a sustainable management mechanism, incorporated ESG risks including climate changes, and formulated ESG business opportunity strategies and quantitative goals.

Leading Local Sustainable Transformation

- In addition to financial instruments, we also organize forums and various education and trainings, and support local activities, in order to help local enterprises in Kaohsiung better understand ESG concepts, hoping to assist and lead local enterprises in sustainable transformation.

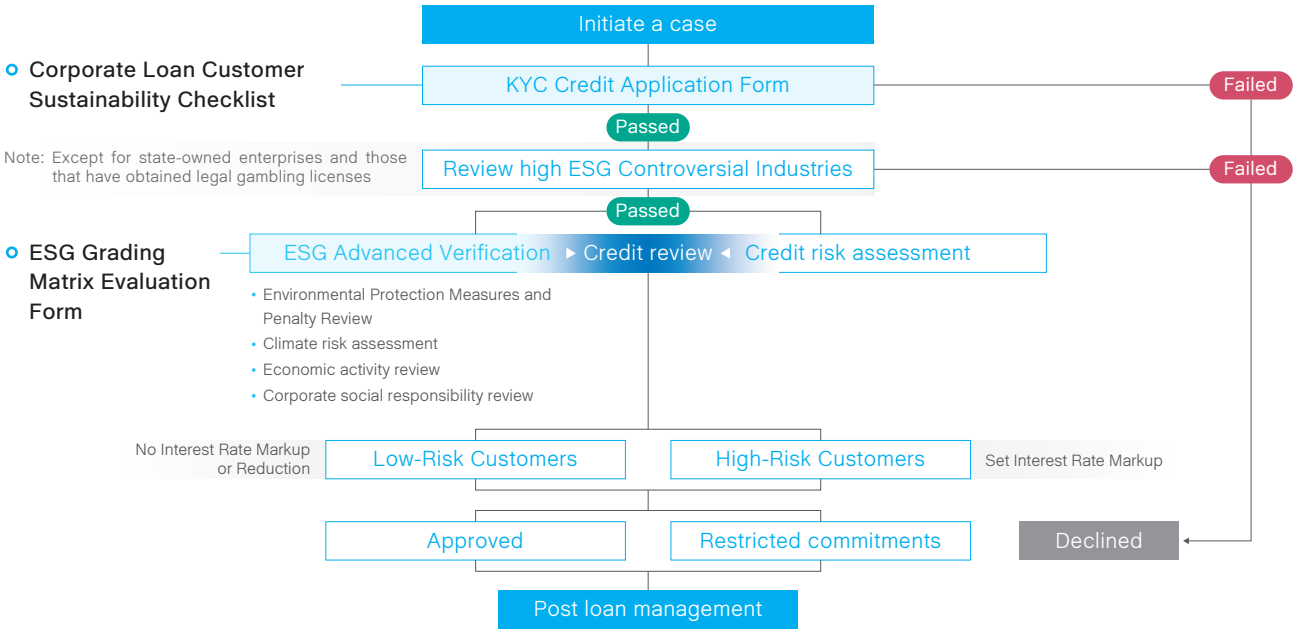
Building Bank of Kaohsiung's ESG Corporate Culture

- Take ESG factors into consideration in corporate decision making, build a sustainable corporate culture, strive to assume social responsibilities in the financial industry, and promote positive impacts on the environment and society.

2.1.1 Sustainability loans

In response to global sustainable development and to leverage the financial influence, Bank of Kaohsiung has established the Review Guidelines for Sustainability Loans, which were implemented in 2023. Borrowers are encouraged to be committed to sustainable transformation and implementation of environmental, social and governance (ESG) risk management through the loan review mechanism. In 2024, we launched the EPs execution and implementation project. We hope to join international initiatives and optimize internal loan business management processes and digital management, in order to achieve the goal of sustainable management, and work together for the sustainable development of the environment and society.

Sustainability Loan Process



Sustainability Loan Evaluation and Management Approach

Review on ESG Controversial Industries

Industry type		Content description
Industries forbidden to receive loans		• Tobacco industry (except for SOEs) • Gambling industry (except for companies with a legal gambling permit) • Sex industry • Drug industry • Products or activities violating or restricted by domestic or international regulations or treaties • Industries not included in the industries above but performing economic activity in the industries above, or industries performing economic activities that meet the description of the fifth point
Industries allowed to receive loans	Highly sensitive industries	Extraction of crude petroleum and natural gas, quarrying of stone, sand, clay, and other mining, manufacturing of textiles, manufacturing of pulp, paper, and paperboard, manufacturing of petroleum and coal products, manufacturing of chemical materials and fertilizers, manufacturing of other chemical products, manufacturing of rubber products, manufacturing of plastics products, manufacturing of other non-metallic mineral products, manufacturing of basic metals, manufacturing of electronic parts and components, manufacturing of motor vehicles and parts, electricity and gas supply (excluding renewable energy industries), water supply, water transportation, air transport
	Climate risk	Use the sustainability checklist to assess the physical climate risks and transition risks of loan customers.
	General economic activity	If the activity is a prospective economic activity, enhances ESG risk management, or is beneficial to ESG risk management, we consider offering favorable conditions.
	Prospective economic activity	
	Sustainable economic activity	
	GHG emissions	Use the sustainability checklist to assess the GHG emissions in Scope 1 and 2 for loan customers.

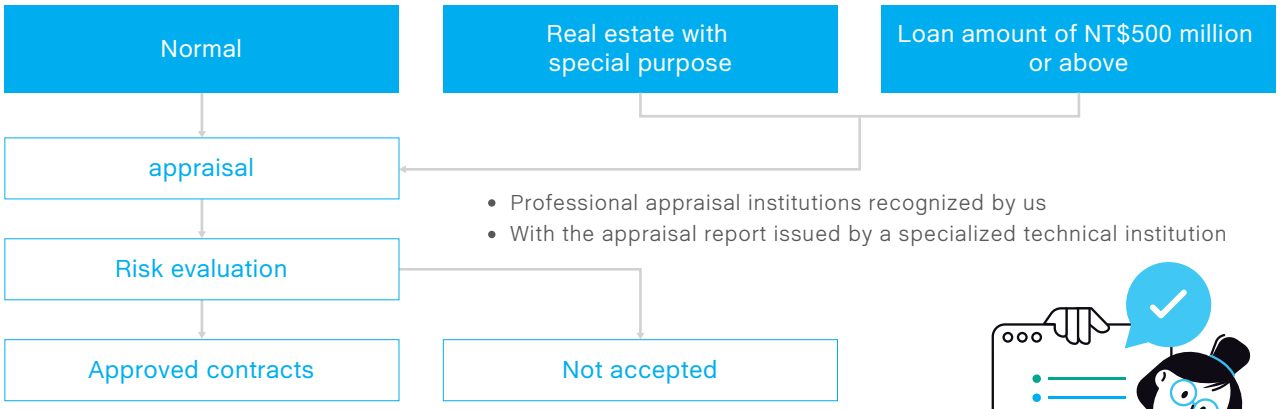
ESG Risk Classification

Bank of Kaohsiung evaluates the ESG risks of loan customers based on said aspect, divides customers into high/medium/low risk, sets the markup rates for customers with medium and high risks, and does not set markup rates for low risk customers. Bank of Kaohsiung sets the criteria beneficial to ESG management and marks down the rate if the customer meets the relevant standards.

Credit risk review

Risk aspects and purpose of assessment	Assessment criteria description	Standard for approval
Borrower Use of funds Repayment source Loan guarantees Loan perspective	Collateral coverage rates Business conditions of the company Check if the financial statement is robust. Analysis on cash flows from operations Future business growth Profitability	Comply with loan regulations. Meet the purpose of loans.

Real estate collateral evaluation



Risk assessment items for collateral/real estate

Risks	Contents	Handling method
Subrogation risk	• The collateral is a temple or it is used for special business	• Do not grant loan.
Loan assurance risk	• Private school property, real estate provided by a company as a guarantee for others, real estate involved in a lawsuit or provisional seizure, real estate involved in a provisional injunction, real estate subject to compulsory sealing, and portion-owned farmland	• Must not be accepted as collateral, that is, this type of collateral will not be accepted.

Post loan management

The business unit regularly judges whether the repayment ability of the loan customer is affected by their current business and financial condition. We evaluate the feasibility for changing repayment methods while making sure that the method is affordable for loan customers and we can collect debt (such as extensions, agreed to be repaid in installments, and corporate debt negotiation). We aim to help loan customers overcome difficulties and collect debt smoothly, and create a win-win situation for both of us and loan customers.

Our exception alert system for loan customers is a post-loan alert mechanism. During business operation, if the loan customer is involved in problems such as regulation violations, business disputes, or infringement, they might be sued and their company might be fined, claimed against for compensation, compelled to shutdown or discontinue business, or have their license revoked. Chain reactions such as financial difficulty, widened financing gap, concerns with business continuation, and difficulty with banking debt might be incurred. As a result, we cannot make sure if we can collect the debt.

Six aspects of post loan assessment



- Business operation, financial conditions, and credit status of borrowers
- Transaction performance
- Use of funds and repayment sources
- Guarantee contents
- Loan conditions
- Evidentiary documents of loan certificates

Status of green finance for credit business

Base date: End of December 2023 Unit: NTD/hundred million

Type	Number of cases	Number of transactions	Approved amount	Current balance
Green spending	298	1,565	177.42	114.10
Sustainability-linked Loan	89	330	81.32	61.88

ESG syndicated loan

Besides devoting ourselves to national business, especially business in Kaohsiung, we have our International Department which is responsible for international business and serving as the management and business unit at the same time. Our international business covers international exchange business promotion and management, product development, correspondence business, SWIFT management, management of deposits in international bank competitors, settlement of international exchange transactions, and international exchange report management. It also covers international exchange business of the business unit under our jurisdiction, e.g. import, export, and remittance. We also act as the agency for OBU international exchange.



- **Low risk**
  Low risk customers
- **Medium to high risk**
  Customers by tier
  Set the markup rates

If we participate in syndicated loans with international corporations, we primarily consider the credit risk of borrowers, whether the borrower belongs to an industry supported by the local government, and whether the loan adheres to the national and industrial limits specified by the Risk Management Division. Please refer to the annual report, news and review of credit rating report of the borrower for post-loan management.

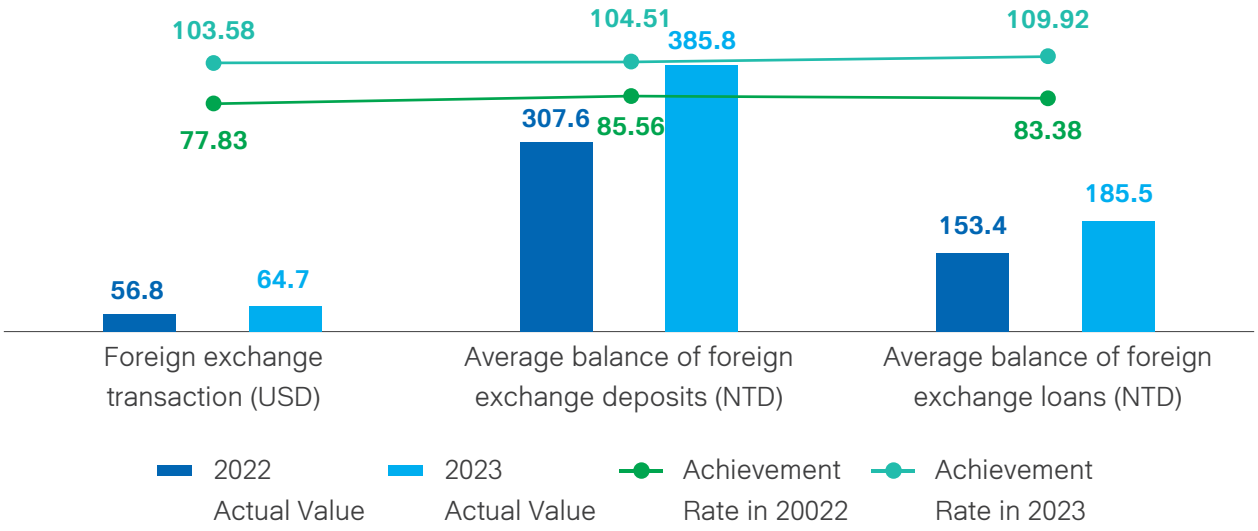
We currently have two ESG syndicated loan projects, and plan to seek to serve as the arranger for the syndicated loan projects proactively in 2024, hoping to expand our business, attract more customers, and develop new business opportunities.

Name of ESG syndicated loan	Limit	Contents
Industrial Bank of Korea	US$ 15 million	Industrial Bank of Korea entrusted this ESG syndicated loan to Mizuho Bank, the organizer. We are a participant. The loan must be used for financing items of socially eligible assets (e.g. health insurance, education, and/or infrastructure) and comply with the sustainable development framework of the borrower.
PT Perusahaan Listrik Negara	US$ 15 million	PT Perusahaan Listrik Negara entrusted this ESG syndicated loan to Mizuho Bank and SMBC, the organizers. We are a participant. The loan must be used for financing items (e.g. renewable energy, green energy, and energy storage building) of eligible green projects and meet the green development framework of the borrower.

Foreign exchange business management

We improve foreign exchange performance by proposing 3-4 preferential time deposit programs every year. Based on active marketing strategies, we successfully increased the foreign exchange volume by 13.9% in 2023 from 2022. Meanwhile, the completion rate has also reached 103.58%, which will generate more revenue for us and further improve our competitiveness and business performance.

	2022 Actual Value	2023 Actual Value	Goal for 2023	Achievement Rate in 2023	Goal for 2024
Foreign exchange transaction (USD)	NT$5.68 billion	NT$6.47 billion	NT$6.25 billion	103.58%	NT$6.2 billion
Average balance of foreign exchange deposits (NTD)	NT$30.76 billion	NT$38.58 billion	NT$36.9 billion	104.51%	NT$48 billion
Average balance of foreign exchange loans (NTD)	NT$15.34 billion	NT$18.55 billion	NT$16.9 billion	109.92%	NT$26 billion



Leaps and bounds in the year of the rabbit

The stock market is in the red in the New Year of 2023. Bank of Kaohsiung launched “Leaps and bounds in the year of the rabbit”, a super favorable series of programs for international currency CDs and demand deposits. We also launched a CD program with favorable interest rates “New Year international currency favorable interest rate”. Both of these programs offer interest rates better than the previous programs. Meanwhile, the "Foreign Exchange Fun" project is available for customers studying abroad, traveling abroad, and petty bourgeoisie to meet the needs of different wealth allocation plans. Our philosophy of working with customers to diversify their capital has been widely supported.



Renewable energy financing program

To promote the financing of solar power and green energy technology industries, we stipulated the "Review Guidelines for Solar Power Plant Financing" and promoted renewable energy financing cases through the following method:

Methods	Purpose	Contents
The Green Power Team was renamed as the Green Energy Development Center.	• Expand the scope of business and be dedicated to promoting legal tender financing to cover various new renewable energy sources.	• Incorporate various renewable energy into the promotion business of the Development Center
Execute education training for branch executives and handling personnel.	• Enhance professional knowledge for staff at all levels of business units.	• A total of 1,034 employees participated in external education and training related to solar power, green energy, and electric vehicle markets.
Adjust our operation directions based on market conditions quickly.	• Increase market competitiveness of photovoltaic businesses.	• Formulate operation directions that meet regulations, and risk control and profit requirements based on solar power regulations and practices by competitors.
Keep in touch with the Taiwan Photovoltaic Industry Association.	• Understand market conditions and all kinds of technology of photovoltaic devices.	• In addition to being one of the education and training instructors of the SBA, he also keeps abreast of the latest market developments.
Existing customer referrals	• Help refer photovoltaic customers.	• The existing customers are more familiar with a competitor or friend. Customers in close contact with us refer photovoltaic customers to us.
The business unit applies for a syndicated loan with all competitors also in the financial industry.	• Strive for the chance to join syndicated loans.	• Most large-scale green energy financing cases are syndicated loan cases, and we seek participation in the loan cases proactively.
Develop renewable energy-related businesses in response to market adjustments.	• Facilitate the increase of revenue of our existing solar photovoltaic financing companies, which can also enhance the competitiveness of our solar photovoltaic financing business.	• The solar photovoltaic power generation system has shifted from a wholesale sales mechanism of Taipower to a green power trading platform for the renewable energy power sales industry and Taipower's dual-track system. In response to said situation, we create the green power trading price trust for the renewable energy power receiving industry to provide photovoltaic industry players with more sales channels.



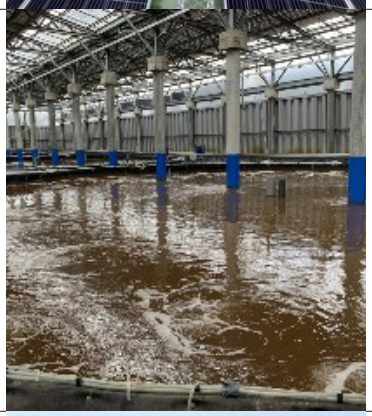
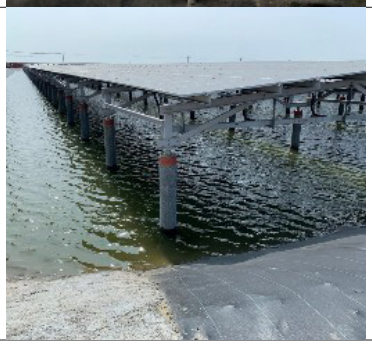


The outcome and goal of solar power and green technology industry in the last three years

In 2023, the Bank granted 395 green energy financing projects, such as solar power, and the current balance was NT$10.53 billion. The solar energy project generated 77,348,691 kWh of electricity, and the annual carbon reduction benefit reached approximately 38,210.2 metric tons. The goal is to achieve a net increase by NT$8 billion in the balance of financing for solar photovoltaic and other green energy technologies by 2024.

Item	2021	2022	2023	Goal for 2024
Number of solar photovoltaic and green energy technology financing transactions (number of approved cases)	25	230	395	Net increase in outstanding financing balance for solar power and green energy technology by NT$15.5 billion
Solar photovoltaic and green energy technology financing balance (NTD hundred million)	2.86	42.81	105.3	

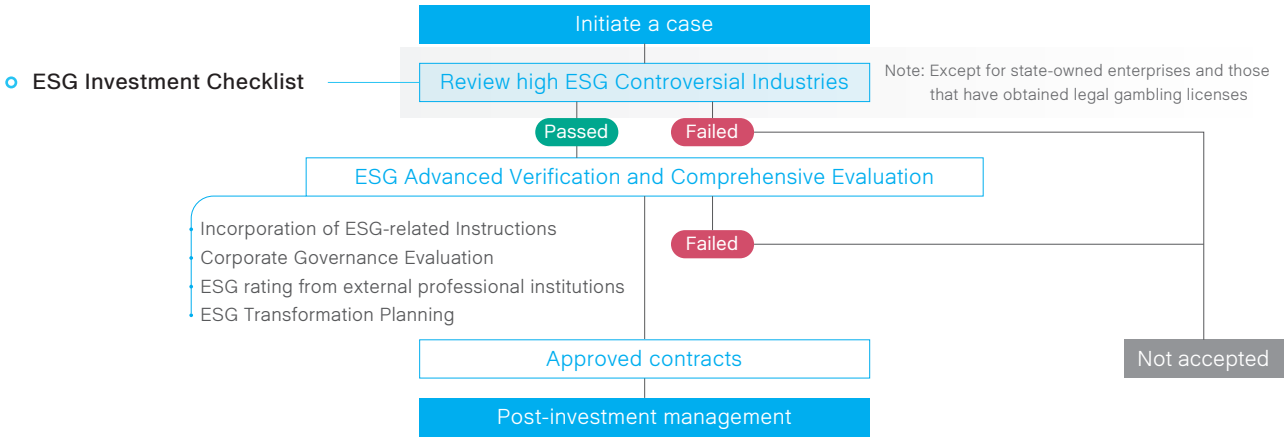
Cases of solar and wind power loans

Location	Installed capacity (MW)	Type		Sharing of Cases
Neipu Township, Pingtung City	0.499	Ground-based power plant		Convert idle land into renewable energy power generation facilities to do our utmost for sustainable environmental protection.
Neimen District, Kaohsiung	0.237	All-weather stadium type power plant		Build a covered place for the campus sports ground to allow teachers and students to exercise in a more comfortable environment, with the solar panels installed on the roof to turn the original stadium land into a semi-indoor stadium and renewable energy power generation facilities.
Yizhu Township, Chiayi (syndicated loan)	242	Fishery and electricity symbiosis rooftop power plant		Currently, fishery and electricity symbiosis is the most fine-quality form combining the current primary sector and renewable energy power generation, and the fishery and electricity symbiosis rooftop type can create a fine-quality indoor breeding environment, increase the overall output, and allow one place to be used for two purposes to take care of agriculture and fishery and develop renewable energy at the same time.
Qigu Dist., Tainan (syndicated loan)	47.54	Fishery and electricity symbiosis ground-type power plant		The ground type can maintain the original fish farm culture, and the choice of species that can be cultured is more diverse than the indoor type.

2.1.2 Sustainable investment

Bank of Kaohsiung is committed to participating in, signing, or complying with international initiatives and evaluations related to sustainable development and, therefore, it amends its “Investment Policy Guidelines.” We adhere to one of the six principles under the Principle Responsible Investment (PRI) to take the risk and performance of ESG into consideration and integrate them into the investment process and decision-making as one of the comprehensive judgment items for risk assessment. Meanwhile, in 2023, we passed the "Directions for Sustainability investment" to specify the investment evaluation process and matters to be noted in order to comply with our "Investment Policy Guidelines" and "Stewardship Principles for Institutional Investors."

Responsible investment process



Sector ESG Investment Evaluation

Based on our "Investment Policy Guidelines" and operation directions, we forbid granting loans to industries with high ESG disputes, diligently evaluate sensitive industries imposing environmental and social risks, and actively support sustainable development industries. SDGs-related (Sustainable Development Goals) industries are prioritized for loans.

Before investment, we collect information including without limitation to MSCI ESG Ratings, Sustainalytics ESG Risk Ratings, TWSE Corporate Governance Evaluation, S&P ESG Scores, or other ESG ratings or recognition, to strengthen evaluation of sustainable development performance of investment targets. We expect to distribute ESG self-assessment questionnaires to investees in 2024 to enable them to better understand their sustainable economic activities.

Type	Industry/economic activity	Management Policy
High ESG Controversial Industries	1. Tobacco industry (except for SOEs) 2. Gambling industry (except for companies with a legal gambling permit) 3. Sex industry 4. Drug industry	No investment
Sensitive industries posing risks to the environment and society	1. Extraction of crude petroleum and natural gas 2. Quarrying of stone, sand, clay, and other mining 3. Manufacturing of textiles 4. Manufacturing of pulp, paper, and paperboard 5. Manufacturing of petroleum and coal products 6. Manufacturing of chemical materials and fertilizers 7. Manufacturing of other chemical products 8. Manufacturing of rubber products 9. Manufacturing of plastics products 10. Manufacturing of other non-metallic mineral products 11. Manufacture of basic metals 12. Manufacturing of electronic parts and components 13. Manufacturing of motor vehicles and parts 14. Types of green energy in the electricity and gas supply industries, such as wind power, solar power, and geothermal power are not included in the high risk industries. 15. Water supply 16. Water transportation 17. Air transport	1. The "ESG Investment Checklist" should be completed before investing to enhance the assessment on the sustainable development performance of the investment target. 2. After the investment, the financial and business status and ESG-related information of the investee are compiled and reported to the Investment Review Committee on a quarterly basis. 3. If the underlying assets held originally are reclassified into high ESG Controversial Industries, the disposal plan must be submitted to the Investment Review Committee for discussion and approval before implementation.
Sustainable Industry	1. Organic fertilizers, organic agriculture, agricultural biotechnology innovation, etc., and related industries that can promote food security. 2. Vaccine and pharmaceutical research and development, medical and health services, etc., and related industries that can improve health and well-being. 3. Provide affordable vocational or higher education, promote fair learning opportunities for disadvantaged groups, etc., conducive to the promotion of quality education related industries. 4. Forward-looking economic activities that make a substantial contribution to climate change mitigation according to the "Guidelines for the Determination of Sustainable Economic Activities" promulgated by the competent authority. 5. Other industries related to the United Nations Sustainable Development Goals (SDGs).	Preferred investment

Post-investment management

Based on our "Stewardship Principles for Institutional Investors," the items of invested industries we pay attention to include but are not limited to industry overviews, current financial and operating conditions of the company, future prospects, and corporate governance. If the management of the investee company operates poorly and might damage the rights of the company or shareholders, or severe situations occur such as the investee company violating ESG, we will judge whether to vote against the loan or abstain from voting. We will also continue to pay attention to the implementation of ESG in investees, and engage in dialogue and interaction with investee companies through collaboration as appropriate. Meanwhile, we proactively implement shareholder activism by attending shareholders' meetings of investees and voting on various resolutions of shareholders' meetings to promote joint sustainable development of investees' sustainable development.

Engagement topics	Industry type	Total number of engagement counterparts
1. ESG market trends 2. Industry prospects	Electronics industry	2

Effectiveness of Responsible Investment

Bank of Kaohsiung proactively engages in construction of socially sustainable development via investment in ESG financial instruments such as green bonds, social responsibility bonds, and sustainability bonds, as well as the ESG ETF added this year.

By the end of 2023, 35 of the nationally-listed and OTC companies were selected as DJSI constituents. We invested in marketable securities issued by 7 of them, investing up to NT$2.481 billion, 15.20% of our total investment by the end of the 2023, excluding government bonds, municipal bonds, and national securities of the Central Bank's NCD.

Among the companies included in the DJSI, in addition to investing in said 7 domestic enterprises, we invested in marketable securities issued by 9 overseas companies with an amount of approximately NT$2.614 billion. We also invested in sustainability bonds issued by 21 companies , green bonds and social responsibility bonds amounting to NT$4.910 billion. Meanwhile, we invested in one ESG ETF for about NT$60 million. The total amount invested in ESG-related financial instruments was about NT$10.065 billion, i.e 19.03% of the overall investment in Taiwan's government bonds, municipal bonds, and Central Bank' s NCDs.

Sustainable Investment Goals

Investment in ESG financial instruments

ESG products	Type	Investment amount in 2022	Investment amount in 2023	Goal of investment amount in 2024
Green bonds	International currency bonds	NT$ 1,704 million	NT$2.093 billion	NT$2.1 billion
	NTD	-	NT$100 million	NT$100 million
Social responsibility bonds	International currency bonds	NT$ 432 million	NT$484 million	NT$485 million
Sustainability bonds	International currency bonds	NT$ 2,232 million	NT$ 2,232 million	NT$2,250 million
ESG ETF	NTD	-	NT$60 million	NT$61 million

Green bonds

Debtors	Use of funds and sustainable conduct
BANK OF CHINA LTD	The funds raised are used for green energy programs, including clean transportation, green building, pollution control, renewable energy, and water resource management.
HONG KONG SPECIAL ADMINISTRATION	The funds raised are used in financing and re-financing for one or more green items in nine qualified types, renewable energy, energy efficiency and saving, pollution control, management and recycling, water and wastewater management, nature protection/ biodiversity, clean transportation, green building, and climate change adaptation.
KOREA ELECTRIC POWER CO	The funds raised are used in three domains, power grids of renewable energy, clean transportation, and renewable energy. Investment items include solar power, wind power, electric vehicles, and charging infrastructure for electric vehicles.

Social responsibility bonds

Debtors	Use of funds and sustainable conduct
SHINHAN BANK	Cooperate with the South Korean government, which serves as the guarantor. In the loan plan “Sunshine loans”, the funds raised are offered to people with low income or credit ratings. Over 79,000 people benefited from the plan.
INDUSTRIAL BANK OF KOREA	The funds are primarily used for loan plans, offering loans to 1,750 SMEs affected during the pandemic. Some of the funds are provided to start-ups, creating 5,010 job opportunities.

Sustainability bonds

Debtors	Use of funds and sustainable conduct
KOOKMIN BANK	The funds raised are used for wind power, solar power and the battery manufacturing industry, expecting to reduce about 90 tons of carbon dioxide emissions per year. We collaborate with local governments to use some of the funds for loans granted to over 14,000 SMEs.
UNITED OVERSEAS BANK	The funds are primarily used for green building, renewable energy and SME loans, expecting to reduce 85,000 tons of carbon dioxide emissions per year, and create 829 job opportunities.
SHINHAN BANK	The funds raised are used for projects and loan plans associated with green energy. The green energy programs include renewable energy and clean transportation. As for loan plans, we are working with the South Korean government to launch "New Hope Spore Loans" and "Sunshine loans", mostly for helping people with low income and credit ratings.

ESG investments

ESG investments	Type	Investment amount in 2022	Investment amount in 2023	Goal of investment amount in 2024
DJSI constituent	New Taiwan Dollar bonds and bills	NT$3.6 billion	NT$2.3 billion	NT$2.5 billion
	International currency bonds	NT$1.606 billion	NT$2.602 billion	NT$2.7 billion
	TAIEX	NT$ 567 million	NT$180 million	NT$200 million
	International share	NT$ 81 million	NT$11 million	NT$11 million

2.1.3 Sustainability trust

Under global climate change, sustainable development has become a corporate core value. Bank of Kaohsiung actively uses financial resources to support corporate sustainable economic activities, and continues to devote ourselves to ESG development goals. Particularly, we spare no effort in the promotion of environmental protection, fulfilling social responsibility, and the implementation of corporate governance. We respond to the government policy on green energy development and also proactively promote loans for the photovoltaic industry, utilize the trust mechanism to work with social affairs units and social welfare groups to help disadvantaged groups and solve social problems. In 2023, we transferred the funds through trusts. A total of NT$3,905 was donated to the Social Affairs Bureau for 3 projects in support of social welfare and public welfare. Meanwhile, we are proactively developing diversified sustainable financial services to realize the sustainable operation and development of enterprises and aim to fulfill social responsibility. In the future, trust products will apply the method for responsible investment and include ESG and other aspects into the review and consideration items. We will also plan to promote trust products in remote areas.

In addition to the self-organized education and training courses on nursing home, public welfare, and pre-sale real estate development trusts, employees are also encouraged to participate in courses related to trust management business organized by external trust associations and financial research and training institutes to enhance their professional knowledge of sustainability.

Green Trust

Type of trust	Instruction
Green Power Trading Price Trust	By combining trust with credit business, we implemented a trust service mechanism with the "green power trading platform" operators in response to the photonics loan business. The green power trading price is held in trust, and the management, utilization, and disposal thereof are carried out according to the trust contract, and the funds are earmarked for the purpose to ensure the transaction security.



I On December 29, 2023, the signing ceremony of the memorandum of understanding between green power trading platform operators was held.

Sustainability Trust Goals

Most of our trust businesses are associated with social aspects, such as nursing care trusts, ESG trusts, and leisure life with housing pension trust projects. Refer to 6.1.2 Trusts for Protecting Homes and introductions to campuses for details. The four major trust goals are:

Goals	Achievement in 2023 and current development	Short-term goals	Mid and long-term goals
Include ESG factors in the trust product review process	Joint review conditions and ESG factor considerations when formulating contracts for different types of trust.	1. Non-discretionary Money Trust (funds): Handled in accordance with the "Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Bank of Kaohsiung," subject to review and approval by the FSC, and based on the funds included in the ESG fund section of TDCC. 2. Property trusts (money, insurance proceeds, securities, real estate): Tailor-made trusts to ensure the stability of life for the elderly, the physically and mentally disabled, guardians, persons under the order of the commencement ofassistance, and any other disadvantaged groups.	
Continue to promote and develop diverse inclusive financial instruments	A total of 18 cases were signed in 2023. 85 cases have been under execution until December 31, 2023.	• Promote Trust 2.0: Nursing care trust, ESG trust, and leisure life with housing pension trust projects • Enhance “friendly senior (dementia) customer financial services”, strengthen services for disadvantaged groups and local governments, and achieve inclusive trusts. • Launch of the Nursing Care Project	• Promote all-round trust businesses. Customize solutions for customers’ problems with property management or asset safety. Promote “Trust 2.0 Plan”, offer economical, customized trust services, and achieve a beautiful future of inclusive finance.
Real estate trust cases involving urban renewal and reconstruction of unsafe and old urban buildings	In 2023, a total of 1 urban renewables trust was created, and 38 trust contracts were signed.	• Help applicants obtain funds and help them apply for real estate trusts regarding reconstruction of unsafe and old urban buildings.	• Adapt to the policy for expediting the reconstruction of unsafe and old urban buildings enacted by all local governments. Actively strive for matching trust businesses with real estate trust cases involving urban renewal and reconstruction of unsafe and old urban buildings.
Cross-industry-alliances	By 2023, a total of 15 MOUs have been signed with the Kaohsiung Bar Association, attorneys-at-law, CPAs, nursing and medical care institutions, living aids, elderly services, and social welfare groups.	• Expand the scope of cross-industry-alliances, and work with nursing organizations, nursing facilities, nursing homes, medical institutions, accountants, lawyers, and social welfare groups.	• Follow the business policy “Integrate external resources, fulfill social responsibility”. Deepen cross-industry-alliances for trust services.



Outcome of trusts in the last three years

Types of cases	Number of valid cases			Actual balance of property (Unit: NTD)		
	2021	2022	2023	2021	2022	2023
Individually managed money trusts	77	76	85 cases	NT$390 million	NT$380 million	NT$420 million
ESG trusts	0	1	1	0	NT$2 million	NT$2 million

Trust customer service mechanisms

Mechanisms and channels	Introduction of processes	Number of times of communication, and contents and outcomes of communication
External grievance mechanism We abide by the "Bank of Kaohsiung Procedures for Settlement of Trust Business Dispute" based on the operations we are in charge of. We offer a customer grievance hotline (07-2383530) as required, which is stated on the contract or announced on our website.	• The grievance mechanism offers a communication channel to customers.	• Take calls from customers on transactions, investments, and other inquiries, 128 calls in total.
Internal communication channel Hold a morning meeting every month for business communication and communication among employees.	• Employees may share problems, thoughts, and their experience in work.	• Held 12 morning meetings.

2.1.4 Insurance agencies and wealth management

In compliance with laws and regulations and to strengthen the protection of the insurance rights of elderly customers, we amended the "Regulations Governing the Business Solicitation System and Procedures for Insurance Agencies,"

"Regulations Governing Assurance of Applicability of Products or Services to Customers by Insurance Enterprises," "Regulations Governing Settlement of Financial Consumer Dispute by Insurance Enterprises (including grievance procedures and SOP)," "Article 177-1 of the Insurance Act - Internal Procedures for the Collection, Processing, and Utilization of Personal Information on Medical Records, Medical Treatment and Health Checkups" and "Insurance Enterprises' Sales Personnel Remuneration System Management Regulations," etc., and promote elderly customer-friendly measures (such as appointing staff of non-sales departments to show care for seniors, and helping the family members of seniors understand the insurance product mechanisms). Meanwhile, in order to protect customers' right to purchase insurance and strengthen internal control, in 2023, we also established the requirements on service of insurance transaction statement of account and rejection in the Business Handbook and planned the mobile insurance application services to improve service quality and operational efficiency. To help our sales personnel become more familiar with our business, we organized 12 sessions of education and training on wealth management and various insurance and wealth management products, hoping to enable them to understand the latest financial products and services, as well as market trends and best practices.

Process for product selection, evaluation, and review

The Insurance Agency Business Product Examination Division checks the products before launch.

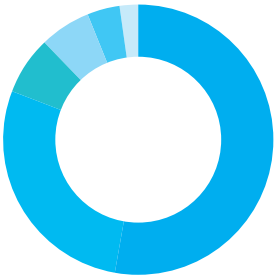
(一) Review items of insurance companies

1. BIS ratio (BIS ratio must reach 200%)
2. Net value ratio (net value ratio in both of the previous two periods reached 3%)
3. Credit rating (the rating by credit rating agencies recognized by the competent authorities, national rating of A or above, or international rating of BBB or above)

(二) Review items of insurance products

1. Product legality
2. Investment values and possible risks of products
3. Costs, expenses, and rationality of products
4. Accuracy of instruction manuals for insurance products and sufficient disclosure of information
5. Legality of product sales
6. Conflicts of interest
7. Money laundering or terrorism risk evaluation of products

Percentage of sales of primary products



53%	First Life Insurance	Life insurance products
28%	KGI Life (formerly known as China Life)	Life insurance, investment-linked insurance products
7%	BNP Paribas Cardif	–
6%	Shin Kong Life Insurance	Life insurance products
4%	Fubon Life Insurance	Life insurance products
2%	Others	–

Mobile insurance application

Insurance company	Update the contents	Process planning	Estimated Time of Completion
First Life Insurance	Mobile insurance application information system under construction	Replace the proposal in carbon copy with the electronic proposal and use the online real-time verification mechanism to shorten the insurance application process, save the time spent by customers in the application, improve service quality and operational efficiency, and implement ESG management.	End of April 2024
Fubon Life Insurance			July 2024
KGI Life Insurance			September 2024

Wealth management

We regularly learn about the regulations for the attributes and needs of customers according to the "Guidelines for Bank of Kaohsiung Wealth Management Promotion and Customer Account Risk Management". With regards to marketing planning and customer services, we occasionally promote campaigns and various customer seminars to satisfy the comprehensive money management needs of customers.

Regulations for handling disputes with wealth management customers are implemented based on the "Guidelines for Bank of Kaohsiung Customer Grievances and Dispute Handling," "Regulations for Bank of Kaohsiung Customer Grievance Handling and Business Consulting Management" and "Procedures for Bank of Kaohsiung Wealth Management Customer Dispute (Grievance) Handling."

In 2023, we proactively promoted wealth management marketing projects and pension insurance products. Our sales revenue for life insurance products was 55.49% of the revenue of all money management products in 2023. The goal for our wealth management in 2023 was NT$429 million and the achievement rate was 110.80%. Meanwhile, we have established a senior citizen control mechanism for the sales personnel marketing incentive program to ensure that senior citizens receive fair and reasonable treatment in financial transactions.

Wealth management marketing project

Contents of the program	Marketing plan	Number of transactions	Total transaction fees
Fund handling fee discounts	[Happy Year of the Rabbit] Wealth Management Project	6,653	NT$278.88 million
	【Prosperous Year of the Rabbit】Overseas Bond and Fund Wealth Management Project		
	[1+1 Mix & Match and Earning of Interest] Overseas Bond and Fund Wealth Management Project		
Traditional Insurance Promotion Incentive Program	[Shining Hero] Insurance Wealth Management Project		
	【Heroes of the Golden Kingdom】Insurance and Wealth Management Program		

Wealth management goals

Goals	Achievement progress in 2023/achievement rate	Short-term goals (2024)
Performance Achievement Rate	The wealth management business target was NT$429.3 million, and the achievement rate was 110.8%.	The wealth management business goal was NT$555 million.

Strategic Alliance for Heroes of the Golden Kingdom



In 2023, we entered into a strategic alliance with First Life and China Life. In addition to cooperating with us in our insurance marketing projects, the two insurance companies also offered incentives for us to provide relevant education and training courses.

2.1.5 Digital innovation, friendliness and inclusion

Digital innovation

To develop digital financing, we set up the "Cooperation and Development Model for Digitalization of New Types of Businesses". When developing the program of digitalization for new types of businesses, competent business units propose their needs. The Digital Finance Division gathers staff to perform program management and takes the responsibility for selecting vendors, assessing and planning for adequate fintech or service processes to satisfy needs, and brings up proposals with the competent business units. After the program was launched, to precisely evaluate customer experiences, pain points of business, and potential business opportunities, the competent business units continue to implement operation regulations, business operations, channel appraisals, and marketing planning. In order to develop digital finance effectively, we organized 6 digital finance education and training courses in 2023, including digital innovation and credit card services, attended by a total of 275 participants. We also participated in external AI, server systems and digital transformation courses.

In the future, we will continue to develop new digital financial products, promote digital marketing, enhance our brand visibility and market volume, optimize the user interface and transaction process of online transaction channels, enhance the service experience of digital channels, and assist business management units in promoting business online and existing online services to increase the number of applications for various online services and reduce the number of credit card applications filed by customers over the counter to realize the digital transformation step by step.

Digital promotion items

We develop digital finance through four major strategic aspects: "internal system optimization," "user experience design," "financial technology," and "digital solution."

Type	Promotion Items	2023 Progress and Future Planning
Internal system aoptimization	• Eloan system : Online credit investigation/ extension and real estate appraisal for corporate and consumer banking • Joint credit investigation and bill credit inquiry system : Inquire about the credit status of the borrower/guarantor.	• It is originally limited to Internet Explorer, but can be used in other browsers with a higher level of security (such as Edge, Chrome, and Firefox) after upgrading. • After the upgrading, reports can be generated directly based on the latest data to keep report data up-to-date and save storage space. • Implement the information completed by customers to reduce the rework.
	• Checklist and recording system	• There were a total of 228 cases for the "monthly audit and monitoring operations by designated personnel" and 22 cases for the "authorization applications for a financial management recording system and an external visit note recording system" for the online operations.
	• Wealth management system • In response to the paperless operations, system-related applications and control reports have been completed online. We will continue to enhance our system and cooperate with other business management units to handle financial instruments, such as the Trust Department, Insurance Agency Department, Loan Management Division, and Financial Market Division.	• To cope with the paperless operations, a total of 228 control reports were completed online in 2023 (the control operations are audited by designated personnel every month). We will continue to enhance our system and cooperate with other business management units to handle financial instruments, such as the Trust Department, Insurance Agency Department, Loan Management Division, and Financial Market Division.
	• Voluntary Use of Personalized Data (MyData) • Through identity verification and online consent, users can apply for credit cards and mortgage loans online, realize the voluntary use of personal data, and experience uninterrupted digital financial services.	• Provide customers the access to application for student loan using the MyData service to apply for household registration information online. • In the future, we will continue to expand the scope of application of MyData in response to the development planning of the online loan platform to provide customers with more friendly comprehensive online service experience.
User experience upgrading	• Subsidy Program for Youth Entrepreneurs of Youth Bureau, Kaohsiung City Government	• Online application, review on relevant contracts, and uploading of basic information
	• Mobile insurance application information system	• Completed the business cooperation with the first insurance company (First Life) in May 2024.
	• Integrated a new account opening system • Optimized the account opening process. Saved waiting time for customers. Enhanced convenience for customers.	• Continuously optimize the online reporting system, provide time-saving and convenient financial services, and improve customers' satisfaction.
	• Online verification • Streamline the application process and processing hours to improve customer experience.	• Student loans: There have been a total of 40,980 loan applications verified online. The online loan verification rate for the first semester of 2023 was 60.63%, growing by 31.8% from last year. • 2. Youth entrepreneurship loans: 3,318 loan applications have been submitted online. 1,030 loan applications have been verified online. The number of applications grew by more than 100% from last year.
	• Form-free section • This section allows customers to make appointments for account opening and business associated with New Taiwan Dollars and foreign currency online. After filling out information online only, customers can complete transaction easily without filling out documents over the counter.	• Promote the "Form-Free Section" (55,161 transactions reserved in 2023) to reduce the paper consumption, improve operational efficiency, and promote digital development while protecting the environment at the same time.

Type	Promotion Items	2023 Progress and Future Planning
FinTech	• Financial Blockchain Alliance • The Company works with the financial peers to participate in the trial operation of "Blockchain Shared by Trade and Industry" to share import and export documents and financing information on the blockchain platform to prevent repeated documents, financing, and fake loan applications.	• Participate in the POC test, evaluate participation in the "blockchain alliance" of peers, and discuss the application of related technologies.
	• Centralized payment system • We integrated a billing system and payment channel managed by all departments themselves, and built a digital, diverse payment platform to increase the payment channels for the public.	• In 2023, a total of 397,522 transactions making payment via the centralized payment system, thereby reducing the number of checks drawn by the 506 schools and institutions affiliated to the Kaohsiung City Government by 397,522. The centralized payment system is expected to be optimized in 2024 in response to the need for upgrading of the information security.
	• Digital channel • We collect the digital footprints of all channels/ products to optimize our digital transaction channels. We analyze customers' experiences for different businesses and scenarios, and optimize the process and function of digital channels.	• The percentage of non-OTC transactions (online transactions) for the entire bank is 78%. • Number of SMS applications: 59 (opened for 945 times) • Online applications for youth entrepreneurship loans: 412. • Student loans: There have been a total of 112,248 loan applications verified online. The online loan verification rate for the first semester of 2023 (July~September 2023) was 60.9%. • Provide customers with convenient online "opening of digital deposit account." As of the end of February 2024, a total of 11,664 accounts have been opened.
Digital solutions	• HoYaa • We launched HoYaa in 2021, a digital deposit account that can be opened online. Customers submit applications online and it takes about five business days to examine the application. Customers do not need to visit the bank and can apply for the account online any time. It's a convenient account opening service and we offer favorable deposit rates.	• As of the end of December 2023, a total of 11,283 accounts have been opened.
	• Mobile banking APP: Bank of Kaohsiung e-Point • It is our mobile bank app. It primarily offers services such as deposits and transfers in New Taiwan Dollars and international currency, Taiwan Pay, credit cards, and fund management. The number of transactions and downloads in 2022 was higher than before.	• Addition of "Taiwan Pay for Taipower Bills" and "Business Tax (Code 401) online payment" services to provide multiple payment channels to enhance the convenience of payment by customers. • In 2024, we expect to develop the customer-oriented "New Mobile Banking APP"to create a friendly and efficient user interface and service process.
	• Text customer service • The latest technology is used to provide customers with more diversified text customer channels, so that customers can choose the appropriate channel to communicate with us and access our services according to their needs anytime and anywhere.	• In May 2024, the SmartRobot system was launched. In the future, the Company will continue to optimize the communication channels with customers and discuss the development of an AI customer service system.

Friendly financing

To service diverse customers, we expect to provide bilingual forms by the end of Q1 2023 as required by FSC. We plan to set up bilingual service locations one by one. The Business Department will begin to serve as a bilingual flagship and a demonstration branch in 2023. In 2024, a bilingual flagship branch will be available in both Central and Northern Taiwan. We will change all of our branches into bilingual branches by 2030. In addition to bilingual services, we also focus on friendly financing services, drew up the "Guidelines for Financial Friendly Services," and established accessible facilities, expecting to serve our diverse society in a better way.



Accessible facilities of all branches of Bank of Kaohsiung

Item	Percentage of the facility in 2023	Future Goals
Accessible services desk	• 36 companies	• This has been gradually improved. The improvement rate will reach 50% by 2025.
Accessible ATMs	• 32	• Continue to optimize the service quality and hardware equipment.
Visual impairment-friendly ATMs	• 4 units	• Replace ATMs and install a voice interface in new ATMs to comply with ATM accessibility regulations, and aim to have at least one ATM in each branch as the goal.
Accessible ramps	• Available at all 36 branches	• Continue to optimize the service quality and hardware equipment.
Service bells	• Available at all 36 branches	• Continue to optimize the service quality and hardware equipment.
Customer service specialists	• Available at all 36 branches	• Continue to optimize the service quality and hardware equipment.

Progress and Future Planning of Friendly Finance

Item	Achievements in 2023	Short-term goals	Mid and long-term goals
Bilingual Branch	• In order to implement the national bilingual policy, we have promoted the bilingual interface of digital channels (mobile banking and online banking, etc.), and updated the transaction page style (including adding a transfer notification sharing function) to make services more adaptive to diverse customers' needs. • The operation was carried out step by step. In 2023, Business Department set up a bilingual flagship store as a demonstration branch.	• Continue to use the current style of home page. Gradually create a more beautiful style for other layouts. Add a common function section to the home page for all operations. • In 2024, we expect to expand to one bilingual flagship store in the central and northern Taiwan, respectively (Taichung Branch and Taipei Branch).	• Simplify the existing structure. Reduce the steps of customer operation process. Enhance function usability. • Evaluate the existing security control mechanism and simplify customer identity authentication. Enhance user experience and efficiency. • Complete the establishment of bilingual branches step by step.
Bilingual ATM	• The ATM transaction interface is fully bilingual in Chinese and English to meet the diverse customers' needs and improve more complete friendly financial services.	• Design a new English interface. Besides the basic overview and detailed statement search for New Taiwan Dollars/ international currency, TWD transfers and international currency purchasing and sales are also available. The interface is user-oriented. Functions are placed on the home page for more intuitive use.	• Continue to adjust the customer usage function. Optimize all menus in two languages to satisfy the needs of international users and offer financial friendly services.
Finance-friendly Counter	• The considerate service is intended for the physically and mentally handicapped and disabled, and the service personnel will guide the service to the counter as the first priority. • Provide optimized services for persons with visual, physical, hearing, and mental disabilities, or persons under the order of the commencement of guardianship Provide the convenience of finance-friendly transactions. (e.g. assisting customers to scan the QR CODE for common contracts and brief descriptions of common services and reading them aloud with on-screen reading software; providing sign language interpreting appointment services and real-time video calls or on-site service appointments per customers' needs; producing business communication cards to allow customers to quickly understand the documents and procedures required to handle relevant business by means of simple words and pictures).	• Continue to optimize the assistive devices and services provided to customers (including providing communication tablets, desktop magnifying glasses, braille stickers for corporate identity, reading glasses, and auxiliary signature pads, etc.), and promote them to all branches.	• Continue to optimize the assistive devices and services provided to customers.

Item	Achievements in 2023	Short-term goals	Mid and long-term goals
Finance-friendly Service Portal	• We provide services such as interest rate inquiry, gold passbook quotation, finance-friendly service facilities available at branches, implementation of finance-friendly service measures, simple personal online banking, and simple internet ATM. • A QR code with simple descriptions of common contracts and services is prepared and placed on the "Finance-friendly Service Portal" of our official website. After scanning, the reading function is activated and placed on the "Finance-friendly Service Portal" of our official website to provide the physically and mentally disabled with the access to the contents of service in advance or on the site when they are applying for related services with us, or to verify the contents of the contract via mobile phone.	• Continue to optimize and enhance the services provided by the Finance-friendly Service Portal.	• Continue to optimize and enhance the services provided by the Finance-friendly Service Portal.
Regulations Governing Rewards for Implementation of Finance-Friendly Services	• We have established the new "Regulations Governing Rewards for Implementation of Finance-Friendly Services," whereby units with excellent finance-friendly service performance are entitled to bonus points in the "Compliance Implementation Effectiveness Evaluation," and employees with excellent finance-friendly service performance will be given one commendation. In 2023, three employees met the criteria for the reward and were commended publicly.	• By offering rewards to the clerks and units, we deeply root the concept of friendly service among employees and shape our corporate culture of fair dealing.	• From this year, the business management unit will design scenarios and simulated responses to the finance-friendly services that customers with different disabilities may require, in order to enable the branch colleagues to conduct finance-friendly education training on the simulated responses. Through education and training, we wish to enable the branch colleagues to timely provide required services to customers with different disabilities. Meanwhile, the branch colleagues and the business management unit may also conceive possible optimization actions from the simulation response training process, in order to continue improving our finance-friendly service measures.

2.2 Local Financial Support for Kaohsiung

We are authorized by the Central Bank of the Republic of China to offer national treasury services. Our Municipal Treasury Dept., Hsiao Kang Branch, and Qiaotou Science Park Branch serve as the agent institutions of the national treasury, and execute revenues of the national treasury, cash redemption of the national treasury, special account deposits of government agencies, and payment and reception of articles in custody as required by law. In addition to acting for the national treasury, we are also entrusted by the Kaohsiung City Government to act as the agent for the city treasury. Through the centralized payment management system, we manage and allocate funds for various business activities of the City Government. Meanwhile, in response to the policy-based loan subsidy interest or handling fee policy, we have realized inclusive financial support for diverse ethnic groups and made us a powerful financial advocate for Kaohsiung.

2.2.1 Powerful financial advocate for Kaohsiung

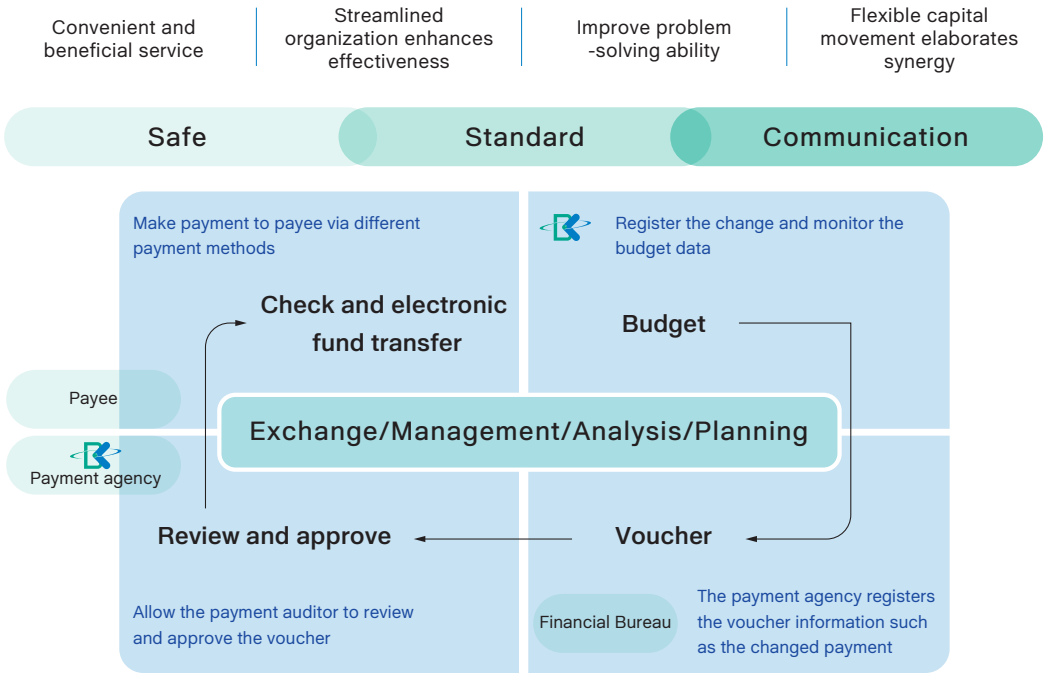
Our Municipal Treasury Department handles custody business for all schools in Kaohsiung, including cash, bills, cashing, custody and transfer of securities, and property deeds. We are the agency for the city treasury, our head office serves as the chief treasury, and our branches or affiliated agencies are branch treasuries. We entrust financial institutions to act as branch treasuries in regions without our affiliated agencies. The entrusted financial institutions may entrust other payment collection agencies to collect tax. We are responsible for the supervision and management of the agencies above. We accept all kinds of national taxes based on the "Contract for Kaohsiung subtreasury tax collecting institutions of the national treasury authorized to us by Bank of Taiwan, Kaohsiung Branch".

We set short, mid-term, and long-term goals to assist in the development of Kaohsiung via sustainable operation:

Short-term	Increase government deposits of low capital cost, and handling fees of national treasury business.
Mid-term	Serve as the agency for online public treasury business. (Add a QR Code to fee bills and enhance the function of the "Public Treasury" website.)
Long-term	Strengthen the agency of service functions of all kinds of businesses of the city treasury of Kaohsiung City Government. Expect to accomplish co-prosperity with Kaohsiung City Government, and achieve the goal of sustainable operation.

Centralized payment management

The payment agency keeps all the funds in Bank of Kaohsiung, and offers relevant information such as certificates. The payee may visit us to apply for the payment with certificates without collecting the payment at competent authorities. It is not required for competent authorities to handle the payment themselves. We are entrusted to make and manage payments. This saves time for payments, simplifies the payment process, increases administration efficiency, and dispatches funds flexibly for synergy.



Centralized payment platform

We expect to organize services now and in the future with Kaohsiung City Government to save labor and paper, facilitate convenient, quick, and efficient services, and build a sustainable environment at the same time:

1. In 2023, a total of 397,522 transactions making payment via the centralized payment system, thereby reducing the number of checks drawn by the 506 schools and institutions affiliated to the Kaohsiung City Government by 397,522. The centralized payment system is expected to be optimized in 2024 in response to the need for upgrading of the information security.
2. Since 2022, the Kaohsiung City Government Financial Bureau and Mortuary Services Office and Kaohsiung Municipal Min-Sheng Hospital have established a system to assign QR Code for fees. The system can connect with payment methods such as barcodes for convenient stores, Kaohsiung Pay, and mobile payment.
3. In November 2021, we assigned a QR Code for fees on the "Public Treasury" website, which serves as a platform for agencies to save labor and paper. We offer more payment methods, e.g. OTC, convenience store, automation equipment, mobile payment, and Kaohsiung PAY. The agencies that are using the platform for now are the Environmental Protection Bureau, Urban Development Bureau, Labor Affairs Bureau, Commission of Indigenous Affairs, Education Bureau, and Economic Development Bureau of Kaohsiung City Government.
4. For now, we work with the Public Works Bureau of Kaohsiung City Government, add a QR Code to the fees of 68 types of produced items in the "Building Management Information System", and we connect "e-Bills" to the System for online payment.

2.2.2 Inclusive finance

We continue to promote various financial products and services to assist students, homebuyers, youth entrepreneurs, central enterprises, start-ups, cultural and creative industries, and disadvantaged groups to have diverse accesses to capital and financial services. This helps build a good social environment to promote economic stability and growth. In order to achieve financial inclusion, we organized 3 internal education and training courses on SME loans. A total of 165 participants completed the training and attended external education and training for policy loans and reconstruction of unsafe and old urban buildings.

Bank of Kaohsiung's Financial Inclusion Roadmap

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
Students	Student loans	• Students of public and private colleges and universities, high schools, and continual schools may apply for student loans or student loans for living expenses if they meet the regulations announced by the Ministry of Education year by year. The loan covers tuition and incidental fees, internship fees, book fees, housing fees, student group insurance fees, overseas study fees, and living expenses.	• We have granted 35,350 loans and the credit balance was NT$4.829 billion in total in 2023.
Vulnerable Groups	Reconstruction of unsafe and old urban buildings	• We are committed to assisting in processing loans and trusts for the reconstruction of unsafe and old urban buildings. In addition to promoting the renewal and improvement of urban construction, we also help strengthen the stability and safety of the building structure, thereby reducing potential disaster risks. Through the urban renewal and reconstruction of unsafe and old buildings, it is also possible to effectively use land resources and promote the rational use and planning of urban spaces.	• As of 2023, we have successfully underwritten 9 loans for the reconstruction of unsafe and old buildings, with a total credit balance of NT$450 million, achieving a growth of more than 100% from last year.
Home buyers	Loans for housing pension	• As an additional support measure for seniors to secure their life, we provide a financial security means for seniors to use their own housing to obtain the funds needed for senior living or nursing care.	• Loans granted to 6 customers • Loan balance of NT$2 million • 61.47% higher compared to 2022.
	The "First Mortgage" Kaohsiung Citizens First Home Buyer Discount Mortgage Project (2023/1~2023/6), "Siung Easy" First Time Home Buyer Discount Mortgage Project (2023/6 until now)	• To take care of the citizens of Kaohsiung, we offer mortgages for up to 40 years to citizens buying their first house in Kaohsiung. We want to help them buy their own house. In 2H of 2023, in response to the COVID-19 pandemic and the impact posed by the international financial market, we worked with the Kaohsiung City Government in its "First-Time Home Buyer Home Loan Interest Subsidy Program" and launch of the "Siung Easy" project for the house loan discount for the first-time homebuyers. The interest subsidy provided by Kaohsiung City Government and our interest relinquishment measures effectively help alleviate the pressure on mortgage interest rates of first-time homebuyers, allowing homebuyers to balance quality of life and create a happy life at the same time.	• As of the end of June 2023, the "Richest Man Settled in Life" project for the house loan discount for the first-time homebuyers available to Kaohsiung citizens has underwritten 24 new mortgages amounting to NT$141 million. The "Siung Easy" project for the house loan discount for the first-time homebuyers has underwritten 64 new mortgages amounting to NT$376 million. In 2023, we have underwritten a total of 88 mortgage loans amounting to NT$517 million in total, growing by more than 50% from NT$328 million in 2022.
Young Entrepreneurs	Kaohsiung City Government - Youth Entrepreneurial Loans	• To take care of youths, we work with the Youth Bureau,Kaohsiung City Government to support youth entrepreneurship, foster outstanding innovative companies, and offer this youth entrepreneurship loan. Kaohsiung City Government and the Small & Medium Enterprise Credit Guarantee Fund of Taiwan appropriate funds and offer credit guarantees for financing. We help youths in Kaohsiung apply for financing from a bank without providing collateral to acquire the start-up fund, which can be used for buying business equipment, furniture and fixtures, venue decoration, and revolving expenses.	• A total of 415 cases have been underwritten, amounting to NT$360 million.

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
Young Entrepreneurs	Ministry of Economic Affairs - Youth Entrepreneurship and Start-up Loans	• To build a favorable environment for youth entrepreneurship, encourage entrepreneurship, create economic development, and help youths acquire the funds they need for entrepreneurship, we offer youth entrepreneurship and start-up loans to advocate the policy enacted by the Small and Medium Enterprise Administration, MOEA. All of our business units may process the applications. The funds can be used in various ways, setting-up expenses at the initial stage, revolving expenditures during the business period, or CAPEX such as the purchasing of equipment and tools for business, and interior decoration.	• A total of 5,410 cases have been underwritten, amounting to NT$5.933 billion.
	Youth entrepreneurship and start-up loans in cultural and creative industries	• We offer start-up loans to youth entrepreneurs in cultural and creative industries, such as visual arts, music, and performing arts. They may apply for loans for setting-up expenses, revolving expenses, and CAPEX.	• In 2023, the approved youth entrepreneurship and start-up loans in cultural and creative industries have amounted to NT$6.5 million cumulatively, and four loans have been underwritten, 18.18% higher than the amount approved in 2022.
SMEs	Loans to small-scale and start-up enterprises	• To build a financing environment favorable to SMEs, we provide loans to small and start-up enterprises.	• 8,409 cases were underwritten. • Loan balance of NT$25.279 billion • Growth rate 5.90%
	Factory loan	• To help factories of SMEs in Kaohsiung with transitions, we provide factory loan programs to general or specific factories for CAPEX or revolving expenditures.	• The loan balance at the end of 2023 was NT$10.632 billion, an increase by more than 50% from the loan balance of NT$6.991 billion at the end of 2022.
	Loan for SMEs innovative development project	• To assist SMEs to promote international development with innovative and high-tech service models and encourage youth innovation, we provide them with innovative business revitalization and development funds.	• 4 cases were underwritten. • Loan balance of NT$5 million
	Business and strategic loans	• To help Kaohsiung City Government thrive business activity in Kaohsiung, stimulate the economy, and facilitate the development of SMEs and strategic industries, we offer these loans with our own funds.	• 37 cases were underwritten. • Appropriation of NT$40 million
	Accelerated the investment loaning to SMEs	• Mitigate the capital burden of SMEs, and promote industrial transformation and economic growth.	• 9 cases were underwritten. • Loan balance of NT$336 million, • Growth rate 630%
	Ministry of Economic Affairs grants SMEs the Post-Pandemic Revitalization Project loan.	• Provide the working capital needed by SMEs to recover the economy after the pandemic, in order to assist SMEs to improve their competitiveness and restore business prosperity.	• We have began to accept the application for loan since June 2023. As of the end of December 2023, we have granted 51 cases, amounting to NT$310 million.
	Loans granted by the Ministry of Economic Affairs for assisting SMEs in low-carbon and smart transformation, development of managed factories, and infrastructure optimization of specific factories	• Assist SMEs in the low-carbon and smart transformation, or provide funds for working capital needed by specific factories and controlled factories subject to improvement plans authorized by municipal or county (city) governments.	• We have began to accept the application for loan since June 2023. As of the end of December 2023, we have granted 12 cases, amounting to NT$63 million.

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
Start-up and cultural and creative industries	Five Plus Two Industry Innovation Plan	• To advocate the Five Plus Two Industry Innovation Plan of the Taiwanese government, we help seven key start-up industries obtain working capital, including intelligent machinery, Silicon Valley Asia, green energy, biomedicine, national defense, new agriculture, and the circular economy.	• Total loan limit amounting to NT$73.48 billion • Growth rate 16.50%

Note： Small-sized enterprises: Small and start-up companies that have been founded for less than five years, hire less than 20 employees, with capital below NT$5 million, or annual revenue below NT$10 million.

Note： SMEs: Enterprises which have completed company registration or business registration in accordance with the relevant laws, and whose paid-in capital is no more than NT$100 million, or which hires fewer than 200 regular employees. The following loan applicants [excluding public agencies or legal entities] which acquired business licenses issued by the competent authority by law are deemed to have implemented company or business registration as required by law:

1. Health care services or architectural firms
2. Infant care centers, preschool or after-school care centers
3. Private long term care facilities for seniors, private senior nursing institutions, private nursing homes or private physical and mental disability welfare agencies

Policy loan interest subsidies or fees

To respond to the challenges from interest rate raises by the Central Bank of the Republic of China, the government agency launches various policies for loan interest subsidies to ease the economic stress for loan borrowers due to interest rate raises. As a bank responsible for the development of the greater Kaohsiung area, we assist the government agencies in implementing policies proactively to ensure that the loan borrower group can still receive necessary support and assistance while the interest rate is rising. Meanwhile, we participate in any movements supporting youth entrepreneurs proactively and work with relevant government agencies to provide resources to help young people realize their dreams, cultivate more outstanding emerging enterprises locally, sow the seeds of hope for future development, and allow more people to participate in the economic development process.

Type	Item	The unit offering the subsidy	Interest subsidy
House loan	Buy an owner-occupied home	Ministry of the Interior	• 1.433% of subjects are in Type One. • 0.858% of subjects are in Type Two.
	"Siung Easy" project for the house loan discount for the first-time homebuyers	Kaohsiung City Government	• The subsidized interest rate is 0.25% for 3 years from the loan date.
Youth Entrepreneurship	Youth entrepreneurship and start-up loans	Ministry of Economic Affairs	• Offer interest subsidies for loans below NT$ 1 million for five years. • Additional subsidies granted by Kaohsiung City Government: Offer interest subsidies for loans up to NT$ 2 million for five years.
	Kaohsiung City Youth Entrepreneurship Loan	Kaohsiung City Government	• The borrower may apply for up to three years of full interest rate subsidies. They may apply for up to five years if they have won an award in a national or international entrepreneurship and design contest.
	Youth entrepreneurship loan	Ministry of Culture	• Full interest rate subsidy for five years is granted for loans below NT$18 million.

"Siung Easy" project for the house loan discount for the first-time homebuyers

In response to the Kaohsiung City Government's subsidy policy for Kaohsiung citizens to help Kaohsiung citizens purchase their own houses, we launched the "Siung Easy" project for the house loan discount for the first-time homebuyers in 2023. As long as the borrower meets the qualification review based on Kaohsiung City Government's first-time homebuyers loan interest subsidy plan, they may be granted the loan no more than NT$8 million, for no more than 30 years, subject to one-stage preferential interest rate, 2.17%. In 2023, a total of 64 cases were approved. The approved amount was NT$376 million.

Review evaluation items

Assessment item	Assessment descriptions	Standard for approval
Owner-occupied home	• The building registration transcript for the first-time homebuyers granted the preferential house loan is primarily used to assess whether the house is occupied by the borrower as the house owner.	• Any building registered with the word "residence."
Domiciled in Kaohsiung City	• Whether the borrower applying for loan under the "Siung Easy" project for the house loan discount for the first-time homebuyers is an adult domiciled in Kaohsiung City, and whether the residential property purchased by the borrower is located within the jurisdiction of Kaohsiung City.	• The borrower is an adult domiciled Kaohsiung City, and the residential property purchased by him is located within the jurisdiction of Kaohsiung City.
First-time homebuyer's qualifications	• First-time homebuyers for owner-occupied home (purchase of the first owner-occupied property by the borrower who has no owner-occupied property registered in the name of him), or relending for the first-time buyer of owner-occupied home.	• Satisfy the qualifications for the first-time homebuyers for owner-occupied home (purchase of the first owner-occupied property by the borrower who has no owner-occupied property registered in the name of him), or relending for the first-time buyer of owner-occupied home.
Solvency	• The debt ratio is used to assess the borrower's financial position and solvency.	• Loans are approved only if the debt ratio is no more than 12 times (inclusive).

Support youth entrepreneurship

1

Helping young people realize their dream for starting business based on their own interests



2

【Bank of Kaohsiung】
Youth Entrepreneurship Loan Section



3

Cases of youth entrepreneurship

【Bank of Kaohsiung】Youth Entrepreneurship Loan - Loan to Help you Realize Dream and Soar High



Reconstruction of unsafe and old urban buildings

Background

Background: The case is located in an elite area in Xinyi District, Taipei City. The buildings are all old condominiums that have built for more than three decades, owned by a total of 39 owners. In order to reconstruct the old and unsafe buildings, the owners jointly commissioned Amor Construction Company (a pseudonym) to demolish and reconstruct the buildings. After that, the buildings should be allocated according to the "Housing Allocation Agreement" agreed by the residents and the builder. The shortfall, if any, should be made up. Since it was very difficult to complete the reconstruction of old and unsafe buildings, they hoped that the difficulty may be solved through the loan plus trust.

Solution

Bank of Kaohsiung provided one-stop financial services to meet the residents' potential needs.

(1) Provide "Financing Loans for Old and Unsafe Building Reconstruction Project" to solve the residents' problem about fundraising for the reconstruction.
(2) The "Self-construction Trust for Reconstruction of Old and Unsafe Buildings" is created to help the households monitor the construction progress. The construction funds are earmarked for exclusive use. We allocate the progress payment according to the actual construction progress to prevent the progress payment from being misappropriated by the builder and secure the progress payment.
(3) A "real estate trading price trust" service is provided for the residents who wish to sell their houses after the reconstruction, in order to effectively control the safety of the cash flow for the transaction price.
(4) We also take the initiative to provide the "nursing trust" service for elderly or disabled residents who have needs for nursing care, so that the residents can feel our attentiveness and warmth.

Overall benefits

The old and unsafe building reconstruction trust has not only solved the problems and concerns of residents and builder, but also brought about the following benefits.

(1) The residents of the reconstruction project were no longer excluded from the trust. The residents in the project were the client and also beneficiary protected by the trust contract at the same time.
(2) The cross-industry alliances have become a trend. In order to meet customers' potential needs, the cross-industry cooperation will become more frequent and closer, thus conducive to the bank's diversified development.
(3) The project activates electronic operations to inquire about the cash flow of the special trust account and the details of appropriation via the information platform at any time, making the construction progress information more transparent.
(4) The project integrates our internal resources to provide one-stop financial services to meet all customers' needs at one time and fulfill social responsibilities to improve our corporate image.



2.3 Customer care and rights protection

"Service" is one of our core competencies. We adhere to the fair dealing policy and organize various financial seminars to improve customers' resistance to financial risks. We are also committed to building long-term trust and dependence with customers and enhancing customers' loyalty. Our goal is to become the top one business partner of our customers, and to provide timely solutions and feedback whenever customers need them.

2.3.1 Implementation of fair dealing policy

In order to implement the consumer protection and fair dealing policy for the financial service industry, improve service quality and avoid customers' complaints and disputes, we have clearly established our "Fair Dealing Policy and Strategy" and the "Consumer Protection Guidelines," in order to ensure that all units and the products or services they provide fair dealing services during design, advertising, sales, contract performance, service consultation and handling of customer complaints.

We convene the "Fair Dealing Committee" meeting every six months. The meeting should be chaired by the President personally to demonstrate the high importance and commitment given by us to the fair dealing policy. We have completed the review on 2 discussion motions, 7 report motions, and 1 other report motion to demonstrate our commitment and efforts in the implementation of the fair dealing policy consisting of five elements including improvement of service level, omnibearing improvement, data compilation and reporting, service facility improvement, and continuing education and control.

Improvement of service level	Each unit shall collect peers' information proactively, adopt innovative improvement measures that exceed statutory standards, and prioritize feasible and lower-cost solutions.
Omnibearing improvement	From the duty of disclosure to the service environment, all business management units shall consider and document improvement measures to provide a safe and friendly financial service environment.
Data compilation and reporting	The fair dealing results shall be compiled and submitted to the Compliance Division on a regular basis. The response shall be kept updated for full discussion.
Service facility improvement	Take an inventory of and improve the finance-friendly service facilities, including the visually-impaired-friendly ATM equipment and complete assistive devices, and provide easy-to-read versions and communication cards.
Continuing education and control	Strengthen the internal control culture, continue to improve the system and implementation thereof, and enhance the professional intelligence of employees, and recommend the launch of corresponding performance control mechanisms for customers with different disabilities.

Meanwhile, in 1H and 2H of each year, we conduct the "Self-Assessment on Fair Dealing and Consumer Protection Results" to analyze and review the effectiveness of the consumer protection mechanism and operation based on the outcome concluded by the self-assessment unit and report to the Board of Directors the outcome of the self-assessment on fair dealing and consumer protection result to ensure that the implementation of various businesses complies with laws and regulations, fair dealing policy and protection of consumers' interest and right. The outcome of the self-assessment unit was "conformance" in 1H of 2023, showing the importance and commitment we gave to the fair dealing and consumer protection.

Meanwhile, in order to control the implementation status of the fair dealing policy and make improvements accordingly, we also organize the internal education and training related to fair dealing. The topics and contents include "fair treatment of senior customers" and "fair dealing policy." A total of 1,059 trainees attended it, and the training completion rate was 96.27%.

The results of the "Self-Assessment on Fair Dealing and Consumer Protection" in 2023 (Inspection Period: September 2022~August 2023)

Inspection aspects	Review results of the self-evaluation unit	Conclusion on the review results
• Adequacy of consumer protection system • Integrity and accuracy of consumption information disclosure • Effectiveness of consumption dispute handling mechanisms	The inspection was completed in 1H of 2023, and the outcome of the self-assessment unit's inspection was "conformance."	• 1H of 2023: After integrated assessment, except for the opinions or recommendations made by the Audit Division of the Board of Directors, various self-assessment units were confirmed to be able to implement our fair dealing and consumer protection operations based on the inspection results and strictly in accordance with the relevant laws and regulations. All self-assessment units carry out improvement based on review opinions or advice proactively.

2.3.2 Customer satisfaction and feedback mechanisms

Customer satisfaction

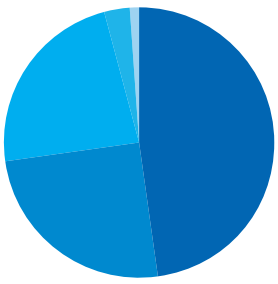
We expect to perform a customer satisfaction survey once a year in 2023, and ask an external agency to execute an external satisfaction survey in 2029 to achieve internal and external communication and enhance our service quality.

We endeavor to improve our financial digital experience, collect feedback on mobile banking, and examine the data to find the content that can be optimized as the reference for subsequent projects. We performed online surveys regarding our "mobile banking satisfaction survey" on digital financing at the end of 2021, invited customers who logged in to the mobile bank to fill out the survey, and collected 2,502 surveys. This is what we found:

- 73% of the respondents are satisfied with the existing interface. 27% of them think there is still room for improvement. Some of these customers complain that the home page is rigid, there's no preview for deposit on the home page, they cannot look up information quickly, and it's hard to identify icons.

Satisfaction with the transaction function of the mobile banking app

Satisfied	48%
Very satisfied	25%
Neutral	23%
Unsatisfied	3%
Very unsatisfied	1%

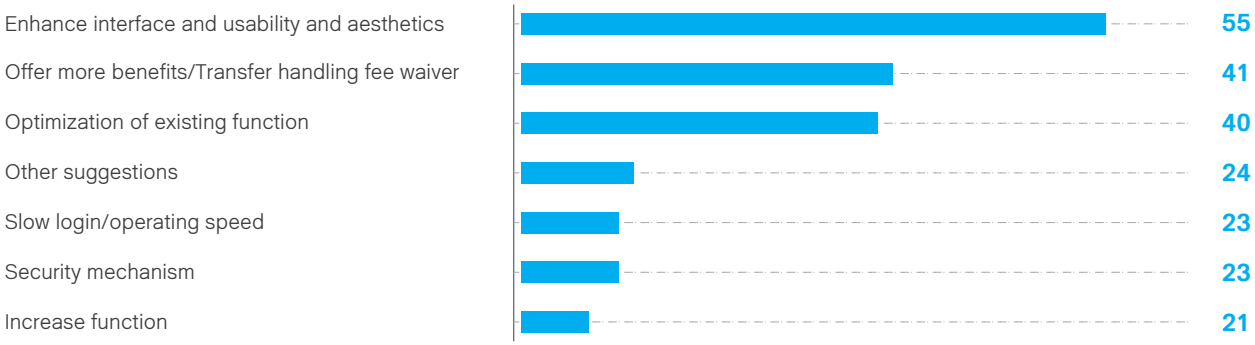


- 77% of the respondents are satisfied with the current transaction function. 23% of them think there is still room for improvement. Some of these customers complain that they cannot find the functions they need immediately, loading is slow, and the function is incomplete.

Satisfaction with the transaction function of the mobile banking app



- We divide the customer’ s advice into seven types:



When our mobile bank brings up an improvement plan, we will refer to this data, analyze the cause, and execute optimization and adjustment.

Satisfaction survey for financial consultants of the Wealth Management Department

We performed satisfaction surveys for 71 financial consultants in 1H of 2023 and the average score was 91.

We performed satisfaction surveys for 75 financial consultants in 2H of 2023 and the average score was 95.

Customer feedback mechanism

To treat customer opinion properly and show that we care about customer feedback, we set up the Directions for Bank of Kaohsiung Customer Opinion Handling Management, which specifies that the reason for customer complaints, improvement measures, and progress must be reported for the “Fair Customer Treatment Principles" every half year.

Our Procedures for Accepting and Handling Complaints



Procedure for Handling of Customer Feedback



We received 22 customer feedback forms in 2023. We always explain the reason to the customer after finding out what happened. Next, we inform our employees of the customer feedback or include the customer feedback into the education training. We listen to and handle customer' s opinions proactively, take the opinion on the chin, and enhance customer service.

Type of counseling	Number of complaints	Description of complaints in 2023	Handling method
Service attitude	3	A customer complained to the branch that he had waited too long for a business transaction, but the branch clerks failed to provide assistance immediately. The customer felt disrespected and, therefore, could not accept it.	1. The guide personnel in the lobby should understand the service requested by the customer from the branch and guide him to select the correct call number to apply for the service. 2. All colleagues must not act indifferent or unhappy when customers are upset about long waiting, in order to avoid conflict. The correct approach should be to explain to customers any alternate options, such as over-the-counter appointment transactions or automatic functions including online banking. 3. To prevent similar disputes from arising, a mechanism for mutual support shall be implemented among colleagues.
Deposit business	12	A customer who has applied with the National Taxation Bureau for inheritance documents for many times because of the advice given by the colleague who had no sufficient professional knowledge in the inheritance business felt so upset and wished to file a complaint.	• When performing job duty, please carefully review whether the transaction contents are correct. Should there be any question or ambiguity, please refer to the relevant rules and manual for immediate and correct approaches to prevent similar disputes from arising.
Loan business	2	The customer's application for debt negotiation was not processed immediately.	• It is necessary to implement the duty handover procedure in the case of job transfer, in order to prevent any errors occurred to the business with causes.
Wealth management	1	Failure to fully explain the important contents and risks of the insurance policy, and failure to fully consider the petitioner' s age, knowledge, experience, property status and risk tolerance, thereby resulting in damages to the petitioner.	• When promoting and selling financial instruments, please advise customers of the important terms of the commodity contract and risk disclosure, in order to enable customers to have full knowledge of the related rights, obligations and responsibilities, fulfill the duty of care of a good administrator and avoid disputes.
Others	4	-	-

In 2023 our employees acted vigilantly to effectively prevent customers from being defrauded.

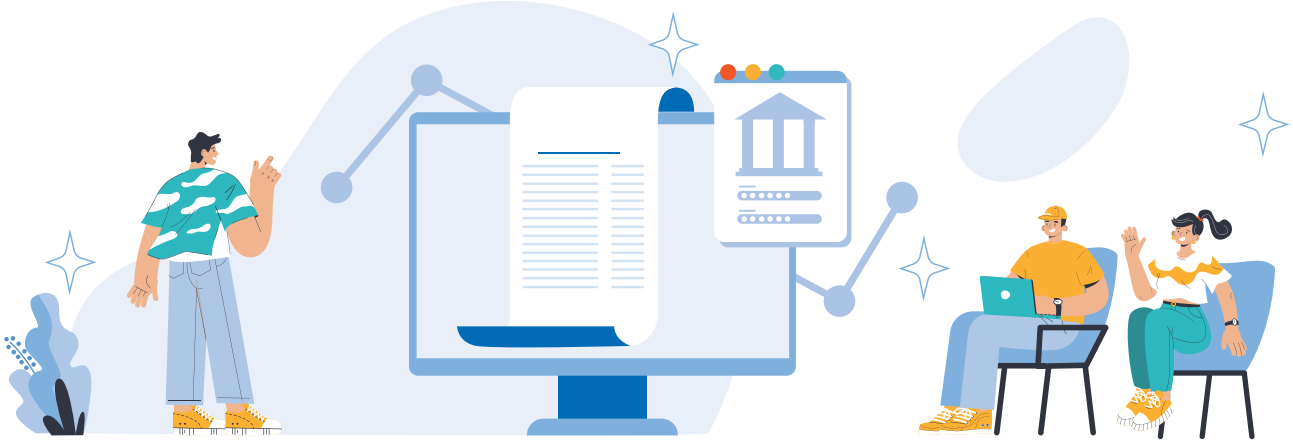
★ **Performance achieved**

Intercept the amount of	**NT$9 million**
	US$5,500
Given one commendation.	**29 employees**

2.3.3 Customer Care and Services

In order to deepen financial knowledge and improve the ability of all ethnic groups to use financial tools and services, we are committed to organizing various types of lectures and exhibitions to provide the public with information on various financial instruments and investment analysis suggestions, in order to enhance the financial inclusion of society as a whole, and assist customers in realizing financial management, sustainable development, improvement of quality of life, and upgrading of elderly care.

	Type	Instruction	Sessions	Number of participants
Seminar	Wealth Management and Investment Seminar	• Promote the investment and wealth management concept, introduce financial products and investment trends in the global market to develop the good habit to engage in systematic investment and wealth management. • Provide asset allocation advice to the high net worth customer base in response to changes in the tax system.	55 sessions in total	720
	Solar Photovoltaic Seminar	• In order to raise the society's awareness toward renewable energy, we are committed to promoting photovoltaic technology, green life concept, technological innovation, circular economy model, sustainable development philosophy and environmental protection awareness to help enterprises and industries move towards sustainable green energy.	3 sessions in total	200
	Trust Seminar	• For customers in need of trusts, whether they are lawyers, district courts, rare disease foundations, or community development associations, we work with them to organize the trust promotion activities proactively. We also work with various city/county governments' departments of social welfare, courts, local governments and welfare groups to organize numerous trust awareness seminars to convey how the trust mechanism protects the concerned parties, through the face-to-face interaction. • To adapt to the Trust 2.0 Promotion Plan, we schedule to plan and use the trust topic and allow students to participate in the competition for micro film, in order to combine trusts with college courses, introduce the idea of trusts to students by sharing cases of trusts, help students understand the trusts with cases studies, and promote the trusts. We lay the foundation to help students plan for careers or learning based on the trust system in the future.	21 sessions in total	765
	ESG Forum	• In the face of global climate change, the competent authorities' Green Finance Action Plan, Sustainable Development Roadmap, and Net Zero Carbon Emissions, we have held the "ESG New Economy Forum: ESG X Build Competitiveness" to invite the leaders in the industry, government and economy to gather to discuss ESG issues, assist local enterprises in sustainable transformation, create a sustainable new economic model, and encourage enterprises to invest capital in carbon reduction transformation actions.	1 session in total	
Exhibition	Ageless Expo	• Through the exhibition, we communicate and interact with the public closely and promote the concept of trust, so that the public can better understand trusts and assist in trust planning and implementing inclusive trusts.	4 sessions in total	
	Urban Renewal Expo	• We participated in the Urban Renewal Expo organized by the biweekly "Wealth Magazine," in order to start the transformation journey together with old and unsafe buildings in Kaohsiung through the assistance provided by local banks.	1 session in total	
	Tainan Shalun Smart Life Exhibition	• The exhibition of green energy life and equipment focuses on five indicators including technology, circular economy, green energy sustainability, packaging material reduction and response to environmental protection, and ESG practices, in order to promote our solar photovoltaic financing business and others green energy financing business.	1 session in total	



2023 "ESG New Economy Forum: ESG X Build Competitiveness"



The "ESG New Economy Forum: ESG X Build Competitiveness" organized by Bank of Kaohsiung explained the overview and challenges of the industry and attracted hundreds of advanced enterprises to participate. After the Forum, we received the feedback from the enterprises expecting us to organize the related forums frequently in the future. Meanwhile, there were also more inquiries about the loan. We won the support and trust from customers accordingly.

In order to assist local enterprises in sustainable transformation and create a sustainable new economy, Kaohsiung City Government implements various projects to encourage enterprises to develop new products and new technologies, and also provides professional consulting services to instigate industrial transformation and development, guides enterprises to create competitiveness, and becomes the strongest backup for local enterprises through one-stop counseling services in the industry.

2.4 Climate change risk management of TCFD

2.4.1 Instruction on TCFD execution and future plans

Aspects	Instruction	Promotion planning
Governance	• Ensure that the Board of Directors and top management fully understand climate risk topics, and include them into corporate strategy and risk management processes. Exert the function of risk identification and management, response strategy, and supervision management.	• We have included climate opportunity topics into our "Sustainable Development Practice Guidelines". Specialized divisions under the Sustainable Development Committee implement effective management of climate opportunity topics, and apply climate topic management to corporate governance processes. • We expect to complete our "Climate Risk Management Guidelines" by 2023 and report to the Risk Management Committee, Audit Committee, and the Board of Directors regularly. • We put climate risk factors into consideration for risk appetite. To exert influence as a financial institution, we support the Taiwanese government's 2050 net zero policy, and integrate climate change risk factors with loan and investment and product review processes. We also continue to develop green financial instruments and pay attention to risk management of climate change.
Strategies	• Analyze and disclose existing short, mid, and long-term risks and opportunities under climate change, and assess impacts on the financial planning of corporations. Next, bring up the management approach, solutions, and development direction.	• With regards to climate risk, identify and evaluate the risks and opportunities related to operation, strategy, products, and financial planning in different periods (short, mid, and long-term). • We set up a management approach based on identified climate risks and connect it to the existing risks. Next, we propose short, mid, and long-term work projects and targets. • We collect domestic and international study reports on climate based on the TCFD Guidelines. 14 risk topics and 14 opportunity topics have been collected for us. We work with an external counselor team to formulate a management approach based on the identified top four risk items and follow-up climate action plans.

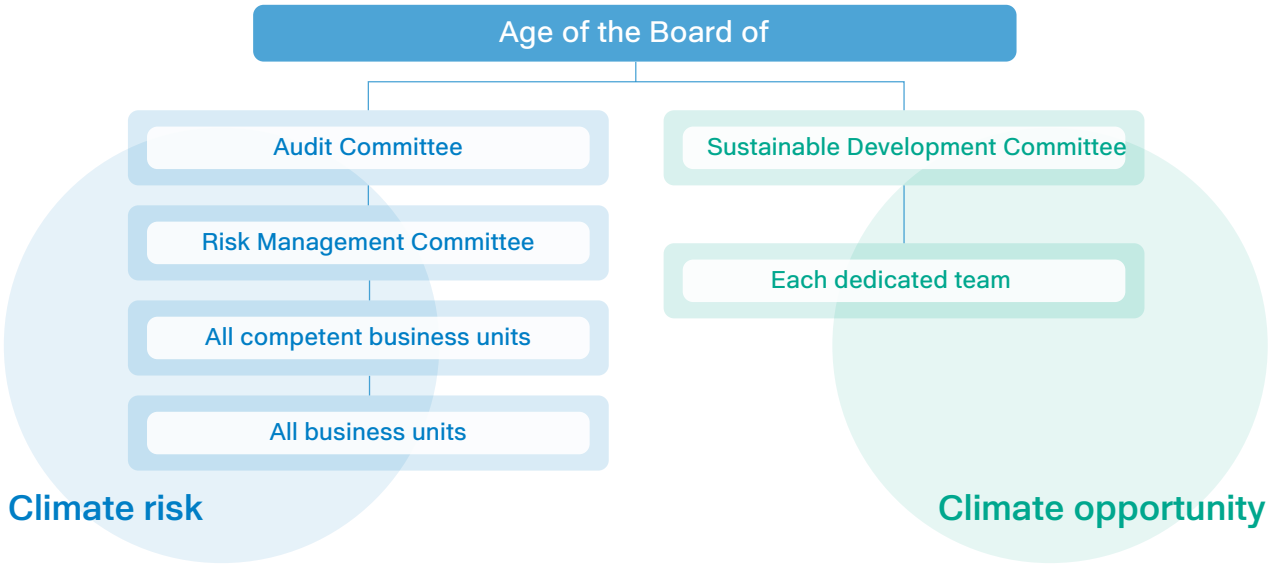
Aspects	Instruction	Promotion planning
Risks Management	• With regards to the risks and opportunities evaluated, we find the impacts or benefits to company operation brought by the risks and opportunities via the quantification method of financial impact. Later on, we formulate the management process and method for the result.	• We will include environmental, social, and company governance (ESG) topics into our loan and investment businesses. We pay attention to, analyze, and evaluate the risks and opportunities related to loan customers and investee companies, do not invest in controversial industries, and execute management properly after performing due diligence for industries with high climate risks. • Strengthen management of climate risks, enhance transparency. Enhance identification of climate risks based on the Task Force on Climate-Related Financial Disclosures (TCFD), execute financial impact and stress tests, and quantitatively evaluate whether we have operational resilience regarding the risk. • We carry out scenario analysis and stress tests based on the methodology in the "National Bank Climate Change Scenario Analysis Planning (2023 ver.)" stipulated by the Bankers Association of the Republic of China, and the methodology of external consultants. Evaluate the exposure of our loan and investment departments, and loans for high risk industries. Assess the impairment of business locations and collateral due to physical risks. Draw up response strategies based on the evaluation results to respond to climate change risks in advance.
Indexes and goals	• Set explicit climate objectives, establish corresponding monitoring mechanisms to track performance, and report overviews of the execution of climate tasks.	• We started the greenhouse gas inventory operation of all of our branches in 2022, and obtained external third-party verification of the emission data of 2023 in 2024. • We have set our goals for energy conservation and carbon reduction. We plan to reduce greenhouse gas emissions within Scope 1 and Scope 2 by 1% per year.

2.4.2 Climate governance

We are fully aware of the impacts incurred from climate change. Therefore, the Board of Directors and top management care about the management and supervision of climate-related risks very much. This sets the foundation for a corporation to respond to climate change successfully. Through active climate governance measures, we reduce loss and risks incurred from climate change. In addition, we create more green business opportunities and help corporations increase competitiveness. As our major driving forces for response to climate change topics, the Board of Directors and top management continue to search for ways to create low carbon environmental protection during daily operations, and take action to fulfill corporate sustainable development. We believe that with the efforts of all of our staff, we can do our bit to protect the Earth's environment and create a better tomorrow for the world in the future.

Climate governance structure of Bank of Kaohsiung

We stipulated our "Climate Risk Management Guidelines", explicitly defining our organizational structure and the functions of climate risk management for the Board of Directors, relevant committees and divisions, and three lines of defense for internal control. The Board of Directors is our top decision-making unit for climate risks. It is responsible for directing, supervising, and managing our exposure to climate risks, and takes the final responsibility for our policy of climate risk management.



Management role and function of all levels

Management unit	Work projects
Age of the Board of	• It is the top decision-making unit for climate risk management. It bears the final responsibility for our policy of climate risk management. • The Board of Directors verifies our overall policy and major decision-making for climate risk management based on our overall business strategy and operating environment. It reviews the task and management outcomes of important climate risks to ensure that the climate risk management mechanism operates effectively. • Supervise the responsible units to build an adequate climate governance structure and build a climate governance culture. Supervise the responsible units to draw up climate risk management policies, including setting up risk appetites and limits.
Sustainable Development Committee	• Specialized divisions under the Committee promote sustainable development, fulfill corporate governance, develop a sustainable environment, ensure social welfare, and strengthen information disclosure of sustainable development.
Audit Committee	• Deliberate important systems and limits of climate-related risk management. Examine the risk management report every quarter. Supervise the climate risk management mechanisms.
Risk Management Committee	• Supervise responsible units to formulate and execute climate strategies; examine and review all indicators of climate risk management. • Report indicators of climate risk management and management results to the Audit Committee and the Board of Directors regularly.
All competent business units	• Stipulate the regulations, mechanisms, and processes on climate risk management based on the business nature of the units. This aims to identify, assess, and monitor climate risk management executed by all business units, make proper adjustments, or take risk mitigation and adaptation measures. • All unit executives of the relevant businesses may set up our climate risk evaluation methods and processes based on customers or asset portfolios. They estimate the level of climate risks and take differential risk management measures. • After submitting the report on climate risk control to the Risk Management Division and reporting to the Risk Management Committee regularly (at least every quarter), all competent business units report to the Audit Committee and the Board of Directors.
All business units	• Shall comply with all of our rules and directions related to climate risks to control daily operations. • All units carry out operations and processes associated with climate risks based on their function. They shall adopt proper climate risk management and countermeasures.

Meanwhile, we continue to invite external counselors or experts to deliver speeches and provide education training based on climate topics. To help the Board of Directors understand how climate change imposes financial impacts on the bank and understand ESG sustainability topics in the financial industry, we provide the subjects of sustainability finance and net zero transformation to directors and top management regularly. Meanwhile, for our staff at all levels, we held three sessions of education and training on TCFD climate-related financial disclosure covering the subjects, including transformation risk carbon fee scenario analysis, self-assessment on physical risk and instruction to the use of sustainability checklist by borrowers, and seven cross-departmental meetings on climate topics in 2023. Attendants and participants include our senior executives, relevant departments, and business units.

2.4.3 Climate strategy

Process of climate topic identification

To respond to climate change-related risks and opportunities, we will actively implement a low carbon transition, and include climate change into daily operations and long-term strategies. We aim to identify risk types, time intervals affected, degree of loss, likelihood, how climate and financial risks are related to each other, and the nature of the business, to build the process of climate risk identification. This helps us accurately evaluate climate risk impacts on us, and take active climate actions of mitigation and adaptation to deal with change challenges.

STEP 1 Collection of climate-related topics	• We and an external expert team follow the guidelines of the TCFD framework, collect international climate-related study reports, and domestic and international government regulations on the climate regularly to build a database of climate-related problems. We also refer to the evaluation reports on climate-related risks and opportunities from other domestic and international financial companies when building this database.	• We collect domestic and international study reports on climate based on the TCFD Guidelines. 14 risk topics and 14 opportunity topics have been collected for us.

STEP 2 Organize and evaluate interactions between climate risks and opportunities and business impacts.	• By interviewing all business units, we discuss how climate-related topics affect us depending on the business nature of these units. We include external perspectives as internal topics to check if they meet the nature of the financial industry. Adjust discussions on all topics again to make sure that they become more relevant to our future strategies of business development.	• In 2022, we held three sessions of education and training and seven cross-departmental interviews focusing on the climate topic.

STEP 3

Assess the influence of climate-related risks and opportunities.

Collect opinions from all units on the influence, likelihood, and affected timeframe of risks and opportunities via interviews, summarize opinions, and set the quantization level.

Likelihood of climate risks and opportunities

Very likely	Once within 1~3 months
Highly likely	Once within 3~12 months
Moderately likely	Once within 1~3 years
Unlikely	Once in 3~5 years
Very unlikely	Once within more than 5 years

Impact of climate risks and opportunities

Extreme	The bank suffers from severe financial impacts. The financial impacts or benefits are higher than NT$ 50 million.
Significant	The bank suffers from significant financial impacts. The financial impacts or benefits are between NT$ 10 to 50 million.
High	The bank suffers from high financial impacts. The financial impacts or benefits are between NT$ 1 to 10 million.
Moderate	The bank suffers from moderate financial impacts. The financial impacts or benefits are between NT$ 100,000 to 1 million.
Slight	The bank suffers from slight financial impacts. The financial impact or benefit is below NT$ 100,000.

Timeframe

Time interval	Short run	Mid-term	Long-term
Year	Within a year by 2023	One to seven years 2024-2030	At least seven years 2030 and so on

STEP 4 Assess material risks and opportunities	We calculate the score of climate risks or opportunities quantitatively based on the impact degree and likelihood, and consider our resources, cost efficiency, and data accessibility. We sort the materiality of climate risks and opportunities based on the final results.	• We distribute 30 surveys on "Climate change risks and opportunities identification for overall operations" to our middle-level and senior-level managers.
STEP 5 Formulate our management approach and measures.	We identified material climate risks and opportunities, and conducted evaluations based on the impact pathways, timeframe, territorial ranges, value chain location, and financial impacts. We formulate feasible management approaches and climate action plans by organizing current response measures, our resources, and execution performance.	• We work with an external counselor team to formulate management approaches based on the identified top four risk items and follow-up climate action plans.

Description of the results of climate risk identification

We consider relevant aspects based on the TCFD framework, including the classification of climate risks and opportunities suggested by TCFD. We also put physical risks, policies, regulations, technology, markets, and reputation into immediate and long-term consideration of transition risks for the relevant aspects. We collected 14 questions on climate-related risk this year, and sort risk importance based on how unit executives compare the possibilities and influence of these risks. Finally, we assess the top four risks, find out how the climate risks affect our business, and design response measures.

Bank of Kaohsiung's Climate-related Risk Matrix

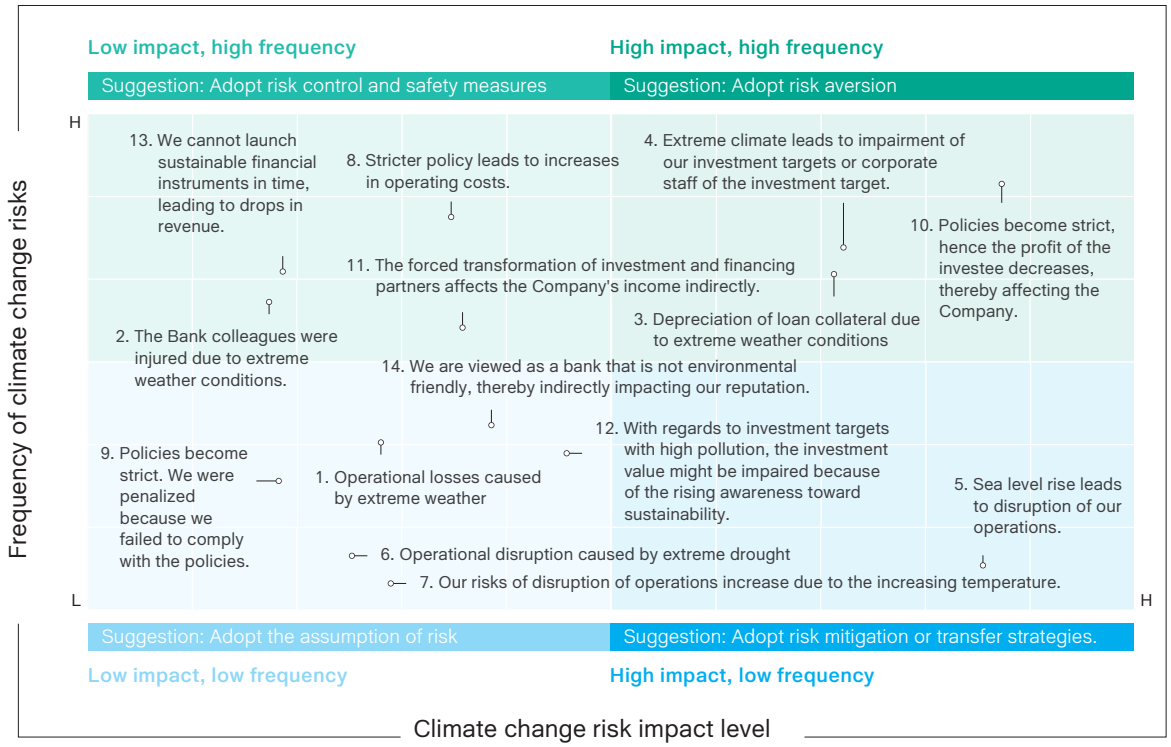


Table of climate risk identification topics

Financial related Risk factors	Risk events	Credit risks: Credit business	Credit risks: Property	Market risks: Equity investment	Market risks: Obligatory rights investment	Operational risks: Company operations	Operational risks: Owned assets	Risk events and aspects being influenced
Transition risks	Short-term – Stricter policies lead to increases of our operating costs.	● Policies and regulations		● Policies and regulations	● Policies and regulations	● Policies and regulations		The climate change is becoming more severe. The government requires the reduction of GHGs to meet the carbon neutrality goals of 2050 in the Paris Agreement. Meanwhile, energy savings and power consumption policies and regulations have become stricter. For instance, electric bills are rising, and carbon tax costs are increasing due to significant increases in energy costs. We also need to buy carbon rights certificates and renewable energy certificates to achieve carbon reduction outcomes,hence our operating costs are rising.
	Long-term – Policies become strict and we are penalized because we fail to comply with the policies.	● Policies and regulations		● Policies and regulations	● Policies and regulations	● Policies and regulations		GHG reduction requirements or policies and regulations of energy savings and power consumption become stricter, and we are penalized because we fail to comply with the policies and regulations. Or, we might be sued because our climate-related risk disclosure is insufficient.

Financial related	Risk events	Credit risks		Market risks			Operational risks		Risk events and aspects being influenced
Risk factors		Credit business	Property	Equity investment	Obligatory rights investment		Company operations	Owned assets	
Transition risks	Short-term – Policies become strict, hence the profit of the investee decreases, affecting our bank.	● Policies and regulations		● Policies and regulations	● Policies and regulations		● Policies and regulations		To mitigate climate change, the policies or regulations regarding carbon prices and carbon tax/ emissions, carbon reduction goals, and reporting obligations become stricter. Operating profits of loans and investment subjects might decrease accordingly, affecting the obligatory rights of the company.
	Mid-term – Loan and investment subjects are forced to perform transitions, indirectly affecting our revenue.	● Technology		● Technology	● Technology		● Technology		Because of transition risks due to climate change, the industries that our loan customers or investee companies belong to might be forced to execute transitions or might need to develop energy saving products and technologies. They might need to pay for carbon fee costs due to transitions and the corporations in this industry might fail during the transitions, indirectly affecting our revenue.
	Mid-term – With regards to investment targets with high pollution, our investment value might be impaired because of rising awareness of sustainability.	● Markets		● Markets	● Markets		● Markets		The new ESG trends and rising awareness of environmental sustainability might cause impairment of investment values regarding the price of some investment targets.
	Short-term – We cannot launch sustainable financial instruments in time, leading to drops in revenue.						● Markets		When facing transition risks due to climate change, we are unable to develop fintech or lead paperless operations, or green cash flow regarding energy savings or carbon reduction via digital financing or electronic service. We cannot offer sustainable financial instruments or services in time. As the result, we might lose the market focusing on climate change topics. Customers are less likely to trade with us. In the end, we lose business and customers, and our revenue drops.

Financial related	Risk events	Credit risks		Market risks		Operational risks		Risk events and aspects being influenced
Risk factors		Credit business	Property	Equity investment	Obligatory rights investment	Company operations	Owned assets	
Transition risks	Mid-term – We are viewed as a bank that is not environmental friendly, indirectly impacting our reputation.	● Reputation		● Reputation	● Reputation	● Reputation		If environmental pollution occurs to our loan customers, general consumers, investors, and other loan customers would believe that we are a bank that is not environmentally friendly (by investing in high pollution industries). Our reputation and revenue will be affected directly. In addition, if we fail to actively devote ourselves to climate change topics stakeholders pay attention to, our image and reputation will be affected. In the end, we lose business and customers, and our revenue drops.
Physical risks	Mid-term – Extreme climate leads to loss of our operation.					● Immediacy	● Immediacy	There are exceptional events (e.g. flooding due to extreme precipitation) caused by extreme climate events such as typhoons and strong rainfall. Our operation building and information equipment might be damaged, directly impacting our business locations.
	Mid-term – Our staff are injured due to extreme climate events.					● Immediacy	● Immediacy	Because of disasters caused by extreme climate events such as typhoons, floods, and strong rainfall, bank staff might be injured when commuting for work, at the workplace, or when checking on disaster damage.
	Short-term – Extreme climate depreciates the loan collateral of our loan customers.	● Immediacy	● Immediacy					Exceptional events caused by extreme climate events such as typhoons, floods, and strong rainfall depreciate the loan collateral, disrupt the operations of the loan customers, or lead to damage of personnel and property. Eventually the loan customers have problems with repayment due to property loss, and we end up with bad debt.
	Short-term – Extreme climate events lead to impairment of our investment target or corporate staff of the investment target.			● Immediacy	● Immediacy			There are exceptional events caused by extreme climate events such as typhoons, floods, and strong rainfall. The personnel and property loss of the corporation for the investment target or asset depreciation of our investment properties decrease our investment profits.

Financial related	Risk events	Credit risks		Market risks		Operational risks		Risk events and aspects being influenced
Risk factors		Credit business	Property	Equity investment	Obligatory rights investment	Company operations	Owned assets	
Physical risks	Long-term – Sea level rise leads to disruption of our operations.	● Long-term	● Long-term	● Long-term	● Long-term	● Long-term	● Long-term	Our business locations might be flooded due to sea level rise, causing damage of offices or equipment and disruption of operations. Or, the headquarters and assets of the loan and investment departments might be impaired, affecting the obligatory rights, and bad debt might occur.
	Long-term – Extreme drought leads to disruption of our operations.	● Long-term	● Long-term	● Long-term	● Long-term	● Long-term		Extreme drought leads to risks of fire in the future and water shortages, which cause the rise of operation costs. Crises such as disruption of operations will occur to loan-receiving or investee corporations.
	Long-term – Our risks of interruption of operations increase due to temperature rise.	● Long-term	● Long-term	● Long-term	● Long-term	● Long-term		The temperature keeps rising due to global warming, leading to increases of the frequency and possibility of heat exhaustion, hence the health of our employees will be affected and the chance of disruption of operations increases.

Management approach of material climate risks

Risk event (I)		Policies become strict, hence the profit of the investee decreases, affecting our bank.			
Business impacted		Loans		Investments	
Transmission paths		Operating costs of high carbon emissions industries are increased due to regulatory and policy requirements, hence solvency is weakened and the chance of breach of contract increases. LGD of loan customers in high carbon emissions industries with weak constitutions rises due to poor solvency because of collateral depreciation or asset impairment.		Energy transition-related policies will lead to asset depreciation for supply chains of crude petroleum and natural gas, coal mining companies, or coal-fired power plants. Depreciation accelerates or assets become stranded, reflecting on the revenue and price of marketable securities of these companies and plants.	
Existing risk connections		Credit risks		Market risks	
Connecting departments		Loan Management Division, Risk Management Division		Financial Market Division, Risk Management Division	
Management approaches and action plans	Short run	Management approaches and action plans: Formulate differential management for high carbon emission corporations.	Performance: We have set up the "Directions for Sustainability Loan Reviews", conduct surveys and analysis of carbon emissions of loan customers, and adopt differential management measures for interest rates.	Management approaches and action plans: Set up a list of negative industries. Restrict investment in corporations with high carbon emissions and pollution risks or do not invest in these corporations.	Performance: We have drawn up the "Directions for Sustainability Investment". We will investigate the carbon emissions of investment targets, check the regulations to see if the risk is high, and perform comprehensive evaluations to decide whether to invest in the target.

Management approaches and action plans	Mid and long run	**Management goals** Implement green loans and sustainable performance link loans to assist customers in net zero emissions transitions.	**Management goals** Establish our ESG investment process. Strengthen communication with the investee companies. Invest more in industries capable of sustainable development or collaborations performing well in ESG.

Risk event (II)

Extreme climate leads to impairment of our investment targets or corporate staff of the investment target.

Business impacted		Loans	Investments	
Transmission paths		Typhoons impact economic activity, reducing corporate revenue and the chance of breach of contract increases. Severe floods (e.g. floods occur due to heavy rainfall incurred from typhoons, or due to seawater intrusion) lead to interruption of corporations. This will increase operating costs, reduce revenue, weaken solvency, and the chance of breach of contract increases.	Typhoons impair physical assets or depreciate the assets of investment targets, increasing market risks. For instance, strong typhoons cause the loss of relevant corporations. The loss directly reflects on the revenue and influences the price of marketable securities for relevant corporations. Floods lead to blackouts or transportation disruptions, affect the supply chains of corporations, or the operations of production and manufacturing in factories, and reflect on the revenue and prices of marketable securities of corporations.	
Existing risk connections		Credit risks	Market risks	
Connecting departments		Loan Management Division, Risk Management Division	Financial Market Division, Risk Management Division	
Management approaches and action plans	Short run	**Management approaches and action plans** We investigate where the loan applicant is located during Know Your Customer (KYC), and how the collaboration of the loan applicant executes management when facing a disaster, then we collect relevant information for management.	**Performance** We have drawn up our "Sustainability Checklist." Among the other things, we investigate the condition of physical climate risks, such as where the loan customer is located, financial conditions, human resources, and supply chain.	**Management approaches and action plans** Set up a list of negative industries. Restrict investment in corporations with high physical disaster risks or do not invest in these corporations.	**Performance** We have formulated the highly sensitive industries for industries we invested in. We have put physical risks into consideration when designing the list. For instance, we have considered investment targets when designing the list. We also strengthen investment management and communication dialogue.
Management approaches and action plans	Mid and long run	**Management goals** We will continue to enhance our climate survey items based on regulations and sustainable trends to track the risk overview of our loan customers. We help customers to check compliance with regulations, and help them forge ahead with sustainable development through guidance, project finance, or favorable interest rates.		**Management goals** We plan to strengthen investigations on how the investee companies face the risk, such as whether it has set up damage prevention measures or property insurance.	

Risk events (III)

Extreme climate events depreciate the loan collateral of our loan customers.

Business impacted	Loans
Transmission paths	The largest extreme climate risk encountered for the region we are located in is primarily physical damage incurred from typhoons. The damage depreciates movable property, hence the value of the collateral of loan customers becomes insufficient. For instance, the value of movable property (e.g. solar panels and transportation equipment) is impaired, affecting the value of collateral. Floods might also impair collateral (e.g. residential or business properties in these areas) in coastal and low-lying areas. The value of these collateral properties is affected.
Existing risk connections	Credit risks
Connecting departments	Loan Management Division, Risk Management Division

Management approaches and action plans	Short run	Management approaches and action plans: Formulate differential management for corporations under high physical risks. Evaluate the physical risks the loan customers and their collateral face by sustainable checks and investigations. Require loan customers to prevent loss and provide financial response mechanisms for their collateral, such as enhancing protection and insurance.	Performance: We have drawn up our "Sustainability Checklist." Among the other things, the Checklist focuses on where the loan customer is located, and investigates the physical risk overview of collateral, including flooding, landslides and slopeland disasters. This helps us keep track of the physical risks of collateral.
	Mid and long run	Management goals: We will continue to track and study climate risk topics, and adjust internal policies and operation directions based on the latest trends and risks. This helps us track the climate change risks of loan customers and collateral and reduce potential losses.	

Risk event (IV)	Stricter policy leads to increases of our operating costs.		
Business impacted	Our operation		
Transmission paths	Energy transition-related policies include but are not limited to carbon taxes and fee collection, or risk mitigation and adaptation measures announced by the government such as other carbon pricing mechanisms. They might affect our operations and we might violate regulations. As the result, we might be sanctioned or penalized accordingly, and our operational risk might be affected.		
Existing risk connections	Operational risks		
Connecting departments	Administrative Management Division, Executive Administration		
Management approaches and action plans	Short run	Management approaches and action plans: We set the management goals for energy savings and carbon reduction every year, and promote and encourage all departments to take environmental measures.	Performance: The goals of energy savings and carbon reduction are currently set by ourselves. We will adjust the goals by referring to the "Climate Change Response Act" enacted by the Ministry of Environment, and the Act is currently under amendment. Our goal will be reducing 1% of GHG emissions every year.
	Mid and long run	Management goals: We will complete GHG inventory validation for all of our bank buildings by 2024. Besides carrying out environmental work based on regulations, we continue to evaluate the feasibility of sustainable conduct, build an eco-friendly financial ecology, and fulfill our corporate social responsibility.	



Description of the results of climate opportunity identification

We closely observe global climate change and the development trends of sustainability-related industries, and explore industrial development in Kaohsiung and the policy prospects of Kaohsiung City Government. We anticipate helping all stakeholders reduce their climate change impacts and carbon emissions risks by developing sustainable financial instruments and services, and discover industrial opportunities for corporations. In particular, we expect to help corporations in the Greater Kaohsiung Area to advance toward sustainable development via our power of local financial services. Meanwhile, we strive to slow global warming, facilitate the Greater Kaohsiung Area, and help all of our entire society forge ahead to a low carbon transition.

To achieve our anticipation, first we focus the direction of future development on the most beneficial direction by identifying and analyzing climate opportunities. We provide climate education training to help our middle-level and senior-level managers further understand this topic. We pick climate opportunity topics by integrating the experiences of managers and adapting to local needs. By setting short-term goals, we fully develop solar power financing and help industries in need to acquire funds required for establishment. For our mid and long-term goals, we expect to combine power from all internal units to promote eco-friendly regulatory measures, and lead physical industries, investors, and consumers to pay attention to ESG, to reduce the risk of granting loans and investing in climate sensitive industries.

Bank of Kaohsiung's Climate-related Risk Matrix

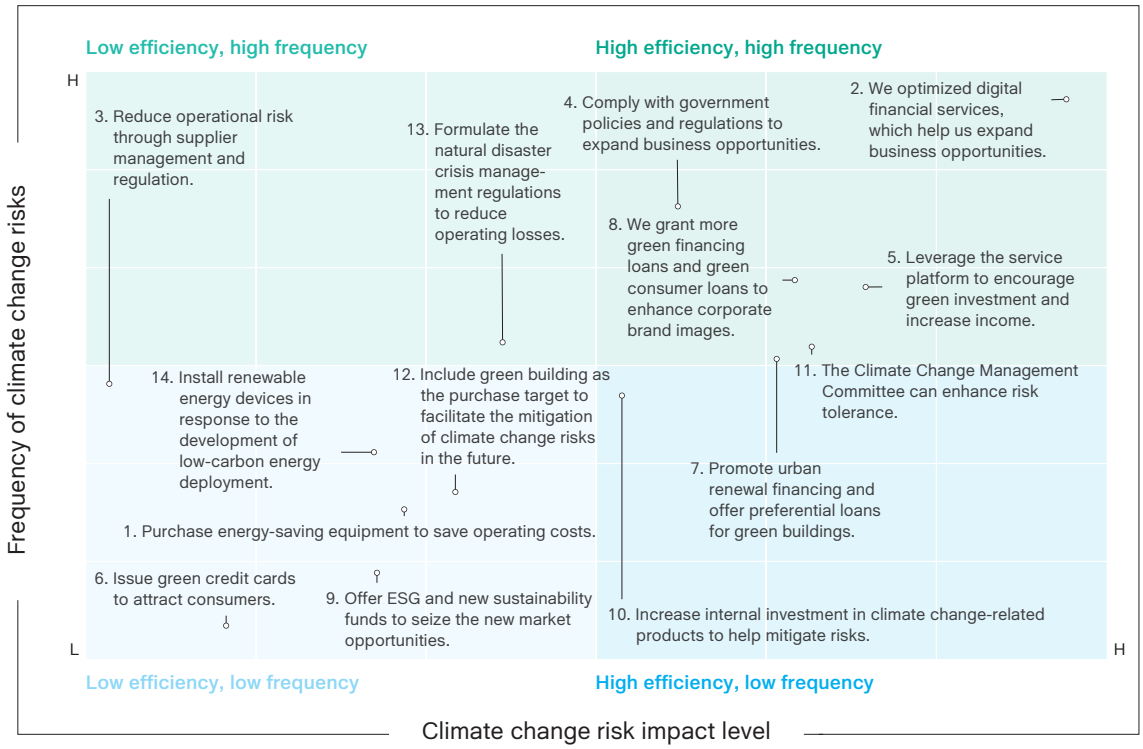


Table of climate opportunity identification topics

Type of opportunity	Financial related	Opportunity aspects: Resource efficiency	New products and technology	New market developments	Corporate resilience	Opportunity events and aspects being influenced
Long run – We purchased the latest energy saving equipment and built systems that are more efficient, to enhance energy efficiency and save operation costs.		●			●	We purchased the latest energy saving equipment and built systems that are more efficient for the information engine room, to enhance energy efficiency and save operation costs.

Type of opportunity \ Financial related	Opportunity aspects: Resource efficiency	New products and technology	New market developments	Corporate resilience	Opportunity events and aspects being influenced
Short run – We optimized digital financial services, which help us expand business opportunities. We endeavor to promote electronic processing services to reduce labor costs and attract consumers.		●	●		Optimize digital financial services and develop fintech to enhance convenience. This helps us attract customers and expand business opportunities. We endeavor to promote electronic accounting openings, electronic transactions, and account processing services to reduce labor costs and attract consumers.
Mid run – Through green procurement and supplier management, we support more corporations offering low carbon, sustainable products, and reduce operational risks.	●			●	Through green procurement and supplier management, we support more corporations offering low carbon, sustainable products, and reduce operational risks. For instance, we formulated the "Sustainable procurement statement" or require suppliers to abide by the "Terms and conditions of sustainable supplier procurement".
Short run – We offer more sustainable financial instruments and services to adapt to government policies and regulations, to expand business opportunities.		●	●		We offer more sustainable financial instruments and services to adapt to government policies and regulations (e.g. Green Finance Action Plan 3.0, Ministry of Finance ESG platform plan), to expand business opportunities.
Short run – We utilize the service platform, and engage customers with sustainability and green consumption via diverse means, and increase operating revenue.			●		We utilize financial instruments, our official website, and service platforms such as apps to encourage customers to respond to energy savings, carbon reduction, or green investment. We also engage customers with sustainability and green consumption via diverse means, and increase operating revenue.
Long run – We issue green credit cards to attract consumers who support sustainability.		●	●		We can issue green credit cards in the future to attract specific groups and consumers who support sustainability.
Mid run – We promote urban renewal financing plans, and grant favorable project loans to green buildings to encourage more people to purchase green buildings.		●	●		Promote urban renewal financing plans, transform old buildings into an energy-saving, eco-friendly communities, and grant favorable project loans to green buildings to encourage more people to purchase green buildings.
Short run – We grant more green financing loans and green consuming loans, enhance corporate brand images, and reduce climate change risks.		●	●	●	We grant more ESG green financing loans and green consumer loans. Besides enhancing corporate brand images, we also reduce climate change risks.
Long run – We collect ESG and sustainability new fund products, and offer investor-related products to seize new market opportunities.		●	●		We collect ESG and sustainability new fund products, and green bonds. Besides getting a chance to enter a new market, we can also offer investor-related products to seize new market opportunities.
Mid run – We add climate change-related products in our internal investment for us to keep track of the market trend. In the meantime, we reduce the risk of asset allocation through the proportion of green investment.		●		●	We add climate change-related products in our internal investment portfolio for us to keep track of market trends, and elevate operational flexibility. In the meantime, we meet the world trends and reduce the risks of asset allocation through the proportion of green investment.

Type of opportunity \ Financial related	Opportunity aspects: Resource efficiency	New products and technology	New market developments	Corporate resilience	Opportunity events and aspects being influenced
Mid run – We will set up committees, teams, or departments related to climate change, to help us plan for policies related to the risk management of climate change, and reinforce risk tolerance at the same time.	●	●	●	●	We will set up committees, teams, or departments related to climate change, to help us plan for policies and guidelines of green financing and investment, and policies related to risk management of climate change, and enhance the breadth and width of green financial instruments. Meanwhile we reinforce risk tolerance.
Long run – Our requirements for procurement objectives are to include green buildings into property investment to reduce climate change risks in the future, and expect to gain profits at the same time.		●		●	Our requirements for procurement objectives are to include green buildings and energy-saving buildings into property investments to reduce climate change risks in the future, and expect to gain profits at the same time.
Mid run – We stipulate the guidelines for crisis handling and natural disaster alerts, ensure equipment and mechanisms are in operation when a crisis occurs, reduce business loss, and enhance customer reliability.	●			●	We stipulate the guidelines for crisis handling and natural disaster alerts, such as preparing UPS, backup servers, and remote backup solutions. Emergency response drills are executed regularly to ensure that equipment and mechanisms are in operation when a crisis occurs, reduce business loss, and enhance customer reliability.
Long run – We set up solar panels or other renewable energy devices by adapting to the development of the establishment of low-carbon energy. We also increase revenue by selling green power.	●			●	The 2050 national net zero emissions policy and renewable energy regulations have been amended. Corporations purchased lots of green power to adapt to the development of the establishment of low-carbon energy. Demand might exceed supply in the green power market. By setting up solar panels or other renewable energy devices, we can reduce the expenses of green power and increase revenue by selling green power.

2.4.4 Climate Risk Management

Climate risk management procedure of Bank of Kaohsiung

Climate Risk Identification

We refer to the TCFD Guidelines and the TCFD manual issued by the Bankers Association, and collect information on overview of the execution by benchmark competitors. These are our bases for identification, evaluation, and management of climate-related risks and opportunities.

Climate risk measurement

- Analyze and evaluate the likelihood and impact of risks through external study reports, and climate policies enacted in international climate regions and enacted by the Taiwanese Government.
- Evaluate the occurrence, impacts, and benefits based on the operational experiences of the internal executives.

Risk report disclosure

Adjust measures regularly based on the results of identification of climate risks and opportunities regularly. After analyzing and evaluating the current conditions based on statistics, report the analysis results to the Risk Management Committee and relevant departments. Disclose the information in the report, annual report, and on the official website.

Climate risk measures

- Adjust measures based on opinions from the Risk Management Committee, Audit Committee, Sustainable Development Committee, and all relevant departments. Draw up response measures on climate risks and opportunities.
- We carry on climate policies stipulated by the Committee. All units set the management goals and KPI, and report performance regularly.

Three lines of defense of climate risk management

Based on advice from the "National Bank Climate-related Risk Management Practice Manual" and "Task Force on Climate-related Financial Disclosure (TCFD)," we include climate risk into the existing framework of risk management. We check the climate risks related to our operations and businesses. Through the three existing lines of defense for the risk management structure of internal control, we include climate change risks and ESG corporate sustainable development issues. Our goal is to implement risk management effectively.

First line of defense	Taking climate risks into business consideration means that a unit facing the risk is in charge of the risk management of daily operations, including identifying the source of climate risks, assessing the impact of risks upon occurrence, and taking responsive measures for the risks, e.g. risk aversion, mitigation, and bearing. Through risk driving factors and communication channels, these risks affect the daily operations of the bank. Therefore, we shall make sure that personnel on the first line of defense fully understand and fulfill their functions based on climate policy, procedures, and the rules of the bank, execute their tasks thoroughly, and report the relevant information as required.
Second line of defense	The second line of defense includes risk management, operation management, compliance, and the competent units of other business (e.g. financial control, human resources, and information security). These competent units of business must collaborate closely with sales units, make sure that the risk of sales units is managed adequately, and effectively monitor how climate risk management is executed on the first line of defense. Among these units, the risk management unit works independently and bears specific responsibility. It is in charge of monitoring and formulating strategies and policies. It ensures that identification, evaluation, monitoring, and reporting of all risks are neutral and consistent. The risk management unit shall consider climate risks that impact us based on the relevant laws and regulations of competent authorities. It refers to exposure degree, climate scenario analysis, and stress tests, and builds a proper management mechanism to assess and measure climate risks.
Third line of defense	The independent internal audit unit shall build an appropriate audit procedure, and regularly review the implementation of risk management in all units. It lists defects or exceptions found during inspection in the audit report in detail, continues to control the defects or exceptions, and proposes a tracking report. As the third line of defense, the unit shall perform audits independently, and assist the Board of Directors and top management in inspecting and assessing the effectiveness of risk management and internal control systems.

Sales unit
First line of defense

When the Bank executes business and management operations, each unit is responsible for implementing the risk management procedures when performing related work.

Management Level
Second line of defense

Plan the climate risk management mechanism and discuss industrial climate risk classification; confirm that climate risk management regulations are updated in a timely manner in line with relevant laws and regulations, and ensure compliance with laws and regulations.

Age of the Board of
Third line of defense

The independent audit unit is responsible for checking the compliance and implementation of various regulations and internal control systems, assessing the effectiveness of the first and second lines of defense for climate risk monitoring, and providing improvement suggestions in a timely manner.



Climate risk profile of credit extension and investment industries

Before analyzing scenarios of climate change risks and quantitatively evaluating stress tests, we execute all-round evaluation on the overviews of industries we loaned to and invested in. We summarize the opinions from our internal unit executives and business personnel, external experts, and analysis report results on domestic and international industries. In the mean time, we find out the climate risk levels of all industries (including transition and physical risks) and our scope of exposure, choose industries we shall focus on, and set them to our highly sensitive industries.

Identification process for credit extension and investment in high risk industries

STEP 01 Refer to Moody's Investor Service Industry Analysis Reports/SASB TECHNICAL BULLETIN CLIMATE RISK Reports.

STEP 02 We collect information on risk items in the surveys according to the TCFD guidelines and external research reports. We consider transition and physical risks for these risk items and create our climate change risk questionnaire for the industry.

STEP 03 We distribute the questionnaire to unit executives, salespersons, and investment traders to fill out the questionnaire.

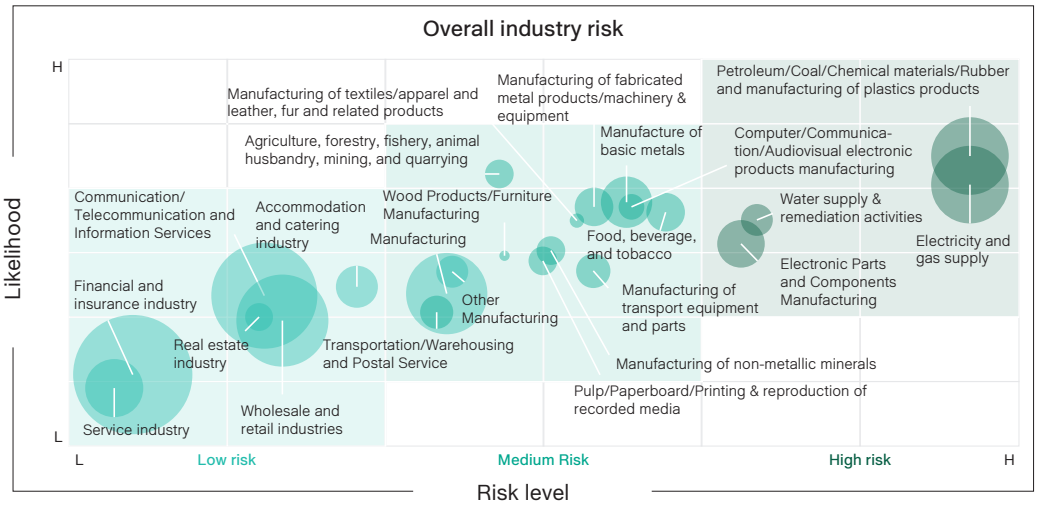
STEP 04 We conduct matrix analysis and pick high risk industries after collecting and summarizing data from surveys. Later on, we formulate the list of highly sensitive industries imposing risks on the environment and society based on external professionals' opinions and discussions at our internal meetings.

We execute comprehensive analysis considering transition and physical risks of climate change. The scope of evaluation includes all of the industries our loans and investment targets belong to. We studied the results of analysis, discussed with the external experts and relevant internal departments at the meeting, considered how the Taiwanese government views the current enforcement of environmental regulations in the industry, and integrated the "emission sources of GHG emissions to be checked, registered and inspected by industries" as published by the Ministry of Environment. These industries are facing high transition risks. We gathered opinions and data from different parties, and formulated the list of highly sensitive industries imposing risks on the environment and society within our loan and investment business.

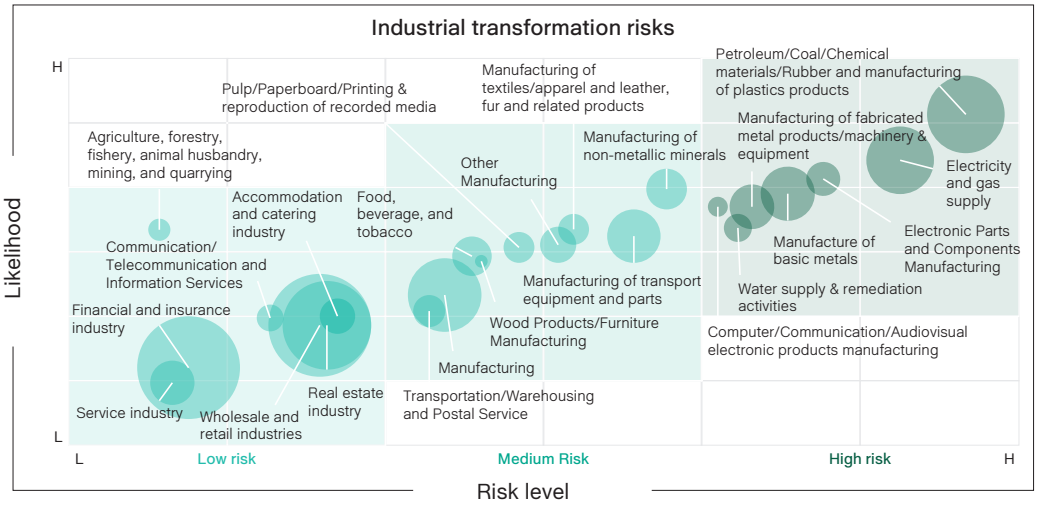
We reached a conclusion based on analysis, meetings and compilations of external policy data, and classified industries according to the Statistical Classification of Industries stipulated by the Directorate General of Budgets, Accounting, and Statistics, Executive Yuan. We put 17 industries in our list of highly sensitive industries imposing risks on the environment and society, and strengthened our reviews and assessments of loans and investments based on the industries in this list. The 17 industries are "extraction of crude petroleum and natural gas," "quarrying of stone, sand, clay, and other mining," "manufacturing of textiles," "manufacturing of pulp, paper, and paperboard," "manufacturing of petroleum and coal products," "manufacturing of chemical material and fertilizers," "manufacturing of other chemical products," "manufacturing of rubber products," "manufacturing of plastics products," "manufacturing of other non-metallic mineral products," "manufacturing of basic metals," "manufacturing of electronic parts and components," "manufacturing of motor vehicles and parts," "electricity and gas supply," "water supply," "water transportation" and "air transport."

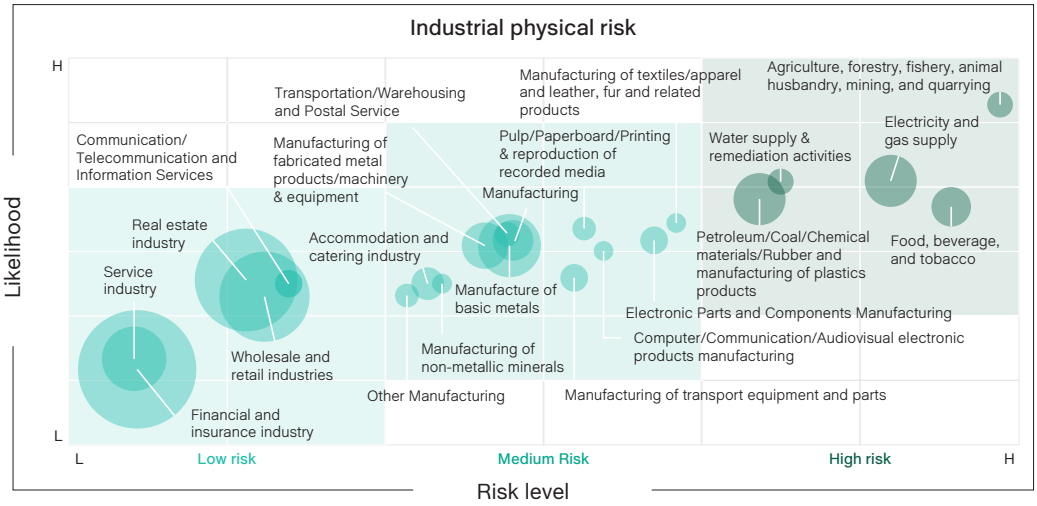
Analysis of high climate risk industries (including transition and physical risks)

Base date: December 31, 2023



- **Note 1: Wind power, solar power, and geothermal energy in the electricity and gas supply industries are excluded from the high-risk industry category.**





Top ten industries facing climate risks

Rank	Overall risk (Transition risk + physical risk)	Transition risks	Physical risks
1	Petroleum/Coal/Chemical Materials /Rubber and Plastic Products Manufacturing	Petroleum/Coal/Chemical Materials /Rubber and Plastic Products Manufacturing	Agriculture, forestry, fishery, animal husbandry, mining, and quarrying
2	Electricity and gas supply	Electricity and gas supply	Food/beverage and tobacco industry
3	Water supply & remediation activities	Manufacturing of electronic parts and components	Electricity and gas supply
4	Manufacturing of electronic parts and components	Manufacture of basic metals	Water supply & remediation activities
5	Manufacture of basic metals	Metal Products/Machinery & Equipment Manufacturing	Petroleum/Coal/Chemical Materials /Rubber and Plastic Products Manufacturing
6	Food/beverage and tobacco industry	Computer/Communication/Audiovisual electronic products manufacturing	Manufacturing of textiles/apparel and leather, fur and related products
7	Computer/Communication/Audiovisual electronic products manufacturing	Water supply & remediation activities	Manufacturing of electronic parts and components
8	Agriculture, forestry, fishery, animal husbandry, mining, and quarrying	Manufacturing of non-metallic minerals	Manufacturing of wood & products made of wood & bamboo/ Manufacturing of furniture
9	Metal Products/Machinery & Equipment Manufacturing	Manufacturing of transport equipment and parts	Pulp/Paperboard/Printing & reproduction of recorded media
10	Manufacturing of textiles/apparel and leather, fur and related products	Manufacturing of textiles/apparel and leather, fur and related products	Computer/Communication/Audiovisual electronic products manufacturing

Overview of exposure of highly sensitive industries

We carried out overall and individual industry exposure analysis for the highly sensitive industries we judged based on the comprehensive analysis results according to the overall risks of climate change (transition and physical risks). We consider and divide the industries for the emissions source of GHG emissions in the "emission sources of GHG emissions to be checked, registered and inspected by industries" as published by the Ministry of Environment, and perform overall calculations for the industry. These industries are facing high transition risks. We disclose loan exposure based on the two classification criteria above. The results in detail are shown in the table below.

Industry	Overview of exposure for high risk industries in 2023 (Base date: December 31, 2023)			Overview of exposure for high risk industries in 2022 (Base date: December 31, 2022)		
	Percentage of the exposure of the industry to the total exposure of industries for our entire bank	Percentage of the exposure of the industry to the total loan exposure of industries for our entire bank	Percentage of the exposure of the industry to the total investment exposure of the industries for our entire bank	Percentage of the exposure of the industry to the total exposure of industries for our entire bank	Percentage of the exposure of the industry to the total loan exposure of industries for our entire bank	Percentage of the exposure of the industry to the total investment exposure of the industries for our entire bank
Extraction of crude petroleum and natural gas	0.169%	0.008%	0.493%	0.476%	0.025%	1.449%
Quarrying of stone, sand, clay, and other mining	0.148%	0.222%	0.000%	1.272%	0.264%	3.444%
Manufacturing of textiles	0.382%	0.573%	0.000%	0.888%	0.850%	0.970%
Manufacturing of pulp, paper, and paperboard	0.475%	0.711%	0.000%	0.549%	0.804%	0.000%
Manufacturing of petroleum and coal products	1.105%	0.389%	2.544%	0.174%	0.255%	0.000%
Manufacturing of chemical materials and fertilizers	2.219%	2.348%	1.960%	1.516%	2.219%	0.000%
Manufacturing of other chemical products	0.123%	0.184%	0.000%	0.129%	0.188%	0.000%
Manufacturing of rubber products	0.032%	0.047%	0.000%	0.191%	0.280%	0.000%
Manufacturing of plastics products	0.266%	0.399%	0.000%	0.306%	0.448%	0.000%
Manufacturing of other non-metallic mineral products	0.783%	0.905%	0.540%	0.316%	0.462%	0.000%
Manufacture of basic metals	2.498%	3.086%	1.317%	2.424%	3.549%	0.000%
Manufacturing of electronic parts and components	2.095%	1.538%	3.214%	1.976%	1.258%	3.525%
Manufacturing of motor vehicles and parts	1.193%	1.217%	1.143%	0.797%	1.043%	0.266%
Types of green energy in the electricity and gas supply industries, such as wind power, solar power, and geothermal power are not included in the high risk industries.	1.726%	0.521%	4.145%	1.780%	0.288%	4.998%
Water supply	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Water transportation	0.122%	0.183%	0.000%	0.143%	0.209%	0.000%
Air transport	0.154%	0.231%	0.000%	0.155%	0.227%	0.000%

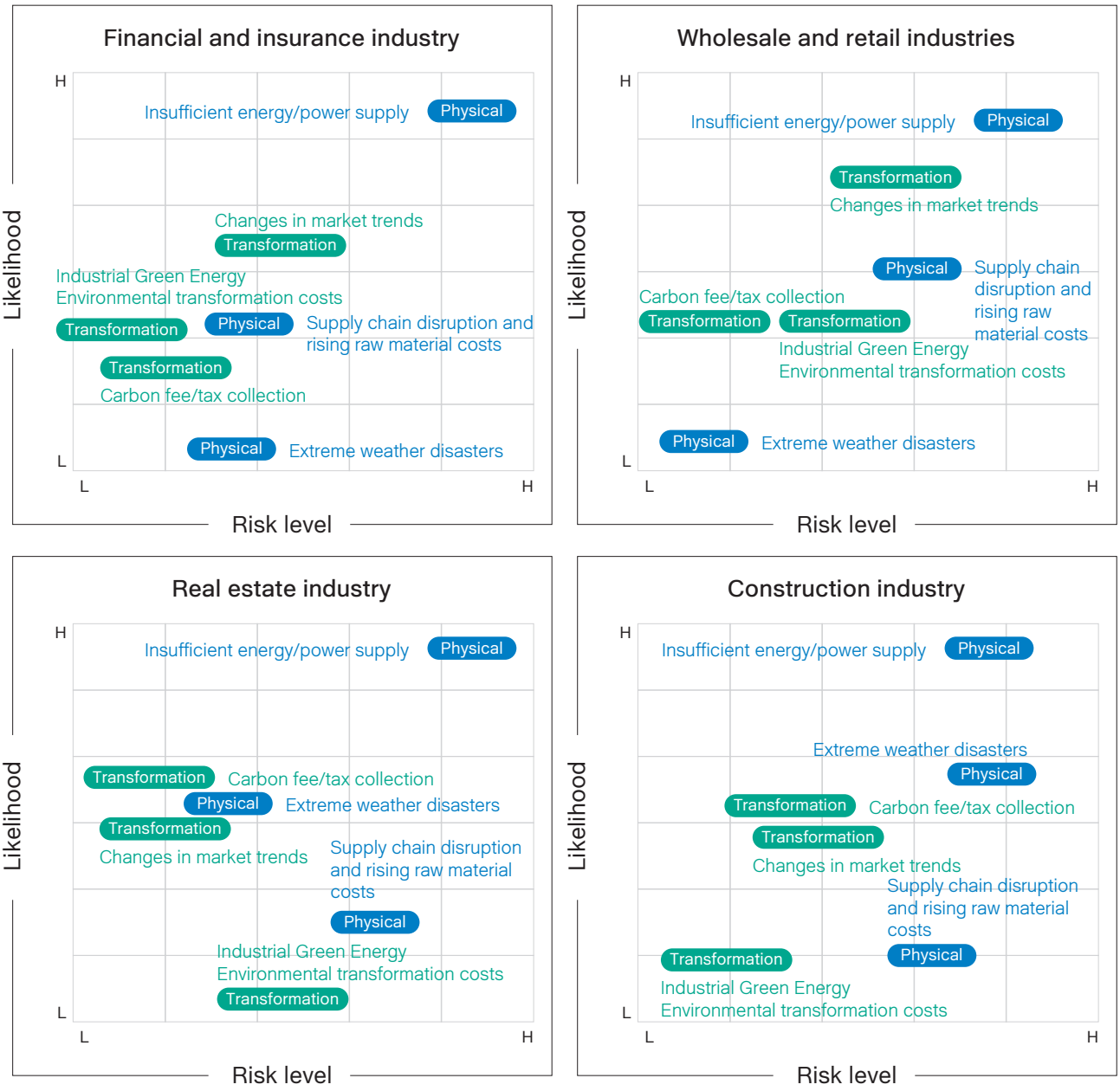
Industry	Overview of exposure for high risk industries in 2023 (Base date: December 31, 2023)			Overview of exposure for high risk industries in 2022 (Base date: December 31, 2022)		
	Percentage of the exposure of the industry to the total exposure of industries for our entire bank	Percentage of the exposure of the industry to the total loan exposure of industries for our entire bank	Percentage of the exposure of the industry to the total investment exposure of the industries for our entire bank	Percentage of the exposure of the industry to the total exposure of industries for our entire bank	Percentage of the exposure of the industry to the total loan exposure of industries for our entire bank	Percentage of the exposure of the industry to the total investment exposure of the industries for our entire bank
Total of high risk industries	13.491%	12.562%	15.355%	13.092%	12.369%	14.651%
Total of non-high risk industries	86.509%	87.438%	84.645%	86.08%	87.631%	85.49%
It is a business falling within the industries of the “emission sources of GHG emissions to be checked, registered and inspected by industries” (Ministry of Environment).	9.272%	8.412%	10.998%	8.09%	8.284%	7.17%
It is not a business falling within the industries of the “emission sources of GHG emissions to be checked, registered and inspected by industries” (Ministry of Environment).	90.728%	91.588%	89.002%	91.991%	91.16%	92.583%

Climate risk overview of industries with high credit concentration

We conduct transition and physical risk evaluations for the loan departments of the industries with higher concentrations (over 8% of our loan balance). According to the survey results, our credit balance to three industries in 2023 exceeded 8%, which are the "financial and insurance industries," "wholesale and retail industries," and "real estate industry." Compared with 2022, the business lines decreased by one, i.e. “construction industry.” Although the overall credit balance to "Construction Industry" has decreased from 8.42% to 6.21%, the balance of this industry is still growing rapidly. Therefore, we continue to disclose the climate risk profile of such industry. Said industries are not the highly sensitive industries we evaluate, or classified into those falling with the scope of “emission sources of GHG emissions to be checked, registered and inspected by industries” published by the Ministry of Environment or the six industries with high energy consumption and carbon emissions checked by the Ministry of Economic Affairs. Therefore, we determine that these industries do not have to encounter immediate climate risks for the time being.

However, we still follow the concept of adequate risk management, and cautiously manage the industries with high credit concentration facing emerging issues including climate change, and transition and physical risks. The analysis results reveal that the primary risks for these industries is energy/power supply shortages under the physical risks. In Taiwan, energy/power supply shortages or interruptions due to disasters in the future are more likely to occur under climate change, hence potential loss risks will occur.

With regards to these industries with high credit concentration, we require including climate risk evaluation items into the credit customer review mechanisms in the “Directions for Sustainability Loan Reviews”. We strive to understand the corporate resilience of customers under climate change. In the mean time, this helps strengthen our risk management mechanisms under climate risks.



2.4.5 Climate risk scenario analysis and stress tests

Climate change is one of the most severe challenges in the world, leading to broad, deep impacts on the environment, society, and economy.

Climate change risks threaten the operations of financial institutions. We realized that the risks of climate changepotentially threaten our business operations and customers' preservation and added value of wealth. Therefore, we have formulated our "Climate Risk Management Guidelines," which conduct climate change scenario analysis and annual stress test in accordance with the FSC' s regulations.

We assess the changes and losses that transition risks and physical risks may have on our assets under the climate change, in order to formulate appropriate risk managementstrategies and promote sustainable development. Meanwhile, we follow advice from the competent authorities, and keep documents about critical assumptions or variables included in the scenario analysis and stress testsfor at least five years.

Physical risk scenario analysis – Disaster potentials and hazards of business locations

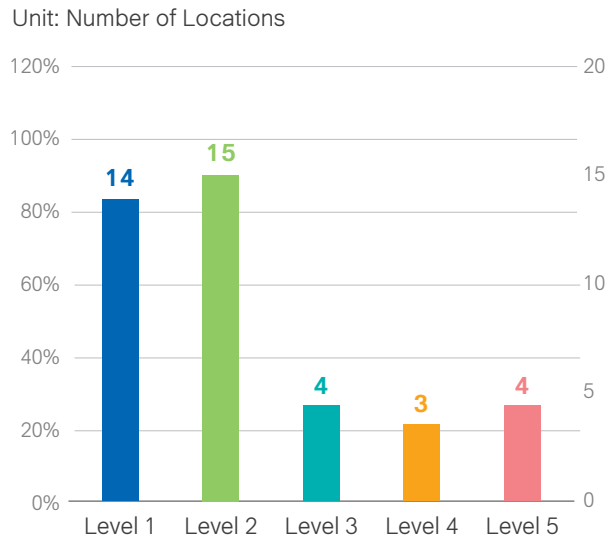
While climate change influences natural disaster potentials, we will actively promote responsive measures for climate risk management to ensure the safety of the bank building andsmooth operations. To improve the identification of climate risks, we draw up climate-related risk management policies based on the Task Force on Climate-Related Financial Disclosures (TCFD). We chose theRCP8.5 scenario for scenario simulation analysis. We estimated the climate by the end of this century(2075 to 2099) according to the information from the National Science and Technology Center for Disaster Reduction — Disaster Risk Adaptation (DRA), and drew up control measures based on the analysis results.

We calculate the disaster potential levels. For all indices, the 1st and 2nd levels are low levels, the 3rd level is medium levels, and the 4th and 5th levels are high levels. Among disaster potential levels, the 1st level is 0 to 25, the 2nd level is 26 to 50,the 3rd level is 51 to 75, the 4th level is 76 to 100, and the 5th level is 101-125. The analysis showed that, among the 40 business locations,a total of 7 branches were exposed to high risk (Levels 4 and 5), accounting for 17.5% of all branches; while 4 branches were exposed to medium risk (Level 3), accounting for 10.0%.Most of our business locations are classified as low risk (Levels 1 and 2), 29 in total, accounting for 72.5%.

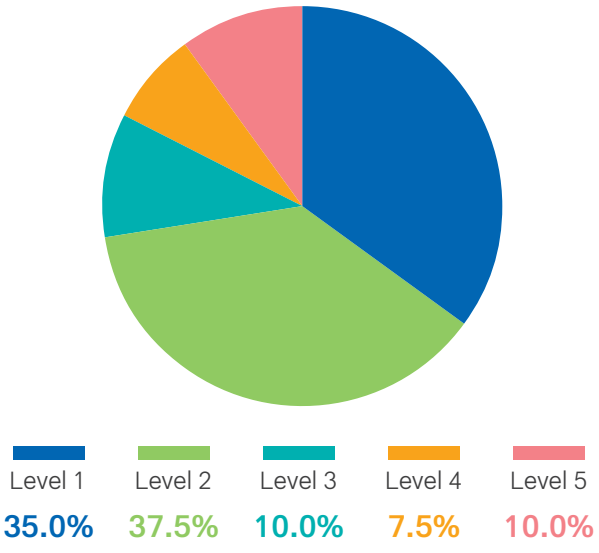
To respond to the risk of flooding and business interruption incurred from extreme climate events in future, we will plan for response policies based on the results of scenario simulation analysis, regularly review information and data related to climate, andkeep the backup of information and data for at least five years for reference and policy adjustment. We are committed to reducing the impact of climate change on bank operations,in order to ensure the safety of our branches and the stable operation.

Scenario setting	According to the 5th evaluation report of the Intergovernmental Panel on Climate Change (IPCC), we definethe future climate change scenarios based on the "Representative Concentration Pathways (RCPs),and identify RCP8.5 as the reference greenhouse gas emission scenario. RCPs 8.5 refers to a high emission scenario. The radiative forcing per square meter increases to 8.5W by the end of the century, and the carbon reduction policy remains the same. It is not necessary for various countries' governments to spend additional efforts in this regard. The growth rate of greenhouse gas is consistent with the current one. As a result, the concentration of greenhouse gas in the atmosphere keeps increasing and, therefore, the temperature rising by the end of this century isnearly 4°C.
Data sources	Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) offered by the Ministry of Science and Technology National Science and Technology Center for Disaster Reduction — Disaster Risk Adaptation (DRA)

/ Number of enterprises for each disaster potential level



/ Percentage of each disaster potential level



Index	Definitions	Disaster type	Index selection
Hazard (H)	Impact of climatic characteristics change incurred from climate change	Flood disasters	Estimated occurrence of "over 600 mm of rainfall in 24 hours" in the base period and future
		Slope disaster	Estimated occurrence of "over 350 mm of rainfall in 24 hours" in the base period and future
Vulnerability (V)	Impact of climate change hazards on the system	Flood disasters	Analyze the flood index according to the current flood simulation map with 600-mm quantitative precipitation in 24 hours (compared to easily flooded areas).
		Slope disaster	Analyze the vulnerability, historical landslide index, slope index, and geological disaster potential according to the disaster potential data related to the current conditions.
Exposure (E)	Subjects who might be affected by the disaster	Flood disasters	With regards to townships and district populations, when a disaster occurs, higher populated areas are impacted directly.
		Slope disaster	

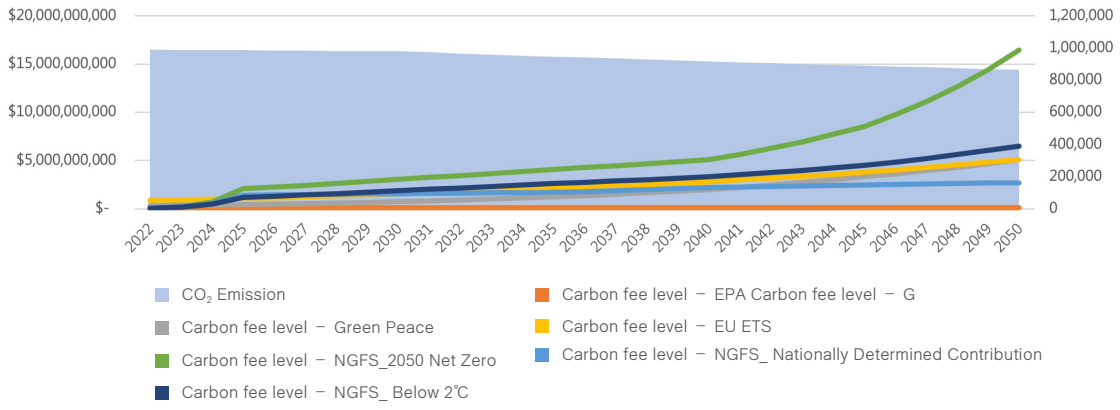
Transition risk scenario analysis – Carbon fee analysis of loan customers

We collaborate with external counselor teams to analyze transition risks, and choose the customers in the petrochemical industry and with the highest loan balance for trial calculation of transition risk analysis. We collect carbon emissions information and financial data collected in the annual report from the sustainability report of the loan customers.

We analyze scenarios based on the Stated Policies Scenario (SPS) proposed by International Energy Agency (IEA) and Net Zero Emissions by 2050 Scenario (NZE). To find the change of carbon emissions price collection per unit, we use scenarios on six carbon price levels to analyze the potential levels of carbon fees in Taiwan by 2050.

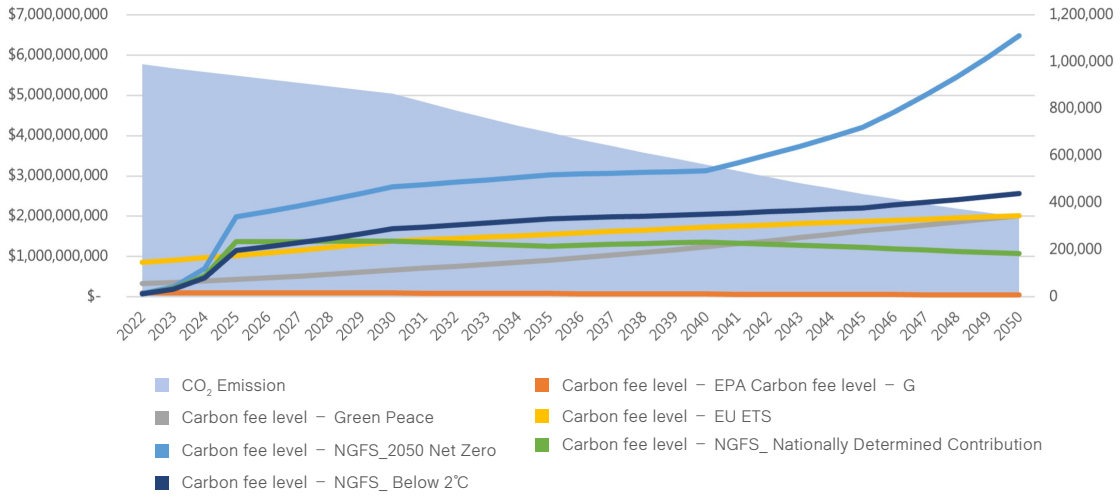
Carbon emissions scenarios	The emissions scenarios evolution proposed by the International Energy Agency (IEA) are adopted and further used for GHG emissions changes of the loan customers. The scenarios are adopted as follows: 1. Existing Policy Scenario 2. Promised Goal Scenarios 3. 2050 net-zero emissions scenario
Carbon price scenarios	Six scenarios in different degrees are used for carbon price level evolution. We execute evaluation analysis for the price levels of carbon fee collection. The scenarios adopted are indicated as follows: 1. Carbon price level - EPA 2. Carbon price level - Green Peace 3. Carbon price level - EU ETS 4. Carbon price level - NGFS_2050 Net Zero 5. Carbon price level - NGFS_Nationally Determined Contribution 6. Carbon price level - NGFS_Below 2℃
Year of evaluation	Base year of data 2022 Year for analyzing carbon fee evolution: Year for analyzing the operating margin: **・Note 1: Only the carbon emission data in 2022 was available when performing scenario analysis. The carbon emission data in 2023 will be announced after July 2024. Therefore, 2022 would be the base year.**
Description for scenario calculation	Refer to the information of domestic and international carbon emissions and carbon price level changes. Here are three carbon emission scenarios (as shown in the table below). Each carbon emission scenario is divided into seven carbon fee situations. We calculate additional operating costs the customer might encounter (unit carbon price * corporate carbon emission volume), and display the impact of operations as the change of operating profit ratio.
Parameter hypothesis	Besides carbon emissions and price changes, the following values are used to assume the revenue growth and changes of fees and expenditures of the loan customers: 1. Operating Revenue Growth Rate: The loan customer is in the petrochemical industry. The research report focusing on the prospects of the petrochemical industry announced by Market sand Markets ™ in 2023 is divided into optimistic and pessimistic scenarios, calculated by 6% and 3% of CAGR. 2. Change in costs and expenses: They are calculated by 1.5100% according to TW5YY, used as risk-free rates. **・Note 1: Data sourced from the yield curve announced by Taipei Exchange on May 10, 2024.**

/ Carbon fee analysis of the loan customer (STEPS)



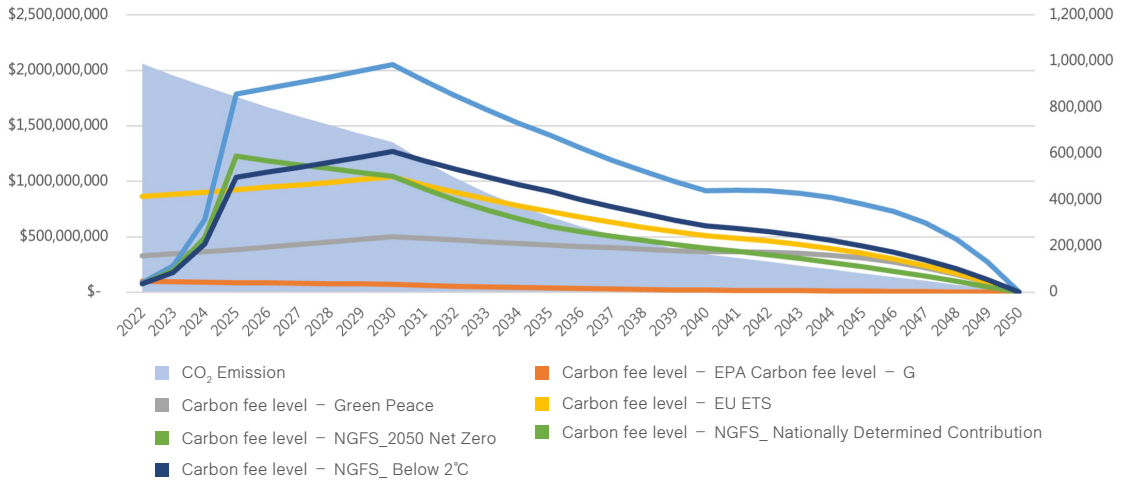
Operating margin		Stated Policies Scenario (STEPS)						
Year	Numerical scenario	Carbon fee excluded	Carbon fee level – EPA Carbon fee level – G	Carbon fee level – Green Peace	Carbon fee level – EU ETS	Carbon fee level – NGFS_2050 Net Zero	Carbon fee level – NGFS_ Nationally Determined Contribution	Carbon fee level – NGFS_ Below 2℃
2022	Base year	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%
2025	Pessimistic	-10.43%	-10.79%	-12.08%	-14.37%	-18.05%	-15.66%	-14.86%
	Optimistic	-1.32%	-1.66%	-2.83%	-4.93%	-8.31%	-6.11%	-5.38%

/ SINOPEC carbon fee analysis (APS)



Operating margin		Announced Pledges Scenario(APS)						
Year	Numerical scenario	Carbon fee excluded	Carbon fee level – EPA Carbon fee level – G	Carbon fee level – Green Peace	Carbon fee level – EU ETS	Carbon fee level – NGFS_2050 Net Zero	Carbon fee level – NGFS_ Nationally Determined Contribution	Carbon fee level – NGFS_ Below 2℃
2022	Base year	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%
2025	Pessimistic	-10.43%	-10.79%	-12.00%	-14.19%	-17.71%	-15.42%	-14.66%
	Optimistic	-1.32%	-1.65%	-2.76%	-4.77%	-7.99%	-5.90%	-5.19%

/ Carbon fee analysis of the loan customers (NZE)



Operating margin		Net Zero Emissions by 2050 Scenario (NZE)						
Year	Numerical scenario	Carbon fee excluded	Carbon fee level – EPA Carbon fee level – G	Carbon fee level – Green Peace	Carbon fee level – EU ETS	Carbon fee level – NGFS_2050 Net Zero	Carbon fee level – NGFS_ Nationally Determined Contribution	Carbon fee level – NGFS_ Below 2℃
2022	Base year	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%	-15.37%
2025	Pessimistic	-10.43%	-10.75%	-11.84%	-13.81%	-16.97%	-14.91%	-14.23%
	Optimistic	-1.32%	-1.61%	-2.61%	-4.41%	-7.31%	-5.43%	-4.80%

Climate Risk Scenario Analysis - Transition Risks and Physical Risks Conveyed to Expected Loss of Credit Risks

Based on the methodology in "National bank climate change scenario analysis planning" stipulated by the Bankers Association of the Republic of China, we carry out scenario analysis stress tests for all of our domestic and international loans and investment parts, and calculate the expected loss in different scenarios in 2030 and 2050. The following describes the adopted scenario:

The period for setting the scenario		2030 and 2050		
Type of climate scenario		Scenario 1	Scenario 2	Scenario 3
		Orderly transition	Disordered transition	No policy
Scenario description		Execute immediate and progressive transitions to achieve net zero emissions by 2050.	Despite transitions being delayed, we still achieve net zero emissions in 2050.	There' s no transition policy. All governments maintain the status quo, perform a low degree of carbon emissions, or do not perform carbon emissions.
Corresponding scenarios	NGFS	Net Zero 2050	Delay Transition	Baseline
	IPCC	RCP2.6	RCP2.6	RCP8.5
Scope of evaluation		The influence of climate change risks on the part of domestic and international credit risk departments is primarily considered for the part to be evaluated, including the internal and external loan departments in the form in the bank books, the coupons and bonds, and interest investment departments (excluding the risks of the counterparty' s credit for derivatives). However, the claims of government agencies, financial services industry, and MDB within the nation are excluded. The risk of Repurchase Agreements/Reverse Repurchase Agreements (RP/RS) is low. To simplify operations, the scope of calculation for scenario analysis does not need to be included.		
Base date of evaluation		December 31, 2023		

Note : 1. NGFS: It refers to the Network of Central Banks and Supervisors for Greening the Financial System.
2. IPCC: It refers to the Intergovernmental Panel on Climate Change.
3. RCPs: It refers to the Representative Concentration Pathways.

A. RCP2.6: It's a scenario for increases of relatively low GHGs. Atmospheric radiation reaches the maximum, 3Wm-2, in the mid-21st century (similar to CO_2 concentration 490ppm), and slowly reduces by the end of the 21st century.

B. RCP8.5: Atmospheric radiation continues to increase and exceeds 8.5Wm-2 (CO_2 concentration is slightly greater than 1,370ppm), indicating that no country has promulgated or adopted any reduction policy or action.

The table below indicates the percentage of expected loss in all scenarios in 2030 and 2050 to our net worth and pre-tax profit and loss ratio in these three scenarios. The expected loss of disordered transition scenarios in 2050 is the highest. The expected loss in total is 8.87% of the net worth and 136.69% of the net profit before tax in the base year (2023). We will continue to find our overview of climate risk degree through regular scenario analysis and stress tests, to find whether our resilience and adaptability are adequate. We also plan for proper proper policies and strategy adjustment according to analysis and test results.

Percentage of expected loss of credit risks in all scenarios to the net worth and pre-tax profit and loss in the base year (2023)

Risk position		Orderly transition scenario				Disordered transition scenario				No policy scenario			
		Percentage of expected loss to net worth		Percentage of expected loss to pre-tax profit		Percentage of expected loss to net worth		Percentage of expected loss to pre-tax profit		Percentage of expected loss to net worth		Percentage of expected loss to pre-tax profit	
		2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050
Domestic	Corporate loans	3.78%	4.44%	58.17%	68.30%	3.61%	5.09%	55.60%	78.34%	3.67%	3.92%	56.43%	60.33%
	Personal loans	0.65%	0.91%	10.04%	14.02%	1.18%	0.79%	18.17%	12.20%	0.69%	1.06%	10.62%	16.27%
	Investments	1.35%	1.72%	20.72%	26.46%	1.26%	2.13%	19.45%	32.86%	1.26%	1.35%	19.37%	20.85%
Overseas	Loans	0.40%	0.59%	6.17%	9.03%	0.22%	0.80%	3.41%	12.35%	-	-	-	-
	Investments	0.04%	0.06%	0.67%	0.86%	0.04%	0.06%	0.58%	0.94%	-	-	-	-
Total		6.22%	7.72%	95.77%	118.67%	6.31%	8.87%	97.21%	136.69%	5.62%	6.33%	86.42%	97.45%

2.4.6 Climate indicators and goals

Key climate indicators and climate goals

Types of indicators and goals	Key climate indicators	Key climate goals	Performance	Future plans
GHG emissions	GHG emissions at the business location	Completed GHG inventories for all business locations in 2023 (Scope 1 and 2).	Completed the inventory and passed external verification in 2023.	Reduced by 1% in next year.
	External verification or assurance for GHG emissions at the business location	Completed External verifications or assurances of GHG inventories for all business locations in 2023 (Scope 1 and 2).	Relevant operations have been planned in 2024.	In the future, we will continue to implement and promote the operations in accordance with regulatory requirements.
	Long-term carbon reduction work planning	Percentage of transferring power consumption to renewable energy for all bank buildings, certification and purchasing of renewable energy, example locations for low (zero) carbon emissions	Completion of the construction of solar photovoltaic panels for Caoya Branch.	Construction of solar photovoltaic panels in Qiaotou Science Park.

Types of indicators and goals	Key climate indicators	Key climate goals	Performance	Future plans
Energy (resource) use	Power and energy use improvement of business locations	Air conditioning updates, energy saving light use, elevator use time control, and promotion of power savings for electronic devices	Power consumption in 2023 declined by 1.35% from the previous year, and gasoline consumption declined by 1.53 from the previous year.	Continue to promote equipment replacement every year.
	Improvement of waste management at business locations	Promote waste inventory and reduction management for all business locations.	The waste volume in 2023 was reduced by 1.92% compared to the previous year.	Promote the abolition of the personal trash can policy from 2024.
Sustainability loan	Formulate the policy of sustainability loans	Promote sustainability loans and formulate relevant policies.	Expected to complete and pass the Directions for Sustainability Loan Reviews in 2023.	Promote the scope of application according to laws and regulations.
	Renewable energy financing	The balance of renewable energy financing continues to rise.	In 2023, the balance of financing for solar power and green energy technology reached NT$10.53 billion.	In 2024, the balance of new financing to the financing targets for solar photovoltaic and green energy technology amounted to NT$15.5 billion.
Sustainable investment	Include ESG topics into investment analysis and decision-making.	Plan for and execute ESG product investment, and set up relevant policies.	Amend the “Investment Policy Guidelines”. The detailed rules for implementing ESG investment processes must be increased and amended. The amendment is expected to be completed and approved by 2023.	Continue to invest in ESG-related financial instruments and increase the amount and proportion of investment.
Inventory on financial-carbon emissions of loans and investment portfolios.	Financial-carbon emissions, intensity, and asset percentages of loans and investment portfolios	Complete checking financial-carbon emissions inventories of loans and investment portfolios.	We began to inventory carbon emissions from financial assets in 2024.	Complete inventories on financial-carbon emissions of loans and investment portfolios in different stages as required by the competent authorities.

Financial Carbon Emissions Data

Reporting Year 2023	Inventory coverage rate (%)	Coverage of applicable PCAF methodologies (%)
Investment business	57.80%	89.00%
Financing business	44.50%	45.89%
Total (company-wide)	46.70%	50.95%

Note : The calculation methods of "inventory coverage ratio" and "coverage ratio of applicable PCAF methodologies" follow the Association’s Practice Handbook and the PCAF methodology. The former is produced by dividing the "amount of investment/financing inventory completed" by the "total investment/financing amount throughout the Bank." The latter was verified based on outcome by dividing "amount completed for investment/financing inventory" by the "investment/financing based on the methodology applicable throughout Taiwan.

As of the end of 2023, the bank's Scope 3 financed emissions totaled 510,500 metric tons of CO_2e. Approximately 2.45 metric tons of CO_2e are generated per million dollars of financed positions.

	Type of asset	Scope 1 and 2 emissions (metric tonnes of CO_2e)	Weighted Data Quality	Inventory coverage rate (%)	Economic emission intensity (Tons of CO_2e/ NTD million)
Loan position	Personal mortgage loan	8,510.04	4.00	98.07%	0.34
	Commercial real estate	9,719.83	4.40	40.52%	0.12
	Commercial loans	124,342.08	3.59	44.04%	2.21
Investment position	Sovereign bonds (excluding trans/sub-sovereign bonds)	70,808.65	1.00	100.00%	9.21
	Foreign currency denominated corporate and financial bonds (excluding sustainability bonds)	35,604.55	1.88	78.83%	1.83
	Corporate bonds in NTD (excluding sustainability bonds)	258,983.25	1.20	99.59%	21.57
	Equity investments (excluding ETF)	2,485.43	1.96	100.0%	0.70
	Total	510,453.83	3.55	50.95%	2.45

Note： 1: Among the asset categories disclosed in the Practice Handbook of the Bankers Association of the Republic of China and the PCAF Methodology, the loan position of the Bank of Kaohsiung does not cover motor vehicle financing products.
2: Inventory coverage ratio of the asset position = investment or financing amount of the single asset category/total investment or financing amount of the asset position.

3 Corporate Governance and Management

Implementing the Concept of Sustainability

Core vision and commitment

Bank of Kaohsiung adheres to the national financial policies, assists the government in the implementation of construction projects, and provides various financing and loan services to promote the commercial and industrial development. We emphasize operational performance and profitability, and also regard a sound corporate governance system as the foundation of an enterprise' s sustainability. Meanwhile, we comply with laws and regulations, improve internal management, and keep enhancing the functions of the Board of Directors and information transparency to ensure the interest and right of shareholders and stakeholders. We keep pace with the times in this rapidly changing era, build a strong corporate resilience and sustainable culture, and work together with all stakeholders to move forward steadily.

Achievement and performance in 2023

- Top 6% to 20% in corporate governance evaluation for TWSE-listed companies.
- There was no information security incident in 2023.
- Passed ISO27001 and BS10012
- All employees have completed the online education training of "Promotion of Laws and Legal Compliance Training." Each employee completed a total of 77 training hours.

Material topic

Personal information security and personal data protection	Anti-money laundering and countering of terrorism financing	Fair dealing and privacy protection
Operational performance and profit	Risk management and audit system	

Enhancement goal

Short run	Mid-term	Long-term
• There shall be no less than one director of different gender, the number of independent directors shall not be less than one-third of the number of directors, more than half of the independent directors shall serve no more than three consecutive terms, and all independent directors shall serve no more than three consecutive terms.	• We continue to improve the information security system to prevent emergencies and major accidents, and ensure our customer privacy and robust and safe financial service quality. • We comply with internal and external regulations, and strengthen the risk prevention and monitoring via the information systems.	• Internally and externally, we improve our self-requirement and also requirements throughout the Bank to urge Bank of Kaohsiung to maintain the social responsibility and make contribution to sustainable development, including facilitating financial inclusion, promoting green finance, supporting social welfare and charity, and ensuring that the Company has an active impact on society and environment during operation, and grow together with the society.

3.1 Corporate governance

3.1.1 Overview of corporate governance structure an operation

We have a sound corporate governance structure and ranked among the top 6%~20% of TWSE-listed companies in the Corporate Governance Evaluation. We have advanced one level further from the previous year. This signifies that our enhancement of and efforts in the corporate governance have been well recognized.

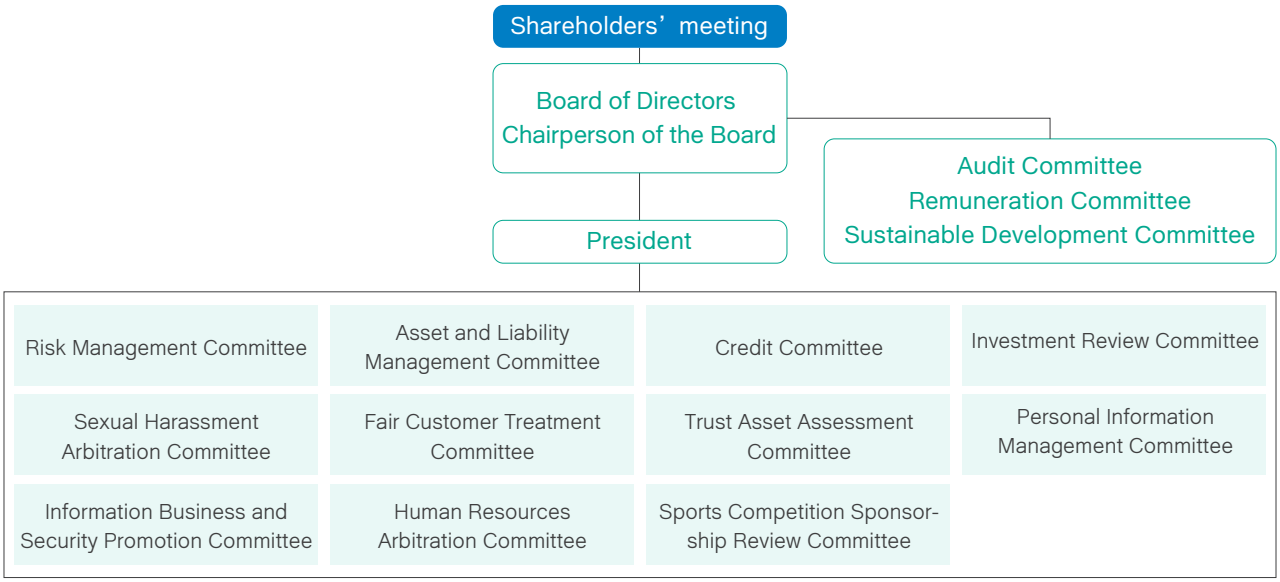
Corporate governance policy and regulations of Bank of Kaohsiung

Strengthen the functions of the Board of Directors	The Board of Directors identifies the Company' s interest as the first priority. The Board of Directors fulfills its duties in relation to our business strategies and major decision making. It complies with the "Rules of Procedure for Board of Directors Meetings," arranges multiple continuing courses for directors and maintains the independence and diversity of the Board of Directors.
Audit Committee	The Audit Committee exercises the supervisory right fairly and transparently, and establishes the "Audit Committee Charter" for employees to abide by, in order to improve the corporate governance.
Remuneration Committee	The "Remuneration Committee Charter" is established to improve the remuneration system of our directors and managers through the Committee.
Sustainable Development Committee	We emphasize sustainable development and the implementation of work projects, and formulate the "Sustainable Development Committee Charter" to enhance the sustainability philosophy and realize the goals of corporate social responsibility and sustainable development through the Committee's implementation of work projects.
Respect the shareholders' rights	Shareholders engage in the shareholders' meetings by electronic voting. Shareholders can vote anytime, anywhere, fully implementing shareholder activism. This specifically shows that shareholders are valued and corporate governance is strengthened.
Transparent information disclosure	Establish the "Guidelines for the Management of Information Disclosure" to avoid inadequate information disclosure

Corporate governance structure

The Board of Directors is the Company's highest governing body and is in charge of our overall business plans. The annual, semi-annual, and monthly financial reports, evaluation on efficiency of the internal control system, and appointment and dismissal of CPAs and management personnel shall be subject to the resolution of the Board of Directors. The Audit Committee, Remuneration Committee and Sustainable Development Committee under the Board help the Board examine the quality of decision-making. To enhance our corporate governance system, we drew up the "Corporate Governance Best-Practice Principles for Bank of Kaohsiung" based on the "Corporate Governance Best-Practice Principles for Banking Industry" issued by the Bankers Association of the Republic of China, in order to facilitate the sound business development.

Corporate governance architecture diagram



Transparent, open information - Investor relations management

Shareholders' meeting

We actively engage in investor relations based on our service and attitude "small but beautiful, small but sophisticated, small but strong." Shareholders engage in the shareholders' meetings by electronic voting. Shareholders can vote anytime, anywhere, fully implementing shareholder activism. This specifically shows that shareholders are valued and corporate governance is strengthened.

Spokesman system

We established the "Guidelines for the Management of Information Disclosure" to build a good internal material information handling and disclosure mechanism, avoid inadequate information disclosure, and ensure consistency and accuracy of our information released to the public. The Guidelines explicitly specify that disclosure of our internal material information shall be handled by our spokesperson or deputy spokesperson, unless otherwise specified by laws and regulations.

To help investors and stakeholders keep track of the company' s information immediately, we endeavor to disclose information sufficiently and strengthen information transparency, disclose financial business information immediately, completely and transparently. We aim to help stakeholders understand our operation and guarantee shareholders' rights. Besides this, our website offers public information and annual report for investors to download, to achieve our goal for complete, sufficient information disclosure. We made efforts in corporate governance, and we continue to advance in the 2023 Corporate Governance Evaluation. We will keep using a higher standard to help corporate governance work advance.

Our website (www.bok.com.tw) discloses financial business and our corporate governance information. Visitors can click the address above to enter our English website. We have a spokesman system, and appoint a specialized unit to announce the contact of the MOPS. All of the competent business units collect and disclose information according to rules.

Information disclosure channel



Earnings call of the company

Shareholders Section

Financial information

English official website

Transparent, open information – Smooth diverse stakeholder communication channel

We established the "Guidelines for the Management of Information Disclosure" to build a good communication channel with stakeholders and implemented the spokesman system. We disclosed the contact of stock affairs agency and investors on our external website. Investors can find out more about our business through various channels.

I. When the stakeholder holds a post, we ask the stakeholder to fill out the stakeholder information form immediately, and we offer the information on loan limit specified by the Banking Act of The Republic of China and competent authorities to stakeholders for stakeholders to abide by the loan limit.

II. Hand the stakeholder archive data to stakeholders regularly to check and update information. Our communication with stakeholders is quite smooth.

III. We have a spokesman, toll-free number and email to offer advice to customers and shareholders and clarify concerns for them. Money management seminars are held in the community and information on corporate governance seminar is offered to internal staff occasionally. Information is fully disclosed on the MOPS.

Refer to our website for stakeholder communication channel.

3.1.2 Operation and performance of the Board of Directors and committee

Composition of the Board of Directors (including independent directors

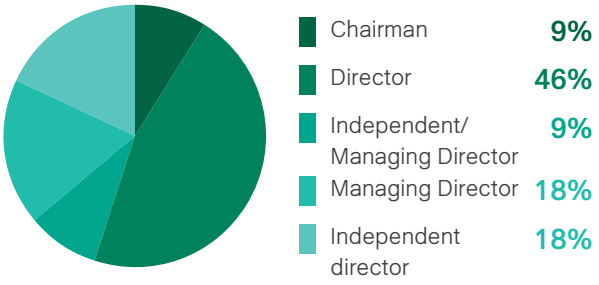
In order to implement corporate governance and protect shareholders' equity, our Articles of Incorporation clearly stipulate that the candidate nomination system shall be adopted for the election of directors who shall be elected by shareholders from the roster of candidates for directors. Shareholders who hold more than 1% of the total number of issued shares of the Bank may propose the roster of candidates for directors and independent directors to us in writing. Meanwhile, our Corporate Governance Best Practice Principles stipulate that for the diversity of the Board members, members of the Board of Directors shall generally possess the required knowledge, skills, and literacy required to perform their duties and directors who serve as the Company's managers concurrently shall be no more than one-third of the whole directors. The Principles also include without limitation to the following general standards:

I Refer to our website for composition of the Board of Directors in detail.

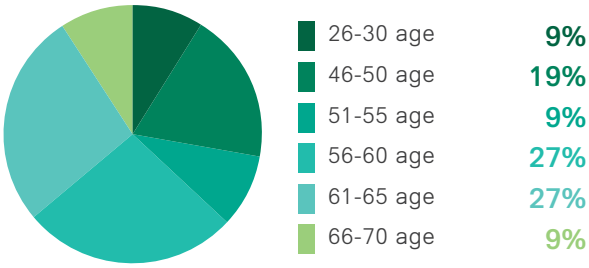
1. Basic requirements and values: Gender, age, nationality and culture, and the ratio of female directors to reach one-third or more of the whole directors.
2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience are used as the reference criteria for the selection of directors.

We re-elected 12 directors of the 15th Board of Directors (including independent directors) at the 2023 annual general meeting, including 4 independent directors, and 3 legal person representatives from the Kaohsiung City Government,4 juristic person representatives from private companies and 1 natural person director, who shall serve a term of office from May 25, 2023 to May 24, 2026. Notwithstanding, until December 31, 2023, one of the independent directors resigned due to personal reasons, and there were only 11 independent directors. We plan to re-elect the independent director at the 2024 annual general meeting to meet the requirement that independent directors shall account for one-third of the whole directors.

/ Composition of the Board of Directors



/ Age of the Board of Directors



Diversity management goals and results

Management goals	Achievement progress
Board Members' Basic Qualifications and Gender Diversity	• The members of our Board of Directors are from all age groups, and we accept different opinions and views from them. We also emphasize gender equality in the composition of the Board of Directors. In 2023, we amended our "Corporate Governance Best Practice Principles" to specify that the ratio of female directors shall reach one-third or more of the whole directors. We have completed the re-election at 2023 annual general meeting. There were a total of 3 female directors (including independent directors). Notwithstanding, 1 of them resigned in August 2023 due to personal reasons. Therefore, there were 2 female directors remaining and we should be considered still meeting said requirements for at least one female director. Notwithstanding, in order to balance the gender equality, we will still strive to increase the number of female directors to make it attain one-third of the whole directors.
Diversity of professional knowledge and skills of directors	• Our Board of Directors consists of directors and independent directors with diverse professional backgrounds and extensive experience. Their professional qualifications span diverse industries and academic backgrounds in law, accounting, industry, finance, and investment. They can provide judgments in their respective fields of expertise for important decision-making.

Management goals	Achievement progress
Strengthen the function of the Board of Directors	• The Bank's Board of Directors is composed of directors with relevant expertise and capabilities, and appropriate work assignments are made based on their experience to effectively perform the functions of the Board of Directors and functional committees. • We have established a sustainable development functional committee under the Board of Directors. A total of 12 directors (including independent directors) of the 15th Board of Directors were re-elected at the 2023 annual general meeting. Among them, there were 4 independent directors, accounting for one-third of the whole directors. Notwithstanding, 1 of them resigned due to personal reason on August 30, 2023. We plan to re-elect the independent director at the 2024 annual general meeting. • The Audit Committee was promoted to supervise risk management. Meanwhile, we set up the risk management policy and procedure, which were also passed by the Board of Directors.

Information on diversity of directors

Name	Job Title	Basic Composition		Professional Experience							Background								
		Gender	Age	Financial Holding	Banks	Accounting	Securities	Insurance	Information Technology	Iron and Steel Industry	Business	Law	Finance	Accounting	Finance	Agrochemicals	Mechanical Engineering	Civil Engineering	Space planning
Cheng Mei-Ling	Director	Female	66-70	●	●	●		●					●	●	●				
Lien Li-Chien	Independent/ Managing	Male	56-60		●						●	●							
Chen Yung Sheng	Managing	Male	51-55		●	●		●					●	●	●				
Tsai Yong-Yu	Managing	Male	61-65		●	●				●			●		●		●		
Wang Tu-Tsun	Independent	Male	61-65		●						●	●							
Li Chun-Tsung	Independent	Male	56-60			●							●	●					
Liu Hung-Sheng	Director	Male	46-50		●					●	●		●		●				
Huang Chun-Chieh	Director	Male	56-60		●														
Chen Chien-Fu	Director	Male	46-50		●	●	●		●		●	●	●	●	●	●	●	●	●
Lin Li-Chih	Director	Female	26-30							●	●				●				
Li Sheng-Chen	Director	Male	61-65		●							●	●						

Functional committee

Committee Name	Composition of the committee	Responsibilities and Key Tasks	Operation Status
Audit Committee	It is composed of all independent directors. The 14th Committee (3 independent directors in total) convener was Independent Director Chang Yao-Yong. The 15th Committee (4 independent directors) is Independent Director Li Chun-Tsung.	I. Fair presentation of the Company' s financial statements. II. Appointment (dismissal), independence, and performance of CPAs. III. Effective implementation of the Company's internal control system. IV. Compliance with relevant laws and regulations. V. Control over existing or potential risks of the Company.	• 10 meetings were held. The average attendance rate is 93.94%.

Committee Name	Composition of the committee	Responsibilities and Key Tasks	Operation Status
Remuneration Committee	The committee consists of all of our three independent directors. Mr. Wang Tu-Tsun, one of the independent directors, acts as the convener.	I. Review performance evaluation on directors, managers and business personnel, and the policy, system, standard and structure of remuneration regularly, at least once per one and a half years. II. Assess and determine the remuneration to directors, managers and sales personnel at least once per one and a half years.	• Three meetings were held. The average attendance rate is 100%.
Sustainable Development Committee	has Chairman Cheng Mei-Ling Served as the convener and consists of the whole independent directors. successful.	I. Review on sustainable development plans and strategies. II. Review on sustainable development promotion programs. III. Deliberation (e.g., ESG report) and review on the effectiveness of sustainable development. IV. Other matters related to sustainable development	• One meeting was held. The average attendance rate is 100%.

Operation of the Board of Directors

The Board of Directors of Bank of Kaohsiung has convened a total of 11 meetings. The average attendance rate is 95.3%. The average attendance of all directors is included in performance evaluation items of directors. Bank of Kaohsiung discloses advanced studies and attendance of director through the MOPS, our website and annual report. We disclose material decisions made by the Board of Directors in the annual report. We also disclose how directors evade motions we are at stake in to enhance information transparency on operation of the Board of Directors.

I Operation of the Board of Directors in 2023

Advanced studies of the Board of Directors

To respond to development trend and latest regulations of corporate governance, compliance and anti-money laundering, we offer diverse advanced training courses of external agencies to directors, to strengthen all kinds of abilities required for directors to perform duties. These courses advance with times. All of the continuing education attended by directors in 2023 meet the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies.” The average hours of training is better than the training hours per director suggested in the regulations. All directors spent 176 hours in training in total, 12.57 hours per person in average. Advanced training courses include practice of anti-money laundering and countering of terrorism financing, fintech, corporate sustainable development, information security governance, digital transformation, and fair customer treatment principle, to reinforce expertise of director and supervisor, and optimize corporate governance.

Board of Directors and Management Succession Plan

To enhance the effectiveness of directors’ exercise of their functions, we provide information on continuing education courses or seminars offered by external professional organizations from time to time every month for directors to participate in, in order to enable directors to continue to receive the latest trend information and expand their professional breadth through the diversified continuing education courses.

As of the end of 2023, Bank of Kaohsiung has a management team consisting of 55 employees ranking above the managerial level. In order to cultivate and reserve sufficient successor manpower for important management levels, in addition to regularly reviewing and screening the lists of potential successors at all levels to build a talent pool for business management, we also continue to organize the "Business Management Executive Class" training activities to discover and develop talents with potential and train management elites.

I Succession planning for members of the Board of Directors and key management personnel

I Management Succession Development Activity Meeting

Members of the Board of Directors	The performance evaluation on the Board of Directors and individual directors is conducted on an annual basis as the reference for selection of directors, and in order to aim at those with the integrity, responsibility, innovation and decision-making power in line with the Company's core values, or the industry experience required by the Company's business and the professional knowledge and skills that may help the Company’ s management.
Independent director	There are sufficient professionals with the work experience required by law in commerce, law, finance, accounting, or corporate operations domestically. Therefore, the succession planning of independent directors aims at the professionals from from the academic and industrial sectors.
Key Management Level	According to various development strategies, employee performance evaluation, and the status of manpower retirement, we carry out talent development training programs, such as professional capabilities, management capabilities, personal development plans, and job rotations, in a timely manner, in order to effectively pass on key skills and professional experience and also establish an appropriate succession echelon.

Performance evaluation for the Board of Directors

To enhance operation of the Board of Directors and help the Board members improve and spur themselves, Kaohsiung of Bank Co., Ltd. executes internal performance evaluation every year, and external professional independent agencies or external expert and scholar teams execute external performance evaluation once at least every three years. We plan to request the external performance evaluation again in 2025. The 2023 performance evaluation on the Board of Directors was conducted through a self-assessment method, with individual directors conducting qualitative assessments. The Board of Directors, Board members, Audit Committee, and Remuneration Committee conducted various assessments. The 2023 self-assessment results were all good.

2023 Board of Directors' performance self-evaluation results

1. Evaluation Criteria

Assessment results show the achievement rate of more than 80%	Assessment results show the achievement rate of 70%~80%	Assessment results show the achievement rate less than 70%
Good	Standard	To be improved

2. Assessment aspect

Board of Directors	Score	Achievement rate
Engagement in company operations	4.76	95.18%
Enhance decision-making quality of the Board of Directors	4.7	94.07%
Composition and structure of the Board of Directors	4.72	94.39%
Election and advanced studies of director	4.79	95.82%
Internal control	4.75	94.93%

Members of the Board of Directors	Score	Achievement rate
Understanding of the goal and mission of the company	4.79	95.76%
Understanding of the duty of the director	4.85	96.97%
Engagement in company operations	4.75	94.94%
Internal relations management and communication	4.73	94.55%
Expertise and advanced studies of director	4.88	97.58%
Internal control	4.79	95.76%

Audit Committee	Score	Achievement rate
Engagement in company operations	4.75	95.00%
Understanding of the duty of the Audit Committee	4.73	94.67%
Enhance the decision-making quality of Audit Committee	4.84	96.84%
Composition and member election of the Audit Committee	4.67	93.33%
Internal control	4.67	93.33%

Remuneration Committee	Score	Achievement rate
Engagement in company operations	4.75	95.00%
Understanding of the duty of the Remuneration Committee	4.67	93.33%
Enhance the decision-making quality of Remuneration Committee	4.68	93.68%
Composition and member election of the Remuneration Committee	4.67	93.33%

Avoidance of interests

In order to mitigate the risk over unethical conduct arising from conflicts of interest, directors and independent directors are required to explicitly state the important contents of business decision-making if they have a stake in the contents of the motion. They shall perform the obligation of recusal and refrain from exercising the voting right on behalf of others. Meanwhile, they will perform the obligation of recusal together with any natural person or juristic person who has specific relationship with directors or independent directors and has also a stake in the contents of the motion.

Please refer to our website for the details on the Board of Directors and committees.

- Board of Directors and functional committees Member Information
- Board of Directors Meeting Attendance, and Continuing Education
- Regulations governing Performance Evaluation on the Board of Directors
- Audit Committee Charter
- Remuneration Committee Charter
- Sustainable Development Committee Charter

In terms of business execution, we have also established "Standard Operating Procedures for Transactions with Stakeholders," "Regulations Governing Insider Trading of Wealth Management and Prevention of Conflicts of Interest," and "Policies and Procedures for Prevention of Interested Transactions by Trust Enterprises," in order to prevent various conflicts of interest.

3.1.3 Remuneration and shareholding policy

Remuneration policy of directors (including independent directors)

We established the director salary policy based on the "Regulations for remuneration distribution of employee." The Remuneration Committee examines how directors are engaged in company operation, how much they contribute, and the pay level of competitors for remuneration of all directors. Profits are distributed based on the corporate charter. However, profits are not distributed to independent directors. To enhance operational risk control, we supervise our internal audit, internal control, risk management, and compliance indexes for performance appraisal of directors. If a director is involved in an illegal act and hurts our profit, the Audit Committee shall exercise supervisory authority and censure directors for violation and neglect of duty, and impose the necessary penalty as required by regulations. Besides this, to check rationality of director remuneration, the Remuneration Committee reviews performance evaluation of director and manager, and policy, system, standard and structure of remuneration at least once every one and a half years.

Remuneration policy of senior managerial officer

Remuneration of managers is determined based on duties of the position, performance, capability and external remuneration level in the market, and implemented based on decisions of the Remuneration Committee and the Board of Directors.

To determine the rationality of the remuneration of the manager, we analyze salary competitiveness, evaluate manager salary, regularly examine relevant regulations, and propose the remuneration to the Remuneration Committee and the Board of Directors for approval. If the President, Vice President, general auditor, and the headquarters legal compliance officer is involved in an illegal act and hurts our profit, the Board of Directors shall determine to dismiss the director and terminate remuneration distribution, and impose the necessary penalty as required by regulations.

Shareholder communication and rights

We focus on shareholder communication. The "Investor relations section" and "Corporate governance section" on our website offers financial, business and corporate governance information of our company in Chinese and English in real time. Furthermore, Bank of Kaohsiung hold the investor conference regularly, and handle investor problems immediately, to ensure that investors have full right to ask and find out our financial and business information. The communication channel is available, including spokesman system, investor service and "Contact us" mailbox, for shareholders to express opinions anytime.

In the meantime, to realize shareholder activism and for shareholders to vote in the shareholders' meeting conveniently, we actively respond to the electronic vote and director, supervisor nomination system promoted by the FSC. Electronic votes at the shareholders' meeting of Bank of Kaohsiung have typically accounted for more than half of the shareholding attendance throughout the years.

3.1.4 Engagement in guild and association

Bank of Kaohsiung proactively engages in relevant unions and associations, pays attention to the latest domestic and international trend, and change of government regulations, and knows well the dynamics of financial sector development. We facilitate stable development of the financial sector by exchange and collaboration with competitors, and help the government promote various financial policies. For example, we actively engage in organizations such as Trust Association of R.O.C., as shown below:

Name of Industrial and Commercial Group/ Association	Representatives of current members
The Bankers Association of the Republic of China	Chairman
Trust Association of R.O.C.	Manager of Trust Department
Taiwan Securities Association	1. Director of Financial Market Division 2. Vice Director of Financial Market Division
R.O.C. Bills Finance Association	Director of Financial Market Division
Insurance Agency Association of the Republic of China	1. Chairman 2. Manager of Insurance Agency Department
Kaohsiung Banking Association	1. Chairman 2. President 3. Vice President
Chinese National Association of Industry and Commerce	1. Chairman 2. President

3.2 Ethical management

3.2.1 Policies and systems

Bank of Kaohsiung has established the "Bank of Kaohsiung Co., Ltd. Ethical Corporate Management Best Practice Principles," "Operating Procedure for Ethical Corporate Management and Code of Conduct," "Code of Ethical Conduct" and "Service Rules for Employees," etc., in order to improve our corporate governance system, implement the management philosophy of integrity and transparency, strengthen the corporate culture of ethical management, and create a good corporate image and sustainable development environment. We also manage anti-corruption, fair trade, donation, recusal, intellectual property rights, and protection of business secrets, and regularly report the compliance with ethical corporate management to the Board of Directors. Any employee who violates the ethical management rules will be punished according to the reward and punishment regulations depending on the severity of the case. Relevant education and training courses are designed and planned to strengthen the awareness of compliance of our directors, managers, and all employees, so that they would perform duties "honestly" to prevent any incidents causing damages to our corporate image and property. Meanwhile, in response to the internal control and audit mechanism, and in order to promote the consequences of the Company's unethical conduct, we incorporate the concept of ethical corporate management into the Company's culture.

3.2.2 Outcome of promotion of ethical management

We drew up the "Bank of Kaohsiung Co., Ltd. Ethical Management Best-Practice Principles" by referring to the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and relevant regulations. We endeavor to build our corporate culture of ethical management and sustainable development, actively prevent dishonest conduct, and adapt to development of domestic and international ethical management guideline. The Principles are the yardstick for directors, managers and our employees when performing tasks. Meanwhile, we require a total of 18 directors and management ranking the vice president or above to sign the "Letter of Undertaking for Compliance with Ethical Management Policy" to ensure that all of our operating decisions and business activities carried out based on "ethical management." To enhance management of ethical operation, we appoint the Board of Directors Secretary Division as a responsible unit, in charge of amendment of these Principles. We report compliance to the Board of Directors every year.

The Principles cover anti-corruption, anti-bribery, antitrust, prohibition of illegal political contribution, prohibition of improper charity donation or funding, and prohibition of insider trading. We plan to organize relevant educational training courses to make sure that our directors, managers and all of our practitioners comply with regulations, in order to prevent any unethical conduct. If any of our staff is involved in dishonest conduct or violates ethical conduct severely, the staff is punished based on relevant regulations or our human resource guidelines.

Refer to our website for more information on ethical management.

I Ethical Management Policy

I Ethical Corporate Management Best Practice Principles

I 2023 Ethical Corporate Management



In accordance with the "unethical conduct patterns" specified in Article 2 of the Principles, we demand that each unit should conduct self-assessment on the frequency and degree of impact of unethical conduct incidents within the scope of their job duties. With respect to the business lines involving medium and high unethical conduct risk, we will request the relevant business management unit to formulate corresponding preventive measures and plans in addition to the existing operating regulations, in order to strengthen the prevention of unethical conduct. Through the analysis and evaluation by the risk self-assessment matrix of each unit this year, the VaR of each business line fails to reach medium to high risk, but some individual assessment items that were found involving higher risk based on the self-assessment result. We have notified the relevant management units in writing to pay attention to it. Based on the annual assessment results, we shall review whether the unethical conduct prevention program referred to in the preceding paragraph should be amended or not, in order to ensure the effectiveness of prevention.

No violation of ethical management occurred in 2023.

Education training for ethical management

We promote "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Service Rules for Employees" and crime cases, and offer the training to all employees for at least 3 hours. To fulfill the corporate governance system and enhance professional knowledge of director, Bank of Kaohsiung held corporate governance or professional financial courses for directors. In 2023, plus 14 directors from 14th and 15th Board of Directors, a total of 55 directors joined the corporate governance or professional financial courses.

3.2.3 Whistleblowing system

Besides the "spokesman system," we also formulated the "Bank of Kaohsiung Standard Operating Regulations Governing Whistleblowing." We appoint our Legal Compliance Division as the special unit for accepting and investigating reporting cases. Meanwhile, numerous channels such as email and phone number are available on our website for our internal and external staff to report violation. According to the "Regulations Governing Whistleblowing," the Legal Compliance Division shall open the case which is found meeting the acceptance criteria for investigation upon receipt of approval and notify the whistleblower of the report for authorization by the Chairman or review by the Audit Committee. If the case is found material or violating laws, it will be notified or reported to the relevant authorities according to regulations, and depending on the severity of the case, the relevant personnel involved may be transferred by the Human Resources Division to our "Personnel Evaluation Committee" for disciplinary action.

If, based on the contents of the whistleblowing case, any director, management ranking Vice President or above, or any investigator of us is found meeting the requirements for recusal, the relevant personnel shall recuse themselves from acceptance, investigation, review, and reconsideration of the whistleblowing, in order to avoid affecting the investigation process or result, and jeopardizing the independence and confidentiality of the investigation.

When handling the acceptance and investigation procedures of the whistleblowing case, the identity of the whistleblower, the contents of the report, and relevant documents and files shall be kept confidential and maintained by dedicated personnel as confidential documents. We are not allowed to disclose, reveal or publish any information that is sufficient to identify the whistleblower and related to the contents of the whistleblowing case to any irrelevant third party, in order to provide the whistleblower with effective and adequate protection measures.



Standard Operating Regulations Governing Whistleblowing



Notification of Whistleblower Rights and Whistleblowing Channels

In 2023, the Bank accepted 2 cases reported by external whistleblowers, one of which had no violation of illegal or negligent conduct by our personnel after investigation, and the other is still under investigation.

3.3 Risk management

3.3.1 Policies and systems

We build all kinds of risk management systems for different risk types and considering the nature, scale and complexity of operating activity. We strive to enhance the operational physique of Bank of Kaohsiung, effectively control risks for all operating activities, enhance business performance, and shareholders rights. Loss might be incurred from uncertain events during the business activity. These events include credit risk, operational risk, market risk, interest rate risk and liquidity risk. Based on our "Risk Management Policy and Procedure," and independent, effective risk management mechanism drawn up in all risk management specifications, we assess and monitor the overall risk tolerance and the current risk exposure, to formulate adequate a risk response strategy.

Risk management organization and structure

1. The Board of Directors is the highest supervisory body of risk management, which approves major risk policy and regularly reviews important risk limit.
2. The Audit Committee supervises the operation and communication of risk management-related units, reviews important risk management systems and limits, reviews risk management reports on a quarterly basis, and supervises the implementation of risk management.
3. The President and Vice President supervise the implementation of risk management mechanism.
4. The Risk Management Committee deliberates matters of risk management, and supervises implementation of the risk management mechanism.
5. Committees in charge of all relevant affairs are responsible for controlling the risks over the business lines which they take charge of.
6. Risk Management Division is an independent specialized risk control unit coordinating with all competent business units, supervising all kinds of risk indicators, and preparing a risk management report to submit the report to the Risk Management Committee, Audit Committee and Board of Directors.
7. All business supervisory units execute risk management policies approved by the Board of Directors, and are in charge of the risk control over the business which they are charge of.
8. All business units comply with risk management rules and implement risk control for routine affairs.
9. Legal Compliance Division supervises the handling of compliance affairs throughout the Bank.
10. Audit Division of the Board of Directors audits whether the risk management mechanism of each business unit is operating effectively.

Risk management procedure

In order to implement the risk management policy, we have established the risk management procedures in accordance with the laws and regulations of the competent authorities and in reference to the relevant norms of Basel II and our current business overview. It is divided into risk identification, measurement, communication and monitoring. The concentration limit and alert mechanism have been set for all kinds of transaction, loan and investment. Quantitative and qualitative indicator management is executed to monitor risks effectively, and develop our business stably.

Risk Identification	• Subject to different risk types, products or services, we identify the risks included in the banking book and transaction book, and on balance sheet and off balance sheet items. • Adequate risk control measures shall be set up before launch of any new product and business line.
Risk Measurement	• Subject to the nature, scope and complexity of business activity depending on the type of risk, choose a proper risk measurement method or model, and establish feasible quantitative or qualitative indicators. • Evaluate risks based on objective data, e.g. credit rating, potential loss on assets, loss from events/recalled amount , and Value-at-risk (VaR). • Conduct a stress test on credit risk, market risk, banking book interest rate risk, liquidity risk, and climate change scenario analysis or stress test, at least once a year to understand the possible losses or impacts of major events.
Risk Communication	• Relevance, timeliness, reliability, comparability, significance, and integration should be take into consideration. • Internal risk reporting: A normal and abnormal risk reporting mechanism shall be established, and the reports shall be reported to the President or the competent business committees according to the regulations. • Risk disclosure to the public: Disclose capital adequacy, risk exposure and important risk management matters as required by regulations specified by competent authorities.
Risk Monitoring	• If the limit exceeding the limit or other abnormal conditions are found during the monitoring process, they shall be reported to the President or the committee in charge of the relevant business according to the regulations. Activate an emergency response plan in the event of a liquidity crisis. • Risk Management Division shall review various risk management indicators, and submit the risk control report to the Risk Management Committee, Audit Committee and the Board of Directors regularly. If severe risk exposure is found and it harms financial or business condition or compliance, adequate measures shall be taken immediately and a report shall be submitted to the Board of Directors.

We effectively identify, measure, and monitor the Bank's risk exposure to ensure that the bank-wide risk is within the tolerable range, maintain a balance between the risks and rewards, and maintain adequate capital. We formulate various risk strategies from the top down, and apply the strategies to various business lines, including the approval/rejection and execution of loans and investments. Various business reports and risk reports are reported to the senior management to formulate sound risk strategies and achieve adequate risk communication, based on the risk monitoring and information on various risks. We also ensure the effectiveness of risk communication through our audit and legal compliance systems.

Scope of the risk measurement system

1	Capital requirement system	Classified according to the Standards Act by exposure risks such as central government, local government, bank, corporate, retail debt, residential debt, equity securities investment, and others, covering both on-balance sheet and off-balance sheet items, and taking into consideration collaterals, guarantees, etc. , Risk Weights (RW) and Credit Conversion Factor (CCF) to calculate the risk-based assets.
2	Electronic credit investigation system	The historical data of credit risk factors of borrowers are recorded in the database for electronic management of credit risks in loan business.
3	Internal rating system	Based on historical experience, factors such as the borrower’ s characteristics, solvency, and outlook are comprehensively assessed, in order to effectively distinguish customer credit risk levels.
4	Database loss reporting system	Classified according to 8 major business categories and 7 major loss event types, and systematically record the amount of loss, related expenses, amount recovered, and net loss to collect loss events.
5	Key risk indicators	Based on the set frequency (monthly, yearly), changes in the indicators of four major aspects of internal operations, personnel, systems, and external events are observed to prevent operational risks.
6	Self-assessment on risk control	After each unit evaluates the "frequency of occurrence" and "level of impact" of each risk control point in its own business, the information system automatically evaluates the risk score according to the risk matrix to distinguish high, medium, and low risk levels for monitoring and prevention of operational risk loss.
7	Market risk measurement system	We adopt the Taiwan Economic Journal (TEJ) VaR (VaR) assessment system and the statistical models of the Bloomberg system to establish an independent, reasonable and accurate quantitative risk management mechanism, and measure the market risk over various financial products and investment portfolio in the transaction book based on VaR, VaR ratio, VaR to net worth, and DV01.

Risk control report

Risk Management Division submits risk control reports to the senior management regularly whenever necessary, and to Risk Management Committee on a monthly basis and the Audit Committee and the Board of Directors on a quarterly basis. The risks and contents covered by the report are as follows:

Capital adequacy	Capital adequacy ratio, Tier 1 capital ratio, common stock equity ratio and leverage ratio.
Credit risk	Loan asset quality (NPL ratio, allowance for bad debt coverage ratio), concentration (type of borrower, industry, group), investment credit rating.
Country Risk	Including foreign exchange trading, interbank lending, bond investment and funds, financial derivatives, credit risk exposure, country risk concentration, cooperation between China and new southbound countries, and CDS, etc.
Market risk	Value at Risk (VaR), VaR to Net Worth, Duration of Interest Rate Commodities, DV01, etc.
Operational risk	Operational risk loss event database, operational risk control self-assessment results, and changes in key risk indicators.
Bankbook interest rate risk	Interest rate sensitivity of NTD and USD, as well as the gap, stress test (NII and EVE analysis), etc.
Liquidity risk	Deposit reserve, loan-to-deposit ratio, current reserve ratio, maturity date structure of NTD and USD, liquidity coverage ratio, and net stable funding ratio, etc.
Legal and compliance risk	Legal ratios, limit management, and compliance.

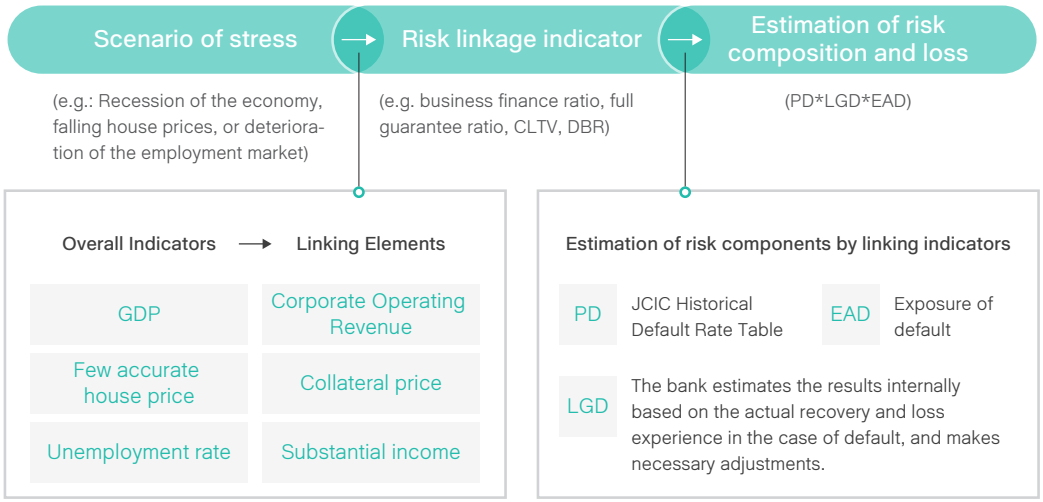
Climate risk	Regularly review the limits for properties classified as highly sensitive.
Information security risk	Information security warning, notification handling, information security monitoring, analysis and prevention, DDoS protection, computer virus prevention, information security equipment backup drills, information security prevention operations during consecutive holidays, and information security risk incidents, etc.
Business risk	We report to the FSC on the reasons for changes in major terms such as "credit extension, financial derivatives, finance and others" on a monthly basis, and monitor the business risk indicators on a quarterly basis.

Stress test

We conduct a stress test on credit risk, market risk, banking book interest rate risk, liquidity risk, and climate change scenario analysis or stress test, at least once a year, in order to understand the possible losses or impacts of major events. The stress test results shall be submitted to the Risk Management Committee, and reported to the Audit Committee and Board of Directors according to the regulations. The stress test methods are explained as following:

Scope of stress test	Including the overall credit and investment positions of the Bank, taking into account credit risk and market risk, respectively. Among them, the on- and off-balance sheet credit parts, bills, bonds and equity investments, credit derivatives, and all securitized products and structured products of the banking book are included in the scope of credit risk consideration. The trading book position is included in the scope of market risk.
Selection of scenario	The main concern is to consider the following negative scenarios for continuing operations in the future. They are divided into "mild" and "severer" stress scenarios according to their severity. In addition to referring to domestic economic indicators, such as economic growth rate, unemployment rate, and housing price level, the changes in the global economic climate and financial environment caused by the pandemic and the relief measures adopted by the government are also taken into consideration.

Methodology



(1) Domestic credit position: Based on the concept of asset portfolio, considering the magnitude of the impact posed by overall economic indicators under stress scenarios, we assess the impact posed by it on risk-linked indicators, and then compare it with the default rate table, to generate the probability of default under stress scenarios. Then, we strive to figure out the loss level under the stress scenario by combining the LGD and AGD under some stressful scenario.

(2) Foreign loans, debentures, and equity investments: The international credit rating results are mainly taken into consideration to determine the default rate under stressful scenarios. Based on the currently valid credit rating results, the mild and severer scenarios are assumed to be downgraded by 2 and 3 notches, respectively. The default risk comparison table provided by S&P indicates an increase in the default risk. Debtors or exposure targets that have not been rated by an international credit rating agency shall be assumed to be rated BB, and pressure shall be applied based on said principles. If the product exceeds the minimum level (CCC/C) after pressurization, it shall be calculated as the minimum level. The domestic loan method shall apply to the default loss rate. The default exposure is calculated based on the cash loan amount plus the exposure to off-balance sheet items in accordance with the standardized approach, without considering the facilities that have not yet drawn down.

I Please refer to the website for risk management policy and procedure in detail.

3.3.2 Three lines of defense of climate risk management

In addition to the risk type and management procedure above, Bank of Kaohsiung set up three lines of defense of internal control, including self-check system, compliance system and risk management mechanism, and internal control system, based on the business nature or rules stipulated by competent agencies, to maintain operation of effective, proper internal control system.

Line of defense	Relevant department	Instruction	Management level
First line of defense	All business units and the departments in the Head Office performing their own business.	All units are responsible for identifying and managing risks based on their function and business scope, and design and execute effective internal control procedure based on the risk characteristics, to cover all relevant operating activities.	Report the risk exposure of the first line of defense to the second line of defense based on the internal supervision requirements formulated for the second line of defense.
Second line of defense	Risk Management Division, Legal Compliance Division, and all competent business units	Be responsible for formulating overall risk management policy of the bank, supervising overall risk exposure and current risk exposure for risk types of all business management. Set up all kinds of risk indicators or limits. Regularly track improvement of abnormality.	Report risk control to the Audit Committee and the Board of Directors or the top management as required.
Third line of defense	Board of Directors Audit Division	The internal audit unit performs audit, checks and evaluates effectiveness of risk management and the internal control system, to ensure continuous, effective implementation of internal control system, and examine and revise the internal control system based on the results of the check and evaluation.	Submit the evaluation report to the Board of Directors to assess effectiveness of design and execution of internal control.

3.3.3 Internal and external operational risk

We calculate and monitor capital adequacy based on relevant regulations according to Basel II, proposed by the Basel Committee on Banking Supervision under Bank for International Settlements, and the Banking Act of The Republic of China, Regulations Governing the Capital Adequacy and Capital Category of Banks, and Statement and Form of Calculation Method of the Bank’ s Self-Owned Capital and Risky Assets, stipulated by the Financial Supervisory Commission (FSC). We aim to ensure that we meet the requirement to strengthen bank capital regulation. In addition, we regularly evaluate the internal capital adequacy and stress test, to evaluate current risk exposure and adequacy of working capital, and to make sure that we can respond to the loss under stress scenario.

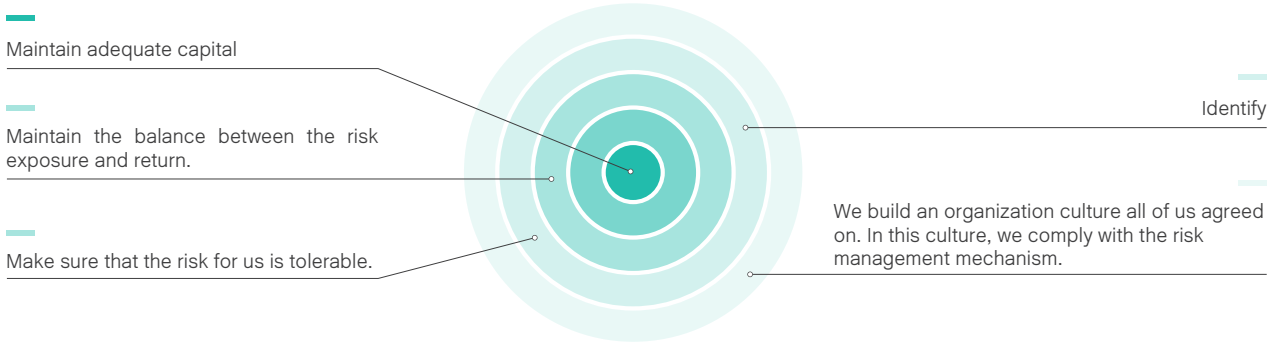
The Risk Management Division is responsible for coordinating with all competent business units, supervising all kinds of risk management indicators, and preparing a risk management report to submit the report to the Risk Management Committee, Audit Committee and the Board of Directors, and reporting to the Audit Committee and the Board of Directors once every quarter.

Outcome and goal of risk management

Risk item	Instruction for risk management measures/mechanism	Outcome of risk management in 2023	Risk management goal of 2024
Credit risk	Our credit risk management mechanism includes requirements such as permission, credit rating, concentration and limit management, expiration management, exception notification, and review and tracking. We set up the “Credit Risk Management Mechanism Summary Table” and report the credit concentration to the managing board of directors regularly to control the credit risk.	We monitor credit risk management information, including concentration ratio and limit management, on a monthly basis, and include monitoring results in the risk management report, which is submitted to the Risk Management Committee on a monthly basis, and reported to the Audit Committee and the Board of Directors on a quarterly basis.	We continue to monitor credit concentration by group and sector. The monitoring result is reported to the Audit Committee and the Board of Directors on a quarterly basis, in order to maintain our operational safety and stability.

Risk item	Instruction for risk management measures/mechanism	Outcome of risk management in 2023	Risk management goal of 2024
Market risk	Based on basic assumption specified in the Basel II and specified by the FSC, we choose historical simulation method, and regularly evaluate the VaR of the part of trading book, ratio of VaR to net value, and duration of interest rate product. DVO1 (Dollar Value of One Basis Point) is used to evaluate change of revaluation gains for the portfolio of all interest rate products while the interest rate is changed by 1bp (0.01%).	We monitor the VaR, DV01, marketable securities investment limit, foreign exchange transaction and foreign currency lending limit on a daily basis, and monitor the risk of the financial investment position on a monthly basis, including the domestic and overseas investment market risks. The monitoring results are included into the risk management report submitted to the Risk Management Committee on a monthly basis, and to the Audit Committee and Board of Directors on a quarterly basis.	We continue to monitor market risk by control methods such as VaR, DVO1 and target income, and regularly report it to all management levels as required.
Bankbook interest rate risk	Currently we perform evaluation by calculating impact on our NII and EVE in a year based on the IRRBB scenario and public version of the program released by the competent authority, including repricing risk, yield curve risk and option risk. We regularly execute risk assessment from surplus and economic value perspectives. **Surplus perspective** It is a short-term perspective. It focuses on income statement, and evaluates how interest rate change affects surplus for the next year. **Economic value perspective** It is a long-term perspective. It focuses on balance sheet, and simulates how interest rate fluctuation affects economic value.	We adopt ΔNII and ΔEVE analysis as the main banking book interest rate risk management method to monitor short-term and long-term interest rate risks. The monitoring results are reported to the Risk Management Committee on a monthly basis and to the Audit Committee and Board of Directors on a quarterly basis.	In the interest rate shock stressful scenario from ΔNII and ΔEVE prospective, we make sure that the percentage of negative effect posed by the scenario suffering the largest impact of the total of NTD and USD positions is less than 15%, which meets the requirement.
Operational risk	By building an operational risk management system, we gradually quantify and systemize operational risk management, and implement operational risk management into corporate governance. We monitor operational risks generated from all kinds of businesses through adequate risk management policy, procedures and tools, to minimize potential loss and enhance the nature of business.	We review operational risk loss incidents, key risk indicators, and risk control self-assessment system regularly, and include the monitoring results into the risk management report submitted to the Risk Management Committee on a monthly basis, and to the Audit Committee and Board of Directors on a quarterly basis.	Monitor Operational risk by the operational risk loss database reporting system, KRI system, and risk control self-evaluation system.
Liquidity risk	**Our indicator for evaluating liquidity risk** • Liquidity Coverage Ratio (LCR) • Net Stable Funding Ratio (NSFR) • Cash flow gap within thirty days (inclusive) • Cash flow gap for other tenors • Required reserve • Ratio of liquid reserve • Loan to Deposit Ratio	We review our various liquidity risk indicators and submit them to the Risk Management Committee on a monthly basis, and report to the Audit Committee and the Board of Directors on a quarterly basis.	We continue to monitor various liquidity risk evaluation indicators, and make sure that LCR and NSFR meet the relevant laws and regulations.
Climate change	**Our risk management mechanism** All unit executives of the relevant businesses may set up our climate risk evaluation methods and processes based on customers or asset portfolios. They estimate the level of climate risks and take differential risk management measures. All units carry out operations and processes associated with climate risks based on their function. They shall adopt proper climate risk management and countermeasures.	We amended our "Regulations Governing Credit Extension and Investment Sector Limits," by adding the control over the total credit and investment balance for industries with high TCFD sensitivity, and including the monitoring status in the risk management report, which is submitted to the Risk Management Committee on a monthly basis and to the Audit Committee and Board of Directors on a quarterly basis.	We adopt difference management measures based on identified climate risk, and regularly report climate control to all management levels.

Risk management goal



Education training for risk management

To raise the risk awareness of all employees, the Board of Directors and management of Bank of Kaohsiung shall attend courses on corporate governance or risk management, and we demand that all employees should attend the general education courses on risk management. Meanwhile, Bank of Kaohsiung will also provide education training or courses on diversified risks for different employees based on the nature of their job duties to ensure that employees can control risks effectively.

3.4 Compliance

3.4.1 Policies and systems

Compliance policy

We promoted our “Compliance System Guidelines” by adhering to the “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” promulgated by the FSC. We continue to set up the annual compliance implementation plan, and conduct the “Compliance Self-Evaluation and Check” on a semi-annual basis and online compliance education training (including punishment case) and exam for all of our employees on a monthly basis to help them understand and verify the important laws and regulations to be followed by them to improve their awareness toward compliance.

In 2023, the "E-Document Online Approval Operating System" was also updated, so that the sender may include official documents that must be delivered to the contents of legal awareness and compliance training as the designated communication letter of the current month for legal awareness and compliance training. In the future, we will continue to optimize the system to ensure that the promotion is communicated precisely.

Compliance system

We set up the “Compliance System Guidelines” and the “Legal Compliance Division,” responsible for planning, management, execution and performance appraisal of tasks of the compliance system. Meanwhile, in response to additions and amendments to laws and regulations, we help various management units amend internal management regulations and operating procedures and follow up such amendments from time to time, in order to make various operating activities comply with laws and regulations, and communicate to staff of all units the notice and email of latest amendments to regulations for compliance. We hope that all staff are familiar with the relevant laws and regulations and code of ethical conduct associated with their job duty to ensure that their work and operation comply with laws and regulations. The head office chief compliance officer reports the outcome of compliance system to the Audit Committee and Board of Directors on a semi-annual basis to ensure that the Board of Directors, senior managerial officers and all staff are jointly responsible for compliance.

Compliance Framework

Board of Directors	Accept, review, and report compliance-related requirements and resolutions
President Office	Accept compliance issues at the headquarters, and submit them to the Board of Directors

Head Office Chief Compliance Officer	• Be responsible for overseeing our compliance affairs. • Report execution of our compliance system and review on our compliance system to the Audit Committee and the Board of Directors on a semi-annual basis. • Provide an opinion letter and sign it to show that we are responsible for the letter. The opinion letter is about all of the new products and services, and applications submitted to competent authorities for new type of business and it meets regulations and internal specifications. • If we have been punished by the competent authority for violations of laws or material misconduct, we report the suggested improvement measures involved with the compliance incident to the Audit Committee and the Board of Directors. We also have the right to suggest the penalty to be imposed on the personnel involving violations of laws or material misconduct. • If any material violation of laws and regulations is found or our rating is degraded by the financial competent authority, we shall report to directors immediately, and report compliance issues to the Board of Directors. • We provide the declaration for internal control system based on Article 27 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."
Legal Compliance Division	• Be responsible for planning, management and execution of our compliance system. • Draw up our annual compliance plan. • Cooperate with the Human Resource Division to offer adequate regulation training for staff of all units. • Track amendment performed by all management units for adapting to relevant regulations. • Summarize material defects from internal and external audit, analyze the cause and possible impact, and bring up suggestions. • Examine quality and outcome of compliance system every year. • Convey the legal order announced (released) by the competent authority to relevant units, and help the management unit with conveyance, counseling, coordination and communication of laws and regulations. • Review the suitability and effectiveness of the improvement measures proposed by relevant units for the violation or major violation, and track the improvement implementation status.

3.4.2 Training for compliance

We regularly hold the online training "Regulation promotion and regulatory compliance training" to make sure that all staff and managers know and can judge the correct relevant regulatory and ethical conduct. Courses include announcements on relevant important regulation release, penalty cases, and the latest regulation and internal specifications released by the Legal Compliance Division and all business management units occasionally, e.g. "Financial consumer protection," "Human resource management," "Credit management (including stakeholder transaction)," "personal data protection," "anti-money laundering," "safety and health," "other important laws and regulations," "types of financial examination defects," "intellectual property" and "ESG-related policies and regulations." As of the current year, all employees have participated in the online training courses and passed all tests. Each employee completed the training for 77 hours. Meanwhile, the Legal Compliance Division communicates with various business management units from time to time to notify the latest laws and regulations and internal regulations to continue improving the legal compliance awareness of all employees.

The online education training "Regulation promotion and regulatory compliance training" was held in 2023.



3.4.3 Legal compliance

Legal Compliance Implementation Results

There' s no severe punishment or disciplinary action imposed by competent authorities in 2023. In order to remind colleagues to exercise caution based on the financial penalty cases, in 2023, we established the "Internal Promotion and Feedback Mechanism on the cases about Competitors being Punished." Legal Compliance Division shall collect from the peers' penalty cases announced by the FSC. The chief compliance officers of various business units shall check and declare whether the current business execution complies with internal regulations, and whether there are any deficiencies in the peer penalty cases, in order to prevent us from being penalized by the competent authorities based on the same deficiencies. Suggestions can be made to improve the implementation of out legal compliance system.

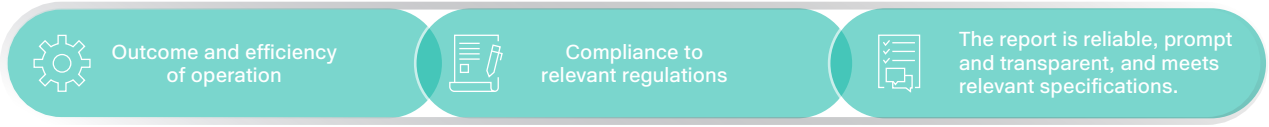
Compliance self-assessment results

In 2023, the Legal Compliance Division conducted a self-assessment on legal compliance. In 1H and 2H of the year, except some units that were deducted points due to deficiencies in internal and external audits and anti-money laundering operations, there was no major deficiencies in legal compliance or material violations of laws.

In 2H of 2023, Legal Compliance Division conducted on-site inspections to review the implementation and compliance of internal operating regulations by the inspected unit. Legal Compliance Division will notify the business management units of the inspection results in writing to facilitate subsequent supervision and improvement of deficiencies, and report to the Audit Division of the Board of Directors to implement the horizontal communication to ensure that the second line of defense operates effectively.

3.4.4 Internal audit and control

We set up the internal control and internal control system based on the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies" formulated and enacted by the FSC. We aim to facilitate robust operation. The Board of Directors, management and all staff comply with internal control and internal control system to accomplish the goal below.



We have set up an effective accounting system and internal control system based on the IFRSs recognized by the FSC, and implement, review and revise the accounting system and internal control system as required by competent authority for all units to abide by, and prevent malpractice. No material deficiencies were discovered during our internal audit in 2023.

Internal audit

We set up the Board of Directors Audit Division under the Board of Directors (hereinafter referred to as the Audit Division) based on the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." We conduct internal audit independently, and build the general audit system to oversee the audit affairs. The internal audit system is planned and executed by the Audit Division, regularly or occasionally checking and evaluating internal control, compliance, financial condition, information management, and control and internal management of all kinds of operations.

Please refer to our website for internal audit and control system in detail.

I Internal Audit Standards

I Internal control system

Main purpose of audit work
• Examine and evaluate effectiveness of internal control system, and offer improvement advice in time, to prevent malpractice and maintain asset safety. • Make sure that operation of affairs performed by the inspected unit meets regulations, operational specifications, and its handling procedure. • Ensure reliability and integrity of accounting information, and evaluate and find out financial condition and business performance of the inspected unit. • Examine various internal operational guidelines and control processes, and offer advice based on the examination to operational and management decision-making units in a timely manner, in order to enhance operational performance effectively.

Internal control

Our design and operation of internal control system endeavors to reinforce corporate governance and adapt to diversified investment and operating policy. Besides considering our overall operating activity, we review and revise the system in time to adapt to change of internal and external environment, and ensure that design and execution of our system stay effective. Our staff of all levels continue to perform tasks based on each of their control operation guidelines, and conduct self-check and internal audit as required. They take proper corrective actions for policy, approach and operating procedure of operation to deal with problems immediately. They submit the report on improvement after tracking appraisal to the Audit Committee and the Board of Directors in written to enhance operation management.

Internal control process				
Control of environment →	Risk assessment →	Control of operations →	Information and Communication →	Supervision of operations

3.5 Anti-money laundering and countering of terrorism financing

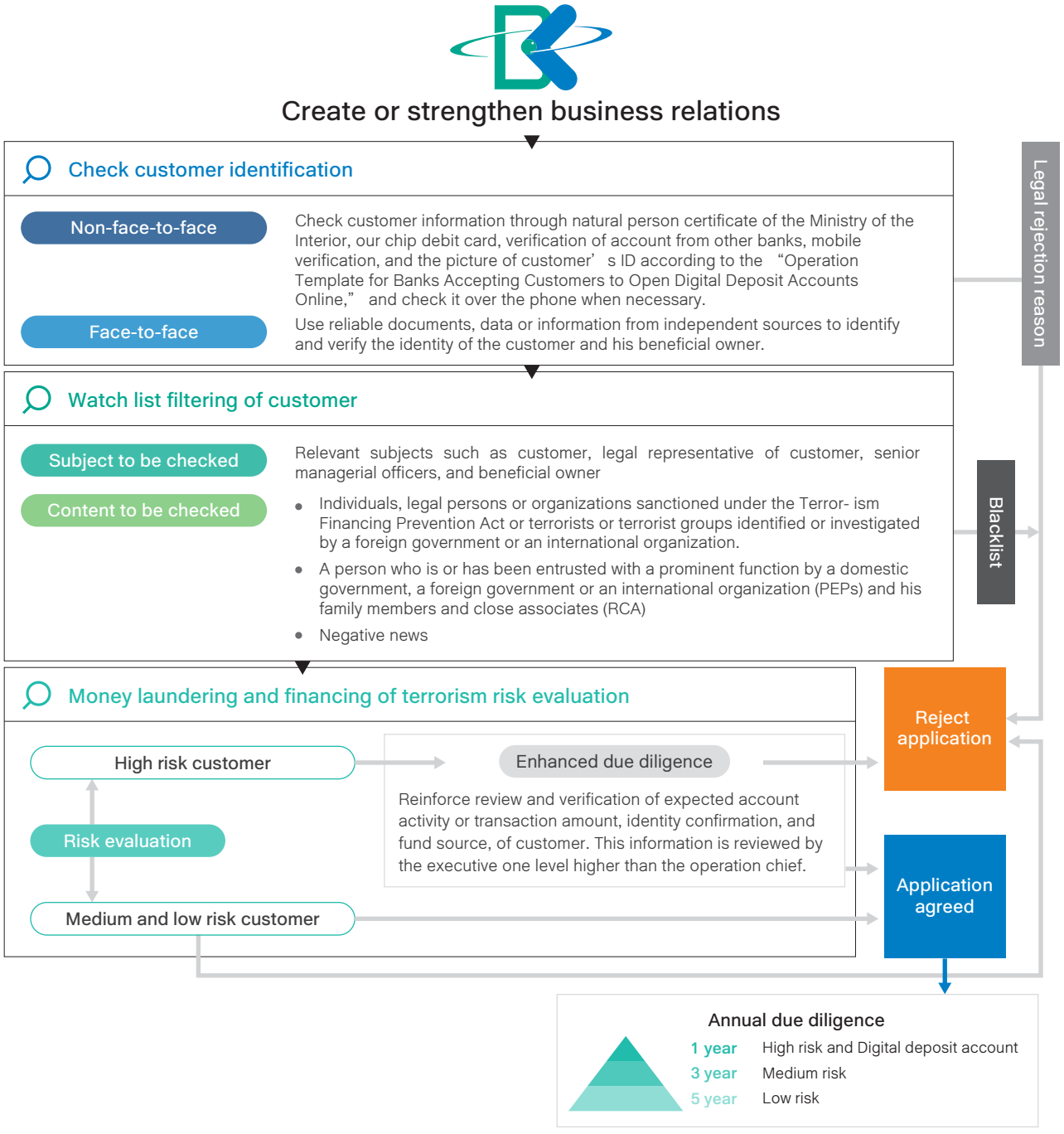
3.5.1 Policies and systems

According to the Money Laundering Control Act in Taiwan, banking sector is an obligation subject for anti-money laundering. We formulated the "Guidelines Governing Anti-Money Laundering and Countering the Financing of Terrorism," "Policy and Procedure for Money Laundering and Financing of Terrorism Risk and Prevention Plan," and "Regulations Governing Authority and Responsibility of Anti-Money Laundering and Countering the Financing of Terrorism" according to the Regulations Governing Anti-Money Laundering of Financial Institutions and the Template for Guidelines Governing Anti-Money Laundering and Countering the Financing of Terrorism released by the guild we have joined. In the meantime, we reinforced relevant systems and purchased a database to help us with anti-money laundering and countering the financing of terrorism.

3.5.2 Operating process and management measures

Process and mechanism name	Content description
"Directions Governing Anti-Money Laundering and Countering of Terrorism Financing" and "Guidelines Governing Money Laundering and Terrorism Financing Risk Assessment and Relevant Prevention Policy and Procedure Development " that apply to our business and any other businesses managed by us concurrently.	• Amend our operational specifications for anti-money laundering and countering of terrorism financing according to official documents from the Bankers Association of the Republic of China, Trust Association of R.O.C., R.O.C. Bills Finance Association, Taiwan Securities Association, and Insurance Agency Association of the Republic of China.
Comprehensive money laundering and terrorism financing risk assessment report and risk prevention program	• We perform comprehensive money laundering and terrorism financing risk assessment and prepare a risk assessment report every two years. Our overall outcome, control plan and risk improvement plan of our inherent risk are reported to the Board of Directors for the top management to ascertain our overall money laundering and terrorism financing risk promptly and effectively, determine the mechanism to be established, and develop appropriate mitigation measures.
Statement of Internal Control System for Anti-Money Laundering and Countering of Terrorism Financing	• After submitting the "Statement of Internal Control System for Anti-Money Laundering and Countering of Terrorism Financing" to the Audit Committee and Board of Directors for review and approval each year, we disclose it on our website within three months at the end of the fiscal year, and make an announcement and report on the website designated by the FSC.
Establish the Anti-Money Laundering (AML) system	• We established the Anti-Money Laundering (AML) system to identify and control threat and vulnerability of money laundering, including list check and transaction monitoring to prevent money laundering and financing of terrorism transaction.
Anti-Money Laundering and Countering of Financing of Terrorism (AML/CFT) system model validation project report.	• We authorize a third party to validate appropriateness of the anti-money laundering and countering the financing of terrorism system model every year.
Anti-Money Laundering and Countering the Financing of Terrorism Management Procedure	• Draw up management procedures including "Natural Person Identify Check," "Customer Due Diligence," "Suspicious Money Laundering or Terrorism Financing Transaction Monitoring Scenario," and "Reporting on the Properties or Property Interests and Locations of Designated Sanctioned Individuals or Entities by Financial Institutions and the Currency Transactions Equal to or Above the Applicable Designated Threshold" for employees to abide by.
Anti-Money Laundering and Countering of the Financing of Terrorism Execution Procedure	• Draw up executive procedures including "Customer Identity Confirmation," "Customer Evaluation on Risk of Money Laundering and Financing of Terrorism," "Reporting on the Currency Transactions Equal to or Above the Applicable Designated Threshold" and "Precautions for Customer Profile Management" for employees to abide by.
Report our anti-money laundering and countering pf the financing of terrorism to the Audit Committee and the Board of Directors on a semi-annual basis.	• Report our anti-money laundering and countering the financing of terrorism, e.g. amend our anti-money laundering and countering the financing of terrorism operational specifications, "Anti-Money Laundering and Countering of the Financing of Terrorism (AML/CFT) system model validation project report," customer risk level change analysis, orientation training and OJT of anti-money laundering, and defect check and improvement.

Money laundering and financing of terrorism handling process



Reporting on sanction and financing of terrorism list

If the AML system compares the customer to the list, it shows that the customer is on the list, and the system makes sure that it is the right person on the list, we shall carry out the Anti-Money Laundering and Countering of the Financing of Terrorism Execution Procedure and Reporting Process. The main points of operation are as follows:

I. The customer on the "sanction list"

1. Notify the Legal Compliance Division immediately.
2. Reject to build business relations or make transactions.
3. Fill out the "Suspicious Transaction Report" for declaration.

II. The customer on the "financing of terrorism list"

(I) The customer or the subject associated with the transaction is not our existing customer:

1. Notify the Legal Compliance Division immediately.
2. Reject to build business relations or make transactions. Fund reported in the "Other payables (23097)- Fund blocked according to the Counter-Terrorism Financing Act"
3. Report to the Ministry of Justice Investigation Bureau.
4. Fill out the "Suspicious Transaction Report" for declaration.

(II) The customer or the subject associated with the transaction is our existing customer:

1. Report to the Legal Compliance Division immediately and perform the following:
   (1) Reject to build business relations or make transactions.
   (2) Implement the "984 Terrorism Financing Prevention Block List Notification" transaction to freeze assets.
   (3) Fill out the "Suspicious Transaction Report" for declaration.
2. The Legal Compliance Division notifies the business unit owning the assets (including but not limited to deposit) to check business associated with customer transaction, report the total amount of property by the date the fund is blocked, and report to the Ministry of Justice Investigation Bureau.

※Investigation and declaration of suspicious money laundering or financing of terrorism transaction：

If it is determined that the transaction is suspicious of money laundering or financing of terrorism, the transaction shall be handled based on investigation and declaration of suspicious money laundering or financing of terrorism transaction regardless the amount or completion of transaction. The main points of operation are as follows:

(I) The handling personnel of business unit shall note "Declare" in the remark field in the anti-money laundering system, and fill out and print the "Suspicious Transaction Report." The operation chief examines the investigation result, notes that he approved the report in the remark field, and submits the case to the responsible unit.

(II) A hardcopy of relevant information shall be submitted to the anti-money laundering supervisor to determine declaration, and submitted to the unit head. The business unit shall complete suspicious transaction review as soon as possible.

(III) The Legal Compliance Division shall sign the declared case and report to the responsible officer for approval, and then report to the Ministry of Justice Investigation Bureau. The deadline for declaration after approval must not exceed two business days.

※Manual case declaration：

(I) If a staff of business unit checked manually and found out suspicious transaction and confirmed declaration, the handling personnel shall fill out the "Manual Declaration of Suspicious Case" online and fill out each item on the form. After submitting to the operation chief and anti-money laundering supervisor for online review, the case is submitted to the unit head for online approval and submitted to the Legal Compliance Division. Declaration is required even for incomplete transaction.

(II) After the designated handling personnel reviews the case and submits it to the section chief for sign-off, the Legal Compliance Division signs and reports the case based on the declaration format of suspicious anti-money laundering or financing of terrorism transaction. The Legal Compliance Division then reports to the Ministry of Justice Investigation Bureau.

Overview of anti-money laundering and countering of terrorism financing

Our enhanced control measures against high-risk customers:

(1) When updating and documenting the customer profile of high-risk customers, it is necessary to reinforce review and verification of expected account activity or transaction amount, identity confirmation, and fund source, of the customer. This information shall also be reviewed by the operation chief and an executive one level higher than the operation chief.

(2) The frequency of regular due diligence on high-risk customers shall be once per year.

(3) A higher level of control is adopted for the transaction control over high-risk customers.

The "AML System Verification and Transaction Continuity Monitoring Project Report" conducted this year aims to confirm the continuous effectiveness of the AML Model Validation System. Meanwhile, the money laundering patterns that have not been verified on the site in the previous year shall be included into the test on the patterns this year. The test results show that the parameter values set by the AML system are consistent with the scenarios stated in the announcement, and all operate effectively to warn and prevent money laundering.

3.5.3 Reinforce the ability of anti-money laundering and countering of the financing of terrorism

We strive to build a compliance culture of anti-money laundering and counter financing of terrorism, and reinforce operation of anti-money laundering and counter financing of terrorism. Besides formulating relevant precautions as the basis for internal operational guidelines of anti-money laundering and counter financing of terrorism, we arrange education training of anti-money laundering and counter financing of terrorism with adequate content and number of training hours every year for our directors, President, Vice President, and unit heads of all departments, depending on the nature of their business. We endeavor to help them understand their duty for anti-money laundering and countering of financing of terrorism, and the expertise required for such duty. Specialized heads and staff of anti-money laundering and countering of financing of terrorism and executives of

domestic business unit supervising anti-money laundering must take orientation training courses over 24 hours held by agencies recognized by the FSC. They must pass the exam, acquire the certificate of completion, and join the education training on anti-money laundering at least 12 hours per year. Besides this, online education training is held for anti-money laundering for staff of all units regularly. Online or physical education training is held for operation chief and general staff. The training topics include development trend of money laundering and financing of terrorism, anti-money laundering practice review, and case study, to help staff better respond to anti-money laundering and countering of the financing of terrorism.

3.6 Information security and personal information protection

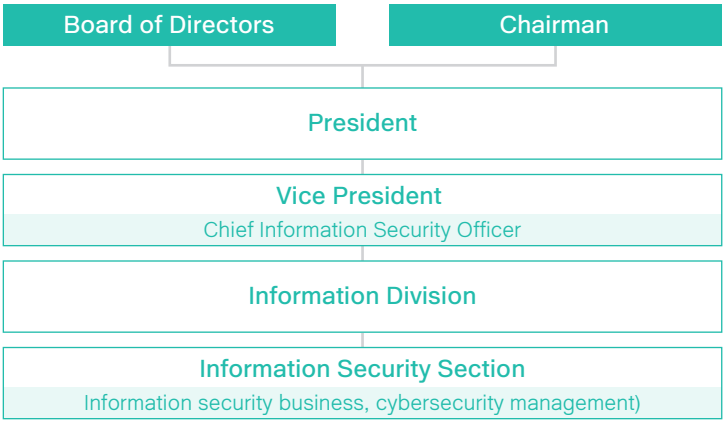
3.6.1 Policies and systems

We set up the "Information Business and Security Promotion Committee" to proactively promote our information business development and make sure that our information system operates safely. The Committee is responsible for planning and supervising the information security maintenance for the entire bank. The Vice President supervising the business of Information Division serves as the convener. The Vice President not supervising the business of Information Division serves as the deputy convener. The Committee members consist of heads of all departments of the Head Office. The Committee shall convene at least one meeting every year. Information business and safety work execution are reviewed. A temporary meeting may be held when needed. Four meetings were held in 2023. The resolution is recorded and submitted to the President for approval. It is then submitted to all competent business units to perform tasks based on the resolution.

According to the requirements of 2nd Sustainable Finance Evaluation, we disclose the ratio of information security expenditure to the total information budget, including but not limited to, software and hardware licensing fees, personnel training expenses. Bank of Kaohsiung has invested NT$36,727,000 in information security expenditure in 2023, accounting for 19% of the total information budget. Resources have been invested in the information security assessment on computer systems, replacement of web application firewall systems, replacement of network firewall systems in demilitarized zones, construction of network firewalls in the e-banking development and testing area and remote data centers, and construction of email systems, replacement and expansion of the commercial fraud module of the email defense system (BEC). In 2024, we invested the budget amounting to NT$63,000,000 to plan the upgrade of IT software and hardware and related personnel training.

In response to FSC' s Financial Action 2.0, we wish to implement the ISO22301 Business Continuity management (BCM), so that if we encounter an emergency or disaster in the future, we can minimize the risk loss through our management system. We expect to obtain the verification in 2025, at latest.

Information security governance structure



Information Business and Security Promotion Committee

The responsibility of the committee is described below.

- Review the annual plan.
- Review temporary, material information business needs.
- Planning and supervision of information security maintenance throughout the Bank

3.6.2 Information security management measures

Information security management measures

Information system protection	• We continue to perform drill and review of BCP twice a year for primary information system host to maintain availability of information system, and ensure that information and important service can be used when needed. All types of server hosts receive backup drill regularly. The disk drive is used for important system host for onsite, real-time backup to enhance disaster response ability, reduce recovery time, reduce operational risk, and ensure to offer stable digital financial service to customers.
Cybersecurity protection	• To guarantee our cybersecurity, and prevent threat from virus and cyberattack, we continue to use multiple cybersecurity prevention techniques, including cybersecurity maintenance measures, such as a firewall system of the new generation, network invasion detection and defense system, endpoint antivirus system, APT analysis and detection system, webpage application firewall system, DDoS attack defense system, and network contents filtering system. These techniques ensure confidentiality, integrity and availability, implement authentication, authorization and accounting audit mechanism, and regularly execute vulnerability scanning of network host, and web vulnerability scanning and penetration test, to fix possible risks and system vulnerabilities. We continue to perform enhancement, and prevent and block suspicious network connection activity, invasion and attack, to ensure security of our network, host system and relevant services.
Confidential data protection	• To make sure that we and customers can trust each other, we strictly keep all customer information confidential, implement the privacy policy, and set up an adequate control mechanism for saving, transmission and use of the personal data file. We have set up access management (account and permission authentication mechanism), control of system development process, monitoring and recording of database reinforcement and access, control of portable storage device (e.g. USB), filtering of email and web content, and personal information blocking. We manage and implement access control for information systems based on minimized permission to improve the confidential information protection measures.
Information security evaluation	• Since 2015, we have been evaluating information security of computer system at least once a year, and authorizing an external professional agency to classify importance and impact of computer system. Information security evaluation is conducted regularly or separated into stages. The "evaluation report on information security of computer system" is submitted, and corrective and preventive measures are executed. We track and review information security every year. The following are the primary tasks for information security evaluation: information structure view, network activity view, testing of network device, server, terminal device and IoT device, penetration test of network device, server, IoT device, and the device connecting to the Internet, scanning or black-box testing for program source code of server application system, DDoS attack test, test of client application, security testing view, compliance view, social engineering drill, and Mobile Application Basic Security. These tasks aim to strengthen technical and management control measures, improve and enhance security protection of network and information system, and make sure that customer data are safe.

Personal information protection guidelines

Measures	Instruction
Control of system development process	Log in with AD account for development or establishment of all systems. Access control is set based on the department and function of staff.
Control of portable storage device	All PCs use the program of information assets management system for monitoring. Abnormal access behavior is checked by the Control Section and Information Security Section of Information Division together (checked daily).
Monitoring and recording of database reinforcement and access	Use database audit software and SIEM together to control abnormal access and check alert. (checked every day).
Filtering of email and web content	After receiving the email review notice, the SMTP check executive shall examine the email and attachment and then approve, reject or delete it. The email management system keeps the email in the record for reference.After approval, if the sender did not encrypt the email, the system encrypts and sends the email automatically, and sends the email password to the sender. Besides control of web page type, when the user browses a webpage, he will be blocked if a condition related to personal information is triggered.

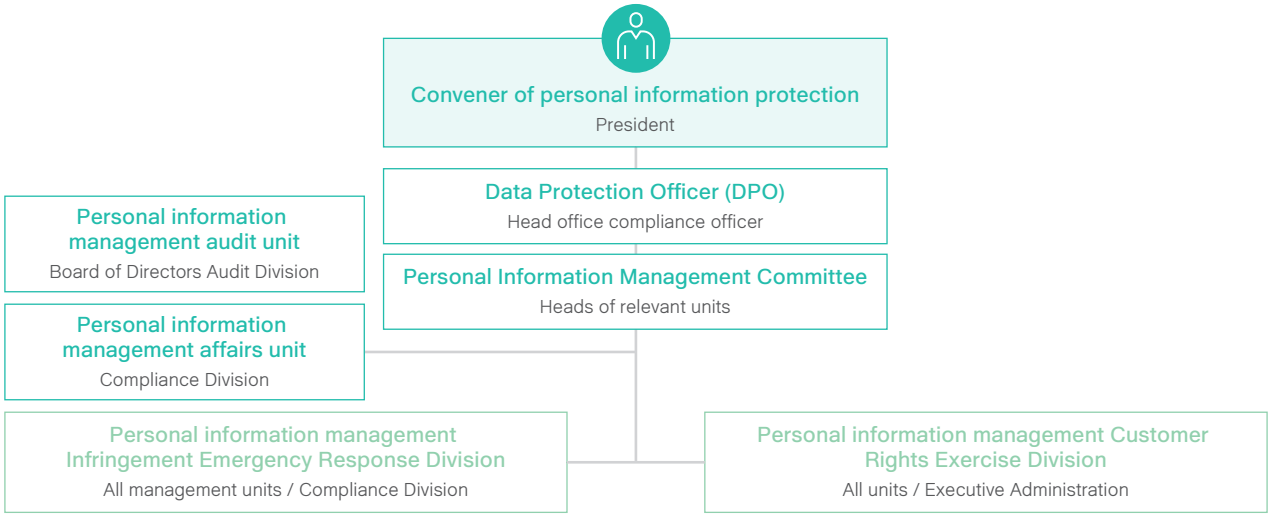
Note：All personal information protection operations in 2022 have been completed.

3.6.3 Personal information protection and management measures

System regulation

System regulation To implement personal data protection and management measures, we drew up the “Customer Data Confidentiality Guidelines,” “Personal Data Management Policy,” “Personal Data Management Organization and Allocation of Power Regulations,” “Personal Data Management and Supervision Guidelines,” and “Personal Data File Infringement Case Emergency Response Guidelines.” These strengthen security mechanism of personal data, and structural aspects such as personal data protec- tion, security of information software and hardware and environment, management of communica- tion and operations, management of system development and maintenance, and access control man- agement. Therefore, we can reduce impact incurred from any damage to personal data file.

Responsibility for personal information organization



When performing all kinds of business, it is explicitly specified that customer data may only be collected, handled and used when meeting legal requirements. Employees are required not to engage in malpractice, accept any gift or gain illegal benefits from others.Business secrets and customer information shall be kept confidential and shall not be leaked to guarantee safety of customer data.Meanwhile, we continue to strengthen education training and promotion of personal data protection for practitioners, to urge practi- tioners to strictly follow the confidentiality rules, guarantee the rights of data subject, fulfill personal data protection, and protect customer rights.

3.6.4 Information security education training and social engineering drill

Bank of Kaohsiung cares about information security, holds regular education training, offer diverse promotion channels, raises awareness of employee on information security, and fulfills control of information security. Bank of Kaoshiung offers the “information security education training” to all employees for at least three hours per year. In 2023, training completion rate for all branches reached 100%. The staff of information security special unit ，receive the professional information security training for at least 15 hours every year.

Social engineering drill

To make sure that all employees become more aware of information security, and prevent malware from invading through social engineering, we organize the social engineering drill every year and conduct drill test for all employees in a safe scope of monitoring. Employees who didn’ t pass the drill must take course and information security education training and receive appraisal. In 2023, 2,441 email accounts received secondary email testing. 99.7% of the email accounts of Bank of Kaohsiung have been tested.

Item	Drill	Outcome tracking and review process
Social engineering attack drill	• To raise awareness of all employees on information security, a phishing email attack drill is held twice a year. A test email is sent to all email addresses. Education promotion is provided to staff who fail. The score for information security appraisal of the staff of the unit who failed is deducted.	• A social engineering drill is performed every year as required. Staff who failed must join the staff retraining and internal promotion.
DDoS defense procedure drill	• DDoS attack and defense procedure drills are conducted from time to time every year, and at least one on-site offense and defense drill shall be performed to confirm that we can effectively defend against network DDoS attacks and maintain the availability of our network services. [Service abnormality alert → personnel on duty in the IT equipment room → notify the information security personnel → personnel on duty in the IT equipment room notifies ISP for traffic cleaning → response to any contingency subject to the incident level → subsequent incident analysis and report conducted and submitted by the information security personnel]	• After the DDoS flow cleaning, we analyze the incident, suggest a possible way of handling the incident, and report to the convener of the information security promotion team for approval before handling the incident.
Drill for data circuit interruption, and insurance system disaster recovery	• In 2022, an external organization established the Kyndryl e-Center as the remote backup center of the information sy stem of Bank of Kaohsiung. Data recovery mainly adopts the Global Mirror mechanism. • The system and file data were recovered from the redundant disk drives in the control room of the backup center, connecting to 3 branches including Taoyuan Branch to enable the on-line operating environment for transaction testing and data verification.	• For the information security incident drills, the drills and incident reviews are conducted on a regular basis in accordance with ISO27001:2013 Management Specifications for Sustainable Business Operations. After the review meeting, the conclusions are submitted to the convener of the information security promotion team for approval.

3.6.5 Information security enhancement and improvement

Enhancement and improvements in the current year

Computer System Information Security Assessment and Secondary Operational Drill and Review

No non-conformance was found during the computer system information security assessment in 2023.

Employees' certificates and licenses for protection of information security

There are a total of 10 certificates/licenses issued this year, namely 3 ISO/IEC27001:2013LA certificates, 1 CISA certificate and 1 CCNA certificate, 1 iPAS certificate, 1 CND certificate, and 3 CEH certificates.

Information Security Governance Maturity Assessment

Our information security governance maturity meets the assessment criteria.

Investment in improving the performance of information security protection tools and protection mechanisms

1. Conduct computer system information security assessment operations
2. Replacement of webpage application firewall system
3. Replacement of network firewalls in the demilitarized zone
4. Establish network firewalls in the development and testing area of e-banking and remote data centers
5. Establish email system to replace and expand email defense system BEC commercial fraud module

4 Environmental protection and carbon reduction

Forging ahead to net zero carbon emissions

Core vision and commitment

Bank of Kaohsiung understands the importance of environmental protection and net-zero carbon emissions. It has been included as one of the core indicators of our operations. We have set short-, medium-, and long-term environmental sustainability goals. Meanwhile, we look forward to working with our colleagues to improve the efficiency of utilization of various energy resources within limited resources and fields in accordance with international standards or sustainable trends, in order to fulfill our commitment to the environment and strive to achieve the national 2050 net-zero carbon emission policy.

In the meantime, we also look forward to implementing the commitment locally, fulfilling the local purchase policy, and requiring external suppliers to meet the "Supplier Corporate Social Management Policy" of the Bank of Kaohsiung, which cover three aspects of ESG. In 2024, we also plan to implement the ISO 20400 sustainable procurement standards to work with suppliers to facilitate the sustainable development of the supply chain.

Achievement and performance in 2023

We have completed the construction of solar photovoltaic panels for Caoya Branch, which is expected to reduce 12.90 metric tons of CO_2e per year.	GHG emissions reduced by 1.23% in 2023annually.	Power consumption reduced by 1.35% , fuel consumption reduced by 1.53% , and water consumption reduced by 1.53%.

Material topic

Climate Change Strategy	Greenhouse gas inventory and reduction

Enhancement goal

Short run	Mid-term	Long-term
• Plan the replacement of major energy equipment in the business space as the first priority. • Our goal is to reduce GHG emissions by 1% per year goals. • Complete the ISO 20400 sustainable procurement implementation project. • Construct solar photovoltaic panels • for Caoya Branch and Qiaotou Science Park Branch	• Proactively use green building materials in the construction of bank buildings • Percentage of transferring power consumption to renewable energy for all of our bank buildings	• Purchase of renewable energy certificates • Relevant items such as demonstration location of low (zero) carbon emissions

4.1 Green Operations

In recent years, global warming has become a reality that cannot be ignored any longer. Environmental changes not only pose some impact on the ecology, but also affect human life more profoundly. As far as enterprises are concerned,such changes also mean long-term challenges for the sustainable management. If we continue to ignore the current crisis and consume energy resources unconditionally, we will acceleratethe global warming and might lead to irreversible disasters eventually.

Bank of Kaohsiung attaches great importance to environmental sustainability issues and is committed to keep improving our environmental management performance. The Sustainable Development Committee was established in 2023. Among the other things,the “Environmental Sustainability Team” was established. The Administrative Management Division coordinates the promotion and execution of affairs related to environmental sustainability, corporate energy conservation and carbon reduction, sustainable procurement, and supplier management, and is responsible for formulating the annual work implementation plan and setting related goals. The Team will pay close attention to the impact posed by our operating activities on the environment, collect and assessrelated data to ensure that all operating activities comply with the principles of environmental sustainability .

Environmental Sustainability



Review and improvement

Review the unfinished business and propose improvement plans for next year.

Approved

Annual plans and goals approved by the Sustainable Development Committee and the Board of Directors

Set environmental goals

The Environmental Sustainability Team coordinates and formulates the annual work plan and goals of Bank of Kaohsiung.

Performance of job duty

Execute the annual environmental sustainability plans and programs

Periodic followup on the progress

Meetings are convened periodically to report to the Sustainable Development Committee, including the goal implementation status and progress.

To slow down global warming, Bank of Kaohsiung has managed its GHG emissions proactively and begun to inspect the GHG emissions throughout the bank buildings since 2023. Meanwhile, in 2024, the third-party verification and authentication were also completed in accordance with the schedule required by the “Sustainable Development Roadmap for TWSE/TPEx Listed Companies.” We will follow the goal of net zero carbon emissions by 2050 set by the Taiwanese government, elaborate influence of financial sector, aim to accomplish the goal for keeping global temperature rise in 1.5˚ C, and realize the vision of sustainable future.

During our routine operations, we take into account the climate action in the 13th SDG and adaption to the climate change, and include five green operation topics into what we pay attention to and intend to improve. The topics are energy management, water resource management, waste management, sustainable supply chain, and net zero carbon emissions. We set up objectives, implement international standard management system and enhance various management policies proactively, in order to enhance our energy use, water resource use and other environmental aspects.

Main theme of green operation for Bank of Kaohsiung

Waste management

Water resource management

Net zero carbon emissions



Energy management

Sustainable supply chain

4.1.1 Energy use and management

Bank of Kaohsiung has implemented ISO 50001:2018 Energy Management System and passed third-party verification since 2021.Through the energy manage- ment system and relevant guidelines, we can further find out our EnB, energy management performance indicator, energy objective, and action plan of energy management.We can enhance energy efficiency and improve equipment based on reference standard and systematic management document. For energy use, in the past few years, we primarily improved air conditioning, lighting, elevator, comput- er and other devices, and further enhanced energy performance through daily operation.

Energy improvement item

- Use of energy saving lighting
- Renewal of air conditioning
- Promotion for power saving of electronic device
- Promotion for power saving of electronic device

Air conditioning

We use less energy by improving air conditioning.What we primarily did was to purchase new types of power saving air conditioning systems such as frequency conversion split type air conditioners and high EER air conditioners to achieve environmental efficiency of energy saving and carbon reduction. The following are the measures for management of air conditioning:

Type	Management measures
Terms of use for air conditioning	● The air conditioning is turned on 8:10 and turned off 17:30.
	● Keep the room temperature from 26˚ C to 28˚ C for air conditioning in the office.
	● Keep the water outlet temperature of ice water cooling system for air conditioning of Head Office at 12 – 13˚ C, and reactivate the air conditioning host less often.
	● Turn off the air conditioning of warehouse and the meeting room when not in use.
Renewal and maintenance of air conditioning	● Gradually phase out the old air conditioning systems and replace them with energy-efficient inverter models at our bank branches.
	● We reallocate the location of vent for areas with high activity level, and install ceiling circulator to enhance average refrigeration effect of space, and reduce burden of air conditioning system.
	● Install automatic doors or windbreak rooms to reduce air conditioning losses and improve system efficiency.
	● Maintain air conditioning system regularly to maintain the optimal performance.

Lighting

To respond to the energy saving policy enacted by the Bureau of Energy, MOEA, we set up the light- ing management measures, and adjust the time for turning the light on based on season change and customer safety. The signboard light is adjusted by season when needed. It is only turned on after sunset. Literally it is turned off at 21:00. Only the light for ATM is turned on to make sure that people can use the ATM at night safely. Other lighting management measures are as follows:

Type		Management measures
	Terms of use for lighting	● The essential lighting for the business hall and office must be turned off when not in use.
		● The non-essential lighting not for the business hall or office must be turned off when not in use.
		● The signboard is turned on from 18:00 to 21:00 in summer and from 17:30 to 21:00 in winter.
	Renewal and maintenance of lighting	● All the old lights have been replaced with high power lights and power saving LED tubes. All the conventional light bulbs and high power-consuming halogen lamps have been replaced.
		● Lighting at the basement parking lot of the Head Office is replaced with induction lamps.
		● Replace signboard light and high-efficiency electronic ballast. Increase power efficiency. Offer stable voltage with same luminance to reduce invisible power consumption.

Elevator

We enhance energy saving for elevator through terms of use for elevator. Our employees can become healthier by walking more. We perform regular overhaul and device renewal of elevator, to make sure that we can fulfill the energy saving goal smoothly.

Terms of use for elevator	● The number of elevators in operation in the Head Office are controlled based on the working hour and holiday.
	● We encourage employees to climb stairs more often, to fulfill energy saving and carbon reduction.
Renewal and maintenance of elevator	● The elevator control system of the Head Office is replaced with variable frequency control system, infrared gate fence, and integrated backbone cable.

Computer and other devices

We require employees to turn off computer, monitor and printer when they get off work. We require employees to always turn off power when they get off work to help them become aware of ESG and environmental protection, and ensure that they help achieve positive environmental benefits of energy and power saving.

Fuel reduction measures

In 2023, the number of company cars (Head Office) was reduced from seven to five. The fuel consumption was saved by 32% (1,368 liters) accordingly. In the future, the company car will be replaced with a fuel-saving car generating low pollution or new energy vehicle when it is the time to replace the company car.

Installation of solar photovoltaic panels

Since 2023, Bank of Kaohsiung has conducted a comprehensive assessment on the feasibility of installation of solar panels in each branch to meet its internal carbon reduction needs and in response to the government's net-zero carbon emission policy. To fulfill our commitment to the environmental sustainability. We hope to reduce the carbon emissions from our operations by introducing renewable energy facilities, in order to improve employees' awareness toward environmental protection and establish a corporate culture of sustainable development.

In 2023, we have completed the construction of solar photovoltaic panels of Tsao Ya Branch, with a total system capacity of 27 kWh. We expect to complete the construction of new solar photovoltaic panels for Qiaotou Branch in 2024. Meanwhile, we also evaluate the feasibility of construction of the same in other branches. This is our major contribution to the environment and also an important milestone of the Company' s sustainable operation.





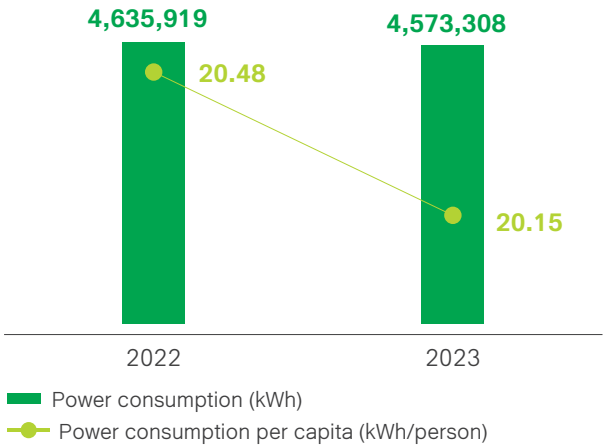
Is contributed annually	It helps reduce the carbon emissions	The green power procurement expenses
34,493 kWh of green electricity	17.07 metric tons CO_2e	saved by NT$179,367

Note : The power generation is calculated at 3.5 equivalent sunshine hours per day for 365 days in the southern region. The carbon reduction volume is calculated based on the 2022 electricity carbon emission coefficient, 0.495 kg CO_2 /kWh announced by the Ministry of Economic Affairs. The green power procurement expenses are calculated based on the median of the contract awarding price for the small-sum green power project of Taipower, NT$5.2/kWh.

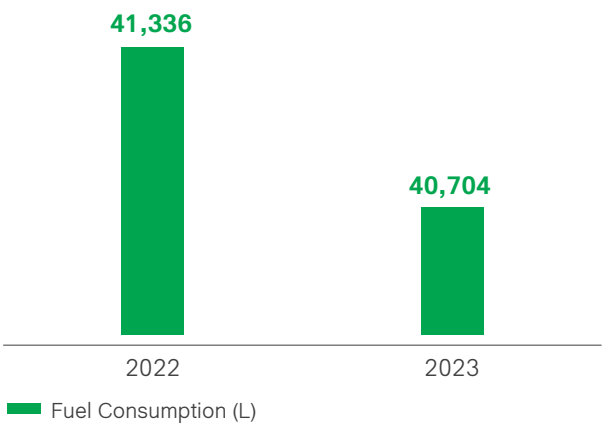
Outcome of energy saving — Energy use

The data below shows energy and petroleum use of Head Office of Bank of Kaohsiung in 2023. Energy and petroleum use are recorded as data for convenient, clear comparison when listing the reduction tasks later on. In 2023, the power consumption of Bank of Kaohsiung was 1.35% less than previous year, and the fuel consumption was 1.53% less than previous year.

/ Bank-wide power consumption



/ Bank-wide fuel consumption



Note : 1 The power consumption carbon emissions are converted based on the 2022 power carbon emission coefficient announced by the Ministry of Economic Affairs in 2023, 0.495 kg CO_2/kWh.

2 In 2023, the fuel consumption emissions are converted based on the GHG Emissions Coefficient Management Table Ver. 6.0.4 released by the Ministry of Environment, 2.2631 kg CO_2 generated per liter of gasoline.

The fuel consumption in 2023 was reduced by 1.35% compared to the previous year.

- 1.35%

It helps reduce carbon emissions by a total of 30.99 metric tons for the global environment.

30.99 metric tons

The power consumption in 2023 was reduced by 1.53% compared to the previous year.

- 1.53%

It helps reduce carbon emissions by a total of 1.43 metric tons for the global environment.

1.43 metric tons

Verification of energy management system

Our ISO 50001:2018 verification certificate expires in January 2025. (The scope of verification is the Head Office.)



4.1.2 Water resource management

All the water used by Bank of Kaohsiung is from Taiwan Water Corporation. No water is pumped from surface water (including water from wetland, river, lake or ocean), underground water or the water collected via other means (e.g. directly collected and stored rainwater, wastewater from other organizations). The water used by Bank of Kaohsiung has no material impact on protected water source.

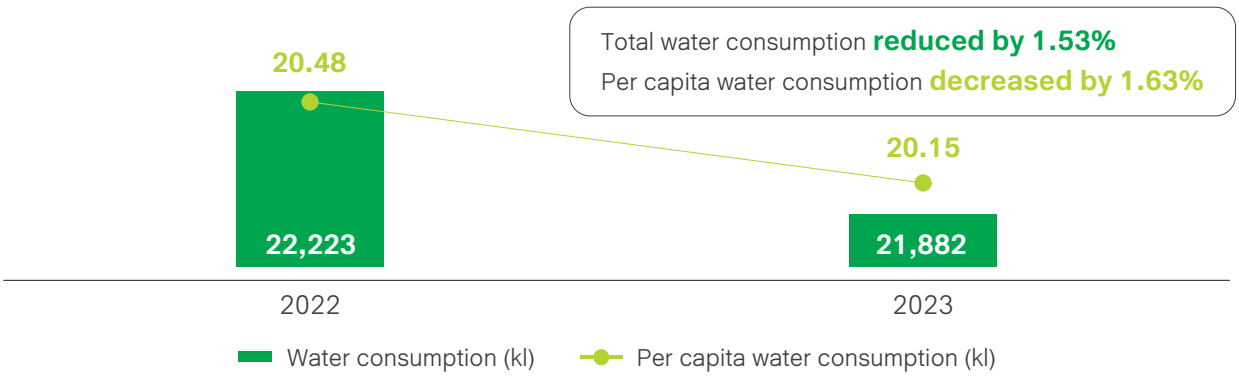
As a member of the financial service industry, all of our primary business locations generate domestic sewage. An interceptor is installed for wastewater and sewage, and it is cleaned and maintained regularly.

Wastewater and sewage are discharged through the public sewer. Our wastewater and sewage are domestic sewage. No effluent from production processes is discharged to the under flow water, surface water or sewer, then guided into any river, ocean, lake, wetland, treatment facility or underground water, or flows to the ground surface.

Promotion of water saving concept	• Promote the concept and knowledge of water saving and build a good water use habit.
	• Post a water saving slogan near the water-use equipment.
Renewal and maintenance of water-use equipment	• Check the pipeline regularly. Repair or replace the pipeline if any abnormality is found.
	• Control water flow of faucet or install water-saving faucet.
	• Record water consumption regularly to monitor our water consumption.

Use of water resource

/ Bank-wide total water consumption



4.1.3 Waste management

Implementation of ISO 14001:2015 Environmental Management System and passed third-party verification



We have implemented ISO 14001 Environmental Management System and passed third-party verification in the Head Office since 2021. We strive to build all kinds of environmental management systems and accomplish corporate sustainable operation. Analyze various key factors of environmental management affecting the Head Office. Set up the environmental management performance indicators, environmental management action plan, and environmental management procedure document.

We had no severe fines or non-monetary penalty due to violation of environmental laws or related laws and regulations in 2023.

Our ISO 14001:2015 verification certificate expires in December 2024. (The scope of verification is the Head Office.)

Waste sorting and reduction

In order to cultivate colleagues' awareness toward the environment, since 2024, we will implement the policy to cancel personal trash cans and install the centralized rubbish disposal facilities in the offices and at each floor.

Dedicated trash bins are installed for the general trash, resource recycling, and kitchen waste for colleagues to sort and dispose of trash conveniently.

Meanwhile, employees and customers are encouraged to use reusable cups, reusable tableware and reusable bags, and bring their own water glasses when attending internal meetings.

Waste disposal

All of our waste is general waste. We are in the financial industry. There's no hazardous waste generated during operation.During the overall operation, we follow the 3R Rules (Recycle, Reuse and Reduce), and recycle more and promote recycling through the 3R Rules. We hand reusable furniture or equipment to the public welfare unit and reduce resource consumption.

The table below primarily discloses our type of waste during business operation and the overview of disposal of our waste.

General trash	Recycling	Kitchen waste
• General trash is shipped to the incineration plant.	• General recycled garbage, e.g. various containers, plastics, metal and acrylic, is handed to a recycling company for recycling.	• Kitchen waste is collected and thrown into the kitchen waste bin on the garbage truck provided by the local cleaning squad.

Office furniture	Obsolete printed matter	Scrapped information equipment
• We contact charity groups first for old but usable office furniture, which can be repaired and reused. Irreparable waste furniture and construction material are handed to a professional construction waste disposal company for cleaning.	• Obsolete printed matter, forms, books and newspapers are shipped to the paper mill for dissolving and recycling. The hardcopy voucher in 2023 was dissolved, 63,740 kg in total, and 39,900 kg in 2022. Therefore, the dissolution volume increased by 23,840 kg from 2022 to 2023.	• For equipment containing hardware storage media, we entrust a maintenance company to remove the storage media, and hand all the storage media to the Information Division for data destruction. After disposal, the storage media is handed to professional recycling companies for recycling, or the maintenance company provides sufficient old but still usable hardware and donates them to charity and disadvantaged groups for reuse.

The total weight of non-hazardous waste includes general and recycled trash. Its data is illustrated below.

Year	2022		2023	
Item	Top amount for Head Office	Top amount for all locations	Top amount for Head Office	Top amount for all locations
General trash (kg)	8,941	46,866	9,015	45,966
Recycled trash (kg)	9,000	47,173	9,327	47,557

4.2 Sustainable Procurement and Supply Chain Management

4.2.1 Supplier management strategy

Supply chain and supplier management

Supplier CSR aManagement Policy of Bank of Kaohsiung

Bank of Kaohsiung has always been committed to establishing sustainable corporate social responsibility, and taken the concept of sustainability into consideration in the supplier management policy. The implementation of the ISO 20400 sustainable procurement standards is expected to be completed in 2024, in order to further improve the sustainability of internal management processes.

We have formulated the "Bank of Kaohsiung Supplier Corporate Social Management Policy," which is consolidated or attached to the contract. If the supplier or partner violates the policy, we may terminate or rescind the contract by written notice at any time. The supplier or subcontractor violating the policy must not claim for any compensation, and must be responsible for compensating us and the bona fide party due to violation.

The Supplier Contact specified that all suppliers shall meet occupational safety and environmental regulations. We always choose products provided by suppliers containing green products with relevant certificates such as "Green Label" or "Energy-saving Label" first. Our suppliers must abide by the "Bank of Kaohsiung Supplier Corporate Social Management Policy." We require all suppliers to conform to occupational safety and environmental regulations through the "Supplier Contact." Our internal procurement process also must abide by our "Procurement Handling Guidelines" and "Precautions for Procurement, Tendering and Bargaining" to create a sustainable supply chain environment with suppliers. Investment promotion, bargaining and acceptance procedures are carried out fairly for all of our purchases while meeting our requirements. When handling procurement projects, we shall check the current condition of suppliers via "Commerce and Industry Registration" and "Practicing Registration" on the public website of all competent authorities, and public information registered by all industries as required by competent authorities, to check legitimacy of qualification of supplier. We check the public information on the website to see if there' s any negative report on the supplier regarding society, economics or environment, and choose suppliers based on this public information. We do not sign with any supplier with significant negative reports that may affect our corporate image.

The following are regulations in environmental, social or governance aspects that our suppliers must comply with:

Environmental Aspect

Purchasing guidelines

- All suppliers shall comply with environmental regulations and specify environmental regulations into our Supplier Contact explicitly.
- We always choose products provided by suppliers containing green products with relevant certificates such as "Green Label" or "Energy-saving Label" first.
- All of PCs have been granted the "Green Label" and "Energy-saving Label".

Socia Aspect

Purchasing guidelines

- All suppliers shall comply with occupational safety regulations and specify occupational safety regulations into our Supplier Contact explicitly.

Governance Aspect

Purchasing guidelines

- The system security company must acquire ISO 9000 Quality Management Series Certifi- cation (e.g. ISO 9001, ISO 9002, ISO 9003, ISO 9004), ISO 27000 Information Security Series Certification (e.g. ISO 27000 – ISO 27007), and OHSASOccupational Health and Safety Management Series Verification (e.g. OHSAS 18001 (currently ISO 45001), OHSAS 96701). The system security company must acquire at least one of the certifica- tions in order to join bidding and quotation.

4.2.2 Sustainable Procurement

Bank of Kaohsiung is in the financial service industry, a terminal consumption industry; hence, there' s no supply chain similar to the ones in the production business. We invited suppliers who are qualified at the moment for tendering regarding general affairs, consumables and property equipment. We have no fixed supplier. The suppliers primarily offering fixed service are the ones for various software and hardware facilities, maintenance of building facility, and security service.

We endeavor to execute local procurement. We have a total of 68 suppliers above for purchase and providing fixed service. All of the suppliers during the report period are from Taiwan. Suppliers are divided into the following categories:

Information software and hardware maintenance 36 suppliers	Construction, mechanical work, air conditioning and fire safety 21 suppliers	Rental car 2 suppliers
Rental business machine 2 suppliers	Security 5 suppliers	Cleaning 2 suppliers

Since July 1, 2019, we' ve fully encouraged new suppliers or subcontractors to sign a new procurement or cooperation contract. When existing suppliers or subcontractors renew the contract and sign the lease agreement for renting real estate, the requirement for promoting corporate social responsibility with us is included in all of these contracts. Corporate social responsibility is included in all of the contracts signed with the aforementioned 68 suppliers. In addition, it is also included in all of the contracts for purchasing new office equipment and construction procurements.

All PCs have been granted the "Green Label" and "Energy-saving Label." Suppliers cannot join bidding or quotation if they cannot provide PCs with the "Green Label" and "Energy-saving Label." In 2023, a total of 23 sets of personal computer equipment and 4 sets of teller workstations were purchased, and the lighting fixtures were replaced with LED lights. The total purchase amount was NT$1,000,850, and all of them met the green label and local procurement standards.

4.3 Future carbon reduction strategies and target planning

4.3.1 Target of environmental sustainability

We set the following work targets for environmental aspects, examine insufficiency of current environmental strategy. The work targets are guidance for short- and mid-term policies. We expect to strive to complete these targets through our relevant units.

- We set up quantitative reduction goals by year for energy and water saving, waste generation and paper consumption.
- We work with suppliers to organize environmental sustainability activities, e.g. beach cleanup, to do our bit for environmental sustainability.
- If we need to organize tendering for idled bank buildings, we can consider ESG tendering projects. We can cut rent for customers who meet relevant sustainable criteria (or start-up criteria) to encourage them to save energy and reduce carbon emissions.
- We held education seminars to help customers understand ESG sustainable development, energy saving, carbon reduction, and improvement of water and power consumption.

4.3.2 Forge ahead to net zero carbon emissions by 2050

GHG emissions

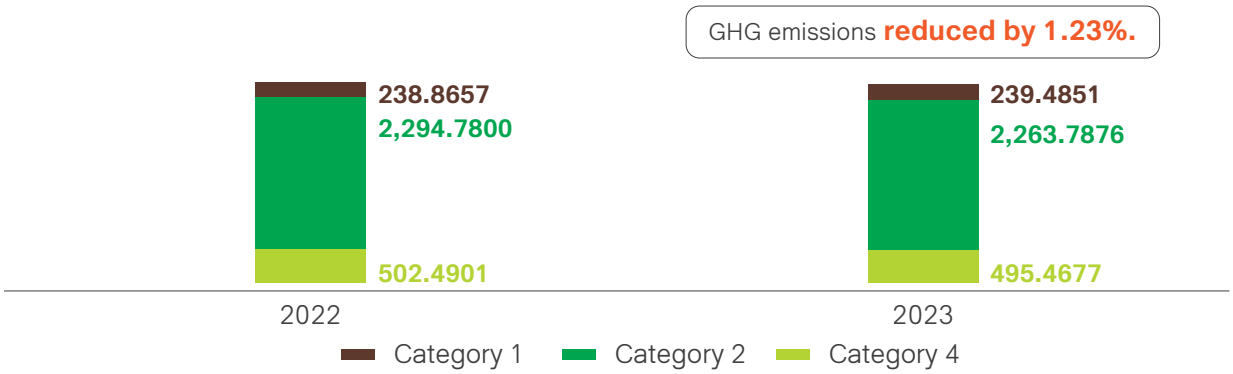
Bank of Kaohsiung initiated GHG inventory this year according to the "Roadmap for the Sustainable Development of Listed Companies" launched by the FSC and completed external validation by 2024. The following data refer to the GHG inventory results for the entire Bank of Kaohsiung in 2023. Our GHG emissions in 2023 were 2,998.740 mt in total,decreasing by 1.23% compared to the base year (2022). The total emissions from direct emission sources (Category 1/Note 1) in 2023 were 239.4851 (metric tons CO_2e),accounting for 7.99% of the total emissions. Emissions from energy indirect sources (Category 2/Note 2) totaled 2,263.7876 (metric tons CO_2e), accounting for 75.49% of total emissions.

Total emissions from other indirect sources (Category 4/Note 3) were 495.4677 (metric tons CO_2e), accounting for 16.52% of total emissions.



/ GHG emissions

Unit: Metric tons CO_2e



The carbon intensity in 2023 (mt CO_2e/NTD million for operating revenue): 0.6552(Category 1 and Category 2)

Note：1 Emissions under Category 1 include the fuel consumption of official vehicles, emissions from the combustion of diesel, gas and natural gas by the generator, as well as the fugitive emissions from the GHG gas fire extinguishing agent, refrigerant-filled equipment and septic tanks.
2 Emissions under Category 2 are mainly those generated from purchased power in the current year.
3 Category 4 refers to the indirect GHG emissions from the products purchased by the organization, including upstream energy, water and waste.
4 From 2022 to 2023, the GHG inventory and verification boundary ratio under Category 1, Category 2 and Category 4 - Upstream of Energy, Water and Waste was 100%.



| SGS verification certificat in 2022.



| SGS verification certificat in 2023.

Planning for goal of net zero carbon emissions

In 2022, we have completed the GHG inventory throughout the bank buildings and added Category 3 and Category 4 (including upstream of energy, water, and waste) to the inventory in 2023.

We also plan to set the annual GHG reduction goal as 1%, and complete third-party verification in 2024, in order to obtain theassurance for accuracy and completeness of data. Long-term carbon reduction conducts include percentage of transferring power consumption to renewable energy for all of our bank buildings, certification and purchase of renewable energy, and demonstration location of low (zero) carbon emission. We will perform these later on to adapt to policy planning and our objective.

Short-term (2024)	Med-term (2025-2026)	Long-term (2027-)
• Complete external verification of GHG emissions in 2024. • Our goal is to reduce GHG emissions by 1% per year. • Complete the construction of solar photovoltaic panels at Qiaotou Branch.	• Continue to complete GHG inventory for all of our bank buildings. • Continue to evaluate the feasibility of construction of solar photovoltaic panels for Caoya Branch	• Percentage of transferring power • Purchase of renewable energy certificate • Demonstration location of low

5 Employee Care and Development

Building a Safe Workplace

Core vision and commitment

Bank of Kaohsiung is committed to responding to the trend of sustainable human resources, and training ESG talents as the first priority, in order to realize corporate sustainable management through the ESG talent management. We build the comprehensive happy workplace based on the policies, such as remuneration and benefits, talent retention, friendly workplace, lifelong learning, and retirement. In 2023, we developed a diversified workplace proactively, including the formulation of the Bank of Kaohsiung's human rights policy, provision of physical and mental counseling services, and renewal of collective bargain agreements, covering 73.8% of the total number of employees. In terms of employee training, we pay more attention to internal training. In 2023, the external employee training exceeded 38,000 hours, an increase by 50% from last year. The investment in per capita training was about NT$5,302, an increase by 30.6% from last year.

To continue to promote our strategy of sustainable talent, operation of talent capital is divided into short, mid and long-term goals. Three material topics are connected: talent attraction and retention, employee care and friendly workplace, employee salary and welfare, and human right protection and gender equality. Every employee is an important member of Bank of Kaohsiung, and talents are always the important capital of Bank of Kaohsiung. By recruiting, training, and motivating outstanding talents, we hope to provide employees with a safe and happy workplace, enhance their sense of belonging, and achieve the corporate goal of talent sustainability.

Achievement and performance in 2023

Diverse, inclusive workplace	Focus on employee cultivation and development	Salary and welfare
• Regular employee satisfaction surveys • Establishment of a human rights policy • Provide employees with physical and mental counseling services	• Accumulate 38,856 hours of internal and external courses in 2023. • The amount for investment in training per capita was NT$5,302. • The number of ESG-related training hours increased by 232% compared to the previous year.	• Travel subsidy and birthday bonus were offered to 1,100 employees in 2023. • 32 employees received NT$669,205 as the credit subsidies.

Material topic

Talent attraction and retention	Employee care and friendly working environment	Employee salary and welfare	Human Rights Protection and Gender Equality

Enhancement goal

Short run	Mid-term	Long-term
• Plan for training of internal sustainable competency. • Complete the employee satisfaction survey, and optimize the cycles receiving lower satisfaction according to the survey results to improve employee satisfaction. • Increase the frequency and hours of training in English courses, and increase the proportion of employees holding English language proficiency certifications. • Provide employees with physical and mental counseling services • Formulate sound human rights policies	• Strengthen external recruitment plan to find suitable talents. • Organize the blueprint of internal employee training course. • The satisfaction survey for the previous year is conducted each year. • English language proficiency certificate pass rate reaches 20%. • Regularly follow up the improvement of employees' physical and mental condition and continue to provide employees with consultation services. • Adoption of human rights policies and specific management plans.	• Integrate sustainable operation indicators into remuneration strategies. • Build diverse employee communication channels to maintain harmony in labor – management relations. • English language proficiency certificate pass rate reaches 30%.

5.1 Talent recruitment and retention

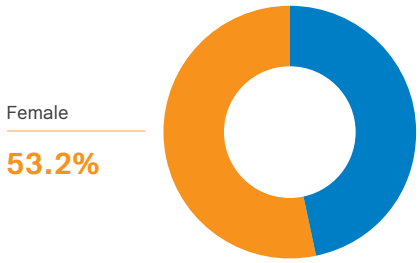
5.1.1 Human resource data

Talent structure

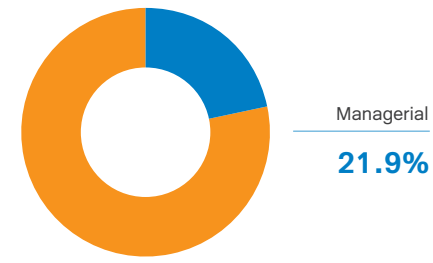
Bank of Kaohsiung recruits' talents according to national labor regulations, and implements the International Bill of Human Rights and Fundamental Labor Principles.There' s no differential treatment due to gender, age, race, religion, ideology, class or nationality at our bank. Everyone has an equal work opportunity.At the end of 2023, we have 1,100 employees in total, and about 40% are aged from 30 to 35 years old.All employees in the past three years are contract workers. There are no non-contract workers.

The gender ratio is almost equal, with less than 7% difference.The ratio of managerial to non-managerial employees is about 2:7. 53.2% of the managerial employees are female.Employees with bachelor' s degree and master' s degree account for the highest and second highest percentage of all employees, respectively. The percentage of employees with bachelor' s degree and master' s degree is 54.6% and 20%, respectively.The average tenure of employees is 12.58 years. The average age of employees is 41.78 years old. The average tenure and age of male is longer and older than female, respectively.

/ Gender ratio of employees of Bank of Kaohsiung



/ Gender ratio of employees of Bank of Kaohsiung by function



Year	Type	Gender	2021		2022		2023	
Number of employees	Number of employees	Female	552		554		585	
		Male	538		521		515	
Contract system	Full-time employee	Female	552	100%	554	100%	585	100%
		Male	538	100%	521	100%	515	100%
	Part-time employee	Female	0	0%	0	0%	0	0%
		Male	0	0%	0	0%	0	0%

Year	Type	Gender	2021		2022		2023	
Contract system	Temporary worker	Female	0	0%	0	0%	0	0%
		Male	0	0%	0	0%	0	0%
	Employee that usually work irregular hours (zero-hour contract employee,on-call employee)	Female	0	0%	0	0%	0	0%
		Male	0	0%	0	0%	0	0%
Non-contract system	Workers who are		0		0		0	

Year	Division	Number of employees	Percentage
Gender	Male	515	46.8%
	Female	585	53.2%
Function	Management level	241	21.9%
	Non-management level	859	78.1%

Type	Division	Number of years	Average
Average tenure	Male	13.37	12.58
	Female	11.91	
Average age	Male	44.11	41.78
	Female	39.82	

Age/ Gender	Age distribution of employees	
	Male	Female
Age of 60 and above	68	52
50 – 59 years old	185	160
40 – 49 years old	100	137
30 – 39 years old	97	100
Age of 29 and below	65	136
Total	515	585

/ Age distribution of employees of Bank of Kaohsiung

Age of 60 and above
11% 120

30 – 39 years old
18% 197

Age of 29 and below
18% 201



50 – 59 years old
345 31%

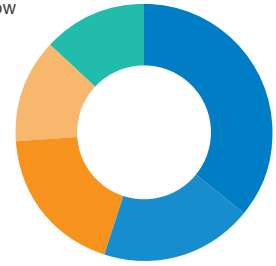
40 – 49 years old
237 22%

/ Age distribution of male employees of Bank of Kaohsiung

Age of 29 and below
13% 65

Age of 60 and above
13% 68

30 – 39 years old
19% 97



50 – 59 years old
185 36%

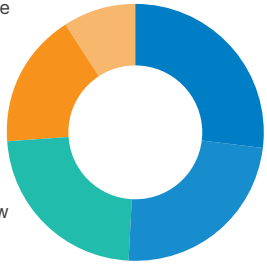
40 – 49 years old
100 19%

/ Age distribution of female employees of Bank of Kaohsiung

Age of 60 and above
9% 52

30 – 39 years old
17% 100

Age of 29 and below
23% 136

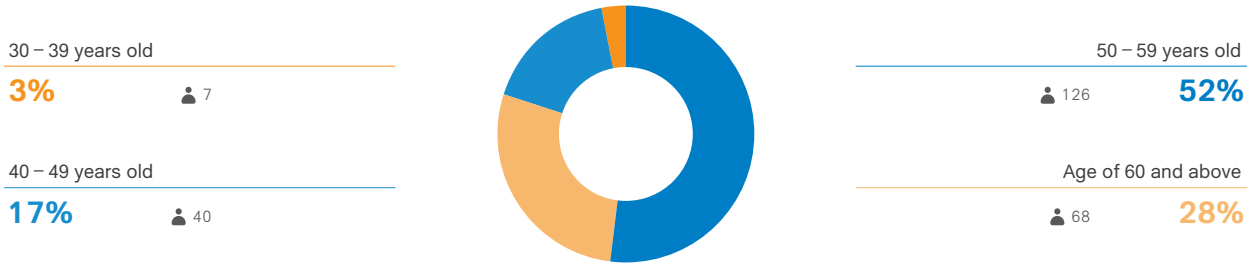


50 – 59 years old
160 27%

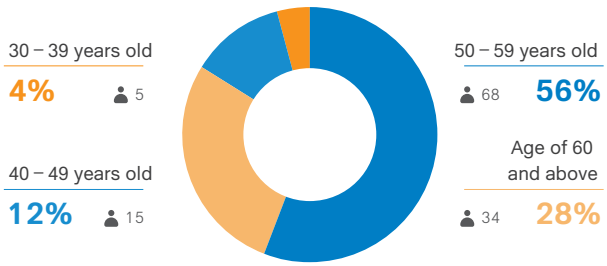
40 – 49 years old
137 24%

Age/ Gender	Management level		Non-management level	
	Male	Female	Male	Female
Age of 60 and above	34	34	34	18
50 – 59 years old	68	58	117	102
40 – 49 years old	15	25	85	112
30 – 39 years old	5	2	92	98
Age of 29 and below	0	0	65	136
Total	122	119	393	466

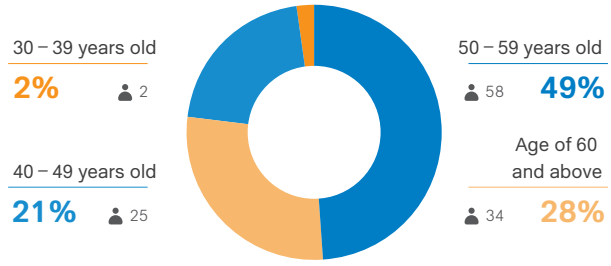
/ Age distribution of management positions



/ Age distribution of male management positions

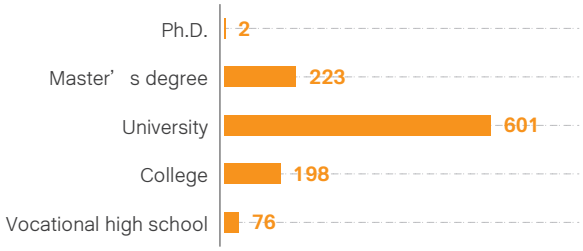


/ Age distribution of female management positions



Education/Gender	Male	Female
Ph.D.	1	1
Master’ s degree	114	109
University	281	320
College	96	102
Vocational high school	23	53
Total	515	585

/ Education level of emproyees



Employee diversity

Bank of Kaohsiung is committed to building a diverse and equal workplace. We aim to protect the rights and interests of all ethnic groups at work and encourage every employee to fully demonstrate his or her uniqueness and difference. As of the end of 2023, we have hired 11 indigenous employees, accounting for 1% of our whole employees, and 19 employees with mental and physical disabilities, accounting for 1.73% of our whole employees. In the future, we will continue to provide appropriate vacancies to further strengthen Bank of Kaohsiung's values of diversity and promote the development of an inclusive corporate culture.

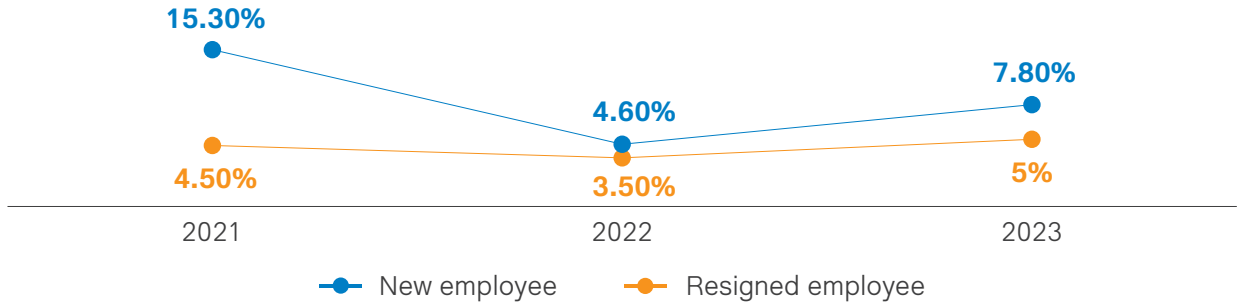
Year		2021	2022	2023
Number of all employees		1,090	1,075	1,100
Indigenous peoples	Number of members	12	11	11
	Percentage	1.10%	1.02%	1.00%
Physical and/or mental disability	Number of members	25	23	19
	Percentage	1.48%	1.34%	1.73%

Trend of new and resigned employees

In 2023, the number of new employees and new employee rate is 114 employees and 10.36%, respectively, 5.76% higher than last year. The number of resigned employees and turnover rate is 68 employees and 6.25%, respectively. The annual on-board rate in the past three years is higher than the annual turnover rate. The retention rate is relatively high. Our turnover rate is stable.

Age/Gender	2021				2022				2023			
	New employee		Resigned employee (employees who retired and passed away excluded)		New employee		Resigned employee (employees who retired and passed away excluded)		New employee		Resigned employee (employees who retired and passed away excluded)	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Sum by each category	82	88	28	22	31	19	22	16	51	63	33	35
Total number of employees	170		50		50		38		114		68	
Percentage	15.3%		4.5%		4.6%		3.5%		10.36%		6.25%	

/ Ratio of new and resigned employee



Note：1 The number of new employees refers to the number of new employees joining Bank of Kaohsiung for the first time (reinstated employees excluded).
2 New recruitment rate (%) = number of new employees/number of employees at the end of the year x 100%.
3 The number of resigned employees includes those who left the organization voluntarily or due to termination of employment or death at work, excluding those who retired or took leave without pay.
4 Turnover rate (%) = number of resigned employees/total number of employees at the end of the year x 100%.

5.1.2 Talent recruitment strategy



While cultivating the local market in south Taiwan, Bank of Kaohsiung is proactively expanding into the entire Taiwan market. Bank of Kaohsiung adheres to a business strategy of "value" creation and upholds the rights and interests of customers, shareholders, and employees. Our business vision is "Creating Business Performance and Building a Fine-Quality Bank of Kaohsiung," as the guideline for our talent recruitment. We provide a diverse work life and complete career planning to employees through long-term and stable profit growth, complete employee welfare, diverse training and international talent cultivation, rotation system, and the remuneration system for us to share the profits from performance with employees. We endeavor to recruit the outstanding talents we need.

In response to the trend of diversified development of the financial industry and the challenge of low birth rate, Bank of Kaohsiung plans to recruit employees with different professional backgrounds, including those majoring in IT, legal affairs/compliance, ESG, business management planning and marketing, and digital finance, as one of the goals to create the diversified development of the Company. We attract and recruit professional talents through diverse recruitment channels, such as the job bank, official website, campus recruitment, and referral by employees, and establish a talent pool to cope with future business development needs.

Diverse recruitment	Student internship	Youth Employment Navigation Program	Campus job fair
Instruction	We offer a student internship system, collaborating with four universities in Taiwan, National Kaohsiung University of Science and Technology, Shih Chien University, I-SHOU University and Shu-Te University. Students may attend our audition without a written test, depending on their internship performance. We expect to deploy recruitment in advance and recruit outstanding talents from school.	In line with the government's "Youth Employment Navigation Program," we provide practical training for recent senior high school graduates to train them to become our basic manpower.	We participated in the campus talent recruitment activities at the Guangfu Campus of National Cheng Kung University, Jiangong Campus of National Kaohsiung University of Science and Technology, and the First Campus of National Kaohsiung University of Science and Technology in March, April and May 2023, respectively.
Outcome	Intern students were assigned to the divisions including branch deposit and remittance counters (e.g. deposit, general receipt and payment, bill operations and remittances, time deposits, and other basic operations). In 2023, the scope of recruitment was expanded to include the wealth management business team, information technology team, and trust business team.	From 2018 to 2023, a total of 51 young people participated in the Program.	We collected 100, 153, and 156 resumes, respectively, to expand our talent database and increase our exposure.

5.1.3 Remuneration and reward

Salary structure

The salary structure of Bank of Kaohsiung follows our salary policy, in order to ensure fairness and rationality, and is also handled cautiously according to our public policies and specifications, such as “Guidelines for Practitioner Grade and Level Approval and Salary Payment,” “Guidelines for Operating Bonus Issuance,” “Practitioner Annual Service Performance Appraisal” and “Guidelines for Practitioner Employee Remuneration Distribution.”

When formulating remuneration policies and related regulations, we value the participation of relevant stakeholders and seek the opinions of employees and labor representatives of these stakeholders through labor-management meetings to ensure the fairness and rationality of the remuneration system. Our salary system is divided into fixed pay (e.g. base pay) and variable pay (e.g. operation bonus). The work bonus is distributed every quarter, depending on personal performance and contribution. Meanwhile, we distribute performance bonus based on our all-year settled surplus. In order to pursue the whole workers’ well-being, we set up the “Bank of Kaohsiung Employee Welfare Committee” according to the “Employee Welfare Fund Act.” We strive to offer various welfare subsidies (including birthday, funeral and holiday subsidy, recreational activity subsidy, and employee children education subsidy), in order to improve the quality of life and well-being of employees.

Salary data

Bank of Kaohsiung pays employee the salaries that are better than the base pay required by laws. Meanwhile, by upholding the concept of fairness and equal pay for equal work, Bank of Kaohsiung never discriminates employees based on gender or other factors. Our monthly salary is higher than the minimum wage. For the remuneration ratio of managerial male and female employees of Bank of Kaohsiung in 2023, the average salary of female executives is higher than male executives. The remuneration ratio is 1.06. For the remuneration ratio of non-managerial male and female employees, the overall salary of male employee is higher than female employees. The remuneration ratio is 1.10.

Comparison of remuneration ratio for all functions by gender (NTD/month)	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Average salary of managerial employees	105,786	110,438	105,536	110,634	103,739	110,260
Remuneration ratio of managerial male and female employees	0.96		0.95		0.94	
Average salary of non-managerial employees	57,242	52,038	57,938	52,173	56,664	51,583
Remuneration ratio of non-managerial male and female employees	1.10		1.11		1.10	

The median wage of our employees has been rising gradually since 2021. The growth rate of the median salary of our employees was 0.284% in 2022. As senior employees have retired successively, the median salary of employees in 2023 decreased from NT$59,011 to NT$ 58,189, a growth rate by -1.39%.

The median wage of employee (NTD/month)	2022	2023	Growth rate
The median wage of employee	59,011	58,189	-1.39%

5.1.4 Employee welfare measures

Welfare measures

Welfare system of Bank of Kaohsiung is diverse and covers various aspects, from work life, entertainment resource to lifelong learning of employee to enrich career planning of employees at Bank of Kaohsiung. In 2023, the benefits used most often by employees are travel subsidy and birthday bonus. 1,100 employees used these benefits. Among them, 32 employees have received the tuition subsidy totaling NT$669,205.

The benefit is divided into five types, wage saving, entertainment activity, family care, healthy workplace and advanced studies. It is further divided into 16 welfare measures, described below.

Type	Item	Instruction
 Wage saving	Employee remuneration	5% of annual profit allocated to employees
	Employee share	To enhance employee welfare, and encourage employees to make long-term savings, current employees working at least six months (except for the ones on probation) may apply for the employee share trust. NT$1,000 is withheld from the wage of the members of the trust automatically every month. Bank of Kaohsiung grants NT$1,000 to each member (also in NTD, same as the amount above). This subsidy is included in the personal annual salary income
	Deposit interest rate	Currently the maximum amount of employees' s saving deposit is NT$480 thousand. The annual interest rate is 13%
	Employee loan	The maximum amount of employee consumer loan is currently NT$800 thousand. (Refer to our Guidelines for Employee Loan for the interest rate of house purchase and renovation for employee.)

Type	Item	Instruction
Entertainment activity	Birthday subsidy	Everyone receives NT$1,000 as a birthday subsidy in their birthday month.
	Expense for recreational activity	We grant NT$3,500 to each employee for recreational activities every year. (The employee must pass probation and work for at least six months.)
	Chinese New Year bonus	Bonus is distributed during Chinese New Year annually (distributed appropriated depending on the tenure)
	Subsidies for employees' clubs	Provide subsidies for related equipment and dress for employees to form clubs (badminton, slow softball and bowling, etc.) as a special project
Family care	Parental leave	We offer pre-maternity leave better than the rules specified in the Labor Standards Act, and allow employees to apply for parental leave without pay as required by law. Employees are prioritized for the original position after reinstatement. Relevant benefits such as employee health check-up are offered during parental leave without pay.
	Cooperation in day care	Discounted registration fees for contracted daycare centers and kindergartens
Healthy workplace	Group insurance	To ensure a stable life for practitioners and reduce unpre- dictable risks, we offer NT$2 million of regular life insurance and NT$2 million of accident insurance to each practitioner every year at public expense.
	Health check-up	Currently we offer health check-up to each practitioner every year to promote health management.
	General leave	We offer various leaves and leave standards to employees. Employees are on full pay if they take no more than 30 days of general injury and sick leave and no more than 14 days of personal leave, better than the labor regulations
	Protection after retirement	We establish the retirement pension regulations and Labor Retirement Reserve Supervisory Committee. Subject to the service seniority and the average salary for the six months prior to the date of approval of the retirement, 8% of the average salary will be allocated to the employees who adopt the old system as the employee pension fund to the special account opened with Bank of Taiwan on a monthly basis. Under the new retirement plan, 6% of employee's monthly salary is allocated as the pension fund to the individual pension account opened with the Bureau of Labor Insurance. For those who would like to contribute pension fund voluntarily, the pension fund at the voluntary contribution rate is also withheld from the employee's monthly salary to the individual pension account of the Bureau of Labor Burau.
Advanced studies	Tuition subsidy	Half of the tuition will be subsidized after approval for employees studying in the division of continuing education and vocational school and above as a student (excluding Ph.D. program), and studying in the major related to their business with average score of 80 and above. A total of 32 employees have received the subsidy amounting to NT$669,205 in 2023.
	Children scholarship	We appropriate NT$3,500 – 5,000 to children of practi- tioners every semester, and these children are high school and college students who score 70% and above. (The employee must pass probation and work for at least six months.)

5.2 Talent cultivation and development

5.2.1 Talent farming policy

Bank of Kaohsiung values talent training and employee development very much, and regards them as a key part in the processing of “meeting the needs of the financial industry and the Company's business." About NT$5 million is invested in education and training every year, and about NT$700,000 is invested in the Financial Research and Development Fund of the Bankers Association of the Republic of China annually. We have even invested resources in building a brand-new human resource system. We strongly believe that by carefully cultivating talents with professional capabilities, management skills, and international perspectives, we can greatly improve our service quality and improve the employees’ competitiveness in development.

In the process of cultivating talents, we focus on the provision of diversified training resources, including employee training courses, employee continuing education programs and subsidies, and a rotation system. We are committed to improving the professionalism and international perspective of our employees, thereby laying a solid talent foundation for the Company's long-term development.

1

Employee training courses

Design the required professional licenses to be held by employees of all levels, and organize the certifications class to provide the counseling service about license exams.

2

Competence improvement program

Organize internal business certifications exams to test the competence of employees at various job levels.

3

Rotation system

Provide the managerial officer training courses for the management associates to build their leadership.

5.2.2 Key training plan

ESG education and training courses

In order to enrich the professional skills of employees and cultivate various business reserve talents to improve the quality of human resources and enhance service efficiency, we continue to conduct various business training courses. Particularly, in response to ESG trends, Bank of Kaohsiung also adds the ESG trend-related education and training courses. The external courses cover the important issues, such as sustainable finance, sustainable environmental management and international human rights trends. The internal courses cover important contents, such as green power advancement, credit advancement and green trend analysis, etc. in response to the development needs of the financial market and international trends.

Accumulate 38,856 hours of internal and external courses in 2023. Compared with 2022, the available ESG-related courses in 2023 increased by 65.22%, the number of participants increased by 341.7%, and the total hours increased by 231.63%.

Type	Course name	The department participated in the course	Total number of hours
Internal	Bank of Kaohsiung's practical training courses on digital finance for solar power plant financing, fair dealing and money laundering prevention	All departments	25,511.5
External	Sustainable financial ecosystem, sustainable financial evaluation, and corporate sustainable elite training courses, etc.	All departments	13,344.5

Year	ESG-related courses	Number of participants	Total number of hours
2022	46	271	936
2023	76	1,197	3,104
Growth rate	65.22%	341.70%	231.63%

Competence training plan and outcome

At Bank of Kaohsiung, the competence training planning of employee is integrated with our future development strategies and divided into 11 types. The courses are associated with four aspects, business, compliance, management, service and sustainability, corresponding to employees from executive to general bank clerk. All departments participate in competence fostering. All employees spent more than 38 thousand hours in total to take the course. Bank of Kaohsiung opens diverse courses to integrate them with our strategies for employees to acquire relevant competency and resource, in order to achieve our strategic goal.

Type	Corporate strategy	Course name	Corresponding competence	Subject	Outcome
Business	Develop diverse credit business	Various training courses such as corporate and finance loan, credit guarantee fund and Solar photovoltaic	Loan	Loan executive and A/O	About 607 employees, 1,646 hours
	Expand foreign exchange and derivative business	Training course for various foreign exchange business and derivative financial product business	Foreign exchange, derivative financial product	Staff of business for foreign exchange and derivative financial product	About 1,102 employees, 6,965 hours
	Develop personal trust business	Training courses for real estate trust business, trust business personnel, and management personnel	Trust	Branch AO and its executive	About 530 employees, 3,007 hours
	Develop bilingual branch business	Banking English conversation and financial English interactive learning	Deposit, foreign exchange, loan and wealth management	Bilingual branch practitioner	About 6 employees, 49 hours
Compliance	Set up the line of defense of SAR review. Block illegal transaction involving money-laundering.	Anti-money laundering and counter financing of terrorism training course and anti-money laundering and counter financing of terrorism senior manager seminar	Corporate governance, senior executive, anti-money laundering	Director, senior executive and anti-money laundering business executive and staff	About 409 employees, 1,984 hours
	Build the compliance and internal control system	Important regulations for all businesses, compliance to internal regulations, and all examination courses	Compliance, audit, deposit, loan, trust, wealth management	Staff of all units involved in relevant business	About 147 employees, 1,681.5 hours
Management	Cultivate talents	New employee, entry level executive and senior executive training course	Management, new employee	New employee and management associate	About 224 employees, 2,457.5 hours
	Set up a professional money management team	Professional knowledge courses covering macroeconomy, international financial market, international economy and market trend, tax and insurance	wealth management	All financial consultants and wealth management consultants	About 879 employees, 2,582 hours
	Set up the digital specialist system	Digital specialist seminar and digital finance business training course	Digital finance	Digital specialists of all units	About 147 employees, 517 hours
Service	Fulfill “fair customer treatment” and “consumer protection”	Financial service industry fair customer treatment principle and financial consumer protection regulation topic seminar	Corporate governance, senior executive, compliance, deposit, foreign exchange, loan, wealth management	Director, senior executive and staff of Compliance Division	About 159 employees, 542 hours
Sustainability	Responding to international ESG trends and business practices	Training including the general education courses on sustainable finance and green finance	Sustainable Finance	Staff of all units involved in relevant business	About 1,197 employees, 3,104 hours

Education and training data:

Average hours of training per year per employee

In 2023, Bank of Kaohsiung continued to strive to educate employees on professional skills, management skills, and general education. The total training hours and total amount of training showed the growing trend. According to the statistics, Total training spending on all employees in 2023 reached NT$ 5,832 thousands, a YoY growth of 33.7% compared to 2022. The average training hours of each employee in 2023 increased to 35 hours, a YoY growth of 45.83% compared to 24 hours in 2022. This reflects that our focus on employee training has been improved again.

Bank of Kaohsiung has continuously increased its investment in employee training, aiming to help employees improve their skills and improve the entire team' s professionalism and work efficiency. In the future, we will continue to deepen and expand the Company's talent cultivation and development concept, train professional talents, and achieve the goal of sustainable talent development.

Year	2021		2022		2023	
Gender	Male	Female	Male	Female	Male	Female
Total number of hours of training for employee (A)	12,527	14,206	14,404	11,143	18,433	20,423
Total number of employees (B)	538	552	521	554	515	585
Average hours of training per person (A/B)	23	26	28	20	36	35
Total training spending on all employees (in NT$ thousands)	4,795		4,362		5,832	
Amount for training per person (NTD)	4,399		4,058		5,302	

New employee orientation and training sessions

Bank of Kaohsiung attaches great importance to the development of new employees and offers many professional and diversified courses. These courses cover the basic knowledge at the management level, such as regulations, culture, labor-management relations, and occupational safety, as well as various professional business courses, such as loan, wealth management, foreign exchange and deposits, etc.. Meanwhile, we also provide courses on services, including digital finance, friendly finance, and service etiquette. In order to ensure that each new employee can take over the job duty assigned to him/her successfully, we provide corresponding types of courses for new employees depending on their different experience to reduce their learning curve and improve their work efficiency.

Item Category	Contents of training	Number of participants	Total number of course hours
Internship	• Personnel regulations • Corporate culture • Employee confidentiality education • Labor relations • Outcome assessment • Occupational health and safety	32	338 389.5
New employees	• General education courses	80	817 903
	• Front desk service	13	97.5
Employment explore supporting program for high school graduates	• Employee confidentiality education • Financial friendliness • Digital finance • Anti-money laundering • Service etiquette	9	184.5





Training hours of supervisors and staff

Due to the impact posed by the pandemic, the overall training hours decreased relatively in 2022. However, the number of training hours in 2023 showed a significant increase. According to the training plan, in 2023, managerial and non-managerial employees have participated in education and training for a total of 38,856 hours. The average number of hours increased from 23 to 35 hours, demonstrating Bank of Kaohsiung's commitment and efforts in employee training and continuous hardworking to improve employees' professional capabilities and performance levels.

Unit : hours

Genders	Supervisors	Non-managerial officers	Total (hours)
Male	9,150	9,283	18,433
Female	8,444	11,979	20,423
Sum	17,594	21,262	38,856

	2021					2022					2023				
	Male	Female	Total number of hours	Average number of hours		Male	Female	Total number of hours	Average number of hours		Male	Female	Total number of hours	Average number of hours	
Vice President and above	4	3	376	54	3	3	344	57	3		4	516	74		
Manager and assistant manager	46	46	5,441	59	48	50	4,235	43	51		46	7,574	78		
Section chief	65	72	6,058	44	65	70	5,487	41	68		69	9,504	69		
General employees	423	431	14,859	17	405	431	14,771	18	393		466	21,262	25		
Total	538	552	26,734	25	521	554	24,837	23	515		585	38,856	35		








Accomplishment of digital course and training

In 2023, compared to the previous year, there has been a significant increase in the employee course information provided by Bank of Kaohsiung's online learning resources. In 2023, the total number of courses reached 102, and the total number of class hours totaled 100 hours, showing an increase by 100% compared to 2022. Meanwhile, total number of views of employee course this year reached 2.2 thousand views, 100 thousand hours in total. Bank of Kaohsiung provides employees with diverse learning opportunities and the access to advanced studies to encourage them to keep learning and improve themselves, thereby enhancing their career development and personal growth.

Item	2022	2023	Growth %
Total number of courses launched	100	102	2.00%
Total number of course (hours)	50	100	100.00%
Total number of people viewing the course	188,093	227,544	20.97%
Total hours of online learning courses	81,839	103,583	26.57%

5.2.3 Performance evaluation and development

Performance evaluation: Directors, senior management and supervisors

With respect to the performance assessment and remuneration of directors and managerial personnel of the company, we shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company' s business performance, and future risk exposure. We shall take into consideration the characteristics of the banking industry and the nature of the company' s business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration. The remuneration indicated here includes cash compensation, stock option, stock bonus, retirement benefit or resignation pay, various allowances, and other physical bonus measures. The scope of remuneration shall be consistent with the remuneration of directors and managers in the Regulations Governing Information to Be Published in Annual Reports of Public Companies.

Performance evaluation: Staff

As for promotion performance evaluation, Bank of Kaohsiung set up the "Guidelines for Practitioner Promotion and Appraisal" for appraisal. Open, transparent regulations are provided for promotion requirements and criteria of employees on different levels and are available to employees. They endeavor to achieve fair, just promotion evaluation.

1. To motivate practitioners, build a rational promotion system and promote outstanding staff, we formulated the "Guidelines for Practitioner Promotion and Appraisal."
2. Promotion evaluation: As of September 2023, in order to promote outstanding young people, the evaluation for promotion will be conducted each month for those who meet the promotion eligibility requirements for 7th job rank and below, and for the non-managerial officers at 8th~12th job ranks on a yearly basis. If necessary, it shall be handled subject to the management' s special approval. The evaluation for promotion is conducted each month for those who meet the promotion eligibility requirements for 7th job rank and below, and for the non-managerial officers at 8th~12th job ranks on a yearly basis. If necessary, it shall be handled subject to the management' s special approval.
3. An employee must meet various criteria such as tenure, appraisal and certificate for promotion.
4. We may promote employees above 14th job rank and unit heads occasionally, depending on business needs. Promotion of employees above grade 14 and unit heads is not subject to the Guidelines for Practitioner Promotion and Appraisal. It is reported to the Board of Directors for approval according to the specified procedure.

Job Rotation

Bank of Kaohsiung established the "Employee Rotation System Implementation Guidelines" to cultivate the experience of employees and improve internal control functions to meet business needs. The policy aims to implement internal job rotation, enhance various business learning resources, and cultivate talents proactively. Based on factors, such as the employee's work qualifications and business needs, the rotation is arranged by various unit supervisors. Meanwhile, in order to strengthen internal control, personnel at all levels will also implement the unit rotation system according to the regulations to promote the healthy operation within the organization. However, the term for which each one may hold the same position consecutively shall be no more than 7 years.

5.3 Workplace safety and friendly workplace

5.3.1 Build a safe workplace

Occupational safety management

In 2023, no death from occupational accident or occupational disease occurred in Bank of Kaohsiung. Four employees suffered from occupational accidents. The absence rate is 0.003%. The percentage of workdays lost is 0.75%in 2023.

	Total number of workdays	Total number of work hours	Number of employees suffered from occupational accident	Number of workdays lost	Total amount for disabling injury	Occupational sickness rate	Percentage of workdays lost	Absence Rate (AR)	Number of employees died in occupational accident	work-related illness rate
Female	139,297	1,114,376	3	3		0.54%	0.54%	0.002%	0	0
Male	126,473	1,011,784	1	5		0.20%	0.99%	0.004%	0	0
Total	265,770	2,126,140	4	8		0.38%	0.75%	0.003%	0	0

Note：Formula of occupational accident

1. Occupational sickness rate (IR) = (Total number of occupational sickness leaves / Total number of work hours) x 200,000. One employee suffers from occupational sickness in each occupational injury. (The number of employees suffering from occupational sickness is calculated based on 50 working weeks, 40 work hours, 100 employees per occupational injury.)
2. Lost day rate (LDR) = (Total number of days lost due to disabling injury / Total number of work hours per year) x 200,000 (The number of employees suffering from occupational sickness is calculated based on 50 working weeks, 40 work hours, 100 employees per occupational injury.)
3. Absence rate (AR) = (Number of occupational sickness leave days / Total number of workdays) * 100%

Occupational safety training

According to Article 6 of the Occupational Safety and Health Act of Taiwan: “The employers shall adequately plan and adopt the necessary safety and health measures for evacuation, first-aid treatment, rest, or other actions to protect the physical and mental health of laborers.” As for occupational safety training at Bank of Kaohsiung, both new and current employees and both non-managerial and managerial employees must receive a certain number of hours of occupational safety training. Besides training courses, both physical occupational safety drills and disaster drills are occupational safety actions we care about. They aim to help us make sure that employees have professional knowledge when facing relevant occupational accidents and minimize occupational safety risk. Meanwhile, Bank of Kaohsiung also requires the security company to offer education training to the security company’ s security guards every year as required by the contract. In 2023, all of the security guards completed training courses on security defense competency, emergency handling and human rights.

Incident drill	• Bank of Kaohsiung conducts simulation drills on a regular basis to confirm the effectiveness of our contingency plans and procedures through drills and education and training, and to make adjustments and improvements when necessary. Through regular practicing and learning in these manners every year, we ensure that employees can take correct and decisive actions in the case of disasters, and the safety of employees and the Company's assets is protected.
Education and training	• In order to strengthen employees' self-defense and emergency response capabilities, in addition to general professional skills training, Bank of Kaohsiung also participates in occupational safety and fire safety-related education and training proactively to improve the employees' overall safety awareness and response capabilities.

Occupational safety drills	• New employees：	At least three hours of general safety and health education training is provided to the new employees in the first year for them to understand the concept of occupational safety and health, and safety and health work rules. We make sure that new employees check the environment before, during and after the operation to ensure employee safety at work.
	• Occupational safety and health executives	Executives in charge of occupational safety and health business implement a retraining system and ensure adequate response to emergencies.
	• General employees	Each branch conducts at least one safety protection self-defense formation drill on a quarterly basis. Through practical drills, employees can experience the emergency response in person and thereby enhance their crisis response skills and confidence.

Type	Occupational Safety Training Items	Training frequency	Participant
Accident drill	• Anti-robbery Drill for Business Units	• Once a year	All employees of the business unit
	• Typhoon and torrential rain disaster drill	• Once a year	All personnel
	• Earthquake Disaster Drill	• Once a year	All personnel
	• Self-defense fire protection formation drill	• Once a year (twice a year in the Head Office Building and Information Division)	All personnel
Education and training	• Occupational Safety and Health Act	• Once a year	All personnel
	• Safety and Health Work Rules	• Once a year	All personnel
	• Occupational safety and health management system	• Once a year	All personnel
	• Occupational Safety and Health Act	• Once a year	All personnel
	• Fire Services Act	• Once a year	All personnel
	• Enforcement Rules of the Fire Services Act	• Once a year	All personnel
Occupational safety drills	• On-the-job Safety and Health Education and Training for First-Aid Personnel	• Once every two years	Fire Prevention Manager of Each Unit
	• Guidelines for Establishment of Disaster Relief and Emergency Response Team	• Once a year	All personnel
	• Implementation of the Program for Prevention of Infringement on Duty by Non-Compliance	• Once a year	All personnel
	• Professional training on investigators for sexual harassment in workplace	• Once a year	Managerial officers
	• Psychic protection in workplace: Prevent workplace bullying and improve workplace communication.	• Once a year	Managerial officers

Occupational safety and health management measures

Occupational safety management measures at Bank of Kaohsiung consist of 3 approaches with 9 action plans. The measures are from unlawful infringement evaluation of occupational safety risk prevention to employee workload evaluation, and security check of workplace, including venue inspection such as fire facilities and indoor quality. The last part of measures would be management of emergency response. We set up a security division and emergency response division, and establish the accident reporting system to keep track of all employees and accidents. From prevention to management, and integration of online and physical resource, we minimize all the occupational security risks.

Type	Occupational Safety Measures	Instruction
Occupational safety risk prevention plan	Assessment of unlawful infringement at workplace	● We execute the plan for preventing unlawful infringement when performing tasks, all units complete the "Form for Hazard Identification Rules and Risk Assessment of Unlawful Infringement Prevention" every year, and keep a record of execution. If unlawful infringement directly related to the task appears, we protect, place and help the employee depending on the level of injury, and make relevant, necessary arrangements such as offering physical and mental assistance to victims.
	Work overload analysis	● As for measures preventing illness triggered by abnormal workload, evaluation for illness triggered by abnormal workload is executed every year. The "Form for evaluation for illness triggered by abnormal workload and measures" is filled out.
Workplace facility safety	Fire facilities inspection	● Both the office and operating venues meet fire regulations. At the office building where the Head Office is located in, we entrust a qualified fire inspection agency to check fire facilities every month to ensure safety of the environment of the office building and make sure that all fire facilities are in good condition.
	Indoor Quality Management	● Our Business Department is defined as one of the officially announced premises of the second batch in the Indoor Quality Management Act announced by the EPA. We entrust the testing institution specified by the EPA to test our Business Department regularly. The result shows that our Business Department is a qualified premise.
	Operating venue safety	● To reinforce safety of the operating venue, an automatic police reporting system, alarm system, security protection system, surveillance system, fire safety equipment, and other necessary equipment are installed at all business units. We appoint specialists for operation, monitoring, management and regular check and maintenance, and entrust security guards meeting the criteria in the Private Security Service Act to take the responsibility of security work.
	Cash transport safety	● To prevent risk of cash transport for employees, we authorize qualified professional cash transport companies for external cash transport and replenishment.
Emergency response mechanism	Security division	● To reinforce security maintenance mechanism, we set up the "Guidelines for Security Maintenance" and the "Security Maintenance Supervision Division," which holds a meeting at least once a year to convey important work instructions and examine work execution.
	Emergency response division	● The "Guidelines for Accident Prevention and Rescue" are established to enhance our accident prevention and rescue system, reinforce accident prevention measures, and facilitate our operation. We organized the "Accident Prevention and Rescue Emergency Response Team" to keep track of the emergency instantly when the emergency occurs, and clarify and formulate solutions and countermeasures.
	Accident reporting system	● To effectively keep track of accidents and increase response efficiency, besides contact by phone, we set up a LINE group for managers and the intranet natural disaster reporting system.

5.3.2 Employee health and friendly workplace

Employee health check-up coverage

Bank of Kaohsiung subsidizes each employee for health checkup benefits, NT$3,500, per year. If the employee does not take advantage of the health checkup benefits in the year of the examination, the cumulative subsidy can reach NT$7,000 in next year, which is also the cumulative limit. If the health checkup result shows a high-risk abnormality, we will continue to follow up the relevant employee's recheck result.

Health check-up	Frequency of health check-up	Number of male employees	Number of female employees
Age of 60 and above	Every three years	71	55
Age of 50 – 59	Every three years	190	162
Age of 40 – 49	Every three years	99	135
Age of 30 – 39	Every five years	95	101
Age of 29 and below	Every five years	45	99

Note： We provide employees with the subsidy for health checkup every year. However, it is not mandatory for employees to have a health checkup every year. Therefore, most of the employees are eligible for cumulative subsidies.

Health promotion

Bank of Kaohsiung focuses on preventive measures for employee health promotion items, e.g. employee insurance and illness prevention. In addition to group insurance at public expense, we execute the musculoskeletal disorder prevention plan of employees for illness prevention and assessment of employees to help employees stay healthy at the workplace.

Item	Instruction
Disease assessment	In the plan for prevention of musculoskeletal disorder triggered by repetitive work, we assess the symptoms of musculoskeletal disorder for employees every year and fill out the form for improvement of suspicious ergonomic hazard.
Employee insurance	We offer national group insurance to reduce risks and make sure that practitioners enjoy a stable life.
Health consultation	Our contract health workers offer employee health interview regularly, and offer measures such as labor health education, safety health guidance, mental and physical health protection, and external medical resource assistance, to ensure that employees are healthy and build a safe and healthy workplace.
Physical and mental counseling	Provide free physical and mental counseling services to employees. In 2023, a total of 47 employees participated in the consultation. We continue to follow up their psychological improvement status.

Pregnancy care

Bank of Kaohsiung offer friendly workplace promotion measures, including maternal health risk evaluation. An evaluation activity is held during pregnancy and in a year after childbirth, to ensure that female employees are healthy and safe during pregnancy and after childbirth. In 2023, a total of 13 employees accepted the evaluation. As for physical and mental health knowledge, we offer online resources to help employees learn about health knowledge and reduce illness risk.

Item	Instruction
Maternity friendly	We execute maternal employee health protective measures. All units perform maternal health risk assessment at least once for female employees during pregnancy and in a year after childbirth, and fill out the "Female Employee Maternal Health Assessment and Measures Form."
Health education resource	We offer all kinds of materials and information on physical and mental health on intranet, and help employees learn medical and healthcare knowledge and reduce illness risk.

Employee satisfaction survey

In order to effectively extend the care for colleagues and create a satisfactory workplace environment and benefits, Bank of Kaohsiung launched an employee satisfaction survey at the end of 2023. The survey adopts the online multiple-choice questionnaires conducted in January 2024 to investigate the employee satisfaction in 2023. Meanwhile, we have established a target plan to conduct the previous year's satisfaction survey every year. The survey covers various aspects, such as salary and benefits, education and training, and the workplace environment. We conduct in-depth analysis on the annual survey results and propose optimization plans. Through continuous efforts to improve various systems, the Company is committed to improving the work environment and creating the workplace atmosphere to make employees feel relaxed and happy.

5.4 Employee communication and human rights

5.4.1 Measures for employee equality in employment

Unpaid parental leave

We offer pre-maternity leave better than that specified in the Labor Standards Act, and allow employees to apply for parental leave without pay as required by law. All employees may take parental leave. The reinstatement rate after parental leave without pay reached 88.9% in 2023. Employees are prioritized for the original position after reinstatement. Relevant benefits such as employee health check-up are offered during parental leave without pay.

Item	Male	Female
Number of employees on parental leave without pay in 2023 (A)	24	33
Number of employees on parental leave without pay in 2023 (B)	3	6
Application Rate in 2023 (B/A)	12.50%	18.75%
Number of employees shall be reinstated after parental leave without pay in 2023 (C)	2	8
Number of employees reinstated after parental leave without pay in 2023 (D)	2	7
Reinstatement rate in 2023 (D/C)	100%	87.50%
Number of employees on parental leave without pay in 2022 and stay employed in 2023 at least a year (E)	2	8

Amount of family care leave

To reduce employees' family care burden, Bank of Kaohsiung continues to work and encourages employees to use the home care system. From 2021 to 2023, male employees have applied for it more frequently than female employees. We are committed to gender equality and promotion of equal family care responsibilities, in order to provide the better balance between work and life.

Family care leave	Number of applications in 2021	Number of applications in 2022	Number of applications in 2023	Sum
Male	133	213	194	540
Female	27	127	73	227

Guidelines for Employee Grievance

Bank of Kaohsiung values each employee's complaint and feedback, and establishes diverse and smooth whistleblowing channels. Employees can provide real-time feedback via phone, fax and email, etc., and a dedicated unit will be delegated to handle and respond to the cases. There were no related complaints in 2023.

Grievance channel	Receiving unit
• Tel. 07-5562156 (Deputy Division Director) / 07-5591522 (Section Chief) • Fax. 07-5590524 • Email m0221@mail.bok.com.tw	Human Resource Division

5.4.2 Diverse communication channel

Labor relations and management

To harmonize labor relations, facilitate labor – management cooperation, and increase work efficiency, we invite unions or practitioners to participate in these issues to ensure a diverse employee communication channel. Five organizations are involved in employee communication. Meetings with different purposes are held to discuss topics and build labor – management consensus. We have amended all relevant internal regulations of the Bank. At the 2023 labor-management meeting, Bank of Kaohsiung and employees reached an agreement to adjust the food allowance from NT$80 per working day to the fixed monthly payment, NT$2,400.

Administrative Committees	Number of members	Members of Committees	Communication frequency	Administrative purposes	Achievement
Labor – management meeting	6	Labor representative	Once every quarter on average	To maintain a consensus and facilitate collaboration, a labor – management meeting has been established according to the Regulations for Implementing Labor – Management Meeting to negotiate on relevant labor – management topics proactively to facilitate labor – management harmony.	• Amendments to our "Guidelines to be Followed by Standards for Authorization of Remuneration to Sales Personnel," "Regulations Governing the Remuneration System of Trust Sales Personnel," "Regulations Governing the Remuneration System of Insurance Sales Personnel," "Guidelines for Retirement Compensation and Severance Pay of Employees," "Employee Rotation System Implementation Guidelines," "Employee Attendance Guidelines," "Work Rules," "Employee Leave Guidelines," "Employee Reward and Punishment Regulations," and other internal regulations. • The food allowance has been adjusted from NT$80 per weekday to the fixed monthly payment, NT$2,400 per month (implemented since 2024).
Human Resources Arbitration Committee	4	Voting committee member	Twice a month on average	We set up the Human Resources Arbitration Committee for fair and just employment, promotion, appraisal, reward and penalty.	The Committee passes proposals of employee employment, discharge, promotion, appraisal, reward and penalty.
Bank of Kaohsiung Corporate Union	804	Labor representative	The collective bargain agreement is negotiated once per three years.	Our group bargaining agreement covers employment, transfer, discharge, official holiday, leave, treatment, welfare, safety and health, compensation for occupational injury, retirement and pension. For the time being, about 73% of our total employees are protected under the collective bargain agreement due to participation in the labor union. The collective bargain agreement we signed with workers is applicable to all business locations. All union members are protected by the collective bargain agreement.	Since 2002, for stable labor relations and to work on business development with the union, we signed the collective bargain agreement with the union, and included the agreement into the health and safety-related issues: (1)When the normal working hours are changed due to business needs, the bank shall provide comprehensive safety and health facilities and transportation means. (2)For welfare, safety and health, and occupational accident compensation, a special chapter has been established and included in the collective bargain agreement.

Administrative Committees	Number of members	Members of Committees	Communication frequency	Administrative purposes	Achievement
Employee Welfare Committee	10	Labor representative	A meeting shall be held every three months	We set up the Employee Welfare Committee for employee welfare as required by law. We primarily handle the planned deliberation, promotion and supervision items, appropriation, safekeeping and use of welfare fund, review items in expense registration report, and determination items in the budget and settlement of welfare committee. We set up the Employee Welfare Committee and appropriated employee welfare benefits to plan for and offer various excellent benefits, e.g. employee travel subsidy, birthday bonus, funeral allowance, and scholarship and subsidy for employees' children.	Employees are the company's asset. To maintain cohesion of employees effectively, we organize a company trip regularly to enhance the mental and physical health of employees. We hope that employees can enjoy a life with mental and physical harmony. Only a team with good mental and physical health has greater power achieve goals.
Labor Retirement Reserve Fund Supervisory Committee	6	Labor representative	Once every three months on average	The Committee is established based on Article 56 of the Labor Standards Act.	• The review item regarding temporary appropriation of labor retirement reserve fund • The inspection item regarding amount appropriated for labor retirement reserve fund • The inspection item regarding deposit and disbursement for labor retirement reserve fund • The inspection item regarding the amount of labor pension payment • Other supervision items regarding labor retirement reserve fund

5.4.3 Human rights management

Establishment of a human rights policy

Bank of Kaohsiung continues to pay attention to human rights-related issues and formulated the human rights policy in 2023. The policy refers to the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the International Labor Organization Conventions, and the United Nations Guiding Principles on Business and Human Rights. Relevant policy documents are expected to be approved in 1H of 2024. We strive to create a working environment that respects human rights and promotes equality and fairness by continuously improving working conditions and employee benefits to protect the rights and well-being of each employee. In the meantime, we have formulated the "Declaration of Sustainable Procurement" or "Supplier Sustainable Procurement Clauses" to require suppliers to comply with the same standards to respond to international human rights trends and exert corporate influence.

Administrative measures of human rights

Workplace human rights measures of Bank of Kaohsiung focus on three aspects, employee rights, forced labor and operational change notice. All employee policies are expressly stipulated in our internal regulations and easily accessible for employees. As for employee management, we always check if employees suffer from forced overtime and forced labor, from attendance record to management measures. At last, all changes to our operating activity change strictly abide by regulations and we make an advanced notice.

Item	Laws and regulations	Instruction
Employee rights	Promotion, appraisal, rotation, rewards and penalties, and bonus regulations	Maintain the rights of practitioners based on all internal work regulations.
Forced or Compulsory Labor	Labor Standards Act	Employees are required to get off work on time in general. They must not work overtime when not necessary or work overtime without submitting an application. We show the attendance report every day and require executives to pay attention to the time employees come to work and get off work.
Forecast of operational change	Business Mergers and Acquisitions Act, Labor Standards Act	Announce the notice period in advance strictly according to laws and regulations

The operating activity that is subject to human rights inspection or human rights impact evaluation

Human rights meeting

With regard to dynamics of practitioners, and business plan and overview, the scope of the collective bargaining agreement applies to Bank of Kaohsiung Co., Ltd. Matters such as labor relations negotiation, facilitating labor-management cooperation, labor condition, practitioner welfare planning and working efficiency enhancement must be discussed at the labor-management conference. The dynamics of practitioners and business plan and overview must be reported and discussed at the labor-management conference.

Human rights inspection

All of our operating activities involved with the rights of practitioners who are union members must fully comply with the collective bargain agreement and resolution by labor-management conference comprehensively. Therefore, there is no potential for practitioners who are union members would be suffering from human rights torture or would be accomplices of human rights torture.



6 Social feedback and dedication

achieving social co-prosperity

Core vision and commitment

As a major financial institution in the Kaohsiung metropolitan area, Bank of Kaohsiung supports the civil affairs of Kaohsiung and promotion of the Sustainability Roadmap with local friendship in mind. We will always be on the same side with the people of Kaohsiung. In order to fulfill our social responsibility, we continue to innovate financial services to better meet the needs of the people. We never hesitate, and also spare no efforts, to give the full support to the implementation of social welfare to become the strongest backup of the people of Kaohsiung.

We proactively promote the "Trust 2.0 Plan," advocated "friendly housing, local nursing care" and fully developed "cross-industry-alliance." We accelerate integration of internal and external resources to satisfy economic and life care needs of the aging society. We are committed to creating diversified and convenient financial services to realize financial inclusion and respond to the common good of Kaohsiung.

Bank of Kaohsiung Social Welfare & Charity Foundation has been caring for the disadvantaged students, the elderly, and families with physical and mental disabilities permanently. It organizes the charity blood donation every year, and proactively participates in relevant environmental protection organizations, community organizations, and charitable groups to organize various activities, spreading the seeds of "kindness" to make all people never stop bearing the "love" in mind.

Achievement and performance in 2023

Launch of the new webpage for the promotion of "Charity Trusts"	Collaborate with more than 30 NPOs, NGOs, and government agencies to participate in social care campaign.	A total of NT$5.2 million has been awarded to 558 people in total.	Work with 55 industry-academia collaboration students from 4 universities in the Kaohsiung area

Material topic

Digital financial innovation and inclusion	Talent attraction and retention

Enhancement goal

Short run	Mid-term	Long-term
• Promote friendly financial service, and protect the life of elders and disadvantaged groups. • Continue to hold the promotion seminars, and expanding the scope of cross-industry alliances of trust services.	• Fulfill the inclusive trust and corporate social responsibility.	• Implement the "Plan for Trust Promotion on Campus," develop industry-academia cooperation, and build the talents in the trust field. • Build the ecological industrial chain of trust alliance, and elaborate the benefits of resource sharing in different industries to further become a power for social stability.

6.1 Use the power as a financial institution to give back to society



We hope to use the power as a financial institution and continue to give back to society for public welfare. We provide the seniors, disabled persons and disadvantaged groups with more friendly financial services to realize inclusive financing. We continue to implement crossover collaboration in the nursing trust, organize comprehensive financial products, and promote the nursing trust to offer adequate financial guarantee and care to groups in need. Meanwhile, we may provide immediate support in the case of emergency.

We have been devoted to holding charity events through the "Bank of Kaohsiung Social Welfare & Charity Foundation" for years. Our employees and residents are encouraged to take part in the blood drive, scholarship and subsidy for poor juveniles, and supplies donation. In the meantime, we support cultural and sports events, fulfill corporate social responsibility, and give resources back to the public to work with the society to promote the common good, inclusion and co-prosperity to the generation.

6.1.1 Financial charity vision of Bank of Kaohsiung

Promotion of Charity Trusts

- We promote sustainable financial plans "Trust 2.0" and "Green Finance Action Plan 3.0" to respond to the claims of Chairperson of Financial Supervisory Commission, Huang Tien-Mu: "Trusts are the most promising financial instruments." We work with the social affairs bureaus of various county/city governments, courts, local governments, and social welfare groups and also send letters to the district offices in Kaohsiung, Tainan, and Pingtung to provide free trust lectures and encourage them to take part in the lecturers as possible as they can. Through the face-to-face interaction, we communicate the concept of trust and use the trust to prevent the elderly from being defrauded. We listen to the opinions on the site, feed back the trust solutions, and provide the channel of consultation after the meeting.
- The new "Charity Trust Zone" webpage has been launched to allow more people understand the functions of trusts through the borderless network, fulfill our corporate social responsibility and create a happy society of common goods and co-prosperity.
- Five Aspects

"Social Love to Implement Care" Trust for the social donation trust	"With Love, No Obstacles" Trust for persons with disabilities	"Colorful Life with Peace of Mind" Trust for the elderly more than 55 years old	"Compassion to Help Children to Thrive Without Worry" Trust for underage beneficiaries	"Make Insurance Benefits Safer" Trust for insurance benefits



Ceremony for launch of the "Charity Trust Zone" webpage



"Charity Trust Zone" webpage

Launch of "Main Trust Products"

- We have launched "Nursing Care Trust", a standardized trust service agreement that can be signed conveniently. Regardless of the amount of trust property, we only charge the single upfront payment, NT$1,688, and 0.2% ultra-low trust management fees to meet the needs of people who have to raise seniors or persons with disabilities and protect their assets using trust and start to use them to pay their relevant living expenses immediately.

Promotion of cross-industry-alliances

- Develop "new customer groups" and integrate internal and external resources.
- We provide one-stop shopping diversified trust services. For the time being, we have partners in five major industries, including legal professional partners, financial and tax professional partners, nursing institutions and family management partners, living aids partners, and senior citizens nursing service partners. By collaborating with professional partner institutions, we will leverage the benefits of mutual assistance and sharing of resources from different industries and enhance the function of trust services, expecting to create a win-win-win situation for customers and trust partners together.
- We provide the "profit sharing plan" for external channels who refer trust cases to us, and donate a certain percentage of the handling fee income to give it back to the special relief account of the social affairs bureau to support charity activities and contribute to the corporate social responsibility.

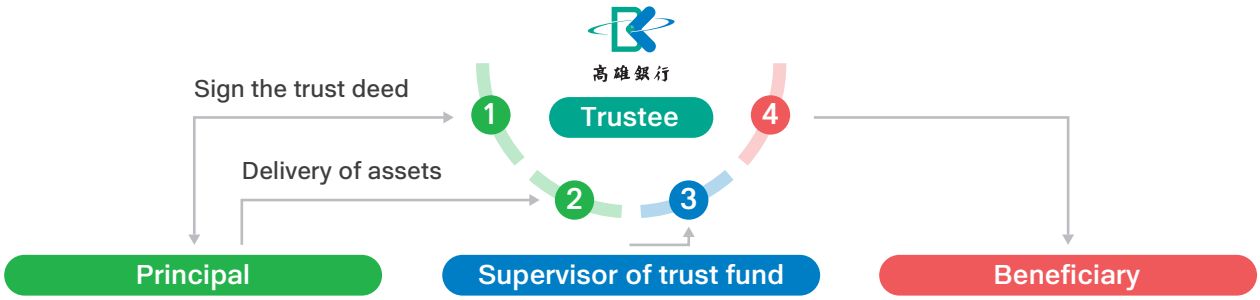
6.1.2 Protect our home with trust, and root the idea of trust on campus

As Taiwan is entering a super-aged society, we are dedicated to allowing the elderly, persons with disabilities and disabled persons to seek adequate medical treatment and personal care through the plan of "Trust service 2.0" by FSC. While promoting the nursing trust, we form cross-industry-alliances with groups in different industries, such as hospitals, bar association, district courts, insurance companies and social welfare groups, and hold trust promotion lectures together. We reach different groups through different industries to communicate the idea about trust care to more people in need. We also offer courses on campus to enable students to understand the examples and applications of trusts, in order to train future professional talents, establish the correct concept about trust and lay the foundation of basic financial knowledge for future generations in the society.

As a member of the society, we fulfill our corporate social responsibility and continue to deepen our efforts in the field of ESG. We assist disadvantaged and charitable groups to apply for the charity trust services, and establish a trust mechanism to transfer social funds to help the cared beneficiaries to maintain their stable basic life in the future. In the future, we will continue to promote the concept about trust to social welfare groups, elderly activity centers, and campuses through lectures, so that more people can understand the safety of trust and the extension of love, so as to realize the comprehensive care for those we loved.

Shared Trust Resources

The trust functions are extensive and the trust also operates very flexibly. We offer the idea about a full range of trust products and design trust products that are truly tailored for the principal in line with the policies of various industries and through cross-industry cooperation, and provide a full range of financial services, including asset management, personal care, health care, social welfare, life & entertainment, urban renewal and development, utilization of idle public land, and Long-Term Care 2.0 policy. We also create the niche for sustainable development for Bank of Kaohsiung and also a win-win situation for the trust and public in the society.



Appoint the supervisor of trust fund, if necessary

Supervise whether the trustee manages and disposes of trust assets in accordance with the trust deed. Any natural person/juristic person (charity/social welfare juristic person) may serve as such supervisor.

Trust period

"Manage the trust property" + "distribute the trust property" according to the trust deed, such as fixed living expenses, education expenses, medical care institutions, nursing expenses; deliver the residual trust property upon termination of the trust.

Joint Protection of Donated Charity Fund for the Charity Trust

To fulfill the corporate social responsibility, Bank of Kaohsiung assists charity or disadvantaged groups to apply for charity trust services permanently and establish a trust mechanism to transfer social funds, in order to ensure that funds are dedicated to specific purposes, helping the cared beneficiaries and making "Trust" available to the ordinary people to build a social safety net jointly.

♥ Benevolence Fund ESG Trust, cross-industry collaboration, the first in Taiwan

To respond to sustainable financial plans “Trust 2.0” and “Green Finance” promoted by competent authorities, Bank of Kaohsiung has began a cross-industry alliance with Kaohsiung Municipal Min-Sheng Hospital since 2022, to launch the first “ESG Trust” in Taiwan. The Benevolence Fund established by Kaohsiung Municipal Min-Sheng Hospital has been used for poor people, people falling unconscious on the road, critically ill patients, and homeless people who need medical treatment but cannot afford it.

Bank of Kaohsiung further helps use the Benevolence Fund widely, and makes sure that the fund is exclusively used for charity purposes. We use the trust mechanism to use the fund depending on what each person needs. The fund can be used for subsidizing long-term medical costs, living expenses, and other relevant expenditures for abused children, seniors with dementia, and disadvantaged groups with special diseases to receive social resources and receive proper care.

We set an example for others to follow. This pioneering action creates more chances to work with hospitals on the ESG trust. We start to combine digital payment with trusts to expand the depth and breadth of trust payment and usage, and fully protect property and economic life of people.



The press conference for the Contract Signing Between Kaohsiung Municipal Min-Sheng Hospital and Bank of Kaohsiung

♥ Taiwan Pingtung District Court, utilize the nursing trust

This is a case handled by Taiwan Pingtung District Court. In this case, a person has been suffering from brain damage due to an accident and the court determined that he’s a person under the order of the commencement of guardianship. His guardian is his sibling, who cannot afford to take care of him and his own family. Therefore, the sibling applied for permission from the court to dispose of his real estate, and use the gain on disposal to take care of this person and his own family.

The division chief judge putting this case on trial checked how numerous financial units handled similar cases through trusts, and eventually chose the program proposed by the Bank of Kaohsiung when adjudicating this case. This program combines a real estate price trust with nursing trust to make sure that the gain from the real estate income can take care of this person under the order of the commencement of guardianship and his family. This is the first case that the court puts a trust into consideration when adjudicating a case.

♥ Trust Donations to Social Charity Programs

In the tragic accident in Kaohsiung City in 2023, the couple was brutally attacked due to a noise dispute, and only their two young children survived. Given the sudden tragedy, all sectors of society provided their supports for the two children’s future life and education, in order to enable them to find a trace of warmth and comfort in the hard time.

Kaohsiung City Government learned from the past 81 Kaohsiung explosion incident and worked with Bank of Kaohsiung. We assisted in completing the application for trust and deposited the charity fund into a special trust account, in order to provide the children with the expenses for their future life, education and major medical treatment, etc., so that the charity fund donated from all sectors of the society may continue to provide the children with a stable growing environment and save them from worry about the problems, such as tuition.

The charity trust makes sure that donations are exclusively used for charity purposes. Meanwhile, Bank of Kaohsiung also proposes the "Donation of Trust to Social Charity" program. Parts of the service fee of the trust collected are donated to the relief account opened by the social affairs bureau to feed back to the society to support more people in need. This helps us demonstrate our efforts in social responsibility by giving back trust benefits to society, promoting the development of charitable business and making contribution proactively.

Effect of Trust Donations to Social Charity Programs

Year	2022	2023
Subject	The social affairs bureaus of Pingtung County Government and Tainan City Government	Social Affairs Bureau, Tainan City Government
Number of cases	3 cases	3 cases
Amount	NT$10,682	NT$3,905

Charity trusts

♥ Nursing Trust Cross-industry Cooperation for Justice & Trust Charity Trust

We signed the cross-industry-alliance MOU-Justice & Trust Charity Trust with the Kaohsiung Bar Association and the ESG Trust Contract with Kaohsiung Municipal Min-Sheng Hospital, engaged with different industries and expanded the scope of cross-industry-collaboration. We collaborate with nursing institutions, care centers, medical institutions, accountants, lawyers and social welfare groups. We reach out to more groups in need through these industries and groups, and continue to promote the nursing trust by holding seminars with these industries and groups. Inclusive financing has been realized by supporting disadvantaged groups. We have fulfilled corporate social responsibility. Bank of Kaohsiung expects to utilize the trust to help customers with asset inheritance, property protection and local aging. We expect to build an industrial ecological chain based on trust alliance, elaborate benefits for sharing resources across industries, and help people with asset management and property security, to further become a force for ensuring social stability.



I Bank of Kaohsiung signed the MOU with Kaohsiung Bar Association

Besides promoting the nursing trust based on cross-industry collaboration, we continue to organize the charity trust, and plan to combine loans with real estate to launch the "Leisure Life with Housing Pension Trust Project," used as the nursing trust paying for senior life care. When a major emergency occurs, we combine donations with the trust mechanism, and propose effective solutions quickly, use donations exclusively for charity purposes, and help sufferers maintain a stable basic life. The trust system is like holding an umbrella for people in the rain.

♥ Taiwan Chien Shih Sports and Culture Charity Trust

In order to carry forward the spirit of Taiwan Chieh Shih for "value life, care for the community, abide by the law, be dedicated to work and get along with everyone," the principal uses his own fund to award coaches making major contributions to sports events; enhance national sports events; support cultural, education and arts business; and promote outstanding cultural and arts events. We authorize Bank of Kaohsiung to implement this trust guideline to support people devoted to sports, arts and cultural activities and help them achieve further in relevant fields. Therefore, we help Taiwan become more recognized internationally, and lead a positive atmosphere affecting culture in society. Coaches receiving this trust in 2022 led our excellent athletes to join major international and domestic games, and made great achievements worthy of recognition. The athletes joined National High School Games, BWF World Championships, and national and international games, such as weightlifting, tennis, rhythmic gymnastics, skating, track and field, and swimming. We received 49 applications in total. By the end of 2023, 67 people have benefited therefor.





2021 National Intercollegiate Athletic Games

- 1st place, Athletics Open Men's decathlon



2021 World Speed Skating Championships

- 1st place, Adult Women’ s 1000 Meter-Race



2022 Gymnasiade

- Men’ s 100/200/300/400-Meter Sprint Medley Relay

Overview of the charity trust offered by Bank of Kaohsiung and overview of the charity trust

Benefit \ Type of trust	Kaohsiung Municipal Min-Sheng Hospital ESG Trust	Justice & Trust Social Welfare Trust	Taiwan Chien Shih Sports and Culture Charity Trust	Other charity trusts
Scale of property by 2023 (Unit: NTD ten thousand)	200	100	3,831	128,176
Number of beneficiaries in 2023 in total	0	0	67	210

Note： For more information on charity trusts, please see https://ssl.bok.com.tw/trust/A1.html.

Trust Promotion on Campus Hold the promotion seminar

To adapt to the Trust 2.0 Promotion Plan, Bank of Kaohsiung combines trusts with college courses, introduce the idea of trusts to students by sharing cases of trusts, help students understand the trusts with cases studies, and promote the trusts. We lay the foundation to help students plan for careers or learning based on the trust system. In 2023, we held seminars with National Kaohsiung University of Science and Technology and I-SHOU University for students to understand the basics of trust. Bank of Kaohsiung will start industry-academia cooperation with schools of all levels to adapt to the “Plan for Trust Promotion on Campus” promoted by the government, and open relevant elective courses and organize diverse activities such as proposal contest, for students to learn about the trust in school. We can also recruit talents that have consensus with us in the trust service industry through these courses and activities, and invite them to join the trust industry.

In 2023, Bank of Kaohsiung worked with different industries and held trust promotion seminars on campus

Partner	Number of sessions	Number of participants	Participation hours (hours)
Community, the elderly	6	189	8.2
Insurance and financial counseling industry	4	80	7.5
District Courts, Government Agencies	2	100	7.5
Social Welfare Group	3	109	6.0
Social Groups and Aged Care Agencies	2	45	2.0
Colleges and universities	4	245	9.0

❤ Grantees and recipients

Children Are Us Foundation




❤ Grantees and recipients

Village Center of Goumei Village, Pingtung




❤ Grantees and recipients

Community College of Presbyterian Church



❤ Grantees and recipients

Law Insurance Broker Co., Ltd.



❤ Grantees and recipients

Wealth management team of FUHO



❤ Grantees and recipients

Polaris Financial Group




❤ Grantees and recipients

Kaohsiung City Dementia Association




❤ Grantees and recipients

Village Center of Anfa Village, Sanmin District, Kaohsiung




❤ Grantees and recipients

Taiwan Alliance of Fortune Living Environment




6.2 Industrial-academic collaboration, scholarship and subsidy

6.2.1 Cultivate financial talents through industrial-academic collaboration

Industry-academia collaboration



Internship plan in 2023

Since 2016, Bank of Kaohsiung has cooperated with the Kaohsiung City Government to promote the "Industry-Academia Collaborative Internship Program with Universities in Kaohsiung Area." In 2023, we provided the valuable internship opportunities to a total of 55 students from the department of finance, department/graduate institute of financial management, department of international business, department/graduate institute of financial information, and department of information management from 4 universities in the Kaohsiung area. We aim to enhance students' competitiveness in workplace and establish a good industry-academia cooperation model to closely integrate academic knowledge with practical skills.

Depending on the units in which they are assigned, interns, after receiving the unified education and training provided by Bank of Kaohsiung, will be assigned to various units for internship and corresponding orientation training will be arranged. These internship opportunities include the fields, such as the Counter Team, Wealth Management Sales Team, Information Technology Team, and Trust Sales Team of a branch. Interns may also be assigned to branches, Wealth Management Department and Information Division for the internship. Their job responsibilities will be determined according to the needs of the units they work for, such as deposit and remittance business apprenticeship, OTC service transaction training, financial information technology practical training, and fund order placement practical training. Through these practical work experiences, interns can acquire valuable professional knowledge and skills to help lay a solid foundation for their future careers.

Schools	Number of students in 2023
National Kaohsiung University of Science and Technology	9 from the one-year system (2 of whom have resigned), 23 from the half-year system
Shih Chien University	3 from the one-year system (1 of whom has resigned), 2 from the half-year system
I-SHOU University	7 from the one-year system and 6 from the half-year system
Shu-Te University	5 from the half-year system

The internship program helps us recruit talents. Meanwhile, we are rooted in Kaohsiung and bear the responsibility of fostering students. Students can learn and gain work experience from the internship program, and use their expertise to contribute to society. Therefore, we can form a sustainable cycle and reach a multi-win situation.

6.2.2 Support poor students to chase their dream

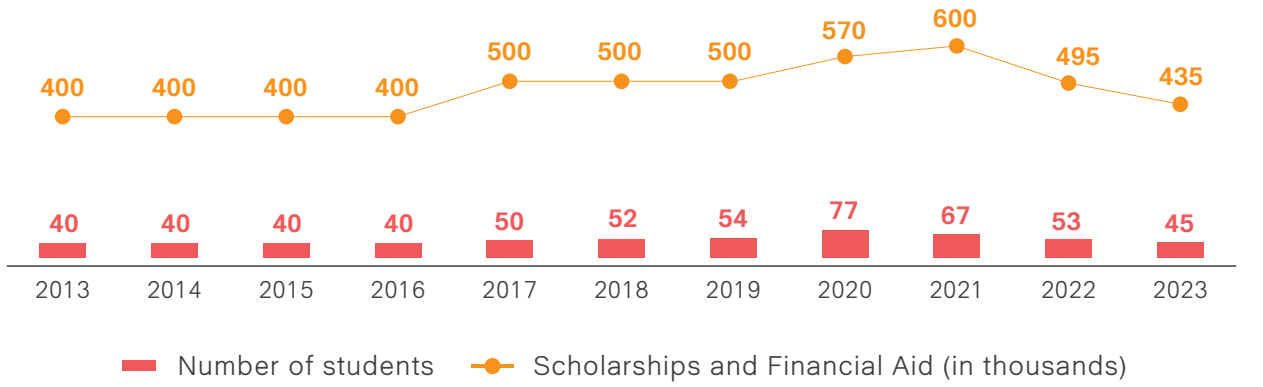
Scholarship and subsidy

Since the founding of our foundation, we have been granting the "Kaohsiung Stipend" with charity groups in Kaohsiung, participating in the "Diverse Stipend Program" with Kaohsiung Social Welfare Association, and working with other social welfare agencies for a long time. Students can receive equal education despite their family not being able to afford the tuition. We encourage students to chase their dreams and not give up learning. One day, they can use what they' ve learned and gained to give back to society and spread love and goodwill. We have provided NT$5.20 million in scholarship and subsidy to 558 beneficiaries including students of colleges, universities, senior and vocational high schools, junior high schools, and elementary schools since 2013 until 2023.

Scholarship and subsidy events in 2023

Name of activity	Content of activity and sponsorship
"Multi-Aspect Aids for Students" Program of Kaohsiung Social Welfare Association	10 young people from vocational high school or above for one academic year (NT$10,000 per person for 2 semesters)
Donate subsidy in the second semester of 2022 academic year for the "Kaohsiung Joint-stipend Program" held by Kaohsiung Social Welfare Association	Donated to 13 poor students (12 senior and vocational high school students per semester, NT$10,000 per person, and 1 junior high school and elementary school student per semester, NT$5,000 per person).
Donate subsidy in the first semester of 2023 academic year for the "Kaohsiung Joint-stipend Program" held by Kaohsiung Social Welfare Association	Donated to 11 poor students (senior vocational high school students per semester, NT$10,000 per person).

/ Scholarship and subsidy



6.3 Charity care and community engagement

Bank of Kaohsiung uphold the spirit of corporate social responsibility and take care of disadvantaged groups. Since 2008, we have appropriated NT$10 million and raised NT$2.5 million from our employees, totaling NT$12.5 million, to establish the 'Bank of Kaohsiung Social Welfare & Charity Foundation. Bank of Kaohsiung has worked together with the general public for 15 years to fulfill its mission, passing on raised charity funds to people in need across various regions through different social welfare organizations.

We have never shied away from challenges and continue to support those in need through various social welfare groups. We always stand side by side with the public and spare no effort to engage in teamwork either for emergency relief, supplies, financial aid or labor support, in order to bring more positive effects to the society and build a better future together.

6.3.1 Angel of happiness, let love fly

The "Bank of Kaohsiung Social Welfare & Charity Foundation" subordinated to Bank of Kaohsiung handles the funds allocated by us and donated by colleagues. To make sure that the Foundation stays in operation, we held the fundraising event "Angel of happiness, let love fly" in 2010 and invited people to contribute resources. We have been working with social welfare groups for a long time to support disadvantaged families, grant subsidies to students of low income families, and care for seniors, disadvantaged people, people who' ve lost their families, and people with disabilities. These groups are the Taiwan Fund for Children and Families, Social Affairs Bureau of all counties and cities, Huashan Social Welfare Foundation, and Eden Social Welfare Foundation. Everyone is invited to be our volunteer, to ensure that social resources are used properly. Everyone can be an angel of happiness and love will fly to every corner.

Social welfare events we joined in 2023

Intitutions receiving donations	Contents of donation
Taiwan Fund for Children and Families	10 donees, NT$1,000 per person per month, i.e. NT$120,000 in total.
"Infinite love, Happy New Year Support for Disadvantaged Children and Youth" held by the Social Affairs Bureau of Kaohsiung City Government	A total of 290 donees from 15 care institutions, NT$600 per person, totaling NT$174,000.
"Love in the Winter and Happy New Year Plan for Disadvantaged Children" held by the Social Affairs Bureau of Kaohsiung City Government	A total of 300 donees from 15 care institutions, NT$600 per person, totaling NT$180,000.
"After-School Care Program for Vulnerable Children - Kaohsiung Neimen Yellow Ribbon After-School Class" organized by Taiwan Yellow Ribbon Love gateway pregnant Association	NT$20,000
"Blue Ocean Plan (South Taiwan Mid-term Exchange Competition)" by World Vision Taiwan	NT$20,011
The Genesis Social Welfare Foundation "Love Dramas Together" Event	NT$30,000
2023 "Care and Love" Care Service Plan for Vulnerable Children and Juvenile of Harmony Home Foundation Taiwan	NT$30,000
Eden Social Welfare Foundation "Eden Sweet Home"	NT$50,000
"Guardian with Heart" activity organized by Syin-Lu Social Welfare Foundation	NT$30,000
"2023 City Council Winter Greeting Campaign" organized by the Kaohsiung City Council	NT$200,000
"Hand-in-Hand to Spread Love & Warm Delivery Service - Food Stamp Service for Disadvantaged Families" Program	Each of 72 economically disadvantaged households was given the Carrefour bill of lading valuing NT$1,500, totaling NT$108,000.
Huashan Foundation' s Charity Event, "21st Love the Elderly and Love Reunion"	NT$200,000
Kaohsiung City Indigenous Women's Sustainable Development Association	Purchased software in response to the Donation of Renewable Computers by donating 10 renewable computers and donated a total of NT$80,000.
Kaohsiung Social Welfare Association' s "Ping" Safety and Health year-end party to extend greeting to Pingtung in the cold "Tung" (pronounced the same as "winter" in Chinese)	NT$30,000
Blood Donation Activity	A total of 390 bags of blood were collected.



Syin-Lu Social Welfare Foundation - "Guardian with Heart" activity



Huashan Foundation - Love the Elderly and Love Reunion



Eden Social Welfare Foundation - Donation of fitness equipment



Donation of computers to Kaohsiung City Indigenous Women's Sustainable Development Association

Besides actively working with social welfare groups on charity events, Bank of Kaohsiung enters the community and closes the gap between us and the residents of Kaohsiung. We contact groups or associations formed by neighborhoods in local communities, care for communities, and encourage people to protect the community together. We promote environmental protection, care for elders and disadvantaged families, or hold charity events such as blood drives. We want people to know that Bank of Kaohsiung is a bank for the community and always stands side by side with the citizens of Kaohsiung. We always offer support when needed.

Community care events we joined in 2023

Name of the activity and the insitution receiving donation	Content of the activity and sponsorship
Zuoying District Xinsha Village Development Association	Donated NT$20,000 to sponsor the 2023 “Community Policy Promotion and Volunteer Gathering.”
Gang’ an Care Association, Kaohsiung City	Sponsor NT$10,000 to "the 2023 Blood Donation for Charity, Starting from You and Me! Charity Blood Donation Event"
Earth Care Association, Kaohsiung City	Sponsor NT$10,000 to the "Green Diet, Health and Environmental Protection Seminar"
Kaohsiung City Cihai Charity Association	Sponsor NT$20,000 to the "Dragon Boat Festival for Charity - Meat Dumplings to Spread Love"
Bayu Community Development Association, Sanmin District, Kaohsiung City	Sponsor NT$20,000 to the "Duanyang Respect for the Elderly and Celebration of Health" activity
Wuquan Community Development Association, Lingya District, Kaohsiung City	Sponsor NT$10,000 to the "2023 Double Ninth Festival Caring for the Disadvantaged and Respect for the Elderly "
Civil Defense Association, Linyuan District, Kaohsiung City	Sponsor NT$10,000 to the "2023 Membership Workshop and Anti-Fraud Promotion Activity "
"Christian Affective Ministry"	Sponsor NT$20,000 to the "Christmas Event"



Bayu Community Development Association - Duanyang Respect for the Elderly and Celebration of Health



Christian Affective Ministry - Christmas Event

6.3.2 Social Participation

Shoushan Mountain Cleanup Hiking Charity Activity



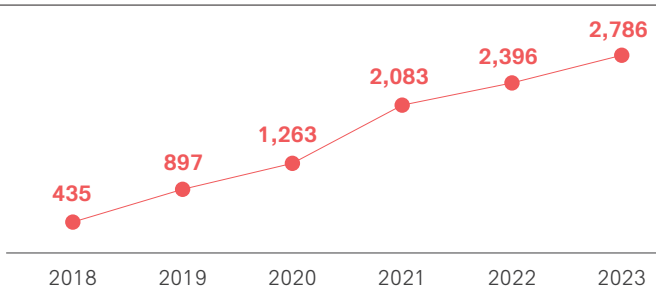
Led by Chairman Cheng Mei-Ling, and General Manager Hsu Chui-Mei of Bank of Kaohsiung, 226 supervisors and employees, and 49 employees' family members demonstrated the concept of protecting mountains and forests, embracing nature, and mountain cleanup for environmental protection through physical actions.

According to Chairman Cheng Mei-Ling: "The mountain cleanup activity aims to show our love for the earth and to protect the environment. It also offers our colleagues an opportunity to get close to the mother nature in their spare time from work and contribute to the conservation of the local environment together." Bank of Kaohsiung vigorously promotes activities related to the eco-friendly environment and continues to promote green finance, including expansion of green energy industries and renewable energy loans, proactive undertaking of solar photovoltaic financing, and launch various eco-friendly projects including "Sustainability-linked Loan" and "Green/Sustainable Time Deposits", etc., in order to support and assist local enterprises in low-carbon transformation.

Bank of Kaohsiung never stops holding blood drive

The blood donation rate in Taiwan ranks top in the world. However, the blood bank in Taiwan is often low in stock because of occasional blood shortages and young people being less willing to donate blood. Since the founding of the foundation, Bank of Kaohsiung has held a blood drive at Hanshin Arena Shopping Plaza every year, which is close to the Head Office and has a large crowd, to invite the public to join the blood drive. Bank of Kaohsiung elaborates community influence, and has held blood drive for 15 years by 2023. 2,786 bags of blood have been collected in the recent years. We are motivated to pass on love every year because people participate in our blood drive passionately.

/ Cumulative bags of blood donated in the past six years





2023 Blood Donation Event at Kaohsiung Arena

6.4 Support for sports and arts & cultural activities

Bank of Kaohsiung actively sponsors athletes to support and recognize those who made lots of efforts and won. We expect them to make more achievements and expect to hold more performances for citizens of Kaohsiung to build local humanistic quality.

Bank of Kaohsiung convened the "Sports Sponsorship Review Committee" in response to the "Kaohsiung City Sports Development Fund Competitive Sports Players New Heights Project" to resolve the sponsorship for the training of outstanding athletes qualified for the Paralympic Games and at or above the colleges and senior vocational high school level. Athletes qualified for the Paralympic Games, at or above colleges or above, top 3 athletes in the National Games, at or above senior vocational high school level, and top 3 athletes in Taiwan National School Games may all submit the relevant information to apply for the sponsorship. In 2023, a total of NT$1,805,000 was awarded for approved applications. We look forward to contributing to our athletes and providing strong support for our athletes' training.

We also assist the principal in setting up the "Taiwan Chien Shih Sports and Culture Charity Trust." If athletes of Taiwan win the first place in international contests and athletes of Tainan win the first place or set records in national contests, the coaches of the athletes may apply for grants. Organizers of the performance promoting sports, arts and cultural and education events may also apply for the subsidy. We anticipate that athletes, coaches and relevant staff in sports and arts and cultural industry can shine in their own field, and continue to move the audience and reach glory.

Besides fully supporting sports games, we invite communities and neighborhoods to join public sports and relevant events. Bank of Kaohsiung hopes to lead the public to become interested in sports, integrate culture and sports into a happy life, and help people live healthily. In 2023, we participated in the "Multiple Sports and Leisure Activities Water Lifesaving Introduction & Water Contest," the "Mayor's Cup National Woodball Championships and Energy Saving and Carbon Reduction Promotion," and the "Fengyi Shangxing Cup Basketball Tournament and Anti-drug: Energy Saving and Carbon Reduction Promotion" and "Kaohsiung Open 2023" by Kaohsiung Gold & Country Club.



| The 6th Fengyi Shangxing Cup Basketball Tournament and Anti-drug Energy Conservation and Carbon Reduction Promotion Activitiy

With the spirit of "Taken from the community, giving back to society," we are committed to participating in public welfare activities, continue to invest in sports, arts and cultural activities and care for the underprivileged to build a better society.

Arts and cultural activities we participated in 2023

Name of the activity and the insitution receiving donation	Content of the activity and sponsorship
Kaohsiung Jiuru Woodball Association	Donated NT$10,000 to “2023 Mayor Cup National Woodball Championship, Energy Saving and Carbon Reduction.”
Kaohsiung Sanshan Social Charity Association	The 6th Fengyi Shangxing Cup Basketball Tournament and Anti-drug Energy Conservation and Carbon Reduction Promotion Activity, and sponsorship of NT$10,000
Kaohsiung Gold & Country Club	Sponsored advertising campaign for the "2023 Kaohsiung Open"
Kaohsiung Municipal Athletics Federation Adult Swimming Association	"Introduction to Water Lifesaving and Water Fun for the Second Multi-Sports and Leisure Activities in Kaohsiung City 2023” and sponsorship of NT$10,000
Department of Physical Education and Bachelor of Sports Industry, Indigenous Peoples Program, National Kaohsiung Normal University	Sponsor NT$10,000 to "2023 Super Star - Connection"
Kaohsiung City Happy Zouying/ Nanzi Association	Sponsor NT$20,000 to the “2023 Happy Parent-Child Grassland Concert”
Sports Development Bureau, Kaohsiung City Government	Sponsored NTD 1,805,000 for the "2023 Kaohsiung City Sports Development Foundation Athlete Summit Program" (2023.12.25) Sponsored NTD 1,245,000 for the "2022 Kaohsiung City Sports Development Foundation's Athlete Summit Program" (2022.02.09)



I 2023 Mayor Cup National Woodball Championship, Energy Saving and Carbon Reduction



I 2023 Happy Parent-Child Grassland Concert



Appendix I GRI Index Comparison Table

GRI Statement

Statement of Use of the GRI Universal Standards	The 2023 Sustainability Report was published in reference to the GRI Standards. The scope of data and information are available from January 1 to December 31, 2023.
GRI 1: Version	GRI 1：Foundation 2021
Application of the GRI Sector Standards	None

GRI 2

GRI 2: General Disclosures 2021

Index	Disclosure requirement	Report chapter or instruction	Abbreviated description	Page no.
Organization and reporting				
GRI 2-1	Organizational details	About Bank of Kaohsiung		8-12
GRI 2-2	Entities included in the organization’ s sustainability reporting	About Bank of Kaohsiung		8-12
GRI 2-3	Reporting period, frequency and contact point	About the Report		1
GRI 2-4	Restatements of information	No restatement.		Refer to the column on the left below
GRI2-5	External assurance	Appendix IV: Assurance Report		173-176
Activities and workers				
GRI 2-6	Activities, value chain and other business relationships	About Bank of Kaohsiung 4.2.1 Supplier management strategy		8-12 121
GRI 2-7	Employee	5.1.1 Human resources data		125-128
GRI 2-8	Workers who are not employees	5.1.1 Human resources data		125-128
Governance				
GRI2-9	Governance structure and composition	About Bank of Kaohsiung 3.1.1 Overview of corporate governance structure and operation		8-12 91-92
GRI 2-10	Nomination and selection of the highest governance body	3.1.2 Operation and performance of the Board of Directors and committee		93-97
GRI 2-11	Chair of the highest governance body	3.1.2 Operation and performance of the Board of Directors and committee		93-97
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	1.2.2 Sustainable development trends and SDGs		16-18
GRI 2-13	Delegation of responsibility for managing impacts	1.2.2 Sustainable development trends and SDGs		16-18
GRI 2-14	Role of the highest governance body in sustainability reporting	1.2.2 Sustainable development trends and SDGs		16-18
GRI 2-15	Conflicts of interest	3.1.2 Operation and performance of the Board of Directors and committee		93-97
GRI 2-16	Communication of critical concerns	1.2.2 Sustainable development trends and SDGs		16-18
GRI 2-17	Collective knowledge of the highest governance body	3.1.2 Operation and performance of the Board of Directors and committee		93-97
GRI 2-18	Evaluation of the performance of the highest governance body	3.1.2 Operation and performance of the Board of Directors and committee		93-97
GRI 2-19	Remuneration policies	3.1.3 Remuneration and shareholding policy		97

Index	Disclosure requirement	Report chapter or instruction	Abbreviated description	Page no.
GRI 2-20	Process to determine remuneration	3.1.3 Remuneration and shareholding policy		97
GRI 2-21	Annual total compensation ratio	5.1.3 Wage and remuneration		129-130
Strategy, policies and practice				
GRI 2-22	Statement of sustainable development strategy	1.1.1 Message from the Chairman		14-15
GRI 2-23	Policy commitments	1.2.1 Sustainable Development Committee		15-16
		1.2.2 Sustainable development trends and SDGs		16-18
		5.4.3 Human rights management		143-144
GRI 2-24	Embedding policy commitments	1.4.3 Material topic management approach		27-34
		5.4.3 Human rights management		143-144
GRI 2-25	Processes to remediate negative impacts	3.3.3 Internal and external operational risk		103-105
		5.4.3 Human rights management		143-144
GRI 2-26	Mechanisms for seeking advice and raising concerns	3.1.1 Overview of corporate governance structure and operation		91-92
		5.4.1 Measures for employee equality in employment		140-141
GRI 2-27	Legal compliance	3.4.3 Legal compliance		106-107
GRI 2-28	Qualifications of guild membership	3.1.4 Engagement in guild and association		97-98
Stakeholder engagement				
GRI 2-29	Approach to stakeholder engagement	1.3.3 Connecting operational value to stakeholder		23
GRI 2-30	Collective bargaining agreements	5.4.2 Diverse communication channel		141-143

GRI 3

GRI 3: Material Topics 2021

Index	Disclosure requirement	Report chapter or instruction	Abbreviated description	Page no.
GRI 3				
GRI 3-1	Process to determine material topics	1.3.1 Stakeholders and the materiality assessment process		20
		1.3.2 Stakeholder engagement and management		21-22
		1.3.3 Connecting operational value to stakeholder		23
GRI 3-2	List of material topics	1.4.1 Material topic assessment results		24-25
		1.4.2 Material topic impact boundary		25-27
GRI 3-3	Management of material topics	1.4.3 Material topic management approach		27-34

Topic-specific GRI

Index	Disclosure requirement		Chapter disclosed the index	Abbreviated description	Corresponding material topic	Page no.
Economic						
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed from the organization	About Bank of Kaohsiung		● Operational Performance and Profitability ● Climate Change Strategy	8-12
	201-2	Financial impacts and other risks and opportunities arising from climate change	2.4.3 Climate strategy 2.4.4 Climate risk management			66-76 76-82
	201-3	Defined benefit plan obligations and other retirement plans	5.1.4 Employee welfare measures			130-131
GRI 205 : Anti-Corruption 2016	205-1	Operation sites that have conducted corruption risk assessments	3.2.1 Policies and systems			98
	205-2	Communication and training on anti-corruption policies and procedures	3.2.2 Outcome of promotion of ethical management			98-99
	205-3	Confirmed incidents of corruption and actions taken	3.2.2 Outcome of promotion of ethical management			No related incidents in 2023
GRI 207 : Tax 2019	207-1	Tax policy	About Bank of Kaohsiung			8-12
	207-2	Tax governance, control and risk management	About Bank of Kaohsiung			8-12
Environment						
GRI 305 : Emissions	305-1	Direct (Scope 1) GHG emissions	4.3.2 Forge ahead to net zero carbon emissions by 2050			122-123
	305-2	Energy indirect (Scope 2) GHG emissions	4.3.2 Forge ahead to net zero carbon emissions by 2050			122-123
	305-3	Other indirect (Scope 3) GHG emissions	4.3.2 Forge ahead to net zero carbon emissions by 2050		● Greenhouse gas inventory and reduction	122-123
	305-4	GHG emissions intensity	4.3.2 Forge ahead to net zero carbon emissions by 2050			122-123
	305-5	Reduction of GHG emissions	4.3.2 Forge ahead to net zero carbon emissions by 2050			122-123
Supplier Environmental Assessment	308-1	Use of environmental criteria to screen new suppliers	4.2.1 Supplier management strategy			121
Society						
GRI 401 : Employment	401-1	New employee hires and employee turnovers	5.1.1 Human resource data			125-128
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	5.1.4 Employee welfare measures		● Talent attraction and retention ● Employee salary and welfare	130-131
	401-3	Parental leave	5.1.4 Employee welfare measures			130-131
GRI 403 : Occupational Health and Safety	403-1	Occupational safety and health management system	5.3.1 Build a safe workplace		● Employee care and friendly working environment	137-139
	403-2	Hazard identification, risk assessment, and incident investigation	5.3.1 Build a safe workplace			137-139

Index	Disclosure requirement		Chapter disclosed the index	Abbreviated description	Corresponding material topic	Page no.
GRI 403 : Occupational Health and Safety	403-3	Occupational health services	5.3.1 Build a safe workplace 5.3.2 Health promotion and friendly environment			137-139 139-140
	403-4	Worker participation, consultation, and communication on occupational safety and health	5.3.1 Build a safe workplace			137-139
	403-5	Worker training on occupational safety and health	5.3.1 Build a safe workplace			137-139
	403-6	Promotion of worker health	5.3.2 Health promotion and friendly environment		• Employee care and friendly working environment	139-140
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3.1 Build a safe workplace			137-139
	403-8	Workers covered by an occupational health and safety management system	5.3.1 Build a safe workplace			137-139
	403-9	Work-related injuries	5.3.1 Build a safe workplace			137-139
	403-10	Work-related ill health	5.3.1 Build a safe workplace			137-139
GRI 404 Training and Education	404-1	Average hours of training per year per employee	5.2.2 Key training plan			132-136
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2.1 Talent farming policy 5.2.2 Key training plan		• Talent attraction and retention	132 132-136
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2.3 Performance evaluation and development			136
GRI 405 : Diversity and Equality	405-1	Diversity of governance bodies and employees	3.1.2 Operation and performance of the Board of Directors and committee 5.1.2 Talent recruitment strategy		• Talent attraction and retention • Employee care and friendly working environment • Human Rights Protection and Gender Equality	93-97 128-129
	405-2	Ratio of basic salary and remuneration of women to men	5.1.3 Wage and remuneration 5.4 Employee communication and human rights			129-130 140-144
GRI 414 : Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	4.2.1 Supplier management strategy			121
	414- 2	Negative social impacts in the supply chain and actions taken	4.2.1 Supplier management strategy			121
GRI 418 : Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6.3 Personal information protection and management measures		• Personal information security and personal data protection • Money laundering prevention and countering of terrorism • Fair dealing and privacy protection	No related incidents in 2023

Material topic without specific GRI standards

Index	Disclosure requirement	Report chapter or instruction	Abbreviated description	Page no.
Green financial instruments, digital financial innovation and inclusion, risk management and audit system				
GRI 3-1	Process to determine material topics	1.3.1 The interested parties and the materiality assessment process 1.3.2 Connecting operational value to the interested parties 1.3.3 The interested parties Engagement and Management		20 21-22 23
GRI 3-2	List of material topics	1.4.1 Material topic assessment results 1.4.2 Material topic impact boundary		24-25 25-27
GRI 3-3	Management of material topics	1.4.3 Material topic management approach		27-34
No corresponding specific GRI standard		2.1.1 Sustainability loans 2.1.5 Digital innovation, friendliness and inclusion 3.3 Risk management		37-42 49-53 99-105

Appendix II. Disclosure index table in Taiwan Stock Exchange Corporation “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”

Appendix 1-3 Article 4: Sustainability disclosure indicator

Industry	No.	Indicutors	Type of indicators	Corresponding chapter and content	Page no.
Financial insurance industry	I	Number of data breaches, percentage involving personally identifiable information, number of account holders affected	Quantitative	Appendix III Sustainability Accounting Standards Board FN-CB-230a.1 indicator in indicator comparison table of the Sustainability Accounting Standards Board (SASB)	165-172
	II	Number and balance of loans granted for promotion of small businesses and community development.	Quantitative	Appendix III Sustainability Accounting Standards Board FN-CB-240a.1 in indicator comparison table of the Sustainability Accounting Standards Board (SASB)	165-172
	III	Number of participants in financial literacy initiatives for financially disadvantaged groups	Quantitative	Appendix III Sustainability Accounting Standards Board FN-CB-240a.4 in indicator comparison table of the Sustainability Accounting Standards Board (SASB)	165-172
	IV	Products and services designed through all operating businesses for creating environmental or social benefits	Qualitative description	2.2.2 Poverty eradication through financial inclusion	55-59

Table 2 to Article 4-1: Climate-related Information of TWSE/TPEx Listed Companies

(Risks and Opportunities Caused by Climate Change and Relevant Response Measures Taken by the Company)

Item	Corresponding chapter and content	Page no.
1. Describe how the Board of Directors and the management supervise and govern climate-related risks and opportunities explicitly.	2.4 Climate change risk management of TCFD	64-89
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finances (short-, medium-, and long-term).	2.4 Climate change risk management of TCFD	64-89
3. Stated financial impact of extreme climate event and transition action explicitly.	2.4 Climate change risk management of TCFD	64-89
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	2.4 Climate change risk management of TCFD	64-89
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors used, and main financial impacts shall be explained.	2.4 Climate change risk management of TCFD	64-89
6. If there is a transformation plan in place to manage climate-related risks, describe the contents of the plan, and the indicators and targets used to identify and manage physical and transformation risks.	2.4 Climate change risk management of TCFD	64-89
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	Currently, no internal carbon pricing is implemented.	Refer to the column on the left
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the relevant goals, the source and quantity of carbon reduction credits or the quantity of Renewable Energy Certificates (RECs) that were exchanged should be explained.	Based on the greenhouse gas inventory results in 2022, we plan to set an annual greenhouse gas reduction target of 1%. For related contents, please refer to 4.3.2 Towards 2050 Net Zero Carbon Emissions in this Report .	Refer to the column on the left
9. Greenhouse gas inventory and assurance	Please refer to Tables 1-1 and 1-2 below.	164-165

The Company's GHG inventories and assurance in the last two years

Greenhouse Gas Inventories Information	2022 (Scope of inventory : All domestic and foreign sites[1])		2023 (Scope of inventory : All domestic and foreign sites[1])	
	Total emissions (Metric tons CO_2e)	Intensity (Tons of CO_2e/NTD million)	Total emissions (Metric tons CO_2e)	Intensity (Tons of CO_2e/NTD million)
Scope 1	238.8657	0.0613	239.4851	0.0627
Scope 2	2,294.7800	0.5885	2,263.7876	0.5925
Scope 3 [2]	502.4901	0.1289	495.4677	0.1297

Note : 1 Bank of Kaohsiung had no subsidiary in 2022 and 2023.

2 Scope 3 inventories cover the indirect greenhouse gas emissions from products purchased by the organizations falling within the ISO 14064-1 Category 4, including upstream energy, water, and waste.

Greenhouse Gas Assurance Information	2022	2023
Scope of assurance	Our 46 business locations.	Our 46 business locations.
Assurance institution	SGS (SGS Taiwan Ltd.)	SGS (SGS Taiwan Ltd.)
Assurance Standards	ISO 14064-1:2018	ISO 14064-1:2018
Assurance opinion	None	None

Greenhouse gas reduction goals, strategies and specific action plans

Base year: 2022: Emissions of 3,036.136 metric tons CO_2e (our 46 locations).

Reduction goal: The annual reduction goal of greenhouse gas emissions is 1% in the short-term. In the medium and long-term, the Company intends to adopt a carbon reduction goal that is consistent with the temperature increase goal and carbon reduction roadmap of the Paris Agreement.

Strategy and specific action plan: Major energy equipment upgrades at operating locations, installation of solar photovoltaic panels, replacement of official vehicles, and purchase of green electricity, etc.

Reduction goal achievement status: To be achieved gradually after the 2023 annual strategies and specific action plans have been implemented.

Appendix III Sustainability Accounting Standards Board (SASB) Indicator Comparison Table

Based on the search result of industry type on SASB' s official website, Bank of Kaohsiung selected applicable indicators to disclose information of indicator from 11 sectors and 77 industries in SASB Materiality Map of Sustainability Accounting Standards Board (SASB) Standards:

Sector: Financials

Industry: Commercial Banks

SASB related subject	Indicator code	Disclosure indicator	Nature	Content summary and description	Corresponding chapter
Information security	FN-CB-230a.1	Number of data breaches	Quantitative	No data breach occurred at Bank of Kaohsiung in 2023.	3.6.3 Personal information protection and management measures
		Percentage involving personally identifiable information	Quantitative	No breach related to personal information occurred to Bank of Kaohsiung in 2023.	3.6.3 Personal information protection and management measures
		Number of account holders affected by the data breaches	Quantitative	No breach related to personal information occurred to Bank of Kaohsiung in 2023, hence no customer was affected.	3.6.3 Personal information protection and management measures
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Qualitative	For related contents, please refer to 3.6.2 Information Security Management Measures in the 2023 Sustainability Report.	3.6.2 Information security management measures

<table>
<tr><th>SASB related subject</th><th>Indicator code</th><th>Disclosure indicator</th><th>Nature</th><th>Content summary and description</th><th>Corresponding chapter</th></tr>
<tr><td rowspan="2">Inclusive finance and ability establishment</td><td>FN-CB-240a.1</td><td>Number and amount of loans outstanding qualified to programs designed to promote small business and community development</td><td>Quantitative</td><td>Information on loans granted to small and startup companies
The loans granted by Bank of Kaohsiung in 2023 to promote small-scale and startup enterprises are as follows:
<table><tr><th>Item name</th><th>Number of loans</th><th>Balance (Unit: 100 million/NTD)</th></tr><tr><td>Loans to small-scale and startup enterprises (Note 1)</td><td>8,409</td><td>252.79</td></tr></table>
Note：Small and startup companies that have been founded for less than five years, hire less than 20 employees, with capital below NT$5 million, or annual revenue below NT$10 million</td><td>2.2.2 Poverty eradication through financial inclusion</td></tr>
<tr><td>FN-CB-240a.2</td><td>Number and amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development</td><td>Quantitative</td><td>Number and amount of past due and nonaccrual loans generated from granting loans to small and startup companies
• The information of overdue loans is as follows:
Number of transactions: 1,568 transactions, amount: NT$369 million/NTD
• The information of nonaccrual loan is as follows:
Number of transactions: 1,358 transactions, amount: 258 million/NTD</td><td>Refer to the column on the left.</td></tr>
<tr><td>Inclusive finance and ability establishment</td><td>FN-CB-240a.3</td><td>Number of no-cost retail checking accounts provided to financially disadvantaged groups</td><td>Quantitative</td><td>Consumers in Taiwan don’ t often pay by checking account. Furthermore, according to relevant regulations, the requirements on certificate document, credit record and deposit for opening a checking account are stricter than the ones for other basic financial services.
Requirements for typical deposit account and debit card are lower, and is easier for financially disadvantaged groups to apply for. Deposit account and debit card are better for them than checking account. Therefore, Bank of Kaohsiung has not offered no-cost checking account for financially disadvantaged groups for now but utilizes other financial friendly measures to help financially disadvantaged groups.</td><td>2.2.2 Poverty eradication through financial inclusion</td></tr>
<tr><td></td><td>FN-CB-240a.4</td><td>Number of participants in financial literacy initiatives for financially disadvantaged groups</td><td>Quantitative</td><td>Bank of Kaohsiung strives to foster financial knowledge and enhance overall financial literacy of citizens and disadvantaged groups of Kaohsiung. In 2023, we organized 21 financial knowledge promotion courses and seminars, with 764 participants in total. The table below describes seminar information:
<table><tr><th>SeminSeminar namear name</th><th>Groups served</th><th>Number of participants</th></tr><tr><td>Practical application of the Elder Care Trust</td><td>Elderly at Dashu District Jiutang Activity Center</td><td>37</td></tr><tr><td>Practical application of the Elder Care Trust</td><td>Elderly at Renwu District Senior Citizen's Activity Center</td><td>40</td></tr><tr><td>Practical application of the Elder Care Trust</td><td>Elderly at Greater Community Senior Citizen’ s Recreation Center</td><td>27</td></tr><tr><td>Introduction to trust types and case studies</td><td>Pingtunggou Mili Village Center</td><td>15</td></tr><tr><td>Introduction to trust types and case studies</td><td>Community College Retiree of the Community Presbyterian Church</td><td>50</td></tr></table></td><td>2.1.3 Sustainability trust
6.1.2 Protect our home with trust, and root the idea of trust on campus</td></tr>
</table>

SASB related subject	Indicator code	Disclosure indicator	Nature	Content summary and description	Corresponding chapter
Inclusive finance and ability establishment	FN-CB-240a.4	Number of participants in financial literacy initiatives for financially disadvantaged groups	Quantitative		2.1.3 Sustainability trust 6.1.2 Protect our home with trust, and root the idea of trust on campus

SeminSeminar namear name	Groups served	Number of participants
Introduction to trust types and case studies	Villager of Sanmin District Anfa Village Center	20
Introduction and practical application of insurance trust	Insurance salesperson of Shintai Insurance Brokers Co., Ltd. in Kaohsiung City	30
Introduction and practical application of insurance trust	Insurance salesperson of LAW Insurance Broker Co., Ltd.	15
Introduction to trust, and introduction to and sharing of charitable trust webpages	Wealth management team member of FUHO, and relatives and friends thereof	20
Introduction and practical application of insurance trust	Insurance salesperson of Polaris Financial Group	15
Special Course on Trust Law (including sharing and discussion of family cases)	President, Judge and Home Mediation Officer of Judges Academy	60
Property trust for senior and people with physical and mental disabilities	Social worker of Civil Service Development Institute, Kaohsiung City, and worker of social welfare agencies	36
Trust Planning and Practical Application for Persons with Disabilities	Parent of the person with disabilities of Kaohsiung Palette Association	15
Introduction to trust types and case studies	Social Worker of Children Are Us Foundation, and worker of social welfare agencies	35
Introduction to trust types and case studies	Family members of the person with dementia of Kaohsiung Dementia Association, and also the general public	59
Trustworthy property steward	Member of Taiwan Alliance of Fortune Living Environment	35
Introduction to trust types and case studies	Employees at Lungyen Life Service Corporation, Ltd., Yuanju Business Division	10

<table>
<tr><th>SASB related subject</th><th>Indicator code</th><th>Disclosure indicator</th><th>Nature</th><th>Content summary and description</th><th>Corresponding chapter</th></tr>
<tr><td>Inclusive finance and ability establishment</td><td>FN-CB-240a.4</td><td>Number of participants in financial literacy initiatives for financially disadvantaged groups</td><td>Quantitative</td><td>
<table>
<tr><th>SeminSeminar namear name</th><th>Groups served</th><th>Number of participants</th></tr>
<tr><td>Trust practices and application in daily life</td><td>Department of Finance, Yi-Shou University</td><td>60</td></tr>
<tr><td>Trust practices and application in daily life</td><td>Student of National Kaohsiung University of Science and Technology, the First Campus</td><td>120</td></tr>
<tr><td>Trust practices and application in daily life</td><td>Sophomore of Shih Chien University</td><td>35</td></tr>
<tr><td>Trust practices and application in daily life</td><td>Shih Chien University</td><td>30</td></tr>
</table>
</td><td>2.1.3 Sustainability trust
6.1.2 Protect our home with trust, and root the idea of trust on campus</td></tr>
<tr><td>Inclusive finance and ability establishment</td><td>FN-CB-410a.2</td><td>Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis.
Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis.</td><td>Qualitative</td><td>Bank of Kaohsiung stipulated the Review Guidelines for Sustainability Loans to respond to globally sustainable development, and exerts financial influence. The Guidelines will be approved and implemented in 2023. Bank of Kaohsiung expects to urge borrowers to aim for sustainability transitions and implement the management of environmental, social, and corporate governance (ESG) risks through loan review mechanisms. Bank of Kaohsiung anticipates that borrowers can reach our sustainability operation goals and expects to work together with borrowers to strive for environmental and socially sustainable development. Bank of Kaohsiung expects to evaluate the ESG risks of loan customers based on various aspect, divides customers into high/medium/low risk, sets the markup rates for customers with medium and high risks, and does not set markup rates for low risk customers. Bank of Kaohsiung sets the criteria beneficial to ESG management and marks down the rate if the customer meets the relevant standards.</td><td>3.4.4 Sustainability loan</td></tr>
<tr><td>Carbon Emissions from Investment and Financing</td><td>FN-CB-410b.1</td><td>Absolute GHG emissions from investment and financing
(1) Scope 1, (2) Scope 2, (3) Scope 3</td><td>Quantitative</td><td>The absolute total emissions under Scope 1 and 2 GHG emissions of the Bank of Kaohsiung's investment and financing partners in 2023 are as follows:
<table>
<tr><th>Asset category</th><th></th><th>Emissions (metric ton CO_2e)</th></tr>
<tr><td>Loan position</td><td>Personal mortgage loan</td><td>8,510.04</td></tr>
<tr><td></td><td>Commercial real estate</td><td>9,719.83</td></tr>
<tr><td></td><td>Commercial loans</td><td>124,342.08</td></tr>
<tr><td>Investment position</td><td>Corporate bonds in NTD (excluding sustainability bonds)</td><td>70,808.65</td></tr>
<tr><td></td><td>Foreign currency denominated corporate and financial bonds (excluding sustainability bonds)</td><td>35,604.55</td></tr>
<tr><td></td><td>Sovereign bonds</td><td>258,983.25</td></tr>
<tr><td></td><td>Equity investment (excluding ETF)</td><td>2,485.43</td></tr>
</table>
*Certain part of Scope 3 will be disclosed in the future.</td><td>Refer to the column on the left below.</td></tr>
</table>

<table>
<tr><th>SASB related subject</th><th>Indicator code</th><th>Disclosure indicator</th><th>Nature</th><th>Content summary and description</th><th>Corresponding chapter</th></tr>
<tr><td>Carbon Emissions from Investment and Financing</td><td>FN-CB-410b.2</td><td>Total risk exposure of different industries by asset category</td><td>Quantitative</td><td>Bank of Kaohsiung discloses the top ten industries with credit risk based on loan amount, as shown in the table below:
<table>
<tr><th>Order</th><th>Industry</th><th>Loan amount (Unit: NTD thousand)</th><th>Percentage of overall loan amount</th></tr>
<tr><td>1</td><td>Financial and insurance industry</td><td>22,726,458</td><td>12.23%</td></tr>
<tr><td>2</td><td>Real estate industry</td><td>20,963,162</td><td>11.29%</td></tr>
<tr><td>3</td><td>Wholesale and retail industries</td><td>15,889,872</td><td>8.55%</td></tr>
<tr><td>4</td><td>Construction industry</td><td>11,535,917</td><td>6.21%</td></tr>
<tr><td>5</td><td>Petroleum/ Coal/Chemical Materials / Rubber and Plastic Products Manufacturing</td><td>6,520,659</td><td>3.51%</td></tr>
<tr><td>6</td><td>Electricity and gas supply</td><td>6,119,585</td><td>3.29%</td></tr>
<tr><td>7</td><td>Manufacture of basic metals</td><td>5,732,565</td><td>3.09%</td></tr>
<tr><td>8</td><td>Service industry</td><td>5,696,982</td><td>3.07%</td></tr>
<tr><td>9</td><td>Metal Products/ Machinery & Equipment Manufacturing</td><td>4,745,663</td><td>2.55%</td></tr>
<tr><td>10</td><td>Manufacturing of transport equipment and parts</td><td>3,892,668</td><td>2.10%</td></tr>
</table>
Note：The type of industry is based on our standard of loan industry classification.</td><td>Refer to the column on the left below.</td></tr>
</table>

<table>
<tr><th>SASB related subject</th><th>Indicator code</th><th>Disclosure indicator</th><th>Nature</th><th>Content summary and description</th><th>Corresponding chapter</th></tr>
<tr><td rowspan="2">Carbon Emissions from Investment and Financing</td><td>FN-CB-410b.3</td><td>Calculation of percentage of exposures including emissions from investment and financing</td><td>Quantitative</td><td>The absolute total emissions under Scope 1 and 2 GHG emissions of the Bank of Kaohsiung's investment and financing partners in 2023 are as follows:
<table><tr><th></th><th>Asset category</th><th>Amount (NTD million)</th><th>Percentage of the balance of total shops and stores in the position covered by the inventory (%)</th></tr><tr><td rowspan="3">Loan position</td><td>Personal mortgage loan</td><td>25,903.00</td><td>98.07%</td></tr><tr><td>Commercial real estate</td><td>207,416.84</td><td>40.52%</td></tr><tr><td>Commercial loans</td><td>127,949.32</td><td>%</td></tr><tr><td rowspan="4">Investment position</td><td>Corporate bonds in NTD (excluding sustainability bonds)</td><td>12,055.31</td><td>100.00%</td></tr><tr><td>Foreign currency denominated corporate and financial bonds (excluding sustainability bonds)</td><td>12,198.28</td><td>78.83%</td></tr><tr><td>Sovereign bonds</td><td>5,205.47</td><td>99.59%</td></tr><tr><td>Equity investment (excluding ETF)</td><td>3,550.00</td><td>100.0%</td></tr></table>Note：1 Among the asset categories disclosed in the Practice Handbook of the Bankers Association of the Republic of China and the PCAF Methodology, the loan position of the Bank of Kaohsiung does not cover motor vehicle financing products.
2 Inventory coverage ratio of the asset position = investment or financing amount of the single asset category/total investment or financing amount of the asset position.</td><td>Refer to the column on the left below.</td></tr>
<tr><td>FN-CB-410b.4</td><td>Methodology for calculating emissions from investment and financing</td><td>Qualitative</td><td>Bank of Kaohsiung's 2023 financial carbon emissions calculation method takes into consideration the "Practice Handbook of Financial Carbon Emissions from Investment and Financing Portfolio of Domestic Banks (Scope 3)" of the Bankers Association of the Republic of China and the "Global GHG Accounting and Reporting Standard for the Financial Industry" issued by the Partnership for Carbon Accounting Financials (PCAF) and, subject to the principle of materiality and the availability of data, gives the priority to the carbon emission calculation of the commercial loans with higher percentage in the Bank’ s loan position (long-term loans, TWSE/TPEx listing, and public offerings with the latest information available as the priority), commercial real estate financing (long-term loans, TPEx listing, and public offerings), commercial real estate financing (income generated for commercial purposes) and personal mortgage loans (limited to home purchase purpose) and NTD denominated corporate bonds (excluding corporate and sustainability bonds) of the investment position, foreign currency sovereign bonds (excluding multi-sovereign bonds and sub-sovereign bonds) and equity investments (excluding ETFs).</td><td>Refer to the column on the left below.</td></tr>
</table>

SASB related subject	Indicator code	Disclosure indicator	Nature	Content summary and description	Corresponding chapter
Business ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	In 2023, Bank of Kaohsiung has not suffered from monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, or other related financial industry laws or regulations.	3.4.4 Compliance
	FN-CB-510a.2	Description of whistleblower policies and procedures	Qualitative	Bank of Kaohsiung set up the "Guidelines for Bank of Kaohsiung handling reported case" and instructed our Compliance Division as the unit responsible for accepting and investigating the reported case. Staff handling the reporting case shall keep the identity, reporting content and relevant document of the informant confidential. Any information that might reveal the identity of informant and reporting content must not be leaked.	3.2.3 Whistleblowing system
System risk management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Bank of Kaohsiung is not a G-SIB bank, hence this indicator does not apply.	Refer to the column on the left below.
	FN-CB-550a.2	Describe methods for incorporating mandatory and voluntary stress test	Qualitative	Bank of Kaohsiung calculates and monitors capital adequacy according to relevant rules, to ensure that it meets the requirement for reinforcing bank capital standards. In addition, we regularly evaluate the internal capital adequacy and stress test, to evaluate current risk exposure and adequacy of working capital, and to make sure that we can respond to the loss under stress scenario.	3.3.3 Internal and external operational risk
Event indicator	FN-CB-000.A	Number and value of checking and savings accounts by segment: (a) individual and (b) small business	Quantitative		2.2.2 Inclusive finance

Subject	Number of checking accounts	Total balance of checking account (Unit: NTD/ hundred million)	Number of saving accounts	Total balance of saving accounts (Unit: NTD/ hundred million)
Individual	23,682	3.97	1,058,900	133.42
Small-scale Business [1,2]	13,416	22.15	67,785	585.92
Total	37,098	26.1261	1,226,685	719.34

Note : 1 Government agency, social insurance and pension fund, NGO, financial-related institution, and foreign currency deposit are excluded.
2 The definition of small-scale business is the small-scale business with the balance of corporate account less than NT$40 million.

<table>
<tr><th>SASB related subject</th><th>Indicator code</th><th>Disclosure indicator</th><th>Nature</th><th>Content summary and description</th><th>Corresponding chapter</th></tr>
<tr><td>Event indicator</td><td>FN-CB-000.B</td><td>Number and value of loans by segment: (a) individual, (b) small-scale business, and (3) corporate</td><td>Quantitative</td><td>
<table>
<tr><th>Type</th><th>Number of loans in total</th><th>Total value of loans (Unit: hundred million/ NTD)</th></tr>
<tr><td>Individual</td><td>146,941 accounts</td><td>591.18</td></tr>
<tr><td>SME [1]</td><td>4,747 accounts</td><td>815.28</td></tr>
</table>
Note：1 SMEs are the ones that meet the Standards for Identifying Small and Medium-sized Enterprises ratified by the Executive Yuan according to the Regulations for Small and Medium Business Credit Guarantee Fund. However, the financial and insurance industry or special amusement services are excluded.
<table>
<tr><th>Type</th><th>Number of loans</th><th>Total value of loans (Unit: hundred million/NTD)</th></tr>
<tr><td>General business [2]</td><td>627 accounts</td><td>399.50</td></tr>
</table>
Note：2 Public and private non-SMEs are included.
</td><td>Refer to the column on the left below.</td></tr>
</table>

Ξ SASB Materiality Map:https://materiality.sasb.org/

Ξ For the SASB official website, please refer to https://www.sasb.org.

Appendix IV Independent Auditor’ s Limited Assurance Report

安永聯合會計師事務所
80052 高雄市中正三路2號17樓
17F, No. 2, Zhongzheng 3rd Road
Kaohsiung City, Taiwan, R.O.C.
Tel: 886 7 238 0011
Fax: 886 7 237 0198
www.ey.com/tw

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Independent practitioner's assurance report

To Bank of Kaohsiung Co., Ltd.

We have been engaged by Bank of Kaohsiung Co., Ltd. (the “Company’s”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Company’s identify subject matter (the “Subject Matter”) contained in Company’s Sustainability Report for the year ended December 31, 2023.

Please refer to Appendix 1 for information on the Subject Matter of assurance procedure.

Company's responsibilities

Company’s management is responsible for selecting the Criteria, Sustainability Reports should be prepared in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and the GRI Standards issued by the Global Reporting Initiatives, GRI. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

We conducted our engagement in accordance with the Taiwan Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (TWSAE 3000), and our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, our procedures included:

- Obtain and read the year of 2023 Sustainability Report.
- Conduct interviews with relevant departments involved in providing sustainability performance information to understand the process for collecting, collating and reporting the Subject Matter during the reporting period and evaluate the processes of internal controls and IT system information.
- Based on the obtained understanding of the above information, perform analytical procedures on the specific information disclosed in the report, or sample check relevant documents when necessary to obtain sufficient and appropriate limited assurance evidence.

Innate Limitations

Due to the involvement of numerous assurance Subject Matter related to non-financial information, compared to the assurance of financial information, there are more innate limitations. The qualitative interpretation of the relevance, materiality, and accuracy of the data depends more on individual assumptions and judgments.

Our independence and quality management

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material

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modifications that should be made to the Subject Matter, in order for it to be based on the Criteria.

Other matters

After the issuance of this limited assurance report, any changes to the Subject Mater or applicable criteria by the Bank of Kaohsiung will not be the responsibility for EY to re-perform the assurance work for such information.

Chen, Cheng-Chu
Ernst & Young, Taiwan
July 11, 2024

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Appendix 1

Number	Chapter disclosed the index	Disclosure requirement	Corresponding chapter and content	Sustainability disclosure indicator
1	Appendix III	SASB Indicator Comparison Table FN-CB-230a.1	Bank of Kaohsiung did not experience any incidents of data breaches in 2023. And were no events related to the leakage of personal data at Bank of Kaohsiung in 2023, thus no customers were affected.	In “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” Article 4, Appendix 1-III, Indicator 1 : Number of data breaches, percentage involving personally identifiable information, number of account holders affected.
2	Appendix III	SASB Indicator Comparison Table FN-CB-240a.1	The loans granted by Bank of Kaohsiung in 2023 to promote small-scale enterprises and start-ups are as follows: Item name: Loans to small-scale and start-up enterprises (Note 1); Number of loans: 8,409; Balance (Unit: 100 million/NTD): 252.79 Note 1: Small and start-up companies that have been founded for less than five years, hire less than 20 employees, with capital below NT$5 million, or annual revenue below NT$10 million.	In “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” Article 4, Appendix 1-III, Indicator 2 : Number and balance of loans granted for promotion of small businesses and community development.
3	Appendix III	SASB Indicator Comparison Table FN-CB-240a.4	Bank of Kaohsiung strives to foster financial knowledge and enhance overall financial literacy of citizens and disadvantaged groups of Kaohsiung. In 2023, we organized 21 financial knowledge promotion courses	In “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” Article 4,

Number	Chapter disclosed the index	Disclosure requirement	Corresponding chapter and content	Sustainability disclosure indicator
			and seminars, with 776 participants in total. The table below describes seminar information:	Appendix 1-III, Indicator 3 : Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.

Seminar name	Groups served	Number of participants
Practical application of the Elder Care Trust	Elderly at Dashu District Jiutang Activity Center	37
Practical application of the Elder Care Trust	Elderly at Renwu District Senior Citizen's Activity Center	40
Practical application of the Elder Care Trust	Elderly at Greater Community Senior Citizen's Recreation Center	27
Introduction to trust types and case studies	Pingtunggou Mili Village Center	15
Introduction to trust types and case studies	Community College Retiree of the Community Presbyterian Church	50
Introduction to trust types and case studies	Villager of Sanmin District Anfa Village Center	20

Number	Chapter disclosed the index	Disclosure requirement	Corresponding chapter and content			Sustainability disclosure indicator
			Introduction and practical application of insurance trust	Insurance salesperson of Shintai Insurance Brokers Co., Ltd. in Kaohsiung City	30	
			Introduction and practical application of insurance trust	Insurance salesperson of LAW Insurance Broker Co., Ltd.	15	
			Introduction to trust, and introduction to and sharing of charitable trust webpages	Wealth management team member of FUHO, and relatives and friends thereof	20	
			Introduction and practical application of insurance trust	Insurance salesperson of Polaris Financial Group	15	
			Special Course on Trust Law (including discussion of family cases)	President, Judge and Home Mediation Officer of Judges Academy	60	

Number	Chapter disclosed the index	Disclosure requirement	Corresponding chapter and content			Sustainability disclosure indicator
			Property trust for senior and people with physical and mental disabilities	Social worker of Civil Service Development Institute, Kaohsiung City, and worker of social welfare agencies	36	
			Trust Planning and Practical Application for Persons with Disabilities	Parent of the person with disabilities of Kaohsiung Palette Association	15	
			Introduction to trust types and case studies	Social Worker of Children Are Us Foundation, and worker of social welfare agencies	35	
			Introduction to trust types and case studies	Family members of the person with dementia of Kaohsiung Dementia Association, and also the general public	59	
			Trustworthy property steward	Member of Taiwan Alliance of Fortune Living Environment	35	
			Introduction to trust types and case studies	Employees at Lungyen Life Service Corporation, Ltd., Yuanju Business	10	

Number	Chapter disclosed the index	Disclosure requirement	Corresponding chapter and content			Sustainability disclosure indicator
				Division		
			Trust practices and application in daily life	Junior of Department of Finance, Yi-Shou University	60	
			Trust practices and application in daily life	Student of National Kaohsiung University of Science and Technology, the First Campus	120	
			Trust practices and application in daily life	Sophomore of Shih Chien University	35	
			Trust practices and application in daily life	Junior of Shih Chien University	30	
4	CH2 Financial Products and Services—Constructing Responsible Finance	2.2.2 Poverty eradication through financial inclusion	**Bank of Kaohsiung Inclusive Finance Blueprint** The bank continues to promote various financial products and services to assist students, homebuyers, young entrepreneurs, small and medium-sized enterprises, startups, cultural and creative industries, and disadvantaged groups in accessing diverse channels for funding and financial services. This initiative helps to eradicate poverty, create a favorable social environment, and promote economic stability			In "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" Article 4, Appendix 1-III, Indicator 4 : Products and services designed through all operating businesses for creating environmental or social benefits.

Number	Chapter disclosed the index	Disclosure requirement	Corresponding chapter and content	Sustainability disclosure indicator
			and growth. For a description of the achievements, please refer to Table 1.	

Table 1:

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
Students	Student loans	Students of public and private colleges and universities, high schools, and continual schools may apply for student loans or student loans for living expenses if they meet the regulations announced by the Ministry of Education year by year. The loan covers tuition and incidental fees, internship fees, book fees, housing fees, student group insurance fees, overseas study fees, and living expenses.	We have granted 35,862 loans and the credit balance was NT$4.829 billion in total in 2023.
Vulnerable Groups	Reconstruction of unsafe and old urban buildings	We are committed to assisting in processing loans and trusts for the reconstruction of unsafe and old urban buildings. In addition to promoting the renewal and improvement of urban construction, we also help strengthen the stability and safety of the building structure, thereby reducing potential disaster risks. Through the urban renewal and reconstruction of unsafe and old buildings, it is also possible to effectively use land resources and promote the rational use and planning of urban spaces.	As of 2023, we have successfully underwritten 9 loans for the reconstruction of unsafe and old buildings, with a total credit balance of NT$450 million, achieving a growth of more than 100% from last year.
Home buyers	Loans for housing pension	As an additional support measure for seniors to secure their life, we provide a financial security means for seniors to use their own housing to obtain the funds needed for senior living or nursing care.	Loans granted to 6 customers Loan balance of NT$2 million 61.47% higher compared to 2022.
	The "First Mortgage" Kaohsiung	To take care of the citizens of Kaohsiung, we offer mortgages for up to 40 years to citizens buying their	As of the end of June 2023, the "Richest Man Settled in Life" project for the house

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
	Citizens First Home Buyer Discount Mortgage Project (2023/1~2023/6), "Siung Easy" First Time Home Buyer Discount Mortgage Project (2023/6 until now)	first house in Kaohsiung. We want to help them buy their own house. In 2H of 2023, in response to the COVID-19 pandemic and the impact posed by the international financial market, we worked with the Kaohsiung City Government in its "First-Time Home Buyer Home Loan Interest Subsidy Program" and launch of the "Siung Easy" project for the house loan discount for the first-time homebuyers. The interest subsidy provided by Kaohsiung City Government and our interest relinquishment measures effectively help alleviate the pressure on mortgage interest rates of first-time homebuyers, allowing homebuyers to balance quality of life and create a happy life at the same time.	loan discount for the first-time homebuyers available to Kaohsiung citizens has underwritten 24 new mortgages amounting to NT$141 million. The "Siung Easy" project for the house loan discount for the first-time homebuyers has underwritten 64 new mortgages amounting to NT$376 million. In 2023, we have underwritten a total of 88 mortgage loans amounting to NT$517 million in total, growing by more than 50% from NT$328 million in 2022.
Young Entrepreneurs	Kaohsiung City Government - Youth Entrepreneurial Loans	To take care of youths, we work with the Youth Bureau, Kaohsiung City Government to support youth entrepreneurship, foster outstanding innovative companies, and offer this youth entrepreneurship loan. Kaohsiung City Government and the Small & Medium Enterprise Credit Guarantee Fund of Taiwan appropriate funds and offer credit guarantees for financing. We help youths in Kaohsiung apply for financing from a bank without providing collateral to acquire the start-up fund, which can be used for buying business equipment, furniture and fixtures, venue decoration, and revolving expenses.	A total of 415 cases have been underwritten, amounting to NT$360 million.

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
	Ministry of Economic Affairs - Youth Entrepreneurship and Start-up Loans	To build a favorable environment for youth entrepreneurship, encourage entrepreneurship, create economic development, and help youths acquire the funds they need for entrepreneurship, we offer youth entrepreneurship and start-up loans to advocate the policy enacted by the Small and Medium Enterprise Administration, MOEA. All of our business units may process the applications. The funds can be used in various ways, setting-up expenses at the initial stage, revolving expenditures during the business period, or CAPEX such as the purchasing of equipment and tools for business, and interior decoration.	A total of 5,410 cases have been underwritten, amounting to NT$5.933 billion.
	Youth entrepreneurship and start-up loans in cultural and creative industries	We offer start-up loans to youth entrepreneurs in cultural and creative industries, such as visual arts, music, and performing arts. They may apply for loans for setting-up expenses, revolving expenses, and CAPEX.	In 2023, the approved youth entrepreneurship and start-up loans in cultural and creative industries have amounted to NT$6.5 million cumulatively, and four loans have been underwritten, 18.18% higher than the amount (NT$5.5 million) approved in 2022.
SMEs	Loans to small-scale and start-up enterprises	To build a financing environment favorable to SMEs, we provide loans to small and start-up enterprises.	A total of 8,409 cases have been underwritten. The balance of credit amounted to NT$252.79 billion, with the growth rate of 5.90%.

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
	Factory loan	To help factories of SMEs in Kaohsiung with transitions, we provide factory loan programs to general or specific factories for CAPEX or revolving expenditures.	The loan balance at the end of 2023 was NT$10.632 billion, an increase by more than 50% from the loan balance of NT$6.991 billion at the end of 2022.
	Loan for SMEs innovative development project	To assist SMEs to promote international development with innovative and high-tech service models and encourage youth innovation, we provide them with innovative business revitalization and development funds.	4 contracts have been underwritten, with the balance of credit amounting to NT$5 million.
	Business and strategic loans	To help Kaohsiung City Government thrive business activity in Kaohsiung, stimulate the economy, and facilitate the development of SMEs and strategic industries, we offer these loans with our own funds.	37 contracts have been underwritten, with the loan balance amounting to NT$40 million.
	Accelerated the investment loaning to SMEs	Mitigate the capital burden of SMEs, and promote industrial transformation and economic growth.	A total of 9 cases have been underwritten. The loan balance amounted to NT$336 million, with the growth rate of 630%.
	Ministry of Economic Affairs grants SMEs the Post-Pandemic Revitalization Project loan.	Provide the working capital needed by SMEs to recover the economy after the pandemic, in order to assist SMEs to improve their competitiveness and restore business prosperity.	We have began to accept the application for loan since June 2023. As of the end of December 2023, we have granted 51 cases, amounting to NT$310 million.
	Loans granted by the Ministry of Economic Affairs for assisting SMEs	Assist SMEs in the low-carbon and smart transformation, or provide funds for working capital needed by specific factories and controlled factories subject to improvement	We have began to accept the application for loan since June 2023. As of the end of December 2023, we have granted 12 cases,

Inclusive Ethnic Groups	Project Name	Project Descriptions	Achievement in 2023
	in low-carbon and smart transformation, development of managed factories, and infrastructure optimization of specific factories	plans authorized by municipal or county (city) governments.	amounting to NT$63 million.
Start-up and cultural and creative industries	Five Plus Two Industry Innovation Plan	To advocate the Five Plus Two Industry Innovation Plan of the Taiwanese government, we help seven key start-up industries obtain working capital, including intelligent machinery, Silicon Valley Asia, green energy, biomedicine, national defense, new agriculture, and the circular economy.	The total loan amounted to NT$73.48 billion, with the growth rate of 16.50%.

高雄銀行
BANK OF KAOHSIUNG

ESG Report

A BANK YOU CAN TRUST

168 Po Ai 2nd Road, Tsoying District, Kaohsing, Taiwan
TEL：(886)7-557-0535
FAX：(886)7-559-0575
Free consultation line：0800-751-068
URL： http://www.bok.com.tw
E-mail：csr@mail.bok.com.tw