

O-Bank 2023 Sustainability Report



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Editor's Note

Fulfilling our corporate social responsibilities is the first of many steps to realize the O-Bank spirit of "fulfilling oneself by benefiting others." O-Bank deeply believes that in order to achieve sustainable operation and development, the most important mission for a company is to pursue profit while at the same time caring for the environment and society.

O-Bank established an ESG Development Working Committee (formerly the Corporate Social Responsibility (CSR) Committee) in 2015 made up of each department's most senior supervising manager. We act on our corporate culture of "Always Sincere, Always Here" in the six dimensions of corporate governance, customer relationships, employee care, environmental protection, social engagement, and green finance, systematically driving a wide range of sustainable development plans. In 2023, O-Bank established a "Board Sustainability Committee" governed by the Board of Directors, further placing the entire Bank's sustainable development strategy and its execution under the supervision of the Board. Each year, the results of our efforts in sustainable development are disclosed in sustainability reports. By means of these reports, O-Bank hopes to stay in close communication with all concerned stakeholders so that they can better understand our thinking and how we act upon it. Since publishing our first sustainability report in 2016, O-Bank has regularly published one each year in late June (Since 2021, the English version of the sustainability report has been regularly published each year in August). This year's will be the 9th sustainability report, and there has been no need to restate any of the information contained therein. More reports will follow each year to publicly disclose various sustainability actions.

This sustainability report covers the period January 1 to December 31, 2023, consistent with the period covered by our financial report. In addition, to ensure the completeness of reporting on certain programs and activities, parts of the report present information dating before 2023. Disclosures in this report cover all of O-Bank's domestic and overseas business locations. In addition to the O-Bank headquarters building in Taipei's Neihu District, this report also includes the Nanjing Fuxing Branch, the Taoyuan Branch, Hsinchu Branch, Taichung Branch, Kaohsiung Branch, and Tainan Region Business Office, as well as the Hong Kong Branch and the Tianjin Representative Office overseas. The statistical data set out in this report comprehensively cover all of O-Bank's domestic and overseas business locations, but not affiliated enterprises (for detailed information, please see p. 210 of O-Bank's 2023 Annual Report). Information on the results of social engagement efforts includes the community service activities of the O-Bank Education Foundation. All financial figures in this report are denominated in NT Dollars and have been certified by a CPA.

In its content and structure, the O-Bank 2023 Sustainability Report is modeled on the Global Sustainability Standards Board's GRI Sustainability Reporting Standards (GRI Standards), the AA1000 AccountAbility Principles, and the SASB standards for commercial banks and consumer finance, and was also drafted with reference to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the ISO 26000 Guidance on Social Responsibility, the International Integrated Reporting Council's Integrated Reporting Framework, the UN Global Compact disclosure guidelines, and the UN Sustainable Development Goals.

O-Bank has retained BSI SG Taiwan Branch with the approval of the chairman to independently certify our Sustainability Report on the basis of the "GRI Standards (2021)" and the AA1000 AccountAbility Principles (The high level assurance of Type 2 of AA1000AS v3), as shown in Appendix 8. At the same time, O-Bank retained Ernst & Young Taiwan to prepare independent limited assurance reports on 13 specific sustainability performance indicators in accordance with the Accounting Research and Development Foundation's "Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information," which were drafted with reference to the International Standard on Assurance Engagements 3000 (ISAE 3000). In addition, limited assurance is provided on the carbon emission data of the entities in which we invest or to which we lend based on ISAE 3410, as shown in the limited assurance report found in Appendix 9.

To protect the environment, this report has been printed under strict quantity control, using soy ink on paper certified by the Forest Stewardship Council. An electronic version is available for download from the Sustainable Development section of the O-Bank website. If you have any suggestions regarding this report, you are welcome to contact us at:

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Letter from the Chairperson

In addition to pursuing growth and creating economic value, an enterprise must create social value, act as a force for good in society, and maintain a corporate sustainability that facilitates the emergence of a synergistic co-existence between the economy, the natural environment, and society. O-Bank has long been dedicated to achieving our goal of corporate sustainability. Ever since our founding in 1999 as the Industrial Bank of Taiwan, and then our reorganization and listing in 2017 as O-Bank, O-Bank has acted in the spirit of "fulfilling oneself by benefiting others," working with all stakeholders to create a shared prosperity and achieve sustainable development for the company, the environment, and society.

Over the past year, against the backdrop of global economic volatility, O-Bank's profits have maintained good growth momentum. 2023 earnings per share (EPS) came to NT\$0.87, standalone net profit after tax was NT\$2,492 million, and consolidated net profit after tax came to NT\$3,426 million. Excluding the one-off gain resulting from the IBT leasing merger case in 2022, in 2023 O-Bank achieved its highest standalone net profit since the Bank was founded. O-Bank's principal objective in recent years has been to pursue high-quality profits, and the Bank hopes to use its resources as effectively as possible. Moving forward, the Bank will continue expanding its customer base, developing diverse products, improving operating efficiency, and reaping the benefits of group synergy in order to create a boutique bank that pursues both shareholders' value and sustainable management.

In the course of a company's growth, we firmly believe that a company's mission is not merely to earn profits; besides pursuing profit, a company must also care for the environment and society, and work toward a vision in which all stakeholders share in win-win outcomes for all.

I chair the ESG Development Working Committee (formerly the Corporate Social Responsibility Committee) that we formed in 2015. O-Bank's President serves as the committee's vice chairperson, and the rest of the committee members are composed of the chiefs of O-Bank's related units. Since the founding of this committee, we have begun to fulfill our corporate social responsibilities in a more systematic manner, steadily advancing commitments in the six dimensions of corporate governance, employee care, customer relationships, environmental protection, social engagement, and green finance. Since 2023, we have further established a "Board Sustainability Committee" under the Board, consisting of seven directors, with more than half of the members being independent directors, responsible for supervising the bank's sustainable development strategy and implementation results, which demonstrates our commitment to sustainable development.

In recent years, in response to the issues of climate change and net zero, we have even more actively incorporated a sustainability-oriented mindset into the running of our business. For example, we have signed on to the Equator Principles, become supporters of the Task Force on Climate-Related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP), incorporated ESG risk factors into the investment decision-making process and the review process for financing decisions, joined the Partnership for Carbon Accounting Financials (PCAF), and carried out carbon emission inventories for 100% of our mid- and long-term investment and corporate loans, thus moving steadily toward the achievement of green finance, in hopes of using the power of finance to spur sustainable development in all industries. In addition, we were the first in Taiwan to provide the "Consumer Spending Carbon Calculator", enabling consumers to see an itemized list of carbon emissions for every purchase paid for using the O-Bank mobile banking app or via the O-Bank online banking site. In this manner, O-Bank encourages customers to reduce the amount of carbon emissions they generate through their everyday purchases. In addition, O-Bank has pledged that renewable energy will account for 50% of power consumption at all global business locations by the year 2030, and 100% by the year 2050. The hope is that O-Bank, its corporate customers, and its retail customers can join hands with all the Bank's stakeholders in a shared effort to achieve the goal of the 1.5°C Paris Agreement.

In sustainable development performance, O-Bank has become a Certified B Corporation after years of determined effort, a distinction that signifies that the recipient meets the highest international standards for performance in the fulfillment of corporate social responsibility. This achievement demonstrates the depth of our commitment to employees, the environment, and society and is a realization of our ideal of being "the best FOR the world." In addition, O-Bank has won numerous "Taiwan Corporate Sustainability Awards" from the Taiwan Institute for Sustainable Energy over the years. In 2023, we won a "Sustainability Performance Award," in the Corporate Comprehensive Performance category, and the "Social Inclusion Leadership", "Gender Equality Leadership" "Workplace Welfare Leadership", and "Creativity in Communication Leadership" awards in the Best Practice category, and a "Corporate Sustainability Report Award – Silver Medal" in the finance and insurance industry group.

As O-Bank has grown, we have continued to be included in a number of international sustainability evaluations. In 2024, received a score of 7.6 in the ESG Risk Ratings published by Sustainalytics. As of end-May 2024, O-Bank received the highest score among all financial institutions in Taiwan and the second highest score among all listed companies in Taiwan, according to the Taiwan Depository & Clearing Corporation Investor Relations (IR) Platform. In 2023, O-Bank was selected as "ESG Regional Top Rated" for the Asia-Pacific region, and "ESG Industry Top Rated" for the global banking industry by Sustainalytics. In addition, O-Bank achieved an FTSE Russell ESG Score of 4.3 out of 5.0. As of end-May 2024, we were ranked first in the Taiwan financial industry and fourth among all Taiwan listed companies according to the Investor Relations Platform. Furthermore, O-Bank voluntarily participated for the first time in the Carbon Disclosure Project (CDP) assessment in 2023 and achieved an exemplary "A- List" rating. Our achievements in these international sustainability evaluations demonstrate O-Bank's determination to operate sustainably and enjoy a shared well-being with all stakeholders.

Moving forward, in an effort to realize our vision of prospering with employees, profiting with clients and shareholders, co-existing with the environment, and benefiting with society, O-Bank will continue implementing the following sustainable development strategies:

1. Insist on integrity, and realize our corporate culture of "Always Sincere, Always Here" in relationships with employees, clients, shareholders, public society, and all stakeholders.
2. Commit to sustainable business management and strive to maximize shared value for employees, clients, shareholders, and all stakeholders.
3. Uphold the law, value corporate governance, and effectively manage risks.
4. Work to balance employees' work and life, provide them with high-quality care, multifaceted talent development plans, and a comfortable and safe work environment.
5. Promote our corporate culture, value teamwork, build a warm, cooperative, and friendly workplace, and give employees a sense of belonging, happiness, and mission.
6. Provide sophisticated services, enhance professional value, and grow up with our clients, to make contributions to the economy and industry, and further create a win-win situation.
7. Actively promote and lead innovation in the Bank, industry, and society, in accordance with governmental policies.
8. Value and continue to implement environmentally friendly policies.
9. Carry out public welfare and arts and education activities, care for the community and students, give back to the local community and society, and promote and lead employees to engage in charitable service.

Chairperson Tina Y. Lo



2023 Sustainability Performance Highlights



Corporate Governance

The ratios of female and independent directors are both 1/3 or higher

The 12 members of the Bank's 9th Board of Directors includes four female directors and four independent directors.

Directors completed a combined total of 158 hours of professional development courses

In 2023, O-Bank directors completed a combined total of 158 hours of professional development courses, which was higher than the statutory minimum of 32 hours, thus achieving a target completion rate of 100%.

Comprehensive disclosure of board compensation

Public disclosure of individual compensation for each director, and board of directors compensation policy was presented and approved at the 2024 Annual Shareholders' Meeting.

Maintained ISO 27001 certification for information security management system

Continued to obtain annual ISO 27001 information security certification each year, with 100% certification coverage for IT organizations.



Customer Relationships

18 charity affinity cards

Launched one new charity affinity card in 2023, bringing the total number of such cards to 18. Users of the charity affinity cards account for 9.2% of all O-Bank customers.

Personal green loans

Launched personal green loans and green mortgages, encouraging purchases of products and green building homes.

24-hour online currency exchange

Clients may apply for foreign currency accounts online, and exchange 12 currencies online 24 hours a day.

Customer satisfaction continues to rise

O-Bank retail customer satisfaction reached 90.9%, and enterprise customer satisfaction reached 99.4%.



Employee Care

Long-term incentive bonus program

Encouraged employees to pursue long-term performance by setting long-term performance goals, and issued long-term incentive bonuses in the form of phantom stock based goal achievement.

Women account for approximately 41% of management

Men and women each accounted for roughly half of all employees in 2023. Women accounted for 41% of management, 44% of executive-level management, and 55.7% of all promotions.

Same-sex spouses receive equal benefits

O-Bank set an industry first by ensuring that same-sex spouses of employees receive the same benefits and allowances as spouses of other married employees.

Passed third-party certification for ISO 45001 Occupational Health and Safety Management System

Continued to improve our occupational safety management system and passed third-party certification for the ISO 45001 Occupational Health and Safety Management System.

Active lifestyles, healthy workplace

O-Bank has received a Badge of Accredited Healthy Workplace from the Ministry of Health and Welfare and a "Taiwan i Sports" certification from the Ministry of Education.





Environmental Protection

Net zero emissions at global business locations by 2050

Pledged to achieve net zero emissions at global business locations by 2050, and set reduction goals for scope 1 and scope 2 greenhouse gas emissions with reference to science-based targets (SBTs).

Renewable energy usage reached 12.84%

Continued to increase the proportion of renewable power consumption, with usage of green energy at global business locations reaching 12.84% in 2023.

Continued to reduce greenhouse gas emissions

2023 total greenhouse gas emissions (Scope 1 and Scope 2) calculated based on market basis for all global business locations declined approximately 11.19% from the previous year, and per capita carbon emissions fell by 18.53%.

Awarded bronze-level green building certification

In 2023, O-Bank's Headquarters building was awarded Bronze-level Green Building Certification by the Ministry of the Interior for energy conservation achievements.

Green purchasing amount increased by 153%

Continued to promote green purchasing; spending on goods that comply with Ministry of the Environment's definition of green products increased by 153% compared to the previous year.



Green Finance

Completed climate risk scenario analysis

Completed a scenario analysis of climate-related physical and transition risks, and incorporated climate change factors into review procedures for possible investees and corporate clients in industries that pose high climate risks; O-Bank makes climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures, and became a TCFD Supporter.

Joined the Partnership for Carbon Accounting Financials (PCAF) and increased the coverage of carbon inventories

O-Bank is the fourth financial services firm in Taiwan to join the PCAF. The scope of the carbon inventory covered 100% of O-Bank's corporate loans and 100% of O-Bank's total medium- and long-term investments, and O-Bank continues to monitor and control positions in carbon-intensive industries.

Set internal carbon pricing mechanism

Adopted carbon calculation in the internal management pricing system. In addition to calculating the carbon cost generated by the electricity consumption of each department, included the carbon emissions of investment and financing portfolios in internal pricing to guide business units to reduce investments and financing of high-carbon industries.

Set guidelines for exclusion and management of coal and unconventional oil and gas related industries

Set guidelines for exclusion and management of coal and unconventional oil & gas-related industries according to the coal and oil and gas exit lists set by the international NGO Urgewald, set control targets and control policies, and committed to fully divesting from coal and unconventional oil and gas industries by 2030.



Social Engagement

Introduced Taiwan's first "Consumer Spending Carbon Calculator"

First bank in Taiwan to develop a "Consumer Spending Carbon Calculator" that can be used to check the carbon footprint of each card purchase. Also launched a "Low-Carbon Lifestyle" Debit Card and adopted a carbon reduction reward system, the better a customer is for the planet, the higher the cash back they can receive.

Green Transport Calculator

Collaborated with iPass to launch the "Green Transport Calculator" function, enabling O-Bank clients to view their carbon reduction from using public transportation compared to driving a car.

Led industry in advocating green consumption

O-Bank was the first in Taiwan's banking industry to call for conscious consumption. O-Bank is working with 29 social enterprises and B Corporations to promote the "Green Consumption Power" project. When clients shop at businesses that are good for the environment and society, O-Bank provides additional rewards.

First Social Impact Program of its kind in Taiwan

Launched the "Social Impact Program", enabling customers to designate their savings into "Social Impact Deposits," which are exclusively used to provide microloans to economically disadvantaged and disabled groups. The Social Return on Investment (SROI) report for this project has been certified by Social Value International.

O for YOU Assistance Savings Project

Launched "O for YOU Assistance Savings" project, providing the economically disadvantaged and physically disabled with NT dollar savings with tiered interest rate incentives to encourage gradual accumulation of assets.

Support for social enterprises' products

O-Bank received a "Buying Power" Award for the 7th consecutive year from the Ministry of Economic Affairs for purchasing of products from social enterprises.

Support for 42 students from underprivileged backgrounds

Since 2015, O-Bank has carried out its Summer Seed Internship Program for students from underprivileged backgrounds. Over this period, 42 students have benefited from the program.

Nurtured 1,290 young artists with "Stars of Tiding" art advocacy project

The "Stars of Tiding" art advocacy project, which has now been held for the past 14 years, has provided strong support to 1,290 up-and-coming young artists.

Sustainability Benchmark Achievements

Highest Sustainalytics ESG Risk Rating in the Taiwan financial industry

Received an ESG Risk Rating of 7.6 from Morningstar Sustainalytics, the highest rating among all Taiwan financial institutions, and second among all Taiwan-listed companies according to the Taiwan Depository & Clearing Corporation Investor Relations Platform (TDCC IR Platform) as of end-May 2024.

Highest FTSE Russell ESG Score in the Taiwan financial industry

Received an ESG Score of 4.3 from FTSE Russell, the highest rating among all Taiwan financial institutions and the fourth-highest among all Taiwan-listed companies according to the TDCC IR Platform as of end-May 2024.

Carbon Disclosure Project A-rating

In 2023, we took part in the Carbon Disclosure Project (CDP) ratings for the first time and received a "Leadership" rating of A-.

Top 5% in the TWSE "Corporate Governance Evaluation

O-Bank scored among the top 5% of listed companies in the Taiwan Stock Exchange's "2022 Corporate Governance Evaluation."

"Excellent Performance" certification in corporate governance system assessment

Awarded an "excellent performance" certification by the Taiwan Corporate Governance Association under the CG6014 (2023) Corporate Governance System Assessment.

Selected to TWSE RAFI Taiwan High Compensation 100 Index

O-Bank was selected as a component of the TWSE RAFI Taiwan High Compensation 100 Index.

Selected as a component of Corporate Governance 100 Index

Selected as a component of the TWSE Corporate Governance 100 Index.

Six major Taiwan Corporate Sustainability Awards

At the 2023 Taiwan Corporate Sustainability Awards (TCSA), received the "Sustainability Performance Award," "Social Inclusion Leadership Award," "Gender Equality Leadership Award," "Workplace Well-Being Leadership Award," "Creative Communication Leadership Award," and "Corporate Sustainability Report Award – Silver Medal".

1. Sustainability Management and Stakeholders



1.1 Sustainability Policy and Its Implementation

Sustainable business is O-Bank's goal, and we maintain our corporate culture of "Always Sincere, Always Here" in relations with stakeholders, including employees, customers, shareholders, and the public. To fulfill our corporate social responsibility (CSR) and promote sustainable development, O-Bank in January 2015 established the "ESG Development Working Committee" (originally named the "Corporate Social Responsibility Committee") responsible for setting systems and policies related to CSR and sustainability matters, and for implementing plans, the committee holds regular meetings to track the execution of each project. In addition, in order to continue improving the sustainability governance framework and to ensure the achievement of ESG sustainability goals, O-Bank in August 2023 established a Board Sustainability Committee which reports to the Board. The membership of this Committee is composed of company directors, more than half of whom are independent directors. The Board Sustainability Committee is responsible for supervising bank-wide sustainability strategies and their execution results. Each year O-Bank reports to the Board Sustainability Committee and the Board on each unit's annual sustainable development goals, and also conducts quarterly updates. All of this information is compiled at the end of each year into an annual Sustainability Report, which is published after approval has been granted by the Board Sustainability Committee and the Board in order to facilitate communication with all stakeholders so that the latter can better understand O-Bank's related activities.

To continue enhancing our sustainability measures, O-Bank has adopted short-term, mid- and long-term strategic goals for environmental, social, and corporate governance (ESG) issues (see Table 1-1), and on that basis has launched a bank-wide sustainability action plan to promote corporate sustainability development.

Table 1-1: O-Bank's Short-term, Mid- and Long-term ESG Strategies

ESG Strategies	Short-term	Mid- and Long-term	Associated Targets of the United Nations (UN) Sustainable Development Goals (SDGs)	Associated Goals of the Taiwan Sustainable Development Goals
Environmental (E)	<ol style="list-style-type: none"> 1. Continue conserving energy, reducing carbon emissions, implementing green purchasing, and using renewable energy resources to reduce the environmental burden of O-Bank's operations. 2. Acting in line with the Equator Principles, O-Bank will establish an environmental and social risk assessment framework for project financing. 3. Formulate a fully developed ESG evaluation mechanism for responsible lending and responsible investment, adopt ESG management targets, and use our role as a financial intermediary to spur sustainable development of various industries. 4. Inventory portfolio emissions, set annual carbon reduction targets, and carry out internal carbon pricing. 	<ol style="list-style-type: none"> 1. Pursue low power-consumption in our operations, and collaborate with upstream and downstream firms in industry value chains to promote environmental protection policies. 2. Work to meet the Scope 1 and Scope 2 greenhouse gas emission reduction targets that are set based on the Science Based Targets initiative (SBTi), and steadily increase our reliance on renewable energy year by year. We have pledged to achieve net zero emissions in our own operations by 2050. 3. We will continue to increase the positions of financing and investments that provide environmental and/or social benefits, and reduce the amount of financing and investments that go to carbon-intensive industries, in order to carry out responsible lending and responsible investing. 	<ol style="list-style-type: none"> 6.3 Improve water quality, eliminate pollution, and eliminate dumping of waste. 7.2 Increase global renewable energy sharing. 8.4 Reduce the linkage between economic growth and environmental degradation. 12.5 Generate less waste by "avoiding, reducing, recycling, and reusing." 12.6 Encourage companies to adopt sustainable industrial and commercial methods. 	<ol style="list-style-type: none"> 6. Ensure environmental quality and sustainable management of environmental resources. 7. Ensure that all can enjoy affordable, stable, sustainable, and modern energy. 8. Spur inclusive and sustainable economic growth, increase labor productivity, ensure that all people enjoy high-quality job opportunities. 11. Build cities and rural towns characterized by inclusivity, safety, resilience, and sustainability. 12. Spur the rise of a green economy, ensure sustainable consumption and production modes. 13. Complete mitigation and adaptation activities to respond to climate change and its effects.

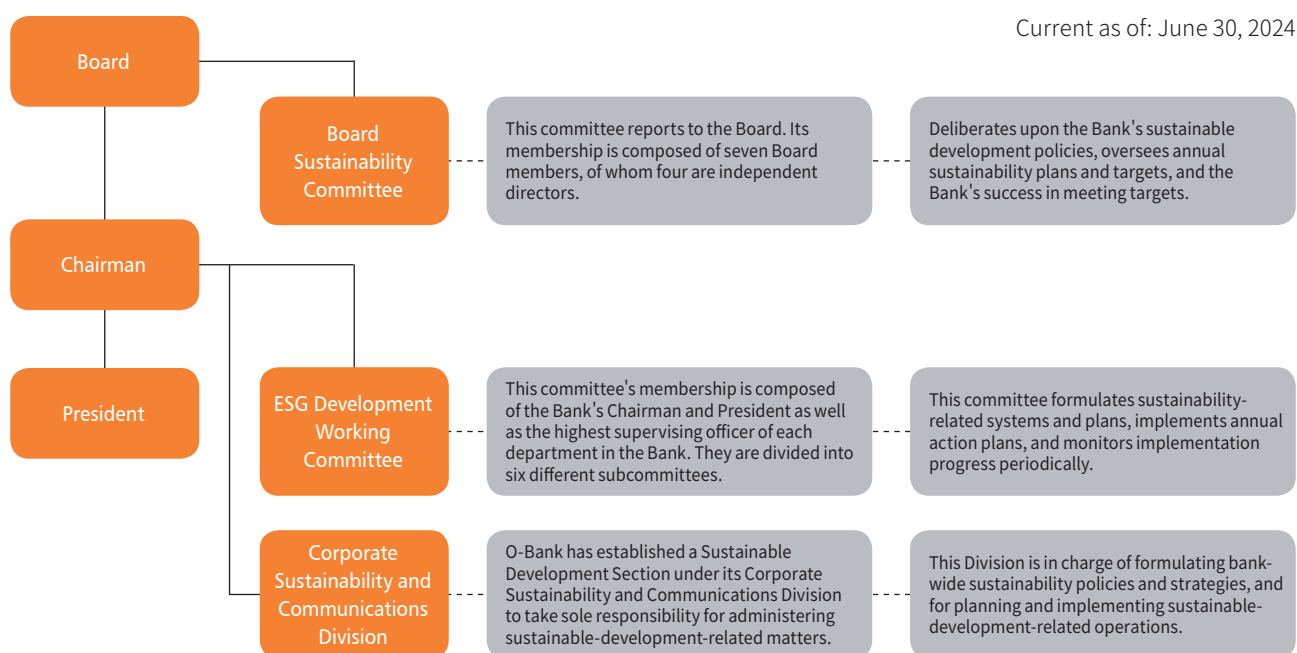
ESG Strategies	Short-term	Mid- and Long-term	Associated Targets of the United Nations (UN) Sustainable Development Goals (SDGs)	Associated Goals of the Taiwan Sustainable Development Goals
Social (S)	<ol style="list-style-type: none"> 1. Build an environment where employees can work with peace of mind, establish a comprehensive professional development system, provide competitive salary and benefits, and provide for balanced development by addressing the three aspects of "recruiting talent," "developing talent," and "retaining talent." 2. Continue launching financial products and services with CSR features and use financial resources to give back to society. 3. Remain involved in community charity to care for the needs of students who are from remote areas or underprivileged backgrounds, and underprivileged groups; support social enterprises and B Corporations and network with them to use business as a force for good. 	<ol style="list-style-type: none"> 1. Attract and develop professional talent, create organizational competitiveness, and build a positive corporate culture from top to bottom. 2. Work to achieve financial inclusion, give consideration to financial inclusion during the process of financial product design, and create digital banking services that offer both convenience and a human touch. 3. Put our financial industry expertise to work for community charity, and exert a positive influence for the needy. 	<ol style="list-style-type: none"> 1.4 Ensure that all have fair access to new technologies and financial services. 4.3 Ensure that all have fair and affordable access to education. 4.5 Eliminate education inequality, and ensure that the underprivileged have access to education. 5.1 Eliminate all forms of discrimination against women. 5.5 Ensure that women have fair opportunities to take part in decision-making and leadership. 8.3 Encourage the growth of micro, small, and medium-sized enterprises, including by obtaining access to financial services. 8.5 Enable all persons to have a good job, and achieve equal pay for equal work. 8.6 Reduce the numbers of youth who experience unemployment, interruption of schooling, or failure to receive training. 8.8 Protect the rights and interests of labor, and promote workplace safety. 9.3 Ensure that small industrial and commercial firms have more channels to access financial services, including affordable loans. 	<ol style="list-style-type: none"> 1. Strengthen care and services designed to ensure social & economic security for underprivileged groups. 4. Ensure comprehensive, fair, and high-quality education, and advocate life-long learning. 5. Achieve gender equality and empowerment for all women. 8. Spur inclusive and sustainable economic growth, increase labor productivity, ensure that all people enjoy high-quality job opportunities. 10. Reduce inequalities, both domestic and among different countries. 12. Spur the rise of a green economy, ensure sustainable consumption and production modes.
Governance (G)	<ol style="list-style-type: none"> 1. Establish an open and transparent governance system, continue improving corporate governance, and implement legal compliance, risk management, auditing, and other internal controls. 2. To deal with unprecedented or unforeseeable risks, establish procedures for identification and management of emerging risks. 3. Continue improving climate change risk assessment procedures and management mechanisms, and periodically make climate risk financial disclosures. 	<ol style="list-style-type: none"> 1. Monitor domestic and international supervisory trends, strengthen control of legal compliance and internal audits, and continue improving corporate governance. 2. Respond to market changes and business development, regularly adjust and adopt appropriate risk management approaches, and adopt sound risk management policies. 3. Establish a diversity of expertise among directors, including an understanding of sustainability issues, and continue to strengthen the functions and structure of the Board in order to deepen the link between the Board and sustainability performance. 	<ol style="list-style-type: none"> 8.10 Strengthen the institution's ability to provide financial services to all people. 10.5 Improve regulations and supervision of financial markets and institutions worldwide, and strengthen implementation of financial regulations. 13.1 Strengthen ability to recover from natural disasters and adapt to climate-related risks. 16.5 Reduce all forms of corruption and bribery. 16.6 Develop effective, responsible, and transparent systems. 16.b Promote and implement non-discriminatory laws and policies to achieve sustainable development. 	<ol style="list-style-type: none"> 8. Spur inclusive and sustainable economic growth, increase labor productivity, ensure that all people enjoy high-quality job opportunities. 13. Complete mitigation and adaptation activities to respond to climate change and its effects. 16. Spur the emergence of a peaceful and diverse society, ensure equality before the law, and build a system that has credibility and broadly reflects the will of the people.

1.1.1 Sustainability Governance Framework

To implement sustainable business practices, O-Bank has a functional committee called the Board Sustainability Committee that reports to the Board. Of the seven members of the Board Sustainability Committee, four are independent directors, while the O-Bank Chairman serves as the convener of the Board Sustainability Committee and chairs its meetings. The Board Sustainability Committee is responsible for reviewing the Bank's sustainability strategies, which address such matters as climate change, corporate governance, and green finance. The Board Sustainability Committee is to meet once per quarter, and met for the first time in December 2023 with all committee members had an attendance rate of 100%. O-Bank also has an ESG Development Working Committee that reports directly to the O-Bank Chairman. O-Bank's ESG Development Working Committee is chaired by O-Bank's Chairman and O-Bank's President serves as the committee's Vice Chairman. The ESG Development Working Committee has a total of 13 members, each of whom is the highest-ranking supervisor of each related department in the Bank, and is responsible for formulating sustainability-related systems, and for planning and implementing annual action programs. The ESG Development Working Committee meets once per quarter to track the state of implementation of the various programs to ensure the result of implementation, and each year it reports to the Board Sustainability Committee and the Board on progress toward meeting various targets.

In addition, O-Bank has established a Sustainable Development Section under the Corporate Sustainability and Communications Division (an O-Bank organizational chart is set out in Chapter 2 Overall State of the Company, Fig. 2-1), which is a sustainability dedicated unit. Sustainable Development Section administrates and promotes sustainability systems and measures throughout the Bank and ensures the effective implementation of sustainable action programs. At this point, co-workers from the Sustainable Development Section and other co-workers of related units that are very involved in sustainability work include five employees who work full-time on sustainability matters, while another 13 employees spend a portion of their working hours on sustainability operations and promotion, ensuring that sustainability policies are properly carried out throughout the entire Bank. Further details on O-Bank's Sustainability Governance Framework are set out in Fig. 1-1.

Fig. 1-1: Sustainability Governance Framework of O-Bank



O-Bank's ESG Development Working Committee is divided into six subcommittees, including Corporate Governance Subcommittee, Customer Relationships Subcommittee, Employee Care Subcommittee, Environmental Protection Subcommittee, Social Engagement Subcommittee, and Green Finance Subcommittee. The heads of the subcommittees are appointed by the Committee Chairman, and each subcommittee is served by one to two executive secretaries responsible for communication and coordination. The Committee's organizational structure is shown in Fig. 1-2. In 2023, the ESG Development Working Committee held four work meetings and completed 110 programs focusing on the six dimensions of corporate governance, employee care, customer relationships, environmental protection, social engagement, and green finance.

Fig. 1-2: Organizational Chart of the ESG Development Working Committee Current as of: June 30, 2024



To ensure effective implementation of sustainability measures, O-Bank's President, all executive management, and all units as well as employees each year set sustainable development goals which, after confirmation by the ESG Development Working Committee, are submitted to the Board Sustainability Committee and the Board for approval. The achievement of each goal is reviewed at the end of each year. The 2023 sustainable development goals of the President and executive management are shown in Table 1-2. The idea is to take a top-to-bottom approach in promoting CSR measures and achieving sustainable business practices.

Table 1-2: 2023 Sustainable Development Goals of O-Bank's Chairman, President, and Executive Management

Title	Sustainable Development Goals
President	<ul style="list-style-type: none"> • Increase reliance on renewable energy (through green energy wheeling) to 10% in 2023 at O-Bank business locations worldwide. • Complete climate change response measures, including inventorying of portfolio emissions and implementing internal carbon pricing. • Increase the share of the Bank's total balance of credit provided to sectors friendly to the environment or society in 2023 to 6.75%. • Oversee the Bank's performance in domestic and international sustainability ratings.
Executive Management	<p>Environment</p> <ul style="list-style-type: none"> • Increase the share of the Bank's total balance of credit and investments provided to enterprises with strong ESG performance, and reduce the share of the Bank's total balance of credit and investments provided to enterprises with weak ESG performance. For further details, see Section 7.3.2 Incorporated ESG Evaluations into Corporate Credit Procedures and Section 7.4.2 Incorporated ESG Evaluations into Investment Procedures. • Reduce the outstanding balance of credit extended to the 10 biggest carbon-intensive industries to 4.5% of the Bank's total outstanding credit, and reduce the outstanding balance of investments in the 10 biggest carbon-intensive industries to 20% of total outstanding investments. • Complete climate change scenario analysis and stress testing, and submit analysis results to the Board. • Reduce total Scope 1 and Scope 2 carbon emissions at business locations throughout the world in 2023 by 10% from 2022. • Increase green purchasing amounts, and increase to 40% the share of suppliers that fill out an O-Bank Supplier Self-Assessment Form of Corporate Social Responsibilities. • Applied successfully for the O-Bank headquarters building to receive green building certification. <p>Society</p> <ul style="list-style-type: none"> • Obtain certification as meeting the ISO 45001 standard for occupational health and safety management systems. • Adopt minimum shareholding requirements and a compensation clawback policy for executive management. • For employees who perform well and promise to remain with the Bank for a certain length of time, the Bank adopts a plan to increase the benefits offered under O-Bank's Employee Share Ownership Trust Plan. • Identify and praise employees who have successfully prevented fraud, and continue improving services for disadvantaged groups and elderly persons. <p>Governance</p> <ul style="list-style-type: none"> • Improve board governance. This effort includes adoption of a board member compensation clawback mechanism, adoption of restrictions regarding conditions under which board members will not be allowed to collect director compensation, and adoption of a diversity policy and targets, etc. • Perform enhanced audits of the implementation of sustainable development goals, the implementation of sustainable corporate loans, and prevention of embezzlement by wealth managers. • Re-certify the Bank's intellectual property rights management system, expand verification scope to include "patents," and obtain certification.

In addition to setting sustainable development goals each year, O-Bank also incorporates sustainable development goals into all employees' performance reviews. Sustainable development goals account for 5% or 10% of the total score in each person's performance review, depending on their employment duties, and a performance review score will affect an employee's short-term incentive bonus. The purpose of this measure is to strengthen the linkage between sustainability performance and employee compensation. Sustainable development goals are also factored into performance evaluations for the O-Bank President and all executive management. Performance scores in such areas as CSR (sustainable development), legal compliance, internal control, risk control (including corporate governance and ethical management), and other non-financial indicators account for no less than 30% of a person's total performance evaluation score, and sustainability-related indicators are linked to short-term incentive bonuses and long-term incentive bonuses in order to encourage the O-Bank President and executive management to achieve sustainable development goals.

1.1.2 Sustainable Development Best Practice Principles

In order to fulfill our corporate social responsibility, O-Bank adopted a set of nine "Corporate Social Responsibility (CSR) Principles" in December 2015 to provide a yardstick for setting project goals and evaluating the success of CSR undertakings. In 2016, O-Bank adopted a set of "Corporate Social Responsibility Best Practice Principles" on the basis of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies." In line with the spirit of the aforementioned Principles, O-Bank has adopted guidelines, scope, policies, and procedures to address the five dimensions of CSR, and has implemented them upon their approval by the Board. On that basis, O-Bank has continued to update our "Corporate Social Responsibility Best Practice Principles" in accordance with the requirements of the competent authorities as well as domestic and international sustainability trends, in 2021 adding a chapter on "Development of Green Finance" and changing the name to the "Sustainable Development Best Practice Principles."

Main spirit of the O-Bank "Sustainable Development Best Practice Principles":

1. Insist on integrity, and realize our corporate culture of "Always Sincere, Always Here" in relationships with employees, clients, shareholders, public society, and all stakeholders.
2. Commit to sustainable business management and strive to maximize shared value for employees, clients, shareholders, and all stakeholders.
3. Uphold the law, value corporate governance, and effectively manage risks.
4. Work to balance employees' work and life, provide them with high-quality care, multifaceted talent development plans, as well as a comfortable and safe work environment.
5. Promote our corporate culture, value teamwork, build a warm, cooperative, and friendly workplace, and give employees a sense of belonging, happiness, and mission.
6. Provide sophisticated service, enhance professional value, and grow up with our clients, to make contributions to the economy and industry, and further create a win-win situation.
7. Actively promote and lead innovation in O-Bank, industry, and society, in accordance with governmental policies.
8. Value and continue to implement energy saving and environmental protection measures.
9. Carry out public welfare and arts and education activities, care for the community and students, give back to the local community and society, and promote and lead employees to engage in charitable service.

In order to align with the UN's sustainability initiatives and implement sustainable development goals, O-Bank voluntarily complies with the UN Principles for Responsible Banking (PRB) and has incorporated its set of six principles into the O-Bank "Sustainable Development Best Practice Principles." These Principles expressly require O-Bank to disclose in its annual sustainability report the results of the self-assessments called for by the PRB. The six principles for responsible banking focus on: alignment; impact and target setting; clients and customers; stakeholders; governance and culture; and transparency and accountability. The PRB, and O-Bank's responsive measures, are set out below in Table 1-3.

Table 1-3: Principles for Responsible Banking, and O-Bank's Responsive Measures

Principles for Responsible Banking	O-Bank's Responsive Measures
Alignment	<ul style="list-style-type: none"> • UN Sustainable Development Goals (SDGs): O-Bank's short-term, mid- and long-term sustainability strategies are linked to the SDGs. O-Bank actively seeks to exercise its influence as a financial institution, tapping into its expertise to push for sustainable development. • Paris Climate Agreement: O-Bank has committed to achieve net-zero emissions at O-Bank business locations throughout the world by 2050, in hopes of being part of the effort to achieve the Paris Climate Agreement vision of controlling global warming. • Equator Principles: O-Bank is the 124th financial institution in the world to formally sign on to the Equator Principles, and as such it reviews and controls the environmental and social risks associated with project financing. • Task Force on Climate-Related Financial Disclosures (TCFD) Supporter: O-Bank makes climate-related disclosures in line with the recommendations of TCFD, and identifies, analyzes, and controls climate-related physical and transition risks. • Partnership for Carbon Accounting Financials (PCAF): O-Bank has joined the PCAF and adopted the international methodology to measure portfolio carbon emissions.
Impact and Target Setting	<ul style="list-style-type: none"> • ESG-related investment and financing targets: O-Bank has incorporated ESG risk factors into review procedures for corporate finance deals and investments, and has adopted targets for increasing investments in companies with relatively strong ESG performance while decreasing investments in companies with weak ESG performance. The purpose of these measures is to spur various industries to implement sustainable development. • Targets for lower investments in and financing of carbon-intensive industries: O-Bank has drawn up a list of the 10 biggest carbon-intensive industries, and has set limits on the share of its on-balance sheet financing and investments that are directed to 10 biggest carbon-intensive industries. The idea is to limit the flow of O-Bank funds toward industries that have a significantly adverse environmental impact. • Targets for higher investments in and financing of environmentally- and socially-friendly industries: O-Bank encourages the flow of funds toward environmentally- and socially-friendly industries, and has adopted targets for higher investments in and financing of such industries, including renewable energy, medicine, and education. The idea is to spur beneficial development of the environment and society.
Clients and Customers	<ul style="list-style-type: none"> • Review of corporate customers' ESG risks and climate risks: O-Bank has incorporated ESG and climate-related risk factors into review procedures for corporate finance deals, in order to prompt customers to control ESG and climate-related risks, thereby encouraging customers to pay balanced attention to corporate growth and sustainable development. • Work with retail banking customers to practice sustainability: O-Bank has tapped into its financial industry expertise and combined it with a dedication to sustainability concepts to launch related products – including "Social Impact" deposits and loans, the Consumer Spending Carbon Calculator, and the "Green Consumption Power" project to enable customers to use financial products and services to act in a way that benefits the environment and society.
Stakeholders	<ul style="list-style-type: none"> • O-Bank has identified six major stakeholder categories and surveys them each year to understand the issues that are of most concern to them. O-Bank interacts with them via a diverse range of communication channels, and acts via different activities to spur stakeholders to be concerned about sustainable development. For more detailed information, see section "1.3.2 Stakeholder Engagement" in this report.
Governance and Culture	<ul style="list-style-type: none"> • O-Bank has a Board Sustainability Committee which reports directly to the Board. It is the Bank's ultimate oversight authority with respect to matters concerning sustainable development. There is also an ESG Development Working Committee that reports directly to the O-Bank Chairman. The ESG Development Working Committee's various subcommittees are responsible for formulating and implementing sustainability-related strategies and action plans. • O-Bank has established a sustainability dedicated unit called Sustainable Development Section under its Corporate Communications Department to promote sustainable development measures throughout the Bank and help other units carry out sustainability-related matters. • Sustainable development goals have been incorporated into performance reviews for the O-Bank President, executive management, and all employees. They account for 5% or 10% of the total score in each person's performance review, in order to ensure that they achieve ESG targets.

Principles for Responsible Banking	O-Bank's Responsive Measures
Transparency and Accountability	<ul style="list-style-type: none"> Each year, O-Bank publishes a sustainability report that discloses measures taken to implement the Principles for Responsible Banking, and the results thereof. This information is provided to all stakeholders so that they can comprehensively understand O-Bank's actions in this regard. O-Bank updates its website as necessary. The Bank's latest sustainability-related actions are treated as matters that must be updated promptly for the reference of all stakeholders.

1.2 Identification of Stakeholders

After studying the makeup of the stakeholders of peer companies in the financial industry both at home and overseas, O-Bank categorized employees, customers, shareholders, suppliers, government agencies, the local community, the public, NPOs/NGOs, corporate social responsibility (CSR) experts and scholars, artists, media, and labor unions as stakeholders. Following cross-departmental internal meetings and discussions, O-Bank eliminated CSR experts and scholars, labor unions, media, and NPOs/NGOs as stakeholders based on the principle of "relevance to the business of O-Bank's departments and frequency of contact." Artists and the local community were combined into a single broadly-defined stakeholder category we call "the public," resulting in the following six major stakeholder categories: employees, customers, shareholders, suppliers, government agencies, and the public. These categories have been approved by the ESG Development Working Committee. O-Bank maintained these same six stakeholder categories in 2023, so the makeup of O-Bank's stakeholders did not change.

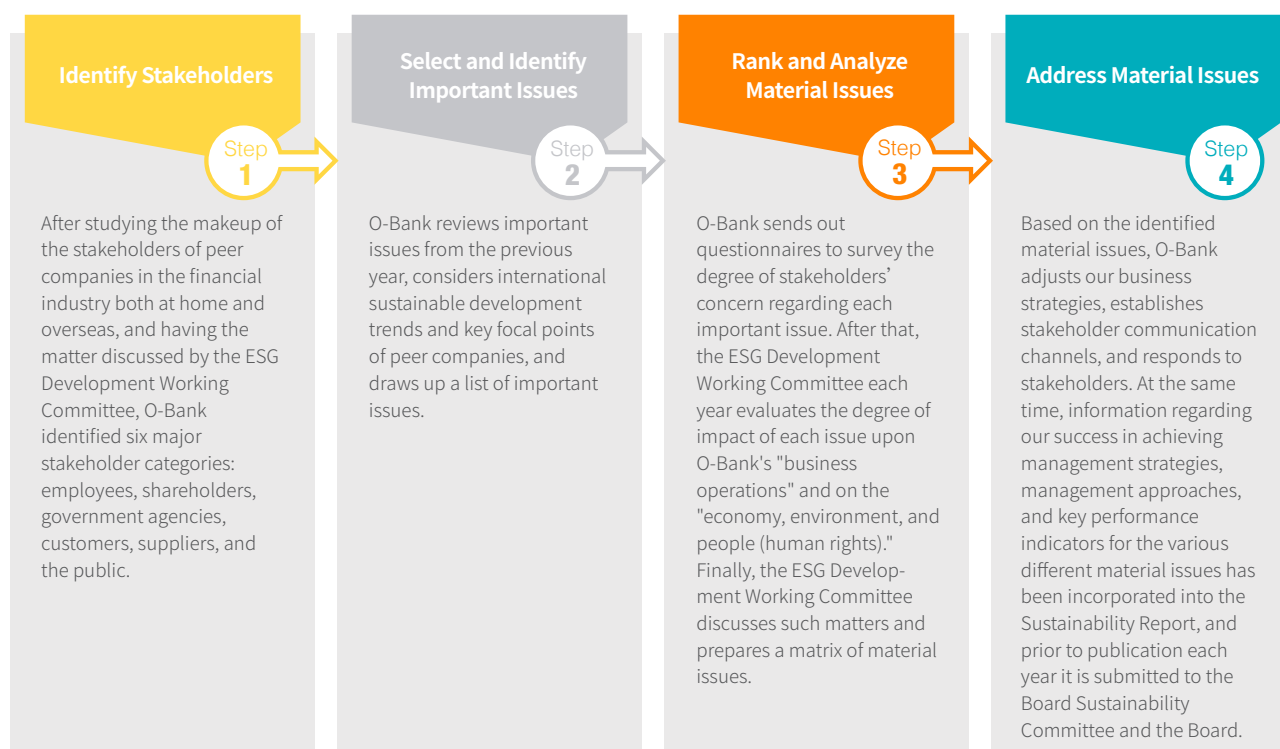


Fig. 1-3: O-Bank's Six Major Stakeholder Categories

1.3 Identifying and Analyzing Material Issues

O-Bank each year identifies important issues for that particular year. In early 2024, the Bank sent out questionnaires to survey the degree of all stakeholders' concern regarding each important issue at O-Bank in 2023, then ranked the issues by degree of stakeholder concern. After that, the members of the ESG Development Working Committee evaluated the degree of impact of each issue upon O-Bank's "business operations" and on the "economy, environment, and people (human rights)." Based on the results, the Bank identified material issues, upon which the Bank conducted follow-up analyses and developed management mechanisms, including an analysis of risks and opportunities of material issues, setting of goals for material issues, adoption of management mechanisms, incorporation into Enterprise Risk Management (ERM) procedures, and provision of a response to stakeholders.

Fig. 1-4: Process for Identifying Stakeholders and Analyzing Material Issues



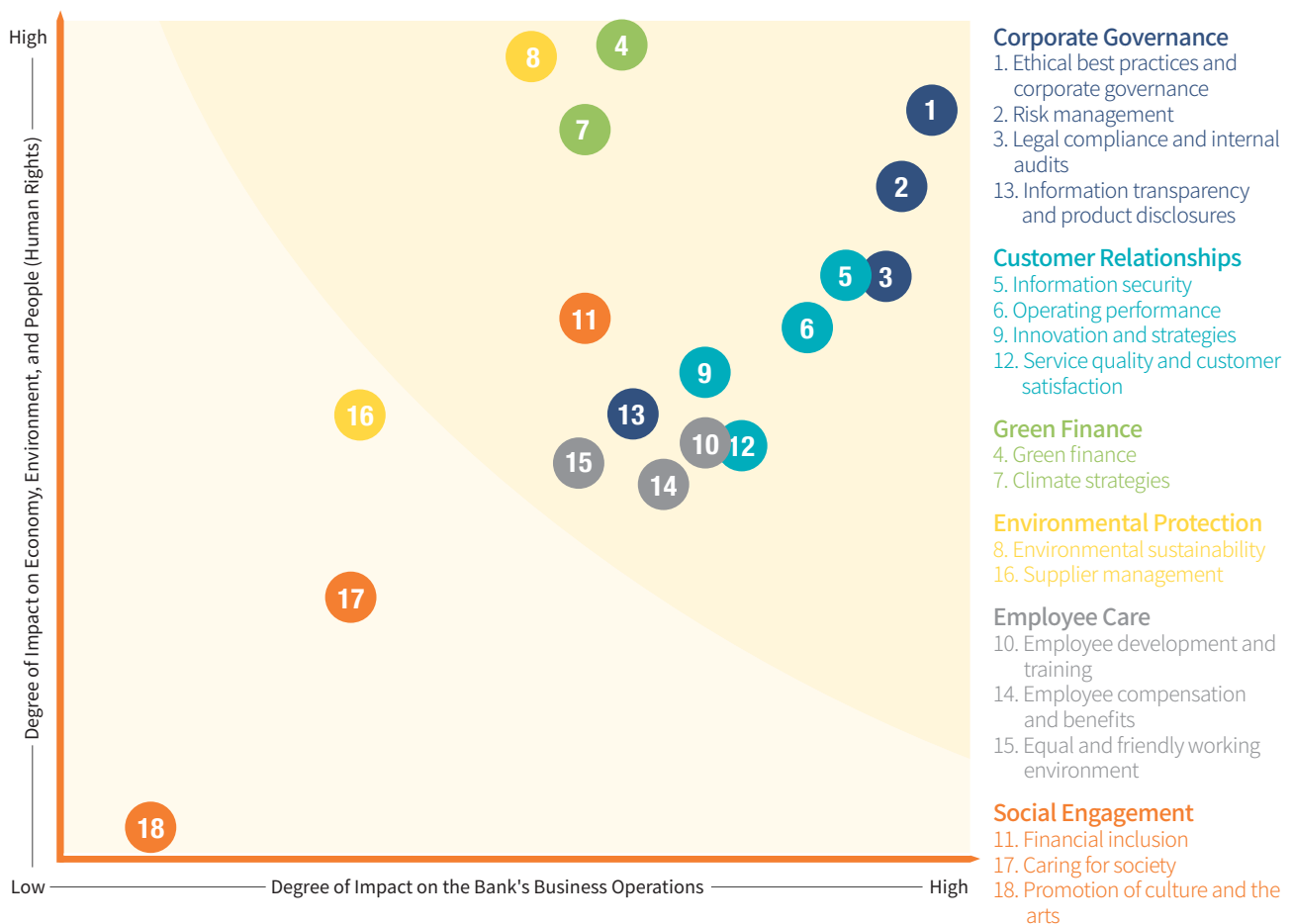
1.3.1 Identification and Analysis of Material Issues

To understand and categorize the issues that are of concern to our stakeholders, O-Bank has communicated via a diverse range of channels, and at the same time has adjusted and re-analyzed the important issues with an eye to international sustainability trends and the issues of principal concern to peer institutions in Taiwan and around the world. The 18 important sustainability issues set out in 2023 are the same as those in the previous year – no issue has been deleted or changed. To understand the degree of concern that stakeholders feel regarding various important issues, O-Bank sent out questionnaires to stakeholders and asked them to assign scores from 1 to 10 to indicate the degree of their concern, with 10 being the highest score and 1 the lowest. For any issue that received an average score of 8 or higher, O-Bank proceeded to the next phase, which involved identification of material issues. The survey results showed that all 18 of the important issues received a score of 8 or above (see Fig. 1-5) so they were proceeded to the phase of impact evaluation through the members of the ESG Development Working Committee and supervisors of related department filling out questionnaire to evaluate the degree of impact of each issue upon O-Bank's "business operations" and on the "economy, environment, and people (human rights)." Based on the results of the survey, the Bank conducted double materiality analysis. The analysis result is set out in Fig. 1-6.

Fig. 1-5: Degree of O-Bank Stakeholder Concern Regarding Various Material Issues



Fig. 1-6: Matrix for Analysis of Selected Material Issues of Concern to O-Bank Stakeholders



As a result of double materiality analysis, 15 material issues of concern to O-Bank stakeholders were identified as issues of high concern in 2023 that also had a high degree of impact on the economy, the environment, and people (human rights) as well as O-Bank's business operations. The analysis results were submitted to and approved by the ESG Development Working Committee after their discussion, then submitted to and approved by the Board Sustainability Committee and the Board, and were the principal focus of this year's report. The above mentioned 15 material issues of concern include: ethical best practices and corporate governance, legal compliance and internal audits, risk management, information transparency and product disclosures, operating performance, innovation and strategies, information security, service quality and customer satisfaction, green finance, climate strategies, environmental sustainability, employee compensation and benefits, employee development and training, equal and friendly working environment, and financial inclusion. In addition, all of the material issues in 2023 were the same as those of the previous year's report. For more information on description of the impact and affected value chain of each issue, the scope of impact, and the duration of impact, see Table 1-4.

Table 1-4: Description of Impact and Affected Value Chain of Selected Material Issues, Scope of Impact, and Duration of Impact

"○"Directly Related; "#"Commercially Related; "※"Indirectly Related

Material Issue	Description of Impacts and Affected Value Chain (incl. Material Risks and Opportunities)	Scope of Impact	Duration of Impact	Corresponding GRI Topic
Ethical Best Practices and Corporate Governance	Potential negative impact (risk): A financial services enterprise is charged with the safekeeping of people's properties. If it engages in unethical behavior or lacks of transparency in corporate governance, it could be fined by the government, or loss of the trust of customers and shareholders will seriously affect the company's business performance and cause the company to lose operating revenues. O-Bank upholds ethical management as one of our core values, and we rely on a professional and independent Board to exercise key decision-making and diligent oversight functions in order to gain the trust and support of stakeholders.	Company and employees (○) Customers (#) Suppliers (#) Shareholders (※) Government agencies (※)	Long-term	GRI 205-1: Operations assessed for risks related to corruption GRI 205-2: Communication and training about anti-corruption policies and procedures GRI 205-3: Confirmed incidents of corruption and actions taken GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
Risk Management	Potential negative impact (risk): By correctly identifying traditional and emerging risks and then properly implementing risk management, it is possible to prevent or mitigate various risks that may have a negative impact on the Bank, and at the same time it is also possible, when a major contingency occurs, to mitigate operational risks, maintain normal operations, and control risks within an acceptable scope. Actual positive impact (opportunity): When market or environmental risks materialize, effective risk management can enhance the Bank's competitiveness and bolster the trust of customers and shareholders.	Company and employees (○) Customers (#) Suppliers (#) Shareholders (※) Government agencies (※)	Mid-term	GRI 201-2: Financial implications and other risks and opportunities due to climate change
Legal Compliance and Internal Audits	Potential negative impact (risk): A financial services enterprise is closely supervised by the competent authorities, and needs to rigorously maintain legal compliance. Failures in legal compliance and internal audit systems lead to illegal conduct and generate increased operational risks and reputational risks, thus causing losses for both companies and customers. O-Bank rigorously complies with financial laws and regulations as well as its internal audit system in order to ensure that employees obey laws and regulations.	Company and employees (○) Customers (#) Suppliers (#) Shareholders (※) Government agencies (※)	Mid-term	GRI 2-27: Compliance with laws and regulations GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data

Material Issue	Description of Impacts and Affected Value Chain (incl. Material Risks and Opportunities)	Scope of Impact	Duration of Impact	Corresponding GRI Topic
Information Transparency and Product Disclosures	<p>Potential negative impact (risk): Establishing channels for transparent and open disclosure of information (including financial information, governance matters, and product disclosures) so that stakeholders can learn more about and place greater trust in the Bank and can also avoid losses to the Bank or its stakeholders due to incomplete information or product disclosures.</p> <p>Actual positive impact (opportunity): Complete disclosure of company and product information by measures such as, enabling shareholders to understand operations and financial conditions, customers to clearly understand the contents of financial products, and the general public to recognize O-Bank's sustainable actions, enhances stakeholders' trust in the Bank.</p>	Customers (#) Shareholders (※) Government agencies (※)	Short-term	<p>GRI 417-1: Requirements for product and service information and labeling</p> <p>GRI 417-2: Incidents of non-compliance concerning product and service information and labeling</p> <p>GRI 417-3: Incidents of non-compliance concerning marketing communications</p>
Information Security	Potential negative impact (risk): A financial services enterprise bears a responsibility to build a safe financial transactions environment and rigorously protect customer information. Ensuring information security is all the more important with digital financial services in order to avoid information security incidents.	Company and employees (○) Customers (#) Government agencies (※)	Short-term	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data
Operating Performance	Actual positive impact (opportunity): Securing profit and growth is the fundamental goal of businesses, and keeping up a solid business performance over the long term is crucial for sustainable development. O-Bank's operating performance continues to improve, which helps boost business promotion efforts on all fronts.	Company and employees (○) Shareholders (※)	Short-term	GRI 201-1: Direct economic value generated and distributed
Innovation and Strategies	Potential positive impact (opportunity): The company must map out clearly defined short-, medium-, and long-term development strategies, and must continue to innovate, set itself apart, and become more competitive in order to seize quickly upon market opportunities.	Company and employees (○) Customers (#) Shareholders (※)	Long-term	<p>GRI 201-1: Direct economic value generated and distributed</p> <p>GRI 201-2: Financial implications and other risks and opportunities due to climate change</p>
Service Quality and Customer Satisfaction	<p>Actual positive impact (opportunity): Deliver a premium financial services experience and well-planned complaint channels, continue enhancing customer satisfaction, build strong customer relations.</p> <p>Potential negative impact (risk): Ongoing provision of good service quality and enhancement of customer satisfaction rates can prevent damage to brand image and reputation.</p>	Customers (#) Government agencies (※)	Mid-term	<p>GRI 417-1: Requirements for product and service information and labeling</p> <p>GRI 417-2: Incidents of non-compliance concerning product and service information and labeling</p> <p>GRI 417-3: Incidents of non-compliance concerning marketing communications</p>
Green Finance	<p>Actual negative impact (risk): With respect to industries that pose environmental and social risks, O-Bank has a list of banned counterparties and assigns ESG risk grades for investment and financing deals, and based on the risk grades conducts risk control at different levels of rigor.</p> <p>Actual positive impact (opportunity): The Bank can take advantage its role as a financial intermediary to spur various industries to move toward sustainable development, and to guide its funds toward environmentally- and socially-friendly industries</p>	Customers (#) Government agencies (※)	Mid-term	<p>GRI 201-1: Direct economic value generated and distributed</p> <p>GRI 201-2: Financial implications and other risks and opportunities due to climate change</p> <p>GRI 305-3: Other indirect (Scope 3) GHG emissions</p> <p>GRI 305-4: GHG emissions intensity</p> <p>GRI 305-5: Reduction of GHG emissions</p>

Material Issue	Description of Impacts and Affected Value Chain (incl. Material Risks and Opportunities)	Scope of Impact	Duration of Impact	Corresponding GRI Topic
Climate Strategies	<p>Actual negative impact (risk): To mitigate the impact of climate change, enterprises must actively manage and respond to climate risks, and banks, apart from emissions generated by their own operations, also need to inventory portfolio emissions and guide customers to reduce carbon emissions, so that all parties can work together to build a sustainable environment.</p> <p>Actual positive impacts (opportunity): Climate strategies attract new types of customer groups, such as renewable energy firms and electrical vehicle firms, and a bank can also invest in green bonds and expand climate-related business opportunities.</p>	Customers (#) Suppliers (#) Government agencies (※)	Long-term	<p>GRI 201-2: Climate-related Financial Impacts, and other Risks and Opportunities</p> <p>GRI 305-1: Direct (Scope 1) GHG emissions</p> <p>GRI 305-2: Direct (Scope 2) GHG emissions</p> <p>GRI 305-3: Other indirect (Scope 3) GHG emissions</p> <p>GRI 305-4: GHG emissions intensity</p> <p>GRI 305-5: Reduction of GHG emissions</p>
Environmental Sustainability	<p>Actual negative impact (risk): Company operations continue to consume various resources. The company must improve its resource consumption efficiency and reduce the negative environmental impact of company operations before it can co-exist in harmony with the environment.</p> <p>Potential positive impact (opportunity): Lowering consumption of various energy resources and reducing waste can spur ecology conservation and biodiversity.</p>	Company and employees (○) Suppliers (#) The public (※)	Long-term	<p>GRI 204-1: Proportion of spending on local suppliers</p> <p>GRI 302-1: Energy consumption within the organization</p> <p>GRI 302-3: Energy intensity</p> <p>GRI 302-4: Reduction of energy consumption</p> <p>GRI 303-1: Interactions with water as a shared resource</p> <p>GRI 303-2: Management of water discharge-related impacts</p> <p>GRI 303-3: Water withdrawal</p> <p>GRI 305-1: Direct (Scope 1) GHG emissions</p> <p>GRI 305-2: Direct (Scope 2) GHG emissions</p> <p>GRI 305-3: Other indirect (Scope 3) GHG emissions</p> <p>GRI 305-4: GHG emissions intensity</p> <p>GRI 305-5: Reduction of GHG emissions</p> <p>GRI 306-1: Waste generation and significant waste-related impacts</p> <p>GRI 306-2: Management of significant waste-related impacts</p> <p>GRI 306-3: Waste generated</p> <p>GRI 306-4: Waste diverted from disposal</p> <p>GRI 306-5: Waste directed to disposal</p> <p>GRI 308-1: New suppliers that were screened using environmental criteria</p> <p>GRI 308-2: Negative environmental impacts in the supply chain and actions taken</p> <p>GRI 414-1: New suppliers that were screened using social criteria</p> <p>GRI 414-2: Negative social impacts in the supply chain and actions taken</p>
Employee Development and Training	Actual positive impact (opportunity): A company relies on professional talent to grow and develop. To become more competitive, O-Bank must continue to enhance employee development and training, and effectively develop and retain talent.	Company and employees (○)	Mid-term	<p>GRI 404-1: Average hours of training per year per employee</p> <p>GRI 404-2: Programs for upgrading employee skills and transition assistance programs</p> <p>GRI 404-3: Percentage of employees receiving regular performance and career development reviews</p>

Material Issue	Description of Impacts and Affected Value Chain (incl. Material Risks and Opportunities)	Scope of Impact	Duration of Impact	Corresponding GRI Topic
Employee Compensation and Benefits	Actual positive impact (opportunity): To attract outstanding talent who can spur progress and development of the company, O-Bank has established a well-conceived and fair compensation system, and provides competitive salaries and benefits.	Company and employees (○)	Mid-term	GRI 201-1: Direct economic value generated and distributed GRI 201-3: Defined benefit plan obligations and other retirement plans GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage GRI 202-2: Proportion of senior management hired from the local community GRI 401-1: New employee hires and employee turnover GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 401-3: Parental leave
Equal and Friendly Working Environment	Actual positive impact (opportunity): By providing a diverse, equal, and healthy working environment and open channels for internal communications, and by building a happy workplace that meets employee needs, O-Bank can attract and retain talent more successfully.	Company and employees (○) Government agencies (※)	Mid-term	GRI 402-1: Minimum notice periods regarding operational changes GRI 403-1: Occupational health and safety management system GRI 403-2: Hazard identification, risk assessment, and incident investigation GRI 403-3: Occupational health services GRI 403-4: Worker participation, consultation, and communication on occupational health and safety GRI 403-5: Worker training on occupational health and safety GRI 403-6: Promotion of worker health GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships GRI 403-8: Workers covered by an occupational health and safety management system GRI 403-9: Work-related injuries GRI 403-10: Work-related ill health GRI 405-1: Diversity of governance bodies and employees GRI 405-2: Ratio of basic salary and remuneration of women to men GRI 406-1: Incidents of discrimination and corrective actions taken GRI 411-1: Incidents of violations involving rights of indigenous peoples
Financial Inclusion	Actual positive impact (opportunity): O-Bank uses its core strengths to create business models that are conducive to social and environmental sustainability, and enable more consumers to effectively obtain financial services. These conditions will in turn guide industries to develop sustainably, thus bringing about sustainable finance.	Customers (#) The public (※) Government agencies (※)	Long-term	GRI 203-2: Significant indirect economic impacts

Note: The duration of impact as set out in this table may be short-term (shorter than one year), mid-term (one to seven years), or long-term (longer than seven years).

The three major material issues with the greatest impact are "ethical best practices and corporate governance," "risk management," and "legal compliance and internal audits." O-Bank analyzed the financial risks associated with each of these issues in order to enhance the Bank's operating and financial resilience, and found as follows:

- (1) Ethical best practices and corporate governance: A review of administrative fines imposed upon O-Bank over the past five years revealed that the Bank was fined NT\$1 million by the competent authority in 2023 (see 3.3.1 Legal Compliance). O-Bank has strengthened internal communications and business handling procedures in order to prevent the recurrence of similar incidents.
- (2) Risk management: A review of the amounts of bad debt write-offs over the past five years revealed that the amount was relatively high only in 2019, in connection with losses of NT\$1.15 billion (0.57% of O-Bank's total outstanding credit for the year) suffered by New Site Industries Inc. due to loan fraud problems. The amounts of bad debt write-offs from 2020 through 2023 were sharply lower, averaging NT\$320 million per year over that four-year period (the four-year average ratio of bad debt write-offs to total outstanding credit is 0.15%), so the situation has improved significantly. In recent years, O-Bank has strengthened its credit check mechanisms and improved its risk management procedures in order to reduce financial losses caused by credit risks.
- (3) Legal compliance and internal audits: A review of administrative fines imposed upon O-Bank over the past five years revealed that O-Bank has been fined an average of NT\$610,000 per year for violations of government legislation. These violations include deficiencies in 2019 in the bank's provision of credit, deficiencies in 2021 in the bank's compliance with labor legislation, and violations in 2023 of corporate governance legislation. O-Bank has strengthened credit policy and related internal rules and, with respect to credit customers, O-Bank has adopted more rigorous credit check procedures in order to reduce risks. At the same time, O-Bank has already stepped up outreach efforts impress upon employees the importance of complying with labor legislation, and has optimized the human resources system's work attendance control function in order to prevent the recurrence of similar incidents.

With respect to the 15 material issues of high concern to O-Bank stakeholders in 2023, O-Bank—based on its short-term, mid- and long-term sustainable development goals (see Table 1-1)—has adopted corresponding strategies, key performance indicators (KPIs), and long-term goals. The ESG Development Working Committee quarterly reviews the Bank's progress in addressing these issues, and the results, to ensure that each strategy and goal is met. See Table 1-5 and Table 1-6.

Table 1-5: Management Strategies and Management Approaches for Material Issues

Material Issues	Management Strategies	Management Approaches	
		Policy or Commitment	Related Section (Management Action)
Ethical Best Practices and Corporate Governance	Strengthen the ethical best practice mindset of all O-Bank employees, ensure that employees implement the "Ethical Corporate Management Best Practice Principles," the "Criteria Governing Codes of Ethical Conduct," and the "Corporate Governance Best Practice Principles." Improve the oversight effectiveness of a professional and independent Board, enhance the Bank's corporate governance, and build up trust with stakeholders.	<ul style="list-style-type: none"> • Ethical Corporate Management Best Practice Principles • Criteria Governing Codes of Ethical Conduct • Corporate Governance Best Practice Principles 	3.1 Governance Framework 3.2 Ethical Best Practice
Risk Management	In response to international trends regarding capital adequacy ratios, establish market-sensitive, quantified mechanisms to improve risk management comply with legal requirements; improve the Bank's business continuity management system; and strengthened the Bank's system for management of emerging risks.	<ul style="list-style-type: none"> • Risk Management Policy • Credit Extension Policy • Rules for Managing Operational Risk • Guidelines for Managing Credit Risk • Rules for Managing Market Risk • Rules for Major Unexpected Events • Major Accident Emergency Response and Recovery Plan Implementation Guidelines 	3.4 Risk Management
Legal Compliance and Internal Audits	Strengthen legal compliance management measures and enhance compliance awareness, including anti-money laundering and countering the financing of terrorism matters, protection of personal information, and compliance with the "Financial Consumer Protection Act", etc.; implement an independently operated internal audit system; work to achieve zero infractions.	<ul style="list-style-type: none"> • Principles for Three Lines of Defense for Internal Control • Rules Governing Bank's Legal Compliance System • Policy on Anti-Money Laundering and Countering the Financing of Terrorism • Policy Statement on Personal Information Management 	3.2 Ethical Best Practice 3.3 Legal Compliance
Information Transparency and Product Disclosures	Fully disclose products and information in line with principles for fairness and good faith, and in compliance with applicable laws and regulations.	<ul style="list-style-type: none"> • Policy for Disclosing Information on Capital Adequacy and Risk Management 	3.1 Governance Framework 4.2 Service Quality and Customer Experience
Information Security	Build a fully fleshed out information security management and protection measures, and cultivated a strong information security consciousness among all Bank employees.	<ul style="list-style-type: none"> • Information Security Policy 	3.5 Information Security 4.3 Transaction Security and Customer Privacy
Operating Performance	Improve returns on capital, and seek better return on equity.	<ul style="list-style-type: none"> • Articles of Incorporation • Rules for Implementing Management by Objectives 	2.2 Operating Performance and Reputation 2.3 Market Environment and Development Strategies
Innovation and Strategies	Strengthen digital capabilities, use data for overall operations and procedures, and optimize digital experience and operations; formulate an intellectual property rights management system, and protect the results of innovative research and development.	<ul style="list-style-type: none"> • Articles of Incorporation 	2.1 About O-Bank 2.3 Market Environment and Development Strategies
Service Quality and Customer Satisfaction	Take the customer experience as the core, establish a corporate culture of treating customers fairly, and ensure high-quality services.	<ul style="list-style-type: none"> • Principles for Fair Treatment of Customers • Rules for Handling Customer Complaints and Financial Consumer Disputes 	4.1 Financial Services and Innovation 4.2 Service Quality and Customer Experience 4.3 Transaction Security and Customer Privacy
Green Finance	Incorporate ESG risk factors into business decisions, and work to direct funds toward sectors that are friendly to the environment and society.	<ul style="list-style-type: none"> • Sustainable Credit and Investment Policy 	7.3 Responsible Loan and Credits 7.4 Responsible Investment 7.6 Responsible Products
Climate Strategies	Strengthen the climate risk management mechanism, and exercise differentiated management of asset portfolios with high climate risk.	<ul style="list-style-type: none"> • Environmental Management Policy • Climate Risk Management Policy 	6.3 CO ₂ Emissions Inventories 7.1 Climate Change Management

Material Issues	Management Strategies	Management Approaches	
		Policy or Commitment	Related Section (Management Action)
Environmental Sustainability	Implement energy conservation and carbon reduction measures, reduce the environmental impact of company operations, and co-exist in harmony with the environment.	• Environmental Management Policy	6.1 Environmental Management Policies and Targets 6.2 Management of Energy and Resources 6.3 CO ₂ Emissions Inventories 6.4 Green Purchasing and Supplier Management
Employee Development and Training	Create an organizational learning climate, and implement a performance management system.	• Guidelines for Implementing Employee Training • Working Regulations	5.3 Employee Cultivation and Development
Employee Compensation and Benefits	Provide competitive compensation and benefits to retain talent.	• Rules Governing Employee Compensation • Working Regulations	5.2 Employee Compensation and Benefits
Equal and Friendly Working Environment	Establish an equal and friendly working environment, enable employees to work with peace of mind.	• Human Rights Policy • Occupational Safety and Health Rules	5.1 Employee Composition and Promotion of a Friendly Work Environment 5.4 Communication and Engagement with Employees
Financial Inclusion	Consider the needs of users and act in line with the shared well-being concept to enable different groups to enjoy a diverse range of services.	• Articles of Incorporation	4.1 Financial Services and Innovation 7.6 Responsible Products

Table 1-6: Material Issues and Development Goals

Material Issues	Key Performance Indicators (KPIs)	Goals for 2023	Success in Meeting Targets, and the Results	Goals for 2024	Goals for 2025
Ethical Best Practices and Corporate Governance	<ul style="list-style-type: none"> Completion rate for training programs on ethical best practice Attendance rate at Board meetings Board diversity Improvement measures and status in accordance with external rating indicators 	<ul style="list-style-type: none"> Continue to maintain 100% completion rate for training programs on ethical best practice. Formulate a Board diversity policy, incorporate quantified diversity targets, and increase the share of female directors. Ensure that the share of female directors on the 9th Board of Directors is higher than their share on the 8th Board of Directors. 	<ul style="list-style-type: none"> 100% completion rate for training programs on ethical best practice in 2023. In 2023 O-Bank completed its Board of Directors Diversity Policy, Standards for Independence, and Refreshment Policy; raised the share of female directors to 1/3. In 2023 women accounted for 1/3 of the 9th O-Bank Board of Directors, and the share was more than that of the 8th Board of Directors. 	<ul style="list-style-type: none"> Continue implementing training programs on ethical best practice, achieve 100% completion rate. Amend the Bank's director-related policy and continue improving corporate governance. 	<ul style="list-style-type: none"> Continue to maintain 100% completion rate for training programs on ethical best practice. Acting in line with the competent authorities' policies, and referring to the corporate governance performance indicators of international sustainability ratings bodies, O-Bank will enhance its corporate governance practices.

Material Issues	Key Performance Indicators (KPIs)	Goals for 2023	Success in Meeting Targets, and the Results	Goals for 2024	Goals for 2025
Risk Management	<ul style="list-style-type: none"> • Introduce and set up new system for calculation of market risk capital charges • Frequency of operational continuity drills • State of disclosing climate change information in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) 	<ul style="list-style-type: none"> • Compare the Fundamental Review of the Trading Book (FRTB) standardized approach versus the simplified standardized approach for the calculation of capital charges, and evaluate which capital charge method is best for O-Bank. • Continue carrying out annual analyses of climate-related physical and transition risks. • Increase the frequency of local-backup business continuity drills to once each half-year. 	<ul style="list-style-type: none"> • In 2023, O-Bank continued developing products for which a new market risk capital charge system had been adopted. • In 2023, O-Bank made reference to climate risk information from the National Science and Technology Center for Disaster Reduction (NCDR), the Hong Kong Drainage Services Department, the ThinkHazard! database, and the Network for Greening the Financial System (NGFS) to carry out a climate risk scenario analysis. • In 2023, O-Bank completed one annual business continuity drill involving remote backup, and two annual business continuity drills involving local backup (one in the first half of the year, and one in the latter half of the year). 	<ul style="list-style-type: none"> • To coordinate with the competent authority's informational meetings and test calculation timetable for the new system for calculation of market risk capital charges, O-Bank set up the new system and completed comparative test calculations. • Improved climate change risk scenario analysis methods. • One continuity drill for the information system is conducted in both the first and second half of each year, and one continuity drill for business operations is conducted in both the first and the second half of each year. 	<ul style="list-style-type: none"> • Complete the setup of new system for calculation of market risk capital charges, set up the capital consumption method that is best for O-Bank and complies with the competent authority's capital charge legal requirements.
Legal Compliance and Internal Audits	<ul style="list-style-type: none"> • Completion rate for legal compliance training • Implementation rate for compliance self-assessments • Frequency of reports on audit work 	<ul style="list-style-type: none"> • Acting in line with its annual legal compliance plan, O-Bank will continue to improve legal compliance measures. Maintain a 100% completion rate for legal compliance training and a 100% implementation rate for compliance self-assessments. • Continue reporting once per quarter on the Bank's conduct of internal audit matters to the Board and the Audit Committee. 	<ul style="list-style-type: none"> • Completed the legally required number of hours of legal compliance supervisors training activities in 2023 in accordance with the "Legal Compliance Personnel Training Program," with a completion rate of 100%. • Completed legal compliance tests on key business units in accordance with internal regulations. The implementation rate for compliance self-assessments was 100% in 2023. • Completed the Chief Auditor's quarterly report to the Board and the Audit Committee on the Bank's conduct of internal audit matters. The implementation rate was 100%. 	<ul style="list-style-type: none"> • Continue improving internal rules and legal compliance self-assessments, hold bank-wide periodic education and training, strengthen employees' awareness of the need to protect personal data, treat customers fairly, and prevent money laundering and terrorist financing, thereby avoiding major customer complaints and reducing operational risks. • Continue reporting quarterly on the Bank's handling of internal audit matters to the Board and the Audit Committee. 	<ul style="list-style-type: none"> • Continue to closely monitor changes to the financial and legislative environment at home and abroad, and improve the compliance management of O-Bank and its overseas branches and subsidiaries; maintain a 100% completion rate for legal compliance training and a 100% implementation rate for legal compliance self-assessments. • Continue reporting once per quarter on the Bank's handling of internal audit matters to the Board and the Audit Committee.

Material Issues	Key Performance Indicators (KPIs)	Goals for 2023	Success in Meeting Targets, and the Results	Goals for 2024	Goals for 2025
Information Transparency and Product Disclosures	<ul style="list-style-type: none"> • Number of legal violations • Number of customer complaints 	<ul style="list-style-type: none"> • No violations of applicable legislation, and no related customer complaints. 	<ul style="list-style-type: none"> • In 2023 the competent authority (the Financial Supervisory Commission) did not impose any sanctions in connection with product disclosures that violated applicable legislation. • There were no customer complaints related to product disclosures in 2023. 	<ul style="list-style-type: none"> • The competent authority (the Financial Supervisory Commission) does not impose any sanctions upon in connection with product disclosures that violated applicable legislation. • No customer complaints related to product disclosures. 	<ul style="list-style-type: none"> • The competent authority (the Financial Supervisory Commission) does not impose any sanctions upon in connection with product disclosures that violated applicable legislation and no related customer complaints.
Information Security	<ul style="list-style-type: none"> • ISO 27001:2013 international information security management systems certification • Training hours in information security • Number of social engineering drills 	<ul style="list-style-type: none"> • Adopt timetable and plan for obtaining ISO 27001:2022 international information security management systems certification. • All O-Bank employees attend three hours of information security training. • Conduct two social engineering drills. • Evaluate and introduce an information security governance maturity assessment system. 	<ul style="list-style-type: none"> • In 2023, O-Bank expanded the certification scope of ISO 27001:2013 information security management systems. • In 2023, O-Bank planned out and implemented a timetable and plan for obtaining ISO 27001:2022 information security management systems certification. • In 2023, O-Bank completed three hours of information security training per employee. • In 2023, O-Bank completed two social engineering drills. • In 2023, O-Bank completed an information security governance maturity assessment. 	<ul style="list-style-type: none"> • Obtain ISO 27001:2022 international information security management systems certification. • All O-Bank employees attend three hours of information security training. • Conduct two social engineering drills. • Work to improve information security governance maturity rating. • Carry out a training exercise to defend against mock hacker attacks. 	<ul style="list-style-type: none"> • Maintain ISO 27001 certification for international information security management systems. • All O-Bank employees attend three hours of information security training. • Continue to build an information security strategy and framework that effectively handles information risks and vulnerabilities, and build out an information security governance and protection system.
Operating Performance	<ul style="list-style-type: none"> • Return on equity (ROE) 	<ul style="list-style-type: none"> • ROE continues to post positive growth. 	<ul style="list-style-type: none"> • Standalone ROE in 2023 was 6.41%. 	<ul style="list-style-type: none"> • ROE continues to post positive growth. 	<ul style="list-style-type: none"> • Acting in line with short-term, mid- and long-term strategic goals, achieve key performance indicators (KPIs).
Innovation and Strategies	<ul style="list-style-type: none"> • Percent of Bank employees to receive professional data training • Percent of Bank employees with professional license(s) in data technology • Certification from the Taiwan Intellectual Property Management System (TIPS) 	<ul style="list-style-type: none"> • Cumulative 40% of Bank employees receive professional data training. • Cumulative 25% of Bank employees obtain professional license(s) in data technology. • Adopt patent management rules and obtain Class A certification from TIPS. 	<ul style="list-style-type: none"> • 61.84% of Bank employees received professional data training in 2023. • A cumulative 31.8% of Bank employees obtained professional license(s) in data technology in 2023. • O-Bank had adopted patent management rules and obtained Class A certification from TIPS by 2023. 	<ul style="list-style-type: none"> • Cumulative 65% of Bank employees receive professional data training. • Cumulative 36% of Bank employees obtain professional license(s) in data technology. • Maintain Class A certification from TIPS. 	<ul style="list-style-type: none"> • Cumulative 70% of Bank employees receive professional data training. • Cumulative 40% of Bank employees obtain professional license(s) in data technology. • Maintain Class A certification from TIPS.

Material Issues	Key Performance Indicators (KPIs)	Goals for 2023	Success in Meeting Targets, and the Results	Goals for 2024	Goals for 2025
Service Quality and Customer Satisfaction	<ul style="list-style-type: none"> Customer satisfaction Share of customer complaints properly handled within five days 	<ul style="list-style-type: none"> Customer satisfaction rate of 85% or higher. 80% or more of customer complaints will continue to be properly handled within five days. 	<ul style="list-style-type: none"> The customer satisfaction rate in 2023 was 90.9%. 98% of customer complaints were properly handled within five days in 2023. 	<ul style="list-style-type: none"> Customer satisfaction rate of 86% or higher. 90% or more of customer complaints will continue to be properly handled within five days. 	<ul style="list-style-type: none"> Customer satisfaction rate of 86% or higher. 90% or more of customer complaints will continue to be properly handled within five days.
Green Finance	<ul style="list-style-type: none"> Share of outstanding balance of financing provided to environmentally- and socially-friendly industries Outstanding balance of sustainability-linked loans underwritten Green loans of consumer finance as % of total outstanding credit 	<ul style="list-style-type: none"> The share of the outstanding balance of financing provided to environmentally- and socially-friendly industries will reach 6.75%. Outstanding balance of sustainability-linked loans underwritten will reach NT\$4.5 billion. 	<ul style="list-style-type: none"> The share of the outstanding balance of financing provided to environmentally- and socially-friendly industries was 7.57% in 2023. The outstanding balance of sustainability-linked loans was NT\$4.18 billion in 2023. Green loans of consumer finance equal 0.53% of total outstanding credit in 2023 	<ul style="list-style-type: none"> The share of the outstanding balance of financing provided to environmentally- and socially-friendly industries will reach 7.6%. Outstanding balance of sustainability-linked loans underwritten will reach NT\$5 billion. Green loans of consumer finance equal 1.38% of total outstanding credit 	<ul style="list-style-type: none"> The share of the outstanding balance of financing provided to environmentally- and socially-friendly industries will reach 7.8%. Outstanding balance of sustainability-linked loans underwritten will reach NT\$6.5 billion. Green loans of consumer finance equal 2.1% of total outstanding credit
Climate Strategies	<ul style="list-style-type: none"> Carbon inventory coverage ratio of mid- and long-term investments and corporate loans Share of outstanding balance of financing provided to customers from carbon-intensive industries Share of investments in companies from carbon-intensive industries 	<ul style="list-style-type: none"> Carbon inventory coverage ratio of corporate loans reaches 90%, and carbon inventory coverage ratio of mid- and long-term investments reaches 100%. Outstanding balance of financing provided to customers from carbon-intensive industries will be limited to no more than 4.5%. The outstanding balance of investments in carbon-intensive industries as a share of total outstanding investments will be below 20%. 	<ul style="list-style-type: none"> O-Bank's 2023 carbon inventory coverage ratio of mid- and long-term investments and corporate loans was 100%. The outstanding balance of financing provided to customers from carbon-intensive industries was 3.06%. The outstanding balance of investments in customers from carbon-intensive industries was 17%. 	<ul style="list-style-type: none"> Carbon inventory coverage ratio of mid- and long-term investments and corporate loans reaches 100%. Outstanding balance of financing provided to customers from carbon-intensive industries is limited to no more than 3%. The outstanding balance of investments in carbon-intensive industries as a share of total outstanding investments was limited to no more than 16%. 	<ul style="list-style-type: none"> Carbon inventory coverage ratio of mid- and long-term investments and corporate loans reaches 100%. Further reduce the outstanding balance of financing provided to customers from carbon-intensive industries to 2.9%. The outstanding balance of investments in carbon-intensive industries as a share of total outstanding investments was limited to no more than 15%.
Environmental Sustainability	<ul style="list-style-type: none"> Environmental management targets for electricity and water usage 	<ul style="list-style-type: none"> Taking 2020 as the baseline year, O-Bank seeks to reduce power usage per employee by 3%, and water usage per employee by 3%. 	<ul style="list-style-type: none"> Taking 2020 as the baseline year, power usage per employee in 2023 was down by 27.17% and water usage per employee was down by 15.84%. 	<ul style="list-style-type: none"> Taking 2020 as the baseline year, power usage per employee was down by 3.7% and water usage per employee was down by 4%. 	<ul style="list-style-type: none"> Taking 2020 as the baseline year, O-Bank seeks to reduce power usage per employee by 4.5%, and water usage per employee by 5%.
Employee Development and Training	<ul style="list-style-type: none"> Average training hours per employee Share of employees who participate in performance reviews 	<ul style="list-style-type: none"> Average 50 training hours per employee. 100% of employees participate in performance reviews. 	<ul style="list-style-type: none"> Average training hours per employee came to 89.4 hours in 2023. 100% of employees participated in performance reviews in 2023. 	<ul style="list-style-type: none"> 88 training hours per employee. 100% of employees participate in performance reviews. 	<ul style="list-style-type: none"> Maintain 88 training hours per employee. 100% of employees participate in performance reviews.

Material Issues	Key Performance Indicators (KPIs)	Goals for 2023	Success in Meeting Targets, and the Results	Goals for 2024	Goals for 2025
Employee Compensation and Benefits	<ul style="list-style-type: none"> Participation rate in Employee Share Ownership Trust Provide employee benefits that exceed statutory requirements 	<ul style="list-style-type: none"> Seek for the participation rate in the Employee Share Ownership Trust to rise to 80%. Provide new benefits (for childbirth, retirement, etc.) that exceed statutory requirements. 	<ul style="list-style-type: none"> The participation rate in the Employee Share Ownership Trust rose from 74.3% to 90% in 2023. O-Bank introduced infant care leave and childbirth allowances, a wider range of employees became eligible for shortened daily working hours, and the Bank invited retired employees to attend year-end company parties in 2023. 	<ul style="list-style-type: none"> Keep the participation rate in the Employee Share Ownership Trust at 90% or above. Adopt standards governing the provision of a condolence payment or gifts when an employee is hospitalized due to injury or disease, or their family members passes away. 	<ul style="list-style-type: none"> Keep the participation rate in the Employee Share Ownership Trust at 90% or above. Continue working to optimize employee benefits.
Equal and Friendly Working Environment	<ul style="list-style-type: none"> Employee satisfaction rate Rate of participation in employee health examinations 	<ul style="list-style-type: none"> Maintain an employee satisfaction rate of at least 88%. Maintain at least an 89% rate of participation in employee health examinations. 	<ul style="list-style-type: none"> The employee satisfaction rate was 87.49% in 2023. The rate of participation in employee health examinations was 85% in 2023. 	<ul style="list-style-type: none"> Maintain an employee satisfaction rate of at least 89%. Raise the rate of participation in employee health examinations to at least 90%. 	<ul style="list-style-type: none"> Maintain an employee satisfaction rate of at least 89%. Maintain at least a 90% rate of participation in employee health examinations.
Financial Inclusion	<ul style="list-style-type: none"> Outstanding balance of transactions with B Corporations and social enterprises Dollar amounts of "Social Impact" loans Number of robo-advisor service customers Number of Charity Affinity Cards issued 	<ul style="list-style-type: none"> The outstanding balance of the deposits of B Corporations and social enterprises will increase by 20% over the previous year. Cumulative amounts of "Social Impact" loans will increase by 30% over the previous year. At least 26,000 cumulative robo-advisor service customers. Number of Charity Affinity Cards issued will increase 10% from previous year. 	<ul style="list-style-type: none"> The outstanding balance of the deposits of B Corporations and social enterprises was NT\$20.7 million in 2023, thus hitting the growth rate target. Cumulative amounts of "Social Impact" loans reached NT\$5.72 million in 2023. 26,655 cumulative robo-advisor service customers in 2023. Number of Charity Affinity Cards issued in 2023 increased 83% from previous year. 	<ul style="list-style-type: none"> The outstanding balance of the deposits of B Corporations and social enterprises will increase by 20% over the previous year. The 2024 target for the dollar amounts of "Social Impact" loans and deposits is NT\$10 million. At least 27,000 cumulative robo-advisor service customers. Number of Charity Affinity Cards issued will increase 9% from previous year. 	<ul style="list-style-type: none"> The outstanding balance of the deposits of B Corporations and social enterprises will increase by 20% over the previous year. The 2025 target for the dollar amounts of "Social Impact" loans is NT\$15 million. At least 28,000 cumulative robo-advisor service customers. Number of Charity Affinity Cards issued will increase 8% from previous year.

In addition, making reference to the International Integrated Reporting Council's Integrated Reporting Framework, O-Bank has disclosed a summary of key capital inputs and outputs in 2023 in order to review sustainable resource allocations and the resulting value creation.

Table 1-7: Summary of Capital Inputs and Outputs Required for Corporate Value Creation in 2023

Unit: NT dollars

	Inputs	Summary of Outputs
Financial Capital	<ul style="list-style-type: none"> • Paid-in capital: NT\$30.3 billion • Total standalone assets: NT\$390.6 billion • Standalone operating expenses: NT\$3.6 billion 	<ul style="list-style-type: none"> • Standalone net profit after income tax was NT\$2.49 billion. • Standalone ROE was 6.41%. • Earnings per Share (EPS) came to NT\$0.87.
Intellectual Capital	<ul style="list-style-type: none"> • Employee allowances for professional license exams: NT\$160,000 • Systems research and development expenses: NT\$64.16 million 	<ul style="list-style-type: none"> • Average number of professional licenses per employee: 5.2 • Introduced Taiwan Intellectual Property Management System (TIPS), and obtained Class A certification from TIPS. • Systems research and development expenses in 2023 were mainly used to optimize O-Bank's system services, such as: development of diversified operating systems that companies can choose among and optimization of functions and services provided by the existing system of the Bank.
Human Capital	<ul style="list-style-type: none"> • Employee wages expenses: NT\$2 billion • Training expenses: NT\$5.52 million 	<ul style="list-style-type: none"> • Employee satisfaction rate: 87.49% • Average training hours per employee: 89.4 hours • Average training expenses per employee: NT\$6,227 • Average contribution per employee to standalone net profit after income tax: NT\$2.1 million
Social Capital	<ul style="list-style-type: none"> • Based on a guideline provided by the Business for Social Impact (B4SI) framework (see Chapter 8 Social Engagement), we calculate a total input of NT\$17.77 million for public-interest projects. 	<ul style="list-style-type: none"> • Nine education events held in remote townships reached 206 students. • Six students from disadvantaged families participated in the O-Bank Summer Seed Internship Program in 2023, which brought the cumulative participation since the Program's inception to 42. • The O-Bank Charity Affinity Card Platform issues 18 affinity cards in cooperation with various NGOs and schools. • More than 33,500 persons have participated in the "Green Consumption Power@O-Bank" project. • "Social Impact" loans were provided to 71 underprivileged households. • First bank in Taiwan to launch the "Consumer Spending Carbon Calculator" function.
Natural Capital	<ul style="list-style-type: none"> • Green purchasing expenses: NT\$18.06 million • Disbursements related to energy conservation and carbon reduction: NT\$4.18 million 	<ul style="list-style-type: none"> • At all of O-Bank's business locations throughout the world, power usage per employee came to 4,876.57 kWh, down by 6.68% from 2022. • At all of O-Bank's business locations throughout the world, water usage per employee came to 0.017 megaliters. • A verified inventory of market-based GHG emissions (Scope 1 and 2) within O-Bank's operational boundaries throughout the world quantified these emissions at 2,758.66 tonnes of CO₂e. GHG emissions per employee were 2.33 tonnes of CO₂e, and thus down by 18.67% from previous year. • 97.2% of purchases by value were local procurements.

1.3.2 Stakeholder Engagement

To continue working to understand the views and opinions of all stakeholders, O-Bank has a special "Sustainable Development Section" on the official website which includes a feedback function that stakeholders can use to answer questionnaires to offer suggestions and opinions. In addition, O-Bank has also set up a special "Stakeholders section" on the official website that includes information on dedicated contact person for each type of stakeholder. O-Bank provides stakeholders with a variety of convenient channels for communication in order to facilitate timely and effective interaction. The main communication channels, frequencies, and engagement results are as shown here below in Table 1-8:

Table 1-8: Stakeholder Communication Channels, and Frequency of Communications

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Employees	Talent is an important key to a company's competitiveness, and is a company's important asset. A company must continually care for and cultivate its employees in order to raise employees' satisfaction rate.	<p>Operating performance</p> <p>Ethical best practices and corporate governance</p> <p>Legal compliance and internal audits</p>	<p>2.2 Operating Performance and Reputation</p> <p>2.3 Market Environment and Development Strategies</p> <p>3.1 Governance Framework</p> <p>3.2 Ethical Best Practice</p> <p>3.2 Ethical Best Practice</p> <p>3.3 Legal Compliance</p>	<ul style="list-style-type: none"> Quarterly labor-management meetings are held to air views on labor issues and discuss ways to improve working conditions. Irregularly scheduled employees' assemblies and departmental meetings are held to communicate company policies and understand employees' working conditions and spur two-way communication between management and staff. On December 25, 2023 O-Bank convened an employees' assembly and invited an expert to deliver a lecture on "New Net-zero Solutions, Analysis of the Circular Economy." The total number of participants was 277. O-Bank surveys employee satisfaction and needs once per year to understand their true needs and what they expect of the company. During the employee satisfaction and employee engagement survey carried out in 2023, the company received 1,089 responses, for a response rate of 97.76%. The overall employee satisfaction rate was 87.49%, and the employee engagement rate was 86.48%, which shows the positive effectiveness the company's various employee care policies have been. O-Bank has established an online platform for attendance management as well as education and training. This platform provides real-time access to information, and a means for assessing satisfaction with courses, thus affording employees a way to express their views. O-Bank carried out ten ESG-related training activities in 2023, attracting a total participation of 4,727. O-Bank held a "social enterprise market," inviting seven social enterprises to display and sell their products at the main lobby of the O-Bank headquarters building. This event afforded employees an opportunity to become more familiar with social enterprises and their guiding philosophies. We have established an "employee complaint mailbox," a "sexual harassment reporting mailbox," a "We Care" suggestion mailbox, and other means of direct communication channel. We have set up an employee chat group on social media to provide information on employee care policies and activities, and to spur two-way communication.

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Customers	Keeping customers' needs firmly in mind, O-Bank provides professional, high-quality financial services that increase customer stickiness and satisfaction.	<p>Information security</p> <p>Service quality and customer satisfaction</p> <p>Information transparency and product disclosures</p>	<p>3.5 Information Security 4.3 Customer Privacy and Transaction Security</p> <p>4.1 Financial Services and Innovation 4.2 Service Quality and Customer Experience 4.3 Customer Privacy and Transaction Security</p> <p>3.1 Governance Framework 4.2 Service Quality and Customer Experience</p>	<ul style="list-style-type: none"> • Provides online video call customer service, round-the-clock and 365 days a year, to offer customers quick response times. • Customers can contact O-Bank's complaint contact person by phone, video call, or email at any time to express their views. • Uses the company website to provide product prospectuses and post information about products, including special features, risks, and charges. • Uses online fan pages on various social media (Facebook, Instagram, YouTube) to provide information on products and services, and to respond to consumer feedback in real-time. • Provides corporate customers with dedicated relationship manager (RM) services to ensure prompt handling of customer issues and suggestions. • Raises investment and financing recipients' awareness of carbon reduction issues, and encourages them to set science-based carbon reduction targets. In 2023, O-Bank sent emails to 29 investment or financing recipients to engage on such matters. • Surveys retail customer satisfaction once per year. The results of a survey of users in 2023 showed that 90.9% of users were either satisfied or very satisfied with O-Bank's services and products
Shareholders	Shareholders and investors are the foundation that supports a company's growth, so a company needs to carry out adequate information disclosure and periodically hold shareholders' meetings and investor conferences so that shareholders and investors can clearly understand the company's performance and its future prospects.	<p>Ethical best practices and corporate governance</p> <p>Operating performance</p> <p>Legal compliance and internal audits</p>	<p>3.1 Governance Framework 3.2 Ethical Best Practice</p> <p>2.2 Operating Performance and Reputation 2.3 Market Environment and Development Strategies</p> <p>3.2 Ethical Best Practice 3.3 Legal Compliance</p>	<ul style="list-style-type: none"> • Holds one annual shareholders' meeting and promptly discloses material information on the Market Observation Post System (MOPS) website as well as our own corporate website. O-Bank held a general shareholders' meeting on June 16, 2023 with 11 directors attending and reported to shareholders on its operating status and its sustainability measures. The meeting was attended by 1,655 persons. • Holds investor conferences every year to disclose financial information and business strategies. Held four investor conferences in 2023 to report to investors on its operating status and its sustainability measures. The conferences were attended by a total of 125 persons. • Uses the special "Investors Section" on our website to make quarterly financial disclosures and publish unaudited consolidated profit figures on a monthly basis. • Posts information on our website regarding the state of communications with independent directors, the chief internal auditor, and certified public accountants, and indicates the dates and results thereof. • Provides a channel for communication with our shareholder services agent to help shareholders handle related matters.

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Government agencies	Financial services enterprises are a closely supervised type of business. They need to actively understand government policies, rigorously maintain legal compliance, and work together with the government to create a financial supervisory system that is characterized by good faith, transparency, and trustworthiness.	<p>Service quality and customer satisfaction</p> <p>Financial inclusion</p> <p>Environmental sustainability</p>	<p>4.1 Financial Services and Innovation</p> <p>4.2 Service Quality and Customer Experience</p> <p>4.3 Customer Privacy and Transaction Security</p> <p>4.1 Financial Services and Innovation</p> <p>7.6 Responsible Products</p> <p>6.1 Environmental Management Policies and Targets</p> <p>6.2 Management of Energy and Resources</p> <p>6.3 CO₂ Emissions Inventories</p> <p>6.4 Green Purchasing and Supplier Management</p>	<ul style="list-style-type: none"> • Takes part in government agency symposiums, conferences, and annual meetings to coordinate with and respond to government policies. • Maintains strict legal compliance to coordinate with the competent authority's supervision and audits; takes part in evaluations. • Engages in reciprocal visits with competent authorities to establish channels for direct interactions. Reported on February 3, 2023 to the Banking Bureau of Financial Supervisory Commission on the O-Bank Consumer Spending Carbon Calculator project. Five staff members from the Banking Bureau participated in the meeting. • Engages in two-way communications via official documents and email.
The public	Members of the general public are an important part of a company's effort to achieve its community charity ideas. O-Bank engages in a diverse range of activities to interact with the public and work for a shared well-being.	<p>Information security</p> <p>Service quality and customer satisfaction</p> <p>Financial Inclusion</p>	<p>3.5 Information Security</p> <p>4.3 Customer Privacy and Transaction Security</p> <p>4.1 Financial Services and Innovation</p> <p>4.2 Service Quality and Customer Experience</p> <p>4.3 Customer Privacy and Transaction Security</p> <p>4.1 Financial Services and Innovation</p> <p>7.6 Responsible Products</p>	<ul style="list-style-type: none"> • Established a Corporate Sustainability and Communications Division, a spokesperson, and a deputy spokesperson to promptly provide accurate information on O-Bank. • Issues news releases and holds press conferences as the need arises, and has a special "news" section on our website to provide the general public with access to information on O-Bank and the status of our development. Held two press conferences in 2023, which were attended by a total of 74 persons. • Uses a social media fan page to communicate our image as a committed contributor to community charity, and to increase the appeal of and participation in public interest issue. • Takes part in forums and conferences organized by non-profits, academic bodies, and community association in order to hear what society demands. Took part in four courses or lectures held in 2023 by NGOs or institutions of higher education, shared information on measures taken by O-Bank to achieve sustainability. • Holds irregularly scheduled cultural and artistic performances, lectures, and community service activities, and takes part in curated exhibits, to give back to society and interact directly with members of the public.

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Suppliers	Suppliers are partners that grow together with a company and stride alongside it toward sustainable operations, so a company needs to engage in continuous communication with its suppliers and join with them in implementing their corporate social responsibilities.	<p>Information security</p> <p>Ethical best practices and corporate governance</p> <p>Service quality and customer satisfaction</p>	<p>3.5 Information Security 4.3 Customer Privacy and Transaction Security</p> <p>3.1 Governance Framework 3.2 Ethical Best Practice</p> <p>4.1 Financial Services and Innovation 4.2 Service Quality and Customer Experience 4.3 Customer Privacy and Transaction Security</p>	<ul style="list-style-type: none"> Any supplier whose turnover with O-Bank meets or exceeds a certain amount is required to fill out a "Supplier Self-Assessment Form of Corporate Social Responsibilities" so that we can understand how well the supplier is meeting corporate social responsibilities obligations. 60 suppliers filled out a Self-Assessment Form in 2023. O-Bank continues to communicate with suppliers on sustainability issues. O-Bank conducts occasional on-site inspection visits to our suppliers, fill out an "O-Bank On-Site Visitation for Supplier Questionnaire," and interacts with them directly. O-Bank visited six suppliers in 2023 to encourage them to achieve sustainable development. Occasionally contacts suppliers by telephone or email to engage in two-way communications. Holds meetings with suppliers to discuss contract matters and establish channels for direct communication.



Access to Stakeholder
Appeal Procedure

2. Overall State of the Company



2.1 About O-Bank

O-Bank uses a five-letter acronym (TOUCH) to highlight O-Bank's five core values (Trust, Outstanding, Unity, Creativity, and Honor), and actively advances a corporate culture of "Always Sincere, Always Here." Remaining true to our founding ideal of human caring, O-Bank acts in line with a company spirit of "fulfilling oneself by benefiting others," "win-win cooperation," "standing by our word," and "working in solidarity for a shared prosperity," thus building long-term customer relationships based on mutual trust. A forward-looking approach, active innovation, and professional expertise are the keys that enable O-Bank to seize upon business opportunities while pursuing sustainability and growth of the highest quality.

O-Bank's Chinese name "Wangdao," alludes to a spirit of inclusiveness, taking the righteous path, and fulfilling oneself by benefiting others. The English letter "O" represents fulfillment and the unending cycle of life. O-Bank firmly believes that, by acting on this spirit to the benefit of all stakeholders – including employees, customers, shareholders, and the public – it can achieve our vision of prospering with employees, profiting with clients and shareholders, co-existing with the environment, and benefiting with society.



O-Bank's head office in Taipei's Neihu District

2.1.1 Company Profile

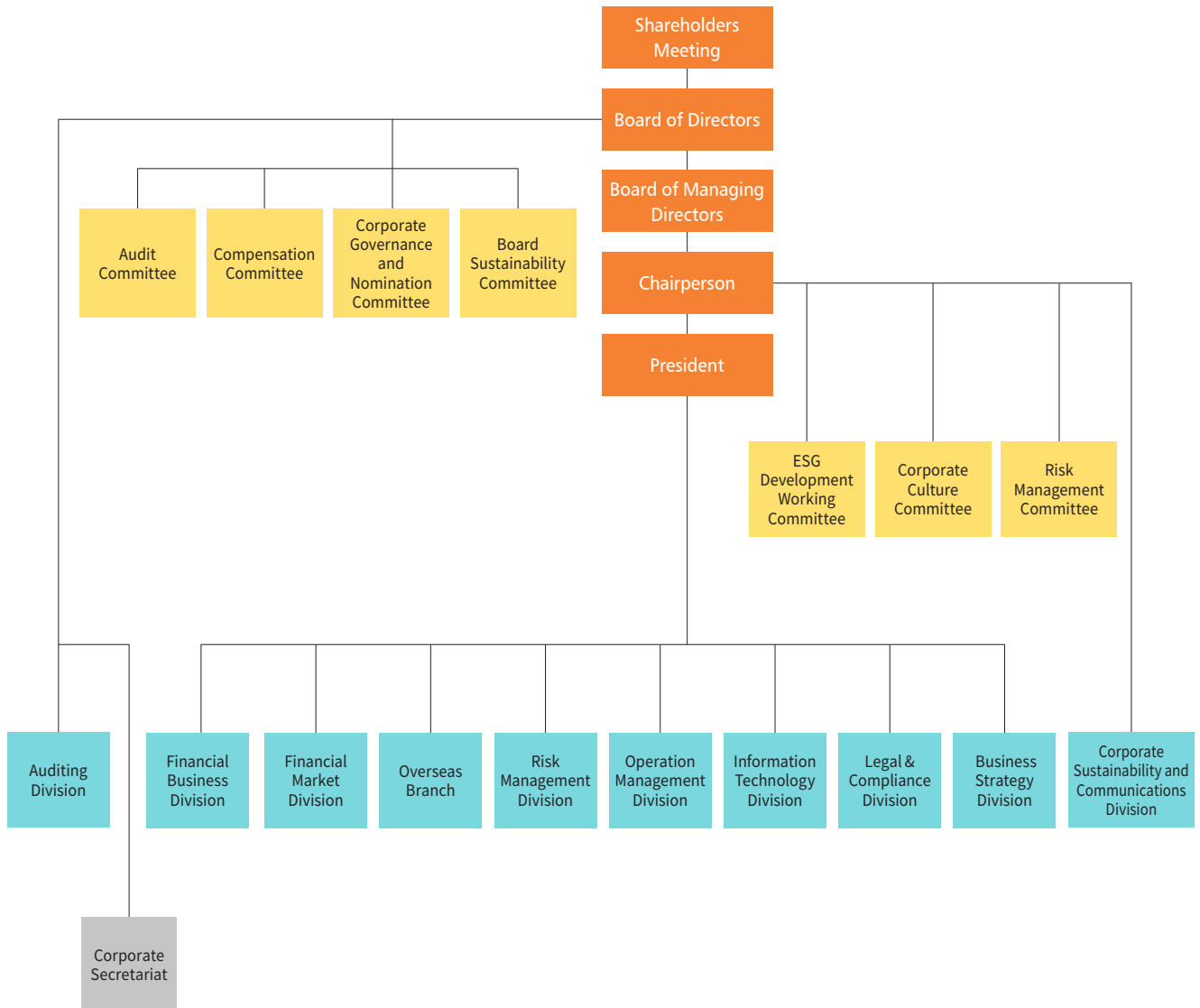
O-Bank's predecessor, the Industrial Bank of Taiwan (IBT), was established in July 1999 by veteran financier Kenneth Lo and former Central Bank Governor Samuel C. Shieh as Taiwan's first financial institution to open as an industrial bank with the support of a private-sector enterprise. IBT's main task was to coordinate with national economic development strategies and help the government support the development of Taiwanese industry.

In the face of changes in Taiwan's industrial structure, once IBT had achieved assigned mission, we reorganized as a commercial bank in 2017 and was renamed O-Bank Co., Ltd. The purpose of this reorganization was to respond to the increasing diversity of needs in today's financial markets. In addition to further developing various lines of corporate banking business (e.g. short-, medium-, and long-term loans, trade finance, factoring and financing of accounts receivable, financial product transactions, financing of asset securitization, trust business, foreign exchange, and international finance), O-Bank has also branched out into retail banking by providing online financial services such as deposits, payments, loans, financial planning, and insurance, using digital technology to achieve our vision of financial inclusion and become the first native digital bank in Taiwan. In May 2017, O-Bank listed our shares on the Taiwan Stock Exchange, thus becoming Taiwan's first bank to list in over a decade for the first time.

O-Bank has located head office and main business department in the Taipei Neihu Technology Park, and maintains numerous business locations throughout Taiwan. Apart from the O-Bank headquarters building in Taipei's Neihu District, this also includes the Nanjing Fuxing Branch, the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Office. Overseas, meanwhile, O-Bank has a Hong Kong Branch and a representative office on the mainland China in Tianjin.

Fig. 2-1: O-Bank Organizational Chart

Current as of: Jan. 2, 2024



As Taiwan's first native digital bank and operating primarily through digital channels, O-Bank approaches business with a digital banking mindset as we work to provide consumers with more convenient and secure financial services, and to achieve our vision of financial inclusion. O-Bank's retail banking services make use of the most advanced information systems built to the most rigorous specifications. These include the Temenos core banking platform from Switzerland and the cloud-based Salesforce.com customer service system. O-Bank also employs big data analysis to take full advantage of the competitive edge offered by financial technology. This allows O-Bank to respond to market needs with speed and precision.

O-Bank provides a wide range of innovative retail banking services (see Fig. 2-2), including fully online account openings, fully online applications for unsecured loans, online purchasing of shares in investment funds, 24-hour online foreign exchange swaps, and 24-hour video customer service. And beyond that, O-Bank has set an industry first by launching a robo-advisor service that provides consumers with affordable professional investment advice, which means that ordinary consumers can now benefit from investment advice based on big-data analysis. In addition, O-Bank launches parent-child accounts, accepts online applications to open foreign exchange accounts, allows to send digital red envelopes, and

makes a wide variety of account transfers. A consumer need only download O-Bank's mobile app or log into our online bank to open an account fully online using a mobile device. The availability of all sorts of convenient and secure financial services means that "your mobile handset is your bank."

Fig. 2-2: Retail Banking Services

Deposits

Customers can use the O-Bank App at any time of day to carry out account transfers, pay bills and fees, execute foreign exchange transactions, or carry out direct collections and debits. Customers can also check monthly account statements whenever they want, which makes it easy to manage accounts. In addition, customers can enroll in a variety of high-interest rate programs for demand deposits and time deposits without the need to go a physical branch.

Consumer Transactions

The available balance for O-Bank debit card transactions is linked to a customer's deposit account, which enables consumers to effectively control spending and avoid overdrafts. In addition, the O-Bank debit card offers unlimited cashback rewards on payments made both domestically and abroad. A notification is made individually for each card transaction, which safeguards the interests of the consumer. Beginning in 2022, O-Bank Mastercard holders can turn on the "Consumer Spending Carbon Calculator" function for free via O-Bank internet banking or through the O-Bank mobile app to see an itemized list of estimated carbon emissions per purchase.

Loans

O-Bank offers a wide range of different loan products to meet the needs of different types of borrowers, who benefit from quick, simple, and convenient application procedures that meet their needs quickly.

Investments

O-Bank was the first in the industry to launch a robo-advisor service that makes use of big data analytics and algorithms to provide investment portfolio suggestions tailored to meet the varying needs and risk tolerances of individual customers. The service also automatically provides suggestions for position adjustments in response to changing market conditions. In addition, the minimum investment amount for O-Bank robo-advisor service customers is NT\$1,000. This greatly lowers the barrier to consumer participation, and achieves the goal of financial inclusion.

Insurance

Customers can purchase insurance products including savings type, protection type, and investment-linked insurance. Having these options available means that customers can plan out their finances to ensure that their insurance needs and assets are properly managed at each stage of their lives.



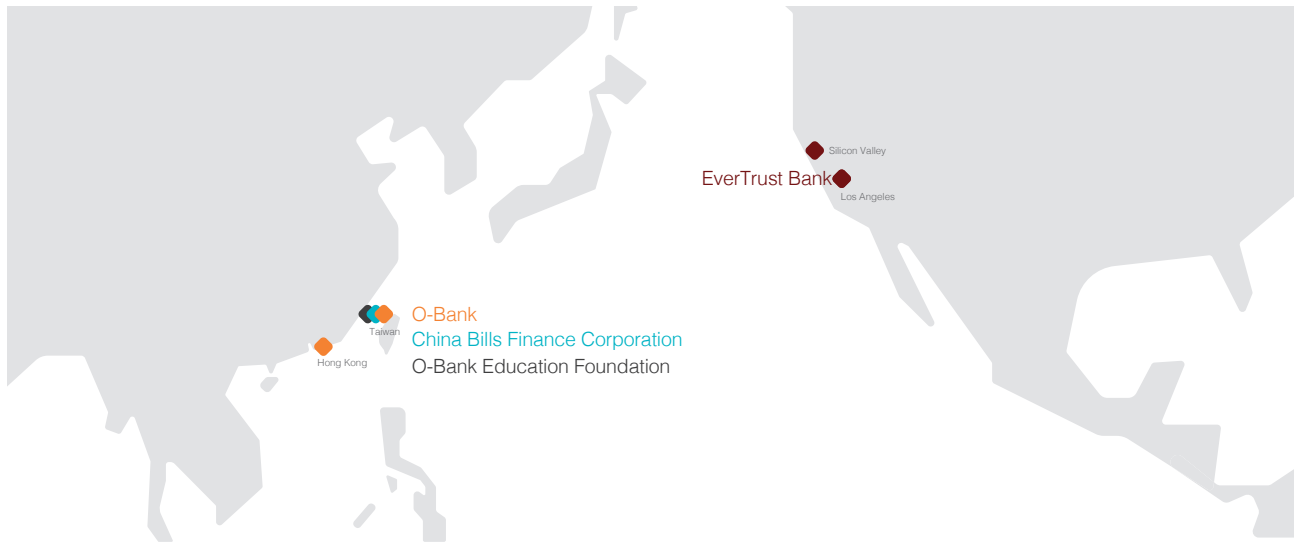
2.1.2 The O-Bank Group Business Network

Since the year 2000, O-Bank has used M&A deals and equity purchases to build up a network of O-Bank Group affiliates that provide a diverse range of products and financial services. O-Bank in 2007 acquired California-based EverTrust Bank, which provides deposit, commercial lending, and commercial real estate lending services in Los Angeles and Silicon Valley. This was an important first step in O-Bank's plan to build a global business network. In that same year, O-Bank took an equity stake of approximately 28% in China Bills Finance Corporation, thus branching out into the short-term bills business. Cooperation among O-Bank's units handling business operations, technology, and channels has generated synergies.

In April 2011, O-Bank further expanded into the field of leasing by establishing the IBT Leasing Co., which then in June established the IBT International Leasing Corp. (IBTIL) in Suzhou, China. To seek continued growth and diverse development, IBT Leasing and Jih Sun International Leasing & Finance merged on December 1, 2022 to form a new entity named "Infinite Finance Co., Ltd.," which has become the fourth largest company in Taiwan's leasing industry. O-Bank is the second largest shareholder in Infinite Finance Co., and O-Bank recognizes its share of profits from Infinite Finance under the equity method. Hopefully the two companies can take advantage of their respective areas of expertise to create synergies and economies of scale.

The O-Bank Group has been actively expanding its business presence both at home and abroad (Fig. 2-3), and is integrating group resources to help customers at different stages of development to continue strengthening their competitiveness. At the same time, O-Bank has expanded retail banking business and developed in the field of digital finance to the point where these lines of business have become mutually complementary with O-Bank's original corporate financial business. As a result, O-Bank is able to provide customers with a complete across-the-board range of financial services.

Fig. 2-3: The O-Bank Group Business Network



2.1.3 B Corp Certification

The B Corp Certification program is run by B Lab, a US non-profit organization. It encourages companies to break free of the conventional capitalist emphasis on maximizing profits, and begin seeking instead to maximize shared value. The program assesses company's overall impact across five dimensions of governance, workers, environment, community, and customers. The objective is to encourage corporations to use business as a force for good, and to focus on being not just the "best IN the world," but also "the best FOR the world."

O-Bank in recent years has made a concerted effort to plan and execute a variety of CSR actions. O-Bank obtained B Corp certification quickly and smoothly after applying for it in 2017, thus becoming Taiwan's 21st B Corporation. Re-certification is required once every three years, so O-Bank went through the review process again in March 2021 and received an even higher score



O-Bank obtains B Corp Certification, seeks to use business as a force for good



O-Bank Chairperson Tina Y. Lo led the effort to obtain B Corp Certification, and is promoting a B Corp campaign

than the first time, a clear indication that O-Bank has again received positive international attention for continued pursuit of sustainable operations.

The O-Bank philosophy of "fulfilling oneself by benefiting others" concords quite well with the B Corp emphasis on companies competing not just to be "the best IN the world," but also to be "the best FOR the world." O-bank will continue working together with all stakeholders to create win-win outcomes for all, and to achieve our vision of "prospering with employees, profiting with clients and shareholders, co-existing with the environment, and benefiting with society."

2.2 Operating Performance and Reputation

2.2.1 Operating Performance

In 2023, O-Bank Group's consolidated net revenue came to NT\$9,544 million, a decrease of 21% compared to 2022. However, if we factor out the one-off gain of NT\$3,214 million resulting from the IBT Leasing Co., Ltd. merger case in 2022, the consolidated net revenue for 2023 actually increased by 7% compared to 2022. The standalone net revenue for 2023 was NT\$6,867 million, down 24% from 2022. When excluding the aforementioned one-off gain, the standalone net revenue for 2023 increased by 17% compared to 2022. 2023 standalone net revenue is further broken down by line of business and source, see Table 2-1 and Table 2-2.

Table 2-1: 2023 O-Bank Proportion of Net Revenue by Business

Line of Business	Proportion of Net Revenue (%)
Corporate loans (incl. project finance)	59.1%
Retail loans	10.5%
Wealth management	1.0%
Trust business	0.4%
Equity and bond investment	2.2%
Other financial transactions	16.8%
Investment under equity method and other adjustments	10.0%
Total net revenue	100.0%

Note: O-Bank does not underwrite bonds or insurance business, nor is it a financial holding company.

Table 2-2: 2023 O-Bank Proportion of Net Revenue by Source

Source of Income	Proportion of Net Revenue (%)
Net interest	34%
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss and foreign exchange gain (loss)	34%
Net service fees	13%
Share of profit (loss) of associates subsidiaries and joint ventures accounted for using equity method	13%
Other	6%
Total net revenue	100%

Table 2-3: Sources of O-Bank 2023 Net Revenue (domestic vs. overseas)

Area of Net Revenue	Proportion of Net Revenue (%)
Domestic	70%
Overseas	30%
Total net revenue	100%

In 2023, the consolidated net profit before tax was NT\$4,029 million, while the consolidated net profit after tax was NT\$3,426 million, a decrease of 41% from 2022. Excluding the one-off gain of NT\$3,030 million from the IBT Leasing Co., Ltd. merger case in 2022, the consolidated net profit after tax increased by 23% compared to 2022. Meanwhile, the standalone net profit before tax for 2023 was NT\$2,801 million, and the standalone net profit after tax was NT\$2,492 million, down 50% from 2022. However, excluding the one-off gain from the merger case, the standalone net profit after tax increased by 24% compared to 2022, reaching an all-time high. EPS came to NT\$0.87, while ROE and ROA came to 6.41% and 0.67%, respectively. Figures for O-Bank standalone net revenue, standalone net profit before tax, and standalone net profit after tax for the past five years are set out in Fig. 2-4 and Fig. 2-5.

Fig. 2-4: O-Bank Net Revenue, 2019~2023

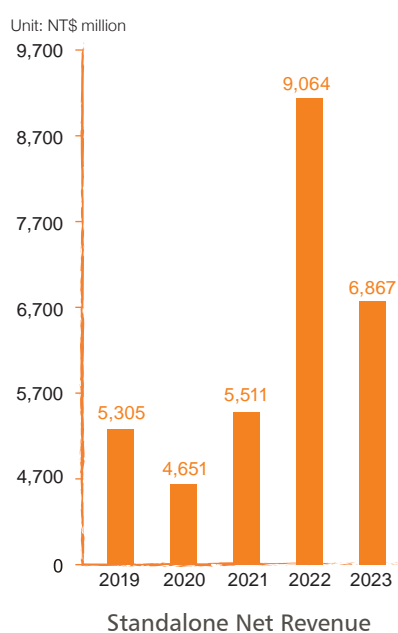


Fig. 2-5: O-Bank Net Profit before Tax and after Tax, 2019~2023

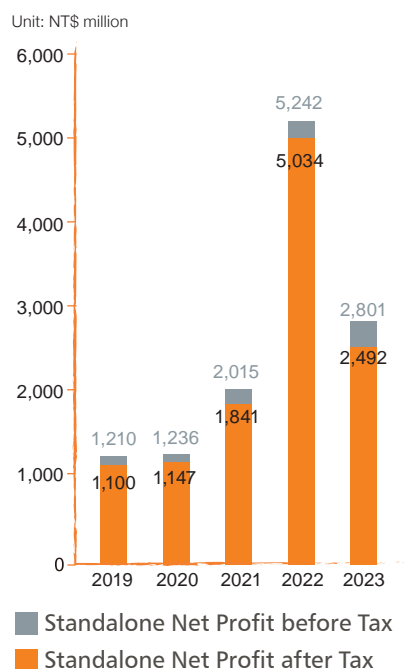
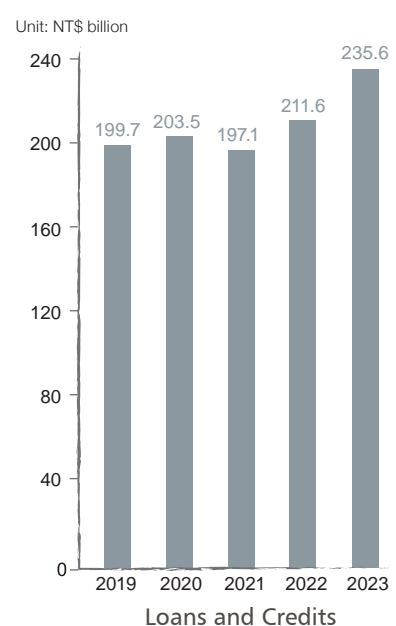


Fig. 2-6: Loans and Credits, 2019~2023



Note: Numbers in Fig. 2-4 to Fig. 2-6 are for the standalone.

As of end-2023, O-Bank had total assets of NT\$390.6 billion, loans and credits stood at NT\$235.6 billion (Fig. 2-6). As of capital adequacy ratios, the BIS ratio was 13.97%, the Tier 1 ratio stood at 12.54%, and the common equity ratio was 12.36%. The Taiwan Ratings Corporation in 2023 assigned O-Bank long- and short-term credit ratings of twA and twA-1, so the overall outlook is stable. Moving forward, O-Bank will tap into digital technology and adopt an innovative mindset to effectively expand our retail banking business and continue enhancing our corporate financial services to create business synergies and seek stable growth momentum.

Table 2-4: O-Bank Operating Performance, 2022~2023

Unit: NT\$ thousand

	Item	2023	2022
Overview of operations	Net revenue	6,866,513	9,063,976
	Total assets	390,583,784	355,954,326
	Shareholders' equity	40,102,035	37,722,239
	Total liabilities	350,481,749	318,232,087
	Operation Expense	3,621,290	3,339,734
	Net profit after tax	2,492,420	5,034,471
Performance indicators	Net revenue per employee (Note 1)	5,790	8,354
	Net profit after-tax per employee (Note 2)	2,102	4,640
	Earnings per share (NT\$)	0.87	1.80
	Return on assets (%)	0.67	1.5
	Return on equity (%)	6.41	13.59
Economic value distributed	Operating costs	1,765,500	1,692,727
	Employee wages and benefits	2,020,094	1,920,746
	Payments of dividends	1,353,930	1,165,040
	Payments of government taxes	500,429	223,209
	Political donations	0	0
	Donations (Community investments)	15,243	11,281
	Subtotal	5,655,196	5,013,003
Economic value retained		1,211,317	4,050,973

Note 1: Net revenue per employee = net revenue / number of O-Bank employees worldwide

Note 2: Net profit after-tax per employee = net profit after tax / number of O-Bank employees worldwide

Note 3: Numbers in Table 2-4 are for the standalone.

Note 4: Economic value retained = Direct economic value (net revenue) - economic value distributed

2.2.2 Awards and Recognition

Following our founding, O-Bank pursued excellence while growing and prospering right alongside our many corporate clients. Since reorganizing as a commercial bank in 2017 and branching out into the retail banking services market, O-Bank has launched many innovative digital financial services which have won numerous awards. Moreover, O-Bank has fulfilled our corporate social responsibilities by acting in the spirit of "fulfilling oneself by benefiting others." By pursuing ESG concerns and continuing to incorporate a "sustainability-oriented mindset" into the running of our business, O-Bank has earned widespread praise, including the awards listed below in Table 2-5.

Table 2-5: Awards Won by O-Bank since 2002

Year	Award
2002	• Received the "Best Risk Management Award" at the Taiwan Academy of Banking and Finance "Taiwan Banking and Finance Best Practice Awards."
2003	• Noted financial publications Asia Money, The Asset, and Financial Asia name the first IBT Collateralized Loan Obligation (CLO-1) "Deal of the Year" among 2003 domestic asset securitization issues in Asia.
2004	• Received the "Best Product Design Award" at the Taiwan Academy of Banking and Finance "Taiwan Banking and Finance Best Practice Awards."

Year	Award
2011	<ul style="list-style-type: none"> • IBT Educational Foundation received "National Civic Service Award."
2012	<ul style="list-style-type: none"> • Received the "Golden Quality Award" from the Joint Credit Information Center.
2014	<ul style="list-style-type: none"> • Received the "Golden Quality Award" from the Joint Credit Information Center.
2016	<ul style="list-style-type: none"> • Received a "Corporate Sustainability Report Award – Silver Medal" from the Taiwan Institute for Sustainable Energy.
2017	<ul style="list-style-type: none"> • Received a "Corporate Sustainability Report Award – Gold Medal" from the Taiwan Institute for Sustainable Energy. • Won two awards from Gartner ("2017 Gartner Eye on Innovation Award for Asia Pacific" and "Most Innovative Digital Business Model") at the third Gartner Eye on Innovation Awards for the Asia Pacific region. • Obtained "B Corp Certification" from US-based B Lab. • Received a 2nd Class "Buying Power" Award" at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement".
2018	<ul style="list-style-type: none"> • Received the "Rookie Award" in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award". • Received "Corporate Sustainability Report Award – Silver Medal" and "Gender Equality Award" from the Taiwan Institute for Sustainable Energy. • Received 2nd Class and Special Class "Buying Power" Awards at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". • Received an "Award for Outstanding Corporate Image" from the Foundation for Public Relations. • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Recognized as "The Best Digital Bank in Taiwan" at the 2018 Asian Banker Taiwan Awards. • O-Bank was named an "Information Visionary" at the 2018 IDC Digital Transformation Awards. • Received the "Best Digital Banking Award" at the Taiwan Academy of Banking and Finance "Taiwan Banking and Finance Best Practice Awards." • Received a 2018 "Award for Excellence" from Global Views Monthly for the "Bank With the Best Digital Services." • At the 2018 National Brand Yushan Awards of Republic of China National Enterprise Competitiveness Development Association, O-Bank won First Prize in "Enterprise Excellence" category and receives the "Best Product Award" for robo-advisor service. The O-Bank President received an "Outstanding Business Leader" Award. • O-Bank was recognized by the Financial Supervisory Commission as one of the top performing banks in providing SME loans.
2019	<ul style="list-style-type: none"> • Received a 6th place Award in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award." • Received "Corporate Comprehensive Performance Award," "Gender Equality Award," "People Development Award," "Creativity in Communication Award," and "Corporate Sustainability Report Award – Gold Medal" from the Taiwan Institute for Sustainable Energy. • Received a 2nd Class "Buying Power" Award at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". • Selected by the Taiwan Stock Exchange as a component of the TWSE Corporate Governance 100 Index. • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Recognized as having the "Best Cloud-Based Initiative, Application or Programme in Taiwan" at the 2019 Asian Banker Taiwan Awards. • Received a 2019 "Award for Excellence" from Global Views Monthly for the "Bank with the Best Digital Services."
2020	<ul style="list-style-type: none"> • Received a second place Award in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award." • Received "Corporate Comprehensive Performance Award," "Gender Equality Award," "Creativity in Communication Award," and "Corporate Sustainability Report Award – Silver Medal" from the Taiwan Institute for Sustainable Energy. • Received 3rd Class and Special Class "Buying Power" Awards at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". • Received "Award for Outstanding Corporate Image," "Award for Excellence in Brand Communication," and "Award for Excellence in Corporate Social Responsibility" from the Foundation for Public Relations. • Scored among the top 5% in the Taiwan Stock Exchange's "2020 Corporate Governance Evaluation." • Selected by the Taiwan Stock Exchange as a component of the TWSE Corporate Governance 100 Index. • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Received the "Best Online Bank Award" from Excellence magazine.

Year	Award
2021	<ul style="list-style-type: none"> Received a second place Award in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award." Received TCSA "Corporate Comprehensive Performance Award," "Gender Equality Leadership Award," "Creativity in Communication Leadership Award," "Corporate Sustainability Report Award – Gold Medal," and GCSA "Great Practice Award" in the World Class category (Social Impact program) from the Taiwan Institute for Sustainable Energy. Received 3rd Class and Special Class "Buying Power" Awards at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". Received "Excellent Performance" certification of CG6012 (2019) Corporate Governance System Assessment from the Taiwan Corporate Governance Association. Scored among the top 5% in the Taiwan Stock Exchange's "2021 Corporate Governance Evaluation." Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. Received the "Best Online Bank Award" from Excellence magazine. Received the "Best Digital Information Service Award" in the Bank category of "2021 Digital Financial Service Award" from Commercial Times.
2022	<ul style="list-style-type: none"> In the Jan. 2023 ESG Risk Rating published by Morningstar Sustainalytics, O-Bank received an excellent ESG Risk Rating of 8.7, and in Jan. 2024 O-Bank was recognized as a Sustainalytics "ESG Industry Top Rated" company and an "ESG Regional Top Rated" company. At the Taiwan Corporate Sustainability Awards (TCSA), O-Bank received a "Top 100 Corporate Sustainability Award," a "Gender Equality Leadership Award," a "Creativity in Communication Leadership Award," and a "Corporate Sustainability Report Silver Award." 3rd Class "Buying Power" Award from the Small and Medium Enterprise Administration in the latter's Awards Program for Purchasing of Products and Services from Social and Innovative Enterprises. Scored among the top 5% in the Taiwan Stock Exchange's "2022 Corporate Governance Evaluation." Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. Taipei City Workplace Gender Equality Certification Gold Award. Received the "Best Online Bank Award" from Excellence Magazine. Hong Kong Mandatory Provident Fund Schemes Authority's Good MPF Employer Award & e-Contribution Award.
2023	<ul style="list-style-type: none"> In the Feb. 2024 ESG Risk Rating published by Morningstar Sustainalytics, O-Bank received an excellent ESG Risk Rating of 7.6, and according to the Taiwan Depository & Clearing Corporation Investor Relations Platform (TDCC IR Platform), O-Bank ranks No. 1 among all financial institutions in Taiwan as well as No. 2 among all companies listed in Taiwan (as of end-May 2024). Achieved an excellent score of 4.3 (max. score of 5.0) in the latest ESG Score released by global benchmark institution FTSE Russell for 2024. According to the Taiwan Depository & Clearing Corporation Investor Relations (IR) Platform, this is the highest score received by any financial institution in Taiwan, and the fourth highest score among all Taiwanese listed companies (as of end-May 2024). Took part for the first time in the Carbon Disclosure Project (CDP) ratings, and received an A- score (i.e. a LEADERSHIP rating). Received a "Sustainability Performance Award," a "Social Inclusion Leadership Award," a "Gender Equality Leadership Award," a "Workplace Well-Being Leadership Award," a "Creative Communication Leadership Award," and a "Corporate Sustainability Report Award – Silver Medal" in the Taiwan Corporate Sustainability Awards (TCSA). Received 3rd Class "Buying Power" and Special Class "Buying Power" Awards from the Small and Medium Enterprise Administration in the latter's Awards Program for Purchasing of Products and Services from Social and Innovative Enterprises. Scored among the top 5 % in the Taiwan Stock Exchange's "2023 Corporate Governance Evaluation." Selected as a component of the TWSE Corporate Governance 100 Index. Selected as a component of the TWSE RAFI Taiwan High Compensation 100 Index. Received "High Distinction Performance" certification of CG6014 (2023) Corporate Governance System Assessment from the Taiwan Corporate Governance Association. Received a Sustainable Development Award in the China Times Financial Services Awards. Recognized by the Financial Supervisory Commission for Superior Performance in implementing the FSC's "Program to Incentivize Lending by Domestic Banks to Enterprises in Target Countries of the New Southbound Policy (NSP)." Received the "Best Online Bank Award" from Excellence Magazine. Received the "Best Innovation Award" and "Best Digital Inclusive Finance Award" in the Bank category of the "2023 Digital Financial Service Award" from Commercial Times.



O-Bank received six major Taiwan Corporate Sustainability Awards in 2023



3rd Class and Special Class "Buying Power" Award



Excellence Magazine "Best Online Bank Award"



Named "ESG Industry Top Rated" and "ESG Regional Top Rated" by Morningstar Sustainability

2.3 Market Environment and Development Strategies

2.3.1 Banking Sector Business Environment and Future Prospects

Global inflation in 2023 was lower than in 2022, but global economic activity had still not recovered to pre-Covid levels due to: the ongoing standoff in the Ukraine-Russia war; continued implementation of deflationary monetary policies and reduction of government spending by governments around the world; and geopolitical conflict. In Taiwan, there was strong domestic demand in such areas as the services sector, retail sector, food and beverage sector, and travel sector, but slumping international demand and reduced international trade impacted Taiwan's export performance and put a damper on economic growth momentum. The Directorate-General of Budget, Accounting and Statistics announced that Taiwan achieved an economic growth rate of 1.31% in 2023, which was down from the year before. Our banking sector benefitted from multiple rate hikes by the US Federal Reserve, which triggered a return to steady performance in both stocks and bonds, thus improving investment returns and fee income. At the same time, net interest income also posted steady growth in the high interest rate environment. O-Bank's 2023 net profit before tax reached an all-time high of NT\$472.4 billion.

Looking ahead to 2024, the global economy still faces numerous challenges and uncertainties, including a worsening Red Sea crisis, accelerating deterioration of real estate markets in China, and disruption of global supply chains by extreme weather events. The future of the global economy remains unclear, but domestic demand in Taiwan is strong. Moreover, a recovery of manufacturing activity in countries around the world is favorable to growth in Taiwan's exports, and is spurring ongoing private investments in domestic enterprises. Taiwan's Directorate-General of Budget, Accounting and Statistics has forecast economic growth of 3.43% for Taiwan in 2024.

As for the future business environment in the domestic banking industry, Taiwan's Central Bank raised policy rates by 12.5 basis points in March 2024. This rate hike will help maintain NT Dollar interest rate spreads, but bearing in mind that the world's major economies will maintain deflationary monetary policies over the short term, Taiwanese banks need to take a cautious outlook regarding earnings prospects. Also, international bodies and domestic competent authorities are paying close attention to the

sustainability measures taken by financial services firms. In addition to the "United Nations Principles for Responsible Banking" and "Principles for Responsible Investment," the Financial Supervisory Commission has launched a "Green Finance Action Plan 3.0," a "Corporate Governance 3.0 – Sustainable Development Roadmap," the "Sustainable Development Guidemap for TWSE and TPEX Listed Companies," the "Guidelines for Domestic Banks' Climate Risk Financial Disclosures," the "Handbook for Scope 3 Financed Emissions of Domestic Banks' Portfolio Carbon Footprints," and the "Taiwan Sustainable Taxonomy." These actions will spur financial service providers to accelerate their efforts to implement responsible financing and responsible investment, to continue monitoring climate change issues and implementing greenhouse gas inventory reports, and to comprehensively pursue sustainable development.

2.3.2 O-Bank's Development Strategy

Banks have come to look upon the application of financial technologies as an important way to boost their competitiveness. At the same time, non-financial institutions are now able to rely on their technological expertise to embark upon the financial services industry. Moreover, this trend has prompted banks to make a serious effort to build up their digital capabilities. O-Bank, after seven years of working to build up our retail banking services, has accumulated considerable digital banking experience and a solid customer base. Moving forward, in addition to further optimizing the digital services experience and improving customer stickiness, O-Bank will also focus on seizing upon business opportunities in the lending business and in tailor-made wealth management services. O-Bank will continue making a greater variety of stock and bond investment and structured instruments available, and will work to create a diverse product line and comprehensive wealth management platform to deepen and broaden its customer base. As our retail wealth management product lineup grows more comprehensive, O-Bank's retail and corporate banking businesses become increasingly complementary, and O-Bank is simultaneously developing both payroll accounts and wealth management services. In addition, O-Bank has established a digital innovation team to work out various digital innovation business models and set up multiple financial application scenarios in order to meet the borrowing needs of more customers.

In the area of corporate banking, O-Bank will continue to pursue a "boutique bank" strategy to cultivate more customers, optimize customer group structure and will work to expand our existing customer base to include customers positioned everywhere from upstream to downstream in industry value chains. At the same time, O-Bank is developing mid-market enterprise (MME) and offshore financial services customers. In addition, O-Bank continues to strengthen its corporate wealth management platform, increase product diversity, improve its structured financing, its trade financing, its Treasury Marketing Unit (TMU), and its cash management products. In addition to meeting the need of customers for fine-tuned wealth management services, O-Bank is thus able to increase capital-light businesses such as fee income, continue improving overall corporate banking profits, optimize its profit structure, and ensure sustainable growth momentum.

With regard to subsidiaries, China Bills Finance Corporation will prudently respond to market changes and enhance risk controls by continuing to expand its customer base and adjust its customer structure; and EverTrust Bank will continue to adjust its portfolios, increase product diversity, and improve returns on capital. As for the investment under equity method, "Infinite Finance Co., Ltd." was founded on December 1, 2022, which was formed by IBT Leasing Co. and Jih Sun International Leasing & Finance. The merger has created a much bigger company, and will take advantage of the two merging entities' different strengths to create synergies and economies of scale. In addition, O-Bank has also joined with China Everbright Bank and China CYTS Tours Holding Co. to set up Beijing Sunshine Consumer Finance Co. as a joint venture. Beijing Sunshine uses innovative digital financial services to meet market needs in mainland China and simultaneously develop the markets for both SME and retail financing in the mainland. Meanwhile, O-Bank is working to build up its overseas presence by actively assessing business expansion

and investment opportunities in overseas and emerging markets, and by planning out coordinated overseas expansion measures, such as establishment of risk management mechanisms as well as talent cultivation and related skills development programs. The idea is to continue optimizing the Group's profit structure by creating diverse asset allocations. For information on O-Bank's short-term and mid- to long-term business development plans, see Table 2-6.

Given the trend toward pursuit of sustainable development, O-Bank will continue to ramp up our sustainability undertakings and seek to improve our performance in the areas of corporate governance, customer relationships, employee care, environmental protection, and social engagement. But beyond that, O-Bank will also continue to make concerted efforts to engage in green finance, practice responsible lending and investment, incorporate ESG factors into corporate credit underwriting procedures and investment screening procedures, and actively manage climate risks; in addition, O-Bank will also continue to launch financial products that embody CSR ideals, join with customers to engage in environmentally and socially friendly activities, and achieve a greater degree of financial inclusion. Acting in line with the core philosophy that O-Bank sums up in a five-letter acronym – TOUCH (trust, outstanding, unity, creativity, and honor) – O-Bank will continue working to create sustainable value for all stakeholders.

Table 2-6: O-Bank Short-term and Mid- to Long-term Business Development Plans

Stage of Plan	Development Strategies and Plans	Description
Short-term development plan (1~3 years)	1. Optimize personal digital financial services and develop more tailor-made wealth management products.	1. Further optimize the digital services experience, develop more application scenarios for retail customers, launch a fully developed personal wealth management services platform, make a much richer product lineup available, and improve our ability to provide tailor-made services. 2. Launch a fully developed personal wealth management services platform, make a much richer product lineup available, and improve our ability to provide tailor-made services. 3. Use differentiated product designs and diversified business models to expand our individual client base while simultaneously improving customer stickiness.
	2. Continue to pursue a "boutique bank" strategy to cultivate more corporate financial customers.	1. Providing high quality will continue to be the primary strategy as O-Bank works to strengthen asset quality and maximize returns on capital. 2. O-Bank will develop corporate clientele that need trade financing and wealth management services, and at the same time, will develop our medium-sized enterprises financing business and improve overall performance in corporate banking. 3. O-Bank will promote capital-light businesses – such as trade financing, treasury marketing units (TMUs), wealth management, and trust business – in order to provide customers with a diverse range of solutions.
	3. Build up overseas presence, disperse regional risks.	Evaluate the state of economic development in different countries around the world, examine where O-Bank enjoys competitive advantages, and actively build up the Bank's overseas presence in such countries as Australia and Singapore.
	4. Implement an improved digital transformation, enhance the three pillars of technology, data, and application scenarios	Build an infrastructure for digital operations, use data to analyze customer needs and apply our findings to financial service application scenarios, so as to implement the business strategy of "digitizing business and turning data into business."
	5. Continue fulfilling CSR obligations, enhance ESG measures.	O-Bank has continued to conduct CSR undertakings, enhanced our ESG measures, and actively sought to obtain better ratings from outside rating agencies, so as to create sustainable value for all stakeholders.

Stage of Plan	Development Strategies and Plans	Description
Mid- to long-term development plan (4~10 years)	1. Develop application scenarios through strategic partnerships and use digital finance innovations to strengthen digital applications and elevate O-Bank's value as a financial intermediary.	Seek cooperation with business entities from other sectors, launch a diverse range of financial service scenario applications and integrate digital data in order to enhance O-Bank's business performance.
	2. Strengthen O-Bank's relationships with both corporate and retail customers, become their main banker.	Maintain a real-time grasp of market conditions and customer needs, provide comprehensive financial solutions, and become the main banker for customers. Integrate corporate and retail banking operations to reap synergistic benefits, make good use of group resources, and create a boutique bank with digital services.
	3. Use strategic investments or strategic partnerships to improve business performance.	Integrate group resources to increase the scale of operations, and continue evaluating strategic investment opportunities that could make O-Bank's businesses more complementary and enhance business performance.
	4. Practice sustainable finance, achieve a greater degree of financial inclusion.	Continue to monitor sustainable development trends at home and abroad, improve policies related to sustainable finance, practice responsible lending and investment, and steadily achieve a greater degree of financial inclusion.

3. Corporate Governance



Sound corporate governance is the cornerstone of corporate sustainability. O-Bank acts in line with a set of core values that it sums up in a five-letter acronym – TOUCH (trust, outstanding, unity, creativity, and honor). O-Bank's highest governing body, the Board of Directors, has created an open and transparent governance system that provides a foundation for corporate sustainability. To effectively optimize internal controls, O-Bank has adopted the "three lines of defense" model for effective risk management and control, each with clearly defined responsibilities, in order to help each unit to understand its overall risk level as well as the roles and functions of the control framework, to improve risk management, and to strengthen communication and coordination of information among the various internal control tasks. By doing these things, we can achieve comprehensive internal controls. Accordingly, O-Bank has adopted risk management evaluation policies to ensure proper implementation and oversight of procedures for identifying, measuring, monitoring, controlling, and reporting risks. Also, O-Bank thoroughly carries out our responsibility for oversight, as assigned by the Board of Directors, at each level of the company, in order to improve the implementation of operations and controls throughout the organization. At the same time, O-Bank has established a comprehensive internal audit and legal compliance system, promotes regulatory compliance, conducts related training and testing, and uses internal control mechanisms to assist the Board of Directors and management in their efforts to evaluate the operational effectiveness of internal controls. And, with an eye to the rapid development of digital finance, O-Bank has adopted rigorous information security defense measures and holds annual information security drills in order to continuously upgrade our security controls. And in response to the international trend toward greater emphasis on tax governance, O-Bank has adopted a tax governance policy to ensure effective tax management.

In 2023, O-Bank commissioned the Taiwan Corporate Governance Association to conduct a certification of its corporate governance system, which involves a comprehensive assessment of various systems including their comprehensiveness, quality of their implementation, and effectiveness of their feedback mechanisms, and received an "Outstanding" certification (valid from December 26, 2023 to December 25, 2025) under the Association's CG6014 (2023) Corporate Governance System Assessment in recognition of ongoing efforts to improve its corporate governance.

3.1 Governance Framework

3.1.1 Operations of the Board of Directors

O-Bank's Board of Directors has 12 seats, including four independent directors, 33% of the total. All directors serve three-year terms, and may serve successive terms if re-elected. The Board of Directors is responsible for reviewing the company's business plan, capital increases and decreases, organizational rules, budgets and year-end accounts, appointment and dismissal of managerial officers, important loans, and approval of matters of material importance. In addition, the Board of Directors has set up a four-member Board of Managing Directors that meets when the Board is not in session to exercise the powers of the Board of Directors within the scope of authorization granted by the latter.

The directors, who have diverse professional backgrounds, skill sets, and industry experience, take part each year in professional development courses targeted specifically to their needs as directors. Course content touches upon such fields as economics, law, environment and society, and is designed to help directors continually hone their professional knowledge and legal expertise so they can ensure that the company is soundly run. For independent directors, their nomination, election, terms of office, and holding of concurrent positions are handled in accordance with the provisions of the "Securities and Exchange Act" and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and their independence and qualifications are reviewed and assessed on the basis of the Taiwan Stock Exchange's qualification requirements for independent directors. Also, to avoid the problem of independent directors losing their independence due to long-term service, all

the independent directors of O-Bank have not served for three consecutive terms. Also, to improve the governance of directors, the Bank has also adopted restrictions on the holding by directors of concurrent positions; they are not allowed to concurrently the position of director or supervisor at more than four listed companies.

O-Bank elected our 9th Board of Directors on June 16, 2023. The terms of the directors will run until June 15, 2026. Apart from the independent directors, all the other directors are O-Bank's shareholders' representatives. Men account for 67% of currently serving directors and women account for 33%. The youngest director is Jennifer C.F. Wang who is 51 years old, and the oldest Director is Kenneth C.M. Lo who is 82 years old. The gender and age distribution of the directors is set out below in Table 3-1. The O-Bank Board of Directors meets at least once every two months. In 2023, it met eight times, and the average attendance rate was 99.02%. The Board of Managing Directors met 18 times and had an average attendance rate of 96.2%. The O-Bank Board of Directors in 2023 approved a total of 130 proposals, including important motions on matters pertaining to governance, economic, and social concerns, and amendments to internal rules in order to coordinate with legislative action or to meet business or risk management needs. Proposals pertaining to key material events were reported to the Board of Directors in accordance with the "O-Bank Standards for Delegation of Duties and Division of Authority and Responsibility" and the "O-Bank Procedural Rules Governing Board Meetings," were then thoroughly discussed by the board members, and approved by resolution before material information disclosures were made in accordance with the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" and the "O-Bank Operating Procedures for the Handling of Material Inside Information." The authorized units handled and followed up appropriately on these disclosures, 20 of which dealt with governance matters and four of which dealt with social matters. None were related to environmental concerns.

Table 3-1: Gender and Age Distribution of O-Bank Directors

As of April 16, 2024

	Gender Distribution		Age Distribution		
	Male	Female	Younger than 30	30~50	Older than 50
Number of persons	8	4	0	0	12
Share	67%	33%	0%	0%	100%

Table 3-2: Directors and Supervisors

As of April 16, 2024

Title	Name	Gender	Experience and Education	Other Position
Chairperson (Managing Director)	Tina Y. Lo	Female	<ul style="list-style-type: none"> Experience Vice Chairman, O-Bank Vice Chairman, EverTrust Bank Member, MIT Sloan Asian Executive Board Vice President, Chinese National Association of Industry and Commerce (CNAIC) and convener, CNAIC' s Young Entrepreneur Committee Director, Bankers Association of the Republic of China Chief Executive, O-Bank Hong Kong Branch President, IBT Management Corporation Education MBA, MIT (Massachusetts Institute of Technology) Sloan School of Management, USA 	Note 1

Title	Name	Gender	Experience and Education	Other Position
Managing Director	Ming Shan Investment Co., Ltd. (Rep.: Kenneth C.M. Lo)	Male	<ul style="list-style-type: none"> • Experience Chairman, O-Bank Chairman, EverTrust Bank Director, Cross-Strait Common Market Foundation Managing Director, Cross-Strait CEO Summit Chairman/Honorary Chairman, Chinese National Association of Industry and Commerce President Chinatrust Commercial Bank • Education M.A.in Finance, The University of Alabama 	Note 2
Managing Director	Tai Hsuan Investment Co., Ltd. (Rep.: Bill K.C. Lin)	Male	<ul style="list-style-type: none"> • Experience Chairman, IBT VII Venture Capital Co., Ltd. Chairman, Guppy digital technology Co., Ltd. Director, EasyCard Investment Holding Co., Ltd. Director, EasyCard Corporation Director, UUPON INC. Director, Curdoctor Information Service Corp. Independent Director, GOMAJI Corp. Ltd. Director, Taiwan Internet and E-Commerce Association (TiEA) Chairman, 17Life Chairman, PayEasy.com Travel Agency Founder and CEO, Payeasy Digital Integration Co., Ltd. Executive Consultant of Internet Banking, Taishin International Bank Sales supervisor of Credit Card Business, Taishin International Bank • Education MBA, Chinese Culture University EMBA, National Taiwan University 	Note 3
Director	Abag Investment Holdings Co., Ltd. (Rep.: George C.J. Cheng)	Male	<ul style="list-style-type: none"> • Experience Chairman, Abag Enterprise Co., Ltd. Chairman, Abag Investment Holdings Co., Ltd. Chairman, SanHo Development Co., Ltd. Director/President, San Ho Plastics Fabrication Co., Ltd. • Education MBA, St. John's University 	Note 4
Director	Mark J.C. Lee	Male	<ul style="list-style-type: none"> • Experience Chairman, Sung Yuan Development Co., Ltd. Director, Bai Tong Investment Co., Ltd. Director, Heng Gi Lie Investment Ltd. President, Heng Tong Machinery Co., Ltd. President, Heng Kuo Co., Ltd. • Education Department of Accounting, Feng Chia University 	Note 5
Director	Ming Shan Investment Co., Ltd. (Rep.: Chih-Ming Chien)	Male	<ul style="list-style-type: none"> • Experience Chairman, Infinite Finance Co., Ltd. Director, Taiwan ICBC Leasing Co., Ltd. Director, Taijun International Leasing Co., Ltd. General Manager, China Securities Finance Co., Ltd. Senior Deputy General Manager, Risk Management Department, O-Bank • Education Bachelor of Economics, National Chung Hsing University 	Note 6

Title	Name	Gender	Experience and Education	Other Position
Director	Tai Ya Investment Co., Ltd. (Rep.: Alex J.J. Chen)	Male	<ul style="list-style-type: none"> • Experience Vice Chairman, IBT VII Venture Capital Co., Ltd. Business Advisor, O-Bank Director, HiTrust.com Incorporated Advisor to Chairman & President, LAKALA Financial Technology Group China President, WeLab Group Executive Vice President, China Resource Bank Senior Vice President, ChinaTrust Commercial Bank Senior Vice President, Taishin International Bank Manager, First Commercial Bank Senior Vice President, Taiwan GM, Visa International • Education M.A. in Computer Science & Information Engineering Science graduate school, National Taiwan University Bachelor of Computer Science, TamKang University 	Note 7
Director	Yi Chang Investment Co., Ltd. (Rep.: Grace W.S. Tang)	Female	<ul style="list-style-type: none"> • Experience President, IBT Management Corp. Director, IBT VII Venture Capital Co., Ltd. Vice President, O-Bank Investment Department Senior Vice President, Pacific Venture Group • Education MBA, University of California-Riverside BA in Library Science, National Taiwan University 	Note 8
Independent Managing Director	Fu- Hsiung Hu	Male	<ul style="list-style-type: none"> • Experience Independent Director, Walsin Lihwa Corporation Chairman, Taiwan Cooperative Securities Co., Ltd. Chairman, Joint Credit Information Center Director, Taiwan Ratings Director, Mega International Commercial Bank Committee Member, Executive Yuan Financial Restructuring Fund Committee Managing Director, Central Trust of China Vice Chairman, Executive Yuan Council of Agriculture • Education MBA, National Taiwan University 	Note 9
Independent Director	Hank H.K. Lin	Male	<ul style="list-style-type: none"> • Experience Chairman, EY Cultural and Educational Foundation Supervisor, Union MechTronic Inc. Director, St. Ann Medical Co., Ltd. Director, Globe Union Industrial Corp. Director, PANJIT International Inc. Independent Director, Samson Holding Ltd. Managing Partner/CPA, EY Taiwan • Education MBA, City University of New York (Brooklyn College) 	Note 10

Title	Name	Gender	Experience and Education	Other Position
Independent Director	Tina W.N. Chiang	Female	<ul style="list-style-type: none"> • Experience Chairman, Shanda Information Cooperation Ltd. Chairman, Taipei Financial Education Development Association SEVP & Chief Officer of Digital Technology, SinoPac Holdings Company Ltd. Chief Officer of Operations, SinoPac Holdings Company Ltd. President, Bank SinoPac Co., Ltd. Head of Consumer Banking, Electronic Banking, Integrated Marketing Division, Bank SinoPac Co., Ltd. Senior Vice President & General Manager, MasterCard International Inc., China Vice President & Country Manager, MasterCard International Inc., Taiwan Senior Vice President & Head of Credit Card Division, Fubon Commercial Bank • Education M.B.A., Specialization of Information Management, Aspen University, USA Bachelor of Business, Administration in Business Mathematics, Soochow University 	Note 11
Independent Director	Jennifer C.F. Wang	Female	<ul style="list-style-type: none"> • Experience Partner, Chen & Lin Attorneys at-Law Independent Director, Member of Compensation Committee, Audit Committee and Investment Committee, TXC Corporation Independent Director, Member of Compensation Committee, Audit Committee, Lotus Pharmaceutical Co., Ltd. International Associate, Simpson Thacher & Bartlett LLP • Education Columbia University School of Law (LL.M.) National Taiwan University Law School (LL.M.) 	Note 12

Note 1: Positions concurrently assumed by Tina Y. Lo: Vice Chairman, EverTrust Bank; Director, Taiwan Institute of Financial Incorporation; Director, Ming Shan Investment Co., Ltd.; Director, Yi Chang Investment Co., Ltd.; Director, Cross-strait Common Market Foundation; Director, Tai Hsuan Investment Co., Ltd.; Director, Tai Ya Investment Co., Ltd.; Director, IBT Holdings Corp.; Director, KC Investments Corp.; Director, Lucky Bamboo Investments Limited; Managing Director of Taiwan Listed Companies Association; Managing Supervisor, Friends of the Police Association; Vice President, Chinese National Association of Industry and Commerce; Director, The Bankers Association of Taipei; Director, Bankers Association of the Republic of China; Honor Director, Taiwan Women on Boards Association; Director, Criminal Investigate Association of Republic of China.

Note 2: Positions concurrently assumed by representative Kenneth C.M. Lo: Chairman, O-Bank Education Foundation; Chairman, Hong Ju Investment Co., Ltd.; Director, National Taiwan University Economic Research Foundation; Director, Taiwan Cement Corporation; Director, Institute for National Policy Research; Director, Andrew T. Huang Medical Education Promotion Fund; Executive Director, Cross-Strait CEO Summit; Director, Taipei Municipal Jianguo High School Alumni Association; Honorary Chairman, Chinese National Association of Industry and Commerce.

Note 3: Positions concurrently assumed by representative Bill K.C. Lin: Chairman, IBT VII Venture Capital Co., Ltd.; Chairman, Guppy Digital Technology Co., Ltd.; Director, Curdoctor Information Service Corp.; Independent Director, GOMAJI Corp. Ltd.; Director, Corporate legal person Taiwan Long Distance Wisdom Love Public Welfare Alliance.

Note 4: Positions concurrently assumed by representative George C.J. Cheng: Chairman, San Ho Development Co., Ltd.; Chairman, Abag Enterprise Co., Ltd.; Chairman, Abag Investment Holdings Co., Ltd.; Director, San Ho Plastics Fabrication Co., Ltd.

Note 5: Positions concurrently assumed by Mark J.C. Lee: Chairman, Sung Yuan Development Co., Ltd.; Director, Chia Wheel Enterprises Co., Ltd.; Director, Heng Jih Song Accurate Industries Co., Ltd.; Director, Heng Tin Feng Invest Development Co., Ltd.; Director, Tong Chuan Invest Development Co., Ltd.; Director, Bai Tong Investment Co., Ltd.; Director, Heng Ying Machinery Co., Ltd.; Director, Heng Tong Assets Management Co., Ltd.; Director, Heng Tong Machinery Co., Ltd.; Director, Heng Gi Lie Investment Ltd. Company; Director, Chang Yan Investment Co., Ltd.; Director, Hong Fu Investment

Co., Ltd.; Director, Siang Tai Investment Co., Ltd.; Director, Hong Da Investment Co., Ltd.; Director, Heng Kuo Co., Ltd.; Supervisor, Heng Tong International Development Co., Ltd.

Note 6: Positions concurrently assumed by representative Chih-Ming Chien: Chairman of Infinite Finance Co., Ltd.; Director, Infinite Energy Solutions Co., Ltd.; Director of Risheng Quantaitong Passenger Car Leasing Co., Ltd.; Director of Risheng International Financial Leasing Co., Ltd.; Director of Taijun International Financial Leasing Co., Ltd.; Supervisor of Jun Teng New Century Co., Ltd.

Note 7: Positions concurrently assumed by representative Alex J.J. Chen: Vice Chairman, IBT VII Venture Capital Co., Ltd.; Independent Director, Castles Technology Co., Ltd.; Director, HiTrust.com Incorporated.

Note 8: Positions concurrently assumed by representative Grace W.S. Tang: Director, IBT VII Venture Capital Co., Ltd.; Director, IBT Management Corp.

Note 9: Independent executive director Fu-Hsiung Hu concurrently serves as: Independent Director of Walsin Lihwa Co., Ltd.

Note 10: Independent director Hank H.K. Lin concurrently serves as: Chairman of Taipei EY Culture and Education Foundation; Director, PANJIT International Inc.; Director, Globe Union Industrial Corp.; Director of Taichung Private Jumei Social Welfare and Charity Foundation; Independent director, Johnson Health Tech Co., Ltd.; Independent Director, Samson Holding Ltd.; Supervisor, Union MechTronic Inc.

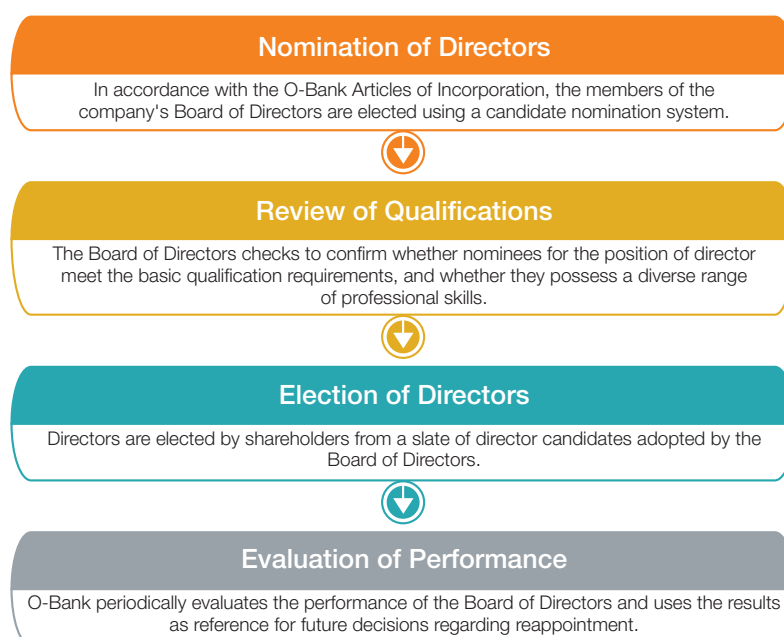
Note 11: Independent director Tina W.N. Chiang concurrently serves as: Chairman, Shanda Information Co., Ltd.; Director, Shengli Technology Co., Ltd.; Director, iAPOTel Corp.; Director, Yuwei Information Technology Services Co., Ltd.; Director, Shanda Information (Japan) Co., Ltd.; Independent Director, Transforex (Hong Kong) Investment Consulting Co., Ltd.; Supervisor, Shengli Investment Co., Ltd.; Chairman, Taipei Financial Education Development Association.

Note 12: Independent director Jennifer C.F. Wang concurrently serves as: Independent Director, TXC Corporation; Independent Director, Lotus Pharmaceutical Co., Ltd.; Partner, Chen & Lin Attorneys-at-Law.

●Board of Directors Diversity Policy

In accordance with the O-Bank Articles of Incorporation, the members of the company's Board of Directors are elected using a candidate nomination system. O-Bank does not consider such factors as gender, age, ethnicity, and nationality, but simply recruits elite talent who possess professional expertise and experience in a diverse range of fields that the Bank needs for its future development. In order to achieve its corporate governance goals and meet the Bank's development needs, the Board of Directors as a whole possesses a wide range of professional abilities, including: ability to make judgments about operations and to manage business; ability to perform accounting and financial analysis; risk management ability; crisis management ability; expert knowledge of financial matters and industry; an international market perspective and ability to engage in investing and M&A activities; leadership and policymaking ability; corporate sustainability; legal matters; information technology, information security and other knowledge, skills, and competence necessary for performance of its duties.

Fig. 3-1: Procedures for Selection of Members of the O-Bank Board of Directors



● Diversity of Board Member Skills

O-Bank's 9th Board of Directors values diversity, and has elite members with expertise in finance, industry, and academia. Ten of the directors hold Master's degrees and two hold Bachelor's degrees in the fields of economics, commerce, business management, accounting, insurance, public administration, law, and foreign languages. The Board of Directors as a whole has expertise in business decision making, business management, leadership, etc. Among the most notably accomplished members are Tina Y. Lo, Kenneth C.M. Lo, Chih-Ming Chien, and George C.J. Cheng. For example, Hank H.K. Lin, Mark J.C. Lee, Fu-Hsiung Hu, and Tina W.N. Chiang are among the directors best versed in financial accounting. Kenneth C.M. Lo, Chih-Ming Chien, and Bill K.C. Lin are especially adept at risk management and crisis response. Tina Y. Lo, George C.J. Cheng, and Grace W.S. Tang have a particularly strong knowledge of international markets. Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, and Alex J.J. Chen have strong expertise in information technology and information security. In addition, Directors with legal knowledge include Fu-Hsiung Hu and Jennifer C.F. Wang. Board members all have the knowledge, skill, and experience necessary to perform their duties, and the members individually have expertise in finance, treasury operations, commerce, law, and industry.



For further information regarding the election results of O-Bank directors in 2023, see p. 15~16 of the Minutes for 2023 Annual General Meeting of Shareholders

Table 3-3: Diversity of Board Member Professional Expertise

Diversification of Board Member Expertise Names of the Directors	Operational Judgment and Operational Management Capabilities	Accounting and Financial Analysis Skills	Risk Management Ability	Crisis Handling Ability	Financial Professional and Industry Knowledge	International Market Outlook and Ability to Invest in Mergers and Acquisitions	Leadership and Decision-Making	Corporate Sustainability Knowledge	Legal Knowledge	Information Technology and Information Security Capabilities
Tina Y. Lo	✓	✓	✓	✓	✓	✓	✓	✓		
Kenneth C.M. Lo	✓	✓	✓	✓	✓	✓	✓	✓		
Bill K.C. Lin	✓	✓	✓	✓	✓		✓	✓		✓
George C.J. Cheng	✓	✓	✓	✓	✓	✓	✓	✓		
Mark J.C. Lee	✓	✓	✓	✓	✓		✓	✓	✓	
Chih-Ming Chien	✓	✓	✓	✓	✓		✓	✓	✓	
Alex J.J. Chen	✓	✓	✓	✓	✓		✓		✓	✓
Grace W.S. Tang	✓	✓	✓	✓	✓	✓	✓	✓		
Fu-Hsiung Hu	✓	✓	✓		✓	✓	✓	✓	✓	✓
Hank H.K. Lin	✓	✓	✓	✓	✓	✓				✓
Tina W.N. Chiang	✓	✓	✓	✓	✓	✓	✓	✓		✓
Jennifer C.F. Wang			✓	✓		✓	✓	✓	✓	

Note 1: All members of the O-Bank Board of Directors have professional expertise in risk management. Most notably, Chairperson Tina Y. Lo once worked in the risk management department at CTBC Bank, Honorary Chairman Kenneth C.M. Lo once chaired the loan review committee at CTBC Bank, independent director Fu-Hsiung Hu is a former chairman and chair of the risk management committee at the Joint Credit Information Center, and independent director Hank H.K. Lin formerly chaired the risk management committee at EY Taiwan.

Note 2: The various types of expertise of the board members listed in the table above are related to the corporate governance, risk management, information security, business performance, green finance, and other important matters referred to in this report.

●Professional Development

To strengthen the professional expertise of our directors and reap greater benefits from corporate governance, O-Bank arranges regular professional development courses to help directors keep up to date on domestic and foreign legislative trends. In 2023, O-Bank directors completed a combined total of 158 hours of training in accordance with the provisions of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," thus achieving a target completion rate of 100%. Besides, O-Bank commissioned the Taiwan Corporate Governance Association to hold an "Ethical Business Practices and Fair Treatment of Customers (Including Friendly Financial Services)" lecture. All members of the 9th Board of Directors attended this lecture to strengthen O-Bank Board members' concept of ethical business practices matters pertaining to the fair treatment of customers. In addition, O-Bank provides directors each year with risk management education and training to ensure that directors are abreast of the latest trends in risk management. In 2023, all directors completed their risk management education and training. The course titles included "Anti-Money Laundering & Enterprise Risk Management" and "Corporate Risks and Opportunities Posed by Climate Change and Net-Zero Emissions Policies." O-Bank directors also attended a wide variety of courses focusing on sustainability and sustainable finance topics, including net-zero transition, international carbon border tax trends, sustainable development goals (SDGs), and impact investing. The total number of course hours was 43. For details on O-Bank director course attendance in 2023, see Table 3-4.

Table 3-4: Participation by O-Bank Directors in Continuing Education in 2023

Date	Type of Course	Course	Participant(s)	Course Hours
2023.03.10	Sustainability; Climate change	[Transition to Sustainability] course series, No. 1 of 4: Challenges and opportunities amid the global transition to a net-zero economy	Kenneth C.M. Lo, Shih-Tze Chen	6
2023.03.27	Industrial trends	"Enterprise resilience, Taiwan's competitiveness"	Gordon W.C. Lin	3
2023.03.31	Corporate governance	Latest Transnational Tax Rules: Impact and Response for the Enterprise (Case Studies)	Tina Y. Lo	3
2023.05.03	Information security; Corporate governance	Practice of Corporate Governance Perspective of Technology Trend and Cyber Risk	Tina Y. Lo, Kenneth C.M. Lo, Edward Huang, Chih-Ming Chien, Fu-Hsiung Hu, Hank H.K. Lin, Richard R.C. Liu, Shih-Tze Chen, George C.J. Cheng, Mark J.C. Lee, Elton F.Y. Lee, Gordon W.C. Lin, Roy J.Y. Yeh, Bill K.C. Lin	14
2023.05.05	International trends	New Global Political and Economic Trends and Outlooks: China-US Rivalry and Cross-Strait Relations	Fu-Hsiung Hu	3
2023.05.15	Corporate governance	Corporate Governance and Securities Legislation	Chih-Ming Chien	3
2023.05.23	Sustainability	Informational Meeting on "Sustainable Development Action Plan for Listed Companies"	Hank H.K. Lin	3
2023.06.27	Information security; Corporate governance	Technological Trends, Cyber Incidents, and a Look at the Corporate Governance Response: Artificial Intelligence	Tina W.N. Chiang, Jennifer C.F. Wang, Alex J.J. Chen, Grace W.S. Tang	4
2023.07.04	Climate change	2023 Cathay Sustainable Finance and Climate Change Summit	Jennifer C.F. Wang	6

Date	Type of Course	Course	Participant(s)	Course Hours
2023.07.15	Corporate governance; Sustainability	Workshop in Corporate Governance and Corporate Sustainability	Hank H.K. Lin	3
2023.07.25	Risk management	A Discussion of Labor Rights From the Perspective of Supply Chain Disruptions	Hank H.K. Lin	3
2023.08.01	Climate change; Risk management	Corporate Risks and Opportunities Posed by Climate Change and Net-Zero Emissions Policies	Jennifer C.F. Wang	3
2023.08.16	Climate change	2030/2050 Green Industrial Revolution	Bill K.C. Lin	3
2023.08.18	Corporate governance	[Online course] Big Data Analysis and Prevention of Corruption	Bill K.C. Lin	3
2023.08.21	Risk management	Anti-Money Laundering and Corporate Risk Management	Tina Y. Lo, Kenneth C.M. Lo, Bill K.C. Lin, Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, Chih-Ming Chien, George C.J. Cheng, Mark J.C. Lee, Alex J.J. Chen, Grace W.S. Tang	22
2023.08.29	Sustainability	How to Expand Influence, Help to Achieve the SDGs, and Enhance Corporate Value	Bill K.C. Lin	3
2023.09.12	Industrial trends	Corporate Growth Strategies and External Innovation	Tina W.N. Chiang	3
	Climate change; Sustainability	International Carbon Border Tax Trends and Sustainable Business Strategies for Securities and Financial Enterprises	Grace W.S. Tang	3
2023.09.15	Corporate governance	Preliminary Remarks from the Corporate Perspective on FinTech Crime and Prevention of Money Laundering	Mark J.C. Lee	3
2023.09.27	Sustainability	2023 International Forum by TPiDA: Empowering Boards for ESG and Sustainability Governance	Bill K.C. Lin, Tina W.N. Chiang, Alex J.J. Chen	13
2023.09.28	Industrial trends	Opportunities and Challenges of Industrial Transition Amid Geopolitics: PMI/NMI Assessment	Fu-Hsiung Hu	3
2023.10.13	Climate change	Carbon Exchange Mechanisms and Corporate Management	Fu-Hsiung Hu	3
2023.10.17	Corporate governance	Corporate M&A Deals: With a Special Focus on Hostile Takeovers	George C.J. Cheng	3
2023.11.01	Corporate governance	Ethical Best Practice and Fair Treatment of Customers (Incl. Friendly Financial Services)	Tina Y. Lo, Kenneth C.M. Lo, Bill K.C. Lin, Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, Jennifer C.F. Wang, Chih-Ming Chien, George C.J. Cheng, Mark J.C. Lee, Alex J.J. Chen, Grace W.S. Tang	24
2023.11.09	Sustainability	Competitiveness vs. Survivability: ESG Trends and Strategies	Alex J.J. Chen	3
	Sustainable finance	Changing the World by Investing: Impact Investing and Achieving the SDGs	Alex J.J. Chen	3
2023.11.13	Sustainable finance	Changing the World by Investing: Impact Investing and Achieving the SDGs	Hank H.K. Lin	3

Date	Type of Course	Course	Participant(s)	Course Hours
2023.11.23	Sustainable finance	Corporate Governance of the Green Energy Innovation Business Model	Grace W.S. Tang	3
2023.12.12	Corporate governance	Equity and Financial Planning at Startup Enterprises	Grace W.S. Tang	3
2023.12.21	Corporate governance	AML/CFT Legislation Requirements for Boards of Directors	Jennifer C.F. Wang	3

Note: The courses set out in this table are related to the corporate governance, risk management, information security, climate change, green finance, and other important matters referred to in this report.

●Communication with Directors

O-Bank has already disclosed on its website the state of its independent directors' communications with the company's chief auditor and its certified public accountant (CPA). These disclosures include the dates and results of all such communications, which enhances transparency regarding the full discharge by independent directors of their duties. For example, the chief auditor submits reports to the Audit Committee on the annual audit plan, audit activities, and the Internal Control Statement, and O-Bank holds regular meetings to review its internal control system. At meetings of the Audit Committee, and in separate sessions with the Bank's independent directors, the CPA reports and communicates on financial report audits and reviews, audit plans, and related matters.

●Director Performance Evaluations

O-Bank has established performance goals to elevate the role of the Board of Directors, and our Board of Directors has adopted the "O-Bank Co., Ltd. Rules Governing the Performance Evaluation of the Board of Directors" in order to enhance the effectiveness of the Board's operations. These Rules require the Board of Directors and our functional committees to conduct an internal board performance evaluation at least once a year and to commission an independent outside professional institution or an independent outside team of experts and scholars to conduct a board performance evaluation once every three years. The focal points of internal board performance evaluations include: degree of participation in the running of the company; the quality of decision making by the Board of Directors and its functional committees; the composition and structure of the Board of Directors and its functional committees; the election of the directors; understanding of director's duties; professionalism and continuing professional education; internal controls, achievement of corporate social responsibilities, and promotion by the Board of Directors of the Bank's involvement in other important ESG issues (e.g. corporate governance, risk management, legal compliance, information security). In the future we will assess and draw up plans to incorporate the issue of O-Bank's performance in managing economic, environmental, and human rights (social) impacts into internal performance evaluations for directors. In the future we will assess and draw up plans to incorporate the issue of O-Bank's performance in managing economic, environmental, and human rights (social) impacts into internal performance evaluations for directors. In the first quarter of 2024, O-Bank completed our 2023 Board of Directors performance evaluation and will use it as reference in improving the performance of the directors, setting director compensation, nominating candidates for election to the Board. It was found that, overall: (a) the Board of Directors and its functional committees operated well and were able to discharge their duty to guide and oversee corporate policies, important lines of business, and risk management; (b) the various functional committees operated well and effectively strengthened the functions of the board; and (c) the Board members properly understood their duties, actively participated in the running of the company, made appropriate decisions, and effectively promoted governance quality.

In addition, O-Bank in 2021 commissioned the Taiwan Corporate Governance Association (TCGA) to conduct an external evaluation of the performance of its Board of Directors during the period from June 1, 2020 to May 31, 2021. In addition to examining open-ended questionnaires filled out by O-Bank personnel, as well as various reference material and open-source information, the TCGA also conducted on-site interviews with the O-Bank chairperson, independent directors, the certified public accountant, the president, and members of the management team to evaluate the performance of the Board of Directors in the following eight areas: the composition of the board; direction provided by the board; powers authorized by the board; the board's oversight functions; the board's communication functions; internal controls and risk management; the board's self-regulation; and other matters, such as board meetings and support systems. The TCGA submitted its O-Bank Board of Directors Performance Report on October 12, 2021. O-Bank then forwarded the performance report and a proposed corrective action plan on December 29, 2021 to the 5th meeting of the 1st Corporate Governance and Nomination Committee as well as the 12th meeting of the 8th Board of Directors for review and approval, and on December 17, 2022 the Bank submitted a report on its implementation of the recommendations in the performance evaluation to the 9th meeting of the 1st Corporate Governance and Nomination Committee as well as the 20th meeting of the 8th Board of Directors for review and approval. O-Bank's 2023 internal performance evaluations for the Board of Directors as well as its 2021 external performance evaluations for the Board of Directors have both been disclosed on the company website, and O-Bank is preparing to conduct the next external performance evaluations for the Board of Directors in 2024.



*Board of Directors
performance
assessment*

● **Directors' Remuneration Policy**

O-Bank director pay includes director remuneration, director compensation, and operational disbursements. Article 22 of O-Bank's Articles of Incorporation provides that while the Bank's directors (including independent directors) may collect fixed director compensation while they are executing their job duties regardless whether the Bank operates at a profit or a loss, and the Articles authorize the Board of Directors to set directors' compensation on the basis of the degree of their participation in the Bank's business operations and the value of their contributions, and to make reference to the level of remuneration paid by peer institutions. In years when O-Bank operates at a profit, it may pay director compensation to directors up to a maximum of 2.5% of those profits, and on the basis of the degree of their participation in the Bank's business operations and the value of their contributions, directors (but not independent directors) may also receive earnings distributions paid out of those profits; moreover, the distribution of director remunerations is included each year among matters to be reported at the Shareholders Meeting. What is reported to shareholders includes the director remunerations distribution ratio and the total amount distributed to the directors. Detailed information on individual remuneration paid to O-Bank directors in 2023 is set out on pages 34 to 36 of the 2023 O-Bank Annual Report. Apart from the severance package and retirement benefits paid to the chairperson, which were the same as those paid to ordinary employees, other directors did not receive a severance package or retirement benefits. Also, to ensure that director compensation is more closely linked to director performance and business operations, the Bank's "Director Remuneration Policy" provides as follows: If moral hazard occurs with respect to a director or has a seriously adverse impact on the company's image, the Board of Directors may assess the matter and pass a resolution to execute a board member compensation clawback mechanism; if the company's net income drops sharply, the growth rate of director compensation may not be higher than in the preceding year, and an O-Bank executive officer who serves concurrently as an individual O-Bank director is not allowed to collect O-Bank director remuneration.



*For further information
on remuneration of
directors in 2023, please
see p. 34~36 of the 2023
O-Bank Annual Report*

3.1.2 Functional Committees

To strengthen the Board of Directors' management and oversight functions, O-Bank has established various functional committees under the Board, and the Board of Directors has approved the organizational rules of each functional committee includes Audit Committee, Compensation Committee, Corporate Governance and Nomination Committee, and Board Sustainability Committee. These professional and independent functional committees improve O-Bank's corporate governance.

1. Audit Committee

The O-Bank Board passed a resolution in February 2011 to replace the supervisors with an Audit Committee, and approved the "Audit Committee Organizational Rules." In June of 2011, the General Shareholders Meeting approved the establishment of the Audit Committee, and an Audit Committee system was implemented beginning from the time of the 5th Board of Directors. The four members of the committee are all independent directors and their primary duties are to supervise the following: fair presentation of financial statements; any appointment or dismissal of the certified public accountant, and review of its independence and performance; effective implementation of the internal control system; effective implementation of the company's information security system; the company's compliance with laws and regulations; and management of existing or potential risks. The Audit Committee met eight times in 2023, and the committee members compiled a combined attendance rate of 100%.

2. Compensation Committee

To build a comprehensive compensation policy and system, O-Bank's Board established a Compensation Committee in 2009. The four members of the committee are all independent directors and their primary duties are to assist the Board in reviewing and supervising overall compensation policies as well as to evaluate and approve the compensation of Board members and senior executives. In carrying out its duties, the Compensation Committee evaluates market research performed by consulting firms and compensation levels at peer companies, takes performance evaluations into account, and uses its findings as its criteria for evaluating compensation. Also, one of the Compensation Committee's top principles is to ensure that directors, managerial officers, and sales staff do not pursue compensation by taking risk that exceeds established risk tolerance levels. The Compensation Committee met nine times in 2023 and the attendance rate was 100%.

3. Corporate Governance and Nomination Committee

In order to improve the system for election of directors and build a Board of Directors with a diverse and professional membership, O-Bank continued improving our corporate governance system, in November 2020 established our Corporate Governance and Nomination Committee. This committee's membership includes three directors, and more than half of the members are independent directors. Their primary duties include: formulating the standards that directors are required to meet; reviewing director candidates and making nominations; formulating and reviewing directors' completion of professional development courses and their succession planning; adopting a meeting attendance standard and a director succession policy; adopting O-Bank's "Corporate Governance Best-Practice Principles," "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," "Anti-Corruption Policy," and "Regulations Governing the Performance Evaluation of the Board of Directors"; supervising the implementation of related policies; and overseeing and supervising corporate governance evaluations and performance evaluations of the Board. The Corporate Governance and Nomination Committee met five times in 2023, and the attendance rate was 100%.

4. Board Sustainability Committee

To further implement sustainable business practices, achieve various sustainable development goals, O-Bank established a Board Sustainability Committee in August 2023. This committee has seven directors, including four independent directors. The main functions and duties of Sustainability Committee are the followings: deliberating upon O-Bank's sustainability strategies; and overseeing O-Bank's annual sustainability plans and the achievements of sustainability goals and KPIs. The Board Sustainability Committee convened once in 2023, and the meeting was attended by all the committee members, making for an attendance rate of 100%.

3.1.3 Shareholder Structure and Communication

O-Bank holds a General Shareholders Meeting once per year. Matters addressed by shareholders meeting resolutions include the following: amendment of the Articles of Incorporation; election and dismissal of directors; examination and approval of the statements and books prepared and submitted by the Board of Directors; capital increases and decreases; distributions of earnings, and dividends; and other matters that the law requires to be settled by shareholders meeting resolutions. O-Bank has established "Procedural Rules Governing Shareholders' Meetings," which includes provisions governing how shareholders' meetings must be held, deadlines for delivery of meeting notices, and meeting procedures in order to uphold the rights and interests of shareholders. In addition, e-voting has been used for shareholders' meetings since 2012, so shareholders now have more ways to exercise their voting rights. Also, O-Bank attaches importance to communicating and interacting with shareholders, and has a number of different channels to accomplish it. A special "Investors Section" on the company website provides detailed disclosures of company information, regularly publishes financial performance figures, puts out information on investor conferences and shareholders' meetings, and provides contact information for the O-Bank spokesperson and deputy spokesperson so that shareholders can express their views at any time. O-Bank adopted a resolution at our 2023 General Shareholders Meeting to pay cash dividends of NT\$0.38 per share for 2022. The total amount of the cash dividends was NT\$1,037,958,714. The company also paid dividends of NT\$0.425 per share of preferred stock, and preferred stock dividends came to a total of NT\$127,080,950. As of the date of record, the structure of O-Bank shareholders was as set out in Table 3-5.

Table 3-5: Structure of O-Bank Shareholders

Date of Record: April 16, 2024

Common Shares

Unit: shares

Type of Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions and Natural Persons	Individuals	Treasury Shares	Total
Persons	1	4	128	153	34,634	1	34,921
Shares Held	100	17,040,601	1,782,950,584	192,578,995	738,483,021	7,939,000	2,738,992,301
Ownership Stake	0.00%	0.62%	65.10%	7.03%	26.96%	0.29%	100.00%

Type of Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions and Natural Persons	Individuals	Treasury Shares	Total
Persons	0	1	42	1	3,690	0	3,734
Shares Held	0	4,855,000	229,244,265	19,000	59,895,735	0	294,014,000
Ownership Stake	0.00%	1.65%	77.97%	0.01%	20.37%	0.00%	100.00%

Note: For further information on the stock holdings of O-Bank directors in 2023, please see director information on pages 15-19 of the 2023 O-Bank Annual Report.



3.2 Ethical Best Practice

3.2.1 Ethics and Integrity

1. Policy Initiatives

To build up a strong culture of ethical best practices, in addition to adopting a set of "Code of Ethical Conduct" in August 2020 to serve as guidelines for its directors, managerial officers, rank-and-file employees, and consultants, O-Bank has also made reference to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" in formulating our "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." These documents require the company to abide by the "Company Act," "Securities and Exchange Act," "Business Entity Accounting Act," "Political Donations Act," "Anti-Corruption Act," "Government Procurement Act," "Act on Recusal of Public Servants Due to Conflicts of Interest," and other applicable laws and regulations which set out concrete provisions governing matters to be observed by employees in carrying out their duties. O-Bank also conducts annual reviews of the effectiveness of the "Codes of Ethical Conduct," the "Ethical Corporate Management Best Practice Principles," and the "Procedures for Ethical Management and Guidelines for Conduct" as well as the Bank's compliance performance. No incident occurred in 2023 involving a violation by O-Bank of the "Codes of Ethical Conduct" or the "Ethical Corporate Management Best Practice Principles." In addition, O-Bank has retained an impartial third-party organization to employ a set of Agreed-Upon Procedures (AUP) to inspect the "O-Bank Co., Ltd. Code of Ethical Conduct." The focal points of the inspection include internal rules, the content of internal awareness activities, records of internal awareness activities, and the content of related statements. The third-party organization prepared an AUP report in August 2023 to ensure the effectiveness of O-Bank's Code of Conduct implementation. To build greater awareness of the need for ethical best practices, O-Bank has adopted a "Declaration of Intent to Comply With the O-Bank Ethical Management Policy" and a "Statement of Consent to Comply With the O-Bank Ethical Management Policy," which are to be signed by senior management, current employees, and newly hired employees. In addition, O-Bank requires employees to sign a "Statement of Intent to Maintain Ethical Business Practices" each year. In 2023, O-Bank completed the signing by all employees of a "Statement of Intent to Maintain Ethical Business Practices," thus

reaching a 100% target achievement rate. Also, in order to effectively help employees scrupulously abide by ethics requirements during their daily work, O-Bank has set up a special email box for ethics issues. Any employee with questions regarding such issues is welcome to use this email box to seek advice.

2. State of Implementation

To continue implementing ethical best practice policies, the Corporate Governance Subcommittee of the ESG Development Working Committee is responsible for the following: formulating ethics policies and measures for preventing malfeasance; promoting and monitoring matters related to ethical management; ensuring that directors, managerial officers, rank-and-file employees, and mandataries do not violate ethical principles; tracking the benefits generated by the implementation of various ethical management initiatives; engage in ongoing consideration of possible corrective actions; and reporting to the Board of Directors at least once per year. The main duties of the ESG Development Working Committee are set out in the "Ethical Corporate Management Best Practice Principles," which states as follows:

- (1) The Corporate Governance Subcommittee shall incorporate ethics and moral values into the company's business strategy and adopt related internal rules to provide prevention measures against corruption and malfeasance, thereby ensuring ethical management which complies with the requirements of laws and regulations.
- (2) The Corporate Governance Subcommittee shall adopt programs to prevent unethical conduct, and set out in each program standard operating procedures and conduct guidelines with respect to the company's operations and business. To ensure ethical corporate management, O-Bank – acting in compliance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" – has: established effective internal control systems and accounting systems; conducted regular audits on our domestic business, financial, asset custody, and information units as well as other management units; and retained a certified public accountant to conduct regular audits of the company's internal control systems to ensure efficient internal controls and to implement ethical best practices.
- (3) The Corporate Governance Subcommittee shall plan the internal organization, structure, and allocation of responsibilities and set up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. To avoid corruption-related risks, O-Bank has adopted a number of different standard operating procedures, adopted malfeasance prevention measures that are in line with legislative requirements in Taiwan as well as all other jurisdictions where the O-Bank maintains establishments, and implemented risk identification procedures for risk control self assessments (RCSAs), and assessed business corruption risks. Each of our functional units uses the assessment results to control risks and avoid the risk of corruption within the company. O-Bank has already assessed related risks at 100% of its business locations throughout all the world, and the results did not reveal any irregularities.
- (4) The Corporate Governance Subcommittee shall promote and coordinate outreach and training activities that focus on ethics policy.
- (5) The Corporate Governance Subcommittee shall establish and implement a whistleblower system.
- (6) The Corporate Governance Subcommittee shall assist the Board of Directors and management in auditing and assessing whether the corruption prevention measures taken by O-Bank for the purpose of implementing ethical management are effectively operating, and shall regularly prepare reports on the assessment of compliance with ethical management in operating procedures.

O-Bank has adopted many different internal anti-corruption measures. In addition to implementing a regular job rotation system among employees with certain functions, O-Bank has also instituted a "negotiated leave" system to reduce the risk of corruption occurring in the course of operations. As for the implementation of ethical business management by subsidiaries, O-Bank has adopted a set of "Regulations Governing the Management of Invested Companies," established firewalls between O-Bank and our subsidiaries as well as among subsidiaries, and taken steps to ensure that all subsidiaries have established fully developed internal control procedures and management procedures. Also, acting in accordance with laws and regulations that the company's subsidiaries are required to comply with, O-Bank handles the following matters: management of information security service systems; management of customer information and maintenance its confidentiality; prevention of the acceptance of improper benefits; limiting of business cooperation and sharing of resources; limiting of extension of credit to or other transactions with stakeholders and substantive stakeholders; prevention of insider trading; and administration of the company's internal operating guidelines.

3. Whistleblower System

To encourage internal and external personnel to blow the whistle on unethical or improper conduct, O-Bank has adopted a "Whistleblowing Policy" and posted a Whistleblower System to our corporate website. Any person who discovers that a director, supervisor, manager, employee, or mandatary of O-Bank or a member of the O-Bank Group, or a person having substantial control of O-Bank or the Group, has possibly committed crimes, cheating, or regulatory violations, may submit a whistleblowing report to the O-Bank Auditing Division and the convener of the Audit Committee via telephone, email, or the postal service. After it has been confirmed that a whistleblower report has been accepted, an investigation must be launched within seven days, and an investigation report must be completed within 15 working days; when necessary, the deadline for completion of the report may be extended to 30 working days, and a progress report must be submitted once each five working days to the case officer for the whistleblower case in question. If an investigation substantiates that the alleged perpetrator in a whistleblowing report has violated applicable legislation, the whistleblowing report shall be forwarded to O-Bank's human resources unit, and O-Bank shall take disciplinary action in accordance with its "Rules for Employee Recognition and Discipline," and if the legal violation is serious O-Bank may refer the whistleblowing report directly to law enforcement authorities for appropriate action. In addition, to ensure that a whistleblower understands how the case is being handled, the whistleblower shall receive timely progress reports via telephone, email, or some other means. O-Bank promises to hold the whistleblower harmless for reporting incidents. Protection measures shall include the following: O-Bank shall maintain the confidentiality of the identity of the whistleblower, and shall ensure that the content of the whistleblower complaint is not divulged in such a way as to reveal the identity of the whistleblower; O-Bank shall not fire, dismiss, demote, or impose a pay reduction to retaliate for the filing of the whistleblower complaint; O-Bank shall not infringe upon the rights and interests that the whistleblower ought to enjoy in accordance with law, contract, or prevailing norms; O-Bank shall not impose any other disposition that is adverse to the whistleblower. If the whistleblower or an investigator meets with unfair, retaliatory, or similar treatment as a result of his/her participation in the whistleblower case, the whistleblowing report accepting officer or the whistleblowing report investigative unit may, depending on the severity of the circumstances, notify an independent director, to implement corporate governance and integrity management. A total of 22 emails were submitted to the O-Bank whistleblower box in 2023. Of these, 22 of the emails made no accusations against any specific persons and therefore did not meet the conditions set out in Article 4 and Article 6 of the O-Bank Rules for the Handling of Whistleblower Cases.

Table 3-6: Number and Type of O-Bank Whistleblower Cases in 2023

Type of Case		From Outside Informant				From Inside Informant				Number of Cases
		Named Informant		Anonymous Informant		Named Informant		Anonymous Informant		
		Found True	Found Untrue	Found True	Found Untrue	Found True	Found Untrue	Found True	Found Untrue	
Whistleblower Cases Accepted	Embezzlement or misappropriation of public funds	0	0	0	0	0	0	0	0	0
	Offering or acceptance of bribes	0	0	0	0	0	0	0	0	
	Illegal possession or unauthorized disposal of Bank property	0	0	0	0	0	0	0	0	
	Document forgery that causes harm to O-Bank	0	0	0	0	0	0	0	0	
	Disclosure of Bank secrets, or of employee or customer information	0	0	0	0	0	0	0	0	
	Pursuit of illicit personal gain, corruption or collusion for the purpose of cheating, resulting in either direct or indirect funneling of illegal gains to oneself or to others	0	0	0	0	0	0	0	0	
	Other crimes, cheating, or possible legal violations	0	0	0	0	0	0	0	0	
Cases Rejected (not whistleblower cases)										22
Total										22

4. Management of Stakeholder Conflicts of Interest

O-Bank has adopted a set of "Rules Governing Extension of Credit to Interested Parties" and "Rules of Order for Meetings of the Board of Directors." When a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall explain the interested party relationship at the meeting, and the director shall exercise recusal during discussion and voting on that proposal, and may not act as another director's proxy to exercise voting rights on that matter, so as to prevent any conflict of interest. In 2023, instances of recusal by O-Bank directors to avoid conflicts of interest were as shown in below in Table 3-7.

O-Bank has adopted "Insider Trading Prevention Principles", with respect to O-Bank insiders, including directors, managerial officers, and major shareholders with holdings of 10 percent or more, O-Bank sends

out e-mails once per month to remind them of commonly seen problems in stock ownership filings, and of the fact that they are not allowed to engage in short-swing trading or insider trading. O-Bank amended its "Corporate Governance Best-Practice Principles" and "Shareholding Management Rules" to require that, beginning from the day on which a director receives an O-Bank financial report or related business performance information, stock trading restrictions will take effect (a no-trading period is enforced for 30 days prior to the publication of the company's annual financial report, and for 15 days prior to the publication of quarterly financial reports, during which time directors are not allowed to buy or sell O-Bank shares or equity-type securities), and prior to the beginning of stock trading restrictions, O-Bank notifies directors by e-mail of various trading restriction matters. In 2023, no directors violated the restriction measures of stock trading, and no directors or executives pledged their shares.

Table 3-7: Exercise of Recusal Due to Conflict of Interest by O-Bank Directors in 2023

Date	Content of Motion	Director	Cause for Avoidance	Participation in Voting
2023.02.15 The 8 th Board of Directors in its 21 th meeting	Proposal for making a donation to the O-Bank Education Foundation	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen	In compliance with Article 14 of the Procedural Rules Governing Board Meetings (Interested Parties)	The Bank's directors stand by the principle of recusal and refrain from participating in the discussion of and voting on motions that may cause conflicts of interest.
	Proposal for making a donation to the Chinese National Association of Industry and Commerce	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen		
2023.03.14 The 8 th Board of Directors in its 22 th meeting	Proposal for director remunerations and employee remunerations for 2022	Distribution of Directors' Remunerations (the entire number of non-independent directors): Tina Y. Lo, Kenneth C.M. Lo, Jianqiang Huang, Chih-Ming Chien, Shih-Tze Chen, George C.J. Cheng, Mark J.C. Lee, Gordon W.C. Lin, Elton F.Y. Lee, Roy J.Y. Yeh, Bill K.C. Lin Distribution of Employee Remunerations: Elton F.Y. Lee		
	Revision of the full-range monthly salary standard for staff of various grades in the Hong Kong region of the Bank	Elton F.Y. Lee		
	Revision of the Audit Plan of the Bank for the Year 2023	Elton F.Y. Lee		
	Change of the Credit Terms Application by the Bank's Credit Clients	Chih-Ming Chien		

Date	Content of Motion	Director	Cause for Avoidance	Participation in Voting
2023.05.03 The 8 th Board of Directors in its 23 th meeting	Application for Change of Responsible Person by the Bank's Credit Clients	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen, Gordon W.C. Lin, Roy J.Y. Yeh	In compliance with Article 14 of the Procedural Rules Governing Board Meetings (Interested Parties)	The Bank's directors stand by the principle of recusal and refrain from participating in the discussion of and voting on motions that may cause conflicts of interest.
	Proposal for Election of the Bank's 9 th Board of Directors	Tina Y. Lo, Kenneth C.M. Lo, Chih-Ming Chien, Shih-Tze Chen, George C.Y. Cheng, Mark J.C. Lee, Bill K.C. Lin		
	Application by the 9 th Board of Directors and Their Affiliated Legal Entities for Release of Non-competition Restrictions	Tina Y. Lo, Kenneth C.M. Lo, Chih-Ming Chien, Shih-Tze Chen, George C.Y. Cheng, Mark J.C. Lee		
2023.06.16 The 9 th Board of Directors in its 1 st meeting	Appointment of Members for the Bank's 6 th Compensation Committee	Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, Jennifer C.F. Wang		
	Appointment of Members for the Bank's 2 nd Corporate Governance and Nomination Committee	Tina Y. Lo, Kenneth C.M. Lo, Fu-Hsiung Hu, Hank H.K. Lin		
2023.06.29 The 9 th Board of Directors in its 2 nd meeting	Changes in Members of the Bank's Risk Management Committee	Bill K.C. Lin, Chih-Ming Chien, Alex J.J. Chen		
	Nomination of a Representative to Select the Chairman for the Bank's Investment Subsidiary	Bill K.C. Lin, Grace W.S. Tang, Alex J.J. Chen		
	Approval of the Remuneration for the Bank's Chairman	Tina Y. Lo, Kenneth C.M. Lo		
2023.08.21 The 9 th Board of Directors in its 3 rd meeting	Appointment of Members for the Bank's 1 st Board Sustainability Committee	Tina Y. Lo, Kenneth C.M. Lo, Bill K.C. Lin, Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, Jennifer C.F. Wang		
	Donation to the Chinese National Federation of Industries by the Bank	Tina Y. Lo, Kenneth C.M. Lo		
2023.11.01 The 9 th Board of Directors in its 4 th meeting	Donation to the Foundation of National Taiwan University Economic Research by the Bank	Tina Y. Lo, Kenneth C.M. Lo		

Note: For information on O-Bank's related-party transactions in 2023, see p. 391~394 of the 2023 Annual Report.



5. Education and Training

To ensure that all employees comply with the "Ethical Corporate Management Best Practice Principles" in the conduct of their job duties, and that they observe strict legal compliance, O-Bank's legal compliance, auditing, and human resources units in 2023 jointly held on-site, online, and off-site courses that attracted a total attendance of 17,915 persons who completed a combined 20,696 course hours (see Table 3-8), which made for a course completion rate of 100%. With respect to domestic matters, O-Bank carries out outreach activities to familiarize employees with important legislative amendments, major enforcement actions, matters pertaining to ethical best practice and corporate social responsibility, internal audit systems, principles for fair treatment of consumers, anti-money laundering, confidentiality rules, protection of personal information, and other important topics. As for overseas legal compliance matters, O-Bank holds education and training courses focusing on selected topics, and in 2023 began holding risk policy training courses for employees throughout the Bank. In addition, O-Bank in 2023 hired Deloitte & Touche to hold a series of four "Personal Information Protection Courses" for risk management supervisors and officers, attracting a total attendance of 2,009; also adopted "Insider Trading Prevention Principles" and held the whole bank's "Insider Trading Prevention Principles Education Training" in 2023, covering the legal responsibilities of the insider trading, the constituent elements, the standard form and the prohibition period, etc. In total, 1,116 people completed the training (figures for number of course participants are based on the number of employees as of the day prior to the beginning of training; the course completion rate was 100%). To better familiarize rank-and-file employees with ethics and compliance, O-Bank's various units acted separately in once again holding outreach activities focusing on ethics rules. These activities, which were designed to ensure better compliance and prevent unethical behavior, attracted a total attendance of 1,116 (figures for number of course participants are based on the number of employees as of the day prior to the beginning of training; the course completion rate was 100%).



"Ethical Business Practices and Fair Treatment of Customers" lecture

Table 3-8: O-Bank Education and Training Activities in 2023

Name of Course	Number of Sessions	Target Audience	Hours	Attendance	Person Hours
Training & panel discussion for chief compliance officers	1	Chief compliance officers from the various units	2	73	146
Online training & testing for compliance	2	All employees	0.75	2,171	1,658.5
Education and training series for protection of personal information	2	All employees in Taiwan	1	1,837	1,837
	2	Operational risk managers	1	172	172
In-depth analysis of the "Financial Consumer Protection Act"	1	All employees in Taiwan	3.5	1,037	3,755.5
Annual Online Legal Compliance Training and Testing for the Hong Kong Branch	1	All employees from the Hong Kong Branch	1	104	104
AML/CFT education & training	1	All employees in Taiwan	3	946	2,838
Annual Online AML Training and Testing for the Hong Kong Branch	1	All employees from the Hong Kong Branch	1	104	104

Name of Course	Number of Sessions	Target Audience	Hours	Attendance	Person Hours
OJT workshop for compliance personnel	1	Chief compliance officers from the various units	3	114	342
Information security training courses	3	All employees	1	3,828	3,828
Self-audit training	1	Personnel engaged in self-audit work	1	1,028	1,028
Comprehensive training on occupational safety and health	3	Personnel required to meet training hours requirement for current year	1	3,173	3,173
"Ethical Business Practices and Fair Treatment of Customers" lecture	1	Directors	2	12	24
Anti-Money Laundering & Enterprise risk management	1	Directors	2	11	22
Corporate Governance- AML/CFT related regulations require the Board of Directors	1	Directors	3	1	3
Corporate Governance Responses from Technology Trends and Information Security Incidents	2	Directors	1	18	18
Risk management education and training	1	All employees	0.5	1,054	527
Insider trading	1	All employees	0.5	1,116	558
Ethical management outreach, education, and training	1	All employees	0.5	1,116	558
Total	27			17,915	20,696

3.2.2 Internal Control and Audit Systems

Acting in compliance with the ROC Bankers Association's "Guidelines on the Three Lines of Defense for Internal Controls of Banks," O-Bank has established our internal control system (see Fig. 3-2), for which three lines of defense are set up to ensure our proper and effective operation and O-Bank's sound management.

Fig. 3-2: Three Lines of Defense in the O-Bank Internal Control System



The O-Bank's Auditing Division reports directly to the Board. Our internal auditors carry out auditing duties in an impartial, objective, independent, and detached manner, and do not hold any position that conflicts with or restricts their auditing duties, so as to reasonably ensure the effective operation of internal controls. The frequency of on-site examinations of domestic and overseas units and subsidiaries is based on the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies," and is incorporated into the annual audit plan. The chief auditor reports once per quarter on these matters to the Board of Directors and the Audit Committee to help the Board of Directors and management stay up to date on O-Bank's implementation of audit matters. The O-Bank Board of Directors holds an internal control system review forum with auditors every half-year to review internal control deficiencies, and meeting minutes are produced. Also, the Auditing Division monitors a routine self-inspection on all first-line-of-defense units at least semiannually and a special self-inspection at least every month. However, if the unit has conducted a routine self-inspection, the Auditing Division has conducted a routine business audit, a financial examination agency has conducted a routine business audit or self-evaluation on affairs concerning compliance with applicable acts and regulations in that month, a special self-inspection can be exempted in that month. Additionally, routine self-inspection, must be conducted at least semi-annually, and special self-inspection, at least monthly, and the Auditing Division must provide audit training each year for personnel engage in self-inspection work.

O-Bank has actively pursued sustainability measures on many different fronts. In addition to conducting risk assessments related to environmental, social, and corporate governance issues, and adopting related risk management policies and strategies, the O-Bank Auditing Division also takes the state of the Bank's various units' implementation of their annual sustainability targets and focuses on this information in its internal audits. Audit findings in 2023 have not turned up any information regarding systemic problems, or material deficiencies or irregularities. In addition, the O-Bank 2024 Audit Plan includes the Bank's success in implementing ESG targets among the matters to receive priority attention in each unit's annual audit. The 2024 Audit Plan was approved at the 9th Board of Directors in its 5th meeting on December 27, 2023.

The O-Bank Auditing Division completed audits of businesses and operations at O-Bank's various departments and subsidiaries in 2023 in accordance with the annual audit plan as well as instructions from the competent authority. The resulting audit findings for each department and subsidiary were tracked in the Bank's system for ongoing monitoring until resolution, in order to optimize the internal control system and improve the effectiveness of internal controls and continue strengthening the supervision of auditing operations at overseas branches. In addition, acting in accordance with Article 28 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," O-Bank retained Deloitte & Touche to audit O-Bank's 2023 internal control systems in accordance with agreement procedure. The scope of the audit includes O-Bank's execution status of internal control system and regulatory compliance systems, appropriateness of policies for loan loss reserves, correctness of the report submitted to competent authority for the banking business, and personal data protection. According to the protocol program execution report compiled by Deloitte & Touche, there were not any significant irregularities.

3.3 Legal Compliance

3.3.1 Legal Compliance

To thoroughly implement our compliance policy, O-Bank establishes an annual legal compliance plan, and in addition to reviewing compliance systems, structures, and regulations, O-Bank also prepares an integrated overview of the handling of legal compliance matters by O-Bank as a whole. This overview covers matters such as each department's compliance self-assessment and the causes of serious compliance failures, suggestions for improvement, compliance assessment results, education and training, and the handling of insurance agent services. The head office Chief Compliance Officer reports semi-annually to the Board of Directors and the Audit Committee to help the Board of Directors and senior management effectively understand the state of O-Bank's legal compliance. In addition, O-Bank has established "Rules Governing the Procedures for Legal Compliance System," which have been approved by the Board of Directors. These Rules incorporate laws, regulations, anti-money laundering legislation, personal data protection legislation, codes of ethics, financial consumer protection requirements, sustainable development principles, and principles of fair treatment of consumers into the Bank's legal compliance system, where O-Bank maintains compliance. Acting via a clear internal control system, O-Bank ensures that our routine management and operating activities can remain continually compliant with applicable legal requirements, thus improving sound business practices and developments.

To ensure that each line of business is conducted in accordance with legal requirements, the head of Legal and Compliance Division, acting in compliance with laws and regulations as well as rules governing the review of new products: (a) first signs or issues a letter of consent before O-Bank applies for approval of (or launches) a new product, new service, or new line of business; and (b) assists with pre-launch review of products and services to examine personal information risk, ML/TF risk, and consumer protection matters. In addition, O-Bank's compliance unit promptly informs other units of changes to external laws, regulations, and rules, and it also assists other units to review, establish/and amend internal rules. At the same time, the compliance unit helps with the planning and implementation of the entire Bank's compliance-related courses and training, both in-person and online.

O-Bank supervises compliance at overseas branches in accordance with the competent authority's "Self-Regulatory Rule Governing Management Regime for Compliance, Anti-Money Laundering, and Countering the Financing of Terrorist of Foreign Branch (Subsidiary) for Domestic Member of the Bankers Association of the Republic of China" and holds periodic meetings with the chief compliance officers of the Hong Kong Branch and EverTrust Bank, O-Bank's US subsidiary, to ensure proper implementation of legal compliance measures. Also, O-Bank periodically reviews the monthly and semi-annual compliance reports of the Hong Kong Branch Compliance Division as well as the compliance-related items on the meeting agenda of the EverTrust Bank Board of Directors. These matters are reported to the O-Bank Board of Directors on a periodic basis.

In 2023, O-Bank was not involved in fraud, money laundering, insider trading, anti-competitive behavior, anti-trust or monopolistic behavior, corruption, market manipulation, and in the past three years it has not been subject to fines/settlements of more than US\$100 million, and it did not incur losses due to any litigation in connection with the sale or provision of financial products or services; however, O-Bank invested in a company where a newly appointed independent director at O-Bank was also serving as a director. This investment constituted a violation of Article 74-1 of the "Banking Act" and Article 5 of the "Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest," which resulted in a fine of NT\$1 million. O-Bank has reviewed the deficiencies and amended related internal operating rules and procedures, and corrective actions have been completed. When a

financial examination identifies a deficiency at O-Bank that violates legislation or important internal rules, the unit where the deficiency was found, the Compliance & AML/CFT Department, the Audit Department, and the Risk Management Department will jointly examine the reason for the deficiency's occurrence and its possible impacts, will propose a corrective action plan, and will then monitor the state of the deficiency and implementation of the corrective action. Depending on circumstances, the matter may be reported to the Board of Directors together with an explanation of corrective action measures.

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

To coordinate with the requirements of the competent authorities regarding AML/CFT matters, O-Bank has adopted a Risk-Based Approach in assessing the ML/TF risks that we face, has established related internal rules and management mechanisms, and carries out related education and training for employees. To respond to different ML/TF risk typologies, O-Bank hired Deloitte Consulting to carry out a project to optimize the Bank's monitoring and control of suspected ML/TF transactions. The project includes two aspects. A risk-based approach was used to optimize the threshold for tripping alerts on possible ML/TF transactions, and the effectiveness of red flags was analyzed. In addition, we retained EY Management Services to advise the Bank in its conduct of a comprehensive ML/TF risk assessment. We incorporated O-Bank Hong Kong Branch and EverTrust Bank, O-Bank's US subsidiary, into our institutional ML/TF risk assessment to conduct a comprehensive review of the branch's implementation of its AML/CFT system.

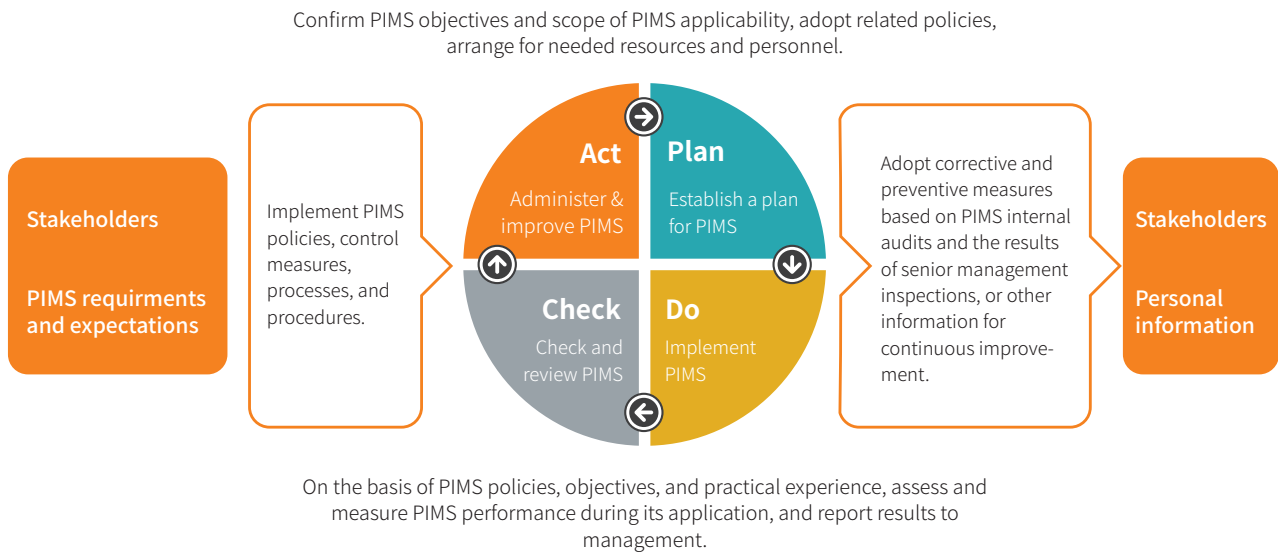
In addition, O-Bank carries out a comprehensive AML/CFT evaluation every year that focuses on four aspects: customers; products and services; transactions & delivery channels; and regions. On the basis of the evaluation results, O-Bank develops annual risk prevention programs. To ensure that each line of business is conducted in compliance with AML/CFT laws and regulations, the head office chief AML/CFT officer, acting in compliance with laws and regulations, must first review new products and services to assess ML/TF risk before O-Bank applies for approval of or launch a new product, new service, or new line of business. In addition, O-Bank has established the "O-Bank Group Policy for Sharing AML/CFT Information," the "O-Bank Rules Governing the Management Regime for AML/CFT of Foreign Branches (Subsidiaries)," and the "O-Bank Group Operation Procedures for Sharing of AML/CFT Information" in order to strengthen the Group's AML/CFT governance and information sharing mechanisms. Once each half-year, O-Bank reports to the Audit Committee and the Board of Directors on the state of AML/CFT operations at its head office and throughout the group. In 2023, O-Bank was involved in zero money laundering violations.

3.3.3 Personal Information Protection

O-Bank continues improving our protection and management of personal information. Making reference to the latest version of the BS10012 Personal Information Management System (PIMS), taking an institutionalized, documented, and systematized approach, and following the Plan-Do-Check-Act (PDCA) management model, O-Bank has established a PIMS (see Fig. 3-3). Our personal information management policy is faithfully implemented by analyzing operating procedures, information systems, and third-party management and exercising stringent control over the acquisition, handling, use, transmission, storage, sealing, and destruction of personal information. O-Bank also considers the matter from the perspectives of "organization," "procedures," and "information technologies" and takes a top-down approach, using a strategic eye to define organizational management and operations. By analyzing operating procedures and information systems, O-Bank reviews the personal lifecycle, all the way from acquisition, handling, use, transmission, storage, and sealing, to destruction of personal information. Throughout the process, the location, access to, and control of personal information is tracked. At the same time, O-Bank

reviews and minimizes personal information not needed for business purposes in order to reduce the organization's management and control costs. O-Bank continues to carry out a "BS10012 Maintenance, Consulting, and Advisory Service" project to improve the protection and management of personal information.

Fig. 3-3: O-Bank Personal Information Management System (PIMS)



O-Bank has incorporated the management of personal information into its legal compliance management system, and has established a Personal Information Management Team, which is composed of the Legal & Compliance Division, Risk Management Division and the Information Technology Division. This Team is charged with responsibility for: promoting the protection of personal information and control measures and plans; assisting all departments with their management of personal information; planning and conducting personal information management, education, and training activities; and formulating measures for responding to various supervisory requirements that relate to the protection of personal information. The Team seeks to ensure compliance with legal requirements and to implement the personal data protection system.

Also, to ensure effective implementation of the personal information management system, in addition to establishing a Personal Information Management Team, O-Bank has also set up a Personal Information Management Committee (Fig. 3-4), which is chaired by the president of O-Bank and counts several members of senior management as its members. The Committee holds an annual personal information protection meeting to review and oversee Bank-wide personal information management system matters reported by the Personal Information Security Management Team. Such matters include the examination or acknowledgement of rules governing personal information management, and the oversight and direction of crisis management and response. After that, the Personal Information Management Committee submits these matters to the Risk Management Committee, which deliberates upon personal information security maintenance and conducts

Fig. 3-4: O-Bank Personal Information Management Framework



a self-assessment report to confirm the effective implementation of the personal information risk management system, then reports it to the Board of Directors for review and discussion. On November 23, 2023, the Committee convened its annual meeting to review and decide on matters related to personal information as well as present a self-evaluation report of personal information security and maintenance to the Risk Management Committee and the Board of Directors.

To ensure effective management of personal information protection, in addition to including personal information management among the items that must receive attention in annual internal audits, O-Bank each year also retains a third-party institution to audit O-Bank's protection of personal information. O-Bank has obtained BS10012:2017 certification for seven consecutive years for our personal information management system, thus complying with a requirement of the competent authority and keeping in line with international standards. In addition, to enhance employee awareness of the importance of personal information protection, and to improve their ability to respond to incidents, O-Bank each year offers regular company-wide training courses on personal information protection. These activities are complemented by training in legal compliance, plus activities designed to better familiarize employees with related legislation. In this manner, O-Bank seeks to incorporate awareness of personal information protection into our corporate culture, so as to honor our commitment to personal information protection. In 2023, O-Bank held four "Personal Information Protection Courses," which focused on different topics for the benefit of different types of participants. O-Bank also launched a digital learning platform, which is used to carry out legal compliance training and testing. There were separate sessions in the first and second halves of the year, and personal information matters were among the topics covered.



BS10012:2017 Personal Information Management System Certification

3.4 Risk Management

3.4.1 Risk Management Policies and Operations

A financial services firm must formulate rigorous risk management policies to ensure that, when applied to different trading methods, product types, and routine operations, the firm is able to prudently assess various potential risks and control them effectively, thus maintaining compliance with the requirements of both domestic and overseas supervisory authorities. Acting in line with the overall business environment, our own risk management capabilities, and external legislation, O-Bank has adopted a "Risk Management Policy" that has since been approved by the Board of Directors. We have also adopted numerous internal rules governing credit, operational, market, liquidity, climate and nature, money laundering, and terrorism financing risks, and have reported them for approval at the appropriate level of management in accordance with the principles of hierarchical delegation of responsibilities. The related operating procedures include risk identification, measurement, monitoring, reporting, and countermeasures.

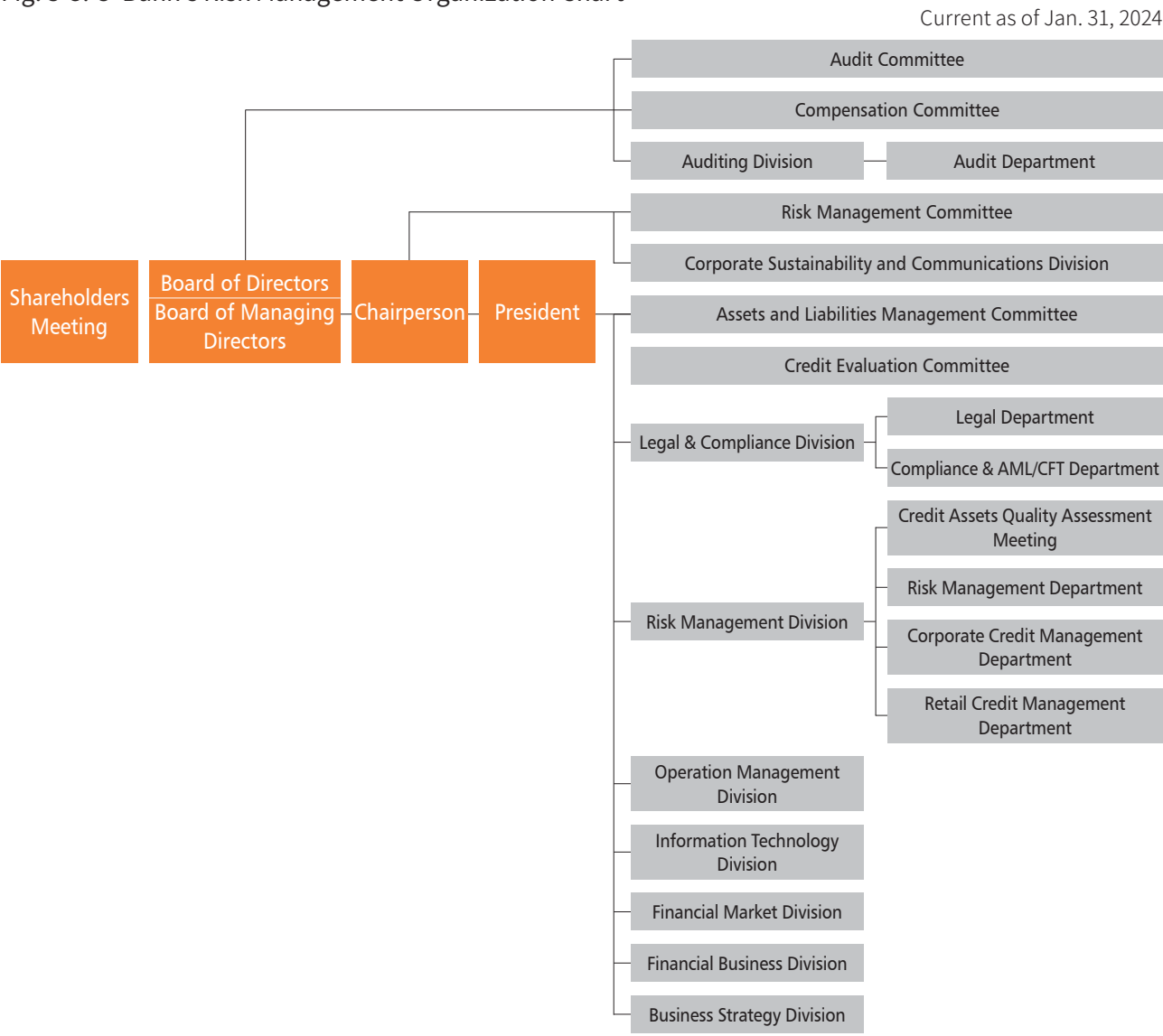
1. Risk Management Framework

The highest authority in O-Bank's risk management organization is the Board of Directors, which approves risk management mechanisms and risk tolerance based on the overall business strategy and business environment. And to ensure effective implementation of bank-wide all risk management procedures: (a) under chairperson there is a "Risk Management Committee," which examines risk management mechanisms and risk management proposals that approved level are the Board of Directors meeting, and monitors how effectively various risks are being managed and reviewed; (b) the Risk Management Committee convened for 12 meetings in 2023 to discuss proposals regarding such matters as: management of overall risk; management of credit risk; management of market risk; management of interest rate risk in the banking book; management of liquidity risk; management of operational risk; risk management at EverTrust Bank; stress tests; climate risk management reports; climate risk scenario analyses; the state of AML/CFT work; implementation of information security work; reports on major contingencies; formulation of internal rules governing all types of risk management; and inspection and monitoring of limits; and (c) under the President there are an "Assets and Liabilities Management Committee," a "Credit Evaluation Committee," and a responsible department meetings regularly to discuss and review risk management proposals. The Assets and Liabilities Management Committee and the Credit Evaluation Committee both convened for 12 meetings in 2023.

O-Bank has three risk management units, namely, the Risk Management Department, the Corporate Credit Management Department, and the Retail Credit Management Department. (a) The Risk Management Department is responsible for building comprehensive risk management mechanisms; identifying, measuring, monitoring, controlling, reporting, and responding to our credit risks, market risks, operational risks, liquidity risks, and interest rate sensitivity risks; controlling our impaired assets; assessing asset quality; and supervising and monitoring effectiveness of risk management throughout O-Bank. (b) The Corporate Credit Management Department is responsible for drafting and revising internal rules of corporate credit risks; rating and controlling corporate credit risks; inspecting corporate credit extensions and post-credit reviews; reviewing corporate lending contracts and collateral; and controlling lending facilities. (c) The Retail Credit Management Department is charged with adopting and amending internal rules of retail credit risks; scoring and controlling retail credit risks; inspecting retail credit extensions; and conducting post-credit reviews.

During the risk monitoring of O-Bank, all exceptions such as violations of policies, limits, and authorizations are reported, processed and improved immediately. At the same time, to ensure full disclosure of risk control situations, O-Bank disclosed the "Risk Management Policy" approved by the Board of Directors on the official website, as well as the risk management organization and its implementation. Meanwhile, our risk management units regularly report on the state of Bank-wide risk management at meetings of the Board of Directors and the Risk Management Committee, and we also disclose the implementation in the annual financial report. In order to make continuous improvements to our risk management system, O-Bank periodically provides employees opportunities to communicate directly with the head of our Risk Management Division, soliciting feedback from employees at our "WeCare 2.0+ In-Person Discussions with Senior Management" activities. In addition, the audit unit each year conducts an internal audit on transaction services market risk management procedures (including risk measurement systems and risk reporting forms, and the state of management of interest rate risk in the banking book) in order to ensure the overall effectiveness of the Bank's risk management.

Fig. 3-5: O-Bank's Risk Management Organization Chart



2. Risk Management

O-Bank's risk management policy covers risk definitions, risk management objectives, risk management organization and scope of risk management functions, the responsibilities and authorities of authorized personnel, ownership of risk management functions, risk tolerance, risk measurement methods, risk countermeasures, communication of risk management information, and reporting mechanisms. In addition, in order to fully disclose the rights and obligations of the guarantor and the scope of the guaranteed liability, O-bank send a guaranteed liability notification regularly to the borrower for the joint & several guarantors' maximum guaranteed amount and the guaranteed debt amount each year. O-Bank controls different types of risk as described below:

Fig. 3-6: Framework of O-Bank's Risk Management Policies



(1) Credit Risks

The "Credit Policy" and "Credit Risk Management Principles" are approved by the O-Bank Board of Directors as the implementation indicators and risk control for credit management. O-Bank pursues sound credit assets quality and optimal earnings targets. According to the fundamental principles of public welfare, security, liquidity, profitability, and growth prospects, to prudently evaluate the borrower's credit including the source of repayment, the purpose of loan, the collateral, and the prospective risks and benefits of the loan. To establish the control mechanism of the credit asset portfolio and concentration limits. In addition, in order to control related-party transactions and strengthen the connectivity between related-party borrower's data, O-Bank completed a customer information system (CIS).

In order to understand how changing economic and financial conditions affect O-Bank's risk-bearing capacity and capital adequacy, O-Bank carried out stress tests in accordance with the FSC's "Guidelines for the Conduct of Stress Tests by Domestic Banks." The results of these stress tests will serve as important bases for risk management, and will be used for ongoing adjustments to the direction of business operations, credit policies, and risk assessment procedures. The purpose is to ensure that, when there are changes in the external environment, the Bank can still maintain adequate capital and pursue a proper balance between risk and returns in order to achieve its operational and management objectives. As of year-end 2023, the 10 industrial sectors in which O-Bank had the most significant risk concentrations (and their total loan amounts) were as shown in Table 3-9 below.

Table 3-9: 10 Industrial Sectors in which O-Bank Has the Most Significant Risk Concentrations (and their total loan balance)

Current as of Dec. 31, 2023 Unit: NT\$ million

Sector and Rank (Note 1)	Total Loan Balance
1. Finance & insurance	58,297
2. Individual consumers (Note 2)	44,001
3. Real estate	37,779
4. Manufacturing	34,221
5. Wholesaling & retail	11,868
6. Electricity and gas supply	4,765
7. Publishing, audio/video, information & communication	3,179
8. Construction engineering	2,520
9. Medical, health care, & social services	2,350
10. Professional, Scientific and Technical Activities	2,169

Note 1: The sector categorizations are based on the loan recipient and depositor categories adopted in statistics published by the Directorate-General of Budget, Accounting and Statistics and the Central Bank.

Note 2: The term "individual consumer" means a natural person who borrows money under their own name.

(2) Market and Liquidity Risks

On the basis of three main product categories, which includes equity, interest rate, and exchange rate products, and their respective features, O-Bank has adopted internal rules that set out express provisions governing risk management indicators, exposure limits, reporting of instances in which exposure limits are exceeded, and the managerial personnel who are authorized for deciding upon response measures under such circumstances. To address market and liquidity risks, O-Bank takes care to ensure legal compliance and rigorous management that ensure a properly balanced dual focus on both profitability

and security, and responds each year to changing financial market conditions, the supervisory authority's liquidity risk measures, and plans for the company's business footprint, by adopting management approaches and risk limits. Once these management approaches and risk limits have been reviewed and approved by the Assets and Liabilities Management Committee and the Risk Management Committee, they are then submitted to the Board of Directors for final approval. Also, acting in line with the Basel Committee on Banking Supervision's "Fundamental Review of the Trading (FRTB)," which the competent authorities have announced that it will be formally enforced starting from 2025, O-Bank already launched related research and assessment work to facilitate the effort in 2022 to bring the Bank in line with international standards as soon as possible.

(3) Operational Risk

O-Bank's operational risk management policy includes clear-cut risk identification, control assessment, and reporting that govern such matters as organization framework, scope of risk management functions, locus of authority and responsibility, requirements, and implementation tools, including loss data collection (LDC), risk and control self-assessment (RCSA), key risk indicators (KRIs), and Clean Desk (CD). To ensure that operational risk management mechanisms can operate smoothly, O-Bank has included operational risk management work among the items receiving attention in each company unit's annual performance reviews, with units assigned a rating of 1 to 5 depending on how well they have carried out operational risk management work. The performance reviews are conducted at year's end. In addition, in order to improve the operating efficiency and oversight of our internal control system, O-Bank has been working since 2018 to establish a Governance, Risk Management, and Compliance (GRC) management platform. The platform was launched in June 2023. With regard to non-financial risks, O-Bank, acting pursuant to regulatory requirements of the FSC, carried out an analysis based on the assumption that the Bank had embezzled customer deposits and the FSC had imposed sanctions upon the Bank and required the Bank to set aside additional operational risk capital charges.

To heighten employees' awareness of the need to maintain the confidentiality of operating secrets and the security of personal information, we continue to pursue our Clean Desk initiative, and in view of the initiative's progress have adopted a set of "Clean Desk Operational Risk Management Rules," which all company units will be expected to observe in their daily operations. O-Bank's risk management units conduct random monthly surveys to check how well each company unit is implementing the Clean Desk rules. As part of the surveys, each company unit conducts random internal checks after working hours to see whether documents and folders have been left lying on the surfaces of desks, office equipment, and cabinets, whether printouts have been left in printer trays, and whether employees have failed to either lock their notebook computers or store them in a locked cabinet. In 2023, a total of 203 random surveys were conducted, which was equal to 90% compliance with the rules. Any unit that fails to comply with rules will have points deducted in its annual operational risk management performance evaluation, and will also report any irregularities to the unit supervisor so that the latter may carry out internal awareness raising activities and take corrective actions. We will continue overseeing our various units to ensure that they properly implement this work and effectively reduce the risk of operating secrets and personal information being improperly divulged or stolen.

To ensure that supervisory information is reported more accurately and in a more timely manner, O-Bank has adopted a system for filing of financial statements via the Financial Supervisory Commission's One-Stop Window for Reporting of Financial Supervisory Information, and in November 2019 established a new section under the Risk Management Department to administer the handling of statutorily required reporting forms. Since that time, the new section has gradually taken over related tasks from other units throughout O-Bank in order to achieve compliance with the "Guidelines for Handling Defects in Filing of Supervisory Information by Domestic Banks."

(4) Emerging Risks

Faced with increasingly stringent supervision, rapid fintech development, global environmental change, and uncertainties due to political and economic developments, financial institutions may have to deal with emerging risks that are unexpected or different from those of the past and could therefore have adverse impacts upon future business operations. The World Economic Forum Global Risks Report 2024 identifies emerging risks facing the world. O-Bank selected those risks which are particularly relevant to financial institutions, and disseminated questionnaires to internal units to ask them to assess the likelihood of different emerging risks actually materializing, and the degree of impact. Based on the survey results, we prepared an emerging risks analysis matrix, as shown in Fig. 3-8. With regard to two major emerging risks, O-Bank further assessed their impact and drew up measures for impact mitigation, as shown in Table 3-10.

Fig. 3-7: O-Bank Flow Chart for the Identification of Emerging Risks

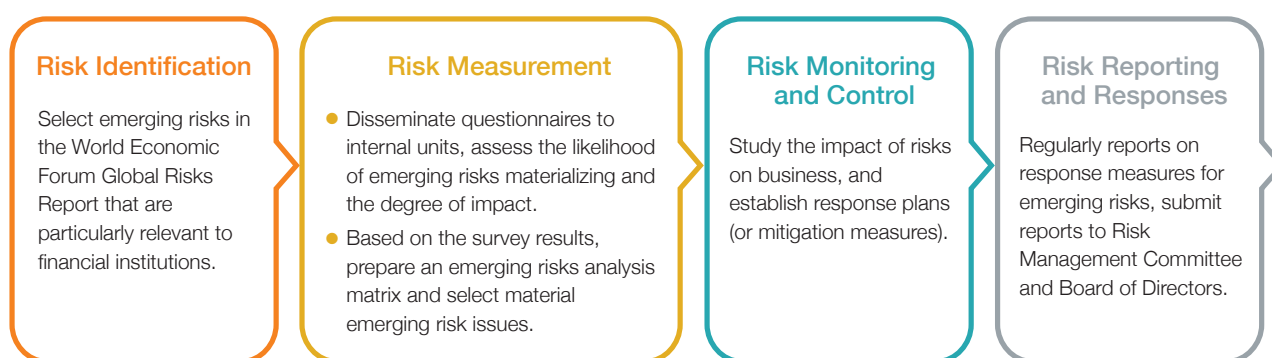


Fig. 3-8: Matrix of O-Bank Emerging Risks

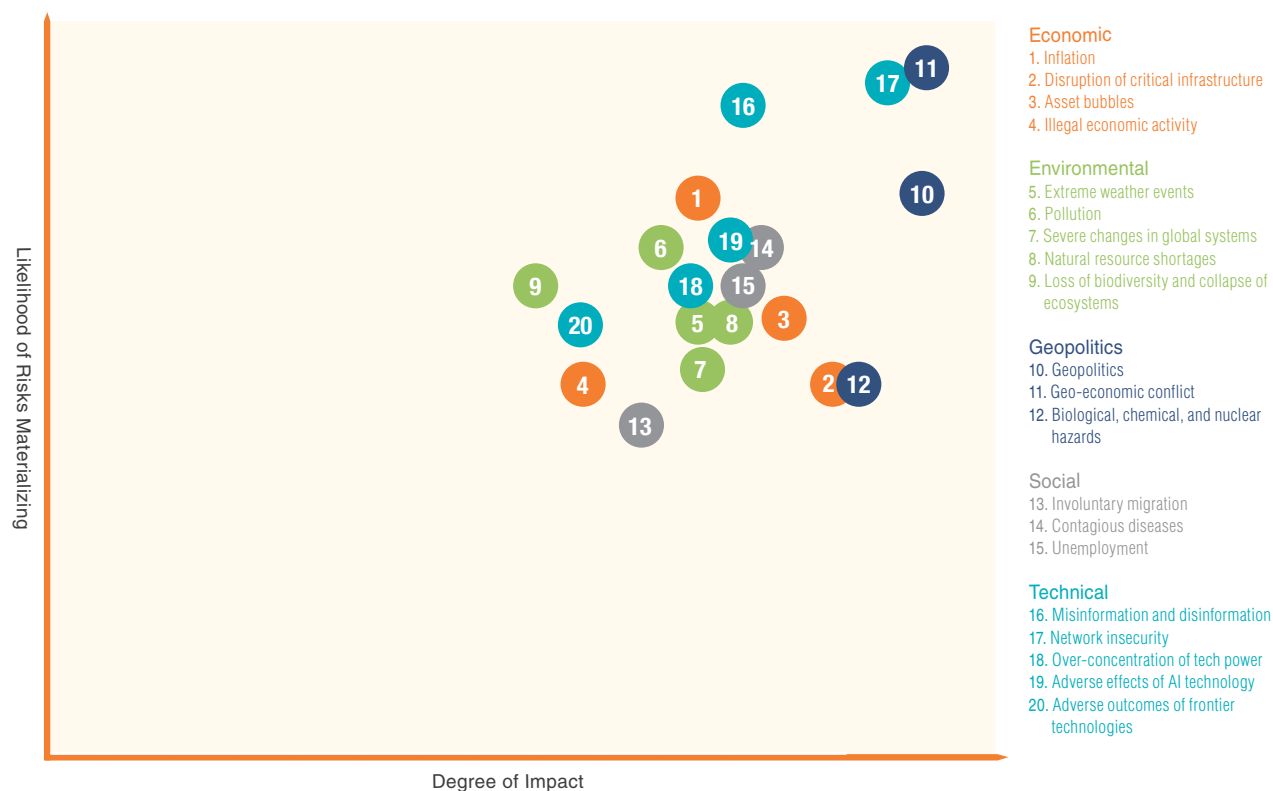


Table 3-10: Identification of Emerging Risks and Response Actions

Emerging Risk Issues	Risk Description	Impact or Effect on Business	Response Plan (mitigation measures)
Geo-economic conflict	<ol style="list-style-type: none"> Conflicts and standoffs have continually occurred among nations in recent years. These have included military confrontations, struggles over resources, and technological competition. This has made global economic conditions more difficult to forecast, and has increased the difficulty of risk management. The Red Sea crisis has increased global shipping costs, while a production cut by OPEC+ has driven up petroleum prices. Together, these two factors have exacerbated the risk of global inflation. In addition, amidst volatile international financial conditions, the monetary policies of central banks around the world have added to uncertainty. High inflation and high interest rates have become the new normal. Geopolitical conflict may affect the business operations and investment activities of local enterprises, which in turn leads to reduced labor inputs or offshoring, and indirectly affects domestic employment opportunities. 	<ol style="list-style-type: none"> Exposures resulting from business locations: O-Bank's business locations are concentrated in a region that makes up the theater of US-China geopolitical conflict. If geo-economic conflict were to break out, industrial supply chains would have to be reformed and business cycles would be lengthened. These changes would make profitability a matter of increased uncertainty. Trading and investment environment become subject to limitations: Geo-economic conflict could increase the costs and complexity of import/export business, thereby affecting the profitability of O-Bank's trade finance business and overseas investments. Capital liquidity becomes subject to limitations: Geo-economic conflict could spur other countries to implement capital controls, which would affect O-Bank's international capital movements and exacerbate the difficulty of foreign exchange management. Increased credit risks: Geo-economic conflict could worsen customers' creditworthiness and weaken their debt repayment ability, thereby affecting the Bank's asset quality and profits. Worsened market volatility: Uncertainty caused by geo-economic conflict could exacerbate volatility in financial markets (e.g. foreign exchange and securities markets), which in turn could affect O-Bank's management of market risks (e.g. exchange rate and interest rate risks). 	<ol style="list-style-type: none"> Accelerate steps to build up our overseas presence in order to disperse regional risks. After assessing the state of economic development in many different regions and where our bank enjoys competitive advantages, O-Bank has decided to actively build up its main overseas presence in Australia and Singapore in the near future. Use a diversified range of investments, enhance liquidity management, increase risk management sensitivity, and optimize asset/liability structure, thereby mitigating the impact of geo-economic conflict. Pay constant attention to the state of the domestic job market, periodically monitor the quality of borrowers' assets, make adjustments on a rolling basis, and respond to possible credit defaults.

Emerging Risk Issues	Risk Description	Impact or Effect on Business	Response Plan (mitigation measures)
Network insecurity	In recent years, the development of emerging technologies such as cloud computing, generative AI, and 5G mobile communications has prompted financial institutions to accelerate efforts to promote digital finance. However, financial institutions also face information security threats and cyber-attacks, including thefts of sensitive data, and disabling of infrastructure and software, all of which can seriously affect enterprise operations.	<ol style="list-style-type: none"> 1. Generative AI is being used for online phishing and to spread disinformation, and is contributing to all different types of spoofing attacks. If we are unable to promptly identify and block such attacks, they might cause the leak of sensitive company data, trigger financial losses, and affect our reputation. 2. A distributed denial-of-service attack (DDoS attack) disrupts services of a host connected to a network, which leads to customer complaints. 	<ol style="list-style-type: none"> 1. Make the content of information security training more diverse, address emerging techniques such as social engineering and deepfakes, carry out more in-house training on social engineering, and deepen employees' familiarity with information security. 2. To prevent DDoS attacks from affecting the Bank's operations and services, O-Bank continues to retain a telecoms operator to conduct network traffic filtering, and uses information security monitoring and defense tools to monitor network incidents. 3. O-Bank has joined the Financial Information Sharing and Analysis Center (F-ISAC), share information security intelligence, and jointly establish an information security united defense mechanism.

(5) Brand Risk

Since reorganizing as a commercial bank, O-Bank has pursued brand exposure through many different channels, including social media. O-Bank has adopted a set of "Procedures for the Use of Social Media" to ensure that company information and the O-Bank brand image are properly presented in new media, and to manage associated risks. Also, in order to ensure that O-Bank information is presented in an accurate, consistent, and appropriate manner, we have also adopted a "Management Mechanism for the Public Statements of O-Bank Employees," which specifies who is authorized to speak publicly on behalf of the company, including the Chairperson, President, Head of Financial Business Division, Head of Legal & Compliance Division, Head of Business Strategy Division (and Deputy Spokesperson), Head of Operation Management Division, and Head of Corporate Sustainability and Communications Division (and Spokesperson). This type of restricted authorization ensures that public communications are accurate and reflect well on the company image. At the same time, O-Bank has set up a Public Relations Section under the Corporate Communications Department to assist the company in managing brand image and communications. The Public Relations Section monitors news reports on the company on a daily basis and checks for any mentions of the company on social media to stay current on news and consumer sentiment. When necessary, O-Bank responds quickly to maintain the company's reputation and brand image, and to avoid the risk of misunderstandings or improper information causing harm to O-Bank's brand image. In addition, O-Bank has established a comprehensive mechanism for inter-departmental liaison and communications so the company can quickly respond to the wishes of stakeholders.

3. Crisis Management

When any unit experiences a major event, to ensure that business continues as usual and customer rights and interests are safeguarded, and to minimize harm to persons and property, O-Bank has adopted the "Major Accident Emergency Response and Recovery Plan Implementation Guidelines" and the "Organizational Guidelines for the Emergency Response Committee." The Emergency Response Committee is chaired by the President of O-Bank. It is responsible for directing the company's handling

of emergencies, taking charge of response measures, and ensuring that the company is able to promptly notify the proper persons when a major event occurs, and it gathers information from different units to facilitate prompt action in response to emergencies.

To maintain our ability to respond promptly to emergency situations, O-Bank continues to conduct emergency response drills to sharpen our readiness to control operational risks. In November 2023, O-Bank conducted a drill on the deposit of funds into the Central Bank's Interbank Funds Transfer Guarantee Special Account (hereinafter, "Special Account") to ensure that O-Bank will not encounter a situation in which our funds in the Special Account are insufficient to cover our interbank cash withdrawals or funds transfers on a non-banking day, which would affect the rights and interests of customers as well as O-Bank's reputation. In addition, with regard to the use of a backup system that provides uninterrupted operations, O-Bank in 2023 carried out two system recovery drills and one business continuity drill, conducted simulation drills which confirmed that when the bank comes under an unexpected attack or encounters a major disaster that prevents normal operations, O-bank's remote backup and recovery facilities can still be started up normally, and key operations and trading processes can still operate normally. During the drills, personnel from the Auditing Division met with personnel from O-Bank's various units to observe the conduct of the drill, and they achieved the goal of verifying the Bank's ability to continue conducting business under emergency conditions. The following Bank units take part in the annual drills, and are responsible for the following tasks:

- **Information Task Group:** This task group is composed of personnel from the Infrastructure and System Services Department, Application System Development Department, Core Banking System Development Department, System Development Department, Wealth Management Information Department, and Information Security Department. Acting in accordance with the "Standard Drilling and Testing Procedures for Information Systems Continuity," this task group focuses on procedures for network reconnection and systems restoration.



O-Bank conducted operational continuity drills for both information and business operations in 2023

- **Business Operations Task Group:** This task group is composed of personnel from the Corporate Operation Department, Retail Operation Department, Customer Service Department, Wealth Management Department, Deposit and Payment Department, Digital Innovation Department, Treasury Department, Corporate Cash Management and e-Banking Department, Risk Management Department, Hong Kong Branch, and Trust Department. On the basis of the plan for annual drills, this task group validates and tests the transaction systems for each line of business.
- **Planning Group:** The Operation Planning Department implements overall planning of operational continuity drills for both business operations, and is responsible for communicating and coordinating among the various groups.
- **Services Task Group:** The General Affairs Department is responsible for arranging transportation, meals, and related services.

Also, in order to respond promptly to material events and control related risks, O-Bank acts in accordance with the "Directions Governing the Scope of Reportable Major Contingencies, Reporting Procedures, and Other Compliance Matters" issued by the Financial Supervisory Commission, and has adopted a

"Mechanism for Handling Major Contingencies." O-Bank experienced two major contingencies in 2023, one is operational risk contingency and the other is information security contingency. Corrective action measures have already been adopted for both of them. In one case, the corrective actions are still under implementation, and are scheduled for completion on September 30, 2024.

3.5 Information Security

3.5.1 Information Security Management Policy

To ensure proper implementation of the information security management system and exactly implement of the information security operations, the O-Bank Board of Directors has adopted an Information Security Policy, the O-bank Information Security Department is responsible for information security, and the Chief Information Security Officer coordinates the promotion of information security policies and the deployment of resources throughout the Bank. In addition, O-bank established an "information security promotion team" and an "information security implementation and examination team." Convened by the Head of Information Technology Division, the information security promotion team is responsible for supervising and deciding on matters related to the information security management system. The team convenes each half-year to examine the implementation status of the information security management system and provide needed resources, and it met twice in 2023. It must, on an annual basis, have its Chairperson, President, Head of Auditing Division, Head of Legal & Compliance Division, and Chief Information Security Officer jointly issue the internal control system statement and submit it to the Board of Directors and senior management, which are responsible for oversight. In addition, O-Bank has also retained an information security professional to serve as an information security consultant and provide us with appropriate and professional information security policymaking advisory opinions.

O-Bank the information operations comply with applicable laws and regulations on information security, O-Bank sets the information security policies and goals, adopts implementation and maintenance measures, reviews and amends policies, regulations and risk assessment. Following the PDCA (Plan-Do-Check-Act) cycle in an ongoing effort to improve and strengthen all relevant aspects. O-Bank received the ISO 27001 certification for the information security management in 2017, and completed recertification the three-year cycle in 2022. The scope of the ISO 27001 certification exam in 2023 has been expanded to include all of O-Bank's application systems and information infrastructure (including the data center). As a result, the ISO 27001 certification include 100% of O-Bank's information units. O-Bank retains an impartial third-party to conduct a re-inspection every year to maintain the continued validity of the ISO 27001 certification, ensure effective operation of the information security management system, thoroughly implement it in the course of routine business operations, raise the level of information security, and safeguard the security of customer information.



O-Bank obtains ISO 27001 Certification for its Information Security Management System

O-Bank's information security goals are as follows:

- Ensure the confidentiality of information assets by enforcing control of access to information, and by requiring that only authorized personnel are given such access.
- Ensure the completeness of information operations management to prevent unauthorized alteration.
- Ensure the continuous functioning of information operations.
- Ensure the compliance of information operations with applicable laws and regulations.

3.5.2 Protective Measures for Information Security

O-Bank has acquired information security tools and established information security controls to maintain and strengthen the protection of the information security. To ensure the security of the information environment, O-Bank has installed the following: an antivirus software system, double-layer firewalls, intrusion prevention system, file and server access control, network traffic anomaly detection system, automatic updating of patches, website links control, instant messaging control, email filtering, control of USB devices, data leakage prevention, database monitoring, control of mobile devices, privileged accounts management, two-factor authentication, notebook hard disk encryption, advanced persistent threat (APT) prevention, protection against distributed denial-of-service (DDoS) attacks, endpoint detection and response, network detection and response system, and vulnerability tracking and management system. As for application systems, O-Bank already has scanning tools for source code, website, open source code and online testing methods. At the same time, in order to reduce the losses that could result from electronic equipment damage, O-Bank purchases "electronic equipment damage insurance" each year, and when a sudden accident damages or destroys electronic equipment, this insurance can mitigate the risk of indemnification for which the Bank might be liability due to an interruption to business operations. In 2023, O-Bank's information security expenses (including software and hardware licensing expenses, and personnel training expenses) came to NT\$78.32 million (approximately US\$2.51 million), accounted for 9% of the total information budget.

Each year O-Bank retains a third-party professional information security organization to evaluate the information security of computer systems and mobile apps, so as to strengthen the security of network communications, computer systems, IoT equipment, and various applications. This organization's evaluation includes, for example, scanning of O-Bank servers for vulnerabilities, system penetration tests, the staging of mock hacker attacks to analyze the types of hacker attacks that the Bank might face and where our systems might be vulnerable. Matters receiving attention in information system security assessments include the following: inspection of information architecture; inspection of network activity; testing of network equipment, servers, terminal equipment, and IoT devices; customer-end application programs; inspection of security settings; compliance inspections; and social engineering drills. Mobile app security analyses (which are conducted in accordance with the "Basic Security Testing Baseline for Mobile Applications" issued by the Industrial Development Bureau, Ministry of Economic Affairs) involve analysis of the information security technologies on both mobile apps and at the server end. As for professional development for company personnel, O-Bank performs periodic education, training, and e-mail awareness activities to help employees better understand the importance of information security, related threats, and legislative trends. O-Bank also performs annual social engineering drills for all employees. After the 2023 drills, 0.08% of phishing emails were opened, 0.71% of email links were clicked into, and 0.27% of email attachments were opened. Employees who failed to handle emails in accordance with the social engineering drills were provided additional training and re-tested to make them more alert to phishing attacks. In addition, personnel in O-Bank's information department in 2023 obtained a total of 24 international information security certifications to continue improving their information security technical proficiency. Also, to coordinate with the "Financial Information Security Action Plan" issued by the Financial Supervisory Commission, O-Bank has adopted the Cybersecurity Assessment Tool (CAT) of the US Federal Financial Institutions Examination Council (FFIEC) to conduct information security maturity evaluations, and on the basis of the evaluation results we have carried out periodic reviews and taken corrective actions.

O-Bank periodically conducts internal cyber risk assessment to identify cyber risks and understand the degree of risk to which each type of cyber asset is exposed. Factors considered include cyber asset value, vulnerabilities, threats, internal issues, external issues (including legislation, major information security incidents, high-tech changes, and changes in industry), and the needs of stakeholders. O-Bank also takes

appropriate security defense measures to mitigate cyber risks. O-Bank also conducts internal information security tests and vulnerability scans in order to quickly discover system vulnerabilities and resolve them, and at the same time we make use of outside information and case studies to review and assess our own internal vulnerabilities and risks and set up defenses.

3.5.3 Information Security Drills

When the company's information system suffers under the malicious attack, employees must be able to immediately report the problem, handle it, and minimize the impact of disasters. To improve our emergency response capabilities, O-Bank performs annual information security drills focusing on distributed denial-of-service (DDoS) attacks, malware attacks, and leaks of personal information, as follows:

- Distributed denial-of-service attack drills: O-Bank and ISP (Internet Service Provider) each year conduct distributed denial-of-service attack drills to ensure that employees are familiar with contact persons in each other's organizations, who is authorized to do what, and proper procedures. O-Bank also amends our Distributed Denial-of-Service Attack Response Plan in due course.
- Malware attack drills: O-Bank conducts annual malware attack drills to raise employees how to recognize the malware attack upon a personal computer or server, report it, isolate and handle the problem, and restore the equipment to proper working order.
- Drills for handling leaks of personal information: Each year, O-Bank simulates different personal information leak scenarios. Depending on the scope and degree of the impact, more departments may be invited to take part in a drill. Post-drill discussions are held to ensure that employees are fully familiar with response procedures so that they can respond rapidly during the next drill or in the event of an actual incident.

O-Bank has adopted information security incident reporting and handling procedures, and has set up a rating system to distinguish between information security incidents of differing degrees of severity. After the information security response unit receives an information security incident report, it resolves the information security incident within the mandated time period, and after handling the incident it conducts a cause analysis and takes corrective action to prevent recurrence of the information security incident. In 2023, O-Bank experienced one information system irregularity, which upon investigation was found to have been caused by a software malfunction rather than a hacker intrusion or a virus infection. The incidents did not cause any loss of Bank information or customer data, nor did the Bank receive any sanctions or incur any monetary loss due to any litigation connected with customer data protection matters.

3.6 Tax Governance

3.6.1 Tax Policy

Acting in a spirit of tax compliance and fulfillment of sustainability responsibilities, O-Bank implements tax strategies, manages tax costs, and effectively manages tax risks. We have established a sound tax management system and tax governance culture, fulfilling our obligations as a socially responsible corporate citizen. O-Bank's tax governance policy is as follows:

- Comply with the tax legislation in every jurisdiction where O-Bank operates, correctly calculate tax liabilities, and pay tax returns within the legally prescribed time period.
- Attach importance to actual economic conditions, treat actual economic output as the basis for calculation of tax liabilities, avoid erosion of the tax base, refrain from using a tax framework designed to seek tax avoidance, and refrain from transferring profits to low-tax jurisdictions or tax havens for the purpose of tax avoidance.

- Transactions with related parties are conducted at arm's length, shall be compliant with the tax legislation in every jurisdiction where O-Bank operates, and O-Bank shall prepare transfer pricing documentation for the purpose of complying with transfer pricing regulations.
- With respect to changes in tax legislation (whether it is the tax legislation in every jurisdiction where O-Bank operates or is international tax legislation), O-Bank shall be able to conduct comprehensive and detailed evaluations of the impacts of such changes, and be able to quickly develop response measures in order to properly limit the scope of tax risks and achieve the goal of sustainable corporate development.
- While ensuring that the Policy complies with the tax legislation in every jurisdiction where O-Bank operates, O-Bank shall carry out appropriate tax planning to prevent double taxation, lower tax costs, and enhance shareholder value.
- Abide by financial reporting standards and related legal requirements, periodically disclose tax information to stakeholders in financial reports and other public information to ensure the transparency and openness of tax information.
- Maintain open communications with tax authorities, proactively participate in tax seminars by providing practical perspectives and insights of the industry, and provide any support which is beneficial to the tax environment and taxation system.
- Conduct ongoing training to cultivate talent and enhance professional tax expertise.

The Board of Directors is the ultimate decision-making authority for O-Bank's tax risk management mechanisms. The Board of Directors approves overall tax governance policies to ensure the effective implementation of tax management mechanisms. The Finance and Accounting Department is O-Bank's tax management unit. It is responsible for ensuring that taxes are properly handled, reported, and paid by due dates, and that related documents are properly retained. It also prepares reports on major tax matters and submits them from time to time to the Board of Directors.

3.6.2 Tax Governance and Communication

In order to manage tax risks, O-Bank's Finance and Accounting Department conducts semi-annual compliance self-assessments and quarterly self-audits to ensure that taxes are filed and paid in accordance with the law. O-Bank personnel engaged in tax matters continue are subsidized for external training and conferences so they can broaden their tax knowledge and effectively implement the tax agent system, thus taking advantage of their experience while keeping their abilities up to date and reducing tax risks. The terms and conditions for transactions between O-Bank and related parties are the same as those for transactions with non-related parties. O-Bank's transactions are thus conducted at arm's length, are compliant with host-country legislation, and are supported by proper transfer pricing documentation to demonstrate compliance with transfer pricing rules. For more detailed information on O-Bank tax matters in different tax jurisdictions in 2023, see Table 3-11.

O-Bank prepares our financial reports in compliance with International Financial Reporting Standards (IFRSs) as approved and issued by the Financial Supervisory Commission, and discloses tax information to stakeholders to ensure transparent and open tax information. As for communication on tax matters, O-Bank provides diverse and convenient communication channels, and has special-purpose contact windows and email addresses for different types of stakeholders to make it easier for them to provide their views regarding tax matters. To maintain open lines of communication with tax authorities, in addition to consulting with the tax authorities regarding questions about routine tax matters, O-Bank personnel engaged in tax matters also take active part in conferences held by tax authorities in order to learn more about tax matters and to have opportunities to communicate face-to-face with tax authority



Tax Policies

personnel. O-Bank has also joined the Bankers Association Of The Republic Of China and the Taiwan Securities Association in order to participate in discussions on tax issues and express our views and recommendations.

Table 3-11: Detailed Information on O-Bank Tax Matters in Different Tax Jurisdictions in 2023

Unit: NT\$ million

Tax Jurisdiction	Main Activity	Number of Employees (Note 2)	Standalone Net Revenue	Income from Sales with Third Parties	Income from Internal Sales	Income before Income Tax	Tangible Assets other than Cash and Cash Equivalents	Income Taxes Paid in Cash	Income Taxes Payable
Taiwan	Banking	1,090	4,782	4,761	21	1,516	2,384	206	0
Hong Kong	Banking	105	2,085	1,772	313	1,285	22	30	221
Mainland China	Non-profit business activities	3	0	0	0	0	0	0	0
Total		1,198	6,867	6,533	334	2,801	2,406	236	221

Note 1: References to "O-Bank places of business throughout the world" include places of business in Taiwan, Hong Kong (the Hong Kong Branch), and mainland China (the Tianjin Representative Office).

Note 2: The term "number of employees" in this Table includes O-Bank's 12 directors.

Note 3: O-Bank's adjusted effective tax rate for 2023 was 20.49%, roughly equal to Taiwan's income tax rate of 20%.

Note 4: Due to the special characteristics of the financial industry, the term "standalone net revenue" in this table means "operating revenues."

Table 3-12: Tax Matters in Different Tax Jurisdictions in 2023 for O-Bank Group (Including Subsidiaries Included in Consolidated Financial Statements)

Unit: NT\$ million

Tax Jurisdiction	Name of Company	Main Activity	Number of Employees (Note 1)	Consolidated Net Revenue	Income from Sales with Third Parties	Income from Internal Sales	Profit before Income Tax	Tangible Assets other than Cash and Cash Equivalents	Income Taxes Paid in Cash	Income Taxes Payable
Taiwan	O-Bank	Banking	1,260	6,335	6,297	38	2,565	2,461	438	123
	China Bills Finance	Brokerage, dealing, and underwriting of bonds and bills								
	IBT Management Corporation	Investment consulting								
	IBT VII Venture Capital Co.	Venture capital investing								
Hong Kong	O-Bank Hong Kong Branch	Banking	105	2,085	1,772	313	1,285	22	30	221

Tax Jurisdiction	Name of Company	Main Activity	Number of Employees (Note 1)	Consolidated Net Revenue	Income from Sales with Third Parties	Income from Internal Sales	Profit before Income Tax	Tangible Assets other than Cash and Cash Equivalents	Income Taxes Paid in Cash	Income Taxes Payable
USA	IBT Holdings Corp. and its subsidiary, EverTrust Bank	Holding company and bank	98	1,124	1,124	0	179	35	207	192
Mainland China	O-Bank Tianjin Representative Office	Non-profit business activities	3	0	0	0	0	0	0	0
Total			1,466	9,544	9,193	351	4,029	2,518	675	536

Note 1: The term "number of employees" in this Table includes O-Bank's 12 directors, and another 14 directors who are not currently employed at O-Bank (including eight directors from China Bills Finance Corporation, one from IBT Management Corporation, and five from IBT Holdings Corp. and its subsidiary).

Note 2: Due to the special characteristics of the financial industry, the term "consolidated net revenue" in this table means "operating revenues."

Table 3-13: O-Bank Effective Tax Rate in 2022 and 2023

Unit: NT\$ thousand

Item		2022	2023
Consolidated income before tax (A)		6,617,226	4,028,740
Income tax expenses (B)		808,871	602,681
Effective tax rate = (B)/(A)		12.22%	14.96%
Adjustments (C)	Adjustments of timing differences	89,600	-5,628
	Adjustments of tax-exempt realized gain on investment	-33,044	-63,373
	Adjustments of tax-exempt income and other	-1,001,511	-279,598
Adjusted effective tax rate = (B-C)/(A)		26.50%	23.61%
Amount of income taxes paid in cash (D)		795,671	675,122
Cash tax rate = (D)/(A)		12.02%	16.76%

Note: The reason for the difference between the O-Bank's group's tax rate with the average effective tax rate for the banking industry of 21.29% and the average cash tax rate for the banking industry of 19.94% which provided by the Global Industry Classification Standard (GICS) are described as follows:

1. Taiwan's income tax rate is 20%, which is slightly lower than the average effective tax rate for the banking industry provided by the Global Industry Classification Standards (GICS). In addition, under Taiwan tax legislation, certain types of income, like gains from securities transactions and domestic dividends income, are tax-exempt, therefore the tax rate is lower than Taiwan's statutory tax rate. The adjustments in 2022 came to NT\$-944,955,000. In 2023, the adjustments came to NT\$-348,599,000.
2. Adjustments of timing differences: These were mainly temporary differences of recognition of unrealized gains on investments in foreign subsidiaries. The tax impact of timing differences in 2022 came to NT\$89,600,000; unrealized temporary differences arising from deferred income taxes resulted in a tax impact of timing differences of NT\$-5,628,000 in 2023.
3. Adjustments of tax-exempt realized gain on investment refers to tax-exempt income under Taiwan tax legislation, including gains from securities transactions and domestic dividends income, etc.

4. Customer Service



4.1 Financial Services and Innovation

4.1.1 Enhanced Financial Services

1. Corporate Finance Services

O-Bank offers corporate clients an e-banking platform, which includes a unique integrated security tool that includes the five major features: "scalable security management," "to-do lists," "integrated balance & transaction report," "my favorites," and "alerts/notifications." Adequately taking into account both convenient and secure transactions, O-Bank creates the solutions which could let our customers carry the bank wherever they go. In addition, the e-banking platform has also launched at Hong Kong Branch and the service is available to both corporate and retail customers.



O-Bank Corporate e-Banking Services

O-Bank corporate customers can use the e-banking platform to carry out integrated payment/collection services, and access to the real-time account & transaction reports. The customers can also use this single platform to integrate cash flows, and easily complete cross-border and supra-regional transactions. These features have efficiently reduced customers' costs and improved the benefit of their capital utilization. In addition, O-Bank offers Automated Clearing House (ACH) services, which enable our clients to carry out regular, multiple, and small amount payment/collection services. Customers can easily make inquiries online, e.g. check on the progress of third-party collection and payments, track the progress of seal/signature verifications, and view transaction reports.

O-Bank's corporate e-banking platform enhances each year to reach corporate customers' business requirement. For example: (a) a brand new online payroll service enables customers to schedule individual or batch salary payments on either weekdays or weekends, and simultaneously help by transmitting salary details for the reference of corporate customers and their employees; (b) a faster and more efficient payment/collection services through which multiple large-amount transactions can be completed in a short period of time; (c) a newly launched corporate virtual account and convenience stores funds collection service provide customers with multiple payment receipt channels, which help customers identify the sources of funds and make the reconciliation and funds collection more efficiently; and (d) security control components have been upgraded and support multiple browsers and operating systems. In these and other ways, O-Bank continues to provide corporate customers with secure and convenient corporate e-banking services.

To enable corporate customers to obtain real-time access to account and related information, O-Bank communicates with corporate customers via the "e-Advice" automated messaging service. With the integration of communication, payment, and service channels, this system provides corporate customers with over 90 types of business information, including account reconciliation statements, transaction vouchers, and ordinary notifications. Corporate customers have the option of activating automated Email notifications, which keep them constantly up to date on account information while cutting down on the consumption of paper-based documentation.

In addition to launching a Corporate Internet Banking service and an "e-Advice" automated messaging system, which enable corporate customers to conduct transactions and check account information at any time and place, O-Bank also provides a wide range of flexible corporate deposit programs that cater to large, medium, and small size enterprises with preferential deposit rates that could be customized to meet the requirement of customers. In addition, in response to government policies and market conditions, O-Bank also launches NTD and USD special rate schemes when appropriate to meet the needs of customers who hold large amounts of funds. In this manner we enhance relationships with customers and develop stable and lasting sources of funds.

In addition, O-Bank assumes buyer credit risk and engages in accounts receivable management to meet the need for accounts receivable services that arises for corporate customers in connection with their provision of products and services. Where customers have questions about accounts receivable services, O-Bank provides explanations and suggestions, and makes inquiries regarding buyer credit limits and transaction histories; for factoring service customers, O-Bank provides online accounts receivable transfer and inquiry services so that customers can have real-time access to account information.

2. Retail Digital Financial Services

O-Bank has relied on digital financial technology to build up the first native digital bank in Taiwan. Through mobile devices, customers can use multiple types of financial services online, including fully online account openings, fully online applications for loans, online purchasing of shares in investment funds, upgrading of digital accounts, and currency exchange. All such transactions can now be completed online, thus saving customers the time it takes to travel to a bank branch and wait in line at a service counter. In addition, O-Bank

offers customers a wide range of convenient account transfer options. Besides using QR Codes and the "shake to connect" function to complete account transfers, once a customer's mobile phone number has been linked to their O-Bank deposit account number, inputting the phone number is all it takes to make a deposit or transfer funds to their O-Bank account. This has greatly increased the convenience of account transfers.

O-Bank continues to develop innovative app functions to satisfy customers' different daily needs: (a) With the O-Bank Red Envelope function, customers can use their mobile phones to send cash-filled "red envelopes" as gifts to friends and relatives. And now, for the first time, these red envelopes can even be sent to people without an O-Bank account. (b) Applications can now be submitted online to open foreign exchange accounts. At any hour of the day or night, customers can use their O-Bank mobile app to apply to open a foreign exchange account. Customers can buy and sell 12 different foreign currencies online 24 hours a day. The app also has a price alert function that keeps customers instantly updated on foreign exchange rate movements. (c) With parent-child accounts, the O-Bank accounts of parents and children are linked to each other so that the parents can use the O-Bank app to check the details of their child's spending activity and account transactions in real time, and set limits on the amounts that their child can withdraw or transfer, and limit the amount of their child's debit purchases.



*O-Bank QR Code
shake-to-pay function*



*O-Bank online Red
Envelope function*



*O-Bank online currency
exchange function*

O-Bank has also launched many new tools for payment of bills and fees. Customers can use the O-Bank app to pay electricity bills, water bills, gas bills, phone and Internet bills, fuel taxes, parking fees, and credit card bills. And to help with customers' bookkeeping tasks, the O-Bank app has a payment management function that can be used to present information on the nature and amount of all expenditures by customers, and by integrating account transactions, debit card purchases, and iPass Card tap purchases, the items of expenditure are automatically categorized.



O-Bank online bill payment function



O-Bank payment management function



O-Bank customers can download their passbook cover page and detailed information on the most recent three months of account activity

To meet the needs of customers for a wide variety of payment options, O-Bank has joined the EMV standard (EMV stands for Europay, Mastercard, and Visa), and now customers can easily make payments by using the O-Bank app to scan the QR Codes of participating merchants. In addition, to make it easier for customers to obtain proof of financial capacity, instead of showing up in person at a service counter, customers can directly use the O-Bank app to download their passbook cover page and detailed information on the most recent three months of account activity, thus saving time.

4.1.2 Financial Innovation

1. Online Unsecured Loans 2.0

To make it faster and more convenient for customers to apply online for unsecured loans, O-Bank continues to optimize our process for the submission of online applications for unsecured loans. Someone who is not an existing O-Bank customer can directly apply online for an unsecured loan without the need to apply a deposit account first. Besides simplifying the application procedure and reducing interruptions, this approach also shortens a customer's wait for needed funds. In addition, since September 2023, a depositor holding a C3 software certificate issued by O-Bank who applies for a loan no longer needs to upload proof of financial capacity because the Bank's system will automatically obtain data on the customer's personal income and labor insurance status from the Joint Credit Information Center. This greatly simplifies the loan application process and accelerates the credit check. At the same time, in order to provide customers with enhanced convenience, O-Bank introduced an automated funds disbursement function. After a loan has been approved, customers can go online to select the time when the funds will be disbursed, and the time of disbursement is not limited to the bank's business hours, which means that customers' need for funds can be met right away. To continue to provide a convenient and safe user experience, O-Bank incorporates the optimization of the online loan application process into the annual performance review of internal units to ensure that they will continue seeking to enable customers to handle their banking business more efficiently.

Besides working to establish a more efficient online loan application process, O-Bank also continues using innovative technologies to improve our internal operations and risk controls. O-Bank has adopted an online loan application process that employs optical character recognition (OCR) business card recognition technology that can automatically fill in customers' information from their business cards (which ensures more accurate input of information) and an online video chat function (which enables

O-Bank to check the reasonableness of an IP address, mobile phone number, or Email address used by a customer to apply online for a loan, and can lower the risk of impersonation) to provide customers with more convenient and secure loan applications. These technologies provide customers with the best loan service, because it is more convenient and risks are effectively controlled.

2. Robo-advisor Service for Investments

To achieve financial inclusion, O-Bank set an industry first in 2017 with the launch of a robo-advisor service that employs big-data algorithms to generate recommendations on what to trade and when, with each customer's risk tolerance and investment preferences factored into the algorithm to ensure an appropriate portfolio.

Customers can freely choose lump sum investments or dollar-cost averaged investments, and for NT\$1,000 can

make use of our robo-advisor service. The availability of such low-threshold investment services helps to achieve financial inclusion. As of end 2023, 1,477 O-Bank customers between the ages of 18 and 22 opened trust accounts, and 166 of them have agreed to the terms of using robo-advisor service. Since the launch of the robo-advisor service, O-Bank has also introduced a "Dividend Robot" and made use of a robo-advisor service backed by funds industry leader Allianz Global Investors to meet the varied financial planning needs of investors. O-Bank has also begun accepting payment in foreign currencies for robo-advisor services. In addition to US Dollars, O-Bank was the first in the industry to accept payment for Dividend Robo-advisor services in South African Rand.



O-Bank robo-advisor service provides a wide range of financial planning approaches based on investor preferences

3. "Consumer Spending Carbon Calculator" Function

In recent years, the issue of climate change and the carbon reduction trend have attracted constantly increasing concern. In addition to what governments and companies are doing to reduce carbon emissions, O-Bank believes that ordinary consumers also have the ability in the course of their everyday spending to reduce the carbon emissions generated by their purchases. In 2022, O-Bank launched the first "Consumer Spending Carbon Calculator" function in Taiwan, adopted Mastercard's Carbon Calculator, and began accessing Mastercard's big data database, thus enabling O-Bank, based on the item purchased and the amount spent by customers, to estimate the approximate carbon footprint of each debit card purchase. All O-Bank customers holding a Mastercard debit card can use the "Consumer Spending Carbon Calculator" function free of charge to conveniently peruse the carbon footprint of every single debit card purchase. This function helps to raise the awareness of consumers of the need to reduce carbon emissions.

4. "Transportation Carbon Reduction" Function

Apart from cooperating with Mastercard to launch a "Consumer Spending Carbon Calculator" function, O-Bank has also collaborated with iPass Card in 2024 to introduce a "Transportation Carbon Reduction" function, making O-Bank the first bank in Taiwan to use the iPass Card GHG emissions database to calculate the emissions one saves each time one uses public transportation instead of driving an ordinary vehicle. In addition, O-Bank has also used its "Transportation Carbon Reduction" function to launch a

Transportation Carbon Reduction Card, the first such card in Taiwan for which cashback rewards are based on GHG emission reductions. The idea is to encourage cardholders to use public transportation, thus contributing to environmental preservation.

4.2 Service Quality and Customer Experience

4.2.1 Treating Customers Fairly

1. Principles of Fair Treatment of Customers

To ensure that customers are treated fairly and reasonably during the provision of financial products and services, and to continue improving the implementation of the Principles of Fair Treatment of Customers, O-Bank in November 2020 adopted the "Organizational Charter for the Committee on Fair Treatment of Customers" and established the Committee on Fair Treatment of Customers. The Committee is chaired by O-Bank President and is responsible for overall planning regarding the Principles of Fair Treatment of Customers and their implementation. The Committee also reports to the Board of Directors on the implementation of the Principles and the results of implementation assessments. The Board of Directors oversees the work of the Committee and provides suggestions when appropriate. In addition, O-Bank has also adopted a set of "Principles and Rules of Fair Treatment of Customers" to provide guidelines to O-Bank's various units in protecting financial consumers, and to internalize customer fair treatment as an element of O-Bank's core corporate culture.

To demonstrate our commitment to the Principles of Fair Treatment of Customers, O-Bank's Committee on Fair Treatment of Customers meets regularly to review the state of implementation of the principles. The Committee convenes for a routine meeting once per quarter to review customer complaints, success in preventing financial fraud, cases involving operational risk, and related education and training activities in order to ensure that O-Bank, in providing products and services, can treat its customers fairly and reasonably. In addition, the Committee also convenes for at least one annual meeting per year to evaluate how well O-Bank's principal units have performed in developing and implementing customer fair treatment practices, and to conduct an annual review. The Committee on Fair Treatment of Customers held an annual meeting on February 5, 2024 to review the results of the assessment of O-Bank's implementation of the Principles of Fair Treatment of Customers in 2023, and submitted a report to the Board of Directors on April 9, 2024.

To raise the awareness of directors and all employees regarding the need for fair treatment of customers, O-Bank in 2023 held a course in "ethical best practices and fair treatment of customers" for all members of the O-Bank Board of Directors. To help the directors develop a better understanding of the actual implementation of fair treatment of customers so they can make sure that the Bank's various units properly see to the needs of underprivileged people as those units go about providing financial products and services, we took advantage of the course to discuss real cases and provide illustrations of ten principles for fair treatment of consumers, including the following: adequacy of contractual disclosures, fairness of pricing and charges, implementation of Know Your Product (KYP) procedures, attaching proper importance to safeguarding the interests of underprivileged and disabled financial consumers, considering the needs of the elderly and the disabled from design through sale, and proper handling and reporting of customer complaints. In 2023, O-Bank completed employees awareness campaigns and training activities focusing on the "Financial Consumer Protection Act" and the "Principles and Rules of Fair Treatment of Customers" by online courses focusing on compliance self-assessments and the "Financial Consumer Protection Act" in order to strengthen employees' understanding of the fair treatment of customers, and to call on them to act accordingly.

2. Friendly Financial Services

To continue improving customer-friendly financial services and to establish a corporate culture that from top-to-bottom values friendly financial services, the O-Bank Board of Directors approved the "O-Bank Guidelines for Friendly Banking Services." The Operation Planning Department is in charge of ensuring friendly financial services. This Department is responsible for conducting friendly financial services and overseeing the work of the Bank's various units to ascertain that the services they provide are customer-friendly, and it periodically reports on such matters to the Committee on Fair Treatment of Customers. This Committee also submits an annual report to the Board of Directors.



O-Bank real time customer interaction



O-Bank Friendly Online Banking App

Persons with disabilities enjoy reduced service charges when they make an interbank cash withdrawal, and O-Bank provides a 24-hour customer service hotline, a video call customer service line, and a text chat service (08:00~24:00 on business days) to attend to persons with special needs. For example, visually impaired persons can call our customer service hotline at any time of the day, and our customer service personnel will help them to check their account information or help them with questions about how to make use of barrier-free online banking. The hearing-impaired can use online texting to The hearing-impaired can use online texting, or communicate via text during video customer service sessions. In addition, a hearing-impaired customer who visits a bank branch can communicate via text or via a sign language interpreter in a video chat.

In addition, O-Bank also provides barrier-free websites and barrier-free online banking services, and has obtained an A-class web accessibility accreditation badge from Taiwan's Ministry of Digital Affairs. While paying balanced attention to the needs for information security and consumer interests, with respect to services that are often used by persons with disabilities, senior citizens, and other persons who have difficulties making use of digital technologies, O-Bank enables customers to check account information, transfer NT dollars, change user IDs and passwords, and check interest rates and exchange rates. O-Bank conducts inspections each year to check how useful various signs are, periodically reports on such matters to the Committee on Fair Treatment of Customers to make sure the Bank's digital services meet the needs of disadvantaged groups, and that they help to resolve the digital gap. Moreover, anyone with a special need may also go to an O-Bank business lobby or a branch office and have an account opened by service personnel. With respect to physical banking locations, O-Bank assures that the barrier-free facilities at its places of business all conform with the "Design Code for Barrier-Free Facilities in Buildings" and the "Procedures and Approval Principles for Alternative Improvement Plans to Fit Existing Public Buildings with Barrier-Free Facilities" issued by the Ministry of the Interior's Construction and Planning Agency. O-Bank has also installed service bells at the entrances/exits to its business lobbies and installed "barrier-free service counters" whereby the height of cash counting machines on tables are modified so that persons with disabilities can watch cash counting machines while they are in operation.

O-Bank, acting in compliance with the "Self-Regulatory Rules for Fair Treatment by Banks of Elderly Customers," adopted a set of measures for fair treatment of elderly customers, including identification of who constitutes elderly customers, adoption of customer service procedures, adoption of measures to prevent exploitation or swindling of elderly customers, provision of customer-friendly services, and optimization of elderly customer complaint handling procedures. O-Bank also maintains a record of its implementation reviews to ensure the effectiveness of related service procedures and policies. In addition, O-Bank also launched a preferential loan program for female borrowers to provide for their funding needs at key points in life, such as marriage, childbirth, advanced studies, and business startups. In 2023, there were 265 applications submitted for preferential loans for female borrowers, and funds were disbursed for 35 loans totaling NT\$3.88 million.

In order to provide non-citizens with friendly, barrier-free financial services, O-Bank's 24-hour customer service hotline, video call customer service line, and text chat service (08:00~24:00 on business days) are all available in bilingual format. The website also has an English-language version that customers can use to check account information, transfer NT dollars, and change user IDs and passwords. And to create a customer-friendly bilingual financial services environment, O-Bank has established many bilingual branches that handle many services bilingually, including: most frequently used office forms are available in bilingual versions; there is a special English-language service counter; and we have translation devices that can handle multiple languages. In addition, the 16 different types of forms (e.g. account opening application forms, digital account upgrade application forms, proof of employment certificates, foreign currency outward remittance application forms, and the English Name Certification for Customer Information File) often used by foreign customers are all provided in bilingual format for the customers' convenience. Bilingual branches currently account for 100% of all O-Bank branches.



O-Bank Friendly Online Banking



O-Bank Bilingual Account Opening Application Form

4.2.2 Disclosure of Product Risks

1. Strengthened the Product Suitability System

O-Bank values customer needs and service quality, has long worked to cultivate the abilities of our professional traders, and provides tailor-made financial products designed with an eye to market conditions and customer characteristics. To develop a thorough understanding of each customer's financial status, investment experience, investment goals, ability to assume risks, the degree of their product understanding, and other such characteristics, as well as the suitability of a transaction involving the financial products to be traded, O-Bank has adopted a Know-Your-Customer (KYC) system to confirm the risk bearing capability of customers and product suitability, safeguard customer interests, ensure smooth trading operations, recommend financial products that match customers' risk tolerances, implement Know-Your-Customer procedures, and evaluate what level of level of risk in a financial product is tolerable to each customer.

With respect to young and old age cohorts, O-Bank will step up examinations of product suitability. Where loan products are concerned, other than ordinary questions regarding implementation of the KYC system in compliance with regulatory requirements, O-Bank's "Rules for Management of Consumer Lending

Department Loan Officers" require loan officers to ask loan applicants why they are seeking a loan, how they intend to use the proceeds, and whether they have the ability to make the monthly payments in order to confirm that a particular loan product meets the needs of young or old customers. And to help customers clearly understand the terms and potential risks of loans, O-Bank, in addition to using bold typeface and text in different colors within the body of a contract to call the customer's attention to important matters, also trains its loan officers to use simple and easily understood language to provide a comprehensive explanation of a contract's content, including the actual terms and conditions of the loan as underwritten and the amount of monthly payments. Loan officers also provide detailed disclosures of potential risks, and leave the customer ample time to consider whether or not they wish to apply for a loan. Audio recordings are made of all communications between a loan officer and a customer, and are checked monthly. If any impropriety is discovered, e.g. if a comprehensive explanation of the contract's content is not provided, the loan officer will be required to fill out a form to explain the reason for the impropriety. The matter will continue to be monitored to check whether corrective action has been taken.

In the area of investment and wealth management, O-Bank has adopted a set of "Guidelines for Treatment of Elderly Customers by Wealth Managers," which require that when serving an elderly customer, a wealth manager must fully understand the customer's health condition, daily routines, financial status, level of education, and ability to obtain financial services, and then make sure to provide products that are suitable to the needs of the elderly person. In addition, when an elderly customer purchases a wealth management product or conduct a fund switch transaction, an O-Bank wealth manager has to fill out a "Product Suitability Checklist for Elderly Customer." The content of the checklist will include the following: Does the "number of years to product maturity" plus "customer's age" amount to less than a certain threshold? Do the product's terms and conditions include an early termination penalty? Is the product characterized by low liquidity? Is it a new-type product, or highly complex? Is it a high-risk product? Are there other special product risk matters that need to be noted? After that, the wealth manager has to submit the checklist to the wealth management supervisor or another supervisor, who will review the checklist and assess its reasonableness. If the supervisor concludes that there is risk, the supervisor will contact the customer again by telephone to check the purpose and necessity of the transaction. Only then may O-Bank assist the customer in carrying out the business. With respect to a young customer, O-Bank, acting in compliance with the provisions of the "O-Bank Know-Your-Customer (Natural Person) Guidelines" and on the basis of the customer's level of education, income, investment experience, risk appetite, and other such factors, must make a judgment regarding the customer's investment risk tolerance in order to provide a suitable investment product.

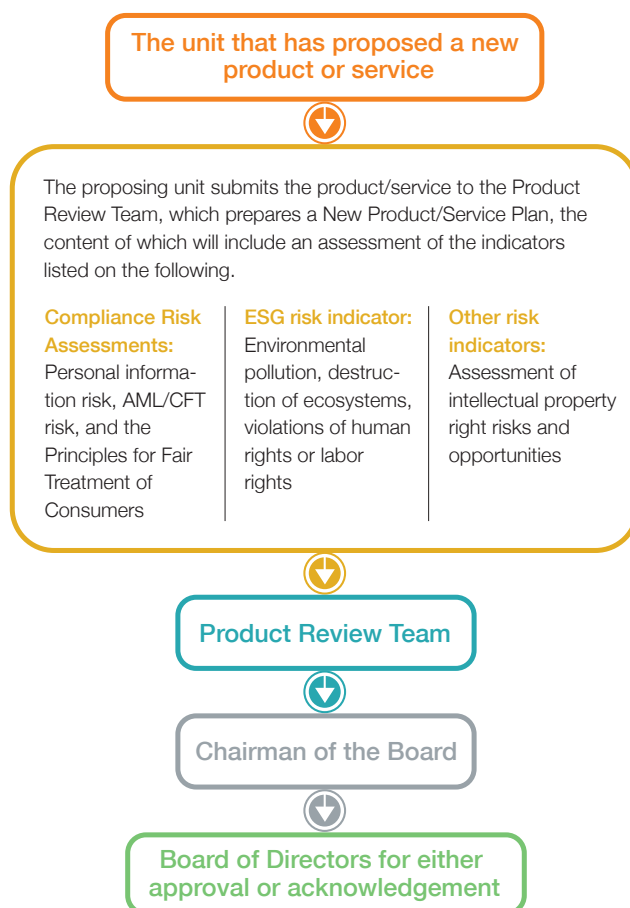
In order to ensure proper implementation of the product suitability system, O-Bank has adopted the following: "Rules Governing Suitability of Financial Derivatives," "Guidelines for Control of Financial Derivative Transaction Credit Risks," "Guidelines for Pricing of Financial Derivatives," "Guidelines for the Sale of Structured Products," "O-Bank Rules for the Establishment of a Commodities Review Panel and for Its Conducting Review," "O-Bank Guidelines for Financial Product Review," "Guidelines for Wealth Management Product Applicability," "O-Bank Know-Your-Customer (Natural Person) Guidelines," "O-Bank Know-Your-Customer (Legal Person) Guidelines," and "O-Bank Guidelines for Promotion of Wealth Management Business and Management of Customer Account Risks." In addition, O-Bank reviews its standards regarding the reasonableness of financial derivatives prices in order to prevent prices from getting away from the market and leading to transactions taking place at unreasonable prices. The idea is to safeguard the interests of customers and reduce customer complaints. All O-Bank financial products are compliant with applicable legal and regulatory requirements, and O-Bank has adopted comprehensive internal processes and legal compliance systems. All of our products and services have already undergone compliance assessments.

In addition to providing financial products on the basis of different customer types and needs, O-Bank has also adopted a set of "Guidelines for Sustainable Credit Policy in Consumer Finance," which require the Bank to conduct due diligence on all individual customers and carry out prudent assessments, avoid making loans to sensitive industries and industries that have social risks, e.g. businesses engaged in sex or pornography, gambling operations, or parties engaged in illegal fundraising. In 2023, O-Bank refused to extend loans to a total of 86 applicants who posed high social risks, e.g. customers employed in gambling establishments, pawn shops, informal lending firms, virtual asset firms, or special types of business. In addition, O-Bank conducts environmental risk assessments for housing loans cases, incorporating collateral depreciation due to physical risks such as flooding and sloped land into credit evaluations to manage loan-to-value ratios, and rigorously implements Know-Your-Customer (KYC) and Anti-Money Laundering (AML) policies. If the occupations of customers were identified as high risk in AML, the Enhanced Due Diligence (EDD) process should be taken, and the approval authority of the cases should be elevated to the next level. In 2023, there were 145 applications that were conducted EDD and 32 of them were declined.

In addition, to improve financial product design and service processes, the monthly meetings of the "Business Management Committee (BMC)" are chaired by O-Bank President, who coordinates with executive managers of all business divisions to regularly overview each business division's performance, including planning and evaluating the effectiveness of products and services as well as whether the needs of different customer groups have been taken into account. Through a top-down participation in the BMC, each business division optimizes the product and service in a timely manner to ensure a smooth overall operation. At the same time, to maintain the quality of products, O-Bank regularly reviews the suitability of specific products, collects and monitors customer opinions and market information to serve as reference as we work to improve our products. For example, for co-branded card products, we conduct annual product reviews and assess the financial status of firms that partner with us on various products in order to prevent our products from any adverse impact.

O-Bank has adopted a set of "Operating Procedures for Development and Approval of New Financial Products and New Lines of Business" to govern the launch of new products and lines of business, and has also established a Product Review Team that is composed of the supervisors of O-Bank's risk management, finance & accounting, legal, and operations units to ensure that each new product or new line of business undergoes a rigorous assessment before it is launched. The unit that has proposed a new product or service needs to draft a business plan for the new product or service, submit it to the Product Review Team for review, and as necessary must then convene a "new product/service review coordination meeting." The unit that has proposed a new product or service collects the opinions of the Product Review Team members, make adjustments, then submit them to the Chairman of the Board, then submit them to the Board of Directors for either approval or acknowledgement. The assessments of O-Bank's newly developed products and lines of business focus on such matters as: systems for identification, measurement, and management of risks; compliance assessments (regarding personal information risk, AML/CFT risk, and the Principles for Fair Treatment of Consumers); and internal control and audit systems. In addition, the assessments must also pay attention to environmental and social impact, and the associated risks (e.g. whether the products and lines of business involve environmental pollution, destruction of ecosystems, or violations of human rights or labor rights) in order to assure quality and ensure that stakeholder interests can be safeguarded when new products and new lines of business are launched.

Fig. 4-1: Procedure for Assessment of New O-Bank Products or Services



2. Full Disclosure of Product Information

To protect customers' rights and interests, the content of an O-Bank business contract and related documents has to be reviewed by the Legal & Compliance Division or an outside attorney to make sure that nothing violates mandatory and prohibitory legal provisions, and that the contract and documents are compliant with standard form contracts and any legal provisions regarding required and prohibited stipulations, so as to safeguard customers' interests. In addition, the important content of the business contract and related documents is all printed in bold or prominent colors, and O-Bank service personnel are asked to provide the customer with a detailed explanation regarding the important content of the contract, including interest rates, fees, and methods of collection, to ensure that the customer fully understands the financial product and associated risks.

In addition, O-Bank has adopted a set of "Guidelines for Advertisement Solicitation and Sales Campaigns," and all O-Bank advertisements, promotional materials, and videos must be carefully checked using the "Promotional Material Checklist for Advertising, Business Solicitations, and Sales Campaigns" and forwarded to the Legal & Compliance Division for review to ensure that the advertising contains no improprieties, misrepresentations, or any statements that would be misleading to consumers or in violation of applicable laws or regulations. And before a financial product marketing activity is launched, O-Bank provides its customer service and business units with education and training to ensure that they transmit correct information to customers. For example, to enable employees to better understand affinity cards, before launching a new affinity card or commencing related marketing activities, O-Bank always arranges comprehensive training that covers cooperation between O-Bank and non-profit organizations, donation frameworks, and customer rights and interests, so that employees can provide customers with adequate product introductions.

For corporate customers, O-Bank posts information on our website (on such matters as corporate credit, syndicated lending, trade financing, receivables factoring, securitizations, and trust services), provides prospectuses for financial instruments, and in our securities business provides prospectuses. Meanwhile, O-Bank makes disclosures on our website regarding deposits, lending fees, and fee standards for our trade financing and foreign exchange businesses so that corporate customers can obtain complete information on product characteristics, risks, and fees before entering into a transaction.

For retail customers, O-Bank has introduced the robo-advisor and fund services and provides funds information, prospectuses, investor brochures, and risk/return record on our website. Moreover, O-Bank discloses our fund fees and fee policies of our trust services to ensure customers can well-understand the whole picture of the product characteristics, risks, and fees before making an investment. O-Bank investment consultants have published financial education articles on a "Financial Management Classroom" section on the O-Bank website to help build customers' financial literacy. As for overseas bond products, when a customer subscribes to an overseas bond issue, O-Bank always provides the customer with the bond prospectus and our risk disclosure statement in order to clearly disclose and explain the terms of the bond issue and the related risks, as well as the financial management specialist will provide relevant financial knowledge.

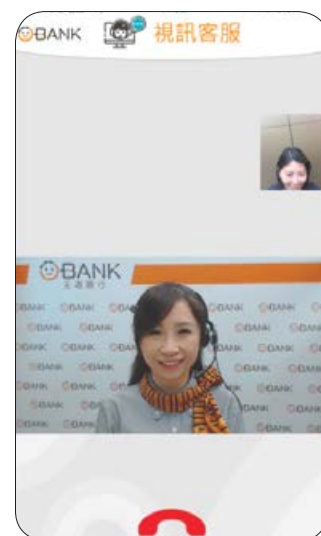
To further improve customers' financial management knowledge, O-Bank invited the manager of Investment Consulting Section (the registered salesperson of Securities Investment Trust and Consulting Business Association of the Republic of China) and held a total of three financial management related lectures in 2023 at Taoyuan Branch and Nanjing Fuxing Branch. In addition, O-Bank plays financial promotional videos provided by competent authorities (such as the government and the Bankers Association of the Republic of China) in the business halls of each branch for the public to watch. The promotional videos include anti-fraud videos from the Financial Supervisory Commission R.O.C. (Taiwan), video of financial transaction security from the Bankers Association of the Republic of China, etc. By doing so, O-Bank assist customers in building up knowledge of financial transaction security.

In the area of insurance products, O-Bank uses a "Currency Risk Statement for the Non-Investment Life Insurance with Foreign currency Receipt and Payment," a "Confirmation of matters related to insured investment-linked products and Risk Disclosure Statement for Non-Investment Grade Funds," "Insurance Product/Customer Risk Assessment Questionnaire and Analysis of Revenues/Expenditures," and an "Assessment Form and Insurance Solicitor Report on the proposer and the insured Needs and Suitability" to clearly explain the exchange rate risks and investment risks associated with insurance products, and to ensure that customers are provided with insurance products that meet their needs. Relying on our systems designed to ensure product suitability and full disclosure of product information, O-Bank in 2023 was able to avoid any violations of legislation governing the labeling of products and services, nor were there any violations of legislation on truth in marketing and advertising.

4.2.3 Handling and Tracking of Customer Complaints

1. 24-hour Customer Service

O-Bank set an industry first by launching a 24-hour, year-round video call customer service, thus overcoming the limitations of time and space that apply to brick-and-mortar banking operations, and making it possible to promptly handle customer requests. Customers can make use of the O-Bank app's real-time text chat (08:00~24:00 on business days), 24-hour phone service and video service at any time or place, and can also use



O-Bank offers 24-hour video call customer service

O-Bank's 24-hour service hotline to get in touch with customer service specialists. The O-Bank customer service unit achieved a satisfaction rate of 95% in 2023.

2. Customer Complaint Procedures and Results

Based on the "Principles and Rules of Fair Treatment of Customers," O-Bank has adopted a set of "Rules for Handling Customer Complaints and Financial Consumer Disputes," which addresses such matters as the scope of consumer disputes, organizational framework, the method of acceptance, handling procedures, resolution deadlines, progress inquiries, follow-up checks, education and training, and a periodic review mechanism. These Rules establish a clear and effective mechanism for handling customer complaints. Complaint handling deadlines are as follows:

- When the complaint accepting unit receives a complaint, if it is necessary to refer the matter to another responsible unit, the referral must be completed within five hours.
- Within one working day of our receipt of the referral, the responsible unit must contact the customer, inform them how long it will take to look into the complaint, expecting that the customer will receive a response as quickly as possible.
- Within three working days of the receipt of the referral, the responsible unit must inform customer that an appropriate method of handling the matter has been decided upon, and must provide an explanation.
- Within five working days of the receipt of the referral, the responsible unit must appropriately handle the complaint and inform the customer of how the matter was handled.
- If the subject matter of the complaint makes it necessary to meet with a government agency or an entity other than O-Bank, or if it is necessary to make a determination regarding the rights and interests of the customer and O-Bank, and it will take a relatively long time to contact the parties in question and come to a conclusion on questions at issue (e.g. if the matter involves monetary compensation, termination of contract, complex operational matters, or a repeat complainer), within 30 working days of our receipt of the complaint O-Bank must appropriately handle the complaint and inform the customer of how the matter was handled.

After customer complaints occur, the Customer Service Department will continue coordinating and tracking the improvement plan for each case, and will generate monthly and annual reports which include progress and outcomes of the cases to assist executive managers and the Internal Control department in reviewing the improvement actions to avoid further occurrence of customer complaints. The Customer Service Department periodically collects information on violations of the Principles of Fair Treatment of Customers, and reports on case details, discussed corrective actions, progress toward implementation of those actions at routine meetings of the Committee on Fair Treatment of Customers as well as the Committee's annual meeting. Major customer complaints are referred by the Committee on Fair Treatment of Customers to the Board of Directors. In 2023, two major case types of customer complaint or dispute were referred to the Board of Directors. In addition, O-Bank has also designated the "Rules for Handling Customer Complaints and Financial Consumer Disputes" as a matter requiring attention in company-wide legal compliance education and training activities in order to ensure that employees are aware of customer complaint handling procedures and requirements, and are able to handle complaints quickly and fairly.

In 2023, O-Bank received 61 customer complaints. The share of customer complaints appropriately resolved within five working days of their submission and the customer notified of the result reached 98.4%, and there were no instances of mis-selling. In addition, O-Bank in 2023 incurred losses of NT\$10,687 due to card-not-present (CNP) fraud, while losses connected with card fraud and bank advances came to NT\$2,293.

Table 4-1: O-Bank Customer Complaint Statistics, 2021~2023

Year	2023	2022	2021
Number of complaints	61	40	50
Number of customers	422,574	387,437	367,736
Complaint rate	0.0144%	0.0103%	0.0136%
Complaint cases involving financial consultations	3	1	4
Percent of complaint cases involving financial consultations	5%	3%	8%

Note: In 2023 there were a total of 58 customer complaints referred from competent authorities (including the Financial Supervisory Commission and the Financial Ombudsman Institution). Of these cases, 0% remain open, 2% were further investigated by the competent authority, and 5% involved financial consultations.

Table 4-2: Time Required for Resolution of O-Bank Customer Complaints in 2023

Days till Case Closed	5 Days or Less	6~30 Days	>30 Days
Number of cases closed	60	1	0
Cases closed/total cases (%)	98.4%	1.6%	0%

4.2.4 Customer Satisfaction

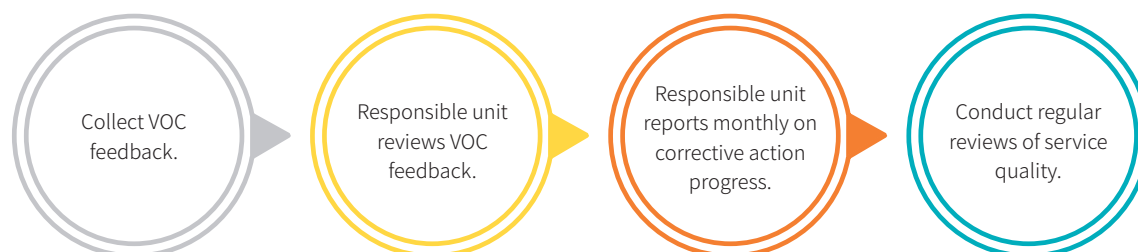
O-Bank continues to build a sound service quality management framework, regularly collects customer opinions and feedback, and uses quantitative analysis as well as interdepartmental communication and cooperation to improve the customer service experience. To ensure that the digital financial services provided by O-Bank meet the needs of different customer segments, O-Bank each year carries out a satisfaction survey for customers that frequently use our online banking services. Questions asked include the following: Can you find the function you need? Do the currently available functions satisfy all your financial needs? Do the functions have a fast enough processing speed? Is the system highly stable? The questionnaire also asks open-ended questions that give respondents opportunities to provide suggestions for improvements, so that we can continue to optimize O-Bank's digital financial services. A 2024 survey targeted customers who had logged on to O-Bank's online banking platform from September through November of 2023, and the survey results showed that 90.9% of the users indicated they were either "satisfied" or "very satisfied" with O-Bank's products and services. In addition, O-Bank customer satisfaction surveys make use of the Net Promoter Score (NPS), and O-Bank's NPS score of 35 (Note 4-1) indicates that users are generally happy with and promote O-Bank's overall digital services.

In addition, to increase service quality and customer satisfaction, O-Bank has established an interdepartmental Service Quality Team, which employs a systematic approach to collect Voice of the Customer (VOC) feedback, and regularly reviews service quality and identifies areas where improvement is needed. The Team tracks the implementation of corrective actions on a monthly basis to be sure that O-Bank's products and services can satisfy customer needs and reduce customer complaints. In 2023, eight items of VOC feedback were converted into concrete action plans to continue improving the customer experience, including the following: when sending out account statements, instead of

Note 4-1: Individual NPS scores range from 0 to 10. The percentage of respondents who rate their customer experience from 0 to 6 points are subtracted from the percentage of those who give scores of 9~10, and the resulting number represents the overall NPS score. The higher the score, the more willing a customer is to recommend the brand to others.

addressing them to "Mr. XYZ" or "Ms. XYZ," we now address them all to "Valued Customer XYZ" as a show of respect for all genders; renewal cardholders and new cardholders can use an app to directly activate their cards, which is more convenient; and a mechanism was launched allowing customers to leave their contact information via Automatic Voice Response when they call in phone center with a queue so that the bank may call them back without their long waiting.

Fig. 4-2: VOC Feedback Process of the O-Bank Service Quality Team



In addition to retail banking customers, O-Bank also conducts satisfaction surveys with respect to corporate customers. Questions asked include: degree of satisfaction with services provided by relationship managers; degree of satisfaction with services provided by operating and accounts personnel; degree of satisfaction with ordinary lending services; degree of satisfaction with trade financing services; corporate online banking interface experience; quality of corporate online banking customer services; and overall service quality. At the same time, O-Bank has also designed open-ended survey questions so that corporate customers can respond with qualitative suggestions, thereby continuing to improve the quality of services provided to the Bank's corporate customers. The results of the O-Bank 2023 customer satisfaction survey show that only 0.6% of corporate customers indicated any sort of dissatisfaction, while 99.4% of corporate customers indicated satisfaction.

4.3 Transaction Security and Customer Privacy

Financial fraud has been rampant in recent years. To prevent the occurrence of scams, the O-Bank "Manual of Deposit Operations" requires that when a walk-in customer approaches a service counter to conduct a bank transfer, service counter personnel must take the initiative to show concern and ask probing questions about what the funds will be used for. The idea is to prevent the customer from getting scammed. In addition, the O-Bank "Rules for the Conduct of Wealth Managers and Wealth Management" also require the Bank each quarter to select customers whose assets under management have undergone an especially large change and whose total AUM exceed a certain threshold, and classify those persons as watch-listed customers. The supervisor of the wealth management unit interviews watch-listed customers, either by telephone or face-to-face, to provide enhanced attention and reminders to avoid financial fraud. The supervisor also leaves a written record and voice recording of such interviews. To ensure that a watch-listed customer properly implements the matters brought up during such interviews, O-Bank conducts quarterly audits of the written records and audio recordings of the interviews, classifies these as items that must receive attention in each unit's self-audits, and the O-Bank Auditing Department conducts reviews of the self-audits in compliance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to ensure that service counter personnel properly show concern for walk-in customers to prevent them from falling victim to scam operations.

In addition, with respect to loan applicants, O-Bank's "Management Rules for Air Loan Officers" and "Management Rules for Loan Officers" require loan officers to ask appropriate questions to prevent

customers from falling victim to scam operations, and require sales personnel to use a KYC checklist of questions to understand how a customer intends to use loan proceeds, and to ask the customer "whether they are applying for the loan via an agent" and "whether they have paid any processing fee to any party other than O-Bank." At the same time, to prevent loan application frauds from occurring, O-Bank again reminds customers not to apply for a loan via a loan application agent, and that O-Bank does not charge any processing fees of any sort up front. O-Bank conducts monthly audits of audio recordings of business staff and customers, and if any improprieties are discovered the staff member will be required to fill out a form. The manner in which the problem has been addressed will be classified as an item that must receive attention in each unit's self-audits, and the O-Bank Auditing Department conducts reviews of the self-audits in compliance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to ensure that service counter personnel properly show concern for walk-in customers to prevent them from falling victim to scam operations.

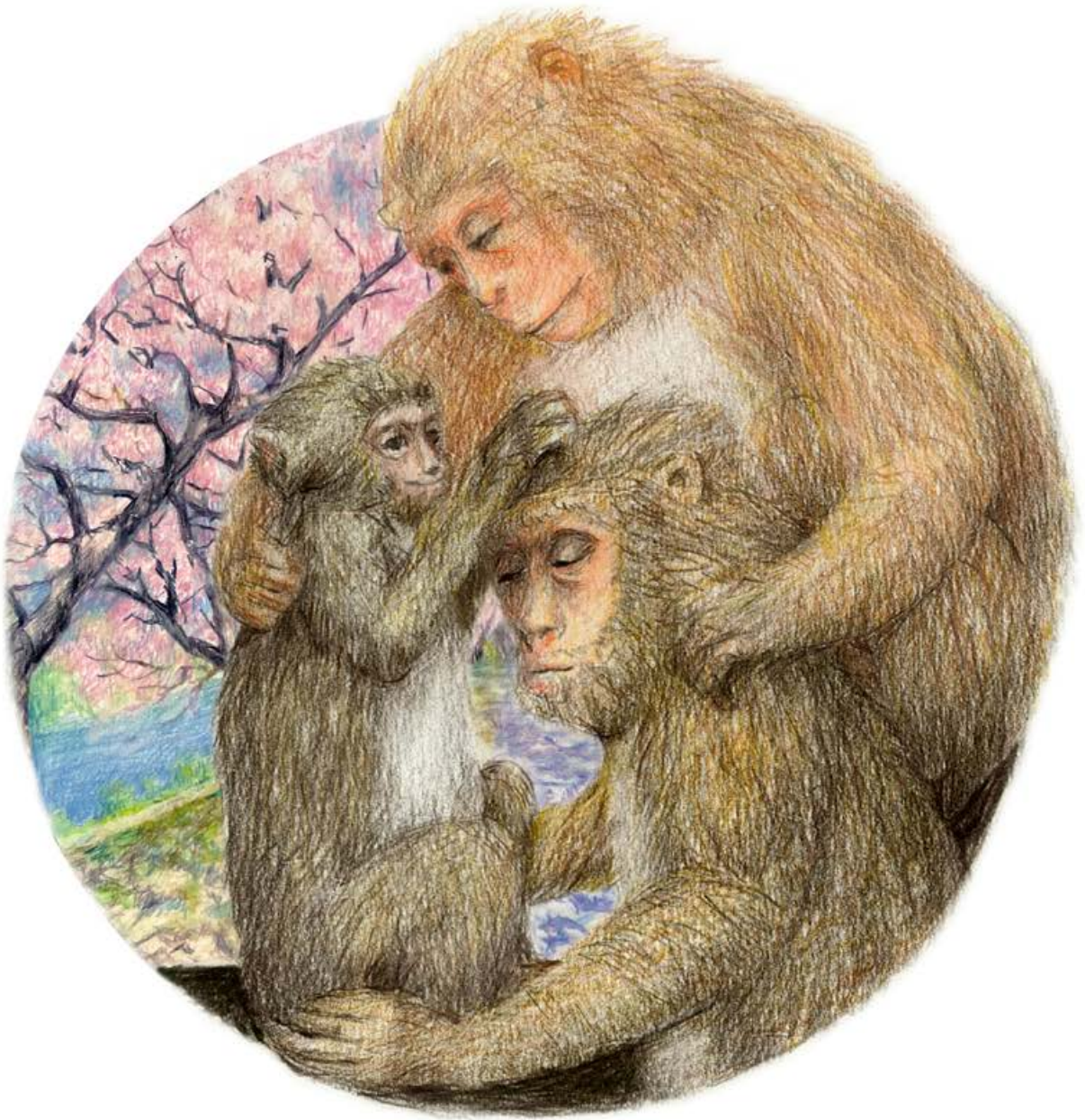
To maintain the confidentiality of customers' personal information, O-Bank only collects the personal information of customers that we need in order to provide the services requested, takes care to ensure that personal information in our possession is well managed and protected, and only provides it to be used for the purposes and within the scope originally stated by the organizer of an activity. O-Bank is not allowed to provide customer's personal information to any third party or use it for any other purpose unless we have provided prior explanation and obtained the customer's consent. In addition, O-Bank requires any third party with which it shares a customer's personal information to act in compliance with the "Personal Data Protection Act" and O-Bank's own rules on personal information. These measures ensure that such information is fully protected during the process of transmission. In 2023, O-Bank had roughly 354,699 accounts from which the data could be used (with customer consent) for re-sale purposes.

O-Bank uses a Security Socket Layer (SSL) to encrypt and transmit data, has a firewall to prevent network attacks, uses passwords ranging from 6 to 20 digits in length, and stores passwords in encrypted form to prevent them from being stolen. Acting on the basis of the highest information protection standards, O-Bank uses a combination of physical, electronic, and process management protective measures to protect non-public personal information collected by O-Bank. By rigorously controlling the security of customers' transactions and information, O-Bank in 2023 avoided any leaks of customer information or violations of customer privacy, and we did not receive any related complaints.

To ensure the security of customers' transactions and information, O-Bank has adopted the following security control mechanisms for our e-banking operations:

- (1) Security certification: O-Bank employs multi-factor authentication (including user numbers, passwords, and CAPTCHA tests) to reduce the likelihood of customers' password-protected accounts from being broken into.
- (2) Secure transmission: O-Bank uses the highest Security Socket Layer (SSL)/Transport Layer Security (TLS) certificate available to ensure data secrecy and integrity.
- (3) Electronic signatures: A customer provides an electronic signature when authorizing a transaction. This approach safeguards the interests of both parties and provides assurance of non-repudiation.
- (4) Device binding: Device binding provides an additional authentication factor to ensure that a transaction is being conducted by the actual customer, and thus improve transaction security.
- (5) Biometrics: Using the fingerprint or facial identification functions of their mobile devices, O-Bank customers can log in and carry out transactions with enhanced security and convenience.
- (6) Phishing detection: An anti-phishing system searches for fake O-Bank websites or apps and takes them offline to protect the security of consumers.

5. Employee Care



O-Bank acts on our corporate culture of "always sincere, always here" to create a happy workplace that is safe, fair, and friendly. O-Bank firmly believes that only happy employees can provide services that will be satisfactory to customers, and then go on from there to achieve strong business results and drive sustainable growth. Through a set of outstanding human resources policies, O-Bank has created a work environment where employees enjoy peace of mind, has built a comprehensive professional development system and open channels of communication, offers competitive compensation and benefits, and cares in a concrete way for the balanced development of employees by addressing the three aspects of "recruiting talent," "developing talent," and "retaining talent."

5.1 Employee Composition and Promotion of a Friendly Work Environment

5.1.1 Diverse Hiring

As of end-2023, O-Bank had 1,078 employees in the Taiwan region and 108 employees overseas, making for a total of 1,186 employees. In response to market strategies and expansion of operational development needs, the total number of employees up by 9.3% from the previous year, including 176 persons in management and 1,010 rank-and-file personnel. The composition of O-Bank employees by gender, age, position, level of education, employment type, and nationality is shown in Tables 5-1, 5-2, 5-3, and 5-4. In addition, at all business locations both in Taiwan and overseas, O-Bank puts top priority on local hiring. In Taiwan, 99.81% of all employees are local hires, including 100% of all junior management, senior management, and executive management (Note 5-1). Overseas, 91.67% of all employees are local hires, including 100% of all junior management positions. The two senior management and executive management positions are not local hires.

In response to needs generated by the development of digital financial services, O-Bank continued to recruit financial professionals in 2023. As a result, newly hired employees accounted for 33.64% of all O-Bank employees as of year-end 2023 (for further information, see Table 5-5). Because of the rapid development of financial technology and shifting needs in the job market in recent years, O-Bank's voluntary turnover rate was 24.28%, our involuntary turnover rate was 0.34%, and our adjusted turnover rate was 24.62% (for further information, see Table 5-6).

In response to digital finance developmental trends, O-Bank makes active use of multiple channels to recruit digital financial professionals from all different specialties who can make O-Bank a stronger competitor. O-Bank uses social media to build up our digital image and attract the younger generations to seek employment at O-Bank. In addition, because sustainable finance has come to take on increasing importance in recent years, O-Bank continues to recruit people with relevant experience who can come in and help us implement sustainability and green finance undertakings, and in the future will be able to help companies to pursue sustainable development.

Note 5-1: The term "junior management position" refers to a department deputy head, a managerial officer of a domestic bank branch, or a head of a section or team; the term "senior management position" refers to a head of a center, a department head or a district supervisor; the term "executive management position" refers to the President, the head of a division-level unit, the Secretary General of the Board of Directors, the Chief Auditor, or the Chief Executive of the Hong Kong Branch.

Table 5-1: Composition of O-Bank Employees by Gender, Age, Position, and Work Location in 2023

Location/Position		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Age	Management	Rank-and-File	Management	Rank-and-File		
Male	Age 50 or older	59	79	3	20	161	13.58%
	Age 31~49	41	290	1	29	361	30.44%
	Age 30 or younger	0	98	0	2	100	8.43%
	Subtotal	100	467	4	51	622	52.45%
Female	Age 50 or older	35	64	2	14	115	9.70%
	Age 31~49	34	273	1	29	337	28.41%
	Age 30 or younger	0	105	0	7	112	9.44%
	Subtotal	69	442	3	50	564	47.55%
Total		169	909	7	101	1,186	100%
Share of All Employees (%)		14.25%	76.64%	0.59%	8.52%		

Note: The above figures are current as of Dec. 31, 2023, and only include regular full-time employees, of whom there are 1,186. O-Bank also has eight part-time employees (see Table 5-2), or 0.67% of all O-Bank personnel. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

Table 5-2: O-Bank Employees in 2023 by Employment Type, Gender, and Employment Location

Location/Gender		Taiwan	Overseas
Male	Permanent employees	567	55
	Temporary employees	2	0
	Non-guaranteed hours employees	0	0
	Full-time employees	567	55
	Part-time employees	2	0
Female	Permanent employees	511	53
	Temporary employees	6	0
	Non-guaranteed hours employees	0	0
	Full-time employees	511	53
	Part-time employees	6	0

Note 1: The above figures are current as of Dec. 31, 2023.

Note 2: Temporary part-time personnel are blind massage workers or persons who provide office support services.

Note 3: With regard to workers who are not O-Bank employees, as of Dec. 31, 2023, there were 34 persons from temporary agencies (21 males and 13 females) worked for O-Bank, accounting for 2.77% of all O-Bank personnel (including full-time employees, temporary employees, and persons from temporary agencies). Some of them worked in Taiwan at the O-Bank headquarters building as building management staff, while others were employees of Royal Human Resources Management Inc. and Core Asia Human Resources Management Co., Ltd. and worked as security guards, sanitation workers, central control room personnel, and chauffeurs. At our overseas business locations there were no person working for O-Bank who were not O-Bank employees. Compared with 2022, the number of non-employee personnel increased by eight person.

Table 5-3: Composition of O-Bank Employees by Level of Education in 2023

Location/Position		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Education	Management	Rank-and-File	Management	Rank-and-File		
Male	Ph.D.	1	0	0	0	1	0.08%
	Master's degree	58	142	4	12	216	18.21%
	Bachelor's (or junior college) degree	39	302	0	32	373	31.45%
	High school or lower	2	23	0	7	32	2.70%
Female	Ph.D.	0	0	0	0	0	0.00%
	Master's degree	26	95	1	4	126	10.62%
	Bachelor's (or junior college) degree	43	319	2	30	394	33.22%
	High school or lower	0	28	0	16	44	3.71%
Total		169	909	7	101	1,186	100%

Note: The above figures are current as of Dec. 31, 2023. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

Table 5-4: Composition of O-Bank Employees in 2023 by Nationality

Region of Employment	Taiwan				Overseas				Total	Share of All Employees (%)
Nationality	Executive Management	Senior Management	Junior Management	Rank-and-File	Executive Management	Senior Management	Junior Management	Rank-and-File		
Taiwan	9	46	114	907	1	1	0	7	1085	91.48%
China (including Hong Kong)	0	0	0	0	0	0	5	94	99	8.35%
Malaysia	0	0	0	1	0	0	0	0	1	0.08%
Singapore	0	0	0	1	0	0	0	0	1	0.08%
Total	1,078				108				1,186	100%
Local Hiring Rate (%)	99.81%				91.67%					

Note: The above figures are current as of Dec. 31, 2023.

Table 5-5: New Hires at O-Bank in 2023

Location/Position		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Age	Management	Rank-and-File	Management	Rank-and-File		
Male	Age 50 or older	6	13	0	9	28	2.36%
	Age 31~49	11	98	0	13	122	10.29%
	Age 30 or younger	0	58	0	3	61	5.14%
	Subtotal	17	169	0	25	211	17.79%
Female	Age 50 or older	1	15	0	8	24	2.02%
	Age 31~49	4	90	0	11	105	8.85%
	Age 30 or younger	0	57	0	2	59	4.97%
	Subtotal	5	162	0	21	188	15.85%
Total		22	331	0	46	399	33.64%
		353		46			
Share of All New Hires (%)		88.47%		11.53%			

Note: The above figures are current as of Dec. 31, 2023. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

Table 5-6: Turnover at O-Bank in 2023

Location/Position		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Age	Management	Rank-and-File	Management	Rank-and-File		
Male	Age 50 or older	6	11	0	7	24	2.02%
	Age 31~49	2	64	0	5	71	5.99%
	Age 30 or younger	0	34	0	6	40	3.37%
	Subtotal	8	109	0	18	135	11.38%
Female	Age 50 or older	7	11	0	2	20	1.69%
	Age 31~49	4	76	0	11	91	7.67%
	Age 30 or younger	0	38	0	8	46	3.88%
	Subtotal	11	125	0	21	157	13.24%
Total		19	234	0	39	292	24.62%
		253		39			
Share of All Turnover Employees (%)		86.64%		13.36%			

Note: The above figures are current as of Dec. 31, 2023. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

5.1.2 Workplace Equality

All O-Bank business locations both at Taiwan and overseas abide by local laws and regulations, comply with labor legislation, and treat our employees in a manner consistent with the principles of fairness, tolerance, and respect. We strive to create a zero discrimination, zero harassment work environment where no one receives unequal treatment due to gender, age, marital status, sexual orientation, ethnicity, religion, political position, or nationality. We also recruit employees using an open selection process, and provide equal employment opportunity. In addition, acting in accordance with international human rights regulations (such as the "UN Universal Declaration of Human Rights," the "UN Global Compact," the "ILO Conventions," the "UN Guiding Principles on Business and Human Rights," the ILO "Declaration of Fundamental Principles and Rights at Work," and the ILO's core labour standards), O-Bank has adopted the "O-Bank Co., Ltd. Human Rights Policy," which was approved by the Bank's Chairperson and establishes appropriate management methods and procedures to ensure equal rights. Information on the state of O-Bank's implementation of ILO's core labour standards in 2023 is set out in Table 5-7. In order to safeguard employee rights and interests, O-Bank does not employ child labor under 16 or involuntary labor, prohibits discrimination and inhumane treatment, and ensures that violations do not take place.



《O-Bank Co., Ltd.
Human Rights Policy》

Table 5-7: Management Programs Related to the ILO's Core Labour Standards, and the State of O-Bank's Implementation Thereof in 2023

ILO's Core Labour Standards	Management Programs	State of Implementation in 2023
<ul style="list-style-type: none"> Forced Labour Convention Repeal of the Forced Labour Convention 	The "O-Bank Co., Ltd. Human Rights Policy" prohibits forced labor.	There is no record of forced labor at O-Bank.
<ul style="list-style-type: none"> Freedom of Association and Protection of the Right to Organise Convention Right to Organise and Collective Bargaining Convention 	<ol style="list-style-type: none"> The "O-Bank Co., Ltd. Human Rights Policy" supports the right of employees to organize and engage in collective bargaining, and respects the right of employees to form and join various types of organizations and legally recognized unions. O-Bank regularly holds labor-management meetings to discuss labor safeguards set out in labor legislation. 	O-Bank held four labor-management meetings in 2023 to discuss labor safeguards set out in labor legislation. Examples include legal provisions governing overtime work and the assignment of evening work to women. After a resolution is approved at a labor-management meeting, it is incorporated into the O-Bank Work Rules and announced to all employees.
Equal Remuneration Convention	The "O-Bank Co., Ltd. Human Rights Policy" supports the principle of equal pay for equal work. In paying compensation to its employees, O-Bank does not discriminate on the basis of gender, sexual orientation, or other such factors.	<ol style="list-style-type: none"> O-Bank has implemented the principle of equal pay for equal work and has pledged that salaries and compensation will not differ due to gender. O-Bank has adopted a gender-equal compensation plan which involves annual reviews of the reasonableness of employee compensation. At the time of annual pay adjustments—taking such factors as national or regional location, job function, and job duties into account – O-Bank examines fixed female/male pay differences at business locations around the world, identifies job duties for which the required abilities are similar or the same and then classifies them as categories within which female and male co-workers should enjoy fair compensation. O-Bank works to narrow gender-based compensation gaps within these categories each year.

ILO's Core Labour Standards	Management Programs	State of Implementation in 2023
Against Discrimination (Employment and Occupation) Convention	<ol style="list-style-type: none"> 1. The "O-Bank Co., Ltd. Human Rights Policy" respects human rights in the workplace and prohibits differential treatment or any form of discrimination, and the President supervises the implementation of our workplace diversity-related plans. 2. Where an employment discrimination complaint is found upon investigation to have merit, O-Bank helps to uphold the rights and interests of the person who has suffered discrimination and provide psychological counseling resources, and acting in line with the O-Bank Rules for Employee Recognition and Discipline, we also discipline persons who have engaged in discriminatory behavior. 	<ol style="list-style-type: none"> 1. Hold "Diversity and Inclusion Month" in October 2023. Through courses, movie and other activities, O-Bank will guide employees to care about issues such as new immigrants and sexual orientation, and create a friendly workplace with diversity and zero discrimination. 2. No employment discrimination cases took place in 2023.
Minimum Age Convention	<ol style="list-style-type: none"> 1. The "O-Bank Human Rights Policy" prohibits the employment of child labor under 16. 2. If a person under 16 years of age has deliberately concealed their age and identity while seeking employment, their employment shall be terminated in accordance with the Labor Standards Act. 	No child labor was employed in 2023.

The O-Bank ESG Development Working Committee's Employee Care Subcommittee each year, acting with reference to international human rights frameworks and the human rights reports of financial institutions, assesses human rights risks that O-Bank employees could possibly face. Our Human Resources Department then uses human resources data to determine the likelihood of occurrence of various risks, sets management targets, and on the basis of such determinations establishes mitigation and compensation measures to reduce the harm and impact that related human rights risks cause to employees. Further details on the O-Bank procedure for identifying human rights risks are set out in Fig. 5-1, while assessment results and the particulars of mitigation and compensation measures are set out in Table 5-8. In 2023, a total of 27 employees (2.28% of all employees) were identified with a likelihood of various risks occurring, and we have carried out mitigation and compensation measures in each of their cases.

And to instill in all employees a deeper awareness of basic human rights issues, all full- and part-time employees at all business locations throughout the

Fig. 5-1: Procedure for Identifying Human Rights Risks



world are required to attend at least one hour of human rights education and training activities each year (including sexual harassment, equal rights, personal data protection, and standing up against workplace violence). In 2023, the completion rate of all employees' human rights education and training requirements reached 100%, and total training hours for the year amounted to 2,977.6 hours. In addition, education and training on human rights policies are also conducted for security guards, with a training completion rate of 100%.

Table 5-8: Assessment of Human Rights Risks & Related Mitigation or Compensation Measures

Risks	Affected Parties	Indicator	Risk in 2023	Risk Assessment Result	Mitigation Measures	Compensation Measures
Employment discrimination	Job seekers and employees	Number of cases involved in cases deemed "employment discrimination" by the competent authority as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> The "Human Rights Policy" requires workplace diversity, and prohibits unequal treatment or any form of discrimination based on gender, sexual orientation, ethnicity, skin color, social class, age, marital status, linguistic background, ideology, religion, party affiliation, nationality, facial features, or disability status. 	<ul style="list-style-type: none"> Where an employment discrimination complaint is found upon investigation to have merit, O-Bank helps to uphold the rights and interests of the person who has suffered discrimination and provide psychological counseling resources, and acting in line with the O-Bank Rules for Employee Recognition and Discipline, we also discipline persons who have engaged in discriminatory behavior. No employment discrimination cases took place in 2023.
Diversity, tolerance, and equality	Job seekers and persons with disabilities	Shortfall in employment of the legally required number of persons with disabilities as % of number of employees enrolled in labor insurance	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Built a barrier-free workplace. Set up special website sections for recruiting persons with disabilities. Each unit is required to hire a sufficient number of persons with disabilities to meet legal requirements. 	<ul style="list-style-type: none"> In 2023 hired seven persons with disabilities, thus meeting the required percentage. If for any reason it is not possible to hire a sufficient number of persons with disabilities, O-Bank must pay to the competent authority for labor matters a compensatory charge for the hiring shortfall.
Sexual harassment	All employees	Number of sexual harassment cases filed and persons involved as % of total employees	0.08%	Assessed as "low risk"	<ul style="list-style-type: none"> Based on work characteristics and employee needs, provided safe work environments to prevent workplace harassment. Incorporated sexual harassment prevention coursework into mandatory courses for newly hired employees. Launched an online course on the subject of "Creating a New Workplace Ambience: No Illegal Treatment of Co-Workers" to improve the ability of supervisors to handle workplace bullying and harassment. Supervisors' course completion rate was 100%. 	<ul style="list-style-type: none"> Adopted a set of "Measures for Prevention of Sexual Harassment and Investigation/ Handling of Complaints" and "Guidelines for Sexual Harassment Prevention, Complaints, and Discipline"; set up a Mailbox for Sexual Harassment Complaints and a mechanism for independent investigations.

Risks	Affected Parties	Indicator	Risk in 2023	Risk Assessment Result	Mitigation Measures	Compensation Measures
Excessive working hours	All employees	Number of persons reporting more than three times which exceed 40 hrs overtime per month in a year as % of total employees	2.19%	Assessed as "low risk"	<ul style="list-style-type: none"> Adopted the "O-Bank Rules for Management of Employee Overtime," which provides that an immediate supervisor bears responsibility for overseeing the overtime work under his/her supervision, and must reasonably allocate employee workloads to prevent excessive concentration of workloads. O-Bank urges employees to go home when their work for the day comes to a reasonable stopping point so they can strike a balance between work and their personal lives. 	<ul style="list-style-type: none"> Employees who work beyond normal hours may apply for overtime pay or compensatory time off.
Workplace health	All employees	Number of job adjustments as % of workplace accidents and hospitalizations	0%	Assessed as "low risk"	<ul style="list-style-type: none"> O-Bank arranges employee health examinations each year. The list checks performed are more extensive than what is required by law, and necessary follow-ups are conducted. O-Bank has a special health section on our website, which continues to provide information on the pandemic and health issues in general. 	<ul style="list-style-type: none"> O-Bank arranged for massage therapists to work onsite at the Bank (the headquarters building, the customer service center, the data center) to provide employees with shoulder, neck, and back massages on appointment. Arranged for doctors to meet one-on-one with employees to explain the results of medical examinations, and to provide suggestions on how to maintain or improve health.
	Female employees	Number of job adjustments as % of pregnant female employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> For any female employee who applies each month for prenatal leave, O-Bank evaluates her physical and mental condition as well as workload during pregnancy and for one year postpartum. 	<ul style="list-style-type: none"> Workplace nurses and occupational safety and health officers use a "Self-Assessment Form for Female Employees Who Are Pregnant or Within Their First Postpartum Year" to assess their risk grades, so that on-site physicians can provide suggestions. There was no instance in 2023 in which a female employee's pregnancy made a job adjustment necessary.

Risks	Affected Parties	Indicator	Risk in 2023	Risk Assessment Result	Mitigation Measures	Compensation Measures
Workplace safety	All employees	Number of workplace accidents & deaths as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Adopted a set of "Working Rules for Occupational Safety and Health," which set out health standards and matters requiring attention in the workplace. Conducts occupational safety and health training every year. 	<ul style="list-style-type: none"> O-Bank's internal work rules prescribe procedures for the handling of workplace accidents and the provision of compensation. Depending on an employee's injury or illness, we provide compensation for medical expenses, disability, or death. Our 2023 workplace risk level was down by 0.6 percentage points from the preceding year, and we did not experience any serious workplace accidents or deaths.
	Temporary staff dispatched by outside employment agencies	Number of employees involved in workplace safety incidents as % of temp staff	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Confirmed that cooperating temp agencies have all adopted a set of Working Rules for Occupational Safety. 	<ul style="list-style-type: none"> There were no workplace safety incidents involving temp staff in 2023.
Child labor	Job seekers	Number of child laborers as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> The "O-Bank Human Rights Policy" prohibits the employment of child labor under 16. Properly checked ID documents of new personnel during recruitment and reporting-in phases. 	<ul style="list-style-type: none"> If a person under 16 years of age has deliberately concealed their age and identity while seeking employment, their employment shall be terminated in accordance with the Labor Standards Act. No child labor was employed in 2023.
Labor-management relations	All employees	Number of persons involved in labor disputes as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Periodically holds labor-management meetings in accordance with labor legislation. To safeguard employee interests and ensure unobstructed communications, O-Bank has set up a Mailbox for Employee Complaints and conducts an annual Survey on Employee Satisfaction. O-Bank organizes one "WeCare 2.0+" activity per month to create opportunities for interaction between employees and executive management. 	<ul style="list-style-type: none"> When an employee's complaint is found to be legally compliant and reasonable, O-Bank launches an internal investigation to work out a solution. The share of complaints involving labor-management disputes in 2023 was 0%.

Risks	Affected Parties	Indicator	Risk in 2023	Risk Assessment Result	Mitigation Measures	Compensation Measures
Privacy	All employees	Instances of misuse of personal data as % of number of employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> O-Bank holds regular training courses on personal data protection each year. In 2023, the completion rate of all employees' human rights education and training requirements reached 100%. Acting in accordance with the O-Bank "Personal Information Management Policy," we inform customers of our purpose in collecting their personal information and the range of uses to which it may be put, and we pay balanced attention to management requirements and the need to protect employee privacy. 	<ul style="list-style-type: none"> Where a complaint regarding improper use of personal data is found upon investigation to have merit, O-Bank helps to maintain the rights and interests of the aggrieved party or parties and, acting in line with the O-Bank Rules for Employee Recognition and Discipline, we also discipline persons who have improperly used personal data. No incidents involving improper use of personal data occurred in 2023.

Note 1: Human rights risk level % = Number of employees identified as being at risk as % of total employees

Note 2: The figures in this table cover all employees in Taiwan and overseas business locations. The coverage ratio of the human rights assessment was 100%.

Note 3: Risk ratings are set by comparing yearly average data on the basis of legislation or employee self-evaluation questionnaires.

Note 4: With respect to identified high-risk issues, a total of ten business locations implemented mitigation plans, including four in Taipei (the Head Office; Asia-Pacific Trade Center Building; First International Computer Building; Nanjing Fuxing Branch) plus the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, the Tainan Region Business Department, and the Hong Kong Branch.

O-Bank attaches great importance to gender equality, and has set a goal of women accounting for roughly 50% of all our employees by 2025. The ratio of men to women among all employees in 2023 was 52.45% to 47.55%, meaning that women had accounted for nearly half of all employees for nine consecutive years; also, by end-2023, average seniority as of end-2023 was 4.56 years among female employees and 4.24 years among males. Within management ranks, women accounted for 40.91% all management personnel, including 45.38% of junior management personnel, 29.17% of senior management personnel, and 44.44% of executive management personnel. The number of women in management positions at O-Bank in 2023, and their share of the total, are indicated in Table 5-9. Women accounted for 55.70% of all promotions in 2023. These figures show that all employees enjoy gender-neutral competition and equal opportunities for career development and advancement. Women accounted for 31.82% of supervisors in business units, and 25.93% of female supervisors held positions requiring a STEM background.

Table 5-9: Number of Women in Management Positions in 2023, and Their Share of the Total

Unit: number of people; share

	Executive Management		Senior Management		Junior Management	
Females	4	44.44%	14	29.17%	54	45.38%
Males	5	55.56%	34	70.83%	65	54.62%
Total	9	100%	48	100%	119	100%

To create a work environment characterized by gender equality and respect, O-Bank has adopted the "Measures for Prevention of Sexual Harassment and Investigation/Handling of Complaints" and the "Guidelines for Sexual Harassment Prevention, Complaints, and Discipline." These measures and guidelines explicitly prohibit any acts of gender harassment, discrimination, or intimidation, and establish a mechanism for investigation and handling of sexual harassment. After receiving a sexual harassment complaint, O-Bank is required to decide within seven working days whether to consider the complaint. If we decide to consider the complaint then we will establish an ad hoc team to conduct an investigation, which must be concluded within two months, although the investigation may be extended one month if necessary, in which case the parties to the process must be notified. One sexual harassment complaint was filed in 2023, and was investigated in accordance with internal rules and closed in case.



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O-Bank also includes gender equality, prevention of sexual harassment, and concern for disadvantaged groups among the issues that must be addressed in the training courses attended by newly hired employees. Such training was attended in 2023 by 370 persons (100% of all new hires); at the same time, O-Bank launched an online course for supervisors on the subject of "Creating a New Workplace Ambience: No Illegal Treatment of Co-Workers" to improve the ability of supervisors to handle workplace bullying and harassment. Supervisors' course completion rate was 100%. To further promote gender equality, O-Bank since 2018 has implemented employee-friendly workplace policies that are neutral with respect to sexual orientation. All employees receive the same benefits and entitlements, and O-Bank has taken a lead in the industry by granting employees with same-sex spouses the same types of marriage leave, paternity leave for prenatal checkups, paternity leave, bereavement leave, and various other benefits funded by the Employee Benefits Committee. O-Bank is doing everything we can to build a friendly workplace and achieve diversity and equality. O-Bank seeks to create a gender-equal work environment, and in 2022 won the Taipei City Workplace Gender Equality Certification Gold Award (remains valid until December 2024).

In addition, O-Bank in 2022 established a "Women's Empowerment Group" that held a wide range of activities. For example, the Group invited co-workers to view videos intended to raise consciousness about diversity and co-existence, organizes movie viewing and discussion events, and holds cross-generational workplace communication & lecture events. These undertakings help employees discover their strengths, identify where they fit in, and create a diverse range of opportunities to develop and express themselves.

O-Bank promotes workplace diversity and inclusion through various actions to create a diverse and equitable work environment. These actions include: respecting employees' freedom of religious beliefs and organizing religious and cultural awareness activities to encourage respect for different religious cultures; organizing inter-generational communication seminars to facilitate communication and exchange among employees of different age groups; strengthening the promotion of the company's procedures for hiring foreign employees and organizing cross-cultural sharing activities to eliminate barriers when employing staff from different nationalities. At the same time, for the indigenous employees, in addition to providing indigenous employees with the same pay and benefits that others receive, O-Bank also offers "ritual and festival leave for indigenous people," whereby such employees are allowed to take one day off work to take part in the traditional rituals and festivals of their ethnic community to respect the customs and cultures of the ethnic groups to which the employees belong. As of year-end 2023, O-Bank had four indigenous employees in Taiwan. These employees did not hold

management positions, accounted for 0.37% of all employees in Taiwan, and there were no incidents that infringed upon those employee's rights. In addition, O-Bank has also installed a wide range of barrier-free facilities for employees with physical or mental disabilities, including outdoor barrier-free access ramps and handrails as well as indoor barrier-free corridors, elevators, and lavatories to ensure a comfortable working environment for employees with disabilities. As of year-end 2023, O-Bank had seven employees with physical or mental disabilities at global business locations worldwide. None of them held management positions, all of them worked in Taiwan, and they accounted for 0.59% (5.9 %) of all employees (see Table 5-10).

Table 5-10: O-Bank Hiring of Persons with Disabilities, 2021~2023

	Gender	2023	2022	2021
Number of Employees with Disabilities	Male	0	0	0
	Female	7	7	7
	Total	7	7	7

Note: The O-Bank head office in 2023 employed 795 persons who were enrolled in the Labor Insurance program, including seven persons with physical disabilities. This number meets the statutory requirement for at least 1% of all employees enrolled in labor insurance to be persons with disabilities.

Also, in the event of a material operational change, or if any of the situations set out in Articles 11, 13, and 16 of the "Labor Standards Act" arises, O-Bank will first communicate with employees in order to safeguard their rights and interests, and if such a situation involves the termination of a labor contract, will observe the minimum period of advance notice (as set out in the "O-Bank Work Rules") in providing employees with advance notification. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance; where a worker has worked continuously for more than one year but less than three years, the notice shall be given 20 days in advance; where a worker has worked continuously for more than three years, the notice shall be given 30 days in advance. O-Bank will also issue the employee(s) severance pay in accordance with Article 17 of the "Labor Standards Act" in order to safeguard the rights and interests of the employee(s).

5.1.3 Working Environment and Healthcare

1. Workplace Safety and Protection of the Personal Safety of Employees

To create a healthy and safe work atmosphere while preventing the occurrence of workplace accidents, O-Bank has adopted an "Occupational Safety and Health Policy." While unit supervisors are responsible for implementing it, establishing quantified management targets, and setting an order of priority, to include the following sequence: zero work injuries, 100% compliance with occupational safety and health legislation, and the number of submissions to the employee complaint mailbox that relate to the working environment account for less than 2% of the total number of submissions. To achieve the aforementioned goals, O-Bank has already completed an action plan that calls for various measures, including the following: once each half-year we will conduct a self-audit on our compliance with occupational safety and health legislation; all employees will attend three hours of occupational safety and health training each year; thermal insulation paper will be applied to the glass curtain wall of the O-Bank headquarters building to prevent reflected light from creating glare on computer screens; each half-year we will conduct a health promotion activity; once each two months we will carry out a health awareness event; and once each half-year we will carry out work environment air quality and illuminance testing. Measures for protection of O-Bank workplace safety and personal safety of employees in 2023, and the state of their implementation, are set out below in Table 5-11.

Table 5-11: Measures for Protection of O-Bank Workplace Safety and Personal Safety of Employees in 2023, and the State of Their Implementation

Item	State of Implementation
Self-audit on our compliance with occupational safety and health legislation	Self-audit completed in July 2023.
Occupational safety and health training	Had already carried out three sessions by November 2023, which attracted a total attendance of 3,179. Five employees obtained first-aid certificates.
Fire and earthquake preparedness team drills	The team carried out two drills in April and October 2023, attracting a total participation of 119.
Thermal insulation paper was applied to the glass curtain wall of the O-Bank headquarters building to prevent reflected light from creating glare on computer screens.	This measures was completed in September 2023.
Conduct health promotion activities.	Held six health promotion activities in 2023.
Carry out health awareness events.	Carried out six health awareness events in 2023.
Carry out work environment air quality and illuminance testing.	Carried out two work environment air quality and illuminance tests in May and November in 2023.
Access control for fire escapes that lead to office space.	This system was installed in December 2023.

Also, O-Bank is implementing a PDCA (Plan, Do, Check, Act) management cycle on the basis of an ISO 45001-compliant management system for occupational health and safety, systematically promoting occupational safety maintenance work in the areas of identification of risks, formulation of policies, preparation of action plans, implementation of internal audits, and ongoing pursuit of corrective actions. Through these actions O-Bank seeks to ensure achievement of all occupational health and safety management goals, and pledges to continue improving our occupational safety management system. We obtained third-party ISO 45001 certification in August 2023. The certification covers 529 persons who work in the O-Bank headquarters building, who account for 45% of all O-Bank employees. In 2023, O-Bank identified various risks, with a degree of impact, which in order of impact are health examination abnormalities, musculoskeletal pain, exceptional workload, workplace safety, maternity protection, and prevention of wrongful harm during the execution of job duties. O-Bank has drawn up measures for impact mitigation/preventive protection measures, and has adopted quantitative targets for monitoring purposes. See Table 5-12.



ISO 45001 certification

Table 5-12: 2023 Assessment of O-Bank Occupational Health and Safety Risk Issues

Order of Rank	Risks	Degree of Impact	Risk Mitigation and Prevention Measures	2023 Targets	2023 Target Achievement and Implementation
1	Health examination abnormalities	High risk	<ul style="list-style-type: none"> Bank arranges employee health examinations each year. The list checks performed are more extensive than what is required by law, and necessary follow-ups are conducted. Hold health lectures and courses on posture management. Issue a health publication to familiarize employees with related knowledge. Order healthy boxed lunches for employees and partially subsidize the cost. 	<ul style="list-style-type: none"> Employee health examination participation rate exceeds 80%, and O-Bank arranged four sessions in which physicians meet one-on-one with employees to explain the results of medical examinations, and to provide suggestions on how to improve health. Hold at least four health lectures. Issue a health publication every other month. Order healthy boxed lunches for employees once per month and partially subsidize the cost. 	<ul style="list-style-type: none"> Employee health examination participation rate in 2023 was 85%, and O-Bank arranged four consultation sessions with an onsite physician, attracting the participation of 22 co-workers. Held four health lectures focusing on the following topics: CPR & AED; weight loss information; health examination item selections; health examination report interpretation; etc. Has issued a health publication in February, April, June, August, October, and December. Ordered healthy boxed lunches for employees each. The total has reached 872.
2	Occupational hazard: musculoskeletal pain	Low risk	<ul style="list-style-type: none"> Conduct a "survey for musculoskeletal disorders" to understand the musculoskeletal health of O-Bank employees. Conduct "Ergonomic Hazard Prevention Outreach Activities." Arrange for massage therapists to work onsite at the Bank (the headquarters building, the customer service center, the data center) to provide employees with shoulder, neck, and back massages on appointment. Hold aerobics and fitness courses to teach co-workers how to relieve emotional stress and do stretch exercises to reduce risks. 	<ul style="list-style-type: none"> Get at least 90% of employees to fill out a "survey for musculoskeletal disorders." Get at least 80% of employees to participate in "Ergonomic Hazard Prevention Outreach Activities." Arrange for massage therapists to work onsite each month at the Bank, and to provide at least 1,000 massages during the year. Hold ten aerobics and fitness courses. 	<ul style="list-style-type: none"> 94% of employees filled out a "survey for musculoskeletal disorders." 89.03% of employees (1,056 persons) participated in "Ergonomic Hazard Prevention Outreach Activities." Massage therapists working onsite each month at the Bank provided 1,679 massages over the course of 2023. Had held ten aerobics and fitness courses through October, attracting a total attendance of 111.

Order of Rank	Risks	Degree of Impact	Risk Mitigation and Prevention Measures	2023 Targets	2023 Target Achievement and Implementation
3	Exceptional workload	Low risk	<ul style="list-style-type: none"> • Use workload surveys to understand the workload of employees, refer high-risk colleagues to a labor safety unit supervisor or unit supervisor to help assess that colleague's work environment and work style, and on this basis adjust that colleague's work assignment or working hours. • Arrange for individual consulting with on-site physicians. • O-Bank cooperates with the Teacher-Chang Foundation to arrange free counseling services focusing on such matters as family relationships, interpersonal relationships, opposite-sex relationships, and adaptation to the workplace. Also, for the sake of privacy, employees can contact Teacher-Chang Foundation directly to schedule counseling sessions. 	<ul style="list-style-type: none"> • Get at least 90% of employees to fill out a workload survey. • Get 100% of employees burdened with exceptional workloads to go to consultation sessions with onsite physicians. 	<ul style="list-style-type: none"> • In 2023, 94% of employees filled out a workload survey. • The results of the workload survey showed that of all employees at risk of suffering from exceptional workloads, two went to individual consultation sessions with onsite physicians in 2023 and are continuing to reduce their work pressure. • Two employees sought psychological counseling in 2023.
4	Workplace safety	Low risk	<ul style="list-style-type: none"> • Periodically self-audit our compliance with occupational safety and health legislation. • Adopt an "Occupational Safety and Health Policy," establish quantitative management targets, and continue implementing them; at the same time, obtain third-party verification to ensure the effectiveness of O-Bank's measures to promote occupational safety and health. • Periodically conduct education and training related to occupational safety and health legislation so that O-Bank personnel can obtain qualification certificates in occupational safety and health. 	<ul style="list-style-type: none"> • Conduct at least one self-audit per year on our compliance with occupational safety and health legislation. • Obtain ISO 45001 certification. • Conduct three occupational safety and health training sessions. • Conduct at least two fire and earthquake preparedness team drills. • At least five employees complete a first-aid personnel training course and obtain first-aid certificates. 	<ul style="list-style-type: none"> • Completed one self-audit in July 2023 on our compliance with occupational safety and health legislation. • Obtained ISO 45001 certification in August 2023. • Conducted three occupational safety and health training sessions, attracting a total attendance of 3,179. • Held two fire and earthquake preparedness team drills in April and October that attracted a total attendance of 119. • Five employees obtained first-aid certificates in 2023.

Order of Rank	Risks	Degree of Impact	Risk Mitigation and Prevention Measures	2023 Targets	2023 Target Achievement and Implementation
5	Maternity protection	Low risk	<ul style="list-style-type: none"> For any female employee who applies for prenatal leave, track and evaluate her physical and mental condition as well as workload during pregnancy and for one year postpartum. Provide female employees who are pregnant or within their first postpartum year to go to consultations with onsite physicians. Optimized O-Bank's breastfeeding and lactation rooms, thus providing comfortable spaces to female employees who have a need. Give out "Mama Gift Packs" to pregnant employees. 	<ul style="list-style-type: none"> For female employees who have applied for prenatal leave, track their physical and mental condition as well as their workload at least once per month. Arrange for female employees who are pregnant or within their first postpartum year to go to consultations with onsite physicians. Receive certification for the quality of our breastfeeding and lactation rooms. Each pregnant employee will receive an O-Bank "Mama Gift Pack." 	<ul style="list-style-type: none"> For any female employee who had applied for prenatal leave, O-Bank tracked and evaluated her physical and mental condition as well as workload each month during pregnancy and for one year postpartum. O-Bank arranged for female employees who were pregnant or within their first postpartum year to go to 21 consultations with onsite physicians. Received certification for the quality of our breastfeeding and lactation rooms in 2023. All ten pregnant employees received an O-Bank "Mama Gift Pack" in 2023.
6	Prevention of wrongful harm during the execution of job duties	Low risk	<ul style="list-style-type: none"> Adopted measures to prevent and punish workplace violence, conducts awareness campaigns to emphasize that workplace violence is prohibited, and periodically conducts activities under the Program for Prevention of Wrongful Harm During the Execution of Job Duties. 	<ul style="list-style-type: none"> Hold at least one course on the prevention of workplace violence. Ensure no instances of wrongful harm. 	<ul style="list-style-type: none"> Held two "Standing up Against Workplace Violence" courses, which were attended by 100% of O-Bank employees in September of 2023. There were no instances of wrongful harm in 2023.

To prevent workplace accidents, O-Bank has worked together with five labor representatives to adopt a set of "Working Rules for Occupational Safety and Health" in accordance with the "Occupational Safety and Health Act" of the Ministry of Labor. The O-Bank President exercises coordinated management of labor safety and health throughout the Bank, while unit supervisors are responsible for implementing it. The Working Rules apply to all business locations and workers in Taiwan. In addition to regulating the frequency of servicing of government vehicles as well as firefighting, cool/heating, and drinking water equipment, the Working Rules set out health standards and matters requiring attention in the workplace. With respect to situations in which an accident has occurred, the Rules provide detailed principles regarding first-aid measures, the use of emergency equipment, and accident reporting procedures. The Rules further safeguard the right of employees to leave their work position without being punished when a reportable workplace incident or hazard occurs or arises, or when they feel they are in danger of suffering a workplace accident or being subject to a workplace hazard. O-Bank's internal work rules also prescribe procedures for the handling of workplace accidents. In the event of a workplace accident, these internal work rules require that a supervisor at the appropriate level of management report the accident to the Chief Occupational Safety and Health Officer and take all necessary first-aid or rescue actions in order to reduce the injuries and damage resulting from the workplace accident.

In addition, O-Bank regularly conducts occupational safety and health training, which covers such matters as workplace hazard identification, traffic safety during the commute to and from work, and

disaster response. Occupational safety and health personnel familiarize employees with safety and health management matters, while each unit within O-Bank is responsible for conducting its own safety and health management work in order to minimize the risk of occupational accidents. In 2023, O-Bank held three safety and health training courses and two fire and earthquake preparedness team drills that attracted a total attendance of 3,179 and five employees completed a first-aid personnel training course.



Regular occupational safety and health training

O-Bank, acting in accordance with the law, provides occupational injury leave and helps employees apply for labor insurance and group insurance benefits so that employees can receive needed assistance as quickly as possible after an accident. In 2023, there were no instances of occupational disease among any full-time or part-time O-Bank employees due to working conditions or work activities, while there were eight recordable incidents. All these were the result of traffic accidents involving regular full-time employees commuting to or from work. Among firms to which O-Bank outsources operations, no employees experienced any occupational accidents involving injury, death, or occupational disease. Statistical information on occupational injuries among O-Bank employees in 2023 are shown below in Table 5-13, and we have adopted a target of limiting the overall absence rate to less than 1% in 2024.

Table 5-13: Recordable Incidents and Absence Rate among O-Bank Employees in 2023

Location	Item	Recordable Occupational Injuries	Total Recordable Incident Rate (%)	Missed Work days	Lost Time Incident Rate (%)
	Gender				
Taiwan	Male	6	2.55%	695.5	0.24%
	Female	2	0.85%	1,141.875	0.39%
	Total	8	3.40%	1,837.375	0.63%
Overseas	Male	0	-	147.625	0.05%
	Female	0	-	276	0.09%
	Total	0	-	423.625	0.14%
Overall		8	3.40%	2,261	0.77%

Note 1: These statistics are current as of Dec. 31, 2023, and include only regular full-time employees, not contract employees.

Note 2: Total working hours = 2,353,024 hours (Number of persons × working days in the year × Number of working hours per day); Total working days = 294,128 (Number of persons × working days in the year)

Note 3: Total Recordable Incident Rate = Number of Recordable occupational injuries / Total working hours x one million hours

Note 4: Lost Time Incident Rate = (days lost to occupational injuries + days lost to sick leave + days lost to menstrual leave) / Total working days x 100%

Note 5: The total recordable incident rate and absence rate of part-time employees were both 0.

Note 6: Absence rates for 2020, 2021, and 2022 were 0.055%, 0.52%, and 0.53%, and the target rate for 2023 is 0.5%.

To prevent poor workplace air quality from affecting employees' health and work efficiency, O-Bank prohibits smoking in all office areas and within ten meters of the entrance to any building, and has installed pre-cooling air handling units and fresh air inlets on our office buildings to maintain good air quality in office environments. Also, office areas are cleaned every day, and on a regular basis these areas

are disinfected in order to reduce employee contact with work environment risk factors. O-Bank also tests indoor CO₂ emissions twice a year, and the test results are all in compliance with the regulations. At offices located in areas with serious air pollution, O-Bank installs air purifiers and provides persons who work there with a special allowance to offset the cost of lung CT scans. The CT scan results can help employees be more aware of the health impact of air pollution. O-Bank also tests indoor air quality every two years. In July 2023, the Taipei City Government issued O-Bank an "Indoor Air Quality Voluntary Management Certificate" (valid through July 2026), which demonstrates the success of O-Bank's efforts to ensure good workplace air quality.



O-Bank receives "Indoor Air Quality Voluntary Management Certificate"

In response to the COVID-19 pandemic, O-Bank established an emergency response team and formulated disease control measures for the 2020~2023 period. To ensure business continuity, O-Bank's employees arrived at work and left along separate pathways, engaged in offsite work and completed work-from-home drills. To maintain a safe work environment, O-Bank took our employees' temperatures every day and provided alcohol hand cleanser. During working hours, all employees were required to wear masks, office areas were kept extra clean, and disinfections were carried out with increased frequency. To care for employees' health, O-Bank regularly checked employees' travel and contact histories, and any employee who had possible COVID symptoms was urged to immediately see a doctor, after which O-Bank continued to monitor the employee's condition. If a co-worker was notified by the authorities to go into home quarantine, O-Bank provided quarantine leave with full pay. Also, to avoid mass gatherings, O-Bank temporarily postponed all unnecessary indoor and outdoor activities, business trips, and in-person meetings. Whenever possible, meetings were held online or via teleconference instead. Beginning from May 2023, acting in accordance with public announcements from the Taiwan Centers for Disease Control, O-Bank discontinued the aforementioned pandemic prevention measures while continuing to pay close attention to any co-workers showing signs of illness in order to ensure that the bank continues normal operations.

2. Employee Health Maintenance

To promote employee health, O-Bank arranges employee health examinations each year, and the list of checks performed is more extensive than what is required by law. Employees aged 40 or older can receive one free health examination per year, while employees under the age of 40 can receive one free health examination every other year. The hospital that conducts the health examinations then sets up individual appointments as necessary to discuss the results and provide health management recommendations. In 2023, 85% of employees took advantage of the health examination program. O-Bank has assessed employee health risks on the basis of: the results of employees' health examinations; and surveys carried out under the O-Bank Ergonomic Hazard Prevention Program, the Program for Prevention of Ailments Induced by Exceptional Workload, the Program for Prevention of Wrongful Harm During the Execution of Job Duties, and Self Health Assessments During Pregnancy and the First Year Post-Partum. On the basis of the results, O-Bank has developed health management plans and provided risk mitigation measures, and provided individual employees with suggestions on how to deal with specific risks. The idea is to elevate employees' awareness of the need to care for their own health. The results of O-Bank 2023 employee health risk assessments are as shown in Table 5-14. With respect to assessed items with a relatively high abnormality rate, O-Bank steps up the provision of mitigation measures in order to maintain employees' physical and mental health.

Table 5-14: O-Bank 2023 Employee Health Risk Assessments

No.	Assessed Item		Abnormality Rate	Mitigation Measures
1	Abnormal checkup findings	Cholesterol	43.36%	<ul style="list-style-type: none"> • Set up a special "Health Information Section" on our digital learning platform to provide information regarding nutrition, posture management, disease management and prevention, mental health management. The idea is to make it easier for employees to obtain accurate health information. • Set up a health kiosk where employees can make use of treadmills, stationary bicycles, stepper machines, dartboard machines, practice putting greens, and other such equipment that employees can use while they're on break. • Launch a wide range of posture management courses, including aerobics, athletic competitions, and physical fitness courses. • Hold lectures on exercise and health to share information on correct exercise posture, how to improve one's diet, and emphasizing the importance of regular health examinations. • Order healthy boxed lunches for employees once per month and partially subsidize the cost, to encourage employees to pay attention to healthy eating habits.
2		Blood pressure	16.81%	
3		Blood sugar	21.9%	
4	Exceptional workload	Workload surveys	3.04%	<ul style="list-style-type: none"> • Based on the seriousness of conditions mentioned in questionnaire responses, arrange consultations with an on-site physician. • A labor safety unit supervisor or unit supervisor is referred to a high-risk colleague to help assess that colleague's work environment and work style, and this basis we adjust that colleague's work assignment or working hours.
5		Psychology surveys	12%	
6	Ergonomic hazards	Musculoskeletal survey	4.75%	<ul style="list-style-type: none"> • Arrange 20-minute neck and back massage sessions for employees at the Bank (the headquarters building, the customer service center, the data center), and post information on correct sitting postures to the special "Health Information Section" on our website.
7	Prevention of wrongful harm during the execution of job duties		0%	<ul style="list-style-type: none"> • Adopted measures to prevent and punish workplace violence, conducts awareness campaigns to emphasize that workplace violence is prohibited, and periodically conducts activities under the Program for Prevention of Wrongful Harm During the Execution of Job Duties. • There were no instances of wrongful harm in 2023.
8	Protection of maternal health		0%	<ul style="list-style-type: none"> • O-Bank provides maternity leave and prenatal leave that exceed statutory requirements. • Provides breastfeeding and lactation rooms, which were certified as "high quality" in 2023 by the Health Department. • Provides pregnant employees with one glass of fresh milk each day, plus gift certificates for maternal and infant goods shops.

Note: The figures in this table only cover employees in Taiwan.

To prevent exceptional workloads from causing illness, O-Bank uses workload surveys and psychology surveys to assess whether employees have potential risks of stress, and is cooperating with the Teacher-Chang Foundation to arrange counseling services focusing on such matters as family relationships, interpersonal relationships, opposite-sex relationships, and adaptation to the workplace. In addition, O-Bank observes musculoskeletal disorders to understand the musculoskeletal injuries that co-workers may suffer as a result of having spent long hours sitting in offices or possibly not maintaining good posture. O-Bank has set up a health kiosk in our headquarters building, and is planning to launch posture management courses, hold athletic competitions, and hire visually impaired massage therapists from the Eden Social Welfare Foundation who will work onsite at O-Bank to help employees care for their musculoskeletal health. For matters of pregnancy, O-Bank prepares special care measures for female employees when they are pregnant, are in their first year post-partum, or are lactating, and on the basis of the "Form for Self Health Assessments by Laborers During Pregnancy and the First Year Post-Partum" O-Bank adopts hazard assessment and control measures, and implements health protection measures for pregnant employees. When an employee has a health concern, O-Bank periodically arranges for individual consulting with an on-site physician.

To further build up exercise as a popular lifestyle option among employees, O-Bank has established many different clubs for people interested in adopting downshifted lifestyles or pursuing such activities as basketball, golf, yoga, badminton, aerobics, jogging and swimming. Company funding for these clubs in 2023 totaled NT\$1,459,217 and serves to encourage employees to join clubs that take part in physically active pursuits. In recognition of O-Bank's outstanding efforts in this area, the Ministry of Education's Sports Administration in 2023 granted O-Bank "Taiwan i Sports" certification, which will remain current through October 2026. In 2022, O-Bank has received a Badge of Accredited Healthy Workplace (remains current through December 2024) from the Ministry of Health and Welfare's Health Promotion Administration. These honors highlight the success that O-Bank has achieved through our efforts to promote a healthy work environment.



Well-equipped employee lounge promotes a healthy workplace.



O-Bank's badminton club



O-Bank's golf club

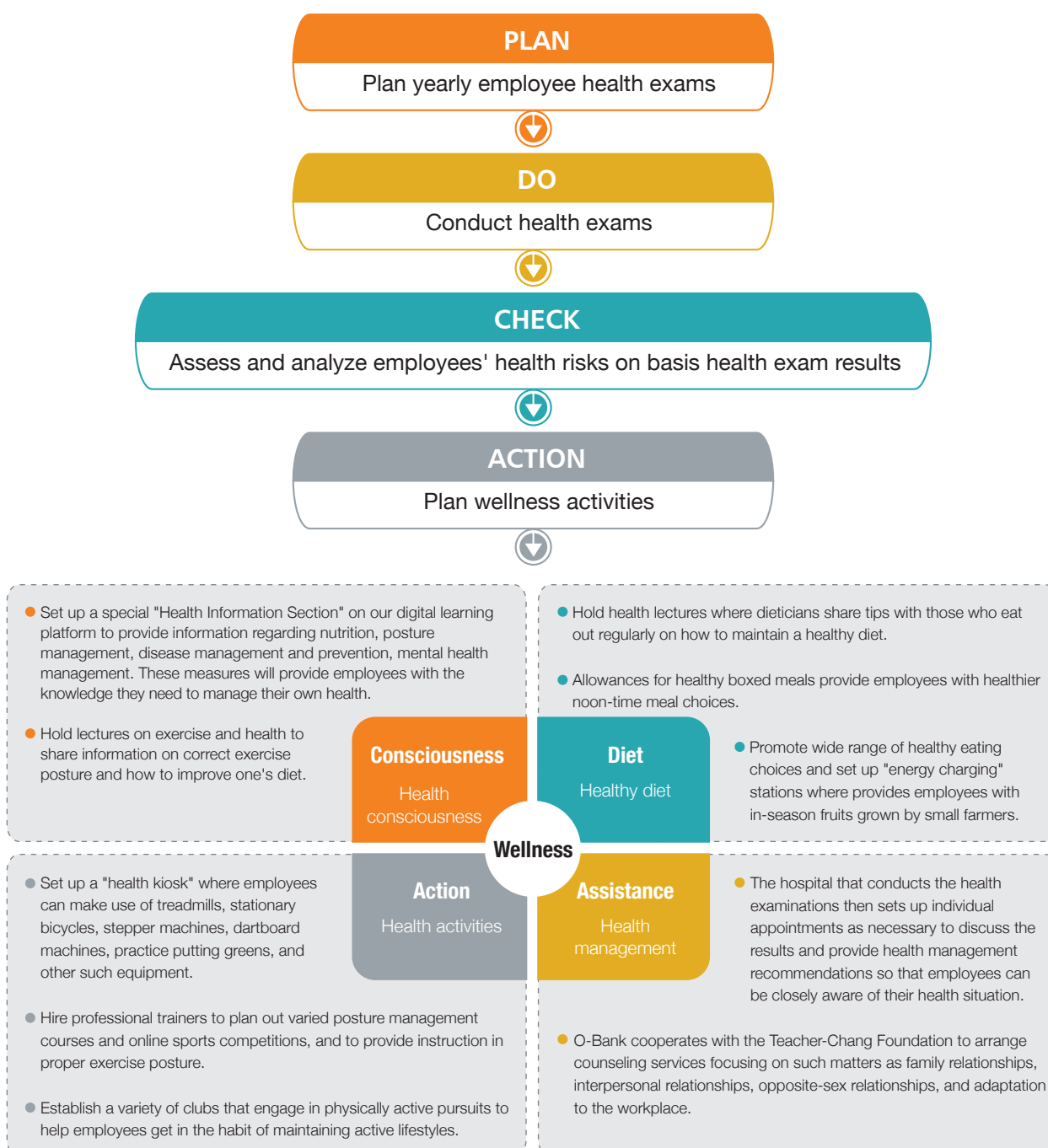


O-Bank received a Badge of Accredited Healthy Workplace



O-Bank received "Taiwan i Sports" certification

Fig. 5-2: Health Assessment Procedures and Healthcare Measures for O-Bank Employees



5.2 Employee Compensation and Benefits

5.2.1 Fair Compensation

1. Compensation System and Compensation Disclosure

To attract superior talent and encourage employees to perform at their best, O-Bank has a compensation system that accords balanced attention to the needs for both internal fairness and external competitiveness. Compensation is set on the basis of each employee's educational attainments, work experience, abilities, performance, position, and the professional expertise required for the person's job, without any discrimination on the basis of gender, age, ethnicity, or other such factors. For regular full-time O-Bank employees, all basic starting salaries are above the minimum basic wage required by the "Labor Standards Act," the monthly fixed salaries of new university graduates hired in 2023 were 1.25 times higher than the legally required minimum basic monthly wage (Note 5-2) for both men and women, and the hourly wages of part-time employees, both male and female, satisfied the legally required minimum hourly wage. In addition, The O-Bank Board of Directors has a Compensation Committee that reports to it. The Compensation Committee, which is comprised of the entire number of independent directors, periodically examines and evaluates the compensation of directors and executive officers, and determines the performance review standards and compensation peer groups for employees. It also reviews the competitiveness of compensation provided by O-Bank each year by making reference to compensation benchmarks among peer institutions. In addition, O-Bank reports each year on its director remuneration policy and senior executive remuneration policy to the shareholders meeting to ensure that both remuneration-related performance indicators as well as the organizational strategies of concern to stakeholders are all developing in the same direction.

O-Bank has adopted "Rules Governing Employee Compensation" and is making a concerted effort to build a compensation and benefits system that is competitive in the marketplace. O-Bank provides employees 12 months of fixed salary, meal allowances, work allowances, the three major holiday bonuses, enrolls employees in the Labor Insurance, National Health Insurance, and Labor Pension programs, and provides other employee benefits. In addition, based on company earnings and the individual performance of employees, O-Bank provides two months of festival bonuses plus short-term incentive bonuses, including performance bonuses, sales bonuses, and other forms of employee compensation, to encourage employees to pursue excellent performance. Employees at O-Bank business locations throughout the world enjoyed the aforementioned basic salary, meal allowances, and various bonuses that came to an average of NT\$1,725 thousand per year in 2023. Also, O-Bank each year adjusts salaries on the basis of the economic growth rate, the consumer price index, each employee's individual performance, job duties, and potential for future development. Personnel promoted in the previous year who have continued to show outstanding performance will receive larger pay raises to ensure the retention of their services. Over 89% of employees who took part in performance evaluations in 2023 obtained salary adjustments, which averaged 3.4%. The largest single salary adjustment was more than 20% (including a pay raise for promotion).

In 2023, the average salary for all O-Bank employees at business locations throughout the world was NT\$1,494 thousand, and the median was NT\$1,069 thousand, while in the Taiwan region it was NT\$1,354 thousand, and the median was NT\$1,004 thousand. Among all non-managerial employees (Note 5-3), the

Note 5-2: Items factored into a "monthly fixed salary" include monthly fixed pay and meal allowances. The Ministry of Labor adjusted the minimum wage to NT\$26,400 per month on January 1, 2023. The phrase "1.25 times higher than the legally required minimum basic monthly wage" as used above means 1.25 times the basic monthly wage in 2023.

Note 5-3: These figures are based on internal management data and the "application procedure explanations and FAQs" prepared and issued by the Taiwan Stock Exchange or Taipei Stock Exchange. Said data only include employees who have already been employed for a full six months.

average salary was NT\$1,317 thousand and the median was NT\$1,081 thousand (Note 5-4). Information on the salaries paid by O-Bank in the past three years to full-time non-managerial employees in Taiwan is set out in Table 5-15. O-Bank has been included as a component of the TWSE RAFI Taiwan High Compensation 100 Index for six consecutive years beginning in 2018, an indication just how much O-Bank has done to provide employees with competitive compensation.

Table 5-15: Salaries of O-Bank Full-time Non-managerial Employees in Taiwan from 2021 to 2023

Unit: NT\$

Year	2023	2022	2021
Full-time employees (Note 1)	875	800	698
Average salary (Note 2)	1,317,000	1,279,000	1,251,000
Median salary	1,081,000	1,032,000	1,023,000

Note 1: The term "full-time non-managerial employees" means all persons employed in salaried positions in the current year for six months or longer, but it excludes employees of overseas branches and some part-time employees. The numbers are calculated on a weighted average basis.

Note 2: The term "average salary" is calculated by taking the accrued annual salaries of the full-time non-managerial employees referred to in Note 1, including regular earnings (basic salary and any fixed monthly allowances and bonuses), overtime pay, and irregular earnings (allowances, bonuses, and employee compensation not issued on a monthly basis), and then dividing by the number of full-time non-managerial employees.

O-Bank has implemented the principle of equal pay for equal work and has pledged that salaries and compensation will not differ due to gender. O-Bank annually reviews the reasonableness of employee compensation to ensure that individual compensation levels fall within the salary grade for each particular grade. The average salary at business locations throughout the world was NT\$1,279 thousand for female O-Bank employees and NT\$1,697 thousand for males. Further breaking down these figures, the female-to-male compensation ratio for members of executive management was 0.57:1, for members of senior management this ratio was 0.82:1, for members of junior management this ratio was 0.91:1, and for rank-and-file employees this ratio was 0.81:1. The female-to-male compensation ratio for employees in various grades at business locations throughout the world over the past two years are as shown in Table 5-16. The gap between female and male compensation arises because females and males are differently distributed among different functions and grades.

Note 5-4: Figures for "total annual compensation" are based on annualized figures for persons currently employed as of December 31, 2023. Items factored into total annual compensation include annual fixed salary, the three major holiday bonuses, performance bonuses, sales bonuses, and employee compensation.

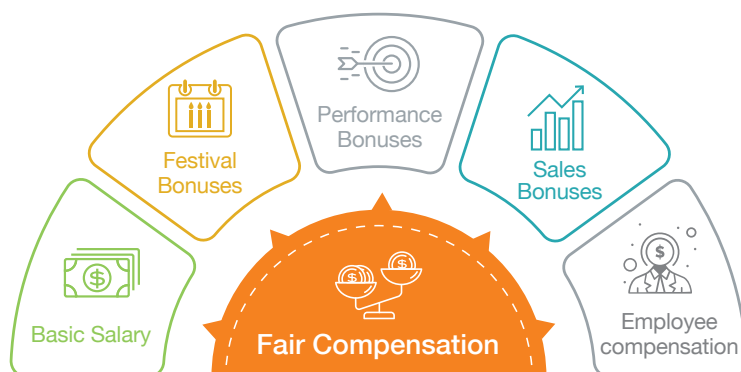
Table 5-16: Female-to-Male Compensation Ratios in Various Grades Throughout the World Over the Past Two Years

			2023	2022
Executive management		Fixed salary	69%	68%
		Fixed salary & bonuses	57%	56%
Other levels of management	Senior management	Fixed salary	86%	97%
		Fixed salary & bonuses	82%	87%
	Junior management	Fixed salary	92%	99.5%
		Fixed salary & bonuses	91%	95%
	Overall average	Fixed salary	86%	91%
		Fixed salary & bonuses	84%	83%
Rank-and-file		Fixed salary	82%	83%
		Fixed salary & bonuses	81%	82%

Note: The method for calculating the ratios in this table is as follows: "Avg. fixed salary (and bonuses) of female employees holding positions at this level" / "Avg. fixed salary (and bonuses) of male employees holding positions at this level"

In order to practice gender equality in compensation, the Board of Directors of O-Bank has adopted standards of base salary grade for each grade. Regardless of applicant's gender, salaries to new employees were approved based on the above standards, the responsibilities and market competitiveness of different positions, as well as the applicant's experience and eligibility. In addition, O-Bank follows the principle of "Equal Pay for Equal Value" to compare the duties and requirements of different positions, assess the value of each position, and classify the positions according to their conditions. The female-to-male fixed salary ratio in the same category of position should be equal. To achieve the above goal, during the annual operation of salary adjustment, the Human Resources Department of O-Bank examines the fixed salary differences between men and women at business locations throughout the world based on factors including country, region, nature of work, job responsibilities, etc. If the gender salary ratio difference in the same category of position exceeds 10%, it should be reported to the President and the Chairperson. Moreover, within the following five years, we will review the lower-paid gender group in the category every year and increase the monthly salaries of persons whose salaries are lower than a certain percentage of the average of the group. In early 2024, O-Bank adjusted the salaries of eight employees, including those of five males and three females. The degree of the salary adjustments fell between 0.5% and 5.4%.

Fig. 5-3: O-Bank's Fair and Incentivizing Compensation System



2. Short-term and Long-term Incentive Bonus Mechanism

To encourage employees to pursue excellence and sustainable growth, O-Bank uses a system of reasonable compensation to incentivize employees. Besides 12 months of fixed salary, O-Bank also provides short-term incentive bonuses, long-term incentive bonuses, and other types of variable bonuses. The short-term incentive bonuses include annual performance bonuses, sales bonuses, and other forms of employee compensation. Each year, based on that year's return on equity (ROE), O-Bank provisions a different share of earnings before taxes to fund performance bonuses of all employees (for information on linkages and provisioning ratios, see Table 5-17 below). Short-term incentive bonuses are set on the basis of an individual's performance review results. Performance review focal points include "degree of contribution to outcomes" (accounts for 80% of the score) and "competency" (accounts for 20% of the score). Information on the performance items that factor into the score on "degree of contribution to outcomes," and the weightings of each, is set out in Table 5-18 below. However, if an individual employee violates the law, internal controls, or risk management principles and thereby causes the company to incur a financial or non-financial loss, and the employee's culpability is ascertained, O-Bank will deduct from that employee's bonus an amount commensurate with the gravity of the offense.

Table 5-17: O-Bank Current ROE-Linked Employee Bonus Provisioning Ratios

Return on Equity of the Year (ROE)	Appropriation of Earnings Before Taxes (EBT) to be Performance Bonuses
ROE < 5%	The appropriation of total EBT for performance bonuses is based on the actual ROE percentage
$5\% \leq \text{ROE} < 8\%$	O-Bank appropriates 6%~8% of the total EBT as performance bonuses
$8\% \leq \text{ROE} < 11\%$	O-Bank appropriates 9%~10% of the total EBT as performance bonuses
$11\% \leq \text{ROE} < 15\%$	O-Bank appropriates 10.5%~11.5% of the total EBT as performance bonuses
$15\% \leq \text{ROE} < 20\%$	O-Bank appropriates 12%~12.5% of the total EBT as performance bonuses
$\text{ROE} \geq 20\%$	O-Bank appropriates no more than 13% of the total EBT as performance bonuses

Table 5-18: O-Bank Short-term Incentive Bonus (Performance Bonuses and Other Employee Compensation): Focal Points and Weightings for Performance Evaluation Regarding Degree of Contribution to Outcomes

Type of Indicators	Items	Weighting
Degree of contribution to outcome	Financial matters	at least 58%
	Management and teamwork	
	Projects and procedures	
	Customer service	at least 5%
	Legal compliance, internal control, risk management, and information management	at least 12%
	Corporate social responsibility (sustainable development)	5~10%
Total		100%

Note 1: Indicators used and their weightings vary depending on the unit in question and its duties.

Note 2: This table applies to all O-Bank employees (including executive management).

O-Bank sets specific quantitative sales targets for salespersons (including customer service representatives and their managers) responsible for selling financial products or services, and sales targets are highly linked to monetary compensation. O-Bank sets standards of sales bonus payments based on the performance of salespersons in different business categories. The assessment items for sales bonuses of salespersons include non-financial indicators and financial indicators. The non-financial indicators include legal compliance, audit findings, and implementation of Know-Your-Customer (KYC) policies. As for the financial indicators, they depend on the characteristics of each businesses. For instance, the financial indicators of financial consultants include quantitative targets such as fee income, number of new customers developed, and growth rate of customer's total assets; the financial indicators of consumer lending representatives include quantitative targets such as net new allocations, interest spread income, and fee income. O-Bank comprehensively considers the achievement of various financial and non-financial indicators of salespersons and award sales bonus. In 2023, variable compensation provided by O-Bank to the supervisors and employees of its various units accounted for 39% of their total compensation. For the sake of risk control, O-Bank has adopted a bonus deferral and clawback mechanism for personnel who are responsible for selling all types of financial products and services. Disbursement of 10~20% of their sales bonuses is deferred until the following year, and if a particular person has engaged in improper selling conduct or has violated domestic or foreign legal provisions or prohibitions, thus causing a loss to the company, harming our reputation, or affecting our ability to grow our business, depending on the severity of the circumstances O-Bank may cancel an unpaid deferred bonus or claw back a bonus that has already been paid.

Furthermore, to encourage employees to pursue excellent long-term performance, O-Bank adopted a set of "Regulations for Implementing Long-Term Incentive Bonus Programs" in 2023. Included among those subject to these Rules are executive management (the President and supervisors at the level of CXO or above), management officers who have made superior contributions, and non-supervisors who are strategically significant personnel. Bonus are issued to these persons in the form of phantom stock. The total value of the bonus is linked to the stock price at the time of execution, and performance is evaluated over the following four years. The bonus will be issued four years later on the basis of target achievement, individual performance, and also on our average stock price at the time of execution to strengthen the connection between employee compensation and the company's long-term business performance. The long-term business performance indicators adopted by O-Bank are as Table 5-19.

Table 5-19: The Long-term Business Performance Indicators and Proportion of O-Bank

Long-term Business Performance Indicators		Weight
Financial indicators	peer group TSR ranking	10%
	peer group ROE ranking	20%
Strategic indicators	Improvement of asset-liability structure	12.5%
	Capital-light business development	12.5%
	Digital transformation	20%
	Overseas business strategy	5%

Long-term Business Performance Indicators		Weight
Sustainability indicators	Peer group international sustainability rating ranking	15%
	Achievement of the reduction target of total carbon emissions at all locations	2.5%
	Achievement of the reduction target of average carbon emissions per NT\$1 million investment and loan activities	2.5%
Total		100%

Note: Long-term incentive bonus formula: based on the number of shares approved at the beginning of the period, converted into bonuses based on the result of "achievement of long-term business performance indicators" × "achievement of individual four-year average performance" and the price per share at the time of execution. Based on the closing price of NT\$10.05 per share for O-Bank shares on March 29, 2024, the total funding available for long-term incentive bonuses is NT\$31,510,000.

3. Compensation System for Executive Management

Compensation for executive management at O-Bank is set in accordance with the "Rules Governing Compensation of Managerial Officers" and the "Rules Governing Provisioning for and Payment of Performance Bonuses," which were formulated and approved by the Compensation Committee and the Board of Directors. Compensation payable include fixed salaries and variable bonuses, the amounts of which are submitted to the Compensation Committee for review. Fixed salaries of O-Bank executive management are set on the basis of each person's job duties, professional qualifications, abilities, performance, and with reference to peer institution pay levels, while variable bonuses are reasonably distributed with an eye to the company's overall business performance, future risks, and each individual's performance. In addition, O-Bank has set limits on the maximum variable bonuses that may be paid to executive management. Variable bonuses paid to the President and other members of executive management (refers to supervisors at the rank of division head or above) are limited to three times their fixed salary (i.e. annual bonuses are capped at 300% of annual fixed salary). Variable bonuses paid to personnel at the level of Senior Vice President who serve as a department supervisor, or above (refers to material risk takers) are limited to two times their fixed salary (i.e. annual bonuses are capped at 200% of annual fixed salary).

To align the interests of executive management with shareholder value, the variable bonuses of O-Bank's executive management are clearly linked to the company's profitability and return on equity. At the same time, to encourage employees to attach importance to long-term business objectives, to encourage them to develop a clear understanding of future risks, and to encourage them to avoid short-termism, payments of some of the bonuses of the President, other members of executive management (refers to supervisors at the rank of division head or above), and personnel at the level of Senior Vice President who serve as a department supervisor, or above (refers to material risk takers) at O-Bank are deferred, based on links to the Bank's equity in order to establish a close link with the company's long-term business performance. Payments of 10% of the short-term incentive bonuses within the Bank's executive management's (refers to supervisors at the rank of division head or above) annual variable bonus must be linked to the company's share price, while another 10% is paid out in cash and deferred over a three-year period. For personnel at the level of Senior Vice President who serve as a department supervisor, or above (refers to material risk takers), payments of 5% of the short-term incentive bonuses within annual variable bonus are linked to the company's share price, while another 5% must be paid out in cash and deferred over a three-year period. Also, O-Bank has adopted a rule to the effect that 10% of the short-term incentive bonus within the President's annual variable bonus must be linked to the company's share price and deferred three years, while another 10% must be paid out in cash and deferred over a three-year period.

O-Bank's "Rules Governing Compensation of Managerial Officers" provides a system for clawback of short-term incentive bonuses, and it is not necessary for a member of management to engage in malfeasance or improper activity for clawback provisions to be triggered; if a member of executive management or a related supervisor causes expected or actual losses, or damages the Bank's reputation, and that person's culpability is ascertained, then during the aforementioned deferral period (three years) O-Bank may cancel an unpaid deferred bonus up to an amount commensurate with that person's degree of responsibility for the loss, or may claw back part or all of the amount of short-term incentive bonuses previously paid to said member of executive management, thereby linking long-term business performance to the sustainable business system. In addition, O-Bank's "Rules Governing Compensation of Managerial Officers" expressly provide that the company President's future compensation payments shall not be accelerated regardless whether controlling interest over the company has changed hands. Suppose, for example, that: (a) controlling interest over the company has changed hands but the President continues on in the position of President; or (b) controlling interest over the company has not changed but the President is asked to leave the position of President for a reason other than a major error on the job. Under such conditions, payment of deferred compensation would not be accelerated.

Also, to link the job performance of members of executive management to the company's long-term performance, while at the same time encouraging members of executive management to hold company stock for the long term, O-Bank has adopted minimum shareholding requirements for members of executive management. The Bank has adopted a new rule to the effect that, for the Bank President, beginning from the year next following completion of three full years as Bank President, the value of their O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) must be more than four times the amount of their fixed salary for the current year; and for other members of executive management, beginning from the year next following completion of three full years in their position, the value of their O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) must be more two times than the amount of their fixed salary for the current year. As of end-2023, the value of the Bank President's O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) was 3.37 times the amount of their fixed salary for the current year, and the value of the O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) of other members of executive management (Note 5-5) was 1.78 times the amount of their fixed salary for the current year; as of 31 May 2024, the value of the Bank President's O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) was 4.88 times the amount of their fixed salary for the current year, and the value of the O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) of other members of executive management was 2.72 times the amount of their fixed salary for the current year.

Information on total compensation paid to O-Bank's Chairperson, President, and other members of executive management is set out in Table 5-20 below. Therein, variable bonus accounted for approximately 72% of the President's total compensation in 2023. The variable bonuses paid to the President and other members of executive management depend on individual performance. Indicators of individual performance include financial indicators (e.g. income before tax, achievement of short- and long-term business goals, cost-to-income ratio, asset quality, and return on assets) and non-financial indicators (e.g. the company's core values, strategic goals, innovation, legal compliance, internal control

Note 5-5: The term "other members of executive management" comprises persons who were serving as division heads as of end-2023, including Deputy President Roger Y.F. Lin, Senior Executive Vice President Cheng-chou Hsu, Executive Vice President Vivian H.J. Fan, Executive Vice President Feng-jen Lai, Executive Vice President Chiu-ling Chao, Executive Vice President Joy Siew, Executive Vice President Hsiung-jung Chen, Executive Vice President Li-chen Hong and Executive Vice President Chun Hsieh. Each member of executive management holds an equity stake in the company.

and risk control, sustainable development goals, and climate change goals). The share accounted for non-financial indicators does not fall below 30% in any case. The President's individual performance indicators are set out in Table 5-21 and the President's short-term performance bonuses will be distributed based on how well the President has achieved the performance indicators in the table.

Table 5-20: Compensation Paid in 2023 to O-Bank's Chairperson, President, and Other Members of Executive Management

Unit: NT\$

Title	Name	Total Remuneration
Chairperson	Tina Y. Lo	26,258,000
President	Elton F.Y. Lee	43,295,000
Total compensation paid to other members of executive management (Note 1) (other than the President)	Roger Y.F. Lin, Cheng-chou Hsu, Vivian H.J. Fan, Chiu-ling Chao, Joy Siew, Feng-jen Lai, Hsiung-jung Chen, Chun Hsieh, Li-chen Hong	97,846,000
Comparative Information on the President's Compensation		
Multiple between President's compensation versus the compensation of the second-highest paid member of executive management		2.04 times
Multiple between President's variable bonus versus the variable bonus of the second-highest paid member of executive management		2 times
Multiple between President's compensation versus the median compensation of employees (other than the president) at business locations throughout the world		38.88 times
Multiple between annual increase in President's compensation versus annual increase in the median compensation of employees (other than the president) at business locations throughout the world		3.58 times

Note 1: Figures for compensation paid in 2023 to members of executive management other than the President include actually paid items and sums during their terms of appointment, and the figures are not annualized. Members of executive management employed at end-2023 included: Roger Y.F. Lin, Cheng-chou Hsu, Vivian H.J. Fan, Chiu-ling Chao, Joy Siew, Feng-jen Lai (terms run from Mar. 1 to Dec. 31), Hsiung-jung Chen, Chun Hsieh (terms run from Mar. 29 to Dec. 31), and Li-chen Hong (term runs from Dec. 8 to Dec. 31).

Note 2: The total compensation of the President in 2023 came to NT\$43,295,000. This figure included a fixed salary of NT\$12,300,000 and variable bonuses of NT\$30,995,000. The variable bonuses included short-term incentive bonuses of NT\$2,599,5000 (some of which are linked to the company's stock price) and long-term incentive bonuses of NT\$5 million (all of which are linked to the company's stock price). The total compensation of the President in 2022 came to NT\$38,280,000. This figure included a fixed salary of NT\$12,179,000 and variable bonuses of NT\$26,101,000. The total compensation of the President in 2021 came to NT\$32,029,000. This figure included a fixed salary of NT\$12,074,000 and variable bonuses of NT\$19,955,000.

Note 3: The multiple between the President's compensation versus the compensation of the second-highest paid member of executive management was 2.04 in 2023, 1.85 in 2022, and 2.13 in 2021.

Note 4: The annual salaries referred to above include salaries, bonuses, incentive bonuses, allowances, retirement pensions, access to company dormitory quarters and vehicles, and other such forms of compensation.

Note 5: The aforementioned "compensation paid to members of executive management" includes short-term incentive bonuses and long-term incentive bonuses. The formula for calculating short-term performance bonuses is as follows: Amount issued to individual based on company's current-year profits and ROE \times achievement of individual performance indicators ("individual performance indicators" include financial indicators and non-financial indicators, wherein non-financial indicators must at least include legal compliance, internal control, and ESG indicators).

Table 5-21: President's Individual Performance Indicators

Subject	Type of Indicators	Weighting	Items
President	Financial indicators	53%	Income before tax, cost-to-income ratio, asset quality, and return on assets
	Non-financial indicators	12%	Legal compliance, internal controls, risk management, and information security
		6%	Project procedures
		9%	Customer service
		10%	Corporate social responsibility (sustainable development)
		10%	Management & teamwork

5.2.2 Benefits and Human Caring

Remaining true to our ideal of human caring, O-Bank has planned out multiple employee benefit and protection systems, and has acted each year to build up the content of benefits so that employees can work with peace of mind, enjoy their jobs, and maintain a healthy work-life balance.

1. Employee Benefits and Protections

O-Bank's company benefits apply to all regular full-time employees in Taiwan. In addition to providing employees with such benefits as the three major holiday bonuses, holiday gifts, birthday gift certificates, marriage, childbirth, and bereavement allowances, company-paid employee dinner gatherings, and preferential treatment at cooperating commercial establishments, O-Bank has also adopted a set of "Rules for Administration of Employee Loans." Such loans (either secured or unsecured) are provided on preferential terms to fund purchases of homes or consumer goods. In 2021, O-Bank launched an Employee Relief Loan program to help co-workers who have major difficulties to deal with. Types of loans offered include natural disaster relief loans and medical emergency relief loans, for which the company subsidizes part of the monthly interest payments to help employees weather temporary rough patches in their lives. Also, to share with employees the fruits of our business success, O-Bank has established an Employee Share Ownership Plan. From the day they join the company, all employees can apply for membership in this Plan, under which a specified amount is deducted from the monthly salary of participating employees and used to purchase, via a trust arrangement, shares in O-Bank (with O-Bank kicking in an employer contribution to increase the amount of the purchases) so that employees can take part in the fruits of the company's growth. The percentage of the employer contribution is based on an employee's grade and performance. For an employee whose job performance is rated as "excellent" for two consecutive years, the employer contribution may be set as high as 140% and the employee will be allowed to increased their stock purchases, subject to no upper limit. As of 2023, in order to encourage outstanding employees to remain long-term, O-Bank now provides extra employer contributions to reward excellence. When an employee with especially outstanding performance pledges to continue serving for a specified period of time, the company will further increase its employer contributions up to as high as 500%. As of end-2023, the participation rate in the Employee Share Ownership Trust among all employees was over 90%.

To safeguard the well-being of employees, O-Bank enrolls them in all the Labor Insurance and National Health Insurance programs that are available for full-time and part-time employees in Taiwan, and also arranges comprehensive group insurance for employees and their family members at business locations worldwide. The group policy provides life, accident, hospitalization, medical, and cancer

insurance. In addition, to ensure that employees can retire without worries, O-Bank makes monthly contributions (equal to 2% of total payroll disbursements) to a retirement reserve that is managed by the Ministry of Labor's Bureau of Labor Funds in a special bank account. These monthly contributions are made in compliance with the provisions of the "Labor Standards Act," the "Labor Pension Act," and the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds." Retirement reserve allocations in 2023 amounted to NT\$9,695 thousand. For employees eligible to participate in the new pension system set out in the "Labor Pension Act," a monthly retirement reserve allocation equal to no less than 6% of each employee's basic monthly salary is contributed to an individual labor pension account at the Bureau of Labor Insurance. Contributions of this type in 2023 totaled NT\$64.99 million. For employees at our Hong Kong Branch, O-Bank has implemented a Mandatory Provident Fund arrangement that is even more generous than legally required, while our Tianjin Representative Office complies with local law by providing the so-called "five types of insurance and one housing allowance" (endowment insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, and a housing allowance).

O-Bank offers grants for employees at business locations worldwide (including contract employees and hourly employees) to take outside courses needed for work purposes, pursue academic degrees and advanced studies, and take various certification tests. In 2023, 475 such subsidies were provided to encourage employees to continue engaging in professional development and advanced studies, and came to a total of NT\$1,620,901. An overview of O-Bank employee benefits and protections is provided below in Table 5-22.

Table 5-22: Benefits and Protections for All Full-time O-Bank Employees in Taiwan

Benefits	Description
1. Enrollment in insurance	O-Bank enrolls employees in the Labor Insurance and National Health Insurance programs, and also arranges comprehensive group insurance that provides employees with enhanced life, accident, hospitalization, medical, and cancer coverage.
2. Employee health examinations	O-Bank periodically provides free health examinations that exceed regulatory requirements. Employees aged 40 or older can receive one free health examination per year, while employees under the age of 40 can receive one free health examination every other year.
3. Gift cash and gift certificates	O-Bank provides gift cash and gift boxes on the three major holidays (Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival), and gives employees birthday gift certificates.
4. Retirement pension system	Acting in accordance with the "Labor Standards Act," the "Labor Pension Act," and the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds," O-Bank has adopted a set of "Employee Retirement Rules" and a retirement pension system to ensure that employees receive a proper pension.
5. Employee Share Ownership Trust	From the day they join the company, any full-time employee may join O-Bank's Employee Share Ownership Trust to purchase company stock. The company also issues bonuses that vary in amount depending on each employee's performance in the preceding year.
6. Preferential employee loans	O-Bank provides employee loans on preferential terms to fund purchases of homes or consumer goods, and loans to deal with natural disasters or medical emergencies.
7. Ongoing professional development	O-Bank offers grants for employees to take outside courses, pursue academic degrees, go abroad for advanced studies, and take various certification tests. (This also applies to employees at business locations worldwide; contract employees and hourly employees may also apply to attend course that are necessary for work purposes.)
8. Other benefits	O-Bank provides marriage, childbirth, and bereavement allowances, company-paid employee dinner gatherings, preferential treatment at cooperating commercial establishments, funding for various activities clubs, an employee carwash at the headquarters building, a laundry service, and a lunchbox ordering service.

2. Employee Benefits Committee

O-Bank has an Employee Benefits Committee, which has made allocations to the employee benefits fund in accordance with the provisions of the "Employee Welfare Fund Act," as follows: 1% of O-Bank's authorized capital at the time of our establishment; 0.05% of O-Bank's total monthly operating revenues; and 0.5% of the monthly wage and allowances of each employee (deducted from each employee's pay). In 2023, the total disbursements of the Employee Benefits Committee came to NT\$9,891,381. These disbursements funded such benefits as marriage allowances, bereavement allowances, relief for injury or illness, club recreational activities, holiday allowances, birthday allowances, and other such benefits and allowances. On average, each employee in Taiwan received NT\$9,176 in benefits. For details on benefits paid out in 2023, see Table 5-23.

Table 5-23: Benefits Paid out in 2023 by the O-Bank Employee Benefits Committee

Item	Applications	Total Payouts (NT\$)
Marriage allowances	25	250,000
Childbirth allowances	17	102,000
Healthcare allowances for spouses, parents, and children of employees	83	775,667
Bereavement allowances	29	290,000
Birthday gift certificates	1,057	2,037,300
Company-paid employee dinner gatherings	1,039	1,522,985

Note: These figures only reflect the average employee benefits paid out to persons employed in the Taiwan region. The figures for number of applications reflect the number of application filed by persons who were still employed by O-Bank on the date of application.

3. Care for Families and Maintenance of a Healthy Workplace

O-Bank helps employees achieve work-life balance by maintaining of a diverse range of family-friendly workplaces and offering injury or sick leave, menstrual leave, parental leave, and family leave to employees throughout the world. O-Bank goes beyond the statutory minimum with additional paid leave options such as: childbirth leave (for female employees giving birth), family ties leave (for employees who need to care for family members); paternity leave (so that employees can accompany their spouses during childbirth); prenatal leave (for female employees during pregnancy), paternity leave for prenatal checkups (so that employees can accompany their spouses during prenatal check-ups), community service leave (to encourage employees to take part in community service activities), and honor leave (for employees whose performance meets prescribed standards). In addition, there is no limit on the number of days that employees in the Taiwan region can take off to participate in activities organized by the O-Bank Community Volunteer Club. An employee who applies for unpaid leave due to injury, illness, or childcare responsibilities can still choose whether to keep their social insurance coverage current. Those who take unpaid leave due to injury or illness can continue to stay enrolled in the company's group insurance. In addition to various types of paid leave, O-Bank also has a library, an employee lounge, a music room, and an art gallery where employees can go to relax. O-Bank organizes a Family Day activity every year, when employees are welcome to bring family members to the company to take part in fun activities. O-Bank's various measures to care for families and maintain a healthy workplace are outlined below in Table 5-24.

Table 5-24: O-Bank's 2023 Measures to Care for Families and Maintain a Healthy Workplace

Activity	Description	2023 Results
Thoughtful family benefits	Family leave benefits that exceed statutory requirements (paid leave)	
	Childbirth leave: Female employees receive 57 days of paid leave after childbirth. (The "Labor Standards Act" requires 56 days, and only requires half benefits for employees who have been with the company for less than six months.)	ten applications
	Paternity leave: Employees receive eight days of paid leave after their spouse gives birth. (The "Labor Standards Act" requires a combined total of seven days for paternity leave and paternity leave for prenatal checkups.)	eight applications
	Prenatal leave: Employees receive eight days of paid leave during pregnancy. ("Labor Standards Act" only requires seven days.)	14 applications
	Paternity leave for prenatal checkups: Employees receive eight days of paid leave before their spouse gives birth. ("Labor Standards Act" only requires a combined seven days for paternity leave and paternity leave for prenatal checkups.)	four applications
	Infant care leave: An employee with a child less than one year old may, after furnishing the child's birth certificate or proof of household registration, in applying for up to three days of infant care leave for each infant under one year of age. The number of days of infant care leave that an employee is allowed to take shall be approved in proportion to the age of the infant at the end of the calendar year in which the leave is requested, and the leave shall be paid.	20 applications
	Family ties leave: Employees receive two days of paid leave to accompany a parent, spouse, or child on doctor's visits. When an employee's child is attending the first day of elementary school, the employee may take a half-day off to accompany the child.	270 applications
	Adoption leave: An employee who applies with a court to adopt a child and completes transfer of the child to his/her household registry may take two days for adoption leave.	-
	Family-oriented activities	
	Mother's Day painting activities: Working together with the O-Bank Education Foundation (O-BankEF), we welcome artists to come to the O-Bank headquarters building on the eve of Mother's Day to lead employees in a decorative painting activity, with the completed paintings to be given as Mother's Day gifts.	Two Mother's Day painting activities were held, attracting the participation of 13 employees.
	"Families for the Earth" activities: O-Bank works with social enterprises to hold "Family Cookouts & Working for the Earth" activities. By having parents and children cook together and make use of so-called "unsightly fruits and vegetables" that are perfectly nutritious but deemed too unattractive to put out on shop shelves. This approach reduces wastage of the Earth's resources.	Three cookouts were held, attracting a total attendance of 90 employees and family members.
	Benefits related to family care	
	Preferential treatment at childcare facilities: O-Bank employees enjoy preferential treatment at specially contracted childcare organizations.	-

Activity	Description	2023 Results
Thoughtful family benefits	Flextime system: O-Bank has instituted a flextime work system that enables employees to choose one of three different time slots when they will arrive at and leave work, and when someone has an especially important need they can apply to switch to part-time work. Also, to help employees care for their families, the law makes certain employees eligible to reduce their work hours, and O-Bank has expanded the range of this eligibility to beyond that provided for by law. In addition to persons caring for children under three years of age, employees who care for other family members (e.g. a parent or spouse) may also flexibly adjust when they arrive at and leave work, or may shorten their work hours; at the same time, O-Bank also promotes a hybrid work model, whereby employees who receive a job performance rating of "outstanding" have the option of work-from-home arrangements three days per quarter.	A total of three employees have applied for flextime work.
Diverse range of work leave systems	Individual leave benefits that exceed statutory requirements (paid leave)	
	Special leave: Special leave system that exceeds statutory requirements.	1,371 applications
	Community service leave: Employees receive paid leave to take part in community service activities.	37 applications
	Long service leave: Employees who have completed five years of service receive three days of long service leave. Employees then receive an additional five days of long service leave upon completion of ten years, 15 years, 20 years and 25 years of service, respectively, at O-Bank.	64 applications
	Honor leave: An employee who receives a score of "A" or higher in his/her performance review may take half-day off for honor leave.	565 applications
	Organ donation leave: An employee who needs time off after donating bone marrow or an organ may take five days of organ donation leave.	-
Flextime work system	* Hybrid work model: To reward employees for excellent performance, O-Bank allows employees who receive a job performance rating of "outstanding" or better to apply for permission to work from home on three days per quarter. The work-from-home days have to be approved in advance by an applicant's supervisor.	one application
	Unpaid leave system: O-Bank has adopted a set of "Rules Governing Unpaid Leave." Under these Rules, an employee is allowed to apply for unpaid leave to attend professional development courses, recover from injury or illness, or care for a child.	nine applications
Comfortable working environment	Employee lounge and coffee bar: These are excellent spaces to enjoy coffee or tea and take time for a bit of relaxation.	-
	Library: The O-Bank library stocks a wide variety of books, periodicals, and magazines for employees' enjoyment.	-
	Art gallery: The O-Bank Group headquarters building has an art gallery that serves as the venue for occasional arts activities, including concerts, arts and culture lectures, and art exhibits.	-
Gender equality & Diversity-friendliness	Supportive measures for same-sex spouses: Employees with same-sex spouses receive the same benefits as other married employees, including marriage leave, paternity leave for prenatal checkups, paternity leave, bereavement leave, and the various allowances provided by the Employee Benefits Committee.	-
	Gender-neutral restrooms: O-Bank has installed gender-friendly restrooms to ensure that all employees can enjoy peace of mind.	-
	Gender-neutral dress code: Gender-specific restrictions have been removed from the company dress code.	-



Employee lounge and coffee bar



Library



Gender-neutral restrooms

4. Care for Pregnant Employees, Parental Leave

To ensure that female employees can enjoy a safe and comfortable work environment during and after pregnancy, O-Bank has safe and comfortable breastfeeding and lactation rooms as required by law, and provides pregnant employees with one glass of fresh milk each day to supplement their nutrition. In 2023, a total of 20 employees were eligible for parental leave (seven men and 13 women). Nine employees took unpaid parental leave. Also, 16 persons were due for reinstatement in 2023, of whom seven were actually reinstated. The reinstatement rate was 44%. The four employees who took unpaid leave in 2022 were subsequently reinstated in that same year and continued to be employed in 2023. The retention rate was 100% (see Table 5-25).

Table 5-25: Unpaid Parental Leave at O-Bank in 2023

Item	Gender		Total
	Male	Female	
Number of persons on unpaid parental leave in 2023	2	7	9
Number of persons due for reinstatement in 2023 after unpaid parental leave (A)	1	15	16
Number of persons due for reinstatement in 2023 after unpaid parental leave who were actually reinstated (B)	1	6	7
Reinstatement rate (B/A)	100%	40%	44%
Number of persons reinstated in 2022 after unpaid parental leave (C)	-	4	4
Number of persons reinstated in 2022 after unpaid parental leave who continued to be employed after one full year in 2023 (D)	-	4	4
Retention rate (D/C)	-	100%	100%

5.3 Employee Cultivation and Development

5.3.1 Performance Management

O-Bank has a comprehensive performance evaluation system and conducts a three-phase (planning, implementation, review) annual performance management process. O-Bank also carries out goal setting, coaching, mid-year performance feedback, and year-end performance evaluations. The performance management cycle is as shown in Fig. 5-4, and is designed to encourage employees to pursue excellence. During each phase, O-Bank complements the process with an electronic performance management platform, online and offline informational meetings, FAQs, and performance management training courses. These measures help both management and rank-and-file employees to better understand the key points, come to a meeting of the minds regarding work goals, and implement the performance management system. In addition, O-Bank has agile meetings for all employees, multi-dimensional assessments for retail business unit personnel, and other such performance management systems. For further details, see Table 5-26.

Fig. 5-4: O-Bank Performance Management Cycle

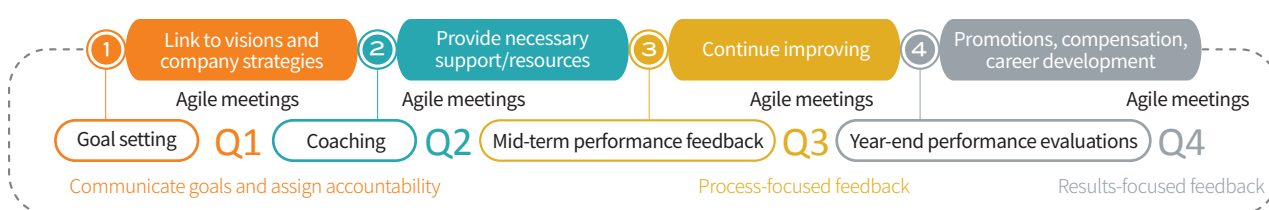


Table 5-26: O-Bank Performance Management Methods

Assessment Method	Assessment Content	Target	Frequency	System for Making Improvements
Annual performance reviews	O-Bank has adopted a set of "Performance Management Regulations." Early each year the Bank sets annual performance targets, and at mid-year and year-end supervisors assess how well employees have achieved the targets. At year-end, based on supervisors' assessments and the company's current-year profits, the Bank distributes individual short-term incentive bonuses.	All employees	two assessments/year	The "O-Bank Internal Rules on Performance Improvement" provides that an employee who has received a job performance rating of "B" in the current year, or a job performance rating of "A-" for two consecutive years, that person's supervisor will guide the employee in preparing a "Performance Improvement Plan," give appropriate demands and assistance, and oversee efforts by the employee to improve performance.
Agile meetings	Periodically carry out agile meetings, where we give each other real-time feedback, continue to inspect, revise, and review business goals, then use the results as reference in year-end performance reviews.	All employees	At least once each two months	Periodically review how well co-workers are achieving their work goals in order to gain a clear understanding of employees' performance, to understand how well employees are implementing each work task and the degree to which actual performance differs from expected performance, to act as quickly as possible to formulate improvement plans or actions, and to continue monitoring the status of implementation.

Assessment Method	Assessment Content	Target	Frequency	System for Making Improvements
Multi-dimensional assessments	With regard to personnel at corporate banking business units and retail customer services units, O-Bank includes customer satisfaction, customer service satisfaction, and other indicators in its performance reviews, and uses multi-dimensional methods to examine work performance.	Corporate banking units, retail customer services units	Quarterly	Corporate banking units: Customer complaints and customer satisfaction surveys are periodically reviewed. If an O-Bank employee has indeed engaged in improper behavior or provided poor service, points shall be deducted in that person's annual performance review, and the person will be asked to make an improvement; at the same time, all employees will be familiarized with the case at routine monthly meetings.
			Monthly	Retail customer services units: Each month O-Bank reviews the customer service quality of all customer service personnel, and on the basis of these reviews O-Bank provides guidance to help customer service personnel to improve their service quality; those whose service quality is excellent are given appropriate recognition.

The content of O-Bank performance reviews consists of "degree of contribution to outcomes" (accounts for 80% of the score) and "competency" (accounts for 20% of the score), and the results of performance evaluations affect an individual's compensation and chances for promotion. Therein, the focal points of "degree of contribution to outcomes" and the weightings thereof are shown in Table 5-27. In addition, every O-Bank employee has "corporate social responsibility" targets. Each unit must set annual sustainable development goals to encourage employees to conduct their work in such a way as to spur sustainable development. Also, in order to spur greater employee awareness of the need for protection of financial consumers, fair treatment of financial consumers, risk management, and to strengthen information security management, O-Bank has adopted "legal compliance, internal control, risk management, and information management" targets. And in response to rampant fraud activity in recent years, O-Bank has included "spotting fraudulent transactions in progress and preventing them from being completed" as a key focal point in performance reviews for front-line customer service personnel. Depending on the number of fraudulent transactions prevented, the amounts involved, and the skill displayed in the course of preventing such transactions, personnel who perform especially well may receive special recognition or bonuses, and the bank makes bank-wide commendation announcements in accordance with the provisions of the O-Bank "Rules for Employee Recognition and Discipline." Meanwhile, when giving out short-term incentive bonuses, they may receive bonuses in accordance with salary-related regulations to encourage them to actively prevent fraud cases.

Table 5-27: Focal Points and Weightings for Performance Evaluation Regarding Degree of Contribution to Outcomes of O-Bank

Type of Indicators	Items	Weighting
Degree of contribution to outcome	Financial matters	at least 58%
	Management and teamwork	
	Projects and procedures	
	Customer service	at least 5%
	Legal compliance, internal control, risk management, and information management	at least 12%
	Corporate social responsibility (sustainable development)	5~10%
Total		100%

Note 1: Indicators used and their weightings vary depending on the unit in question and its duties.

Note 2: This table applies to all O-Bank employees (including executive management).

O-Bank strives to ensure that our performance evaluation process is fair, impartial, and open. Management and rank-and-file employees engage in two-way feedback and conduct an initial evaluation. After that, members of executive management carry out an inter-departmental calibration of performance evaluation standards for employees at the same grade, and conduct secondary evaluations to ensure the consistency of standards throughout O-Bank. In 2023, a total of 1,114 employees were required to undergo performance evaluations (the requirement applies to any person who commenced employment at O-Bank prior to 30 September of the current year, and to employees who have satisfactorily completed their probationary period). All 1,114 of those employees underwent a performance evaluation. Information on these employees' gender composition and where they work is set out below in Table 5-28.

Table 5-28: O-Bank Employee Performance Evaluations in 2023

Type	Number of Persons in Taiwan	% of All Performance Evaluations	Number of Persons Overseas	% of All Performance Evaluations
Male	527	47.30%	51	4.58 %
Female	482	43.27%	54	4.85%
Total	1,009	90.57%	105	9.43%
Management	164	14.72%	7	0.63%
Rank-and-file	845	75.85%	98	8.80%
Total	1,009	90.57%	105	9.43%

Note: Persons hired on Oct. 1 or later were not required to undergo a performance evaluation in 2023.

5.3.2 Training and Learning

On the basis of our business strategy, the company's core values, and skills requirements, O-Bank has devised a comprehensive training development plan and career development blueprint that provide courses focusing on strategy, leadership, communication, and innovation, which different types of management personnel attend as necessary. Also, depending on the nature of their jobs and the differing legal compliance requirements, rank-and-file employees attend a wide range of training courses that focus on financial matters, legal compliance, specific job skills, and general knowledge. For employees planning to leave their jobs, the O-Bank Human Resources Department provides career development

consulting services, including resume editing suggestions and job interview consulting, to help employees to plan well for the next phase of their careers. This approach will spur our employees' continued competitiveness in the job market.

To make effective use of learning resources, O-Bank arranges for employees to attend both in-house and out-of-house courses, and has also launched a digital learning platform – O-Bank Digital Academy – that offers an abundance of online courses. O-Bank in 2021 further made our O-Bank Digital Academy content available via a mobile app so that employees can attend digital courses at any time or place, thus providing employees with flexible and convenient learning channels. In response to the development trend of digital financial services and combined with the company's strategic operational needs, O-Bank has launched a series of digital knowledge courses in recent years. These courses focus on a number of issues related to fintech innovation, and take an easily understandable approach to introduce digital knowledge while illustrating the concepts with case histories and well-known happenings in the financial industry which can enable employees to acquire new digital concept and help them grasp the latest trends in technological development and financial innovation.

O-Bank attaches great importance to ethical best practices, and continues to advocate for principles of good faith that oppose the offering of bribes, acceptance of bribes, and corruption. O-Bank communicates with and reaches out to employees by training new hires, offering courses on legal compliance and anti-money laundering, holding lectures on special topics, and administering questionnaires. Throughout the entire year there were no instances of corruption or unethical behavior. In 2023, all O-Bank employees (including contract employees and hourly employees) completed courses focusing on anti-corruption, legal compliance, the Provisions of the "Financial Consumer Protection Act," the "Principles for Fair Treatment of Customers" and information security. The 2023 completion rate was 100%, and attendance at legal compliance courses totaled 20,693 hours.

In order to establish a sustainability-oriented mindset among our employees, O-Bank offers online "Understanding Corporate Social Responsibility" education and training courses that address such matters as: the organizational structure and duties of the O-Bank ESG Development Working Committee; the O-Bank Corporate Social Responsibility Guidelines; and O-Bank's CSR undertakings and the key focal points of future development efforts. Also, in response to the trend toward development of sustainable finance, O-Bank has incorporated such topics as climate change, the Equator Principles, the transition to a net-zero economy, and the inventorying of portfolio emissions into employee training courses. Besides inviting outside lecturers to speak on sustainability issues and trends, cultivate an ESG mindset among co-workers, and encourage co-workers to weave a sustainability mindset into their everyday work routines, O-Bank personnel in the Sustainable Development Section also serve as lecturers when we hold training on "introduction to the methodology of the Partnership for Carbon Accounting Financials" and "database operations." Details on related courses are set out in Table 5-29 below.

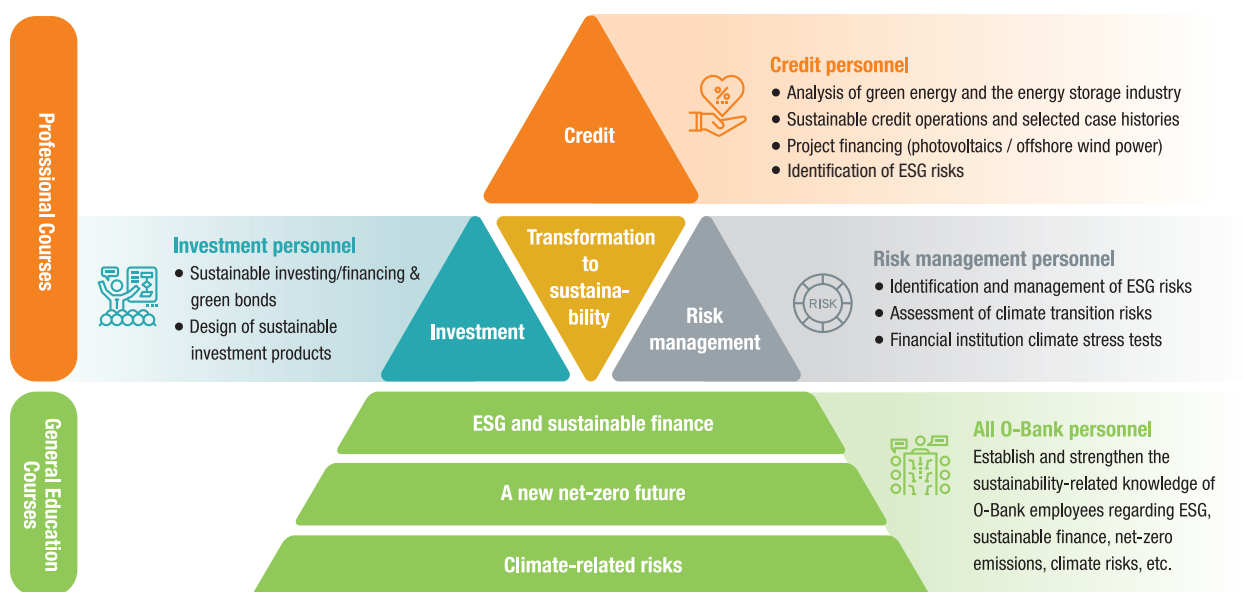
Table 5-29: O-Bank Sustainability-related Courses in 2023

Name of Course	Number of Sessions	Target Audience	Hours	Attendance	Person Hours
ESG and Sustainable Finance Training	1	Employees from throughout O-Bank	3	1,143	3,429
Sustainability and Sustainability Governance Trends	1	Employees from throughout O-Bank	3	1,156	3,468
Guidelines for Promoting Sustainability of Corporate Lending (ESG Risk Checklist)	1	Designated business personnel	0.5	55	27.5

Name of Course	Number of Sessions	Target Audience	Hours	Attendance	Person Hours
ESG Risk Identification for Corporate Banking	1	Designated business personnel (Including Corporate Banking Relationship Managers & Junior Relationship Managers)	2	166	332
Climate Risks and Development Trends	1	Designated business personnel	1	26	26
The Provisions of the "Financial Consumer Protection Act" and the "Principles for Fair Treatment of Customers"	1	Employees from throughout O-Bank	3.5	1,037	3,629.5
New Net-zero Solutions, Analysis of the Circular Economy	1	Personnel selected by various units	1	277	277
"Introduction to the Methodology of the Partnership for Carbon Accounting Financials"	1	Designated business personnel	2	348	696
Portfolio Emissions Inventory Database Operations	1	Designated business personnel	1.5	151	226.5
Choice of Steel for Photovoltaic Mounting Systems	1	Designated business personnel	2	86	172
Total	10	-	19.5	4,445	12,283.5

In addition to holding sustainability-themed courses for all employees to strengthen their awareness of sustainability issues, O-Bank also actively cultivates in-house sustainability specialists. The details of the O-Bank Training Framework for Transition to Sustainability are shown in Fig. 5-5 below. We have made a special budgetary allocation and reported it to the ESG Development Working Committee for approval.

Fig. 5-5 : O-Bank Training Framework for Transition to Sustainability



O-Bank held 825 in-house in-person education and online training activities in 2023, while there were 754 workshops run by outside entities. In total, these activities attracted 65,682 participants. O-Bank personnel logged a total of 104,538.4 education and training hours, average training hours per employee came to 89.4 (approx. 11.17 days), and average training expenditures came to NT\$6,227 per employee. Training hours logged by O-Bank employees in 2023 are set out in Table 5-30.

Table 5-30: O-Bank's Employee Education and Training Hours in 2023

Unit: hours

Job Type	Training Hours			Hours Per Employee
	Male	Female	Total	
Management	10,282.20	6,240.48	16,522.7	93.9
Share of total management training hours	62.2%	37.8%	100.0%	-
Non-management	45,660.88	42,354.86	88,015.7	88.6
Share of total non-management training hours	51.9%	48.1%	100.0%	-
Total	55,943.1	48,595.3	104,538.4	89.4
Share of total training hours	53.5%	46.5%	100.0%	-
Average training hours per person	92.2	86.5	89.4	

Note 1: All figures in this table for employees receiving training include regular full-time employees in Taiwan and overseas, but do not include the Chairperson, student part-timers, chauffeurs, or security guards. The total number of employees receiving training was 1,169, including 607 men vs 562 women, and 176 management personnel vs 993 non-management personnel (the term "management personnel" refers to supervisory personnel serving at the level of section head or higher).

Note 2: O-Bank in 2023 had 29 part-time employees, who in 2023 attended a total of 255.5 hours of training, for an average of 8.8 hours per person. Topics covered by mandatory courses included anti-corruption, legal compliance, information security, protection of personal information, and ethical best practices.

To encourage all full-time and part-time employees (including contract and hourly personnel) to elevate their professional skills and obtain financial certifications, O-Bank provides grants to offset the cost of testing for certifications required by internal rules. When an employee registers to test for a certification, regardless whether the employee does so voluntarily or because such certification is required for a particular job or by law, O-Bank pays the cost the first time the employee registers for any given test. Besides helping to strengthen employees' financial professionalism, such grants also help to improve O-Bank's overall service quality. Information on the professional licenses held by O-Bank employees in 2023 is set out in Table 5-31.

Table 5-31: Professional Licenses Held by O-Bank Employees, 2021-2023

Type of License	Year	2023	2022	2021
Banks' Internal Control and Audit Exam		465	428	391
Certified Internal Auditor		1	1	0
Certified Information Systems Auditor		2	2	2
Exam on Financial Market Knowledge and Professional Ethics		451	428	413
Trust Services Competency Exam		402	376	350
Structured Commodities Salesperson Qualification Exam		137	130	127
Financial Derivatives Salesperson Qualification Exam		104	81	76

Type of License \ Year	2023	2022	2021
Securities Brokerage Salesperson Qualification Exam	85	76	63
Securities Brokerage Senior Salesperson Qualification Exam	126	117	118
Life Insurance Salesperson Qualification Exam	272	229	211
Property Insurance Salesperson Qualification Exam	189	170	154
Exam for Life Insurance Salespeople Selling Foreign Currency, Non-Investment Products	86	69	61
Entry-level Lending Personnel Qualification Exam	232	188	165
Entry-level Forex Personnel Qualification Exam	168	157	143
Bond Trading Competency Exam	21	23	27
Forex Trading Competency Exam	8	10	7
Bills Salesperson Qualification Exam	37	38	36
Securities Investment and Trust Salesperson Qualification Exam	74	68	73
Securities Analyst Qualification Exam	7	6	6
ACAMS Certification	8	6	9
Cyber Defense License	24	2	12

Note: This table does not include overseas employees. The figures indicate the number of certifications valid as of year-end.

Also, O-Bank in 2022 established a corporate banking relationship manager (RM) certification program. This program provides courses on such topics as "introduction to credit examinations," "banking business," and "products," in order to encourage junior relationship managers (JRM)s to obtain necessary professional licenses. By setting up a solid and fully built up certification system, O-Bank supports the efforts of JRM)s to develop their careers, and we also seek to accumulate a deep pool of corporate banking talent. In 2023, four corporate banking JRM)s obtained corporate banking RM specialist certifications. Information on the state of implementation of the corporate banking relationship manager (RM) certification program in 2023 is set in Table 5-32.

Table 5-32: Implementation of the Corporate Banking Relationship Manager (RM) Certification Program in 2023

Trainees	Content of Training	Business Benefits	2023 Results and Quantitative Indicators
Corporate Banking JRMs (five course attendees)	O-Bank provided a series of courses for cultivation of corporate banking JRMs, including introduction to credit examinations, training courses of banking business and products, and these are backed by various qualifications exams, including a "Basic Proficiency Test for Bank Lending Personnel," a "Certification Test for Financial Derivatives Sales Personnel," a "Proficiency Test for Trust Operations Personnel," and a "Basic Test on Financial Markets and Professional Ethics." In addition, O-Bank required them to complete credit reports, and only those that meet a certain standard are deemed qualified as corporate banking RMs.	O-Bank, acting in accordance with its corporate banking development strategy, formulated a Corporate Banking Relationship Manager (RM) Certification Program. In addition to helping corporate banking JRMs to better understand products, do a better job of identifying lending risks, make use of their credit check expertise, and build up professional skills related to financial analysis, O-Bank has also cultivated the soft marketing skills of such personnel in such areas as product pricing and packaging, delivery of presentations, and negotiations, and has moved forward on many fronts to continue improving the skills of internal business personnel. This approach contributes to business growth and the achievement of targets, and creates win-win situations for both customers and the bank.	Four JRMs obtained RM certificates, which makes for an 80% certification rate.

Note: The participants in this certification program account for 0.42% of all O-Bank employees.

To review the results of employee training programs, O-Bank has used the Kirkpatrick Model to examine and measure the learning results of different training programs in order to verify the benefits of human and capital inputs, and to further optimize the content of education and training, thereby ensuring that employees have sufficient professional skills and expertise to respond to rapidly changing financial markets. The results of the Kirkpatrick Model of learning evaluations are as shown in Table 5-33.

Table 5-33: Kirkpatrick Model for Evaluation of Learning in Employee Training at O-Bank

Level	Description	Assessment Method	Key Training Programs	2023 Assessment Results
Reaction level (Level 1)	Ask about course satisfaction.	• Satisfaction surveys	• Courses on finance, general knowledge, job skills, and management	• Avg. course satisfaction rate: 91.2%
Learning level (Level 2)	Review the degree of acquisition of skills.	• Post-course testing • Course drills	• Legally required training • Training in IPR concepts • Training in information systems	• Pass rate in legally required training courses: 100% • Pass rate in courses on IPR concepts: 100% • Completion rate in courses for information system administrators: 100%

Level	Description	Assessment Method	Key Training Programs	2023 Assessment Results
Behavior level (Level 3)	Observe how participants' on-the-job behavior has changed.	<ul style="list-style-type: none"> Action plan Project evaluation Obtaining of qualifications 	<ul style="list-style-type: none"> Training information security Promoting a culture of accountability RM Specialist Certification Program 	<ul style="list-style-type: none"> Social engineering drills effectively reduced opening of phishing emails to 0%. Trained employees to familiarize them with accountability, and made use of performance evaluation system to encourage employees to pursue excellence. Established an RM Specialist Certification Program, used professional training and modular assessments to cultivate RM professionals. Rate for obtaining of qualifications for corporate business units:76%
Results level (Level 4)	Calculate the impact of training upon the enterprise.	<ul style="list-style-type: none"> Contribution per capita Reduce operating costs 	<ul style="list-style-type: none"> Cultivation of in-house lecturers Contribution per capita 	<ul style="list-style-type: none"> In-house instructors taught courses and prepared their own teaching materials, saving NT\$688,000 in training costs. Contribution of NT\$2.1 million per capita
Investment returns (Level 5)	Human capital ROI	<ul style="list-style-type: none"> Net income Labor costs 		<ul style="list-style-type: none"> 2.61

Note 1: Contribution per capita = 2023 standalone net profit after tax / 2023 total number of employees

Note 2: Human capital ROI = {Net income – (Operating expenses – employee benefits expenses)} / (employee benefits expenses)

5.3.3 Talent Development and Training

To meet our personnel needs in a rapidly changing financial environment, besides recruiting new talent from outside, O-Bank places great importance on discovering and training in-house talent. We are actively planning out a comprehensive training development plan and career development blueprint. For junior management positions, the human resources management tasks of selection and accountability are the basic focus of training; for senior- and executive management positions, training strengthens leadership and strategic planning ability so that they can build highly efficient goal-oriented teams. In addition, to ensure that knowledge and experience are passed on to newer employees, since 2014 O-Bank has been training an in-house team of instructors who systematically share their professional knowledge and job skills with their fellow employees. Also, O-Bank has developed several hundred professional courses for the benefit of other employees.

To encourage employees to take the initiative in developing their job skills, each employee carries out an annual Individual Development Plan (IDP) in which they express their thoughts regarding future job rotations or their career development, and they also discuss and formulate an IDP with a supervisor. Depending on each employee's needs, O-Bank also helps employees to take advantage of job rotation either within O-Bank or between O-Bank affiliates to develop multiple specialties and develop a broader career. In 2023, the job rotation rate (including reassignments and promotions) among O-Bank employees was 23.50%. Also, in order to equip employees with more diverse skills and special types of expertise, O-Bank beginning from 2023 will implement an "Inter-Departmental Job Rotation Program for Entry-Level and Junior Employees," in which employees will be sent out on two-month rotations to other departments to expand their personal career perspectives and cultivate people with cross-disciplinary abilities. At the same time, implementation of this Program will be linked to the performance

management system. In the first year, nine front-office, middle-office, and back-office units are to take part in the Program, and by 2024 the number of participating units is scheduled to rise to 36.

To ensure continuity of leadership and talent, O-Bank launched an "Executive Succession Development and Management Tier Program" in June 2022. Using various multi-dimensional indicators (e.g. objective talent assessment tools, internal performance measures, and practical observations) to examine existing team talent status across multiple dimensions and their degree of readiness to take over key positions, we select potential talent for key positions from supervisors at the level of CXO and from the department heads, and link company strategy and development plans in the design of management-level talent development plans. In 2023, O-Bank held nine leadership development courses and repeat training for supervisors at the CXO level, and 12 leadership development courses and repeat training for department heads. These included periodic meetings with the President and guidance sessions, the institution of a presidential deputy system, a job rotation program for the members of O-Bank executive management and arrangements in which directors or supervisors at O-Bank are sent to serve short stints at subsidiaries. This approach is intended to establish a pool of successor talent and help to pave the way for a smoother handover from one President to the next, so that the company's business operations will not be affected. O-Bank reports annually to its Board of Directors on the status of implementation of its "Executive Succession Development and Management Tier Program." Information on the implementation of the 2023 Program is set out in Table 5-34.

Table 5-34: Implementation of the O-Bank 2023 "Executive Succession Development and Management Tier Program"

Trainees	Content of Training	Business Benefits	2023 Results and Quantitative Indicators
CXO-level supervisors (12 course attendees)	<ul style="list-style-type: none"> • With the organization's future strategic direction and personal development functions as the core, we guide potential talents to formulate individual development plans (IDPs) and plan corresponding actions for key tasks and challenges; and then conduct acceptance through project results briefings and final meetings. • Courses include "hands-on experience camps" for selected professional skills. These are combined with skill-themed courses (including decision-making, communications and interacting, and guidance), regular guidance by consultants, and monthly meetings with the President. Each course attendee also delivers a presentation at the end of the course. 	Establish an internal pool of succession talent, which will help to smooth out the process for identifying a successor to the position of President and ensuring that the company's business continues unaffected.	In surveys of employee needs, the average score for CXO-level supervisors in the "supervisor leadership" aspect was above 80 points.
Department heads (62 course attendees)	<ul style="list-style-type: none"> • Focused on improving leadership ability by working on interpersonal skills, guidance skills, decision-making, and implementation ability. These undertakings were supplemented by repeat training to strengthen the impact of the courses after their completion. 		In surveys of employee needs, the average score for department heads in the "supervisor leadership" aspect was above 80 points.

Note: Participants in this Development and Management Tier Program account for 6.24% of all O-Bank employees.

In addition to the training of in-house talent, O-Bank also works to bolster the financial knowledge of students at colleges and universities, thereby imparting a better understanding of the financial industry and encouraging students to pursue a career in financial services. In recent years, O-Bank has collaborated with the National Taiwan University Department of Economics in holding a "Lectures Series on Finance and Industry." In this lecture series, members of O-Bank executive management deliver lectures in which they share their insights on business ethics, banking business, financial technology, and other financial industry topics, thus helping students to better understand the current state and future prospects of the financial industry. O-Bank also receives visits by school groups. In 2023, O-Bank hosted a visit by groups from Takming University of Science and Technology. The visit was an excellent opportunity for O-Bank to familiarize the university students with the bank and its business operations.

To discover outstanding new talent, O-Bank recruits undergraduate and graduate students to take part in the "Summer Internship Program for University Students." Participants attend introductory courses on the banking industry, take part in team competitions, and prepare research reports. This program provides currently enrolled students with opportunities to build up real-life workplace experience. Besides arranging attendance in professional courses and participation in actual banking work, O-Bank also assigns employees to act as mentors of the interns and lead them to learn workplace practices and ethics. This helps the students develop an advance understanding of bank's workplace culture, and facilitates their preparations for entry into the work world. A total of 24 students took part in the "O-Bank Summer Internship Program for University Students" in 2023, and over 200 have taken part since it was launched in 2016.



O-Bank's Summer Internship Program provides university students with a close look at the financial services industry

5.3.4 Human Capital Risk Assessment

O-Bank periodically carries out human capital risk assessments to prevent changes or imbalances in human resources from affecting organizational efficiency. The assessment procedure includes identification of human capital risks, assessment of risk levels, formulation of mitigation or improvement plans, examination of results, and periodic reviews and adjustments. In 2023, acting on the basis of financial industry trends and organizational development strategies, O-Bank identified six human capital risk topics. One of them ("employee attrition") presents medium risk, while the other five (low employee satisfaction; shortage of employees with core skills; corruption; workplace accidents; careless hiring) are all low-risk items. Mitigation measures have been adopted for all these risks in order to continue improving human capital management and lowering the impact of human capital risk on organizational efficiency. The results of O-Bank's 2023 human capital risk assessment are set out in Table 5-35.

Fig. 5-6: Human Capital Risk Assessment Procedure



Table 5-35: 2023 Human Capital Risk Assessment

Topic	Risk Indicator	Risk %	Risk ILevel	Impact on Company	Mitigation Measures and Benefits
Satisfaction declines	Employee satisfaction	2%	Low risk	Low employee productivity affects company performance.	With regard to items in the satisfaction survey for which employees gave relatively low scores, the company adopted response measures, such as a hybrid work model, allowing employees to take paid maternity leave regardless how long they had been working with the company, introduced infant care leave, made a wider range of employees eligible for shortened daily working hours, and increased the amount of childbirth allowances.
Attrition	Overall turnover rate (incl. voluntary and involuntary turnover rates)	24.62%	Medium risk	Frequent movement at work can generate risks.	<ul style="list-style-type: none"> • Report employee separations monthly. • Strengthen leadership training for supervisors and improve their guidance skills to do a better job of retaining employees.

Topic	Risk Indicator	Risk %	Risk Level	Impact on Company	Mitigation Measures and Benefits
Shortage of employees with core skills	Ratio of shortage of core talent for digital transition.	0.00%	Low risk	Shortage of digital talent causes inability to achieve digital transformation on schedule, thus affecting company's development and making it difficult to reap a return on investments.	<ul style="list-style-type: none"> • Classify digital talent as priority for outside recruitment, and add new recruiting channels. • Classify core skills units as internal job rotation units in order to discover potential talent. • Classify core skills units as internship units. Two interns were placed with such units in 2023.
Corruption	Rate of incidence of unethical behavior	0.00%	Low risk	Failure to properly implement corporate governance risks the company's reputation or causes actual harm.	<ul style="list-style-type: none"> • 100% of employees completed an ethics self-assessment. • 100% of employees completed an ethics training course. • Directors and members of executive signed the Declaration of Intent to Comply With the O-Bank Ethical Management Policy. Current and newly hired employees signed the Statement of Consent to Comply With the O-Bank Ethical Management Policy. • Monitored unusual transactions involving the accounts of employees working in business units and credit management units.
Workplace accidents	Workplace accident rate Total recordable incident rate = Total occupational injuries / x 1 million hrs	2.78%	Low risk	The occurrence of a workplace accident can affect worker productivity, and the company will have to deal with the cost of compensation.	O-Bank has obtained ISO 45001 certification for its occupational health and safety systems, and each employee must receive three hours of training per year in occupational health and safety.
Careless hiring	Involuntary turnover rate Number of persons discharged / Number of persons at year end	0.34%	Low risk	Unfit employees cannot achieve work goals, which affects the workplace atmosphere and increases training and recruitment costs for the company.	<ul style="list-style-type: none"> • Before hiring an employee, a supervisor must clearly state the targets that the new hire is expected to meet. • Performance reviews and improvement plans must be implemented. • Supervisors receive training in interviewing techniques.

5.4 Communication and Engagement with Employees

5.4.1 Communication Platform and Exchange Activities

To maintain harmonious labor-management relations, O-Bank convenes labor-management meetings at legally mandated intervals to discuss labor safeguards set out in labor legislation. Examples include legal provisions governing overtime work and the assignment of evening work to women. After a resolution is approved at a labor-management meeting, it is incorporated into the O-Bank Work Rules and announced to all employees. O-Bank also continues to conduct outreach measures to familiarize all employees with important rules governing work attendance and overtime in order to safeguard the rights and interests of labor. In 2023, O-Bank's labor dispute rate was 0% (Note 5-6). In addition, O-Bank's employment discrimination rate was 0%.

To generate more opportunities for direct interaction between employees and executive management, O-Bank organized nine "WeCare 2.0+" activities in 2023, which afforded employees opportunities during specifically reserved time periods to go to the offices of executive management and engage in conversation with them. Such interactions spur two-way communication between the company and employees. O-Bank also holds regular employees' assemblies, where O-Bank reports business results to all employees and communicates with them on company policies, so that employees can better understand the current state of the company. We held two such assemblies in 2023. In addition, O-Bank has a Mailbox for Employee Complaints and a Mailbox for Sexual Harassment Complaints. The number of complaints for both mailboxes in 2023 is one. All documents and communications submitted via these mailboxes are treated as confidential to protect the complainants. O-Bank has also established a WeCare Mailbox to encourage employees to make suggestions and keep the company informed of employee needs. A total of eight suggestions were received in 2023. In response to the great popularity of online social media, O-Bank has set up a Facebook Group for O-Bank employees where we announce various activities and keep employees up to date on company information.

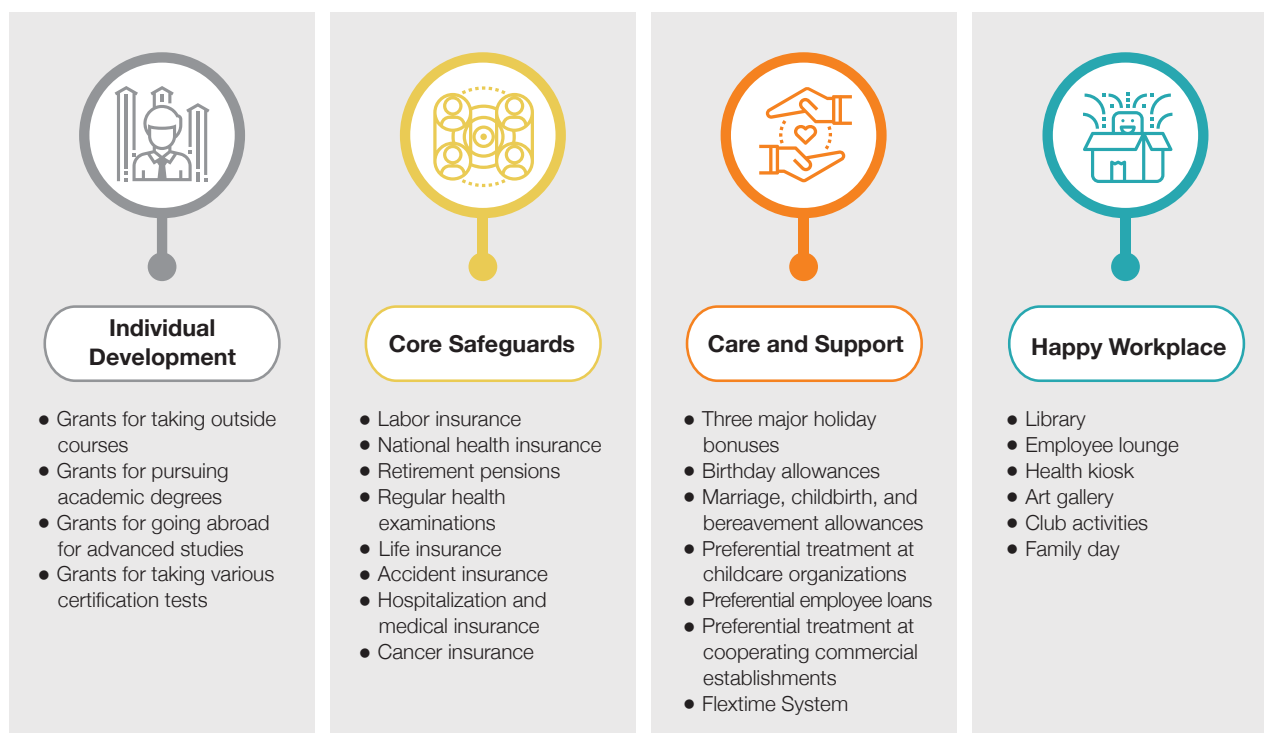
O-Bank firmly believes that corporate culture is the core driver in a company's march toward sustainable development. To act on our corporate culture of "always sincere, always here," O-Bank set an industry first in Taiwan by establishing a Corporate Culture Committee in 2013, which implements a number of different employee care measures designed to boost organizational cohesiveness, and has established a mutually supportive corporate culture. Measures taken in recent years include the following: Childbirth allowances of NT\$12,000 per infant plus an allowance of NT\$6,000 per infant from the Employee Benefits Committee equals a total of NT\$18,000; O-Bank's Energy Recharge Station provides free snacks and drinks to employees; employees receive cards to mark birthdays and anniversaries of their commencement of employment at O-Bank; employees are invited to bring family members to the company once each year to take part in Family Day activities; employees' children are welcome to attend Summer internship programs each year to develop workplace skills; and retired employees were provided with retirement health examination benefits, and invited to attend a year-end company party. In 2023, O-Bank held a series of "Families for the Earth" activities and invited employees and their family members to use so-called "unsightly fruits and vegetables" that have been discarded by shops to make delicious meals. The activity was a good chance for families to have fun together, and at the same time it promoted awareness of the United Nations Sustainable Development Goals (SDGs).

Note 5-6: The figure for O-Bank's labor dispute rate is based on the formula used by the Ministry of Labor, which defines the dispute rate as "the number of persons involved in labor disputes divided by the number of total employees." In the Taiwan region in 2023, O-Bank experienced no labor disputes.

5.4.2 Employee Satisfaction

The O-Bank Corporate Culture Committee conducts a Survey on Employee Satisfaction and Survey on Employee Needs once each year. A total of 1,089 employees responded to the 2023 O-Bank Employee Satisfaction and Employee Engagement Survey, (response rate: 97.76%). The satisfaction rate was 87.49% (Note 5-7) and the employee engagement rate was 86.48%, which shows how effective the company's various employee care policies have been. O-Bank has continued to rely on the results of these surveys in recent years to improve internal measures and adopt policies designed to meet employee needs. These measures and policies include the following: (a) held an "Informational Meeting on O-Bank's Performance and Compensation Systems" to familiarize employees with these systems; (b) instituted a system of long service leave for employees who have worked at O-Bank for a specified number of years; and (c) adopted a special appointments program designed to encourage employee accountability. In addition, in the 2023 Survey of Employee Satisfaction and Needs, respondents gave the lowest score for "Benefits," so O-Bank continues working to better understand the needs of employees, and is planning to launch a number of new measures in 2024, including the following: expanding the range of employees eligible for long service leave; setting up additional massage therapist service locations; provision of condolence payments or bereavement gifts when an employee is hospitalized due to injury or disease, or their family member passes away, etc. O-Bank will continue acting in line with our corporate culture of "always sincere, always here" to build a happy company where employees enjoy peace of mind, fairness, and a friendly atmosphere.

Fig. 5-7: O-Bank Offers Multiple Benefits to Create a Happy Workplace



Note 5-7: Employee satisfaction rates in 2020, 2021, and 2022 were 82.61%, 86.27%, and 87.76%, respectively.

6. Environmental Protection



O-Bank seeks to operate sustainably. While working to grow our business, O-Bank also pays due attention to protecting the environment. Measures to achieve this include replacing energy-consuming equipment, resource recycling, using green electricity and increasing the green purchase ratio to reduce the negative environmental impact of our business activities. To respond to global climate change and reduce carbon emissions, O-Bank in 2018 instituted an ISO 14001:2015 environmental management system and obtains annual ISO certification. The system ensures effective and comprehensive environmental management, including tight control over the use of power and water as well as generation of waste. The scope of the ISO certification covers all O-Bank business locations throughout Taiwan. And in order to effectively inventory and monitor carbon emissions generated in the course of operations, O-Bank in 2018 has also instituted an ISO 14064-1:2018 greenhouse gas inventory system and obtains annual ISO certification, and from 2022 these certifications cover the Hong Kong Branch and the Tianjin Representative Office, while inventories and verifications cover 100% of all O-Bank global business locations. Beginning in 2021, O-Bank installed an ISO 50001:2018 energy management system at its headquarters building to measure and monitor energy usage, thus ensuring more efficient energy usage. In addition, O-Bank encourages efforts by suppliers to jointly work on fulfilling CSR obligations. Working together, we can achieve good moral standards, respect the human rights of laborers, and promote environmentally sustainable development. O-Bank has adopted the walkways outside our headquarters building, placing large planters along the walkways and keeping the plants properly pruned and free of disease. O-Bank uses a wide variety of means to do what we can for the environment and pursue a low-carbon, sustainable type of growth.

Regarding the issues of minimizing climate change and advancing towards net zero emissions, O-Bank is actively driving a number of low-carbon transformation plans. In addition to lowering the power consumption of daily operations and increasing energy efficiency, we have committed to the target of reaching 50% renewable energy usage at all global business locations by 2030, and 100% by 2050 to reach the target of net zero emissions for global business locations by 2050. In addition, as a member of the Chinese National Association of Industry and Commerce, we publicly support its "1.5°C Climate Action Declaration" and pledge to support the plans and goals of "Taiwan's Pathway to Net-Zero Emissions in 2050", consolidating commercial resources to carry out industrial low-carbon transformation. At the same time, O-Bank follows the "Sustainable Development Guidemap for TWSE and TPEX Listed Companies" of the Taiwan Financial Supervisory Commission to conduct annual greenhouse gas inventory and certification as well as set operational carbon reduction goals to achieve the vision of the Paris Agreement to control global warming to within 1.5°C.

6.1 Environmental Management Policies and Targets

6.1.1 Using Digital Finance to Achieve a Customer-friendly Environment

After reorganizing as a commercial bank in 2017, O-Bank became the first native digital bank in Taiwan, and our borderless services have created an environmentally friendly business model. In addition to offering consumers more convenient access to financial services, the borderless service model of a digital bank greatly reduces the energy consumption that would otherwise accompany the establishment of physical branches. Consumers no longer need to expend fuel to travel to physical branches to conduct their banking business, and online transactions generally do not involve the printout of paper vouchers. This result is a low-energy-consumption business model that contributes to achievement of O-Bank's vision of operating in harmony with the natural environment.

6.1.2 Setting and Achievement of Environmental Management Targets

In order to systematically reduce the negative environmental impact of our business activities, and to effectively prevent the occurrence of incidents that violate environmental protection rules, O-Bank has instituted an ISO 14001:2015 environmental management system since 2018, and subsequently received ISO certification, effective for three years. O-Bank further undergoes a supervisory review each year in an ongoing effort to establish comprehensive and sound environmental management mechanisms while ensuring the company's ability to effectively implement various environmental management activities, thus seeking further improvements. In 2023, O-Bank expanded its ISO 14001:2015 environmental management system to cover its headquarters building, the customer service center, the data center, the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Office, and plans to expand coverage to global business locations in 2024. And in order to mitigate climate change by reducing operating CO₂ emissions, O-Bank employs version 2.1 of the Science Based Target Initiative's Science-based Target Setting Tool to set Scope 1 and Scope 2 GHG reduction targets for all O-Bank global business locations. These targets, along with the goal of increasing the proportion of renewable energy in the Bank's power consumption, are included as a sustainable development target in the annual performance evaluation of the Head of the Operations Management Division. The objective is to jointly achieve the goal of the 1.5°C Paris Agreement.



ISO 14001:2015
– Environmental
management systems
certificate



ISO 14064-1:2018 –
Greenhouse gases
statement (All business
locations throughout
Taiwan and Tianjin
Representative Office)



ISO 14064-1:2018 –
Greenhouse gases
statement (Hong Kong
Branch)



ISO 50001:2018 – energy
management system

O-Bank has adopted an environmental management policy, and it has set short-term, medium-term, and long-term environmental management targets (see Table 6-1) as well as annual greenhouse gas emission reduction targets (see Table 6-2) for all global business locations. O-Bank has disseminated environmental management policy throughout the organization via e-mail, and has also printed out small cards and distributed them to all employees. The cards state the following pledges:

- We will achieve efficient use and reuse of energy and resources.
- We will reduce waste and promote recycling.
- We will use green products, install energy-efficient equipment, and promote green energy.
- We will take part in environmental protection activities, pollution prevention activities, and continue working for further improvements.
- We will rigorously comply with applicable laws, contractual requirements, and agreements; adopt an environmental protection policy and continue promoting it.

- We will develop digital banking in an effort to create co-existence between the environment and technology.
- We will bring about sustainable operations, thus ensuring O-Bank's development and profitability while achieving environmental protection.

Table 6-1: Setting of Environmental Management Targets for O-Bank Global Business Locations

	Short-term (2023)	Mid-term (2025)	Long-term (2030)
Target for reduction of power usage per capita	3.0%	4.5%	6.0%
Target for reduction of water usage per capita	3.0%	5.0%	8.0%
Target for reduction of waste per capita	1.0%	3.0%	5.0%

Note 1: The comparison baselines for the reduction targets in this table are the figures for all O-Bank business locations throughout Taiwan in 2020 (power usage: 6,696.17 kWh per capita; water usage: 0.0202 megaliters per capita. Also, the scope of waste was expanded in 2022 from the O-Bank headquarters building to include global business locations. Accordingly, the comparison baselines for the waste reduction targets in this table are the figures for all O-Bank global business locations in 2022, which is 0.050 tonnes per capita.

Note 2: The term "O-Bank global business locations" includes the O-Bank headquarters building, the customer service center, the data center, the Nanjing Fuxing Branch (began operating in August 2023), the Zhongxiao Dunhua Branch (ended operations in November 2022), the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Office. Overseas locations include the Hong Kong Branch and the Tianjin Representative Office. It does not include subsidiaries at the O-Bank headquarters building, which is the China Bills Finance Corporation (which occupies 100% of the floor space on the building's 4th floor).

Note 3: O-Bank has set a non-renewable energy target for global business locations of reducing 2023 non-renewable energy by 10% from 2022.

Table 6-2: Annual GHG Emission Reduction Targets for O-Bank Global Business Locations (v.s. base year of 2022)

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Target for reduction of total GHG emissions	10%	15%	21%	28%	35%	40%	45%	50%	54.2%	58.4%

Note 1: Beginning in 2022, O-Bank expanded the scope of its greenhouse gas emission inventory from business locations throughout Taiwan to business locations around the world. As a result, the basis of comparison for reduction in total greenhouse gas emissions is 3,106.3 tonnes in total emissions for O-Bank's global locations in 2022 on a market basis (Scope 1 and Scope 2).

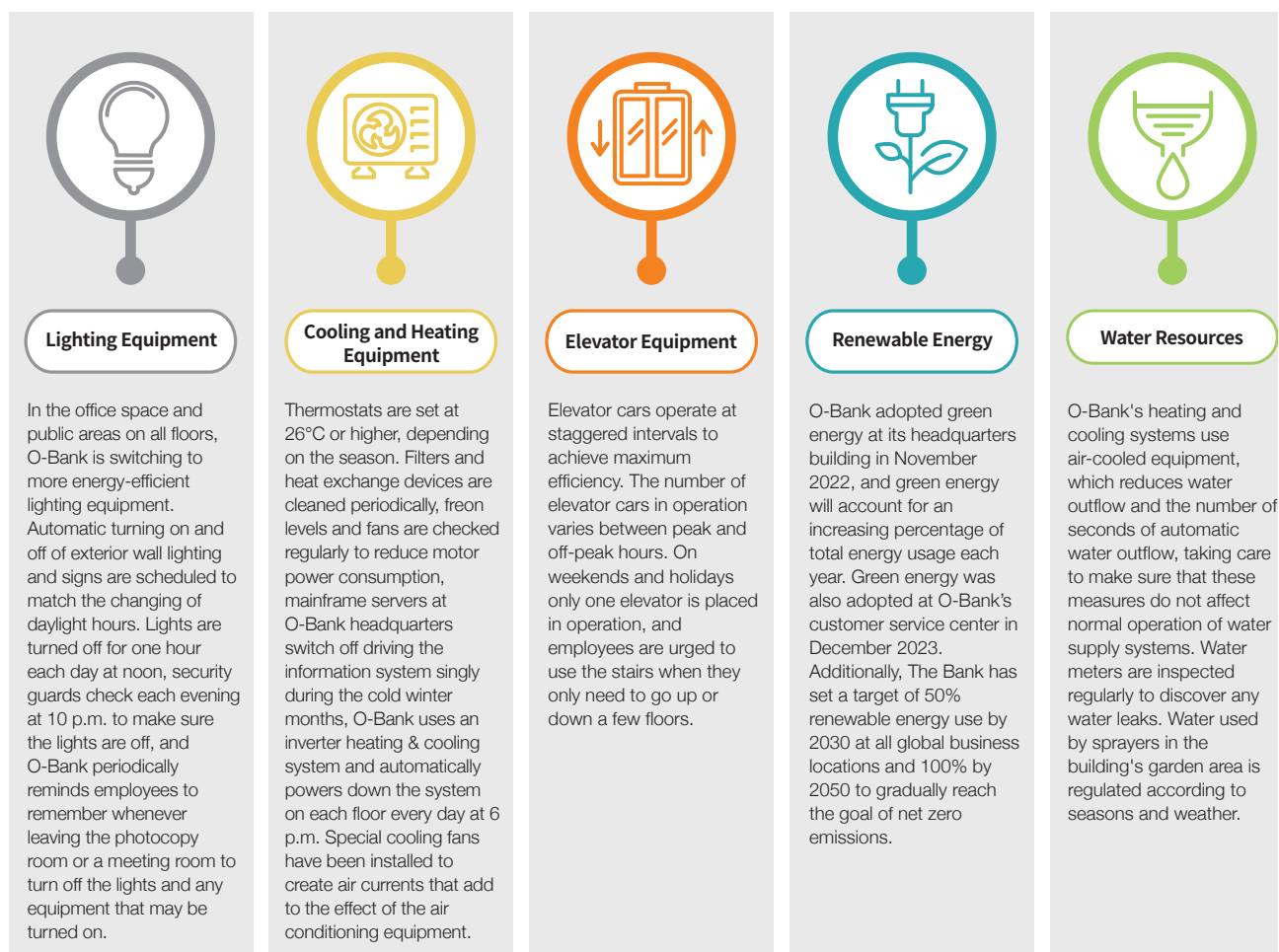
Note 2: O-Bank uses version 2.1 of the Science Based Target Initiative's Science-based Target Setting Tool to set reduction goals for Scope 1 and Scope 2 greenhouse gas emissions for global business locations, setting a scenario of controlling global warming to 1.5°C or less. Based on the total greenhouse gas emissions for O-Bank's global business locations in 2023, coverage of the greenhouse gas emissions target is 64.97% (Scope 1 and Scope 2 emissions/total emissions)

Note 3: O-Bank has set a Scope 1 emissions target for global business locations of reducing 2023 Scope 1 emissions by 1.5% from 2022, which reduce to 267.47 tonnes of CO₂e.

Note 4: O-Bank has set a Scope 2 emissions target for global business locations of reducing 2023 Scope 2 emissions by 10.8% from 2022, which reduce to 2,528.66 tonnes of CO₂e.

Note 5: O-Bank has set a Scope 3 emissions target for global business locations of reducing 2023 Scope 3 emissions by 1% from 2022, which reduce to 1,272.21 tonnes of CO₂e.

Fig. 6-1: Specific O-Bank Environmental Management Actions



6.2 Management of Energy and Resources

6.2.1 Energy Management

1. Smart Energy-saving in the Data Center

The data center is one of the main sources of power consumption in a digital banking business. To conserve energy in the data center, the O-Bank financial computing center puts top priority on low power consumption and high performance when selecting computing devices, server racks, cooling/heat dissipation systems, power supply and distribution systems, and maintenance management systems. In addition, the financial computing center also uses computational fluid dynamics (CFD) to plan out a data center closed-loop cooling system featuring cold and hot channels. Analyzing the diffusion of heat from data center equipment helps to understand airflow characteristics, thus facilitating optimization of cooling and heat dissipation systems.



3D floor plan screen

At the same time, the O-Bank data center has established a Data Center Intelligent Management (DCIM) platform, which uses 3D floor plans to provide round-the-clock real-time information on the operating conditions of all data center equipment including power supply and distribution systems, cooling systems, temperature and humidity sensors, fire prevention systems, video surveillance, and door access systems. This approach enables accurate measurement and optimization of the data center environment, thereby avoiding wastage of resources and unnecessary energy consumption. O-Bank maintained an annualized power usage effectiveness (PUE) rating of about 1.6 and an average monthly power efficiency rating reaching 1.16 from April 2023 to January 2024. These ratings respectively meet the Green Grid silver and platinum benchmarks for data center efficiency.

2. Improvements to Lighting Equipment

In addition to building a data center with smart energy-saving features, O-Bank is also replacing energy-inefficient lighting in our head office. As part of the Energy Testing and Improvements Plan, O-Bank is switching to more efficient lighting. In 2023, a total of 355 incandescent and T8 fluorescent light fixtures were replaced with more environmentally friendly LED lamps, which led to the conservation of some 20,380 kWh of power. This meant a reduction of 10,067.72 kilos in carbon-equivalent emissions, and an energy savings of 65.41%. For further details, see Table 6-3.

Table 6-3: Lighting Improvements at O-Bank Headquarters Building

Areas Improved	Improvements	kWh Saved per Year	CO ₂ e Emissions Reduced per Year
1. Cleaning staff lounge lighting	56W T5 lamps → LED 28W lamps (11 lamps)	Annual savings: 1,155 kWh	Annual CO ₂ e reduction: 570.57kg
2. Building management center lighting	40W LED lamps → LED 32W lamps (20 lamps)	Annual savings: 400 kWh	Annual CO ₂ e reduction: 197.60kg
3. 1F Business hall ceiling lighting	54W T5 lamps → T5 LED 16W lamps (134 lamps)	Annual savings: 14,003 kWh	Annual CO ₂ e reduction: 6,917.48kg
4. Parking garage lighting	40W T8 lamps → LED 14W T8 lamps (160 lamps)	Annual savings: 832 kWh	Annual CO ₂ e reduction: 411.01kg
5. 1F Indirect wall lighting	54W T5 lamps → T5 LED 16W lamps (30 lamps)	Annual savings: 3,990 kWh	Annual CO ₂ e reduction: 1,971.06kg
Total	Annual savings: 20,380 kWh (approx. 73,368 Megajoules)		Annual CO ₂ e reduction: 10,067.72kg

Note 1: kWh saved per year = wattage difference between new and old fixtures x days used x avg. hrs. used per day x number of fixtures replaced / 1,000

Note 2: CO₂ emissions (kgs of CO₂e emissions) = kWh saved per year x CO₂ emission factor

Note 3: The CO₂ emission factor for electricity here is the 2023 CO₂ emission factor for electricity usage as published by the Energy Administration, Ministry of Economic Affairs. The carbon emission factor is 0.494kg CO₂e/kWh.

Note 4: The figures for kWh savings and CO₂e reduction as set out in this table reflect comparisons with equipment from 2022 before it was replaced.

3. Management of Power Usage and Power Consumption

O-Bank continues to improve our hardware power control systems to reduce power consumption. For example: an inverter air conditioning is used, and settings match the seasons to ensure pleasant temperatures; a variety of sun shades are used to improve indoor cooling efficiency; elevator traffic is directed by a smart control system, with the cars operating at staggered intervals to achieve maximum efficiency, and the number of elevator cars in operation varies between peak and off-peak hours, with only one elevator in operation on weekends and holidays. In addition, O-Bank also continues to encourage employees take energy saving measures around the office. For example, lights in office areas are turned off for one hour at noon; co-workers are encouraged to walk the stairs instead of taking elevators; dispense with suits and ties in the summer months; turn off air conditioners, video conference equipment, and other such devices when they are not in use; and in every conference room, next to light switches a note reminds users to "turn off the lights on the way out." Small actions like these by every employee add up to meaningful energy savings.

In 2023, total power usage at all of O-Bank's business locations throughout Taiwan came to 5,583,460 kWh, up approximately 1.79% from the previous year. This included 742,880 kWh of renewable energy. Power usage per employee came to 5,179.46 kWh, down by 7.18% compared to the previous year. Also, O-Bank did not install its own power generation equipment of any sort, either renewable or non-renewable. For further details, see Table 6-4.

Table 6-4: Total Power Usage at O-Bank Business Locations Throughout Taiwan, 2021~2023

Item/Year	2023	2022	2021
Total power usage from the Taiwan Power Company (kWh)	4,840,580	5,423,580	5,522,059
Total renewable energy (renewable power wheeling) usage (kWh)	742,880	61,600	-
Total power usage (kWh)	5,583,460	5,485,180	5,522,059
Total power usage (megajoules)	20,100,456.0	19,746,648.0	19,879,412.8
Renewable energy certificates (kWh)	-	-	30,000
CO ₂ emission factor for electricity (kg of CO ₂ e/kWh)	0.494	0.509	0.502
CO ₂ emissions (tonnes of CO ₂ e)	2,391.25	2,760.60	2,772.07
Headcount for business locations throughout Taiwan	1,078	983	873
Power usage per employee (kWh/person)	5,179.46	5,580.04	6,325.38
Carbon emissions per employee (tonnes of CO ₂ e/person)	2.22	2.81	3.18
Standalone net revenue (NT\$ million) (Note 5)	6,867	9,064	5,511
Energy usage per unit of net revenue (kWh/NT\$ million)	813.09	605.2	1,002.0
Carbon emissions per unit of net revenue (tCO ₂ e/NT\$ million)	0.348	0.305	0.503

Note 1: The 2023 CO₂ emission factor for electricity is the CO₂ emission factor for electricity usage in 2023 as announced by the Energy Administration, Ministry of Economic Affairs of 0.494kg CO₂e/kWh. The 2022 CO₂ emission factor for electricity is the CO₂ emission factor for electricity usage in 2021 as announced by the Energy Administration, Ministry of Economic Affairs of 0.509kg CO₂e/kWh. The 2021 CO₂ emission factor for electricity is the CO₂ emission factor for electricity usage in 2020 as announced by the Energy Administration, Ministry of Economic Affairs of 0.502kg CO₂e/kWh.

Note 2: CO₂ emissions (tonnes of CO₂e) = power usage (kWh) x CO₂ emission factor / 1,000

Note 3: 1 unit of electricity = 1 kWh = 3.6 megajoules

Note 4: The term "O-Bank business locations throughout Taiwan" includes the O-Bank headquarters building, the customer service center, the data center, the Nanjing Fuxing Branch, (began operating in August 2023), the Zhongxiao Dunhua Branch (ended operations in November 2022), the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Office, which constitute 100% of all business locations throughout Taiwan; it does not include the power usage of subsidiaries at the O-Bank headquarters building, one of which is the China Bills Finance Corporation (which occupies 100% of the floor space on the building's 4th floor).

Note 5: The Bank's 2022 stand-alone net revenue includes a one-off gain of approximately NT\$3,214 million from the Lease Merger Case of IBT Leasing.

In 2022, O-Bank began to include the power usage of its overseas business locations in its statistics. Total power usage at all of O-Bank global business locations in 2023 was 5,783,612 kWh, increasing 2.01% from the previous year. Renewable energy accounted for 12.84% of total power consumption. Power usage per employee came to 4,876.57 kWh, decreasing 6.68% from the previous year, and a reduction of 27.17% compared to the baseline year of 2020, achieving the near-term reduction target. For further details, see Table 6-5.

Table 6-5: Total Power Usage at O-Bank Global Business Locations in the Past Two Years

Item/ Year	2023	2022
Total power usage (kWh)	5,783,612	5,669,854
Total power usage (megajoules)	20,821,003	20,411,474
CO ₂ emission factor for electricity (kg of CO ₂ e/kWh)	Taiwan 0.494 / Hong Kong 0.39 / Tianjin 0.5703	Taiwan 0.509 / Hong Kong 0.39 / Tianjin 0.5703
CO ₂ emissions (tonnes of CO ₂ e)	2,471.59	2,834.82
Headcount for global business locations	1,186	1,085
Power usage per employee (kWh/person)	4,876.57	5,225.67
Carbon emissions per employee (tonnes of CO ₂ e/person)	2.08	2.61
Standalone net revenue (NT\$ million) (Note 4)	6,867	9,064
Energy usage per unit of net revenue (kWh/NT\$ million)	842.23	625.54
Carbon emissions per unit of net revenue (tCO ₂ e/NT\$ million)	0.36	0.31

Note 1: For 2023, the CO₂ emission factor for Taiwan business locations is the 2023 CO₂ emission factor for electricity usage as announced by the Energy Administration, Ministry of Economic Affairs of 0.494. The Hong Kong branch uses the emissions factor of 0.39 announced by China Light and Power (CLP) in 2022. The Tianjin Representative office uses the emissions factor of 0.5703 announced by the Chinese Ministry of Ecology and Environment in 2023. For 2022, the CO₂ emission factor for Taiwan business locations is the 2021 CO₂ emission factor for electricity usage as announced by the Energy Administration, Ministry of Economic Affairs of 0.509. The Hong Kong branch uses the emissions factor of 0.39 announced by China Light and Power (CLP) in 2021. The Tianjin Representative office uses the emissions factor of 0.5703 announced by the Chinese Ministry of Ecology and Environment in 2022.

Note 2: CO₂ emissions (tonnes of CO₂e) = power usage (kWh) x CO₂ emission factor / 1,000

Note 3: 1 unit of electricity = 1 kWh = 3.6 megajoules

Note 4: The Bank's 2022 stand-alone net revenue includes a one-off gain of approximately NT\$3,214 million from the Lease Merger Case of IBT Leasing.

O-Bank does not have self-generated electricity, heat, cooling, steam, or other such power sources. In 2023, total energy consumption of O-Bank's business locations in Taiwan was 5,798.80 MWh, increasing 1.97% from the previous year. Average energy consumption per person was 5.38 MWh, down 7.08% from the previous year. For further details, see Table 6-6.

Table 6-6: Energy Usage and Consumption by O-Bank Business Locations Throughout Taiwan, 2021~2023

Item/Year	2023	2022	2021
92/95/98 octane gasoline (liters)	32,162.68	31,370.83	36,056.85
Diesel (liters)	3,692.40 (incl. consumption by generators)	2,335.20 (incl. consumption by generators)	2,602.14 (incl. consumption by generators)
LPG (liters)	100	0	0
Natural gas (cubic meters)	0	0	0
Total electricity usage (kWh)	5,583,460	5,485,180	5,522,059
Energy usage, incl. electricity usage (MWh)	5,798.80	5,686.71	5,756.63
Energy usage, incl. Electricity usage (megajoules)	20,875,684.92	20,472,173.10	20,723,881.17
Headcount for business locations throughout Taiwan	1,078	983	873
Coverage	90.9%	90.6%	90.7%
Energy usage per capita (MWh/person)	5.38	5.79	6.59
Energy usage per capita (megajoules/person)	19,365.20	20,826.22	23,738.70
Energy usage per unit of net revenue (MWh/NT\$ million)	0.84	0.63	1.04

Note 1: The Ministry of Environment's Carbon Footprint Calculation Platform (<https://cfp-calculate.tw/>) indicates that 1 liter of gasoline results in emissions of roughly 2.92kg CO₂e. Using the 2023 CO₂ emission factor for electricity usage (0.494kg CO₂e/kWh) as announced by the Energy Administration, Ministry of Economic Affairs, we estimated that 1 liter of gasoline is roughly equivalent to 5.91 kWh of electricity usage.

Note 2: The Ministry of Environment's Carbon Footprint Calculation Platform indicates that 1 liter of diesel fuel results in emissions of roughly 3.32kg CO₂e. Using the 2023 CO₂ emission factor for electricity usage (0.494kg CO₂e/kWh) as announced by the Energy Administration, Ministry of Economic Affairs, we estimated that 1 liter of diesel is roughly equivalent to 6.72 kWh of electricity usage.

Note 3: The Ministry of Environment's Carbon Footprint Calculation Platform indicates that 1 liter of LPG results in emissions of roughly 2.21kg CO₂e. Using the 2023 CO₂ emission factor for electricity usage (0.494kg CO₂e/kWh) as announced by the Energy Administration, Ministry of Economic Affairs, we estimated that 1 liter of LPG is roughly equivalent to 4.47 kWh of electricity usage.

6.2.2 Water Resources Management

100% of the water used by O-Bank throughout Taiwan is obtained from the Taiwan Water Corporation. O-Bank does not make direct use of underground or surface water. O-Bank's waste water is discharged into municipal sewage systems and treated at a sewage treatment plant at a quality level that meets Taiwan's national Effluent Standards. This approach ensures that rivers, lakes, the ocean, and other bodies of water are not polluted and reducing environmental impact. The Bank's wastewater discharge was not punished for any regulatory violations in 2023. O-Bank continues to improve the water efficiency of our physical plant through various measures, including the following: headquarters building air conditioning equipment uses an air-cooled system, which greatly reduces water consumption; infrared sensors at restroom taps automatically adjust water flow to conserve water, and water-supply equipment is regularly cleaned, with filters changed and inspected for energy conservation and to ensure clean water for all employees; water used by sprayers in planters is regulated according to seasons and weather; and the waterfall fish pond has a circular filtration system that maximizes water efficiency by recirculating it.

In 2023, total water usage by O-Bank throughout Taiwan was 19.312 megaliters, up by 29.47% from the previous year. Average water usage per person was 0.0179 megaliters, up by 17.76% from the previous year. For further details, see Table 6-7.

Table 6-7: Total Water Usage at O-Bank Business Locations throughout Taiwan, 2021~2023

Item/Year	2023	2022	2021
Total water usage (megaliters)	19.312	14.916	15.663
CO ₂ emission factor for water (kg of CO ₂ /1,000 liters)	Taipei 0.0948 Other regions in Taiwan 0.2330	0.0554	0.0554
CO ₂ emissions (kg of CO ₂ e)	2,406.10	826.35	867.73
Headcount for business locations throughout Taiwan	1,078	983	873
Water usage per employee (megaliters/person)	0.0179	0.0152	0.0179
Carbon emissions per employee (kg of CO ₂ /person)	2.23	0.84	0.99
Standalone net revenue (NT\$ million) (Note 6)	6,867	9,064	5,511
Water usage per unit of net revenue (kiloliters/NT\$ million)	2.81	1.65	2.84
Carbon emissions per unit of net revenue (kg/NT\$ million)	0.350	0.091	0.157

Note 1: For 2023, the CO₂ emission factor for business locations in Taipei City is based on the Ministry of Environment Carbon Footprint Calculation Platform's 2020 emissions factor of 0.0948 per 1,000 liters. Other business locations use a factor of 0.2330. For 2022, the CO₂ emission factor for business locations in Taiwan use the 2022 CO₂ emission factor for water usage of 0.0554 as announced by the Taipei Water Department. For 2021, the CO₂ emission factor for business locations in Taiwan use the 2021 CO₂ emission factor for water usage of 0.0554 as announced by the Taipei Water Department.

Note 2: CO₂e emissions (kgs of CO₂e emissions) = total water usage (kiloliters) x CO₂ emission factor

Note 3: 1 unit of water = 1,000 liters = 0.001 megaliters

Note 4: The term "O-Bank business locations throughout Taiwan" includes the O-Bank headquarters building, the customer service center, the data center, the Nanjing Fuxing Branch (began operations in August 2023), the Zhongxiao Dunhua Branch (ended operations in November 2022) the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Office; it does not include the water consumption of subsidiaries at the O-Bank headquarters building, one of which is the China Bills Finance Corporation (which occupies 100% of the floor space on the building's 4th floor).

Note 5: The total dissolved solids of the Taipei Water Department and the nationwide water services are beneath 1,000 mg/L (source: Taipei Water Department's "Summary Comparison of Taipei Water Quality with U.S., Japan, E.U., W.H.O. Guidelines and Water Quality Standards in Taiwan), i.e. the water used by O-Bank business locations throughout Taiwan is all freshwater. According to the Aqueduct Water Risk Atlas (<https://www.wri.org/applications/aqueduct/water-risk-atlas>), developed by the World Resources Institute, Taiwan is not experiencing water stress.

Note 6: The Bank's 2022 stand-alone net revenue includes a one-off gain of approximately NT\$3,214 million from the Lease Merger Case of IBT Leasing.

Beginning in 2023, O-Bank has included water usage from its overseas operations in its data. In 2023, total water usage across all O-Bank's global operations was 19.57 million liters, with the Hong Kong Branch using 0.15 million liters and the Tianjin representative office using 0.11 million liters. The average water usage per person was 0.017 million liters, a reduction of 15.84% compared to the baseline year of 2020, achieving the near-term reduction target. For further details, see Table 6-8.

Table 6-8: Total Water Usage at O-Bank Global Business Locations, 2023

Item/Year	2023
Total water usage (megaliters)	19.57
CO ₂ emission factor for water (kg of CO ₂ /1,000 liters)	Taipei 0.0948/Other regions in Taiwan 0.2330 /Hong Kong 0.43/Tianjin 1.85
CO ₂ emissions (kg of CO ₂ e)	2,678.06
Headcount for business locations throughout Taiwan	1,186
Water usage per employee (megaliters/person)	0.017
Carbon emissions per employee (kg of CO ₂ /person)	2.26
Standalone net revenue (NT\$ million) (Note 3)	6,867
Water usage per unit of net revenue (kiloliters/NT\$ million)	2.85
Carbon emissions per unit of net revenue (kg/NT\$ million)	0.39

Note 1: For 2023, the CO₂ emission factor for business locations in Taipei City is based on the Ministry of Environment Carbon Footprint Calculation Platform's 2020 emissions factor of 0.0948 per 1,000 liters. Other business locations use a factor of 0.2330. The emission factor for the Hong Kong Branch was 0.43 per unit of water, based on 2021 data from the Hong Kong Water Supplies Department (WSD). For the Tianjin representative office, the emission factor was 1.85 per unit of water, based on the 2022 data from the China Products Carbon Footprint Factors Database for urban residential water use.

Note 2: Data acquisition: The Hong Kong Branch recorded its water usage using self-installed water meters; the Tianjin representative office obtained its data from the building management center.

Note 3: The Bank's 2022 stand-alone net revenue includes a one-off gain of approximately NT\$3,214 million from the Lease Merger Case of IBT Leasing.

6.2.3 Waste Management

Most of the waste generated by O-Bank's operations qualifies as ordinary domestic waste, as it contains no hazardous or toxic matter. Waste sorting is practiced in the break rooms on each floor in all global business locations. Waste bins are labeled to indicate where to throw away different types of waste. For all waste collection and disposal operations, O-Bank retains the services of professional waste disposal firms that has obtained a waste disposal permit from Environmental Protection Department of government. All waste is transported in sealed containers to avoid any spread of pollutants. In Taiwan, unrecyclable waste is transported to a Taipei City Department of Environmental Protection refuse incineration plant capable of converting waste incineration into electrical power, including the Neihu, Beitou, and Muzha incineration plants. Recyclable waste is transported to a licensed recycling facility. Waste at the Hong Kong Branch is removed by a qualified professional waste disposal company, while waste at the Tianjin Representative Office is collected and treated by government agencies. The Bank's waste disposal was not punished for any regulatory violations in 2023.

O-Bank advocates for the reuse of waste paper at all global business locations, provided that adequate measures are taken to ensure information security, and continues to promote waste reduction measures, including the following: (a) resource recycling in accordance with the "Environmental Management Policy" (b) bottled water is not provided at meetings, and co-workers are instead expected to use their own personal mugs; (c) vending machines no longer sell bottled water; and (d) the employee lounge no longer provides bottled water or drinking straws. With regard to the packaging waste and food waste from the daily meals of headquarters employees, in addition to continuing to promote the "Clean Plate Campaign" to encourage employees not to waste food and implementing the "Kitchen Waste Recycling Program" to turn food waste into plant compost for employees to use, O-Bank has also added designated "recycling bins for paper food containers" in the recycling areas on each floor beginning in November

2023. This expands the categories and scope of waste recycling. In addition, O-Bank is the first native digital bank in Taiwan. Customers can access a wide range of financial services online, including fully online account openings, fully online loan applications, and online purchasing of shares in investment funds. O-Bank uses email, mobile apps, and text messages to disseminate account data and other information to customers, which greatly decreases the usage of paper for application forms, notices, account statements, and the like. This approach reduces the generation of waste and avoids the consumption of resources incurred in the process of physical delivery. Digitization of financial services creates an environmentally friendly business model that features low energy consumption.



O-Bank's paper container recycling bins in the pantries on each floor



O-Bank provides recycling stations at pantries on each floor



The O-Bank headquarters building recycles kitchen waste into compost for employee use

O-Bank global business locations weigh and register their waste each day. In 2023, total waste at the O-Bank business locations throughout Taiwan came to 58.01 tonnes, the recycling rate was 39.71%, and per capita waste was 0.054 tonnes, up 10.20% from the previous year. For further details, see Table 6-9. In 2023, total waste at all O-Bank global business locations came to 67.88 tonnes, the recycling rate was 36.32%, and per capita waste was 0.057 tonnes, increasing 14.00% from the previous year. For further details, see Table 6-10.

Table 6-9: Total Ordinary and Recyclable Waste Volume at O-Bank Headquarters Building, 2022~2023

Unit: tonnes

Year	Total Waste	Waste per Person	Volume of Ordinary Waste			Recycling Volume					Recycling Rate
			Incineration Volume	Landfill Volume	Other Treatment Volume	Paper	Plastic	Metal (Fe/Al)	Kitchen Waste	Other	
2023	58.01	0.054	32.66	1.16	1.15	17.19	2.03	0.44	2.42	0.95	39.71%
2022	48.60	0.049	28.41	1.28	0.67	15.08	1.54	0.28	1.08	0.26	37.52%

Note 1: Incineration volume = (Total waste - Recycling volume) x incineration ratio. Landfill volume = (Total waste - Recycling volume) x landfill ratio. Other treatment volume = (Total waste - Recycling volume) x other treatment ratio. This figure is calculated by taking the "volume of nationwide general waste disposal" as disclosed by Ministry of Environmental. The 2023 waste incineration ratio (excluding recycled waste) was approximately 93.38%, landfill ratio was 3.32%, and other treatment ratio was 3.30%. The 2022 waste incineration ratio (excluding recycled waste) was 93.57%, landfill ratio was 4.23%, and other treatment ratio was 2.20%.

Note 2: Landfill volume = Total waste - recycling volume - incineration volume

Note 3: Recycling rate = recycling volume / total waste x 100%

Note 4: The term "O-Bank business locations throughout Taiwan" includes the O-Bank headquarters building, the customer service center, the data center, the Nanjing Fuxing Branch (began operating in August 2023), the Zhongxiao Dunhua Branch (ended operations in November 2022), the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Office, which constitute 100% of all business locations throughout Taiwan; it does not include the power usage of subsidiaries at the O-Bank headquarters building, one of which is the China Bills Finance Corporation (which occupies 100% of the floor space on the building's 4th floor).

Note 5: Landfill, recycling, or incineration of waste is all carried out and processed offsite.

Note 6: Waste is collected daily on each floor by waste collection personnel, who transport it to a waste facility, weigh it, and record the data.

Table 6-10: Total Ordinary and Recyclable Waste Volume at O-Bank Global Business Locations, in the Past Two Years

Unit: tonnes

Year	Total Waste	Waste per Person	Volume of Ordinary Waste	Recycling Volume					Recycling rate
				Paper	Plastic	Metal (Fe/Al)	Kitchen Waste	Other (batteries, glass bottles, etc.)	
2023	67.88	0.057	43.22	18.42	2.20	0.54	2.42	1.08	36.32%
2022	54.09	0.050	34.45	15.97	1.86	0.33	1.08	0.4	36.32%

Note 1: Recycling rate = recycling volume / total waste x 100%

Note 2: Waste is collected daily on each floor by waste collection personnel, who transport it to a waste facility, weigh it, and record the data.

6.3 CO₂ Emissions Inventories

O-Bank initiated an ISO 14064-1:2018 greenhouse gas inventory system in 2018. Beginning in 2019, O-Bank expanded its ISO 14064-1 greenhouse gas inventory system to cover all business locations throughout Taiwan. Using the operational control approach, O-Bank's annual GHG inventory report now covers the O-Bank headquarters building, the customer service center, the data center, the Nanjing Fuxing Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, the Taoyuan Branch, and the Tainan Region Business Office. In 2022, O-Bank's GHG inventory was expanded to include the Hong Kong Branch and the Tianjin Representative Office, therefore inventories and verifications covered 100% of O-Bank global business locations. 2022 emissions are the comparison baselines for reduction targets. After completing quantification and reporting of GHG emissions, O-Bank established greenhouse gas inventories that cover the full range of emission sources, types, amounts, and ratios. For Scope 3, O-Bank, acting in accordance with the criteria for significance of indirect emissions, identified those with relatively low degrees of correlation, eliminated them, and included category 1: purchased goods and services, category 3: fuel- and energy-related activities, category 5: waste generated in operations, category 6: business travel, and category 7: employee commuting within the scope of GHG inventories. In 2022 and 2023, ISO 14064-1:2018 certification was performed by BSI SG Taiwan Branch for all Taiwan business locations and the Tianjin Representative Office, and by Accredited Certification International Limited (ACI) for the Hong Kong Branch.

In 2023, total greenhouse gas emissions (Scope 1 to Scope 3) calculated on market basis for all O-Bank business locations in Taiwan totaled 4,131.33 tonnes of CO₂e, a reduction of about 3.92% from the previous year. Per capita carbon emissions were 3.83 tonnes of CO₂e, a reduction of approximately 12.36% from the previous year. Including only greenhouse gas emissions from Scope 1 and Scope 2, 2023 carbon emissions for all O-Bank business locations in Taiwan, on a market basis, was 2,665.58 tonnes, a reduction of 11.88% from the previous year. Per capita carbon emissions were 2.47 tonnes, a reduction of about 19.81% from the previous year. Additionally, Scope 1 and Scope 2 carbon emissions per NT\$1 million of standalone net revenue for business locations in Taiwan were 0.39 tonnes (approximately 11.94

tonnes when converted to USD). Scope 1 carbon emissions per NT\$1 million of standalone net revenue were 0.04 tonnes, and Scope 2 carbon emissions per NT\$1 million of standalone net revenue were 0.35 tonnes. For details on GHG emissions at O-Bank business locations throughout Taiwan in 2023, see Tables 6-11 and 6-12.

Table 6-11: GHG Emissions from O-Bank Business Locations Throughout Taiwan in the Past Four Years

Year		Scope 1	Scope 2		Scope 3						Total CO ₂ e Emissions	
		Direct Emissions	Energy Indirect Emissions (market-based)	Energy Indirect Emissions (location-based)	Category 1: Purchased Goods and Services	Category 3: Fuel- and Energy-related Activities	Category 5: Waste Generated in Operations	Category 6: Business Travel	Category 7: Employee Commuting	Scope 3 Total CO ₂ e Emissions	Market-based	Location-based
2023	Tonnes CO ₂ e	274.33	2,391.25	2,758.23	201.18	565.04	11.89	50.17	637.47	1,465.76	4,131.33	4,498.31
	Market-based share (%)	6.64%	57.88%		4.87%	13.68%	0.29%	1.21%	15.43%	35.48%	100%	
2022	Tonnes CO ₂ e	264.76	2,760.60	2,791.96	207.79	483.79		1.16	581.83	1,274.57	4,300	4,331
	Market-based share (%)	6.16%	64.20%		4.83%	11.25%		0.03%	13.53%	29.64%	100%	
2021	Tonnes CO ₂ e	225.25	NA	2,772.07	0	0		0.19	465.80	465.99	NA	3,463
	Share (%)	6.50%		80.04%	0%	0%		0.01%	13.45%	13.46%		100%
2020	Tonnes CO ₂ e	240.96	NA	3,112.35	0	0		6.16	0	6.16	NA	3,359.47
	Share (%)	7.17%		92.64%	0%	0%		0.19%	0%	0.19%		100%

Note 1: This table covers GHG inventories for 90.9% of global business locations (by number of employees).

Note 2: On a market basis, total scope 1 and scope 2 GHG emissions were 2,665.58 tonnes of CO₂e in 2023; on a location basis, total scope 1 and scope 2 GHG emissions were 3,032.56 tonnes of CO₂e.

Table 6-12: CO₂-equivalent Emissions of 7 Key GHGs from O-Bank Business Locations Throughout Taiwan in the Past Two Years

Year		CO ₂		CH ₄		N ₂ O		HFCs		PFCs		SF ₆		NF ₃		CO ₂ e Emissions of 7 Key GHGs
		Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	
2023	Tonnes CO ₂ e	86.95	3,857.01	5.78	0.00	2.44	0.00	179.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,131.33
	Share of total (%)	2.10%	93.36%	0.14%	0.00%	0.06%	0.00%	4.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100%
2022	Tonnes CO ₂ e	77.08	4,035.19	0.72	0	2.29	0	184.67	0	0	0	0	0	0	0	4,300
	Share of total (%)	1.8%	93.8%	0.0%	0.0%	0.1%	0.0%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%

Note 1: 2023 Global warming potential (GWP) values are adapted from the IPCC Sixth Assessment Report, 2021.

Note 2: Indirect emissions are calculated on a market basis in this table.

Note 3: In the bank's greenhouse gas verification statement, Scope 1 and Scope 2 are subject to reasonable assurance, while Scope 3 undergoes validation and agreed-upon procedures.

The verified GHG emissions (scope 1 to 3) of O-Bank global business locations in 2023, calculated on a market basis, came to 4,245.84 tonnes CO₂e declining 3.31% from the previous year, and per capita carbon emissions came to 3.58 tonnes CO₂e, down 11.60% from the previous year. Including only scope 1 and scope 2 GHG emissions, O-Bank's 2023 global emissions calculated on a market basis was 2,758.66 tonnes a decline of 11.19% from the previous year, and per capita emissions were 2.33 tonnes, down 18.53% from the previous year. In addition, scope 1 and scope 2 carbon emissions at global business locations per NT\$1 million of standalone net revenue came to 0.40 tonnes CO₂e (or about 12.35 tonnes when converted to US dollars); scope 1 emissions per NT\$1 million of standalone net revenue for global business locations came to 0.04 tonnes CO₂e; scope 2 emissions per NT\$1 million of standalone net revenue came to 0.36 tonnes CO₂e. For further details on GHG emissions at O-Bank global business locations in 2023, see Tables 6-13 and 6-14.

To review the degree of our success in reducing scope 1 and scope 2 GHG emissions, O-Bank calculates reduction in social cost of carbon in order to evaluate the actual environmental and social impacts of related measures. According to the US Environmental Protection Administration's 2022 EPA External Review Draft of Report on the Social Cost of Greenhouse Gases, assume a 2% discount rate the social cost of carbon (SCC) comes to US\$190/per tonnes of CO₂. Given the carbon emission reductions per employee of all O-Bank global business locations in 2023, this would translate to an SCC reduction of US\$119,430.20.

Table 6-13: GHG Emissions from O-Bank Global Business Locations in the Past Two Years

Year		Scope 1	Scope 2		Scope 3						Total CO ₂ e Emissions	
		Direct Emissions	Energy Indirect Emissions (market-based)	Energy Indirect Emissions (location-based)	Category 1: Purchased Goods and Services	Category 3: Fuel- and Energy-related Activities	Category 5: Waste Generated in Operations	Category 6: Business Travel	Category 7: Employee Commuting	Scope 3 Total CO ₂ e Emissions	Market-based	Location-based
2023	Tonnes CO ₂ e	287.07	2,471.59	2,838.58	201.55	568.37	24.19	55.47	637.60	1,487.18	4,245.84	4,612.83
	Market-based share (%)	6.76%	58.21%		4.75%	13.39%	0.57%	1.31%	15.02%	35.03%	100%	
	Carbon emissions per unit of net revenue (tonnes of CO ₂ e/ NT\$ million)	0.04	0.36	0.41						0.22	0.62	0.67
2022	Tonnes CO ₂ e	271.54	2,834.82	2,866.17	207.83	488.00	6.09	1.16	581.98	1,285.06	4,391	4,423
	Market-based share (%)	6.18%	64.55%		4.73%	11.11%	0.14%	0.03%	13.25%	29.27%	100%	
	Carbon emissions per unit of net revenue (tonnes of CO ₂ e/ NT\$ million)	0.03	0.31	0.32						0.14	0.48	0.49

Note 1: This table covers GHG inventories for 100% of global business locations (by number of employees).

Note 2: In 2023, on a market basis, total scope 1 and scope 2 GHG emissions were 2,758.66 tonnes of CO₂e; on a location basis, total scope 1 and scope 2 GHG emissions were 3,125.65 tonnes of CO₂e.

Note 3: Carbon emissions per unit of net revenue is calculated based on O-Bank's stand-alone net revenue of NT\$6,867 million for 2023 and on O-Bank's stand-alone net revenue of NT\$9,064 million (including a one-off gain of NT\$3,214 million from the Lease Merger Case of IBT leasing) in 2022.

Table 6-14: CO₂-equivalent Emissions of 7 Key GHGs from O-Bank Global Business Locations in the Past Two Years

Year		CO ₂		CH ₄		N ₂ O		HFCs		PFCs		SF ₆		NF ₃		CO ₂ e Emissions of 7 Key GHGs
		Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	
2023	Tonnes CO ₂ e	98.51	3,946.49	5.81	12.28	3.60	0.00	179.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,245.84
	Share of total (%)	2.32%	92.95%	0.14%	0.29%	0.08%	0.00%	4.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100%
2022	Tonnes CO ₂ e	83.10	4,119.89	0.74	0	3.03	0	184.67	0	0	0	0	0	0	0	4,391
	Share of total (%)	1.90%	93.80%	0.00%	0.00%	0.10%	0.00%	4.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100%

Note 1: 2023 Global warming potential (GWP) values are adapted from the IPCC Sixth Assessment Report, 2021.

Note 2: Indirect emissions are calculated on a market basis in this table.

Note 3: In the bank's greenhouse gas verification statement, Scope 1 and Scope 2 are subject to reasonable assurance, while Scope 3 undergoes validation and agreed-upon procedures.

The international community is working to achieve net zero emissions (carbon neutrality), and to implement the provisions of Taiwan's "Greenhouse Gas Reduction and Management Act", which requires that the country's GHG emissions be cut by 2050 to no more than 50% of the 2005 level. O-Bank, in order to properly play our role as a corporate citizen, has pledged to reach a "net-zero emissions" target of 50% renewable energy use by 2030 at all global business locations, and 100% by 2050. In this way, O-Bank is reducing the company's indirect scope 2 emissions, which makes up the largest portion of the bank's GHG emissions. In recent years, besides purchasing renewable energy certificates, O-Bank began acquiring green energy wheeling in 2022 via power purchase agreements with Sunnyfounder and Mr. Watt, which in 2023 supplied 742,880 kWh of green energy at the O-Bank headquarters building and customer service center, or 12.84% of total power usage at all global business locations. We intend to increase our reliance on green energy each year moving forward in order to do our part to contribute to the global carbon reduction effort, and seeking a harmonious co-existence between business operations and the natural environment.



Green Building Certification

Building on years of success in energy saving and carbon reduction, O-Bank applied for Green Building Certification in 2023 based on the carbon reduction measures implemented at its Neihu District headquarters. Using the carbon reduction benefits assessment method for improving old buildings, the bank evaluated the recent carbon reduction achievements of its headquarters. On December 7, 2023, the Bank was awarded Bronze-level Green Building Certification by the Ministry of the Interior, valid from December 7, 2023, to December 6, 2028.

6.4 Green Purchasing and Supplier Management

O-Bank's suppliers are primarily construction contractors and providers of IT equipment, office equipment, and office supplies. To act upon the company philosophy of maintaining environmentally friendly operations, O-Bank's "Purchasing and Payment Management Procedure" clearly states that

purchasing operations shall pro-actively select green products, prioritize purchasing or leasing products with the EPA environmental badge or recycling mark, and gradually increase the proportion of business that it does with green suppliers. In 2023, some 97.2% of O-Bank's global purchases by value were local procurements. In addition, O-Bank makes a concerted effort to promote procurement of green products as defined by the Ministry of the Environment's Green Procurement Declaration Platform. These products include Type I Environmental Label products, Type II Environmental Label products, Type III Green Label products (including Energy Saving Labels, Water Conservation Labels, and Green Building Material Labels), Carbon Reduction Label products, and Taiwan Wood products. In 2023, the bank's green procurement came to NT\$18,064,746, an increase of 153.2% compared with 2022, accounting for 24% of the total purchase amount of hardware or equipment and 2.9 % of total purchasing transactions.

To govern our management of suppliers, O-Bank has adopted a set of "O-Bank Rules for Promotion of Fulfillment of Corporate Social Responsibilities by Suppliers." When choosing among suppliers, O-Bank includes CSR and human rights issues among the criteria that factor into our decision. The idea is to collaborate with suppliers in jointly achieving good moral standards, respecting the human rights, and promoting environmentally sustainable development. This approach has been taken in order to fulfill O-Bank's responsibilities and commitments to our suppliers. To help suppliers fulfill their corporate social responsibilities, O-Bank communicates our corporate social responsibility policies to suppliers during negotiations, and uses the "O-Bank Supplier Self-Assessment Form of Corporate Social Responsibilities" and "O-Bank Supplier Self-Assessment Form of Human Rights Due Diligence" to assess whether suppliers' operations have any negative impact on the environment and society. Assessment standards include compliance with occupational health and safety (OHS) regulations, no discrimination, prohibition of child and forced labor, corporal punishment and disciplinary practices, guaranteed minimum basic compensation, carrying out environmentally sustainable development, and legal violations and legal penalties within the past six months to avoid transactions with suppliers that do not fulfill their corporate social responsibilities or neglect human rights. Additionally, O-Bank has incorporated the "Procedures for Ethical Management and Guidelines for Conduct" into agreements with its suppliers or signed separate "Statement of Ethical Management, Human Rights, and Environmental Sustainability Commitments" with them. These agreements require adherence to principles of ethical management and commitments related to human rights and environmental sustainability, including prohibiting the provision or acceptance of improper benefits (any undue items of value or services) and preventing the inducement or enticement of internal personnel to act against their duties. In 2023, O-Bank required a total of 258 suppliers to sign a "Statement of Ethical Management, Human Rights, and Environmental Sustainability Commitments", achieving a signing rate of 88%.

Fig. 6-2: O-Bank's Supplier Management Process



The "O-Bank Rules for Promotion of Fulfillment of Corporate Social Responsibilities by Suppliers" require all suppliers either new or long-standing from which O-Bank purchases goods or services exceeding NT\$1 million to carry out a self-assessment. O-Bank had a total of 155 suppliers in 2023, of which 60 were required to carry out a self-assessment. Their total purchasing amount came to NT\$569,422,105 or 90.14% of total purchasing. The percent of required self-assessments actually conducted was 100%. O-Bank was further required to conduct on-site visits to six suppliers, and O-Bank conducted on-site visits to six suppliers, after on-site visits and completion of supplier on-site visit questionnaires, no cases child labor, forced labor, or corporal punishment and disciplinary practices were found, and employees rights to freedom of association and collective bargaining was protected. The percent of required on-site visits actually conducted was 100%. Among the suppliers that had completed self-assessments or submitted to on-site visits, none had business practices that either had a material negative impact, or could potentially have such an impact, in such areas as environmental protection, safety & health, or the interests of employees and laborers. For further details, see Table 6-15.

Table 6-15: O-Bank Supplier CSR Self-assessments and on-site Visits, 2021~2023

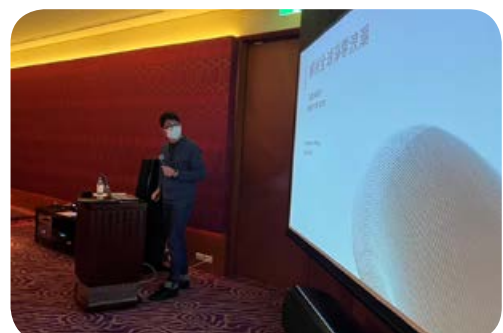
Item/Year	2023	2022	2021
Total number of suppliers	155	184	142
Suppliers required to conduct self-assessments	60	60	42
Suppliers that conducted self-assessments	60	60	42
Percent of required self-assessments actually conducted	100%	100%	100%
Suppliers found deficient after self-assessment	0	0	0
Suppliers required to receive on-site visits (Note 1)	6	5	5
Suppliers that received on-site visits	6	5	9
Percent of required on-site visits actually conducted (Note 3)	100%	100%	180%
Suppliers found deficient after on-site visits	0	0	0

Note 1: The number of firms required to submit to on-site visits was equal to 10% of the number of firms required to conduct CSR self-assessments in the previous year.

Note 2: There were 31 new suppliers in 2023, of which 9 (or 29.03 % of the total) supplied enough to be required to conduct a self-assessment.

Note 3: O-Bank made 6 on-site visits to suppliers in 2023 (i.e. one visit each to 6 different suppliers).

O-Bank continues to encourage suppliers to implement corporate social responsibility and human rights protection. Suppliers deemed excellent following on-site inspections by the Bank will receive priority in price negotiations during the bank's procurement selection processes as a tangible incentive. If a supplier violates commitments to statement of ethical management, corporate social responsibility, or human rights protection, or causes significant environmental and social impacts resulting in serious damage to the bank's image, reputation, or financial loss, the bank may blacklist and suspend their participation in procurement, maintenance, and



Supplier conference keynote speech: The Global Net Zero Wave

project bidding. In 2023, two suppliers were rated "Excellent," and four were rated "Good." Additionally, O-Bank held a supplier conference on December 8, 2023, to educate supplier partners on the latest sustainability trends, the bank's supplier management and corporate social responsibility policies, human rights policies, and occupational safety regulations that must be jointly adhered to.



Hosting the bank's supplier conference to promote the bank's supplier management, corporate social responsibility policies, and human rights policy concepts

6.5 Environmental Sustainability Activities

O-Bank encourages employees to work for environmental protection in the course of their daily lives. Besides continuing to communicate our policy on energy conservation at working environments, O-Bank also occasionally invites experts and scholars to speak on environmental protection topics, promoting the latest sustainability concepts and issues to employees. In addition, O-Bank uses a wide variety of environmental sustainability activities to raise the environmental consciousness of employees, take concrete action to protect the environment, and promote sustainable development.

1. Green Transport Program

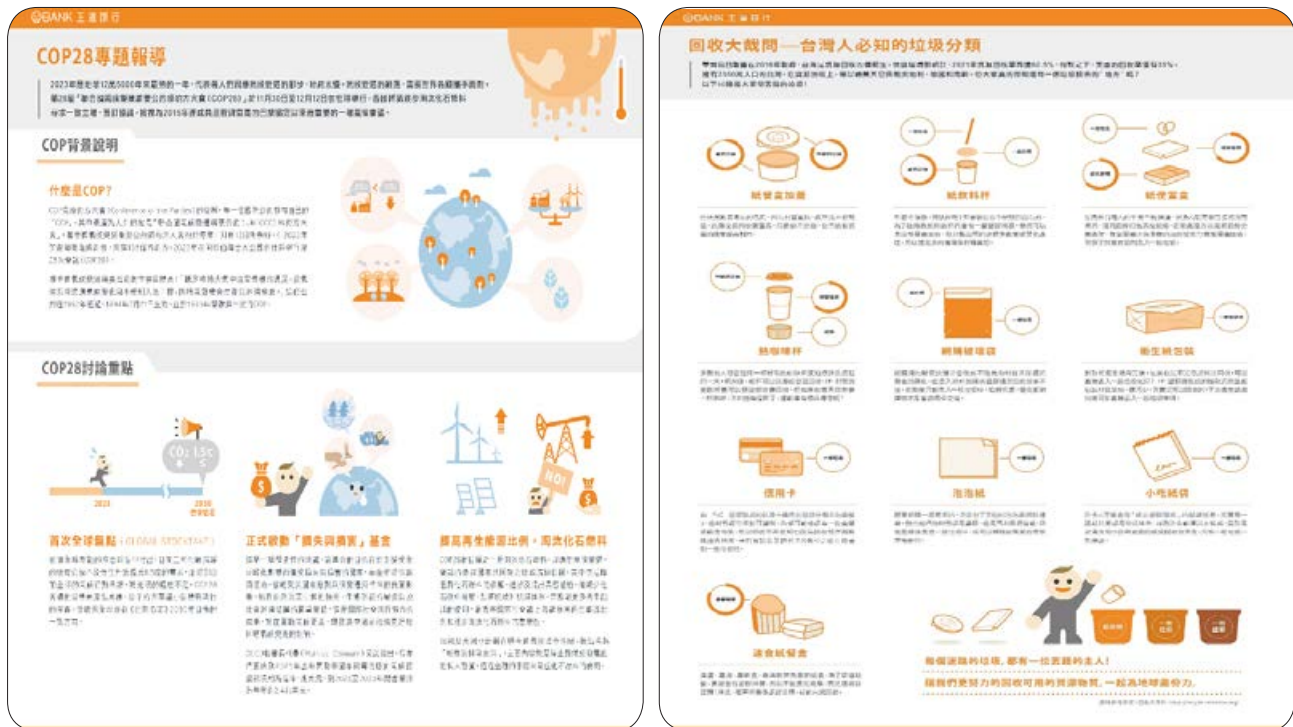
To reduce carbon emissions resulting from the work commutes of our employees, O-Bank has launched a Green Transport Program to encourage employees to take public transportation or ride bicycles. For those who choose to bike to work, bicycle parking spaces are provided free of charge in the underground parking lot at the O-Bank headquarters building. For those who need to drive to work, besides encouraging those who live near each other to register for carpooling, O-Bank has also installed six electric vehicle charging stations in the underground parking lot below the O-Bank headquarters building so that employees can drive their electric vehicles to work. In addition, O-Bank replaced seven combustion engine vehicles in its corporate fleet with hybrid electric vehicles in January 2023, aiming to gradually raise the level of green transportation.



Vehicles in O-Bank's corporate fleet upgraded to hybrid electric vehicles

2. Sustainability Newsletter

In 2023, O-Bank issued six editions of its Sustainability Newsletter. In addition to helping employees better understand net-zero and sustainability issues, the newsletter also seeks to provide individuals with tips on how to live their lives in a way that generates fewer carbon emissions, so that everyone can work together to protect the environment and fulfill O-Bank's corporate social responsibilities.



O-Bank Sustainability Newsletter

3. Environmental Protection Training

On December 25, 2023, O-Bank invited an external lecturer to conduct an internal training seminar on "Internal Carbon Pricing." The seminar introduced carbon credits and highlighted key resolutions from the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28). It aimed to familiarize employees with global carbon reduction trends and introduce the company's internal carbon pricing mechanism. The bank also promoted its newly implemented internal carbon pricing methods to enhance employees' sense of responsibility toward carbon reduction. By raising awareness of climate change issues, the bank hopes to engage employees in a shared effort to achieve O-Bank's commitment to net zero carbon emissions by 2050.



O-Bank seminar on "Internal Carbon Pricing"

4. Energy Conservation Competition

In order to encourage all employees to conserve energy in the course of their daily work at the office, the O-Bank headquarters building launched an Energy Conservation Competition in May 2022. Each floor's energy conservation percentage is announced each month and compared against figures for the previous month and for the same month in the previous year to encourage co-workers get in the habit of turning off lights and equipment when not in use. Power usage at the headquarters building office area from January through December of 2023 was reduced by 38,138 kWh from the same period in 2022, which translates to a savings of 18.84 tonnes CO₂e.

5. Internal Carbon Pricing and Carbon Fees

In order to promote low-carbon business operations, O-Bank in 2023 adopted the implicit pricing method for setting internal carbon price. Taking electricity charges paid by O-Bank for renewable energy as the benchmark, we found that it takes an extra expenditure of NT\$3,556 for each reduction of 1 tonne CO₂e in emissions. We use this figure as the basis for internal carbon pricing to charge carbon fees for the electricity consumption of each floor of the headquarters building for each department, as well as branch offices and use the carbon fee as internal price when upgrading to more energy-efficient equipment, purchase renewable energy, distribute prize money for the Energy Conservation Competition, and take other such measures.

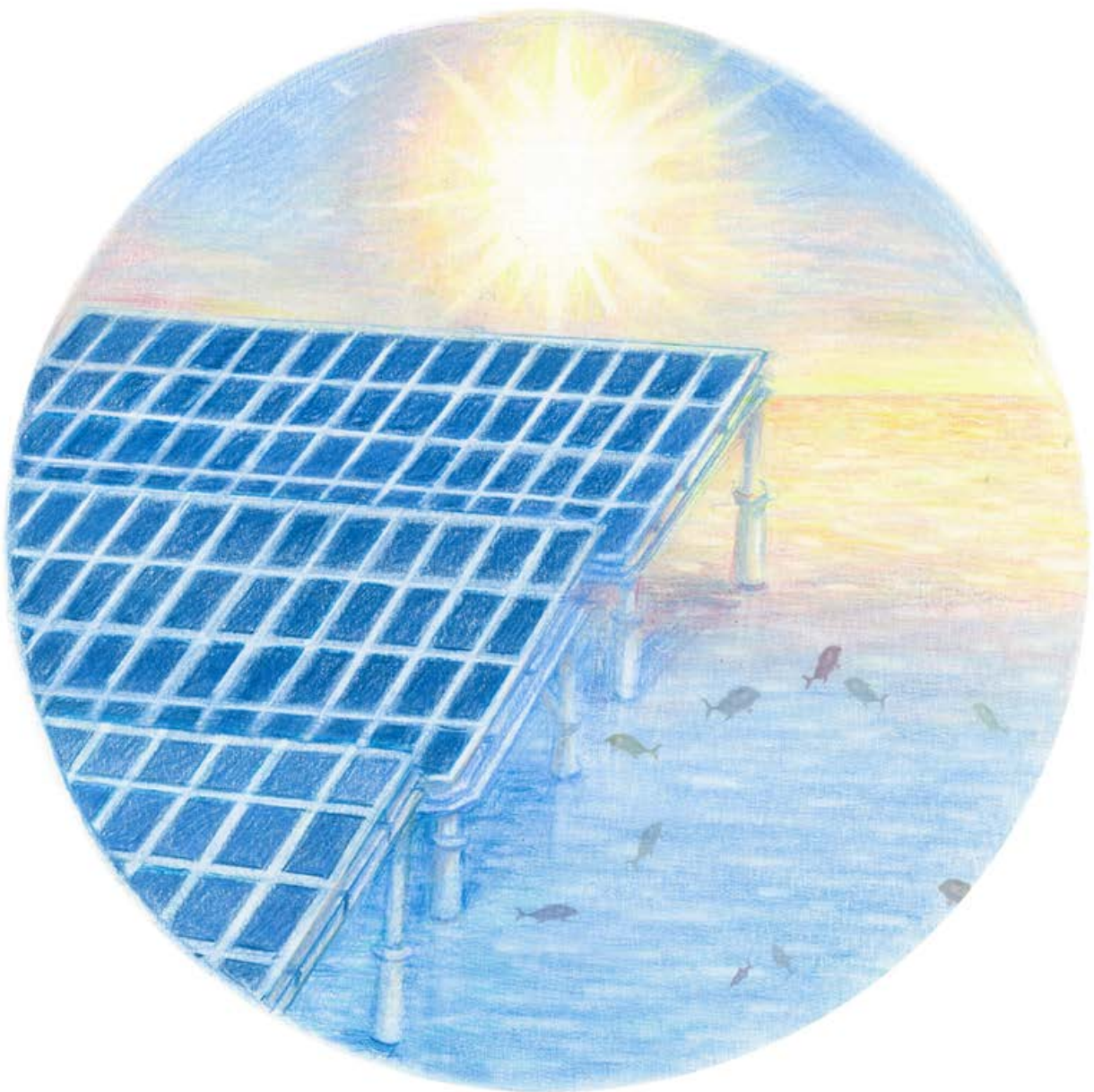
6. Activities to Protect the Ocean and Clean up Beaches

The O-Bank Community Volunteer Club held a beach clean-up activity in the latter half of 2023 after the pandemic began to subside. The act of picking up marine waste serves to remind employees of the need to reduce their use of plastics, engage in recycling, and sort waste. Some 40 O-Bank employees joined together and headed out to Venus Beach in Wanli District in New Taipei City, where they picked up some 210.58 kilos of trash, contribute to our beautiful home.



O-Bank cleans up Venus Beach

7. Green Finance



Financial institutions play an important role in the global transition to net-zero. By tapping into their power as financial intermediaries, they can spur firms in other industries to move toward sustainable development. O-Bank in recent years has made a concerted effort to pursue green finance measures in hopes of progressing hand-in-hand with customers toward a low-carbon transformation. In addition to establishing a fully developed climate change management framework and introducing climate-related scenario analyses, O-Bank has fully incorporated ESG (Environment, Social, Governance) risk factors into due diligence procedures for the review of loans and investments, and is gradually encouraging enterprises in different sectors to appreciate the importance of ESG concerns. In addition, O-Bank has actively adopted multiple international standards and implemented sustainable finance. For example, O-Bank disclosed climate-related information in conformance with Task Force on Climate-related Financial Disclosures (TCFD) requirements and became a TCFD Supporter; signed on to the Equator Principles and reviewed the environmental and social risks associated with project financing; joined the Partnership for Carbon Accounting Financials (PCAF) and began calculating inventory portfolio emissions; voluntarily participated the CDP Climate Change Questionnaire and became a CDP supporter. In addition to actively managing portfolio emissions, O-Bank also works to meld ESG concepts into its financial business. In recent years, O-Bank has continued to launch products and services that are beneficial to the environment and society, and has used the power of finance fulfill its corporate social responsibilities.

7.1 Climate Change Management

In the face of the constantly increasing risks related to climate change, O-Bank has actively sought to assess the climate-related risks and opportunities we could generate, and additionally focuses on emerging risks in our risk management policy. Emerging risk factors now expressly include climate change, and when O-Bank conducts various lines of business or engages in strategic planning, we must take emerging risks into account. Furthermore, acting in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) regarding climate change disclosures in the four thematic areas of Governance, Strategy, Risk Management, and Metrics and Targets, O-Bank has defined climate change issues, identified high-risk as well as high-opportunity issues related to climate change, assessed the possible financial impacts of those issues, and formulated response measures in order to strengthen O-Bank's resilience to climate change risks while also boosting O-Bank's ability to seize upon related business opportunities. O-Bank applied in May 2021 to become a TCFD Supporter.

Core Elements of TCFD

Governance	Strategy	Risk Management	Metrics and Targets
<p>1. The Board of Directors is O-Bank's ultimate oversight authority with respect to matters concerning risk management. The Board Sustainability Committee deliberates on climate change development strategies, while the Green Finance Subcommittee (part of the ESG Development Working Committee, which is under the O-Bank Chairperson) is responsible for overall management of climate risks, and information on climate-related issues and measures to manage them are included in each year's sustainability report and reported to the Board of Directors.</p> <p>2. The Risk Management Committee deliberates upon climate-related issues. This Committee is chaired by the Bank's Chairperson, and the other members include three directors (Managing Director Kenneth C.M. Lo, Managing Director Bill K.C. Lin and Director Alex J.J. Chen), the Bank's President, and the heads of the Bank's various divisions. The Committee reports once each half-year to the Board of Directors on measures it has taken to manage climate-related risks.</p> <p>3. O-Bank periodically provides all employees with training on climate-related financial disclosures in order to improve their knowledge of climate change issues.</p>	<p>1. Make it a matter of corporate strategy for all related units throughout O-Bank to identify possible climate-related risks and opportunities, and determine probabilities of occurrence over short (0~3 years), medium (4~6 years), and long (7~10 years) time frames.</p> <p>2. With respect to the three highest-risk and three highest-opportunity climate-related issues that could have a significant impact, assess the types, scope, and the amount of financial impact, and study possible response strategies.</p> <p>3. O-Bank will assess transition risks on the basis of various climate risk scenarios developed by the Network for Greening the Financial System (NGFS); will assess physical risks in Taiwan on the basis of the global warming level of the National Science and Technology Center for Disaster Reduction (NCDR); for assessing physical risks in low-lying and windy areas in Hong Kong, O-Bank will use the Hong Kong Drainage Services Department's relatively high-risk scenarios for physical risks facing coastal low-lying & windy residential areas; and to assess physical risks in other areas, O-Bank will use climate risk data from the ThinkHazard! database.</p>	<p>1. While distinguishing between different degrees of impact on business and operations, as well as short-, medium-, and long-term probabilities of occurrence, use a consistent assessment method to identify high-risk and high-opportunity climate-related issues.</p> <p>2. According to the particular features of different lines of business, formulate appropriate management measures and assess management costs in order to avoid being affected by risks.</p> <p>3. Address climate-related risks and other emerging risks in the company's existing risk management framework, and adopt a "Climate Risk Management Policy," adopt a "Sustainable Credit and Investment Policy," "Guidelines for Corporate Sustainability-linked Loans," a "Financial Transactions Handbook," an "Equity Transactions Handbook" and "Sustainable Credit Policy in Consumer Finance," and incorporate ESG risk factors and climate risk factors into credit management procedures.</p>	<p>1. Emissions from O-Bank's own operations and portfolio emission intensities are used as metrics.</p> <p>2. O-Bank conducts an annual inventory of the GHG emissions at its business locations (see 6.3 CO₂ Emissions Inventories), and uses the PCAF methodology to inventory portfolio emissions (See 7.1.6 Portfolio Emissions and Management of Carbon-intensive Industries).</p> <p>3. Adopt short-, medium-, and long-term O-Bank environmental management targets and annual carbon reduction targets (see 6.1 Environmental Management Policies and Targets); inventory and monitor investment and loan portfolio emissions, and adopt management measures for carbon-intensive industries (see 7.1.6 Portfolio Emissions and Management of Carbon-intensive Industries).</p>

Note: The term "Global Warming Level" (GWL) refers to how many total degrees of global warming have occurred since the Industrial Revolution (1850-1900). Based on average annual global temperature increases, O-Bank uses IPCC AR5 GWL 1.5°C and 2°C to assess the physical risk of flooding in the Taiwan region, uses IPCC AR6 GWL 1.5°C and 2°C to assess the physical risk of slopeland disaster in the Taiwan region, and also assesses the impacts of overall physical risks.

7.1.1 Climate Change Governance Framework

The O-Bank Board of Directors has adopted a "Climate Risk Management Policy" which expressly provides that the Board of Directors is O-Bank's ultimate oversight authority, and the Board Sustainability Committee deliberates on climate change development strategies, the ESG Development Working Committee, which is under the O-Bank Chairperson is responsible for overall management of climate

risks, while the Risk Management Committee deliberates upon climate-related policies. Information on O-Bank's climate change governance framework is set out in Fig. 7-1 and Table 7-1. O-Bank reports at least each half-year to the Risk Management Committee, the Board Sustainability Committee, and the Board of Directors on its measures to address climate change. The content of reports in 2023 included the results of climate scenario analyses, the results of comparisons of climate scenario analyses (stress tests) carried out by different domestic banks, the results of identification of climate-related risks and opportunities, climate risk trends, and domestic and overseas legislation.

Fig. 7-1: O-Bank Climate Risk Governance Framework

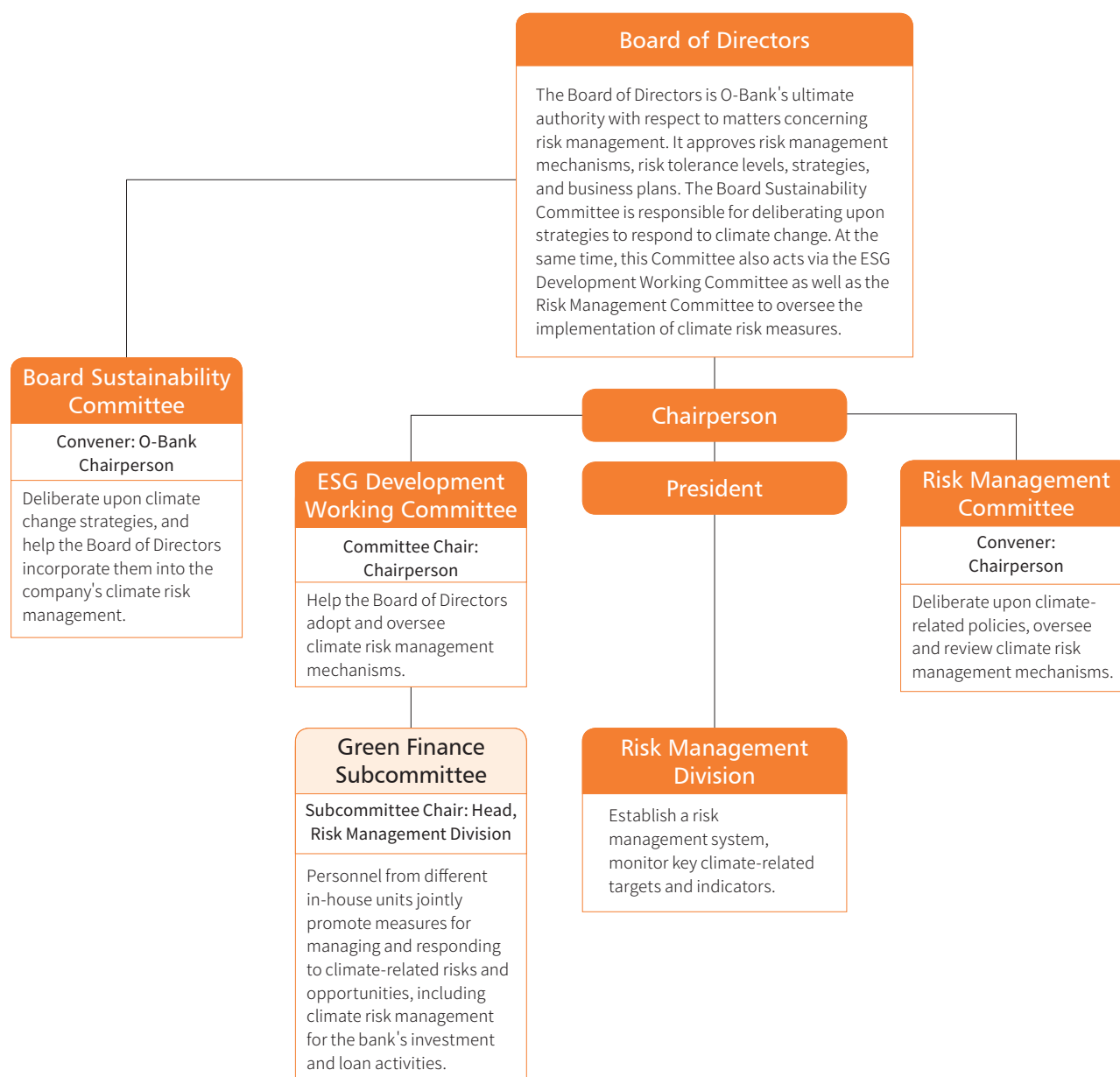


Table 7-1: Climate Change Governance Organizational Responsibilities

Governance Framework	Name	Meeting Frequency	Responsibilities
Board of Directors and Board-level committees			
Board of Directors	Board of Directors	Once each two months (in principle)	Ultimate authority over matters concerning risk management. Approves risk management mechanisms, risk tolerance levels, strategies, and business plans. Acts via the subordinate committees to oversee the implementation of climate risk measures.
Board-level committees	Board Sustainability Committee	At least once per half-year	O-Bank Chairperson serves as convener, membership is composed of company directors. The Committee deliberates upon climate change strategies, and oversees the achievement of annual sustainability plans and targets.
Chairperson and Lower Management Levels			
Senior management committee	Risk Management Committee	Once per month	This Committee is chaired by the Bank's Chairperson, and the other members include three directors (Managing Director Kenneth C.M. Lo, Managing Director Bill K.C. Lin, Director Alex J.J. Chen), the Bank's President, and the heads of the Bank's various divisions. These Committees deliberate upon climate-related risks, oversee the review of climate risk management mechanisms to ensure the soundness of O-Bank's climate risk management mechanisms.
Senior management committee	ESG Development Working Committee	Once per quarter	This Committee is chaired by the Bank's Chairperson, the Bank's President serves as the Committee's deputy chair, while the top supervisors of relevant company divisions comprise the membership. The Committee is responsible for helping the Board of Directors to adopt and oversee climate risk management mechanisms.
Junior Management			
Level of management	Green Finance Subcommittee	Once per quarter	The various subcommittees under the ESG Development Working Committee, which is chaired by the Head of the Risk Management Division, collaborate to promote measures to manage and respond to climate-related risks and opportunities.

7.1.2 Identification of Climate-Related Risks and Opportunities, and Related Strategies

Making reference to TCFD reports on climate-related risks and opportunities and the analysis of climate-related trends in the global financial industry, O-Bank drew up a list of 29 climate-related risks and 19 climate-related opportunities. The proper company divisions and their supervisors identified any correlations between their own line of business and each risk or opportunity, then conducted climate scenario analysis to assess both the likelihood of risks and opportunities materializing as well as the impact thereof. The result was a climate risk matrix (Fig.7-2) and a climate opportunity matrix (Fig. 7-3). These matrices set out three major types of climate-related risks: Regulation and supervision of climate-related risk in the financial sector; Selection of lower-emission products and services to replace current products and services; Carbon pricing mechanisms. And three major types of opportunities: Higher rankings in sustainability and ESG indices; Increased financial asset diversification; New revenue streams from new environments, markets, and products.

Fig. 7-2: O-Bank Climate Risk Matrix

Degree of Impact	High	
		<ul style="list-style-type: none"> ● Increased incidence of extreme weather events ● Regulation and supervision of climate-related risk in the financial sector ● Selection of lower-emission products and services to replace current products and services. ● Carbon pricing mechanism
	<ul style="list-style-type: none"> ● Negative news coverage due to support for business or activities with a negative environmental impact 	<ul style="list-style-type: none"> ● Higher costs for raw materials ● Stigmatization of sector ● Possible occurrence or exacerbation of systemic economic risks involving lendings ● Changes in consumer behavior ● Shifts in consumer preferences ● More rigorous carbon emissions disclosure requirements ● Mandates on and regulation of existing products and services ● Changes in precipitation models and extreme weather events ● Higher average temperatures
Low	<ul style="list-style-type: none"> ● Unsuccessful investment in new technologies ● Could cause issuer of investment instruments to go into default, or could cause fall in prices of underlying bonds and stocks ● Exposure to litigation risk ● Sea level rise ● Possible occurrence or exacerbation of systemic economic risks involving underwritten insurance ● Compliance with the Equator Principles leads increased customer expenditures building of plants, purchasing of equipment, or conduct of environmental impact studies ● Increased concerns or negative feedback related to profits ● Unclear market signals ● Inability to attract funding or investors due to climate-related uncertainty ● Water shortages ● Additional legal requirements regarding emissions disclosures 	<ul style="list-style-type: none"> ● Possible occurrence or exacerbation of systemic economic risks involving investments ● Higher legal compliance costs ● Extreme weather events of greater severity and frequency ● Failure to reduce lending to carbon-intensive industries as required
Likelihood of Occurrence		High

Note: O-Bank climate change-related risk assessment categories include: current and emerging policy risks; legal risks; technical risks; market risks; reputational risks; acute risks; and chronic risks.

Fig. 7-3: O-Bank Climate Opportunity Matrix

Degree of Impact	High	<ul style="list-style-type: none"> • Increased financial asset diversification • New revenue streams from new & developing environments, markets, and products 	<ul style="list-style-type: none"> • Higher rankings in sustainability and ESG indices
		<ul style="list-style-type: none"> • Confirm products & services related to resilience • Shifts in consumer preferences • Conduct resilience assessments to increase risk response capability • Good reputation spurs increased demand for products/services • More efficient processes and distribution procedures • Development and/or expansion of low-carbon products or services • Move to a more efficient building/office space 	<ul style="list-style-type: none"> • Reduce usage and exhaustion of water resources • Resource recycling • Use of public sector incentives • Take part in renewable energy projects and utilize energy efficiency assessment methods
	Low	<ul style="list-style-type: none"> • Help the green industry implement asset activation • Increased capital availability • Reduction in trust assets operating costs • Include trust assets in low-carbon portfolios • Market value of trust assets increases as result of resilience assessment 	
		Likelihood of Occurrence	
		Low	High

With respect to the three major types of climate-related risks set out above, O-Bank has drafted response measures to reduce the related effects. The financial impact is expected to come to approximately NT\$250.36 million; therein, the profit/loss impact of investment and financing positions was NT\$214.18 million, capital expenditures for purchases of renewable energy and electric vehicles came to roughly NT\$24.18 million, and the estimated total of possible fines from the competent authority under various scenarios is roughly NT\$12 million. The estimated cost of risk management measures is NT\$9.59 million, all of which would be used to fund research by, and training for, in-house personnel. With respect to the three major types of climate-related opportunities set out above, each of O-Bank's related departments has developed products and services related to its particular line of business. The dollar amount of the financial impact is expected to come to approximately NT\$448.37 million. The types of impact include: improvement of the Bank's sustainability ratings, thus making it easier to obtain funding, of which impact is roughly NT\$356.37 million; product diversification and revenues from new environmental markets of which impact is roughly NT\$92 million. The estimated cost of opportunity management measures is NT\$16.44 million, all of which would be used to fund research by, and training for, in-house personnel. The three major climate-related risk issues and three major climate-related opportunity issues are the following:

Climate-related Risks	Type of Financial Impact	Estimated Dollar Amount of Financial Impact	Risk Management Measures	Estimated Cost of Risk Management Measures	Impact Duration and Cyclicity
Regulation and supervision of climate-related risk in the financial sector (transition risks)	<ol style="list-style-type: none"> 1. Climate-related legislation and policies could affect the value or useful life of high-carbon assets, thus causing the prices of those assets to collapse and turning them into stranded assets, which would impact the financial condition of the companies in question and increase their credit default risk. 2. Tighter supervision of a financial services firm's climate risks by the competent authority increases related management costs. In addition, any violation of policies or legislation could cause the competent authority to impose sanctions or official reprimands. 	NT\$184.18 million	<ol style="list-style-type: none"> 1. Review the asset portfolio and the types and regional distribution of collateral, adjust business development strategies, and formulate a climate risk exclusion list. 2. Assess expected losses from climate risks, adopt appropriate control measures, reduce risk exposures and expected losses, and assess the reallocation of resources. 3. Pay close attention to changes in the competent authority's policies on regulation and supervision of climate-related risks, act in line with policies or legislation by demanding the adoption or review of related legal provisions. 4. Hold training activities to develop internal personnel's knowledge of climate change issues and promote related measures. 	NT\$7.18 million	Short-, mid-, and long-term
Selection of lower-emission products and services to replace current products and services (transition risks)	<ol style="list-style-type: none"> 1. If a company has not worked to achieve a low-carbon transformation, this will affect the company's image and how stakeholders feel about the company. 2. Replacement of products from high-emission clients causes O-Bank to lose business in related industries. 3. O-Bank's use of renewable energy is rising annually. Reliance on green energy at business locations worldwide is scheduled to hit 50% in 2030 and 100% in 2050. Additionally, O-Bank is gradually replacing combustion engine vehicles in its corporate fleet with electric vehicles. 	NT\$45.18 million	<ol style="list-style-type: none"> 1. Include climate risk checklist items in investment and corporate credit decision-making procedures. Enterprises exposed to climate risks must conduct a climate risk assessment, and those with climate risks must adopt control measures. 2. Conduct a selection process for renewable energy and electric vehicle suppliers offering reasonable pricing. 	NT\$1.36 million	Short-, mid-, and long-term
Carbon pricing mechanism (transition risks)	The levying of carbon fees or carbon taxes by national governments causes higher costs for the recipients of investments or financing, which in turn causes higher credit risks and market risks for banks.	NT\$21 million	<ol style="list-style-type: none"> 1. Continue paying close attention to trends regarding international carbon taxes and related legislation, and strengthen engagement with the investment or financing recipients upon whom carbon fees or carbon taxes are levied; continue optimizing investments and credit check procedures, and do a better job of assessing how customers are affected. 2. Continue optimizing internal carbon pricing mechanism to guide business units to reduce investments and financing of high-carbon industries. 	NT\$1.05 million	Short-, mid-, and long-term

Climate-related Opportunities	Type of Financial Impact	Estimated Dollar Amount of Financial Impact	Opportunity Management Measures	Estimated Cost of Opportunity Management Measures	Impact Duration and Cyclicity
Higher rankings in sustainability and ESG indices	Receiving higher rankings in sustainability indices helps O-Bank to attract investors from both home and abroad, generates more opportunities to obtain funds, and increases O-Bank's financial impact.	NT\$356.37 million	<ol style="list-style-type: none"> 1. Utilize existing manpower to study and draw up measures to improve O-Bank's sustainability performance and win higher ratings from outside sustainability raters. 2. Enhance the quality of information disclosure and strengthen communication with stakeholders so that stakeholders can better understand O-Bank's financial and operating conditions as well as our sustainability undertakings. 	NT\$14.56 million	Short-term
Increased financial asset diversification	<ol style="list-style-type: none"> 1. Issue green bonds or sustainability bonds. 2. Develop green industry-related account receivable or financial securitization products. 3. Direct a higher percentage of investments toward green bonds or sustainability bonds, and increase the share of loan and credit to green industry. 	NT\$66 million	<ol style="list-style-type: none"> 1. Provide training to internal personnel to build up their knowledge concerning emerging industries. 2. Revise policies related to the development of new financial products or new lines of business. 3. Adopt sustainable credit and investment policies and incorporate ESG factors into credit investigation procedures and investment decision-making procedures, and adopt sustainability-related business goals. 	NT\$1.5 million	Short-term
New revenue streams from new environments, markets, and products	<ol style="list-style-type: none"> 1. Develop client base for new-type businesses in such industries as solar power and electric vehicles. 2. Evaluate the possibility of selling financial asset securitization products linked to the green industry in order to earn more income from financial advisory services, trust management services, and related fees. 3. Increase sustainability-related investment objectives, including the green energy industry and the electrical vehicle industry. 	NT\$26 million	<ol style="list-style-type: none"> 1. Provide training to internal personnel to build up their knowledge concerning emerging industries. 2. Adopt rules governing the extension of credit to emerging industries, and adopt responsible loan and credit targets. 3. Engage in a broader range of ESG-related investments, and adopt responsible investment targets. 	NT\$0.38 million	Short-term

Note: The financial impact of the three major climate-related risk issues and three major climate-related opportunity issues, and the cost of management measures, are calculated by adding up the total amounts of all affected business operations and transactions, and amounts are not risk-weighted.

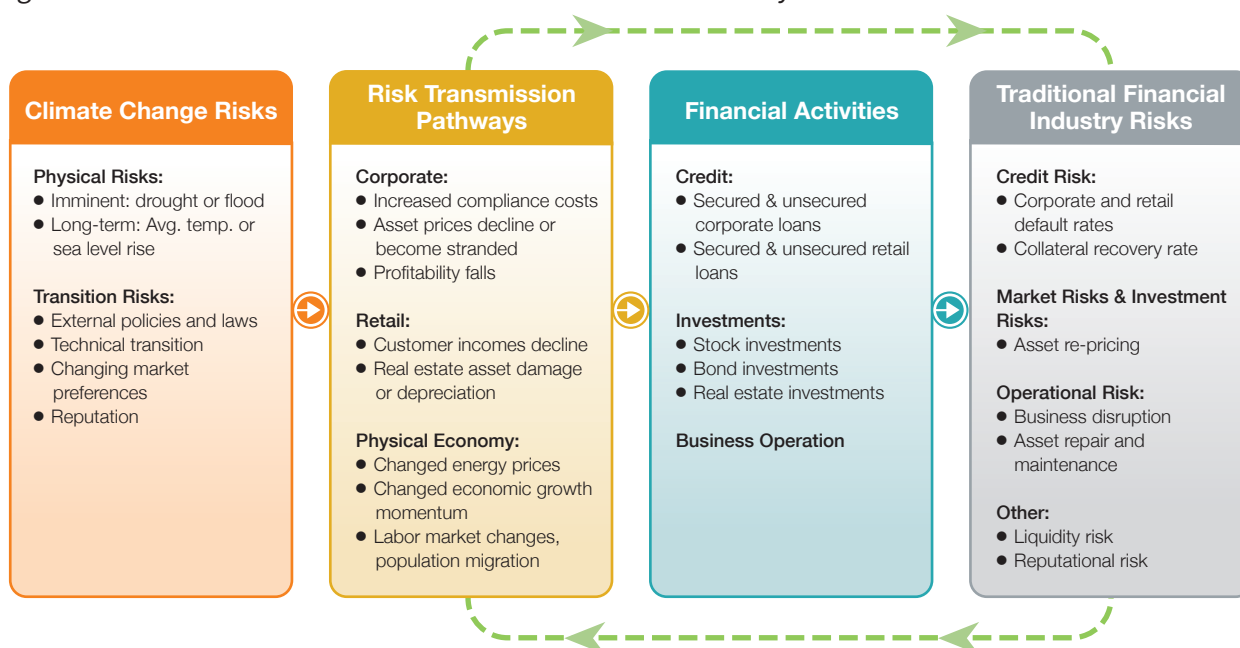
7.1.3 Climate Change Risk Management

Climate change issues have become emerging risks that financial institutions must thoroughly understand and respond to. In addition to affecting O-Bank's own business operations, climate change has an even bigger impact on our loan and investment portfolios. In order to assess the impact of climate change issues on investment and loan activities, O-Bank has inventoried and analyzed the possible impacts of climate change, including physical risks generated by extreme weather events, and transition risks generated by legislative, technical, and market changes. Based on our analysis results, in order to reduce the impact of climate risks, O-Bank has developed a risk management strategy, and has assessed how the impact of climate risks is transmitted to traditional financial industry risks, including credit risks, market risks, operational risks, and liquidity risks.

Fig. 7-4: O-Bank's Three Lines of Defense Against Climate Risks



Fig. 7-5: Financial Institution Climate Risk Transmission Pathways



In order to effectively assess the possible impact of climate risks on O-Bank's own operations as well as its investments and financing services, O-Bank: (a) will use simulation results from the Taiwan's National Science and Technology Center for Disaster Reduction (NCDR) based on the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) and Sixth Assessment Report (AR6) Global Warming Level (GWL) scenarios, to assess physical risks in the Taiwan region; (b) for assessing physical risks in low-lying and windy areas in Hong Kong, O-Bank will use the Hong Kong Drainage Services Department's

relatively high-risk scenarios for physical risks facing coastal low-lying & windy residential areas; and (c) to assess physical risks in other areas, O-Bank will use climate risk data from the ThinkHazard! database. The scopes of the evaluations include O-Bank's business locations, assets leased under operating leases, real estate loan collateral, and mid- and long-term investment positions (in the O-Bank banking book); and O-Bank conducts climate risk analyses based on the various scenarios contemplated in the GCAM6.0 V4.2 Phase4 data set, which was adopted by the Network for Greening the Financial System (NGFS), to assess transition risks. The scopes of the evaluations include business locations as well as investments and financing services. Details regarding the overall scope of assessments are set out in Table 7-2 and Table 7-3.

Table 7-2: Scope of Assessments of Physical Risks and Transition Risks

Climate Risks	Business Items	Impacts of Risks	Existing Risks	Duration of Risk
Physical risks	Assets leased under operating leases O-Bank's business locations	<ul style="list-style-type: none"> Value of assets leased under operating leases declines due to extreme weather events. Value of business locations declines or business is interrupted due to extreme weather events. 	Operational risks	Mid- and long-term
	Financing and investment business	<ul style="list-style-type: none"> Risk of issuers going into default increases due to extreme weather events in the registered locations of investee companies. Value of real estate loan collateral pledged by financing recipients declines due to extreme weather events. 	Credit risks	Mid- and long-term
Transition risks	O-Bank's business locations	The carbon emissions of business locations are affected by future carbon prices, thus increasing operating costs.	Operational risks	Short-, mid-, and long-term
	Financing and investment business	The carbon emissions of investee companies or financing recipients are affected by future carbon prices, causing the implementation of low-carbon transition plans to increase their operating costs.	Investing: market risks Financing: credit risks	Short-, mid-, and long-term

Table 7-3: Scope and Methods of Analysis of Physical Risks and Transition Risks

Climate Risks	Details	Scope of Analysis	Climate Scenarios	Period Assessed
Physical risks	Assets leased under operating leases O-Bank's business locations	Global	<ul style="list-style-type: none"> The 1.5°C and 2°C GWLs put forward in the IPCC AR5 and AR6 released by NCDR Hong Kong Drainage Services Department's relatively high-risk scenarios for physical risks facing coastal low-lying & windy residential areas in Hong Kong Climate risk data from the ThinkHazard! database 	2021-2040 2041-2060
	Real estate loan collateral	Global		
	Mid- and long-term investment positions (banking book)	Taiwan		
Transition risks	O-Bank's business locations	Global	NGFS <ul style="list-style-type: none"> Net Zero 2050 Delayed transition Nationally Determined Contributions 	2030 2040 2050
	Corporate loans	Global		
	Mid- and long-term investment positions (banking book)	Global		

1. Analysis of Physical Risk Scenarios

Typhoons and short rainstorms are Taiwan's main forms of extreme weather events, and they occasionally cause natural catastrophes. In order to understand the possible impacts of extreme climate conditions, O-Bank uses scenario analysis to assess the physical flooding and slopeland disaster risk that faces O-Bank's asset portfolio. The scope of analysis includes O-Bank's business locations, assets leased under operating leases, real estate loan collateral locations, and mid- and long-term investment positions (in the O-Bank banking book). O-Bank uses climate risk information from the National Science and Technology Center for Disaster Reduction (NCDR), the Hong Kong Drainage Services Department (DSD), and the ThinkHazard! database to assess the "degree of damage" and "degree of vulnerability" that extreme climate catastrophes might possibly cause in specific areas in the future, then we use our own internal data to assess "degree of exposure" and, finally, develop a standardized calculation of a composite risk score for each factor. Based on the calculation results, we have taken the areas where our properties are located and categorized them into low-risk areas, low- to medium-risk areas, medium-risk areas, medium- to high-risk areas, and high-risk areas. The analysis results are presented as follows:

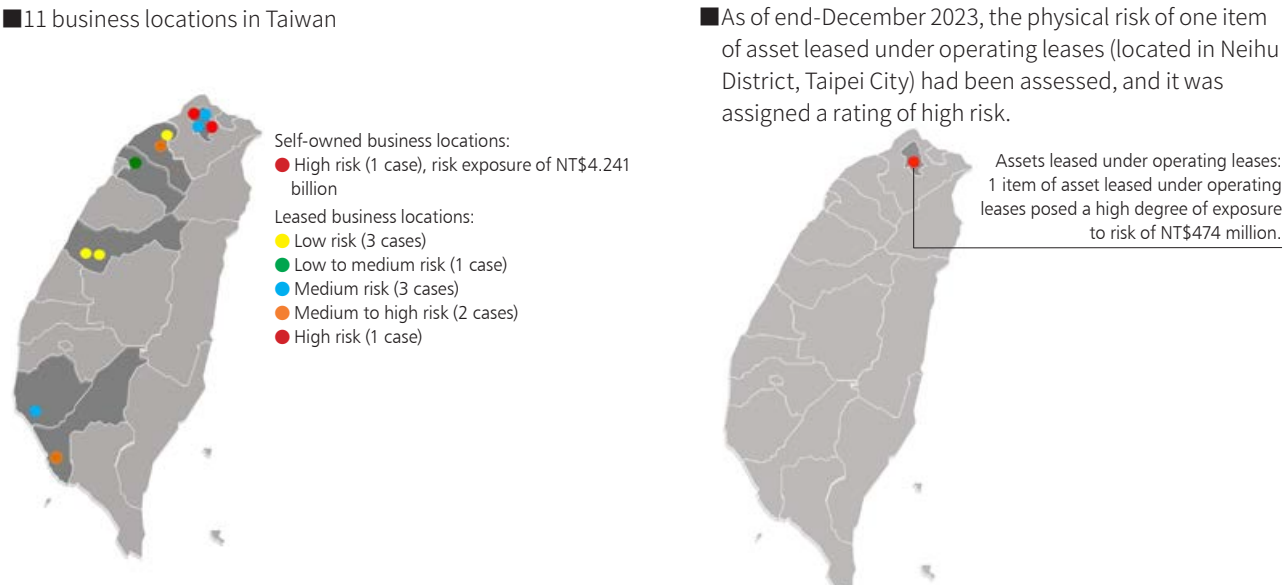
a. O-Bank's Business Locations and Assets Leased under Operating Leases

Treating O-Bank's December 31, 2023 asset portfolio as the baseline, the exposures of O-Bank's business locations and assets leased under operating leases to physical climate risks are as shown in the Table 7-4 and Fig. 7-6 to 7-8.

Table 7-4: Exposures of O-Bank's Business Locations and Assets Leased under Operating Leases to Physical Risks

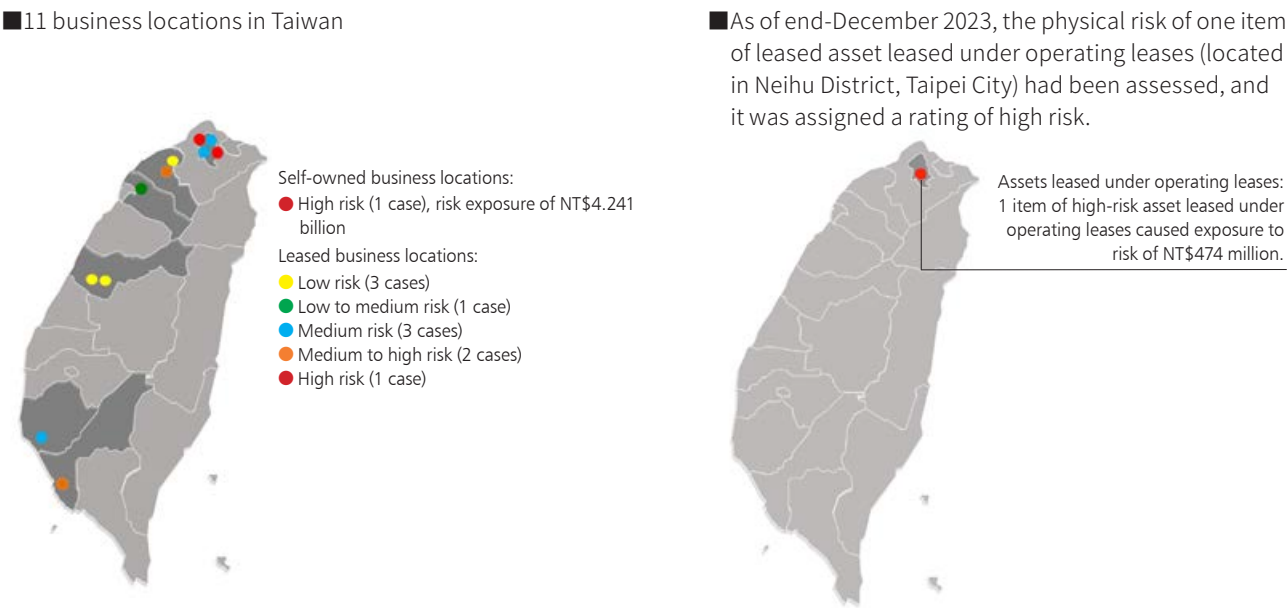
Level of Risk	NCDR GWL 1.5°C		NCDR GWL 2°C		HK Drainage Services & ThinkHazard! Database
	Business Locations in Taiwan	Assets Leased under Operating Leases in Taiwan	Business Locations in Taiwan	Assets Leased under Operating Leases in Taiwan	Overseas Business Locations
High-risk area	2	1	2	1	0
Medium- to high-risk area	2	0	2	0	0
Medium-risk area	3	0	3	0	0
Low- to medium-risk area	1	0	1	0	1
Low-risk area	3	0	3	0	1

Fig. 7-6: Map of O-Bank's Business Locations and Assets Leased under Operating Leases in Taiwan (GWL 1.5°C)



Note: The primary physical risks of the business locations leased by O-Bank are borne by the property owners, so there is no corresponding exposure amount.

Fig. 7-7: Map of O-Bank's Business Locations and Assets Leased under Operating Leases in Taiwan (GWL 2°C)



Note: The primary physical risks of the business locations leased by O-Bank are borne by the property owners, so there is no corresponding exposure amount.

Fig. 7-8: Map of O-Bank's Overseas Business Locations

■ O-Bank has 2 overseas business locations.



Regarding the physical risks that face business locations and assets leased under operating leases, O-Bank conducts an information system recovery drill and a business continuity exercise each year to ensure that in the event of a disaster the Bank will be able to launch emergency response measures. O-Bank also periodically maintains its data center equipment and power generator, has purchased commercial fire insurance, and has determined a list of personnel who will remain at their jobs in the event of a typhoon. These measures are designed to ensure that the occurrence of a disaster will not cause a business interruption or serious losses.

b. Real Estate Loan Collateral

The occurrence of climate change-related flood events and slopeland disasters can reduce the value of real estate loan collateral, thus affecting credit risks. Based on the area where real estate loan collateral is located, O-Bank analyzes its climate-related physical risk. After conducting an inventory, assuming different global warming levels, O-Bank identified items of high-risk-area real estate used as collateral for O-Bank corporate financing or personal home loans in Taiwan as shown in Table 7-5. The possible exposures of O-Bank's real estate collateral to physical climate risks are as shown in Fig. 7-9 through 7-12 below.

Table 7-5: Share of O-Bank Real Estate Collateral for Corporate & Retail Credit Located in High-risk Areas in Taiwan

Scenario	Cases	Number of Properties Pledged in these Cases as Percentage of Total Number of Properties Pledged as Collateral in Taiwan	Value of Properties Pledged in these Cases as Percentage of Total Value of Properties Pledged as Collateral in Taiwan	Net Credit Extended in these Cases as Percentage of Total Net Credit Extended by O-Bank
GWL 1.5°C	3	0.09%	0.04%	0.01%
GWL 2°C	3	0.09%	0.04%	0.01%

Fig. 7-9: Distribution of Real Estate Loan Collateral for Corporate Credit in Taiwan (GWL 1.5°C)

■ There were 440 items of real estate collateral for corporate credit located in Taiwan, none of which were classed as high-risk.

Number of Items of Real Estate Collateral for Corporate Credit in Taiwan, and Risk Ratings of Exposures

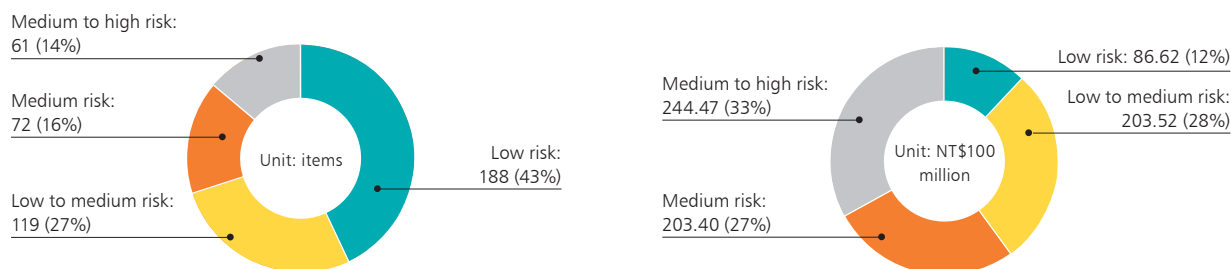


Fig. 7-10: Distribution of Real Estate Loan Collateral for Corporate Credit in Taiwan (GWL 2°C)

■ There were 440 items of real estate collateral for corporate credit located in Taiwan, none of which were classed as high-risk.

Number of Items of Real Estate Collateral for Corporate Credit in Taiwan, and Risk Ratings of Exposures

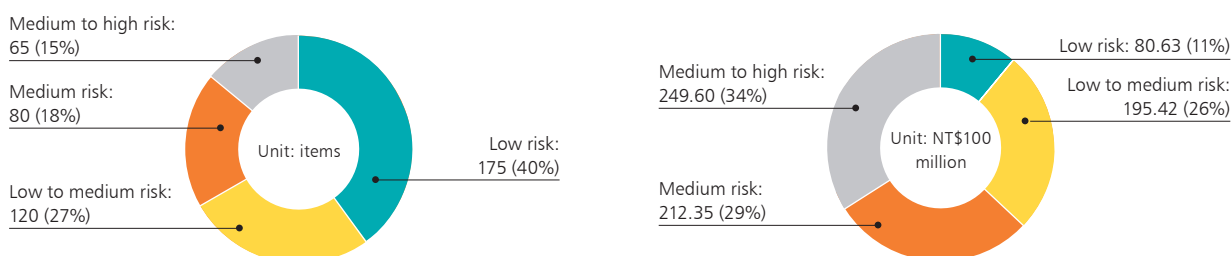
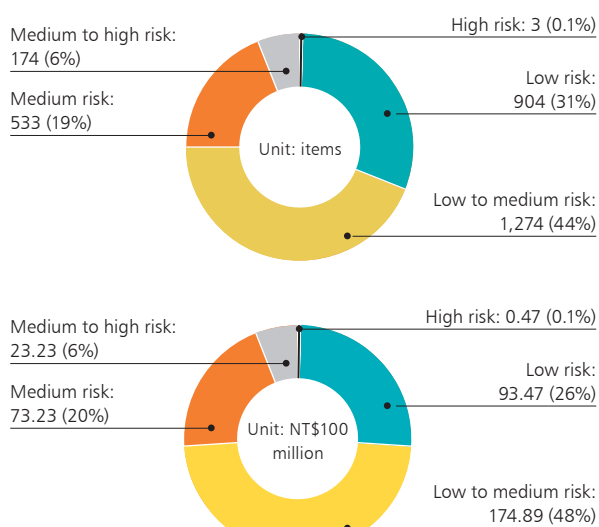


Fig. 7-11: Distribution of Real Estate Collateral for Retail Credit in Taiwan (GWL 1.5°C)

■ There were 2,888 items of real estate collateral for retail credit located in Taiwan, 3 of which (0.10%) were classed as high-risk and together had a total value of NT\$47 million, or roughly 0.13% of the total value of all real estate collateral.

Number of Items of Real Estate Collateral for Retail Credit in Taiwan, and Risk Ratings of Exposures



Distribution of Exposures to High-risk Real Estate Loan Collateral for Retail Credit in Taiwan

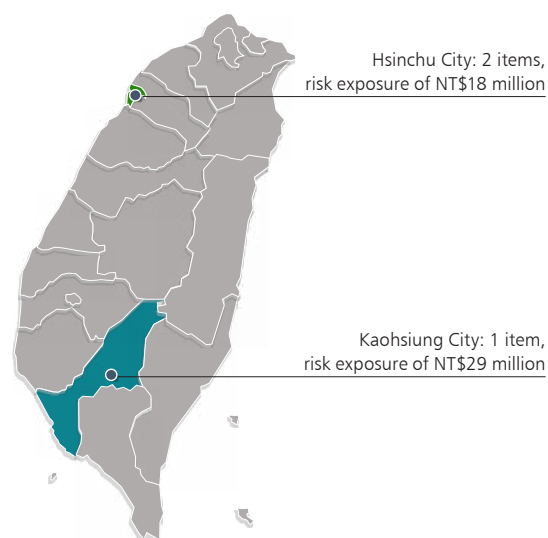
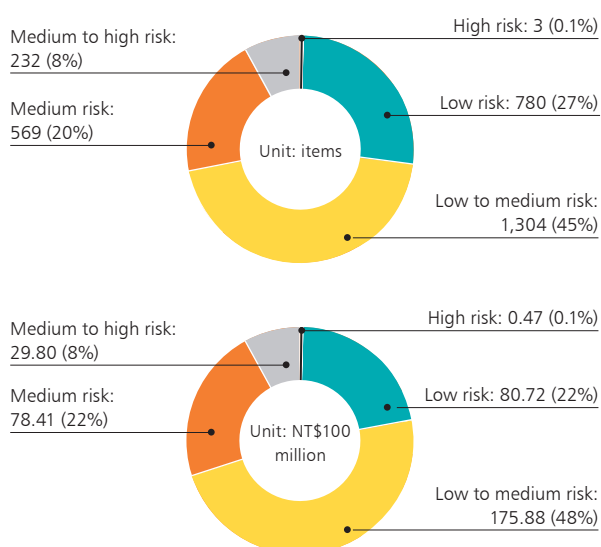


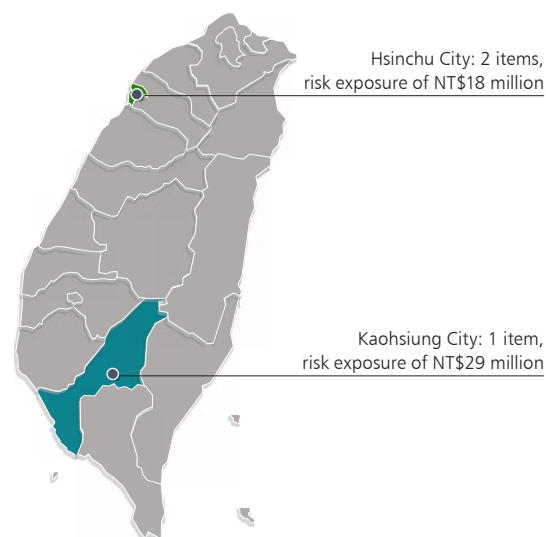
Fig. 7-12: Distribution of Real Estate Collateral for Retail Credit in Taiwan (GWL 2°C)

■ There were 2,888 items of real estate collateral for retail credit located in Taiwan, 3 of which (0.10%) were classed as high-risk and together had a total value of NT\$47 million, or roughly 0.13% of the total value of all real estate collateral.

Number of Items of Real Estate Collateral for Retail Credit in Taiwan, and Risk Ratings of Exposures



Distribution of Exposures to High-risk Real Estate Loan Collateral for Retail Credit in Taiwan



Information on overseas high-risk-area real estate used as corporate credit collateral for O-Bank corporate financing is set out in Table 7-6 below. O-Bank's possible exposures to physical climate risks are as shown below in Fig. 7-13 and Fig. 7-14.

Table 7-6: Overseas High-risk-area Real Estate Used as Collateral for O-Bank Corporate Financing

Scope of Assessment	Number of Properties	Number of Properties as Percentage of Total Collateral Properties in the Area in Question	Value of Properties as Percentage of Total Value of Collateral Properties in the Area in Question	Net Credit Extended in these Cases as Percentage of Total Net Credit Extended by O-Bank
The Hong Kong region	0	0.00%	0.00%	0.00%
The Mainland China region	0	0.00%	0.00%	0.00%
Other overseas	0	0.00%	0.00%	0.00%

Fig. 7-13: Distribution of O-Bank Real Estate Collateral for Corporate Credit in the Hong Kong Region

■ There were 217 items of corporate real estate collateral located in the Hong Kong region, none of which were classed as high-risk.

Number of Items of Corporate Real Estate Collateral in the Hong Kong Region, and Risk Ratings of Exposures

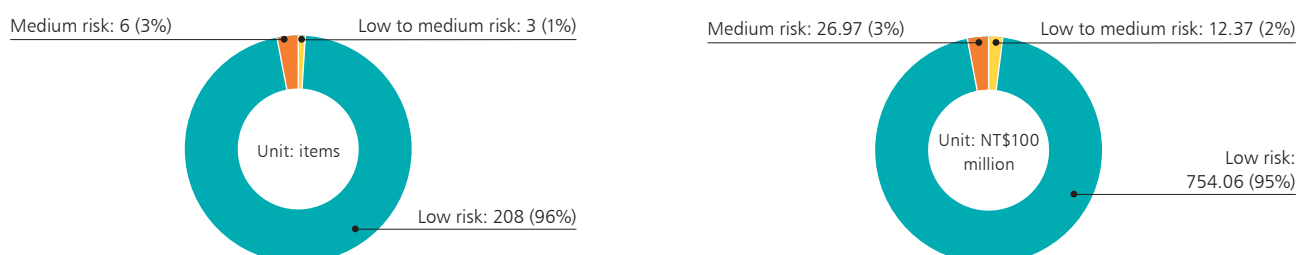
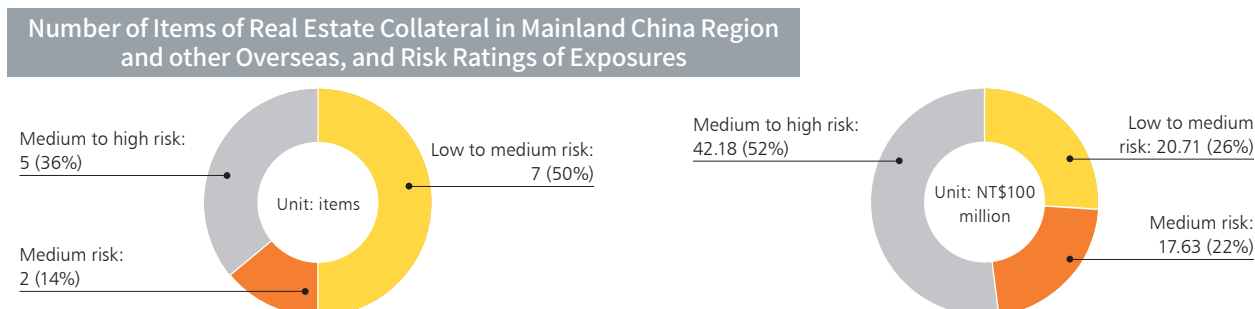


Fig. 7-14: Distribution of Real Estate Collateral for Corporate Credit in Mainland China and other Overseas Regions

■ There were 14 items of corporate real estate collateral located in mainland China and other overseas regions, none of which were classed as high-risk.



In addition, O-Bank has analyzed the physical risks under different global warming levels for sectors in which the Bank has relatively high credit concentrations (i.e. sectors that account for 8% or more of O-Bank's total outstanding credit balance, including finance and insurance (27.1%), real estate (20.2%), and manufacturing (17.5%)), as well as for credit positions in industries that pose high climate risks (including the 10 biggest carbon-intensive industries and enterprises in industries that have a harmful environmental impact, see section 7.1.6). The items of real estate collateral that are located within high-risk-areas are as shown below in Table 7-7. O-Bank's possible exposures to physical climate risks are as shown below in Fig. 7-15 through Fig. 7-19.

Table 7-7: Loans to Borrowers in Sectors in which O-Bank Has Relatively High Credit Concentrations, and High-risk-area Real Estate Loan Collateral for Loans to Industries that Pose High Climate Risks

Scope of Assessment		Climate Scenarios	Number of Properties	Number of Properties as Percentage of Total Collateral Properties in the Area in Question	Value of Properties as Percentage of Total Value of Collateral Properties in the Area in Question	Net Credit Extended in these Cases as Percentage of Total Net Credit Extended by O-Bank
Sectors in which O-Bank has a high credit concentration	Taiwan	GWL 1.5°C	0	0.00%	0.00%	0.00%
		GWL 2°C	0	0.00%	0.00%	0.00%
	Overseas	-	0	0.00%	0.00%	0.00%
Industries that pose high climate risks	Taiwan	GWL 1.5°C	0	0.00%	0.00%	0.00%
		GWL 2°C	0	0.00%	0.00%	0.00%
	Overseas	-	Zero properties classed as high climate risk			

Fig. 7-15: Distribution of Real Estate Collateral in Taiwan for Sectors in which O-Bank Has Relatively High Credit Concentrations (GWL 1.5°C)

■ There were 355 items of real estate collateral located in Taiwan, none of which were classed as high-risk.

Number of Items of Taiwan Real Estate Collateral and Risk Ratings of Exposures

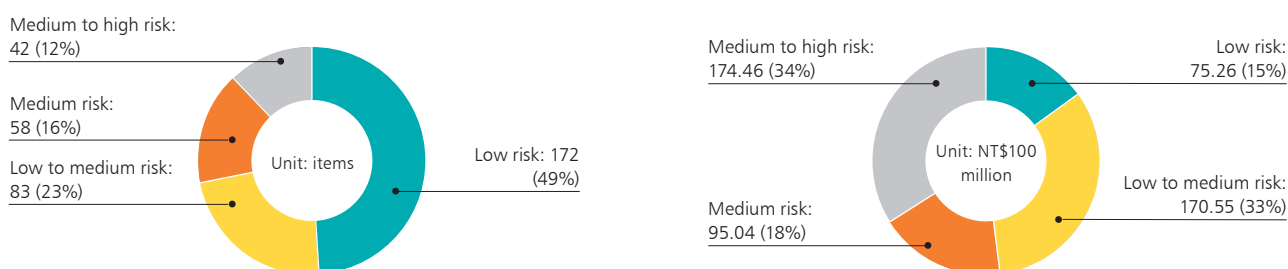


Fig. 7-16: Distribution of Real Estate Collateral in Taiwan for Sectors in which O-Bank Has Relatively High Credit Concentrations (GWL 2°C)

■ There were 355 items of real estate collateral located in Taiwan, none of which were classed as high-risk.

Number of Items of Taiwan Real Estate Collateral and Risk Ratings of Exposures

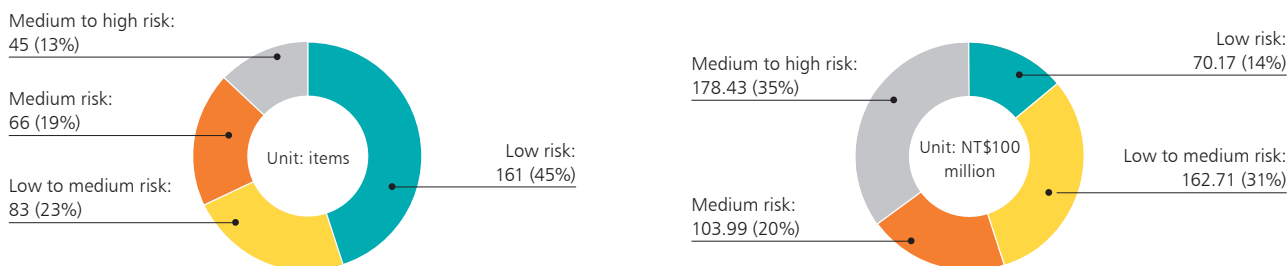


Fig. 7-17: Distribution of Overseas Real Estate Collateral for Sectors in which O-Bank Has Relatively High Credit Concentrations

■ There were 150 items of real estate collateral located overseas, none of which were classed as high-risk.

Number of Overseas Items of Real Estate Collateral, and Risk Ratings of Exposures

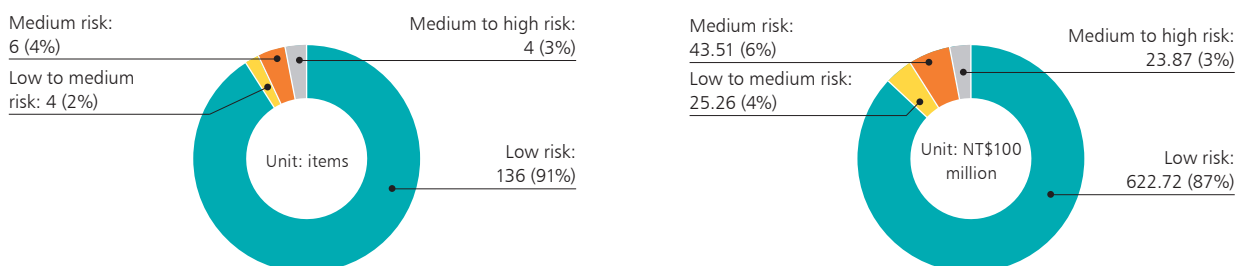


Fig. 7-18: Distribution of Real Estate Collateral in Taiwan for O-Bank Loan Positions in Industries that Pose High Climate Risks (GWL 1.5°C)

■ There were 11 items of real estate collateral located in Taiwan, none of which were classed as high-risk.

Number of Items of Real Estate Collateral in Taiwan, and Risk Ratings of Exposures

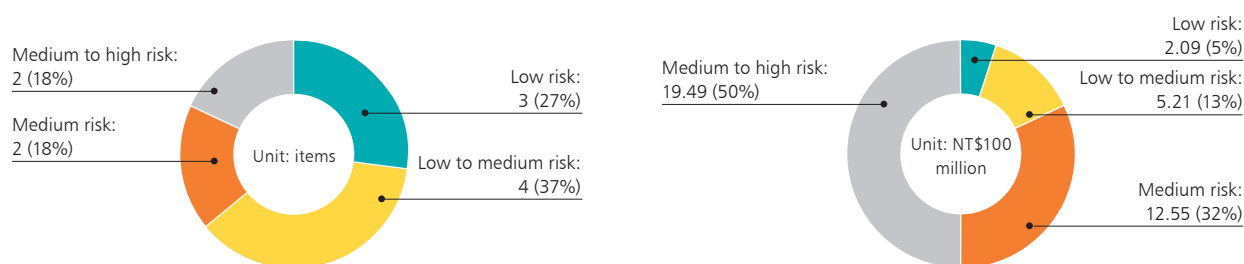
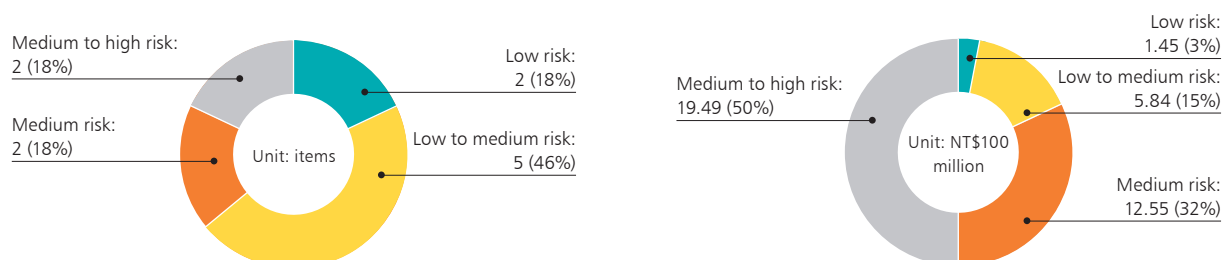


Fig. 7-19: Distribution of Real Estate Collateral in Taiwan for O-Bank Loan Positions in Industries that Pose High Climate Risks (GWL 2°C)

■ There were 11 items of real estate collateral located in Taiwan, none of which were classed as high-risk.

Number of Items of Real Estate Collateral in Taiwan, and Risk Ratings of Exposures



Note: The real estate loan collateral exposures referred to in Fig. 7-6 to Fig. 7-19 are equal to the value of real estate loan collateral.

c. Mid- and Long-term Investments (banking book)

The occurrence of climate change-related flood events and slopeland disasters can cause damage in areas where investee companies are located, thus affecting credit risks. When we assess climate-related physical risks on the basis of the registered locations of investee companies in mid- and long-term investments (banking book), we find that, under different global warming levels, the situation with O-Bank's mid- and long-term investments (banking book) in Taiwanese companies located in properties registered as high-risk-area real estate is as set out below in Table 7-8, and O-Bank's possible exposures to physical climate risks are as shown in Fig. 7-20 and 7-21 below.

Table 7-8: O-Bank's Mid- and Long-term Investments (banking book) in Taiwanese Companies Located in Properties Registered as High-risk-area Real Estate

Scenario	Number of Properties	Share of Mid- and Long-term Investment Positions (banking book) in Taiwan	Share of Book Value of O-Bank's Total Mid- and Long-term Investment Positions (banking book)
GWL 1.5°C	11	12.09%	5.10%
GWL 2°C	11	12.09%	5.10%

Fig. 7-20: Distribution of Property Registration Locations of Taiwanese Companies in O-Bank's Mid- and Long-term Investments (banking book) (GWL 1.5°C)

■ There were 91 items of investee companies with a registered location in Taiwan, 11 (12.09%) of which were classed as high-risk properties with a combined book value of approximately NT\$4.87 billion, which is equivalent to roughly 5.10% of the book value of the mid- and long-term investment positions in the O-Bank banking book.

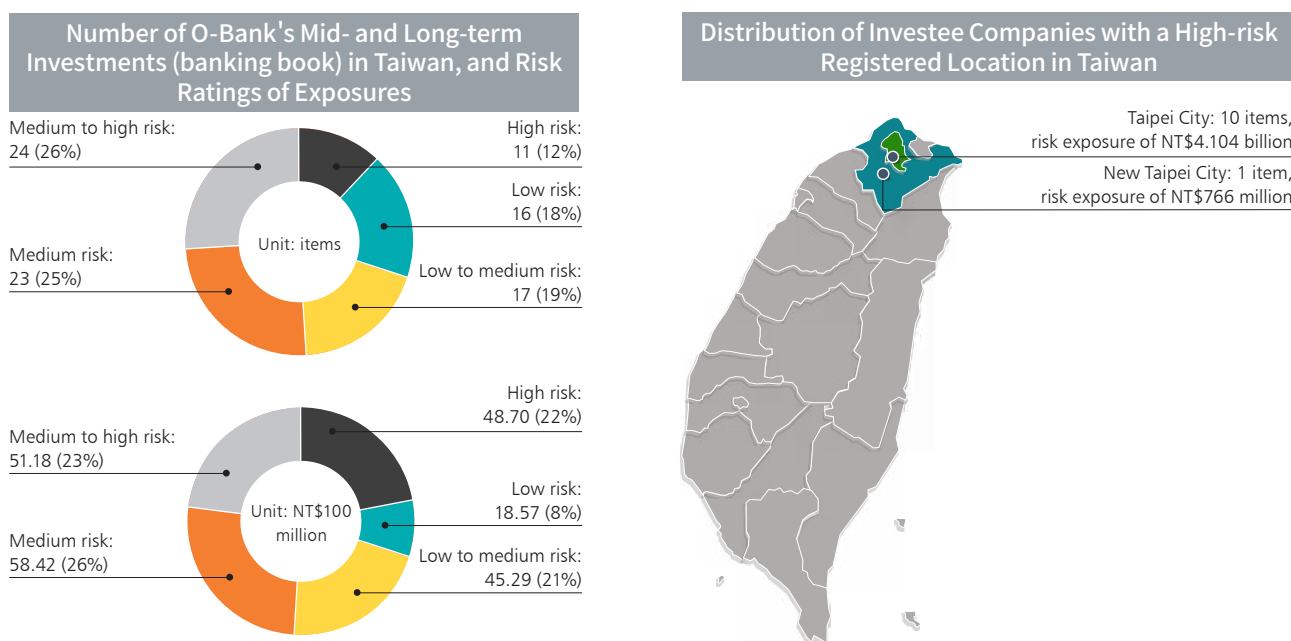
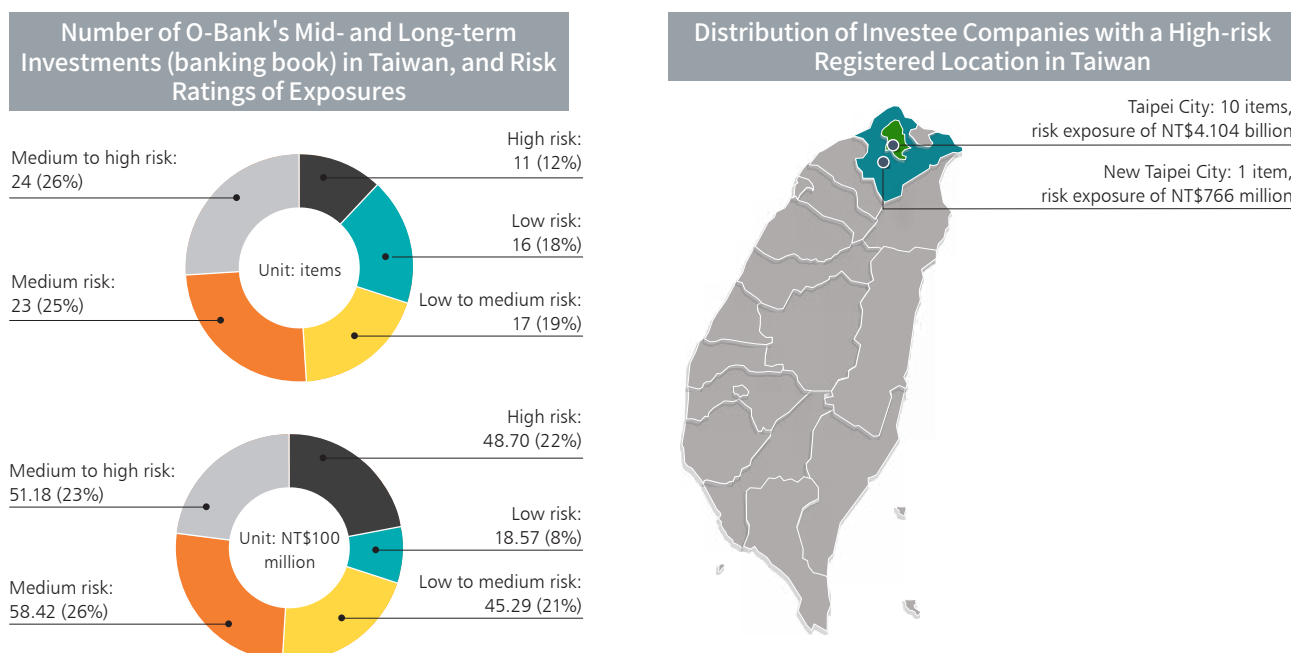


Fig. 7-21: Distribution of Property Registration Locations of Taiwanese Companies in O-Bank's Mid- and Long-term Investments (banking book) (GWL 2°C)

■ There were 91 items of investee companies with a registered location in Taiwan, 11 (12.09%) of which were classed as high-risk properties with a combined book value of approximately NT\$4.87 billion, which is equivalent to roughly 5.10% of the book value of the mid- and long-term investment positions in the O-Bank banking book.



Note: The term "risk exposures" as used in Fig. 7-20 and 7-21 equals the book value of mid- and long-term investment positions.

O-Bank each year compiles and analyzes statistics on high-risk-area real estate loan collateral and mid- and long-term investments (banking book), and periodically reports the results of its analyses to the Risk Management Committee in order to track the distribution and the share of outstanding of both real estate loan collateral and the registered locations of investee companies which are located in areas exposed to high physical risks, and to appropriately avoid or control the sectors or customers that are exposed to high physical risks.

2. Analysis of Transition Risk Scenarios

Because GHG emissions continue to exacerbate global warming, countries around the world have been adopting targets aimed at achieving net carbon neutrality by 2050, and are using policies and legislation to collect carbon taxes or carbon levies, or are employing other means to regulate the emissions generated by various economic activities. During the course of a low-carbon transition, in addition to the impact of the transition on a bank's own operations, a bank's corporate customers and investments may experience an increase in operating costs and even a drop in operating revenues, which would in turn impact the bank's investment and financing activities.

In order to understand the possible impacts of transition risks, O-Bank conducts climate risk analyses based on the various scenarios contemplated in the V4.2 Phase4 data set, which was adopted by the Network for Greening the Financial System (NGFS). GCAM6.0 posits orderly, disorderly, and hot house world scenarios for the transition to net zero, which it uses to project the carbon price overhead of investment and financing recipients. The climate change scenarios used by O-Bank are described in Table 7-9 to 7-11, and in Fig. 7-22:

Table 7-9: NGFS Climate Change Scenarios

Type of Scenario	Suppositions of Scenario	Temperature Target	Climate Policy	Technological Changes	CO ₂ Removal Technologies	Regional Policy Differences
Orderly transition to Net Zero 2050	Countries adopt aggressive climate policies, there is hope that global temp. rise may be held to within 1.5°C or 2°C. Transition risks are 2 nd highest in this scenario.	1.5°C	Prompt and smooth	Rapid changes	Medium usage	Medium degree of difference
Disorderly & delayed transition to net zero	Carbon emissions peak in 2030, then carbon reductions accelerate around the world; or, emission reductions work is done principally in certain countries or industries, net zero is finally achieved. Transition risks are highest.	1.6°C	Delayed	Rapid/slow changes	Low usage	High degree of difference
Hot house world scenario involving nationally determined contributions	Countries generally fail to achieve carbon reduction targets, or some countries continue to implement current climate policies while other regions lack new climate change mitigation policies. Transition risks are lowest in this scenario.	2.6°C	Nationally determined contributions	Slow changes	Low usage	Low degree of difference

Fig. 7-22: NGFS Climate Change Scenario

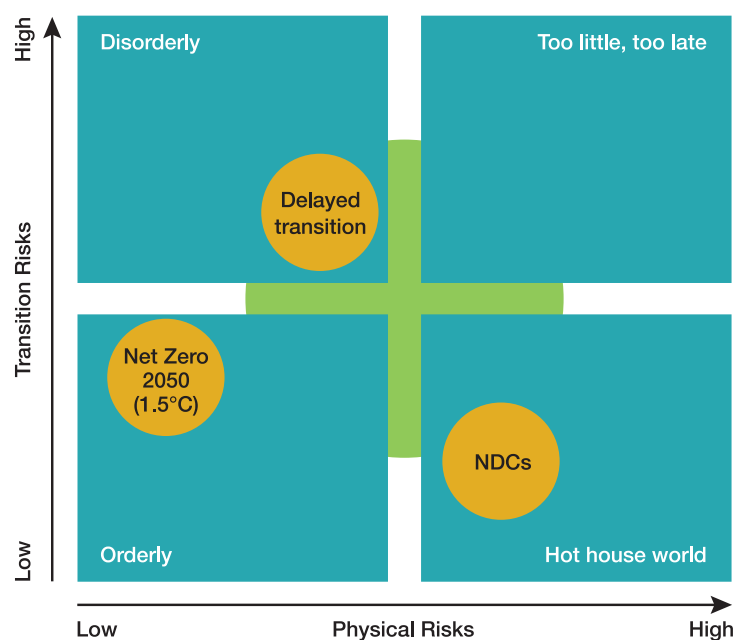


Table 7-10 to 7-11: NGFS V4.2 Phase4 GCAM6.0 Climate Change Scenario Carbon Price Factors in Regions (Taiwan, Hong Kong) where O-Bank Has Its Main Exposures

Type of Scenario	Taiwan Carbon Price Factors		
	2030	2040	2050
Net Zero 2050	4,373	13,780	28,851
Delayed transition	0	4,477	9,955
Nationally determined contributions	155	1,117	2,269

Type of Scenario	Hong Kong Region Carbon Price Factors		
	2030	2040	2050
Net Zero 2050	3,028	8,326	42,725
Delayed transition	0	3,226	13,144
Nationally determined contributions	0	0	127

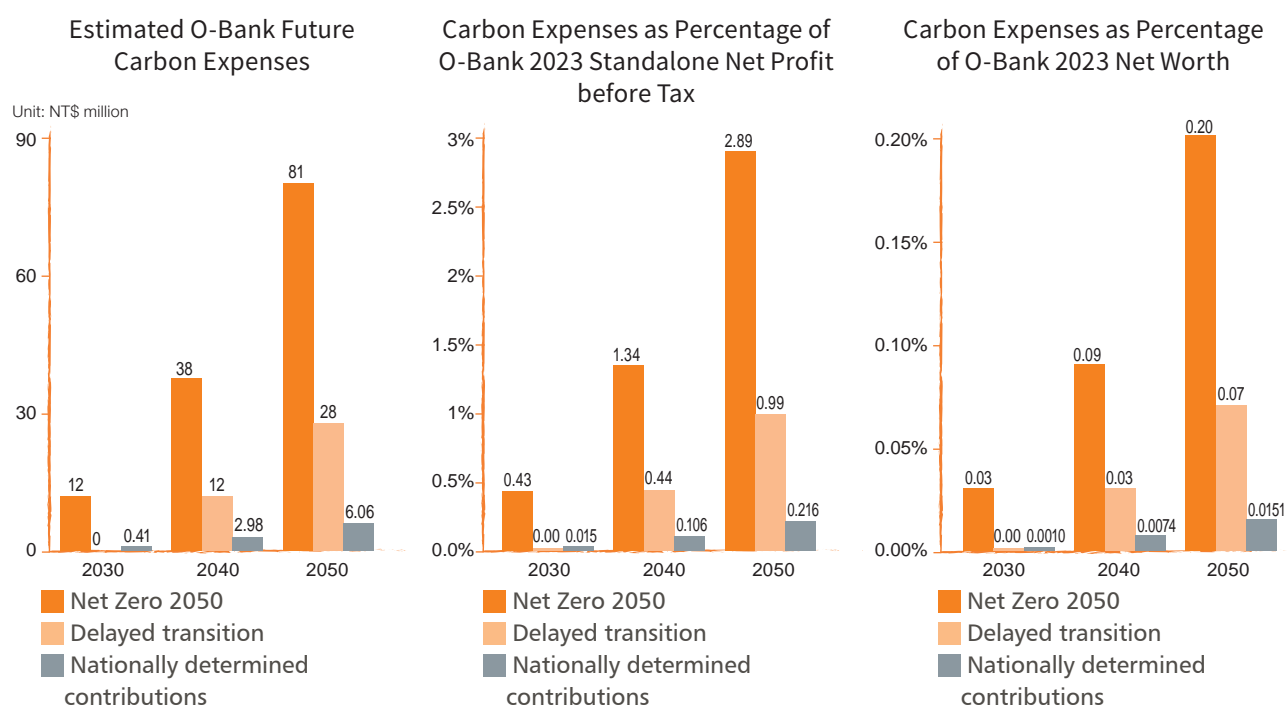
Note: Carbon price unit – TWD/tCO_{2e}, based on an exchange rate of US\$1 = TWD30.75327 as of Dec 29, 2023.

O-Bank uses the 2030, 2040, and 2050 carbon prices in the three aforementioned scenarios to calculate the possible carbon levy expenses generated by the Bank's future asset portfolios. The scope of analysis includes business locations as well as investment and financing activities. The analysis results are presented as follows:

a. O-Bank Business Locations

O-Bank conducts an annual inventory of GHG emissions at its business locations throughout the world, and obtains third-party verification of its carbon emissions (see section 6.3 of this Report). In 2023, Scope 1 and 2 carbon emissions at O-Bank's business locations throughout the world came to 2,758.66 tCO₂e (calculated on a market basis). Based on this emissions volume, O-Bank has projected possible carbon expenses for 2030, 2040, and 2050, and carbon levy expenses as percentages of O-Bank's 2023 standalone net profit before tax and 2023 net worth under each of the different scenarios are as shown in Fig. 7-23.

Fig. 7-23: Carbon Expenses and Carbon Expenses at O-Bank Business Locations Throughout the World as Percentages of 2023 Standalone Net Profit before Tax and Net Worth under Different Climate Scenarios

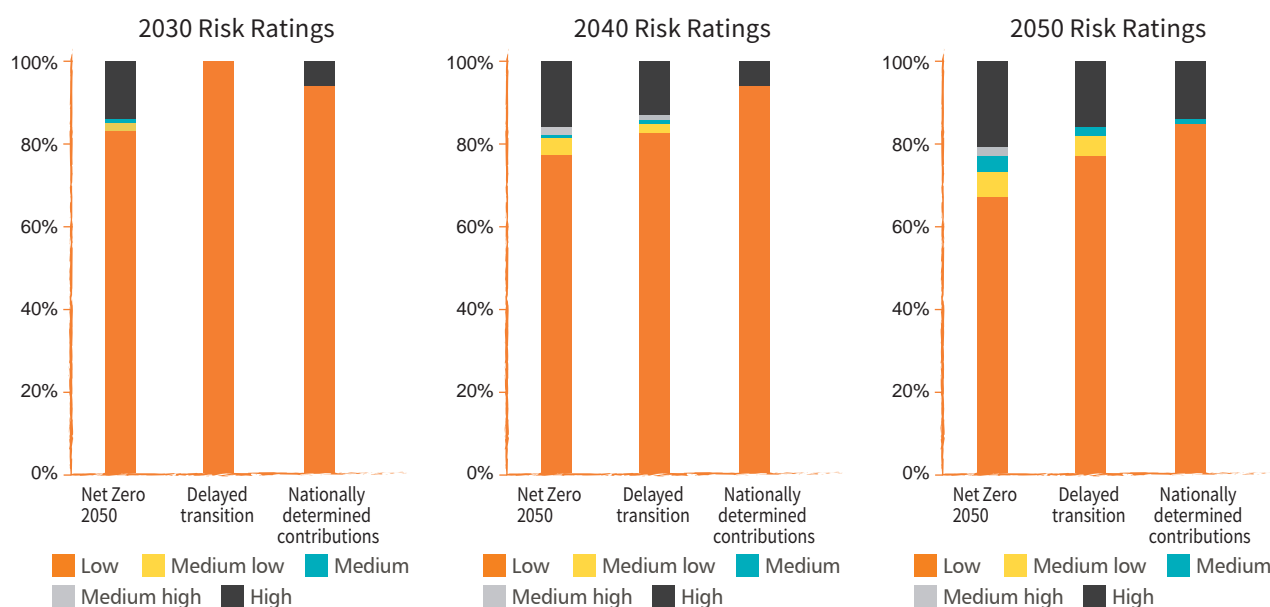


In order to reduce carbon levy expenses that might be generated in the future, O-Bank has actively introduced the use of renewable energy (green energy), and set targets of 50% reliance on green energy by 2030 and 100% reliance on green energy by 2050 at business locations throughout the world. The Bank regularly checks with the ESG Development Working Committee to monitor its progress toward achievement of these targets, and conducts awareness raising activities at its business locations to ensure that they are carrying out energy conservation and carbon reduction measures in order to lower operating CO₂ emissions (see section 6.2). The idea is to mitigate the carbon cost impact of transition risks. In 2023, O-Bank incurred about NT\$4.8 million in expenditures for switching to green energy, replacing energy-inefficient lighting and other equipment, etc.

b. Investment and Loan Activities

O-Bank conducts an annual inventory of the GHG emissions of its investment and financing recipients (see section 7.1.6), and uses the inventory results to conduct scenario analyses. In 2023, O-Bank inventoried 100% of its corporate loan positions (Note 7-1), and found that the Scope 1 and Scope 2 emissions generated thereby amounted to 56.94 million tCO₂e (not including commercial real estate), and on this basis has estimated the share of each financing recipient's net worth that its possible carbon expenses may account for in 2030, 2040, and 2050. Then, based on the share of each financing recipient's net worth that its projected carbon expenses are projected to generate under different scenarios, financing recipients are assigned one of five different risk ratings, as follows: low risk (share of net worth is 20% or lower); low to medium risk (share is greater than 20%, no greater than 40%); medium risk (share is greater than 40%, no greater than 60%); medium to high risk (share is greater than 60%, no greater than 80%); high risk (share is greater than 80% or the net worth is negative). Corporate loan position risk rating distributions under different climate scenarios in 2030, 2040, and 2050 are set out below in Fig. 7-24, and the percentage of loan positions rated as high risk did not exceed 21% under any climate scenario. As for investments, O-Bank has inventoried 100% of its mid- and long-term investment positions (Note 7-2) and found that the Scope 1 and Scope 2 emissions generated by those investments amounted to 459.56 million tCO₂e (not including the emissions associated with sovereign bonds), and on this basis projected carbon levy expenses as a percentage of its net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-25), and the percentage of investment positions rated as high risk did not exceed 21% under any climate scenario.

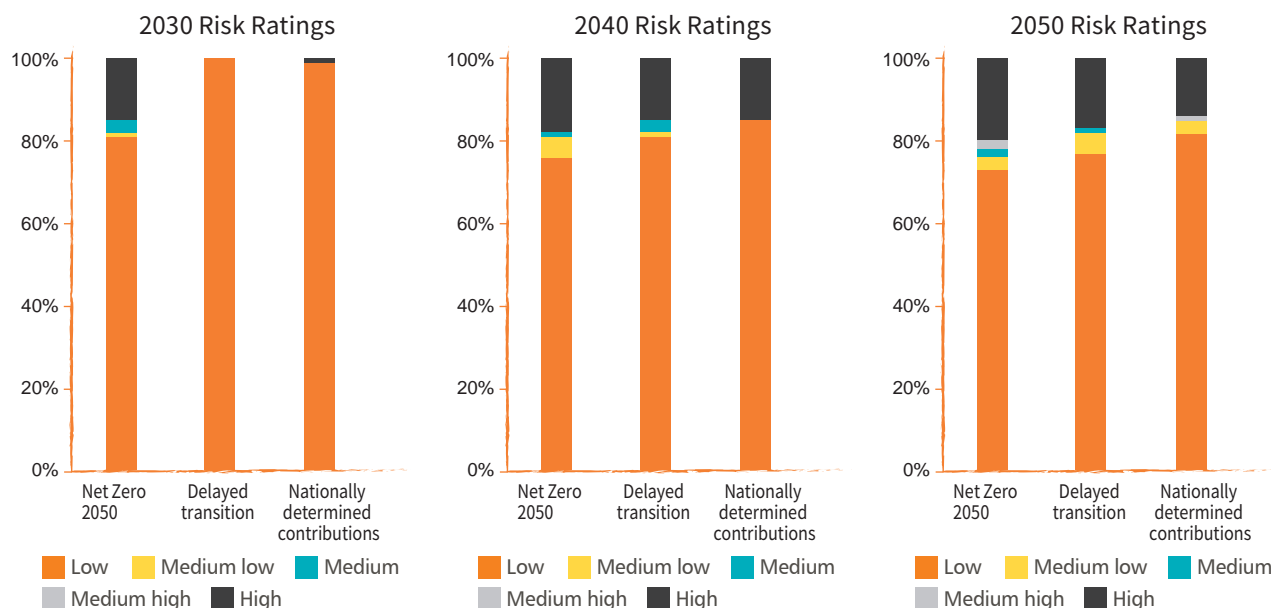
Fig. 7-24: O-Bank Corporate Loan Position Risk Rating Distributions under Different Climate Scenarios



Note 7-1: The term "corporate loan positions" as used here means all corporate loans recorded on the balance sheet (not including off-balance sheet assets).

Note 7-2: The scope of inventories of "mid- and long-term investment positions" as referred to here includes the shares, bank debentures, corporate bonds, and other mid- and long-term investment holdings of listed companies, and does not include short-term trades, investments made for the purpose of fund flow management and sustainability-related bonds.

Fig. 7-25: O-Bank Mid- and Long-term Investment Position Risk Rating Distributions under Different Climate Scenarios



O-Bank also inventoried 100% of the corporate loan positions and 100% of the mid- and long-term corporate loan positions of the Hong Kong Branch. The Scope 1 and Scope 2 emissions connected with the corporate loan positions (not including commercial real estate) totaled 470 thousand tCO₂e. On this basis we have estimated the share of each financing recipient's net worth that possible carbon expenses generated by itself may account for in 2030, 2040, and 2050. Then based on the percentages we assigned risk ratings (see Fig. 7-26), and the percentage of loan positions rated as high risk did not exceed 24% under any climate scenario. As for investments, O-Bank found that the Scope 1 and Scope 2 emissions generated by those investments amounted to 87.54 million tCO₂e (not including the emissions associated with sovereign bonds), and on this basis projected possible carbon expenses as a percentage of each investee company's net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-27), and the percentage of investment positions rated as high risk did not exceed 12% under any climate scenario.

Fig. 7-26: O-Bank Hong Kong Branch Corporate Loan Position Risk Rating Distributions under Different Climate Scenarios

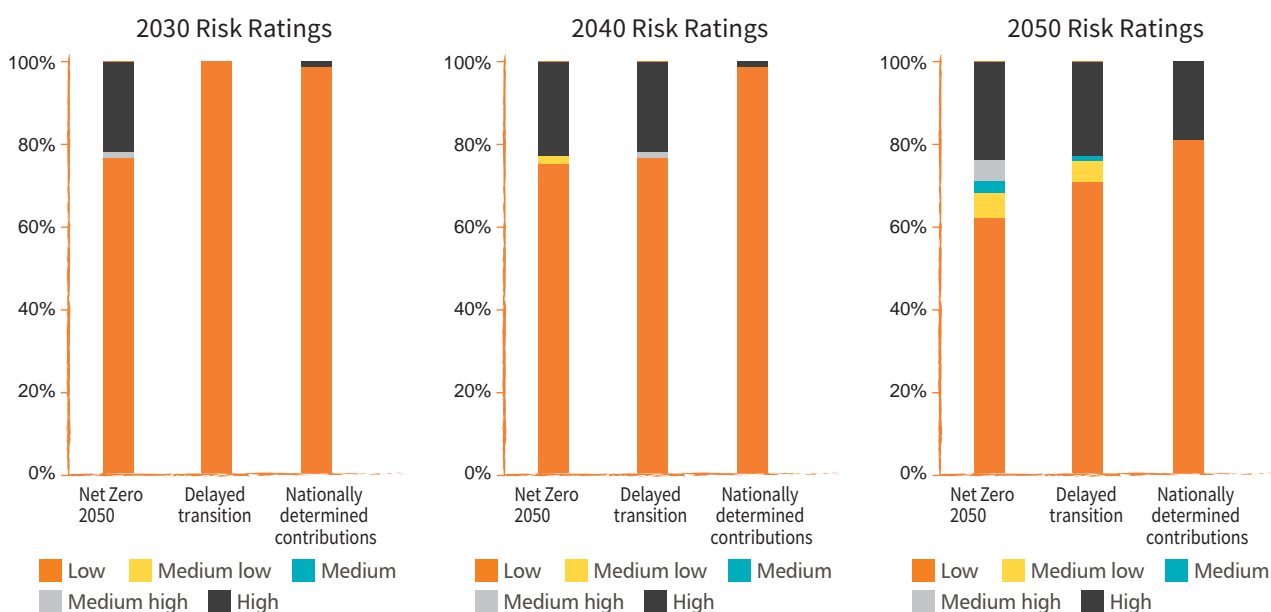
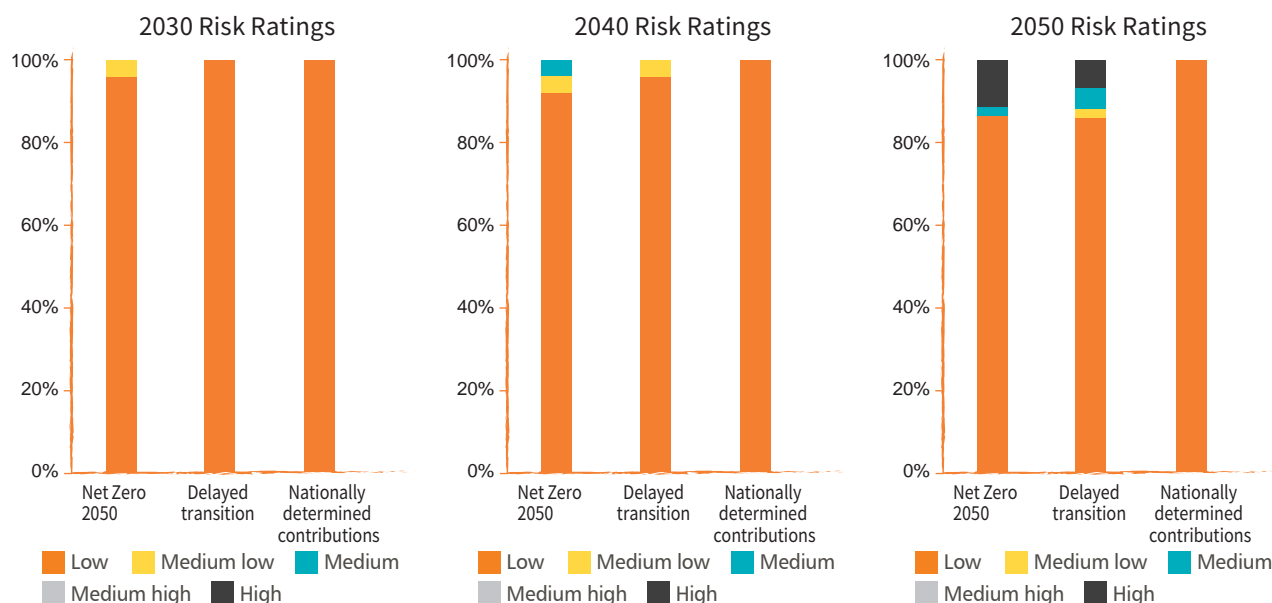
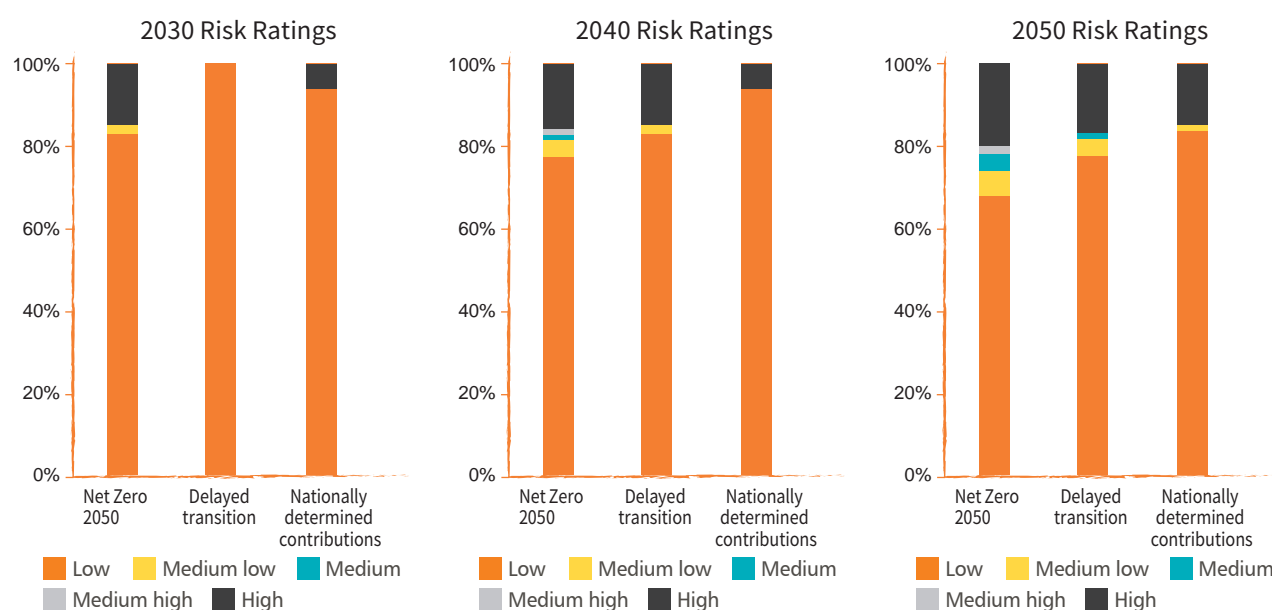


Fig. 7-27: O-Bank Hong Kong Branch Mid- and Long-term Investment Position Risk Rating Distributions under Different Climate Scenarios



In addition, O-Bank has also analyzed the transition risks of sectors in which the Bank has relatively high credit concentrations (i.e. sectors that account for 8% or more of O-Bank's total outstanding loan and credit balance, including finance and insurance, 27.1%; real estate, 20.2%; manufacturing, 17.5%). The Scope 1 and Scope 2 emissions generated in those sectors amount to a combined total of 50.58 million tCO₂e (not including commercial real estate). On the basis of this figure, O-Bank has projected possible carbon expenses that will be generated by each loan recipient as a percentage of its net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-28), and the percentage of investment positions rated as high risk did not exceed 20% under any climate scenario.

Fig. 7-28: Sector Risk Rating Distributions under Different Climate Scenarios for Sectors in which O-Bank Has Relatively High Credit Concentrations



As for transition risks associated with investment and loan positions in industries that pose high climate risks (including the 10 biggest carbon-intensive industries and enterprises in industries that have a harmful environmental impact, see section 7.1.6), as of end-2023, the outstanding balance of loans to industries that pose high climate risks stood at NT\$6.5 billion, and these loans generated Scope 1 and Scope 2 emissions of 17.35 million tCO₂e, not including commercial real estate. On the basis of this figure, O-Bank has projected possible carbon expenses that will be generated by each financing recipient as a percentage of its net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-29), and the percentage of investment positions rated as high risk did not exceed 55% under any climate scenario. Total investments in industries that pose high climate risks is NT\$11.2 billion, and the Scope 1 and Scope 2 emissions generated thereby amount to 360.54 million tCO₂e (not including sovereign bonds). On the basis of this figure, O-Bank has projected possible carbon expenses that will be generated by each investee company as a percentage of its net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-30), and the percentage of investment positions rated as high risk did not exceed 61% under any climate scenario.

Fig.7-29: Risk Rating Distributions under Different Climate Scenarios for O-Bank Loans to Industries that Pose High Climate Risks

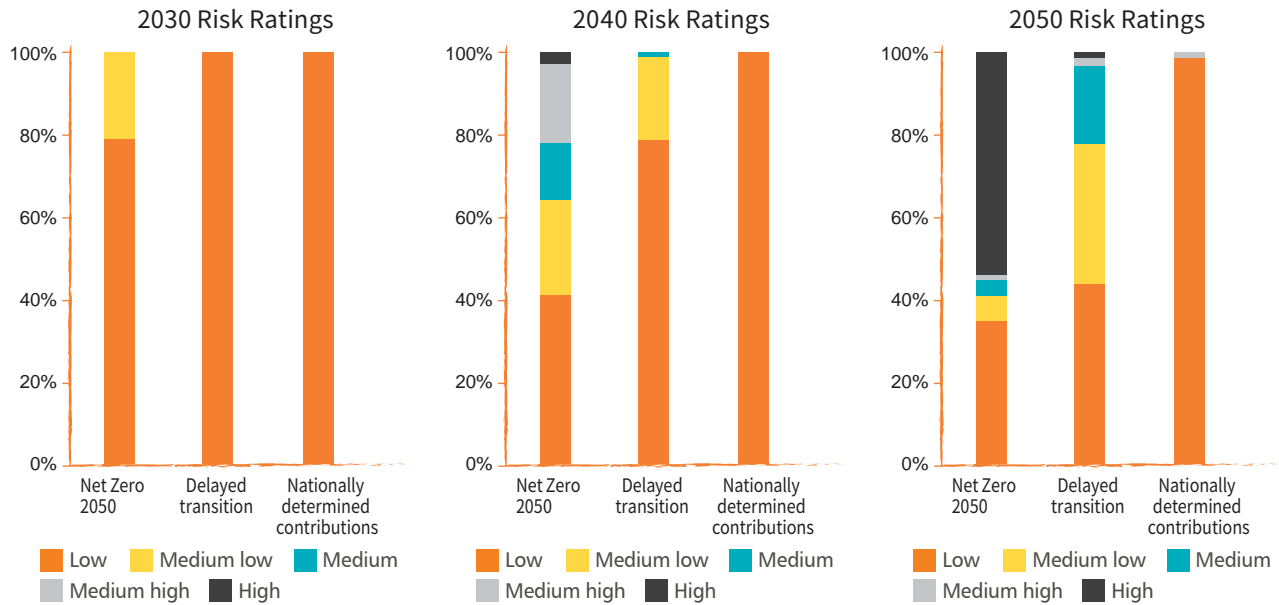
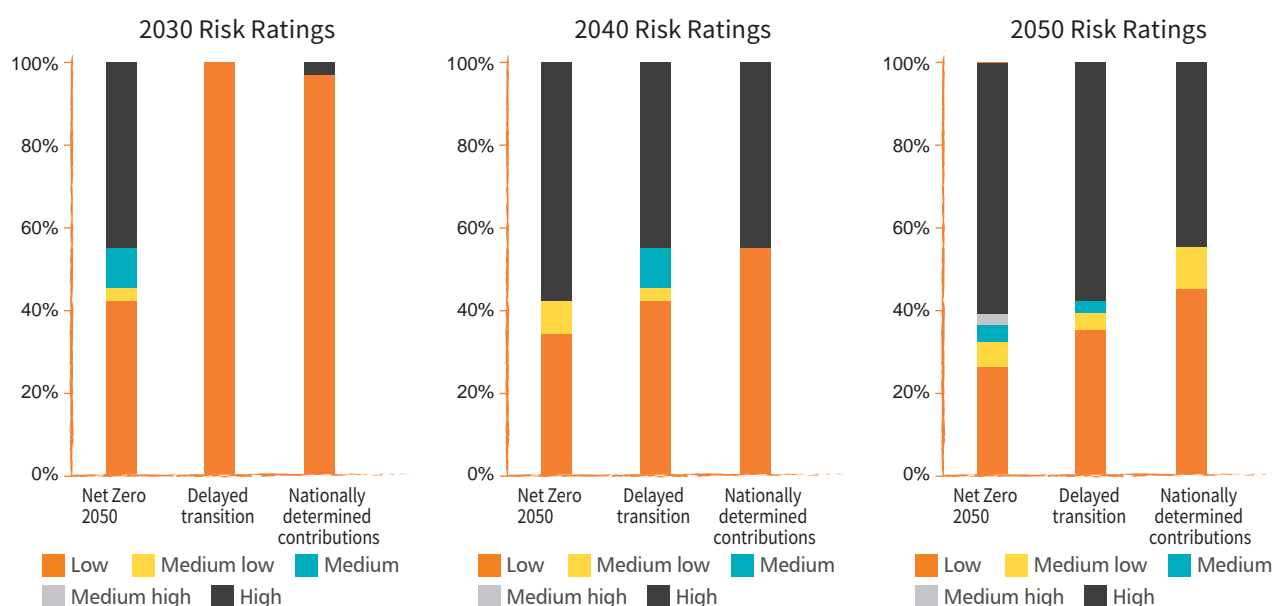


Fig. 7-30 Risk Rating Distributions under Different Climate Scenarios for O-Bank Investments in Industries that Pose High Climate Risks



O-Bank each year compiles and analyzes statistics on the carbon levy expenses of investment and financing recipients, and periodically reports the results of its analyses to the Risk Management Committee in order to observe and monitor the carbon emissions of investment and financing recipients, and to appropriately avoid or control the sectors that are exposed to high transition risks.

7.1.4 Climate Change Metrics and Targets

To mitigate climate change, O-Bank has adopted quantitative targets for GHG emissions, energy consumption, and financing and investment business, and continues to track the Bank's success in meeting its climate-related targets. Details are set out in the following table:

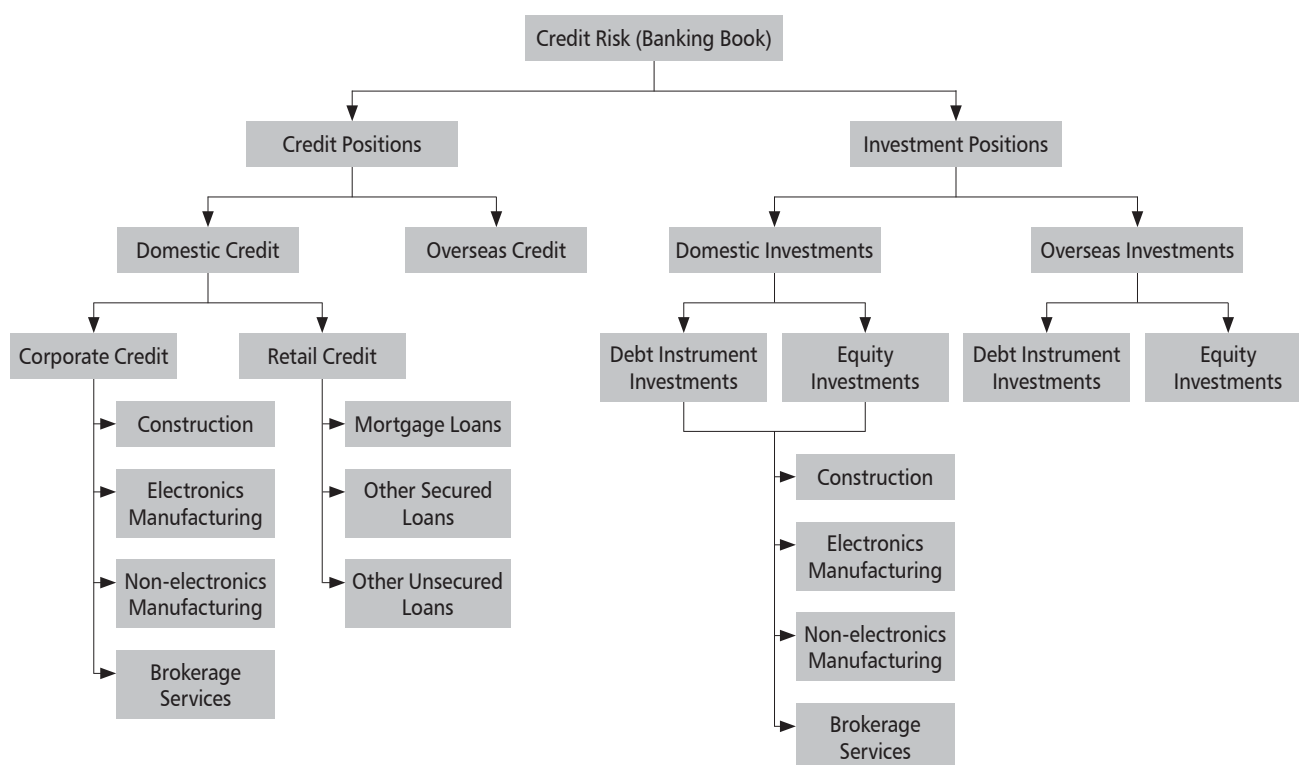
Topic	Metrics and Targets	Corresponding Sections
GHG emissions	<ul style="list-style-type: none"> Has used the Science-based Targets Setting Tool version 2.1 of the Science Based Targets initiative (SBTi) to set Scope 1 and Scope 2 GHG reduction targets for O-Bank business locations throughout the world. 	<ul style="list-style-type: none"> 6.1.2 Setting and Achievement of Environmental Management Targets
Energy use	<ul style="list-style-type: none"> Has adopted targets for reduction of power & water usage per capita at business locations throughout the world. Has committed for the company to use renewable energy for 50% of its power consumption by 2030 and 100% by 2050 at its business locations throughout the world. 	<ul style="list-style-type: none"> 6.1.2 Setting and Achievement of Environmental Management Targets 6.3 CO₂ Emissions Inventories
Financing and investment business	<ul style="list-style-type: none"> Has made use of the Science-based Targets Setting Tool of the Science Based Targets initiative (SBTi) to set GHG reduction targets for Scope 1 and 2 emissions for all corporate lending positions and mid- and long-term investment positions. O-Bank has set limits on the amount of investments and financing it may direct toward carbon-intensive industries. The share must decrease each year. O-Bank encourages the flow of funds toward environmentally- and socially-friendly industries, and has adopted targets for higher investments in and financing of such industries. O-Bank encourages corporate clients to adopt and achieve sustainability conditions, and has adopted targets regarding the outstanding balance of sustainability-linked loans underwritten. 	<ul style="list-style-type: none"> 7.1.6 Portfolio Emissions and Management of Carbon-intensive Industries "Table 1-6: Material Issues and Development Goals" under section 1.3.1 Identification and Analysis of Material Issues

7.1.5 Climate Scenario Analysis – Climate Stress Tests

In order to understand the financial impact generated by climate change risk factors, as well as O-Bank's tolerance for climate risks, the Bank has adopted the ROC Bankers Association's "Guidelines for the Conduct of Climate Scenario Analyses by Domestic Banks" to conduct climate risk stress tests. These Guidelines combine climate risk and traditional financial stress test scenarios to conduct scenario analyses. For our scenario analysis methodology, we adopted the MESSAGE-GLOBIOM 1.1 Integrated Assessment Model (IAM) and the NGFS Phase2 simulation of the NiGEM macro-economic model to provide the macro-economic factors of every analysis scenario. In addition, we took the representative concentration pathways (RCPs) of the IPCC Fifth Assessment Report (AR5) to serve as the bases for our environmental data. Taking these suppositions, we consider the possibilities of an orderly transition, a disorderly transition, and a no policy scenario, and also contemplate different timelines and bank business cycles, with 2030 and 2050 put forward as possible scenario timeframes. We then calculate Probabilities of Default (PDs), Losses Given Default (LGDs), and Exposure at Default (EAD), to estimate Expected Losses (ELs) under various different climate scenarios in order to assess the Bank's overall risk-bearing capacity.

This stress test was based on the December 31, 2023 financial asset portfolios of O-Bank's domestic and overseas branches as well as our Offshore Banking Unit (OBU), and adopts "static asset-liability assumptions." On this basis, O-Bank projected possible climate risks that we might face under different climate scenarios. In addition, this stress test only considered the impact of climate-related risks on domestic and overseas credit exposures. Meanwhile, the scope of assessments of investment and financing positions included on and off-balance sheet credit exposures, debt instruments, and equity investments in banking book (see Fig. 7-31); however, such assessments did not include: derivatives' counterparty credit risk; trading book market risk and operational risk; exposures to domestic government agencies and financial services firms; exposures to multilateral development organizations; and repo (RP/RS) trades.

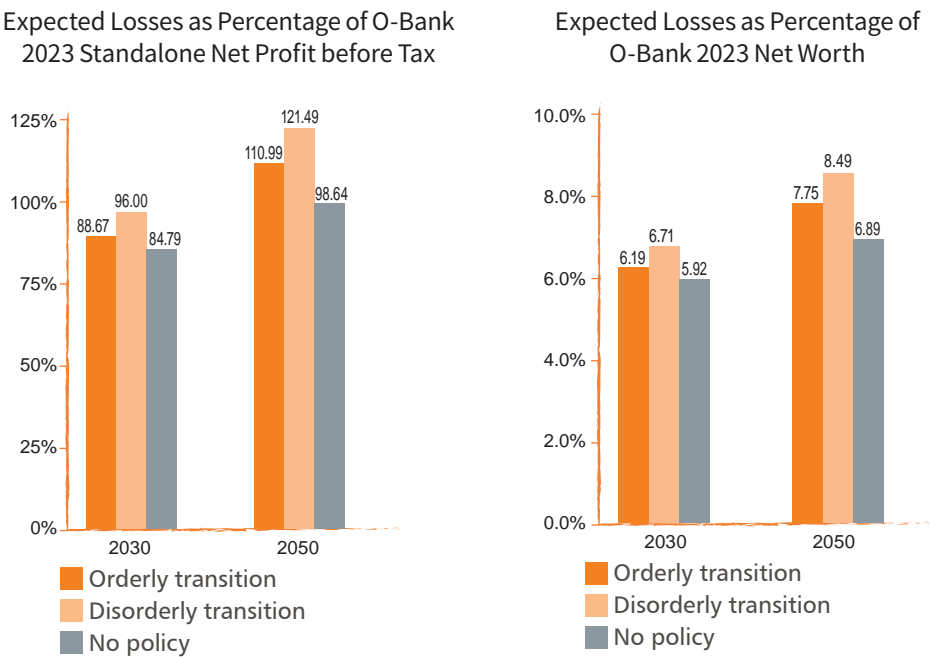
Fig. 7-31: Climate Risk-adjusted Credit Risk Calculation Framework Based on the "Guidelines for the Conduct of Climate Scenario Analyses by Domestic Banks"



The results of O-Bank's stress tests show that in a disorderly transition scenario, where action to achieve net-zero emissions gets started late, the increased carbon levy expenses would cause a more clear-cut reduction in our investment- and financing-related business revenues. The expected losses and increase in losses would be more significant than under the orderly transition scenario or the no policy scenario.

O-Bank further analyzed expected losses on credit risks under different climate scenarios as percentages of O-Bank 2023 standalone net profit before tax and net worth, and our findings are set out in Fig. 7-32. Expected losses under different climate scenarios as percentages of 2023 standalone net profit before tax ranged from 84.79% to 121.49%, and as percentages of 2023 net worth ranged from 5.92% to 8.49%. By using the results of stress testing, O-Bank is able to conduct a quantified assessment of credit exposures and expected losses under different climate scenarios. Moving forward, this will help us to make improvements and formulate related risk assessment procedures and management measures in order to mitigate financial impacts and make the bank more resilient in the face of climate change. Various documents are generated in connection with the annual scenario analyses of the physical and transitional risks of climate change (see section "7.1.3 Climate Change Risk Management") and the stress testing described in this section. Such documents, which include information on selection of scenarios, assessment results, and response measures, must be retained for at least five years.

Fig. 7-32: Expected Losses on Credit Risks under Different Climate Scenarios as Percentages of O-Bank 2023 Standalone Net Profit before Tax and Net Worth



7.1.6 Portfolio Emissions and Management of Carbon-intensive Industries

1. Portfolio Emissions and Carbon Reduction Goals

In order to measure and inspect the carbon emissions of investment and corporate loan positions, O-Bank in February 2022 signed on to the Partnership for Carbon Accounting Financials (PCAF) to inventory the GHG emissions of investment and corporate loan positions by using the methods set out in the Global GHG Accounting and Reporting Standard for the Financial Industry, which was developed by the PCAF. The baseline for the inventory of GHG emissions of investment and corporate loan positions was December 31, 2023. The scope of the inventory covered 100% of O-Bank's outstanding corporate loan and 100% of O-Bank's total mid- and long-term investments (banking book). The types of assets

inventoried were the following: listed equity and corporate bonds; business loans and unlisted equity; project finance; sovereign debt; and commercial real estate. The inventory revealed that total 2023 Scope 1 and Scope 2 GHG emissions of O-Bank's investment and loan activities came to 1.15 million tCO₂e, average GHG emissions per NT\$1 million investment and financing activities came to 5.05 tCO₂e, and overall data quality (Note 7-3) score was 3.02 points. Recognized Scope 3 emissions of 2023 investment and loan activities (not including sovereign debt or commercial real estate) came to roughly 2.34 million tCO₂e, average Scope 3 GHG emissions per NT\$1 million in investment and loan activities came to 11.8 tCO₂e, and overall data quality score was 3.56 points. The GHG emissions of O-Bank's investment and loan activities were inventoried. The results, for which a limited assurance report has been obtained from EY Taiwan, are as shown in Table 7-12. The results of GHG emissions inventories from O-Bank's financing and investment business for the past three years are set out in Table 7-13.

Table 7-12: 2023 Carbon Emissions of O-Bank's Investment and Loan Portfolio

Asset Type	Balance (NT\$ million)	As % of Investment and Loan Positions Inventoried	Scope 1 Emissions (tCO ₂ e)	Scope 2 Emissions (tCO ₂ e)	Scope 1 & 2 Emissions (tCO ₂ e)	Avg. Scope 1 & 2 Emissions per NT\$1 Million Investments and Loans (tCO ₂ e)	Scope 1 & 2 Weighted Average Carbon Intensity (WACI)	Scope 3 Emissions (tCO ₂ e)	Avg. Scope 3 Emissions per NT\$1 Million Investments and Loans (tCO ₂ e)
Listed equity and corporate bonds	37,795.75	17%	474,897.17	29,760.97	504,658.14	13.35	3.99	413,878.29	10.95
Business loans and unlisted equity	156,541.79	68%	278,739.76	181,320.47	460,060.23	2.94	3.30	1,896,890.98	12.12
Project finance	4,336.53	2%	28,108.90	73.41	28,182.31	6.50	0.08	32,864.73	7.58
Commercial real estate	1,731.02	1%	6.36	1,092.38	1,098.74	0.63	-	-	-
Sovereign debt (Note 2)	27,462.67	12%	156,190.30	-	156,190.30	5.69	-	-	-
Total	227,867.76	100%	937,942.49	212,247.23	1,150,189.72	5.05	7.37	2,343,634.00	11.80

Note 1: Statistics for GHG emissions of corporate loan and investment portfolios as of year-end 2023 are calculated using the PCAF asset categories. Therein, the principal sources of GHG emissions data are audited annual reports, sustainability reports, and other public information issued by companies. With respect to corporate loan or investment targets for which GHG emissions data are not available, the PCAF database has been used to estimate carbon emission figures.

Note 2: O-Bank conducts inventories of Scope 1 sovereign debt emissions using the PCAF Standards. The inventories do not include Scope 2 or Scope 3 emissions data for sovereign debt.

Note 3: The term "investment and loan positions inventoried" as used in this table means all corporate loans recorded on the balance sheet, not including off-balance sheet assets; the term "investment positions inventoried" means mid- and long-term investment positions, not including short-term trading positions, investments made for the purpose of fund flow management, or investment positions in sustainability-related bonds.

Note 4: The method for calculating the enterprise values of the listed companies set out in this table has changed. In the 2022 Sustainability Report the enterprise values were arrived at by taking the "total liabilities" in the companies' balance sheets, but now, enterprise value is equal to the sum of a company's "short- and long-term loans, short-term bills and negotiable instruments payable, corporate bonds payable, and lease liabilities."

Note 5: Method for calculating weighted average carbon intensity (WACI): $\Sigma(\text{Balance of transactions as \% of balance total O-Bank investments and loan positions}) \times (\text{Scope 1 \& 2 emissions of each investment \& financing recipients} / \text{Total operating revenues of investment \& financing recipients})$

Note 6: It was not possible to obtain data regarding operating revenues on commercial real estate or sovereign debt, therefore it was not possible to calculate weighted average carbon intensity (WACI).

Note 7-3: PCAF assigns data quality scores on the basis of carbon emissions data sources used for carbon inventories. Data quality scores range from 1 to 5, with 1 being the top score and 5 being the worst.

Table 7-13: O-Bank Recognized GHG Emissions by Investment and Financing Recipients over the Past Three Years

	GHG Emissions (inventory coverage as % of scope)		Absolute Emissions (tCO ₂ e)	Avg. Emissions per NT\$1 Million Investments and Loans
2021	9.04%	Scope 1 and 2 GHG emissions by investment and financing recipients	276,009.3	14.24
2022	92.41%	Scope 1 and 2 GHG emissions by investment and financing recipients	678,944.43	3.20
		Scope 3 GHG emissions by investment and financing recipients	711,771.26	3.67
		Total	1,390,715.69	-(Note 1)
2023	100%	Scope 1 and 2 GHG emissions by investment and financing recipients	1,150,189.72	5.05
		Scope 3 GHG emissions by investment and financing recipients	2,343,634.00	11.80
		Total	3,493,823.72	-

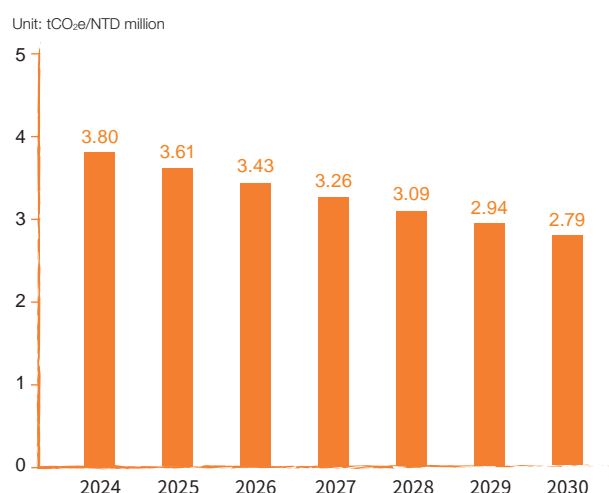
Note 1: There is no data regarding Scope 3 GHG emissions of commercial real estate or sovereign debt business, therefore it was not possible to calculate average Scope 1, 2, and 3 emissions per NT\$1 million investment and lending (tCO₂e).

Note 2: The GHG inventory coverage ratios for investment positions in the 10 biggest carbon-intensive industries in 2021 and 2022 were 90% for corporate financing positions and 100% for mid- and long-term investment positions; and in 2023 the GHG inventory coverage ratios were 100% for corporate lending positions and 100% for mid- and long-term investment positions.

Note 3: 2023 Recognized GHG emissions by investee companies or financing recipients, and average GHG emissions per NT\$1 million investment and lending activities, were all up from the year before. One reason for this increase was the fact that O-Bank expanded the corporate borrower GHG inventory coverage ratio to 100%. A second reason was the fact that O-Bank, made reference to the ROC Bankers Association's 2023 "Handbook for Scope 3 Financed Emissions of Domestic Banks' Portfolio Carbon Emissions". In the 2022 Sustainability Report the enterprise values were arrived at by taking the "total liabilities" in the companies' balance sheets, but now, enterprise value is equal to the sum of a company's "short- and long-term loans, short-term bills and negotiable instruments payable, corporate bonds payable, and lease liabilities." This led to a higher attribution rate, and the calculations resulted in higher GHG emissions.

O-Bank has also adopted investment and financing portfolio carbon reduction goals. Making reference to the Science-based Target Setting Tool of the Science Based Targets initiative (SBTi), O-Bank has set scope 1 and 2 GHG reduction targets for all corporate loan positions as well as mid- and long-term investment positions (banking book). O-Bank has determined that it must reduce average GHG emissions per NT\$1 million of financing or investment balance by 5% each year in order to gradually achieve its vision of net-zero GHG emissions for its entire portfolio, as shown in the table below.

Target for Average GHG Emissions per NT\$1 Million Investments and Loans



In order to achieve the aforementioned goals, O-Bank has adopted an internal carbon pricing regime and incorporated "carbon fees" into our internal pricing regime for investments and loans in guiding business units to select the option that generates lower GHG emissions, when choosing between different investment and loan options. Under this approach, the carbon fees of investment and financing recipients become the internal costs of our internal business units, and gradually cause business units to change their behavior. For all of O-Bank's investment and financing recipients, we take average carbon emissions per NT\$1 million as the baseline, and recipients that are above average must charge business units an extra carbon fee when calculating internal pricing. The more a recipient is above average, the greater the weighting that it must apply to the carbon fee that is charged during internal pricing. This is then used as the basis for incorporating customers' "GHG emissions" into business decision-making processes. This can prevent O-Bank funds from being directed toward carbon-intensive industries, and can encourage business units to develop low-carbon investment and financing opportunities.

2. Management of Carbon-intensive Industries

In response to climate change risks, O-Bank has drawn up a list of the 10 biggest carbon-intensive industries. This list was drawn up with reference to the sectors covered during the initial phase of the European Union's Carbon Border Adjustment Mechanism (CBAM) and the list of greenhouse gases subject to controls by the Climate Change Administration of Taiwan's Ministry of Environment. As of year-end 2023, the balance of investments in and loans directed to the 10 biggest carbon-intensive industries stood at roughly NT\$15.42 billion, or 6.77% of O-Bank's total investment and corporate loan positions. The total Scope 1 and Scope 2 carbon emissions of the investment and loan recipients recognized by the bank came to roughly 536 thousand tCO₂e, average carbon emissions per NT\$1 million investment and loan activities came to 34.78 tCO₂e, and the outstanding balances of O-Bank investments in and loans to the 10 biggest carbon-intensive industries as well as GHG emissions in those industries in 2023 are shown below in Table 7-14.

O-Bank has set limits on the share it may invest in and loan to carbon-intensive industries. The outstanding loan balance provided to customers from carbon-intensive industries as a share of total outstanding loan balance must be reduced to 3% or less by 2024, 2.9% or less by 2025, and 2.8% or less by 2030. The share of mid- and long-term investments in banking book in carbon-intensive industries are scheduled to be less than 16% by 2024, less than 12% by 2027, and less than 5% by 2030 in order to

prevent O-Bank funds from being channeled toward carbon-intensive industries, which have a relatively large impact on the environment.

In addition, O-Bank hopes to work together with corporate customers and investee companies to reduce carbon emissions. In 2023, O-Bank sent out emails to corporate customers in carbon-intensive industries to provide them with the latest information on net-zero trends, and to encourage them to implement energy conservation and carbon reduction measures and adopt science-based carbon reduction targets. In this manner, we engaged via email with 22 customers, which accounted for 41.81% of the GHG emissions all corporate customers, and 93.20% of total outstanding loans to carbon-intensive industries. O-Bank also explains to investee companies that the Bank strongly hopes to see those companies take steps to reduce their carbon emissions, and encourages them to set science-based carbon reduction targets. In 2023, O-Bank sent out emails to engage on such matters with seven investee companies, which represent 48.50% of the total carbon emissions from O-Bank's total corporate investments, and 87.98% of O-Bank's investments in companies in carbon-intensive industries. In addition, to strengthen the ability of corporate customers to contribute to the transition to a net-zero economy, O-Bank engages with corporate customers in the carbon-intensive industries. When it is found that the use of loan proceeds will be related to net-zero transition, the borrower is eligible for a preferential interest rate, reduced service charges for interbank transfers, and reduced service charges for the arrangement of unsecured loans for company employees. By offering a variety of preferential treatment measures, O-Bank encourages corporate customers to develop items related to net-zero transition.

Table 7-14: O-Bank Corporate Loan and Investment Portfolios' Balance and GHG Emissions in the 10 Biggest Carbon- intensive Industries in 2023

10 Biggest Carbon-intensive Industries	Balance (NT\$ million)					
	Outstanding Loan Balance	Outstanding Loan Balance as % of Total Loan Balance Inventoried	Outstanding Investment Balance	Outstanding Investment Balance as % of Total Investment Balance Inventoried	Total Balance	Total Balance as % of Balance of Investment and Loan Balance Inventoried
Electricity supplier (Note 1)	-	-	5,330.03	8.17%	5,330.03	2.34%
Air transport	-	-	-	-	-	-
Basic iron and steel	2,943.81	1.81%	375.94	0.58%	3,319.75	1.46%
Ocean transportation	186.28	0.11%	196.57	0.30%	382.85	0.17%
Cement and cement products	50.00	0.03%	300.00	0.46%	350.00	0.15%
Petroleum and coal products	307.53	0.19%	1,403.33	2.14%	1,710.86	0.75%
Aluminum products	309.09	0.19%	-	-	309.09	0.14%
Semiconductors	726.04	0.45%	3,288.81	5.03%	4,014.85	1.76%
Mining & quarrying	-	-	-	-	-	-
Fertilizers and nitrogen compounds	-	-	-	-	-	-
Total	4,522.75	2.78%	10,894.68	16.68%	15,417.43	6.77%

10 Biggest Carbon-intensive Industries	Carbon Emissions (tCO ₂ e)					
	Emissions from Loan Balance	Avg. Emissions per NT\$1 Million Loan Balance	Emissions from Investment Balance	Avg. Emissions per NT\$1 Million Investment Balance	Total Emissions	Avg. Emissions per NT\$1 Million Investment and Loan Balance
Electricity supplier (Note 1)	-	-	320,160.32	60.07	320,160.32	60.07
Air transport	-	-	-	-	-	-
Basic iron and steel	43,324.75	14.72	133,538.56	355.22	176,863.31	53.28
Ocean transportation	1,528.07	8.20	2,865.76	14.58	4,393.83	11.48
Cement and cement products	3,380.15	67.60	3,553.19	11.84	6,933.34	19.81
Petroleum and coal products	6,937.33	22.56	11,908.84	8.48	18,846.17	11.02
Aluminum products	1,152.44	3.73	-	-	1,152.44	3.73
Semiconductors	2,731.69	3.76	5,206.46	1.58	7,938.15	1.98
Mining & quarrying	-	-	-	-	-	-
Fertilizers and nitrogen compounds	-	-	-	-	-	-
Total	59,054.43	13.06	477,233.13	43.80	536,287.56	34.78

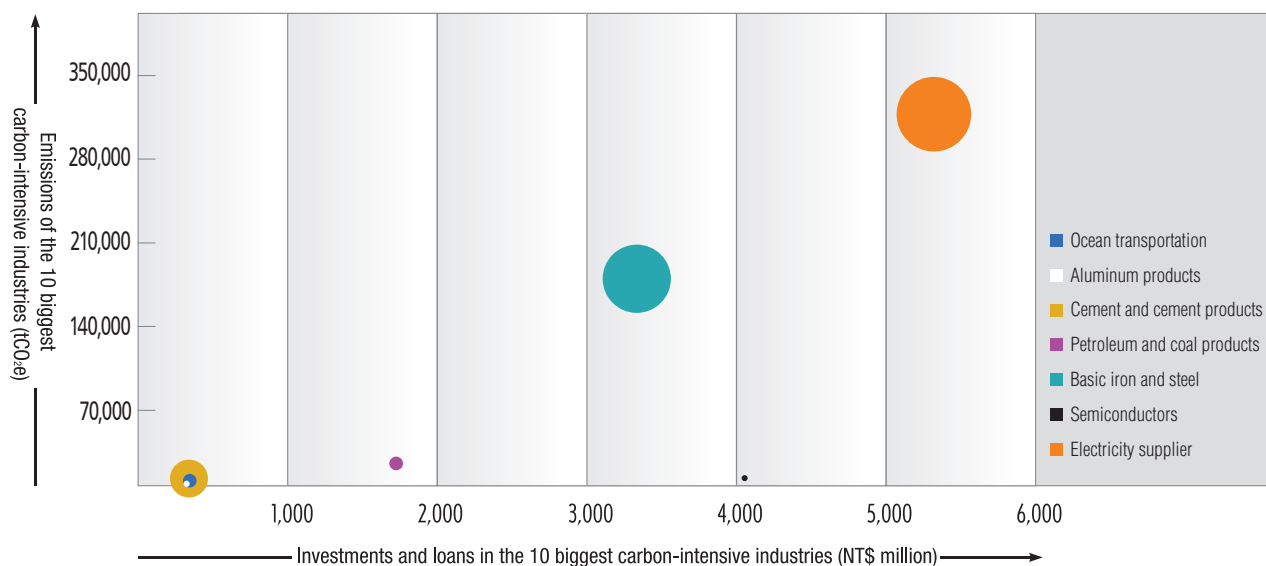
Note 1: The term "Electricity supplier" is limited to suppliers that engage in steam power generation and combined-cycle power generation, and excludes suppliers that engage in renewable energy power generation.

Note 2: The term "loan balances inventoried" as used in this table means all corporate loans recorded on the balance sheet (not including off-balance sheet assets); the term "investment balance inventoried" means mid- and long-term investment positions (not including short-term trading positions, investments made for the purpose of fund flow management, or investment positions in sustainability-related bonds).

Note 3: The figures for loan positions set out in this table exclude loans the proceeds of which are used in a manner that qualifies as "green expenditures" as defined by the Joint Credit Information Center.

Fig. 7-33: O-Bank Investments and Loans in the 10 Biggest Carbon-intensive Industries in 2023, their Balance, Emissions, and Average Emissions per NT\$1 Million Investment and Loan Balance

(The circular area represents the extent of avg. emissions per NT\$1 million investment and loan balance)



3. Management of Industries that Pose High Climate Risks

In order to effectively manage climate risks, O-Bank screens climate risk factors when it conducts due diligence on possible investments and loans, and when a prospective investment and financing recipient is in an industry that poses high climate risks (Note 7-4) the Bank will fill out a "TCFD Climate Risk Checklist" to check on how the prospective investment and financing recipient handles climate change risk. The screening content includes the following matters:

- The party's climate risk management policies or documents
- Whether the party reports periodically to its board of directors or management regarding climate risks
- How the party has assessed and responded to physical and transition risks
- The party's response measures or training programs adopted in preparation for climate-related disasters
- Whether information on the party's GHG emissions comes from its own internal inventory, its external disclosures, or external audit
- Whether the party has set a GHG reduction target, and whether it achieved its target for the previous year
- Whether the party has adopted measures at its business locations to reduce operating GHG emissions

When a "TCFD Climate Risk Checklist" shows that a party falls within a high-risk category, if that party is a corporate borrower, O-Bank will lower its credit rating and depending on the facts of the individual case may require the customer to post collateral, require it to implement corrective action within a prescribed period of time, or raise the customer's loan interest rate in order to reduce the impact of climate risk upon O-Bank's loan business. In the case of a high-risk investment, if O-Bank still wishes to make the investment, the decision must be approved by the bank President, and the investment must be reviewed each year to re-assess its climate risks and any improvement in order to judge whether to continue holding the asset, thereby appropriately avoiding or controlling investment positions that pose high climate risk.

4. Management of Coal-related Industries

To avoid directing funds toward coal, or unconventional oil and gas, O-Bank has made a commitment that, beginning from 2024, it will cease financing or investment to coal manufacturing enterprises or unconventional oil and gas enterprises listed in either the Global Coal Exit List (GCEL) or the Global Oil & Gas Exit List (GOGEL) published by the international NGO Urgewald. Moreover, O-Bank has committed to completely exit both coal as well as unconventional oil and gas by 2030, as follows:

- Coal: Enterprises that mine coal, derive more than 5% of their revenues from thermal coal, power generation of which more than 40% is coal-fired, coal-related infrastructure (Note 7-5) from which more than 5% of the revenues come from coal.
- Unconventional oil and gas: Sectors and related infrastructure projects that involve extraction, processing, and manufacturing of tar sands, shale oil and gas, arctic oil and gas, unconventional liquefied natural gas, ultra-deep-water oil and gas, tight-sands gas, fracked oil and gas, and methane gas, from which more than 5% of the revenues come from unconventional oil and gas.

Note 7-4: The term "industries that pose high climate risks" as defined by O-Bank includes the "10 biggest carbon-intensive industries" (see Table 7-14), enterprises in industries that have a harmful environmental impact (enterprises engaged in the tanning and dressing of leather and pelts; textile enterprises; enterprises engaged in the manufacture of raw chemicals; enterprises engaged in the manufacture of pulp and paper; enterprises engaged in the manufacture of pesticides and environmental agents), and enterprises listed in the Mandatory Greenhouse Gas Reporting System of the Ministry of Environment's Climate Change Administration as generating annual GHG emissions of greater than 25 thousand tonnes.

Note 7-5: The term "coal-related infrastructure" includes facilities related to transportation, processing, refining, etc.

7.2 Management of Natural Risks and Opportunities

According to data from the World Meteorological Organization (WMO), the average global temperature in 2023 was 1.45°C above pre-industrial levels. Global warming thus continues to grow worse, leading to wildfires, heat waves, torrential rains, and other frequent natural disasters while also posing a serious threat to biodiversity. The Kunming-Montreal Global Biodiversity Framework was adopted in December 2022 at the 15th meeting of the Conference of the Parties (COP15) to the Convention on Biological Diversity (CBD). The Global Biodiversity Framework includes 23 short-term targets to be met by 2030 and four long-term targets to be met by 2050 in a bid to preserve ecosystem stability biodiversity. In addition, the Taskforce on Nature-related Financial Disclosures (TNFD) issued a set of official guidelines in September 2023. O-Bank is voluntarily carrying out assessments in accordance with the guidelines and disclosing the Bank's natural risks and opportunities.

7.2.1 Natural Risk Governance Framework

O-Bank has included natural risks in the existing natural risk governance framework. The Board of Directors is O-Bank's ultimate authority with respect to matters concerning risk management. It approves risk management mechanisms, risk tolerance levels, strategies, and business plans. Meanwhile the Risk Management Committee deliberates upon policies related to natural risks, oversees and reviews regulatory mechanisms for natural risks, the Risk Management Division is responsible for establishing a natural risks management system, and for monitoring key indicators and targets. The Board of Directors in 2024 approved revision of O-Bank's "Risk Management Policy," the "Risk Management Committee Organizational Rules," and the "Sustainable Credit and Investment Policy," included natural risks in risk assessments, and added natural risk assessment items into the "Guidelines for Promoting Sustainability of Corporate Loan and Credits," the "Financial Transactions Handbook," and the "Equity Transactions Handbook."

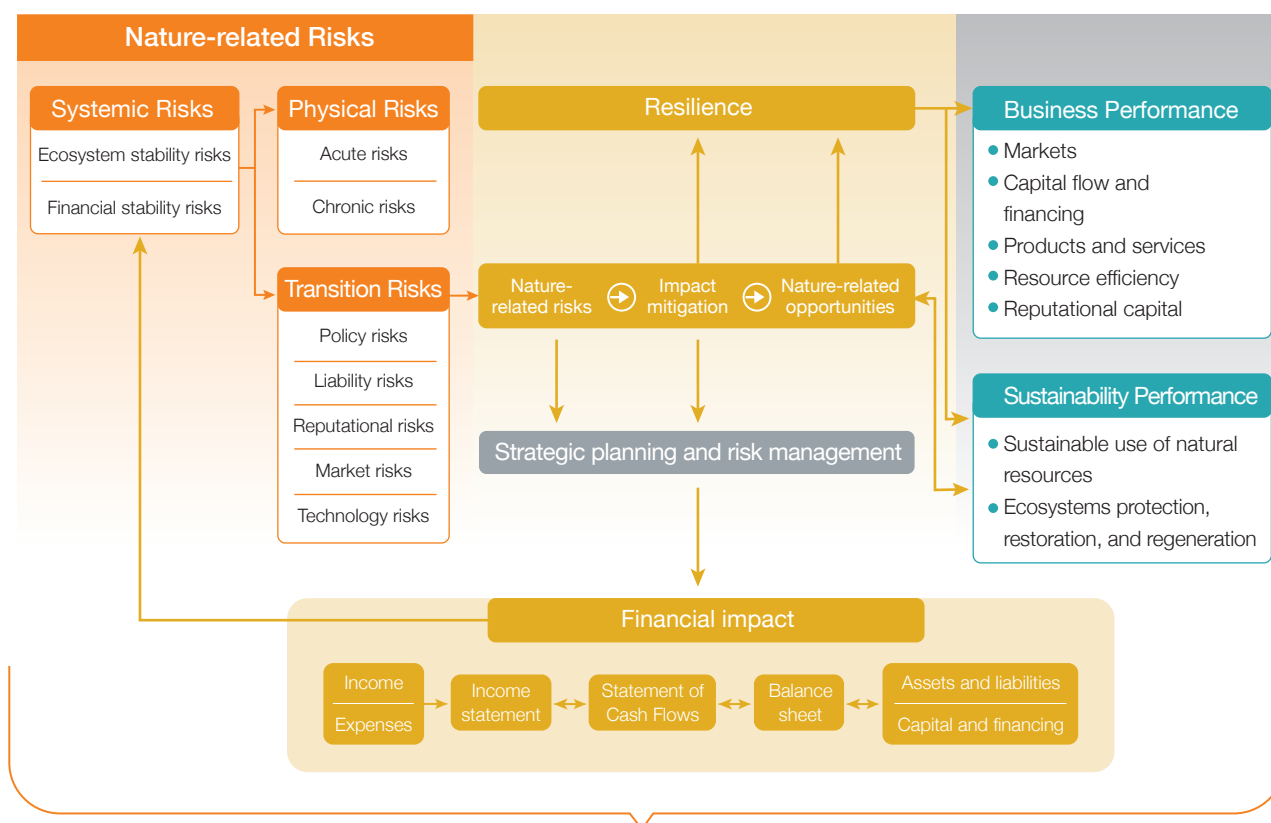
7.2.2 Natural Risk-related Strategies (risk and opportunity factors)

Making reference to the TNFD, O-Bank identified and assessed nature-related risks and opportunities, including physical risks caused by natural disasters, and transition risks caused by changes in legislative and regulatory strategies as well as the business environment. At the same time, O-Bank has assessed the impact of transmission of natural risks to conventional financial institutions, including credit risks, market risks, operational risks, and liquidity risks, and preliminarily summed up a list of various natural risk and opportunity factors related to the Bank, impactful content, and duration of impact, as set out in Table 7-15. Meanwhile, natural risk and opportunity transmission pathways are set out in Fig. 7-34.

Table 7-15: Nature-related Risks and Opportunities Assessment Form

Risks/ Opportunities	Types of Risks/ Opportunities	Risk/ Opportunity Factors	Impacts of Risks/Opportunities	Duration of Impact
Natural risks	Physical risks	Acute risks	Specific events that took place over a short period of time that change the natural environment, e.g. petroleum spills, forest fires, and pest infestations.	Short-, mid-, and long-term
		Chronic risks	Long-term changes to the natural environment, e.g. climate change and pollution caused by use of pesticides/agricultural chemicals.	Mid- and long-term
	Transition risks	Policies	Changes in nature-related policies that had a positive impact on the natural environment or reduced a negative impact.	Short-, mid-, and long-term
		Liabilities	Risks related to corporate "nature action" that generate direct or indirect legal liabilities or liabilities for indemnification, and could increase companies' contingent liabilities.	Short-, mid-, and long-term
		Reputation	Business operations cause natural losses, thus affecting corporate image. Risks could originate from within the company itself, or from upstream and downstream levels of the value chain.	Short-, mid-, and long-term
		Market	Change market preferences due to nature-related issues, e.g. changes to the natural environment cause profits to fall in specific industries.	Short-, mid-, and long-term
		Technologies	Substitute products in order to reduce their impact and dependency on nature, e.g. use biodegradable products in place of plastic products.	Short-, mid-, and long-term
	Systemic risks	Ecosystem stability risk	Ecosystems become irreparably damaged, e.g. ecosystem collapse gives rise to various types of physical and transitional risks.	Mid- and long-term
		Financial stability risk	Occurrence and interaction of physical and transitional risks lead to financial instability.	Mid- and long-term
Natural opportunities	Business performance	Market	Change market preferences due to nature-related issues, e.g. changes in consumer demands or investor moods generate opportunities to access new markets.	Short-, mid-, and long-term
		Capital flow and financing	Carry out nature-friendly activities, reduce behavior with a negative impact on nature, and obtain financial support.	Short-, mid-, and long-term
		Products and services	Develop nature-friendly products and services.	Short-, mid-, and long-term
		Resource efficiency	Rely on nature-friendly activities to reduce O-Bank's impact and dependency on nature of O-Bank's own business and value chain, and simultaneously improve the efficiency of the Bank's use of resources, e.g. reduce water consumption, thereby reducing production costs and expenses.	Short-, mid-, and long-term
		Reputational capital	Company operations are environmentally friendly, and thus improve the company's reputation.	Short-, mid-, and long-term
	Sustainability performance	Sustainable use of natural resources	Use recycled or renewable resources in place of single-use natural resources to achieve sustainable use of natural resources.	Short-, mid-, and long-term
		Ecosystems protection, restoration, and regeneration	Support activities related to protection, restoration, and renewal of ecosystems.	Short-, mid-, and long-term

Fig. 7-34: Transmission Pathways for Natural Risks and Opportunities



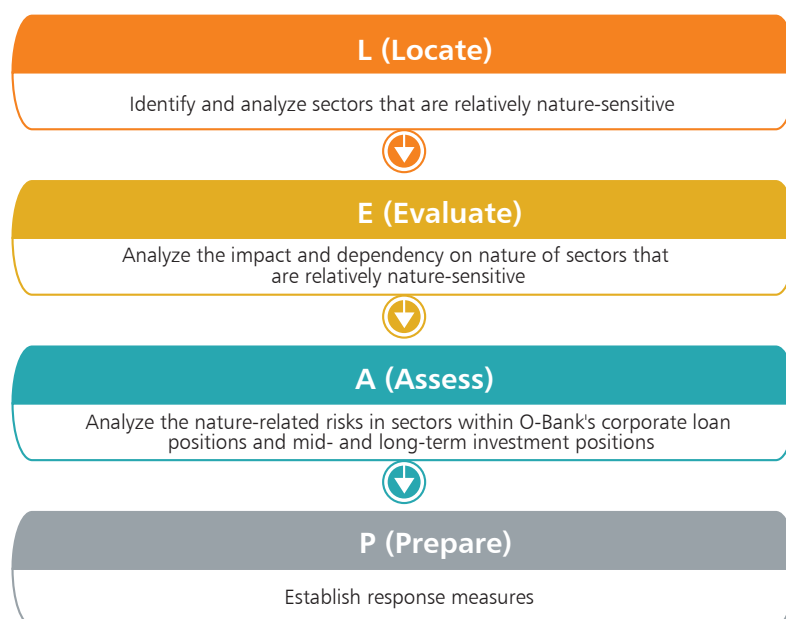
Credit, Market, Liquidity, Liability, Reputational, and Strategic Risks of Traditional Financial Institutions

Note: See TNFD Recommendations, v1.0 September 2023.

7.2.3 Management of Nature-related Risks and Impacts

Based on the "Locate, Evaluate, Assess, Prepare" (LEAP) assessment method set out in the TNFD Recommendations, v1.0, O-Bank conducted an assessment of nature-related risks and opportunities and referenced additional guidance for financial institutions (which are among various TNFD sector guidances) and Moody's sector-specific natural risk research reports to identify and analyze the sectors within O-Bank's corporate loan positions and mid- and long-term investment positions that are relatively nature-sensitive. Next, O-Bank used the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) knowledge base, released in collaboration with the Natural Capital Finance Alliance (NCFA) and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), to assess the impact and dependency on nature of sectors that are highly nature-sensitive, and, taking its investment and loan positions on December 31, 2023 as the baseline, O-Bank has inventoried potential risks and established response measures, a LEAP assessment, and management procedures, as set out in Fig. 7-35.

Fig. 7-35: O-Bank LEAP Assessment and Management Procedures



1. Identification and Analysis of Sectors that Are Nature-sensitive

Referencing additional guidance for financial institutions (which are among various TNFD sector guidances), O-Bank identified corporate loan positions and mid- and long-term investment positions in sectors that are relatively nature-sensitive. Next, based on exposures to specific sectors, and the average natural risk ratings in Moody's sector-specific natural risk research reports, O-Bank prepared a "Nature-Sensitivity Matrix" and divided Nature-Sensitivity into the four levels of "low-level," "mid-level," "high-level," and "very high-level" sensitivity as set out in Fig. 7-36 and Fig. 7-37. Analysis results indicate that the sectors of all the enterprises of O-Bank's corporate loan positions and mid- and long-term investment positions are classified as either mid-level or low-level nature-sensitivity, of which none of the sectors are classified as very high-level or high-level. However, considering the urgent need to maintain global biodiversity, O-Bank continues to conduct ecologically sensitive area analysis as well as the impact and dependency analysis on sectors of mid-level nature-sensitivity. These analyses include corporate loan positions in real estate, electricity and gas supply industry, iron and steel industry, or food processing industry (combined loan positions in these types of sectors account for 36.39% of O-Bank's total loan positions), and the extent to which mid- and long-term investment positions involve electricity and gas supply industry or chemical industry (the outstanding balance of investments in these types of sectors accounts for 20.57% of O-Bank's total mid- and long-term investment positions).

Fig. 7-36: Nature-sensitivity Matrix by Sector of O-Bank Corporate Loan Positions

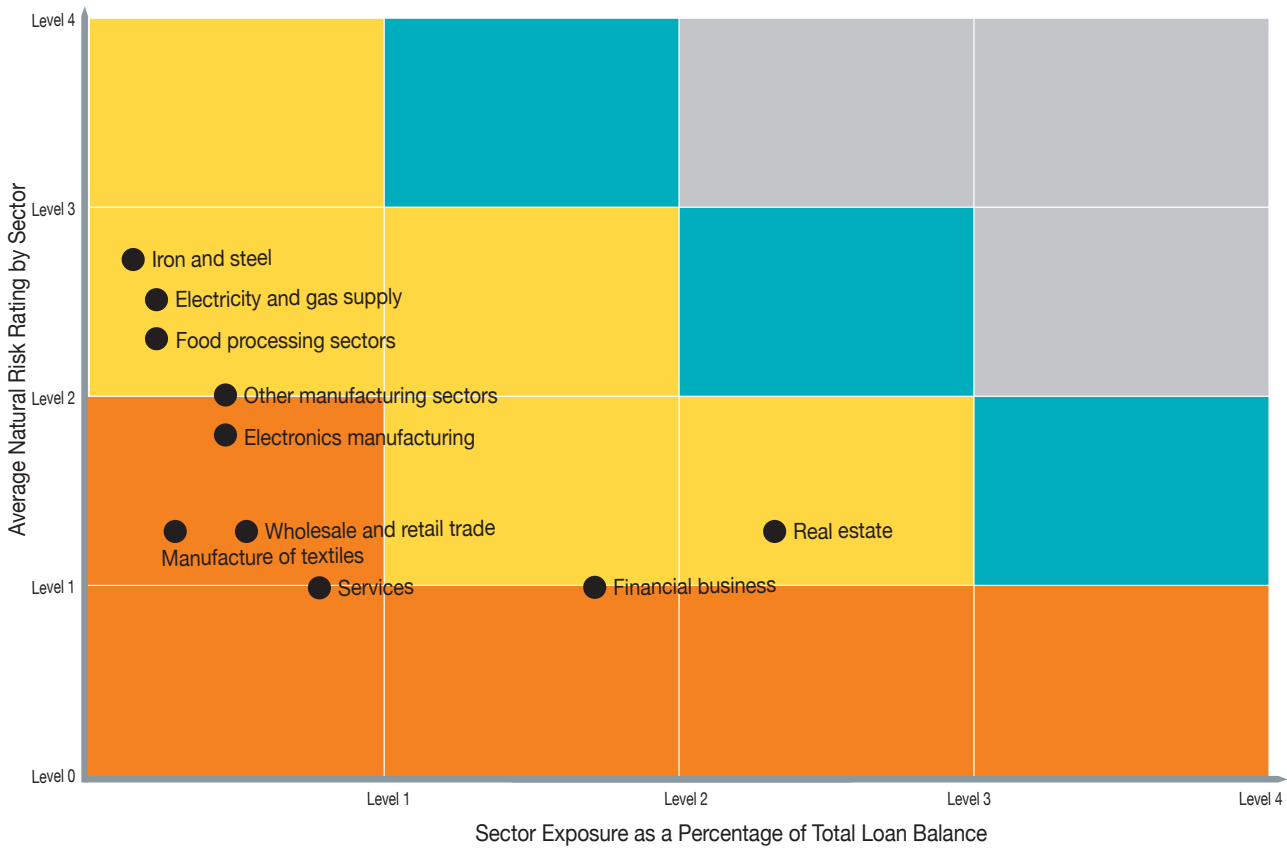
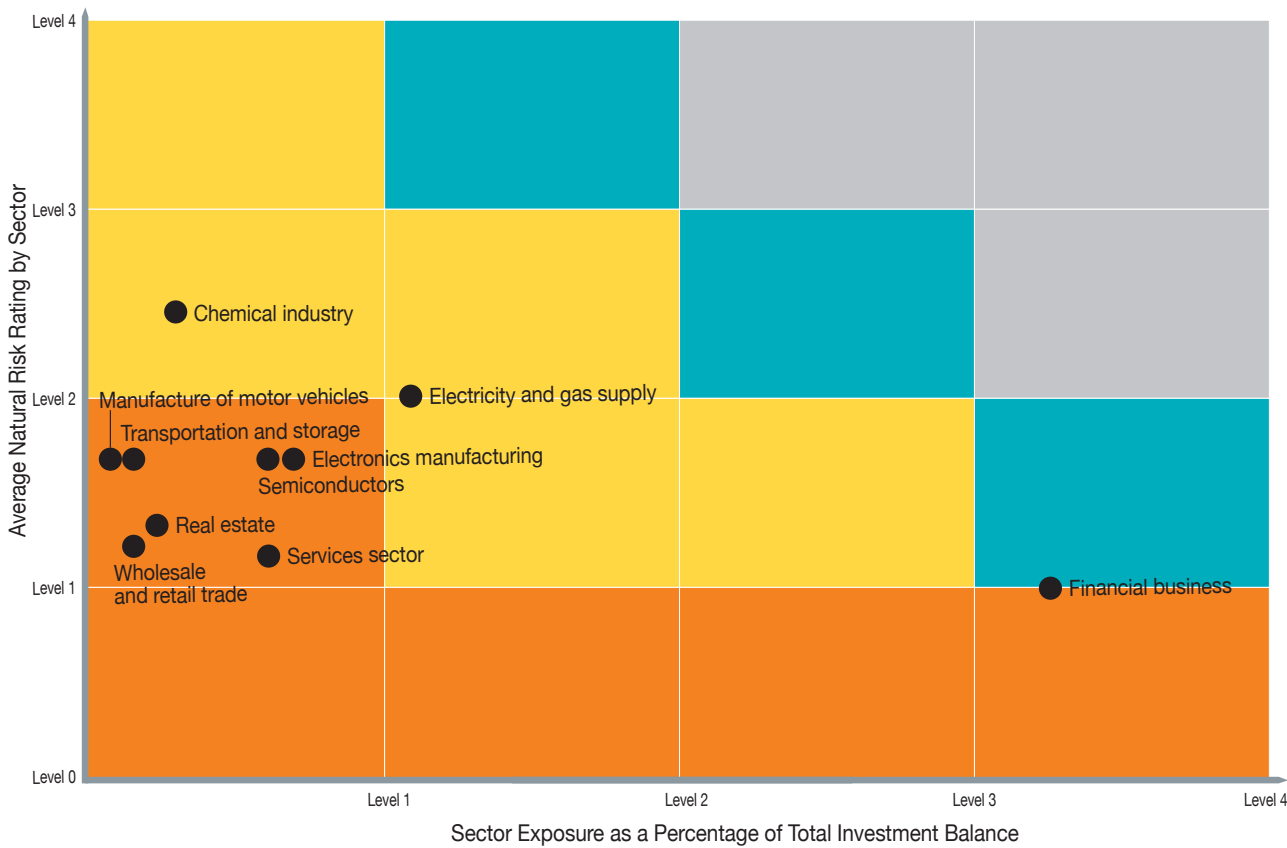


Fig. 7-37: Nature-sensitivity Matrix by Sector of O-Bank Mid- and Long-term Investment Positions



Note: The sector exposures as a percentage of total loan and investment balances are set out in Fig. 7-36 and Fig. 7-37, classified by the proportion of each sector's exposure to the total outstanding loan and investment balances, respectively.

Using the Taiwan Biodiversity Network platform created by the Taiwan Biodiversity Research Institute, O-Bank conducted an analysis of ecologically sensitive areas and examined O-Bank counterparties in sectors that are mid-level nature-sensitive, to determine whether those registered locations or properties it has pledged as collateral fall within 1 km of any of the "highly sensitive" species distribution districts as defined in the Taiwan Biodiversity Network platform. The result of the analysis shows that among corporate real estate loans, three of their registered locations or collateral are located in highly sensitive areas (the balance of those loans account for 0.79% of all corporate loans), while among mid- and long-term investments in chemical manufacturers, one of the investee companies is located in a highly sensitive area (the balance of that investment accounts for 0.51% of all mid- and long-term investments). See Fig. 7-39 for further details. In the future, O-Bank will continue working to further improve natural risk assessment methods, and at the same time will formulate risk management mechanisms to increase the Bank's resilience in the face of natural risks.

2. Analysis of the Impact and Dependency of Sectors that Are Nature-sensitive

O-Bank used the ENCORE knowledge base to explore average dependencies and impacts across various industries on natural capital, considered exposures in calculating weighted dependency/impact levels, assessed the impact and dependency on nature of counterparties in sectors that are mid-level nature-sensitive, and rated the dependencies and impacts as "very low," "low," "medium," "high," and "very high," as set out in Fig. 7-40 and 7-41. The assessment results show that the impacts and dependencies of O-Bank counterparties in sectors that are mid-level nature-sensitive are generally far higher than those of the overall body of counterparties that have received O-Bank loans or investments. O-Bank used the various dependency and impact factors provided in the ENCORE knowledge base to prepare a heat map of the degrees of dependency and impact of enterprises in sectors that are mid-level nature-sensitive that have received corporate loan and mid- and long-term investments from O-Bank. The heat map is set out in Fig. 7-42.

Fig. 7-38: Nature-sensitivity Analysis of O-Bank Corporate Loan Positions and Mid- and Long-term Investment Positions

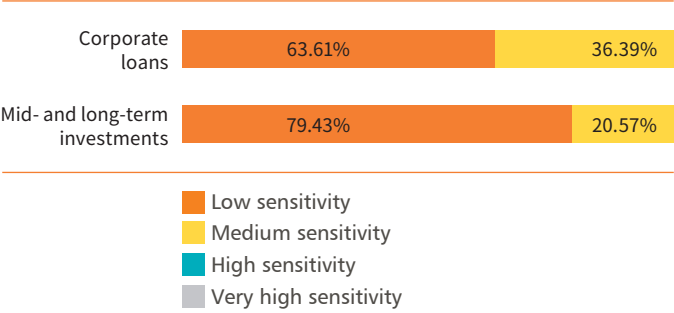
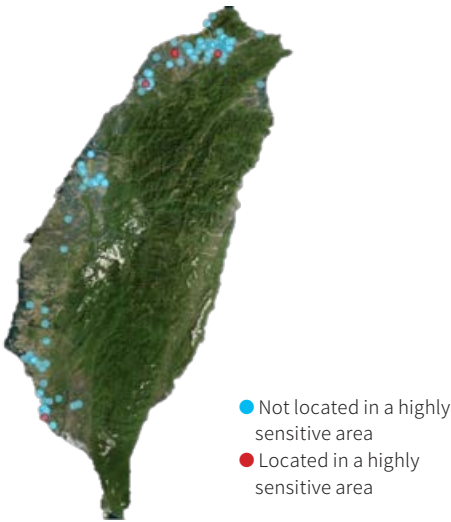


Fig. 7-39: Analysis of O-Bank Corporate Loan Positions and Mid- and Long-term Investment Positions in Ecologically Sensitive Areas



Note: Making reference to the "Schedule of Protected Species" and the "Red List of Threatened Species," and giving due consideration to the characteristics of various groups, for sensitive species and observation data the TBN platform has established differing levels of sensitivity, and on these bases distinguishes between slightly sensitive through highly sensitive.

Fig. 7-40: Natural Capital Dependencies/
Impacts of O-Bank Corporate Loans
to Enterprises in Sectors that Are Mid-
level Nature-sensitive

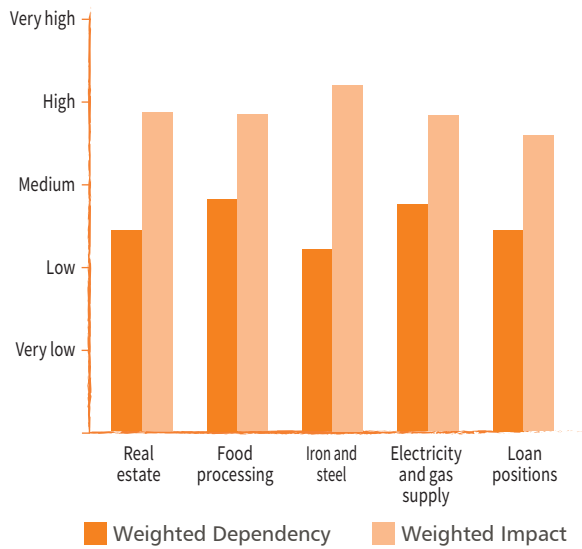


Fig. 7-41: Natural Capital Dependencies/
Impacts of O-Bank Mid- and Long-term
Investments to Enterprises in Sectors
that Are Mid-level Nature-sensitive

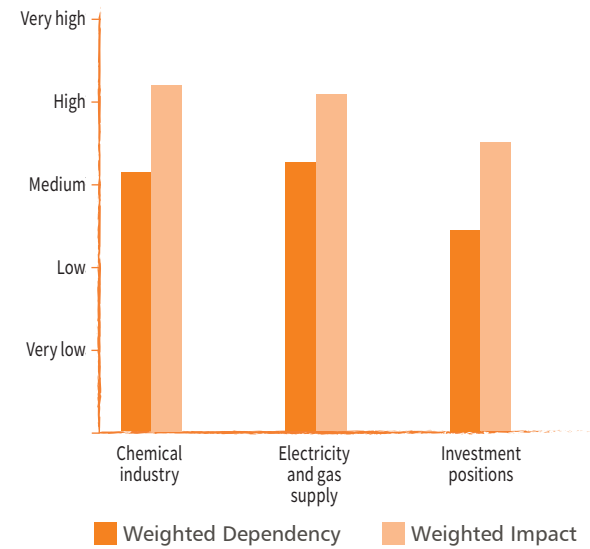


Fig. 7-42: Heat Map of the Degrees of Dependency/Impact of Enterprises in Sectors that Are Mid-level
Nature-sensitive that have Received Corporate Loan and Mid- and Long-term Investments
from O-Bank

Heat Map of Dependencies & Impacts		Dependency & Impact Factors	Corporate Loans				Mid- and Long-term Investments	
			Real Estate	Food Processing	Iron and Steel	Electricity and Gas Supply	Chemical Industry	Electricity and Gas Supply
Dependency	Direct resource imports	Bioenergy						
		Fibers & other materials				Yellow	Orange	
		Genetic materials		Orange				
		Ground water	Blue	Black	Blue	Blue	Grey	Yellow
		Surface water	Grey	Black	Blue	Yellow	Grey	Grey
	Production process assurance	Air quality control	Orange				Orange	
		Soil quality control	Yellow	Yellow				
		Flow control						
		Water quality control		Blue		Orange	Orange	Yellow
		Habitat preservation						
		Pollination						
		Water resources cycle	Yellow	Blue	Blue	Yellow	Blue	Blue
	Impact mitigation	Bioremediation	Blue	Yellow		Orange	Orange	Orange
		Atmospheric and ecological dilution		Yellow			Orange	
		Filtration	Yellow	Yellow		Orange	Orange	Orange
		Reduction of noise and light pollution	Blue				Orange	
	Disaster prevention	Climate modulation	Blue		Orange	Blue	Blue	Blue
		Disease control						
		Flood and disaster prevention	Blue	Blue		Blue	Yellow	Grey
		Soil erosion prevention	Blue	Yellow	Orange	Blue	Blue	Grey
		Pest control	Orange					

Heat Map of Dependencies & Impacts		Dependency & Impact Factors	Corporate Loans				Mid- and Long-term Investments	
			Real Estate	Food Processing	Iron and Steel	Electricity and Gas Supply	Chemical Industry	Electricity and Gas Supply
Impact	Impact factors	Environmental stress						
		Use of fresh water resources						
		GHG emissions						
		Use of maritime resources						
		Air pollution (non-GHGs)						
		Soil pollution						
		Solid waste						
		Use of land-based natural resources						
		Water pollution						
		Use of water resources						
		Use of other natural resources						
		Ecological change/stress						

■ Very low
 ■ Low
 ■ Medium
 ■ High
 ■ Very high

3. Assessment of Natural Risks and Establishment of Response Measures

A summary of the natural risks associated with O-Bank investments and financing deals is set out in Table 7-16. O-Bank's "Guidelines for Promoting Sustainability of Corporate Loan and Credits," "Financial Transactions Handbook," and "Equity Transactions Handbook" all prohibit the Bank from investing in or providing financing to enterprises that engage in environmental destruction, refuse to conduct environmental impact assessments, or illegally trap and kill animals. The aforementioned Guidelines and Handbooks also require that, in connection with all investment and financing deals, O-Bank must check whether the counterparty's business locations or any properties it has pledged as collateral are located in or near a nature preserve, in order to fully understand the impact of investments and financing deals on the natural environment.

Table 7-16: Summary of Natural Risks

Business	Sector	Dependency	Impact	Natural Risk
Corporate loans	Electricity and gas supply (renewables)	(Mid-level risk) Most O-Bank loan recipients in the electricity and gas supply sector are renewable energy enterprises. The results of analysis show that they do not have a high degree of dependency on specific natural capital factors.	(High-level risk) Renewable energy power generation facilities must use large amounts of water for cooling purposes, which can deplete water resources or cause water pollution.	(High-level risk) A worsening of natural disasters could affect the operational stability of O-Bank's customers.
	Real estate	(Mid-level risk) Relatively high level of dependency on surface water at the stages of real estate development and construction.	(High-level risk) Real estate development causes massive GHG emissions, and big construction projects can cause soil and water pollution.	(High-level risk) Environmental legislative provisions become more stringent, possibly causing higher operating costs or construction delays for O-Bank's real estate customers.

Business	Sector	Dependency	Impact	Natural Risk
Corporate loans	Iron and steel	(Mid-level risk) The production process is dependent upon water resources for cooling and regulation.	(Very high-level risk) Steel refineries must burn large quantities of fossil fuels. Apart from causing GHG emissions, the wastewater and waste material generated in the production process can also cause serious environmental pollution.	(High-level risk) Water shortages could affect the productivity of O-Bank customers that are steelmakers. Related environmental legislative provisions might become more stringent, possibly causing higher operating costs.
	Food processing	(Mid-level risk) Food processing enterprises are very highly dependent on a water supply to support the production of raw materials in their supply chain.	(High-level risk) The production, processing, and packaging phases could cause soil pollution, water consumption and GHG emissions.	(High-level risk) Water shortages could affect the supply chain stability and purchasing costs of O-Bank's customers that are food processing enterprises. Related environmental legislative provisions might become more stringent, possibly causing higher operating costs.
Mid- and long-term investment positions	Electricity and gas supply (traditional power generation)	(High-level risk) Electricity and gas supply enterprises are dependent upon surface water and robust flood prevention equipment to support the stability of their operations and power generation.	(Very high-level risk) Traditional electricity and gas supply enterprises generate massive GHG emissions, and some power plants cause wastewater pollution.	(High-level risk) A worsening of natural disasters could affect the operational stability of the electricity and gas supply enterprises in which O-Bank invests. Related environmental legislative provisions might become more stringent, possibly causing higher operating costs.
	Chemical industry	(High-level risk) Chemicals manufacturing processes are highly dependent on water resources.	(Very high-level risk) The production and use of chemicals generate massive GHG emissions and make heavy use of surface water and water area resources, thus possibly causing soil and water area pollution.	(High-level risk) Water shortages could affect the productivity of chemical industry enterprises in which O-Bank invests. Related environmental legislative provisions might become more stringent, possibly causing higher operating costs.

7.2.4 Nature-related Metrics and Targets

To encourage the provision of financing in sectors that are friendly to development of both the environment and society, O-Bank's "Guidelines for Promoting Sustainability of Corporate Loan and Credits" set out categories under "sectors that are friendly to the environment or society" and "sectors that pose risks to the environment or society." Meanwhile the ESG Development Working Committee's Green Finance Subcommittee has set targets to increase the share of financing directed to sectors friendly to the environment or society, and each quarter includes information regarding progress on this front in the ESG Development Working Committee Report in order to guide O-Bank's funds toward environmentally- and socially-friendly industries. For detailed information, see "7.3.3 Management of Sustainable Credit Business, and Results." In addition, O-Bank also discloses total investments and share of investments in "sectors friendly to environment or society" and "sectors that pose risks to environment or society." For detailed information, see "7.4.3 Sustainable Investments: Management and Results." In the future, O-Bank will continue to adopt nature-related metrics and targets in order to better manage the natural risks associated with investment and financing positions.

7.3 Responsible Loan and Credits

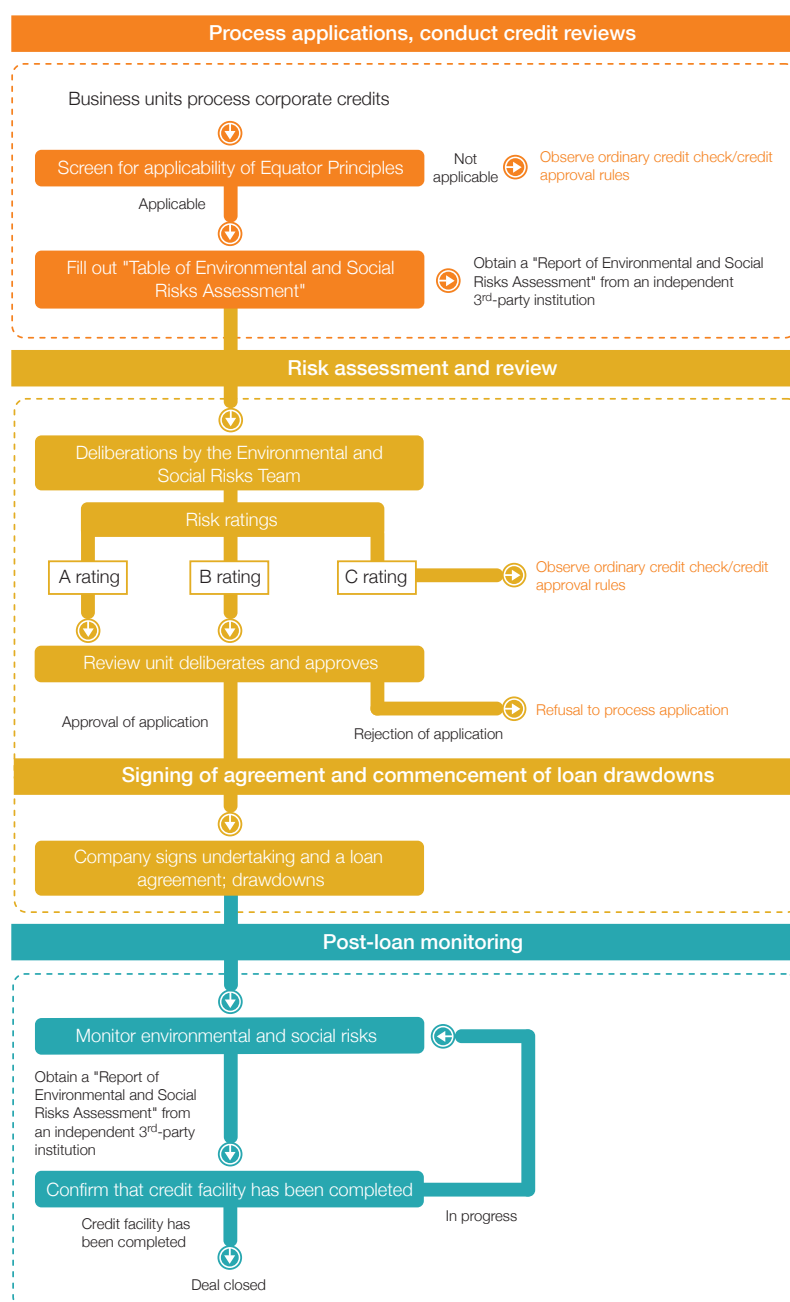
In our loan and credit business, besides acting in accordance with the five fundamental credit criteria of contribution to the public interest, security, liquidity, profitability, and growth prospects in order to control loan and credit assets quality, O-Bank has also taken steps in recent years to align more closely with the international trend toward responsible finance. O-Bank in 2021 signed on to the Equator Principles, and examined how they related to the environmental and social risks factors of project financing. Besides, O-Bank in 2022 incorporated the environmental, social, and governance risks into our corporate credit underwriting procedures, and prudently assessed ESG risk factors and related measures in order to mitigate the negative environmental and social impact of corporate loan and credit projects, and to fulfill O-Bank's social responsibilities as a financial services firm.

7.3.1 Equator Principles

In 2015, the Board of Directors adopted a "Credit Extension Policy" which requires O-Bank to abide by the Equator Principles when reviewing project finance or investments. Then in 2017 O-Bank amended its "Credit Extension Policy" in line with the spirit of the Equator Principles to broaden the applicability of the Policy from the previous project finance to further include corporate credits, and the range of matters to receive attention in risk assessments was broadened to include a focus on whether the borrower fulfills its duties in the areas of environmental protection, corporate ethics, risk management, and social responsibility. This approach is intended to mitigate O-Bank's credit risks.

In August 2021, O-Bank became the 124th financial institution in the world to formally sign on to the Equator Principles, adopted a set of "Guidelines for Corporate Loans Under the Equator Principles," and established an Environmental and Social Risks Team that is chaired by the Head of the Risk Management Division. This Team reviews the environmental and social risks associated with projects financed in

Fig. 7-43: Procedure for O-Bank's Handling of Corporate Credits under the Equator Principles



Note: Social and environmental risk assessments as well as risk ratings for corporate credits are assigned by O-Bank's Environmental and Social Risks Team, which is chaired by the Head of the Risk Management Division.

accordance with the Equator Principles (Note 7-6) and assigns risk ratings of A (high), B (medium), or C (low). For projects with a risk rating of A or B, assessments and reviews of environmental and social risks are required in order to mitigate the projects' possible environmental and social risks. Information regarding the procedure for O-Bank's handling of credits in line with the Equator Principles is presented in Fig. 7-43. As of end-2023, O-Bank had carried out a total of nine project financing deals. Six of them were handled in line with the Equator Principles, five have reached Financial Close, and one was rejected because of credit concern. For a description of a deal handled in line with the Equator Principles, see Table 7-17.

Table 7-17: Equator Principles-compliant Project Financing Deals Conducted by O-Bank in 2023

Name of Project	Location	Description of Project
Project EH	Changhua, Taiwan	Project EH is a project financing deal for a shopping mall that is composed of a department store and a parking lot. The architectural plan for the building itself focuses on "ecology, energy saving, waste reduction, and intelligence" as its goals, and seeks to obtain the Silver Green Building Label and the Silver Smart Building Label. O-Bank followed EP procedures to assess risks associated with business model, local legal compliance, stakeholder consultations (such as institutional consultations and Aboriginal community consultations), and environmental issues (such as biodiversity, Aboriginal heritage, and other requirements). Consequently, a risk rating of grade C (low risk) was assigned, which means that this project poses minimal or no adverse environmental and social risks.
Project SA	Kaohsiung, Taiwan	Project SA is a 170MW Energy Storage System (ESS) which was built in Kaohsiung, Taiwan. O-Bank followed EP procedures to assess the project and found it did not involve issues related to climate risks. Consequently, a risk rating of grade C (low risk) was assigned, which means that this project poses minimal or no adverse environmental and social risks.
Project SH	Tainan, Taiwan	Project SH is a fishery and electricity symbiosis solar project with approximately 120MW. A third-party German agency acted as an environmental and social consultant and issued an Equator Principles audit and assessment report. Their investigation revealed that this deal's due diligence investigation covered such factors as environmental management, biological and cultural resource protection, noise control, greenhouse gas emissions, land development, and other factors. A risk rating of grade B (medium risk) was assigned. The project's potential adverse environmental and social risks impacts are few in number, site-specific, and readily addressed through mitigation measures.

7.3.2 Incorporated ESG Evaluations into Corporate Credit Procedures

For many years, O-Bank has successively adopted regulations addressing ESG-related credit checks for corporate customers, including: the disclosure and confirmation of Securities and Exchange Act or other banking-related regulations; the adoption of Equator Principles requirements within the credit scoring criteria; and the authority credit line approval needs to be raised to the next level if the customer's KYC risk is a high-risk level, etc. In addition, O-Bank uses various Web search, Joint Credit Information Center (JCIC) and other tools to check whether a credit applicant has been involved with severe negative incidents such as environmental protection, product safety, industrial safety, or labor rights. If such incidents have occurred, the credit unit must assess and fully disclose the influence, apply methods like downgrading the credit rating, collecting collateral, or requiring corrective action within a limited period, and conduct a follow-up assessment of any ongoing influence. For example, when a borrower is either from China or relies on China for more than 50% of its production capacity, in order to confirm whether it is in compliance with environmental protection regulations there, O-Bank needs to ask them to offer documents that certify successful completion of environmental impact assessment and final acceptance as well as permits for waste discharge for the reference of credit evaluation.

Note 7-6: For project financing deals of US\$10 million or more, or where the amount that O-Bank lends as either a participant lender or sole lender is US\$50 million or more – and the proceeds are to be used to finance project development or operations, to serve as a project-related bridge loan, to provide project-related refinancing, or to finance an M&A deal – the deal must be screened for compliance with the Equator Principles.

In order to further promote responsible loan and credits, O-Bank has incorporated ESG evaluations into all corporate loan and credit assessment procedures from early 2022. After it has been confirmed that a prospective borrower is not a banned counterparty (see Table 7-18), an "ESG Comprehensive Assessment Form" must be filled out. It is then assigned a low, medium or high ESG risk score by checking environmental, social and governance-oriented risk indicators performance, such as their GHG emissions, environmental penalties, human rights risks, violation of labor rights regulations, transparency of corporate disclosures, board independence, penalties for breach of good faith, or judicial decisions, and making reference to a third-party sustainability assessment of the corporate customer. On the basis of this risk rating a decision is made on whether to offer financing. Where a customer's ESG risk score falls within high-risk territory, we do not provide financing to the customer. Where a customer's ESG risk score falls within medium-risk or low-risk territory but the customer has received a relatively poor third-party sustainability assessment, unless the customer intends to use the loan proceeds for green expenditures, O-Bank will downgrade the borrower's credit rating, or on a case-by-case basis we may collect appropriate collateral, or require corrective action before a specified deadline, or raise the interest rate, and then continue to conduct on-going evaluations. Where a customer's ESG risk score falls within low-risk territory and the customer has received a relatively good third-party sustainability assessment, O-Bank will grant appropriate financing assistance or provide preferential conditions.

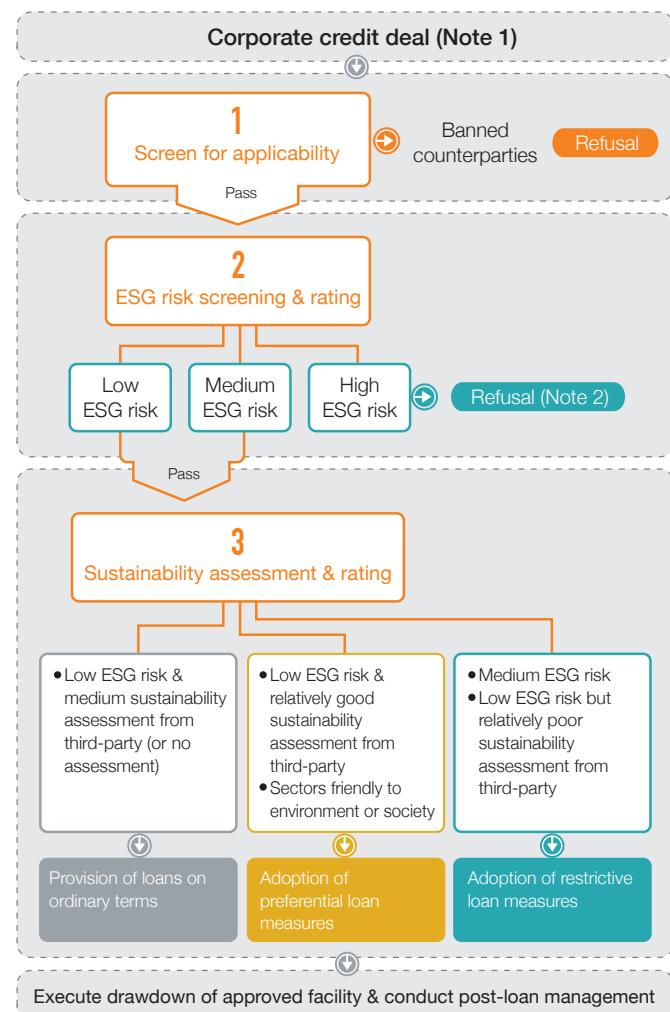
Table 7-18: Banned O-Bank Counterparties

1. Countries appearing on an O-Bank Legal & Compliance Division sanctions list, and enterprises from such a country.
2. Parties that have been designated by a foreign government, international organization, or a competent authority in Taiwan as sanctioned entities due to violation of AML/CFT legislation.
3. Enterprises that engage in illegal manufacturing/buying/selling of arms, illegal involvement in gambling or pornography, or engage in environmental destruction and refuse to conduct an environmental impact assessment, or illegally trap and kill animals.
4-1. Coal companies appearing on the Urgewald Global Coal Exit List (GCEL) that meet the following conditions: They mine coal, derive more than 5% of their operating revenues from thermal coal, power generation of which more than 40% is coal-fired, coal-related infrastructure, from which more than 5% of the operating revenues come from coal.
4-2. Unconventional oil and gas companies appearing on the Urgewald Global Oil & Gas Exit List (GOGEL) that meet the following conditions: They are involved in extraction, processing, and manufacturing of tar sands, shale oil and gas, arctic oil and gas, unconventional liquefied natural gas, ultra-deep-water oil and gas, tight-sands gas, fracked oil and gas, and methane, from which more than 5% of the operating revenues come from unconventional oil and gas.
5. Enterprises engaged in forestry that involves the felling of timber in tropical rain forests, old-growth forests, or statutorily protected zones. Enterprises that engage in the production, manufacturing, or trade of palm oil but have not obtained certification from the Roundtable on Sustainable Palm Oil (RSPO) or certification related to sustainable supply of palm oil.
6. Enterprises engaged in cast-net catching, gillnetting, or other significantly destructive methods (e.g. electrocution, explosions, etc.), or the manufacture of gillnetting equipment.

In line with the procedure described above, O-Bank has adopted a set of "Guidelines for Promoting Sustainability of Corporate Loan and Credits," which require that an ESG risk assessment procedure be carried out for all corporate loan and credits. The ESG risk assessment procedure for O-Bank corporate loans is as shown in Fig. 7-44. In 2023, no O-Bank customer was assessed as posing high ESG risk, while two customers were assigned medium ESG risk. One of those customers is a steel manufacturer, and the other is a real estate firm. Both customers have previously had sanctions imposed on them by the competent authority, and have received relatively poor third-party sustainability assessments. O-Bank has lowered their credit ratings, required them to post collateral, and continues to conduct follow-up assessments of their ESG performance. The outstanding balance of loan and credits to these customers account for 1.74% of O-Bank's total outstanding balance of loan and credits to all corporate customers.

O-Bank has incorporated ESG screening procedures for corporate financing deals into its customer due diligence process. For example, if the entity has ever been sanctioned for environmental protection infractions but has already taken corrective actions that have been recognized as adequately completed by the Ministry of Environment or environmental protection departments of local governments, then that entity may reduce their risk score on the ESG Comprehensive Assessment Form by one point. This arrangement is intended to encourage corporate customers to achieve better environmental performance. In 2023, three O-Bank corporate borrowers were sanctioned for involvement in air pollution, water pollution, waste dumping, and other forms of environmental pollution. All of them have implemented corrective actions (e.g. installed better anti-pollution equipment, instituted rigorous monitoring and control of wastewater discharge system, and replaced old equipment). In addition, O-Bank in recent years has come to place increasing importance on the measures that companies take to achieve net-zero

Fig. 7-44: ESG Risk Assessment Procedure for O-Bank Corporate Loan and Credits



Note 1: During the corporate loan review process and the annual post-loan management process, an ESG Comprehensive Assessment Form must be filled out, to serve as supporting documentation for the credit analysis report.

Note 2: For a customer that presents high ESG risks but would use credit proceeds for green expenditures, an exception may be made to allow the project to go forward, but if authority to approve the amount of the loan rests with a person below the level of President, approval authority should be elevated to the level of President.

Note 3: A score of 14 or above on the O-Bank ESG Comprehensive Assessment Form indicates high ESG risk, 6~13 indicates medium ESG risk, and 5 or below indicates low ESG risk.

Note 4: All O-Bank corporate credit assessment procedures are the same. For loans to such entities as manufacturers of agricultural and environmental agents, enterprises involved in the destruction of biodiversity, enterprises that are active in green energy, enterprises that are active in coal and gas, and other ordinary enterprises, O-Bank must complete an ESG Comprehensive Assessment Form and various due diligence assessments.

carbon emissions, O-Bank has begun using its corporate customer due diligence process to determine whether the entity has taken any measures to reduce its carbon emissions or met with any difficulties or restrictions. This topic has been included in order to understand what sort of progress corporate customers are making toward the achievement of net-zero carbon emissions. In addition, O-Bank credit application forms encourage corporate customers to assess their own sustainability-related risks and opportunities, and the loan application forms state that if a corporate customer is seeking the loan in order to promote environmental protection, O-Bank will favorably assess the business relationship, and such an applicant whose credit application is approved will enjoy a preferential deposit rates and remittance fees, and various other fees will also be reduced or waived in order to encourage corporate customers to promote environmental conservation. O-Bank hopes to use its power as a financial intermediary to encourage its corporate customers actively pursue ESG measures, and properly appreciate the importance of environmental and social concerns. O-Bank wants to join hands with its corporate customers to spur a range of different industries to move toward sustainable development.

7.3.3 Management of Sustainable Credit Business, and Results

To encourage the provision of financing in sectors that are friendly to development of both the environment and society, O-Bank has formulated the "Guidelines for Corporate Credit Provision related to Solar Power Plant Projects" and "Guidelines for Corporate Credit Provision related to Energy Storage Equipment Projects," which are specifically used for developing solar power plant and energy storage equipment credit business. In addition, O-Bank's "Guidelines for Promoting Sustainability of Corporate Loan and Credits" set out categories under "sectors that are friendly to the environment or society" and "sectors that pose risks to the environment or society." As of end-2023, loan and credits to sectors friendly to environment or society stood at NT\$15.51 billion, or 8.1% of O-Bank's total outstanding balance of loan and credits to all corporate customers. Therein, the outstanding balance of new drawdowns in 2023 came to NT\$12.10 billion, operating revenues accounted for 3.19% of O-Bank's net revenue. Detailed figures by sector, and loan and credit amounts, are set out in Table 7-19 O-Bank has set short-, mid-, and long-term targets for increasing the proportion of outstanding corporate loan and credits to environmentally and socially friendly industries, and the ESG Development Working Committee conducts regularly monitoring to track success in meeting the targets. Also, to determine whether a prospective credit qualifies as "green credit," O-Bank assesses the borrower's intended use of credit proceeds to determine whether it meets the Joint Credit Information Center's definition of "green expenditures." All assessment records are retained within the system. Subsequently, during the annual review of green credit cases, O-Bank verifies whether the funds are still being used for the originally specified green credit purposes. This ensures the accuracy and transparency of O-Bank's disclosed green credit-related information and avoids concerns about greenwashing.

Table 7-19: O-Bank Loan and Credits in 2023 to Sectors that Are Friendly to the Environment or Society

	Sector	2023 Outstanding Loan and Credit Balance (NT\$ million)	Borrowers in 2023
Environment (Note 1)	Green energy	5,107.2	27
	Clean transportation	523.6	6
	LEDs	177.2	1
	Pollution control	1,394.6	6
	Afforestation	0	0

	Sector	2023 Outstanding Loan and Credit Balance (NT\$ million)	Borrowers in 2023
Environment (Note 1)	Green buildings	0	0
	Green credit (Note 2) to other industries	2,699.4	8
Society (Note 3)	Medicine & care	3,551.7	12
	Education	40.0	1
	Infrastructure	1,711.4	20
	Health	0	0
	Other sectors friendly to society	307.5	1
Total for sectors that are friendly to the environment or society		15,512.7	82
Balance as a share of total outstanding loan and credits to all corporate customers			8.10%

Note 1: "Green energy" includes solar battery manufacturers, electricity suppliers (generation of power from renewable energy), manufacture of power generation, transmission and distribution machinery (manufacturers of renewable energy facilities), battery manufacturers (renewable energy batteries); "clean transportation" includes motor vehicle manufacturers (electric vehicles), motorcycle manufacturers (electric motorcycles), bicycle manufacturers, bicycle parts manufacturers; "pollution control" includes manufacturers of pollution control equipment, wastewater and sewage treatment enterprises, and enterprises engaged in the removal and treatment of hazardous and non-hazardous waste, resource recycling enterprises, and pollution remediation enterprises.

Note 2: Other recipients of "green credit" are enterprises that will use credit proceeds in a manner that qualifies as "green expenditures" as defined by the Joint Credit Information Center, including enterprises engaged in: (1) renewable energy, (2) energy saving and efficiency, (3) pollution prevention and control, (4) environmentally sustainable management of living natural resources and land use, (5) terrestrial and aquatic biodiversity conservation, (6) clean transportation, (7) sustainable water and wastewater management, (8) climate change adaptation, (9) eco-efficient and/or circular economy adapted products, production technologies and processes, or (10) green buildings. Counting only O-Bank credit recipients engaged in green expenditures as defined by the Joint Credit Information Center, O-Bank has a total of 36 such borrowers, with a combined outstanding loan and credit balance of NT\$9,035.53 million (including an outstanding balance of NT\$1,234.67 million in green building loan and credits to other sectors), which accounts for 4.72% of O-Bank's total outstanding balance of loan and credits to all corporate customers.

Note 3: "Medicine & care" includes active pharmaceutical ingredients/Western medicines/Chinese medicines, hospitals, clinics, medicines and medical supplies, medical laboratory testing, medical and health care, and care services; "Education" includes schools at all levels, and enterprises engaged in the teaching of languages and arts; "Infrastructure" includes water supply enterprises, construction enterprises (builders of social housing), road construction enterprises, utility construction enterprises, cable and wireless telecommunications enterprises; "Health services" include sports goods retail and wholesale, sports and recreation education enterprises, sport facilities (other than golf courses).

Note 4: Making reference to the key strategic industries in Taiwan's 2050 Net-Zero Transition, O-Bank's list of environmentally friendly industrial sectors for corporate credit includes the following key sectors: 01 – wind power and solar power; 04 – power systems and energy storage; 05 – energy saving and efficiency; 07 – transportation electrification and decarbonization; 08 – resource recycling and zero waste; 09 – carbon sinks; and 10 – green lifestyles. The outstanding balance of loan and credits to enterprises in related sectors stands at a total of NT\$9,902.12 million and accounts for 5.17% of the outstanding balance of O-Bank's total corporate loan and credits.

For sectors that pose risks to the environment or society, O-Bank uses a more rigorous credit review process to control risks. For example, this process includes the following: firms in carbon-intensive industries and industries that pose high environmental risks, in addition to filling out an "ESG Comprehensive Assessment Form" must also fill out a "TCFD Climate Risk Checklist for Corporate Credit" to serve as supporting documentation for credit assessment reports, and enterprises that engage in illegal manufacturing/buying/selling of arms, or illegal involvement in gambling, or pornography are classed as banned counterparties. As of year-end 2023, the loan and credit balance to sectors that pose

risks to the environment or society stood at NT\$7,233.44 million and accounted for 3.78% of O-Bank's total loan and credits outstanding to all corporate customers, as shown in Table 7-20.

Table 7-20: O-Bank Loan and Credits in 2023 to Sectors that Pose Risks to the Environment or Society

	Sector	2023 Outstanding Loan and Credit Balance (NT\$ million)	Borrowers in 2023
Environment	Petroleum and coal products	1,260.5	2
	Mining & quarrying	0	0
	Fertilizers and nitrogen compounds	0	0
	Cement and cement products	50.0	1
	Basic iron and steel	3,462.7	13
	Aluminum	309.1	3
	Raising of cattle	0	0
	Tanning and dressing of leather; dressing and dyeing of fur	213.8	2
	Textile enterprises	0	0
	Enterprises engaged in the manufacture of raw chemicals	1,485.2	6
	Paper & paper products	66.4	1
	Manufacture of Pesticides and Environmental Agents	385.6	1
Society	Gambling and betting activities	0	0
	Wholesale of tobacco products and alcoholic beverages	0	0
	Munitions	0	0
Total for sectors that pose risks to environment or society		7,233.4	29
Balance as a share of total outstanding loan and credits to all corporate customers			3.78%

In addition to adopting lists of "sectors that are friendly to the environment and/or society" and "sectors that pose risks to the environment and/or society," O-Bank also makes use of its financial resources and its corporate customers' sustainability goals to encourage corporate customers to formulate and achieve sustainability plans or action plans. Making reference to the Sustainability Linked Loan Principles (SLLP) – which were issued by the Loan Market Association (LMA), the Loan Syndications and Trading Association (LSTA), and the Asia Pacific Loan Market Association (APLMA) – O-Bank actively contacts corporate customers to discuss sustainability-linked loans. Based on the characteristics of particular industries, the Bank sets sustainability performance targets that individual corporate customers must achieve to enjoy financial benefits.

As of end-2023, O-Bank has underwritten 14 sustainability-linked loans designed to meet sustainability performance targets in all three ESG areas (environmental, social, and governance concerns), including the following: reduction of GHG emissions; reduction of organic matter; reduction of product power consumption; reduction of packaging waste; power consumption per unit of operating revenues; water consumption per unit of operating revenues; water reuse rate; increased employment opportunities for local indigenous residents; establishment of new key biodiversity areas, or enhanced management of

existing ones; international ESG ratings performance, etc. Borrowers that meet their annual targets can enjoy interest rate reductions. Eight of the borrowers have achieved their contractually stipulated annual sustainability targets, and have therefore been granted interest rate reductions. By providing concrete financial incentives, O-Bank encourages corporate customers to achieve sustainability targets. The 2023 outstanding balance of O-Bank's sustainability-linked loan and credits stood at NT\$4,174.61 million, accounting for 2.18% of the outstanding balance of O-Bank's corporate loan and credits; meanwhile O-Bank's newly approved sustainability-linked loan and credits in 2023 came to a total amount of NT\$1,560.36 million. The outstanding balance of loan and credits to sectors that are friendly to both the environment and society, plus the outstanding balance of sustainability-linked loan and credits stood at NT\$13.66 billion, and accounts for 9.29% of the NT\$147 billion outstanding balance of newly underwritten corporate loan and credits.

7.4 Responsible Investment

7.4.1 Principles for Responsible Investment

O-Bank voluntarily complies with the UN Principles for Responsible Investment (PRI), and has incorporated its set of six principles into the O-Bank "Financial Transactions Handbook." In addition to pursuing economic value with its investments, O-Bank also considers whether an investment is likely to create environmental and social value, so as to achieve the co-existence of economic, environmental, and social well-being. O-Bank's progress toward achieving the six Principles for Responsible Investment is outlined below in Table 7-21.

Table 7-21: O-Bank's Implementation of the UN Principles for Responsible Investment (PRI)

The Six Principles for Responsible Investment	O-Bank's Approach to Implementation
1. We will incorporate ESG issues into investment analysis and decision-making processes.	<ul style="list-style-type: none"> • Has incorporated ESG risk factors into investment decision procedures, and works to increase holdings of assets with relatively good ESG performance while reducing positions with poor ESG performance. • Has adopted a list of banned counterparties and sensitive industries in order to avoid investing in companies that pose high risk to the environment and society. • Has screened the climate risk factors of industries that pose high climate risks, so as to monitor and track high climate risk investment assets.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.	<ul style="list-style-type: none"> • Has signed onto the Taiwan Stock Exchange Corporation Stewardship Principles for Institutional Investors. • Has adopted a set of "Stewardship Guidelines" and "Voting Guidelines and Directions for Disclosures" in order to actively exercise ownership rights. • Uses dialogue, engagement, and voting rights to interact with investment recipients and exercise the active stewardship role of a company owner.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.	<ul style="list-style-type: none"> • Periodically reviews investment recipients' ESG disclosures, including ESG ratings from international ratings bodies, ESG measures and performance, and climate-related actions in order to encourage investment recipients to improve their ESG measures and make ESG disclosures.
4. We will promote acceptance and implementation of the Principles within the investment industry.	<ul style="list-style-type: none"> • Has invited affiliated enterprises to jointly implement responsible investing.
5. We will work together to enhance our effectiveness in implementing the Principles.	<ul style="list-style-type: none"> • Have actively participated in summits and conferences on sustainable finance and climate change in order to better understand ESG trends and ESG investment issues, and to exercise our influence as a financial institution.

The Six Principles for Responsible Investment	O-Bank's Approach to Implementation
6. We will each report on our activities and progress towards implementing the Principles.	<ul style="list-style-type: none"> • Have a special "Stewardship Section" on the O-Bank website where we annually post a stewardship report, voting logs from shareholders' meetings, and engagement logs. • Each year's sustainability report discloses the state of O-Bank's compliance with the Principles for Responsible Investment.

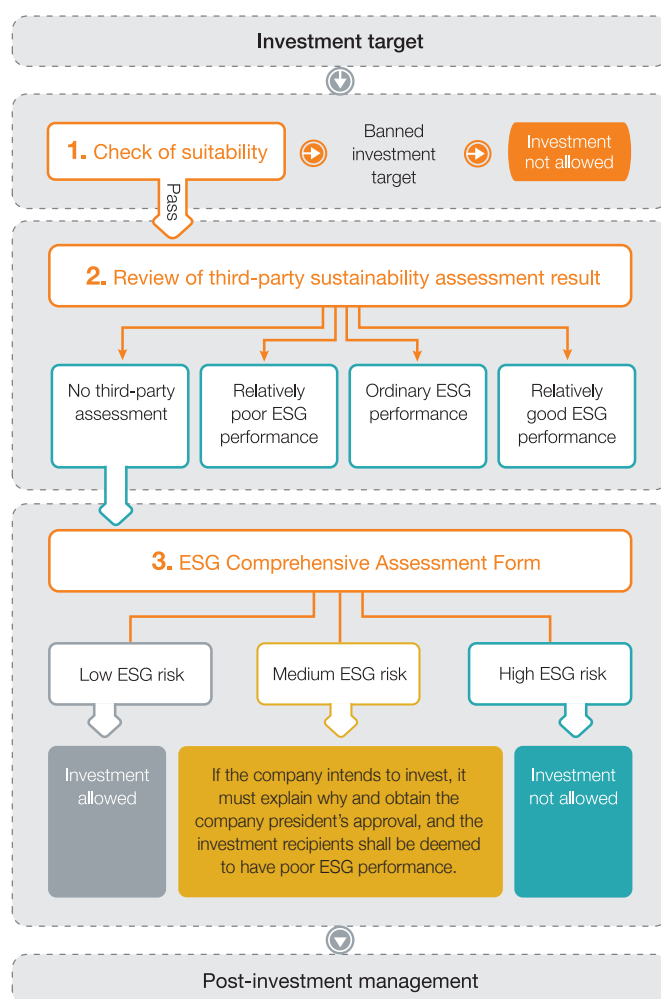
7.4.2 Incorporated ESG Evaluations into Investment Procedures

O-Bank has incorporated evaluations of ESG risk factors into all decision-making procedures for all investment positions. When selecting among prospective investment recipients, O-Bank first eliminates banned investments (see Table 7-22) from consideration and screens for sensitive industries, and then, making reference to a third-party sustainability assessment of the corporate customer, O-Bank classifies a prospective investment recipient as having relatively good ESG performance, ordinary ESG performance, or relatively poor ESG performance, and sets proportional goals in order to increase holdings of assets with good ESG performance while reducing positions with poor ESG performance in hopes of directing the Bank's funds toward companies that place importance on taking measures to address environmental, social, and governance concerns. For a prospective investment recipient that has not been rated by a third-party sustainability assessment institution, O-Bank uses an "ESG Comprehensive Assessment Form" to assess ESG risks (including: GHG emissions, sanctions for environmental protection infractions, human rights risks, sanctions for labor legislation infractions, transparency of disclosures of corporate information, independence of the board, sanctions or adverse court judgments for business ethics infractions) and will not invest in any company assigned a "high ESG risk" rating. If O-Bank intends to invest in a company assigned a "medium ESG risk" rating, it must state its reasons, obtain approval from the President, and deem the company as having relatively poor ESG performance. For a prospective investment recipient with low ESG risk, O-Bank may follow ordinary investment decision-making procedures.

Table 7-22: O-Bank Banned Investments

1. Countries appearing on an O-Bank Legal & Compliance Division sanctions list, and enterprises from such a country.
2. Parties that have been designated by a foreign government, international organization, or a competent authority in Taiwan as sanctioned entities due to violation of AML/CFT legislation.
3. Enterprises that engage in illegal manufacturing/buying/selling of arms, illegal involvement in gambling or pornography, or engage in environmental destruction and refuse to conduct an environmental impact assessment, or illegally trap and kill animals.
4-1. Coal companies appearing on the Urgewald Global Coal Exit List (GCEL) that meet the following conditions: They mine coal, derive more than 5% of their operating revenues from thermal coal, power generation of which more than 40% is coal-fired, coal-related infrastructure, from which more than 5% of the operating revenues come from coal.
4-2. Unconventional oil and gas companies appearing on the Urgewald Global Oil & Gas Exit List (GOGEL) that meet the following conditions: They are involved in extraction, processing, and manufacturing of tar sands, shale oil and gas, arctic oil and gas, unconventional liquefied natural gas, ultra-deep-water oil and gas, tight-sands gas, fracked oil and gas, and methane gas, from which more than 5% of the operating revenues come from unconventional oil and gas.
5. Enterprises engaged in forestry that involves the felling of timber in tropical rain forests, old-growth forests, or statutorily protected zones. Enterprises that engage in the production, manufacturing, or trade of palm oil but have not obtained certification from the Roundtable on Sustainable Palm Oil (RSPO) or certification related to sustainable supply of palm oil.
6. Enterprises engaged in cast-net catching, gillnetting, or other significantly destructive methods (e.g. electrocution, explosions, etc.), or the manufacture of gillnetting equipment.

Fig. 7-45: ESG Risk Assessment Procedures for O-Bank Investments



Note 1: ESG evaluations must be conducted for all investments with the exception of trading book positions, positions taken for the purpose of fund flow management, and investment positions for which the issuer is a government agency.

Note 2: O-Bank has taken part in third-party sustainability assessments (MSCI ESG Ratings, Sustainalytics ESG Risk Ratings, and Taiwan Stock Exchange Corporate Governance Evaluations), and on the basis of these assessments has set criteria for what constitutes relatively good, ordinary, and relatively poor ESG performance.

O-Bank has incorporated the aforementioned procedures into the O-Bank "Financial Transactions Handbook" and the "Equity Transactions Handbook," which require that an ESG risk assessment procedure be carried out for all investments in order to ensure proper assessment of the ESG risks of all investment recipients. ESG risk assessment procedures for O-Bank investments are set out in Fig. 7-45. In 2023, investment recipients that were assigned a relatively good ESG performance rating after a third-party sustainability assessment accounted for roughly 74% of O-Bank's total investment positions, investment recipients that were assigned a relatively poor ESG performance rating accounted for roughly 7.23%. The outstanding balance of investments in investment recipients that have not been rated by a third-party sustainability assessment institution but have been assigned a medium ESG risk score after the filling out of an "ESG Comprehensive Assessment Form" account for roughly 3.28% of O-Bank's total investment positions, and all the above types are all in high climate risk sectors such as petrochemicals and cement.

O-Bank further analyzed the ESG risk factors of investment targets with relatively poor ESG performance and their potential financial impact upon the Bank. As of end-2023, apart from an issue of government bonds for which the ESG performance could not be assessed, the combined outstanding balance of other investment positions with relatively poor ESG performance was NT\$3.09 billion. According to international sustainability ratings and

the results of O-Bank's ESG comprehensive assessment: (a) two companies scored poorer than their peers in the "Environment" category, and their main risks were "development of clean technology" and "environmental protection legal compliance"; (b) five companies scored poorer than their peers in the "Society" category, and their main risks were "product quality management," "occupational health and safety management," and "protection of the rights and interests of labor"; and (c) seven companies scored poorer than their peers in the "Governance" category, and their main risks were "diversity and renewal of the board of directors," "independence of the board," "transparency of disclosures of company information," and "design of the company's compensation system." In the future, O-Bank will continue to

pay close attention to the ESG risks of investment targets with relatively poor ESG performance, and will adjust investment strategies in a timely manner to avoid investment losses.

In addition, to further encourage investment recipients to enhance their positive environmental and social impact, O-Bank has included investment recipients' "success in improving their environmental and social performance" as a focal point in the investment decision-making process. With respect to bond investments, the O-Bank "Financial Transactions Handbook" requires the Bank to inspect an issuer's environmental and social scores on the Bloomberg ESG Indices. If more than half of index scores in the previous year were better than the peer median score, then it will be concluded that the issuer is an enterprise that possesses positive impact that is capable of improving the environment and society, and O-Bank will therefore prioritize investing in that issuer's bonds. With respect to equity investments, the O-Bank "Equity Transactions Handbook" sets out specific "Environmental, Social and Governance" assessment factors. If a company scores below the target for an assessment factor in any one of these three areas, then O-Bank is not allowed to invest in that company's stocks. Environmental assessment factors include: whether the company has set carbon reduction targets; whether the company uses green electricity or has switched to energy-efficient equipment at its business locations; whether the company has assessed climate-related physical risks or transitional risks; and whether the company has adopted response measures and a training program to address climate-related disasters. Societal assessment factors include: whether the company has ever been fined in connection with a human rights issue; whether the company has been sanctioned for labor legislation infractions; and whether the company has been involved in a major social controversy.

7.4.3 Sustainable Investments: Management and Results

O-Bank attaches importance to the impact that its investments have upon the environment and society, and regularly tracks the sustainability performance of its investment targets. As of year-end 2023, O-Bank investment positions in assets with relatively good ESG performance stood at NT\$31.66 billion, and total investment positions in sustainable bonds (including green bonds, social bonds, and sustainability bonds etc.) came to NT\$4.89 billion. Combined, the two types of investment positions described above accounted for about 78% of O-Bank's total investment positions. Therein, in order to avoid greenwashing behavior on the part of bond issuers, the sustainable bonds that O-Bank has invested in qualify as "Green Bonds," "Social Bonds," or "Sustainability Bonds" as defined by Bloomberg, or qualify as "sustainable bonds" as defined by the Taipei Exchange (TPEX). In addition, O-Bank has set a goal that the investment balance of sustainable bonds accounts for more than 11% of the investment in credit bonds. As of the end of 2023, the investment balance of sustainable bonds accounted for 11.44% of the investment in credit bonds. Therein, the new investment in sustainable bonds and their balances in 2023 are as shown in Table 7-23 below.

Table 7-23: New Investments in Sustainable Bonds by O-Bank in 2023

Bond Code	Issuer	Purchase Date	Purchase Currency	Amount Purchased (issuer's currency)	Amount Purchased (NTD equivalent)
G14005	Credit Agricole	2023/04/19	TWD	100,000,000	100,000,000
B90323	Taipower	2023/06/13	TWD	200,000,000	200,000,000
F02280	Societe Generale	2023/05/18	USD	10,000,000	310,722,965
F05448	Natixis	2023/06/27	USD	10,000,000	310,722,965
F06804	Korea Expressway Corp.	2023/07/10	USD	3,000,000	93,216,889

Note: Figures for US Dollars in this table assume an NTD:USD exchange rate of 31.0722:1.

In addition to actively investing in sustainability bonds, O-Bank also actively invests in sectors friendly to environment or society. As of end-2023, the outstanding balance of investments in sectors friendly to environment or society was NT\$2.83 billion, or 4.04% of total outstanding investments. For further information on the various sectors and outstanding investment balances, see Table 7-24. The outstanding balance of investments in sectors that pose risks to environment or society was NT\$2.38 billion, or 3.39% of total outstanding investments. For further information on the various sectors and outstanding investment balances, see Table 7-25.

Table 7-24: O-Bank 2023 Investments in Sectors Friendly to Environment or Society

	Sector	Outstanding Balance of Investments as of End-2023 (NT\$ million)	Number of Investors as of End-2023
Environment (Note 1)	Clean transportation	685.29	4
Society (Note 1)	Infrastructure	2,145.68	7
Total for sectors that are friendly to the environment or society		2,830.97	11
Share of total outstanding investments			4.04%

Note 1: "Clean transportation" includes vehicle manufacturers (electric vehicles), motorcycle manufacturers (electric motorcycles), bicycle manufacturers, and bicycle parts manufacturers.

Note 2: "Infrastructure" includes water supply enterprises, construction enterprises (builders of social housing), road construction enterprises, utility project builders, cable and wireless telecommunications enterprises.

Note 3: Making reference to the key strategic industries in Taiwan's 2050 Net-Zero Transition, O-Bank's list of environmentally friendly industrial sectors includes the following key sectors: 04–power systems and energy storage; 07–transportation electrification and decarbonization; and 11–green finance. The outstanding balance of investments in enterprises in related sectors stands at a total of NT\$3.23 billion and accounts for 7.57% of the outstanding balance of O-Bank's total investments.

Table 7-25: 2023 O-Bank Investments in Sectors that Pose Risks to Environment or Society

	Sector	Outstanding Balance of Investments as of End-2023 (NT\$ million)	Number of Investors as of End-2023
Environment	Petroleum and coal products	1,403.33	3
	Cement and cement products	300.00	1
	Basic iron and steel	375.94	1
	Enterprises engaged in the manufacture of raw chemicals	300.00	1
Total for sectors that pose risks to environment or society		2,379.26	6
Share of total outstanding investments			3.39%

In order to avoid any possible conflict of interest between O-Bank and its investment recipients, O-Bank has adopted the "Directions on a Financial Transaction Unit's Conduct of Transactions with Related Parties and/or Stakeholders," the "Directions on Prevention of Conflicts of Interest," and the "Criteria Governing Codes of Ethical Conduct" to strengthen regulation of conflicts of interest between O-Bank and its investment recipients. Moreover, O-Bank continues to employ education and awareness campaigns, delegation of responsibilities, information control, firewall design, and monitoring to maintain control, relying on strict ethics standards to prevent possible conflicts of interest. As of 2023, O-Bank has not

experienced any investment-related conflicts of interest. Besides, with the aim of balancing liquidity management and maintaining the stability of the bank's portfolio turnover rates, O-Bank commits to being a long-term investor. In O-Bank's "Financial Transactions Handbook," we have specified that the banking book (medium to long-term investment positions) should account for no less than 80% of the total investment portfolio. In the future, O-Bank will continue acting in line with the Principles for Responsible Investment and, while paying balanced attention to the needs for profitability and risks diversification, will actively invest in assets that are beneficial to the environment and society.

7.5 Engagement with Investment and Financing Recipients

7.5.1 Engagement Policies and Topics

To spur investment and financing recipients to work toward sustainability, O-Bank has adopted a set of "Engagement Guidelines for Sustainable Investing and Financing," which apply to all recipients of O-Bank investments and financing. The Engagement Guidelines encourage investment and financing recipients to improve their sustainability performance in the areas of environmental protection, social inclusion, and corporate governance. O-Bank continues to communicate with investment and financing recipients about potential sustainability-related risks and opportunities, and treats engagement outcomes as the bases for investment/financing decisions and management of positions. O-Bank engagement topics are set out in Table 7-26. Therein, O-Bank puts high priority on engagement regarding environmental protection topics with recipients that are carbon-intensive industries or that pose high environmental risks.

Table 7-26: O-Bank Investment and Financing Engagement Topics

Environmental Protection	Climate change	O-Bank encourages or requests investment and financing recipients to introduce climate-related response measures, including the following: formulation of net-zero transition plans; disclose GHG emissions; setting of GHG reduction targets; setting of science-based targets (SBTs); improvement of energy efficiency; and increased usage of renewable energy.
	Social Inclusion	O-Bank promotes or discloses information on wildlife conservation, habitat preservation, forest preservation, pollution control, waste management, and biodiversity.
	Corporate Governance	O-Bank encourages or requests investment and financing recipients to promote or disclose information on water resources management mechanisms, such as reduced water usage, recycling, and allocation and integration of water resources.
Social Inclusion	Workplace equality	O-Bank encourages or requests investment and financing recipients to promote or disclose information on hiring diversity, fair compensation, sexual harassment prevention programs, transparent communication channels, identification of human rights risks, and adoption of mitigation or compensation measures in order to create workplaces characterized by diversity, equity, and inclusion (DEI).
	Workplace safety	O-Bank encourages investment and financing recipients to promote occupational safety and health systems, employee healthcare measures, etc.
Corporate Governance	Structure of the boards of directors and supervisors	O-Bank encourages investment and financing recipients to promote or disclose information on the diversity, independence, and functioning of directors and supervisors in order to establish effective corporate governance.
	Information transparency	O-Bank promotes improving information disclosure transparency, including the state of implementation of ethical best practices, and linkage between sustainability performance and executive compensation.

7.5.2 Methods and Outcomes of Engagement

Apart from acting on our own to engage with investment and financing recipients, O-Bank also takes part in collaborative engagement approaches in hopes of using the power of finance to spur investment and financing recipients to work toward sustainability. Engagement methods employed by O-Bank are set out in Table 7-27. To spur our investment and financing recipients to work toward net-zero transition, O-Bank held a lecture on "New Progress Toward Achievement of the COP28 Declaration on Green Finance" at the music hall of our headquarters building and invited corporate clients to attend in order to help them understand the latest technologies and trends related to net-zero transition. Also, when engagement outcomes do not match expectations, O-Bank continues to dialogue with management of engagement targets and actively calls for improvements. If the target of engagement is still unable to meet our engagement targets, we will reduce or terminate our investments, or will implement restrictive loan measure. In 2023, O-Bank engaged with 219 investment recipients and 59 recipients of financing. The engagement targets included manufacturers, airlines, wholesalers, and retailers. For further details regarding engagements in 2023, see Tables 7-28 and 7-29. Therein, to encourage investment and financing recipients to further reduce GHG emissions and make progress toward net-zero, O-Bank sends emails to investment and financing recipients in carbon-intensive industries to encourage them to pledge to meet science-based targets (SBTs) or to join the Science Based Targets initiative (SBTi). As of end-2023, five investment recipients, or 33.33% of all investee engagement targets, had pledged to meet SBTs or had passed a compliance review by the SBTi, and five financing recipient companies, or 8.47% of all financing recipient engagement targets, had pledged to meet SBTs or had passed a compliance review by the SBTi.

Table 7-27: O-Bank Methods of Engagement

Direct Engagement	Collaborative Engagement
<ul style="list-style-type: none"> • In-person visits • Written, electronic, or voice notifications • Interviews, meetings, lectures, or training • Attend and speak at engagement target's shareholders meetings. • Propose motions and vote at shareholders meetings. • Include ESG-related commitments in credit agreements. 	<ul style="list-style-type: none"> • Join domestic and overseas ESG-related initiatives. • Take part with other financial institutions in collaborative engagements.

Table 7-28: Outcomes of O-Bank 2023 Engagement with Financing Recipients

Engagement Target	Sector	Timing and Method of Engagement	Type and Purpose of Engagement	Progress Achieved by Engagement Targets
Company A	Manufacturing	Engagement on sustainability-linked syndicated loan deals (participant bank)	Environmental protection	The company obtained ISO 14001 certification of its environmental management system and QC 080000 certification of its hazardous substance process management (HSPM) system, and O-Bank responded by giving reductions on financing interest rates.
Company B	Manufacturing	Engagement on sustainability-linked syndicated loan deals (participant bank)	Environmental protection	Emission intensity (tCO ₂ /NT\$ million) and power consumption per unit of economic output (kWh/NT\$) fell by 5% from the year before, and O-Bank responded by giving reductions on financing interest rates.

Engagement Target	Sector	Timing and Method of Engagement	Type and Purpose of Engagement	Progress Achieved by Engagement Targets
Company C	Energy sector	Engagement on sustainability-linked syndicated loan deals (participant bank)	Environmental protection Social inclusion	The company used electric voltage boosting equipment to reduce GHG emissions, develop solar power generation capacity, increase economic activity and job opportunities for the sake of indigenous communities, establish new key biodiversity areas or enhance management of existing ones, and O-Bank responded by giving reductions on financing interest rates.

Table 7-29: Outcomes of O-Bank 2023 Engagement with Investment Recipients

Engagement Target	Sector	Timing and Method of Engagement	Type and Purpose of Engagement	Progress Achieved by Engagement Targets
Company D	Financial sector	Shareholders' meeting	Environmental protection	Held a meeting of suppliers and encouraged cooperating suppliers to support the government's "Net zero by 2050" policy.
Company E	Manufacturing sector	Shareholders' meeting	Environmental protection	Held a meeting of suppliers, advocated in support of sustainability concepts, and worked together with distributors and sub-distributors to hold an informational meeting on conserving energy and reducing GHG emissions.

O-Bank has signed onto and complies with the "Taiwan Stock Exchange Corporation Stewardship Principles for Institutional Investors," which means the Bank is committed to fulfilling its duties as an asset owner and spurring its investment recipients to bring about healthy economic, environmental, and social development. O-Bank posts a "Stewardship Report" each year on its own website as well as the website of the Taiwan Stock Exchange. This report publicly discloses the Bank's implementation of stewardship duties in the course of its investment activities. In addition, O-Bank has also adopted a set of "Voting Guidelines and Directions for Disclosures," actively attends the shareholders' meetings of investment recipients in order to exercise its voting rights, and discloses voting logs and engagement logs on its website. In 2023 we attended the shareholders' meetings of 40 companies, at which 164 motions were voted upon. Our voting rate as a percentage of O-Bank's total investment positions was 95.24%. Electronic voting was employed at all 40 meetings, and 163 of the motions were related to sustainability. O-Bank voted against two motions, and in favor of all the others. Details on O-Bank's votes on sustainability-related motions at 2023 shareholders' meetings are set out in Table 7-30.

Table 7-30: O-Bank's Votes on Sustainability-related Motions at 2023 Shareholders' Meetings of Investment Recipients

Types and Content of Motions			Number of Motions	Yes Votes	No Votes	Abstentions
Society	Motions on employee benefits	Issuance of new restricted shares for subscription by employees	4	4	0	0
Corporate governance	Motions on company finances	Approval of business report and financial report	40	40	0	0
		Distribution of earnings or covering of losses	39	37	2	0
	Motions on corporate governance	Amendment of Articles of Incorporation or operating procedures	25	25	0	0
		Lifting of non-compete restrictions on directors	27	27	0	0
	Motions on human resources organization	Elections of directors and supervisors	19	19	0	0
	Motions on shareholders' equity	Capital increases (earnings/ capital surplus/ capitalization of undistributed employee bonuses, or cash capital increases through new share issues)	5	5	0	0
		Private placement of securities	4	4	0	0
Other			1	1	0	0
Total			164	162	2	0

Note: O-Bank voted against earnings distribution proposals put forward at two companies' 2023 shareholders' meetings. Our reason in one case was that "the company's dividend rate was high but it still issued convertible corporate bonds, which raised concerns about the company's funds management ability," and our reason in the second case was that "the company's dividend rate was low, so we recommended that the company raise its dividend rate to better meet shareholder interests."

In addition, to coordinate with the Taiwan government's goal of net-zero emissions by 2050, O-Bank actively encourages investment and financing recipients to comply with the sustainability standards set out in the "Taiwan Sustainable Taxonomy" to spur more enterprises to work toward low-carbon transformation. With regard to corporate customers, if a customer's main economic activities or projects that it conducts are aligned with the "Taiwan Sustainable Taxonomy," and if, based on a customer's responses filled out in the "Self-Evaluation Questionnaire on Corporate ESG Information and Sustainable Economic Activities," the customer's degree of alignment with the Sustainable Taxonomy is classed as "working on it," "improving," or "aligned," the Bank will provide the enterprise with different discounts such as remittance fee reductions, an increased number of free inter-bank transactions for employee payroll deposit accounts, and fee reductions for establishment of employee credit lines. With regard to investment recipients, if their main economic activities or projects that it conducts were originally not aligned with the "Taiwan Sustainable Taxonomy" but subsequently, after a process of engagement and reassessment, its degree of alignment with the Sustainable Taxonomy was re-classed as "working on it," "improving," or "aligned," O-Bank will provide preferential treatment in the handling of currency swaps. O-Bank has inventoried the investment and financing recipients that are aligned with the "Taiwan Sustainable Taxonomy," and the total number comes to 131. We have sent emails to all of them to notify them of the encouragement mechanisms mentioned above. One customer is classed as "improving," and one is classed as "aligned." We hope to guide them to formulate low-carbon transformation plans and gradually achieve compliance with the standards set out in the "Taiwan Sustainable Taxonomy."

7.6 Responsible Products

7.6.1 Financial Inclusion

O-Bank has used financial technology to create convenient, simple, and quick digital financial services in order to realize O-Bank's vision of financial inclusion characterized by "low access threshold, borderless service, and zero lag time." As of year-end 2023, O-Bank had a total of 423,000 personal deposit accounts, up from roughly 36,000 at end-2022, while the combined outstanding balance of deposits in NT Dollars and foreign currencies comes to NT\$35.16 billion, up by NT\$12.5 billion from end-2022. Of these personal deposit accounts, 8,634 belonged to persons living in remote locations (Note 7-7), 4,518 belonged to foreign nationals, and 256 belonged to persons with physical or mental disabilities (Note 7-8). A total of about 21,000 persons had submitted roughly 23,000 applications for personal unsecured loans amounting to a combined total of NT\$16.02 billion, and 233,646 discrete customers held a total of 233,820 valid O-Bank debit cards.

Besides, to support women consumers and ensure that they can obtain the financial products they need no matter what stage of life they are in, O-Bank provides preferential loan and deposit plans for them. O-Bank has introduced a number of special loan products for women that feature preferential interest rates, and reducing or waiving processing fees. As of the end of December 2023, a total of 777 women had applied for preferential loans for women. As for savings, on International Women's Day 2023, O-Bank launched a special program in which women can recommend friends or relatives to open accounts and take part in special currency swap activities; 105 female customers were eligible to take part in the program, and they completed NT\$118 million worth of currency swap transactions.

To assist with the development of Taiwanese small and medium enterprises (SMEs), O-Bank has set up a commercial banking department, and has established exclusive teams in the north, central and south areas to actively develop business with medium enterprises (Note 7-9). Each year O-Bank sets targets for number of loan recipients and loan amount in the current year, and incorporates performance targets for related departments; in addition, with respect to micro-enterprises, O-Bank has established a digital banking department to enable micro-enterprises to apply online for financial services, thus helping them to obtain needed working capital. As of year-end 2023, O-Bank had a total of 825 SME deposit accounts, and the total funds deposited in these accounts stood at roughly NT\$18.30 billion. A total of 747 loans had been made to 254 SMEs, amounting to a combined total of NT\$35.52 billion, account for 21.85% of the total outstanding balance of loans to all corporate customers, none of which were classified as non-performing or non-accrual loans. Also, there were 396 unsecured loans or revolving loans to 147 ordinary enterprises, and the outstanding loan amount stood at NT\$27.05 billion.

Note 7-7: The figures for the number of people in remote areas were calculated with reference to statistics on remote areas updated and issued by the Ministry of Health and Welfare in April 2021. The areas in question included 55 indigenous districts, 18 offshore island districts, and 20 other remote districts, or 93 such districts in all.

Note 7-8: The figures for persons with disabilities indicate the total number of persons in 2023 who logged on to barrier-free banking sites or made use of barrier-free mobile apps, but within such persons do not include anyone who visited an ordinary website or made use of an ordinary mobile app.

Note 7-9: The term "small and medium-sized enterprise (SME)" as used here by O-Bank is an SME as defined by the competent authority, i.e. an enterprise whose paid-in capital is no more than NT\$100 million, or which hires fewer than 200 regular employees. The term "micro-enterprise" as used here by O-Bank is an SME with less than five regular employees.

Table 7-31: O-Bank SME Lending over the Past Two Years

Unit: NT\$ million

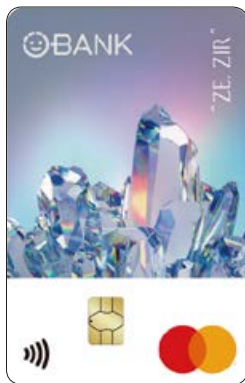
	2022	2023
Total amount of loans to SMEs	31,805	35,519
Amount of sustainable loans to SMEs (which meet the definition of sectors friendly to environment or society)	1,067	3,239
Share of total loans	3.35%	9.12%
Newly added outstanding SME loans in current year	24,841	29,147
Amount of new sustainable loans to SMEs (which meet the definition of sectors friendly to environment or society) in current year	916	2,386
Share of total loans	3.68%	8.19%

Note: For information on O-Bank's definition of what constitutes "sectors friendly to environment or society," see "7.3.3 Management of Sustainable Credit Business, and Results."

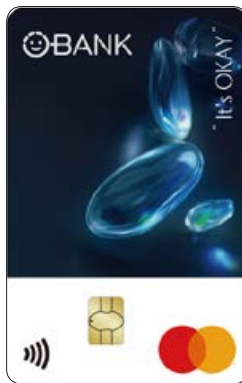
Due to the COVID-19 pandemic, some customers have been having difficulties repaying mortgage loans or unsecured loans. To address this problem, O-Bank allowed such customers to apply for principal repayment deferrals of up to six months. During the deferral period, liquidated damages and deferred interest are waived. In 2023, 169 customers applied for loans totaling NT\$265.31 million. As of December 2023, a total of more than 600 customers had applied for deferrals. In addition, O-Bank also provided a loan interest reduction program, and in cooperation with a policy announced by the Financial Supervisory Commission, O-Bank extended the deadline for repayment deferral applications until December 2023. For corporate customers, O-Bank coordinated with Central Bank policy by continuing through end-May 2023 to administer the "Preferential Loan Program for B Corporations," under which such firms can receive preferential loans of up to NT\$16 million at 1.75% interest, and by offering various service fee reductions or waivers and no restrictions on early loan repayment. These measures are designed to help B Corporations deal with the impact of the pandemic.

7.6.2 Charity Affinity Card Platform

To put the spirit of "fulfilling oneself by benefiting others" into action, O-Bank in 2018 launched a charity affinity card platform and joined hands with non-profit organizations to issue charity affinity cards, including Rainbow Cards, Stray Animal Cards, Children-Are-Us Cards, Junyi Education Cards, Yunus Social Enterprise Cards, Garden of Hope Cards, Eden Social Welfare Cards, Angel Heart Family Cards, Taiwan Public Welfare League Cards, Faith for Animals Cards, "Become the Miracle Association" cards, Rainbow Bridge Church Cards, Temple of Jinshan Fortune Charity Association Cards, and Hondao Senior Citizen's Welfare Foundation Affinity Cards. When O-Bank customers use these affinity cards to pay for domestic or overseas purchases, O-Bank routes 0.2% cashback benefits to the cooperating community service organizations respectively, including Taiwan Tongzhi Hotline Association, the Animal Rescue Team TAIWAN, the Children ARE US Foundation (CAREUS), the Junyi Academy Foundation, the Foundation for Yunus Social Enterprise Taiwan, the Garden of Hope Foundation, the Eden Social Welfare Foundation, the Angel Heart Family Social Welfare Foundation, the Taiwan Public Welfare League, Faith for Animals, "Become the Miracle" Association, Rainbow Bridge Church, Temple of Jinshan Fortune Charity Association, and Hondao Senior Citizen's Welfare Foundation. By tapping into the power of consumers, O-Bank gives non-profit organizations long-term, and stable financial support. At the end of 2023, O-Bank issued a new Rainbow Card 2.0, which proclaims "IT'S OKAY" and "Ze/Zir," i.e. "sweet togetherness," as the cards' guiding principles to promote the concept of tolerance and inclusion. In addition, the face of each affinity card bears a special design that identifies the affinity organization, which means that each swipe of an affinity card calls attention to the cause that the cardholder supports.



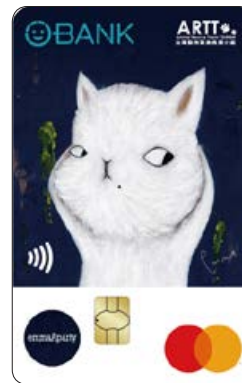
Rainbow Affinity Cards 2.0 (Ze/Zir)



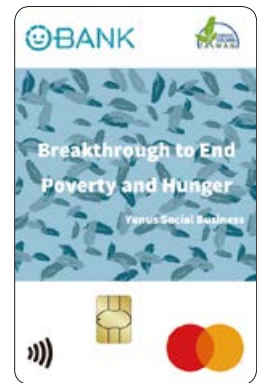
Rainbow Affinity Cards 2.0 (IT'S OKAY)



Hondaao Senior Citizen's Welfare Foundation Affinity Cards



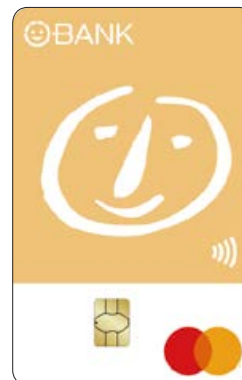
Stray Animal Affinity Cards



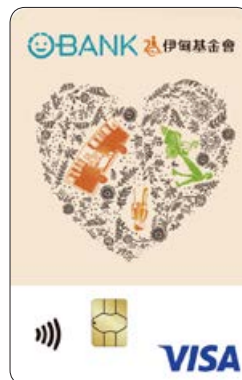
Yunus Social Enterprise Cards



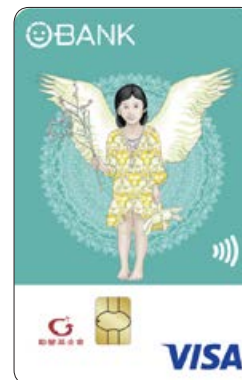
Junyi Education Affinity Cards



Children-Are-Us Affinity Cards



Eden Social Welfare Affinity Cards



Garden of Hope Affinity Cards



Angel Heart Family Affinity Cards



Taiwan Public Welfare League Affinity Cards



Faith for Animals Affinity Cards



SMA Affinity Cards



Rainbow Bridge Church Affinity Cards



Temple of Jinshan Fortune Affinity Cards

Since 2020, O-Bank has further extended the concept of socially beneficial consumption into the schools, having now issued affinity cards in cooperation with National Sun Yat-sen University, Tamkang University, Taipei Municipal Jianguo High School, and Stella Matutina Girls' High School. When customers make domestic or overseas purchases with the above mentioned affinity cards, O-Bank routes 0.2% to 0.8% of the spending amount as cashback benefits to the schools' endowment funds, thus supporting the development of schools and the education of young talents. As of end-2023, O-Bank had issued a total of over 40,000 charity affinity cards and donated more than NT\$1.49 million in cashback benefits to cooperating community service entities and schools. In 2023, O-Bank processed applications for 3,822 charity affinity cards and donated a total of NT\$ 217,000 in cashback benefits to cooperating community service entities and schools.



Stella Matutina Girls' High School Affinity Cards



National Sun Yat-sen University Affinity Cards



Tamkang University Affinity Cards



Jiangguo High School Affinity Cards

7.6.3 Green Products and Services

In response to climate change and efforts to reduce carbon emissions, O-Bank hopes to use its power as a financial institution and work together with customers to achieve energy conservation and carbon reduction. In March 2022, O-Bank was the first bank in Taiwan to launch a "Consumer Spending Carbon Calculator" and adopt MasterCard's Carbon Calculator function, which enables all holders of an O-Bank Mastercard debit card to apply to activate the free-of-charge "Consumer Spending Carbon Calculator." They can then use the function to see an itemized list of carbon emissions for every purchase paid for via the O-Bank online banking site or using the O-Bank mobile banking app. The hope is that this may prompt a gradual shift toward more conscious consumption and lower-carbon lifestyles, with everyone working together to reduce global carbon emissions. For further details, see "8.4 Giving back to Society."

In addition, to encourage customers to purchase energy-efficient products, O-Bank offers a green loan and green mortgage program. Under this program, if the borrower intends to use the loan proceeds to purchase an electric car or motorcycle, a hybrid electric vehicle, energy-efficient household appliances, a home in a green building or a home built using green construction materials, in order to receive a Green Building Material Label, then the borrower can receive a discount of NT\$3,000 on the loan processing fee as encouragement for customers to move toward low-carbon lifestyles. In 2023, the outstanding balance of new O-Bank retail green loans was NT\$177 million, or 1.32% of the outstanding balance of NT\$13.36 billion in total new retail loans for the year, and as of end-2023, O-Bank had underwritten green loans worth a total of NT\$174 million, which accounted for 0.53% of O-Bank's total outstanding balance of NT\$32.86 billion in retail loans.

7.6.4 Financial Support Programs for B Corporations and Social Enterprises

O-Bank firmly believes that entities with business operations that are good for the environment and society deserve to obtain better financial resources. As a B Corporation, O-Bank continues to support the development of other B Corporations in Taiwan. O-Bank has set an industry first by launching a Financial Support Program for B Corporations. Special services offered under this Program include preferential corporate deposit accounts, preferential corporate payroll accounts, and preferential loans. Beyond using financial resources to support B Corporations, O-Bank also directs our resources toward B Corp employees. While working to make the world a better place, O-Bank hopes to be the most reliable backstop for Taiwan's B Corporations.

In addition, as a strong supporter of social enterprises that work to resolve social and environmental problems, O-Bank has introduced preferential corporate deposit accounts and preferential corporate payroll accounts, and has adopted multiple standards for determining what constitutes a social

enterprise, i.e. an enterprise meeting any of the following descriptions qualifies as a social enterprise: is registered on the "Social Innovation Database" of the MOEA's Small and Medium Enterprise Administration; is a participant in the Social Innovation Lab; has registered as a social enterprise on the Taiwan NPO Self-Regulation Alliance's social enterprises registration platform; or meets the narrow definition of the term "social enterprise" in the Executive Yuan's Project for Social Enterprises Action Plan. The idea is to expand the coverage of the financial support program for social enterprises to include all social enterprises, and to gather together the forces of more social enterprises so that they can all collaborate to achieve the vision of co-existing with the environment and benefiting with society.

Table 7-32: Financial Support Programs for B Corporations and Social Enterprises

Tiered-rate NTD Demand Deposit Accounts for B Corporations and Social Enterprises	Preferential Payroll Accounts for B Corporations and Social Enterprises	Special Loan Program for B Corporations
<ol style="list-style-type: none"> 1. Maximum preferential interest of 1.155% for tiered-rate NTD demand deposits. 2. No cap on balance of preferential-rate deposits. 	<ol style="list-style-type: none"> 1. 0.9% interest rate on payroll demand savings deposit accounts. 2. No ATM fee for the first 20 interbank cash withdrawals each month. 3. No ATM fee for the first 20 interbank transfers each month. 4. No ATM fee for the first five interbank deposits each month. 5. Special debit card design for B Corporations and social enterprises. 	<ol style="list-style-type: none"> 1. Waiver of account management fees. 2. Waiver of loan term modification fees. 3. No restrictions on early loan repayment. 4. Reduced service charges for NT Dollar interbank transfers.

Note: Interest rates in the above table are current as of March 28, 2024.

7.6.5 ESG Investments

To provide customers with a diverse range of sustainable investment products to choose from, O-Bank carefully screens to identify third-party investment products that meet ESG criteria. As of end-2023, O-Bank offers 53 ESG funds (154 fund codes), all of which meet the FSC's "Supervisory Principles for Review of the Disclosures of Domestic and Offshore ESG Funds." In addition, O-Bank also offers 137 offshore bonds that are recognized by Bloomberg as "Green Bonds," "Social Bonds," or "Sustainability Bonds," or whose issuers have recognized by an international ratings body as having excellent ESG performance. The ESG investment products meeting the above standards have roughly NT\$790.81 million in assets under management, or about 25% of O-Bank's investment product lineup. O-Bank, acting via its subscription platform, makes it possible for customers to read the prospectuses for ESG funds and offshore bonds, and also discloses its products' sustainability investment targets and metrics. In this manner, O-Bank and customers work together in joint pursuit of sustainable, long-term returns.

In addition, to prevent the launch of greenwashed investment products, before launching an ESG financial product, O-Bank must confirm whether the fund is listed on the special "ESG fund section" of the Taiwan Depository & Clearing Corporation's Fund Clear website, and such listing (or lack thereof) must be noted on the product review form. A fund may not be listed as an O-Bank ESG fund until after members of O-Bank's product review committee have approved it. With respect to a fund that has already been launched, O-Bank checks at least once per quarter to see whether the fund is still listed on the special "ESG fund section" of the Fund Clear website. The types and total assets of O-Bank third-party sustainability investment products over the past two years are set out in Table 7-33.

Table 7-33: O-Bank Third-party Sustainability Investment Products over the Past Two Years: Types and Total Assets

Unit: NT\$ thousand

Types of Third-party Sustainability Investment Products	2022			2023		
	Total Assets	Combined Total Assets	Share of Combined Total Assets	Total Assets	Combined Total Assets	Share of Combined Total Assets
ESG-integrated investment strategy	66,110	2,859,459	2.31%	127,548	3,119,514	4.09%
Positive/Best-in-class screening	372,948		13.04%	643,328		20.62%
Thematic investing	1,451		0.05%	1,452		0.05%
Impact investing	1,516		0.05%	2,834		0.09%
Other	-		-	15,648		0.50%
ESG products, total	442,024		15.46%	790,811		25.35%

Note 1: (1) ESG-integrated investment strategy: According to the ROC Securities Investment Trust and Consulting Association's definition, to have an "ESG-integrated investment strategy" means that in the process of investment analyses and decisions the fund gives due consideration to ESG factors.

(2) Positive/Best-in-class screening: According to the ROC Securities Investment Trust and Consulting Association's definition, a fund that conducts "Positive/Best-in-class screening" chooses to invest in companies that make a more positive effort than industry peers to achieve good ESG performance. For O-Bank's overseas investment products, issuers must have an MSCI ESG Rating of BBB or better, and S&P CSA Scores of 80 or above.

(3) Thematic investing: This means that O-Bank's overseas bond products must meet Bloomberg's standard for recognition as green bonds, social bonds, or sustainability bonds, i.e. the proceeds of such bond issues must be used for specific environmental or social themes.

(4) Impact investing: According to the ROC Securities Investment Trust and Consulting Association's definition, a fund that engages in "impact investing" is one which uses the power of its shareholders to influence corporate behavior, either through direct communication, or by submitting either independent or joint shareholder recommendations aimed at resolving environmental or social problems.

(5) Other: According to the ROC Securities Investment Trust and Consulting Association's definition, "other" funds are those which meet international requirements or can otherwise spur sustainable environmental or social development.

Note 2: If an investment product simultaneously qualifies as more than one of the above product types, it is only listed as one product type. Overseas bonds are categorized on the basis of use of proceeds, or upon the rating of the issuer.

Note 3: Figures for "total assets" in this table are all based on the outstanding balance of trust principal.

8. Social Engagement



8.1 O-Bank's Thinking

O-Bank has long acted in the spirit of "fulfilling oneself by benefiting others." We firmly believe that enterprises have well-developed systems and resource integration ability, as well as outstanding industry expertise, and can give back to society by taking advantage of these strengths. This would enable enterprises' social engagement efforts to become a force for social progress. To effectively manage the resources invested for social welfare projects, O-Bank utilizes the B4SI (Business for Social Impact) Framework as a guide to quantify and measure the social and business impact of each social welfare project. For details, see Fig. 8-1, Fig. 8-2 and Table 8-1.

Fig. 8-1: O-Bank's 2023 Investments in Social Welfare Projects by Type of Resources Invested

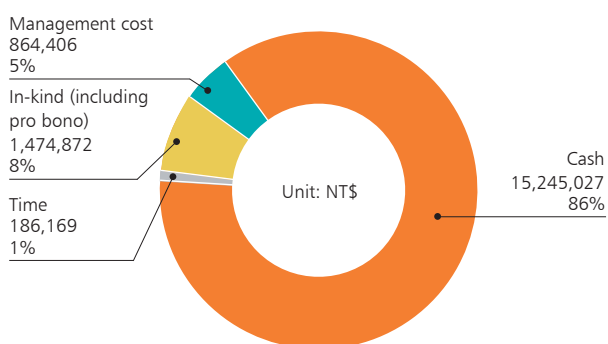


Fig. 8-2: O-Bank's 2023 Investments in Social Welfare Projects by Type of Project

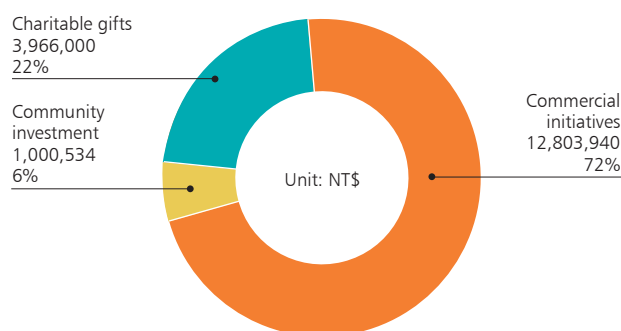


Table 8-1: Evaluation of O-Bank's 2023 Social Engagement Programs under the BS4I Framework

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Caring for Students in Remote Areas	SDGs 4. Quality Education	Members of O-Bank Community Volunteer Club visit rural schools for financial knowledge classes and student anti-fraud education, "Cinema for the Mind" events, and holiday care activities, bringing resources to remote schools and accompanying local children.	1. Held nine activities for 206 students in rural townships in 2023, including four financial literacy education activities for 83 rural students. 2. Donated two public broadcast DVD for schools' permanent use in 2023.	-

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Support for Social Enterprises & B Corporations	SDGs 12. Responsible Consumption and Production	Collaborated with social enterprises and B corporations on actions including social joint market, social enterprise lectures, product purchases, and dedicated financial support projects, supporting their continued efforts to address environmental and social issues.	<ol style="list-style-type: none"> 1. Held one joint market in 2023, inviting seven B corporations and social enterprises to set up stalls at O-Bank headquarters and increase exposure. 2. Purchased holiday gifts from two B corporations and social enterprises for employees, customers, and press in 2023. 3. Continued to work with social enterprise Blueseeds' "Adopt a Herb Garden" program, donating all hand cleanser products made from naturally grown herbs to Jiqing Elementary School and Pinglin Elementary School. In 2023, 64 bottles of hand cleanser products were donated. 4. Held two social enterprise lecture in 2023, inviting a speaker from B corporation Bettermilk and the Secretary-General of B Lab Taiwan to share the company's brand principles to employees and interns. 	<ol style="list-style-type: none"> 1. Recognized for seven consecutive years since 2017 with the "Buying Power – Social Innovation Products and Services Procurement" award. 2. Deposits by Social Enterprises and B Corporations have exceeded NT\$20 million and more than 260 salary transfer accounts were opened from the program's launch to 2023.
Public Anti-Fraud Promotion Activities	SDGs 16. Peace, Justice, and Strong Institutions	O-Bank representatives held anti-fraud promotion activities across Taiwan to educate the public on fraud tactics and cases, reducing the incidence of financial fraud.	Held eight anti-fraud events from 2023 to end-April 2024, reaching approximately 270 members of the public	-
Charity Affinity Cards	SDGs 10. Reduced Inequalities	Created a Charity Affinity Card platform. For clients using the affinity card in domestic or international transactions, O-Bank will take a percentage of the cash-back reward for donations to cooperating charity organizations and schools. Clients can show their values each time they use the credit card. (See 7.6.2 Charity Affinity Card Platform for details).	<ol style="list-style-type: none"> 1. Worked with 18 nonprofit organizations and schools in 2023, providing long-term and stable donation support. 2. As of the end of 2023, accumulated cash-back donations to cooperating nonprofits and schools exceeded NT\$1.49 million since program was launched in 2018. 	Charity Affinity Card applications have exceeded 39,000 between program launch in 2018 and end-2023, making up 9.2% of individual client base.
Green Consumption Power@O-Bank	SDGs 12. Responsible Consumption and Production	To support cardholders' sustainable consumption, purchases from cooperating green brands with O-Bank debit cards receive 4.22% cash back (reflecting April 22 Earth Day).	<ol style="list-style-type: none"> 1. Taiwan's first bank to promote conscious consumption. 2. A total of 33,500 people have participated between program launch in 2019 and end-2023. 3. Worked with a total of 29 B corporations and social enterprises in 2023. 	Received "Buying Power – Social Innovation Products and Services Procurement" special recognition award in 2020.

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Social Impact Program	SDGs 1. No Poverty	Clients' Social Impact Program deposits are designated for loan applications by the economically disadvantaged. The Bank provides small, zero-fee, and low-interest impact loans designated for the economically disadvantaged and those caring for physically or mentally disabled family members to help them during urgent situations.	<ol style="list-style-type: none"> 1. Supported a total of 71 economically disadvantaged families with impact loans between program launch in 2020 and end-2023, including 32 families in 2023. 2. Worked with five nonprofits and social enterprises in 2023 helping disadvantaged people find employment. 	<ol style="list-style-type: none"> 1. In 2022, adopted the Social Return on Investment (SROI) methodology developed by Social Value UK to publish an evaluation report, which found an SROI index of 5.61. The evaluation report was certified by Social Value International in 2023. 2. Received "Buying Power – Social Innovation Products and Services Procurement" special recognition award in 2021. 3. Total disbursed loans have exceeded NT\$5.72 million between program launch in 2020 and end-2023, including 2.7 million disbursed in 2023.
Consumer Spending Carbon Calculator and Low-Carbon Lifestyle Debit Card	SDGs 12. Responsible Consumption and Production SDGs 13. Climate Action	<ol style="list-style-type: none"> 1. First in Taiwan to provide "Consumer Spending Carbon Calculator" function. O-Bank's Mastercard clients can check estimated carbon emissions for each charge for free. 2. Launched "Low-Carbon Lifestyle Debit Card" linking carbon emissions from charges with cash back. Lower carbon emissions per NT\$1 enjoy higher percentage of cash back. Clients purchasing from cooperating B corporations and social enterprises with O-Bank credit cards receive 4.22% cash back (reflecting April 22 Earth Day), as well as brand discounts. 	<ol style="list-style-type: none"> 1. First bank in Asia to adopt MasterCard's Carbon Calculator, Taiwan's first bank to determine cash back percentage based on carbon emissions, establishing consumer carbon consciousness. 2. Low-Carbon Lifestyle Debit Card uses 82% biodegradable material, receiving Climate Impact Partners' "Carbon Neutral" mark, and lowering the environmental burden of the physical card. 3. Low-Carbon Lifestyle Debit Card collaborated with 26 B corporations and social enterprises in 2023. 	<ol style="list-style-type: none"> 1. Average charges by Low-Carbon Lifestyle Card holders at green shops are 20 times higher than the overall client base. 2. Average savings of Consumer Spending Carbon Calculator users are 2.2 times higher than the overall client base. 3. Proportion of linking e-payment methods for Consumer Spending Carbon Calculator users is 4.2 times higher than overall customer base. 4. Received "Buying Power – Social Innovation Products and Services Procurement" special recognition award in 2023.
O for YOU Assistance Savings Project	SDGs 1. No Poverty	Launched the "O for YOU Assistance Savings" project in August 2023, offering exclusive deposits designated for economically disadvantaged groups and caregivers of relatives with disability certificates. The deposits offer up to a 5% annual interest rate on NT Dollar savings, encouraging economically disadvantaged individuals to gradually accumulate assets and transform their economic situation.	As of end-2023, provided designated savings accounts with interest rate incentives to 34 economically disadvantaged individuals, including eight low-income households, 15 middle-low-income households, 10 caregivers of disabled relatives, and one family with special circumstances.	Assistance savings deposits of over NT\$4 million

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Developing Talent for the Future	SDGs 8. Decent Work and Economic Growth	<ol style="list-style-type: none"> 1. The "Summer Seed Internship Program" provides finance internships to underprivileged students, with managers from each department of O-Bank teaching professional financial knowledge and work skills during the period of the internship, improving their future employment competitiveness. 2. "Long-term Scholarship and Employment Program for Outstanding Interns" selects outstanding interns for scholarships each semester and guaranteed employment, giving underprivileged students peace of mind while pursuing studies and employment upon graduation. 3. Through university classes taught by O-Bank managers and enterprise visits by university students, O-Bank helps university students understand enterprise operations and connect with industry practice. 	<ol style="list-style-type: none"> 1. A total of 42 underprivileged students have participated in the "Summer Seed Internship" between program launch in 2015 and end-2023, including six participating in 2023. 2. A total of eight outstanding interns were selected to join the "Long-term Scholarship and Employment Program for Outstanding Interns" between program launch in 2018 and end-2023. 3. Worked with one university to open a course, and held one university student enterprise visit in 2023. 	A total of four interns were employed at O-Bank after graduation between program launch in 2018 and end-2023.
Community Service and Donations	SDGs 17. Partnerships for the Goals	O-Bank supports nonprofits through donations over the long term, helping nonprofits in different fields to continue making a social impact. In addition, O-Bank holds resource drives with employees, donating receipts and used books to those who need them.	<ol style="list-style-type: none"> 1. Total value of charity donations in 2023 was NT\$15,017,000 (including material donations). 2. Employees donated 573 receipts and NT\$5,634 to nonprofit organizations in 2023. 3. Employees donated 396 books in 2023 to provide rural students with reading and entertainment resources. 4. In 2023, O-Bank purchased 15 "Village and Neighborhood Offering Boxes" and provided them to the Chief of Huhsing Village for donation to economically disadvantaged families, supporting marginalized people with urgent needs. 	-
Beach Clean-up	SDGs 14. Life Below Water	Members of O-Bank Community Volunteer Club collect refuse at beaches together, developing a habit of reducing plastic consumption, trash sorting, and resource recycling (for details see 6.5 Environmental Sustainability Activities).	Held one beach clean-up in Guihou fishing Harbor, New Taipei City, in 2023. A total of 38 volunteers of O-Bank collected approximately 210kgs of refuse.	-

8.1.1 O-Bank's Approach

Since O-Bank was first founded in 1999, we have embraced the ideals of giving back to society and engaging in sustainable business, and has carried out our corporate culture of "Always Sincere, Always Here" across social outreach and philanthropic activities. In recent years, O-Bank has made a special effort to assist schools in remote areas, where the children of immigrants account for a relatively large share of all students. O-Bank works hard to promote financial literacy and care for children's emotional needs, and has designed a variety of highly educational activities in hopes of reducing the inequality of opportunity that results from the urban-rural divide. In addition, O-Bank has also cooperated actively with social enterprises and B Corporations, tapping into the strength of enterprises to mitigate environmental and social problems. In addition to holding a series of procurement events, O-Bank has also launched special services designed specifically to support the development of social enterprises and B Corporations.

In addition, since reorganizing as a commercial bank, O-Bank has begun to provide retail digital financial services, and has launched a series of financial products with CSR features. The idea is to use our power as a financial institution to give back to society and create a prosperity in which O-Bank, consumers, and society can all share. In 2018, O-Bank launched a Charity Affinity Card platform that makes it easy for customers to engage in charitable giving by taking the cashback rewards from purchases and redirecting them to selected non-profit organizations. In 2019, O-Bank launched the "Green Consumption Power@ O-Bank" project to encourage consumers to buy products that have a positive impact on the environment and society. This act established O-Bank as the first bank in Taiwan to advocate for conscious consumption. In 2020, O-Bank further deepened the link between financial services and corporate social responsibility when launched the "Social Impact Program". The funds deposited in these special accounts will be used solely for the specific purpose of backing microloans to help economically disadvantaged persons deal with financial emergencies. In 2022, O-Bank was the first in Taiwan to launch a "Consumer Spending Carbon Calculator" function that can be used to check the carbon footprint of card purchases. In this manner, O-Bank has joined with customers to achieve low-carbon lifestyles. We all intend to do our part to mitigate climate change. In 2023, O-Bank launched the "O For YOU Assistance Savings", a project offering special NT Dollar deposits with a maximum annual interest rate of 5% economically disadvantaged groups, encouraging them to accumulate assets.

In line with our belief that a company should give back to society on an ongoing basis, O-Bank established the O-Bank Education Foundation (O-BankEF) in the year after our founding. In the O-BankEF's early years, it focused especially on encouraging youth to have the courage to innovate, start up new businesses, and pursue their dreams. The O-BankEF held the "WeWin Entrepreneurship Competition" for 10 years in a row, and tapped into the resources of industry, government, and academia to support youth entrepreneurship. In recent years, however, as society has grown increasingly diverse, culture and creativity have come to attract more and more attention, and the Foundation has shifted its focus to arts and education activities. The O-BankEF uses the concert hall and art gallery at the O-Bank headquarters in Neihu Technology Park to hold concerts, seminars, and exhibits, which local residents are invited to attend. Since 2010, the O-BankEF has held the "Stars of TiDing" art advocacy project as a venue for new and aspiring artists. In these and other ways, the Foundation has done much to enrich Taiwanese culture. In 2022, O-BankEF initiated the project's next stage, the "Stars of TiDing 2.0" project grants, encouraging young arts and music works to connect creativity with society through the spirit of transdisciplinary collaboration.

8.1.2 O-Bank Community Volunteer Club

O-Bank established the O-Bank Community Volunteer Club in 2015 to take part in community service work. O-Bank Chairperson Tina Y. Lo, who chairs the Bank's ESG Development Working Committee, serves as the Club's honorary president. Employees who spend their working hours striving to achieve strong business results also have opportunities as Club members to do their part for the community and give back to society. O-Bank offers paid community service leave to encourage employees to take active part in community service activities, and there is no limit on the number of days that employees can take off to participate in activities organized by the O-Bank Community Volunteer Club. As of year-end 2023, 150 employees were members of the Club, or 13.9% of the company's total employees in Taiwan. O-Bank employees put in a total of 286 hours of volunteer service, for an average of 0.27 hours of volunteer work per employee.

Table 8-2: Volunteer Work by O-Bank Community Volunteer Club in 2022 and 2023

	2023	2022
Number of volunteers	150 persons	115 persons
Percentage of total employees in Taiwan	around 13.9%	around 12%
Total hours volunteered	286 hours	212 hours
Average volunteer hours per employee	0.27 hours per employee	0.22 hours per employee

8.2 Caring for Students in Remote Areas

Since 2015 O-Bank has made a special effort to assist schools in remote areas, where the children of immigrants account for a relatively large share of all students. O-Bank has helped to start up a diverse range of extracurricular learning activities, including financial literacy classes, anti-fraud education activities, the "Cinema for the Mind" program, the "Kids Helping Others" project, and community service programs on holidays to provide students with many different kind of learning and life experiences.

Table 8-3: Activities to Care for Students in Remote Areas in 2022 and 2023

	2023	2022
Number of sessions	9	5
Participation by volunteers	31 times	17 times
Entities served	3	2

1. Student Anti-fraud Education Activities

With fraud methods constantly evolving in recent years, and as internet usage extends to younger age groups, schoolchildren are increasingly exposed to the risks of online scams. To establish early awareness and empower children to play a role in preventing fraud at home, in 2023, O-Bank held two student anti-fraud education activities at Pinglin Elementary School in Pinglin District of New Taipei City. Through role-playing, pictures, and other fun educational activities, O-Bank introduced 32 students in rural schools to common scams and how to prevent them, such as failed bank transfers, text message phishing, impersonating families, or internet dating fraud.



O-Bank volunteers hold an anti-fraud class at Pinglin Elementary School

2. Financial Literacy Activities

To help students in remote areas develop a proper understanding of savings and personal financial planning, O-Bank and the digital content creator Taiwan Bar Studio have jointly created a financial literacy animated video entitled "The Emperor's Tailor," a fun and innovative way to familiarize students with the significance of money and the concept of financial planning. In the process, children are spurred to think about the meaning of wealth. These community service teaching materials have been provided free of charge to 22 county and municipal Bureaus of Education throughout Taiwan for incorporation into elementary school curricula. In addition, the O-Bank Community Volunteer Club has held two financial literacy activities in 2023 at Pinglin Elementary School and Jiqing Elementary School in New Taipei City, with a total of 51 students participating. At these activities, members of the O-Bank Community Volunteer Club helped students to understand the content presented in animated videos and led discussions about life planning to encourage students in remote areas to think about their futures and expand their horizons. Students also played the game of Monopoly to develop a correct understanding of savings and financial planning.



O-Bank volunteers hold a financial literacy activity at Pinglin Elementary School



O-Bank volunteers hold a financial literacy activity at Jiqing Elementary School

3. "Cinema for the Mind" Program

To enable children from remote areas to enjoy the beauty of films, pick up the humanitarian spirit inherent in the story lines, and develop a different sort of world view, O-Bank introduces movies with educational value at remote schools. In November 2023, O-Bank held two "Cinema for the Mind" events at Jiqing Elementary School and Pinglin Elementary School in New Taipei City, with a total of 49 students participating. Members of the O-Bank Community Volunteer Club conducted discussions where students talked about their thoughts and feelings after watching the movies. Cinema-inspired education activities thus served to enrich the mental universe of young students. In addition, O-Bank purchased animated

DVDs (complete with copyright clearance for charity broadcast purposes) and donated them to the schools, which are thus licensed in perpetuity to broadcast the DVDs on school property. This affords more students opportunities to view and learn from the movies.



O-Bank held a "Cinema for the Mind" event at Jiqing Elementary School



O-Bank held a "Cinema for the Mind" event at Pinglin Elementary School

4. Holiday Care Activities

To accompany rural schoolchildren in celebrating holidays, O-Bank volunteers regularly visit rural schools to organize festive caring activities. In May 2023, volunteers visited Pinglin Elementary School in Pinglin District, New Taipei City, to hold a "Mother's Day DIY Creative Handcraft" event. They led 18 students in a DIY crafting session to create gifts expressing gratitude to their mothers. By celebrating the holiday with children in a fun and education way, this event teaches children to express their gratitude to their mothers through handmade gifts, giving the holiday deeper meaning. In December, volunteers held a holiday care activity at Jiqing Elementary School in Ruifang District. In this activity, the O-Bank volunteers led 33 children as they engaged in crafts projects to make Christmas gift items. Volunteers led students in decorating toilet paper rolls into unique Santa Claus figures and sharing ways to help others, showing them that they can be a Santa Claus that brings warmth to someone's life and giving deeper meaning to the holiday.



Members of the O-Bank Community Volunteer Club hold a Mother's Day care activity at Pinglin Elementary School



Members of the O-Bank Community Volunteer Club hold a Christmas care activity at Jiqing Elementary School

5. "Kids Helping Others" Program

To familiarize young students in remote areas with the concept of "fulfilling oneself by benefiting others" and afford them the experience of earning money themselves and using it to help others, the O-Bank Community Volunteer Club in October 2023 led a group of 29 students from Dacheng Elementary School in Sanxia District of New Taipei City to the social enterprise Tribake to make cookies, and then held a bake sale at the main lobby of O-Bank main headquarters. In this way, the students experience earning money to pursue their dreams. Afterward, the students of Dacheng Elementary School donated the "dream funds" they earned to the World Peace Association, supporting its efforts to help more children in need. Children living in remote areas have long tended to be the recipients of welfare assistance, but O-Bank's "Kids Helping Others" program affords them the experience of using their own resources to help others, and to understand the idea that "fulfilling oneself by benefiting others."



Students from Dacheng Elementary School make cookies and hold a bake sale at the O-Bank main lobby

8.3 Support for Social Enterprises & B Corporations

O-Bank continued its long-term engagement in a wide variety of exchanges with social enterprises and B Corporations, and takes concrete action in many different ways to support their efforts on behalf of the environment and society. O-Bank wants to take action in more ways to ensure a harmonious co-existence between nature and society. Among the various cooperative projects that O-Bank, social enterprises, and B Corporations undertook in 2023, some of the more notable included: the social enterprise and B corporation joint market, procurement of products from social enterprises, and social enterprise lectures.

Table 8-4: Activities to Support Social Enterprises & B Corporations in 2022 and 2023

	2023	2022
Number of sessions	8	11
Cooperating partners	33	32

1. Social Enterprise and B Corporation Joint Market

In recent years, O-Bank has held regular "Social Enterprise and B Corporation Joint Market", inviting social enterprises and B Corporations to sell environmentally and socially friendly products in the lobby of O-Bank's headquarters, giving O-Bank employees an opportunity to learn about a variety of social enterprises and B Corporations. In December 2023, O-Bank held a Joint Market on Christmas, inviting a total of seven social enterprises and B Corporations, and called on all employees to participate, mobilizing the power of employees to support social enterprises and B corporations and their products through tangible action.



O-Bank invited five social enterprises and B Corporations to set up booths at O-Bank's Joint Market

2. Social Innovation Product Purchasing Arrangements

O-Bank purchases products every year from social enterprises to give as holiday gifts. Purchases in 2023 included: gift boxes of contract farmed rice from Guppy Inclusive, "Blooming Wealth" gift boxes from Buy Directly from Farmers, and custom Moon Festival gift boxes from Victory Kitchen. In addition, O-Bank regularly purchases fruit from Tsaichiya Fruits and Suan-Lian Pear Corporation for the use of our employees. The total amount of these purchases came to NT\$1,426,000. Giving products from social enterprises as gifts to employees, customers, and members of the press makes more people aware of the "shared well-being" concept of social enterprises, and hopefully encourages them to buy such products themselves. As a result of this support for the products of social enterprises, O-Bank earned the "Buying Power – Social Innovation Products and Services Procurement" Award from the Small and Medium Enterprise and Startup Administration for the 7th consecutive year in 2023.



O-Bank purchases gift boxes of contract farmed rice from Guppy Inclusive as holiday gifts

3. Donation of Organic Herbal Hand Cleanser Products

O-Bank and Blueseeds Co. jointly launched the "Adopt an Herb Garden" program, in which O-Bank adopts a specified acreage of herb fields that Blueseeds works using natural farming methods. Extracts from the herbs grown in the adopted fields are made into hand cleanser products that were donated four times in 2023 to two schools with long-term cooperation relationships with O-Bank, Jiqing Elementary School and Pinglin Elementary School, enabling the children of these schools to use the hand cleanser and prevent disease. In addition to protecting the health of children, the program also supports the use of chemical-free natural farming methods and provides stable job opportunities for contract farmers.



O-Bank and Blueseeds Co. jointly launched the "Adopt an Herb Garden" program, in which herbs grown in adopted fields are made into hand cleanser products that are donated to elementary schools

4. Social Enterprise Lectures

O-Bank periodically invites representatives of social enterprises to head office to talk about their thinking regarding the startup and running of their business activities, so that more people can develop a deep understanding of the philosophy of social enterprises and on that basis choose to support their products. In July 2023, O-Bank invited CSR lecturer Hu-Zhen Chen (founding partner of Pure Milk Co.) to deliver a "social enterprise lecture" as part of the summer internship courses for university students. In his lecture, Mr. Chen shared the guiding philosophy of Pure Milk Co., and gave a detailed picture of the problems and challenges facing Taiwan's milk industry. In addition, in December O-Bank invited B-Lab Taiwan Secretary General Chloe Huang to share B corporations' ideals of common good at the Bank's employee general meeting. These diverse lectures and dialogues enable O-Bank colleagues and interns to reflect on what each person can do as an individual in their daily lives to help the environment and society.



B-Lab Taiwan Secretary General Chloe Huang shares B corporations' ideals of common good

5. 21 Days of Green

In response to Earth Day, which falls on April 22 each year, Greenvines, Social Enterprise Insights, and B-Lab Taiwan have joined hands with the Taiwan Environmental Information Association to jointly hold "21 Days of Green" activities, in which the people of Taiwan are invited to opt to live simple green lifestyles for 21 consecutive days and thus act as a positive force for change. In April 2023, O-Bank took part in activities advocated under the "21 Days of Green" campaign, and acted as a cooperating brand while joining in on the "Consumer Spending Carbon Calculator" project in an active effort to promote green consumption.

8.4 Giving back to Society by Taking Advantage of O-Bank Strengths

1. Public Anti-Fraud Promotion Campaign

In light of rampant financial fraud cases in recent years, O-Bank, as a financial institution, has a duty to promote and educate the public about various types of fraud, urging everyone to stay vigilant in protecting their assets. In addition to providing anti-fraud information to our clients during regular business interactions, we held two anti-fraud promotion events in 2023 at Zhubei Daycare Center and Kaohsiung Tienhsin Charity Association. Furthermore, as of April 2024, we held six additional events at the Xialiao Community Development Association in Xinpu Township, Hsinchu County, the National Trade Center in Taichung City, and various branches of our bank. We continue to share the latest fraud tactics with seniors and residents of rural areas with analyses of real-life fraud prevention cases from our bank, as well as anti-fraud promotion materials from regulatory authorities to build public awareness against fraud.



O-Bank holds an anti-fraud promotion activity at the Hsinchu County Zhubei Daycare Center



O-Bank holds an anti-fraud promotion activity at Xialiao Community Development Association in Xinpu Township, Hsinchu County

2. "Green Consumption Power" Project

To encourage customers to engage in green consumption by purchasing products that have a positive impact on the environment and society, the "Green Consumption Power@O-Bank" project was launched in late 2019. Consumers using O-Bank's debit cards to purchase brands participating in green consumption get a cashback reward of 4.22% (the "4.22" percentage alludes to the fact that Earth Day falls on April 22 each year) from O-Bank, which supports consumers' choices. Under the Green Consumption Power project, there is a monthly cap on the amount



O-Bank has set an industry first by promoting the concept of conscious consumption

of cashback rewards that each cardholder can receive per month. The idea is to encourage the type of consumption that will contribute to environmental protection and fair trade without encouraging overconsumption. O-Bank is the first bank in Taiwan to advocate for conscious consumption. As of the end of December 2023, more than 33,500 persons have participated in the "Green Consumption Power@O-Bank" project, with approximately 3,900 participating in 2023, and O-Bank brought together 29 social enterprises and B Corporations to promote conscious consumption, as shown below:

Fig.8-3 : Green Brands in the "Green Consumption Power@O-Bank" Project



3. O-Bank Social Impact Program

Many disadvantaged persons in our society with an urgent need for cash find it difficult to obtain bank loans or to receive such loans on relatively favorable terms, and this ends up causing them even bigger problems in living. To help such persons through difficult times, O-Bank launched the Social Impact Program in late 2020. O-Bank invites customers to open time deposit accounts under the Social Impact Program, and the funds deposited in these special accounts are used solely for the specific purpose of backing microloans

影響力存款

二年期定儲年利率 **1.72%**

幫助經濟弱勢重建生活

O-Bank Social Impact Program

that will be provided with no processing fee and at low interest rates to help economically disadvantaged persons deal with financial emergencies. O-Bank intends to take advantage of our banking expertise and tap into the power of our customers to arrange for funds from the exact same sources as before to have an impact unlike that of before.

O-Bank cooperates with NPOs and social enterprises that provide job mentoring to the economically disadvantaged, and relies on the evaluations and referrals of the cooperating entities to help persons employed or mentored by those entities to obtain needed funds. In addition, some of the cooperating entities arrange for loan payments to be withdrawn from each paycheck. Borrowers can thus build up a good credit record that will make it easier for them to obtain loans from banks in the future. Entities cooperating with O-Bank on the Social Impact Program include the First Social Welfare Foundation (including DIYI Social Enterprise), Taiwan Women's Development Association (including the Taipei City Pine Age Social Welfare Foundation), Sunny Bubao Sewing Cooperative, Good Food Enterprise Co., Ltd. and Jieh Huey Foundation.

 <p>第一社會福利基金會 The First Social Welfare Foundation</p>	<p>The First Social Welfare Foundation over the years has gradually evolved into a sheltered cleaning team (DIYI Social Enterprise) that hires persons with disabilities, middle-aged and elderly seeking to return to the workforce, women who are either single mothers or have suffered domestic abuse, and other disadvantaged persons. These jobs help the employees to improve their finances and lives.</p>
	<p>The Taiwan Women's Development Association provides job training to women from dysfunctional families to help them achieve economic independence. And for underprivileged women seeking to rejoin the workforce, the Association provides opportunities to work as long-term caregivers.</p>
	<p>Sunny Bubao Sewing Cooperative was founded after a major typhoon in 2009 to create jobs for women who had lost their homes to the typhoon in Shanlin District of Kaohsiung City in southern Taiwan.</p>
	<p>Good Food Enterprise Co., Ltd runs a restaurant chain that provides job opportunities to disadvantaged women and youth. In this manner, the company actively supports its economically disadvantaged employees, attaches great importance to Sustainability concerns, and seeks to make a difference.</p>
	<p>Jieh Huey Foundation, acting in line with the principle of "locals helping locals," provides professional care to the elderly and infirm, and creates job opportunities for local women and youth, thus continuing to empower remote communities and promote the provision of professional care services.</p>

In addition to allowing economically disadvantaged employees and successfully mentored employees of the Social Impact Program's cooperating entities to apply for Social Impact Loan, O-Bank in April 2021 further expanded eligibility to anyone in Taiwan holding government-issued proof of low income or medium-low income status. In October 2022, O-Bank further extended eligibility to those with proof of meeting the government's definition of "a family in hardship", and those caring for a relative with a certificate of disability. There is no processing fee, and the borrower will enjoy a 2-percent interest rate discount compared to the general annual rate, so that more people with a need will be able to obtain bank loans and get through difficult times. As of end-2023, a total of 291 applications were received, and 71 economically disadvantaged households successfully received "Social Impact" loans. Of these, 29 low- or medium-low-income households, one family with special circumstances, and two caregivers of relatives with certified disabilities received "Social Impact" loans in 2023.



O-Banks Social Impact Program receives SROI certification

To understand and measure the influence of the Social Impact Program on society, in 2022 O-Bank adopted the Social Return on Investment (SROI) methodology. This methodology developed by Social Value UK gathers feedback from stakeholders through qualitative interviews and quantitative surveys, and calculations and analysis arrived at a SROI index of 5.61, meaning that every NT\$1 invested creates NT\$5.61 in social value. O-Bank's "Social Impact Loan Program Social Return on Investment Evaluation Report" was certified by Social Value International in January 2023, showing international organizations' recognition of the Social Impact Program.

4. Consumer Spending Carbon Calculator and the "Low-Carbon Lifestyle Debit Card"

In response to climate change and efforts to reduce carbon emissions, O-Bank, in addition our commitment to achieving net zero carbon emissions at all business locations by 2050, also hopes to use our power as a financial institution and work together with customers to achieve energy conservation and carbon reduction. In March 2022, O-Bank launched Taiwan's first "Consumer Spending Carbon Calculator" function and became the first bank in Asia to adopt MasterCard's Carbon Calculator. All holders of an O-Bank Mastercard who apply to activate the "Consumer Spending Carbon Calculator" function can use the function to see an itemized list of carbon emissions for every purchase paid for via the O-Bank online banking site or using the O-Bank mobile banking app, which means that customers can begin to understand how much effect their goods and services purchases have upon the environment. This may prompt a gradual shift toward more conscious consumption and lower-carbon lifestyles. In addition, O-Bank offers preferential demand deposit rates to consumers who activates the "Consumer Spending Carbon Calculator" function. Customers who achieve the annual carbon reduction target in year 2022 will have an extra 0.1 percentage points added on to their NT Dollar demand deposit account annual interest rates for the full year of 2023. In this manner, we are using our resources to spur more consumers to take part in the campaign to reduce carbon emissions.



Consumer Spending Carbon Calculator

In addition to making a "Consumer Spending Carbon Calculator" function available completely free of charge, O-Bank has also launched the Low-Carbon Lifestyle Debit Card, the first debit card in Taiwan that makes it possible to set cashback reward percentages on the basis of carbon emissions. When a consumer's average carbon emissions per NT Dollar spent in a given month are below a specific level, that consumer receives an extra 0.5% cashback reward on all purchases made that month. In this way, O-Bank encourages customers to adopt low-carbon lifestyles. In addition, O-Bank has invited long-term social enterprise partners and B Corp partners to become Low-Carbon Lifestyle Debit Card participating green

shops. An O-Bank customer that uses a Low-Carbon Lifestyle Debit Card to pay for the purchase of products from any of 26 green shops can receive an extra cashback reward of 4.22% plus brand discounts. In this manner, O-Bank continues encouraging customers to buy socially and environmentally friendly products.

O-Bank's "Low-Carbon Lifestyle Debit Card" is made out of 82% biodegradable polylactide (PLA) produced from inedible corn, eliminating the petrochemicals commonly used in cards. Emissions produced in the process of manufacturing the card are offset through participation in six global carbon exchange programs, achieving carbon neutrality. As a result, the Low-Carbon Lifestyle Debit Card has received the "Carbon Neutral" certification mark from Climate Impact Partners, reducing the burden "plastic currency" places on the earth at the source.



O-Bank's Low-Carbon Lifestyle Debit Card receives the "Carbon Neutral" certification mark from Climate Impact Partners



Low-Carbon Lifestyle Debit Card



26 social enterprises and B Corporations have become Low-Carbon Lifestyle Debit Card participating green shops

5. Transport Carbon Reduction Details and Transport Carbon Reduction Card

In 2024, O-Bank collaborated with iPASS to introduce the "Transport Carbon Reduction Details" feature, becoming the first bank in Taiwan to connect to the iPASS transportation carbon emission database. Customers with O-Bank iPASS card functionality can activate the Transport Carbon Reduction Details feature to view their carbon reduction from using public transportation compared to driving a car. Furthermore, O-Bank utilized this feature to launch the "Transport Carbon Reduction Card," the first card in Taiwan where transportation discounts are determined by the amount of carbon reduced from transportation. The more carbon reduction a customer accumulates, the higher the cashback they can receive, encouraging customers to use public transportation more frequently and promoting more carbon reduction actions together with the customers.



6. O for YOU Assistance Savings Project

The "O for YOU Assistance Savings Project" was launched by O-Bank in August 2023 to encourage economically disadvantaged groups to save and gradually accumulate assets. It offers tiered NT dollar savings incentives, with a maximum annual interest rate of 5% on deposits up to NT\$100,000 for households with low incomes, middle-low incomes, those with proof of special circumstances, and individuals caring for relatives with government-issued disability certificates or proof of disability, whose income qualifies for application. As of end-2023, a total of 34 economically disadvantaged individuals applied for "O for YOU Assistance Savings", including eight low-income households, 15 middle-low-income households, ten caregivers of disabled relatives, and one family with special circumstance, with total deposits of more than NT\$4 million under the project.



O-Bank O for YOU Assistance Savings Project

8.5 Developing Talent for the Future

8.5.1 Internship Program for Students from Underprivileged Backgrounds

1. O-Bank Summer Seed Internship Program

O-Bank launched a Summer Internship Program in 2012 to provide summer internship opportunities for customers' children who are enrolled in universities. The scope of participation was expanded in 2014 to include the children of O-Bank employees, so that children of O-Bank employees who are interested in the financial industry can have a rich range of experiences both in the classroom and at internship jobs. The internship program participants spoke highly of the program, so O-Bank in 2015 launched a new O-Bank Summer Seed Internship Program to make internships additionally available to students from underprivileged backgrounds. In addition to gaining financial knowledge and undergoing training at actual institutions, seed program participants are also paid for their work. This makes their summer jobs all the more meaningful, and prepares them to be more competitive in their future job searches.

The O-Bank Summer Seed Internship Program includes both classroom lectures and internships. In the classroom lectures, senior O-Bank colleagues teach the students about their various financial specialties and describe the operations of O-Bank's different divisions. These lectures enabled the interns to quickly develop a comprehensive understanding of business practices in the banking industry. In the internships, the participants all serve in different units, including key units engaged in such areas as sales and back office operation. Each intern has opportunities to become deeply familiar with actual banking operations. O-Bank employees take them on tours of O-Bank's corporate customers, and accompany them in writing reports. At every step of the process, the purpose is to allow the interns to gain industry knowledge and practical experience and does not treat students as temporary workers who deal with general affairs. The Summer Seed Internship Program accepted six students from underprivileged families in 2023, and 42 since the program began and four of them joined O-Bank as full-time or part-time employees after graduating.

2. Long-term Scholarship and Employment Program for Outstanding Interns

O-Bank feels it is very worthwhile for the business community to provide underprivileged students who are short on resources but long on determination with extra resources to assist them in developing their careers. O-Bank deeply appreciates talent, and for that reason in 2018 launched the "Long-term Scholarship and Employment Program for Outstanding Interns" in which interns who excel in the Summer Seed Internship Program and are officially declared to be from a low- or medium-low-income background

are granted scholarships amounting to NT\$50,000 per semester. Scholarship funds are disbursed from the time a student is selected until graduation, and upon graduation they can be recruited by O-Bank. By means of this long-term support, O-Bank hopes to afford underprivileged students a smoother and more worry-free academic experience, and to facilitate their direct entry into the workforce upon graduation. As of 2023, eight outstanding students have been selected to take part in this program.

8.5.2 Cooperation with Schools

1. University Courses

To help more students understand financial practice and the importance of carrying out corporate social responsibility, in the second half of 2023 O-Bank collaborated with the National Taiwan University Economics Department to open the "O-Bank Finance and Industry Practical Course". O-Bank managers shared their experience in topics including corporate finance, digital finance, risk management, fintech, information security, sustainable finance, and ESG. In addition to familiarizing students with banking practices, one purpose of the lectures was to instill in students an awareness that, in addition to earning profits, a company needs to address environmental and social issues. A second purpose was to encourage students when they eventually enter the work world to do their part to contribute to CSR undertakings.



O-Bank personnel teaching a course at the National Taiwan University Economics Department

2. University Students Enterprise Visits

O-Bank hosts visits each year by school groups to help students understand business operations and the financial industry. In April 2023, O-Bank hosted a university student visit from students and teachers of the Takming University of Science and Technology and the National Lo-Tung Commercial Vocational High School. The visits familiarize students with banking operations and digital banking trends, and to let them know what sorts of skills and traits are needed by financial industry personnel.

8.6 Charity Donations and Participation in Public Associations

8.6.1 Donations in 2023

By engaging with and providing sponsorship to related industrial associations and NGOs, O-Bank has worked with them to promote sustainable development throughout the industry, environment, and society. When O-Bank engages with and provides sponsorship to industrial associations and NGOs, the ones we work with have been selected following a very exacting and prudent selection process in which we examine the association's or NGO's purpose of founding, the philosophy it espouses, and the state of its operations to see whether it is in line with our corporate social responsibility principles, and whether it agrees with our positions. Depending on the amount of funding we intend to provide, approval of the donation must come from different levels of management, such as the Chairperson, the Executive Board, or the Board of Directors. In addition, all donations to political parties, political organizations, or candidates for public office require approval from the Board of Directors regardless of the value of the donation.

Total charitable donations by O-Bank in 2023 amounted to NT\$15,017,000. Included among the recipients were the O-Bank Education Foundation, the NTU Economic Research Foundation, and the Ministry of Education Sports Administration, showing O-Bank's concern for matters involving arts, culture, education and sport. In addition, O-Bank has long donated to the Chinese National Association of Industry and Commerce, Taiwan (CNAIC) to help fund their participation in public discourse concerning financial, economic, and industrial policies. O-Bank also makes material donations to support a number of charity partners and economically disadvantaged groups. For example, O-Bank took DVDs complete with copyright clearance for charity broadcast purposes purchased for the "Cinema for the Mind" program, as well as Blueseeds hand cleanser from the "Adopt an Herb Garden" program, and donated them to Jiqing Elementary School and Pinglin Elementary School. A portion of offerings for Pudu Festival were "Village and Neighborhood Offering Boxes" purchased from Global ESG, and goods offered were donated to the office of the Chief of Huhsing Village, Neihs District for distribution to marginalized families. Details of all O-Bank external donations in 2023 are listed below in Table 8-5.

Table 8-5: Donations Made by O-Bank in 2023

Unit: NT\$

Recipient	Amount
O-Bank Education Foundation	10,000,000
Sports Administration, Ministry of Education	3,750,000
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	900,000
Chang Bing Show Chwan Memorial Hospital	150,000
NTU Economic Research Foundation	112,000
Taiwan Women's Film Association	66,000
Jiqing Elementary School, Ruifang District & Pinglin Elementary School, Pinglin District, New Taipei City (material donations)	39,000
Total	15,017,000

Note: This table does not include cash-back donations from charity affinity cards.



O-Bank sponsors the Chang Bing Show Chwan Memorial Hospital 2023 "B.E.S.T. Innovation Class"

8.6.2 Combining the Efforts of our Colleagues to Raise Donations

O-Bank holds book drives each year to narrow the urban-rural resource gap. In 2023, O-Bank gathered the power of its employees to donate 396 used books to the online secondhand book platform SPBook for its "Build Children's Dreams with Reading" program. This program converts books donated by the public to purchasing vouchers and provides them to rural schools, enabling students to purchase the books they need through the SPBook platform and addressing the mismatch between donations and students' needs. In addition, O-Bank set up a receipt donation box in O-Bank headquarters building. Receipts thus collected are donated periodically to Eden Social Welfare Foundation, the Taiwan Foundation for Rare Disorders, and the Sunshine Social Welfare Foundation. Additionally, O-Bank combines employee benefits with public welfare activities by inviting car wash vendors to regularly provide car wash services and exclusive discounts at the O-Bank headquarters. Employees are encouraged to donate their spare change from these discounts to the Taiwan Environmental Information Association donation box to support the association's environmental protection efforts.



O-Bank collects and donates secondhand books

8.6.3 Participation in Public Associations

For many years, O-Bank has actively participated in relevant trade and industry associations to share practical experiences with other companies on issues such as sustainable development and industrial transformation. O-Bank also participates to joint provide suggestions to the government to leverage corporate influence and encourage government policies to guide more businesses towards sustainable development. In particular, concerning the increasingly important issue of climate change, O-Bank actively participates in trade and industry associations' climate change initiatives. If the climate change policies of these associations are inconsistent with the Paris Agreement, which O-Bank has publicly committed to following, the bank will appoint representatives to negotiate these associations and ensure that the climate policies and goals promoted are aligned with the Paris Agreement. O-Bank's expenditures for participation in trade and industry associations over the past four years are detailed in Table 8-6, and the issues and operations of these associations are described in Table 8-7.

Table 8-6: O-Bank Spending on Public Associations, 2020~2023

Annual Spending	2020	2021	2022	2023
Lobbying, interest representation or similar organizations	0	0	0	0
Political campaigns/organizations/candidates	0	0	0	0
Trade and industry associations	3,733,566	3,821,334	4,341,145	4,815,514
Other, e.g. spending related to ballot measures or referendums	0	0	0	0
Total contributions and other spending	3,733,566	3,821,334	4,341,145	4,815,514
Coverage	100%	100%	100%	100%

Table 8-7: Operations and Issues of Concern to Public Associations in which O-Bank Participates

Topic	Organization/ Initiative	Corporate Position	Position/Engagement	Total Spending (NT\$)
Achieving the National 2050 Net Zero Target	Chinese National Association of Industry and Commerce, Taiwan	Tracking the overall climate change response strategy of our country's industries, with the aim of aligning with the Paris Agreement's 1.5°C pathway to help achieve the national goal of net-zero emissions by 2050.	<ul style="list-style-type: none"> Bank Chairperson Tina Y. Lo serves as Vice Chairperson of CNAIC Signed the CNAIC "1.5°C Climate Action Declaration" committing to align with the government's 2050 net-zero pathway planning and goals and integrating commercial resources for low-carbon transformation of industries, to achieve the Paris Agreement's goal of limiting temperature rise to within 1.5°C. 	990,000
Promoting B Corporation certification of Taiwan enterprises and mutual good between environment and society	B Lab Taiwan	Advocating support of B Corporations through funding or technology to create positive social and environmental impacts through the power of business, while also increasing the visibility of B Corporation certification.	<ul style="list-style-type: none"> Bank has participated in B Lab Taiwan initiatives for many years and has appointed representatives to serve as directors of the association. O-Bank signed the B Corporation "Declaration of Interdependence" and continues to sponsor B Lab Taiwan each year, supporting its efforts to promote B Corporation certification. This includes helping businesses establish climate change-related policies and understand issues related to climate change and net-zero carbon emissions. 	1,028,535

8.7 Cultivation of Arts and Cultural Education

8.7.1 Nurturing Up-and-coming Arts Talent

To encourage aspiring artists' creative work, the O-Bank Education Foundation (O-BankEF) has carried out the "Stars of TiDing" art advocacy project annually since 2010, provide a platform and generous administrative resources that give young artists an opportunity to display their special talents. Over 12 years, the "Stars of TiDing" project has supported more than 1,000 new talents. It progressed to the next stage in 2022 with the "Stars of TiDing 2.0" project grants, extending resources towards arts development and education to cultivate future artists. In 2023, O-BankEF assisted 47 young artists with 11 exhibitions, supporting a total of 1,290 artists since the project began.

1. Upgrading Support with "Stars of TiDing 2.0", Encouraging New Arts Talent to Collaborate Across Fields

To discover local youth with exceptional creativity and talent, O-BankEF continued to offer the "Stars of TiDing 2.0" project grants, with three categories for applications: visual arts, musical performance, and transdisciplinary arts. The project grants were targeted towards students entering arts-related departments of universities. In addition to providing chosen entrants with the use of the art gallery and the concert hall at the O-Bank Group headquarters, O-BankEF also provided funding totaling NT\$1.4 million, encouraging students at university arts departments to expand into creative collaboration projects across disciplines.

In 2023, the Foundation continued to hold activities for the selected entrants across three categories under the "Stars of TiDing 2.0" project grants. These events included exhibitions, concerts, transdisciplinary performances, and extended promotional activities, investing abundant resources toward nurturing young artistic talents. The activities were not only held at O-Bank headquarters but also

extended their reach across northern, central, and southern Taiwan, integrating art into the daily lives of the public and fostering social integration. In 2023, ten selected projects were carried out, including 29 extended activities, supporting a total of 37 individuals, with total expenditures exceeding NT\$1.28 million.

To strengthen arts curation capabilities, Dr. Ching-Wen Chang, Associate Professor of Arts and Design at National Tsing Hua University, serves as curator of the visual arts category of "Stars of TiDing 2.0" in 2024 and held a curator empowerment workshop. In addition to describing the themes and special characteristics of the project grants, speakers from a variety of fields shared their knowledge of sustainable development and practical experience in exhibitions, developing the necessary skills for arts exhibition curation for the 19 applicants joining the workshop.

"Stars of TiDing 2.0" received 57 proposals across the three categories, including 18 visual arts, 18 performing arts, and 21 transdisciplinary arts. Proposals were rich and diverse in content and 13 proposals were selected in February 2024. Grant recipients receive a total of NT\$1.4 million in grants and put their work on display from May 2024 to April 2025.



*"2024 Stars of TiDing 2.0"
Project Grants flags near O-Bank
Headquarters*



*Professional curators lead group discussions
on curation proposals at the "Curator
Empowerment Workshop"*

Table 8-8: "Starts of TiDing 2.0" Project Grants Summary

As of Dec. 31, 2023

Category	Number of Events	Number of Extended Promotional Activities	Artists Supported	Funding (NT\$)
Visual Arts	3	10	11	630,000
Performing Arts	5	5	16	250,000
Transdisciplinary Arts	3	4	10	400,000
Total	11	19	37	1,280,000

2. "Stars of TiDing" Gain Name Recognition with Creative Gift Items

Since 2011, the O-BankEF has selected some of the winning entries from the "Stars of TiDing" exhibition and featured them in the O-Bank's annual desk calendar. These are given as gift items to recipients in the business community, government agencies, customers, and other stakeholders to help the featured artists gain recognition. In 2023, O-Bank adopted the theme of "Urban · Future" in response to the 2022 "Stars of TiDing 2.0" theme of "Smart City". A total of 12 pieces were selected from the work of outstanding young artists, and matched with drawings of seasonal Taiwan flora by plant illustrator Hsin-Chien Cheng. A total of 9,100 calendars were produced, promoting the work of young artists and receiving wide acclaim.



Adopting the theme of "Urban · Future" the O-Bank Group 2024 desk calendar paired illustrations of common Taiwan seasonal flora with selected works from "Stars of TiDing" grant recipients to display plants and flowers as well as seasonal characteristics

8.7.2 Platform for Art Appreciation

Cultural diversity is one of Taiwan's most precious intangible assets. To continue developing our country's cultural soft power, and the O-BankEF actively supports artistic creation. The Foundation not only holds events including performances, exhibitions, and lectures, but also encourages grant recipients of the "Stars of TiDing 2.0" project grants to integrate with society and look outwards to plan community collaboration and educational promotion activities. By holding free arts activities, the Foundation builds a shared appreciation of the arts, lowers the barrier to arts appreciation, and expose the public to everyday art, enriching their spirits and lives. Acting on our corporate social responsibility of leveraging art as a medium for social care, the O-BankEF had held a total of 452 arts and cultural activities as of the end of 2023.

1. Performances Series

In addition to arranging performances by young artists selected for the performing arts and transdisciplinary arts categories of the "Stars of TiDing 2.0" project grants, the O-BankEF holds rich and diverse activities including jazz, chamber music, instrumental ensembles and solos, green energy art, and storytelling. The chosen entrants planned extension activities for arts promotion at Guting Elementary School and Nanmen Elementary School in Taipei, as well as Taipei Blues, the Kishu An Forest of Literature, and Tsing Hua University. Performers provided easy-to-understand guided listening and post-performance sharing seminars, leading the audience into a beautiful world of music and raising understanding and appreciation.

In 2023, five concerts were selected, including two designed for children: "Fairy Tale Dream Factory," featuring instrumental ensembles with a storyteller, and "Around the World with Black Clarinets, Let's Go!" There were also two vocal-focused performances: "Princess Rosé Trio – A Tribute to Diana Krall and Her Band" and "Starting a Journey for Love." Additionally, there was a thematic introduction to Czech composer Leoš Janáček with "Music and Memories." Two transdisciplinary performance teams were featured: "Before Fading Away – Series II," a participatory performance combining green energy technology with dance, and "The Mystery of Blackfoot Disease II – Discoloring the Well Water," a narrative performance exploring Taiwan's medical history. In 2023, a total of five concerts, three transdisciplinary performances, and nine extended promotional activities were held. The overall audience satisfaction averaged 4.7 out of 5, attracting nearly 1,200 participants in total.



Chosen entrants of the "Stars of TiDing 2.0" Performing Arts Category combined diverse performance styles with rich content



Chosen entrants of the "Stars of TiDing 2.0" Transdisciplinary Arts Category gain an enthusiastic audience response with innovative performances

2. Exhibition Series

After establishing a "Curator of the Year" in 2022 to serve as an issue proponent for the Visual Arts category of "Stars of TiDing 2.0", The O-BankEF invited National Taiwan Museum of Fine Arts Director Kuang-Yi Chen to serve as curator in 2023. Proposals were solicited on the theme of "Memory and Identity". The Foundation held a "Whose Memory? Whose Identity" exhibition, the exhibition extended its space from O-Bank to the Nine-Rooms Art Practice Space at the National Taiwan University of Arts, showcasing works simultaneously. Nine artists from both venues used "memory" as a medium to shape connections between the individual and their cultural heritage.

The three selected projects exhibited in 2023 were: "Observing Failure," featuring a corridor walkway that running through the art gallery, challenging the audience's senses in a smart city context; "The Rare Cabinet of Family N," which explores the context and imagination of Taiwanese family collections through video, installations, and sculptures; and "The City & The City," an exhibit viewing the city as a theater of memory, combining photography and installations to explore how cities are intertwined with memory and identity. During the exhibition period, chosen project teams planned and held extension activities such as dance performances, walks and campus promotions, expanding public participation in the arts. During the year, a total of four arts exhibitions, and 14 educational extension and promotion activities were held, with more than 1,400 people attending.



2023 "Stars of TiDing 2.0" invitational exhibition extended from the O-Bank art gallery to the National Taiwan University of Arts Nine-Rooms Art Practice Space



Artists of the "Stars of TiDing 2.0" annual exhibition guide O-Bank employees through their works at the general employee meeting

3. Art Lectures Series

The O-BankEF annually invites experts from the arts community to deliver lectures on specialized topics. These events give the public a deeper understanding of artistic and cultural matters, and they also give promising young artists opportunities to interact with other art experts. In 2023, O-Bank organized three "Beautiful Life Series" workshops for its employees and invited renowned masters from the world of arts and culture to give talks. Additionally, seven public lectures were held, making a total of ten lectures and workshops organized. As of the end of 2023, a total of 42 events had been held as part of the art lectures series.

In 2023, the O-BankEF organized three "Beautiful Life Series" workshops in collaboration with O-Bank's Human Resources Department to create a happy workplace, with a total of 37 employees participating. The activities included: a workshop led by architectural designer and calligraphy artist Bo-cheng Wang, who guided employees in using brush and ink to relieve everyday stress; and a plant painting workshop combined with Mother's Day activities, where plant art studio painter Hsin-Chien Cheng led employees and their families in creating watercolor flower paintings to present to mothers, fostering cultural literacy among employees and promoting sustainability goals.

To gather new knowledge and promote lifelong learning, the O-BankEF hosted lectures and forums in collaboration with institutions such as the National Taiwan University of Arts, Ming Hwa Yuan Theatre Troupe, Egret Cultural and Educational Foundation, Museum of National Taipei University of Education, and Taipei Philharmonic. The Foundation invited nine emerging artists as well as Ming Hwa Yuan Theatre Troupe's principal performer Tsui-Feng Sun, internationally renowned director Ming-Liang Tsai, contemporary literature master Hsien-Yung Pai, Acer founder Stan Shih, and the Taipei Philharmonic Youth Orchestra's permanent conductor Bo-Hung Liu to give talks. These events provided opportunities for in-depth exchanges, encouraging audiences to pursue their dreams and live a life without regrets. A total of 481 people attended the lectures.



Seated on the floor, O-Bank employees and families practice calligraphy under the guidance of calligraphy artist Bo-Cheng Wang



Contemporary literature master Hsien-Yung Pai leads the audience in exploring the origins of "The Peony Pavilion – The Youth Version" and his 20 years of experience in its production

4. Christmas Lights Thanksgiving and Blessing Event

Starting from 2020, due to the impact of COVID-19, the O-Bank Group suspended its annual Christmas lighting event. After a three-year hiatus, two Christmas events were held again on December 8, 2023. The events were attended by O-Bank Group's clients, distinguished guests, and employees, who came together to experience the warmth of the holiday season. The "ALL FOR YOU Christmas Love" lighting ceremony featured performances by the Taipei Philharmonic Youth and Children's Choir and the Taipei Philharmonic Youth Orchestra Brass Quintet, presenting heartfelt Christmas music to enhance the festive atmosphere. The Thanksgiving concert invited soprano Szu-Yun Cheng, renowned tenor Yi-Wei Lin, and

pianist Yi-Lun Lee to perform a selection of Christmas carols and opera highlights. The concert was an opportunity to express gratitude to everyone who has supported and cared for O-Bank, conveying appreciation and blessings and adding deeper meaning to the holiday season.

Table 8-9: Impact of Performance Activities, 2021~2023

Year	2023	2022	2021
Exhibitions	4	5	5
Educational Promotions	28	24	5
Performances	10	11 (Note 1)	4 (Note 2)
Lectures	10	1	1

Note 1: Due to the impact of COVID-19, nine concerts were held online.

Note 2: Due to the COVID-19 pandemic and government policies, concerts were temporarily suspended.

8.7.3 Arts and Business Collaborating to Nurture the Seeds of Culture

1. Sponsorship of the 2023 Taipei International Choral Competition and Promoting International Choral Exchange

To deepen the development of artistic talent and promote choral music in Taiwan, the O-BankEF employed an arts and business collaboration model to support the Taipei Philharmonic Foundation in holding the 2023 Taipei International Choral Competition. The event included concerts, choral music camps, and choral competitions, aiming to promote international choral exchange activities. In 2023, the O-BankEF sponsored the Grand Prix Competition concert, inviting over 100 attendees, including members of the Association for Victims Support, O-Bank Group clients, and employees. This initiative aimed to strengthen relationships between the company, society, employees, and clients, while also conveying the inspiring power of art and music. Additionally, the Foundation sponsored the "O-Bank Star Prize" for the Children Choir representing Taiwan and the "O-Bank Award" for the Grand Prix Champion of the choral competition, providing substantial resources to encourage outstanding teams. The 2023 choral competition saw participation from 20 teams across five countries, with a total of 825 participants. The music festival's series of events comprised 25 performances, attracting 25,000 attendees.

2. Sponsorship of the Ming Hwa Yuan Arts & Cultural Group and Passing on the Legacy of Taiwan's Outstanding Opera Culture

To encourage an outstanding Taiwan traditional opera troupe, O-BankEF supported the Ming Hwa Yuan Arts & Cultural Group and continued to bring native theatrical arts to the national and international stage. The O-BankEF sponsored Ming Hwa Yuan's public performance of "Final Bow" at the National Theater of the National Performing Arts Center. Through collaboration between arts and business, 100 O-Bank Group employees and clients were invited to experience the beauty of traditional opera together. In addition, under the Foundation's name, the initiative aimed to give back to rural schools by inviting students from these areas to the theater to appreciate traditional opera, fostering a deeper cultural connection from a young age. In 2023, 300 students from four schools, including Shi Yuan Senior High School, Sha-Lu Industrial High School, Dong Hai Elementary School, and Tuku Elementary School, were invited to watch Ming Hwa Yuan touring performances, contributing to the sustainable development of Taiwan's local theater arts.



Sponsored the Taipei International Choral Competition "O-Bank Award", supporting learning and exchange between domestic and international choirs



Sponsored Ming Hwa Yuan's performance of "Final Bow", supporting Taiwan's theatrical arts

8.7.4 Driving the Establishment of the Taiping Elementary School Museum, Preserving Tu-Shui Huang's "Bust of a Girl" at His Alma Mater

To carry out the company's ideals of giving back to Taiwan's education and developing the arts, O-BankEF initiated the Taiping Elementary School Museum Operations and Establishment project in May 2022. The project curates the precious work "Bust of a Girl" by Taiwan's first sculptor to study in Japan, Tu-Shui Huang, at his alma mater. Former National Palace Museum Director Mun-Lee Lin served as the project leader, and a project office was established in collaboration with the Museum of National Taipei University of Education. National Award for Arts winner Sheng-Yuan Huang of Fieldoffice Architects designed the exhibition space. Through This micro-museum shares the culture of the school and its locale with the public and sets a benchmark for sustainably managed community museums.

To preserve and enliven Taiping Elementary School's valuable artifacts, the project office began by cataloging the school's extensive collection of historical artifacts and organizing an open-access storage room. They conducted research and compiled documents related to Tu-shui Huang and the school's history, and planned educational outreach activities and exhibition projects, tirelessly promoting the development of curriculum software within Taiping Elementary School. In 2023, the school hosted 29 workshops on plant dyeing and architecture, with nearly 630 students participating.



The Taiping Elementary School CIS combines the campus' rice paddy with the uniqueness of Dadaocheng history and architecture



Architect Sheng-Yuan Huang discussed the planning and use of space in the Taiping Elementary School Museum



The project office custom designed a workshop that integrates the history of Dadaocheng with the museum for elementary school students



The plant dye handkerchief workshop uses the black beans planted in the campus as a teaching concept to strengthen historical memory of the time when the museum's location was used to steam lunchboxes

8.7.5 Caring for the Disadvantaged through the Arts

The O-BankEF seeks to facilitate the growth of young artistic talent and bolster the self-confidence of children from remote rural areas or disadvantaged backgrounds so that they can have more courage to pursue their dreams. In line with its belief that arts education is most effective when it starts at an early age, the O-BankEF has collaborated with rising young artists from the "Stars of TiDing" since 2013 to hold a series of educational programs for youth, especially for underprivileged children in the NeiHu District of Taipei. The events include guided tours of art exhibits, hand-on activities, and displays of works created by event participants, helping students build confidence and promoting cultural equality. As of end-2023, hands-on activities have been held a total of 80 workshops, benefiting over 1,200 students.

In 2023, four hands-on activities were planned, primarily serving students from NeiHu Elementary School. Each event invited students to the O-Bank Gallery for close interaction with artist teams, with nearly 70 students participating in total. The participating artist teams included: The "Observing Failure" team, which organized a sound and body interaction workshop. They led students to experience sounds through live performance and then invited them to interact with a corridor walkway in turns; the "The Rare Cabinet of Family N" team, which focused on the theme of a cabinet of curiosities, guiding students to draw items they would collect in the future and teaching them to express emotions through their creations; the "Before Fading Away – Series II" team, which integrated sustainability topics by guiding students through the process of creating green energy drums and rhythm performances, instilling the concept of cherishing energy; the "The City & the City" team, inspired by the infinite variations of a kaleidoscope, led students to create microscopic worlds, encouraging different ways of thinking.



"Draw a Cabinet of Curiosities" invites students to draw the treasures they would like to collect on a screen



The "Green Power Rhythm Drum" workshop combined green power with rhythmic dance to convey the importance of conserving energy

8.7.6 Training of Arts & Culture Volunteers

In 2011, the O-BankEF established its O-BankEF Volunteer Team to give back to society and participate in arts and culture activities. In the following year, the O-BankEF began recruiting volunteers to staff the reception desk, act as ushers, and other public-facing roles at the O-BankEF's activities. The O-BankEF also regularly provided volunteers with lectures, courses, and occasional arts outings related to photography and arts. The Volunteer Team had 19 members in 2023 and supported 18 events, serving a total of 75 people for a total of 270 service hours.



Foundation volunteers take a group photo with performers after an event



Arts volunteers serve at the reception desk for an event

Appendix

Appendix 1: GRI Sustainability Reporting Standards Content Index

Topics suffixed by a hash sign (#) are material topics.

Reporting Disclosure	Reporting below complies with GRI Standards on the reporting period from January 1, 2023, to December 31, 2023				
GRI 1 Used	GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)	N/A				
GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
General Disclosures					
GRI 2: General Disclosures 2021	2-1	Organizational details	2.1 About O-Bank	38	
	2-2	Entities included in the organization's sustainability reporting	Editor's Note	3	
	2-3	Reporting period, frequency and contact point	Editor's Note	3	
	2-4	Restatements of information	Editor's Note	3	
	2-5	External assurance	Editor's Note Appendix 8: Independent Assurance Opinion Statement Appendix 9: Limited Assurance Report	3 293 295	
	2-6	Activities, value chain and other business relationships	Editor's Note 2.1 About O-Bank 2.3 Market Environment and Development Strategies 4.1 Financial Services and Innovation 6.4 Green Purchasing and Supplier Management 7.6 Responsible Products The Bank's value chain includes upstream supplier procurement (mainly including construction contractors, IT equipment, business equipment, office equipment, office supplies, etc.), its own operations, as well as downstream investee companies and corporate banking clientele. There are no significant changes compared to the previous reporting year.	3 38 47 93 174 241	
	2-7	Employees	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 2: General Disclosures 2021	2-8	Workers who are not employees	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	2-9	Governance structure and composition	1.1 Sustainability Policy and Its Implementation 3.1 Governance Framework	11 52	
	2-10	Nomination and selection of the highest governance body	3.1 Governance Framework	52	
	2-11	Chair of the highest governance body	O-Bank's Chairperson isn't serving concurrently as Chief Executive Officer. O-Bank has adopted the "Principles of Hierarchical Delegation of Responsibilities" which set division of responsibility of Board Director and General Manager to fulfill hierarchical responsibility and implemented delegation of authority in hierarchical level.		
	2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Sustainability Policy and Its Implementation	11	
	2-13	Delegation of responsibility for managing impacts	1.3 Identifying and Analyzing Material Issues	18	
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainability Policy and Its Implementation	11	
	2-15	Conflicts of interest	3.1 Governance Framework 3.2 Ethical Best Practice	52 65	
	2-16	Communication of critical concerns	3.1 Governance Framework 3.2.2 Internal Control and Audit Systems 3.4 Risk Management The Bank's critical concerns include negative material information, material audit deficiencies, and material contingencies. There are two material contingencies and no other critical concerns in 2023.	52 72 77	
	2-17	Collective knowledge of the highest governance body	3.1 Governance Framework	52	
	2-18	Evaluation of the performance of the highest governance body	3.1 Governance Framework	52	
	2-19	Remuneration policies	3.1 Governance Framework 5.2 Employee Compensation and Benefits	52 130	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 2: General Disclosures 2021	2-20	Process to determine remuneration	3.1 Governance Framework 5.2 Employee Compensation and Benefits	52 130	
	2-21	Annual total compensation ratio	5.2 Employee Compensation and Benefits	130	
	2-22	Statement on sustainable development strategy	Letter from the Chairperson 1.1 Sustainability Policy and Its Implementation	5 11	
	2-23	Policy commitments	1.1 Sustainability Policy and Its Implementation 5.1 Employee Composition and Promotion of a Friendly Work Environment 7.4 Responsible Investment	11 109 232	
	2-24	Embedding policy commitments	1.1 Sustainability Policy and Its Implementation 5.1 Employee Composition and Promotion of a Friendly Work Environment 7.4 Responsible Investment	11 109 232	
	2-25	Processes to remediate negative impacts	1.3.2 Stakeholder Engagement 5.1 Employee Composition and Promotion of a Friendly Work Environment 5.4 Communication and Engagement with Employees	32 109 157	
	2-26	Mechanisms for seeking advice and raising concerns	1.3.2 Stakeholder Engagement 3.2 Ethical Best Practice	32 65	
	2-27#	Compliance with laws and regulations	The Bank invested in a stock issued by a company where the Bank's independent director serves on the board of directors as an independent director, violating Article 74-1 of the "Banking Act" and article 5 of the "Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest." The Bank was fined NT\$1 million by the Financial Supervisory Commission and has reviewed the deficiencies and revised relevant internal operating procedures and standards, and has completed improvement measures.		

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 2: General Disclosures 2021	2-28	Membership associations	Member, The Bankers Association of the Republic of China (BAROC) Member, The Hong Kong Association Of Bank Member, The Bankers Association of Taoyuan Member, The Bankers Association of Kaohsiung Member, B Lab Taiwan Member, Chinese National Association of Industry and Commerce, Taiwan (CNAIC) Member, Securities Investment Trust & Consulting Association of the R.O.C Member, Trust Association of the R.O.C. Member, Insurance Agency Association of the R.O.C.		
	2-29	Approach to stakeholder engagement	1.1 Sustainability policy and Its Implementation 1.2 Identification of Stakeholders 1.3 Identifying and Analyzing Material Issues	11 18 18	
	2-30	Collective bargaining agreements	N/A		N/A.; O-Bank has not established a union, and thus does not engage in collective bargaining.
Material Topics					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.3 Identifying and Analyzing Material Issues	18	
	3-2	List of material topics	1.3 Identifying and Analyzing Material Issues	18	
	3-3	Management of material topics	1.3 Identifying and Analyzing Material Issues	18	
GRI 200: Economics Series					
GRI 201: Economic Performance 2016	201-1#	Direct economic value generated and distributed	2.2 Operating Performance and Reputation 3.1 Governance Framework 3.6 Tax Governance 5.2 Employee Compensation and Benefits 8.6 Charity Donations and Participation in Public Associations	42 52 88 130 265	
	201-2#	Financial implications and other risks and opportunities due to climate change	7.1 Climate Change Management	181	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 201: Economic Performance 2016	201-3#	Defined benefit plan obligations and other retirement plans	5.2 Employee Compensation and Benefits	130	
	201-4#	Financial assistance received from government	The O-Bank received financial subsidies for lactation room totaling NT\$10,000 from Ministry of Labor in 2023. The O-Bank Hong Kong Branch received financial subsidies for maternity leave totaling HK\$26,492.32 from the Hong Kong government in 2023.		
GRI 202: Market Presence 2016	202-1#	Ratios of standard entry level wage by gender compared to local minimum wage	5.2 Employee Compensation and Benefits	130	
	202-2#	Proportion of senior management hired from the local community	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
GRI 203: Indirect Economic Impacts 2016	203-1#	Infrastructure investments and services supported	8.2 Caring for Students in Remote Areas 8.7 Cultivation of Arts and Cultural Education	253 268	
	203-2#	Significant indirect economic impacts	4.1 Financial Services and Innovation 7.1 Climate Change Management 8.2 Caring for Students in Remote Areas	93 181 253	
GRI 204: Procurement Practices 2016	204-1#	Proportion of spending on local suppliers	6.4 Green Purchasing and Supplier Management	174	
GRI 205: Anti- corruption 2016	205-1#	Operations assessed for risks related to corruption	3.2 Ethical Best Practice	65	
	205-2#	Communication and training about anti-corruption policies and procedures	3.2 Ethical Best Practice 3.3 Legal Compliance 5.3 Employee Cultivation and Development 6.4 Green Purchasing and Supplier Management	65 74 144 174	
	205-3#	Confirmed incidents of corruption and actions taken	No related incident occurred in 2023.		
GRI 206: Anti- competitive Behavior 2016	206-1#	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No related issue occurred in 2023. 3.3 Legal Compliance	74	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 207: Tax 2019	207-1	Approach to tax	3.6 Tax Governance	88	
	207-2	Tax governance, control, and risk management	3.6 Tax Governance	88	
	207-3	Stakeholder engagement and management of concerns related to tax	3.6 Tax Governance	88	
	207-4	Country-by-country reporting	3.6 Tax Governance	88	
GRI 300: Environmental Series					
GRI 302: Energy 2016	302-1#	Energy consumption within the organization	6.2 Management of Energy and Resources	163	
	302-3#	Energy intensity	6.2 Management of Energy and Resources	163	
	302-4#	Reduction of energy consumption	6.2 Management of Energy and Resources	163	
GRI 303: Water and Effluents 2018	303-1#	Interactions with water as a shared resource	Not available.		
	303-2#	Management of water discharge-related impacts	6.2 Management of Energy and Resources	163	
	303-3#	Water withdrawal	6.2 Management of Energy and Resources	163	
GRI 305: Emissions 2016	305-1#	Direct (Scope 1) GHG emissions	6.3 CO ₂ Emissions Inventories	171	
	305-2#	Energy indirect (Scope 2) GHG emissions	6.3 CO ₂ Emissions Inventories	171	
	305-3#	Other indirect (Scope 3) GHG emissions	6.3 CO ₂ Emissions Inventories	171	
	305-4#	GHG emissions intensity	6.3 CO ₂ Emissions Inventories	171	
	305-5#	Reduction of GHG emissions	6.1 Environmental Management Policies and Targets 6.2 Management of Energy and Resources 6.3 CO ₂ Emissions Inventories	160 163 171	
GRI 306: Waste 2020	306-1#	Waste generation and significant waste-related impacts	6.2 Management of Energy and Resources	163	
	306-2#	Management of significant wasterelated impacts	6.2 Management of Energy and Resources	163	
	306-3#	Waste generated	6.2 Management of Energy and Resources	163	
	306-4#	Waste diverted from disposal	6.2 Management of Energy and Resources	163	
	306-5#	Waste directed to disposal	There is no direct disposal waste in O-Bank.		

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 308: Supplier Environmental Assessment 2016	308-1#	New suppliers that were screened using environmental criteria	6.4 Green Purchasing and Supplier Management	174	
	308-2#	Negative environmental impacts in the supply chain and actions taken	6.4 Green Purchasing and Supplier Management	174	
GRI 400: Social Series					
GRI 401: Employment 2016	401-1#	New employee hires and employee turnover	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	401-2#	Benefits provided to full- time employees that are not provided to temporary or parttime employees	5.2 Employee Compensation and Benefits	130	
	401-3#	Parental leave	5.2 Employee Compensation and Benefits	130	
GRI 402: Labor/ Management Relations 2016	402-1#	Minimum notice periods regarding operational changes	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
GRI 403: Occupational Health and Safety 2018	403-1#	Occupational health and safety management system	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	403-2#	Hazard identification, risk assessment, and incident investigation	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	403-3#	Occupational health services	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	403-4#	Worker participation, consultation, and communication on occupational health and safety	"O-Bank Occupational Health and Safety Code" was formulated with the participation of five labor representatives. There is no health and safety committee.		
	403-5#	Worker training on occupational health and safety	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	403-6#	Promotion of worker health	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	403-7#	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 403: Occupational Health and Safety 2018	403-8#	Workers covered by an occupational health and safety management system	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	403-9#	Work-related injuries	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
	403-10#	Work-related ill health	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
GRI 404: Training and Education 2016	404-1#	Average hours of training per year per employee	5.3 Employee Cultivation and Development	144	
	404-2#	Programs for upgrading employee skills and transition assistance programs	5.3 Employee Cultivation and Development	144	
	404-3#	Percentage of employees receiving regular performance and career development reviews	5.3 Employee Cultivation and Development	144	
GRI 405: Diversity and Equal Opportunity 2016	405-1#	Diversity of governance bodies and employees	3.1 Governance Framework 5.1 Employee Composition and Promotion of a Friendly Work Environment	52 109	
	405-2#	Ratio of basic salary and remuneration of women to men	5.2 Employee Compensation and Benefits	130	
GRI 406: Non-discrimination 2016	406-1#	Incidents of discrimination and corrective actions taken	No related incident occurred in 2023. 5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.4 Green Purchasing and Supplier Management	174	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	6.4 Green Purchasing and Supplier Management	174	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.4 Green Purchasing and Supplier Management	174	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	5.1 Employee Composition and Promotion of a Friendly Work Environment	109	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 411: Rights of Indigenous Peoples 2016	411-1#	Incidents of violations involving rights of indigenous peoples	No related incident occurred in 2023. 5.1 Employee Composition and Promotion of a Friendly Work Environment	109	
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	No significant actual and potential negative impacts on local communities from O-Bank's operations.		
GRI 414: Supplier Social Assessment 2016	414-1#	New suppliers that were screened using social criteria	6.4 Green Purchasing and Supplier Management	174	
	414-2#	Negative social impacts in the supply chain and actions taken	6.4 Green Purchasing and Supplier Management	174	
GRI 415: Public Policy 2016	415-1	Political contributions	No political contributions in 2023.		
GRI 417: Marketing and Labeling 2016	417-1#	Requirements for product and service information and labeling	4.2 Service Quality and Customer Experience	97	
	417-2#	Incidents of non- compliance concerning product and service information and labeling	No related incident occurred in 2023. 4.2 Service Quality and Customer Experience	97	
	417-3#	Incidents of non- compliance concerning marketing communications	No related incident occurred in 2023. 4.2 Service Quality and Customer Experience	97	
GRI 418: Customer Privacy 2016	418-1#	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No related substantiated complaints received in 2023. 4.3 Transaction Security and Customer Privacy	106	

Appendix 2: SASB (Sustainability Accounting Standards Board) Index

Reporting industry standards include Commercial Banks (FN-CB) and Consumer Finance (FN-CF)

Commercial Banks (FN-CB)				
Sustainability Disclosure Topics	Code	Accounting Metric	Category	Chapter
Data Security	FN-CB-230a.1	(1) Number of data breaches (2) Percentage that are personal data breaches (3) Number of account holders affected	Quantitative	3.5.3 Information Security Drills
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Discussion and Analysis	3.5.2 Protective Measures for Information Security 3.5.3 Information Security Drills
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	7.6.1 Financial Inclusion
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Quantitative	7.6.1 Financial Inclusion
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	4.2.1 Treating Customers Fairly 7.6.1 Financial Inclusion
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	8.2 Caring for Students in Remote Areas
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Quantitative	3.4.1 Risk Management Policies and Operations
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	7.3 Responsible Loan and Credits
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	3.3.1 Legal Compliance
	FN-CB-510a.2	Description of whistleblower policies and procedures	Discussion and Analysis	3.2.1 Ethics and Integrity
Systemic Risk Management	FN-CB-550a.2	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	3.4.1 Risk Management Policies and Operations 7.1 Climate Change Management

Activity Metrics	Code	Activity Metric	Category	Chapter
-	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	7.6.1 Financial Inclusion
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	7.6.1 Financial Inclusion

Note: The term "small business" as referred to in this Appendix means O-Bank's small and medium enterprise (SME) customers.

Consumer Finance (FN-CF)

Sustainability Disclosure Topics	Code	Accounting Metric	Category	Chapter
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Quantitative	4.3 Transaction Security and Customer Privacy
	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	3.5.3 Information Security Drills
Data Security	FN-CF-230a.1	(1) Number of data breaches (2) percentage that are personal data breaches (3) number of account holders affected	Quantitative	3.5.3 Information Security Drills
	FN-CF-230a.2	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	Quantitative	4.2.3 Handling and Tracking of Customer Complaints
	FN-CF-230a.3	Description of approach to identifying and addressing data security risks	Discussion and Analysis	3.5.2 Protective Measures for Information Security
Selling Practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Quantitative	5.2.1 Fair Compensation
	FN-CF-270a.4	(1) Number of customer complaints filed, (2) percentage with monetary or nonmonetary relief	Quantitative	4.2.3 Handling and Tracking of Customer Complaints
	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Quantitative	3.3.1 Legal Compliance
Activity Metrics	Code	Activity Metric	Category	Chapter
-	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Quantitative	7.6.1 Financial Inclusion (O-Bank issues debit card products only.)
	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	Quantitative	7.6.1 Financial Inclusion (O-Bank issues debit card products only.)

Appendix 3: Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Article	Article Content	Chapter
Article 3	In the sustainability report, a listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured or verified by a third party.	Appendix 1: GRI Sustainability Reporting Standards Content Index Appendix 8: BSI Independent Assurance Opinion Statement
Article 4, Annex 1-3	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	3.5.3 Information Security Drills
	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	7.6.1 Financial Inclusion
	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	8.2 Caring for Students in Remote Areas 8.5 Developing Talent for the Future
	Products and services designed by individual operating units to create benefits for the environment or society.	7.6 Responsible Products 8.4 Giving back to Society by Taking Advantage of O-Bank Strengths
Article 4, Subparagraph 1, Annex 2	Describe how the board of directors and management exercise oversight and governance of climate-related risks and opportunities.	7.1 Climate Change Management
	Describe how identified climate-related risks and opportunities affect the enterprise's business, strategies, and finances (short, medium, and long term).	7.1 Climate Change Management
	Describe the financial impacts of extreme weather events and transition actions.	7.1 Climate Change Management
	Describe how procedures for identification, assessment, and management of climate risks are integrated into the overall risk management system.	7.1 Climate Change Management
	If you use scenario analysis to assess your resilience to climate-related risks, you must explain the scenarios, parameters, and analytical factors you use, as well as the main financial impacts.	7.1 Climate Change Management
	If you have a transition plan in place for managing climate-related risks, please describe the plan's content as well as the metrics and targets used for identifying and managing physical risks and transition risks.	7.1 Climate Change Management
	If you use internal carbon pricing as a planning tool, you must describe the pricing basis.	6.5 Environmental Sustainability Activities
	If you have set climate-related targets, you must describe the GHG activities and emissions scopes covered, the timeframes, and the annual progress toward target attainment. If you use carbon offsets or renewable energy certificates (RECs) to achieve related targets, you must specify the source and quantity of the carbon offsets' carbon credits, or the quantity of the RECs.	6.1.2 Setting and Achievement of Environmental Management targets 6.2 Management of Energy and Resources 6.3 CO ₂ Emissions Inventories
	Describe the emission volume (tons CO ₂ e), intensity (tons CO ₂ e/NT\$ million) and data coverage of greenhouse gases in the past two years.	6.3 CO ₂ Emissions Inventories
	Describe the greenhouse gas assurance situation in the past two years, including the assurance scope, assurance agency, assurance criteria, and assurance opinions.	6.3 CO ₂ Emissions Inventories
	Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.	6.1 Environmental Management Policies and Targets 6.3 CO ₂ Emissions Inventories

Article	Article Content	Chapter
Article 4	For the disclosure of sustainability metrics for their industries in accordance with Annex 1-3, the sustainability report mentioned shall obtain a CPA's letter of opinion issued according to the rules published by the Accounting Research and Development Foundation, ROC.	Appendix 9: Limited Assurance Report

Note: The term "small business" as referred to in this Appendix means O-Bank's small and medium enterprise (SME) customers.

Appendix 4: Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Chapter	Content		Reference
Chapter 1	General Principles	Discloses the goal, entity applied to, and principles of best practices.	1. Sustainability Management and Stakeholders 2. Overall State of the Company
Chapter 2	Exercising Corporate Governance	Regulate and exercising corporate governance.	3. Corporate Governance
Chapter 3	Fostering a Sustainable Environment	Fostering a sustainable environment.	6. Environmental Protection
Chapter 4	Preserving Public Welfare	Preserving public welfare.	8. Social Engagement
Chapter 5	Enhancing Disclosure of Corporate Social Responsibility Information	Enhancing disclosure of corporate social responsibility information.	Editor's Note
Chapter 6	Supplementary Provisions	Regulate and improve the exiting CSR system.	1. Sustainability Management and Stakeholders 2. Overall State of the Company

Appendix 5 : ISO 26000 Index

Category	Issue	Reference
Organizational governance	System by which an organization makes and implements decisions in pursuit of its objectives	1. Sustainability Management and Stakeholders 2. Overall State of the Company
Human rights	Due diligence	3. Corporate Governance
	Human rights risk situation	5. Employee Care
	Avoidance of complicity	3. Corporate Governance
	Resolving grievances	5. Employee Care
	Discrimination and vulnerable groups	5. Employee Care
	Civil and political rights	5. Employee Care
	Economic, social and cultural rights	8. Social Engagement
	Fundamental principles and rights at work	5. Employee Care
Labor practices	Employment and employment relationships	5. Employee Care
	Conditions of work and social protection	5. Employee Care
	Social dialogue	5. Employee Care
	Health and safety at work	5. Employee Care
	Human development and training in the workplace	5. Employee Care
The environment	Prevention of pollution	6. Environmental Protection
	Sustainable resource use	6. Environmental Protection
	Climate change mitigation and adaptation	6. Environmental Protection 7. Green Finance
	Protection of the environment, biodiversity and restoration of natural habits	-
Fair operating practices	Anti-corruption	3. Corporate Governance
	Responsible political involvement	3. Corporate Governance
	Fair competition	4. Customer Service
	Promoting social responsibility in the value chain	4. Customer Service 8. Social Engagement
	Respect for property right	3. Corporate Governance
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	4. Customer Service
	Protecting consumers' health and safety	4. Customer Service
	Sustainable consumption	7. Green Finance 8. Social Engagement
	Consumer service, support, and complaint and dispute resolution	4. Customer Service
	Consumer data protection and privacy	4. Customer Service
	Access to essential services	4. Customer Service
	Education and awareness	4. Customer Service

Category	Issue	Reference
Community involvement and development	Community involvement	8. Social Engagement
	Education and culture	8. Social Engagement
	Employment creation and skills development	8. Social Engagement
	Technology development and access	8. Social Engagement
	Wealth and income creation	8. Social Engagement
	Health	8. Social Engagement
	Social investment	8. Social Engagement

Appendix 6: UN Global Compact Index

Category	Issue	Reference
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	5. Employee Care
	Make sure that they are not complicit in human rights abuses.	5. Employee Care
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5. Employee Care
	The elimination of all forms of forced and compulsory labour.	5. Employee Care
	The effective abolition of child labour.	5. Employee Care
	The elimination of discrimination in respect of employment and occupation.	5. Employee Care
Environment	Businesses should support a precautionary approach to environment challenges.	6. Environmental Protection
	Undertake initiatives to promote greater environmental responsibility.	6. Environmental Protection
	Encourage the development and diffusion of environmentally friendly technologies.	6. Environmental Protection
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	3. Corporate Governance

Appendix 7: Sustainable Development Goals Index

Sustainable Development Goals	Reference
1. End Poverty in all its forms everywhere.	5. Employee Care 8. Social Engagement
3. Ensure healthy lives and promote well-being for all at all ages.	5. Employee Care
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	5. Employee Care 8. Social Engagement
5. Achieve gender equality and empower all women and girls.	5. Employee Care
6. Ensure availability and sustainable management of water and sanitation for all.	6. Environmental Protection
7. Ensure access to affordable, reliable, sustainable and modern energy for all.	6. Environmental Protection
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	2. Overall State of the Company 5. Employee Care 8. Social Engagement
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	2. Overall State of the Company 4. Customer Service
10. Reduce inequality within and among countries.	5. Employee Care 8. Social Engagement
11. Make cities and human settlements inclusive, safe, resilient and sustainable.	6. Environmental Protection
12. Ensure sustainable consumption and production patterns.	6. Environmental Protection 7. Green Finance 8. Social Engagement
13. Take urgent action to combat climate change and its impacts.	6. Environmental Protection 7. Green Finance 8. Social Engagement
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	6. Environmental Protection 8. Social Engagement
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	3. Corporate Governance 5. Employee Care 8. Social Engagement
17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	8. Social Engagement

Appendix 8: Independent Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

O-Bank 2023 Sustainability Report

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

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

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

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

Scope

The scope of engagement agreed upon with O-Bank includes the followings:

1. The assurance scope is consistent with the description of O-Bank 2023 Sustainability Report.
2. The evaluation of the nature and extent of the O-Bank's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement.

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

Opinion Statement

We conclude that the O-Bank 2023 Sustainability Report provides a fair view of the O-Bank sustainability programmes and performances during 2023. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the O-Bank and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate O-Bank's efforts recognized by its stakeholders. Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that O-Bank's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

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

- a review of issues raised by external parties that could be relevant to O-Bank's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on O-Bank's approach to stakeholder engagement. Moreover, we had sampled 2 external stakeholders to conduct interview.
- interview with 29 staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of materiality assessment process.
- review of key organizational developments.
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports.
- review of the findings of internal audits.
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data.
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits.
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced.

- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

Inclusivity

In this report, it reflects that O-Bank has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the O-Bank's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

Materiality

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

Responsiveness

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

Impact

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

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, O-Bank and BSI have agreed upon to include in the scope. In our view, the data and information contained within O-Bank 2023 Sustainability Report are reliable.

GRI Sustainability Reporting Standards (GRI Standards)

O-Bank provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, including the disclosures of applicable economic, environmental, and social information, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the O-Bank's sustainability topics.

Assurance level

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

Responsibility

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

Competency and Independence

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



...making excellence a habit.™

Statement No: SRA-TW-805579
2024-06-14

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C.

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English Translation of a Report Originally Issued in Chinese

Independent Accountant's Limited Assurance Report

To O-Bank Co., Ltd.

We have been engaged by O-Bank Co., Ltd. ("O-Bank") to perform a limited assurance engagement, to report on O-Bank's selected sustainability performance information ("the Subject Matter") for the 2023 Sustainability Report ("the Report").

Selected Information and the Applicable Criteria

Regarding the Subject Matter and the applicable criteria ("Criteria"), please refer to appendix A and appendix B.

Management's Responsibility

The O-Bank management's responsible for preparation of the Report according to the rules of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and applicable criteria, including referencing to GRI Standards issued by Global Sustainability Standards Board, SASB Standards issued by Sustainability Accounting Standards Board, and The Global GHG Accounting and Reporting Standards for Financial Industry issued by Partnership for Carbon Accounting Financials. The O-Bank management is responsible for selecting the Criteria, and for presenting the Report in accordance with that Criteria, in all material respects. 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.

Our Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with Standards of Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a limited assurance report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We are in conformity with related independence and other ethics requirements in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which basic principles are integrity, objectivity, professional competence and due care and professional behavior.

We are in conformity with Standard on Quality Control 1 “Quality Control for Public Accounting Firms” to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations.

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.

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. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with O-Bank’s personnel to understand the business and reporting process;
- Through interviews and inspection of relevant documents, to understand the key stakeholders of O-Bank, the expectations and needs of the key stakeholders, and the communication channels between the two parties, and how O-Bank responds to such expectations and needs;
- Conducted interviews with O-Bank’s key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period;
- Checked that the calculation criteria have been correctly applied in accordance with

- the methodologies outlined in the Criteria;
- Executing analytical procedures for selected information; Collecting and assessing other supporting documentation and obtaining management representation letter; When necessary, testing documentation on a sample basis;
 - Reading O-Bank's Sustainability Report to confirm with the consistency of the indicators in Sustainability Report which contribute to the selected information;

Limitations

Non-financial information contained within the Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined. Any internal control is subjected to limitations. Consequently, it is not possible to detect all existing material misstatements whether resulting from fraud or error.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter, in order for it to be in accordance with the Criteria.



Ernst & Young
August 15, 2024
Taipei, Taiwan, Republic of China

Notice to Readers

The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language

assurance reports shall prevail.

Appendix A:

No.	Chapter	Content Title	Selected Information	Applicable Criteria
1	3.5.3	Information Security Drills	In 2023, O-Bank experienced one information system irregularity, which upon investigation was found to have been caused by a software malfunction rather than a hacker intrusions or a virus infection. The incidents did not cause any loss of Bank information or customer data, nor did the Bank receive any sanctions or incur any monetary loss due to any litigation connected with customer data protection matters.	In accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and SASB Standard's metric FN-CB-230a.1. O-Bank disclosed the number of data breaches, percentage involving personally identifiable information, and number of account holders affected in 2023.
2	7.6.1	Financial Inclusion	A total of 747 loans had been made to 254 SMEs, amounting to a combined total of NTS35.519 billion.	In accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and SASB Standard's metric FN-CB-240a.1. O-Bank disclosed the (1) Number and (2) amount of loans outstanding that qualify for programs designed to promote small business and community development in 2023.
3	8.2	Caring for Students in Remote Areas	In 2023, O-Bank held two student anti-fraud education activities at Pinglin Elementary School in Pinglin District of New Taipei City. Through role-playing, pictures, and other fun educational activities, O-Bank introduced 32 students in rural schools to common scams and how to prevent them, such as failed bank transfers, text message phishing, impersonating families, or internet dating fraud.	In accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and SASB

No.	Chapter	Content Title	Selected Information	Applicable Criteria
			O-Bank Community Volunteer Club has held two financial literacy activities in 2023 at Pinglin Elementary School and Jiqing Elementary School in New Taipei City, with a total of 51 students participating.	Standard's metric FN-CB-240a.4. O-Bank disclosed the number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers in 2023.
4	7.6 8.4	Responsible Products Giving back to Society by Taking Advantage of O-Bank Strengths	<p>As of end-2023, O-Bank had issued a total of over 40,000 charity affinity cards and donated more than NT\$1.49 million in cashback benefits to cooperating community service entities and schools. In 2023, O-Bank processed applications for 3,822 charity affinity cards and donated a total of NT\$ 217,000 in cashback benefits to cooperating community service entities and schools.</p> <p>As of the end of December 2023, more than 33,500 persons have participated in the "Green Consumption Power@O-Bank" project, with approximately 3,900 participating in 2023, and O-Bank brought together 29 social enterprises and B Corporations to promote conscious consumption.</p> <p>As of end-2023, a total of 291 applications were received, and 71 economically disadvantaged households successfully received "Social Impact" loans. Of these, 29 low- or medium-low-income households, one family with special circumstances, and two caregivers of relatives with certified disabilities received "Social Impact" loans in 2023.</p>	<p>In accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.</p> <p>O-Bank disclosed the description of products and services designed by individual operating units to create benefits for the environment or society in 2023.</p>
5	7.6.1	Financial Inclusion	A total of 747 loans had been made to 254 SMEs, amounting to a combined total of NT\$35.519 billion, none of which were classified as non-performing or non-accrual loans.	<p>In accordance with SASB Standard's metric FN-CB-240a.2.</p> <p>O-Bank disclosed the (1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programs designed to promote small business and community development in 2023.</p>

No.	Chapter	Content Title	Selected Information	Applicable Criteria																																	
6	4.2.1 7.6.1	Treating Customers Fairly, Financial Inclusion	Of these personal deposit accounts, 8,634 belonged to persons living in remote locations (Note 7-7), 4,518 belonged to foreign nationals, and 256 belonged to persons with physical or mental disabilities (Note 7-8).	In accordance with SASB Standard's metric FN-CB-240a.3, O-Bank disclosed the number of no-cost retail checking accounts provided to previously unbanked or underbanked customers in 2023.																																	
7	3.4.1	Risk Management Policies and Operations	<table><tr><th>Rank</th><th>Sector</th><th>Total loan balance (unit:NT\$1million)</th></tr><tr><td>1</td><td>Finance & insurance</td><td>58,297</td></tr><tr><td>2</td><td>Individual consumers</td><td>44,001</td></tr><tr><td>3</td><td>Real estate</td><td>37,779</td></tr><tr><td>4</td><td>Manufacturing</td><td>34,221</td></tr><tr><td>5</td><td>Wholesaling & retail</td><td>11,868</td></tr><tr><td>6</td><td>Electricity and gas supply</td><td>4,765</td></tr><tr><td>7</td><td>Publishing, audio/video, information & communication</td><td>3,179</td></tr><tr><td>8</td><td>Construction engineering</td><td>2,520</td></tr><tr><td>9</td><td>Medical, health care & social services</td><td>2,350</td></tr><tr><td>10</td><td>Professional, scientific and technology activities</td><td>2,169</td></tr></table>	Rank	Sector	Total loan balance (unit:NT\$1million)	1	Finance & insurance	58,297	2	Individual consumers	44,001	3	Real estate	37,779	4	Manufacturing	34,221	5	Wholesaling & retail	11,868	6	Electricity and gas supply	4,765	7	Publishing, audio/video, information & communication	3,179	8	Construction engineering	2,520	9	Medical, health care & social services	2,350	10	Professional, scientific and technology activities	2,169	In accordance with SASB Standard's metric FN-CB-410a.1, O-Bank disclosed 10 of the largest amount of commercial and industrial credit exposure in 2023, by industry.
Rank	Sector	Total loan balance (unit:NT\$1million)																																			
1	Finance & insurance	58,297																																			
2	Individual consumers	44,001																																			
3	Real estate	37,779																																			
4	Manufacturing	34,221																																			
5	Wholesaling & retail	11,868																																			
6	Electricity and gas supply	4,765																																			
7	Publishing, audio/video, information & communication	3,179																																			
8	Construction engineering	2,520																																			
9	Medical, health care & social services	2,350																																			
10	Professional, scientific and technology activities	2,169																																			
8	7.3	Responsible Loans	<p>O-Bank in 2022 incorporated the environmental, social, and governance risks into our corporate credit underwriting procedures, and prudently assessed ESG risk factors and related measures in order to mitigate the negative environmental and social impact of corporate loan projects, and to fulfill O-Bank's social responsibilities as a financial services firm.</p> <p>O-Bank adopted a set of "Guidelines for Corporate Loans Under the Equator Principles," and established an Environmental and Social Risks Team that is chaired by the Head of the Risk Management Division. This Team reviews the environmental and social risks associated with projects financed in accordance with the Equator Principles (Note 7-6) and assigns risk ratings of A (high), B (medium), or C (low). For projects with a risk rating of A or B, assessments and</p>	In accordance with SASB Standard's metric FN-CB-410a.2, O-Bank disclosed the description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis in 2023.																																	

No.	Chapter	Content Title	Selected Information	Applicable Criteria
			reviews of environmental and social risks are required in order to mitigate the projects' possible environmental and social risks.	
9	3.3.1	Legal Compliance	In 2023, O-Bank was not involved in fraud, money laundering, insider trading, anti-competitive behavior, anti-trust or monopolistic behavior, corruption, market manipulation, and in the past three years it has not been subject to fines/settlements of more than US\$100 million, and it did not incur losses due to any litigation in connection with the sale or provision of financial products or services; however, O-Bank invested in a company where a newly appointed independent director at O-Bank was also serving as a director. This investment constituted a violation of Article 74-1 of the "Banking Act" and Article 5 of the "Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest," which resulted in a fine of NT\$1 million.	In accordance with SASB Standard's metric FN-CB-510a.1, O-Bank disclosed the total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations in 2023.
10	7.6.1	Financial Inclusion	As of year-end 2023, O-Bank had a total of 423,000 personal deposit accounts, up from roughly 36,000 at end-2022, while the combined outstanding balance of deposits in NT Dollars and foreign currencies comes to NT\$35,155.55 million, up by NT\$12.5 billion from end-2022. As of year-end 2023, O-Bank had a total of 825 SME deposit accounts, and the total funds deposited in these accounts stood at roughly NT\$18.303 billion.	In accordance with SASB Standard's metric FN-CB-000.A, O-Bank disclosed the (1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business in 2023.
11	7.6.1	Financial Inclusion	A total of about 21,000 persons had submitted roughly 23,000 applications for personal unsecured loans amounting to a combined total of NT\$16.017 billion. A total of 747 loans had been made to 254 SMEs, amounting to a combined total of NT\$35.519 billion. Also, there were 396 unsecured loans or revolving loans to 147 ordinary enterprises, and the outstanding loan amount stood at NT\$27.05 billion.	In accordance with SASB Standard's metric FN-CB-000.B, O-Bank disclosed the (1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporates in 2023.

No.	Chapter	Content Title	Selected Information				Applicable Criteria
12	7.3.3	Management of sustainable credit business, and results		Sector	2023 Outstanding loan balance (Unit: NTS million)	Borrowers in 2023	O-Bank disclosed the amount of loan provides to sectors that are friendly to the environment or society and the numbers of borrowers in 2023.
			Environment	Green energy	5,107.2	27	
				Clean transportation	523.6	6	
				LEDs	177.2	1	
				Pollution control	1,394.6	6	
				Afforestation	0	0	
				Green buildings	0	0	
				Green credit to other industries	2,699.4	8	
			Society	Medicine & care	3,551.7	12	
				Education	40.0	1	
				Infrastructure	1,711.4	20	
				Health	0	0	
				Other sectors friendly to society	307.5	1	
			Total for sectors that are friendly to the environment or society		15,512.7	82	
13	6.2.1	Energy management	In 2023, total power usage... This included 742,880kWh of renewable energy.				O-Bank disclosed the total usage of renewable energy in 2023.

Appendix B:

No	Chapter	Content Title	Selected Information	Applicable Criteria																																																																						
			<table><tr><th>Asset Type</th><th>Balance (NT\$ million)</th><th>As % of investment and loan positions</th><th>Scope 1 emissions (tCO₂e)</th><th>Scope 2 emissions (tCO₂e)</th><th>Scope 1 & 2 emissions (tCO₂e)</th><th>Avg. Scope 1 & 2 emissions per NT\$1 million investments and loans (tCO₂e)</th><th>Scope 1 & 2 weighted average carbon intensity (WACI)</th><th>Scope 3 emissions (tCO₂e)</th><th>Avg. Scope 3 emissions per NT\$1 million investments and loans (tCO₂e)</th></tr><tr><td>Listed equity and corporate bonds</td><td>37,795.75</td><td>17%</td><td>474,897.17</td><td>29,760.97</td><td>504,658.14</td><td>13.35</td><td>3.99</td><td>413,878.29</td><td>10.95</td></tr><tr><td>Business loans and unlisted equity</td><td>156,541.79</td><td>68%</td><td>278,739.76</td><td>181,320.47</td><td>460,060.23</td><td>2.94</td><td>3.30</td><td>1,896,890.98</td><td>12.12</td></tr><tr><td>Project finance</td><td>4,336.53</td><td>2%</td><td>28,108.90</td><td>73.41</td><td>28,182.31</td><td>6.50</td><td>0.08</td><td>32,864.73</td><td>7.58</td></tr><tr><td>Commercial real estate</td><td>1,731.02</td><td>1%</td><td>6.36</td><td>1,092.38</td><td>1,098.74</td><td>0.63</td><td>--</td><td>--</td><td>--</td></tr><tr><td>Sovereign debt</td><td>27,462.67</td><td>12%</td><td>156,190.30</td><td>--</td><td>156,190.30</td><td>5.69</td><td>--</td><td>--</td><td>--</td></tr><tr><td>Total</td><td>227,867.76</td><td>100%</td><td>937,942.49</td><td>212,247.23</td><td>1,150,189.72</td><td>5.05</td><td>7.37</td><td>2,343,634.00</td><td>11.80</td></tr></table>	Asset Type	Balance (NT\$ million)	As % of investment and loan positions	Scope 1 emissions (tCO ₂ e)	Scope 2 emissions (tCO ₂ e)	Scope 1 & 2 emissions (tCO ₂ e)	Avg. Scope 1 & 2 emissions per NT\$1 million investments and loans (tCO ₂ e)	Scope 1 & 2 weighted average carbon intensity (WACI)	Scope 3 emissions (tCO ₂ e)	Avg. Scope 3 emissions per NT\$1 million investments and loans (tCO ₂ e)	Listed equity and corporate bonds	37,795.75	17%	474,897.17	29,760.97	504,658.14	13.35	3.99	413,878.29	10.95	Business loans and unlisted equity	156,541.79	68%	278,739.76	181,320.47	460,060.23	2.94	3.30	1,896,890.98	12.12	Project finance	4,336.53	2%	28,108.90	73.41	28,182.31	6.50	0.08	32,864.73	7.58	Commercial real estate	1,731.02	1%	6.36	1,092.38	1,098.74	0.63	--	--	--	Sovereign debt	27,462.67	12%	156,190.30	--	156,190.30	5.69	--	--	--	Total	227,867.76	100%	937,942.49	212,247.23	1,150,189.72	5.05	7.37	2,343,634.00	11.80	In accordance with PCAF Standard, O-Bank disclosed the GHG emission of corporate loan and investment portfolios as of December 31, 2023.
Asset Type	Balance (NT\$ million)	As % of investment and loan positions	Scope 1 emissions (tCO ₂ e)	Scope 2 emissions (tCO ₂ e)	Scope 1 & 2 emissions (tCO ₂ e)	Avg. Scope 1 & 2 emissions per NT\$1 million investments and loans (tCO ₂ e)	Scope 1 & 2 weighted average carbon intensity (WACI)	Scope 3 emissions (tCO ₂ e)	Avg. Scope 3 emissions per NT\$1 million investments and loans (tCO ₂ e)																																																																	
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1	7.1.6	emissions of O-Bank's investment and loan portfolio																																																																								

	Balance (NT\$ million)					Carbon emissions (tCO ₂ e)							
	10 biggest carbon-intensive industries	Outstanding loan balance	Outstanding loan balance as % of total loan balance	Outstanding investment balance	Outstanding investment balance as % of total investment balance	Total balance	Total Balance as % of investment and loan positions	Emissions from loan balance	Avg. emissions per NT\$1 million loan balance	Emissions from investment balance	Avg. emissions per NT\$1 million investment balance	Total emissions	Avg. emissions per NT\$1 million investment and loan balance
Table 7-14: O-Bank Corporate Loan and Investment Portfolios' GHG Emissions in the 10 Biggest Carbon-intensive Industries in 2023	Electricity supply (Note)	--	--	5,330.03	8.17%	5,330.03	2.34%	--	--	320,160.32	60.07	320,160.32	60.07
	Air transport	--	--	--	--	--	--	--	--	--	--	--	--
	Basic iron and steel	2,943.81	1.81%	375.94	0.58%	3,319.75	1.46%	43,324.75	14.72	133,538.56	355.22	176,863.31	53.28
	Ocean transportation	186.28	0.11%	196.57	0.30%	382.85	0.17%	1,528.07	8.20	2,865.76	14.58	4,393.83	11.48
	Cement and cement products	50.00	0.03%	300.00	0.46%	350.00	0.15%	3,380.15	67.60	3,553.19	11.84	6,933.34	19.81
	Petroleum and coal products	307.53	0.19%	1,403.33	2.14%	1,710.86	0.75%	6,937.33	22.56	11,908.84	8.48	18,846.17	11.02
	Aluminum	309.09	0.19%	--	--	309.09	0.14%	1,152.44	3.73	--	--	1,152.44	3.73
	Semiconductors	726.04	0.45%	3,288.81	5.03%	4,014.85	1.76%	2,731.69	3.76	5,206.46	1.58	7,938.15	1.98
	Mining & quarrying	--	--	--	--	--	--	--	--	--	--	--	--
	Fertilizers and nitrogen compounds	--	--	--	--	--	--	--	--	--	--	--	--
	Total	4,522.75	2.78%	10,894.68	16.68%	15,417.43	6.77%	59,054.43	13.06	477,233.13	43.80	536,287.56	34.78

In accordance with Ministry of Environment. O-Bank disclosed the loan and investment's GHG emission and amount of balance for 10 biggest carbon-intensive industries as of December 31, 2023.



 BANK 王道銀行