

## 1.4.2 Identification and management of material issues

The office of CSO evaluates the impact of 12 major issues on the economy, environment, and people (including human rights) in terms of actual/potential, positive/negative impact, and the likelihood of occurrence. The initial results are summarized and, after consultation with the management team, the 2023 E.SUN's material issues are selected and ranked based on the impact degree. E.SUN also develops the management mechanisms in accordance with material issues, including setting challenging targets and incorporating overall corporate risks Management (ERM). E.SUN also makes the target and linked to senior management level compensation.

### 1. Evaluation process:

#### (1) Quantitative impact:

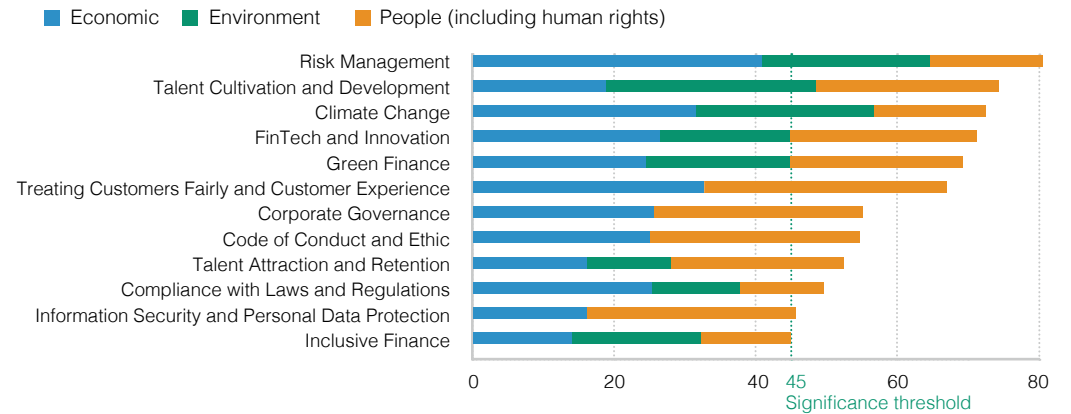
The material Issues are scored on a scale of 1-5 based on their impact on the economy/environment/people (including human rights), probability of occurrence, and are evaluated by relevant units and consolidated by the Sustainable Development Office.

	Economic		Environmental impact		Human (including human rights) impact	
	Positive	Negative	Positive	Negative	Positive	Negative
Risk Management	25.0	16.3	13.3	10.7	8.9	7.3
Talent Cultivation and Development	14.0	5.0	25.0	5.0	21.8	4.3
Climate change response	17.8	14.1	18.8	6.7	9.0	7.0
Financial Technology and Innovation	21.4	5.3	15.9	2.7	23.3	3.3
Green Finance	15.6	9.0	18.7	2.0	21.7	3.0

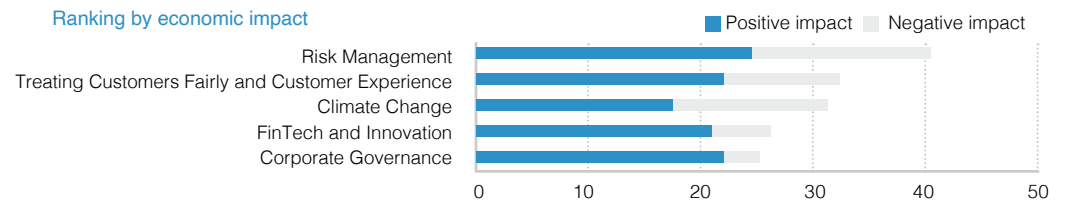
#### (2) Impact ranking:

The office of CSO calculates the quantitative results of 12 material Issues' impacts. After considering the recommendations of the management team, the evaluation results are shown in the chart on the right:

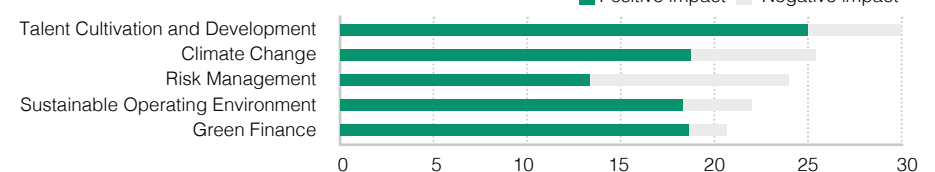
#### Material issue impact assessment results



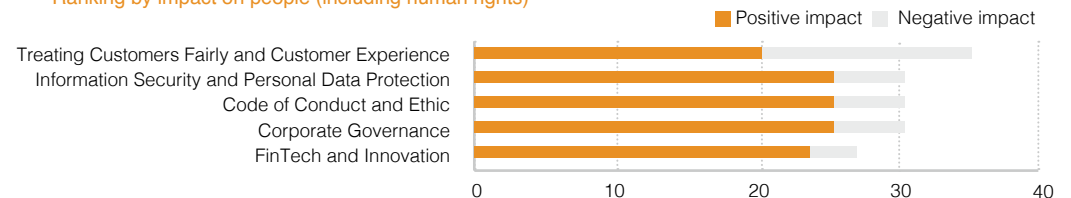
#### Top 5 in terms of impact on the economy, environment, and people (including human rights)



#### Ranking by environmental impact



#### Ranking by impact on people (including human rights)



## 2. Impact explanation and management measures

Material Issues	GRI Specific Theme Indicators Self-defined Material Issues	Impact Categories	Actions Taken (Corresponding Chapters/ Appendices)
Risk Management	GRI 2: General Disclosure 2021	<p><b>Potential/Negative/Economic &amp; Environmental &amp; Human (Human Rights)</b></p> <p>1. The financial industry is a credit business with economic risk management. Good risk management can reduce the likelihood of potential risks such as credit, market, and operational risks for E.SUN, and provide rapid and accurate response measures, protecting employees and stakeholders when incidents occur. In addition, a good risk management mechanism can help E.SUN to have a more comprehensive and quantitative assessment basis when facing climate risks.</p> <p>2. The financial industry faces higher risks of money laundering and terrorism financing. Effective risk management enables E.SUN to continue its development in a compliant manner, preventing the misuse of products and services by malicious individuals and safeguarding customers' assets. By implementing anti-money laundering and counter-terrorism financing mechanisms, we aim to disrupt pre-crime activities and jointly build a healthier and more stable financial system.</p>	<p>4.3 Risk Management</p> <p>4.5 Combating Money Laundering and Financing of Terrorism</p>
Talent Cultivation and Development	GRI 404 Training and Education	<p><b>Substantive/Positive/Economic &amp; Human (Human Rights)</b></p> <p>"Nurture talents first, then manage the business," talent is the key driving force for sustainable business operation. E.SUN provides a comprehensive talent development system to enhance the competitiveness of its employees through cultivating skills in sustainable finance, digital technology, and global perspective. Effective talent development also enhances employees' knowledge and skills, creating a positive cycle for the economy, environment, and society, and exerting influence.</p>	5.1 Talent Cultivation and Development
Climate Change Factors	GRI 201-2	<p><b>Substantive/Positive/ Economic &amp; Environmental</b></p> <p>The physical risks of climate change and transition risks may impact E.SUN's investment and business operations, further affecting the risk profile of E.SUN's asset portfolio. E.SUN's investment portfolio represents the distribution of industries invested in, indirectly affecting the local environmental ecology.</p> <p>Physical risks: Extreme weather events such as typhoons or floods may result in operational disruptions and asset damages for E.SUN's business locations, leading to financial losses and impacting profitability.</p> <p>Transition risks: Associated with carbon emission costs, if E.SUN fails to effectively manage the carbon emissions of its investment or loan portfolio, it may affect its reputation and market competitiveness.</p>	2. Journey to Net Zero
Financial Technology and Innovation	GRI 203 Indirect Economic Impacts GRI G4 Product Portfolio	<p><b>Substantive/Positive/ Economic &amp; Human (Human Rights)</b></p> <p>1. E.SUN continuously adopts AI, containerization, cloud computing, microservices, and other technologies to effectively allocate and manage resources, build and optimize digital channels/platforms, and achieve rapid delivery and improved operational resilience.</p> <p>2. Deploy a comprehensive digital financial platform, integrating virtual and physical channels to actively guide customers in using our services. E.SUN aims to provide customers with complete digital financial services and continuously enhance user experience to increase their willingness to use services. This will have positive effects on the economy and achieve the goals of inclusive finance, while also reducing paper usage and carbon emissions.</p>	3.4 FinTech and Innovation
Green Finance	GRI 203 Indirect Economic Impacts GRI G4 Product Portfolio	<p><b>Substantive/Positive/ Economic &amp; Environmental</b></p> <p>Lending aspect: E.SUN incorporates environmental and social risk assessment and management into its lending process, avoiding negative impacts on the ecological environment, labor rights, etc., and promotes sustainable linked loans, green lending, and other financial services to encourage enterprises to set sustainable goals, promote green energy, and support sustainable-related industries, thus bringing positive cyclical benefits to the environment and society.</p> <p><b>Substantive/Positive/ Economic &amp; Environmental &amp; Human (Human Rights)</b></p> <p>Investment aspect: Establish investment goals and continuously increase positions in sustainable investment, implement responsible investment, and support corporate sustainable fundraising through the issuance and underwriting of sustainable development bonds to guide funds into investment projects with positive environmental and social impact, and have financial influence in Taiwan net zero. This approach has positive impacts for the economy, environment, and human rights.</p>	<p>3.1.1 Responsible Lending</p> <p>3.1.1 Responsible Lending</p>

Material Issues	GRI Specific Theme Indicators Self-defined Material Issues	Impact Categories	Actions Taken (Corresponding Chapters/Appendices)
Customer Experience and Fair Treatment	GRI 2: General Disclosure 2021 GRI G4 Product Portfolio GRI 417 marketing and labeling 2016	<b>Substantive/Positive/ Economic &amp; Human (Human Rights)</b> A good customer experience affects customers' willingness to use financial services. Implement fair treatment of customers deepens trust in financial institutions, and both directly drive economic growth. E.SUN is committed to providing a better customer experience and protecting customer rights through culture building, establishing organizations, and implementing systems.	3.3 <u>Treating Customers Fairly and Customer Experience</u>
Corporate Governance	GRI 2: General Disclosure 2021	<b>Substantive/Positive/ Economic</b> Good corporate governance represents a high degree of stability and health in business operations. Through diversified channels, we continuously pay attention to and ensure the quality of information disclosure, constantly learn, review, and refine the corporate governance structure and mechanism, and enhance the trust of stakeholders in the company, so as to jointly create the company's long-term maximum value.	4.1 <u>Corporate Governance</u>
Integrity Management	GRI 205 Anti-corruption GRI 206 Anti-competitive Behavior	<b>Potential/Positive/ Economic</b> Integrity management is fundamental to the financial industry. Good corporate governance increases the confidence of stakeholders in E.SUN, making them more willing to invest in and cooperate with the bank, which has a potential positive impact on the economy. A sound system also ensures that internal management and business activities comply with integrity management, positively affecting various business activities in the economy.	4.2 <u>Code of Conduct and Ethic</u>
Talent Attraction and Retention	GRI 202 Market Presence GRI 401 Employment Relations	<b>Substantive/Positive/ Economic &amp; Human (Human Rights)</b> Attracting talent can make E.SUN 's personnel composition healthier,by continuously recruiting exceptional talents through diverse channels,deep-rooted campus talent brandingand optimized selection experiences, E.SUN attracts high-potential individuals.Retention measures can retain key talents and potential talents, making E.SUN more competitive. By providing competitive talent retention measures,we can achieve talent attraction and retention, improve employee professionalism, promote employee satisfaction and customer satisfaction in a positive cycle,and enable the organization to achieve stable and sustainable development.	5.2 <u>Talent Attraction and Retention</u>
Compliance with Laws and Regulations	GRI 2: General Disclosure 2021	<b>Potential/Negative/Economy</b> Implement compliance with laws and regulations, establish a good corporate culture, all services and products comply with relevant legal norms can reduce operational risks, litigation risks, and improve operational performance.	4.2 <u>Code of Conduct and Ethic</u>
Information Security and Personal Data Protection	GRI 418 Customer Privacy	<b>Potential/Negative/Economic &amp; Human (Human Rights)</b> In the digital era, a robust information security and customer data protection system can ensure the stability and security of financial services, reducing the risk of corporate and customer information leakage. Not only must it comply with legal regulations, but it should also continuously improve internal management with high standards, strengthen employee awareness of customer rights, and implement personal data protection, enhancing customer trust in E.SUN.	4.6 <u>Information Security and Personal Information Protection Management</u>
Inclusive Finance	GRI 203 Indirect Economic Impacts GRI 413 Local Community Engagement and Impacts GRI G4 Product Portfolio	<b>Substantive/Positive/ Economic &amp; Human (Human Rights)</b> The financial industry is a special industry. Starting from core financial business, E.SUN collaborates with both the public and private sectors to provide micro-enterprises with funding and marketing guidance resources, and offer exclusive loan projects for economically disadvantaged groups, ensuring that all segments of society have access to affordable financial services, which brings positive benefits to the economy. Furthermore, increased financial literacy levels and awareness of financial products contributes to the development of sound financial concepts among the younger generation and the establishment of a financial safety net for the elderly population.	3.2 <u>Inclusive Finance</u>

## Material issues management targets



### Risk Management

\* Respond to GRI3-3c Policy or Commitment

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Utilize information technology and scientific data analysis tools to strengthen the early warning and adaptability of risk management, thereby enhancing the effectiveness of risk control.	Chief Risk Officer /60%	<ul style="list-style-type: none"> <li>Management mechanism for the impact of interest rate risk changes on assets and liabilities .</li> <li>Credit risk weighted asset management indicator.</li> <li>The refinement ratio of the 3+1 operational risk management tool.</li> <li>Enhancing the effectiveness of anti-money laundering measures through the use of intelligent technology.</li> </ul>	<ul style="list-style-type: none"> <li>Optimized asset and liability allocation by 50%.</li> <li>Increase the efficiency of capital calculation by 30%.</li> <li>Operational risk key indicators update increased by 10%.</li> <li>Increased data sharing rate for due diligence information by 50%.</li> </ul>	<ul style="list-style-type: none"> <li>The liquidity coverage ratio (LCR) is projected to increase by 11% to 143.59% in 2023, achieving a growth rate of over 90% compared to 2022 (with a growth rate of 12% in 2022).</li> <li>Increase the efficiency of capital calculation by 30%.</li> <li>Operational risk key indicators update increased by 10%.</li> <li>Integrated due diligence systems for new account openings, private banking, and other services, achieving a business coverage rate of 60%.</li> </ul>	<ul style="list-style-type: none"> <li>Completion 100% for the implementation of new market risk capital calculation methods.</li> <li>Enhanced RWA management mechanisms for credit risk throughout the bank, promoting RWA limits under the IRB approach.</li> <li>Achieved 100% calibration of operational risk database quality.</li> <li>Completion of the establishment of new customer anti-money laundering and counter-terrorism financing risk rating models.</li> </ul>	<ul style="list-style-type: none"> <li>Improved efficiency in market risk management systems and risk sensitivity analysis by 50%.</li> <li>The risk weight applied to the credit risk exposure of capital proposals decreased by 20%.</li> <li>Enhanced cross-module management efficiency by 80%.</li> <li>Achieved systematization of domestic and international due diligence operations by 60%.</li> </ul>



### Talent Cultivation and Development

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Talent-oriented performance management, combined longterm strategies with education and training, cultivates the talents needed by the organization through enterprise culture,professional training and job rotation.	Chief Human Resource Officer / 40%	<p>Average training sessions per employee</p> <p>Digital literacy certification</p>	Maintaining an average of 50 hours or more of training per employee	Average training hours per employee: 64.18 hours.	Maintaining 50 hours or more of training per employee.	Maintaining 50 hours or more of training per employee.
		<ul style="list-style-type: none"> <li>Integration of digitalrelated courses into various professional training programs, continuously offering technologyn professional training courses.</li> <li>40% of domestic employees have obtained digital literacy and AI certifications.</li> </ul>	<ul style="list-style-type: none"> <li>All professional training courses for various job categories are conducted through blended learning with 100% digital teaching materials, including BA/PM, Agile Development Certification Training,Digital Technology Training, and Online Information Security Testing, totaling 40,358 participants.</li> <li>43% of domestic employees have obtained digital literacy-related learning certifications (a total of 2,696 people).</li> </ul>	<ul style="list-style-type: none"> <li>Integration of digitalrelated courses into various professional training programs,continuously offering technology professional training courses across the bank.</li> <li>45% of domestic employees have obtained digital literacy, AI certification, and digital operation certifications.</li> </ul>	<ul style="list-style-type: none"> <li>Integration of digitalrelated courses into various professional training programs, continuously offering technology professional training courses across the bank.</li> <li>80% of domestic employees have obtained digital literacy, AI certification, and digital operation certifications.</li> </ul>	



## Climate change

\* Respond to GRI3-3c Policy or Commitment

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Address potential risks caused by climate change, E.SUN establish an assessment mechanism and appropriate risk management measures to enhance our management and response capabilities, including educational training and alignment with international rating agency requirements.	Chief Risk Officer /10%	<ul style="list-style-type: none"> <li>· CDP performance</li> <li>· Carbon reduction target achievement</li> <li>· Education and training transparency rate</li> </ul>	<ul style="list-style-type: none"> <li>· Maintain a CDP climate change performance of A- or above.</li> <li>· Scope 1, 2, and 3 carbon emissions comply with SBT.</li> <li>· Over 90% of new employees complete climate change education and training.</li> </ul>	<ul style="list-style-type: none"> <li>· Achieve A in CDP climate change performance.</li> <li>· Scope 1, 2, and 3 carbon emissions are not significantly deviating from the SBT pathway..</li> <li>· Incorporating climate change education and training in onboarding programs for both physical and online training for new employees.</li> </ul>	<ul style="list-style-type: none"> <li>· Maintain a CDP climate change performance of A- or above.</li> <li>· Scope 1, 2, and 3 carbon emissions comply with SBT.</li> <li>· Establishing a financial carbon inventory system for investment and financing activities.</li> </ul>	<ul style="list-style-type: none"> <li>· Achieve SBTi scope 1, 2, and 3 phased carbon reduction targets.</li> </ul>
Establish and implement environmental protection and energy-saving culture, reducing operating costs.	Head of Banking Management Department / 30%	Control operating environment indicators, carbon emissions, water consumption, and waste.	Based on 2020 as the baseline year,total carbon emissions decreased by 12.6%;based on 2016 as the baseline year,water consumption per unit of revenue decreased by 15.6%; waste per unit of revenue decreased by 38.9%.	Based on 2020 as the baseline year,total carbon emissions decreased by 18.5%;based on 2016 as the baseline year,water consumption per unit of revenue decreased by 32.6%; waste per unit of revenue decreased by 42%.	Based on 2020 as the baseline year,total carbon emissions decreased by 16.8%;based on 2016 as the baseline year,water consumption per unit of revenue decreased by 17.7%; waste per unit of revenue decreased by 44.6%.	Based on 2020 as the baseline year,total carbon emissions decreased by 42%;based on 2016 as the baseline year,water consumption per unit of revenue decreased by 31.1%; waste per unit of revenue decreased by 77.8%.
Increase the use of renewable energy through cooperative procurement, self-built solar energy, and purchase of renewable energy certificates, improving operational resilience.		Review the proportion of renewable energy usage based on the amount of renewable energy consumed and total electricity consumption.	Domestic sites achieve 20% renewable energy usage ratio*.	Domestic sites achieve 28% renewable energy usage ratio.	Domestic sites achieve 30% renewable energy usage ratio.	Domestic sites achieve 100% renewable energy usage ratio.

Note:1.In order to facilitate the assessment of progress towards the 2030 target, adjustments have been made to this target compared to the 2022 Sustainability Report.

2.The proportion of renewable energy usage in domestic locations is calculated using the formula: (Renewable energy consumed at domestic locations + Green energy certificates) divided by total electricity consumption at domestic locations.



## Financial Technology and Innovation

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Optimizing digital experiences and operations, accelerating the comprehensive application of technology, and integrating technology and sustainability into financial services to empower a more resilient financial services system.	Chief Digital Officer / 20%	Percentage of active customers on digital channels (of overall active customers)	56%	57.82%	58%	65%
		Digital applications as a proportion of total (including deposits, credit cards, loans, and funds)	68%	68.53%	69%	75%



## Green Finance

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Support for credit recipients with positive environmental and social impacts, including providing green credit and assisting enterprises in setting clear ESG development goals through sustainable linked loans to accelerate corporate transition.	Executive Officer of Corporate Finance / 20%	Green credit balance	63 billion NTD	80.9 billion NTD	100 billion NTD	130 billion NTD <sup>Note</sup>
		Sustainable linked loan balance	50 billion NTD	60.1 billion NTD	66 billion NTD	Occupying 13% of the total authorized balance of corporate finance loans
Implement sustainable investments, increase the proportion of sustainable development bond investments (sustainable development bonds refer to recognized green bonds, social responsibility bonds, and sustainable development bonds).	Chief Financial Officer / 15%	Sustainable development bond investment balance	28 billion NTD	29.4 billion NTD	35 billion NTD	42 billion NTD

Note: The 2030 original target for green credit balance in 2022 was set at 100 billion NTD but planned to achieve 2024, thus the 2030 target will be adjusted in 2023.



## Customer experience and fair treatment

\* Respond to GRI3-3c Policy or Commitment

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Focusing on customer experience, establishing a culture of fair treatment for customers, and ensuring service quality.	General Manager	Customer satisfaction	<ul style="list-style-type: none"> <li>Maintain a satisfaction rate of over 90% across all channels.</li> </ul>	<ul style="list-style-type: none"> <li>2023 Achievement Status</li> <li>Physical Channel: 93.4%</li> <li>Digital Channel: 94.8%</li> <li>Customer Service Channel: 86.2%*</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a satisfaction rate of over 90% on Physical and Digital Channel</li> <li>Maintain a satisfaction rate of over 85% on Customer Service Channel.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a satisfaction rate of over 90% across all channels.</li> </ul>
		NPS (Net Promoter Score)	<ul style="list-style-type: none"> <li>Maintain a physical channel NPS of 60% or higher.</li> <li>Maintain a digital channel NPS of 55% or higher.</li> <li>Maintain a customer service channel NPS of 50% or higher.</li> </ul>	<ul style="list-style-type: none"> <li>Physical Channel: 67.8%</li> <li>Digital Channel: 61.9%</li> <li>Customer Service Channel: 49.1%*</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a physical channel NPS of 60% or higher.</li> <li>Maintain a digital channel NPS of 55% or higher.</li> <li>Maintain a customer service channel NPS of 50% or higher.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain an NPS of 60% or higher for each channel.</li> </ul>
		Implement the principle of fair treatment for customers	<ul style="list-style-type: none"> <li>Received the Financial Supervisory Commission's Fair Treatment of Customers Award.</li> </ul>	<ul style="list-style-type: none"> <li>Ranked in the top 25% in the Financial Supervisory Commission's fair treatment of customers assessment.</li> </ul>	<ul style="list-style-type: none"> <li>Received the Financial Supervisory Commission's Fair Treatment of Customers Award.</li> </ul>	<ul style="list-style-type: none"> <li>Received the Financial Supervisory Commission's Fair Treatment of Customers Award.</li> </ul>

Note: The call centers in the first half of 2023 was impacted due to the reopening of borders, the government's policy of distributing NT\$6,000, and the launch of new co-branded cards led to a longer wait times for customers and affected overall experience. However, as these events have come to an end and the customer service center implemented emergency measures such as manpower allocation and optimizing self-service options, the satisfaction level and NPS have shown a reversal trend in the second half of 2023.



## Corporate Governance

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Continuously strengthen the Board's functions, enhance the management team's leadership, value shareholder rights protection, and ensure accurate and transparent information.	Corporate Governance Officer / 100%	<ul style="list-style-type: none"> <li>Board functions</li> <li>Information transparency</li> <li>Shareholder participation</li> </ul>	<ul style="list-style-type: none"> <li>In accordance with the newly revised "Corporate Governance Best Practice Principles," regulate the control measures for stock transactions during the closed period and establish a post-event verification and confirmation mechanism.</li> <li>Implement the re-election of directors and the handling of the first-term training for new directors.</li> <li>Commission an external independent professional institution to carry out the "Board Performance Evaluation" operation.</li> </ul>	<ul style="list-style-type: none"> <li>Regulate the trading of stocks by insiders who have access to financial statements or performance information, as well as mechanisms to verify and confirm the closed period for directors by revising the "Equity Management Policy."</li> <li>The 8th board of directors election has been completed, and provided directors the E.SUN Board Handbook, arranged an orientation session for the newly directors and planned an 18-hour director training program.</li> <li>Assist professional institutions in evaluating the performance of board of directors through questionnaires and on-site interviews, and incorporate the relevant recommendations into priority plan for strengthening corporate governance.</li> </ul>	<ul style="list-style-type: none"> <li>Voluntarily engage a professional third-party institution to conduct corporate governance certification.</li> <li>The requirement for shareholder meeting reports regarding transactions involving the acquisition or disposition of assets with related parties included in the internal regulations.</li> <li>Continuously enhance the information related to corporate governance in official website.</li> </ul>	<ul style="list-style-type: none"> <li>Refer to the company's phased sustainable development strategy, integrate and formulate the company's governance upgrade plan for advanced deployment.</li> <li>Continuously optimize the company's governance culture according to the policies of the competent authority and refer to the best domestic and foreign corporate governance principles and practices, review the company's governance structure, and promote the amendment of relevant regulations and adjustment of disclosure information.</li> </ul>



## Code of Conduct and Ethic

\* Respond to GRI3-3c Policy or Commitment

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Incorporate the values of honesty and integrity into the corporate culture, creating a trusting relationship with customers.	Chief Compliance Officer / 40%	<ul style="list-style-type: none"> <li>Education, training, and implementation assessment</li> <li>Risk assessment mechanism for unethical business practices.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously implement education, training, and promotion.</li> <li>Maintain 100% employee participation.</li> <li>Integrate dishonest behavior risk assessment activities and overall operational risk management mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct integrity and ethical operation education through various training programs.</li> <li>Provide all directors with educational on integrity in business operations and handling of internal significant information.</li> <li>Implement online integrity and ethical business training and testing, with a 100% employee participation rate.</li> <li>Established a risk assessment mechanism for unethical behavior.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously implement education, training, and promotion.</li> <li>Maintain 100% employee participation.</li> <li>Establish a dynamic dashboard for assessing the risk of unethical behavior.</li> <li>Complete the internal regulations and relevant documents for various accountability systems by the end of June 2024, and submit to the E.SUN Accountability Committee and the Board of Directors in September. Anticipate that all senior management personnel in E.SUN will sign the declaration of responsibility by the end of November, in compliance with the "Bank's Implementation of Responsibility Map System Self-disciplinary Norms."</li> </ul>	<ul style="list-style-type: none"> <li>Continuously implement education, training, and promotion.</li> <li>Maintain 100% employee participation.</li> <li>Continuously optimize the integrity management behavior risk assessment mechanism.</li> </ul>



## Talent Attraction and Retention

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Using Our Own Hands to Create Our Own Future	Chief Human Resource Officer / 40%	Employee Engagement	Maintain employee engagement above 90%	<ul style="list-style-type: none"> <li>88.1%</li> <li>Unachieved. Compared to a growth of 3.1% in 2022, through continuous improvement of performance evaluation and compensation system via human resources enhancement projects, and proactive communication with supervisors and colleagues, the overall feedback is reflected in the results of employee engagement surveys.</li> </ul>	Maintain employee engagement above 90%	Maintain employee engagement above 90%
		Talent Retention Rate	Talent Retention Rate Maintains Above 90%	89%	Talent Retention Rate Maintains Above 90%	Talent Retention Rate Maintains Above 90%
		High-Performance Talent Retention Rate	High-Performance Talent Retention Rate Maintains Above 95%	95.4%	High-Performance Talent Retention Rate Maintains Above 95%	High-Performance Talent Retention Rate Maintains Above 95%
		Percentage of female managers	Maintain the percentage of female managers at 39% and above	41.5%	Maintain the percentage of female managers at 41% and above	Maintain the percentage of female managers at 41% and above





## Compliance with laws and regulations

\* Respond to GRI3-3c Policy or Commitment

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Embed the concept of compliance with laws and regulations in the hearts of managers and employees, emphasizing that all business operations must not exceed the risk limits, and all services must not exceed the legal boundaries, achieving zero trust in operational processes and zero tolerance for risk and regulatory violations.	Chief Compliance Officer / 100%	<ul style="list-style-type: none"> <li>Implementation of education and training.</li> <li>Participation rate of compliance testing for employees.</li> <li>Self-assessment item updates and implementation effectiveness.</li> <li>Timeliness, implementation, and accuracy of compliance tracking forms.</li> </ul>	<ul style="list-style-type: none"> <li>Complete the construction of the compliance management system in the fourth quarter of 2023, strengthen the mechanisms for law dissemination, consultation, communication, and reporting, improve the internal efficiency of compliance, and reduce the working hours of employees.</li> <li>Continuously implement compliance education and training and conduct compliance testing for the entire bank.</li> <li>Continuously engage in one-on-one on-site or online exchanges.</li> </ul>	<ul style="list-style-type: none"> <li>The compliance management system was launched by the end of October 2023, addressing the issue of instability in the previous system, and expanded user base to overseas subsidiary units, significantly improving the efficiency of regulatory compliance.</li> <li>Provide compliance materials to each unit for monthly educational training and conduct a comprehensive compliance test for the entire bank in May.</li> <li>Conduct on-site compliance inspections and visits to Hong Kong branch, Singapore branch, and subsidiary banks in China.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement compliance education and training and conduct comprehensive compliance assessments throughout the entire bank.</li> <li>Maintain ongoing one-on-one exchanges with overseas units, both in-person and online.</li> <li>The compliance management system continues to collect user feedback and has implemented significant improvements to enhance the resilience and efficiency of compliance management to empower sustainable governance.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously improve through education, training, and testing to establish a proactive risk culture and deepen the overall compliance awareness of management and employees.</li> <li>Utilize legal compliance management systems and regulatory management systems as tools to enhance management efficiency and ensure adherence to laws and regulations.</li> </ul>



## Information Security and Personal Data Protection

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
<ul style="list-style-type: none"> <li>Continue to obtain international professional certifications to practice information security, personal data protection, and business continuity in alignment with international standards.</li> <li>Establish a comprehensive governance system, cultivate a strong awareness of information security among colleagues, identify security risks and vulnerabilities, and effectively strengthen security measures.</li> <li>Construct a robust information security framework to enhance the availability of information services, demonstrate security resilience, and improve the maturity of our security governance.</li> </ul>	Chief Information Security Officer /100%	<ul style="list-style-type: none"> <li>Strengthening E.SUN's personal data protection system.</li> <li>Number of successful security incidents involving customer intrusions.</li> <li>Obtain international professional certifications.</li> <li>Implementing a cloud-based zero-trust framework.</li> </ul>	<ul style="list-style-type: none"> <li>The number of successful cybersecurity incidents caused by successful hacking is 0.</li> <li>New trust business and digital personal finance business have obtained BS10012-2017 Personal Information Management certification.</li> <li>E.SUN's Personal Internet Bank and Mobile Bank have obtained ISO22301:2019 Business Continuity Management System and ISO27701:2019 Privacy Information Management System certification.</li> <li>Establish the Breach and Attack Simulation system. Also complete the infrastructure security health diagnosis of E.SUN Financial Holdings and its subsidiaries.</li> </ul>	<ul style="list-style-type: none"> <li>There were no cybersecurity incidents caused by hacking in 2023.</li> <li>Obtained ISO 27701 Privacy Information Management System and ISO 22301 Business Continuity Management System certifications in June 2023.</li> <li>Establish an intrusion attack simulation system and complete security diagnosis of E.SUN FHC and subsidiaries' infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the personal data management system and organizational operations to ensure consistency in personal data protection mechanisms.</li> <li>The number of successful cybersecurity incidents caused by successful hacking is 0.</li> <li>Obtained ISO 27001:2022 certification for the international standard on information security management systems.</li> <li>Developed cloud security guidelines for operating cloud systems and complete the implementation of cloud environment security monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>The number of successful cybersecurity incidents caused by successful hacking is 0.</li> <li>E.SUN and E.SUN Securities complete the ISO/IEC27001:2022 information security management system update and continue to obtain certification.</li> <li>Establish a consistent personal information management system for E.SUN Financial Holdings and its subsidiaries, continue to improve the supplier risk management system and zero trust architecture.</li> </ul>



## Inclusive Finance

\* Respond to GRI3-3c Policy or Commitment

Strategy*	Management Team / compensation linked to material issue	Key Performance Indicator (KPI)	2023 Target	2023 Achievement Status	2024 Target	2030 Target
Promoting inclusive financial policies to ensure that individuals and businesses from diverse backgrounds have access to suitable and diverse financial services on the basis of openness, equality, and diversity to foster social employment and economic development, eliminate inequality, and promote inclusive finance.	Executive Officer of Retail Banking / 20%	Solve the issue of limited financing for small businesses with annual revenue below 50 million, and assist individuals or businesses with significant social impact in their local communities.	<ul style="list-style-type: none"> <li>Increase the number of small business loan appropriation by 4,000.</li> <li>Increase the number of appropriation of New ventures, local revitalization, social enterprises, and youth entrepreneurship activation funds, etc., by 1,300.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of small business loan appropriation by 4,148.</li> <li>Increase the number of appropriation of new ventures, local revitalization, social enterprises, and youth entrepreneurship activation funds, etc., by 1,599.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of small business loan appropriation by 4,300.</li> <li>Increase the number of appropriation of new ventures, local revitalization, social enterprises, and youth entrepreneurship activation funds, etc., by 1,650.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of small business loan appropriation by 6,000.</li> <li>Increase the number of appropriation of new ventures, local revitalization, social enterprises, and youth entrepreneurship activation funds, etc., by 1,800.</li> </ul>
		Provide innovation and friendly financial service for disadvantaged, handicapped or elder customers through digital and barrier-free financial service.	<ul style="list-style-type: none"> <li>Add 150 visually impaired voice ATMs (at least one in each branch).</li> <li>Formulate A, B, and C grades according to the barrier-free branch facility services, all of the branches are C grades in 2022. Complete 8 branches to Grade A and 13 branches to Grade B in 2023.</li> <li>Optimize E.SUN bank official website's self-service information.</li> </ul>	<ul style="list-style-type: none"> <li>Install 155 visually impaired voice ATMs, with at least one in each branch, totaling 254 ATMs deployed.</li> <li>Provide accessibility facilities and services in branches and establish a friendly financial classification system. Achieve the goal of having 8 branches at Grade A and 13 branches at Grade B.<sup>1&amp;2</sup></li> <li>Website has obtained the highest level of accessibility certification. Mobile bank provides visual accessibility services for visually impaired individuals. Offer ATM verification code binding for hearing-impaired individuals to ensure transaction security.</li> </ul>	<ul style="list-style-type: none"> <li>Add 150 visually impaired voice ATMs.</li> <li>Continue to improve the number of branches with friendly services, with the goal of achieving 18 Grade A branches and 70 Grade B branches by 2024.</li> <li>Optimize the self-service information on our official website to make it more convenient for customers to access financial services.</li> </ul>	<ul style="list-style-type: none"> <li>Replace all ATMs with visually impaired voice ATMs.</li> <li>Complete 40 branches to Grade A and 97 branches to Grade B in 2030.</li> <li>Continuously optimize digital channels and offer accessible financial service.</li> </ul>

Note: 1. Branch accessibility facilities and services are provided to customers, including various alternative improvement measures, to ensure customers have convenient and barrier-free friendly financial services.

2. Six service indicators for the classification system: 1. Accessible ramps, 2. Accessible consultation rooms, 3. Wheelchair charging stations, 4. Customer service telephone lines and text service QR codes at wheelchair-friendly height, 5. Accessible parking spaces, 6. Accessible restrooms. Branch can earn 1 point for offering each of the above services. Grade A: 5-6 points, Grade B: 4 points, Grade C: 3 points or below.