



## Modern Slavery Statement

For the year ended December 31, 2022

### I. Introduction

CTBC Bank Co., Ltd. (“CTBC Bank”, “the firm” or “we”) supports fundamental principles of human rights across all our lines of business and in each region of the world where we have a presence. We recognize that modern slavery issues, such as forced labor, child labor and human trafficking, are a significant global challenge. We believe it is the role of government in every country to protect human rights. We also believe that our firm has a role to play in promoting respect for human rights. To the end, this Bank Statement (“Statement”) outlines the steps we are taking across CTBC Bank to mitigate the potential risk of modern slavery occurring in our business and supply chain.

### II. Our Organization

CTBC Bank is a leading financial service firm with assets \$180 billion and operations worldwide. The firm is a leader in commercial banking, financial transaction processing and asset management. Under CTBC Bank brands, we serve millions of customers in Taiwan and many of the world’s most prominent corporate, institutional and government clients. We have presence globally, including Greater China, the United States, Southeast Asia, Japan, and have over 15,000 employees in 14 countries. In addition, the majority of our firm’s spend with suppliers is with providers of goods and services – such as marketing, communications, professional and information technology related services – further details on our supplier chain due diligence related to modern slavery is noted below.

### III. Our Effort on Human Rights and Modern Slavery

Our firm’s respect for the protection and preservation of human rights is guided by the principles set forth in the United Nations Universal Declaration of Human Rights. Further, we acknowledge the United Nations Guiding Principles on Business and Human Rights (“Guiding Principles”) as the recognized framework for corporations to respect human rights in their own operations and through business relationships.

CTBC Financial Holding Co., Ltd. (“CTBC Holding”) Human Rights Policy outlines our commitment to support fundamental principles of human rights across our lines of business and in each region of the world where we have a presence. We never allow any actions or behaviors against human rights protection, include hiring child labor and all forms of forced labor, compulsory labor and human trafficking. In addition, our enterprise-wide employee Code of Conduct and our Supplier Human Rights and Environmental Sustainability Commitment communicate the firm’s expectation that business be conducted ethically and in compliance with the law. Employees and suppliers who become aware of or who suspect violations of the Code of Conduct, Supplier Human Rights and Environmental Sustainability Commitment or company policy, law or regulation related to CTBC Bank business, are obligated under our policies and principles to report such concerns to the firm. This can be done through various channels described in the Code of Conduct or Supplier Human Rights and Environmental Sustainability



Commitment, including the firm's reporting channels, Human Resources, or other appropriate resource. In addition, we have a range of policies, procedures and training that pertain to human rights issues, including modern slavery, across our business and supply chain.

#### **A. Employees**

As a global financial services firm, we have broad base of employees who work across various business lines, regions and functions to deliver products and services to our clients and customers, as well as employees who provide expertise in risk management, technology, legal, policy and regulation, finance, accounting, controls, human resources, and many more areas.

CTBC Bank is committed to respecting the human rights of our employees through our internal employment policies and practices and respecting local laws and regulations dealing with human rights. Fostering diversity and inclusion is a cornerstone of our corporate culture, and we strive to ensure that employees are able to work in a safe, professional work environment. We continue to reinforce our culture of respect and inclusion and anti-harassment efforts across the firm through engagement activities, internal communications and an annual, global required training. We have an enterprise-wide policy to oversee and respond to workforce conduct related matters. We also maintain a range of other communication channels to make it convenient for employees to share their feedback, which serves as an important basis for our organizational improvement. These channels include a phone line, email inbox, and online form.

In addition, compensation and benefits play an important role in our ability to attract, retain and motivate our workforce. We provide fair remuneration to all employees regardless of gender, age, race, or nationality, ensuring that all employees here are able to contribute and excel equally. We are committed to providing competitive and equitable compensation for our employees, and benefits that supports our employees' needs, such as health and retirement benefits and other programs to support work-life balance. To motivate employees by offering competitive compensation, we regularly consult market compensation surveys at every operation location. We look closely at how we compensate employees - conducting pay equity reviews at all levels of our firm that seek to ensure that the firm's employees are paid equitably for the work they do.

#### **B. Supplier**

CTBC Bank is committed to holding ourselves and our supplier community to high standards of business conduct and integrity. In line with the United Nations Sustainable Development Goals, CTBC Holding and CTBC Bank undertake sustainable operations while taking into account of their own business growth and the rights and interests of stakeholders. We also promote sustainable supply chain management and pursue sustainable development together with suppliers through the implementation of responsible procurement.

We require suppliers to establishing a diverse, open, equal, and harassment-free work environment. It shall not allow any violation of human rights, such as child labor or forced labor. It is also prohibited from discriminating against any individual on



the basis of sex, sexual orientation, race, class, age, marriage, language, ideology, religion, political affiliation, family origin, birthplace, appearance, facial features, physical or mental disability, or former union membership. Moreover, it shall provide safe and diverse grievance reporting channels to protect employees' rights and interests. In addition to abiding by health and safety-related labor regulations, the supplier shall be committed to establishing a healthy, safe, and comfortable work environment. We continuously require our suppliers shall respect employees' rights to organize and join organizations and shall regularly organize labor conference representative elections and hold labor-management meetings as well as provide diverse communication mechanisms and platforms in order to ensure harmonious, mutually beneficial labor relations.

### C. Products and Services

As part of our broad effort to integrate respect for human rights into business of the firm, CTBC Bank has various policies and procedures designed to prevent our products and services from being used for improper purposes. These include :

- Policies and procedures pertaining to Anti-Money Laundering (“AML”) / Countering the Financing of Terrorism (“CFT”) and know your customer due diligence. CTBC Bank is committed to the fight against money laundering and terrorism financing (“ML/TF”), by operating an effective risk based ML/TF prevention and detection framework. The objective of the Global Anti-Money Laundering/Countering Financing of Terrorism Policy is to establish governing principles and minimum requirements to protect the Bank, from being used to ML/TF, and to guide all employees as they conduct business in accordance with applicable AML/CFT laws and regulations.
- Our Guideline for Sustainable Finance in Institutional Banking prohibits the Bank from granting credit to companies in industries that adversely impact social or public safety, including through crime, terrorism, armaments, and pornography, and sets clear access conditions for ESG Sensitive Sector involving material environmental and social issues. In addition, we continue to evaluate efforts made by clients to avoid or mitigate modern slavery risks within their operations and supply chain, and companies classified as high ESG risk ones (human rights are included in the evaluation) will be subject to ESG exposure limit controls.
- Our Responsible Investment Guideline prohibits the Bank from investing in companies in industries that adversely impact social or public safety, including through crime, terrorism, armaments, and pornography, and sets clear access conditions for ESG Sensitive Sector involving material environmental and social issues. In addition, we continue to evaluate efforts made by the companies to avoid or mitigate modern slavery risks within their operations and supply chain (human rights are included in the evaluation of their ESG performance), and in case of unsatisfactory ESG performance, the investment target shall be assessed cautiously prior to the investment decision being made, engagement and monitoring mechanism will be conducted actively.
- CTBC Bank is an Equator Principles Financial Institution (“EPFI”), and its project financing activities are handled and assessed according to the Bank's Guideline for Corporate Loans Applicable to the Equator Principles. In response to the Equator Principles Association adopting the Equator Principles 4<sup>th</sup> edition (“EP4”), the Bank has added risk assessments for climate change, human rights and biodiversity in order to ensure better understanding of the expected environmental and



social impacts of projects and to distinguish different project management requirements according to the degree of impact.

#### **D. Training**

Where relevant to their line of business and function, employees receive training on policies and procedures that pertain to products and services we provide to our clients and customers. In addition to incorporating international human rights provisions into the employee Code of Conduct, we also offer relevant educational training programs to promote employees' awareness of human rights issues. New employees are required to sign a statement of commitment on the day they report to work, and the Code of Conduct is reiterated during their orientation course. Every three years, we implement refresher training on the Code of Conduct for all employees.

CTBC Bank has made available relevant courses designed to help employees understand how environmental and social risks, including human rights-related issues, could impact our clients and our business, as well as how to escalate concerns.

#### **IV. Our Evolving Process**

We strive to maintain practices and policies that fulfill our commitment to promoting respect for human rights. We know that this must be a continuing effort, with ongoing work to reassess our practices and our approach in light of changing global circumstances and an evolving global policy environment. Besides, we periodically assess our policies and guidelines which related to modern slavery and human rights and we also committed to engaging with a range of stakeholders on these important topics.

This Statement has been approved by the CTBC Bank Co., Ltd. Board of Directors on December 22, 2023 for the year ended December 31, 2022. It has been published in the Corporate Sustainability section of the CTBC Bank website (<https://www.ctbcbank.com/content/dam/twrbo/ESG/social.html>) and will continue to be reviewed annually.

Morris Li

Chairman

CTBC Bank Co., Ltd