

2022

ESG Report



Contents

Message from Chairman	03
Message from President	04

2021 Key Achievements for Sustainability	05
About the Report	08

Chapter 1

Sustainable Commitment · Vision of CBF

1.1 Company Profile	09
1.2 Stakeholder Identification	17
1.3 Analysis of Material Issues	20

Chapter 2

Stable Development · Corporate Governance

2.1 Corporate Governance	25
2.2 Risk control	38

Chapter 3

Green Finance · Professional Service

3.1 Business Performance	53
3.2 Sustainable Finance	59

Chapter 4

Talent Development · Happy Workplace

4.1 Talent Development	66
4.2 Diversified Welfare Policies	72
4.3 Health and LOHAS	74

Chapter 5

Positive Impact · Contribution to the Society

5.1 Social Engagement	83
5.2 Protection of the Environment	91

Appendix

-Reference of GRI Standards and Disclosures	96
-Enhanced Disclosure of Rules Governing the Preparation and Filing of ESG Reports by TWSE Listed Companies	98
-Reference of Sustainability Accounting Standards Board (SASB) Declaration of Statement	99



/ Message from Chairman /

Thank you to all partners for your support over the past year. CBF was established more than 40 years ago with the policy mission of the competent authority to assist the government in establishing a currency market, facilitate the short-term capital allocation of industrial and commercial enterprises, and promote the circulation of short-term bills to meet the needs of economic development. To this day, CBF continues to grow steadily with the spirit of “gratitude, cherishing blessings, and diligence”, and hopes to continue to improve its profession and operate its business sustainably, while shouldering the responsibility of giving back to the society.

As a member of the bill financial industry, CBF has received great attention from the competent authorities. It deeply understands the importance of corporate governance to corporate operations. In order to implement the steady development of the enterprise, the board of directors of CBF implements the spirit of corporate governance and continues to improve corporate operations and management. In addition to establishing an audit committee and a remuneration committee to perform their respective duties, the backgrounds of board members have also become diversified, covering fields such as law, accounting, economics and trade. The board of directors and professional managers have clear divisions of responsibilities, implement effective communication, and jointly implement corporate governance in a responsible and prudent manner, demonstrating CBF’s highest principle of corporate governance of “being responsible to the company and being responsible to shareholders.”

Looking back on the challenging year of the past, faced with overall risks and fluctuations such as the monetary policies of major central banks and economic trends that dominated the international financial market, Huapiao relied on its rich practical experience to grasp market dynamics and provide customers with high-quality services. Over the past decades, Huapiao has improved the efficiency of capital utilization under strict risk control, focused on active and steady risk management, carefully implemented internal controls, and at the same time paid attention to the capital liquidity that is crucial to the operation of the bank. Risk management to develop long-term business steadily.

Professional talents are an important pillar for the stable operation of an enterprise. Therefore, CBF has invested resources for a long time and spared no effort to cultivate and develop talents. CBF provides employee with complete education and training. In addition to continuously improving the professional skills necessary for business, CBF systematically allows employees to understand the policy direction of the competent authority to effectively respond to market and regulatory changes. For example, in recent years, employees are required to have knowledge on money laundering prevention, counter-terrorism financing and information security. Meanwhile, CBF also follows the corporate strategic development direction to enrich the employees’ intelligence on sustainability. Through a complete talent cultivation policy and a comprehensive performance-oriented evaluation, CBF expects its employee to become outstanding talents with broad and deep professional capabilities.

With the idea of “taking from society and contributing to society” in mind, CBF is firmly convinced that only does it strive to become a long-time trustworthy enterprise can it continuously give back to society. In the future, we will work with all partners to fulfill corporate social responsibility in corporate governance, society and the environment, jointly create a sustainable vision, and continue to create maximum value for customers, shareholders and employees with professional capabilities.

Since its establishment 44 years ago, CBF firmly believes that only by being committed to becoming a long-term trustworthy enterprise can it be able to continue to give back to the society. In the future, we will work with all partners to implement corporate social responsibilities in corporate governance, society and the environment, jointly create a sustainable vision, and continue to use our professional capabilities to create the greatest value for customers, shareholders and employees.

Cheng-Chuan Chang, Chairman



/ Message from President /

2022 marked the 44rd anniversary of China Bills Finance Corporation. We appreciate the support from shareholders and clients, the dedication of employees and the assistance of all sectors, allowing CBF to accumulate a wealth of results. We aim to develop our business stably with the management belief of “Gratitude, Cherishment and Improvement” to share profits with shareholders, take care of our employees and their families, and execute corporate social responsibility.

Since the bills finance industry is under the high-level supervision of the competent authorities and we are aware of our missions as a financial institution, we have taken a cautious approach to deal with anti-money laundering and combating financing of terrorism, information security and other financial supervision issues. Moreover, in addition to ensuring stable operation and profit growth, in the face of the rapidly changing international financial landscape. We have actively reinforced the risk management, improved the internal control system and created a corporate culture needed to maintain the good reputation of the Company. The effectiveness of the said measures has been well-recognized by the competent authorities. Since 2020, in response to the impact of the COVID-19 pandemic, we have also made early preparations, such as continuous operation management and drills, planned and implemented the off-site work policy, and improved our video conference systems to enhance communication efficiency and effectiveness so as to ensure continuing operation. As we transition into the post-pandemic era. We have cared for the physical and physiological health status of our employees during the pandemic. We organize periodic online health seminars and encourage our colleagues to prioritize their health and maintain their exercise routines, and provided health consultation services to ensure the health and safety of all the employees.

CBF is mainly engaged in investment banking and credit businesses in which risk management is highly required. Through accurate identification of financial market indicators and a comprehensive understanding of our clients, we carefully control all risks and take a cautious approach for operations to ensure the effective operation of the monetary market. Furthermore, to support the government’s policies and facilitate the development of key industries, CBF has planned to take social and environmental issues into account, provided relevant risks are under control. In recent years, China Bills has also ventured into the optoelectronics industry, providing funding to support clean energy and assist in the development of the industry on a local level. We have also participated in large-scale green energy storage joint projects and strongly support the six major core strategic industrial development initiatives, aiming to fulfill the social responsibility of the financial industry and assist in advancing our country’s industrial upgrading and transformation.

In recent years, faced with a digital era full of changing technologies and evolving markets, we have always “put employees first” to promote talent training and development and encourage our employees to gain relevant skills at any time for them to not only enhance their performance, but also keep pace with market trends, absorb latest information, accumulate important skills and

increase their competitive advantages. As the balance between employees’ work and life is one of our main focuses, we have been dedicated to creating a healthy workplace and helping our employees improve their health awareness and start good habits by providing hardware and software support. CBF actively takes part in social welfare activities to utilize resources to the fullest extent in collaboration with professional platforms and keeps track of the effectiveness so as to expand the breadth and depth of the Company’s efforts on social participation.

Going forward, we will develop our business in line with trends, pay attention to digital financing, FinTech, responsible investment and financing, and other emerging issues as well as the provision of innovative financial services meeting clients’ expectations to continue our essential role in the financial market. In summary, with the experience in corporate sustainability accumulated for 43 years, CBF will continue to make contributions to local communities, spare no effort to protect the earth, and become a model for corporate sustainable development through the operation of the Corporate Social Responsibility Committee and by setting annual ESG goals and publishing ESG reports on a regular basis.

Cheng-Hsiang Wei, President















/ 2022 Key Achievements for Sustainability /



Economic Dimension	2020	2021	2022
Net revenue (NT\$1,000)	2,507,171	2,847,301	1,645,023
Income before tax from continuing operations (NT\$1,000)	1,991,703	2,332,017	1,201,294
Net income from continuing operations (NT\$1,000)	1,578,242	1,857,666	1,040,282
Provisions (NT\$1,000)	(31,875)	6,936	22,783
Operating expenses (NT\$1,000)	(483,593)	(522,220)	(466,512)
Income tax gains (expenses) (NT\$1,000)	(413,461)	(474,351)	(161,012)
Non-performing credit ratio (%)	0	0	0
Earnings per share (NT\$)	1.18	1.38	0.77
Profit margin (%)	62.95	65.24	63.24
Total assets (NT\$1,000)	218,284,001	228,733,880	207,660,475
Total liabilities (NT\$1,000)	192,834,559	203,176,695	185,682,475
Total equities (NT\$1,000)	25,449,442	25,557,185	21,978,000
Ratio of liabilities to total assets (%)	87.71	88.22	88.75
Return on assets (%)	0.76	0.83	0.48
Return on equity (%)	6.40	7.28	4.38
Average revenues per employee (NT\$1,000)	16,827	18,489	10,613
Average earnings per employee (NT\$1,000)	10,592	12,063	6,711











/2022 Key Sustainable Work Projects/

G Corporate Governance		
Corporate Governance	 	<ul style="list-style-type: none"> The leadership of Board of Directors reflect multiple values with the members each having expertise and practical experiences in operation judgment, operation management, industrial fields, international market, leadership and decision making, including 3 independent directors and 2 female directors. Promote the performance evaluation of the board of directors, and the overall evaluation result is "excellent". Set up "Corporate Governance Supervisor" to be responsible for corporate governance related matters to protect shareholders' rights and strengthen the functions of the Board of Directors.
Risk Management		<ul style="list-style-type: none"> Fully implements money laundering prevention and combats against terrorism financing, created the first money laundering prevention and audit system in the bills and notes industry, included the results of the national risk assessment report in the "Institutional Risk Assessment" for the first time and established various standard operating procedures. In 2022, a Chief Information Security Officer (CISO) was appointed to oversee the promotion of information security policies and resource allocation. In 2022, the Company had no information security incidents and information leakage incidents.
Responsible Investment and Financing	   	<ul style="list-style-type: none"> In alignment with government industry policies, the company actively invested in and financed projects related to the "Six Core Strategic Industrial Development Initiatives." This involved deepening engagement with green and renewable energy industries while continuously developing and designing sustainable financial products. In 2022, the business activities of financing recipients under the "Six Core Strategic Industrial Development Initiatives," "Green Credit," and "Sustainable Performance-Linked Credit" included items such as "Solar Power Plants," "Installation of Charging Stations," "Green Energy Technology," and "Leasing of Electric Motorcycle Batteries." In 2022, there were a total of 64 financing credit users in green energy and renewable energy related industries among the six core strategic industries, with the credit line totaling 9.619 billion NT dollars at the end of 2022 and a total balance of 3.578 billion NT dollars. In 2022, under the "Green Credit" program, there were a total of 42 approved credit cases, with an approved credit limit totaling 10.545 billion TWD and an outstanding balance of 3.193 billion TWD at the year-end. Additionally, under the "Sustainable Performance-Linked Credit" program, there were 2 approved credit cases, with an approved credit limit totaling 330 million TWD and an outstanding balance of 66.4 million TWD at the year-end. The Company has established the "Guidelines for Handling Compliance with ESG Responsible Investment" and has begun implementation in 2022.

E Environment		
Climate Risks and Strategies		<ul style="list-style-type: none"> Disclosed climate change-related information through the Task Force on Climate-related Financial Disclosures (TCFD) on 2021.
Green operation	 	<ul style="list-style-type: none"> Expanded the statistical scope of environment protection performance to all the operation locations for thoroughly implementing the environment sustainability policy on 2021. Actively implemented the zero-paper policy to all business levels, such as the promotion of digitalization of commercial papers for depository and clearing operations. The printing of contract notes for notes and bonds from October 2021 to September 2022 decreased by about 17,666 copies (about 23.20%) over the previous period.
Environmental initiative	  	<ul style="list-style-type: none"> Dedicated to increasing the efficiency of use of various resources. In 2022, 89 pieces of stationary supplies were recycled with a total value of 9,382 NT dollars. Among them, NT\$5,968 worth of stationary items were recycled and reused by colleagues. Organized many ecological tours, mountain-cleaning and beach-cleaning trips and workshops on environmental protection. Participated in the Earth Day by cooperating with Story Wear, a social enterprise advocating zero discard and the Society of Wilderness for joint promotion of earth care ideas.



S Social Responsibility

Talents development		<ul style="list-style-type: none"> ♦ Built an online-learning platform. In 2022, CBF sent 2,779 persons/times for training, totaling 5,600 hours, averaging 18 times and 36 hours of training per person. ♦ Established the whole-company successor plan with an emphasis on developing the operation and management capabilities of management trainee.
Human resource Management	 	<ul style="list-style-type: none"> ♦ Set a fair salary standard for employees, regardless of gender, the basic salary ratio of female and male employees of the same position and grade is 1:1. ♦ Cooperated with Summit Health Co., Ltd. approved by the Ministry of Labor Affairs for providing contracted medical service to the employees in the workplace.
Social participation	       	<ul style="list-style-type: none"> ♦ In 2022, the social benefit expenditure (cash donation/cash sponsorship) totaled 900,000 NT dollars. The aggregated amount of social welfare expenditure (cash donation/cash sponsorship) in the three years from 2020 to 2022 totaled 2,173,000 NT dollars. ♦ In the year 2022, the company procured products from the Miaoli Youth Farmer Team as gifts for the Dragon Boat Festival, purchased handmade soap gift boxes from the Heart Road Foundation, and obtained epidemic prevention gift boxes for blood donation and material sponsorship. The amount of public welfare purchases in 2011 was NT\$143,315. ♦ Held a blood donation camp in August, 2022 with a total of 105 qualified persons completing donation and 150 bags of precious blood in 37,500 ml collected. During the 8-year period from 2015 to 2022, the aggregated number of qualified persons donating blood was 1,694 with 2,618 bags of blood in 654,500 ml collected to effectively supply to the blood bank and benefit the patients. ♦ The Company has continued to support the Andrew Food Bank since 2017 through material sponsorship, employee money donation, uniform invoice donation and volunteer service. The institution provides aid to the impoverished children under the age of 15 on a monthly basis and has helped more than 5,000 children so far. ♦ CBF held 9 clothes donation camps in 7 years from 2016 to 2022 giving out 14,270 pieces of clothing in total and over 90,000 kgs of carbon dioxide reduced. ♦ Has actively participated in financial training and education by dispatching employees who serve as instructors to promote modern financial ideas and knowledge. Has cooperated with institutions of higher education such as Soochow University, Yuan Ze University, Feng Chia University, Tamkang University, National Changhua University of Education and National Sun Yat-sen University for organizing the trainings. ♦ In the year 2022, Huapiao collaborated with the International Golden Z Club to jointly invite students from various universities in the northern region to attend financial education lectures at the company. The aim was to assist young students in understanding the financial industry and enhancing their financial knowledge. ♦ Additionally, the company organized ecological guided tours to instill the concept of ecological conservation in the hearts of employees and their families.

/ About the Report /

✿ Basis and Structure for the Report

The Report was prepared based on the GRI Standards of the Global Reporting Initiative (GRI) to disclose information regarding each dimension in accordance with the Sustainability Accounting Standards Board (SASB) and the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.”

✿ Data Source and Management

The information and data included in the Report were provided by the departments of the headquarters and branches, and then summarized by the ESG report preparation team. The utilization of the information and data was then reviewed and confirmed to meet the purpose for the Report through the administrative procedure. The costs and accounting information shown in the financial statements have been audited and certified by CPAs.

✿ Scope of Data

The Report covers the activities related to the operations of CBF’s headquarters and branches in Taiwan from January 1, 2022 to December 31, 2022. The financial statements were prepared based on the International Financial Reporting Standards (IFRSs) to disclose the financial performance, and the data in the financial statements were stated in NTD.

✿ Publication and Assurance of the Report

The Report is published and made public every year in accordance with requirements. The last edition was released in July 2022.

Internal review: The information and data were provided by departments after being reviewed by the head of each department. After the ESG report preparation team confirmed the first draft, it was submitted to department heads, executive vice presidents, presidents, and the chairman for review and approval.

External assurance: We engaged Deloitte Taiwan to perform limited assurance procedures for the Report in accordance with the statements of Assurance Engagements Standards 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (developed based on ISAE 3000) released by the Accounting Research and Development Foundation. Deloitte Taiwan confirmed that the Report complied with the core disclosure requirements of the GRI Standards and the “Rules Governing the Preparation and Filing of ESG Reports by TWSE Listed Companies.” For the declaration of assurance, please refer to Appendix.

✿ Editing and Finalization

After the first draft of the Report was compiled and edited by the ESG report preparation team, it was sent to relevant units for proofreading and revision based on their functions, and then submitted to department heads for review. Thereafter, the revised draft was submitted to executive vice presidents, presidents and the chairman for review before being finalized and published.

✿ ESG Report Preparation Team

Director-General of the ESG Committee: Po-Chun Chen

Team members: Han-Wen Li, Yan-Ting Chen, Ya-Hsuan Yang, I-Hsueh Wang, Pei-Yu Lin, Ching-Yuan Shih, Hsiao-Feng Chu, Kuan-Yen Huang, Nien-Tzu Ho, Chih-Hsiang Hung, Kuang-Hung Ku, Meng-Kai Huang, Wei-Hao Hsu

✿ Contact Information

You are welcome to contact us if you have any suggestions or questions about the Report

Assistant Manager Wang, Administration Department of China Bills Finance Corporation

Address: 4F., No.99, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City

Tel: (02)2799-1177 | Fax: (02)2659-3267

Website: www.cbf.com.tw

E-mail: albee@cbf.com.tw

1.1 Company Profile

1.1.1 About CBF

China Bills Finance Corporation (hereinafter referred to as CBF) was founded to help the government create a monetary market, facilitate short-term funding for business enterprises and increase the circulation of short-term bills in order to meet the needs for economic development. CBF was registered in October 1978 in accordance with the Company Act and the “Management Rules Governing Short-term Bill Dealers” announced by the Ministry of Finance and began to operate on December 1, 1978, and its stock was listed on TWSE for trading in October 1994 (stock code: 2820). The headquarters is in Taipei. There are five branches in Taiwan, including the Banqiao Branch, Taoyuan Branch, Taichung Branch, Tainan Branch and Kaohsiung Branch.

Most of the major shareholders of CBF initially were the Development Fund of the Executive Yuan, Chiao Tung Bank, etc. However, since the shares of the Development Fund were sold to Industrial Bank of Taiwan in 2006, Industrial Bank of Taiwan became the major shareholder. In January 2017, Industrial Bank of Taiwan was officially reorganized as O-Bank. CBF has expertise in short-term credit, monetary market operations and bond market transactions. After Industrial Bank of Taiwan was reorganized as O-Bank, it has still provided corporate financial services in addition to services that a commercial bank offers. Since the business and operation mode of O-Bank are different from those of CBF, we have engaged in a strategic alliance with it to provide comprehensive financial services. In June 2021, a reelection of directors was held at the general shareholders’ meeting. As of the end of March 2022, O-Bank is still the major shareholder of CBF (with a shareholding of 28.36%).

CH1 Sustainable Commitment · Vision of CBF



- 44 years of stable operation, serving as one of the three largest bill finance corporations in Taiwan
- “Gratitude, Cherishment and Improvement” as the core management philosophy
- Develop the “Sustainable Development Best-Practice Principles”, form the “ESG Committee” and functional teams, set annual ESG goals and prepare annual “ESG reports” to demonstrate our corporate sustainable commitments outward



We are mainly engaged in matching supply and demand of funds and providing short-term corporate financing approaches to facilitate economic development. Our services include bill underwriting and initial purchase, bill trading, bond trading, the issuance of guaranteed commercial papers, equity investment, etc. Companies may issue short-term bills to raise working capital for operation. CBF plays a role in guaranteeing and underwriting the short-term bills issued by the companies for them to acquire low-cost capital from the market. We can help clients with short-term investment needs purchase government bonds through repurchase agreements or purchase short-term bills and offer them high-return and safe investment instruments.

In the last 44 years since the establishment of CBF, we have been specialized in corporate financing and fixed-income product trading and been a reliable partner for the development of business enterprises. Within the changing management environment, CBF has maintained its leading position as one of the top three corporations in the bill market by getting a foothold in the market through stable operation. With regard to management, we actively maximize shareholder value and, with risks under control, pursue stable revenue growth with a professional approach. We will do our best to create more value for clients, shareholders and employees with our expertise.

* Principal Activities of CBF

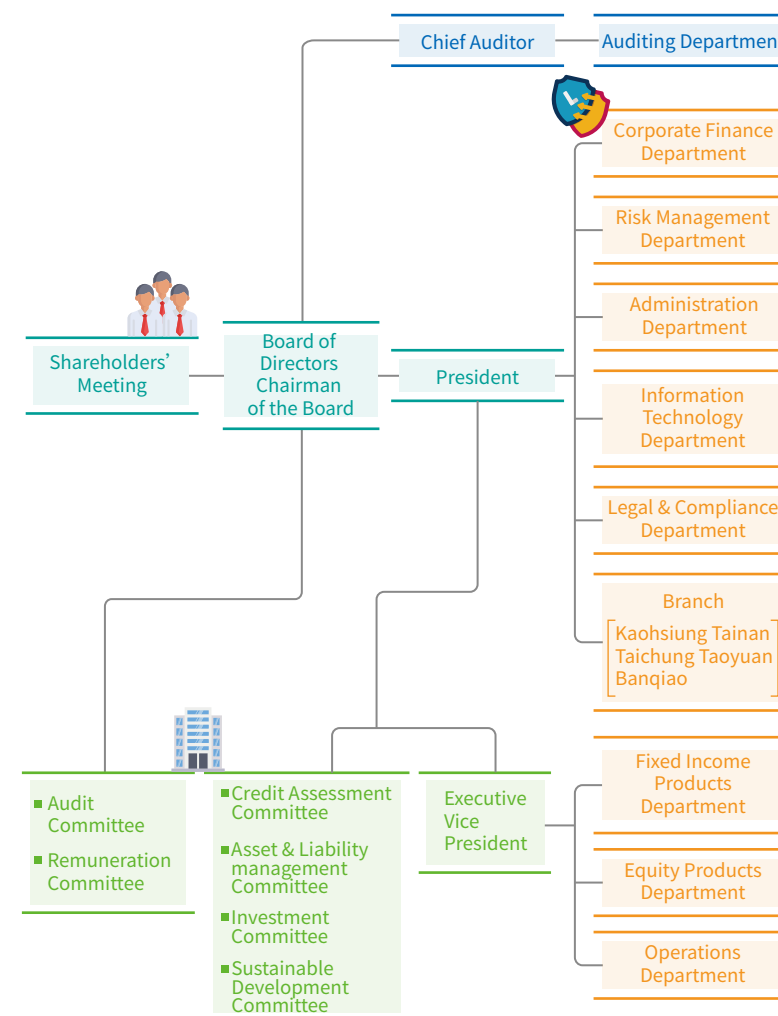
- | | |
|---|---|
| ▶ 1◀ Certification and underwriting of short-term bills | ▶ 8◀ Brokering in the interbank call loan market |
| ▶ 2◀ Certification and underwriting of bank debentures | ▶ 9◀ Proprietary trading of corporate bonds |
| ▶ 3◀ Brokering and trading short-term bills | ▶ 10◀ Equity investment |
| ▶ 4◀ Brokering and trading bank debentures | ▶ 11◀ Fixed income securities trading |
| ▶ 5◀ Proprietary trading of government bonds | ▶ 12◀ Proprietary trading of foreign currency bonds |
| ▶ 6◀ Guaranteeing and endorsement of short-term bills | ▶ 13◀ Foreign currency bond investment |
| ▶ 7◀ Corporate financial consulting services | ▶ 14◀ Other businesses as approved by the competent authority |

* China Bills Finance Corporation

Company Name	China Bills Finance Corporation	Headquarters Location	Address: 4F., No.99, Sec. 2, Tiding Blvd., Taipei City
Industry	Financial industry	Principle Activity	Guarantee business, bill and bond businesses, equity investment
Number of Employees	155 ¹	Capital	NT\$13,429,600,000
Proportion of Revenue	63.51% for bills, 31.22% for bonds and 5.27% for other ²		
Business Locations	Taipei Headquarters, Banqiao Branch, Taoyuan Branch, Taichung Branch, Tainan Branch, Kaohsiung Branch		

Principle Activity	Client	Main Supply Chain/ Supply Chain Component
Commercial paper (CP2) credit	Business enterprises	Investors (natural persons), business enterprises, government financial institutions
Convertible bond exchange	Financial institutions	Securities firms, banks
Certification and underwriting of bills in the primary market	Business enterprises	Investors (business enterprises, natural persons)
Brokering and proprietary trading of bills in the secondary market	Business enterprises, natural persons	Investors (business enterprises, financial institutions)
Proprietary trading of bonds	business enterprises, financial institutions	Investors (business enterprises, natural persons)

* CBF Organization



1 The "Other" category includes income from equity products and investment returns. | 2 The data is collected until the end of December 2022.

✿ Major Milestones

CBF began to operate on December 1, 1978, and is one of the three largest bill finance corporations in Taiwan. The year 2022 marked the 44th anniversary of CBF. To be in line with the privatization policy for government financial institutions, we adopt the professional manager system.



1.1.2 Management Philosophy and Strategy

With the core corporate belief of “Gratitude, Cherishment and Improvement,” CBF appreciates shareholders’ support, clients’ trust, employees’ dedication, and the government’s assistance, treasures existing results, and looks forward to constantly improving our expertise, enhancing management performance, and fulfilling the responsibility of contributing to the society in order to pursue corporate sustainable development.

CBF has “ethical management” as the highest principle guiding business management. We believe that we are able to pursue stable growth and create value for shareholders and clients, provided that ethical standards are strictly observed. Therefore, CBF thoroughly implements internal control and risk management systems and establish internal regulations requiring employees to follow the work ethic and exercise their duties with ethical and fair approaches. CBF’s insistence on ethical management facilitates the Company’s stable growth within the environment with the changing international situation.

We deem that corporates should fulfill their responsibilities since they are a part of the global village. Thus, we protect the environment and implement energy saving and carbon reduction in our daily operation. In addition to promoting social participation activities to spare no effort to take care of disadvantaged groups, we treat our employees well by creating a healthy workplace, promoting physical activities, valuing training, and encouraging them to develop themselves so as to offer clients the best services using their expertise. We hope to better the society with “altruism.” In the future, CBF will insist on implementing sustainable development regarding corporate governance, social and environmental dimensions, contributing to the society and protecting the environment to serve as a model sustainable enterprise.

✿ 2022 Business Results

Despite the collective efforts of all employees at China Bills to actively develop customers and improve spreads, the operations in 2022 still faced challenges from the Federal Reserve’s and domestic central bank’s interest rate hike policies. This resulted in the income after tax falling short of the budget target.

2022 Operating Goals	2022 Implementation Results	2022 Achievement Rate
Average daily balance of commercial paper guarantees	NT\$102.1 billion	94%
Annual average daily balance of underwritten and purchased bills	NT\$396.3 billion	101%
Average daily balance of bills and bonds under repurchase agreements	NT\$183.2 billion	112%
Amount of non-performing credit and capital adequacy ratio	Amount of non-performing credit: NT\$0; capital adequacy ratio: 13.36%	107%

✿ Future Market Development and Operating Direction

A Bill Business

In the primary bills market, though part of issuance balance of non-guarantee commercial paper was limited, the overall issuance of bills and notes and market size is expected to grow steadily. In the secondary bills market, the proportion of private customers has been gradually increasing in recent years, and with improved conditional trading turnover. The overall trading volume and the market size are expected to grow steadily.

B Bonds Business

For the supply of bonds, it is expected that the bonds issuance volume will slightly surpass the expiration volume, however, the total issuance volume will decrease as compared with 2022. The total issuance volume of the corporate bonds in 2023 is expected to slide as compared to the previous year due to the impact of issuance cost. For the demand for bonds, there will still be quite some demand for purchasing bonds because of the asset allocation of end demanders such as banks and insurance companies.

C Equity Investment Business

With the gradual fading of the impact of the pandemic in 2022, there is a general expectation in the market for the demand effect driven by global reopening. However, the inflation issue remains unresolved, and fund tightening continues. Additionally, ongoing tensions between the U.S. and China, as well as the ongoing Russia-Ukraine conflict, have intensified market volatility. Operating in such an environment increases the difficulty of stock operations, necessitating heightened attention to risk management.

D Guarantee Business

Actively expanding opportunities in the green energy industry and new cases that qualify for ESG, enhancing the yield of credit assets, and moderately replacing old customer segments with low contribution, contributing to increased overall income. Introducing the concept of sustainable development credit and gradually moving towards sustainable financial goals.

Looking ahead to the 2023, with the gradual decrease in the year-on-year inflation rate and the situation where European and American banks face liquidity shortages due to asset impairment, it is projected that the future pace of FOMC interest rate hikes will slow down. However, the federal funds rate is expected to remain at a high level until the end of the year or early next year. In Taiwan, due to its close economic ties with the United States and recent weak performance in export order data, it is anticipated that the previous interest rate hike trend by the Taiwan Central Bank will also slow down or stop. Short-term rates are expected to remain at recent levels.

Considering that the future increase in US-Taiwan interest rates will not be substantial, and the current yield curve is in an inverted position, which is unfavorable for long-term asset allocation, it is projected that banks will actively increase lending and transaction financing business, gradually leading to a decline in lending rates. With short-term rates remaining stable and lending rates declining, there will be pressure on the compression of lending interest spreads. This year, based on existing credit assets, the strategy will continue to be conservative and sustainable. Under controlled risk, there will be active replacement of credit assets to improve yields, thereby mitigating the impact of the aforementioned market challenges.

1.1.3 Sustainable Development and Commitment

✿ ESG Philosophy and Policy

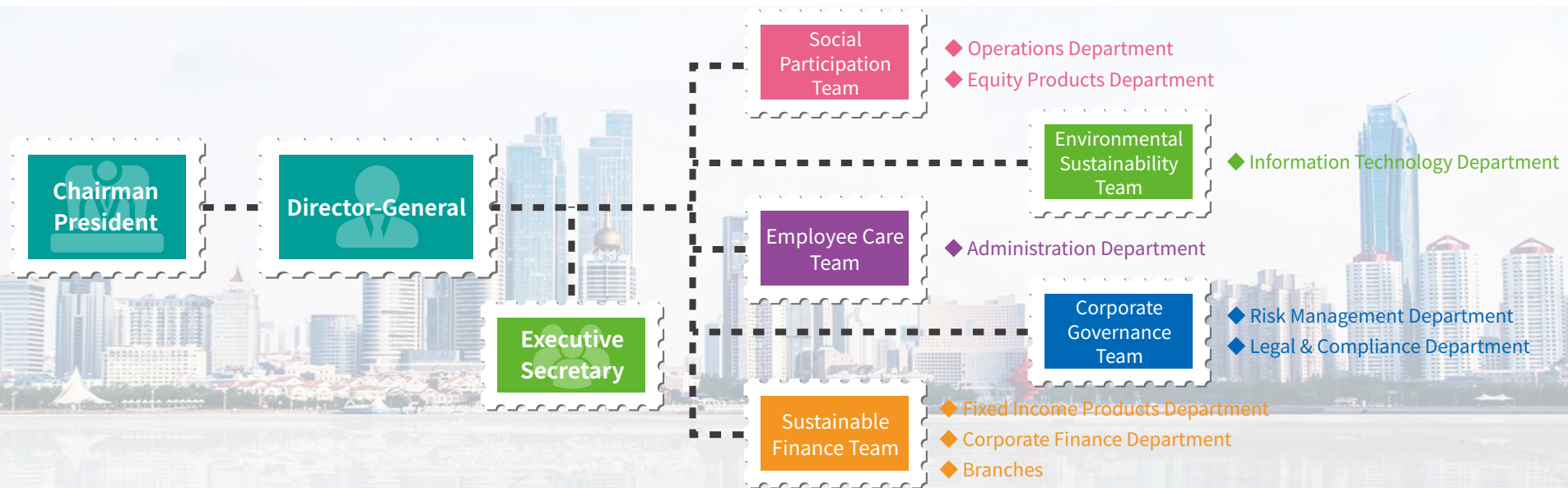
To fulfill the sustainable development, CBF creates a sustainable development environment and continues to generate social co-benefits through information disclosure and the communication with stakeholders. After being approved by the Board of Directors for implementation in 2015, the Principles have been used as guidelines for promoting CSR so that and the Corporate Social Responsibility Committee was officially formed. In 2022, the “Corporate Social Responsibility Best-Practice Principles” was amended as the “Sustainable Development Best-Practice Principles” in order to comply with regulations, and the “CSR Committee” was renamed as “ESG Committee”. The functional teams were also renamed in response to ESG development trend.

✿ ESG Organization and Operation Mechanism

CBF established ESG Committee to improve the overall fulfillment of the corporate social responsibility, integrate the relevant plans and ensure proper resource allocation. The President of CBF serves as the Chairman of the ESG Committee and appoints either the Executive Vice President or one of the members as the Director-General. The members consist of the heads of departments and branches. The ESG Committee has an executive secretary.



✿ Organizational Structure of the ESG Committee








The missions and duties of CBF's ESG Committee include the review of annual ESG goals, the review or assessment of ESG implementation, the follow-up and examination of the ESG implementation and its effectiveness, the review of prepared ESG reports, and the review and assessment of other matters related to ESG. The ESG Committee comprises five teams by businesses and responsibilities, including the Sustainable Finance Team, Corporate Governance Team, Employee Care Team, Environmental Sustainability Team, and Social Participation Team.

Committee meetings are attended by the responsible team depending on the topic of the meeting. Before convening a meeting, the Chairman and the Director-General may invite other members to attend the meeting for discussion based on matters to be discussed and the relevance to their businesses. The teams respectively offer suggestions on the issues that they concerned about, take stakeholders' rights and interests into account, and ensure relevant implementation and follow-up at Committee meetings or when drawing up ESG-related plans.

CBF convenes at least two Committee meetings on a regular basis every year, and regularly holds review meetings chaired by the President and attended by ESG Committee members and the members of the teams to review ESG implementation effectiveness as well as propose and discuss new ESG projects. In 2022, three Committee meetings were convened (in January, March, June and August); one ESG proposal meeting was held (in September). The ESG implementation status was reported to the Board of Directors in December 2022. The relevant donation proposals were submitted to the Board of Directors for approval.

The Committee organizes ESG training programs periodically each year for employees to understand the latest trends, laws and regulations, and peer practices regarding ESG and to know the internal rules and related compliance systems. Three ESG workshops were held in (January, March, June and August) 2022. External consultants explained the latest ESG trends, sustainability reporting guidelines, the latest practice of preparing ESG reports, and key points for the external assurance of ESG reports at these workshops.

Team		2022 Goal	2022 Achievement	2023 Goal	Action and Promotion Approach	Expected Result
 Sustainable Finance Team	Fixed Income Products Department/Corporate Finance Department/Branch	Realize the spirit of green finance in the financing decision making process and continue to promote ESG sustainable development.	100% achieved the goal of including ESG rating in the credit investigation as supplementary information for businesses with excellent ESG performance to have lower financing costs.	<ul style="list-style-type: none"> ♦ "Green Credit" Proposals: 5-10 cases. ♦ Loan Balance Growth: Increase by NT\$ 500,000,000(0.5 billion NTD) - NT\$ 1,000,000,000(1 billion NTD) (approximately 5.5%-11.0% growth). ♦ "ESG Corporate Bonds" Investment Targets: Increase by 3-5 cases. 	<ul style="list-style-type: none"> ♦ Increase the proportion of "Green Credit" in the total loan balance. ♦ Increase the number of times corporate bonds that meet ESG goals are included in investment ratings. 	Internal Initiatives <ul style="list-style-type: none"> ♦ Enhance expertise and skills related to green lending and credit. ♦ Recognize the future impact of climate change on credit risks. ♦ Guide credit customers to align their operations with green and low-carbon trends. External Initiatives <ul style="list-style-type: none"> ♦ Expand opportunities for green self-loans/joint loans. ♦ Align with regulatory expectations for "sustainable finance" goals.
 Environmental Sustainability Team	Information Technology Department	Zero paper use for self-checking of all the units in the Company for reduction of printing paper consumption, thereby lowering the consumption of resources.	Achieved. Attachments for self-audit working papers are stored in electronic files, significantly reducing paper printing and the subsequent manual organization and archiving of paper records.	The current lighting source in the headquarter office uses PL energy-saving bulbs. To implement energy conservation and carbon reduction, there is a plan to replace them with energy-efficient fixtures in support of the Reduce Carbon, Love the Earth initiative.	Lighting fixtures using PL energy-saving bulbs in the headquarter office are planned to be replaced with LED fixtures that have an energy-saving label.	Replacing low-temperature LED fixtures can save on air conditioning electricity consumption. Reducing electricity consumption for lighting achieves energy conservation and carbon reduction, enhancing the company's image as a green energy corporation.
 Employee Care Team	Administration Department	Combine charitable events with exercise for the employees to support social charitable efforts while doing exercise at leisure.	Achieved.	Promote workplace health initiatives to create a safe and healthy working environment.	Common health issues in the corporate workplace include imbalanced diet, insufficient physical activity, and work-related stress. By organizing health and nutrition lectures, correct nutritional perspectives and health knowledge are conveyed.	Establish employee self-health management and disease prevention, jointly promoting a healthy workplace for ESG corporate sustainable development.
		Continue to plan for the health examination items based on modern civilized diseases in the spirit of prevention is better than cure.	Achieved.			

Team		2022 Goal	2022 Achievement	2023 Goal	Action and Promotion Approach	Expected Result
 Corporate Governance Team	Risk Management Department	Strengthen the ESG risk check of credit and underwriting.	Establish corporate ESG checklist for more strict review on whether the client has its environmental, business integrity and social responsibilities when conducting credit investigation for credit extension and underwriting business and doing credit line review.	Continuously strengthen the ESG risk assessment items in credit operations.	preparing credit reports. Integrate ESG factors into the credit approval process and evaluation of the impact of cases on social and environmental sustainability within the credit limits of the company. In alignment with regulatory initiatives for sustainable finance and green finance, submit relevant information linking green credit and sustainable performance to the Joint Credit Information Center.	Internal Initiatives <ul style="list-style-type: none"> Strengthen the corporate governance and risk management framework. Enhance and elevate credit and underwriting dealings with sustainable development corporates. External Initiatives <ul style="list-style-type: none"> Encourage credit and underwriting counterparts to place greater emphasis on achieving environmental sustainability and corporate social responsibility in their operations. Actively play a role in allocating societal resources through the financial institution's involvement.
	Legal & Compliance Department	Strengthen the company's intellectual property management system.	Achieved. Intellectual property-related education and promotion are included in the legal compliance training conducted every six months.	Enhance the overall legal compliance education and training throughout the company.	Plan to conduct three company-wide online education and training sessions annually <ul style="list-style-type: none"> Anti-money laundering and combating the financing of terrorism Fair customer treatment Legal compliance 	Internal Initiatives Strengthening the legal compliance awareness and concepts among various units and colleagues to reduce the operational risks of the company. External Initiatives Enhance the corporate governance system of the company to achieve sustainable business operations.
 Social Participation Team	Operations Department/Equity Products Department	Call on colleagues to donate books to the Yanhui Book Bank, with the goal of participation by one fourth of the head office personnel or to raise 60 books for those in need.	Achieved. A total of 138 books were raised.	<ul style="list-style-type: none"> Call on colleagues to donate books to the Yanhui Book Bank, with the goal of participation by one fourth of the head office personnel or to raise 60 books for those in need. Collect non-perishable food from colleagues and donate it to the People's Food Bank Association. After sorting by the organization, the food is distributed to social welfare groups, underprivileged families, and students in remote schools. 	<ul style="list-style-type: none"> Collect books that are no longer read at home but still in good condition. These books will be displayed after being sorted and then by Yanhui Book Bank. Those who need it can show proof or exchange them with used batteries. Collect non-perishable, unopened, and well-labeled food items (mainly dry goods) with a shelf life of at least one month from colleagues. Once the collection is complete, the organization will send representatives to collect the items. 	<ul style="list-style-type: none"> Allow unused books to find new owners, cherish paper resources, and promote the spirit of conservation by giving away books to those in need. Through this donation, we aim to promote the spirit of cherishing food advocated by the organization, leveraging the compassion of our colleagues to assist those in need. In alignment with China Bills' core values of "Gratitude, Appreciation, and Advancement," we are fulfilling our corporate social responsibility by giving back to the wider community.

1.2 Stakeholder Identification

CBF has prepared ESG reports for eight years with the aim of using the ESG reports as an important communication channel to further disclose CBF's corporate sustainable development and reveal its commitments and performance on the three main aspects of the corporate sustainable development, namely economy, environment and society.

We release ESG reports periodically to facilitate information flow. In addition, the Committee is appointed to oversee the preparation of the reports in order to ensure the accuracy, balance, clarity, comparability, reliability and timeliness of information disclosure. We thereby use feedback from others as the basis to continuously make improvements and improve client satisfaction. Moreover, we have a ESG website in place to demonstrate our ESG missions and visions, related policies, systems, management guidelines and specific promotion plans. The website is used as a self-development record and a communication channel for stakeholders.





1.2.1 Stakeholder Classification





The Company's ESG preparation team classifies stakeholders into nine categories, namely government agencies, employees, guilds/associations, shareholders, financial institutions, clients, suppliers/contractors/outsourcing companies, media and communities/groups, which are sequenced in order of significance, with the experience of departments interacting with stakeholders taken into account and based on the five dimensions of AA 1000 SES, including responsibility, influence, tension, diverse perspectives and dependence.

1.2.2 Communication Channel and Method

CBF extremely focuses on the interests and opinions of stakeholders, and thus we provide them with open and direct communication channels. In addition to give them the information with respect to our sustainable development, we can understand and make responses to the issues that the stakeholders are concerned about so as to review and improve ESG-related performance.

Type of Stakeholders	Importance to CBF	Issues for Communication	Communication Method	Communication Frequency	Chapter as Responses
 Government agencies	Government agencies serve as the competent authorities of CBF, and the Company's internal auditing management may be strengthened through the addition or amendment of laws and regulations as well as business examinations. In addition, the Company may plan to introduce new services.	<ul style="list-style-type: none"> ♦ Corporate governance ♦ Ethical management ♦ Risk control ♦ AML/CFT ♦ Sustainable strategy 	<ul style="list-style-type: none"> ♦ Phone, e-mail or interview ♦ Official document ♦ Reporting matters in accordance with laws 	Irregular	Ch.2. Stable Development · Corporate Governance
			<ul style="list-style-type: none"> ♦ Normal business examination and responses to improvements for examination opinions 	Per two years	
			<ul style="list-style-type: none"> ♦ Project examination and responses to improvements for examination opinions 	Irregular	

Type of Stakeholders	Importance to CBF	Issues for Communication		Communication Method	Communication Frequency	Chapter as Responses
 Employees	Talent and innovation are the key for a company to build its core competitiveness and the most important basis for sustainable operation as well.	<ul style="list-style-type: none"> Occupational health and safety Ethical management Business performance 	<ul style="list-style-type: none"> AML/CFT Labor-management relation 	Material information	Irregular	Ch.4. Talent Training·Happy Workplace
				Manager meeting	Irregular	
				Labor-management meeting	Per quarter	
 Shareholders	To maintain shareholders' interests, CBF improves business performance, optimizes organizational operation, fully discloses information, develops good corporate governance and assigns a corporate governance officer to assist directors in executing their duties and upgrading the performance of the Board of Directors in order to be accountable to the shareholders.	<ul style="list-style-type: none"> Sustainable strategy Corporate governance Ethical management Risk control 	<ul style="list-style-type: none"> Business performance AML/CFT Tax strategy Information security and privacy protection 	<ul style="list-style-type: none"> Phone, e-mail Investor conference Market Observation Post System 	Irregular	Ch.2. Stable Development·Corporate Governance
				Shareholders' meeting	Per year	
 Guilds/associations	Guilds/associations connect CBF with units having business exchanges therewith and providing business assistance thereto closely, and discuss legal compliance, bill business modes and other matters with CBF. They also serve as the contact person for the competent authorities, and thus we can effectively convey any issues to the competent authorities via the guilds/associations.	<ul style="list-style-type: none"> Sustainable strategy Corporate governance Ethical management Risk control Responsible investment and financing Business performance AML/CFT Tax strategy 	<ul style="list-style-type: none"> Talent recruitment and training Remuneration, benefits and employee care Labor-management relation Service quality and client satisfaction Product risk Information security and privacy protection 	<ul style="list-style-type: none"> Phone, e-mail, topic discussion meeting, promotion meetings Participation in the bond committee of Taiwan Securities Association Participation in the committees of R.O.C. Bills Finance Association 	Irregular	Ch.2. Stable Development·Corporate Governance
 Financial institutions	Financial institutions are the Company's counterparts related to bills/bonds, asset swap and other businesses. The Company keeps close contact with them to grasp market information and improve market sensitivity.	<ul style="list-style-type: none"> Ethical management Service quality and client satisfaction Product risk 	<ul style="list-style-type: none"> Business performance Risk control 	<ul style="list-style-type: none"> Phone, e-mail Personal visit Company website 	Per day	Ch.3. Green Finance·Professional Service

Type of Stakeholders	Importance to CBF	Issues for Communication		Communication Method	Communication Frequency	Chapter as Responses
 Clients	Clients are the basis for our sustainable operation and for developing social economic cycles and are the ones who pay attention on our financial structure, profitability and management ability. We focus on the protection of the clients' /personal data to ensure transaction security for the clients.	<ul style="list-style-type: none"> Information security and privacy protection Corporate governance Sustainable strategy 	<ul style="list-style-type: none"> Ethical management AML/CFT 	<ul style="list-style-type: none"> Phone, e-mail Personal visit by account officers, branch chiefs and heads 	Irregular	Ch.3. Green Finance · Professional Service
 Media	Since we value our positive image, we properly maintain external relationships, have business fundamentals remain stable and keep a low profile, and pay attention to the comments of the media.	<ul style="list-style-type: none"> Sustainable strategy Talent recruitment and training Labor-management relation Human rights and equity 	<ul style="list-style-type: none"> Social engagement Service quality and client satisfaction Information security and privacy protection 	<ul style="list-style-type: none"> Phone, e-mail Press conference Investor conference Announcement of material information 	Irregular	Ch.2. Stable Development · Corporate Governance
 Communities/ groups	CBF works together with groups which mainly are nonprofit organizations or social welfare groups for welfare and cultural activities in order to stretch out its business to contribute to the society in a diversified manner and fulfill its corporate social responsibility. For communities, we maintain a good relationship with neighborhoods and the building management committee.	<ul style="list-style-type: none"> Social engagement Sustainable strategy Human rights and equity 	<ul style="list-style-type: none"> Risk control Labor-management relation 	<ul style="list-style-type: none"> Phone, e-mail Social participation activity 	Irregular	Ch.5 Positive Impact · Contribution to the Society
 Suppliers/ contractors/ outsourcing companies	Suppliers/contractors/outsourcing companies provide CBF with logistics support, technical consultation, information services and other products and services and are CBF's partners necessary to maintain operation. We shall respect and understand each other to improve collaboration efficiency and build long-term mutual benefit relationships.	<ul style="list-style-type: none"> Ethical management Risk control Supplier management 	<ul style="list-style-type: none"> Business performance Service quality and client satisfaction Sustainable strategy 	<ul style="list-style-type: none"> Phone, e-mail Tender negotiation Product introduction 	Irregular Per quarter	Ch.5 Positive Impact · Contribution to the Society
				<ul style="list-style-type: none"> Maintenance 		

1.3 Analysis of Material Issues

To understand stakeholders' expectations for CBF, we communicate and have conversations with the stakeholders through various methods and channels, and also invite them to give their opinions about issues they are concerned for by designing questionnaires. Through these communication channels, CBF is able to further grasp the demand of the stakeholders and use it as the basis for developing future CBF businesses, designing products and drawing up ESG policies and related plans.

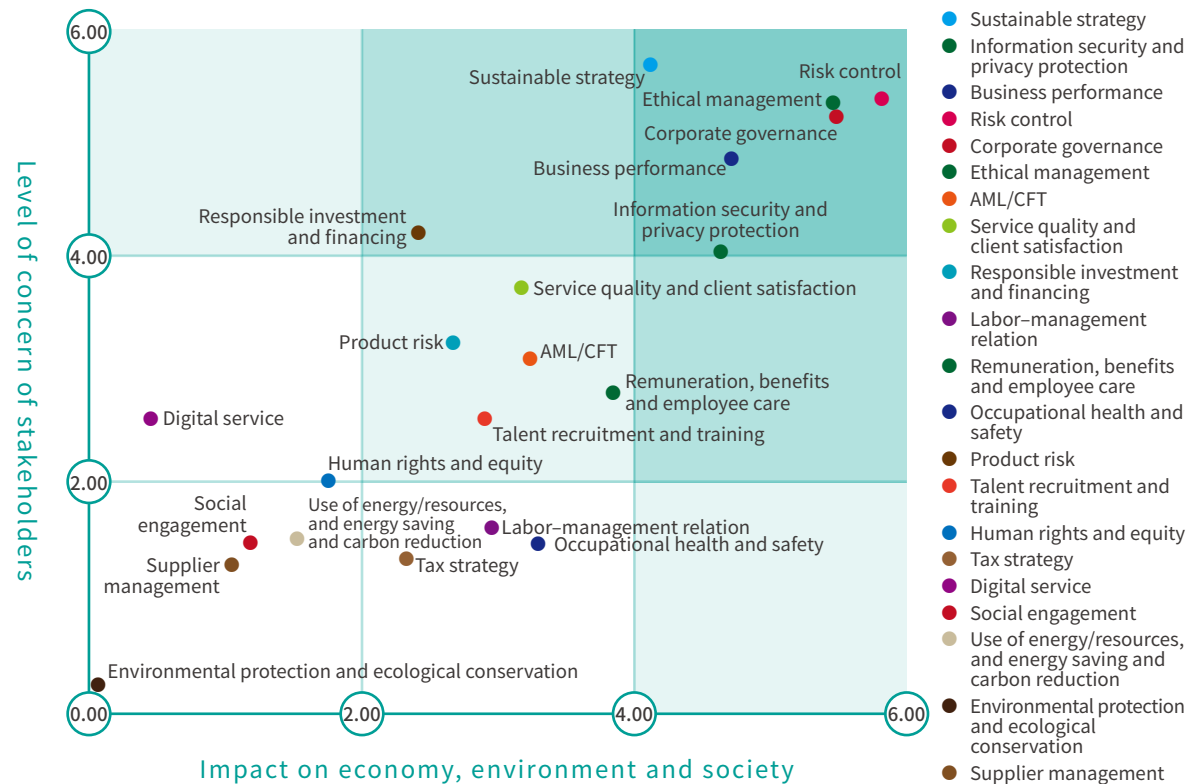
1.3.1 Classification of Material Issues

The Company used questionnaires to collect issues for which stakeholders were concerned and conduct materiality analysis. Issues that the stakeholders were concerned about in 2021 were collected using the aforesaid communication channels for the stakeholders and based on the GRI Standards and then grouped by the ESG report preparation team into three topics, including Corporate Governance, Environment and Society (ESG), with 21 issues in total.

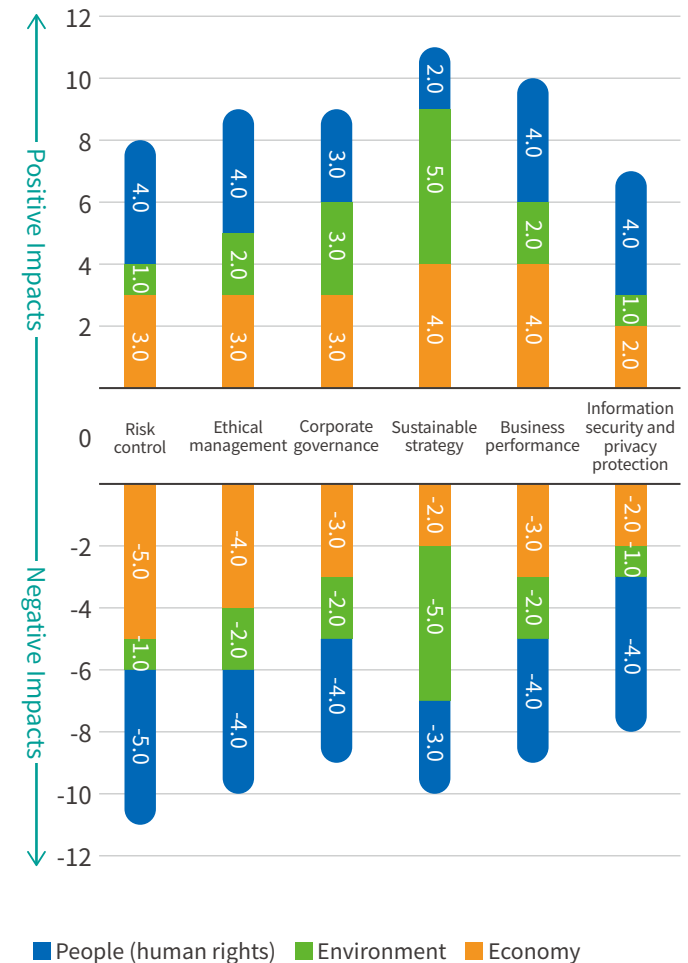


Our ESG report preparation team used questionnaires to assess stakeholders' level of concern for the issues mentioned above and then calculated the level of concern for each issue; there were 109 valid questionnaires collected. In addition, the team invited senior managers to assess the level of impact on our business to calculate the level of impact of each issue on the economy, environment and society; there were 10 valid questionnaires collected. The team then drew a materiality matrix based on the level of concern of the stakeholders and the level of impact of each issue to check these material economic, environmental and social issues.



The materiality matrix revealed that the six material issues of CBF in 2022 included risk control, ethical management, corporate governance, information security and privacy protection, sustainable strategies, and business performance.







Furthermore, China Bills evaluates the positive and negative impacts on people (human rights), the environment, and the economy based on six major issues.



1.3.2 Impact and Management of Material Issues

Material Issue	Meaning for CBF	Material Topic / Custom Topic	*Impact	Management Guideline	Risk Assessment and Goal Setting	Management Mechanism and Purpose	Chapter as Responses
 Risk control	Our business operators are allowed to fully grasp risks that the Company is confronted by and their nature and severity in order to take timely measures to avoid or mitigate damages or get compensation for any damage resulting from the risks.	Risk control	<ul style="list-style-type: none"> ♦ Clients ♦ Shareholders ♦ Government agencies 	<ul style="list-style-type: none"> ♦ Monitor the credit, market and liquidity risks of clients with commercial papers issued by the Company and of debtors holding financial products and keep the risks at tolerable levels to pursue stable management policies 	<ul style="list-style-type: none"> ♦ Implement risk assessment and control operations in accordance with the Company's internal regulations 	<ul style="list-style-type: none"> ♦ Set annual budget targets for business units, control risks by setting risk limits and stop-loss limits, and report risk exposure to the senior management and the Board of Directors 	Ch.2. Stable Development · Corporate Governance
 Ethical management	Services in the financial industry may cause huge impact on the interests of clients and investors since the services involve the circulation and transactions of a large amount of money. As a result, the financial industry is under the high-level supervision of the competent authorities and is the industry where the trust of stakeholders is most needed. Therefore, ethical management is a corporate value that CBF focuses on the most because an enterprise may achieve sustainable development only if it implements the ethical management.	GRI 205 Anti-corruption	<ul style="list-style-type: none"> ♦ Employees ♦ Shareholders ♦ Government agencies ♦ Clients 	<ul style="list-style-type: none"> ♦ Establish the "Procedures for Ethical Management and Guidelines for Conduct" ♦ Establish the "China Bills Finance Corporation Code of Ethics" ♦ Establish the "Regulations Governing Whistle-Blowing Cases" 	<ul style="list-style-type: none"> ♦ To ensure CBF's implementation of ethical management, in addition to self-audits, the implementation of ethical management shall be reported to the Board of Directors 	<ul style="list-style-type: none"> ♦ Conduct legal compliance audit twice a year ♦ Conduct regular self-audit twice a year ♦ Conduct multiple special audits each year 	Ch.2. Stable Development · Corporate Governance
		GRI 206 Anti-competitive Behavior	<ul style="list-style-type: none"> ♦ Financial institutions ♦ Clients ♦ Government agencies 	<ul style="list-style-type: none"> ♦ Establish the "Procedures for Ethical Management and Guidelines for Conduct" 			
		GRI 415 Public Policy	<ul style="list-style-type: none"> ♦ Government agencies ♦ Financial institutions 	<ul style="list-style-type: none"> ♦ Establish the "China Bills Finance Corporation Regulations Governing Donations to Outsiders" ♦ Establish the "China Bills Finance Corporation Corporate Governance Practice Principles" 			

Material Issue	Meaning for CBF	Material Topic / Custom Topic	*Impact	Management Guideline	Risk Assessment and Goal Setting	Management Mechanism and Purpose	Chapter as Responses
 Corporate governance	<p>A good legal compliance system is essential to effective corporate governance. The relevant operations and implementation of the Company's Board of Directors comply with the related regulations established by the competent authorities. To achieve information transparency, we disclose compliance results on our website to maintain shareholders' interests and create a channel for related parties to communicate with us.</p>	Corporate governance	<ul style="list-style-type: none"> Government agencies Shareholders Communities/groups 	<ul style="list-style-type: none"> Appoint a corporate governance officer and establish the "Procedures for Handling Directors' Requirements" to create a good corporate governance system Assign a responsible unit to regularly review the update and correctness of the system as well as implementations after the addition or amendment of laws and regulations. Compliance unit personnel notify business management units of changes in laws and regulations made by the competent authorities on an irregular basis. Implement the legal compliance system to ensure that all units follow the related laws and regulations while performing their duties without violating mandatory norms 	<ul style="list-style-type: none"> Organize legal compliance training every six months All units perform legal compliance self-assessment once in the first and second half of each year, respectively, which shall be reviewed by the Legal & Compliance Department; an evaluation report shall be submitted every year for the senior management to know the compliance implementation of each unit. 	<ul style="list-style-type: none"> Report the results of the legal compliance assessment to the Board of Directors 	Ch.2. Stable Development · Corporate Governance
 Sustainable strategy	<p>With "Gratitude, Cherishment and Improvement" as our core management philosophy, in addition to pursuing business performance and revenue, we focus on the fulfillment of our sustainable development with the aim of creating a sustainable development environment and fostering mutual prosperity in the society.</p>	Sustainable strategy	<ul style="list-style-type: none"> Shareholders Clients Suppliers/contractors/outsourcing companies Employees Communities/groups 	<ul style="list-style-type: none"> Establish the ESG Committee Develop the Sustainable Development Best-Practice Principles Disclose relevant information to the public Communicate with stakeholders 	<ul style="list-style-type: none"> Report to the Board of Directors on the implementation of the corporate social responsibility every year Report to the Board of Directors on the communication with stakeholders every year 	<ul style="list-style-type: none"> Hold ESG training every year so as to promote core value and management philosophy and share sustainable trends. 	Ch.1 Sustainable Commitment · Vision of CBF

Material Issue	Meaning for CBF	Material Topic / Custom Topic	*Impact	Management Guideline	Risk Assessment and Goal Setting	Management Mechanism and Purpose	Chapter as Responses
 <p>Business performance</p>	Business performance is fundamental to the Company's sustainable development. We shall also be accountable to shareholders by adopting stable and sustainable core strategies and improving the company's revenue.	GRI 201 Economic Performance	<ul style="list-style-type: none"> ◆ Shareholders ◆ Employees ◆ Clients ◆ Financial institutions 	<ul style="list-style-type: none"> ◆ Create value for shareholders on a continuous basis with professional financial services and strict risk management 	<ul style="list-style-type: none"> ◆ Conduct the latest financial review analysis every month 	<ul style="list-style-type: none"> ◆ Hold monthly performance evaluation meetings on a regular basis ◆ Make reports at senior management meetings every month ◆ Report to the Board of Directors on business overview regularly 	Ch.3. Green Finance· Professional Service
 <p>Information Security and Privacy Protection</p>	<p>CBF upholds the principle of integrity as first priority and regards information security and privacy protection as the company's key concerns.</p> <p>Protecting the personal data provided by our clients is fundamental to improving the Company's reputation and being accountable to clients.</p>	GRI 418 Customer Privacy	<ul style="list-style-type: none"> ◆ Clients ◆ Financial institutions ◆ Government agencies 	<ul style="list-style-type: none"> ◆ After the customer provides the relevant personal information, the Company provides the Personal Data Protection act notification and consent form to inform the relevant application scope, and the recovered data will be properly kept by special personnel. ◆ Set up an information security system to ensure the information security and data protection of CBF. ◆ Conduct social engineering drills and provide information security training for all employees twice a year 	<ul style="list-style-type: none"> ◆ Perform regular risk assessment using the system according to the level of risks and the changes notified by clients ◆ Carry out regular vulnerability scans and penetration tests for information system risk assessment and make improvements 	<ul style="list-style-type: none"> ◆ Tabulate files annually on a regular basis and send them to the warehouse for safekeeping ◆ Conduct regular self-audits to check data accuracy ◆ The annual personal data inventory and risk assessment results are submitted to the meeting of the personal data protection team and the general manager for approval, and the audit results of the accountants are submitted to the board of directors ◆ The overall implementation of information security measures is reported to the board of directors every year, and the overall implementation of information security measures in 2020 was reported to the board of directors in March 2021. 	Ch.2. Stable Development· Corporate Governance Ch.3. Green Finance· Professional Service



CH2 Stable Development · Corporate Governance



- The Board of Directors includes two female members to ensure gender equality
- Promote the Board of Directors' performance evaluation and have the overall evaluation result showing "Excellent"
- Appoint a "corporate governance officer" responsible for corporate governance-related matters to ensure shareholders' interests and enhance the Board of Directors' function
- All directors and employees participate in anti-corruption policy communication courses and training
- Implement anti-money laundering and combating financing of terrorism thoroughly, become the first corporation creating the money laundering control and review system and including National Risk Assessment report results in "institutional risk assessment" in the bills finance industry, and establish multiple operation procedures
- Revise the "information security policy" and promote various measures to enhance information security
- Establishing a Chief Information Security Officer (CISO) to oversee the implementation of information security policies and coordinate resource allocation matters

2.1 Corporate Governance

2.1.1 Operations of the Board of Directors

✧ Formation of the Board of Directors and Professional Committees

The Company establishes the Board of Directors with 9 to 11 directors. The candidates nomination system is adopted for election of the directors. The directors are elected from the list of nominated candidates at the shareholders' meeting. Each director has a 3-year term of service and may be reappointed if he/she is reelected. Pursuant to Articles 14-2 and 14-4 of the Securities and Exchange Act, for the 12th and subsequent terms of Board of Directors, the number of independent directors shall not be less than three and less than one-fifth of the number of directors.

Candidates are required to have financial, law or other backgrounds relevant to the Company's business and to be eligible according to the "Regulations Governing the Responsible Persons and Business Staff Members of Bills Houses" and "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" to ensure that all directors are able to make operational judgments, perform business management, have expertise in relevant industries/areas, possess international market view, and demonstrate leadership and decision-making competence in order to help CBF conduct economic, environmental and social sustainable management. In addition, our directors are all assessed by the competent authorities to avoid any conflict of interest.

The Board of Directors consists of eight directors and three independent directors. All directors are actively engaged in carrying out their duties to the fullest, and the average attendance rate for Board of Directors meetings reaches 100%. In addition, the directors complete necessary training courses pursuant to regulations.

✧ Diversity of Board Members

A Board Member Diversity Policy

CBF establishes the board member diversity policy and Article 33 of the "Corporate Governance Practice Principles" specifies that the formation of the Board of Directors members shall be diversified and that appropriate diversity guidelines for the Board of Directors' operation, operating model and development demand shall be developed and cover the following two standards, including but not limited to:

- ① Basic conditions and values: Gender, age, nationality, culture, etc.
- ② Professional knowledge and skills: Professional background (such law, accounting, industries, finance, marketing or technology), skills, industrial experience, etc.

B Management Goals and Fulfillment

Article 33 of the Company's "Corporate Governance Practice Principles" also stipulates that Board members shall generally possess knowledge, skills and competency necessary to executing duties. To achieve the ideal goal of corporate governance, the Board of Directors as a whole shall have the following capabilities:



The capabilities that the Company's Board of Directors as a whole shall possess are expressly specified in the "[China Bills Finance Corporation Corporate Governance Practice Principles](#)" on the Company's website.

The member formation of the Board of Directors is diversified with respect to gender, age, nationality and culture. In addition to the different industrial experience and professional skills of individual members, the members generally possess knowledge, skills and competency necessary to executing duties. Therefore, the board members can complement each other.

C Diverse Backgrounds of Board Members

There are 9% of all directors concurrently serving as the employees of the Company. Independent directors and female directors account for 27% and 18% of all the directors, respectively. There are two independent directors whose seniority are less than one year and there is one independent director whose seniority is six years. There are one director who is between 71–80 years old; three directors who are between 61–70 years old; one directors who are between 51–60 years old; six directors who are between 41–50 years old; two directors who are between 31–40 years old.

▼ Diversity of Board Members

Item Name	Gender	Operational judgment	Accounting and financial analysis skills	Business management skills	Industrial areas	International market views	Leadership	Decision-making skills
Cheng-Chuan Chang	Male	V	V	V	V	V	V	V
Cheng Hsiang Wei	Male	V	V	V	V	V	V	V
Chih-Yuan Hsu	Male	V	V	V	V	V	V	V
Chih-Yu Hsiao	Female	V	-	V	V	V	V	V
I-Ru Lo	Female	V	-	V	V	V	V	V
Si-Tsong Zheng	Male	V	V	V	V	V	V	V
Tzu-Hou Peng	Male	V	-	V	-	V	V	V
Tang-Hsuan Huang	Male	V	-	V	-	V	V	V
Wayne W. Wu	Male	V	-	V	-	V	V	V
Chung-Ming Kuo	Male	V	V	V	V	V	V	V
Horng-Ta Lin	Male	V	-	V	V	V	V	V

Record date: March 14, 2023

Title	Name	Gender	Work Experience (Educational Background)	Concurrent Positions in CBF and Other Companies
Chairman	Cheng-Chuan Chang (Representative of O-Bank)	Male	Executive Vice President and Chief Operating Officer of O-Bank Supervisor of IBT Leasing Co., Ltd. Master of Business Administration, National Chengchi University	Chairman of China Bills Finance Corporation
Director and President	Cheng Hsiang Wei (Representative of O-Bank)	Male	Senior Vice President and Chief Strategy Officer of O-Bank MBA, the University of Texas at Arlington	President of China Bills Finance Corporation
Director	Wen-Feng Chang* (Representative of O-Bank)	Male	Senior Vice President and Financial Market CEO of O-Bank Master of Business, National Taiwan University	Senior Vice President and Financial Market CEO of O-Bank
Director	Chih-Yuan Hsu* (Representative of O-Bank)	Male	Manager of Market Risk Management, Yuanta Commercial Bank Master of Commercial Mathematics, Soochow University	Senior Manager, O-Bank
Director	Chih-Yu Hsiao* (Representative of O-Bank)	Female	Vice President and Chief Strategy Officer/Chief Human Resources Officer, O-Bank Master of International Relations, The Johns Hopkins University	Vice President and Director of Strategic Development Department, O-Bank
Director	I-Ru Lo (Representative of Mingshan Investment Co., Ltd.)	Female	Director of Mingshan Investment Co., Ltd. Master in Educational Psychology, Univ. of California, Los Angeles	Director of Mingshan Investment Co., Ltd. Supervisor of Yi Chang Investment Co., Ltd. Director of Tai Xuan Investment Co., Ltd. Supervisor of Tai Ya Investment Co., Ltd.

Title	Name	Gender	Work Experience (Educational Background)	Concurrent Positions in CBF and Other Companies
Director	Si-Tsong Zheng (Representative of He Zhu Investment Co., Ltd.)	Male	Representative of Corporate Director of COTA Commercial Bank Department of International Business, Fu Jen Catholic University	Director of Hong Yi Investment Company Limited Chairman of Yuan Tong Investment Co., Ltd. Chairman of Rui Cheng Hao Investment Co., Ltd. Chairman of Delpha Construction Co., Ltd. Chairman of Hua Jian Development Co., Ltd.
Director	Tzu-Hou Peng (Representative of He Zhu Investment Co., Ltd.)	Male	Assistant Manager of the Derivatives Department of International Bills Finance Corporation Master of Economics, National Taipei University	Manager of the Investment Department of He Zhu Investment Co., Ltd. Director of Everbrite Technology Co., Ltd.
Director	Tang-Hsuan Huang* (representative of Ho-Chu Investment Co., Ltd.)	Male	Manager, Business Department, KGI Securities Co. Ltd., Master of the Graduate institute of Business Administration, Chung Hsing University	Manager, Investment Department, Ho-Chu Investment Co., Ltd. Director of Taiwan Calsonic Co., Ltd. Supervisor of Ruichenghao Investment Co., Ltd.
Independent Director	Wayne W. Wu	Male	Full-time Vice Chairman of Taiwan External Trade Development Council, Representative of Taipei Representative Office, Bratislava, Representative of Taipei Economic and Cultural Office in Malaysia, Director General of Bureau of Foreign Trade, Supervisor of Commercial Division, Taipei Economic and Cultural Office in Los Angeles, etc. MBA, Texas A&M University	None

Title	Name	Gender	Work Experience (Educational Background)	Concurrent Positions in CBF and Other Companies
Independent Director	Chung-Ming Kuo*	Male	Vice President, PwC Taiwan; Chief CPA of High-value Asset Family Enterprise Inheritance Consulting Service, PwC Taiwan; Chief Operating Officer of Taxation Law Service, PwC Taiwan; Chief CPA of Cultural and Creative Industries Promotion Program, PwC Taiwan; Director, Taiwan Provincial CPA Association Master, Graduate Institute of Accounting In-service Program, National Taiwan University	Independent Director, XAVI Technologies Corporation; Supervisor, Commonlife Publishing Co., Ltd.; Supervisor, CommonWealth Magazine Co., Ltd.; Supervisor, Screenworks Asia Ltd.; Supervisor, Tung Hua Book Co., Ltd.
Independent Director	Hong-Ta Lin*	Male	Independent Director, Taiwan Liposome Company; Chairman, GTM Management Co., Ltd.; Director, CHO Pharma Inc.; Partner, Sovereign Law Office; Judge, Taiwan Taipei District Court Master, Graduate School of Law, Columbia University	Chairman of LUMI HEALTH INNOVATION CO., LTD. Chairman of U-TEND CLOUD INFORMATION CO., LTD.

Note 1: The record date was March 14, 2022.



Note 2: Director Wen-Feng Chang resigned upon reappointment on March 10, 2021. Director Chih-Yuan Hsu was reappointed upon reappointment on March 10, 2021.

▼ Continuing Education of Directors in 2022

Title	Name	Course	Hours
Representative of Corporate Director	Cheng- Chuan Chang	Insights into Global Tax Reform: A Comprehensive Overview	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
Representative of Corporate Director	Cheng Hsiang Wei	In-House Insider Stock Trading: Legal Compliance Briefing for 2022	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
		International Twin Peaks Summit: Online Forum	2.0
Representative of Corporate Director	Chih-Yu Hsiao	Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
		Compilation, Review Focus, and Interpretation Analysis of Corporate Financial Statements	3.0
Representative of Corporate Director	I-Ru Lo	Insights into Global Tax Reform: A Comprehensive Overview	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
Representative of Corporate Director	Si- Tsong Zheng	2022 Insider Equity Trading Legal Compliance Promotion Seminar	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
Representative of Corporate Director	Tzu- Hou Peng	Insights into Global Tax Reform: A Comprehensive Overview	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
Representative of Corporate Director	Tang- Hsuan Huang	Insights into Global Tax Reform: A Comprehensive Overview	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
Independent Director	Wen-Ya Wu	Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
		Net-Zero Emissions, Carbon Neutrality, and Corporate Regulatory Compliance	3.0
Independent Director	Chung- Ming Kuo	2022 Insider Equity Trading Legal Compliance Promotion Seminar	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0
		Corporate Governance and Securities Regulations	3.0
Independent Director	Hong- Ta Lin	Insights into Global Tax Reform: A Comprehensive Overview	3.0
		Money Laundering Prevention Practices: Discussion and Latest Regulations	3.0

✿ Functional Committees

The Company's Board of Directors includes two functional committees, namely the "Audit Committee" and "Remuneration Committee," which enhance the operation of the Board of Directors.

Committee	Main Duties	Member	Sustainable Areas for which Committee Is Responsible
 Audit Committee	I. Establish or revise the internal control system pursuant to Article 14-1 of the Securities and Exchange Act. II. Assess the validity of the internal control system. III. Establish or amend the regulations governing significant financial business behaviors, including acquisition and disposal of assets, and trading of financial derivatives in accordance with Article 36-1 of the Securities and Exchange Act. IV. Review the matters bearing on the personal interest of a director. V. Review the transactions of material assets or derivatives. VI. Review the offering, issuance, or private placement of equity-type securities. VII. Review the hiring or dismissal of CPAs, or the compensation given thereto. VIII. Review the appointment or discharge of any financial, accounting, or internal auditing officer. IX. Review annual or semiannual financial statements. X. Review any other material matters required by the Company or competent authorities.	Chung-Ming Kuo Wayne W. Horng-Ta Lin	Economy Society
 Remuneration Committee	<p>The Remuneration Committee shall exercise the due care of a good administrator to perform the following duties, and also submit proposals to the Board of Directors:</p> I. Set up and periodically review the policy, system, standard and structure of the performance evaluation and remuneration of directors and managers. II. Regularly review and determine the remuneration of the directors and managers. <p>The Remuneration Committee shall perform the aforesaid duties based on the following principles:</p> I. The performance evaluation of directors and managers, the normal remuneration level of other companies in the industry and the reasonableness of the correlation between the remuneration and personal performance, business performance of the Company, and future risks shall be taken into account to decide the remuneration. II. Any lure that leads the directors and managers to engage in any activity for remuneration beyond the risk appetite of the Company is not allowed. III. The percentage of dividends to be distributed to the directors and senior management for their short-term performance and the payment time of any variable part of the remuneration shall be determined with reference to the characteristics of the industry and the nature of the Company's business.	Chung-Ming Kuo Wayne W. Horng-Ta Lin	Economy Society

Note: The record date was March 14, 2023.

In 2022, in response to the COVID-19 pandemic, our Information Technology Department assisted in holding Board of Directors meetings via video conferences, allowing directors to enter the video conference room via Internet by downloading the video conference app on their phones, so as to maintain the normal operation of the Board of Directors. It was not until December 2022 that physical board meetings resumed as the pandemic situation gradually stabilized.

* Performance Appraisal on the Board of Directors

The Company established the Regulations Governing Performance Appraisal on the Board of Directors in accordance with Article 37 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Article 18 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers and with reference to the sample of the Taiwan Stock Exchange in February 2020, which were adopted by the Board of Directors for implementation. The amendment to the Regulations was adopted by the Board of Directors in August 2020 to be in line with the regulations amended by TWSE. According to the Regulations Governing Performance Appraisal on the Board of Directors, CBF's Board of Directors and functional committees shall conduct at least one internal performance evaluation every year. For evaluating the performance of the Board of Directors, an external third-party institution or an expert team shall be commissioned to conduct at least one evaluation every three years (the first evaluation is planned to be executed in 2022). The internal and external performance evaluation shall be completed prior to the first quarter of the next year.

China Bills completed the internal performance evaluation in December 2022. An external professional organization, the Association of Integrity Management, was commissioned to conduct the 2022 performance evaluations for the Board of Directors. CBF carried out the performance evaluation of 2022 Board of Directors, board members and functional committees and reported the result of the Board of Directors' performance evaluation to the Board of Directors in January 2023. It was then made public on the official website, incorporated in the 2022 annual report, and declared to the competent authority at the end of March 2023.

Period of Assessment	January 1, 2022 to December 31, 2022
Method of Assessment	The performance of the CBF's Board of Directors was evaluated using hard copy questionnaires. Eleven board members filled out the questionnaires and completed in December 2022. These questionnaires were then collected and analyzed by the corporate governance team of CBF.
Evaluation Result	The average score of the questionnaires for evaluating the performance of the CBF's Board of Directors, board members and functional committees was 4.84 points (highest score: 5) in 2022, indicating an overall performance evaluation result of "Excellence."
Future Improvement	In the future, we should continue to strengthen the diversification of the Board of Directors and enhance the value of the company.

* Remuneration to Directors and Managers

Remuneration is given to directors, presidents and vice presidents in accordance with the Company's regulations. In 2022, the ratio of total remuneration paid to the directors, presidents and vice presidents to the income after tax in the entity or individual financial statements was 6.53%.

In addition to the monthly remuneration and transportation allowance (to be paid subject to the actual attendance), the directors' remuneration shall be allocated pursuant to the Articles of Incorporation, subject to the profit for the year. The remuneration to the Company's chairman, presidents, vice presidents and managers shall be submitted to the Remuneration Committee for review on a yearly basis. Bonuses are allocated in accordance with the "Regulations Governing the Provision and Allocation of Year-end Bonus." The Regulations are established in response to the changes in the industrial environment (future risks) and in order to facilitate performance by providing bonuses. The bonuses are classified as trading and non-trading business performance bonuses. The trading business performance bonus is appropriated or written back subject to accumulated earnings; the non-trading business performance bonus is appropriated or written back subject to accumulated ROE (return on equity) before tax. Both the bonuses are allocated together with employee bonuses at the end of the year. China Bills does not have policies related to clawback provisions, severance pay, or retirement benefit plans. The same regulations apply to both senior executives and general employees.

* Recusal for Conflicts of Interest

To implement the anti-corruption policy, CBF primarily focuses on the directors' recusal for conflicts of interest. According to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," if any proposals at a board meeting are related to the matters that the director regulations specify that directors shall recuse themselves from or if the directors' personal interests may damage the Company's interest, the directors shall recuse themselves from the discussion and voting and shall not act for other directors to exercise voting rights. CBF's Board of Directors held 12 meetings in 2022, of which there were 4 meetings where directors recused themselves from 11 proposals due to conflicts of interest.

* Main Responsibilities and Business Execution of Corporate Governance Personnel

A Corporate Governance Officer

The Company pays much attention to the promotion of corporate governance. On February 26, 2019, the Board of Directors resolved to appoint a corporate governance officer to ensure shareholders' interests and enhance the function of the Board of Directors.

The governance officer shall be responsible for handling businesses related to corporate governance and assign dedicated personnel to assist in corporate governance-related matters to ensure shareholders' interests and enhance the function of the Board of Directors.

The Board of Directors appointed Hou-Sheng Yu, Assistant Vice President of the Administration Department, as the corporate governance officer. Since the Assistant Vice President, Hou-Sheng Yu, reached the age of retirement on February 1, 2021, CBF appointed Yi-Chang Kan, Assistant Vice President of the Risk Management Department, to succeed the post of the corporate governance officer in advance at the 33rd meeting of the 14th Board of Directors on December 15, 2020.

B Terms of Reference of Corporate Governance Personnel

The corporate governance-related matters of the Company are coordinated by the corporate governance officer and assisted by three members from the Legal & Compliance Department and five members from the Administration Department, respectively, including:

- Ⓐ Handling matters in relation to board meetings and shareholders' meetings according to laws.
- Ⓑ Preparing minutes of board meetings and shareholders' meetings, providing information required for directors to exercise their duties.
- Ⓒ Assisting in the onboarding and continuous education of directors.
- Ⓓ Assisting directors with legal compliance.
- Ⓔ Handling legal advice related to board meetings and shareholders' meetings.
- Ⓕ Matters relating to investor relations and other matters stipulated in the Articles of Incorporation or any contract.

Corporate governance staff are responsible for collecting the proposals of all departments and preparing the agenda before a board meeting or Audit Committee meeting is convened. They shall serve the meeting notice and meeting agenda on each director seven days before the board meeting or Audit Committee meeting is convened in accordance with regulations. They shall also provide detailed and complete meeting materials for directors' review beforehand. If the directors have any questions about relevant proposals, further information is provided at (or after) the meeting. In case of reporting and uploading information to the competent authority, announcing material information, handling company change registration, etc., they will ask the Administration Department for assistance. Our stock affairs agent (CTBC stock affairs agency service) will assist with stock related matters.

C 2022 Corporate Governance Implementation

Ⓐ Directors Performance Evaluation

The performance evaluation of the board of directors in 2022 was completed in January, 2023, and the evaluation results were published in the company's official website and annual report after the approval of the board of directors in the same month.

Ⓑ Regulatory Amendments

- In alignment with regulatory revisions from the competent authority, the Practical Guidelines for Sustainable Development were amended and approved by the Board of Directors in March 2022.
- In March 2022, the Chairman ratified the amended Organizational Bylaws of the Sustainability Development Committee.

Ⓒ Corporate Governance Evaluation

The 8th (Year of 2021) company stayed in the top 6%-20% of the ranking of corporate governance evaluation.

Ⓓ Ethical Management

- The Company conducted online education and training on ethical management, ESG, and prevention of insider trading for all the employees in September, 2022.
- The implementation of sustainable development and ethical management, and the communication with stakeholders were all reported to the board of directors in December, 2022 for review, and all directors present approved them without objection.

Ⓔ Communication with Investors

- The general meeting of shareholders was held on June 17, 2022 and the meeting notice, procedure manual and minutes were prepared within the legal time limit.
- An investor conference was held on March 23, 2022.

Ⓕ Operation of Board of Directors

Provide meeting information and make minutes after each meeting, and deal with the release of important information on major resolutions of the board of directors in real time.

- A total of 12 board meetings were held in 2022. All the directors who should be present attended each meeting in person with an attendance rate of 100%.
- A total of 8 audit committee meetings were held in 2022. All members attended each meeting with an attendance rate of 100%.
- A total of 5 remuneration committees were held in 2022. All members attended each meeting with an attendance rate of 100%.

Ⓖ Assist independent directors, general directors and corporate governance managers to formulate annual training plans and arrange courses: All further education courses meet the prescribed hours in 2022.

Ⓖ Assistance in organizing two internal control deficiency seminars (March and September of 2022), arranging meetings for independent directors, and facilitating communication between all directors and internal audit to strengthen internal audit and control systems. Arrangement of three separate meetings between accountants and independent directors (February, August, and December of 2022), as well as one meeting between accountants and all directors (August 2022), to discuss corporate governance.

① Whistleblowing System Implementation

The company has established a "Whistleblowing Case Handling Procedures" with dedicated channels such as an independent mailbox or hotline for whistleblowing. However, there were no reported whistleblowing cases in 2022.

D Continuing Education of the Corporate Governance Officer

Completed the declaration of corporate governance supervisor and the declaration of training hours within the time limit prescribed by the competent authority in 2022. The corporate governance supervisor studied 4 courses for 12 hours in total, which met the 12-hour requirement of continuous education.

* Procedures for Handling Directors' Requirements

The "Procedures for Handling Directors' Requirements" were adopted at the 14th meeting of the 14th Board of Directors on May 14, 2019, to assist directors in performing their duties and improve the performance of the Board of Directors.

2.1.2 Ethical Management

* Ethical Management Philosophy and Policy

Services in the financial industry may cause huge impact on the interests of clients and investors since the services involve the circulation and transactions of a large amount of money. As a result, the financial industry is under the high-level supervision of the competent authorities and is the industry where the trust of stakeholders is most needed. Therefore, ethical management is a corporate culture CBF values the most. To implement integrity management and create anti-corruption and antitrust culture, on one hand CBF strictly observes external laws and regulations when establishing policies, and on the other hand CBF develops related internal regulations to prevent abuses.

We care very much if our employees act with integrity and good faith, and any concealment and abuse is not allowed. We also put emphasis on showing integrity while contacting stakeholders. In recent years, we have planned to revise the internal regulations on a continuous basis to ensure that the regulations can be more faultless so as to further implement corporate governance and ethical management.

* CBF's Regulations Related to Ethical Management

The ethical management regulations adopted by the Company include: "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethics," "Corporate Governance Practice Principles," "Regulations Governing Whistle-Blowing Cases," etc., demonstrating that we give much weight to ethical management. The Company amends internal regulations in accordance with the latest regulations of the competent authority. The key points of the regulations and the main items of revision in 2022 are as follows:

	Regulations	Content	Latest Amendment
1	China Bills Finance Corporation Procedures for Ethical Management and Guidelines for Conduct	The "Procedures for Ethical Management and Guidelines for Conduct" cover the ethical management policies of the Company as well as the responsibilities of the Board of Directors and management and specify unethical conduct that CBF's personnel shall pay attention to and prevent while performing duties. We integrate ethical management in our employee performance assessment and human resource policies, have clear and effective reward & punishment and complaint systems, and also establish explicit rules governing the handling of political contributions and donations and forbidding unfair competitive activities.	In December 2020, the third amendment was passed by the board of directors, and the amendment took effect after being submitted to the general shareholders' meeting for approval in July 2021.
2	China Bills Finance Corporation Code of Ethics	The code regulates conflicts of interest, the pursuit of personal gain, fair trading, confidential behavior, etc.	In December 2017, the code was passed by the board of directors, and it took effect after being submitted to the general shareholders' meeting for approval in June 2018.
3	China Bills Finance Corporation Corporate Governance Practice Principles	These guidelines have clear regulations on compliance with laws and regulations, improvement of internal management, protection of shareholders' rights and interests, strengthening of the functions of the board of directors, exertion of the functions of the audit committee, respect for the rights and interests of stakeholders, and increase of information transparency. They should also clearly state that it is not advisable for independent directors to serve for more than three terms. The Company shall set up a corporate governance supervisor and prescribe his/her duties, positioning, qualifications, required training hours, and methods of making up for vacancies.	In December 2021, the second amendment was passed by the board of directors.
4	China Bills Finance Corporation Regulations Governing Whistle-Blowing Cases	The Regulations expressly state that the unit dedicated to handling whistle-blowing cases shall be the Auditing Department and specify the whistle-blowing channels, whistle-blowing information, types of items to be reported, situations where a case is not accepted or where the investigation shall be terminated, handling procedures and maintenance of information about reported cases, whistle-blower protection measures, training, and reward for whistle-blowing and penalties for involved parties.	The Regulations adopted by the Board of Directors in August, 2018.
5	Regulations Governing Donations to Outsiders	The Regulations regulate donated parties, authorization for donation, purposes, supervision and information disclosure and specify the hierarchy for approving donation amounts to the donated or sponsored parties to implement hierarchical authorization.	The Regulations adopted by the Board of Directors in December, 2017.

✿ Educational Training on Ethical Management

In 2022, CBF will implement the prohibition of insider trading through internal and external education and training and integrity management promotion. Through regular integrity management education and training, as well as occasional promotion by senior managers in various forms of internal meetings, the importance of law-abiding and integrity is repeatedly emphasized to employees, thus forming a corporate core value that is generally understood and valued by Huapiao people. In addition, cases of legal violations are provided regularly every month as materials for company-wide promotion of compliance with laws.

A Internal training

In October 2022, the Administration Department held online training on ethical corporate management for 1 hour and 149 employees (at a rate of 100%) participated in the training. The training subject is “Ethical Corporate Management and ESG,” covering the key contents of the Company’s “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethics,” as well as prevention of insider trading, confidentiality education, and explanation of whistle-blowing regulations, etc.

In August 2022, the Legal and Compliance Department provided all staff with online education on how to prevent against insider trading; the training lasted for an hour. For the online session of the training, 151 employees in total, were trained, accounting for around 100% of all employees.

B External training

In 2022, a total of 9 unit supervisors or above and sales-related supervisors attended the external training on the prevention against insider trading. It was organized by the Taiwan Stock Exchange and entitled “2022 Seminar on Prevention of Insider Equity Trading.” Each of the supervisors attended the training between 10/05/2022 and 10/26/2022 separately and completed 3 hours of training.

C Other disseminations

The Company assisted the of the Agency Against Corruption of the Ministry of Justice in producing a mini-film “Ministry of Justice Anti-Bribery and Anti-Election - Fatherly Love Edition & Determination Edition” in 2022. The film has been included in the anti-corruption section of the frontpage of the Company’s internal network.

	Pepole	Anti-corruption Policy Communication Percentage	Number of Completed Training	Anti-corruption Training Percentage
Directors ¹	11	100%	11	100%
Managers ²	16	100%	16	100%
Non-managerial personnel	135	100%	135	100%

Note1: The directors are not employees, therefore, they are listed separately.

Note2: Managers refer to the heads of departments and higher-ranking personnel

CBF not only continues the good tradition of implementing ethical management through the regulations of the company, but also strictly prevents unethical conduct by utilizing the control mechanism and employee training.



* Responsible Unit for Ethical Management and Handling Procedures

A Responsible Unit

The Company's "Procedures for Ethical Management and Guidelines for Conduct" authorize the President to assign the Administration Department as the unit dedicated to ethical management, which is responsible for handling and supervising the amendment, execution, explanation of and consulting services for the Procedures for Ethical Management and Guidelines for Conduct and the documentation of reported cases. The Auditing Department is the unit dedicated to handling whistle-blowing cases and reports any whistle-blowing cases to the Board of Directors periodically.

B Handling Procedure

① Procedure for handling unjustified enrichment

According to the Company's "Procedures for Ethical Management and Guidelines for Conduct," in case of any person who directly or indirectly provides or promises to provide benefits and:

- a. if the person who makes the provision or promise has no conflict of interest regarding duties, the circumstance shall be reported to the head of the department and the dedicated unit (if necessary) within three days upon receipt of the benefits;
- b. if the person who makes the provision or promise has a conflict of interest regarding duties, the benefits shall be returned or rejected, and the circumstance shall be reported to the head of the department and the dedicated unit; when returning the benefits to the person is not feasible, the case shall be transferred to the dedicated unit within three days upon the receipt. The dedicated unit shall suggest return of the benefits, receipt with payment, confiscation, re-donation to charity organizations or any other appropriate measures to be adopted upon approval of the President.

② Prohibition of insider trading and nondisclosure agreement

Prevention of conflicts of interest or insider trading is explicitly specified in Article 11 (Recusal for Conflicts of Interest) and Article 13 (Prohibition of Insider Trading and Nondisclosure Agreement) of the Procedures for Ethical Management and Guidelines for Conduct and Article 3 (Prevention of Conflicts of Interest) of the Code of Ethics. To avoid insider trading, we have established internal rules of "China Bills Finance Corporation Insider Trading Prevention Instructions" and "Guidelines Governing Prevention and Reporting of Insider Trading in Underwriting Business" in order to meet required regulations.

③ Procedure for handling political contributions

CBF's "Procedures for Ethical Management and Guidelines for Conduct" provide that the Company may provide political contributions after making a report to the chief, making the provision known to the dedicated unit, and submitting the provision to the Board of Directors for adoption thereunder.

In recent years, there has been no lawsuit regarding corruption, political contributions, anti-competitive behavior, and antitrust, and there have been no political contributions in the most recent five years.

* Code of Conduct for Suppliers

We adopt ethical management policies for suppliers to avoid trading with parties engaging in unethical management.

In 2016, the Company revised the supplier tender document for projects valued over NT\$200 thousand to explicitly require suppliers tendering for such projects to sign a declaration to agree the "Ethical Management Regulations and Provisions Prohibiting Commissions and Kickbacks." For normal suppliers with which the Company trades with a smaller amount of money, we also require them to specify in the contract that they will follow the Company's Code of Conduct for Suppliers and will never provide commissions, kickbacks or benefits to the personnel of the Company in any manner.



We convey our philosophy of and commitment to ethical management to our business partners through the Code of Conduct for Suppliers. In 2022, we communicated with 6 suppliers with a purchase amount of more than NT\$200 thousand about anti-corruption.



▲ promoting environmental sustainability and protecting of basic human rights at the Supplier price comparison meeting.

* Whistle-blowing Channels and Measures

The Company's whistle-blowing system (including whistle-blowing channels and accepting and handling procedures) has been specified in the “Procedures for Ethical Management and Guidelines for Conduct.” The “Regulations Governing Whistle-Blowing Cases” further regulate the definition of whistle-blowers, the whistle-blowing channels, whistle-blowing information, types of items to be reported, situations where a case is not accepted or where the investigation shall be terminated, handling procedures and maintenance of information about reported cases, whistle-blower protection measures, training, and reward for the whistle-blowers and penalties for involved parties.

The Company's “Regulations Governing Whistle-Blowing Cases” expressly state that the unit dedicated to handling whistle-blowing cases shall be the Auditing Department and that separate e-mail or hotlines shall be used as the whistle-blowing channels. Whistle-blowers may submit a whistle-blowing report in written form or via e-mail or fax. There are six situations where a case shall not be accepted, such as anonymous whistle-blowing, or cases without evidence proving that there is any omission or violation of laws based on reasonable suspicion. Relevant personnel handling whistle-blowing cases shall declare, in written form, that they will keep the identification of whistle-blowers and the matters reported confidential. The Company shall promise that whistle-blowers will not be subjected to dismissal, discharge, relegation, decrease in salaries, damage to their rights and interest, or other adverse punishment for whistle-blowing. The whistle-blowers may submit a complaint to the Audit Committee if they believe that they suffer adverse punishment due to whistle-blowing.

If it is found that, as investigated, there is a significant violation or an event where the Company incurs significant damages, a report shall be prepared immediately and then submitted to the Audit Committee and the Board of Directors in written form for notice. Before any disciplinary decisions are made, the violator shall be given the opportunity to state his/her opinions or make an appeal.

We announce the “Regulations Governing Whistle-Blowing Cases,” “Procedure for Ethical Management and Guidelines for Conduct,” and “Code of Ethics” on the “Anti-Corruption Section” of the Company's internal website. A whistle-blowing hotline and mailbox are also posted on the Stakeholders section of the official website. The Auditing Department serves as the dedicated unit to accept whistle-blowing cases submitted via the mailbox used as the “Complaint Channel for Employees, Suppliers, Consumers and Clients” on the Company's website. The investigation process will not be disclosed to the public, and only the authorized personnel in the dedicated unit may access the whistle-blowing mailbox to keep the identification of whistle-blowers and the matters reported confidential.

There was no whistle-blowing mail or notice sent to the separate mailbox (audit@cbf.com.tw) provided by the Auditing Department or submitted via the hotline (02-2659-2970) in 2022.

2.1.3 Transparency of Information Disclosure

As a stock-listed company, CBF spares no effort in maintaining the transparency of the company's information disclosure and considers full disclosure of information to be an essential element of corporate governance. To ensure full transparency of information, the Company uses five major information disclosure channels to keep in close touch with stakeholders.

Spokesperson System	A spokesperson system is established to hold press conferences, orientation sessions and announce material information as appropriate.
Filing of Public Information	An online system for filing public information is established to disclose material information on the "Market Observation Post System" for stakeholders' reference according to laws and regulations. The Company has an external website (www.cbf.com.tw) accessible to the stakeholders to provide them with the Company's business overview, financial performance, development strategies and business management guidelines.
Preparation of Annual Report in Chinese and English	The Company prepares a Chinese version and an English version of the annual report each year (since 2015, an English version of the annual report has been published every year in addition to a Chinese version of the annual report) and uploads them on the external website accessible to information users. In addition, dedicated personnel are appointed to collect and disclose the Company's information to allow investors to have instant access to information, download the Company's financial statements, annual reports and financial information.
Setup of the Stakeholders Section	<p>The Company provides a mailbox as the "Complaint Channel for Employees, Suppliers, Consumers and Clients" on the website for employees, suppliers, consumers and clients to make inquiries or receive relevant answers if they have any questions about related information. The "Stakeholders Section" set up on the Company's website at www.cbf.com.tw covers the types of stakeholders, important concerns, the Company's main responsibilities, communication channels and responding measures, and a mailbox with dedicated personnel appointed to make timely responses is also provided as the "Complaint Channel for Employees, Suppliers, Consumers and Clients."</p> <p>The Company's 2022 stakeholder communications were presented to the 18th meeting of the 15th Board of Directors on December 13, 2022 for review. There were no whistle-blowing cases received via the anti-corruption reporting hotline in 2022.</p> <p>For the stakeholders' concerns, communication channels and responding measures, please refer to the Stakeholder Section on the Company's website at http://www.cbf.com.tw/public/Data/031214542071.pdf</p>
Setup of the ESG Section	The Company sets up the ESG Section on the website to fully disclose ESG-related information and provide stakeholders with data and experiences in relation to ESG.
Establishment of Tax Policies and Management Practices	<p>Background</p> <ul style="list-style-type: none"> ♦ To come up with the international development trend of tax governance, ensure compliance with tax regulations to a great extent, and integrate operating guidelines and financial goals, we establish the "China Bills Finance Corporation Tax Governance Policy" in the hope to integrate our resources for sustainable and steady growth of the Company. ♦ Subject to the controllability of the tax risk, the Policy ensures conformity to the spirit of stable operation in the use of the tax strategies and management of the tax cost in order to implement sustainable development of the Company, improve the value for shareholders, and help the Company fulfill our corporate social responsibility and our obligations as a corporate citizen. <p>Contents of the Policy</p> <ul style="list-style-type: none"> ♦ Tax governance policy: <ul style="list-style-type: none"> -Tax compliance: Comply with local tax laws and regulations, calculate taxes, and file tax returns with the timeframe specified in laws, observe all the international tax regulations, and perform regular trading principles. -Comprehensively decision: Comprehensively assess the impact of the changes to local and international tax regulations and make decisions on countermeasures promptly. -Transparency of information: Disclose tax information to stakeholders in financial and annual reports and through other open channels on a regular basis to ensure transparency of information. -Proactive communication: Keep open and sincere communication with the national taxation authority, participate in taxation discussion meetings proactively, provide opinions and comments on the practice of the industry, and assist in improving the taxation environment and system. -Specialized functions: Cultivate talents and improve professional competency in tax affairs continuously through educational training. ♦ Organizations in charge of tax governance and their responsibilities are described below: <ul style="list-style-type: none"> -Board of Directors The Board of Directors is the highest unit of the Company responsible for supervision of the Company's tax risk management system. It supervises the overall tax governance policy to ensure its effective implementation. -Tax management unit The tax management unit is the Administration Department. It shall report tax management to the Board of Directors after finishing the declaration of the business income tax every year.

2.1.4 Guild/Association Partners

* External Initiatives

For environmental protection, to support the “Energy Saving and Carbon Reduction” policy that has been promoted by the Ministry of Economic Affairs since 2010, CBF voluntarily adopts energy saving and carbon reduction measures in daily operations. In response to the “Earth Hour” activity initiated by the World Wildlife Fund (WWF) in Sydney, Australia in 2007, CBF also calls on the public to face up to climate change issues and pay more attention to difficulties that the earth is confronted by through the “Turn Off the Lights” campaign. In the meantime, we support the “Earth Day” initiative by encouraging our employees to participate in the “Protect our Species” campaign focusing on the conservation of species on the Earth Day. In addition, to respond to the International Coastal Cleanup (ICC) initiated by a conservation organization, the Ocean Conservancy in 1986, we promote the participation of our employees and their families in beach cleanups to record the types and number of waste and further understand the sources of pollution. Moreover, our employees are invited to purchase products from farmers to support the production in rural communities and the attention paid to sustainable ecology and rural development by the “Satoyama Initiative.”

With regard to the protection of human rights, the Company’s human rights protection policy and management plan have been posted on its official website to declare that the Company supports the objectives disclosed in international human rights conventions such as the “Universal Declaration of Human Rights,” “United Nations Global Compact,” “United Nations Guiding Principles on Business and Human Rights” and “ILO Declaration on Fundamental Principles and Rights at Work” to fulfill the spirit of human rights protection; establish a safe and healthy workplace; build a diversified, open, fair and harassment-free work environment; forbid any discrimination based on gender, age, marriage, religion, political party, race and social & economic status; regulate reasonable working hours; prohibit any forced labor and employment of child labor; respect employees’ freedom of association; protect the privacy of employees, clients and stakeholders; and also provide various safe complaint channels to protect the employees’ interest and rights from infringement.

As one of the leading enterprises in the bills finance industry in Taiwan, the Company puts efforts to support the money laundering control initiative of the Executive Yuan and R.O.C. Bills Finance Association by paying attention to the procedure for assessing clients in daily financial trading operations, reporting suspicious transactions and maintaining trading records to enhance Taiwan’s financial environment, ensure the safety of assets and fulfill the responsibility as a financial institution.

Our ESG reports are prepared based on the core options of the Global Reporting Initiative (GRI) and with reference to the Sustainability Accounting Standards Board (SASB). We disclose information in the reports pursuant to the “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies.”

* CBF and Guilds/Associations

CBF participates in the affairs of different guilds and associations as well as the cooperation and development of the financial industry. The former and current Chairmen Ming-Chi Li and Cheng-Ching Wu previously acted as the President of the R.O.C. Bills Finance Association (Chairman Li acted as the 3rd President while Chairman Wu acted as the President of the 4th and 5th terms; the President has a terms of office for three years) and dedicated themselves to the development of the bills finance business. They created the New Business Type Committee under the Association, developed new financial products together with the bills financial companies, and led the industry to expand the operating scale on an ongoing basis. After leaving his office of President in June 2017, Chairman Cheng-Ching Wu remains acting as an executive director of the Association. After Mr. Cheng-Chuan Chang became Chairman of CBF, he also served as a consultant to the Bills Finance Association and continuously takes care of and assists with the development of the bills finance industry.

Participation in guilds/associations in 2022

R.O.C. Bills Finance Association	Bankers Association of New Taipei City
Taiwan Securities Association	Bankers Association of Taoyuan City
The Bankers Association of the Republic of China	Bankers Association of Taichung City
Chinese National Association of Industry and Commerce, Taiwan	Bankers Association of Tainan City
Taipei Foundation of Finance	Bankers Association of Kaohsiung City
TMA-Taiwan	Bankers Association of Taipei City
Independent Director Association Taiwan	

2.1.5 Internal Audit

CBF's Auditing Department is subordinate to the Board of Directors. It is responsible for audit of the finance, business, administration, legal compliance, and internal control of the Company. There is one Chief Auditor in charge of all the audit matters of the Company. There are five dedicated auditors in the Auditing Department including one Chief Auditor (acting concurrently as the head of the Auditing Department) and four business auditors (with one of them acting as the computer auditor).

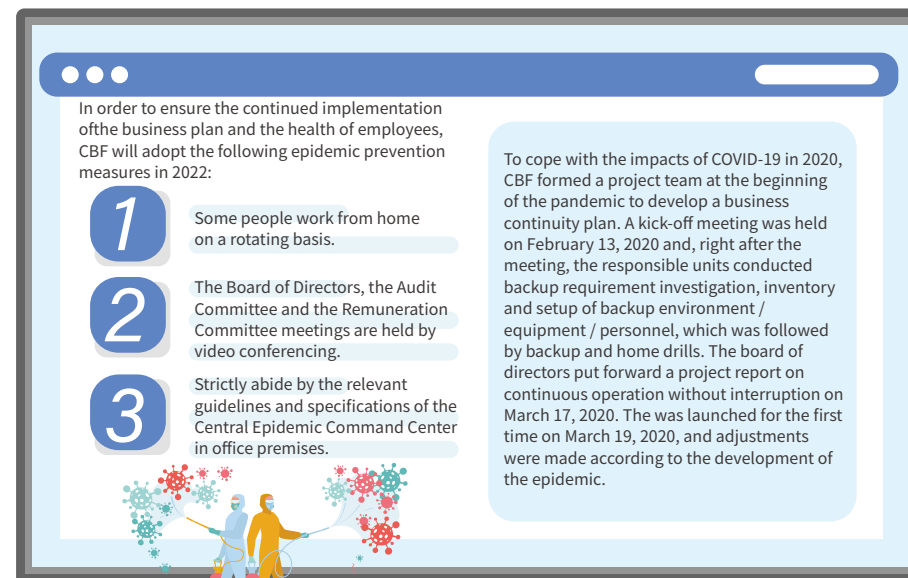
Audits are conducted on each unit of the headquarters and subsidiaries according to the annual audit plan. With the on-site audit as the core, the Auditing Department shall conduct at least one general audit and one special audit on each unit every year; special audits beyond the plan may be conducted if needed. In addition, the Auditing Department shall supervise the self-audit conducted in each unit, follow up and review the implementation of the improvements made by each unit based on the internal and external audit opinions, and report a summary to the Board of Directors on a regular basis. A discussion meeting with the directors shall be held once every six months to review the deficiencies of the internal control system. Meeting minutes shall be made and reported to the Board of Directors.

* Audit Focuses in 2022

In 2022, the audit focus areas for China Bills included credit underwriting and post-loan management operations, credit review operations, real estate collateralized credit operations, group credit aggregation control, real estate industry credit proportion control, collateralized stock pledge operations, FRCP business and unsecured commercial paper business control, anti-money laundering and counter-terrorist financing operations, account opening and KYC operations, bill and bond trading operations, management of bill and bond investment and holdings, self-discipline regulations for equity derivative personnel, statutory ratio control for guarantee business, liquidity risk management, risk control for fixed-income products, implementation of legal compliance systems, compliance with the Personal Information Protection Act, stakeholder filing operations, information security management, management of the operations of the Board of Directors and Audit Committee, management of the operations of the Remuneration Committee, compliance with the Financial Consumer Protection Act and the principles of fair treatment of customers, management of whistle-blowing cases and significant incidental events, internal control, corporate governance, and more. The scope of general examination includes the audit items specified in Article 17 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."

2.2 Risk control

Business continuity planning in response to the impacts of COVID-19



2.2.1 Risk Management Structure

* Risk Management Policy

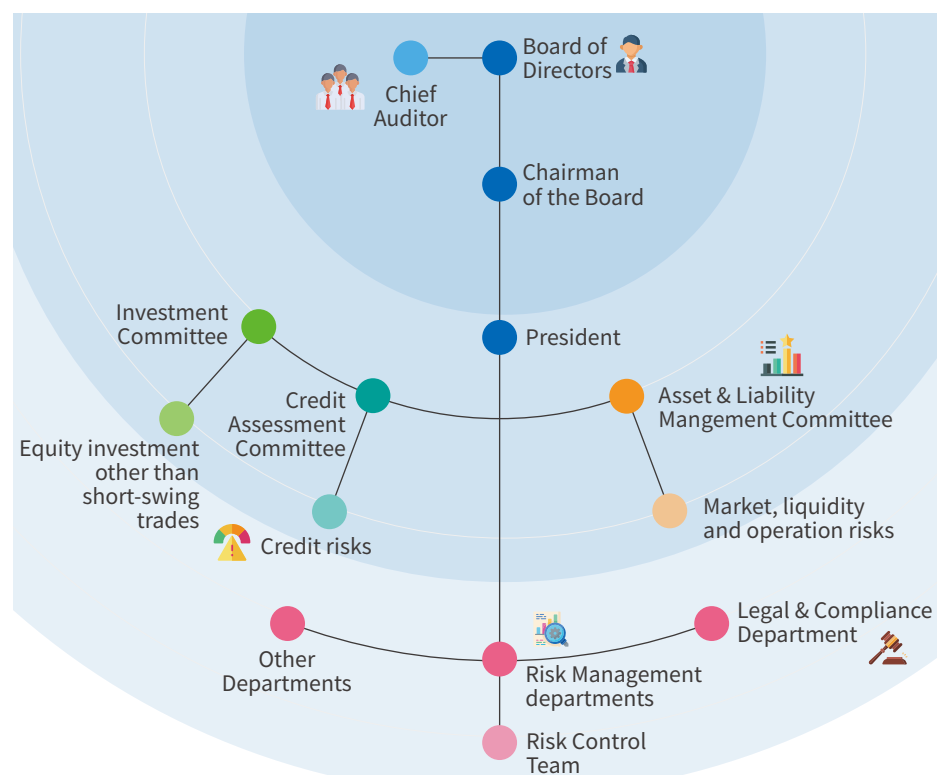
The CBF risk management policy aims to strive for the best benefits for shareholders under the risk tolerance approved by the Board of Directors. Subject to external regulations and internal bylaws, the management department reports the risk and stop-loss limits to be assumed with regard to relevant business depending on the type of the business and the annual budget targets. These limits shall be approved by the Board of Directors or the person having the approval power and implemented accordingly.

To ensure the security, liquidity and profitability of financial assets and liabilities, we set up the "Credit Assessment Committee" and "Financial Asset and Liability Management Committee." In principle, the Credit Assessment Committee holds a meeting every week and the Financial Asset and Liability Management Committee holds a meeting every month. To deliberately assess the investment in equity of non-short-swing trading, the "Investment Committee" is set up to review all kinds of such investment. The Committee holds a meeting every month. The "Overdue Credit Collection Committee" is set up to enhance collection of overdue credits to reduce the loss. The Committee holds a meeting every two months or whenever necessary.

* Risk Management Organization Structure

The CBF risk management is structured based on the “Regulations Governing Guarantee Business” and “Trade Business Risk Management Regulations.” The Board of Directors is the highest decision-making unit of risk management and responsible for approval of the Company’s risk management policy and structure and creation of risk management culture. It takes the final responsibility for the overall risk management. The President executes the risk management policy and is responsible to the Board of Directors. The Risk Management Department is responsible for review and monitoring of risk control operations and shall report to the top management and the Board of Directors on a regular basis in order to control the risk of credit, market and liquidity. The risk control team subject to the Risk Management Department is responsible for integration and management of different risks. The Legal & Compliance Department is in charge of collection and compilation of the laws about various operations and drafting, approval and review of legal cases, and planning, management and implementation of the compliance system to control the legal risk.

■ Risk Management Organization Structure



* Risk Management Scope

The risks faced by the Company in its various businesses include credit, market, operation, liquidity, legal compliance, information security and climate risks. Through a variety of risk monitoring indicators and evaluation methods, the risks are evaluated and monitored and reported to the Board of Directors for effective control of the risks arising from the Company’s business development and achieve the maximum profit within the risk tolerance level.

* Operations and Regular Reports

A Operations

In order to maintain the safety, liquidity and profitability of financial assets and financial liabilities, the Company has established a “Business Review Committee” and a “Financial Assets and Liability Management Committee”, which meet weekly and monthly respectively. Likewise, in order to prudently evaluate equity investments that are not short-term transactions, an “Investment Review Committee” has been set up to review various equity investments of this kind and meetings are held monthly. In addition, in order to strengthen the collection of overdue credit and reduce losses, an “Overdue Credit Collection Committee” has set up with a meeting held every two months and may be convened at any time when necessary.

B Regular Reports

- ① The Company’s risk management policy, risk management scope, organizational structure and operation status are submitted to the Board of Directors together with the financial report every year.
- ② The Company evaluates and reports to the board of directors the appropriateness of the execution of transaction principles and policies, operating procedures, internal control systems, internal audit systems, announcement reporting procedures and accounting principles every year in accordance with the “Procedures for Financial Derivatives Transactions”.
- ③ In order to properly manage the liquidity risk of the Company, the “Capital Liquidity Risk Management Policy” shall be reviewed and submitted to the board of directors at least once a year.
- ④ The business units evaluate the “annual maximum holding position” and the “annual stop-loss authorization limit” of the notes, bonds and equities-related products and financial derivatives of next year based on the “Transaction Business Risk Management Measures” and compile the information for review by the “Financial Assets and Liability Management Committee” and submit it to the Board of Directors for approval.

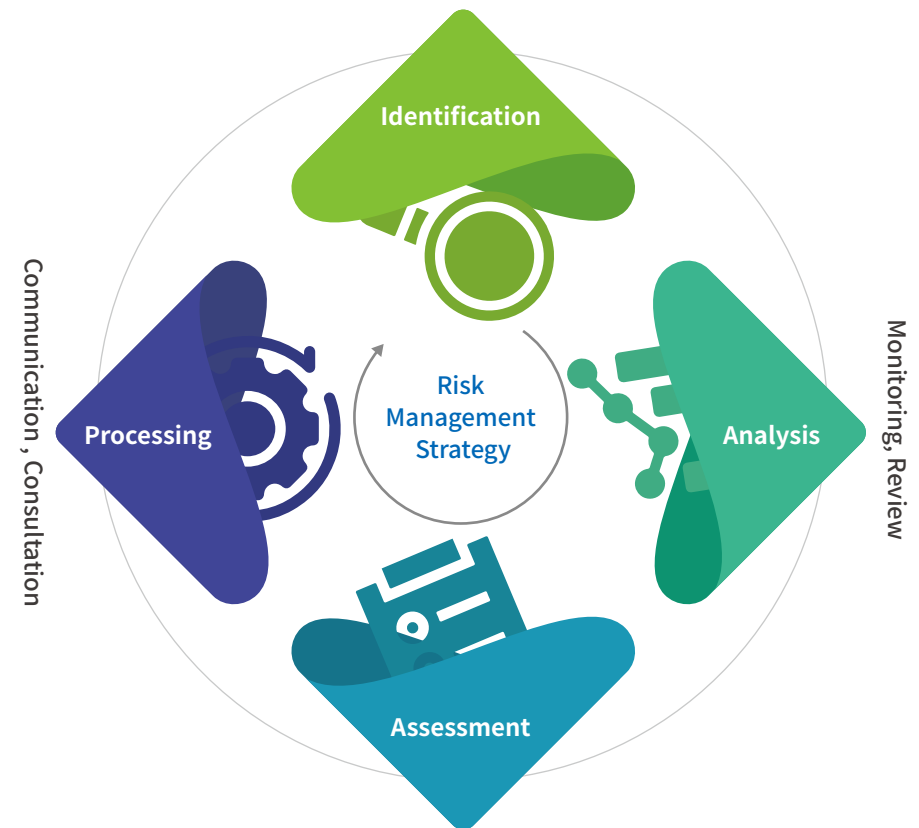
- ⑤ In order to strengthen the control of operational risks and effectively reduce the frequency of occurrence of operational risk events and financial and non-financial losses of the Company, the specialized unit compiles operational risk event summary reports and submits them to the general manager every month; and reports it to the Board of Directors in January and July every year.
- ⑥ The Risk Management Department submits a quarterly summary report on financial product positions and assessments, analyzes position allocation and assesses profit and loss, conducts stress tests, assesses the impact on capital adequacy ratio, and the corresponding measures and reports the information to the board of directors.

In 2022, the major operational highlights reported to the board are as follows:

Board Reporting Date	Board Reporting Number	Agenda
January 25, 2022	15th, 7th Session	Report on the financial product positions and assessment summary as of the end of December 2021.
January 25, 2022	15th, 7th Session	Report on operational risk events for the second half of 2021.
February 24, 2022	15th, 8th Session	Submission of the company's financial settlement report for the fiscal year 2021. (Note: The company's risk management policy, risk management scope, organizational structure, and operational details are submitted to the Board of Directors annually along with the financial report (Pages 59-76).)
April 28, 2022	15th, 10th Session	Report on financial product positions and assessment summary as of the end of March 2022.
July 19, 2022	15th, 13th Session	Report on financial product positions and assessment summary as of the end of June 2022.
July 19, 2022	15th, 13th Session	Report on operational risk events for the first half of 2022.
September 13, 2022	15th, 15th Session	Report on the processing procedures for engaging in derivative financial product transactions and execution of suitability assessment.
October 31, 2022	15th, 16th Session	Report on financial product positions and assessment summary as of the end of September 2022.
November 15, 2022	15th, 17th Session	Authorization limit for the maximum holding position in New Taiwan Dollar bonds measured at amortized cost for the fiscal year 2022.
December 13, 2022	15th, 18th Session	Annual review report on the "Company's Liquidity Risk Management Policy."

2.2.2 Business Risk Control

To implement the risk management policy and ensure effective operation of the risk management system, CBF's business, operation and management units shall confirm the compliance with risk management rules and procedures before implementing related tasks. The risk management unit is responsible for monitoring, review and reporting of the risk. The independent audit unit is subordinate to the Board of Directors. It is responsible for auditing the compliance with and implementation of external laws and regulations, internal bylaws and control mechanisms.



The cope with risks properly, CBF identifies the following four business-related risks: credit risk, market risk, operational risk, liquidity risk.

Type	Risk Management Strategy	Risk Identification, Measurement and Monitoring	Risk Control and Management
Credit Risk	<ul style="list-style-type: none"> Establish credit strategy pursuant to the external laws and regulations of the competent authority Establish relevant management regulations based on limits of the security, liquidity, profitability, governmental policy, business growth and risk appetite 	<ul style="list-style-type: none"> Include the potential risk of inability to perform the contract or pay back the principal or interest on the side of the debtor or counterpart Report the credit business such as the contents of the collaterals, industry, and the status of credit to the same related party or the same related enterprise to the management on a regular basis Prepare and submit various business statistics and risk management reports with regard to the risk exposure of each debtor or counterpart to the management, and declare to the competent authority pursuant to laws and regulations on a regular basis 	<ul style="list-style-type: none"> Continuously monitor the status of the credit account pursuant to the given "Credit Reexamination Guidelines" to enhance post-lending management Provide credit rating data and credit information on the bill and bond issuer and guarantor, issuer of equity-related products, and counterpart of financial derivatives on a regular basis to assess and track the credit risk in terms of risk position Establish credit limits for individual financial institutions, the same enterprise, or the same group regularly with respect to business involved and implement control measures after the President gives his/her approval Before a loan is approved, conduct comprehensive assessment and internal rating based on the financial status of the client, provision of collaterals, and underwriting conditions. Approval of any loaning cases shall be escalated and the collaterals (for real estate) that the client provided shall be subject to external appraisal After a loan is approved, conduct review of the loan on a regular basis and take early warning/management measures for securities provided as a guarantee on a daily basis; visit the client irregularly to understand its latest operating status; prepare factory visit/interview reports regularly based on the credit rating when manufacturers are involved
Market Risk	<ul style="list-style-type: none"> Establish the Regulations Governing Risks of Business Trading pursuant to The Act Governing Bills Finance Business and other sub-laws, and formulate various product management rules according to these Regulations 	<ul style="list-style-type: none"> Take appropriate management measures for the impacts that the risk positions of bills, bonds and financial derivatives have on the net value of the Company and its income due to changes of the market risk factors Prepare an overall position summary table and a yearly/monthly stop-loss control report every day and submit them to the management Summarize the positions of various products, income and stress testing result on changes in interest rate and report them to Financial Asset and Liability Management Committee on a monthly basis 	<ul style="list-style-type: none"> Evade cash flow risk or risk of variation in fair value using individual hedging tools or their portfolios in order to achieve the risk management target The fair value or projected cash flow of the financial assets held by the Company might vary due to the changes in market interest rate and foreign exchange rate, if any. If the risk is assessed as material, the Company will sign the interest rate swap contract for the purpose of hedge; the contract is subject to hedge effective testing and deemed as effective hedging tool only when it meets the requirements of the effectiveness In addition to the stress test analysis of interest-rate-sensitive positions, CBF refers to the combined scenarios in the "Information to be Declared by Domestic Banks for Compliance with the Regulatory Review Principle of Capital Adequacy" and incorporates the interest rate risk and equity risk positions in the stress test. The impacts on the unrealized income and capital adequacy are reviewed every quarter to assess the overall risk assuming capability and measure the impacts on the operation of the business. The result of the stress test is submitted to the Board of Directors as a reference for adjusting the market risk management policy and buffering the business operations in the scenarios under stress

Type	Risk Management Strategy	Risk Identification, Measurement and Monitoring	Risk Control and Management
Operational Risk	<ul style="list-style-type: none"> Focus on the internal audit, compliance and self-audit of internal control Strengthen the management about internal audit, compliance and self-audit of internal control according to the Company's "Regulations Governing Risks of Trading Business," "Guidelines Governing Risk Controls," "Guidelines Governing Compliance System," "Regulations Governing Internal Control System and Self-Audit," "Instructions to Prevention of Insider Trading" and "Regulations Governing Security of e-Repo Trading of Bonds" 	<ul style="list-style-type: none"> The units dedicated to business, finance, custody of assets and information shall conduct the general self-audit at least once every six months, and the special self-audit at least once every month The Auditing Department shall conduct the general audit and special audit on each unit dedicated to business, custody of property and information at least once per year, and conduct the special audit on the other management units at least once per year, and also follow up and control the deficiencies to be corrected based on the audit result 	<ul style="list-style-type: none"> Operations are categorized into front and back offices based on the principles for division of functions The business units are responsible for the authorization and approval of transactions in the front office. The Operations Department are responsible for execution and documentation of transactions in the back office. Both offices verify the accuracy of the transactions mutually The standard operating procedures are established by conducting dissemination on an irregular basis, providing various operational guidelines and notices, and enhancing computerized operations and management mechanisms in order to reduce the occurrence probability of operational risk Fund transfer operation: The fund transfer or remittance through external connection (central bank and financial authority) must be recorded (reviewed) and released by different persons. The balance of the bank accounts with which transactions are conducted shall be checked every day Back office operation for transactions of bills, bonds, derivatives, and equities: The transactions must be checked properly and the delivery method shall be validated. Declaration shall be made to the responsible units (e.g. TPEx Electronic Bond Trading System and Derivatives Trade Confirmation System) within the given timeframe Custody operation: Check the inventory of the securities together with the depository (Taiwan Depository & Clearing Corporation, Mega International Commercial Bank, etc.) every day. The key and password of the treasury are in the custody of different persons. The treasury is connected to the police station to ensure the security Legal compliance: The "Legal Compliance System" is reviewed twice a year, including the operations of check against the latest laws/update of working paper/internal educational training/self-audit; self-audit is conducted every month A designated unit is responsible for compiling a summary report of operational risk events and submitting it to the General Manager every month; to the Board of Directors every January and July to effectively reduce the frequency of operational risk events and financial and non-financial losses
Liquidity Risk	<ul style="list-style-type: none"> CBF establishes the "Capital Liquidity Risk Management Policy" and defines that the liquidity risk shall be managed in a quantitative manner, the limit of risk management indicators shall be set, and 90% of the limit shall be set as the threshold for altering The Company establishes the "Guidelines Governing Control Over Liquidity of Bond and Equity Product Risk" to control the asset liquidity, and reports the liquidity by product to the Financial Asset and Liability Management Committee periodically The Company establishes the "Guidelines Governing Capital Gaps" to define the daily capital gap of each business unit, the maturity capital gaps throughout the Company, and the limit of each customer's matured capital gap, net on each business day, to control the liquidity risk to an appropriate level Diversify the capital sources and maturity days effectively, continuously participate in the call loan market, keep close contact with the fund providers, and maintain smooth fund-raising channels to ensure the stability and reliability of the fund sources 	<ul style="list-style-type: none"> Strictly control the capital gap and asset liquidity quality to ensure adequate payment ability and asset liquidity Implement liquidity risk management by monitoring the reports on the total amount control of major liabilities and the limit of capital flow gaps by maturity Implement liquidity risk management of individual stock holdings by analyzing the daily liquidity risk control reports of equity products 	<ul style="list-style-type: none"> Monitor the total amount of major liabilities ever day; control the capital gaps and distribution of the maturity Define the limit of capital flow gaps in NTD or any foreign currencies throughout the Company to understand the changes of the capital flow gaps in different currencies and take countermeasures in a timely manner. The Fixed Income Products Department is responsible for management. If the limit is exceeded, the Department shall report to the President for approval and take appropriate improvement measures after the approval is acquired to ensure the payment ability To cope with the liquidity risk in emergency situation, the business units engage in stimulation and testing under different stress scenarios periodically to establish a routine maintenance mechanism and emergency response plan

2.2.3 Control of Operating Risk

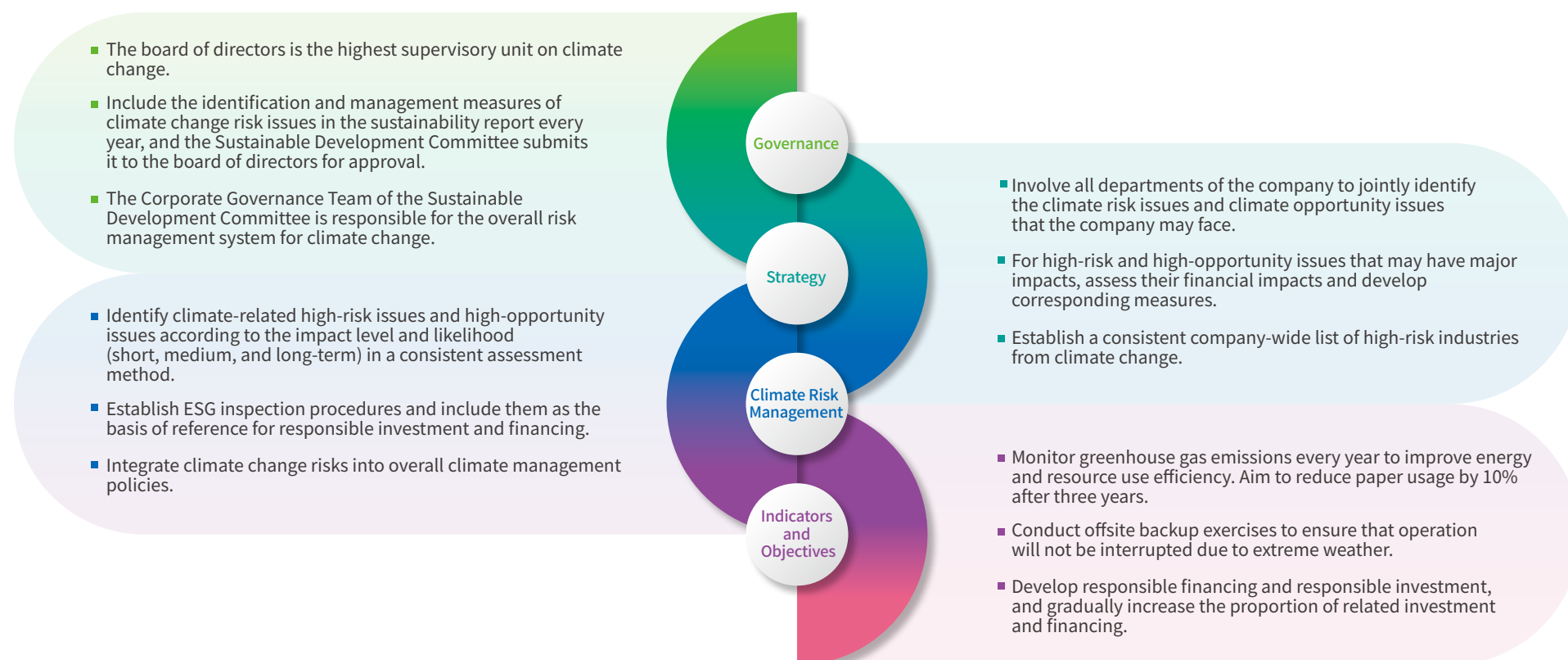
As for operation-related risk, we identify the risks of “industrial changes,” “concentrated operations,” “regulatory changes,” and “climate changes” and assess the level of impacts and frequency of occurrence to measure and control the effects of individual risk and develop countermeasures.

Type		Impact	Occurrence	Effect	Action
Industrial Change		Medium	Medium	The income from bill and bond products drops in the environment of low interest rate. However, the cost rises due to increase of the short-term rate and the interest spread is narrowed as a result.	Loan business: Look for potential opportunities in emerging markets, retain the clients that can create higher profit and eliminate the those without profit creating ability to improve the gains from interest spread; bond business: Watch the development trend of the market and buy in foreign-currency based bonds with higher gains to improve the overall profit margin of the bonds.
Concentrated Operation		Medium	Medium	The risk is worse and results in great loss when adverse economic changes appear.	In order to evade the risk over concentrated operations, CBF controls the total loans or credit ratios offered to the same related party and the same related enterprise, and also controls the limits by industry, collateral and business line. CBF sets up the Risk Control Team under Risk Management Department to integrate the identification, measurement, control and reporting matters of the Company's risk profiles in the hope to control the risk within the scope of risk tolerance approved by the Board of Directors.
Regulatory Change	Amendment to Article 18 and 31 of the “Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies”	High	High	Enhance the corporation governance and improve the transparency of the equity and financial reports of bills finance companies.	The structure of the Company's major shareholders has been disclosed in the financial report since Q1 of 2020.
	Revision of “Regulations Governing Information to be Published in Annual Reports of Bills Finance Companies.”	High	High	Strengthen the implementation of sustainable development and encourage bills finance companies to focus on Environmental, Social, and Governance (ESG) issues, as well as information disclosure related to cybersecurity management.	Amendments to be reflected in the company's annual report.
	Revision of “Article 22-1 of the Securities and Exchange Act”	Medium	Medium	In order to safeguard the rights of shareholders participating in shareholder meetings, additions have been made regarding the conduct of video conferences and electronic voting, aiming to implement good corporate governance practices.	Amendments to be aligned with the revised “Rules of Procedure for Shareholders Meetings” of the company.
	Revision of “Scope, Reporting Procedures, and Other Matters to be Followed by Financial Institutions in Reporting Major Adverse Events”	Medium	Medium	Financial institutions, upon confirming a cybersecurity event that constitutes a major adverse event affecting customer rights or the sound operation of the institution, should report it to the Banking Bureau of the FSC by phone within thirty minutes of confirmation and subsequently through the online reporting system.	Amendments to be incorporated in line with the revised “Operating Instructions for Reporting Major Adverse Events.”

2.2.4 Climate Risk Management

CBF actively evaluates the risks and opportunities which could be brought about by climate change to respond to climate change risks as a result of the escalating global warming. CBF discloses climate change related information including the four major categories of governance, strategy, risk management, indicators and objectives, Identify high-risk and high-opportunity issues of climate change, assess possible impacts, and formulate corresponding measures based on the Task Force on Climate-related Financial Disclosures (TSFD) published by the Financial Stability Board (FSB). Through the aforesaid measures, CBF increase its resiliency to climate change and seize new opportunities amid the wave of climate change.

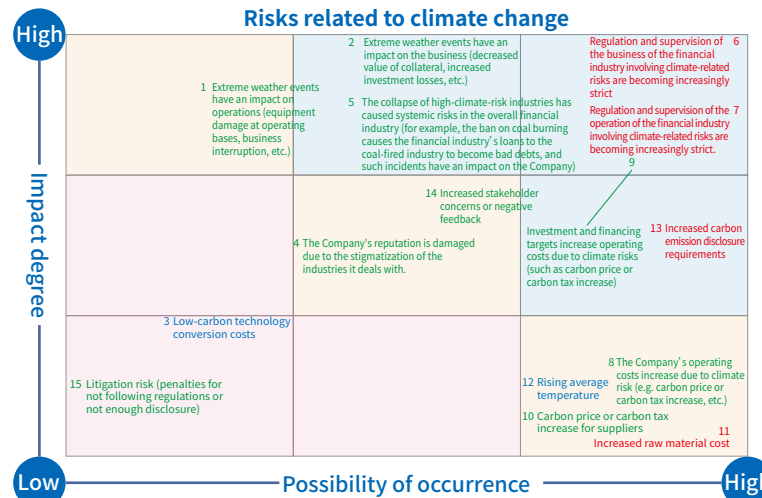
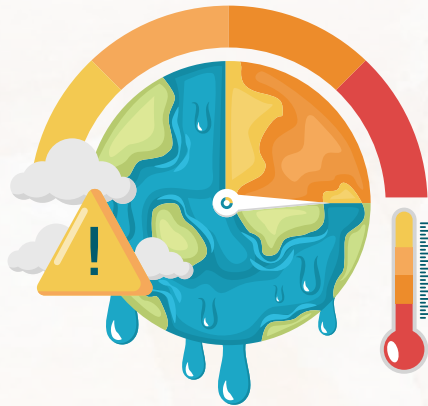
* TCFD Core Elements



✿ Climate Change Major Risk and Opportunity Issues

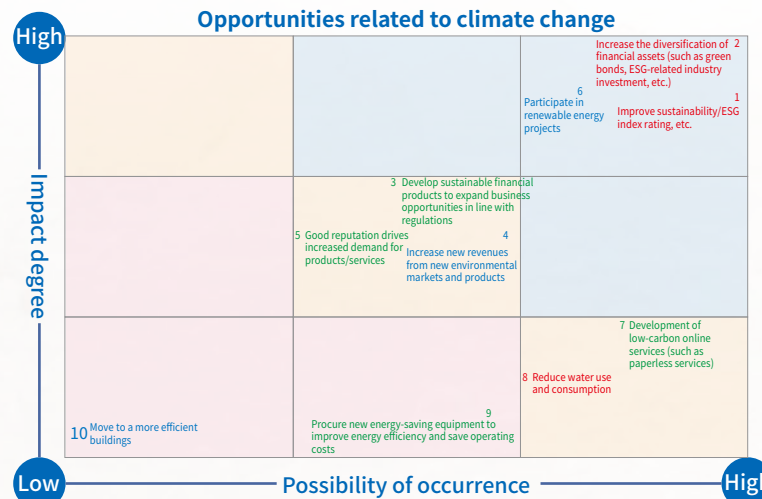
By referencing TCFD and climate-related trendy analysis by the financial industry, CBF has identified 15 climate change related risks and 10 opportunities with the supervisors of all the departments identifying the connection of these risks and their business and evaluate possible impacts and obtaining the CBF climate risk matrix diagram and climate opportunity matrix. It was decided that the top 3 major risk issues for CBF are: “Regulation and supervision of the business of the financial industry involving climate-related risks are becoming increasingly strict”, “Regulation and supervision of the operation of the financial industry involving climate-related risks are becoming increasingly strict” and “Increased operating costs for investment and financing objects due to climate risks” (such as carbon price or carbon tax increase); the top three major opportunity topics are: “Upgrading sustainability/ESG index rating”, “Increasing the diversification of financial assets” (such as green bonds, ESG-related industry investment, etc.), “Participating in renewable energy” projects. The short-, medium- and long-term risks that CBF faces in the face of climate change are also summarized.

CBF has drawn up corresponding measures for the top three major risks and opportunities to reduce financial impact and seize the opportunities brought about by climate change.



Note: Red for short-term risk; green for medium-term risk; blue for long-term risk.

- 1 Extreme weather events have an impact on operations (equipment damage at operating bases, business interruption, etc.)
- 2 Extreme weather events have an impact on the business (decreased value of collateral, increased investment losses, etc.)
- 3 Low-carbon technology conversion costs
- 4 The Company's reputation is damaged due to the stigmatization of the industries it deals with.
- 5 The collapse of high-climate-risk industries has caused systemic risks in the overall financial industry (for example, the ban on coal burning causes the financial industry's loans to the coal-fired industry to become bad debts, and such incidents have an impact on the Company)
- 6 Regulation and supervision of the business of the financial industry involving climate-related risks are becoming increasingly strict
- 7 Regulation and supervision of the operation of the financial industry involving climate-related risks are becoming increasingly strict
- 8 The Company's operating costs increase due to climate risk (e.g. carbon price or carbon tax increase, etc.)
- 9 Investment and financing targets increase operating costs due to climate risks (such as carbon price or carbon tax increase)
- 10 Carbon price or carbon tax increase for suppliers
- 11 Increased raw material cost
- 12 Rising average temperature
- 13 Increased carbon emission disclosure requirements
- 14 Increased stakeholder concerns or negative feedback
- 15 Litigation risk (penalties for not following regulations or not enough disclosure)



Note: Red for short-term risk; green for medium-term risk; blue for long-term risk

- 1 Improve sustainability/ESG index rating, etc.
- 2 Increase the diversification of financial assets (such as green bonds, ESG-related industry investment, etc.)
- 3 Develop sustainable financial products to expand business opportunities in line with regulations
- 4 Increase new revenues from new environmental markets and products
- 5 Good reputation drives increased demand for products/services
- 6 Participate in renewable energy projects
- 7 Development of low-carbon online services (such as paperless services)
- 8 Reduce water use and consumption
- 9 Procure new energy-saving equipment to improve energy efficiency and save operating costs
- 10 Move to a more efficient buildings

✿ Corresponding Measures for Major Risks and Opportunities of Climate Change

Climate Change Risk Issue	Impact on the Company	Corresponding Measure
Regulation and supervision of the business of the financial industry involving climate-related risks are becoming increasingly strict	Investment opportunities are affected due to limited scope of industries and selection of targets for investment.	The investment evaluation process incorporates the Company's ESG key regulations for selection of suitable targets.
	Investment decisions are affected due to regulation on investment behaviors by the competent authority.	Pay close attention to whether the operation of the investment target conflicts with relevant environmental protection regulations and evaluate the impact on investment decisions.
	More time cost is required for grasping the change of the operation of the credit accounts before/after lending in order to reduce credit extension risks.	Incorporate the ESG checklist into the credit investigation process from 2022 to identify whether the credit accounts belong to the "green and sustainable development-related" industries as the basis for increasing the rating score. The business clients will heighten their environmental awareness and enjoy lower financing cost as an incentive.
	The regulation and supervision of the competent authority will increase requirements on the climate risk management system of the Company, causing the management and compliance costs to rise.	A formulate management policies that conform to the regulations based on the relevant guidelines for financial disclosure of climate risks stipulated by the competent authority and guide, supervise and manage the exposure to climate risks accordingly.
	Increased restrictions on undertaking work in high climate risk industries.	
	Increasingly strict control on credit assets or investment portfolios.	
	The capital adequacy ratio is affected by increasingly strict capital accrual method for customers with high climate risk.	
Regulation and supervision of the operation of the financial industry involving climate-related risks are becoming increasingly strict	The Company's management costs have increased in response to the relevant regulation and supervision of the competent authority.	Plan and implement greenhouse gas inventory early, comply with greenhouse gas related laws and regulations, and study energy saving and carbon reduction solutions based on the results of the inventory, taking into account management costs and climate risk performance.
Investment and financing targets increase operating costs due to climate risks (such as carbon price or carbon tax increase)	Profitability of related industries has been impacted and credit risk exposure has been increased.	Consider industry prospects and choose low-impact industries to invest.
	The credit accounts' profits decrease as result and their original risk levels will drop and their cost of borrowing funds from the Company will increase.	Incorporate the ESG checklist into the credit investigation process from 2022 to identify whether the credit accounts belong to the "green and sustainable development-related" industries as the basis for increasing the rating score. The business clients will heighten their environmental awareness and enjoy lower financing cost as an incentive.
	Profits decrease possibly due to increased operational cost of the investment target.	Study the impact on the profit of the investment target, and always pay attention to the relevant information, and adjust the holdings as necessary.
	The increasingly strict regulations and policies of carbon prices and carbon tax/emissions and carbon reduction targets may lead to reduced credit and investment clients' profits, affecting the company's creditor's rights.	Incorporate ESG inspection items into credit and investment decisions, review high-risk industries whose operating costs are affected due to their susceptibility to climate risks every year and continue to monitor them.
	Greenhouse gas reduction or power saving consumption policies and regulations are becoming increasingly strict. Customers have been identified as relatively non-environment friendly, affecting the company's reputation, causing business loss and decline in revenue profit, and increasing risks.	For high-risk industries whose operating costs are easily affected by climate risks, the Company will strengthen the evaluation in credit investigation and post-loan management and collect other collateral when necessary to effectively diversify risks.

✿ Corresponding Measures of CBF for Top 3 Climate-related Opportunities

Climate Change Opportunities Issue	Impact on the Company	Corresponding Measures
Upgrading Sustainability/ESG Index Ratings	Improving environmental management and optimizing sustainability/ESG performance will help enhance the company's image and attract domestic and foreign investors' support.	Reinforce information disclosure, study environmental management plans for energy conservation and carbon reduction, strengthen internal ESG publicity, and promote sustainable plans in combination with climate change and social participation issues.
Increasing the diversification of financial assets (such as green bonds, ESG-related industry investment, etc.)	Increase the supply of green bonds and perpetual bonds to improve the selectivity of investment targets.	Follow the international trend, comprehensively evaluate suitable targets at home and abroad before making investments.
	Increase investment in ESG-related industries.	Has formulated the "Implementation Guidelines for Following ESG Responsibility Investment" for checking the ESG score of the target before investing. If the score is insufficient, evaluation will be made before making investments.
Participating in renewable energy projects	Participate in and implement green finance and promote the sustainable development of ESG (friendly environment, giving back to society, and corporate governance).	Has actually participated in the self-loan/joint loan program of the relevant credit accounts

✿ Climate Indicators and Goals

In order to effectively implement the climate change management mechanism, CBF regularly tracks and reviews the progress of climate-related indicators and targets for the current year to ensure the effectiveness of various climate risk management. At the same time, it sets climate goals for the next year, and continues to deepen low-carbon investment, low-carbon digital finance, and improvement of operational efficiency. For climate indicators and targets, please refer to the paragraphs "3.2.1 Responsible Investment and Financing" and "5.2.1 Low-Carbon Operations".

2.2.5 Legal Compliance

CBF understands that compliance with internal and external regulations is important for successful implementation of internal control and corporate governance. Hence, the Company set up the Legal & Compliance Department in 2015 as the dedicated unit for legal compliance to ensure that all the businesses meet the requirements of the competent authorities that listed companies must follow.

The Legal & Compliance Department disseminates the latest financial laws and regulations on a regular basis, including protection of personal data and financial consumers, anti-money laundering, non-disclosure of client's information, and financial institution punishment cases, to help employees understand and properly observe laws and regulations through education, training, and dissemination. CBF has a good advisory and communication environment with respect to laws and regulations. This is helpful for the employees and stakeholders to obtain effective solutions rapidly to any doubt about laws and regulations applicable to the business of CBF.

✿ Main Responsibilities of Legal & Compliance Department

Duty	Operation	Description
Legal compliance	Planning and supervision of legal compliance system	Audit of legal compliance self-evaluation working paper
		Communication and conveyance of updated laws and regulations
		Arrangement of legal compliance education and training
		Reporting to the Board of Directors on a regular basis; submission of a legal compliance report when a significant case is involved
	Planning and supervision of anti-money laundering and combating financing of terrorism	Planning of internal control measures and information processes
		Risk assessment/KYC review and release
		Monitoring and review of transactions
	Supervision of personal data protection	Review of annual personal data inventory
		Review of annual risk assessment
	Principle of treating clients fairly	Review of annual fair client treatment audit throughout the Company
Legal affairs	Review of contracts	Revision of credit/non-guaranteed contracts and analysis of rights
		Review of general affair contracts
	Project management	Planning of non-regular affairs, such as FATCA project and CRS project
	Legal advice	Legal advice on crediting/bills and other business matters
	Management of overdue/bad debt cases	Management and recovery of existing overdue/bad debt cases

✿ Legal Compliance Operation

A There were no violation of business or environment related regulations laws and regulations or any punishments in 2022.

By providing regular educational training and conducting self-evaluation of compliance throughout the Company twice a year, the Company reviews the consistency of internal rules with external regulations and any violation of business-related laws and regulations. The chief compliance officer reports to the Board of Directors on a regular basis.

B Digitalized self-evaluation of compliance

The Company has digitalized the self-evaluation of compliance conducted twice a year since 2020 to improve its efficiency and reduce the consumption of paper steadily.

C Real-time communication channel of financial regulations and penalties

In order to keep the employees informed of the latest financial regulations and penalties, the Company regularly updates the latest financial regulations and penalties on the company's internal website.

✿ Anti-money Laundering and Combating Financing of Terrorism

We have developed the operations of anti-money laundering and combating financing of terrorism since 2016. From study on laws and regulations, draw-up of regulations to development of systems, we have established a control mechanism for anti-money laundering and combating financing of terrorism up to 2021. This mechanism meets the external regulations, provides one of the best systems in the industry, keeps pace with the times, and reflects the unique features of the Company. This mechanism is described specifically as follows:

A Regular education and training

The Company conducted educational training in 2022. All the employees of the head office and branches participated in the training and a course lasted for of 1 hour. The internal anti-money laundering procedures and external regulations were disseminated and the concepts of anti-money laundering and combating financing of terrorism were enhanced.

B Account and transaction monitoring system

With reference to the features of the Company and other companies in the industry, the Legal & Compliance Department shall define the monitoring types and plan system parameters, and a total of 31 types are defined. The system generates early warning cases every day. The person in charge reviews and analyzes each transaction for any abnormalities. The Legal & Compliance Department shall determine the matters that must be reported.

C Assessment report

By preparing the reports on anti-money laundering and combating financing of terrorism, such as institutional risk assessment and transaction monitoring procedure assessment as well as collection and statistical analysis of data, we review the procedure and process of anti-money laundering and combating financing of terrorism to determine any matters for which adjustment is needed. We also design the procedures and processes that are compliant with laws and regulations and helpful for the development of our business by referring to the reports presented by the Money Laundering Project Team (comprised of the President, the Legal & Compliance Department, and the senior managers of business units designated by the President), previous results, and relevant data.

We will continuously improve, adjust and incorporate the opinion of the users and even our clients and make full effort in the implementation of the anti-money laundering and combating financing of terrorism for financial institutions. CBF will continuously review the overall effectiveness of these measures and improve the system to lead the formation of a “common good” situation for the bills finance industry in the money laundering control issues.

2.2.6 Information Security

✿ Information security management strategy and structure

A Information Security Policy and Internal Management Regulations

The company, in reference to the “Self-discipline Bills Finance Companies to Implement Information Security Protection,” established the “Information Security Policy of China Bills Finance Corporation ” in January 2019, approved by the board of directors. All employees are required to adhere to data confidentiality and comply with information security regulations. The policy was recently revised in February 2022. Each department conducting various business activities must comply with regulatory requirements from supervisory authorities and internal control-related regulations for financial institutions. Information security and data protection are principles that all employees must adhere to. Internal management regulations for information security have been established, recently revised in March and May of the 2022.

B Information Security Personnel Deployment and Management

In accordance with the Financial Supervisory Commission’s “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries,” the head of the information department has been designated as the Information Security Manager since 2019. The organizational adjustment of system management personnel in the information department is designated as Information Security Personnel, responsible for planning, monitoring, and executing information security management operations to effectively implement the company’s cybersecurity plan and protection measures. February 2022, the board of directors approved the appointment of the general manager to concurrently serve as the Chief Information Security Officer. In this role, the general manager is responsible for overseeing the promotion of information security policies and the allocation of resources.

C Information Security Overall Execution Report

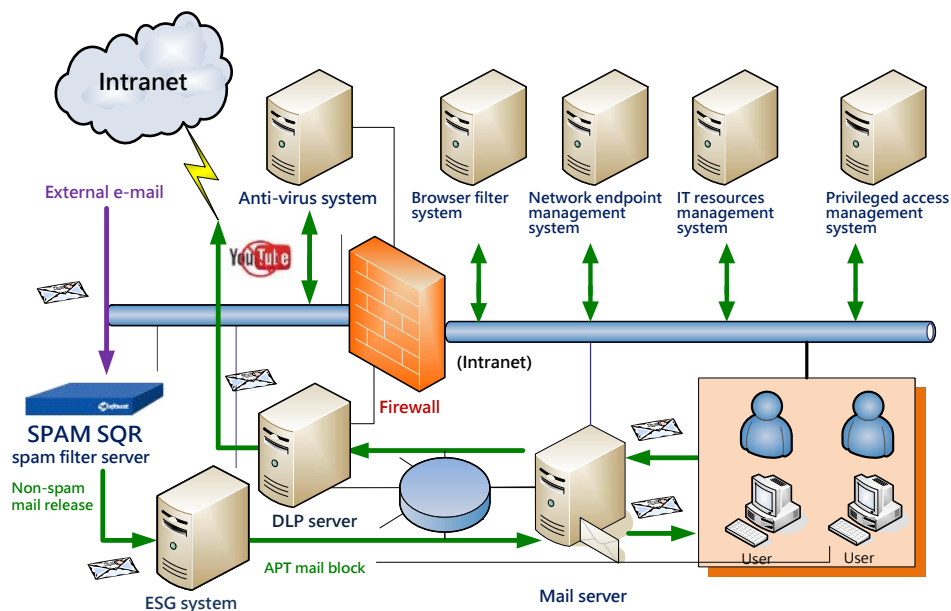
In accordance with the Article 38-1 and Article 27-1 of the “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries,” the information security overall execution report for 2022 has been compiled. It is included in the “Internal Control System Statement,” jointly issued by the chairman, general manager, chief auditor, and Chief Information Security Officer. This report addresses the declaration items and has been approved by the board of directors in March 2023.

D Implementation status of information security education and training

In 2022, the Chief Information Security Officer and three Information Security Personnel attended a 15-hour in-service training course organized by the Securities Association, enhancing their skills and knowledge in cybersecurity. The entire staff received a 3-hour cybersecurity awareness training course throughout the year via the “CTMS Digital Learning Platform” on the internal network.

* Information Security Risk and Mitigation Measures

The company classifies information systems into two categories: operational and non-operational, based on the significance of information assets and their impact on business operations. To proactively identify and address cybersecurity threats and vulnerabilities, we have implemented and strengthened relevant controls on both technical and managerial fronts. The company has established pertinent security systems and enhanced employee awareness of information security. We employ appropriate control measures to safeguard the company's information systems and assets. The architecture diagram of our information security and data protection system is provided below:



The company has implemented relevant security systems to establish defense mechanisms against various aspects such as antivirus protection, intrusion prevention, disaster prevention, and theft prevention. This is done to enhance the security and protection capabilities of the network and information systems, providing a safer online environment for the company. Additionally, the following measures are taken for information security risk assessment and response:

A Current Information Architecture Review:

- ④ Through adjustments to the PaloAlto next-generation firewall system rules, internal and external networks are segregated, and protection against unknown risks such as APT, Botnet, DDoS, etc., is strengthened to enhance the security of crucial information devices.

- ⑤ By configuring rules in the Spam junk mail system and ESG email gateway system, external emails reaching the company are filtered, blocking threats such as spam advertisements, BEC fraud, APT attacks, and emails containing viruses or malicious links.
- ⑥ The WebFilter web browsing filtering system is employed with rules set to categorize and manage employee internet behavior, preventing employees from inadvertently accessing websites with security threats.
- ⑦ Utilizing Forcepoint DLP (Data Loss Prevention) rules, the system blocks external emails containing sensitive data when it exceeds the permissible limit, requiring review and approval before releasing to prevent the leakage of important company data.
- ⑧ The NetSecure endpoint control system prevents employees from connecting personal information devices, mitigating the risk of leakage of crucial company information.
- ⑨ The OfficeScan antivirus system ensures the continuous update of antivirus system virus codes on information devices, preventing them from being susceptible to virus attacks.
- ⑩ The WinMatrix resource management system collects information on computer hardware and software changes, controlling employee personal computer software installation permissions, and managing external USB media read and write access.
- ⑪ The implementation of the FireEye EDR system agent in 2022 conducts software behavior analysis on each endpoint computer to prevent hacker APT or malicious software attacks.

B Network Activity Inspection:

- ① Review access logs for networks and information devices, ensuring that account permissions comply with company information security regulations.
- ② Verify the accuracy of security device control rules, monitor relevant records, and conduct periodic tests to assess the effectiveness of cybersecurity protection systems.
- ③ Use firewall inspection to examine whether there are abnormal external network connections on company information devices. Analyze and compare whether there are connections to hacker relay stations. If found, adjust rules to block such connections.

C Network Equipment, Server, and Terminal Device Inspection:

- Ⓐ Conduct vulnerability scans on all company information devices twice a year through outsourcing. Based on the scan results, implement patches, updates, or reinforce protections to reduce overall cybersecurity risks.
- Ⓑ Utilize asset management systems and vulnerability scans to examine the update status of operating systems, application software, etc., on system hosts and personal computers. Evaluate and execute applicable system updates accordingly.
- Ⓒ Annually commission vendors to conduct a cybersecurity diagnosis on the overall company information environment. This includes detecting malicious activities, monitoring/analyzing internal network activities, scanning for malicious software and files on main system hosts/PCs, verifying AD account policies, and reviewing firewall connection rule security settings to identify potential cybersecurity issues.

D External Website Security Testing:

- Ⓐ Annually engage information security vendors to perform penetration testing on the company's external website to identify potential vulnerabilities. No significant risks were identified in 2022.
- Ⓑ Regularly review the company's external website directory, web permission settings, and access logs to prevent hackers from infiltrating and altering website content. No incidents of hacker intrusion occurred in 2022.

E Security Configuration Review

- Ⓐ Review the domain server AD's "password policy" and "account lockout policy" settings to ensure compliance with company information security regulations.
- Ⓑ Examine firewall logs, operations, and connection rules to confirm whether information system connection settings pose any cybersecurity risks. If identified, adjust firewall rules to block them.
- Ⓒ Revoke the highest system privileges for employee personal computer accounts to prevent the arbitrary installation of illegal or malicious software.

F Operational Environment Inspection

- Ⓐ Utilize a privileged account management system to oversee the accounts of important information system administrators. This is done to reduce unauthorized use of high-privilege accounts and prevent system intrusion or leakage of critical data resulting from stolen accounts.
- Ⓑ Conduct an annual review of employees' application system access permissions to ensure compliance with internal control security principles.
- Ⓒ For operational transaction systems and OA-related systems, the formal operational servers and testing servers are configured in separate environments.

G Personal Data Protection Review

- Ⓐ Established management regulations for the replacement and scrapping of electronic media and computer equipment, including relevant guidelines for personal data protection.
- Ⓑ Implemented a Data Loss Prevention (DLP) system to review and approve the transmission of sensitive data in outbound emails.
- Ⓒ Disabled external storage functionalities such as USB, CD burning, etc., on employees' personal computers. If data export is necessary for business purposes, employees are required to submit a request, and access is granted temporarily, followed by immediate closure after usage.

H Office Environment Review

- Ⓐ Established a management mechanism for video conferencing equipment.
- Ⓑ Implemented a backup mechanism for remote and home office operations.

I System Lifecycle Management and Transition Review

- Ⓐ Defined management regulations for information system lifecycle management and transitions. Verification procedures for changes in operations and data content, along with related retention records, are established during information system transitions.
- Ⓑ Routine maintenance of information system program development follows the program change processing procedures, with relevant records retained for reference.
- Ⓒ Sensitive data used for testing on the main server during core system business transaction program development has undergone data masking.

J Other Security Measures

- Ⓐ Biannually commissioned cybersecurity vendors to conduct social engineering drills for all employees. Drill results are disclosed, and sanctions are imposed on those triggering the exercises. Additionally, employees receive 3 hours of cybersecurity training annually to enhance awareness and mitigate the risk of social engineering attacks.
- Ⓑ Limited the use of Bring Your Own Device (BYOD) for official tasks. In 2022, only the Chairman, General Manager, and Vice President of the Fixed Income Department were permitted to receive company emails on their mobile phones. A management inventory has been established.
- Ⓒ Conducted regular inventories of internal Internet of Things (IoT) devices and established a management inventory. Restricted device connections to the internet through the firewall.

* Emergency Backup and Security Measures for Key Information System

- A** To ensure the continuous operation of information systems and the accuracy of data, backup servers are set up for critical information systems in the information room. Additionally, off-site backup facilities are established, providing both real-time and scheduled off-site backups for operational and transactional data. In the event of a failure in the main server or data storage devices, local or off-site backup systems can be swiftly activated based on the disaster situation.
- B** The information room relies on UPS as a power source and has implemented an environmental monitoring system, centralized air conditioning control, automatic fire extinguishing systems, access control systems, and surveillance systems.
- C** Regular rehearsals of backup system procedures are conducted for critical information systems, involving data backup and restoration tests for both systems and data files. This ensures rapid and necessary responses to disaster incidents, allowing the information systems to resume normal operations in the shortest possible time and mitigating the impact on business operations resulting from information system disasters.
- D** Risk assessments are conducted to evaluate potential risks associated with the failure of critical information systems. The company determines the maximum impact and risk tolerance for failures in important information systems, establishing acceptable downtime, minimum recovery time, and backup plans.
- E** In response to the COVID-19 pandemic, additional backup servers and spare equipment with relevant fund connections have been set up at the remote working location (Banqiao branch). However, the remote office mechanism was not activated in 2022. A work-from-home system has been established, allowing remote personnel to log in to their internal company computers via Token through the firewall, with logs retained. They then remotely operate the company's internal information systems, and there are security measures in place.

* Handling of Information Security Events

There were no information security events and data leakage incidents related to personal information in 2022. The number of customers affected by the breach is 0.



CH3 Green Finance • Professional Service

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



- Control risks properly and the non-performing credit ratio has stood at 0% for seven consecutive years
- To support the government's industrial policies, the company actively invested in and financed projects related to the "Six Core Strategic Industrial Development Initiatives." This involved deepening engagement with green and renewable energy industries while continuously developing and designing sustainable financial products
- The total number of financing recipients in the green and renewable energy industries under the "Six Core Strategic Industrial Development Initiatives" for 2022 was 64, with a total approved credit limit of NT\$9,619,000,000 (9.619 billion TWD) and an outstanding balance of NT\$3,578,000,000 (3.578 billion TWD) at the end of the year
- In 2022, under the "Green Credit" program, there were a total of 42 approved credit cases, with an approved credit limit totaling 10.545 billion TWD and an outstanding balance of 3.193 billion TWD at the year-end. Additionally, under the "Sustainable Performance-Linked Credit" program, there were 2 approved credit cases, with an approved credit limit totaling 330 million TWD and an outstanding balance of 66.4 million TWD at the year-end
- The company has formulated the "Implementation Guidelines for ESG Responsible Investment" and began its implementation in 2022
- Complete fair client treatment audit throughout the Company and the result shows no violation of the principle of treating clients fairly

3.1 Business Performance

3.1.1 Financial Performance

The domestic financial market is experiencing increased competition among banks. Following the central bank's interest rate hike, the shift in funds has transitioned from loose to tight conditions. It is anticipated that the external competitive environment will remain intense.

To keep up with international trends, the competent authorities have adopted new measures such as personal protection, anti-money laundering and combating financing of terrorism, and the Common Reporting Standard in recent years. What is more, the competent authorities focus on legal compliance and corporate governance. Therefore, the Company invests more resources, establishes new legal compliance mechanism and optimizes existing ones to improve legal compliance performance.

In 2022, global inflation surged rapidly, leading major economies' central banks to adopt tightening monetary policies, including interest rate hikes, to counteract inflation. The global economy is facing dual pressures of high inflation and economic recession, resulting in increased volatility in financial markets.

Looking ahead to 2023, the pressure from inflation and interest rate hikes is expected to dampen global end-demand. The industry chain will continue to adjust inventories. Although the impact of the ongoing conflict in Ukraine has diminished, and countries are easing pandemic control measures, the high level of uncertainty in the economic outlook remains. The future trajectory of inflation will be a critical factor influencing financial markets.



✿ Financial Performance in the Most Recent Three Years

Unit: NT\$ thousand

Item		2022	2021	2020
Net revenue		1,645,023	2,847,301	2,507,171
Reversals (provisions)		22,783	6,936	(31,875)
Operating expenses		(466,512)	(522,220)	(483,593)
Income before tax		1,201,294	2,332,017	1,991,703
Income tax gains (expenses)		(161,012)	(474,351)	(413,461)
Income after tax		1,040,282	1,857,666	1,578,242
Operating ability	Non-performing credit ratio(%)	0	0	0
	Average revenues per employee	10,613	18,489	16,827
	Average earnings per employee	6,711	12,063	10,592
Profitability	Return on assets(%)	0.48	0.83	0.76
	Return on equity(%)	4.38	7.28	6.40
	Profit margin(%)	63.24	65.24	62.95
	Earnings per share(NT\$)	0.77	1.38	1.18

Note: For detailed business and financial performance in 2022, please refer to the Market Observation Post System



✿ Bill/Bond Transactions by Clients

▼ Types of Counterparts of Bills and Bonds under Repurchase Agreements in 2022

Unit: NT\$ million

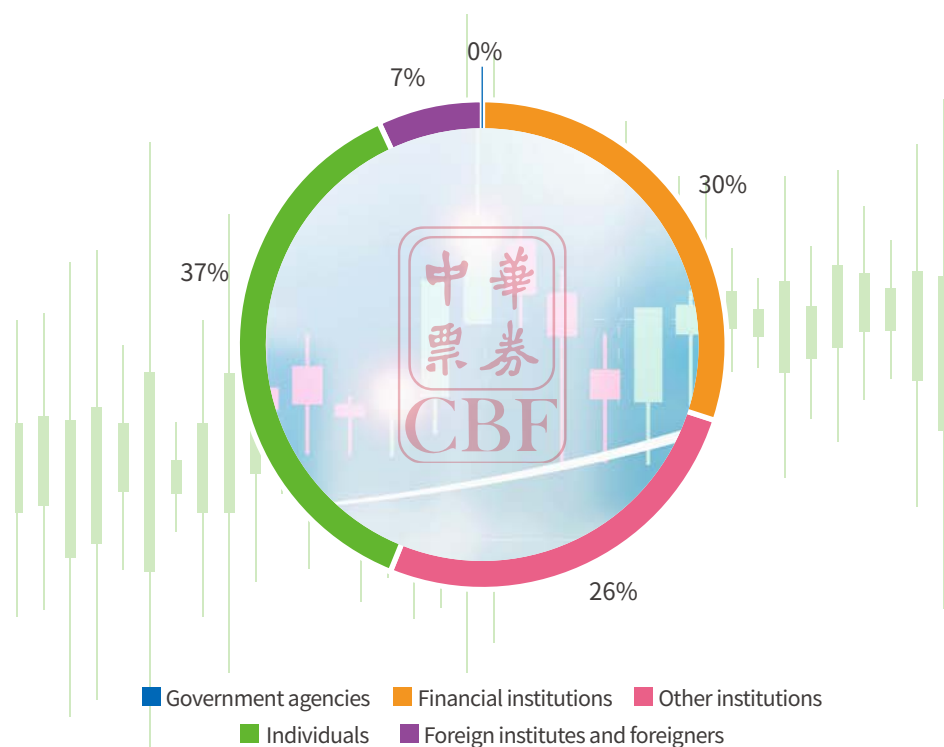
Counterpart	Amount	Percentage
Banking client	318,302	19.48%
Life insurance/insurance industry	179,438	10.97%
Securities/securities finance firm	95,877	5.86%
Financial holding company and AMC	63,685	3.90%
Tax-exempt entity	61,340	3.75%
Individuals	3,929	0.24%
Other enterprises	844,871	51.67%
Investment trust fund	67,566	4.13%
Total	1,635,008	100.00%

▼ Types of Counterparts of NTD/Foreign Currency Bonds under Repurchase Agreements in 2022

Unit: NT\$ million

Counterpart	Amount	Percentage
Banking client	92,467	7.52%
Life insurance/insurance industry	138,430	11.26%
Securities/securities finance firm	2,236	0.18%
Financial holding company and AMC	51,335	4.18%
Tax-exempt entity	10,894	0.89%
Individuals	249,705	20.31%
Other enterprises	557,246	45.33%
Investment trust fund	127,044	10.33%
Total	1,229,357	100%

✿ Sources of Capital



Note: The base date is March 14, 2023

✿ Earning Distribution

Since 2022, major central banks worldwide have initiated interest rate hikes in an effort to curb inflation, resulting in a tightening of monetary policies. This has led to a decrease in fund liquidity and a substantial increase in bond yields. Consequently, the company no longer has distributable earnings available. However, to maintain a stable dividend policy, the company, in accordance with Article 241 of the Company Act, is distributing a cash dividend of NT\$0.5 per share from the statutory retained earnings.

▼ Dividend Distribution and Return on Shareholders' Investment in the Most Recent Three Years

Unit: NT\$ dollar

	2022	2021	2020
Earnings after tax per share	0.77	1.38	1.18
Cash dividend per share	0.5	0.90	0.87
PE ratio	21.01	11.71	12.53
PD ratio	32.36	17.96	16.99
Cash dividend yield	3.09%	5.57%	5.89%

Note: PE ratio = Average closing price per share in the current year/earnings per share

PD ratio = Average closing price per share in the current year/cash dividend per share

Cash dividend yield = Cash dividend per share/average closing price per share in the current year

According to the Company's Articles of Incorporation, if there are earnings upon the annual final accounting after tax expenses are paid and any accumulated losses are made up, 30% of such earnings shall be appropriated for the legal reserve unless the legal reserve amounts to the Company's paid-in capital. Then, a special reserve shall be appropriated pursuant to laws. After the reversal of the special reserve and accumulated undistributed earnings are added, the Company may appropriate additional special reserve from the balance for any specific purpose. The balance, if any, may be allocated to shareholders as dividends.

A Shareholder dividend.

B Director remuneration: The appropriation is limited to 2.50% of the earnings (and independent directors are not covered by the remuneration distribution policy).

C Employee compensation: 1.00%–2.50% of the earnings.

3.1.2 Business Development

✿ Business Performance of Services

Unit: NTD million, USD million

Item	2022	2021	Increase/Decrease ratio (%)
Underwriting and initial purchase of various bills	2,993,528	2,650,692	12.93%
Trading of various bills	5,728,791	5,266,887	8.77%
Balance of guaranteed commercial papers	94,873	112,558	(15.71)%
Trading of various bonds in New Taiwan dollar	2,260,496	2,320,066	(2.59)%
Trading of various bonds in foreign currencies (USD)	10,070	10,530	(4.37)%

✿ Budget Implementation, Revenues and Expenses, and Profitability Analysis

For revenues, the Company's net income in 2022 was NT\$1,645,023,000, the net interest income was NT\$839,231,000, the net fee income was NT\$1,168,009,000, the net income of financial assets and liabilities measured at fair value through profits or losses was NT\$406,687,000, the net realized income of financial assets measured at fair value through other combined profits or losses was NT\$113,817,000, and other net non-interest losses was NT\$158,287,000.

Despite the collective efforts of all employees to actively develop customers and improve spreads, the operations in 2022 still faced challenges from the Federal Reserve's and domestic central bank's interest rate hike policies. This resulted in the income after tax falling short of the budget target.

In terms of deposit/withdrawal operations, the various reversals were NT\$22,783 thousand in 2022, primarily due to greater value of bad debts collected than the guarantee liability provisions this year. The operating expenses were NT\$466,512 thousand. Under strict control, the expenditure was less than the budget.

As for profits, in 2022, the profit before tax was NT\$1,201,294 thousand; the profit after tax was NT\$1,040,282 thousand; the EPS was NT\$0.77; with the addition of a gain of NT\$30,896 thousand on disposal of "equity instruments measured at fair value through other combined profits or losses."

✿ Research and Development

The company actively promotes various business digitization initiatives and has implemented an online internal control self-audit system. This system is designed to facilitate online self-audits, reducing the need for paper printing, minimizing paper waste, and improving the self-audit process to prevent omissions. Additionally, the company has established an AO performance reporting system to streamline performance analysis tasks that were previously manually performed.

For education and training, in addition to regularly inviting scholars and experts to give keynote speeches for colleagues, the Company hires industry professionals to teach business-related courses, and has built a digital learning platform. Internal education and training have been changed to online format.

Moreover, the company also encourages employees to obtain financial licenses and participate in various courses offered by institutions such as Taiwan Academy of Banking and Finance, in order to improve their professional quality and work efficiency. At the end of 2022, there were 155 employees, and a total of 2,779 employees/times (5,600 hours) were dispatched for training, with an average of about 18 training sessions (36 hours) per person.

3.1.3 Honor and Award

✿ Credit Rating Recognition

Since we play a role in financing services in the monetary market, we focus on credit management and maintain good credit quality through strengthened capital, appropriate credit, and excellent asset quality. One of the three largest international rating companies in the world, Fitch Ratings Ltd., grants CBF a domestic long-term rating of A+ (high credit quality), a short-term credit rating of F1 (the top short-term credit quality) and a long-term outlook rating of “Stable” in annual credit ratings, allowing CBF to always be a leader in the bills finance industry.

Year	Credit Rating Company	Rating	Outlook Rating
2016	Fitch Ratings Ltd.	Domestic long-term rating as “A+(twn)” and short-term credit rating as “F1(twn)”	Stable
2017	Fitch Ratings Ltd.	Domestic long-term rating as “A+(twn)” and short-term credit rating as “F1(twn)”	Stable
2018	Fitch Ratings Ltd.	Domestic long-term rating as “A+(twn)” and short-term credit rating as “F1(twn)”	Stable
2019	Fitch Ratings Ltd.	Domestic long-term rating as “A+(twn)” and short-term credit rating as “F1(twn)”	Stable
2020	Fitch Ratings Ltd.	Domestic long-term rating as “A+(twn)” and short-term credit rating as “F1(twn)”	Stable
2021	Fitch Ratings Ltd.	Domestic long-term rating as “A+(twn)” and short-term credit rating as “F1(twn)”	Stable
2022	Fitch Ratings Ltd.	Domestic long-term rating as “A+(twn)” and short-term credit rating as “F1(twn)”	Stable

Note: For information related to Fitch’s credit ratings, please refer to the official website at <http://fitchratings.com.tw/>

✿ Honors

Year	Organizer	Award
2016	Securities & Futures Institute	Excellent Company Ranking in Top 20% of TWSE/TPEX Listed Companies in the 3rd Corporate Governance Evaluation
	Health Promotion Administration, Ministry of Health and Welfare	Healthy Workplace Certification – “Badge of Health Promotion”
	Taipei City Government	2nd Place of Excellent Healthy Workplace
	Health Promotion Administration, Ministry of Health and Welfare	“Healthy Teamwork Award” of the National Excellent Healthy Workplace.
	Taiwan Academy of Banking and Finance	8th Taiwan Banking and Finance Best-Practice Awards – Best Bills Finance Distinguished Honor Award
2017	Securities & Futures Institute	Excellent Company Ranking in Top 20% of TWSE/TPEX Listed Companies in the 4th Corporate Governance Evaluation
	Health Promotion Administration, Ministry of Health and Welfare	Model Enterprise in the “Taipei City Smart and Healthy Workplace Program” of the Health Promotion Administration, MOHW
2018	Securities & Futures Institute	Excellent Company Ranking in Top 20% of TWSE/TPEX Listed Companies in the 5th Corporate Governance Evaluation
	Sports Administration, Ministry of Education	“i Sport Enterprise Certification”
2019	Securities & Futures Institute	Excellent Company Ranking in Top 20% of TWSE/TPEX Listed Companies in the 6th Corporate Governance Evaluation
	Health Promotion Administration, Ministry of Health and Welfare	Healthy Workplace Certification – “Badge of Health Promotion”
	Taipei City Government	1st Place of Excellent Healthy Workplace
	Health Promotion Administration, Ministry of Health and Welfare	“Sustainable Excellence Award,” the highest honor of the National Excellent Healthy Workplace
2020	Sports Administration, Ministry of Education	“i Sport Enterprise Certification”
2021	Securities & Futures Institute	Recognized as an excellent company ranking in the top 20% of TWSE/TPEX listed companies in the 8th Corporate Governance Evaluation
	Taiwan Institute for Sustainable Energy	Taiwan Sustainability Award - “Corporate Sustainability Report Award-” Silver Award
2022	Securities & Futures Institute	Recognized as an excellent company ranking in the 21%~35% of TWSE/TPEX listed companies in the 9th Corporate Governance Evaluation

✿ Corporate Governance Evaluation

The Company was recognized as an excellent company ranking in the top 6%–20% of TWSE/TPEX listed companies consecutively in the 1st to 8th “Corporate Governance Evaluation” organized during 2014 and 2021. This demonstrates that the Company has actively improved its corporate value and governance performance and put continuous efforts on information disclosure.

There were 1,662 TWSE/TPEX listed companies in the 9th Corporate Governance Evaluation (928 listed companies, 734 OTC companies) and 140 listed companies were listed as excellent companies ranking in the 21%–35% of all the companies evaluated.

The Corporate Governance Evaluation covered the four dimensions of “Maintenance of Shareholders’ Equity and Fair Shareholder Treatment,” “Strengthening of the Board of Directors’ Structure and Operation,” “Improvement of Information Transparency” and “Fulfillment of Corporate Social Responsibility,” with 79 indicators in total. Our excellent performance shows that we spared no effort to meet the requirements and implement corporate governance.

✿ Healthy Workplace Honors

The Health Promotion Administration, Ministry of Health and Welfare, has actively promoted the “Healthy Workplace Certification” in recent years in the hope to improve employees’ health and work performance. In 2015, CBF participated in the “Healthy Workplace Certification” for the first time, were approved by the Ministry of Health and Welfare and received the “Badge of Health Activation.” CBF was further awarded the “Badge of Health Promotion” and won the 2nd place of the Excellent Healthy Workplace in Taipei City and the “Healthy Teamwork Award” of the National Excellent Healthy Workplace in 2016. These honors indicate that CBF has been well-recognized for creating a safe and healthy work environment and taking care of employees’ physical and mental health. The Company stood out from the on-site expert evaluation of the Department of Health, Taipei City Government, and was selected as one of the National Model Enterprises of the “Smart and Healthy Workplace Program” by the Ministry of Health and Welfare in August 2017. The public sector provided the Company with resources allowing the Company to utilize technological tools, improve employees’ health and thereby become a happy enterprise staying at the cutting edge and leading a trend toward health. In addition, as we have successfully promoted occupational exercise, we were awarded the “i Sport Enterprise Certification” by the Sport Administration, Ministry of Education in 2018.

With continuous efforts and dedication, we again received the “Badge of Health Promotion” and were recognized more by winning the “1st Place of Excellent Healthy Workplace” and the “Sustainable Excellence Award,” the highest honor of the National Excellent Healthy Workplace of the Health Promotion Administration, MOHW in 2019. We were the only enterprise winning the “Sustainable Excellence Award” in Taiwan in the year. Only enterprises that had won health badges and excellent workplace awards could compete for the Award. We received the “i Sport Enterprise Certification” from the Sport Administration, Ministry of Education, again in 2020. Winning the healthy workplace honor again means that our excellent achievement in the long-term improvement of our healthy workplace was recognized by the experts and scholars of the jury and created outstanding performance.

3.2 Sustainable Finance

3.2.1 Responsible Investment and Financing

* Various Business in Response to ESG

A Support government policies to promote sustainable investment and financing

Considering that pursuing sustainable development has become a crucial global trend, the future administrative policies of several countries have covered “Economic Growth,” “Social Progress” and “Environmental Protection.” In response to the global trend of achieving net-zero emissions and Taiwan’s goal of achieving net-zero transformation by 2050, the Financial Supervisory Commission (FSC) continues to guide the financial market and the overall industry to prioritize climate change through green finance. The FSC aims to strengthen the role of financial institutions, harness the collective power of these institutions, build consensus among the financial and industrial sectors on climate change and net-zero emissions, and promote the integration and disclosure of climate-related information. By leveraging the influence of the financial sector to connect the industry supply chain, the FSC seeks to enhance the climate resilience of both the financial industry and the overall industrial sector. This involves promoting the integration and disclosure of climate-related information, encouraging investment in carbon reduction and sustainable development, and working towards the goal of sustainable development and a transition to a net-zero economy.

CBF responds to the government’s “Six Core Strategic Industrial Development Initiatives” by deepening engagement with the green energy and renewable energy-related industries. The investment encompasses various aspects, including credit services, corporate bonds, convertible bonds, asset swaps, equity investments, and underwriting business without guarantees across multiple levels. In the future, we will continue to uphold the core operating philosophy of “Gratitude, Appreciation, and Advancement,” consistently investing in relevant financing and investment businesses. This is our commitment to the sustainable development of the environment.

B CBF’s Accumulated Transaction Amount Related to Responsible Investment and Financing

Business	Key Performance in 2021	Key Performance in 2022
Guarantee business	Limit: NT\$5.81 billion; balance at the end of the year: NT\$2.50 billion	Limit: NT\$7.53 billion; balance at the end of the year: NT\$4.50 billion
Corporate bond	Hold NT\$0.30 billion	Hold NT\$0.30 billion
Convertible bond exchange business	Limit: NT\$1.70 billion; the balance of outstanding contracts at the end of the year: NT\$0.65 billion	Limit: NT\$1.60 billion; the balance of outstanding contracts at the end of the year: NT\$0.5 billion
Equity investment business	Accumulated investment amount: NT\$0.42 billion	Accumulated investment amount: NT\$0.39 billion
Non-guaranteed commercial paper underwriting business	-	Limit: NT\$0.50 billion

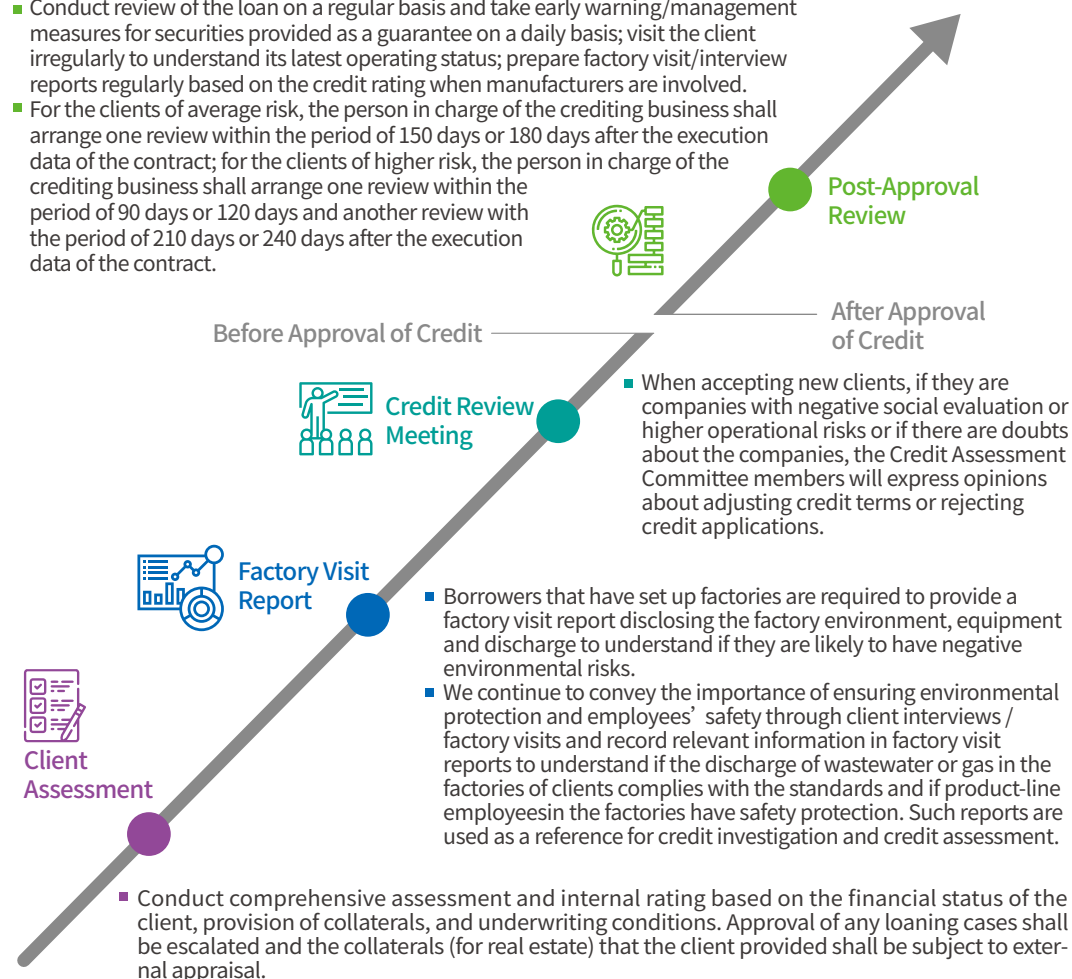
C Inclusion of ESG Issues in Credit Assessment and Mitigation of Sustainable Risks

The Company believes that maintaining long-term good business performance requires not only active business development, but also careful selection of borrowers and investees. Also, the Company does not support companies that cause negative impacts on the environment or society in principle. For borrowers with higher risks, the Company also takes their environmental and social risks in account through relevant control mechanisms such as credit assessment meetings and factory visit reports to carefully assess the eligibility conditions. In addition, the Company continues to communicate with clients about environmental protection, labor safety and relevant issues. For the bond investment business, when applying for a quota, it should be checked whether the ESG indicator has reached a certain score. If the ESG indicator has not reached a certain score, the ESG-related information of the invested company and the reasons for doing so should be supplemented.



Before raising the proposal, we carry out the KYC and risk assessment procedures for the client applying for the loan based on the register of shareholders that the client provided. We also investigate the responsible person of the transaction counterpart, understand whether the beneficiary owner has acted in violation of anti-money laundering regulations, and assess the attributes of the client and its risk level to understand the legal compliance status of the client.

- Conduct review of the loan on a regular basis and take early warning/management measures for securities provided as a guarantee on a daily basis; visit the client irregularly to understand its latest operating status; prepare factory visit/interview reports regularly based on the credit rating when manufacturers are involved.
- For the clients of average risk, the person in charge of the crediting business shall arrange one review within the period of 150 days or 180 days after the execution data of the contract; for the clients of higher risk, the person in charge of the crediting business shall arrange one review within the period of 90 days or 120 days and another review with the period of 210 days or 240 days after the execution data of the contract.



D Responsible Investment

China Bills leverages its core business to actively undertake projects in the sustainable green energy industry. The aim is to encourage corporate clients to prioritize environmental protection and corporate social responsibility through the financial operation of funds, thereby promoting industry development. The total number of financing recipients in the green and renewable energy industries under the “Six Core Strategic Industrial Development Initiatives” for 2022 was 64, with a total approved credit limit of NT\$9,619,000,000 (9.619 billion TWD) and an outstanding balance of NT\$3,578,000,000 (3.578 billion TWD) at the end of the year.

Furthermore, China Bills responds to government policies by continuously developing and designing sustainable financial products. This includes promoting “Green Credit,” guiding credit clients to allocate funds for capital expenditures with environmental benefits. As of the end of 2022, there were a total of 42 cases under “Green Credit,” with a credit limit of NT\$ 10,545,000,000 (10.545 billion NTD) and a remaining balance of 3.193 billion. Additionally, we are promoting “Sustainable Performance-Linked Credit,” encouraging clients to set and achieve ESG goals through incentives such as preferential interest rates. As of the end of the fiscal year 2022, there were 2 cases under this category, with a credit limit of NT\$ 330,000,000 (330 million TWD) and a remaining balance of NT\$ 66,400,000 (66.4 million NTD)

The industries related to the aforementioned financing targets include solar power plants, charging station installations, green energy technology, and leasing of electric motorcycle batteries.

Item	Credit Facilities: Number of Cases	Credit Limit	Balance
Industries Among the Six Core Strategic Industries	64 customers	9.619 billion NTD	3.578 billion NTD
Green Credit	42 cases	10.545 billion NTD	3.193 billion NTD
Sustainable Performance-Linked Credit	2 cases	0.33 billion NTD	66.4 million NTD

E Support the Development of Small Enterprises and Community

Small and medium-sized enterprises are the cornerstone of Taiwan’s economic development. In order to create a favorable financing environment for small and medium-sized enterprises, the Financial Supervisory Commission has been promoting the “National Banks Lending Strengthening Program for Small and Medium-sized Enterprises” since 2005, encouraging banks to strengthen their lending to small and medium-sized enterprises. As a part of CBF’s active response to government policies, as of December 31, 2022, there have been 155 small business loans with a balance of more than NT\$10.3 billion. In the future, CBF will continue to provide necessary working capital to small and medium-sized enterprises while taking into account risk control, so as to create a favorable financing environment for small and medium-sized enterprises.

Number of Small Enterprise Lending Cases	Small Enterprise Lending Balance	Number of Community Development Lending Cases	Number of Community Development Lending Balance
155 cases	10,395,500,000 NT dollars	0 case	0 NT dollar

Note: Small enterprises are defined as enterprises with “paid-in capital of less than NT\$100 million”.

F Consideration to ESG Issues in Selecting Stocks and Responsible Investment Promotion

Since social responsibilities have become a global trend in recent years, to implement the corporate social responsibility, when selecting target companies for investment, the Company takes into account not only good the financial structure and business prospects, but also the moral hazards and corporate governance of the companies. After purchasing individual stocks, in addition to keeping track of changes in the stock price and fundamental information, the Company pays close attention to internal governance to find if there are any problems and changes. Our employees have constant internal discussions to assess whether the individual stocks become risky as a result of the problems and changes or whether they shall continuously be listed as the objects of investment. CBF has formulated the “Guidelines Governing ESG Responsible Investment Handling”, which has been implemented since 2022. The investing units will also follow these guidelines by disclosing the target companies’ ESG scores and ESG implementation in the purchase reports / documents before investing in stocks, proprietary convertible bonds, and undertaking asset exchanges.

G Support for the Development of Green Industries and Subscription to Green Bonds

Realizing the significance of climate change, CBF has invested in one green bond issued in Asia by the Industrial and Commercial Bank of China. The funds raised by the bond will be used in green investment projects, which will generate concrete benefits for the environment. Strict standards were applied to the use of funds, motives, evaluation and selection process, and management of raised funds for this green bond. It has received the “Dark Green” rating from the Center for International Climate Research (CICERO) in Oslo, Norway, and was awarded the green finance pre-issuance certificate by the Hong Kong Quality Assurance Agency as it complies with a number of green bond standards widely recognized at home and abroad, including the Clean Development Mechanism of the United Nations Framework Convention on Climate Change, the Green Bond Principles of the International Capital Market Association and the Green Bond Endorsed Project Catalogue of the People’s Bank of China, etc. In addition, in 2021, CBF invested and subscribed for the green bonds of Yageo Co., Ltd., with raised funds used for green investment projects such as the development of renewable energy and energy technology, water resources conservation, cleaning or recycling, pollution prevention and control, energy efficiency improvement and energy conservation; the green bond of World Advanced Integrated Circuit Co., Ltd., with raised funds used for renewable energy and energy technology development, energy efficiency improvement and conservation projects, pollution prevention and control, and waste recycling or reuse.

China Bills has sequentially invested in green bonds issued by domestic and foreign enterprises, including Taiwan Semiconductor Manufacturing Company Limited, Taiwan Power Company Limited, and Mizuho Corporate Bank Limited. The funds raised will be allocated to capital expenditures related to green building and environmental protection, as well as projects in renewable energy development, greenhouse gas reduction, and pollution prevention and control.

Bond Codes	Bond Abbr.	Issuer Name	Investment Amount
B60907	VIS1B 2021	Vanguard International Semiconductor Co.	NT\$ 300,000,000
B618C4	TSMC6B 2021	Taiwan Semiconductor Manufacturing Co., Ltd.	NT\$ 400,000,000
B618CW	TSMC1B 2021	Taiwan Semiconductor Manufacturing Co., Ltd.	NT\$ 200,000,000
B64612	YAGEO 2A 2021	YAGEO Corporation	NT\$ 100,000,000
B903XY	TPC 3B 2021	Taiwan Power Company	NT\$ 100,000,000
US60687YBX67	MIZUHO 05/30	Mizuho Financial Group Inc.	\$6 million

Note: Except for the bonds issued by Mizuho Financial Group Inc., the above bonds are sustainable development bonds approved by Taipei Exchange.

Moreover, in 2021, CBF formulated the “China Bills Finance Corporation Guidelines for the Implementation of ESG Responsible Investment”. In order to promote the goal of sustainable financial development and respond to the international situation, ESG issues were incorporated into the investment analysis and decision-making process of the trading to promote the sustainable development of economy, environment and society. This shows that by responding to the government’s policies and considering the social and the environmental aspects in the investment process, CBF selects investment targets with sustainable development prospects and incorporates them into the key points of internal investment decision-making, which does not only benefit the Company for the return on investment but also the social, environmental and economic fields.

✿ Future Outlook

In general, when the Company engages in investment and financing businesses, in addition to taking into consideration the financial position of companies and the overall economic environment, it is also important to assess whether the companies have good ESG performance. We take a more cautious approach to investment selection and business dealings in order to not only allow our investment and financing businesses to bring profits for the Company, but also invest funds in industries or companies that implement corporate sustainable development, thereby forming a good cycle and making contributions to society.

In the future, responding to domestic and foreign stakeholders’ expectations for financial institutions’ fulfillment of “Responsible Investment and Financing,” when the time is ripe, we will further ascertain how to communicate with clients and counterparts on a continuous basis through financial products and services or further achieve better performance regarding environmental and social management to build a better world.

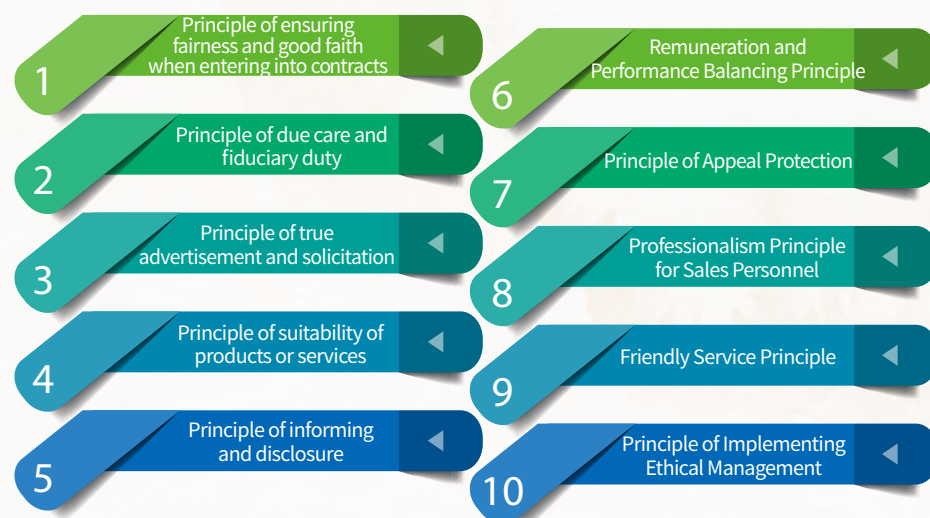
3.2.2 Protection of Rights and Interests

CBF was established mainly for assisting the government in creating a monetary market to facilitate short-term funding for business enterprises and increase the circulation of short-term bills. CBF specializes in corporate financing and fixed-income product transactions and always is a reliable partner for development of the business enterprises. All of our products comply with the Act Governing Bills Finance Business and relevant laws and regulations to ensure consistent business operation. At the same time, we require our employees to participate in internal and external training courses or lectures organized on a regular or irregular basis and set annual learning goals to encourage the employees to improve their professional level and thereby optimize service quality. Offering support to clients developing their business has always been the initial goal of CBF.

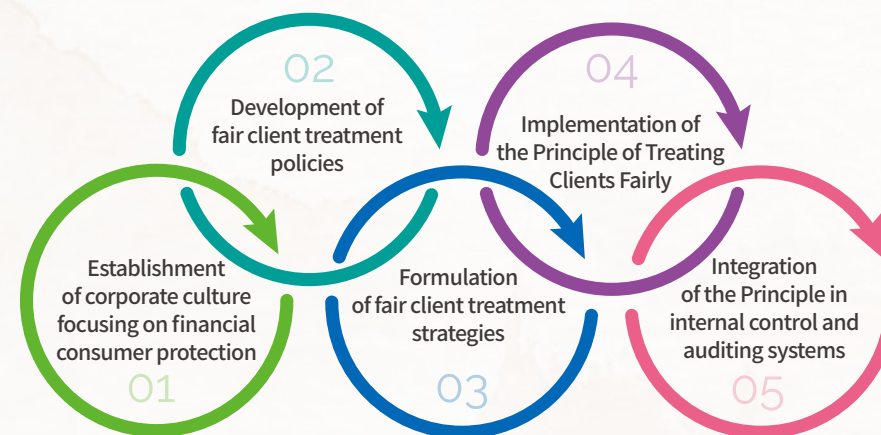
✿ Principle of Treating Clients Fairly

We think of the rights and interests of clients as ours and insist on the corporate culture of “Gratitude, Cherishment and Improvement” to diligently meet the needs of every client. In response to the administrative guidance promulgated by the FSC on December 31, 2015, we have introduced the “Principle of Treating Clients Fairly” and established relevant policies and strategies approved by the Board of Directors based on the nine indicators and five levels under the Principle to offer clients services satisfying their needs.

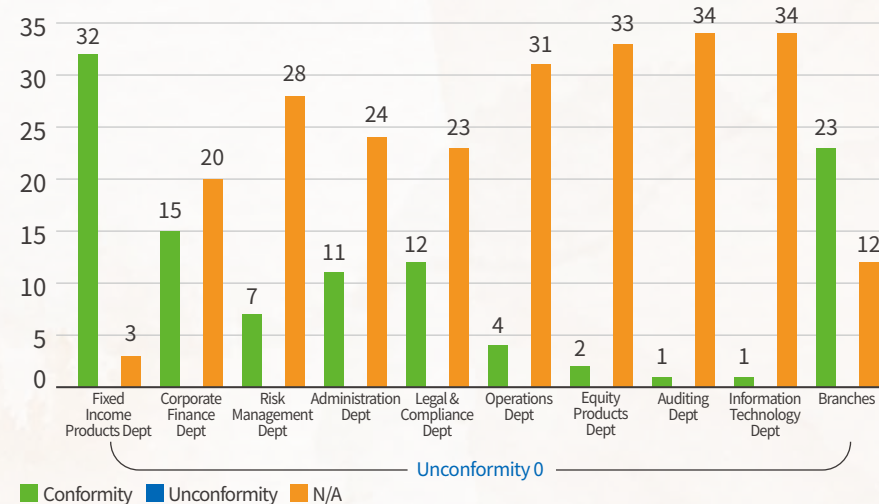
A 10 Indicators under the Principle of Treating Clients Fairly



B 5 Levels under the Principle of Treating Clients Fairly



C Audit Analysis on the Implementation of the Principle of Treating Clients Fairly



The Company facilitates the implementation of the principle of treating clients fairly through “training” and “audits.” With respect to the training, Managers have participated in corporate governance related training and training for a total 3 hours in the last year. For the audits, the fair client treatment audit conducted throughout the Company in 2022 shows no violation of the principle of treating clients fairly.

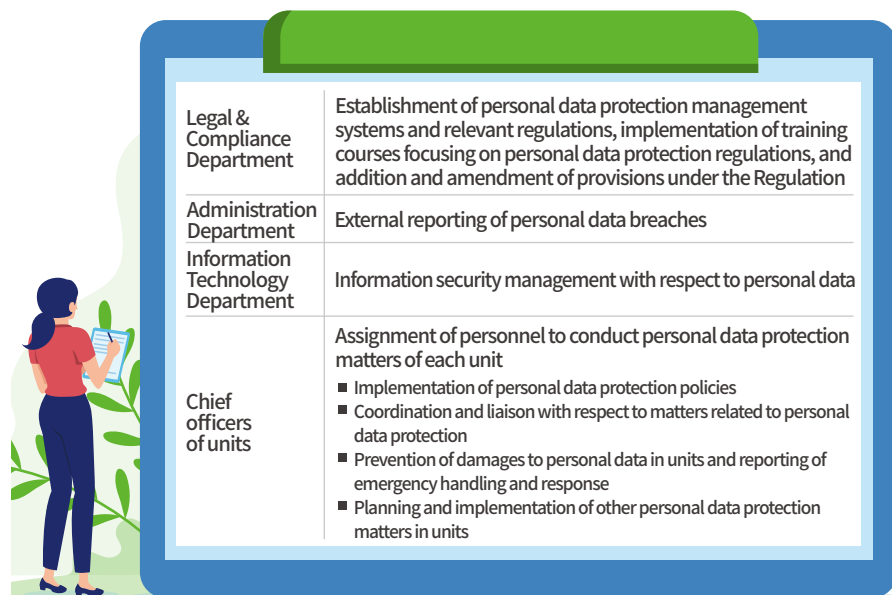
In 2022, China Bills designated Vice President Ya-Ling Yang of the Fixed-Income Products Department as the supervisory manager for the Fair Customer Treatment Principle. She is responsible for supervising and promoting this policy, collaborating with the Legal Affairs and Compliance Office to review the effectiveness and appropriateness of the fair customer treatment principle, and proposing improvement measures.

- Ⓐ Due to the Fixed Income Products Department’s business activities related to bills and bonds under repurchase agreements (Rps) or the outright sale (OS) of bills or bonds, the Department has more opportunities to get in touch with financial consumers. In addition, since the Department is also a unit responsible for establishing contracts for the aforesaid businesses, the audit form with the most items to be audited throughout the Company shall be filled out as completely as possible.
- Ⓑ The Corporate Finance Department is mainly responsible for credit transactions that the concept of financial consumer protection is less applicable to, and thus it is less common that the Department is audited based on the principle of ensuring fairness and good faith when entering into contracts (having consultations with clients before entering into a contract with them; and the terms under the contract shall be established for the purpose of debt preservation). However, for the duties of due care, true advertisement and solicitation, informing and disclosure for clients, the responsibilities and audits that the Department is required to take and receive are the same as those of the Fixed Income Products Department.
- Ⓒ The Risk Management Department is the main unit responsible for establishing regulations governing credit operations, and, therefore, the audit of the Department focuses on the principles of fair and reasonable contracts, equality and mutual benefit, and good faith.
- Ⓓ The Administration Department is mainly responsible for stock affairs and internal affairs and is audited to check if it implements the principle of treating clients fairly regarding the balance between remuneration and performance, external promotion (corporate image promotion) and personnel professionalism.
- Ⓔ The Legal & Compliance Department is the unit dedicated for the promotion and supervision of the principle of treating clients fairly and responsible for establishing all the credit contracts of the Company, reviewing internal and external contracts, and examining the legal compliance of the Company’s internal regulations. In addition to auditing the implementation of fair client treatment, the Department also reviews the audit forms of other units. Since 2017, the Legal & Compliance Department has been the anti-money laundering review unit and kept consumer data with respect to KYC and risk assessment confidential as required by the relevant regulations.
- Ⓕ Although the Operations Department does not have to get in touch with external clients, confidentiality and the due care of a good administrator are required for its business activities (certification of bills). Therefore, there are relevant audit items set for the Department.
- Ⓖ Since the Equity Products Department, Information Technology Department and Auditing Department do not have to deal with clients directly, these units are audited only for personnel professionalism.
- Ⓗ Since the Information Technology Department and Auditing Department do not have to deal with clients directly, these units are audited only for personnel professionalism.
- ① The branches are responsible for business activities that have the nature of those of the Fixed Income Products Department and Corporate Finance Department, but not for establishing contracts, and thus the audit scope covers only client treatment.

D Personal Data Protection

We are dedicated to the protection of clients’ personal data and have the “Regulation on the Security and Maintenance of Personal Data and Files,” “Management Rules for the Security and Maintenance of Personal Data,” “Operational Rules for Personal Data Incident Response, Reporting and Prevention,” “Rules for the Terms of Personal Data Handling & Utilization and Expiration Handling,” “Operational Rules for Personal Data Inventory and Risk Assessment,” etc., which highlight the importance of the clients’ personal data. At the same time, we further form the “Personal Data Protection and Management Team” consisting of the convener, who is the chief officer of the headquarters’ Legal & Compliance Department, and the chief officers of units to draw up, establish, revise and implement matters related to personal data protection in order to maintain clients’ rights and interests. In addition, there are personnel dedicated to the filing and management of files with respect to credit investigation reports containing clients’ private information.

③ Responsibilities of the Personal Data Protection and Management Team



For the Company's client privacy protection policy, please refer to Article 2 of the "Regulation on the Security and Maintenance of Personal Data and Files": To ensure the Company's legal collection, handling and utilization of personal data and prevent such data from being stolen, altered, damaged, lost or leaked, appropriate security and management measures are planned and adopted to avoid damages to the personal data and maintain the rights and interests of the subjects.

In addition, based on the consensus of the management, the Company enhances the personal data protection for our clients and stakeholders. In addition to protection of "personal data" in accordance with laws and regulations, the Company extend the protection and defines the scope of our "sensitive data," enhances the awareness and control of data protection among the employees by providing educational training and systems.

Besides this, CBF conducts "personal data inventory" and "personal data risk assessment" throughout the Company on a yearly basis by reviewing the procedures of collecting, handling and utilizing personal data for all business activities to inventory links that may involve personal data. The inventory result is then used for conducting risk assessment. The result of the said risk assessment is directly submitted to the President and also used as a reference for the improvement goals of the following year. Overall, there was no personal data breach in the previous years (as of the enforcement of the amended Personal Data Protection Act in 2012). Our personal data protection measures are constantly enhanced after annual reviews and improvements.

3.2.3 Relationship Management

We uphold the corporate philosophy of "Gratitude, Cherishment and Improvement," and the principle of treating clients fairly is the core of our corporate culture as well as the value system and code of conduct that the Company as a whole adheres to. To create a corporate culture that protects financial consumers and increase the trust of the financial consumers in the Company, the "Fair Client Treatment Policy" is established. To implement the Fair Client Treatment Policy, we have the "Fair Client Treatment Strategy" in place to specify the methods of protecting financial consumers' rights and interest and handling financial consumer disputes fairly, reasonably and effectively in order to ensure fair client treatment throughout the process of providing financial products or services, designing, advertisement, sale, contract fulfillment, consultation, and complaint handling. At the same time, client satisfaction and the Company's image can be improved.

We have established a website with sufficient contents for all sectors. These contents include not only background information enabling clients to understand the Company, but also the professional information related to the monetary and bond markets, the introduction of knowledge and business, trading procedures, trading prices, etc. More importantly, we update the information on a daily basis by providing financial market trending news and regularly publishing monthly interest rate reports and monthly macroeconomic analysis reports. In addition, we design various financial management tools to simplify the process of services and improve service efficiency.

Since the Company is engaged in an industry which requires a license and is highly regulated, in terms of financing business, the Company must understand clients comprehensively to control credit risks. However, for the trading of fixed income products, the Company needs to gain the clients' trust to have sources of funds. Therefore, more emphasis is placed on close client relationship management. We have naturally shared important economic, industrial, financial or client-related information with clients in a timely manner and mutually communicated with them through visits, interviews or via phone, e-mail or communication software. In our opinion, clients are our teachers and friends. We are not self-satisfied about our expertise but good at listening to the clients in the hope to allow us and the clients to gain benefits. In this way, this can not only lead the clients and us to explore more business opportunities, but also help us control potential market and credit risks.

Of the impacts of the COVID-19 pandemic, the aviation and tourism industries were affected the most. Considering that these industries faced difficulties, the Company provided relevant enterprises with short-term financing credit immediately during the pandemic to help solve the short-term liquidity crisis of such enterprises from the standpoint of supporting the sustainable development of clients.



CH4 Talent Development • Happy Workplace



- Establish an online training platform; the total employee training sessions are 2,779 with total training hours of 5,600, and the average number of sessions and training hours per employee is 18 and 36, respectively
- The company has implemented a comprehensive Successor Plan, emphasizing the development of managerial and operational capabilities among potential successors across the entire organization
- The company has established fair employee salary standards, ensuring no gender-based disparities. The basic salary ratio between male and female employees in the same position and rank is maintained at 1:1
- In collaboration with Summit Healthcare Co., Ltd certified by the Ministry of Labor, the company provides on-site medical services for employees through a special contract. Additionally, the company actively promotes the "Four Major Plans for Labor Health Protection"

	2020	2021	2022
Number of employees	149	154	155
Number of female employees	52	51	51
Total employee training hours	5,411	5,271.8	5,600
Total expenses for employee training (NT\$1,000)	675	597	657
Number of disabled employees/ratio thereof to total employees	2/1.34%	2/1.29%	2/1.29%

4.1 Talent Development

4.1.1 Employee Composition

We fully observe the Labor Standards Act and never employ child labor to work for the Company. In view of the basic human rights of equal employment opportunities for all citizens, we employ employees only based on their professional capability and experience and never treat them differently because of their race, thought, religion, political party, ancestral place, birthplace, gender, sexual orientation, marital status, appearance, physical/mental disability or former labor union membership. In 2022, we did not violate human rights or discriminate against anyone when hiring employees.

We always streamline our personnel deployment to strengthen internal control, mitigate operational risks, increase cases, balance the number of employees in each part of the Company, and increase sales personnel. We hope that this allow all of our employees to achieve a balance between work, life and leisure in the future, providing the internal control can be implemented.

At the end of 2022, our employees totaled 155¹, including 153 clerks and 2 workers, and all of which were full-time employees. We did not engage contractors and part-time staff. We did not hire foreign employees, and all of our employees were of Taiwanese nationality, were at the average age of 45.88, and had an average seniority of 15.13 years.

For engaging people with disabilities, the Company has a total of more than 100 employees, and according to the national regulations, companies whose total number of employees is no less than 67 shall employ at least one person with disabilities for each additional 67 employees. We have met the requirements of such regulations, and were recognized by the Taipei City Government for employing people with disabilities, as required by the regulations, in 2012. From 2013 to 2021, we followed the regulations by hiring people with disabilities. So far, we have engaged 2 disabled employees.

¹ The following statistics represent the distribution of employee gender, age, and job positions as of the end of December 2022.

✿ 2022 Employee Distribution by Gender

Location	Gender	Clerk	Worker	Part-time worker
Headquarters	Male	62	2	0
	Female	39	0	0
Kaohsiung Branch	Male	9	0	0
	Female	3	0	0
Tainan Branch	Male	6	0	0
	Female	3	0	0
Taichung Branch	Male	9	0	0
	Female	1	0	0
Taoyuan Branch	Male	8	0	0
	Female	2	0	0
Banqiao Branch	Male	8	0	0
	Female	3	0	0
Total employees		153	2	0

✿ 2022 Employee Distribution by Age

Location	Total employees	Number of male employees	Number of female employees	Under age 29 (inclusive)	Age 30-39	Age 40-49	Above age 50	Including the Number of Employees with Disabilities
Headquarters	103	64	39	12	22	32	37	1
Kaohsiung Branch	12	9	3	1	2	4	5	0
Tainan Branch	9	6	3	0	2	3	4	0
Taichung Branch	10	9	1	0	3	1	6	1
Taoyuan Branch	10	8	2	0	3	2	5	0
Banqiao Branch	11	8	3	0	2	5	4	0
Total	155	104	51	13	34	47	61	2
Ratio	1	0.67	0.33	0.08	0.22	0.30	0.40	0.01

✿ 2022 Employee Distribution by Job Grade

Location	Management	Regular employee
Headquarters	11	92
Kaohsiung Branch	1	11
Tainan Branch	1	8
Taichung Branch	1	9
Taoyuan Branch	1	9
Banqiao Branch	1	10
Total	16	139

Note 1: The management refers to the heads of departments and higher-ranking personnel

Note 2: There are 3 female managers in total. The proportion of female is 18.75%.

To offer female employees an environment where they can work without concerns and facilitate the balance between their work and life, the Company provides them with menstrual leave, parental leave, paternity leave, and family care leave to ensure their rights. Furthermore, all the employees of the Company are entitled to parental leave. In 2022, no employee applied for parental leave, so the retention rate and return rate could not be calculated.

✿ Application of parental leave

Item	Male	Female	Total
A: Total employees applying for unpaid parental leaves in 2022	0	0	0
B: Number of employees expecting to be reinstated in 2022	0	0	0
C: Number of employees who were reinstated in 2022	0	0	0
D: Number of employees who were reinstated from unpaid parental leave in 2021 and then worked consecutively for more than a year	0	0	0
E: Number of employees who were reinstated from unpaid parental leave in 2021	0	0	0
Reinstatement rate % = C / B	N/A	N/A	N/A
Retention rate % = D / E	N/A	N/A	N/A

✿ Personnel Turnover

In 2022, there were 16 new employees, with a new employment ratio of 10.32%; The number of employees who left the company, including retirements, was 15, with a resignation rate of 9.68%.

▼ 2022 Number of New Employees and New Employment Ratio

Location	Male	Female	Under age 29	Age 30-39	Age 40-49	Above age 50	Total employees resigned
Headquarters	7	5	6	3	2	1	12
Kaohsiung Branch	1	0	1	0	0	0	1
Tainan Branch	1	0	0	0	1	0	1
Taichung Branch	1	0	0	1	0	0	1
Taoyuan Branch	0	0	0	0	0	0	0
Banqiao Branch	1	0	0	0	1	0	1
Total	11	5	7	4	4	1	16
Resignation ratio	0.69	0.31	0.44	0.25	0.25	0.06	1

▼ 2022 Number of Employees Resigning and Resignation Ratio

Location	Male	Female	Under age 29	Age 30-39	Age 40-49	Above age 50	Total employees resigned
Headquarters	9	5	2	5	1	6	14
Kaohsiung Branch	0	0	0	0	0	0	1
Tainan Branch	0	0	0	0	0	0	0
Taichung Branch	1	0	0	0	1	0	1
Taoyuan Branch	0	0	0	0	0	0	0
Banqiao Branch	0	0	0	0	0	0	0
Total	10	5	2	5	2	6	15
Resignation ratio	0.67	0.33	0.13	0.34	0.13	0.4	1

Our employees' job transfer, resignation and retirement are performed in accordance with laws and regulations. From July 1999 to December 2004, 7.52% of regular employees' monthly salary was contributed to pension funds. Since 2005, 7% of the monthly salary has been contributed to the pension funds that have been put under the custody of Labor Pension Fund Supervisory Board. The pension funds are deposited in the name of the Board in the pension account that the old interest payment system is adopted for in the Bank of Taiwan. In addition, as of July 2005, for employees choosing the new labor pension system, 6% of their monthly salary has been appropriated to the personal account in the Bureau of Labor Insurance. We appoint employees to make appropriations for pension funds based on actuarial assumptions monthly and recognize pension expenses to be utilized by the Employee Pension Fund Management Committee.

4.1.2 Talent Training

✿ Personnel Development Philosophy and Policy

Talents are the Company's valuable asset as well as the key to pursue excellence. To develop and train talents based on their advantages, we construct a system in consideration of the business development needs of each unit and the Company's business strategies and directions. With the training philosophy of "taking personal aptitudes into account while training talents," we offer diversified training resources to meet the needs of employees at different positions.

A Improve Employees' Competitiveness through Employee Training

- Ⓐ Conduct training throughout the Company twice a year based on the business needs of employees.
- Ⓑ Organize new employee training for new employees.
- Ⓒ Assign employees responsible for the Company's business to participate in the training of domestic and foreign professional financial training institutions.
- Ⓓ Set up a license subsidy system to encourage employees to obtain relevant financial licenses.

B Establish the Company's Successor Plan

- Ⓐ Selects 2 to 3 management associates for each unit. Ⓑ Establish a successor training plan focusing on training management associates to improve their management ability.

The Human Resource Department proposes 1-2 management associates for each unit of the Company to the chief for selection. When any positions fall vacant, the associates, after long-term observation and performance audits, can quickly fill the vacancies to achieve a seamless transition. We perform employee performance evaluation every year. In 2022, all of our employees participated in the performance evaluation.

✿ Training

We have continuously paid attention on talent development in the financial service industry for years and considered talents as our biggest competitive advantage. As a result, a unit dedicated to talent training is formed in order to allow the Company to take the lead in terms of personnel productivity and employee satisfaction among financial institutions in Taiwan.

With regard to employee training, we regulate that every employee must participate in training totaling 17 hours each year. Relevant training programs are drawn up based on required professional capability instead of gender to implement the gender equity policy.

We not only invite scholars and experts to the Company to give lectures on a regular basis, but also engage professionals in the industry to explain the Money Laundering Control Act or other contents to the employees. In addition to offering relevant training courses to new employees, the Company constantly pays attention to organizational and personal needs, reviews existing necessary training and gradually develops other required ones during talent development to improve employees' knowledge and skills required for developing their careers.

In 2022, there were 2,779 employee training sessions and the total training hours were 5,600, with an average of about 18 sessions or 36 hours per employee.

▼ Training Statistics

Year	Number of trainees	Training hours	Training expenses (NT\$1,000)
2020	2,716	5,411	675
2021	2,538	5,272	597
2022	2,799	5,600	657

▼ Total Training Hours

		Management personnel	Non-management personnel
Female	Number of employees	3	48
	Total hours	195	1553
	Average hours	65	32.35
Male	Number of employees	13	91
	Total hours	623	3228.5
	Average hours	47.92	35.48

Note: The management refers to the heads of departments and higher-ranking personnel

✿ Employee Training and Online Learning Platform

We organize large training for all employees once a year. To integrate the Company's training resources, reform traditional training modes, digitize talent training, improve training effects, and enhance operational efficiency, we established an online learning platform along with increasing training courses required by laws in 2019. Since August, we have also provided more online learning methods. At the same time, our employees must participate in professional courses that are required by laws or are diversified to strengthen their career development ability without neglecting the development of their professionalism.

Time	Course
April, 2022	Principles of Fair Treatment to Clients - Fair Customer Treatment Principle in the Financial Services Industry.(Online)
	Principles of Fair Treatment to Clients - Financial Consumer Dispute Cases (Banking Industry)(Online)
May, 2022	Credit Information Security Control of the Joint Credit Information Center in the first half of the year (Online)
	Information Security Education in the first half of the year (Online)
	Legal Compliance and Latest Financial Regulations Education in the first half of the year (Online)
June, 2022	General Safety and Health Educational Training (Online)
	Education by Audit Office (Online)
	Educational Training on Derivatives
August, 2022	Legal Compliance and Latest Financial Regulations Education (Online)
	Money Laundering Prevention (Online)
September, 2022	Information Security Education- Social Engineering Prevention Cybersecurity Awareness in the second half of the year (Online)
	Principles of Fair Treatment to Clients-2 (Online)
October, 2022	Integrity Operation Education (Online)
November, 2022	Sexual Harassment Prevention and Handling Guidelines(Online)
	Educational Training on Derivatives
December, 2022	Credit Information Security Control of the Joint Credit Information Center in the second half of the year (Online)

A ESG-related Training

Given the global emphasis on environmental and climate issues, and the commitment of the Taiwanese government to achieving net-zero carbon emissions by 2050, participating in courses becomes imperative. Through these programs, participants gain insights into the latest ESG sustainable practices and development trends.

In November 2022, China Bills organized the “Green Energy Financing Practices” course. A total of 66 employees from the head office participated in internal training sessions, with each person receiving 2 hours of training.

Additionally, the Executive Secretary for Sustainable Development at China Bills participated in external courses related to sustainability, totaling 10.5 hours.

Date	Course Title	Number of Trainees	Number of Trainees	Training Hours
March 30, 2022	Driving ESG Sustainability Power	Sustainable Development Executive Secretary	1	5.5
July 7, 2022	Industry Advocacy Session on Sustainable Development Roadmap (Online Course)	Sustainable Development Executive Secretary	1	2
September 6, 2022	Greenhouse Gas Inventory and Verification Advocacy Session (Online Course)	Sustainable Development Executive Secretary	1	3
November 30, 2022	Green Energy Financing Practices	Business-related personnel and Sustainable Development Executive Secretary	66	2

B Carbon Inventory Training

In accordance with the FSC's "Sustainable Development Roadmap for Listed and OTC Companies" released in March 2022, the company plans to disclose the greenhouse gas inventory information for the headquarter and the branch offices in 2023. In the second quarter of 2022, the Green Productivity Foundation was commissioned to advise and assist in the greenhouse gas inventory project. The project timeline has been planned, and a dedicated team for the greenhouse gas inventory was established in the third quarter. The team received four educational training sessions (September, October, December, and January 2023) where external consultants explained trends in greenhouse gas emissions and net-zero trends, as well as the methodology for compiling the report and internal audit procedures.

✿ Professional License

CBF is a leading brand in the bills finance industry, and professionalism is one of our core value. Over these years, CBF have spared no effort to improve employees' professionalism by providing guidance and training related to various professional licenses, and client service, professional sale and risk management training in order to add value to their careers and to create a positive impact on their professions. Moreover, the professionalism and work efficiency of the employees can be enhanced, leading to a win-win situation for the employees and CBF.

▼ Number of Employees with Professional Licenses and Qualifications

Professional Licenses and Qualifications	Number of employees
Bill finance specialist	148
Senior securities specialist	102
Securities representative	77
Securities investment analyst	2
Financial Risk Manager (FRM)	1
Bond specialist	45
Basic credit personnel	74
Advanced credit personnel	5
Asset securitization	6
Bank internal controller	89
Corporate internal controller	4

Professional Licenses and Qualifications	Number of employees
Trust operations personnel	66
Financial planner	44
Securities investment trust and consulting professional	42
Futures representative	54
Life insurance representative	20
Property insurance representative	9
Personal risk manager	2
Basic foreign exchange personnel	15
Foreign exchange specialist	5
Stock affair personnel	7

4.2 Diversified Welfare Policies

4.2.1 Protection of Human Rights

✿ Human Rights Policy

With the management philosophy of “Gratitude, Cherishment and Improvement,” the Company supports the objectives disclosed in international human rights conventions such as the “Universal Declaration of Human Rights,” “United Nations Global Compact,” “United Nations Guiding Principles on Business and Human Rights” and “ILO Declaration on Fundamental Principles and Rights at Work” to fulfill the spirit of human rights protection; establish a safe and healthy workplace; build a diversified, open, fair and harassment-free work environment; forbid any discrimination based on gender, age, marriage, religion, political party, race and social & economic status; regulate reasonable working hours; prohibit any forced labor and employment of child labor; respect employees’ freedom of association; protect the privacy of employees, clients and stakeholders; and also provide various safe complaint channels to protect the employees’ interest and rights from infringement.

✿ Human Rights Protection Measures

We strictly observe domestic and foreign regulations in relation to labor and human rights and fairly treat and respect all of our employees by adopting the following measures:

- A** Establish labor conditions according to the government’s labor-related laws and regulations.
- B** Provide equal employment opportunities to all job seekers in accordance with the Employment Service Act.
- C** Provide new employees with orientation training within one month after reporting for duty. The orientation training covers personnel management regulations, employment instructions, employee service instructions, regulations on the payment of employee salary, employee overtime regulations, employee leave regulations, employee retirement regulations, work rules, confidentiality of personal and client data, and labor right-related issues.
- D** Have the “Employees’ Suggestion Mailbox” in place for employees’ reporting when their rights and interests are infringed or they are mistreated and the infringement or mistreatment cannot be resolved reasonably.
- E** Form the “Sexual Harassment Complaint Handling Committee” to offer the employees a work environment without sexual harassment and avoid sexual harassment incidents in the workplace.
- F** The Company established the Labor-management Council in accordance with the “Regulations Governing Implementation of Labor-management Council Meetings” on September 17, 2015. The Council consists of 5 labor representatives and 5 management representatives and holds a meeting each quarter. The labor and the management respectively elect a representative from among themselves to chair the meeting by turns. In 2021, 4 labor-management meetings were held. Holding labor-management meetings can improve labor-management relationship and facilitate the collaboration between the labor and the management. In addition to giving an overview of the Company’s business and reporting employees’ condition, the Council discusses labor conditions, labor benefits and work efficiency improvement.

4.2.2 Salary and Benefit

We have a comprehensive remuneration system competitive among financial institutions in Taiwan to provide financial support for our employees working hard to ensure their quality of family life. The salary paid to new employees is higher than the minimum wage required by laws and is determined in consideration of the positions that the employees are to be appointed to, their educational background, relevant work experience, and labor demand in the market. We also review the competitiveness of the salary in the market in the hope to attract excellent talents and pursue development and growth together with them.


The remuneration to the Company's employees includes basic salary, meal allowance, year-end bonuses and dividends. Year-end bonuses are determined based on the employees' annual attendance, performance evaluation result and the Company's return on net worth and include attendance and performance bonuses. The Company's all employees must receive performance evaluation.

Our employees are paid based on the average salary in the market, the Company's financial position and organizational structure. We also set up fair employee salary standards regulating that the minimum wage for female employees shall be identical to that for male employees at the same posts or grades and shall not vary because of gender.

✿ Welfare Measure

We consider our employees as part of the family by designing good benefit systems for them, taking care of them, and treating each of them as our family. Our employees are entitled to all welfare measures provided by the Company and the Employee Welfare Committee.

A CBF's Welfare Measures

 <p>CBF</p>	<ul style="list-style-type: none"> ◆ Insurance: Our employees are covered by labor and health insurance, as required by laws. In addition, we meet their basic needs, offer group insurance for them, and take out regular group life insurance for the parents, spouses and underage children of the employees. ◆ Meal allowance. ◆ Club subsidies. ◆ We arrange annual health examination for all employees. ◆ We organize domestic or overseas trips according to annual team building plans every year. ◆ Corporate childcare service: We contract with HESS Educational Enterprise for offering our employees whose children go to the kindergartens of HESS the preferential registration fees and monthly premiums.
<p>Employees Welfare Committee</p>	<p>The Welfare Committee was established in December 1978 to plan and implement employee welfare policies, including cash gifts for three major holidays and birthday, allowances for weddings, childbirth, funerals, art and culture appreciation, major injuries/diseases, and pension credit. Clubs are subsidized based on their budgets.</p>

B Salary for Non-managerial Employees

Item	2022	2021	Difference
Number of full-time non-managerial employees	137	139	-2
“Average salary” of full-time non-managerial employees (NT\$1,000)	1,474	1,581	-107
“Median salary” of full-time non-managerial employees (NT\$1,000)	1,294	1,386	-92

4.2.3 Communication and Participation

✿ Employee Communication

- A** The President adopts the Open Door policy allowing the Company's employees to directly communicate with the President if they have any opinions.
- B** If the employees have needs for job transfer or rotation, they may express their opinions through job/rotation survey in annual performance evaluation.
- C** Our employees can make complaints (including sexual harassment incidents) to the Administration Department via the dedicated mailbox on our internal website or in a written form.

✿ Employees' Suggestion Mailbox

The "Employees' Suggestion Mailbox" is provided for our employees as a direct communication channel. We hope that the mailbox can become a smooth communication channel for every employee to expression his/her opinions. There were no suggestions provided using the Employees' Suggestion Mailbox from 2013 to 2021.

✿ Communication between Top Management and Employees

There is a smooth communication channel between the top management and employees. Annual regular performance evaluation meetings for each unit are convened by the President for timely review and communication. For branches, in addition to convening the performance evaluation meetings with video conferences, we arrange for chiefs to communicate with the employees face to face and visit local business and clients in order to eliminate the alienation between the employees and the top management. Must-know information are delivered to all employees at any time via e-mail or through the bulletin board system to optimize message delivery.

4.3 Health and LOHAS

4.3.1 Various Activities

CBF is like a warm family, and the employees get along with each other very well and create a family-like relationship outside of work through club activities, domestic/overseas trips, dinner parties with other departments and various annual activities.

✿ Club Activity

The Company not only offers good working conditions, but also endeavors to meet the employees' welfare needs and encourage them to form clubs on their own initiative. We and the Welfare Committee grant a subsidy of NT\$1,500 and NT\$2,500, respectively, every month to each club, totaling NT\$4,000 every month, in order to support the development of such clubs.

Forming a club requires an organizational plan, holding regular activities and reaching the minimum number of members (e.g.: The minimum number of members for the headquarters and branches is 10 persons and 6 persons, respectively). There were 10 employee clubs in 2022, including sports club such as the cycling club, and the music appreciation club, volunteer club and other clubs. Our employees are allowed to gain experience outside of work and have the opportunity to care for culture and natural environment and engage in public welfare services through the club activities.



Table tennis club

FOLLOW ...



999+ likes

Playing table tennis is very beneficial to vision and can train the nervous system, sense organs and musculoskeletal system. The table tennis club practices regularly on every Tuesday night and organizes the president challenge competition, and singles and doubles competitions on an irregular basis. To appreciate the members' participation, club dinner parties are held at the middle and the end of each year for them to enjoy good food and have fun together.



Cycling club

FOLLOW ...



999+ likes

The cycling club aims at working out, reducing weight and establishing relationship with colleagues through cycling. The monthly cycling activity is mainly carried out along popular mountain biking trails in Greater Taipei by turns. The club occasionally holds relaxing activities for ages to cycle along riverside cycling trails, and bike lovers are also welcomed to participate in the activities. The Bailaka Highway biking tour held on every New Year's Day is the most classic and greatest activity for the cycling club. Cycling with the bone-chilling wind tests the endurance of the members and train their stamina.

Bowling club



999+ likes

The members of the bowling club assemble on Saturday once every month, and the president/vice president challenge competitions are held on June and December every year. The members invite their families to the competitions, resulting in a warm and happy club atmosphere. There are many advantages of joining the bowling club, such as having a chance to win rewards for challenge competitions, enjoying abundant meals, exercising, and more valuably, improving togetherness and relationship among the members through a variety of activities. The club is suitable for all ages.

Aerobic exercise club



999+ likes

The aerobic exercise club was formed in 2015. A professional instructor teaches the members to do aerobic exercise for one hour after work on every Tuesday. Since the formation of the club, the members have exercised and relieved stress by doing aerobic exercise after work. The employees can not only be familiar with each other, but also improve endurance and physical and mental health, enabling them to be full of energy to face new challenges at work every day.

Northern golf club



999+ likes

The northern golf club aims at promoting golf and regularly organizes unlimited-play and hitting training each month. The club works together with the southern golf club to hold two friendly matches between the northern and southern golf clubs every year. During such matches, the members can learn from one another on skills and maintain the relationship between the employees of the headquarters and branches. These matches have become the most important activity for the golf club. More and more members of the northern and southern golf clubs represent the Company to participate in the Ta Ching Cup friendly match and other matches to build a relationship with personnel in the bills finance industry and financial institutions and to achieve glory for the Company.

Southern golf club



999+ likes

The southern golf club holds an activity each month for the members to build relationships with others through matches and organizes tournaments to add fun and allow the employees to interact and communicate with each other with ease. The club holds a friendly match together with the northern golf club in the first half and second half of each year. The friendly match is held in a northern course and a southern course in turn. The members can enjoy the facilities and environments of domestic high-class courses and take part in after-match parties and ceremonies to improve the relationship with each other.



Kaohsiung Branch's sports and leisure club



999+ likes

The sports and leisure club is formed for the purpose of relieving the pressure of daily work, improving the employees' health, and promoting walking, road running, biking and other leisure activities to enable the employees to interact and build relationships with others through these activities. The club holds at least one activity on a weekend per two weeks or on a monthly basis, which is participated mainly by the employees of Kaohsiung Branch and their families. Through such activities, the employees can not only improve the relationship with others, but also understand more general sports knowledge, thereby getting into the habit of exercising regularly.



Volunteer club



999+ likes

The volunteer club was established in 2016 and mainly focuses on the three dimensions of ecological and environmental protection, public welfare services and cultural care to broaden the perspective of the employees, allow to them to pursue spiritual wealth through by taking actions to show gratitude and devotion, and build better co-worker relationships. In principle, the club holds activities each month, including indoor interactive lectures and outdoor public welfare services, which are quite diversified. In 2020, the club members served at Andrew Food Bank on weekends and holidays. The volunteer club organized ecology lectures, and educational trips related to sustainable fashion, beach cleanups in Shalun, Tamsui and guide tours in the Lin Yutang House and made a visit to the charity exhibition held by Andrew Food Bank.



Music appreciation club



999+ likes

Multiple music appreciation activities are held regularly every year. For lectures, lecturers are engaged to make introductions and commentaries. As for performances held in the National Concert Hall or the National Theater, the club buys tickets for the members to watch these performances. In 2021, due to the impact of the Covid-19 pandemic, the music club only held one ticket-buying music listening activity- the "Four Seasons with Yu-Chien Tseng" concert at the National Music Hall and organized other in-house music listening activities.



Baseball and Softball Batting Practice Club



999+ likes

Baseball/softball is recognized as the national sport. To support the development of the national ball, and to promote the friendship and physical fitness of the employees, the employees of CBF Head office and branches jointly established the "Baseball and Softball Batting Practice Club" in 2021. It is also an excellent channel to enhance the communication between the head office and the branches in addition to exercising together and finding people with same interests. The participation in batting practice involves use of a great amount of muscle strength and coordination with the following benefits : 1. Training of nervous system response 2. Training of sensory system response 3. Training of musculoskeletal system function 4. Enhancement of circulatory system function 5. Enhancement of respiratory system function 6. Adjustment of the balance of endocrine system. The club serves multiple purposes as members implement health management by practicing ball skills in weekends and holidays while building relationships.

✿ Leisure Trips

No travel or recreation activities were held due to Covid 19 in 2021 and 2022. Since the COVID-19 pandemic mitigated in the second half of 2020, the employees were encouraged to participate in activities that improve their physical and psychological health as well as family harmony to support the Epidemic New Life Movement and help promote the domestic economy. The Company initiated the “CBF Employees’ Enjoyable Trips” program. Employees who provided their family trip photos as required before the cut-off time might enter the prize draw. Moreover, all the employees would elect online 5 photos that were most representative in terms of happiness from these photos, and the winners could receive rewards. The program was popular among the employees, and over 95% of them provided their photos for the program. A total of 36 employees won the prize draw, and 5 employees from the headquarters and branches stood out above the rest with their family trip photos featuring warmth or innovation. In 2018, we organized an overnight trip to Dancewoods Hotels & Resorts in Yilan to celebrate the 40th anniversary of the Company. Over 240 of our employees and their families participated in the trip and left behind happy memories at Yilan with magnificent scenery.

✿ Talent Contest at Year-end Party

We held an employee talent contest in our annual year-end party and looked for teams consisting of male and female employees to participate in the contest. Our employees went all out for a win in such contest and improved the relationship and mutual understanding with others during the collaboration. 20 of the Company’s male and female employees formed a mixed chorus and won the championship in the 2019 associate choral competition. The gala talent competition was suspended due to Covid 19 in 2020 and 2021. In the latter half of 2022, due to the lingering impact of the COVID-19 pandemic, the company decided to continue suspending the hosting of large-scale Lunar New Year banquet events. To foster unity among employees, the company planned to organize smaller-scale gatherings, with approximately 50 people per event and divided into three sessions. During these events, the Chairman and the General Manager took the opportunity to express gratitude to all employees for collectively overcoming the challenges posed by the pandemic, encouraging and commending everyone for their hard work and contributions throughout the year.

✿ Employee Retirement Farewell Party

We hold a grand farewell party for senior managers to be retired. At the party, the managers are congratulated by other employees in the face-to-face manner and receive presents from the Company to show warmth and the human touch.



✿ Art and Cultural Activities

A Music concerts and art exhibitions

The Asian Youth Orchestra, the National Symphony Orchestra and other cultural groups that we offer support to give away some tickets of certain performances to us. We provide these tickets for our employees to watch the music concerts. We supported the O-Bank Education Foundation to hold a series of art and cultural activities, including galleries, exhibitions, music concerts, relevant lectures, etc. These activities were open to our employees and their families and friends for free.



B Movie appreciation and group purchase of tickets for art and cultural activities

We offer 4 movie tickets to each employee every year to encourage them to watch movies for stress relief, and the employees may choose the tickets of the Miramar Cinemas, the Vie Show Cinemas or other cinemas. In addition, we make group purchases of tickets for movies, and art and cultural activities to give our employees incentives to maintain their physical and psychological health with art and cultural activities.

✿ Other Attentive Services

A Car wash service

We provide the all-day car wash service for employees in the car wash area in the basement of the office building where the Company is located on Tuesday every two weeks, including manual car wash and interior car cleaning services. The employees may drive their beloved cars to the B4 car wash area in the headquarters building at the appointment time for the services and pay on-site. The cars of the employees remain clean as new with such services. Therefore, these services receive a lot of positive reviews.

B Laundry service

The professional laundry that we work with dispatches personnel to collect clothes to be cleaned and send back the clothes washed and ironed on every Monday and Thursday. Employees who need to wash their clothes may handle their laundry with the service during their working hours in the office building without sending out the laundry or getting back the clothes in a hurry after work.

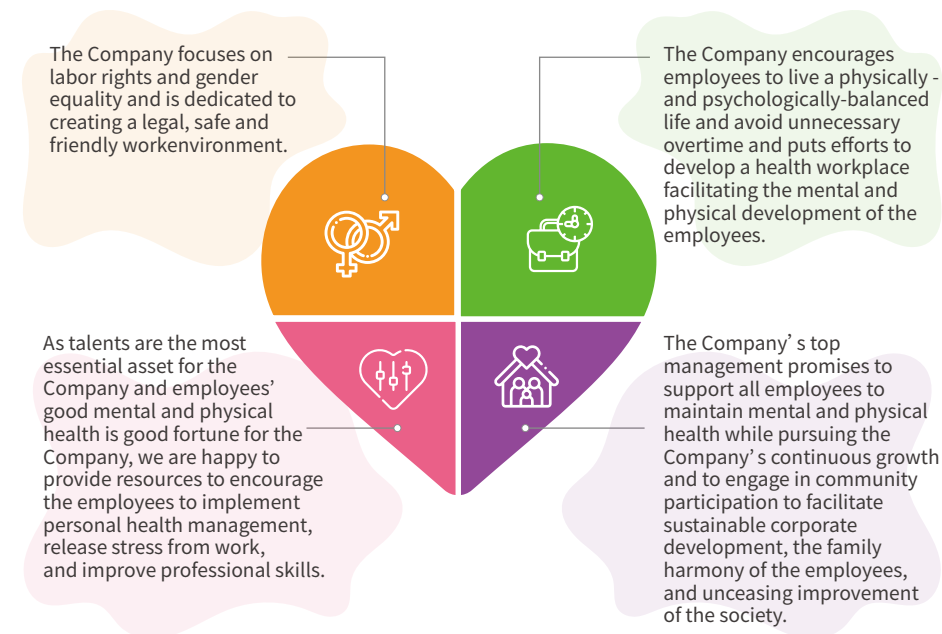
4.3.2 Health Promotion

Since we consider employees as the most important asset, we have been dedicated to creating a healthy workplace and providing our employees with a safe and comfortable environment in terms of hardware and software. Moreover, we also organize health examination, cancer screening tests, physical fitness tests and training, weight loss contests, health lectures, stress relief lectures, healthy parties, healthy diet promotion, etc. to help the employees gain knowledge on and start the habits of healthy diets and exercise in daily life. These measures not only help create a corporate health culture and implement healthy management, but also convey health information to the employees' families, thereby creating a happy workplace which is an essential foundation of society.

✿ CBF's Healthy Workplace Philosophy

We put much attention on the balanced development of employees' work and life and believe that since they spend more time with colleagues in the workplace than with families, we have the responsibility to take care of our employees and be dedicated to building a healthy workplace. This enables our employees to live a physically- and psychologically-balanced life, thereby stabilizing the society and facilitating the progress towards a society with physical and psychological health and wealth.

✿ CBF's Healthy Workplace Declaration



✿ Healthy Workplace Policy

To strengthen employee care and create a happy workplace, we made the "Healthy Workplace Declaration" in 2016 as the policy for healthy workplace promotion. In addition, through clubs, sports courses, sports days, installing smart sport equipment, a series of health month activities, body weight control classes, etc., we can help the employees get into the habit of healthy diets and exercise to avoid obesity and chronic diseases in order to implement our health workplace philosophy focusing on work-life balance.

✿ Healthy Workplace Performance

We currently have about 155 employees and provide free health examination for them every year. (The health check was suspended in 2021 due to the pandemic). Physical fitness testing has been held many times during the past few years to make employees pay attention to their own health status and inspire them to improve their physical health and fitness. The Company grasps the needs of the employees and carefully plans health promotion programs through the aforesaid tests, questionnaires and interviews. In recent years, weight loss activities have been held every year, and dietitians, fitness coaches and experts have been invited to healthy meal parties, fitness training or lectures. Therefore, we and our employees have gained more and more knowledge and information about health management, and our health promotion activities have been improved and innovated.

CBF passed the Healthy Workplace Certification of the Ministry of Health and Welfare and received the "Badge of Health Activation" in 2015 and was further awarded the "Badge of Health Promotion" and won the "2nd Place of the Excellent Healthy Workplace in Taipei City" and the "Healthy Teamwork Award of the National Excellent Healthy Workplace" in 2016. In 2017, we had Chinese medicine weight loss classes, etc. and were invited by the Department of Health, Taipei City Government for excellent performance of health workplace promotion to share the results to the public. Our performance was reported by Liberty Times and other media. In August 2017, CBF was selected as one of the three national model enterprises in the "Smart and Healthy Workplace Program" of the Health Promotion Administration, MOHW. CBF was awarded the i Sport Enterprise Certification by the Sport Administration, Ministry of Education in 2018. After continuous improvement and efforts, we again received the "Badge of Health Promotion" and won the "1st Place of the Taipei City Excellent Healthy Workplace" and the "Sustainable Excellence Award," the highest honor of the National Excellent Healthy Workplace of the Health Promotion Administration, MOHW in 2019. We received the "i Sport Enterprise Certification" again in 2020.

✿ Healthy Workplace Implementation

A Health Examination and Cancer Screening Test

① Health Examination

Since modern civilization diseases have become common and we believe that prevention is better than cure, a health examination plan has been established every year since 2010 to draw up three health exam programs based on employees' age in order for every employee to receive physical examination. After the plan has been implemented in recent years, the medical test results of some of the employees participating in the health examination plan of the Company showed abnormalities. Fortunately, they have now recovered with early detection and treatment. The Company assigned substitutes for the employees under treatment to allow them to undergo treatment with no worries. In 2021, due to the impact of the pandemic, the employee health checkup initiatives were not carried out. However, in the latter half of 2022, as the pandemic situation eased, we resumed the implementation of health examinations. The primary focus was on considering employee health promotion and disease prevention. Moreover, particular attention was given to the physical well-being of employees in the post-pandemic era. As of the end of 2022, statistics indicate that a total of 138 employees participated in the health checkup program, with an examination rate approaching 90%. This signifies the effective execution of the program. In November 2019, in conjunction with the blood donation activity, the Company cooperated with Neihu Health Service Center to organize free screening for oral cancer and colorectal cancer (fecal occult blood) and invited medical institutions to organize oral cancer and colorectal cancer screening at the event site with 40 employees or non-employee people participating.

On the date of the winter blood donation activity, November 29, 2019, we invited medical institutions to conduct on-site oral cancer and colon cancer screening tests taken by more than 40 employees and citizens.



② On-site Healthcare Service

In December 2019, the Company contracted with a Ministry of Labor-approved and certified company, "Summit Healthcare Co., Ltd.," to provide on-site healthcare services. There are medical staff stationed at the Company twice a month to provide one-on-one health consultation services to the employees. The main services include general health and disease consultation, the health management and instruction of abnormal physical exam findings, the prevention and consultation of occupational diseases, musculoskeletal disease prevention, maternity health protection, occupational health risk assessment, return-to-work assessment after occupational disasters, work environment improvement, and other health services. In February 2020, we made surveys about the symptoms of musculoskeletal disorders and musculoskeletal overload with online questionnaires. In 2021, there was the campaign on the prevention and control of hypertension and assistance was provided in preparing a plan against diseases triggered by abnormal workloads, the maternity health protection program, and the ergonomic hazard prevention plan, etc.



2022 was marked the beginning of the "post-pandemic era," where heightened awareness of health became prevalent. Through the assistance of professional healthcare providers offering one-on-one services, employees at China Bills have increased their focus on health examination results and gradually begun to pay attention to wellness practices, fostering a positive approach towards maintaining good health. Simultaneously, China Bills, in collaboration with contracted healthcare institutions, has consistently promoted four major plans for labor health protection. These plans include actively addressing unlawful infringements against professional practice and closely monitoring incidents of unlawful violations involving colleagues. Additionally, channels for consultation and support are provided to address these concerns.

B Healthy Workplace Campaign

① Breakthroughs in Pandemic

The Covid 19 epidemic spread around the world from 2020 to 2021, and Taiwan was also on the second-level or even third-level alert for the epidemic during this period. The epidemic hindered gatherings, making it difficult to hold various activities. CBF suspended physical activities such as physical fitness training classes and healthy cooking parties, but still encouraged the employees to pay attention to health and maintain exercise habits through activities such as online diet lectures and online hiking.

In September 2020, the Company encouraged the employees to use their mobile phones and apps to participate in the "Healthy Walking Millions" online walking competition organized by the Department of Health, Taipei City Government. A total of 701 people from 154 teams signed up for the event, and 45 employees from CBF formed 9 teams to participate. Within one month, these 9 teams all accumulated the number of walked steps up to the threshold of one million, and one team stood out from the 154 teams to win the fourth place, an outstanding result indeed.

When the pandemic eased in the second half of 2020, the Company held a photo contest for employees to encourage the employees and their families to engage in healthy.

The Company launched the Healthy Diet Therapy e-School in September, 2021. Forty percent of the employees took the class online together to learn the diet for and the knowledge on the prevention of cardiovascular diseases during the lunch break. The employees had much takeaway from the program and particularly good response to it. In addition, in October, 2021, the Company cooperated with the Taiwan Cancer Foundation to hold a CBF version of the pink walking activity for the employees. A total of 106 people from the head office and branches participated. All the participants achieved their walking goals and received rewards within one month.

In the latter half of 2022, during the post-pandemic preparedness era, efforts were made to achieve a balanced development between work and life. Through workplace health promotion services, a focus was placed on employees' physical, mental, and social well-being, aiming to provide a healthy, friendly, and safe working environment. On October 11th (Friday) during the lunch break, healthy meal boxes were provided. Simultaneously, a health seminar was conducted through an online video platform (Google Meet), with a total of 94 employees from the head office participating. A nutritionist conveyed accurate nutritional perspectives and health knowledge, encouraging employees to establish self-health management practices and prevent diseases. This initiative aimed to foster a culture of leading by example, mutual encouragement among colleagues, and a collective commitment to well-being.

② The Formation of Sports Culture

CBF is a company with an exercise culture. The exercise ethos has gradually taken form thanks to with the Company's long-term promotion efforts. The Company worked together with the professional sports teams from the University of Taipei from 2017 to 2019 to offer free physical fitness tests and consulting services for employees every year. The Company organized the fitness training class together with the University of Taipei for 3 consecutive years of 2017, 2018 and 2019. Based on the topic, we arranged 2 to 4 lessons a month and a session lasted for about 1 to 3 months. A professional sports coach was invited to the after-work class held in the evening and employees might take the class for free. The course covered upper- and lower-limb exercises, full-body circuit workouts, stretches, etc, and used dumbbells, resistance bands, foam rollers, mats, stairs and other equipment. The long-term physical fitness course along with various internal sport clubs increased our employees' participation in exercise, and the physical fitness class was popular among the employees.

In 2019, smart health facilities installed in the company, such as health stations (which can measure blood pressure, weight, body fat, emotional stress index, etc.), Bluetooth bicycles equipped with tablet computers and game functions were used to hold the Health Month activities, which included the 15-day Health Kiosk measurement challenge, healthy meal parties, exercise courses, physical fitness tests. At the end of the health month, the President personally awarded prizes to employees who achieved the 15-day health measurement or fat reduction goal. During August and October 2019, the Company organized the "Healthy Body Weight Control Class" to look for employees to participate in the Taipei City Healthy Body Weight Challenge and held monthly healthy meal parties and exercise courses to improve the motivation of the employees for continuously performing health management.

Through tests, questionnaires and interviews, we found that, after long-term and continuous efforts, the percentage of employees whose blood pressure was higher than the normal range reduced from 70% to 58% over the past year, and their intake of vegetables and fruit and the amount of water they drank improved. The results also show that the number of employees who made exercise (doing exercise at gyms or walking) a habit increased and 50% of the employees prepared their own lunch boxes at home, demonstrating that their health awareness increased significantly. In the past three years, the number of sick/injury leaves taken by employees and the hours of such leave in a whole year are shown as follows: 41 employees with 744 hours in 2018, 16 employees with 347 hours in 2019, 17 employees with 499 hours in 2020, 17 employees with 574 hours in 2021, 23 employees with 560 hours in 2022. The number of sick/injury leaves taken by employees and the total hours reduced by 44% and 25%, respectively, over the past three years, compared to 2018. Since CBF has successfully promoted the healthy and happy workplace, which facilitates the Company's stable operation. We will endeavor to help employees become health experts possessing knowledge and activeness so as to allow them to convey health information to families and communities in addition to taking good care of themselves.

③ Healthy and Relaxing Environment

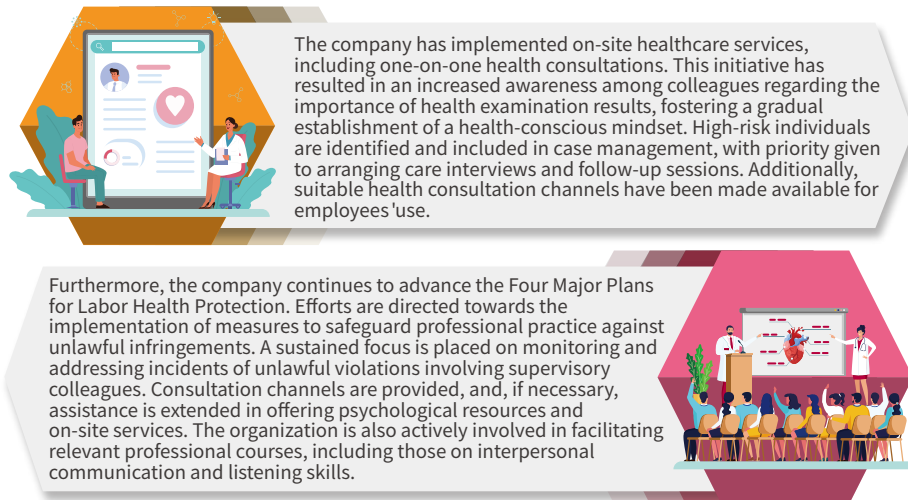
CBF's office building is equipped with hardware facilities with good lighting and warm atmosphere and the work environment is relaxing. Our employees are better able to live a physically- and psychologically-balanced life by working in the stable, comfortable, healthy, friendly and happy workplace. We have a concert hall, gallery and lounge in place in the building to foster an arts-rich environment. A reading area is set up in the office. Employees may borrow books at any time to find inner peace through reading. There is a dining area in the office building where employees can watch news on TV while having lunch. A large refrigerator, drinking fountain, vending machine and steamer are placed in the corner of the restaurant. We have microwaves, electric pots, drinking fountains in the pantry room in all offices to encourage employees to prepare their own lunch to eat healthy diets.

4.3.3 Safety and Health

To ensure work safety, the Work Code of Practice for Safety and Health was formulated by the labor representatives as CBF attaches importance to safety and health and continues to convey “the idea of respect for life and health” and “the idea of making sure that the accidents can be prevented”.




CBF believes that the meaning of safety is to ensure the peace and soundness of lives so they can be free from the danger which leads to injury or death during work, everyday life and even travel or vacation. In the workplace and during the renovation project, the principle of health and human life should still be adhered to the highest priority. As far as labor is concerned, the right to life is far more important than the right to work, and labor safety is the most important working condition that all employers and all employees must work together to maintain. In addition, CBF also believes that occupational disasters are different from natural disasters and are absolutely preventable. The most important thing is to follow the safety and health work methods of various operations, and indeed wear safety and health protection equipment in accordance with regulations to implement occupational safety and health management measures.




In 2022, China Bills collaborated with the contracted healthcare institution, Summit Healthcare Co., Ltd, to implement the following initiatives:



✿ Safety and Health Management

Management Issue	Promotion Measure
 Health and Safety Management	<ul style="list-style-type: none"> Health check is mandatory for new employees and is provided to all employees every year. Security in the buildings is uniformly managed by the superintendent with CCTV installed in every public space. Workplace entrances, stairs, passages and safety doors need to be equipped with appropriate lighting and emergency lighting systems in case that the normal lighting system fails. The passages, floors and steps of the workplace should take necessary precautions to keep workers safe from falling, slipping, trampling, etc. A responsible person for labor safety is provided as the liaison for providing labor safety reports to the labor bureau. Due to the characteristics of the industry, no direct occupational injury case has been reported, but there are records of those who have traffic accidents on the way to work. Regarding the emergency response to major diseases, during the epidemic prevention period, prepare alcohol sterilizers, masks and ear thermometers for the employees to use, and urge them not to travel to the area as much as possible, and similar symptoms must be reported. Regularly appoints a cleaning company to clean and disinfect the workplace every year. In support of the healthy workplace activities, some employees use elevating computer desks to reduce lengthy sitting in chairs. Soft courses for body and mind are included in the annual internal education and training.
 Emergency Disaster Prevention	<ul style="list-style-type: none"> Safety gates and safety ladders must not be locked, articles must not be stacked in their passages, and relevant safety gates and safety ladders must be clearly marked. Regular fire drills are held every year, and fire-fighting equipment is regularly tested; fire-fighting teams are organized on each floor, and the building superintendent is responsible for holding fire-fighting drills twice a year. The building management committee is responsible for the management of building security personnel, and regularly provides relevant training on building evacuation, security work requirements and entry and exit personnel registration. Fire extinguishers are fixed and marked to prevent misplacement in case of emergency. The building management is responsible for erecting waterproof gates at the main entrances and exits before the storm and flood,

Management Issue	Promotion Measure
 <p>Contractor Management</p>	<ul style="list-style-type: none"> ♦ Access control: The contractor's labor and the machinery and equipment brought in must be verified before being permitted to enter the company's premise for operation. ♦ Education and training: The contractor is required to receive the safety and health education and training stipulated by the law and the relevant education and training of the operation before agreeing to the contractor to engage in the operation. ♦ Notification of danger: The contractor must be clearly informed of the risk factors in the operation before the operation, which must be included in the contract, requiring the contractor to take preventive measures, and clearly inform its workers of the risk factors. ♦ Coordination organization: When working with multiple contractors, there must be a coordination organization to direct and coordinate the joint operation. Each contractor implements occupational disaster prevention matters and prepares workplace signs, provides places for placing hazardous containers and safety measures for the use of electrical machinery, appliances and scaffolds to avoid disasters caused by work interference.
 <p>Smoke-free environment</p>	<ul style="list-style-type: none"> ♦ Smoking is fully forbidden inside the office building and in outdoor places except for specific smoking areas.
 <p>Humanized space</p>	<ul style="list-style-type: none"> ♦ Create a workplace that is in line with physiological health, with physical, chemical, human factors, overwork, and other hazards considered. Provide employees with good equipment and thoughtful planning in the aspects of office lighting, natural lighting, vision, greening, desks and chairs, drinking water, health facilities, catering space, and resource recycling and safe escape.

Management Issue	Promotion Measure
 <p>Maternal health protection</p>	<ul style="list-style-type: none"> ♦ Breastfeeding rooms are set up for the use of employees who are mothers with babies to implement maternal health protection. The breastfeeding rooms are cleaned and managed by special personnel on a regular basis.
 <p>Abnormal situation management and prevention</p>	<ul style="list-style-type: none"> ♦ To comply with the Labor Standards Law and take into account the health of employees, the extended working hours and normal working hours of employees shall not exceed 12 hours per day, and the extended working hours shall not exceed 46 hours per month. ♦ Formulate employee overtime management instructions to clearly set the number of working hours per week at 40 hours, overtime work per month shall not exceed 46 hours, and overtime work per day shall be limited to 4 hours. At present, overtime work is not common in the whole company, and there has been no case of forced labor. ♦ Employees should sign in/out online when they go on/off duty every day; if an employee is absent and fails to sign out after working hours, the system will automatically send a reminder notice to sign out and if no overtime application is made, the company's relevant business system will log out the personnel in the designated time; in addition, to prevent employees from working overtime, the building security personnel regularly patrol (telephone notification) to remind the employee of the gate closing time.
 <p>Occupational Accident</p>	<ul style="list-style-type: none"> ♦ No employee in CBF has suffered a disability injury in the past three years, so the Disabling Frequency Rate (F.R.) and Disabling Severity Rate (S.R.) are both zero.

✿ Approaches Amidst the Pandemic

In response to the severe situation of the epidemic in 2021 and to maintain uninterrupted operations, approaches such as working on alternate schedules, off-site backup, and home office were launched to reduce the impact of the epidemic. With the development of the epidemic, the time of working from home has been extended, which has affected and mental health of the employees. The Company contacts the employees through video or telephone calls from time to time to show its care for them.

To take care of the health of all employees, the Company has purchased additional group insurance coverage for them for covering the expenses of outpatient, inpatient medical treatment, surgery fees, ward fees and emergency fees; to respond to alert level 3 across Taiwan in 2021, employee pandemic insurance was added to supplement the payment of claims related to statutory infectious diseases. In 2022, to ensure a sense of security for employees during the ongoing pandemic, the company continued to uphold preventive measures for the entire staff. Additionally, each employee was provided with at-home rapid antigen test kits. The implementation of a rapid screening health reporting mechanism was introduced to diligently prevent personnel from traveling during holidays and to mitigate the potential risk of cluster infections arising from frequent activities.



CH5 Positive Impact · Contribution to the Society



- With the corporate belief of “taking from the society and contributing to the society,” CBF has spent NT\$2,173,000 on social welfare (cash donation/cash support) in the last three years.
- Supporting the career development programs for underprivileged youth on campus and promoting a secure learning environment for disadvantaged families' young members, China Bills sponsors the Happy Angels Promotion Association. This sponsorship aims to inspire underprivileged students to earnestly pursue education and transform their lives
- Cumulatively, a total of 1,694 qualified people donated blood between 2015 and 2022 and a total of 2,618 bags, that is, 654,500 cc, of blood, was collected to benefit needy patients
- Over the past seven years, from 2016 to 2022, a total of 10 clothing donation events have been organized, resulting in the contribution of 14,270 items. This initiative has collectively reduced the carbon footprint by more than 90,000 kg of CO₂
- In the year 2022, Huapiao collaborated with the International Golden Z Club to jointly invite students from various universities in the northern region to attend financial education lectures at the company. The aim was to assist young students in understanding the financial industry and enhancing their financial knowledge
- Organizing ecological guided tours to deeply instill the concept of environmental conservation in the hearts of both employees and their friends and family members

5.1 Social Engagement

5.1.1 Social Investment

✿ Social Participation Philosophy

We believe that companies, as profit-seeking enterprises, shall not only aim at pursuing maximum profits, but also promote corporate and social prosperity to become the most robust foundation for a prosperous society. As one of the three largest bill finance corporations in Taiwan, CBF insists on the core management philosophy of “Gratitude, Cherishment and Improvement” to implement the corporate social responsibility during business operation. Moreover, in response to the corporate belief of “taking from the society and contributing to the society,” CBF continuously invests human and material resources, actively participates in various public welfare campaigns, supports social welfare groups to take care of the society in the hope to create a peaceful society and generate co-benefits.

✿ Main Social Participation Area

In terms of care for public welfare, cherishment and environmental protection, art and culture, emergency aid, and support for financial and economic development, the Company continues to work with nonprofit groups, actively participate in social welfare campaigns and provide human and material resources or expertise. We hope that this can help eliminate hunger and poverty as well as allow children in rural areas to receive education. At the same time, we also make an appeal to care for the earth, pay attention to environmental protection, cherish things, respect history and culture, improve humanistic literacy, promote financial education, and support financial and economic development. In case of serious natural disasters occurring in Taiwan, the Company is actively engaged in emergency aid since everyone is in the same boat.

✿ 2022 Involvement

The Company's social welfare expense (cash donation/cash support) in 2022 totaled NT\$900,000. The social welfare expense (cash donation/cash support) accumulated in the last three years from 2020 to 2022 amounted to NT\$2,173,000. The public welfare activities to be organized in 2021 were postponed to avoid gathering due to the COVID-19 pandemic, and the Asian Youth Orchestra that we have provided long-term support canceled its 2020 and 2021 Asia tours. As a result, the Company's social welfare expense in 2021 was less than 2020.

A Cash Donation/Cash Support

Year	Category	Parties receiving cash donations/support	Invested amount (NTD)	Region	Remarks
2020	Care for Public Welfare	Friends of Police Association	750,000	Taipei	Support to police officers’ works
	Care for Public Welfare	Taiwan Fund for Children and Families	10,000	Taoyuan	Protecting children in poverty from hunger
	Care for Public Welfare	Andrew Food Bank	10,000	Taipei	Protecting children in poverty from hunger
	A cumulative total of NT\$770,000 in 2020				
2021	sponsorship	Criminal Investigation and Defense Association of R.O.C	300,000	Taipei	Support to police officers’ works
	sponsorship	Taiwan Cancer Foundation	53,000	Taoyuan	Care for cancer patients
	Care for Public Welfare	Happy Angel Association	150,000	Taipei	Support to the students from impoverished families with Campus Career Program
	A cumulative total of NT\$503,000 in 2021				
2022	Care for Public Welfare	Friends of Police Association	750,000	Taipei	Support to police officers’ works
	Care for Public Welfare	Happy Angel Association	150,000	Taipei	Supporting disadvantaged families and encourage underprivileged youth in their pursuit of education.
	A cumulative total of NT\$900,000 in 2022				
Total NT\$2,173,000 in the last three years					

B Supply Donation

Year	Category	Parties receiving supply donations	Invested amount (NTD)	Region	Remarks
2020	Care for Public Welfare	Taipei Blood Center	4,000 vacuum smolder pots	Cities of Taipei, New Taipei, Keelung	Donation of vacuum smolder pots
	Care for Public Welfare	18 organizations including Huashan Social Welfare Foundation, etc.	2310 vacuum smolder pots	Nationwide	Donation of vacuum smolder pots
	Carbon Reduction and Public Welfare	Taipei Mental Rehabilitation Association, Story Wear, a social enterprise	1084 items of clothes	Taipei	Donation of second-hand clothes for public welfare and carbon reduction & environmental protection
2021	Education Care	Scholarship and award presentation ceremony of Zonta International for impoverished students	30 coffee gift boxes	Taipei	Prize for scholarship recipients
	Education Care	Archery team of Gan Yaun Elementary School, basketball club of Rui Bin Elementary School	Handmade cookie gift boxes	New Taipei City	Encouraging disadvantaged students to learn
	Carbon Reduction and Public Welfare	Taipei Mental Rehabilitation Association and Eden Social Welfare Foundation	1621 items of clothes	Taipei	Donation of second-hand clothes for public welfare and cherishment & environmental protection
2022	Carbon Reduction Charity	Yanhui Library	138 books	Taipei	Implementing waste reduction and resource recycling, prolonging the life of books, and aiding disadvantaged individuals
	Educational Care	Excellent Long-Established University Consortium of Taiwan (consisting of 13 universities)	Epidemic Prevention Gift Boxes	Taipei New Taipei City Taoyuan City Taichung City	Rewarding financially disadvantaged university students
	Carbon Reduction and Public Welfare	Eden Social Welfare Foundation	303 pieces of clothing	Taipei	Second-hand clothing for charitable purposes, promoting both compassion and environmental conservation
	Educational Care	Supporting the archery team at Ganyuan Elementary School and the basketball club at Ruibin Elementary School	Handmade Soap Gift Boxes	New Taipei City	Encouraging learning for underprivileged students
	Educational Care	The Happy Angels Association organizes the Happy Angels Charity Basketball Cup	200 bottles of mineral water.	New Taipei City	Supporting the development of basketball skills among talented children in remote areas

C Public Welfare Procurement

We conduct public welfare procurement on an irregular basis to support public welfare organizations, smallholders or disadvantaged minorities by converting the consumption. For example, in 2022, purchases were made from the Miaoli Youth Farmer Team for products used as gifts during the Dragon Boat Festival. Additionally, handmade soap gift boxes and epidemic prevention gift boxes from the Syn-Lu Social Welfare Foundation were procured for blood donation campaigns and sponsorship of supplies. In 2021 the Company purchased gift boxes of handmade biscuits from the shelter workshop of the New Dawn Orphanage in Hualien and Malawi coffee from the Bjørgaas Foundation and use them as gifts for blood donation and walking activities, and purchased agricultural products from the petite farmers in Miaoli as gifts for senior employees who have served for more than ten years. The Company purchased the “Jujubes for Blood Donation” gift boxes in 2020 to support the joint farming group consisting of local young farmers in Gongguan Township, Miaoli to implement organic farming and the activation and creation plan for buildings built hundreds of years ago and villages. The Company also purchased Malawi coffee from Bjørgaas Foundation to support its community service plan for Malawi, Africa. In 2019, it purchased quinoa gift boxes from the sheltered workshop of Mennonite New Dawn Home in Hualien and drip bag coffee from Bjørgaas Foundation. In recent year, The Company purchased cards made by mouth and foot painters for the Lunar New Year every year. The amount of public welfare procurement in 2022 was NT\$143,315.



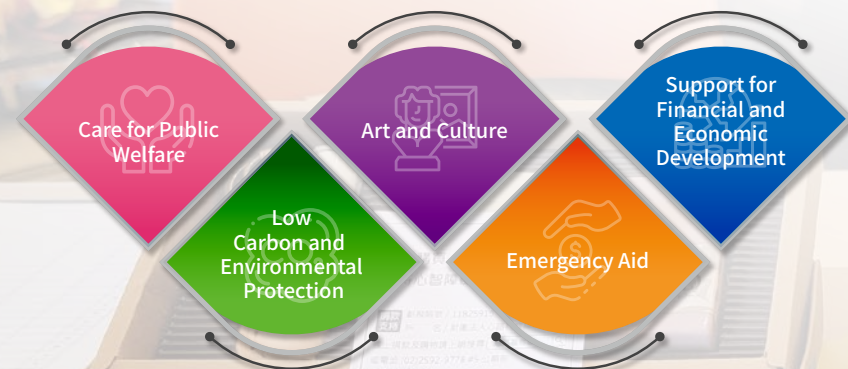
Year	Item	Amount (NTD)	Description
2020	Purchase of New Year cards from mouth and foot painters	10,800	We purchased cards made by mouth and foot painters for the Lunar New Year.
	“Jujubes for Blood Donation” gift boxes	59,500	We supported the joint farming group consisting of local young farmers in Gongguan Township, Miaoli County to implement organic farming and the activation and creation plan for buildings built hundreds of years ago and villages.
	Malawi coffee from Bjørgaas Foundation	35,700	We supported the community service plan for Malawi, Africa.
2021	Purchase of New Year cards from mouth and foot painters	14,600	We purchased cards made by mouth and foot painters for the Lunar New Year.
	Yuherbau Litchis in Dashu, Kaoshiung City	79,800	We purchased 24 Yuherbau Litchi gift boxes from smallholders in Dashu and donated NTD 10 per box to Genesis Social Welfare Foundation in Kaohsiung.
	Purchase pineapples from Shan Dao Shu Yuan (SDSY) in Pingtung	80,920	We ordered 10 cartons of pineapples planted jointly by the teachers and students.
	agricultural products	21,000	We supported the petite farmers in Miaoli to develop organic farming and revitalize century-old houses.
2022	Purchase of New Year cards from mouth and foot painters	11,700	We purchased cards made by mouth and foot painters for the Lunar New Year.
	Miaoli Youth Farmer Team Organic Red Jujube Gift Box	36,715	Encouraging local youth in Miaoli to engage in community revitalization efforts and show care for the elderly in the local communities.
	Handmade soap gift boxes and epidemic prevention gift boxes from the Syn-Lu Social Welfare Foundation.	94,900	Supporting the Syn-Lu Social Welfare Foundation by purchasing gift boxes for use as blood donation giveaways and sponsorship for underprivileged children in distant areas.

In August, CBF learned that fishermen in areas like Ruifang were affected by the tense cross-strait relations, leading to setbacks in the export of their products and affecting their livelihoods. In response, China Bills collaborated with the New Taipei City-based non-profit organization Happiness Angels Promotion Association to initiate a public welfare group-buying campaign. Together, they invited employees to collectively purchase seafood products directly from the fishermen, such as squid, whitebait, and ribbon fish. This initiative aimed to not only enjoy high-quality and delicious seafood but also to assist the fishermen in overcoming their challenges.

5.1.2 Activities

Our social participation policy mainly focuses on meeting social needs and international sustainable trends, providing long-term support, and facilitating welfare participation in daily life. For social participation, we put emphasis on five aspects of care for public welfare, cherishment and environmental protection, art and culture, emergency aid, and support for financial and economic development. In recent years, we hold regular blood donation sessions (in summer/winter) every year, donate clothes (in spring and fall) and serve at the food bank to provide assistance for youths and seniors. In terms of art and culture, in addition to making donations to or supporting excellent artistic and cultural promotion or performance groups, we organize music appreciation activities, artistic and cultural institution tours and historical site guide tours, increase the awareness of art and culture, and care for heritage site activation and cultural development. As for emergency aid, we come forward with help and make donations when serious social disasters occur. CBF never falls behind on charity. With regard to support for financial and economic development, we actively participate in the financial education and training of universities and sponsor innovation and startup competitions.

For resource investment, in addition to financial and material resources, the employees of the Company participate in the public welfare activities organized by or co-organized by the Company. In January 2016, our volunteer club was formed to encourage the employees to take part in activities with respect to public welfare, ecological protection and cultural care. The club arranges various activities on a continuous basis, such as beach cleanups, mountain cleanups, book sorting volunteers, volunteer service at Andrew Food Bank, Taiwanese native plant tours, visits to repaired and restored historical sites, and assistance provision at Andrew Food Bank, Harmony Home WenShan and other charity organizations.



* Care for Public Welfare

A Blood Donation

Since 2015, China Bills has collaborated with the Taipei Blood Center to organize annual blood donation events. Each year, the center dispatches a mobile blood donation unit to the plaza in front of China Bills' office building for a one-day blood donation drive. Employees roll up their sleeves to donate blood, contributing to alleviating blood shortages. The headquarter of China Bills is located in the Neihu Technology Park. In the second half of the year 2022, as the pandemic gradually eased, delayed surgeries resumed. According to statistics from the Taiwan Blood Foundation, the nationwide shortage of blood remains a concern. To contribute to the efforts in Neihu District, China Bills organized a blood donation event in August 2022. The call to action extended to company employees, Neihu Science Park professionals, and residents from the local community. In total, 105 eligible donors successfully completed blood donations, collecting a total of 150 bags, equivalent to 37,500 cc of life-saving blood. We held blood donation activity in November 2021 and 175 blood bags were collected from 113 qualified donors, totaling 43,750cc of precious blood. Cumulatively, a total of 1589 qualified people donated blood between 2015 and 2021 and a total of 2468 bags, that is, 617,000 cc, of blood, was collected to benefit needy patients. It is worth mentioning that more than 50% of the qualified blood donors in each activity were external donors such as residents of communities. This indicates that our blood donation activities have an effect on the communities.



Because of the impact from the COVID-19 pandemic in the first half of 2020, the number of blood donation sessions around Taiwan reduced, causing blood shortage in the blood bank of the blood center. To help raise the willingness of blood donation, we donated 4,000 vacuum smolder pots to the blood center in February 2020 as the gifts for donors in blood donation activities held in March in Northern Taiwan (cities of Taipei, New Taipei and Keelung). According to the data from the center, such donation helped increase the number of donors donating 500cc of blood by more than 4% generally in each location, demonstrating a significant effect.

B Respect for Seniors

As Taiwan will become a super-aged society with a growing population of elderly people, the importance of nursing and caring issues for the elderly increases in the society. Since 2018 (the 40th anniversary of the Company), we have developed the assistance program for seniors. From 2018 to 2021, we donated more than 12,000 vacuum smolder pots to the more than thirty organizations such as nursing homes, veteran homes, food bank, social welfare foundations, Ethical Charity Association, etc.. We gave these pots as gifts for the Double Ninth Festival, Christmas, winter relief, Neighbour's Day, and blood donation and provided needed supplies or donations from the employees to bring warmth and material support to these families and seniors.

The Company has continued to provide financial and material aid to disadvantaged families and encourage the children in these families to devote themselves to learning. In 2021, donations were made to the Happy Angel Association to support the students from impoverished families for them to study with a peace of mind and personnel were dispatched to visit the archery team of Gan Yuan Elementary School in Shulin and the basketball team of Rui Bin Elementary School in Ruifang with gifts bestowed to wish the students a happy new year and encourage them to study hard and achieve great performance.

To protect children from disadvantaged families from hunger and help them grow in a comfortable environment, we have supported Andrew Food Bank by donating supplies, collecting donations from employees and serving as volunteers since 2017. The Bank provided children under 15 with “food packages” every month. It has supported more than 5,000 children up to now. In 2020, our volunteer club went to the talent exhibition held in the National Dr. Sun Yat-sen Memorial Hall by Andrew Food Bank for children’s welfare and represented the Company to donate NT\$10,000 to support it to promote such meaningful activities on a continuous basis.

From November 27 to 29, 2019, a charity flea market was held on the 3rd floor in the Taipei headquarters. Many employees not only donated second-hand items for sale beforehand, but also actively purchase items in the market during the period. The total earnings in the three-day rummage sale amounted up to NT\$50,000, of which NT\$30,000 was donated to “Harmony Home WenShan” for stateless babies and NT\$20,000 was used to subscribe 10 boxes of new year food provided by “Andrew Food Bank” for families in poverty.

✿ Low Carbon and Environmental Protection

A Clothing Donation

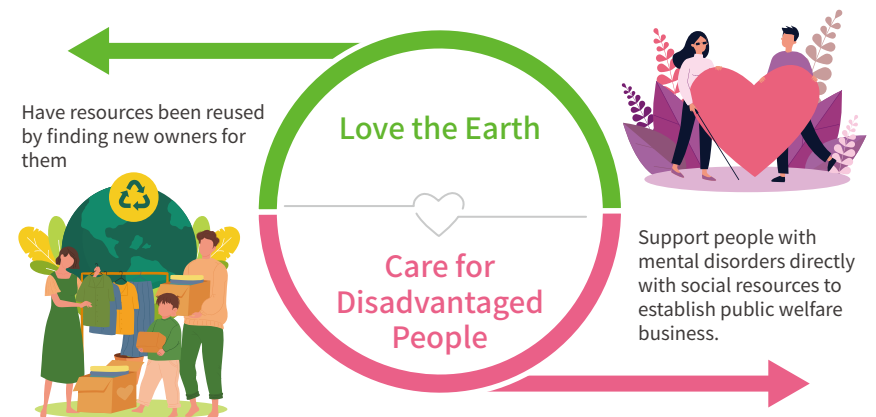
We organized the first clothes donation activity in September 2016 and aroused great enthusiastic support. Hence, we have arranged two clothes donation activities every year since 2017 by collecting the clothes that the employees and their relatives did not use frequently and then donating them to social welfare groups for reuse. By doing so, we can not only make good use of resources by cherishing what we have to help disadvantaged minorities, but also reduce disposed clothes to mitigate carbon emission and implement environmental protection in life. However, we only held one clothes donation activity in September due to the pandemic in 2020. There were 49 people participating in the activity by donating clothes. We collected 1,084 items of clothes (mainly for spring and summer), of which 73 pairs of jeans were donated to Story Wear and other clothes were donated to Taipei Psychological Rehabilitation Families Association. For the spring clothes donation campaign held in October 2021, a total of 1621 pieces of clothes were successfully collected from 34 donors and were given to the Taipei Mental Rehabilitation Association where patients gradually recovering in mental health can help sort through used clothes in exchange for wages and the Association can support its operation by selling the used clothes, too.



In the latter half of 2022, as the pandemic gradually came under control, though uncertainties persisted, a single event was organized in December. The response was enthusiastic, with active participation from various departments. In total, 303 pieces of clothing were collected and generously donated to the Eden Social Welfare Foundation. This practical initiative supports environmental sustainability, promotes sustainable development, and initiates a cycle of compassion to aid families in need.

An accumulation of 10 clothes donation activities were organized from 2016 to 2022, and there were a total of 14,270 items of clothes donated, decreasing CO₂ emissions of daily carbon footprints by at least 90,000 kg.

During the clothes donation activity in September 2020, our volunteer club visited Story Wear to understand sustainable issues in fashion. It was found that the pollution from the production process of a pair of jeans is 7 times the pollution for regular clothes, hence recycling jeans can significantly reduce the pollution from the production of clothes to the earth. For example, Story Wear used 7 pairs of recycled jeans to make a jacket. The recycled jeans were sent to Syin-Lu Social Welfare Foundation for secondary cleaning and then female staff trained by a cooperative unit, Taipei Awakening Association, made the jeans into jackets, hand bags, backpacks, etc.. The earnings from selling these items could support the platform promoting sustainable fashion. The processes of recycling and reproduction helped Story Wear, a social enterprise, Syin-Lu Social Welfare Foundation (allowing youths with mental illness have the opportunity to work) and disadvantaged women (the trainees were mostly mothers with cerebral palsy, single moms, etc.), which were extraordinarily meaningful.



B Computer Donation

To implement our core management philosophy of “Gratitude, Cherishment and Improvement,” we had made an inventory of our old computers from 2015 to 2020, and make donations for public welfare to implement our philosophy of cherishment, environmental protection, and care for public welfare. The computers were donated to Hualien County Growth Holistic Care Association (through which they were given to the children guidance classrooms in the remote areas of Hualien and Taitung or to the schoolwork guidance institutions for the children from poor families in New Taipei City). The donated devices included computers, LCD displays, keyboards and mice. In 2020, employees might purchase the Company’s second-hand computer devices. The earnings of NT\$10,000 were donated to Andrew Food Bank.

C Book Donation and Sorting

To implement our philosophy of cherishment, we worked together with Mollie Used Books to organize the 3-week “Donate Books for Cherishment & Deliver Love to TFCF” activity in February 2018. A total of 104 second-hand books donated by our employees were purchased by Mollie Used Books, and the earnings were donated to Taiwan Fund for Children and Families in the name of the Company. For every second-hand book provided by the Company, Mollie Used Books donated NT\$1 and an additional 30% of the total estimated price of these books to “Taiwan Fund for Children and Families” to spread love! By recycling old books, China Bills not only extends the dissemination of knowledge but also contributes to environmental conservation. In 2022, China Bills once again initiated a book donation campaign, collecting a total of 138 books. These books were generously donated to the Yanhui Library, established by the Department of Environmental Protection, Taipei City Government. The institution reorganizes the books and places them in the Neihsu Recycling Furniture Exhibition Hall. They are made available for the general public, disadvantaged students, low-income households, and individuals with disabilities to access second-hand books. (Individuals with disabilities and other vulnerable groups can apply for books through an online platform, and the books will be delivered to their homes.) This initiative aligns with the goal of waste reduction and resource recycling.

* Art and Culture

A Support to arts and cultural groups

To support premium cultural organizations and cultivate young musicians, we have sponsored Asian Youth Orchestra (AYO) for their traveling shows in Asia since 2009. However, due to Covid-19 in 2020 and 2021, the Asian Youth Orchestra suspended its Asia tour. As an “Art-Business Partner” of the National Symphony Orchestra (NSO) of the National Performance Art Center, CBF has held activities such as the guided tour of the National Music Hall and guided music listening to bring music closer to the general public.



In addition, China Bills Volunteer Club, through the information provided by Andrew Charity Association, learned about their periodic organization of art and literary competitions. These competitions provide a platform for talented children from rural and underprivileged families to showcase their artistic and literary abilities. The selected winning works are then featured in the “Children’s Wonderland” charity art exhibition.

In November of 2022, China Bills attended the exhibition to show support and encouragement to the talented children and youth from disadvantaged families. This initiative aims to inspire young individuals with artistic potential to fearlessly pursue their creative aspirations.

B Care for Cultural and Historical Sites

We have organized a series of cultural and historical site care events since 2017. The volunteers lead employees to understand and become familiar with cultural and historical sites in the hope to arouse the historical site protection awareness and help them understand more about the meaning of the history and culture of Taiwan. From 2017 to 2020, we organized exploration of cultural and historical sites at Taipei Guest House, Kishu An Forest of Literature, The Lin Family Mansion and Garden, Dadaocheng, North Gate, Nan Hai Academy, Taipei Confucius Temple, and The Lin Yutang House. Experts were invited to provide guide tours and help employees care for the development of the cultural and historical heritages.

✿ Emergency Aid

Based on the spirit of empathy, we always help when a serious disaster occurs and fulfill our corporate social responsibility. The donations that we made for serious disasters in recent years include the money donation (NT\$ 5 million) for the 2016 earthquake disaster in Taiwan and the money donation (NT\$ 2.50 million) for the gas explosion accident in Kaohsiung in 2014. As a way to fulfill its social responsibilities, the Company has continued to make donations to the Friends of Police Association and the Criminal Detection and Prevention Association to assist the organizations with smooth operation for supporting the police in maintaining peace.

✿ Support for Financial and Economic Development

A Promotion of Financial Education

We participate in financial education and training by dispatching our employees to act as instructors for promoting modern financial concepts and professional knowledge. In 2018, We dispatched managerial officers to Soochow University in Taipei City, Yuan Ze University in Taoyuan City, and Feng Chia University in Taichung City for promotion on campuses and giving a lecture on “The Overview of Bills Finance Industry.” To support the “Financial Knowledge Popularization Program” of the competent authority, the Company worked with Tamkang University, National Changhua University of Education, and National Sun Yat-sen University to give financial practice courses in 2019. In 2020 and 2021, due to the pandemic, the financial promotion courses to universities were suspended.

Taiwan Academy of Banking and Finance has organized the “Bill Business Workshop” and CBF was responsible for the courses on “Issuance Practice in Bills Primary Market” and “Trading Practice in Bills Secondary Market.” For the “Workshop on Bill Business Practice” as an in-service training course organized by Taiwan Academy of Banking and Finance under commission of the TBFA, CBF was responsible for the courses on “Issuance Practice in Short-term Bills Primary Market” and “Trading Practice in Short-term Bills Secondary Market” We also played the roles of chief and executive editors and led the compilation of the book titled “The History, Structure, and Practices of the Monetary Market in Taiwan.”

The clients of a bills finance company are mostly enterprises or professional financial companies. Their operations are not well known to the public. To provide an opportunity for the public to learn important terminologies of the bills finance industry, we outline the bill and bond markets on our official website (<http://www.cbf.com.tw/>) and provide the “Bills School” (<http://www.cbf.com.tw/np.asp?ctNode=545&mp=1>), which enables the people interested in bills to understand the operation of the bill business and improve their financial knowledge.

China Bills also places great emphasis on financial literacy education for underprivileged and rural students. In August of 2022, in collaboration with the

International Gloden Z Clun, China Bills jointly invited 9 students from various northern universities, including National Taiwan University, National Chengchi University, and Soochow University. Many of these students come from economically disadvantaged backgrounds and have outstanding academic achievements. These students were invited to participate in financial education lectures at China Bills. The sessions were conducted by professionals from the Fixed Income Products Department, with a focus on “Economics of Daily Life.” The aim was to assist these dedicated young learners in understanding the financial industry and enhancing their financial literacy.

B Support for financial and economic exchange & innovation and startup

We made donations to Asia-Pacific B Corporation Association in 2017 to promote the concept of B Corporation in hope that more and more companies become an operating business caring about employees, communities, environment, and social welfare. We also made donations to Cross-Straits Common Market Foundation to support the study and exchange of the markets in Taiwan and China. In recent years, we supported the National Association of Certified Valuators and Analysts in Taiwan (NACVA Taiwan) to organize the forensic accounting workshop and help companies detect corruption risk and take preventive measures. We sponsored the “From IP to IPO Program” organized by Ministry of Science and Technology and implemented by National Applied Research Laboratories. It encouraged the young people studying at colleges realize innovative technologies and creativities in their business plans.

In addition to improving our fundamental business, we extends our public welfare activities to more areas of the society. The effort made for a long period of time brings fruitful achievements. The employees not only create good performance for the Company conscientiously, but also make contributions to the society. These enable CBF to develop steadily and form a “common good,” making this established financial brand a bright lamp lighting up the society.

5.2 Protection of the Environment

5.2.1 Low-carbon Operations

CBF finds that companies are one of the members of the global village and shall love the Earth, save energy, reduce carbon and implement environmental sustainability together with other members. In addition to making effort to reduce the impact on the environment, we request our suppliers to follow the regulations related to environmental protection, safety and health issues, and implement environmental sustainability jointly.

Unlike the manufacture industry, we are engaged in financial services and do not need factories for production. Hence, we are not subject to ISO 14001 or other similar environmental management system certification. However, we spare no effort to promote energy saving and carbon reduction as well as saving of water, fuel, and paper to avoid waste of resources. As a financial service provider, CBF finds reducing the use of paper as a resource can make the best contribution to environmental protection. Hence, we promote electronized systems and paperless processes for effective reduction of paper consumption. Our power consumption, carbon emission, and paper use in the recent three years dropped steadily to realize our environmental sustainability policy.

✿ Environmental Performance in the Most Recent Three Years

	2020	2021	2022
Electricity consumption (KWh)	458,640	644,032	722,908
Electricity consumption (MJ)	1,651,104	2,318,515	2,602,469
Greenhouse gas emissions (metric tons CO ₂ e)	233.448	323.304	424.545
Water consumption (degree)	1,207	2,184	2,443
Water consumption (million liters)	1.207	2.184	2.443
Waste Generated (metric tons)	0.084	0.082	0.065
Recyclable Materials (metric tons)	-	1.414	1.417

Note 1: 1 kilowatt-hour is equivalent to 3.6 million joules.

Note 2: The abovementioned power is based on non-renewable energy. Greenhouse gas emissions cover Scope 1 and 2. The calculation is based on the operational control method. The calculation is done by converting the power coefficients published by Taipower. The GWP value is based on the IPCC Fourth Assessment Report (2007).

Note 3: Greenhouse gas inventory has been conducted since 2022. The data is derived from the Greenhouse Gas Inventory Statement for 2022 (not verified). The calculation method involves conversion based on the electricity coefficient announced by Taiwan Power Company. The GWP value for 2022 is referenced from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (2021).

Note 4: The statistical scope in 2019 and 2020 is the head office, and the statistical scope has been expanded since 2021 to include the head office and branches.

Note 5: The statistics on recycled materials have been collected since the year 2021.

✿ CBF's Five Environmental Sustainable Strategies

To be in line with the energy-saving LOHAS living style, we take five environmental sustainability strategies of energy saving and carbon reduction, water saving, fuel saving, paper saving, and video conference to love the Earth.



A Energy Saving and Carbon Reduction



- (A) Reduce the lighting tubes in the public space and replace them with LED tubes.
- (B) Ask employees to turn off the light during the noon break and shut down the PCs after work.
- (C) Adjust the temperature of the air conditioner to 26 degrees in summer.
- (D) Turn off the power sources of the lighting devices and put out all lights during the noon break.
- (E) Replace fluorescent tubes in the underground parking lot with LED tubes.
- (F) Monitor the air in the office every day to ensure good air quality. An internal air quality monitor is set up in the left and right areas of the Company, respectively, to monitor the air quality of the office 24 hours a day. When any abnormalities are detected, the central control room of the building shall be notified to make improvements.
- (G) The air conditioning equipment are washed and maintained on a regular basis.
- (H) The filter of the drinking fountain is changed on a regular basis to ensure clean drinking water.
- (I) In 2022, air purifiers with energy labels were procured and placed in the meeting rooms to enhance indoor air quality by purifying the air. This initiative not only contributes to air purification but also facilitates energy savings by adjusting indoor temperatures.

Note: The electricity consumption is calculated based on the electricity bill and limited to the headquarters in Taipei City.

B Water Saving



- (A) Sensor faucets are used in toilets.
- (B) Reduce the water outflow of the sensor urinal flushes.
- (C) Reduce the water outflow on the kitchen counter to save water.

Note: CBF uses tap water (that is not from areas with water shortage risks). The water consumption is calculated based on the water bill and limited to the headquarters in Taipei City.

C Fuel Saving



HEVs are rent as company cars to significantly reduce the fuel use and carbon emission.

D Paper Saving

534,830 pieces of copier paper were used in 2022. We will make future effort to achieve a reduction of paper use by 10% in the coming three years.

- Ⓐ We have changed the usage of the photocopier since in the middle of October 2019 to use paper more efficiently. The employee who uses the photocopier must first scan his/her ID card to operate the functions of the photocopier in order to save energy and paper.
- Ⓑ All the documents of personnel and the records of interviews with the clients are input in the computer system to reduce consumption of paper.
- Ⓒ Meeting materials are played on computers or discussed via the decision-making support system.
- Ⓓ The official documents electronization system is installed to achieve paperless processing of official documents fully.
- Ⓔ Accounting vouchers are reviewed and approved online and retained in the form of electronic files to reduce consumption of paper.
- Ⓕ Meeting material are mostly presented by briefing on the computer. Interest rate reports as well as review and approval of credits are delivered by e-mail.
- Ⓖ The policy of paperless operation is promoted in every aspect.

E Video Conferences for Reduction of Business Travel Costs

- Ⓐ Financial Asset and Liability Management Committee (once a month)
- Ⓑ Credit Assessment Meeting (once a week)
- Ⓒ Morning conference between the Fixed Income Products Department of the headquarters and five branches (thrice a week)
- Ⓓ Compliance education and training provided by the Legal & Compliance Department for five branches (once every six months)
- Ⓔ Chinese New Year gathering of the headquarters and branches
- Ⓕ Manager retirement farewell party

* CBF's Requests to Suppliers

To implement environmental sustainability, we use office devices, supplies, computers, and peripherals that have Green Mark and establish the supplier regulations and request them to follow the laws and regulations related to environmental protection, safety and health issues and provide non-toxic products that comply with the related environmental protection regulations to mitigate the impact on the environment and improve the corporate social responsibility jointly. For example, we ask the supplier to present its Green Mark when purchasing toner cartridges. The main suppliers of CBF are the vendors that print our Chinese and English annual reports and other printed matters every year. All of them have received the Gold Green Mark certification from the Environmental Protection Administration.



Dematerialization of Commercial Paper Reduces Impacts of Financial Services on the Environment



By making use of our core capability in financial services, we worked with Taiwan Depository & Clearing Corporation in dematerializing commercial paper and successfully implemented the dematerialization of financing commercial paper in September 2017. Then, the online commercial paper issuance operation was launched in October 2018, and the digitalization of transaction documents for bills and bonds secondary markets was promoted in the fourth



quarter in 2020. These connect the issuer, guarantor and issuer and provide many-to-many information convergence to reduce paper documents, reduce the risk and cost of delivery, improve the operating efficiency of the company, minimize the consumption of resources, and mitigate the impact on the environment. The number of notes and bonds transaction slips being printed from October, 2021 to September, 2022 decreased by about 17,666 (about 23.20%) as compared to the period from October, 2020 to September, 2021.

5.2.2 Environmental Protection Initiative

✿ Implementation of Environmental Protection in Routines

The Company is dedicated to improving the efficiency of using resources in the hope that employees implement environmental protection in their daily life and achieve environmental sustainability jointly. Our suppliers are required to provide products that comply with the related environmental protection regulation to reduce the impact on the environment. We collect 11 types of stationery that are still usable but no longer used by employees, such as file folders, business card cases, staplers, clips, etc. and provide the same to other employees for reuse to implement our philosophy of cherishment and save resources.

In 2022, there were 89 items of stationery that were collected for reuse. The collected items of stationery were worth NT\$9,382, of which the collected stationery supplies worth NT\$5,968 were reused, thereby saving the cost and promoting the environmental protection concept of resource cherishment to employees.

In the routine operations, we encourage participants of meetings to bring their own cups to reduce the consumption of water cups and bottled water. Employees are encouraged to promote reduction of garbage, energy saving and carbon reduction, protection of the environment, and reduction of disposable and melamine dining utensils, hoping that they can form an environment-friendly and healthy habit in their daily life, enhance their environmental protection values, and form a practice of bringing their own containers. Sorting of resources are implemented at the office building. To support the policy of the Taipei City Government to prohibit use of disposable and melamine dining utensils, suppliers of lunch boxes with iron containers have been selected repeatedly to reduce the consumption of paper boxes. Our measures were highly recognized by the Taipei City Government and Mayor Ko Wen-je personally granted an award to CBF at the city administration meeting in March 2019.

✿ Green Procurement of Gifts

When purchasing gifts in 2017, we selected 1,500 mobile phone holders of different types made from decomposable Polylactic Acid (PLA) to support green procurement and protect the Earth. In 2018, we purchased wide-necked vacuum smolder pots with foldable iron spoons as the gifts for shareholders in the hope to encourage use of smolder pots for cooking or as thermal insulation vessels.

✿ Organization of Events for Ecological and Environmental Protection Volunteer

Our volunteer club leads employees to participate in environmental protection and public welfare activities, ecological tours or organizes lectures many times. For example, we organize beach and mountain cleanup activities at the weekend and provided lectures on the topics of marine environmental protection, energy saving and carbon reduction, or insect and bird ecology. We also organize activities to support the Earth Day.

A Ecological Tour

CBF Volunteer Club has organized many ecological tours in recent years, for example: in the fourth quarter of 2022, due to the gradual easing of the pandemic, a trip to the Honglushishan Ecological Area was organized. The Honglushishan is rich in ecological diversity, and the Nashan Fude Temple is a well-known cultural and tourist attraction. Participants not only enjoyed the mountainous scenery but also explored the historical aspects of Taiwan's temple culture. Our volunteer club organized a number of ecological tour events in 2019. It worked with Taiwan Native Plant Society to provide ecological tours at Fujhoushan Park, Junjianyan, Xianjiyan, and Hushan Hiking Trail to understand more about native plants in Taiwan and the importance of their protection. The volunteer club worked with Academia SINICA to provide an eco-humanistic tour in September 2019. The participants were led by a professional guide to visit SINICA Eco Pavilion, ecological pool, and the May Fourth Movement Exhibition in Hu Shih Memorial Hall. Many employees and their family members participated in the tour. They learned how to observe animals and plants in a easy way, improved their knowledge on the nature and humanity, and formed a consensus on ecological conservation.

B Climate Changes and Earth Day

Since we have focused on the issues related to energy saving and carbon reduction as well as environmental protection, we worked with a social enterprise, Story Wear, in 2020 to have a trip related to sustainable fashion issues. Through the guide tour and sustainable philosophy sharing, we knew the pollution that might be caused during the production processes of different clothes and fabrics, prompting us to consider environmental protection issues when purchasing clothes in daily life. In recent years, we have actively participated in the activities related to the Earth Day. The volunteer club participated in the “Protect our Species” marketplace held at the National Taiwan Museum Nanmen Park on the Earth Day in April 2019. The event focused on the species protection issue. We organized a eco-tour at Qingtiangang on the Earth Day in April 2018. An expert was arranged to introduce local animal and plant ecology. The Society of Wilderness was invited to give a lecture of “Climate Changes on the Dining Table” to promote the awareness of energy saving, carbon reduction, and protection of the Earth. To support the “Earth Initiative” of the Society of Wilderness, we encouraged employees to support the “Earth Hour–Turn off the Light for the Earth” event. Posters were put up in the company and the employees were invited to affix their signatures to the poster and implement the relevant measures at home to show their support of the event.

C Beach Cleanup Activity

In October 2020, the volunteer club participated in the group beach cleanup activity at Shalun Beach in Tamsui to take actions to protect the beautiful beach. In August 2016, our employees took part in the “Love Earth – Beach Cleanup” activity organized by Chinese Taipei Kayaking Association at Bangzih Bay in Ruibin. In October 2016, we led employees and their relatives (a total of more than 40 persons) to participate in the “International Coastal Cleanup Carnival” organized by the Natural Museum of Marine Science and Technology at Keelung Chaojing Park. The participants picked up bottles, plastic bags, gloves, and even diapers. The total weight of the wastes was very impressive. The mission of the day was completed by sorting the wastes together. We protected the sea with concrete actions in the hope to arouse the care about the protection of the marine environment. We showed our love of the land and the Earth by cleaning up the beach. The event was very meaningful.

D Mountain Cleanup Activity

In 2021, the Company took the employees and their families to the Yangchou hiking trail for cleaning the mountain and has continued to go to Dalunweishan Hiking Trail, Waishuanghsi, Dagouxi Hiking Trail, and Beitou Danfengshan for hiking and cleanup. The participants showed their love of the natural environment by lifting a finger.

E Lectures on Protection of Ecology

In August 2020, a professional ecotourism guide, Ching-Ho Su, was invited to give a lecture on “Summer Ecology Lecture: Dancers in Nature – Butterflies” for the employees. We invited an ecology expert to give a lecture at noon with the topic of ecology in summer in June 2018. The expert shared wonderful images and vivid explanations that aroused the interest of the employees and helped them understand more about butterflies commonly seen in Taiwan as well as Taiwan Blue Magpie, spiders and other birds, animals and insects in the mountain. To support protection of the ocean, we invited Ying-Lin Chen, the chief secretary of Taiwan Mountain and Marine Environment Conservation Association, to the Company on the World Oceans Day in June 2017 to give a lecture with the topic of “The Plastics Never End.” She shared her care about the garbage and waste in the ocean and the employees reaped no little benefit from the lecture.

Appendix

GRI Content Index

GRI Standards		Disclosures	Chapter	Page Number	Remarks
GRI 1: Foundation 2021					
Requirement 7: Publish a GRI content index			Appendix	96	
Requirement 8: Provide a statement of use			About the Report	08	
GRI 2: General Disclosures 2021					
The organization and its reporting practices	2-1	Organizational details	About the Report 1.1.1 About CBF	08 09	
	2-2	Entities included in the organization's sustainability reporting	About the Report	08	
	2-3	Reporting period, frequency and contact point	About the Report	08	
	2-4	Restatements of Information	-	-	There were no instances of information restatement for the current year.
	2-5	External assurance	About the Report	08	
Activities and workers	2-6	Activities, value chain and other business relationships	2022 Key Achievements for Sustainability 1.1.1 About CBF 2.1.2 Ethical Management 3.1.2 Business Development	05-06 08 32 56	There were no significant changes in business development for the current year.
	2-7	Employees	4.1.1 Employee Composition	66	
	2-8	Workers who are not employees	-	-	No statistical information is available for non-employee workers.
Governance	2-9	Governance structure and composition	1.1.1 About CBF 1.1.3 Sustainable Development and Commitment 2.1.1 Operations of the Board of Directors	08 13 25	
	2-10	Nomination and selection of the highest governance body	2.1.1 Operations of the Board of Directors	25	
	2-11	Chair of the highest governance body	2.1.1 Operations of the Board of Directors	25	

GRI Standards	Disclosures		Chapter	Page Number	Remarks
Governance	2-12	Role of the highest governance body in overseeing the management of impacts	1.1.3 Sustainable Development and Commitment 1.3 Analysis of Material Issues	13 20	
	2-13	Delegation of responsibility for managing impacts	1.1.3 Sustainable Development and Commitment	13	
	2-14	Role of the highest governance body in sustainability	1.1.3 Sustainable Development and Commitment	13	
	2-15	Conflict of interest	2.1.1 Operations of the Board of Directors	25	For information regarding conflicts of interest, please refer to the China Bills annual report for 2022.
	2-16	Communication of critical concerns	2.1.3 Transparent Information Disclosure	36	For detailed information on critical concerns, please refer to the Market Observation Post System or the Stakeholder Section.
	2-17	Collective knowledge of the highest governance body	2.1.1 Operations of the Board of Directors	25	
	2-18	Evaluation of the performance of the highest governance body	2.1.1 Operations of the Board of Directors	25	
	2-19	Remuneration policies	2.1.1 Operations of the Board of Directors	25	
	2-20	Process to determine remuneration	2.1.1 Operations of the Board of Directors	25	
	2-21	Annual total compensation ratio	2.1.1 Operations of the Board of Directors	25	Considering the sensitivity of salary information, detailed disclosure is not provided.
Strategy	2-22	Statement on sustainable development strategy	Message from Chairman Message from President	03 04	
	2-23	Policy commitments	1.1.2 Management Philosophy and Strategy 2.1.2 Ethical Management 2.2 Risk control	12 32 38	For information regarding policy commitments, please refer to the official website and annual report for 2022 of China Bills.
	2-24	Embedding policy commitments	2.1.2 Ethical Management 2.2 Risk control	32 38	
	2-25	Process to remediate negative impacts	2.1 Corporate Governance 3.2.2 Protection of Rights and Interests	25 63	
	2-26	Mechanisms for seeking advice and raising concerns	2.1 Corporate Governance 4.2 Diversified Welfare Policies	25 72	
	2-27	Compliance with laws and regulations	2.2.5 Legal compliance	47	There were no instances of legal compliance for the current year.
	2-28	Membership associations	2.1.4 Guild/Association Partners	37	

GRI Standards	Disclosures		Chapter	Page Number	Remarks
Stakeholder Engagement	2-29	Approach to stakeholder engagement	1.2.1 Stakeholder Classification 1.2.2 Communication Channels and Methods	17 17	
	2-30	Collective bargaining agreements	-	-	This year, there are no collective bargaining agreements in effect. Discussions primarily occur through labor-management meetings.
GRI 3: Material Topics 2021					
Disclosure on Material Topics	3-1	Process to determine material topics	1.3 Analysis of Material Issues	20	
	3-2	List of material topics	1.3 Analysis of Material Issues	20	There were no significant changes in business development for the current year.
	3-3	Management of material topics	1.3 Analysis of Material Issues	20	
Topic-specific Disclosures					
Economic Dimension					
Economic Performance 2016	201-1	Direct economic value generated and distributed	3.1.1 Financial Performance	53	
Market Presence 2016	202-2	Proportion of senior management hired from the local community	-	-	The senior management is defined as President, Executive Vice President, Assistant Vice President, head of each department and branch; all the executives at the senior management level of the Company are the residents in Taiwan.
Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	2.1.2 Ethical Management	32	
	205-3	Confirmed incidents of corruption and actions taken	2.1.2 Ethical Management	32	No incidents this year
Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.1.2 Ethical Management	32	No incidents this year
Environmental Dimension					
Energy 2016	302-1	Energy consumption within the organization	5.2.1 Low-carbon Operations	91	
Water and effluent 2018	303-3	Water withdrawal	5.2.1 Low-carbon Operations	91	
Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	5.2.1 Low-carbon Operations	91	

GRI Standards	Disclosures		Chapter	Page Number	Remarks
Social Dimension					
Employment 2016	401-1	New employee hires and employee turnover	4.1.1Employee Composition	66	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.1 Employee Composition 4.2.2 Salary and Benefit	66 73	
	401-3	Parental leave	4.2.2 Salary and Benefit	73	
Training and Education 2016	404-1	Average hours of training per year per employee	4.1.2 Talent Training	68	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1.2 Talent Training	68	
Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	2.1.1 Operations of the Board of Directors 4.1.1Employee Composition	25 66	
Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.1.1 Employee Composition 4.2.1 Protection of Human Rights	66 72	No incidents this year
Public Policy 2016	415-1	Political contributions			No incidents this year
Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	2.2.5Legal Compliance	47	No incidents this year
	417-3	Incidents of non-compliance concerning marketing communications	2.2.5Legal Compliance	47	No incidents this year
Client Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2.2 Protection of Rights and Interests	63	No incidents this year

Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE listed Companies

GRI Standards	Disclosures	Chapter	Page Number	Remarks
Article 4 Sustainable Disclosure Indicators - Financial Insurance Industry	The number of data breach incidents, the percentage of data breach incidents related to personal information, and the number of affected customers due to data breach incidents.	2.2.6 Information Security	49	
	The number of loans and the outstanding balance related to promoting the development of small businesses and communities.	3.2.1 Responsible Investment and Financing	59	
	The number of participants in financial education programs provided to disadvantaged groups lacking banking services.	5.1.2 Activities	87	
	Products and services designed for creating environmental or social benefits in each business operation.	3.2.1 Responsible Investment and Financing	59	
Article 4-1	Climate-related information.	2.2.4 Climate Risk Management	44	
		5.2.1 Low Carbon Operations	91	

Reference of Sustainability Accounting Standards Board (SASB)

Disclosure Topic	Indicator Code	Disclosure Indication	Description/Chapter	Page Number
Employee Diversity and Inclusion	FN-IB-330a.1	Percentage in the following groups by gender and race (1) Execution management (2) Non-execution management (3) Professional, and (4) The rest of the employees	4.1.1 Employee Composition	66
ESG factors in investment banking and brokerage activities	FN-IB-410a.1	Underwriting, consultation and securitized trading income containing ESG factors	3.2.1 Responsible Investment and Financing	59
	FN-IB-410a.2	Investment, loaning containing ESG factors (1) Quantity (2) Total amount	3.2.1 Responsible Investment and Financing	59
	FN-IB-410a.3	Description of the methods for incorporation of ESG elements in investment banking and brokerage activities	3.2.1 Responsible Investment and Financing	59
Ethical management	FN-IB-510a.1	Monetary loss arising from legal proceedings involving fraud, insider trading, breach of faith, anti-competitive behavior, market manipulation, malpractice, or financial laws or related regulations	The Company did not have legal proceedings this year	-
	FN-IB-510a.2	Description of the internal whistle-blowing policy and process	2.1.2 Ethical Management	32
Professional integrity	FN-IB-510b.1	Employees who were subject to related investigation, customer complaint, private civil actions or other regulatory records (1) Quantity (2) Percentage	The Company did not have related employees this year	-
	FN-IB-510b.2	The number of conciliations and arbitrations related to professional integrity, including the duty of care	The Company did not have related events	-
	FN-IB-510b.3	Monetary loss arising from legal proceedings involving professional integrity, including duty of care	The Company did not have related events	-
	FN-IB-510b.4	Description of the methods for ensuring professional integrity, including duty of care	2.1.2 Ethical Management	32
Systematic Risk Management	FN-IB-550a.2	Description of the methods for incorporation of compulsory and voluntary stress tests in the planning of the capital adequacy ratio, long-term corporate strategies, and other business activities	2.2.1 Risk Management Structure	38

Declaration of Statement

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel: +886 (2) 2725-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
China Bills Finance Corporation

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of China Bills Finance Corporation ("the Company") for the year ended December 31, 2022.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We planned and conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the Statements of Assurance Engagements Standards 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on the preparation, with no material misstatement in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

Inherent Limitations

The subject information included non-financial information, which was under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Quality Management Standard 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report is, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the limited assurance report is Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 28, 2023

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.

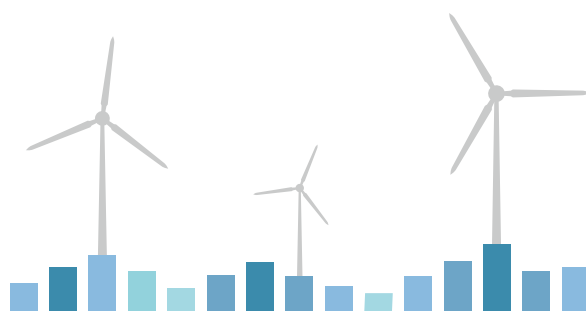
Summary of selected subject matter information

#	Assurance Subject Matter (Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies/GRI Standards)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Paragraph 1, Table 1-3, Number 1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	2.2.6 Information Security	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.
2	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Paragraph 1, Table 1-3, Number 2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	3.2.1 Responsible Investment and Financing	Number and amount of loans outstanding qualified to programs of small business and communities.
3	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Paragraph 1, Table 1-3, Number 3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	5.1.2 Activities	Number of participants in financial literacy education lectures (Economics of Daily Life) held for students.
4	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Paragraph 1, Table 1-3, Number 4	Products and services designed by individual operating units to create benefits for the environment or society.	3.2.1 Responsible Investment and Financing	Number of cases, credit limit, and remaining balance of "Green Credit" and "Sustainable Performance-Linked Credit".
5	GRI 404-1 : 2016	Average hours of training per year per employee.	4.1.2 Talent Training	The average hours of training per employee, divided by gender and management and non-management position.



中華票券金融公司
CHINA BILLS FINANCE CORPORATION

Gratitude · Cherishment · Improvement



www.cbf.com.tw