



CTBC HOLDING
中國信託金控

2020 Employee Empowerment Report



2020 CTBC Holding Employee Empowerment Report

Foreword



Jeffrey Koo Sr., the founder of CTBC Holding, once said: “The value of an enterprise lies not in its profitability but in its contribution to and positive influence in society.” The bigger our vision, the heavier the responsibility we take on. Two years ago, the COVID-19 pandemic caught the world off-guard. Then as now, regardless of the challenges and uncertainties that still lay ahead, CTBC Holding is determined to continue standing by its commitments and stakeholders with the joint efforts of all employees.

To exert its influence as a leader in the financial services industry in order to promote environmental, social, and corporate sustainability, CTBC Holding has developed a sustainability commitment it calls TRUST—an acronym emphasizing the importance of corporate governance (Transparency), environmental sustainability (Responsibility), employee welfare (Understanding), customer service (Satisfaction), and community engagement (Together), and an approach that integrates the U.N. Sustainable Development Goals (SDGs). When it comes to the employee welfare aspect, we treat our staff like family members and listen carefully to what they have to say. We maintain a healthy and safe work environment, and we offer competitive remuneration packages and sound training and career plans, allowing employees to utilize Company resources as appropriate to develop to their full potential. By empowering employees this way and giving them such freedom, they in turn exert a positive influence on CTBC Holding and grow with the Company.

Employees are what drive CTBC Holding to realize its responsibilities as a good corporate citizen. This report is prepared so colleagues, business partners, suppliers, the community, and the government can see the value our employees create and how this is making for a better world. Information and data concerning employee empowerment in this report are all for the 2020 calendar year.

Chapter 01

Standing by our people-oriented core value

As a financial holding company with eight subsidiaries and a presence in 14 countries and regions, CTBC Holding has 27,000 employees worldwide. Active in the financial services industry for more than half a century following our founding in 1966, we have always sought to treat employees like family members and have them work together and proactively for a brighter future. It is this corporate culture that has made CTBC Holding a leading brand in Taiwan's financial services industry. Indeed, we view our employees as the key asset in the Company's sustainable development. By providing a harmonious, equal-opportunity work environment and a culture of mutual trust, we empower employees to perform well in their jobs, hopefully creating common growth for individuals and the Company.

- **Embedding our 'We are family' corporate culture**

Our "We are family" brand spirit is synonymous with CTBC Holding. In fact, the public sees our round red logo containing the words at every branch and even on their CTBC Bank credit and debit cards. The logo asserts our belief in treating our customers like family and creating a future hand in hand with them. This spirit extends to our staff as well; CTBC Holding strives to operate like one large family in which every employee can work comfortably. Bearing "love, care, equality, and expectations" in mind, CTBC Holding is more competitive than other companies in terms of remuneration, benefits, and promotion plans. Thus, as well as working an excellent environment, employees get jobs with great potential for growth and enjoy industry-leading protection and care after retirement.

Such treatment of employees has earned us international accolades on multiple occasions. CTBC Holding has, for example, won at HR Asia's Best Companies To Work For In Asia Awards in the Taiwan category for four consecutive years (2018-2021), judged on corporate culture, employee identity, team cohesion, and other criteria. Each year, CTBC Holding scores average or above marks in all areas, setting itself apart as an industry benchmark for other companies. These distinctions not only show how our employees identify with the company but highlight the fact that unimpeded communication between a company and its employees is critical to creating common growth for both.

- **Working cautiously and diligently to uphold our values and mission**

We are a people-oriented company and believe that achieving corporate sustainability requires the long-term efforts of all employees. Since 2005, CTBC Holding selects exemplary role models every year to recognize employees who have gone the extra mile and maximized value for our customers and shareholders. These role models are selected from among our tens of thousands of employees across all business units and all branches and subsidiaries worldwide in recognition of their job performance and practice of our corporate culture and values. This recognition serves as an accolade and encouragement for both the individual recipients and their teams, and serves to further promote CTBC Holding's core values and missions.

“ I would like to express my gratitude to become part of 2020 CTBC Best Employee. This reward can only be achieved with support and guidance from my family and all management team. I believe this achievement will also encourage CTBC employee together to make CTBC become Asia leader and best financial institution around the world. ”

I am who I am today because of you!

Every day, I have kept in mind how I can contribute when engaging in my duties. If this is what led to being selected for this prestigious award, then I have never been so thrilled. I hope to go on to contribute even more, while taking the CTBC Core Values to heart.

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“ Would like to thank colleagues, my family and CTBC families. Will do one thing at a time and do the best too in the future. Honored to be a member of CTBC families. ”

As a member of the CTBC Family, it is a great honor to be selected for the prestigious Best Employee award. I feel this a reward more to all the team members who worked with me rather than myself, and I will work to embody Professionalism and Teamwork while putting both Innovation and Caring into practice every day.

“ I would like to express our sincere gratitude for this very prestigious award. I would like to thank everyone for their support, which made it possible for me to win this award. I won't forget my initial resolution and do my best. ”

“ I would like to express my sincere gratitude and deep appreciation to Larry, Weitzu, Eric, Willie, Maggie, Joe, Brian and all management levels for their constant encouragement and guidance over the years. Thank you for giving me the opportunity to grow with CTBC. I also wanted to thank all my colleagues for their countless efforts to build this wonderful workplace and make things happen. Nothing could be accomplished without their help. Thank you all of you. Let's grow stronger together. ”

We are family

“ I am grateful to be selected and to receive this very remarkable honor and award. I thank my wife who always there for me and being understanding of my work. I thank the Bank Management who provided me their continued support and guidance. I Thank the Parent Bank, my IS and IT counterpart for allowing me part of your global IT and Security community and being available to support in our IT and security needs. I thank other Best employees also for their continued dedication and hard work to support and care for everyone and to the Bank especially in this difficult and uncertain times. I thank the 700 employees of CTBC Bank Philippines for continued support to the Information Security, Business Continuity and Data Privacy campaigns and initiatives, for staying vigilant, following and applying assigned security and privacy responsibilities to safeguard the Bank. You all completes "SECURITY" and you completes me. Imagine without "U" and you NOT being part of "IT", my job as your SEC "R"Y guy is nothing. So, thank you. Lastly, the current pandemic brought us up with good things, it gave us time to get reconnected and established much stronger relationship with our loved ones. It gave us hope of equality to start a new opportunities which will serve to both Banking needs and welfare of our clientele. So, lets us all work together to create new opportunities and continue to care for one another as we embark to a new normal or in digitalized channel of doing business. Cheers! ”

“ I feel very proud and grateful to receive “Best employee award” for this year. I am very thankful to the jury for the award and very thankful to my colleagues who have been supporting me. I really appreciate the working environment in CTBC that has helped me grow professionally and also made me feel motivated all over the years. At work, I can feel free to think and utilize my best knowledge with respected managers and friendly colleagues as well as to learn a lot of things along the way. This award is a precious recognition for me that will be with me in the coming years and will remind me to always keep trying. I would like to take this opportunity to express my deep gratitude to Mr. Charles, my Branch Manager of HCMC Branch, who is motivating factor for me, always convey positive thoughts and share valuable knowledge with me. ”



Human Capital Risk Management System

Role and function of each unit	
Board of Directors	Serve as the highest supervisory unit in the approval, review, and supervision of human capital risk strategies and policies in order to ensure a strong management structure and risk control operations
Risk Management Committee	Track human capital risk indicators every quarter and compare them with those of the past two years to assess human capital readiness
Talent Development Committee	Review the abilities and development of key positions and leadership succession planning, including evaluation and training programs
Human Resources Department	Promote talent development and management in the three aspects of human resource policy, talent development, and human resource management, and keep the Talent Development Committee in operation

- Valuing human capital with sound risk management

Faced with numerous factors such as the external environment and increasing competition in recent years, businesses must place greater emphasis on both sustainability and innovation—and human resources play a prominent role in doing so. In the past, functions used to review, manage, and respond to risks based on their own operations. In order to make a full accounting of related risks, and to do so using limited resources, CTBC Holding has incorporated human capital into its top risk management, with the Human Resources Department working with the Risk Management Committee to keep track of human capital by conducting a quarterly review of readiness and other risk indicators.

Our overall human capital risk management system consists of two committees under the Board of Directors: The Risk Management Committee monitors human capital risks on a regular basis, including HR structure and flow indicators such as new hires, turnover, growth, and readiness. The Talent Development Committee, meanwhile, oversees the key position and managerial officer training roadmap as well as training input and output, and makes, executes, and annually reviews personal development plans based on performance evaluation results. As part of our globalization and overseas expansion strategies, top overseas management has also been included in the scope of our talent development efforts; training programs are also in place to ensure effective succession planning.

Chapter 02

Adopting a digital recruitment strategy with sound training and retention measures

Digitalization has become a key priority worldwide. With our long-standing commitment to digital transformation, CTBC Holding has been recruiting talent that fits with our corporate culture and core values. In addition to providing various training programs, we offer competitive remuneration packages, benefits, and retention measures to outstanding employees, with great potential for growth.

- **Facilitating real-time recruitment with digital tools**

Speed has always been a key to recruiting outstanding staff. In order to target the exact talent we need, we analyzed recruitment advertising data for the past few years and found that audio and video ads had seen the greatest increase in use. As a result, while we continue posting vacancies on established job-listing websites, we also now push them through Google Ads and place them on large social media sites such as Facebook, Instagram, LinkedIn, and PTT Network. Furthermore, we have produced a recruitment video, “Go Beyond,” targeted at younger recruits. Released through YouTube, Facebook, and other social media sites, the video had attracted more than 840,000 views as of publication.



Watch 'Go Beyond'

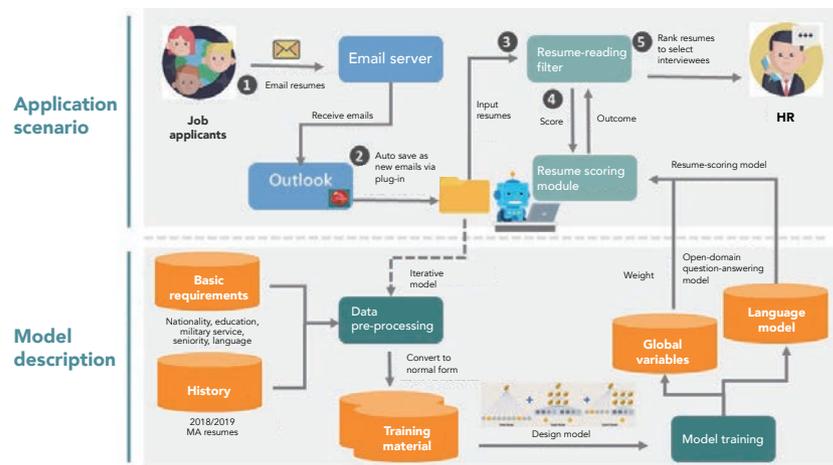
Due to the COVID-19 pandemic, CTBC Holding held virtual rather than in-person recruitment fairs for six months, enabling us to continue giving out information on recruitment programs and job vacancies. This was along with over 100 posts and some 30 videos on Facebook as well as four online seminars. In addition, video career consultations were made available for new graduates to have one-on-one sessions with our HR officers. A total of 14 sessions were arranged. A HR hotline was also set up for job applicants to make inquiries, with approximately 70 inquiries answered.

- **Selecting suitable talent with AI**

Working from home and remote interviews have become the new norm in the past two years. During this time, our recruitment staff have integrated human-machine collaboration and Big Data analytics to be able to better identify appropriate applicants, improving their judgment and decision-making in the process.

CTBC Holding has also developed an AI-driven resume-screening system, for which a patent has been granted. During recruitment for our management associate (MA) program in 2020,

Application scenario and model description



this system helped save approximately seven person-days that would have otherwise been required for manual resume review. About 80.3% of job applicants passing the preliminary screening was captured. During the subsequent online interviews, we used a chatbot to help thousands of job applicants sign in to the video-conferencing platform.

- **Promoting lifelong learning to drive digital transformation**

With technology and regulations changing rapidly, talent development is critical to accelerating our digital transformation. We have been proactively increasing our employees' digital awareness and literacy through e-learning platforms and multimedia applications, hoping that employees can immediately apply what they have learned to their work.

To enable continuing education during the pandemic, we developed various methods for online and digital learning. First, we checked existing and new training courses and developed viable ways to implement these courses, including video, live streaming, social media, and LINE; second, we devised teaching methods based on these courses and platforms and evaluated relevant operating procedure regulations; finally, we made contingency plans for the courses to help ensure continuous training.

Executive training is held for employees at home and abroad. In 2020, 10 live training sessions were held online, with professors

02 Adopting a digital recruitment strategy with sound training and retention measures



from the Wharton School and lecturers from DDI Taiwan invited to train 282 executives from 11 branches and subsidiaries in nine countries across Greater China and Southeast Asia as well as Japan and the U.S. We also continued to bolster our digital training infrastructure during the pandemic to facilitate training for global talent. In 2020, more than 800 employees took training courses overseas—three times the number of trainees in previous years.

CTBC Holding was the first financial institution in Taiwan to introduce a training app, allowing employees from branches and subsidiaries all over the world to quickly log in with a tablet or mobile phone and have access to a wealth of learning resources. As of the end of 2020, nearly 10,000 employees had installed the app, representing a 32% compound growth rate for the past three years. A total of 1,890 courses were provided via the app—a



Strategic Transformation & Dynamic Strategy : Global Banking, The Master Forum of The Wharton School, 2020

The program is very relevant considering the drastic change in people's lifestyle now, as well as the rapid change in business trends/demands due to the COVID-19 pandemic. It validates that businesses now, including banks (primarily) should indeed really gear towards highly efficient and reliable digital banking platforms in order to remain competitive and thus thrive in the industry.

(CTBC Bank Philippines, Cheryl)

61% increase from the previous year—including 263 new live/video courses. With the diverse training courses provided, we are continuing to help our employees improve their professional knowledge and skills in a leaner and more agile manner in order to progress their careers.

02 Adopting a digital recruitment strategy with sound training and retention measures

- **Offering competitive remuneration and protecting employee well-being**

Our staff are our key partners in achieving corporate sustainability. We have long determined the salary for each position by using a sound structure of ranks and functions. In order to ensure we can attract and retain an outstanding team, we pay our employees based on the principles of equal pay, competitiveness, and performance.

To ensure the salaries we offer give us a competitive advantage in the talent market, we entrust Wills Towers Watson to conduct a regular salary survey. The resulting report provides insights for the salary of each position and rank in the industry and ensures that we are above par in the overall pay scale. In 2020, our salary adjustments averaged 3%. CTBC Holding's monthly salary per person was above the industry average, and the average¹ salary of non-managerial full-time employees ranked first in Taiwan's financial holding industry².

Employee well-being is often at the heart of business sustainability. In addition to meeting or exceeding statutory labor welfare and benefit requirements, we designated health promotion as an employee care priority in 2020. To encourage employees to develop a habit of regular exercise, we rolled out win tone+, a fitness app that counts steps and offers fun tasks and group competitions for users to take part in, giving out rewards and prizes to those who complete them. Building on win

tone+, we held an event, Yes You Can, in the second year in order to foster greater interaction via social media. During the event, our employees took a total of 5.5 billion steps—proving a great success in getting staff to stay healthy and active in a responsible and socially distanced manner during the pandemic.



“I initially registered on the win tone+ app to qualify for lucky draws by taking 5,000 steps a day. And it's worked. Since then, walking has become a real habit for me, which is good for my health and my immunity. People are the most important asset of a company, so I appreciate that care is given to the health of staff through initiatives like this.”

Mr. Huang, CTBC Bank



¹Source: Monthly average salary of non-managerial full-time employees in CTBC Holding; monthly salary per person on the Earnings Exploration & Information System Directorate-General of Budget, Accounting, and Statistics at https://earnings.dgbas.gov.tw/query_payroll.aspx

²Source: Salary of non-managerial full-time employees (in the banking and insurance industry) on the Market Observation Post System at <https://mops.twse.com.tw/mops/web/t100sb15>

Chapter 03

Accelerating digital transformation through reskilling

With the development and widespread use of digital technologies, the operation and profit model of brick-and-mortar banks have gradually changed, bringing substantial changes in the work patterns and workforce architecture of the financial services industry. As a pioneer in the development of digital finance in Taiwan, CTBC Holding is committed to using fintech in order to offer a full range of digital financial services. To prepare key talent for this new era of digital finance, we have developed training courses for digital functions, which are expected to provide a solid foundation for our business sustainability.

- **Investing in the future: Human capital in the digital age**

According to McKinsey, the number of employees in the financial services industry in 2030 will remain roughly the same as it was in 2020, but automation will have replaced 20% of existing activities in the industry. This change in functional structure will gradually widen the skills gap in the digital workforce. At present, 42% of financial service providers are experiencing a digital workforce shortage, which is expected to increase to 66% within two years. In view of this, CTBC Holding has called for investing in the future and provided general courses on digital thinking since 2020; we have also launched a five-year reskilling program, through which employees are trained with the digital skills required to thrive in the digital age.

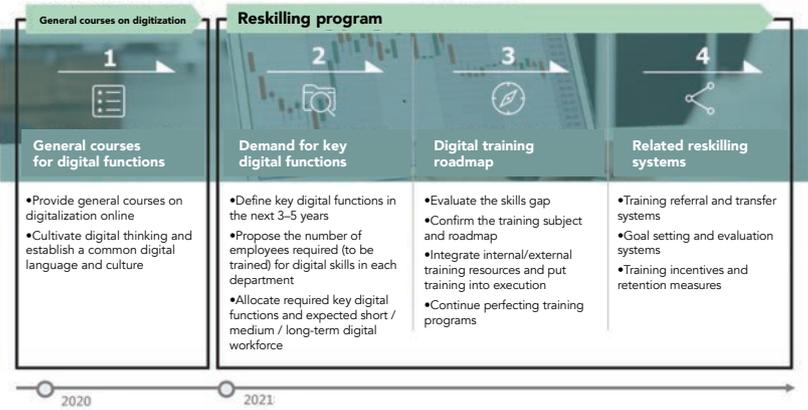
- **Key digital functions: Reskilling program structure**

The development of key digital functions can be divided into four stages. The program first defines skills and workforce required for key digital functions and then integrates training activities and strategies as well as business priorities with technology trends in order to ensure effective staffing in the long run.

| Stage 1 | General courses on digital thinking

As part of our efforts to elevate the digital development of our business, we help employees to cultivate digital knowledge and skills. To integrate digital technologies and thinking into the organization in the course of our digital talent development, we have provided a series of general courses on common digital thinking and language. Covering design thinking, agile development, mind mapping, and other topics that diverge from the traditional thinking and workflows of the financial services industry, these courses and workshops promote inter-department collaboration and digital innovations.

03 Accelerating digital transformation through reskilling



| Stage 2 | Comprehensive reskilling reviews and surveys starting from 2021

In 2021, we took additional steps to assess digital talent within our organization based on the research on the future functional changes of international financial holding companies. Through interviews and surveys with related departments, we examined primary digital skills and talent from strategic and business perspectives, helping us further optimize our reskilling program.

According to the results of the interviews and surveys, we identified seven new skills required for digital technologies in the future:

Data analysis, data science, Big Data processing, AI, data governance, end-to-end digitalization (EdgE), and robotic process automation (RPA). Related departments made short-term (1-year), medium-term (3-year), and long-term (5-year) plans for digital talent allocation accordingly.

	Hard skills	Specific requirements	Number of employees required in 5 years
Data-related	Date analytics	<ul style="list-style-type: none"> • SQL • (Omitted) 	596 295
	Date science	<ul style="list-style-type: none"> • Python • (Omitted) 	127
	AI	<ul style="list-style-type: none"> • (Omitted) 	247
	Big data processing	<ul style="list-style-type: none"> • Data acquisition/cleaning/analytics 	55
	Data governance	<ul style="list-style-type: none"> • Data management 	55
RPA	EdgE	<ul style="list-style-type: none"> • Business process combing • Componentization 	464 139
	RPA	<ul style="list-style-type: none"> • RPA • (Omitted) 	107

| Stage 3 | Overall training program

With the help of the internal digital technology team, we reviewed the applicability of existing internal/external training courses based on the functions defined above and departmental training needs, and thus devised 39 courses for seven digital functions (including prerequisites, required/optional, and general/beginner/advanced) as well as a digital seed instructor program for subsequent training. For the training subjects identified in the first half of 2020 and areas that require improvement, we prioritized five courses on AI and three on data governance in the second half of 2021.

Data governance courses prioritized in the second half of 2021

Course Title	Course Hours	Target Students	Course Description
Data Governance Courses for Data Governance Teams	3	Data governance team Dedicated data governance department and corresponding management level	1.Master data management 2.Data criteria 3.Data quality 4.Data life cycle management 5.Data incidents 6.Data governance case study
Data Governance Courses for Top Management	0.5~1	Top management executives and managerial officers	1.The operation and (case-by-case) deliberations of data governance committee 2.Data governance case study 3.Data accountability case study
Data Governance Thinking	0.5	General employees Employees across the bank for better data literacy Required for designated employees across the bank Optional for employees across the bank	1.Data use case study 2.Data ethics 3.Data awareness 4.Data knowledge 5.Data attitude

AI courses prioritized in the second half of 2021

Course Title	Course Hours	Target Students	Course Description
An Introduction to Data Science	1	Those who want to a basic grounding in AI • Those who want to work in AI • Employees of companies specializing in data analysis	1.History of AI 2.Three key pillars of AI 3.Three primary applications of AI 4.AI videos 5.Data is king 6.AI literacy
Understanding the Core Technologies of AI: Machine Learning and Deep Learning	1	Those who want to a basic grounding in AI • Those who want to work in AI • Employees of companies specializing in data analysis	1.Artificial Intelligence/ Machine Learning / Deep Learning What' s the difference? 2.Featuretools for machine learning 3.Common algorithms for machine learning 4.An introduction to deep learning 5.Deep learning playground 6.Common algorithms for deep learning
Seeing the Future with AI: Computer Vision Applications	1	Those who want to learn about AI • Those who want to develop solutions with AI systems	1.Classification/ Object Detection 2.Face Recognition/ Segmentation/ Pose Estimation 3.The evolution of ImageNet 4.Convolutional Neural Network (CNN) 5.Cutting out hair 6.Parkinson' s disease detection from drawing movements
AI in Text and Signal Processing	1	Those who want to learn about AI • Those who want to develop solutions with AI systems	1.Recurrent Neural Network 2.Google的BERT 3.The evolution of BERT 4.The evolution of GPT 5.Food advertising violations 6.Tree Hole Rescue Team
AI Is Everywhere: Widespread Applications	1	Those who want to a basic grounding in AI • Those who want to work in AI • Employees of companies specializing in data analysis	1.Smart health care 2.Smart manufacturing 3.AI chatbot 4.How Clubhouse promotes the development of AI voice applications 5.Subscription-based AI services 6.How to become an AI-enabled organization

| Stage 4 | Certification and transfer

Moving forward, in addition to checking the skills required for digital functions every year in order to optimize the reskilling program, CTBC Holding will introduce an internal function certification system, along with incentives, in 2022. By doing so, we will encourage our employees to take training courses early to gain function certification in order to prepare themselves for the digital age.

Through the general courses on digitization, we are gradually establishing a common digital language and thinking within the organization. As of the end of 2020, approximately 1,300 employees had completed the courses. The course agendas and the number of sessions held and employees trained are provided in the figure below.



1 Design thinking | Understanding users/focusing on needs/team co-creation/customer experience/fast presentation

17 sessions held and 512 employees trained as of the end of 2020



2 Agile development | Responding to changes/customer cooperation/One Team results

24 sessions held and 890 employees trained as of the end of 2020



3 Mind mapping | Convergent induction and divergent thinking/seeing the whole picture/finding the breakpoint
25 sessions held and 900 employees trained as of the end of 2020

With the ongoing construction of a digital environment and active improvement of the digital literacy and resilience of our employees, positive results have started to be seen on the business side. Two examples of such results are given below:

1. Investment GO: Next-generation intelligent wealth management

In 2020, we launched a next-generation wealth management service, Investment GO, with a hybrid model used to resolve problems for investors. With AI algorithms and automatic fund trading, Investment GO enables clients to make online inquiries to financial advisers remotely. The service is representative of the successful projects developed through our design thinking courses and workshops.



(L) Hands-on work in the design thinking course

(R) Investment GO user interface

03 Accelerating digital transformation through reskilling

2.COVID-19 relief loans: Agile development

In support of the Taiwan government’s COVID-19 relief loan policy, CTBC Holding has been effectively helping individuals and SMEs apply for and obtain bailout loans, specifically by using digital platforms and smart application review systems in order to fulfill our social responsibility as a financial service provider.

With the reskilling program, the idea of agile management has penetrated our day-to-day business operations; this included the provision of these relief loans, with employees receiving applications at noon and able to grant them in the afternoon thanks to streamlined workflows. The key to this agile development began with the Agile Management Command Center established at the beginning of the relief loan effort. Based on the application process, fact-based approaches, and constant adaptations (full disclosure, frequent review, and adjustment), coupled with a digital loan application platform that streamlined the workflows, we processed 283,000 bailout loan applications within two weeks and granted all approved loans without delay. In doing so, we processed more relief loan applications than any other bank in Taiwan.

- **Maintaining employee commitment amid fast-changing technology**

Financial institutions are facing multiple challenges in their digital transformations, such as significant digital skills gaps and workforce transition difficulties. In 2019, the Monetary Authority of Singapore entrusted Ernst & Young to study the impact of the digital transformation of banks on the staff of these companies. The study found that the impact could be divided into three areas: existing positions were greatly impacted, existing positions were facing increasing demand, and emerging positions under the new business model. The development of fintech inevitably replaces and changes existing business activities. Amid the digital finance transition, how to transform employees’ capabilities and effectively equip employees with key digital skills that can help their organization weather future challenges should be at the core of reskilling programs. Based on the needs of key digital skills on the business side,

Agile bailout loan application process



Digital bailout loan application platform

Digital Bailout Loan Application Platform

8

working nodes

97%

of applications made online

28.3

applications

our reskilling program aims to develop the new skills employees require in the digital age with a well-established learning roadmap and training opportunities.

Faced with business expansion, global competition, and the emergence of fintech, CTBC Holding will continue to improve our existing employees’ digital skills, expand our digital workforce, and foster a culture of digital learning in order to close the gap in the workforce required for digital transformation. These efforts also reflect our and our employees’ commitment to continuous growth.

Chapter 04

Building strong labor-management relations and taking gender equality seriously

It is incumbent on CTBC Holding to create a safe workplace where employees can play to their strengths. We are committed to building a safe, friendly, and equal-opportunity work environment with established procedures for human rights risk assessment and management within the organization, training courses that increase employees' awareness of human rights issues, and various communication channels and platforms for employees to freely voice their feelings. We also make opportunities available to every employee equally, regardless of gender, to develop their careers.

- **Responding to international human rights issues and seeking to reduce related risks**

As part of our efforts to respect and protect the basic human rights and legal rights of employees in light of international human rights conventions, CTBC Holding formulated its Human Rights Policy in 2018 with reference to the Universal Declaration of Human Rights, the U.N. Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration of Fundamental Principles and Rights at Work. In addition to emphasizing CTBC Holding's commitment to fostering a diverse, open, equal, and harassment-free work environment, the policy supports the freedom of association and strictly prohibits the violations of human rights such as child labor and forced labor as well as differential treatment or any form of discrimination.

We are committed to the goal of zero human rights risks in the workplace. Our Code of Conduct includes provisions concerning international human rights conventions; related training courses are also provided for employees to increase their awareness of human rights issues. In 2020, all of our regular employees completed 110,456 hours of training in courses on our human rights policy. We also make efforts to ensure the safety personal information in order to protect the privacy of our stakeholders. A range of safe grievance mechanisms are also in place to protect employees' legal rights. In addition, we have established procedures for human rights risk assessment and management and periodically assess the human rights risks of our domestic operations. One hundred percent of our domestic operation premises are included in these assessments and are required to implement corrective actions and enhanced measures based on the assessment results.

- **Providing equal development opportunities regardless of gender**

In support of U.N. Sustainable Development Goal 5, CTBC Holding strives to build a friendly, equal-opportunity workplace where all staff can realize their potential, regardless of gender, age, race, nationality, or other factors. These

04 Building strong labor-management relations and taking gender equality seriously

efforts include having gender-equality policies in place and promoting gender diversity across the company. For example, we have amended our policies according to the Act of Gender Equality in Employment promulgated by Taiwan's Ministry of Labor, specifying that when an employee's spouse gives birth, that employee is entitled to five days of paid parental leave, regardless of their gender. In addition, we allow both men and women employees to take breaks to breast- or bottle-feed nursing infants.

We provide fair compensation and development opportunities for employees regardless of gender. For example, nearly 60% of Employee of the Year recipients have been women in recent years. In terms of compensation, there are no significant differences in the annual compensation of men and women, both among managers and non-managers. Overall, the ratio of female to male employees in 2020 was 162:100; meanwhile, the proportion of middle and senior managers who were women increased by 2%–3% to 56.29% from 2019. One such woman who serves as a notable example of this empowerment is subsidiary CTBC Bank's Director of Retail Banking Amy Yang, who oversees the bank's transition to digital, data-driven customer relationship management. CTBC Holding CFO Ya ling Chiu, meanwhile, won the Asia's Best CFO Award at the 2020 Asian Excellence Awards held by Corporate Governance Asia, highlighting the excellent leadership of our women executives and the equal-opportunity work environment we have created.

- **Putting labor rights first through unimpeded communication**

CTBC Holding holds labor-management meetings on a regular basis to establish strong labor-management relations through two-way communication. Each year, all employees vote to elect labor representatives to attend these meetings, while company representatives are appointed by management.



In Taiwan, one also encounters scenarios that almost sound like they couldn't happen anywhere else. Take the example of Yaling Chiu, who heads the financial management department at CTBC Financial Holding. Eighteen years ago, she was happily employed at Citi when she was headhunted by Taiwan's biggest banking institution. Great opportunity, terrible timing, thought the five-month pregnant banker.

"I was ready to decline this opportunity," she says. Yet CTBC shocked her by making an offer anyway. "They said the most important thing is to recruit the talent we need," she says. "I was so surprised."

**2020 Women in Finance feature stories,
ASIA MONEY**



In 2015, Taiwan Life and its labor union entered into the first collective agreement in Taiwan's life insurance industry. About 11% of the agreement covers issues related to occupational health and safety. The HR Grievance Center is also in place to investigate and process grievances reported by employees in writing or in person to any supervisor at the center. To protect the rights and interests of informants, their identities are kept anonymous.



We conduct an employee survey every two years. The latest survey was conducted in 2019, with responses from 15,049 employees of CTBC Holding and subsidiaries (including overseas branches and CTBC Bank subsidiaries) for a response rate of 87%.

In the survey, employees gave CTBC Holding marks that exceeded global benchmarks in the “team,” “performance management,” “rewards,” “work-life balance,” and “organization communication” categories.. To contextualize our performance and position in the world, we analyzed external norm references and reported the results to the Chairman and the President for use in formulating an annual improvement plan; according to a management by objectives (MBO) approach, action plans and indicators were devised for follow-up and evaluation.

• **Care and employment aid for underprivileged groups and people with disabilities**

CTBC Holding is committed to equal-opportunity employment. In addition, we meet or exceed statutory requirements regarding labor rights and benefits in order to protect the right to work of underprivileged people. We also interview and recruit candidates regardless of their race, disability, nationality, and other factors, and offer paid leave to allow indigenous employees to participate in traditional festivals.

We support the right to work of people with disabilities by providing job opportunities through various channels. In 2020, we employed 94 people with disabilities. We also empathize with people from underprivileged groups and put this care into action by creating friendly work environments for them.

Furthermore, we have set up a massage room to allow employees to wind down and relieve stress at work while also providing employment for people with a disability. In 2020, in partnership with an association for visually impaired people, we engaged more than 15 qualified visually impaired massage therapists, who provided massages for an average of 1,000 employees every month.

Initiatives like those above yield win-win outcomes for all parties involved: we get professional, more diverse staff and people from m disadvantaged groups and those with disabilities.

Chapter 05

Developing talent through school funding

At CTBC Holding, one of our sustainability strategies is creating a connected society in line with SDG 8 Decent Work and Economic Growth. To achieve this goal, we invest corporate resources in education, such as by founding CTBC Business School. Jeffrey Koo, Jr., the founder of the school, once said: "The financial services industry is in need of outstanding talent. It will be more helpful to the industry and society if schools are established to train financial professionals." With the educational philosophy of "promoting the public interest and supporting the underprivileged and the deserving," CTBC Business School assists students, including those from disadvantaged backgrounds, to focus on their studies and, more importantly, prepares them for employment upon graduation. Trained as international financiers, they leave the school fully equipped to contribute to the financial services industry in Taiwan.

- **Supporting the underprivileged and the deserving**

We believe that education is an opportunity for students to change their lives. CTBC Holding gives out bursaries and scholarships to outstanding or economically disadvantaged students, giving them the opportunity to earn a college degree and be competitive in the job market upon graduation.

Since 2015, we have made donations to the Elite Scholarship. Qualified outstanding senior high school students are provided with free tuition, accommodation, and meals, as well as full allowances for overseas study and internships. In 2020, about NT\$11.26 million was granted. We have also made donations to the Hope Bursary, providing free tuition, accommodation, and meals for underprivileged students who show great potential for growth (about 30% of all recipients every year). As of 2020, 642 outstanding students, including 128 underprivileged students, had shared in the total of NT\$58.53 million in bursary payments.

- **Paying equal attention to theory and practice through case studies and professional lecturers**

Since 2017, students at CTBC Business School have worked with their professors to write business cases in case study courses in order to fully understand business practices. As of the end of 2020, 20 representative case studies had been written, including on Lehman Brothers' crisis management, Costco's co-branded cards, blockchain's agile development, and the response to the target redemption forwards crisis. Through case studies and experience sharing in the financial services industry, students gain the expertise and creative thinking necessary to become financial professionals.

We attach great importance to knowledge sharing, and have made this an important part of our culture. As of the end of 2020, we had more than 2,000 internal lecturers, who also taught in CTBC Business School. Focusing on

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topics related to the latest industry developments, school teachers and professionals combine theory with practice to help students broaden their horizons and become prepared for employment. CTBC Holding now has 80 employees teaching in CTBC Business School, with an average of 60 lessons and more than 100 teaching hours per year.



Students learn cash-counting skills in financial certification courses



Professionals lecture on investment products

• Offering internships to the deserving

As an indispensable part of the human development process in the workplace, internships are also a key part of our recruitment strategy. Each year, CTBC Holding's Rising Star internship program recruits 130 college students, nearly 50% of whom are from CTBC Business School. The internship program teaches the students the business operations, organizational culture, and business practices of the financial services industry. Complementing their academic learning, this provides critical real-world financial knowledge and skills through hands-on practice in the field.

In response to the Taiwan government's Southeast Asia-looking New Southbound Policy, CTBC Holding continues to recruit multilingual

talent and people from diverse backgrounds, who are stationed at appropriate overseas branches after completing a series of training programs. In addition to overseas Chinese college students in Southeast Asia, the summer internship program also recruits 10 overseas Chinese students from CTBC Business School every year. They participate in a series of training programs, including training at headquarters, hands-on practice abroad, and rotations across various overseas operations, in order to broaden their international business horizons.

In 2018, CTBC Business School established Taiwan's first AI department to cultivate digital talent. Starting from the internship level, every student is required to complete at least one case report with a professor before graduation in order to contribute to the department's data research project. Furthermore, to combine theory with practice, outstanding interns are given the opportunity to work for securities, IT, and operations departments and branches across Taiwan in their fourth year of study. Upon graduation, those who perform well are offered full-time positions.



CTBC Business School students take part in the data research project



CTBC Business School students from Thailand and the Philippines in 2020

- **Combining theory with practice to ensure a stable supply of entry-level talent**

Through company visits, lectures, summer internships, job interviews, and more, CTBC Holding works with CTBC Business School to map out career paths for students. For example, 100% of the school's first batch of graduates participated in a CTBC Holding employment matchmaking event, with some even admitted to the management associate (MA) program. Indeed, as of 2020, 147 graduates have been employed by CTBC Holding and subsidiaries as MAs, assistant credit analysis managers, tellers, customer service personnel, insurance representatives, and operators. About 20% of the graduates were from a disadvantaged background, demonstrating the real impact of the Hope Bursary and signifying real progress toward SDGs 1 (No Poverty) and 4 (Quality Education).

Every year, CTBC Business School graduates account for 10%-15% of fresh graduates coming on board at CTBC Holding; of these, 87% of the graduates of CTBC Business School are retained, higher than the retention rate of general new hires (80%). In addition, the department chiefs of these graduates consistently give overwhelmingly positive evaluations of the new staff, such as them being active, willing to learn, and adaptable. Such results indicate how the industry-academia collaboration at the heart of CTBC Business School's curriculum allows CTBC Holding to consolidate its young talent in terms of both quality and quantity.

Enterprise-funded schools play a critical role in the development of Taiwan's workforce and economy. Against the national backdrop of private school closures and a potential lack of students, CTBC Business School has a 100% enrollment rate every year, has been named among the Top 20 Performance Growth Universities in Taiwan for three consecutive years, and was crowned the Most Sought-after University by Employers in 2020 by 1111 Job Bank. As a role model for enterprise-funded schools,

CTBC Business School is not only addressing the skills gap in Taiwan's financial services industry but is making progress toward SDG 4 (Quality Education), delivering wins for industry, academia, and society.

"I chose CTBC Business School because I knew it could help build up my career in the financial services industry. During my four years of study, many professionals came to school to share their work experiences, which helped students approach their learning from different perspectives. With that kind of help from CTBC Holding, I was able to—very early on—get the practical financial knowledge and skills required to enter the workplace. In the future, I will continue improving my own career development while also making CTBC Bank better."

Ms. Li, Institutional Banking MA of CTBC Bank



Ms. Li, second right, and her classmates at the Wharton School



Ms. Li, left, shares her successful experience at CTBC Bank with new graduates

Chapter 06

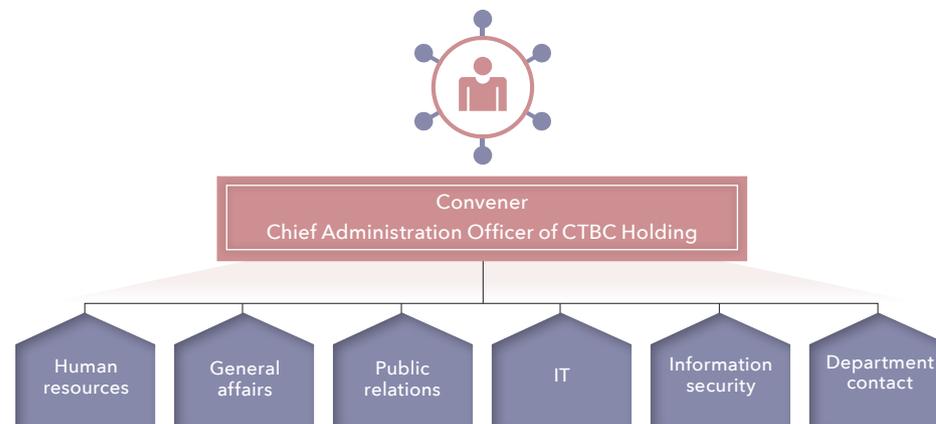
Putting employees first during COVID-19

In the face of the COVID-19 pandemic in 2020, we made caring for our staff and their healthy a top priority. Our turnover rate for the year was 10.89%, a five-year low, showing that our business operations remained competitive and sustainable. Furthermore, in response to government policy and as a responsible corporate citizen, we adopted strict epidemic prevention measures so we could keep ourselves and the public safe while still providing uninterrupted financial services.

- **Combating the pandemic with preemptive measures**

Early on in 2020 as the pandemic emerged, CTBC Holding followed the Central Epidemic Command Center's instructions to take strict epidemic prevention measures. We also set up our own Epidemic Response Task Force, with our Chief Administration Officer acting as the convener, to direct and supervise the epidemic prevention measures of our subsidiaries and overseas operations. The convener's primary duties included collecting information on the pandemic and epidemic prevention-related regulations for reference in formulating and announcing response policies and measures; coordinating, integrating, and allocating material and human resources required for epidemic prevention; and tracking confirmed cases within the organization and reporting them to the competent authority.

Epidemic Response Task Force structure



In March 2020, we established remote backup offices and staggered workhours to reduce crowding and thus the risk of an infection spreading at peak hours; we also amended the Contingency Plan for Major Infectious Disease Incidents, specifying the duties of the Epidemic Response Task Force and departments, epidemic prevention and response measures, and emergency drills, in order to ensure business continuity.

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Due to the pandemic, various events and gatherings were canceled except for the annual year-end party. At the end of 2020, we held the lucky draw at the year-end party online for the first time, using a live-streaming platform to increase staff engagement and excitement. Hundreds of prizes, including an SUV, electric bicycles, smartphones, and air purifiers, were offered. As well as being a welcome morale booster, the annual event was a chance for the company's management to send New Year wishes and thank employees for their contributions.



• Caring for staff at home and abroad

CTBC Holding has about 4,800 overseas employees. That figure includes some 150 Taiwanese expatriates, many of whom have been unable to return to Taiwan since the outbreak of the pandemic. To express our gratitude and respect to these staff in particular, our Vice Chairman personally called them to mark traditional Taiwanese festivals while the Chairman sent his personal regards to employees and their families stationed in Canada, Australia, Xiamen, Shanghai, the Philippines, Vietnam, Thailand, and other countries via video call. Standing by our commitment to treat employees like family members, we offered subsidies for transportation, quarantine hotels, and COVID-19 test fees to expatriate staff seeking to return to Taiwan, in addition to raising the salaries and allowances as well as providing cash allowances for the airfare of their dependents and flexible visitation regulations.

CTBC Holding has also been closely monitoring the epidemic-related status of overseas operations during the past two years, and has adjusted its human resources flexibly in order to maintain stable business operations. For example, by granting medical subsidies, we encourage overseas staff to get vaccinated early and accelerate the drive toward herd immunity. Similarly, to protect employees' right to take leave, we have instituted new on-call duty allowances and extended the term of leave.



Among our overseas operations, those in the Philippines, Indonesia, and India have been hardest hit by the pandemic. Our efforts in response have included helping our staff in the Philippines and Indonesia to purchase a large number of epidemic prevention supplies, including masks, protective clothing, automatic disinfectant sprayers, and laptops for working from home. In addition, in May 2021, CTBC Holding headquarters started shipping 10 oxygen generators to India to improve the work environment for employees there. Furthermore, as the pandemic ravaged countries around the world, we helped arrange charter flights to bring Taiwanese nationals stationed in the Philippines and India back to Taiwan.

Our efforts to keep staff safe during the pandemic extended to their family members. In 2021, for example, we purchased epidemic group health insurance for more than 60,000 employees and their dependents. During the quarantine, employees infected by people living together with them were sent daily necessities to the end of the quarantine every week. In addition, employees could also take paid pandemic prevention care leave for two days.

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In July 2021, we gave out NT\$10,000 to every non-managerial full-time employee and an additional NT\$5,000 to every front-line employee to help them purchase epidemic prevention supplies. We also provided rapid COVID-19 home test kits for employees to help them proactively stay healthy and block the chain of infection, and gave out condolences to employees who tested positive. To encourage employees to get vaccinated and rest sufficiently afterward, we offer paid vaccination leave of up to two days.

We treat employees as family members. Our management brought epidemic prevention supplies to operations and filmed videos and prepared greeting cards to express their gratitude to employees. For staff who were quarantined and tested positive, we helped arrange quarantine hotels, taxis, oximeters, and fresh food; moreover, our nurses followed up on their physical and mental health every day—from the onset and hospitalization to recuperation at home. After recovering, these employees all expressed gratitude for the company's support.

- **Exerting a positive influence in the community during the pandemic**

The sustainable development of a company is built on two foundations. Internally, every employee is a company's most valuable asset; externally, only a prosperous and healthy society can provide the necessary conditions for a business to grow. It was with this understanding that CTBC Holding stood by its commitments to its employees and the community at every step of the pandemic.

In terms of institutional banking, more than 400 of our clients needed to hold shareholders' meetings despite the pandemic, and our employees



from the stock transfer agency helped the clients arrange shareholders' meetings at the risk of safety.

Meanwhile, on the retail banking side, on the day it opened for COVID-19 relief loan applications, our internet banking platform saw 44 times its usual number of users, with page views 57 times the usual number. Thanks to the diligence of our staff, we were able to handle the influx well and process each application quickly. As of mid-July 2021, CTBC Bank had granted more than 130,000 bailout loan applications worth over NT\$10 billion—the most of any bank.

We empathized greatly with the urgent needs of our customers during

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the pandemic. In one notable example of CTBC Bank manifesting its core value of care, to help a stranded Indian customer remit money to his COVID-19-infected family members, our branch directors and tellers spent several days contacting the central bank and successfully remitted money while complying with foreign exchange regulations.

A successful financial institution is one that not only makes a profit but, more importantly, gives back to the community. During the pandemic, volunteers from the CTBC Charity Foundation continued to provide much-needed care for children at infant asylums via video calls as well as handed out masks and helped the public file relief loan applications. We also supported about 150 hard-hit families through the CTBC Poverty Alleviation Program. For example, Mr. Chang, the owner of Alanger Coffee Shop in Taitung, had been forced to shut up shop due to the pandemic. Thanks to the deferred payments granted by CTBC Bank and emergency relief provided by the CTBC Charity Foundation, Mr. Chang got a foothold back and began to make turn a profit through the delivery of organic produce.

The ever-changing environment is putting business resilience to the test. Trusting and empowering employees in the face of challenges such as the pandemic, CTBC Holding holds fast to its business philosophy and culture while managing to continuously provide quality financial services for the public.

2020 CTBC Holding Employee Empowerment Report

Conclusion

CTBC Holding Chairman Wen-Long Yen once said: “There is no ‘winning formula’ to stand out in the competitive financial services industry. The key to success hinges on long-term, continuous dedication to employees, clients, shareholders, and society.” Indeed, treating staff, customers, shareholders, and the public like family has been a core value of ours for more than 50 years. And, taking this commitment one step further, we strive to turn employee care into employee empowerment, hoping to pass on our corporate culture and “We are family” brand spirit and exert a positive influence on our employees, customers, and community.

In the face of international competition and the development of fintech, CTBC Holding continues to develop digital skills and build a digital workforce as a key part of its commitment to employee empowerment. During the COVID-19 pandemic, we fulfilled our social responsibility by keeping our staff healthy and safe and helping individuals and businesses to apply for relief loans. Furthermore, in compliance with international laws and regulations concerning human rights, we foster an equal-opportunity work environment where employees can live up to personal values and play to their strengths. Finally, in line with the New Southbound Policy and the rapid development of fintech, we are striving to build a deep talent pool and promote quality education in the financial services industry.

As this report details, CTBC Holding has—guided by its strong corporate culture and business philosophy—developed diverse recruitment channels, offers industry-leading compensation and benefits, has in place sound training and career planning systems, and maintains a healthy and safe workplace. Moving forward, CTBC Holding will continue to empower its employees to build successful careers through business innovation and sustainability.





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