



E.SUN FHC CSR REPORT 2018





**Widespread
Deployment in Asia
Based on Strong
Foundations in Taiwan**

About this CSR Report

■ GRI : 102-1 、 102-32 、 102-45 、 102-48 、 102-49 、 102-50 、 102-51 、 102-52 、 102-53 、 102-54 、 102-56

E SUN Financial Holding Co., Ltd. (E.SUN FHC) has long been committed to corporate social responsibility and appreciates your attention to the 8th CSR report published by E.SUN FHC. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option, U.N. Sustainable Development Goals (SDGs), GRI Financial Services Sector Supplement, Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, ISO 26000 guidance on social responsibility, UN Global Compact, and the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies. This report has also been reviewed by SGS in accordance with ISO 26000 guidance on social responsibility. E.SUN FHC published CSR report in both English and Chinese version every year, and the report can be downloaded from the "CSR" section of E.SUN FHC official website. Through publication of this CSR report, we hope to communicate the ideas and practices that E.SUN has adopted toward achieving sustainability Responding to our stakeholder. We hope to learn and grow together, and bring positive influence to the society.

Framework and scope of Report

The CSR report is prepared and published on a yearly basis; this year's report covers the performance in the 2018 financial year with respect to economic, social and environmental aspects. In order to present a more comprehensive picture of various projects and campaigns undertaken by E.SUN FHC, the report also discloses activities that occurred prior to January 1, 2018 and after December 31, 2018. The last version was published in June 2018.

Scope of Report

The scope of disclosure focuses on operating activities and services of E.SUN FHC and its subsidiaries (E.SUN Bank, E.SUN Securities, and E.SUN Venture Capital) in Taiwan, which accounts for 99.8% (not including E.SUN Bank's subsidiary, Bank Pro) of E.SUN FHC's net revenue. Statistics in this CSR report have been presented in a manner consistent with common international standards, and cover the performance of some of E.SUN's overseas branches. Disclosures on social welfare and charity cover the two non-profit foundations (namely E.SUN Volunteer and Social Welfare Foundation and E.SUN Culture and Education Foundation) and subsidiaries; whereas disclosures concerning environmental protection (e.g. use of water, electricity, petrol etc) cover E.SUN's Taipei Headquarter Building, Summit Campus, Hope Campus, Technology Building, Boai Building, and overseas and domestic operations, and branches located throughout the country. Any special meanings pertaining to the above quantitative indicators are explained in separate footnotes.

Reporting Basis

Organization	Principle
The Global Reporting Initiative, GRI	GRI Standards: core option G4 Financial Services Sector Supplement Guidelines Integrated reporting
Taiwan Stock Exchange, TWSE	Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
United Nations, UN	Sustainable Development Goals, SDGs Summary of Global Compact Disclosure
International Organization for Standardization (ISO)	ISO 26000 guidance on social responsibility

Standard of Information

Data category	Standard	Assurance Provider
Sustainability data	AA1000 Assurance Standards (2008) and its 2018 appendices (Type 2 moderate-level assurance)	BSI Taiwan
Financial data	Annual financial report	Deloitte
Environmental data	ISO 14064-1 : 2018 Greenhouse Gas Inventory	SGS Taiwan
	ISO 14064-1 : 2006 Organizational Greenhouse Gas Inventory Scope 3 ISO 14046 : 2014 Organizational Water Inventory	

Note:
This report is based on the principles of accuracy, balance, clarity, comparability, reliability and timeliness of the GRI Sustainability Reporting Guidelines. The source is provided by E.SUN FHC and its subsidiaries, and all content is approved by the CSR Committee and senior management.

Please inform us of any suggestion you may have with regards to the "Corporate Social Responsibility Report of E.SUN Financial Holding Company."



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Historical CSR reports



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Letter from Chairman & President

■ GRI : 102-14 、 102-15

"We accumulate knowledge and love as we age. Knowing to give is wisdom, but being able to give is happiness."

E.SUN Bank, named after the highest mountain in Taiwan

In 1992, named after the Highest mountain in Taiwan, E.SUN Commercial Bank was created out of a commitment to "build the best bank". We build an expert-directed system, and work together to build a Bankers' bank as part of our mission to be Taiwan's best-performing and most respected bank. Ever since our incorporation, we have always remembered this mission. While in pursuit of financial business development, we manage our business with long-term values at the core; integrate corporate social responsibility into our financial business; strive toward the sustainable development of companies, society, and the environment; and maximize our influence with the value of "Pure as Jade, Sturdy as Mountain" and the belief that "one simple act of love can inspire others to love".

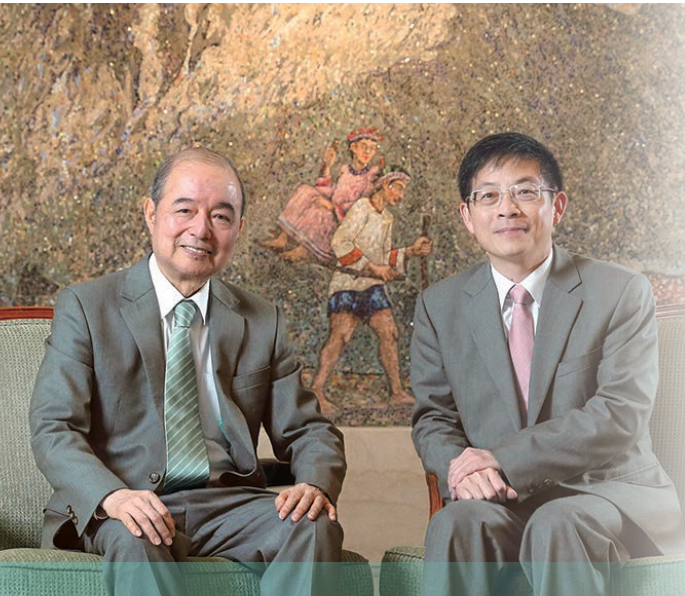
Steady growth and continuous refinement

2018 has been an exciting year for E.SUN. Both our tangible and intangible indicators have received plenteous recognition and a total of 126 domestic and foreign awards, including Best Bank in Taiwan by The Asset, Asiamoney, and The Banker. We won the Executive Yuan's National Quality Award for the 4th times, setting a unique record among Taiwanese companies. With respect to sustainability evaluation, E.SUN FHC has been included as a component of the DJSI for five consecutive years, the only financial industry with such privilege in Taiwan. In terms of financial indicators, E.SUN FHC generated more than NT\$200 billion in market value and NT\$17.068 billion in earnings after tax. Subsidiary E.SUN Bank continued to focus on cross-border businesses, and therefore produced the highest foreign currency deposit increase/growth in the nation. Given our steady business growth and excellent asset quality, E.SUN Bank and E.SUN FHC received even higher credit ratings (A2 and A3, respectively) by Moody's, making us the only private financial holdings in Taiwan to receive A rating from such institution.

Sustainable development challenges the way a company balances its long and short-term development, and a company's social responsibility draws on efficient resource use. To continuously magnify the positive influence of its CSR, E.SUN focuses on five major areas: business governance, customer value, happy workplace, environmental sustainability, and social inclusion. On the basis of our long-term efforts, we will expand our business in three directions: (1) Extending our global presence by introducing positive experiences and actions in Taiwan to overseas regions; (2) Adopting more international standards by continuing to integrate leading ways of thinking and systems; and (3) Promoting digital applications by actively using new technologies and integrating them into social activities. We will amplify the influence of our CSR in these three directions and make people's lives better.

Financial business as starting point toward sustainable development

People often ask us: "What is the connection between corporate social responsibility and business performance?" We do not know the answers of other companies, but we are doing the best we can in these regards to identify the connection between them. Therefore, on the road to sustainable development, we are determined to start from our core businesses and continue to develop safe, convenient physical and online processes in which services are rendered as universal as access to water and electricity. We are also the first financial institution in Taiwan to simultaneously adopt the Equator Principles (EP) and incorporate green bonds. We have approved 8 EP cases in total and issued the highest number of green bonds in NTD



Yung-Jen Huang

Chairman, E.SUN FHC

Joseph Huang

President, E.Sun FHC & E.Sun Bank

and foreign currency in Taiwan. As a testament to the importance we place on UNEP FI's Principles for Responsible Banking announced at the end of 2018, we have actively integrated the UN's 17 Sustainable Development Goals (SDGs) and Paris Agreement into the Bank's business activities; established a bank-wide framework that is based on the environmental, social and governance (ESG) criteria; and incorporated our credit extension, investment, and wealth management services into ESG analysis and follow-up mechanisms to achieve continuous improvement. In addition to affording positive support for the economy, more importantly, we have expanded our positive impact onto society and the environment, and fully demonstrated our determination to integrate our financial business and fulfill social responsibility.

Talent is the cornerstone of sustainable development

Talent is the leading, key indicator of competitiveness at corporate and national levels. We truly believe that fostering first-rate talents for society is vital to fulfilling E.SUN's corporate social responsibility. From its establishment in 2005 and up until this day, the Outstanding Management Talent Scholarship has been rewarded to 99 excellent performing students. In addition to our active role in cultivating managerial experts, we also believe that technologies will play a crucial role in the future, while art and culture can fulfill our spiritual needs amid an ever-changing environment. Therefore, we expanded the scope of this scholarship in 2018 to encourage youth involved in the fields of "management, technology, and humanities". We also collaborated with Business Management, Economy, and Finance Departments from 13 universities for the first time to initiate the E.SUN Financial Industry–Academia Cooperation Project, and signed letters of cooperation with universities in Myanmar and Cambodia to foster future talents with more flexible multinational plans. Regarding children living in remote areas, the E.SUN Golden Seed Project has been implemented for over 10 years, building 137 libraries in Taiwan, and donating more than 310,000 books to the benefit of over 80,000 students. We look forward to see these children encounter the pleasures of reading, thereby paving a broader way into the future, and further enriching our society.

Committed to cherish Taiwan

Just as Yushan is the most beautiful mountain in Taiwan, E.SUN aims to seek business development without compromising this beautiful land. We have set specific goals since 2016: Reduce per capita carbon emission, water consumption, and waste generation by 1% each year, and 10% by 2025. To this end, we continue to complete inventories for our service locations at home and abroad. In 2018, E.SUN implemented bank-wide waste

inventory, and continued to renovate existing offices and construct more green buildings and solar-powered branches. As our key IT hubs, Summit Campus and Hope Campus have also obtained the international green building certification LEED Gold, making them the first green data centers among Taiwan's financial industry. In addition to our business environment, we also host environmental and beach clean-ups called Smile E.SUN. Employees are gathered to clean up surrounding areas of 197 business units and beaches in 18 coastal areas across Taiwan. In total, 7,500 employees have participated and collectively cleared out eight tons of plastic and wastes. We will continue to advance toward our goals. All credit cards issued in 2019 will be completely carbon neutral; all E.SUN customers will only get zero-carbon credit cards in the future. This is our way to join the forces of E.SUN employees, E.SUN businesses, and E.SUN customers and do our part for the environment.

Navigating toward blue oceans and embracing the future

Continuous integration with international developments can inspire new ideas and promote numerous improvement measures. Therefore, we have organized master forums consecutively for 7 years, and in 2018, we invited the authors of Blue Ocean Strategy, W. Chan Kim and Renée Mauborgne, to our 7th international master forum, where they shared their thoughts and suggestions about breaking through bottlenecks in the industry. According to Kim and Mauborgne, the key to such breakthrough is not "red ocean" competition but the innovative outcomes of a "blue ocean" strategy. Thanks to their insights, we have become more convinced that E.SUN's inherent choice to walk our own path and use unique approaches are the key to creating greater value for our employees, customers, shareholders, and society.

2019 will be a year filled with uncertainties, further aggravated by the increasing unpredictability of global economies, including the U.S. trade conflicts, China's economic slowdown, and the political and economic plights in European countries. The financial industry in Taiwan will be impacted by the opening of online-only banks and international anti-money laundering requirements, which will inevitably pose more challenges and opportunities amid operations of Taiwan's financial industries. E.SUN FHC will continue to apply the wisdom of our teams, exploit the power of science and technology, navigate with customers toward beautiful blue oceans, and advance into a better future with the society. 

Sustainable performance and Achievement of 2018



- **11**th times winner of CSR Award 1st in Financial sector 《 Common Wealth 》 , and **3**rd time winner of CSR Award champion in financial sector.
- Member of DJSI Emerging Market Index since 2014 and DJSI World Index for the **3**rd year.
- Selected as component of MSCI ESG Leader Index, FISE4Good Emerging Index, TIP Taiwan ESG Index.



Finance

- Net profit **17.068** billion NTD
- ROE **11.04%**
- Upgraded credit rating to **A** from Moody's

Customer

- Customer satisfaction rate on physical and digital channels: **82.12%**
- Active customers on digital channel: **1.19 million**

Employee

- Employee retention: **90.46%**
- Average welfare and compensation for none managerial position **1,195 thousand** dollar

Environment

- **2** LEED Golden certified computer facilities

Social

- Build **137** E.SUN Libraries
- **13 thousand** enrolled students in the Care for Children at School program.

ESG Performance

[Economics]

	Net Profit (Unit: million NTD)	ROE (%)	Total Asset (Unit: million NTD)
2016	13,135	10.35	1,884,300
2017	14,757	10.54	2,074,388
2018	17,068	11.04	2,287,787

[Society]

	Average Benefit expense on non-managerial level (Unit: NTD Thousand)	Employee retention (%)	Number of E.SUN Libraries
2016	1,111	91.5	110
2017	1,165	92.1	125
2018	1,195	90.46	137
Target	1,250 in 2020	Above 90% in 2020	200 libraries by 2025

[Environment]

	Renewable Energy Power Generation Capacity (Unit: MW)	Carbon emission per unit revenue (kg/thousands)	Water use per unit revenues (liter/thousands)
2016	18	0.564	4.11
2017	58	0.517	3.81
2018	70	0.488	4.08
Target	400MW in 2021	2025 lowered by 25%	2025 lowered by 15%

Note:
Set 2016 as base year and consumption per unit of revenue as metric.

Recognition



5th consecutive year
listed in DJSI

〈DJSI〉



3rd time winner of Best CSR in Taiwan-
Best Corporate Governance in Taiwan

〈Finance Asia〉



9th consecutive year
Platinum Award for Governance,
CSR and Investor Relations

〈The Asset〉



11th times winner of CSR Award
1st in Financial sector

〈Common Wealth〉



3rd time winner of CSR Award
champion in financial sector

〈Global Views Monthly〉



4th consecutive year
Top **5%** CG Evaluation

〈Taiwan Stock Exchange〉



4th consecutive year Taiwan Corporate
Sustainability Award **1st** in Financial sector

〈Taiwan Institute for Sustainable Energy〉



3rd time winner
of Best Practice Awards-
Best CSR

〈Taiwan Academy of Banking and Financ〉



Best ESG Company in Taiwan

〈Institutional Investor〉



4th time winner of
National Quality Award

〈Executive Yuan〉



4th consecutive
year Best Bank in Taiwan

〈The Asset〉



3rd time winner of
Best Bank in Taiwan

〈The Banker〉



4th time winner of
Best Bank in Taiwan

〈Asiamoney〉

1 - Company Information

■ GRI : 102-1 、 102-2 、 102-3 、 102-4 、 102-6 、 102-7 、 102-10

(Unit : NTD million)

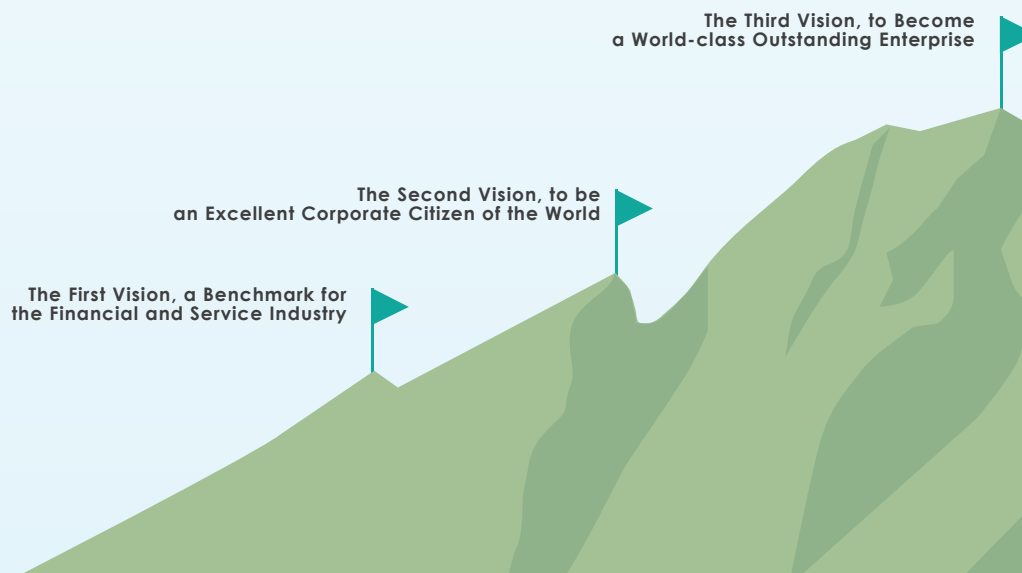
1.1 Vision

We believe our strength is decided by our vision. E.SUN Bank has long remained dedicated to upholding our core values of honesty and integrity. E.SUN has established the E.SUN Foundation and the E.SUN Volunteer & Social Welfare Foundation. The foundations operate under the guidelines of "love and care" and "one simple act of love can inspire others to love". This philosophy enables E.SUN and its employees to make contribution to the community. E.SUN hopes, with these efforts, we are able to have a positive impact to the community and work with stakeholders to create a bright future.

Establishment\Date	2002-01-28\E.SUN Bank established on 1992-02-21
Headquarters	Taipei, Taiwan
Paid-in Capital	108,289
Total Asset	2.29 trillion
Number of employees	8,749
Subsidiaries	E.SUN Bank - E.SUN China - Union Commercial Bank, Cambodian E.SUN Securities - E.SUN Investment Consulting E.SUN Venture Capital BankPro e-Services Technology E.SUN Culture and Education Foundation E.SUN Volunteer & Social Welfare Foundation
Sectors	Financial
Ticker Symbol	2884

● Corporate business philosophy

Named after the highest mountain in Taiwan, we are determined to be the best bank in Taiwan. We aspire to be the best-performing, and most respected financial institution in Taiwan. Since it was founded, E.SUN has made establishment of institutional systems, cultivation of talents, and development of information technology the three pillars of its quest for long-term sustainability, and upholds a business philosophy of "expertise, service, and business." Through long-term and stable efforts, we keep advancing toward our vision.



● Service network at home and abroad

As of December, 2018, E.SUN FHC and its subsidiaries have established a number of service channels throughout Taiwan, the physical channel includes 139 branches of E.SUN Commercial Bank and 17 branches of E.SUN Securities. With regards to digital channels, E.SUN utilizes a variety of service networks including Internet banking, mobile banking, website, customer service center, automated service equipment and branches to deliver online to offline (O2O), custom-tailored financial services that help improve customers' lifestyles.

E.SUN's international development strategy aims to quickly achieve Asian expansion by targeting both the Chinese and ASEAN markets at the same time sites building a cross-border integrated financial platform in Asia. E.SUN currently operates 28 sites in 9 countries and regions, including Greater China, ASEAN and other key financial centers in Asia.



Taiwan

- 139 branches
- 14 corporate banking center
- 16 consumer banking centers
- 16 wealth management centers
- 17 securities branches

Overseas

- 5 operating sites under E.SUN Bank (China), China subsidiary
- 14 presences under Union Commercial Bank, Cambodian subsidiary
- Hong Kong Branch
- Los Angeles Branch
- Singapore Branch
- Dong Nai Branch (Vietnam)
- Sydney Branch
- Brisbane Branch
- Yangon Branch (Myanmar)
- Tokyo Branch
- Hanoi City Representative Office (Vietnam)

Digital channels

- E.SUN e-Customer Service: Customer Service Hotline Smart Customer Services Voice over Internet Protocol Internet Bulletin Board, etc.
- Personal Online Banking
- Corporate Online Banking
- E.SUN-i chatbot
- Mobile Banking APP
- E.SUN Wallet
- WebATM
- ATM automated facility
- Foreign Currency ATM
- E.SUN Securities A+ internet service, E.SUN Securities A+ mobile services

Services and Products

- E.SUN Bank: Corporate banking, retail banking, wealth management, Financial finance, credit card, digital banking, and insurance brokerage
- E.SUN Securities: Brokerage, derivatives, credit transactions, fixed income products, and e-commerce businesses
- E.SUN Venture Capital: Investments in startup and developing companies and providing assistance to developed companies

1.2 Business Performance

■ GRI : 102-5、102-7、201-1、415-1

E.SUN was founded with an expertise-driven management that made a long term commitment to creating value for stakeholders and to listening to the voices of shareholders and investors. The core value of E.SUN focuses on disciplined corporate culture and entrepreneurship, which aims to enhance its tangible and intangible value and then share the result to all stakeholders.

● Financial Performance

E.SUN FHC delivered outstanding performance in 2018. The overall profit after tax reached NT\$17.068 billion, record-high profit for seven consecutive years, up 15.7% from 2017. The EPS, ROE, and ROA were NT\$1.58, 11.04% and 0.78%, respectively. The ROE of E.SUN Bank was 11.20%, the highest in the banking sector of a financial holding company. Driven by cross-border, technological strategies in 2018, E.SUN's businesses exhibited favorable performance, with E.SUN FHC turning in overall net revenue of NT\$49.18 billion for the year, up 6.7% from previous year. According to Financial Statistics Abstract key business indicators, three items of E.SUN's deposit service were ranked number one in Taiwan, namely, increase in total deposits, increase in foreign currency deposits, and growth rate of foreign currency deposits. Loans exhibited positive growth both qualitatively and quantitatively. The growth rate of total loans was 10.1%, and the growth rate of domestic consumer loans was 14.4%, highest in Taiwan. Based primarily on financing of cross-border Taiwanese and international businesses, foreign currency loans increased by 21.9%, which demonstrates the effectiveness of E.SUN's global presence on overall foreign currency demands. Loan growth was achieved while maintaining sound asset quality. The NPL ratio was 0.23%.

Financial Performance

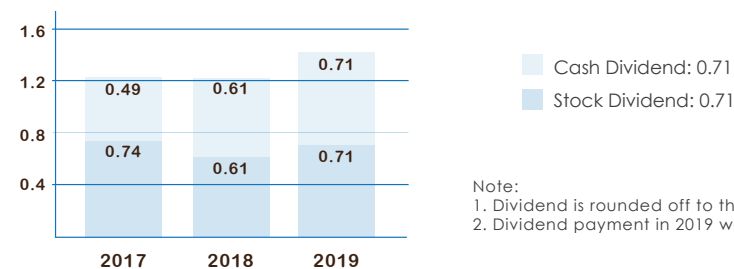
(Unit: NTD thousand)

	Category	2016	2017	2018
Management capabilities	Total assets	1,884,300,190	2,074,388,287	2,287,787,032
	Equity	129,181,358	148,948,431	160,130,100
	Net income	41,064,832	46,107,189	49,429,234
	Net profit attributable to parent company	13,135,212	14,756,556	17,068,493
Profitability	ROA (%)	0.71	0.74	0.78
	ROE (%)	10.35	10.54	11.04
	EPS (NTD)	1.50	1.49	1.58
Economic value distributed	Employee salaries and benefits	10,184,405	11,228,792	11,596,823
	Dividend to shareholder	11,370,931	11,657,982	15,387,867
	Tax	3,602,654	4,457,455	5,349,689
	Investment in social inclusion	295,073	347,314	359,465
	Spending on trade associations and other tax-exempt groups	19,025	15,727	14,913
	Political donations	0	0	0

Note:

- Investment in community involvement includes cash donations, contributions of time, donations-in-kind, management expenses. Details are shown in chapter 8- Social Inclusion. In addition, details of major plan of investment in community involvement are shown in Appendix 8 Economic Value Distributed (EVD) Indicators of the CSR Report.
- Major organizations of policy studies and campaigns include: Bankers Association, Trust Association, Securities Association, Corporate Governance Association and other organizations involved in finance related policy studies and campaigns. Details are shown in Appendix 8 Economic Value Distributed (EVD) Indicators of the CSR Report.
- E.SUN is politically neutral and makes no political donations. Political donations include Lobbying, political campaigns, ballot measures and any other political activities.

● Dividend payment in past three years



Note:

- Dividend is rounded off to the second decimal place.
- Dividend payment in 2019 was distributed by 2018 distributed earnings.

● Credit Rating

E.SUN's ratings or outlook have been upgraded by credit rating agencies for the 5th consecutive year. In 2018, Moody's upgraded both E.SUN FHC and E.SUN Bank's credit ratings. Following the increase in Moody's ratings, E.SUN Bank received A2 rating while E.SUN FHC received A3 rating. E.SUN is the only private financial holding company in Taiwan to receive a A credit rating from an international credit rating agency. Moody's recognizes the rapid increase in assets managed by E.SUN Bank. A number of E.SUN's services was rated the best in the market, which confirms the importance of E.SUN Bank in Taiwan's financial industry. According to Moody's, E.SUN has delivered loan momentum above system loan growth for years. At the same time, it is also success in maintaining sound asset quality that reflects a robust risk management culture in E.SUN Bank. The profitability of E.SUN improved significantly in recent years, particularly the strong growth of non-interest income has promoted steady increase the ROA and ROE of E.SUN FHC. Nevertheless, E.SUN continues to support its business growth with profit. Moody's analyst strongly recognizes E.SUN's robust capital level and liquidity while maintaining a solid foundation in corporate and personal deposit. When facing market fluctuation risks in the future, E.SUN will be fully capable of responding to any forms of fluctuations in the financial market.

E.SUN Financial Holding Company

Agency	Global long-term rating	Global short-term rating	National long-term rating	National short-term rating	Outlook	Effective Date
Moody's	A3	P-2	-	-	Stable	2018.11
Taiwan Rating Company	-	-	twAA-	twA-1+	Stable	2018.07
S&P	BBB	A-3	-	-	Stable	2018.07

E.SUN Bank

Agency	Global long-term rating	Global short-term rating	National long-term rating	National short-term rating	Outlook	Effective Date
Moody's	A2	P-1	-	-	Stable	2018.11
Taiwan Rating Company	-	-	twAA	twA-1+	Stable	2018.07
S&P	BBB+	A-2	-	-	Stable	2018.07

Moody's

中華信用評等
Taiwan Ratings
An S&P Global Company

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

2 - Strategy of Sustainable development

"E.SUN envisions becoming the most beloved, best-performing, and most respected bank in Taiwan."

E.SUN has been an honest and upstanding company dedicated to integrity and professionalism since its establishment. E.SUN will continue to work toward the three aims of business management, which are overall performance, corporate social responsibility, and sustainable development. In addition to refining its financial business, E.SUN is committed to devoting resources into CSR efforts and executes CSR tasks in accordance with E.SUN Financial Holdings Corporate Social Responsibility Best Practice Principles. E.SUN endeavors to implement corporate governance, develop a sustainable environment, and uphold public interests, and strengthens the disclosure of corporate social responsibility information. Our business philosophy is continuing to exert positive influences on the society and environment as we strive to achieve continuous business development.

Irrespective of social and environmental activities, we will act as role models, encourage E.SUN employees to become highly involved, and leverage our expertise in finance, thereby establishing partnerships to make our society a better place and maximize our social influence in spirit of "one simple act of love can inspire others to love."



● Innovation and Integration

E.SUN follows a 3i strategy, Innovation, Integration, and Influence. It promotes corporate social responsibility on an ongoing basis by making a long term commitment and taking a systematic approach to use its financial expertise and combine cross-border and cross-industry resources. We continue to devote resources into corporate governance, public interests, environmental sustainability, customer interest, and employee care and encourage advancement and innovation to keep pace with international trends.

● Corporate Social Responsibility Committee (CSR Committee)

E.SUN FHC established a corporate social responsibility committee (CSR Committee) in 2011. The chairman serves as the committee's convener, and there are five dedicated teams to handle the issues of corporate governance, social welfare, environmental sustainability, customer rights, and care for employees. The teams effectively integrate resources and boost efficiency; there were a total of 38 meetings in 2018. In addition, the company reports two times of CSR strategies and implementation results to the board. As a rule, the company employs systematic and well-planned methods to achieve the long-term fulfillment of its corporate social responsibilities. E.SUN incorporates corporate social responsibilities in its business strategies. With reference to international trends, the board composition is only directors (two of whom were independent directors). Committee members have engaged in a full discussion and provided guidance accordingly.



Organization chart
of the CSR
committee



CSR Best
Practice Principles

● Emerging risks and mitigation measures

The WEF published a global risk report in 2019, from which we find that climate change, information security, and cyberattack are the top three risks. Coupled with deteriorating international relations and widening gap between the rich and poor, anti-globalization and anti-capitalism protests have continued, while tensions have weakened international cooperation, challenging the commitment of many countries to global problems. Facing intense challenges of the deteriorating environment and climate around the world, E.SUN has also identified emerging risks, developed mitigation measures and response policies, and steadily strive toward sustainable development.



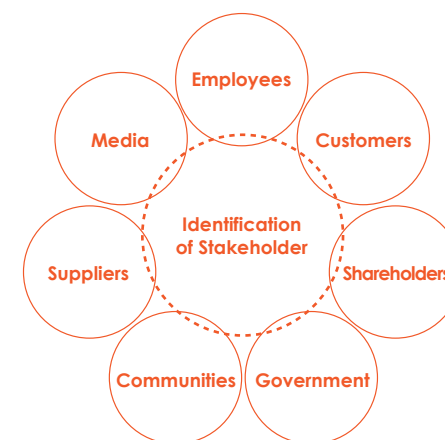
Emerging Risk	Description of risk	Potential business impact of the risk	Mitigating actions	chapter reference
Information Security Risk	Risks, injuries, damages, and losses resulting from the confidentiality, integrity, and availability of information assets in an organization's hardware/network configuration, software application, information and media access, and management process.	An information security incident may cause business interruption and subject the Company to sanctions by the competent authority. In severe cases, the Company will suffer reputation or property loss.	<ol style="list-style-type: none"> 1. Organization and system: E.SUN has established an Information Security Management Division that oversees the information security operations of E.SUN FHC, as well as an E.SUN FHC Information Security Management Committee, which inspects the subsidiaries' information security governance policy, supervises operations, and regularly reports to the board of directors. 2. Protection mechanism: We have deployed relevant defense mechanisms in response to the constantly changing hacking techniques and commissioned external information security experts to collaborate in penetration tests and attack/defense drills with different scenarios and to examine the effectiveness of the Bank's defense and the Bank's ability to respond to events. At each stage of system development and operation, weakness identification and correction are conducted using various types of testing technologies to ensure that the bank is completely protected. 3. Education and training: The Bank regularly provides information security education and training. Personnel training includes professional training and awareness campaigns on information security. Social interaction project drills and online tests are conducted regularly to raise employees' security awareness. 	4.3 Information Security
Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	E.SUN may be unintentionally used by illegal person/group who engage in money laundering or terrorism financing.	Rif illegal person/group use transactions or products of E.SUN for money laundering or financing terrorism, E.SUN may be penalized by the competent authority or sanctioned by international organizations. In severe cases, there are three potential business impacts. (a) Compliance Cost: the cost to comply with new regulations are getting higher, which include confirmation of customers' identities and continuing review mechanisms, verification of the equity structures of institutional or trust customers and the actual beneficiaries. (b) Penalty and Brand Damage. (c) It may limit business development.	<ol style="list-style-type: none"> 1. Regulations: We have established the AML/CFT Policy of E.SUN FHC and Subsidiaries, and verified its compliance with internal/external regulations and requirements of international guidelines. 2. Framework: We have established a risk-based approach to verifying customers' identity and conducting due diligence, and also verified the shareholding structure and beneficial owner of legal entities, organizations or trust customers. 3. Education and training: We regularly and irregularly send personnel to participate in on-the-job AML/CFT training based on operational requirements and regulations, thereby raising the AML awareness of all employees. 	4.2.2 Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)
Investments in emerging industries	Offshore wind farm industries are characterized by complex operations and technologies; therefore, the construction and operational maintenance stages of wind farms may be exposed to technical and credit risks.	If the bank's financing of offshore wind power projects is associated with violation of debt obligations, it might expose the Company to property loss and reputation risks.	<ol style="list-style-type: none"> 1. Regulations: E.SUN Bank Project Financing Principles is used to evaluate project financing applications. 2. Structure: E.SUN establishes an offshore wind farm work group that studies and manages risks related to industries, project financing, supply chains, and laws and regulations. 3. Education and training: E.SUN, in line with business operations requirements, occasionally organizes internal training sessions on the offshore wind farm project financing topic and appoints relevant personnel to attend external professional courses and improve their ability to evaluate this type of loan applications. 4. Credit review analysis: When a case is undertaken, credit check analysis is conducted on developers and project content, and third-party consultant report and contractual documents are reviewed to evaluate the overall risk of a project. 	5.3 Sustainable Finance
Emerging Technology and Information Security Risks	Improper use of new technologies may lead to fraud, money laundering, personal information disclosure, and other transactions and information security risks.	Improper use of new technologies will damage the rights and interests of our customers, and severely impact system operations and our reputation.	<ol style="list-style-type: none"> 1. Before launching of new technology-based financial services, anti-money laundering review is conducted under three defense lines: compliance, risk control, and information security. 2. After launching of new technology-based financial services, these services are subject to strict abnormality review and trade supervision management. 3. Establish response procedures and conduct rehearsals regularly. 	4.2 Risk Management

3 - Stakeholder Engagement

3.1 Identification of Stakeholder

■ GRI : 102-40 、 102-42 、 102-43 、 102-44

E.SUN utilizes a number of communication channels to identify issues of concern to our stakeholders. We formulate our management policy and action plans based on the knowledge in order to ensure the needs and expectations of our stakeholders are met. To identify E.SUN's stakeholders, a stakeholder meeting was held and a stakeholder questionnaire distributed to gather comments and opinions of different departments in 2018. Assessment of the questionnaire pursuant to the five principles of the AA1000 Stakeholder Engagement Standard(AA1000SES), which are influence, tension, responsibility, dependency, and diverse perspectives. The results were reviewed by the CSR Committee. Stakeholders were divided into seven groups by level of importance.



Note:

1. Communities include neighborhoods around the branches and partners in charity work and environmental causes.
2. Suppliers include affiliated vendors and buyers. Classification of suppliers is shown under 7.3 Supplier Management.

Stakeholders	Materiality	Communication channels	Issue of Concern and Our response (Corresponding chapter)
Employee	Talent and innovation are the key to competitiveness and the foundation to business sustainability.	<ul style="list-style-type: none"> • Daily /Morning meetings • Weekly and monthly / Video conferences, weekly status reports, compliance training • Quarterly / Corporate union meetings and management conferences • Annual / Employee opinion surveys • Annual / Knowledge Sharing Meetings • Non-scheduled / E.SUN e-HR Portal Feedback mailboxes, e.g. Letters to Senior Employees e-Learning platform • Non-scheduled / Two-way report, webcam meetings, regional business seminars • Non-scheduled /Professional education and training courses, digital training courses 	<ul style="list-style-type: none"> • Talent cultivation and development • Employee Care and Friendly Workplace • Service Quality and Customer Experience • Code of Conducts and Ethics • Business Performance
Customers	E.SUN values customer input and focuses on providing a optimal customer experience with the customers at the center and creating value for customers.	<ul style="list-style-type: none"> • Daily / E.SUN e-Services, including 24-hour customer service hotline, Smart text customer service, Internet phone and Online visitor message board. • Daily /Customer complaint hotline and mailbox, E.SUN-i chatbot • Weekly / Customer satisfaction surveys • Weekly / Financial planning and investment seminars, Line official account, Facebook official page • Non-scheduled / Visits and phone calls by customer representatives • Every two months / Smile E.SUN Bimonthly • Quarterly / Sunrise E.SUN Quarterly 	<ul style="list-style-type: none"> • Service Quality and Customer Experience • FinTech and Innovation • Code of Conducts and Ethics

Stakeholders	Materiality	Communication channels	Issue of Concern and Our response (Corresponding chapter)
Shareholders	E.SUN owes its consistent growth to the support of its shareholders and investors.	<ul style="list-style-type: none"> • Monthly / Announcement of business performance • Monthly / Market Observation Post System • Quarterly / Earnings call in Chinese and English session and financial reports • Quarterly / Board of directors and functional committees • Annual / Shareholder Meeting • Annual / Annual reports & Annual E.SUN FHC CSR Report • Non-scheduled / Visits by investors or host the conference call, disclosure of credit rating • Non-scheduled / Non-deal Road shows, domestic/international institutional investor conferences, investment forum, and disclosure of material information 	<ul style="list-style-type: none"> • Business Performance • Corporate Governance • Code of Conducts and Ethics • Risk Management
Government	The financial services sector is highly regulated. We comply strictly with a rigorous set of policies and regulations.	<ul style="list-style-type: none"> • Annual / Government performance evaluation • Non-scheduled / Policy conferences, forums, and public hearings • Non-scheduled / Official letters, meetings, telephone, email, and public information • Non-scheduled / Financial inspections and project meetings 	<ul style="list-style-type: none"> • Corporate Governance • Risk Management • AML/CFT • Service Quality and Customer Experience
Community	We believe one simple act of love can inspire others to love. We work with charities and environmental organizations to make the world a better place.	<ul style="list-style-type: none"> • Daily / Neighborhood cleanup programs at the branches • Monthly / Branch officers serve as main Contact person. • Weekly / E.SUN Volunteer & Weekly Social Welfare Foundation and E.SUN Culture and Education Foundation • Annual / Clean-up activities and cycling across Taiwan • Annual / Lights off for the summer solstice, Earth Hour campaign • Non-scheduled / Forums, workshops, and charitable or environmental campaigns 	<ul style="list-style-type: none"> • Sustainable ecosystem • Sustainable Operating Environment • Sustainable Finance • Supplier Management • Social Inclusion
Suppliers	Suppliers are E.SUN's partners in sustainability and growth.	<ul style="list-style-type: none"> • Weekly / Bargaining meetings • Every two weeks / Visits by customer representatives, meetings and email • Non-scheduled / Website disclosure and supplier meetings 	<ul style="list-style-type: none"> • Code of Conducts and Ethics • AML/CFT • Social Inclusion
Media	Media is one of the key channels through which E.SUN provides and collects information and communicates with stakeholders.	<ul style="list-style-type: none"> • Daily / Hotlines and email to dedicated departments, hotlines and email to spokesperson • Monthly / Monthly business overview • Annual / Questionnaires and surveys • News, media interviews, issue interviews, and press conferences 	<ul style="list-style-type: none"> • Business Performance • Corporate Governance • Code of Conducts and Ethics • FinTech and Innovation

3.2 Materiality Analysis

■ GRI : 102-46 、 102-47 、 102-49 、 103-1 、 103-2 、 103-3

E.SUN follows the four principles of GRI Standards, which are materiality, stakeholder inclusiveness, sustainability context, and completeness, and refers to international sustainable development trends. We examine material issues of international benchmark companies and peer companies in Taiwan and apply scientific methods to identify material issues. To produce a report that meets the needs and expectations of our stakeholders, we conducted a survey by distributing two different questionnaires: One questionnaire is focused on the economic, environmental, and social impacts of each issue within or outside of the organization; and the other questionnaire evaluates the degrees of external stakeholder concern. Key representatives of each stakeholder group are invited to complete the CSR Survey for Stakeholders to provide a broader understanding of the degrees of external stakeholder concern regarding different issues. A total of 442 questionnaires were distributed with a 98% response rate. We identified 15 sustainability issues that concern E.SUN; this year, 11 of these issues were classified as moderately and highly material. These issues were also made key points in the disclosure herein and used to establish short/mid/long-term goals.

Principles: Stakeholder inclusiveness and sustainability context

- The channels for stakeholder communication will be strengthened and more stakeholder opinions collected. The materiality matrix will also be examined for reasonableness during the process.

Principles: Completeness and stakeholder inclusiveness

- **15 material issues:**
Second-stage evaluation results are examined by the CSR Committee and modified according to views and suggestions of the management team. Finally, material issues are confirmed, and response strategies, performance, and management plans are described.



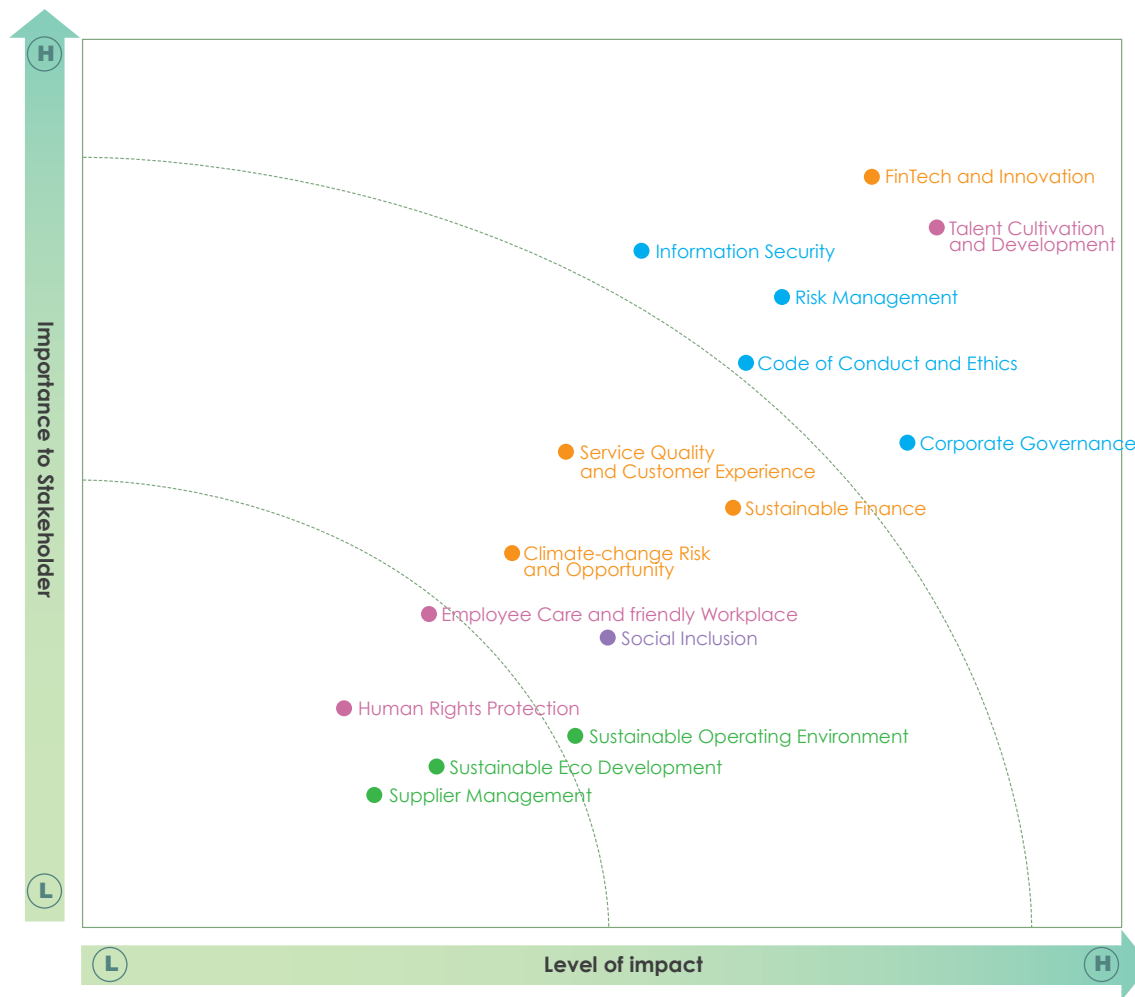
Principles: Sustainability context and stakeholder inclusiveness

- **7 key groups:**
Issues of concern for seven groups of stakeholders were collected from the questionnaire. The CSR task force gathers and summarizes the list of sustainability issues.

Principles: Materiality and stakeholder inclusiveness








- **Level of concern based on 442 questionnaires:**
According to the 442 questionnaires distributed to the seven groups of stakeholders, internal and external results are summarized in a materiality matrix.

Illustration of materiality analysis regarding 15 material issues of E.SUN in 2018:



- Managerial Governance**
 - Corporate Governance
 - Risk Management
 - Information Security
 - Code of Conduct and Ethics
- Sustainable Environment**
 - Supplier Management
 - Sustainable Operating Environment
 - Sustainable Eco Development
- Social Inclusion**
 - Social Inclusion
- Customer Value**
 - Sustainable Finance
 - FinTech and Innovation
 - Service Quality and Customer Experience
 - Climate-change Risk and Opportunity
- Happy Workplace**
 - Human Rights Protection
 - Talent Cultivation and Development
 - Employee Care and friendly Workplace

The report describes in detail the real impact of moderate and high tension level material issues on E.SUN's operations. The corresponding GRI material topics, management approach, and explanation of internal/external boundaries of impact are provided in the table below:



		
		
		

{ Managerial Governance }

Corporate Governance

A well-established corporate governance system will contribute to the stability and transparency of a company's operations.

- GRI Topic : General Disclosure (Governance)
- management approach : 4.1 Corporate Governance







Impact boundary :     

4th consecutive year of Top 5% CG Evaluation by < Taiwan Stock Exchange >

Risk Management

Effective risk management is the only way to ensure efficient use of financial resources and reduce or prevent operating risks.

- GRI Topic : General Disclosure (strategy)
- management approach : 4.2 Risk Management







Impact boundary :      

Rating upgrade by Moody's, E.SUN Bank to A2 and E.SUN FHC to A3.

Information Security

We attach a great level of importance to the security of customer's personal information with the most rigorous mechanisms and measures.

- GRI Topic : Customer Privacy
- management approach : 4.2 Risk Management

Impact boundary :      

5,990 hours of advanced information security training

Code of Conducts and Ethics

We believe our dedication to integrity and professionalism is not only the main reason for the continued support and trust of our customers and the general public, but also one of the drivers of operating efficiency.

- GRI Topic : Anti-corruption, Anti-competitive Behaviour
- management approach : 4.4 Code of Conducts and Ethics
- GRI Topic : Social economic compliance, Environmental compliance
- management approach : 4.2.1 Compliance

Impact boundary :     

Brand Value of E.SUN FHC was 1,388 million USD by < The Banker >

{ Customer Value }



FinTech and Innovation

E.SUN pays attention to customer needs; it constantly uses big data, AI, blockchain, and other new technologies to integrate innovative services that create better digital lifestyle for customers.

- GRI Topic : Indirect economic impact, Product Mix
- management approach : 5.1 FinTech and Innovation

Impact boundary :   

More than 2.9 million users of E.SUN AI chatbot in 2018



Service Quality and Customer Experience

We are constantly improving the quality of our customer services, integrating branch operations with virtual channels, and providing software/hardware services in a more professional and friendly manner to increase customer satisfaction.

- GRI Topic : General disclosure (communication with stakeholders)
- management approach : 5.2 Service Quality and Customer Experience

Impact boundary :   

82.12% customer satisfaction



Sustainable Finance

The financial services sector plays a crucial role in the global transition to a low carbon economy. We have signed the Equator Principles, and implemented rigorous social and environmental risk assessments and management systems accordingly in order to ensure that our loans don't cause significant risks and negative impacts on the environment and society.

- GRI Topic : Indirect economic impact Product Mix
- management approach : 5.3 Sustainable Finance

Impact boundary :  


The biggest issuer of green bonds in the market that accounted for 3.6% of total outstanding bonds.



Climate Change Risks and Opportunities

The financial services sector plays a crucial role in mitigating and coping with global climate change. We signed the Task Force on Climate-related Financial Disclosures (TCFD), which require use to assess the risks of extreme climate, disclose the impact of climate change on overall financial and business operations, and develop mitigation measures and applicable opportunities.

- GRI Topic : Financial Performance
- management approach : 5.4 Climate Change Risks and Opportunities

Impact boundary :   

Outstanding balance of loans to the green energy industries: NT\$9.3 billion

[Happy Workplace]



Talent cultivation and development

We have been investing in cultivating employees and human capital development for years in order to enhance coherence. Both talents and teamwork spirit are necessary for a company to stand out in the fiercely competitive environment.

- **GRI Topic : Market position, Labor/Management Relations, Training and education, Diversity and Equal Opportunity of Employee**
- **management approach : 6.1 Talent cultivation and development**

Impact boundary :  

Retention of high-performing talent: 95.8%

[Sustainable Environment]



Sustainable Operating Environment

We are invariably aware of the importance of environmental sustainability and keep advocating activities related to sustainability, as well as conducting supplier management. Through the establishment of ISO management standard and inventory, we practice a low-carbon operation.

- **GRI Topic : Discharge**
- **management approach : 7.1 Sustainable Operating Environment**

Impact boundary :  

2 LEED Golden certified Green Server facilities

[Social Inclusion]



Social Inclusion

We believe it is important to give back to the community what we take. We also play an active role in charitable causes and extend our influence in the society so that one simple act of love can inspire others to love.









- **GRI Topic : Local communities, Indirect economic impact**
- **management approach : 8 Social Inclusion**

Impact boundary :   

137 E.SUN Libraries for the benefit of more than 80,000 children

● E.SUN FHC proactively respond to Sustainable Development Goals (SDGs) through best practice and action plan

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations in 2015 for the year 2030. The Taiwan government has also established Taiwan's Sustainable Development Goals with the support of the National Development Council of Executive Yuan. Since 2016, E.SUN has followed the action guidelines of the UN SDGs. In 2018, E.SUN identified 8 aspects of SDGs that are most relevant to E.SUN's corporate strategies and business operations, including "Quality Education" and "Decent Work and Economic Growth". To show our support for the country's sustainable development and fulfill our corporate social responsibilities, we subsequently followed Taiwan's Sustainable Development Goals and disclosed relevant outcomes corresponding to these goals.

SDGs	Associated Targets	Result	E.SUN's Goal
 4 Quality education	4.3 Ensure that young adults have equitable, affordable educational opportunity. (U) 4.4 Improving youth access to information and communications technology (ICT) skills. (T) 4.5 Ensure that vulnerable groups receive education. (U) 4.7 Ensuring learners acquire an education for sustainability and appreciation for cultural diversity. (U)	<ul style="list-style-type: none"> • 137 E.SUN Libraries • Care for school children project has helped 13,041 disadvantaged students. • E.SUN World MasterCard market share 21.5%. • The industry-academia cooperation program received a total of 4,498 students. • 3,600 benefited from the National Theater and National Concert Hall Art of Zero Distance - Dream Come True Project, National Taiwan Museum of Fine Arts Children's Workshop, children picture bookmaking, tree conservation lecture, ecological protection lecture and other experiences and events for children in rural areas. 	<ul style="list-style-type: none"> • 200 E.SUN Libraries in 2025. • E.SUN World MasterCard market share 25% in 2020.
 8 Decent work and economic growth	8.3 Providing financing support and encouraging micro-, small-, and medium-sized enterprises. (U) 8.8 Facilitating workplace safety and protecting female workers. (U) 8.10 Offering easy-to-use, fast, and accessible financial services. (U) 8.11 Advocating development of renewable energies. (T)	<ul style="list-style-type: none"> • Assisted 21,000 SMEs to obtain working capital and approved NT\$347.3 billion in loans. • Employee engagement 97.6%, welfare expense \$1,195 thousand / per employee. • Active users of mobile and online bank were 1.19 million. • 65% of loan and credit card applications are received through e-Click Loan Application. • Loans have been approved to install 505 solar power stations, and the nameplate 10 capacity grows at 26% per year. 	<ul style="list-style-type: none"> • In 2020, both employee engagement rate and retention rate of high-performing talent are over 90%. Average benefits expense for non-managerial employee is over 1.25million. • Helping 22,000 small- and medium-sized business account holders obtain work capital and lending more than NT\$363 billion.
 12 Responsible consumption and production	12.5 Reducing waste generation and making contribution to recycling and reuse. (U) 12.6 Encourage companies to adopt sustainable development measures and disclose sustainable development information. (U) 12.7 Promote green procurement. (T) 12.8 Promote circular agriculture. (T)	<ul style="list-style-type: none"> • Per capita waste generation is reduced by 21.9%. • Loan approved in compliance with the Equator Principles: 8. • Amount spent on green purchasing: NT\$786 million. • Loans to the green energy industry: NT\$9.3 billion. • Participation in 5 syndicated loans to onshore wind farms with the total capacity of 1,241.1MW. 	<ul style="list-style-type: none"> • Issuing 480,000 new cards, all of which are zero carbon credit cards. • Lending NT\$9.6 billion to green energy businesses. • The nameplate capacity for renewable energy equipment financed to reach 200 MW by 2020.
 6 Clean water and sanitation	6.4 Promote water-saving practices and improve water consumption efficiency. (U) 6.b Promoting community involvement and encouraging the public to report pollution and participate in community cleanup. (T)	<ul style="list-style-type: none"> • Rainfall collecting and recycling system and reduce 12,755 tons water use. • 18 beach cleanups and cleanups in 197 sites. 	<ul style="list-style-type: none"> • In 2025, water consumption per capita will decrease 10% compared to base year 2016.
 15 Life on land	15.2 Sustainably manage forests. (U) 15.5 Protecting and preventing endangered species from extinction. (U)	<ul style="list-style-type: none"> • 18,000 trees planted in the tree planting project. • A total of 75 black bear conservation sessions was held and attended by more than 3,750 students. • Promoting butterfly conservation in collaboration with Yangmingshan National Park for 6 consecutive years since 2013. • Sponsoring hiking trails in Yangmingshan National Park for 10 consecutive years since 2009. 	<ul style="list-style-type: none"> • 10,000 trees are expected to be planted in 2019.
 5 Gender equality	5.4 Pay attention to care for women and family. (U) 5.5 Encouraging promotion of female employees to managerial positions. (T)	<ul style="list-style-type: none"> • Female management: 37.8% • The average salary for a female non-managerial employee is 94% of that for a male non-managerial employee. • Rate of reinstatement after maternal leave: 89% 	<ul style="list-style-type: none"> • Longer maternity leave (60 days) and paternity leave (6 days) than mandatory are expected to be implemented in 2019.
 17 Partnership for the goals	17.3 Offer scholarship to high-performing students in developing countries to study in Taiwan. (U) 17.6 Assist the development of developing countries by leveraging the competitive edge of Taiwan. (T)	<ul style="list-style-type: none"> • Provided loans of US\$22.7 million to MFIs in Cambodia. • Promulgate the ASEAN Talent Scholarship and sign memorandum of understanding with colleges and universities in countries that are covered by the New Southbound Policy. 	<ul style="list-style-type: none"> • Helping more excellent students from Southeast Asian countries apply to schools and study in Taiwan.
 9 Industry, innovation and infrastructure	9.5 Encouraging innovation and increasing R&D expenditures. (U)	<ul style="list-style-type: none"> • NT\$284 million in R&D investment and 18 fintech related patents. (6 invention patents, 11 design patents, and 1 overseas patent) • The 115 proposals submitted to the innovation competition produced 29 winners, 18 of which received investment of resources. 	<ul style="list-style-type: none"> • Expect to host the E.SUN Artificial Intelligence Open Challenge

Note: (U) represents United Nations, and (T) represents Taiwan's targets.

4 - Managerial Governance

E.SUN FHC ranked within
top **5%** of Corporate
Governance Evaluation
for the 4th consecutive year



Awarded the Distinguished
Honor certification of
「CG 6011 (2017) Evaluation of
Corporate Governance System」



Net profit was
17.068 billions
in 2018



Foreign shareholding
ratio of **45%**



Market capitalization
reached **236** billions



	2018 Objectives	Status
Corporate Governance	Publicize important company regulations and management information in English	✓
	Conduct the evaluation of board effectiveness for certain criteria in a graded or quantified way	✓
	Reduce paper use by storing Board meeting materials on digital media	✓
Code of Conducts and Ethics	Refine internal whistleblowing system	✓
	Establish compliance risk management assessment mechanism	✓
	Strengthen compliance performance of offshore branches	✓
Information Security	Appoint chief information security officer and establish Information Security Division	✓
	Immediately detect and block new or variations of cyberattacks	✓
	Build a standard procedure for internal communications and response	✓

	2018 Objectives	Status
Risk Management	Design and incorporate risk template for overseas branches and subsidiaries	✓
	Complete SACCR and CCP system implementation and trial balance operations. Report and disclose Pillar II and Pillar III according to the competent authority's latest regulations	✓
	Optimize the risk calculation system for five asset categories and the verification mechanism for financial engineering models	✓
Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	Participate in APG mutual evaluation and bring AML compliance and enforcement in line with international standards	✓
	Strengthen the AML management of overseas branches	✓
	Dedicated personnel can obtain international or national certifications within six months after assuming their position	△

✓ : Complete △ : Need to be improved

Note:

All AML dedicated personnel had actively prepared for the certification test after assuming their position. Some personnel did not obtain certification within six months because they were unprepared or had busy work schedules, but now all personnel has received the certification.

行務會議

2019 Objectives

Medium/Long term goals

Corporate Governance	Include compliance with ethical conduct as a board performance evaluation indicator.	Strengthen disclosure of remuneration information by 2022 and promote measures for integration of board performance evaluation results and compensation/remuneration review mechanism.
Code of Conducts and Ethics		
Information Security	Continue to improve the quality of financial services so that customers could access the required services 24/7 anytime and anywhere.	<ul style="list-style-type: none"> • Create a rigorous and effective information security protective net for E.SUN and to consolidate the protective frameworks across all overseas businesses by 2022. • Improve information availability and maintain a SLA information availability rate of 99.99% for the core system by 2022. • Cultivate talents in information security management and forensics, while enhancing the overall information security awareness of employees.
Risk Management	Establish a credit risk control panel. Manage market risk through a simulation function for scenarios of five types of assets.	Complete new operating risk management systems and build a credit model governance framework by 2022 to facilitate a complete risk management process and stronger information integration
(AML/CFT)	90% of AML dedicated personnel were certified anti-money laundering specialists(CAMS)	Develop customer due diligence review sharing platform by 2022 to achieve comprehensive and complete customer cycle risk management.

4.1 Corporate Governance

■ GRI : 102-18、102-22、102-23、102-26、102-27、102-29、102-30、102-32、102-33、405-1



E.SUN continues to support the capabilities of the board of directors and management capabilities of the management team while dedicating itself to increasing transparency to protect shareholders' rights and fulfill its corporate social responsibility. E.SUN ranked among Top 5% in the Corporate Governance Evaluation by TWSE for the fourth consecutive year (1st–4th Evaluation) between 2015 and 2018. As an active participant of corporate governance evaluation certification, E.SUN has since 2008 excelled in the evaluation, which was organized by the Corporate Governance Association in Taiwan, and in 2018, it received the Excellent rating in the CG6011 (2017) Corporate Governance assessment. The honor was recognition of E.SUN's commitment to corporate governance and the results it achieved.

● Competent functional committees

To ensure an effective board of directors and refine the quality of board decisions, the Audit Committee, the Corporate Governance and Nomination Committee, the Remuneration Committee, the Board Strategy Development Committee and the Corporate Social Responsibility Committee are created by authority and function under the board of directors and responsible for deliberating proposals and major issues in the economy, the environment and the society as a whole. All functional committees comprise entirely or partially of independent directors to add vision, objectivity and comprehensiveness to various decisions and suggestions made by committees. The design ensures the committees supervise and check the board's decisions and all proposals are submitted to be discussed and resolved by the board. If a conflict of interest exists for a director or the legal person they represent with a specific matter on the agenda, then the director may not take part in the discussion and said agenda should be submitted to be discussed by the board of directors for stakeholders' best interest.

Responsibilities and status of functional committees:

Audit Committee

[Responsibilities]

- Fair representation of the financial statements.
- Appointment/Dismissal of financial statement auditors, independence and performance.
- Effective implementation of internal control.
- Compliance with regulations and rules.
- Management of existing or potential risks.

[Status]

- Since 2004, E.SUN has voluntarily established an Audit Committee, which officially replaced the supervisor system in accordance with the Securities and Exchange Act in 2008.
- Audit Committee is composed of five independent directors (Chen–En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang). Independent director Chen–En Ko is the convener.
- 5 meetings were called in 2018, and the average attendance was 96%.

Corporate Governance and Nomination Committee

[Responsibilities]

- Soundness of organization and system of corporate governance and effectiveness of the ethical management policy.
- Search, review, and nomination of director, independent director and supervisor candidates of E.SUN and its subsidiaries.
- Nomination or review executive candidates.
- Construction and development organization of the board of directors to ensure an appropriate board composition.

[Status]

- E.SUN FHC has established Corporate Governance and Nomination Committee since 2007.
- The committee is composed of five independent directors (Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang) and three directors (Jackson Mai, Yung-Ren Huang, and Gary Kuo). Independent director Ji-Ren Lee is the convener.
- 1 meeting was called in 2018, and the attendance was 100%.

Board of directors

Remuneration Committee

[Responsibilities]

- Formulate and regularly review performance of the directors and executives and the remuneration policies, systems, standards and structures.
- Regularly review and formulate director and manager remuneration.
- Submit remuneration packages to the board of directors for approval and summarize for the committee members the company's overall level of remuneration.

[Status]

- E.SUN FHC has established Remuneration Committee since 2006.
- Audit Committee is composed of five independent directors (Chen -En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang). Independent director Chen-Chen Chang Lin is the convener.
- 3 meetings were called in 2018, and the average attendance was 100%.

Board Strategy Development Committee

[Responsibilities]

- Report strategic development goals or other major strategy-related matters that affect the development of the company to the board of directors.

[Status]

- E.SUN FHC has established Board Strategy Development Committee since 2007.
- The committee is composed of five independent directors (Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang) and six directors (Yung-Ren Huang, Joseph Huang, Gary Kuo, Jackson Mai, Ron-Chu Chen, and Chien-Li Wu). Chairman is the convener.
- 1 meetings were called in 2018, and the attendance was 100%.

Corporate Social Responsibility Committee

[Responsibilities]

- Stipulate the annual plans and strategic directions of corporate social responsibility (CSR).
- Establishment of CSR projects and activity plans.
- Follow up and review the implementation outcomes of annual plans, strategic directions, projects and activities.
- Other decisions related to CSR.

[Status]

- E.SUN FHC has established Corporate Social Responsibility Committee since 2011.
- The committee is composed of two independent directors (Ji-Ren Lee and Chun-Yao Huang) and three directors (Yung-Ren Huang, Joseph Huang, and Gary Kuo). Chairman is the convener. The committee features five working groups and shall set up research units according to its needs.
- 3 meetings were called in 2018, and the average attendance was 100%.

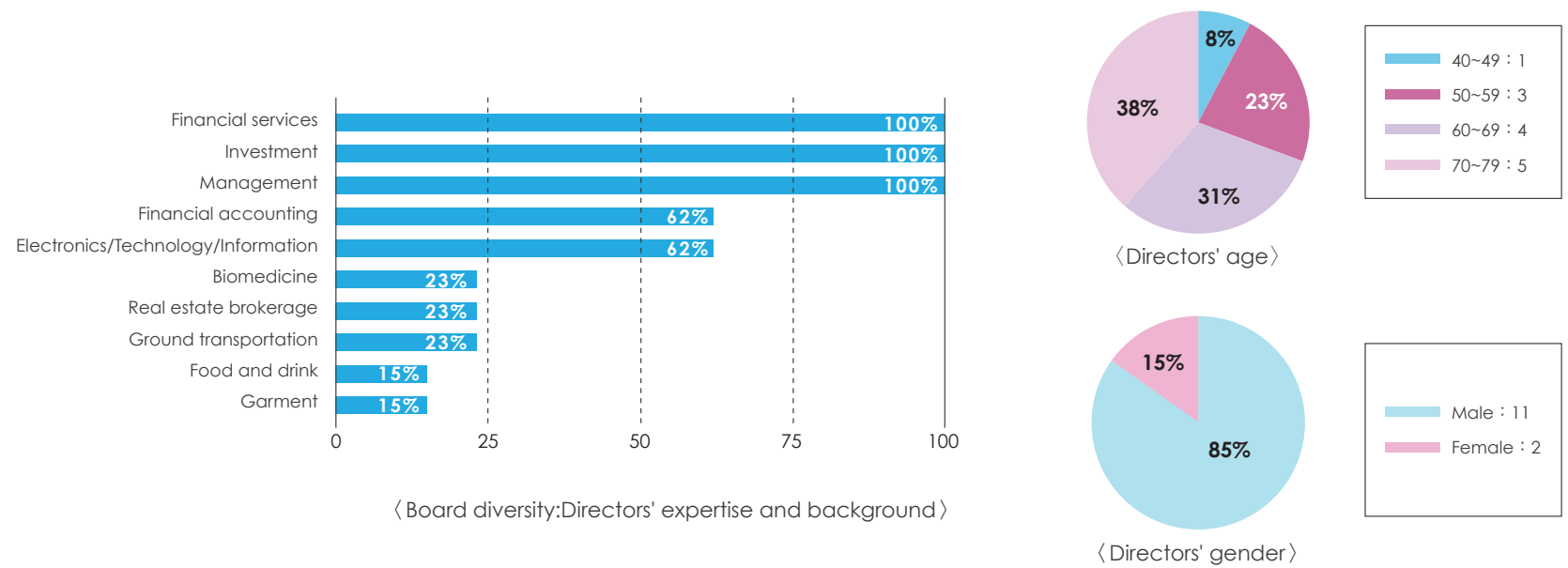
● Diverse board members

E.SUN is equipped with a well-designed director election system. All directors are elected through a fair, open and just process that complies with the Articles of Incorporation and the Director Election Rules. Board composition and diversity standards are considered with care so that the board will consist of experts from the financial service sector, the industries and the academia. All Board members faithfully perform their duties and exercise due care of a good administrator. The assistance of functional committees reinforces the Board's supervisory function and management function.

In 2018, E.SUN organized two director training courses, for a total of 6 hours, on "Introduction to U.S. Federal Anti-Money Laundering Prevention and R.O.C. Money Laundering Control Act" and "Corporate responses to regulatory changes - Latest amendment of Company Act and practical issues." In addition, directors will be provided with a variety of external courses that help them to gain a better understanding of their fields and fulfill their duties of loyalty and due diligence as business decision makers and leaders. In 2018, each director received on average 8.23 hours of training(recommended by law: 6 hours).

The board currently has 2 female directors and its proportion of female directors is higher than the average among all TWSE/TPEX listed companies. With regards to the proportion of female directors, the level of female involvement in decision-making will be increased in accordance with the principle of diversity in the future to achieve SDG5: empower women.

7 board meetings were called in 2018, and 97.8% were in person by all members. The board of directors has access to full and transparent information and works as a whole to make plans for the company's future in areas such as organizational development, performance enhancement, business development and risk management through extended discussions and deliberations. The board of directors makes decisions that have a material impact on the company and serves to oversee the management team. Keeping a clear communication channel between the parties will help the board of directors perform their functions.



Directors' background:

Position	Name	Gender	Education, Current Position and Experience	Information on the Independence of External Directors	Practical or academic research experience in finance
Chairman	Yung-Jen Huang	Male	Education: Department of Cooperative Economics at National Chung Hsing University Experiences: Chairman of E.SUN Bank, President of E.SUN Bank	V	V
Director	Joseph N.C. Huang	Male	Education : MBA of the City University of New York Current Position: : President of E.SUN FHC and E.SUN Bank, Managing Director of E.SUN Bank Experiences : Chairman of E.SUN Venture Capital	Not Applicable	V
Director	Gary K.L. Tseng	Male	Education: Master of Public Administration at Harvard University Current Position: Chairman of E.SUN Bank Experiences: Director of Banking Bureau, Financial Supervisory Commission	V	V
Independent Director	Chen-En Ko	Male	Education: PhD of Department of Accounting at University of Minnesota Current Position: Emeritus Professor of Department of Accounting at National Taiwan University Independent director of E.SUN Bank Experiences: Chairman of Taiwan Corporate Governance Association	V	V
Independent Director	Ji-Ren Lee	Male	Education: PhD of Business Administration, University of Illinois, USA Current Position: Professor of International Business at National Taiwan University Independent director of E.SUN Bank Experiences: CEO of EMBA, National Taiwan University	V	V
Independent Director	Chen-Chen Chang Lin	Female	Education: Master of Mathematics and Statistics of University of Michigan Current Position: Independent director of E.SUN Bank Managing Director of E.SUN Bank Experiences: Chairman of Financial Information Service Co., Ltd.	V	V
Independent Director	Hsin-I Lin	Male	Education: Bachelor of Department of Mechanical Engineering, National Cheng-Kung University Current Position: Director of Yulon Motor Co., Ltd., Director of China Motor Co., Ltd. Independent director of E.SUN Bank. Experiences: Vice President of the Executive Yuan, Minister Ministry of Economic Affairs Chairman of Industrial Technology Research Institute	V	V

Position	Name	Gender	Education, Current Position and Experience	Information on the Independence of External Directors	Practical or academic research experience in finance
Independent Director	Chun-Yao Huang	Male	Education: PhD, Marketing, London Business School Current positions: Professor, Business Administration, National Taiwan University Independent Director, E.SUN Commercial Bank Experiences: Program Director and Director, Business Administration, National Taiwan University	V	V
Director	Jackson Mai	Male	Education: Kai-Nan Commercial & Technical High School Current Position: Chairman of Hsin Tung Yang Co., Ltd., Managing Director of E.SUN Bank Experiences: Chairman of Shang Yang Development Co., Ltd.	V	V
Director	Ron-Chu Chen	Male	Education: Chu Nan Junior High School Current Position: Chairman of Fu Yuan Investment Co., Ltd., Director of E.SUN Bank Experiences: Chairman of Nien Hsing Textile Co., Ltd.	V	V
Director	Chien-Li Wu	Male	Education: Chung Jung High School Current Position: Chairman of Shang Li Car Co., Ltd. Director of E.SUN Bank Experiences: Chairman of Shen Li Investment Co., Ltd.	V	V
Director	Magi Chen	Female	Education: EMBA, University of Tennessee, Knoxville. Current Position: CFO of E.SUN FHC and E.SUN Bank, Director of E.SUN Bank Experiences: Deputy president of E.SUN FHC and E.SUN Bank	Not Applicable	V
Director	Mao-Chin Chen	Male	Education: MSc, Department of Economics, National Taiwan University Current positions: Chief Strategy Officer, E.SUN FHC and E.SUN Bank; Corporate Banking CEO and Director, E.SUN Bank Work experience: Deputy president of E.SUN FHC and E.SUN Bank	Not Applicable	V

Note :

- The Sixth board of directors were elected on June 16, 2017. Board members are appointed for three-year term. Please refer to 2018 annual report for more information on director's nationalities and positions within other companies.
- External directors in accordance with independence adopt the following standard. The director has to meet at least 4 out of the following 9 criteria and at least 2 out of the first 3 criteria. (Please refer to 2017 annual report for more information on regulations and standards in Taiwan.)
 - The director must not have been employed by the company in an executive capacity within the last five years.
 - The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of US\$60,000 during the current fiscal year or any of the past three fiscal years", other than those permitted by SEC Rule 4200 Definitions.
 - The director must not be a "Family Member of an individual who is, or during the past three years was employed by the company or by any parent or subsidiary of the company as an executive officer."
 - The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
 - The director must not be affiliated with a significant customer or supplier of the company.
 - The director must have no personal services contract(s) with the company or a member of the company's senior management.
 - The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
 - The director must not have been a partner or employee of the company's outside auditor during the past three years.
 - The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.

3. Joseph N.C. Huang, Magi Chen and Mao-Chin Chen are Executive Director, so they are not applicable for the independence of external directors.

● Board performance evaluation system

To ensure a functioning board of directors and effective corporate governance, E.SUN has established the Board of Directors Performance Evaluation Policy. The board of directors and functional committees undergo annual evaluations based on their performance in the previous year. The results will be reviewed by the Corporate Governance and Nomination Committee and then submitted to the board of directors. Assessment forms are completed by directors for themselves (self-assessment) and for other directors (overall performance) at the beginning of each year. The board meeting organizer will consolidate the assessment results and make suggestions for improvement.

For the purpose of ensuring effective performance evaluation of directors and supervisors of subsidiaries, facilitating corporate governance practices and providing a basis for remuneration and director/supervisor nominations, E.SUN has established separately the Directors/Supervisors Performance Evaluation Policy for Subsidiaries. Directors and supervisors appointed to companies in which E.SUN holds directly 100% of the voting shares will have to undergo evaluation according to the rules. Furthermore, E.SUN FHC has also established performance evaluation processes for the functional committees under the board of directors. E.SUN is the first financial holding company to create objective assessment mechanisms based on indicators such as operational discipline, material decisions and results of the functional committees in order to ensure the committee fulfills their purposes.

Board performance evaluation is conducted by external professional agencies:

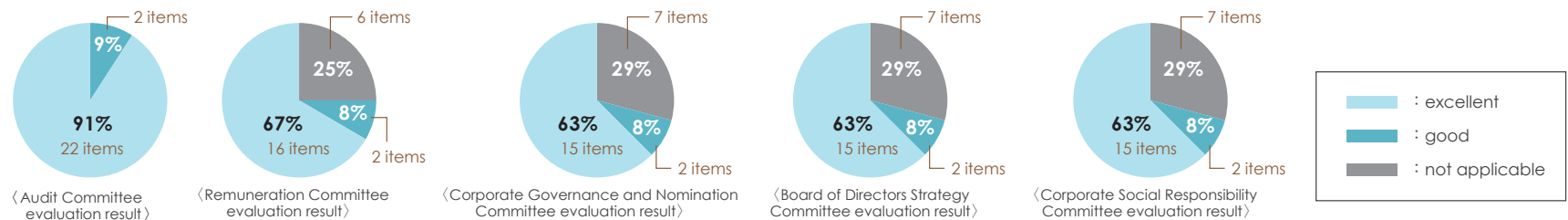
In 2017, E.SUN commissioned the Corporate Governance Association in Taiwan to conduct board performance evaluation. In addition to a written review of the descriptions for assessment indicators and provision of relevant documents, the Association conducts a 2-day visit at E.SUN to interview the Chairman, President, General Auditor, Chief Financial Officer, Chief Brand Officer, and each functional committee convener. With the support of the professional agency, E.SUN obtained a detailed inspection report outlining the operation of the board and its functional committees as well as reviewers' professional guidance and objective opinions.

In 2019, the Company's board performance was evaluated based on the evaluation chart on a scale of "excellent," "good," "acceptable," "poor," and "improvement required" as opposed to the original method of "yes" or "no" responses. Considering that directors should comply with the highest ethical standard, the Company specifically included compliance with ethical conduct as a board performance evaluation indicator to ensure self-discipline and compliance by directors every year. The Company's business strategy primarily combines three dimensions of Corporate Commitment, Social Engagement, and Environmental Policy. Related assessment items are provided below:

- (1) **Board performance evaluation encompasses the five following aspects (47 indicators):** Degree of participation in the Company's operations; quality of board decisions; board composition and structure; selection of suitable board directors and continuing professional education; and internal control.
- (2) **Functional committee performance evaluation encompasses the five following aspects (24 indicators):** Degree of participation in the company's operations; how well members know of their duties; improvement in the quality of decision making by the committee; the composition and structure of the committee; and internal control.
- (3) **Director self and overall performance evaluation encompasses the six following aspects (25 indicators):** grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's professional competency and continued development, and internal controls.

The Company completed the 2018 board and functional committee performance evaluation on January 18, 2019. The results are presented below:

- (1) The board actively partakes in the company's operations; fulfills its duties to instruct and supervise the company's strategies, major business activities, and risk management practice; and establishes suitable internal control system. According to the evaluation result, 43 items were rated "excellent" and 4 items "good" for a scoring rate of 98.30%.
- (2) The overall performance was in line with corporate governance principles. The functional committees served their purposes as intended, effectively making the board more effective:



On March 15, 2019, the Company also submitted the results of the 2018 director performance evaluation completed by directors for themselves and for others, and the average scores of both self and overall evaluation were 98%.

● Independence of Directors and Conflicts of Interest Prevention

E.SUN FHC has five independent directors and about **38.5% of board members are independent directors**. To facilitate business development and to take into account of business needs, 3 directors also serve as managers of the company. In addition, all of the outside directors comply with independent standard. E.SUN drafted "Rules Governing the Scope of Powers of Independent Directors", the content includes "If an independent director objects to or expresses reservations about the matter, it shall be recorded in the board meeting minutes", "The Company or any Board members shall not interrupt, refuse or circumvent the independent directors from carrying out their duties." and "The independent directors, when carrying out their duties, may request the Board to appoint relevant personnel to professional specialists for assistance as they deem necessary.". Above rules not only help independent directors dedicate to their duties and also effectively enhance the function of Board and overall performance of the Company.

To ensure fairness, the "Stakeholder Transaction Policy" has been created as a means to regulate security of transactions conducted between the company and subsidiaries with stakeholders. The policy requires all transactions to be conducted in confidentiality, fairness, and utmost full faith in the best interest of the company. Furthermore, measures must be taken to prevent conflict of interest and exploitation of illicit gains.

According to E.Sun FHC's Board of Directors Conference Rules and Audit Committee Charter: if a director or committee member and the corporate entity that the director or member represents, is considered a stakeholder to the discussed agenda, the director or member shall disassociate from all discussions and voting when stating the stakes involved. In which case, the director or member may not exercise voting rights on behalf of other directors or members.

● CEO and Executive Compensation Structure

The performance review system and remuneration framework for executives and managers is screened by the Compensation Committee, following which the board makes a final decision. The performance evaluation and remuneration scheme, based on realizing corporate core value, strong leadership and management competency, encompass financial and business performance, as well as quality management including brand management, human development, innovation and integration, risk management and legal compliance.

E.SUN employees are the main shareholders of the company and to encourage outstanding employees to hold on to E.SUN shares for the long term, annual stock compensation is given to employees as a priority. Bonuses and rewards for managers are given in cash in principle, though payment can be partially delayed or paid in the form of stock in order to ensure risk adjusted profits. Bonuses can be reduced, withheld, delayed or clawed back in the event of a major risk event affecting the company's business reputation or due to internal management mishap or employee misconduct.

Consideration aspects for performance and remuneration of CEO, executives and managers:

Aspects	Item (weighting)	Description
Core	Realizing core value and management competency	Moral Integrity, sense of identification and commitment are mandatory requirements, in addition to being able to implement management ideals, corporate culture, common vision and strategic goals, in the process showing leadership and management competency.
Index	Financial and business index (50%)	Financial and business performance including profitability, growth, market leadership, asset quality etc.
	Overall management index (50%)	Including brand and total quality management, human development management and talent cultivation, innovation and integration, risk management, legal compliance and fulfilling of corporate social responsibility etc.
Others	Other special contributions or major negative events should be considered as part of the performance and remuneration assessment.	

(Unit: 1,000 shares; NT\$ 1,000)

Title/Name	Shares Held in E.SUN FHC ^{Note 2}	Base Salary (A)	Bonus (B)	Profit Sharing (C) ^{Note 3}		Pension (D)	Total Remuneration (A+B+C+D) ^{Note 4}	Shares Value to Base Salary (A) ^{Note 2}
				Cash	Stock			
President / Joseph N.C. Huang	11,785	7,007	16,005	2,900	0	0	25,912	34.41
Ratio (%)	-	27	62	11	0	0	100	-
Other 18 executives ^{Note 1}	26,494	52,811	46,285	7,777	0	8,914	115,787	10.26
Ratio (%)	-	46	40	7	0	7	100	-
Total	38,279	59,818	62,290	10,677	0	8,914	141,699	13.09
Ratio (%)	-	42	44	8	0	6	100	-

〈 Remuneration to Executive Members 〉

Note :

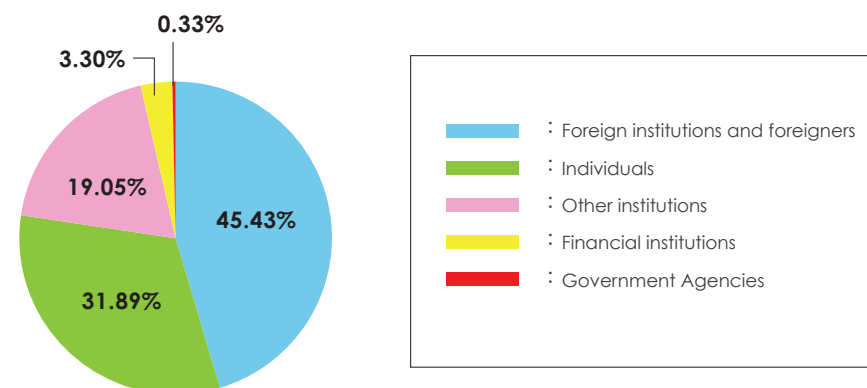
- The other executives include Mao-Chin Chen, Magi Chen, Ben Chen, Jyh-Cherng Wang, L.C. Lin, Wu-Ming Hsieh, Jung-Hua Lin, Louis Chang, Cathy Kuo, Wan-Li Hsieh, Bruce Lee, Oliver Shieh, Shui-Chin Shen, Pho-Suan Hsu, Yi Hsin Tseng, Fion OuYang, Chien-Hua Cheng (retired on March 3, 2018).
- The aforementioned shares held by the general manager and vice manager are self held shares without pledge and without links to derivative financial products. Values of shares held will be computed based on the 30 business days average share price (NT\$20.46) before the end of 2018.
- Remuneration (C) payment time will be postponed to September of the following year.
- The 2018 annual remuneration of Joseph N.C. Huang, the General Manager, was 26 times that of the employee average, or 29 times that of the median employee salary.
- Compared with 2018, percentage of remuneration increase: employee average +5.3% and employees median +5.5%.

● Long term Incentive Reward System

Since 2016, E.SUN has forged the link executive managers and key talents to long-term performance of the company, with reference to international corporate governance trends. E.SUN formulates long-term incentive practice, in addition to deferring incentive payment by 3 years, and links future value of stocks as a means of encouraging executive managers and key talents.

● Shareholder structure

SE.SUN is a professionally managed financial institution with neither links to the government nor ties to family consortiums. It is furthermore an institution with the highest ratio of foreign shareholding among all financial holdings in Taiwan, and one that places great emphasis on channels for interaction and communication with shareholders and investors.



Note: Data as of 2018.12.13

● Complete and Diverse Communication Channel

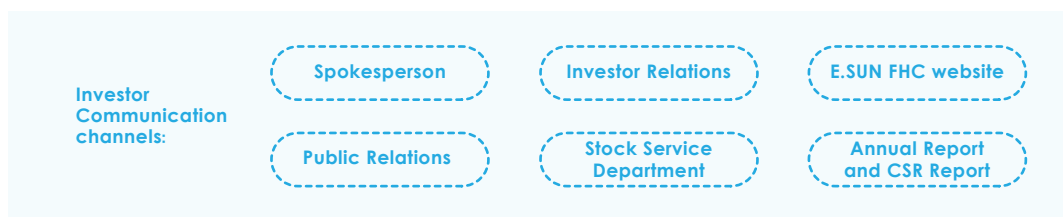


〈2018 Investors Communication performance〉

E.SUN conveys complete corporate information to external parties, including a spokesperson, a public relations department, an investor relations department, a shareholder affairs department, official website, annual report, and CSR report. In addition to engaging shareholders and investors effectively, E.SUN also gathers comments and opinions from external parties, which will be given to the management to facilitate decision making.

• E.SUN FHC's investor communication procedures:

- (1) E.SUN voluntarily discloses its Information through quarterly earning calls and semiannual press conferences. The efforts ensure that potential investors, shareholders, media and other stakeholders are aware of any changes in the company's business outlook, financial conditions and strategies upon occurrence of changes. Moreover, E.SUN always hosts a web-cast earnings call in English in the evening of the same day, right following the earning call in Mandarin. E.SUN abides by principle of fair disclosure and engages investors around the world with an ideal to be transparent to all foreign investors.
- (2) The official E.SUN FHC website features an investor relations section in both Chinese and English. The pages are updated on a regular basis to provide information concerned by its stakeholders. Contacts of IR are also available to stakeholders to build a two-way communication.
- (3) Business performance, EPS, financial, and material information are disclosed periodically or filed to the competent authority as required.
- (4) The prospectus or annual report is prepared as required to disclose information relating to business decisions and financial/business results.



Annual report



Monthly operating report



Shareholder meeting information



Investor conference information

● Participating in labor union

To promote the development of financial industries in Taiwan, E.SUN Financial Holdings and its subsidiaries are active participants in activities and events organized by the Bankers Association, Taiwan Securities Association, Trust Association of R.O.C, Taiwan Academy of Banking and Finance, Taiwan Financial Services Roundtable, and Chinese Excellent Management Association. Gary K.L. Tseng, board chairman of subsidiary E.SUN Bank, is the director of the Bankers Association of the Republic of China, the director of the Bankers Association of Taipei, director of the National Credit Card Center of R.O.C, member of the Financial Research Training Development Fund Management Committee of the Bankers Association of the Republic of China, and the member of the Taiwan Academy of Banking and Finance Board Research and Training Committee. J.C. Wang, the Chief of Information Security Officer of subsidiary E.SUN Bank, is the standing supervisor of the Chinese Excellent Management Association. Both Tseng and Wang provide timely constructive advices for the company's practices and operations, in an effort to improve the overall financial environment of Taiwan.

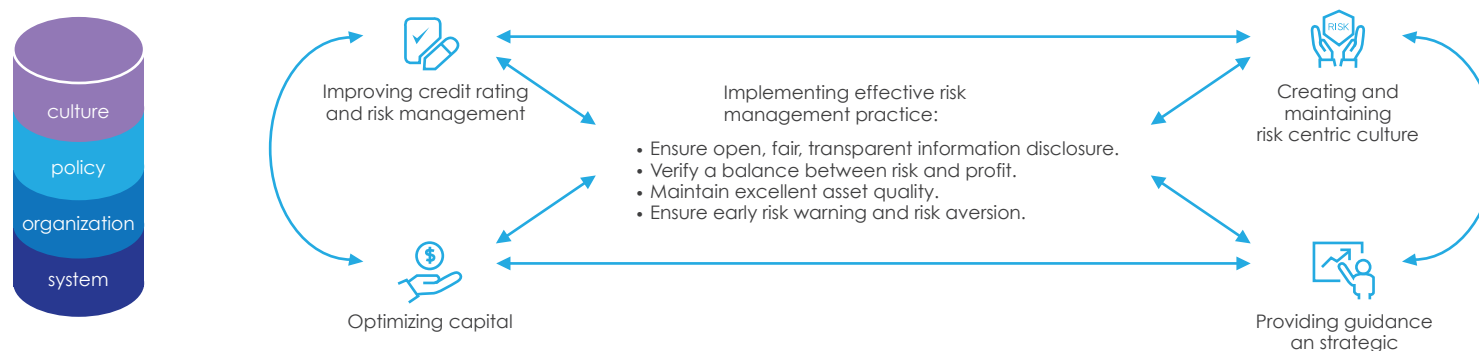
4.2 Risk management

■ GRI : 102-11 、 102-30



● An Inherent Risk Management Culture

Risk management is aimed at ensuring asset protection, enhancing customer service quality, and increasing shareholder value. It expects to control potential risks in business activities within the agreed risk tolerance range, and, provided solvency requirements are met, achieve a reasonable balance between risk and return to form the strongest support for business growth. To effectively identify, assess, monitor and control all types of risk, E.SUN has always follow "no services or operations can be considered beyond risk" and we uphold the highest guiding principles of risk management: safety and liquidity first, profitability second, growth next, and always pay attention to the public interest.



● Risk Management Policy

E.SUN FHC has established the "Risk Management Policy and Guideline Principles", which provide operation-related regulations for each risk factor, serving as the basis for risk management implementation to improve corporate reputation, reinforce risk culture, optimize capital utilization, and provide strategic management decision.

The scope of risk management encompasses primary risks in every business process, including credit risk, market risk, and operational risk. To respond to a rapidly changing environment, we conduct risk assessment before launching new products and services and constantly monitor changes in the global environment to facilitate continuous refinement of our existing risk management mechanisms in order to convert risk into opportunities.

Please refer to 5.4 Climate Change Risks and Opportunities for details on the identification of climate change risks.

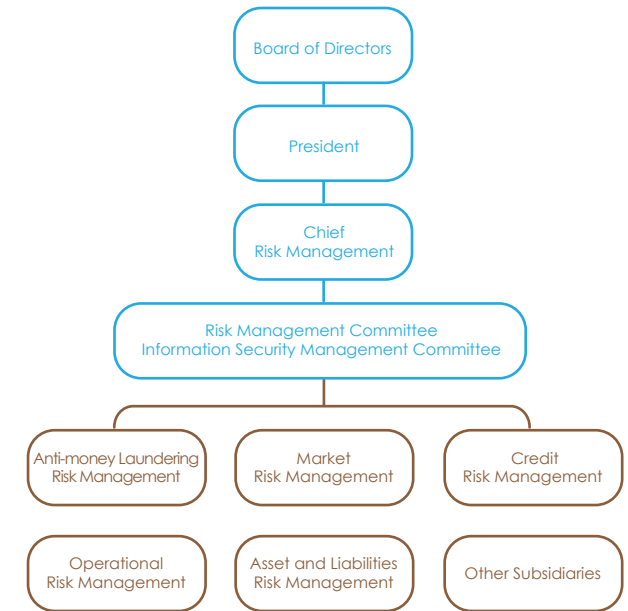
● Risk Management Organizational Framework

E.SUN FHC Board of Directors is the highest governing body in risk management mechanism. The board of directors approve overall risk management policies and important decisions based on the overall business strategies and environment and take ultimate responsibility for overall risk management.

To strengthen risk governance communication, coordination, reporting, and recommendation within the board of directors, the Company has established an independent Risk Management Committee with the President as the chair, and the Chief Risk Officer as the executive secretary responsible for reviewing business risk management policies, ensuring compliance with international risk management regulations, promoting and creating risk management systems, and reinforcing the functions and duties of the Risk Management Committee over time.

The Risk Management Committee (RMC) convenes quarterly and would make impromptu meetings, subject to needs for strategic development or environmental changes. RMC reviews the appropriateness of risk mitigation measures proposed by risk management unit at every level. The Committee is responsible for matters pertaining to credit risk, market risk, operational risk, and asset & liability risks. Reports of overall risk management implementation status are made to the board of directors periodically and disclosed on annual report.

Risk management units are responsible for defining risk tolerance limits and monitoring indicators to monitor the risks of each unit, and formulating standard operating procedures and submitting risk reports according to business content. Subsidiary risk management units are responsible for directly reporting to the board of directors and to the Risk Management Committee of the E.SUN FHC.

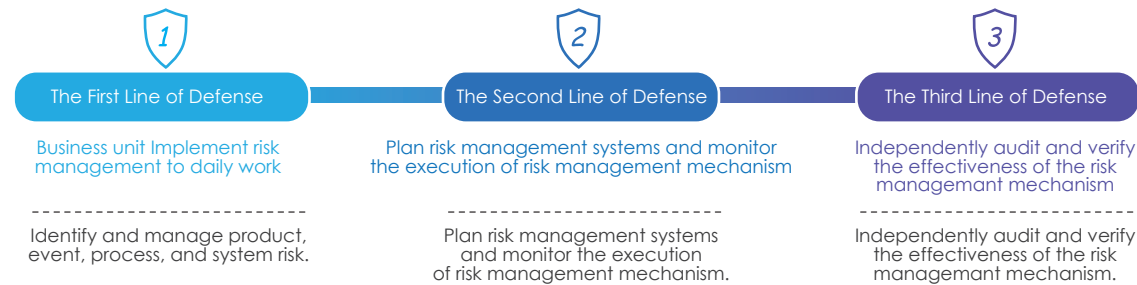


● Risk Management Mechanism

• Risk appetite

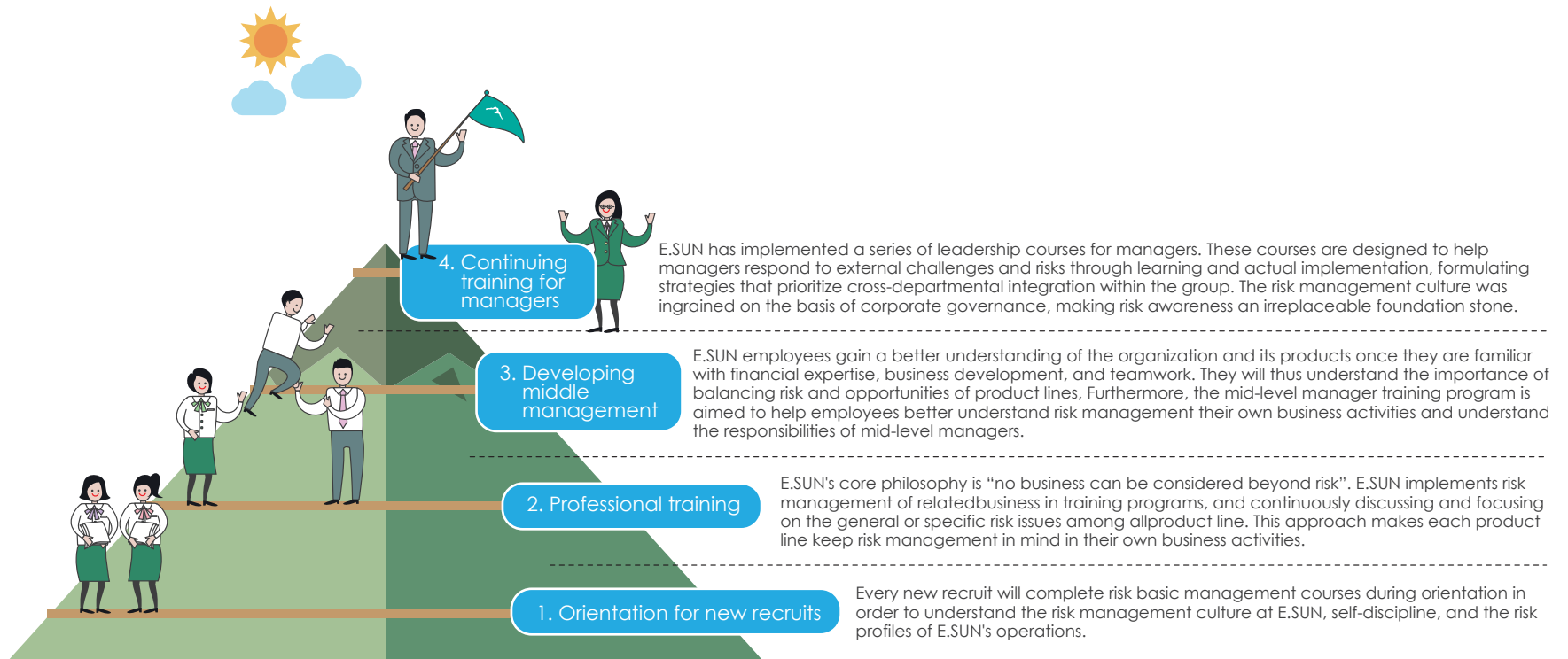
Our Board-level risk appetite management mechanism identifies the types of risks we are willing to take on and the overall risk level within the range of our risk taking capacity. Risk preferences, business decisions, capital allocation, and limits are linked together to specify the risk limits of individual products and overall operations. Risk appetite is not only measure quantitatively, but also described qualitatively for risk management. Regular and irregular pressure tests are performed based on changes in the macro economic and business environment to examine the risk appetite mechanism.

• The three lines of defense in risk management



● Established the risk management culture

To raise risk awareness and to systematically extend the risk horizon, E.SUN ensures that every E.SUN employee starts learning about E.SUN's core philosophy regarding risk, discipline and process. E.SUN employees in different departments and at different stages of their careers are also provided with appropriate education and training on risk management.



〈 Extending risk horizon by training 〉

In addition, product benefits and performance evaluation are a measure of risk management practice. Apart from understanding the underlying costs of risk for each product income, E.SUN also incorporates the risk control of daily business operations into performance evaluation, which in turn facilitates fortifying the risk culture and awareness within the organization.

● 2018 Risk Management Performance

Risk appetite mechanism refinement	The risk appetite policy and statement were formulated, completing the risk appetite framework. Capital adequacy ratio was used to assess risk tolerance capability based on a consideration for future business development and risk profile. Stress test was conducted for defining the risk appetite limit to account for both business growth and risk control.
Risk Template for Overseas Branches and Subsidiaries	Risk template was designed and introduced into our overseas branches and subsidiaries. The template contains credit, market, operational, and liquidity risks, which are used to facilitate risk control. In 2018, the risk template was introduced into the Hong Kong branch and UCB subsidiary. Through risk classification management, we could obtain a comprehensive profile of the risks exposed to our overseas branches and subsidiaries.
Credit Risk Management Mechanism	The credit risk values of risky assets are calculated and provided for each business division to ascertain the risk patterns of its business activities. Model verification is regularly performed in order to continue improving model stability and effectiveness. The results are also used to analyze the quality of the assets managed by the credit division.
Market Risk Management Mechanism	The derivative evaluation model verification mechanism was refined to improve the reasonableness and risk value of financial product evaluation and accuracy of potential risk exposure of financial products and to reduce model risk.
Operational Risk Management Mechanism	Customization plans were introduced into our Tokyo branch and UCB subsidiary according to the original risk standard act in order to keep the designs of risk self-assessment contents and key risk indicators in line with the status quo of the business development of both these overseas branches. The ultimate goal was to continue to increase the depth of the operational risk management mechanism for our branches in Los Angeles, Hong Kong, and Sydney.
Asset Liability Risk Management Mechanism	Asset liability management system was refined to achieve immediate and comprehensive management of assets and liabilities. The system was improved to quickly ascertain the bank's asset and liability positions and changes in cash flows, liquidity gap, and concentration in order to facilitate early allocation of the bank's asset and liability positions. Market interest rate analysis and asset and liability positions are linked to track the effects of interest rate changes on the Bank's asset and liability positions. E.SUN also simulates the effects of increased new business on the overall asset and liability structure of the bank in order to achieve a balance between liquidity and business volume.

4.2.1 Compliance

E.SUN has always paid close attention to changes in financial policies, laws and regulations by the Financial Supervisor Commission. We strictly abide by applicable laws and regulations as we actively develop and expand our business.

Mid-term goal	Long-term goal
E.SUN adopts risk based approach to establish procedures, plans, and mechanisms for risk identification, assessment, control, measurement, monitoring, and independent reporting of legal compliance in order to comprehensively control, monitor, and support compliance matters relevant to individual business units and different departments of overseas and domestic departments, branches, and subsidiaries in different regions.	E.SUN establishes an awareness on legal compliance. Driven by a good compliance culture, all of E.SUN employees voluntarily comply with laws and business regulations, upholds the value of integrity and discipline, and realizes the belief that no business activity shall take precedence over risk control and all services shall comply with laws and regulations.

Action plans	2018 Outcome
1. Compliance Self-Assessment	Two compliance self assessments have been conducted in order to examine whether the units have complied with the regulations and supervised improvements as required.
2. E.SUN regularly reports to the Board of Directors and Audit Committee periodically regarding the implementation state of legal compliance.	Two reports were presented to the Board of Directors and Audit Committee in 2018 in order to keep governance units and top-level managements fully informed of the implementation status of legal compliance.
3. Announcement and inquiry of regulations	E.SUN has established a system that enables announcement and inquiry of regulatory affairs. Compliance management unit provides important regulations via email to legal compliance offers of each unit and posts them on internal website for access by E.SUN employees.
4. Coordination and communication of regulatory affairs	In 2018, 10 meetings of compliance officers are held to announce important compliance issues and to provide a venue for sharing related experiences. Regarding inter-subsidiary issues, the compliance unit, in addition to offering comments, will assist the subsidiaries in communication and coordination in order to ensure consistency within the group.
5. Examination of internal regulations	Work and management regulations are updated promptly to ensure compliance with the laws and regulations. Any update is announced instantly to all units to ensure that all business activities comply with the current laws and regulations.

Action plans	2018 Outcome																																						
6. Compliance assessment for new products (services)	61 new products and services were subjected to the Compliance Assessment Opinion review procedure to ensure that these products comply with laws and internal regulations.																																						
7. Compliance Practice Evaluation	The compliance practices of E.SUN FHC and its subsidiaries are evaluated to increase the validity of legal compliance systems.																																						
8. Onsite Compliance Surveys	<p>To better understand actual compliance practices related to personal information protection, anti-money laundering, and important business, the compliance management unit started conducting on-site compliance surveys. In 2018, the it has conducted 22 on-site compliance surveys. Through the face-to-face discussions, it gave the units a better understanding of improvement or correction to be made. The compliance management unit also listens to feedback from the units. The approach facilitates interaction and allows the compliance management unit to have a better idea of compliance practices in different units.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Number of on-site surveys</th> <th>Year</th> <th>Number of on-site surveys</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>27</td> <td>2017</td> <td>21</td> </tr> <tr> <td>2015</td> <td>14</td> <td>2018</td> <td>22</td> </tr> <tr> <td>2016</td> <td>15</td> <td></td> <td></td> </tr> </tbody> </table>	Year	Number of on-site surveys	Year	Number of on-site surveys	2014	27	2017	21	2015	14	2018	22	2016	15																								
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2014	27	2017	21																																				
2015	14	2018	22																																				
2016	15																																						
9. Onsite inspection of compliance situations of overseas branches	E.SUN inspected the branches in Hong Kong and Singapore and the subsidiary in Cambodia to understand their practices in the communication of important regulations, compliance education and training, and compliance follow-up matters. Improvements to compliance-related problems are tracked so as to strengthen compliance governance through face-to-face communication.																																						
10. Compliance training and online tests	<p>(1) External courses: 5,772 employees completed 54,332 training hours by attending 383 courses offered by the Taiwan Academy of Banking and Finance, the Corporate Governance Association in Taiwan, and TWSE.</p> <p>(2) Internal courses: 8,457 employees completed 248,296 training hours by attending 135 professional courses on mid-level officer training course - banking regulations, entry-level training course - overview of banking regulations, and study of compliance regulations.</p> <p>(3) Other: Important compliance rules and cases will be announced during morning meetings or training sessions. Compliance education materials are provided on a monthly basis so that individual units can raise awareness of compliance during compliance training or provide online education and training courses.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Month</th> <th>Training Class</th> <th>Month</th> <th>Training Class</th> </tr> </thead> <tbody> <tr> <td>Jan.</td> <td>Three lines of defense in the internal control system and case analysis of penalties imposed by the competent authority</td> <td>Jul.</td> <td>Raising awareness of ethical management and material insider information</td> </tr> <tr> <td>Feb.</td> <td>Raising awareness of personal information protection</td> <td>Aug.</td> <td>Smartphone security training</td> </tr> <tr> <td>Mar.</td> <td>Raising awareness of implementation of the common standard on reporting and due diligence for financial institutions</td> <td>Sep.</td> <td>Raising awareness of important AML/CFT regulations</td> </tr> <tr> <td>Apr.</td> <td>Raising awareness of labor laws and human resource management</td> <td>Oct.</td> <td>Online training course on the Financial Consumer Protection Act</td> </tr> <tr> <td>May</td> <td>2018 Compliance Instructions</td> <td>Nov.</td> <td>Training on important regulations of the Procedure For Handling Whistleblowing Reports</td> </tr> <tr> <td>Jun.</td> <td>Raising awareness of important banking laws and regulations</td> <td>Dec.</td> <td>Raising awareness of important banking laws and regulations</td> </tr> </tbody> </table> <p>An online compliance e-Learning test is designed for employees working in respective areas. A score of 90 or higher will be a pass. The results are listed in the table. Employees who failed to reach the threshold or attend the test had reports issued to strengthen their training in compliance in order to improve their understanding and ensure compliance of business activities.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Number of Test Applicants</th> <th>passed</th> <th>failed</th> <th>absent</th> <th>Average Score</th> </tr> </thead> <tbody> <tr> <td>7,716</td> <td>7,597</td> <td>3</td> <td>116</td> <td>97.91</td> </tr> </tbody> </table>	Month	Training Class	Month	Training Class	Jan.	Three lines of defense in the internal control system and case analysis of penalties imposed by the competent authority	Jul.	Raising awareness of ethical management and material insider information	Feb.	Raising awareness of personal information protection	Aug.	Smartphone security training	Mar.	Raising awareness of implementation of the common standard on reporting and due diligence for financial institutions	Sep.	Raising awareness of important AML/CFT regulations	Apr.	Raising awareness of labor laws and human resource management	Oct.	Online training course on the Financial Consumer Protection Act	May	2018 Compliance Instructions	Nov.	Training on important regulations of the Procedure For Handling Whistleblowing Reports	Jun.	Raising awareness of important banking laws and regulations	Dec.	Raising awareness of important banking laws and regulations	Number of Test Applicants	passed	failed	absent	Average Score	7,716	7,597	3	116	97.91
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11. Strengthening compliance with international financial regulations	<p>Following FATCA of the United States, OECD has stepped up international taxation to prevent tax evasion in other countries. Futhermoe, OECD has also established the Common Reporting Standard (CRS) and more than 108 countries have adopted the standard.</p> <p>The Ministry of Finance announced the Regulations Governing the Implementation of the Common Standard on Reporting and Due Diligence for Financial Institutions on November, 16, 2017. Financial institutions should begin due diligence in 2019 and exchange information with other countries or regions for the first time in 2020.</p> <p>E.SUN has conducted due diligence on new individual and physical accounts since 2019. It will complete the review of individual high-worth accounts, low-asset accounts, and existing physical accounts by the end of 2019 and 2020. Subsequently, E.SUN will support the Ministry of Finance's plan to exchange information with other countries or regions for the first time in June 2020. E.SUN will continue to pay attention to the intentions of competent authorities and collaborate with external consultants to introduce projects and plans. E.SUN implements applicable international regulations as another step toward reduced inequalities (SDG 10) and a way to strengthen financial institutions around the world (SDG 17).</p>																																						

● Tax Governance Policy

E.SUN FHC establishes its tax governance policy in accordance with the principles of realism, strength, and responsibility.



Details of Tax Governance Policy

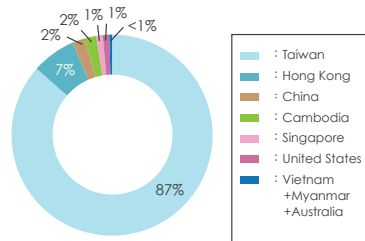
E.SUN FHC adheres to tax regulations, strengthens tax governance, and fulfills the three principles of transfer pricing policy.

Commercial Substance Principle Related-party transactions shall be in accord with rational commercial purpose with the transfer price reflecting economic reality, and the actual decision-making party taking risks derived from such transactions and generating corresponding returns.	Arm's-length Principle Related-party transactions shall be assessed individually by the optimal arm's-length method agreed by transfer pricing regulations in each country so as to ensure the contractual terms are similar to those of other non-related-party transactions alike.	Tax compliance principle Any domestic and overseas subsidiary and overseas branch of the E.SUN FHC shall comply with the taxation laws of its location to prepare or file the related-party transactions, transfer pricing documents, etc.
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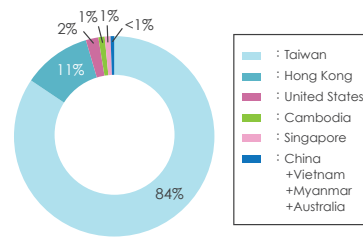


Details of Transfer Pricing Policy

- The revenue of E.SUN Group in 2018 is TWD 49,429 million. The operating profit of E.SUN Group in 2018 is TWD 20,337 million. In 2018, 87% of the revenue was generated in Taiwan, demonstrating that Taiwan is the main operating location of the group. The proportion of revenue and operating profit by tax jurisdictions are disclosed in the charts below.

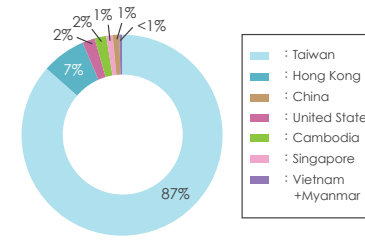


〈 Revenue percentage of each region in 2018 〉



〈 Percentage of net profit before tax of each region in 2018 〉

- E.SUN Group paid TWD 5,350 million tax globally in 2018, including corporate income tax, gross business receipt tax, VAT/GST and others. In 2018, 87% of the tax was paid in Taiwan. For the tax amount paid to the government by tax jurisdictions, please refer to the tax governance report of 2018.



〈 Tax payment percentage of each region in 2018 〉



Details of Tax Governance Report

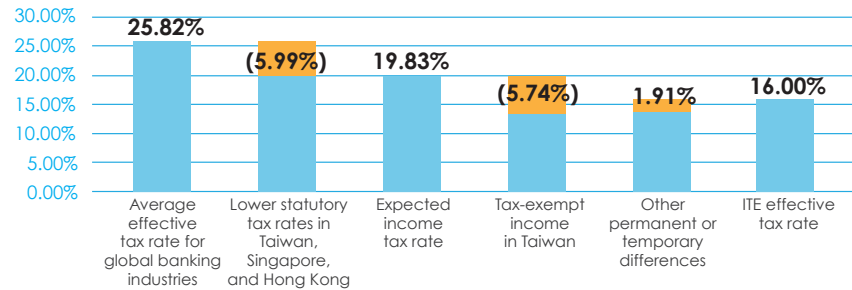
- Income tax expense and income tax paid of E.SUN Group in 2017 and 2018:

(Unit: TWD millions)

	2018	2017	average
Earnings before tax	20,337	16,873	18,605
Reported taxes	3,255	2,218	2,737
Reported tax rate	16.00%	13.15%	14.71%
Cash taxes paid	3,310	2,549	2,930
Cash tax rate	16.28%	15.11%	15.75%

Note: earnings before tax, income tax expense, and income tax paid are with reference to income statement and cash flow statement of E.SUN FHC's consolidated financial report.

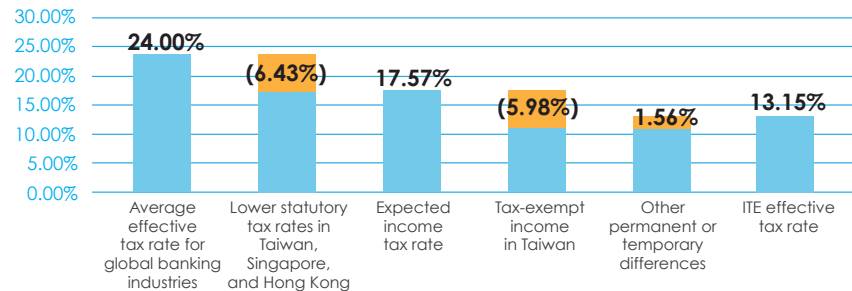
- A reconciliation among the reported tax rate, the expected income tax rate and the global average effective rate in banking industry in 2018:



Note:

- The expected income tax rate means the weighted average statutory tax rate based on pretax income in each country; that is, (pretax income in country A*statutory tax rate in country A + pretax income in country B*statutory tax rate in country B...)/ (pretax income of the country A, B and so on). If the revenue or operating profit generated is negative in certain countries, such negative figures are excluded from the table so as to avoid distortion.
- When comparing the reported tax rate, expected income tax rate and cash tax rate with the global average effective rates, the two main reasons causing the difference are the tax-exempt income in Taiwan and the lower statutory tax rate in Taiwan, Singapore and Hong Kong. Please refer to note 3 and 4 for details.
- 5.74%=1,167/20,337(Tax-exempt income from offshore banking unit/ pretax income, unit: TWD millions)
- 1.91%=389/20,337(Other permanent and temporary differences/ pretax income, unit: TWD millions)

- A reconciliation among the reported tax rate, the expected income tax rate and the global average effective rate in banking industry in 2017:



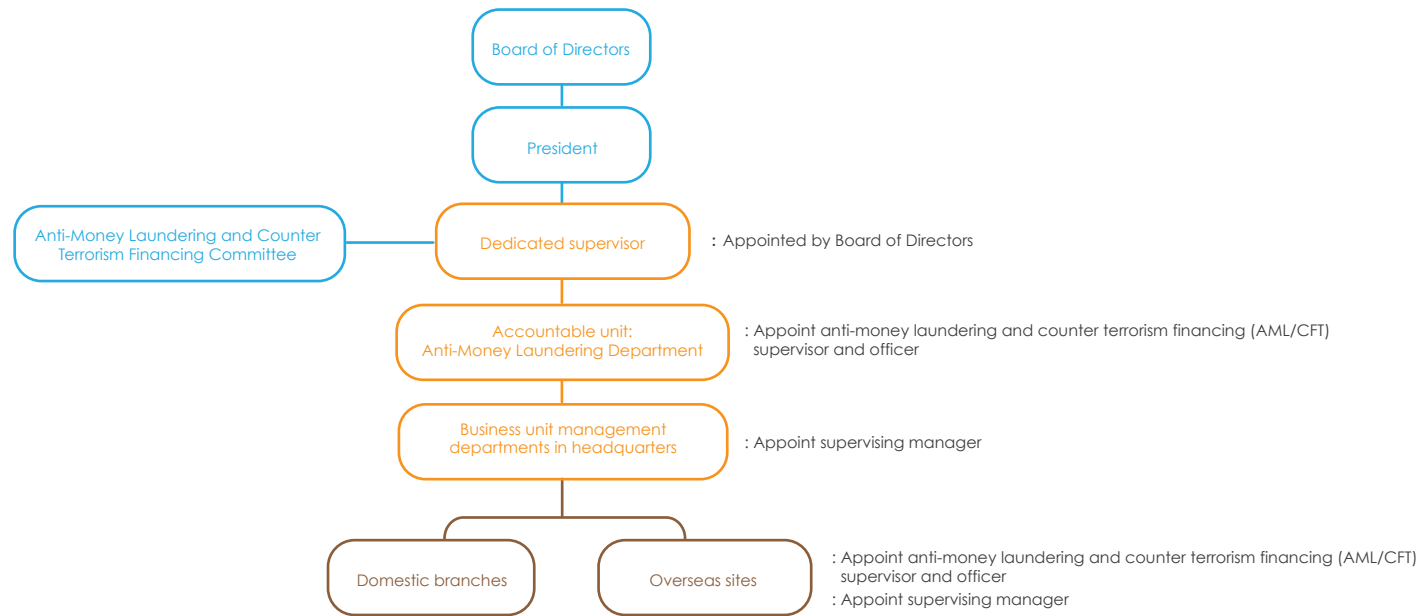
Note:

- 5.98%=1,009/16,873 (Tax-exempt income from offshore banking unit/ pretax income, unit: TWD millions)
- 1.56%=263/16,873 (Other permanent and temporary differences/ pretax income, unit: TWD millions)

4.2.2 Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)

In the 3rd Round of Mutual Evaluation by the Asia/Pacific Group on Money Laundering (APG) in the 4th quarter of 2018 conducted in Taiwan, E.SUN also actively complies with regulatory policies and participates in preparatory meetings for APG evaluation. Its subsidiary E.SUN Bank represented the banking industry to participate in the 3rd Round of APG Mutual Evaluation. During the evaluation process, the Bank received positive evaluations from the reviewers. In future, E.SUN will continue to amend domestic and overseas AML policies and procedures, refine customer due diligence control measures, continue to optimize AML monitoring systems, and strengthen the Bank's AML/CFT mechanisms.

● Organizational structure of AML and CFT



• Appointed dedicated supervisor and management of high-level managerial persons

The board appoints a dedicated supervisor who is responsible for anti-money laundering (AML) and countering terrorism financing (CTF), including promoting, coordinating, and supervising the implementation of matters related to AML and CTF. In order to manage and supervise that the annual prevention plans devised by the respective subsidiaries can be effectively executed, in 2018, the Chief Risk Officer reported the annual results of the plans and the status of AML internal control measures and implementation 3 times to the board of directors.

• Set up accountable unit

Suspected money laundering activities are unanimously analyzed and investigated by the Anti-Money Laundering Department, which submits reports to the Investigation Bureau of the Ministry of Justice. The dedicated Anti-Money Laundering Department is also responsible for developing related internal policies and processes and inspecting, planning, and assessing the bank's money laundering and terrorism financing risks.

• Set up Anti-Money Laundering and Counter Terrorism Financing Committee

To develop a sound AML/CFT system for E.SUN Bank, the overall allocation of resources for AML/CFT is planned and managed, while an Anti-Money Laundering and Counter Terrorism Financing Committee is established to implement, coordinate, and operate AML/CFT mechanisms for promotion of an AML/CFT culture.

• Set up supervising manager

We have appointed supervising managers to each of our domestic branches and overseas sites as well as business unit management departments in headquarters. A supervising manager not only supervises internal measures for anti-money laundering and countering terrorism financing but also assists and coordinates AML/CFT related work.

• Set up dedicated personnel at each overseas site

The effectiveness of anti-money laundering practices of each of our overseas site is examined in order to continuously facilitate the completion of anti-money laundering information systems. Meanwhile, E.SUN effectively manages the implementation status of anti-money laundering practices of its overseas branches through examining the independence and professionalism of overseas heads responsible for anti-money laundering, strengthening the management of personnel suitability, assisting the development of overseas anti-money laundering system platforms, increasing the frequency of onsite inspections and parent bank training, and verifying the adequacy of educational training. In addition, E.SUN conducts quarterly overseas video conferences to strengthen its communication mechanism.

● Mechanism and improvement for anti-money laundering and countering terrorism financing management

E.SUN FHC adheres to competent authorities' rules and conforms to international regulations. The AML/CFT mechanisms of each of our subsidiaries are strengthened according to the policies and procedures of Forty Recommendations promulgated by the Financial Action Task Force on Money Laundering (FATF). The mechanism and improvement direction for E.SUN FHC's AML/CFT management are composed of the following six dimensions: Policy and process, customer due diligence, name list scanning, suspicious transaction reporting, institution risk assessment, and other. Specific actions taken are described below:

1. Policy and procedure

The Anti-Money Laundering and Countering Terrorism Financing Policy of E.SUN Financial Holding and Subsidiaries, Guidelines on Sharing of Anti-Money Laundering and Countering Terrorism Financing Information for E.SUN Financial Holding and Subsidiaries, Operating Guidelines on the Inspection of Names and Titles for Anti-Money Laundering and Countering Terrorism Financing of E.SUN Bank, E.SUN Bank Operating Guidelines on Suspicious ML/TF Transaction Report (STR) and Reporting of Sanctioned Target, Guidelines Governing Anti-Money Laundering and Countering Terrorism Financing of E.SUN Bank, and applicable procedures and operating guidelines were amended pursuant to the Money Laundering Control Act, Counter Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions to clearly stipulate the principles and procedures through which E.SUN units identify customer identity, build business relationships, monitor and report suspicious transactions, and organize education and training programs to comply with the Money Laundering Control Act and relevant legislation for the purpose of preventing the Bank's services from being used for money laundering or terrorist financing and abiding by AML laws and regulations of Taiwan, official letters of competent authorities, and applicable legislations.

2. Customer due diligence

Measures are adopted to identify customer identity, including collection, updating, and preservation of customer information. Such procedures include identifying the beneficiary of corporate account holders and family members and close associates of politically exposed persons (PEPs). E.SUN adopts the risk based approach (RBA) and requires that enhanced due diligence be conducted for high risk customers to verify the source of wealth and funds. The building of business relations with high risk customers must be reviewed and approved by top-level management.

3. Name list scanning

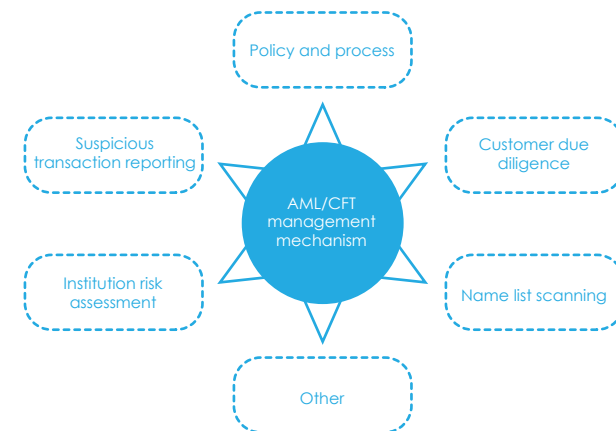
A list of names that must be scanned for account opening is established with reference to the regulations of competent authority. The list of names to be scanned by each unit must include at least the following information: Sanction list announced by the UNSCR, Office of Foreign Assets Control -Specially Designated Nationals And Blocked Persons List (OFAC-SDN), name list provided by the Investigation Bureau (Ministry of Justice), and name list based on the FinCEN Section 311. All units will not transact with individuals listed on the name list during account opening or transaction scanning.

4. Suspicious transaction reporting

The scope of transaction monitoring operations and monitoring includes customers, employees, and financial institutions that transact with E.SUN Bank. When engaging in transactions or building a business relation with the aforementioned individuals, a dedicated personnel will review their potential involvement in money laundering or terrorism financing and comply with risk-based spirit when conducting rigorous analysis and collection of data on potentially high risk customers (e.g., PEPs and their family members and close associates, entities that issue unregistered shares, negative news). Review process comprises customer occupation/industry, the source and reasonable use of funds, and whether transaction activities are consistent with previous behaviors. Records obtained during the investigation process are kept for future reference. Following Investigational analysis by the dedicated personnel, a suspicious activity report on customers or transaction activities potentially involving money laundering or terrorism financing is submitted to the Investigation Bureau of the Ministry of Justice. Cases are filed on designated computer (use of portable devices is prohibited) to ensure that filed information cannot be transferred to an unrelated third party.

5. Institution risk assessment

E.SUN cooperated with the Association of Certified Anti-Money Laundering Specialists (ACAMS), an internationally renowned AML institution, to introduce a consistent methodology for the group to assess the risks of AML/CFT in the dimensions of region, customer, products and services, transaction or payment channels. By using this methodology, E.SUN assesses existing risks and residual risks of regions, products, and customers within the institution, initiates plans of actions and formulates improvement plans. A risk assessment report is completed, presented to the Board of Directors, and then submitted to the competent authority.



6. Others

• Actively prepare for and participate in APG mutual evaluation

An APG task force is established to promote projects for strengthening AML/CFT of E.SUN, comply with international AML laws and regulations, amend domestic and overseas AML policies and procedures, refine customer due diligence control measures, and continue to develop global AML monitoring systems. Subsidiary E.SUN Bank represented the banking industry to participate in the 3rd Round of APG Mutual Evaluation on Taiwan's overall AML/CFT system in the 4th quarter of 2018.

• New product and new service management

A Money Laundering and Terrorism Financing Risk Assessment Checklist for (New) Products/Services has been established. AML/CFT-related risk assessment of new products and new services must be performed before the launching of these products/services.

• Reinforcement of education and training courses

To reinforce AML/CFT education and training courses and increase awareness on AML, appropriate hours of training and suitable contents on AML/CFT are arranged by category on the basis of the nature of business for all employees (including new recruits), accountable unit, supervising manager of each unit responsible for AML/CFT, directors, top-level management personnel, legal compliance personnel, internal auditors, and frontline sales personnel. Inspectors/prosecutors with years of practical experience, speakers from ACAMS, acclaimed international organization on the detection and prevention of financial crime, and academic scholars were invited to provide education and training on the methodology of institution risk assessment so that E.SUN employees become familiar with their AML/CFT duties and are equipped with the professional know-how to perform their duties.

Participant	Training Contents	Training results
<ul style="list-style-type: none"> • All employees • Chief officer • Dedicated personnel • Supervisors • Directors and senior executives • Regulatory compliance personnel • Internal auditing personnel • Salespeople • New recruit 	<ul style="list-style-type: none"> • Basic training • AML classroom • IT system training • AML/CFT related financial discussions • Invited ACAMS lecturer to conduct the training courses in methodologies of risk evaluation. • Orientation/On-the-job training • AML/CFT-related education and training courses for specific purposes and operations are based on employees' nature of business and duties. 	<ul style="list-style-type: none"> • 475 personnel have attended the seminar for AML/CFT officers, which was organized by the Taiwan Academy of Banking and Finance, and acquired the legal qualification for managing anti-money laundering and countering terrorism financing activities. In total, 9,348 hours of training have been completed. • As of the end of 2018, 289 employees have acquired certifications for Certified Anti-Money Laundering Specialist (CAMS). • Comply with the statutory requirement on training hours • Statutory requirement on qualifications • Appropriate hours of orientation and on-the-job training of suitable contents on AML/CFT are arranged on the basis of employees' nature of business.

Statement on the Internal Control System

According to the competent authority of Taiwan and internal regulations of the Company, the president of the Company shall oversee the subsidiaries to prudently assess and review the implementation of internal control system for AML/CFT. The chairmen, presidents, chief auditors and dedicated AML/CFT compliance supervisors of the respective local subsidiaries shall jointly issue a statement on internal control for AML/CFT, which will be filed via a website designated by the competent financial authority of the Company's host country, i.e., the FSC. E.SUN Bank commissioned PricewaterhouseCoopers (PwC) to conduct auditing of AML/CFT-related internal control in 2018.

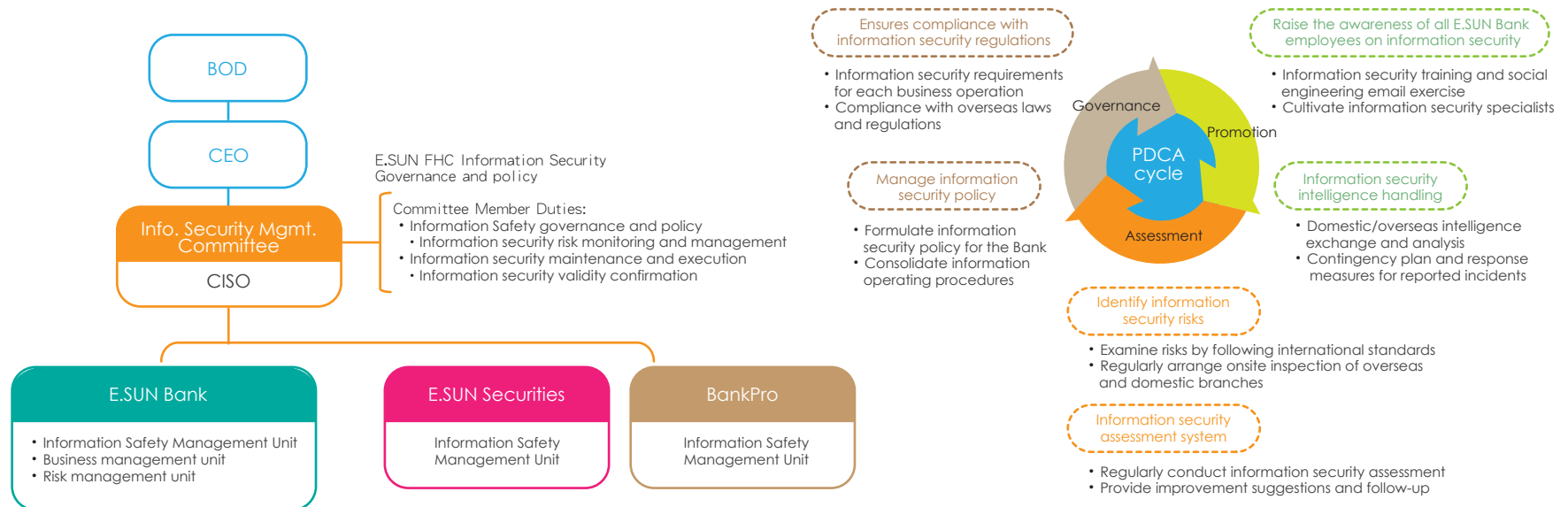
4.3 Information Security

■ GRI : 418-1

E.SUN continues to improve its capability of information security governance and cyber defense. All the information operations not only have to meet standards of international info security, they also need to be compliant with domestic and international relevant laws. In January 2018, the board of E.SUN Bank passed the organizational rule and established an independent and dedicated information security unit—the Information Security Management Division—and appointed a chief information security officer to manage and plan information security matters for the bank. E.SUN will uphold the belief that no business activity shall take precedence over risk control and that all services shall comply with laws and regulations, as it cultivates the area of information security and practices information security in its daily operations.

● Information Security Governance System

To manage information security more effectively, E.SUN FHC established Information Security Management Committee in September, 2017. The Committee inspects the subsidiaries' information security governance policy, supervises the operation of information security management, and regularly reports an overview of information security management to the board of directors. In April, 2018, the board passed the organizational rule and established an independent and dedicated information security unit—the Information Security Management Division, which executes information security matters, plans information security operational systems and promotes the execution of various operations in order to keep the bank well-versed in information security protection and to raise employees' awareness of information security.

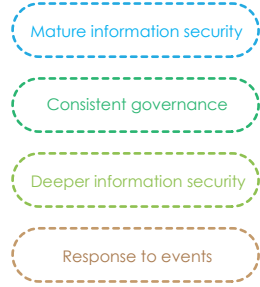
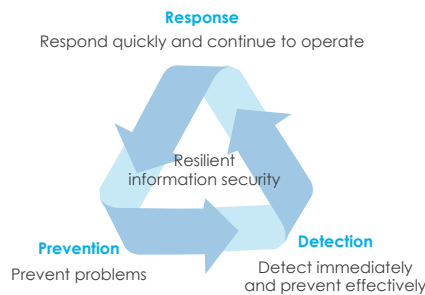


Information Security Management Mechanisms

In July 2013, we obtained the ISO/IEC 27001:2005 international certification for the Information Security Management System (ISMS), and received the latest ISO/IEC 27001:2013 certification in May 2015. In May 2018, E.SUN completed the three-year review and obtained the PCIDSS certification for its credit card receipt system in September 2017 and August 2018. Verification is conducted every year. In 2019, E.SUN will purchase information security insurance to reduce the risks of business interruption and compensation liability. Concurrently, we will expand the scope of tactics for corporate risk management and incorporate international standards to provide the highest level of protection for our service users and customer information.

The key to sustainable operations is the resilience of a company, which enables the company to sustain and prosper. In 2019, we uphold such concept and commit to realizing the value of a resilient information security practice so that we could precisely predict, immediately detect, and quickly respond to a security incident before, during, and after the incident.

Therefore, our strategy for information security development in 2019 will involve fortifying the first line of defense by building an information security management system and using our technological capacity to create an information security intelligence platform that can elevate the overall maturity of our information security. E.SUN will not only become a model example for the financial industry but also enhance the comprehensive ability of information security protection. Ultimately, E.SUN aims to become a benchmark in information security governance by 2020.

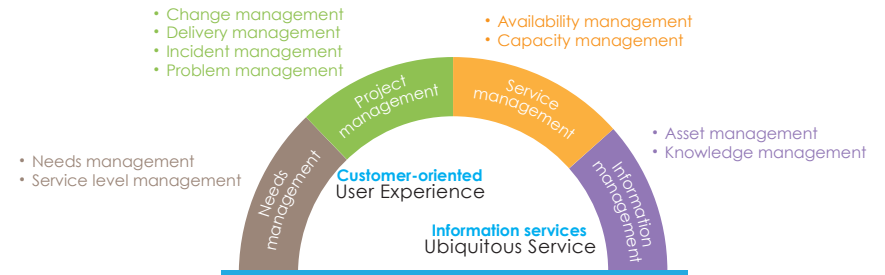


- Follow international information security standards and enhance the overall maturity of E.SUN FHC in information security
- Plan information security insurance and strengthen corporate governance based on maturity assessment
- Refine information security policy for greater flexibility and structure
- Establish consistent set of standards for stronger information security governance in overseas and domestic branches
- Introduce information security management system and include it into performance evaluations
- Enhance employees' awareness on information security
- Build an automated intelligence analysis platform that accurately identifies external information security risks
- Strengthen the Bank's reporting mechanism and conduct drills regularly



Information Service Process Management

E.SUN's information service process is managed by using a customer and service-oriented concept. Best practices based on the ITIL framework for event management, problem management, change management, online management, and service level management have been established to acquire information development trends and integrate with international standards while taking into consideration information service development and risk control. To ensure that the provided information service is kept in line with the rapid development of FinTech applications and services, business analysis team, a team of systems architect, and needs management task force have been established to improve the communication between business and information units and efficient use of resources. In 2018, we refined our service-level agreement (SLA) with user experience at the core to continuously improve the quality of E.SUN's information services and customer satisfaction.



● Personal Information Protection Management

E.SUN's personal information management system for deposits/transfers and insurance businesses has acquired the BS 10012:2017 International Certification at the end of 2018. Our Personal Information Protection Task Force is responsible for establishing personal information protection regulations, which include management measures for collection, handling, and use of personal information. The Bank also conducts personal information disclosure response drills to ensure that the Bank is fully capable of handling personal information incidents.

Regarding the use of confidential and sensitive information, our systems are designed in accordance with personal information protection development regulations. Access control and protective monitoring measures are adopted to completely fulfill our responsibility in protection of personal information.

Besides, in accordance with relevant regulations of personal information protection, E.SUN regularly conducts annual inspection to verify the current situations of its personal information database and complies with the E.SUN FHC and Subsidiary Guidelines for Personal Information Management and Organization to examine and adjust the Personal File Checklist and Overview of Corporate Information Flow, and incorporate them in the scope of this program and the handling method.

● Transaction security management and protection

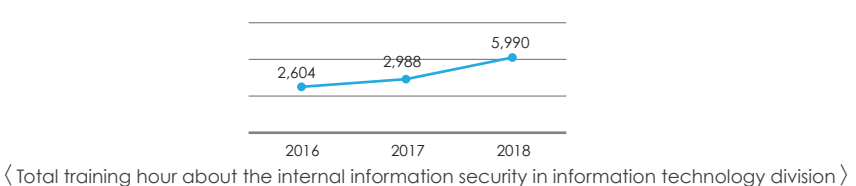
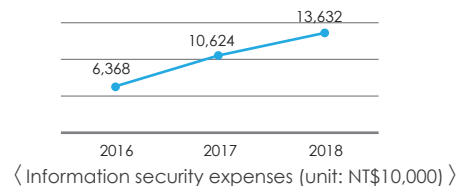
To ensure that transaction data are secure and transmitted correctly, E.SUN adopts transaction security protective measures, continuously strengthens the security design of confidentiality, integrity, authentication, non-duplication, and non-repudiation, and complies with the Certification Practice Statement (CPS) and "Regulations Governing the Standards for Information System and Security Management of Electronic Payment Institutions" to reinforce security control mechanism and protect the security of network transactions. System reliability is constantly enhanced by refining security designs of system management, including network regions, access control, weakness management, and other security protection strategies.

In response to the constantly changing hacking techniques (e.g., distributed denial of service [DDoS], advanced persistent threat [APT], and social engineering attacks), E.SUN has deployed relevant defense mechanisms and commissioned external information security experts to collaborate in penetration tests and attack/defense drills with different scenarios and to examine the effectiveness of the Bank's defense and the Bank's ability to respond to events. At each stage of system development and operation, weakness identification and correction are conducted using various types of testing technologies to ensure that a service is safe to use.

More comprehensive security protection for better service experience!
 Mobile banking uses biometric recognition technology to protect multiple authentication mechanisms:
 First line of protection: Log in via Touch ID, Face ID, or simple graphical passwords.
 Second line of protection: One-time password (OTP) is sent to user's mobile phone to ensure that a transaction is made by the account holder.
 A security control mechanism involving electronic certificate enables users to transact large amounts of foreign currency on their mobile phone.
 Positive user experience is guaranteed with multiple levels of transaction security information protection. E.SUN is committed to creating a comprehensive range of convenient financial services.

● Resources for Information Security

E.SUN continuously invests resources in information security-related matters. The expenses spent in 2018 increased considerably by 28.3% from 2017. Resources were invested to improve the infrastructure of security governance and technologies, strengthen information security defense equipment, conduct security intelligence analysis, and provide education and training, thereby comprehensively improving the Bank's management and technological capabilities for information security. Regarding information security training, 109 employees obtained ISO27001 Lead Auditor certification as of the end of 2018 and the pass rate was 100% in 2018. Additionally, for tech-related personnel, a total of 5,990 hours of information security courses were conducted, and 85.9% of those were internal training and 14.1% were external.



Note: Based on monthly departmental training and internal and external information security training courses for technology personnel.

● Information Security Incident

Due to a problem with certificate status protocol in April 2018, customers have raised concerns about network security confirmation messages that kept appearing when they used specific browsers to browse E.SUN's official website. The cause of this problem was a problem in the certificate protocol setting between the browser company and certificate issuers. In the first instance, E.SUN appointed customer service personnel to assist customers and mitigate their concerns. We took initiative to examine and refine our certificate management mechanism and effectively collect key market information on information security communication products to strengthen our acquisition of information regarding information security. Although a major spontaneous incident occurred in 2018 that influenced our provision of information services, our Information Security Management Division had examined the monitoring data and warning messages of the information security defense system and confirmed that the incident was unrelated to hacker invasion or virus attacks.

4.4 Code of Conducts and Ethics

■ GRI : 102-13 、 102-16 、 102-17 、 205-1 、 205-2 、 205-3 、 206-1 、 415-1



The Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethical Procedures and Code of Conduct have stipulated a specific whistleblowing system to actively prevent unethical behaviors and encourage internal and external personnel to report unethical or improper conducts. The Company has appointed its Group Administration Team (Legal Affairs) to be the handler of all reported misconduct who investigates all reported acts of dishonesty involving the Company's employees. The Company has set up Stakeholders page on the company's website to provide an effective communication channel for employees, shareholders, stakeholders, and outsiders. Reports involving a director or executive are submitted to the independent director. The Company has whistleblower protection mechanisms in place to keep the whistleblower's identity and contents of the report confidential and provide protection against retaliation as a result of reporting the matter.

E.SUN established the Regulations Governing the Concurrent Serving Management for Responsible Persons in 2018 to manage the roles and duties of directors and managers.

E.SUN places a great emphasis on integrity and anti-corruption measures. The company and its subsidiaries and other entities in which the company has substantive control will assess the legitimacy of counterparties and acquire a full understanding of their ethical management practices and compliance with the corporate social responsibility policy before starting a business.

relationship. E.SUN always explicitly refuses to directly or indirectly provide, promise, request, or accept illegitimate benefits in any form. Contracts always contain explicit provisions on ethical management and corporate social responsibility. The company is also working to extend the corporate culture and the commitment to integrity into its subsidiaries. As its contribution to creating a sound financial market, the subsidiary E.SUN Bank has established the Fair Customer Treatment Policies and Strategies. The policies implement the principles of fairness and reasonableness, equality and mutual benefit, and good faith, and highlight and protect the rights of financial consumers.

The Corporate Governance and Nomination Committee is the unit in charge of ethical management practices. The committee is responsible for assisting the board of directors and the management in formulating and supervising implementation of ethical management policies and prevention measures. The committee also reports regularly to the board of directors.

The following is a summary of the state of the Company's implementation of its business integrity policies in 2018:

Education and training	Legal compliance training	Annual examinations
The Company has planned a series of courses such as laws and regulations, auditing, risk management, anti-money laundering, E.SUN General Knowledge on Law, and E.SUN Employee Service Code of Conduct and Behavior Standards for each training class, providing a total of 360.5 hours of training. In the courses, the concept and practice of three lines of defense are reinforced through case studies in order to enable the employees to work together in prevention of unethical behaviors.	In 2018, the theme of the campaigns was "corporate integrity and credibility as means to achieve ethical management and sustainable development". The Ethical Corporate Management Best Practice Principles and examples of material inside information were turned into videos and case studies that educated the employees on things to watch out for when they performed their duties.	The Company and its subsidiaries conduct annual online examinations for all employees. The scope of examinations includes E.SUN FHC's business integrity rules, and E.SUN FHC's business integrity operating procedures and code of conduct. In 2018, the core issue was on business integrity in commercial activities, the prohibition of conduct violating business integrity and harming the interests of stakeholders, and the duty of maintaining the confidentiality of the Company's intellectual property rights.

● Regular Inspection

The Company incorporates business integrity as part of employees' performance appraisal and the Company's human resource policy. There are clear and effective systems in place to enforce discipline of dishonest conduct. The business management units conduct self assessments and compliance self assessments every six months in order to ensure effective management. The audit unit performs independent audits to ensure uninterrupted operation of the organization as a whole. The units work together to manage and prevent unethical behaviors. No corruption or anti-competitive behaviors in 2018.

● Means to report malpractices and whistleblower protection

For the purpose of establishing a corporate culture of integrity, transparency, and sound governance, E.SUN provides communication channels that employees and outsiders may use to report misconduct to the management:

E.SUN Bank has established the Procedure For Handling Whistleblowing Reports. Whistleblowing hotlines, email addresses, and mailboxes are set up and announced on the corporate websites. These channels are available to any employees or outsiders wishing to report criminal, corrupt, or illegal conduct. As part of our compliance reporting and consulting mechanism, reporting hotlines have been established for employees to report major violations/penalties and business integrity-related issues. In addition, independent directors' contact email (AuditCommittee@email.esunbank.com.tw) and a Stakeholder Section are provided on corporate websites as effective communication means for employees, shareholders, and stakeholders.

E.SUN continues to collect and handle customer complaints and employee feedback, which are then provided to management teams for decision-making. Depending on the nature of a report, suitable executive level, investigatory unit, and investigation result approving unit are appointed to handle reports of misconduct. The Compliance Department is the unit responsible for handling reports of misconduct. If a report involves labor-related laws and regulations, the human resource department is the report handler. If the reported person is an employee, the president will form an independent team of investigators with non-conflicting roles. Investigation results will be presented to the president for approval and provided to the supervisor of the reported person. If the reported person is a director or an equivalent person with the position of executive vice president or above, the Auditing Division will be the investigation unit. The investigation results will be presented to the Audit Committee for review and reported to the Board of Directors. E.SUN maintains confidentiality of the whistleblower's identity and any details of the report and provide protective measures. Reports will be compiled into annual ethical corporate management reports, which will be presented to the Corporate Governance and Nomination Committee and Board of Directors.

A total of 22 external reports was received and submitted to the independent directors. This report involved improvements to the Company's operating process and not matters relating to unethical behaviors. Without compromising the whistleblower's identity, the Company has investigated the facts and taken adequate measure accordingly in order to realize an honest and transparent corporate culture.

Whistleblowing Channels	2016	2017	2018
Report unethical behaviors from internal personal	0	1	0
Report unethical behaviors from external personal	26	19	22
Sexual harassment complaint	0	0	0
Number of code of conduct Violation confirmed	0	0	0

Fines and Penalties	2015	2016	2017	2018
Anti-Competitive / Anti-trust cases	0	0	0	0
Corruption and Bribery cases	0	0	0	0

5 - Customer Value

The highest
foreign currency
deposit in the market
20%



1st OTP-integrated
facial recognition ATM
in the world



8 deals
reviewed by
the Equator Principles



First in the SME Lenders Competition:
Received **1**st place among those
graded Excellent in the
"Enhanced SME Lending by Domestic Banks"
by the FSC



82.12%
Overall satisfaction rate



Received the Excellent SME Credit Guarantee Partner Award
for the **13**th consecutive time in recognition
of our longstanding commitment in the cultivation
of SMEs in Taiwan



Rated as the Best Bond house
in Formosa for the **3**rd consecutive year
by the Asset



	2018 Objectives	Status
FinTech and Innovation	Received the A+ certification from the National Communications Commission.	✓
	Continue to refine the e-Click Loan Application and be first to offer online loan services for small businesses.	✓
	Increase the types of insurances that can be purchased online to satisfy customers' diverse insurance needs, and fulfill our CSR by continuing to promote microinsurance and trust services.	✓
	Continued to develop innovative financial research projects that will drive the development of digital banking in Taiwan.	✓
	Developed biometrics to offer thoughtful financial service	✓
	Cooperated with overseas partners to develop cross border payment service.	✓
	Continued to improve and develop online wealth management management functions.	✓

	2018 Objectives	Status
Customer Service Quality and Experience	Deployed foreign currency ATMs at 138 branches.	✓
	Continued completing new digital branches and specialty branches.	✓
	Continued to keep customer satisfaction rate above 85%.	✓
Sustainable Finance	Make the second underwriting of green bonds in accordance with the Taipei Exchange Directions for Green Bonds; NT\$1.1 billion is expected to be raised to assist the green energy industry and contribute to environmental sustainability.	✓
	Supported renewable energy power generation capacity to grow 20% in loan balance of solar power rooftop and 30% from the equipment supported by E.SUN	△

✓ : Complete △ : Need to be improved

Note:

The installed capacity of renewable energy equipment in 2018 increased by 26%, which is slightly lower than the expected 30% primarily because of the saturation of solar panel industries in Taiwan, in addition to intense competition among peers and careful selection of case sites.

2019 Objectives

Medium/Long term goals

<p>FinTech and Innovation</p>	<ul style="list-style-type: none"> • 45% of active customers are mobile banking users. • Digital lending helped facilitating personal loan applications, which accounted for 55% of applications. 	<ul style="list-style-type: none"> • Created accessible banking environment for disables. Completed end-to-end digital services with more than 50% active users. • Increase the percentage of e-Click Online Card Application to 50% by 2025.
<p>Customer Service Quality and Experience</p>	<p>83% customer satisfaction rate on physical and digital channels.</p>	<p>85% customer satisfaction rate on physical and digital channels by 2022.</p>
<p>Sustainable Finance</p>	<p>Finance the installation of 100-MW renewable energy equipment.</p>	<ul style="list-style-type: none"> • Accumulate more than NT\$12 billion in green bond balance by 2020 (issued and underwritten by E.SUN Bank). • Finance the installation of 200 MW renewable energy equipment by 2020. • Finance the installation of 400 MW renewable energy equipment by 2021.



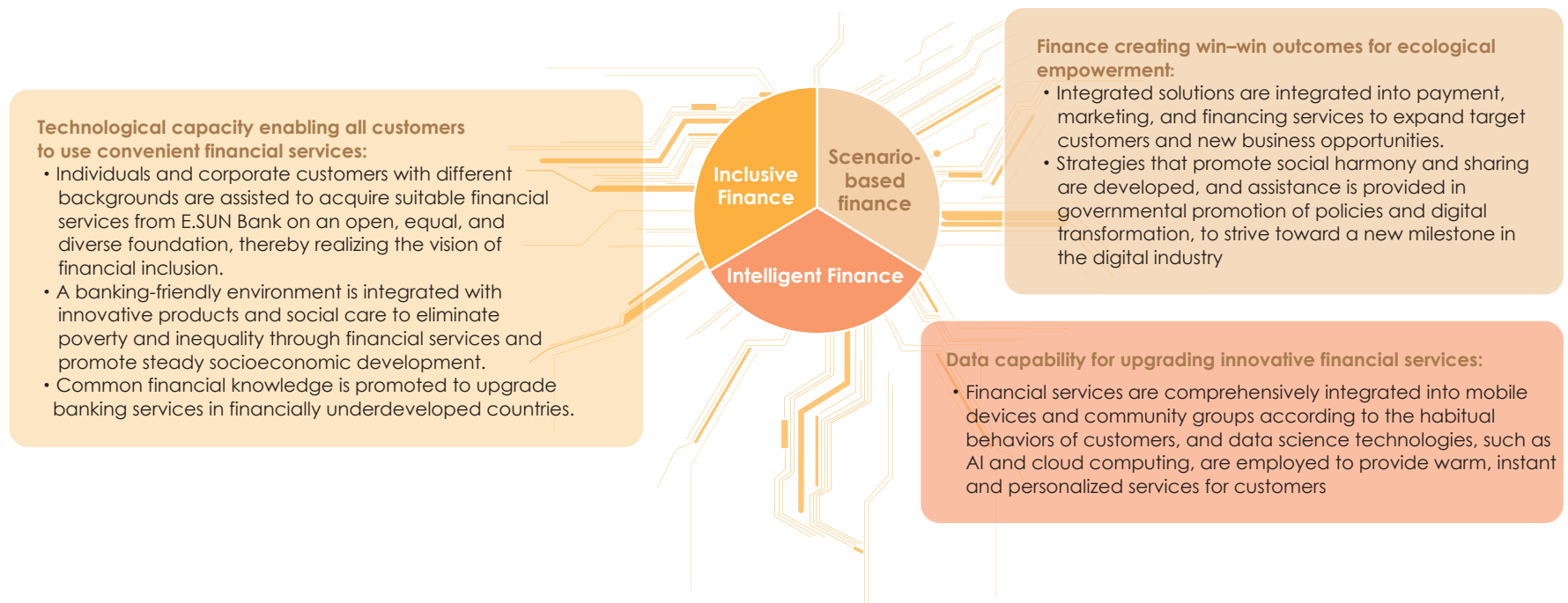
5.1 FinTech and Innovation

■ GRI : 203-1 、 203-2 ■ GRI G4 : FS5 、 FS7 、 FS13 、 FS14



In support of SDG 8 (Decent Work and Economic Growth), we designed a fair open platform for SMEs in Taiwan so that SMEs can buy and sell products anywhere across the world. In support of GRI 203-1 (infrastructure investments and services supported) and GRI 203-2 (significant indirect economic impacts), we provided digital banking infrastructure and developed consistent digital banking products, respectively, to render equal and impartial financial services. In addition, we provided a wide range of free, zero-threshold, high-quality financial services that facilitate eliminating poverty and inequality in the society, thereby promoting decent work and economic growth in the society. While staying committed to developing innovative financial services, we also pay attention to information security. Please refer to 4.3 Information Security for details.

E.SUN has long been committed to the comprehensive development of digital banking and promotion of Bank 3.0 service. Combined with inclusive finance, intelligent finance, and scenario-based finance, digital banking services that are readily available as if on tap are provided to customers. The promotion of this online service also facilitates the development of paper-less operations, thereby playing our part in carbon reduction and environmental protection.

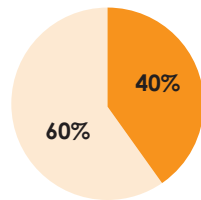


5.1.1 Inclusive Finance

By leveraging the core competencies of the financial industry, E.SUN Bank creates convenient financial services that are readily available as if on tap. Service threshold for the general public is reduced, enabling individuals or business owners with different backgrounds to access suitable financial services on our open, equal, and diverse foundation. Not only do we take advantage of the universality of digital banking and loans to SMEs to enhance employability and economic development, but we also offer barrier-free financial services and support for disadvantaged groups to fulfill indicators FS13 (access points in low-populated or economically disadvantaged areas by type) and FS14 (initiatives to improve access to financial services for disadvantaged people). By using the strengths of the financial industry, we aim to eliminate poverty and inequality in the society, thereby boosting the robust development of the society and economy.

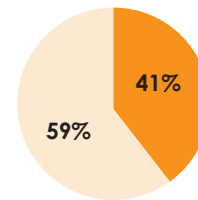
● Assisting with sound SME development and boosting the economy through resource integration

SMEs are the key force driving the socioeconomic development of Taiwan. E.SUN Bank is committed to becoming a reliable partner to SME owners by providing convenient and secure financial services and stipulating in its E.SUN Bank Lending Policy that it shall provide financing and counseling services for SMEs to help them to improve their business management. In addition, E.SUN Bank has long integrated government resources for promoting the Small and Medium Enterprise Credit Guarantee Fund. By helping enterprises to participate in national awards, E.SUN attempts to improve the business operations of enterprises and provide financial assistance for business transformation. Our efforts in the management of SMEs have garnered international and domestic affirmation. In 2018, the awards and achievements of SMEs counseled and recommended by E.SUN are presented below:



A total of 10 awarded enterprises
■ : Counseled and recommended by E.SUN (4)
■ : The others (6)

〈The 27th National Award of Outstanding Small and Medium Enterprises was awarded to 10 enterprises, 4 of which were counseled and recommended by E.SUN〉



A total of 12 awarded enterprises
■ : Counseled and recommended by E.SUN (5)
■ : The others (7)

〈The 21th Rising Star Award was awarded to 12 enterprises, 5 of which were counseled and recommended by E.SUN〉

● Support disadvantaged people by providing care and financial services

E.SUN takes actions to care for underprivileged groups, including residents of remote areas and economic disadvantaged people or helps customers who encounter a life-changing situation to reorganize their debts. By offering financial services, we extend a lending hand to disadvantaged groups.

Positive feedback from customers

Ms. Lai: E.SUN's loan service is fast and friendly. Mr. Su provided detailed explanations on mortgage loans and financial plans. I strongly recommend everyone to use such excellent bank as E.SUN Bank.



Supplementary Information (helping disadvantaged groups to reorganize their debts)



Ms. Lai left a message on E.SUN's digital platform about her need for funds. One of our marketing personnel (AO) contacted Ms. Lai immediately and found that Ms. Lai was worried about having her loan approved because of existing debts on her credit card. After determining the customer's situation, the AO proceeded to identify the purpose of the loan and how Ms. Lai plans her family funds, and offered professional advice to help Ms. Lai to integrate her debts. Detailed explanations on settings, repayments, and deductions were provided throughout the process, which not only gained the trust and gratitude of the customer but also helped Ms. Lai to pay off her debts and rebuild her family and life.

Going forward, E.SUN will continue to assist SMEs in business transformation:

 **Better Quality**

E.SUN will support government policies, support the innovative industries in the 5+2 plan, and continue to plan projects with the goal of injecting new energy into Taiwan's economic development to increase the international competitiveness of industries in Taiwan.

 **Greater expertise**

E.SUN will continue help enterprises to inspect their operations comprehensively, refine areas of management, innovation, marketing, human resources, and CSR, and improve the company's corporate brand, business performance, and industry upgrade.

 **Stronger impact**

E.SUN will assist business succession, plan equity adjustment among other signature financial services, gather teams of experts in corporate financing, cross-border, and wealth management, and offer customized solutions.

Cases of Innovative Industries



Palmory Machinery was established in 1998, specializing in the research, development, and production of precision grinding machines. Throughout its cooperation with Palmory Machinery, E.SUN has committed to providing professional financial services to help the customer to operate its business smoothly and sell its products globally. As Palmory Machinery's business continues to expand, E.SUN has actively supported the transformation of Palmory Machinery, particularly in such critical moments as purchasing and building plants in 2007, forming strategic alliances in 2017, and receiving national awards in 2018. After 20 years of continuous development, Palmory Machinery currently manufactures specialized precision grinding machines that can be applied to aviation and medical industries and are now sold in more than 40 countries around the world. In 2018, the company won the 21st Rising Star Award and 27th Taiwan Excellence Award. Its performance has received the recognition of national awards. Smart machinery industries are the key pillar for Taiwan's economy. E.SUN continues to assist enterprises to assimilate into the international community and improve the competitiveness of Taiwanese industries.

● Friendly environment for access to virtually and physically integrated barrier-free financial services

E.SUN obtained the national barrier-free 2.0 Class AA label for its financially friendly online banking service in 2018, thus enabling people with visual impairment to access financial services. E.SUN Bank is the first private bank in Taiwan to obtain this label. E.SUN's friendly online banking service can be operated by using a keyboard and is compatible with special device exclusive for people with physical and mental disabilities. These features not only conform to the Bank's core value in CSR but also realize inclusive finance.

To provide friendly financial services for customers with physical and mental disabilities, our Financial Service Area is equipped with automated equipment that is not more than 120 cm high, which provides streamlined operations for wheelchair customers. The equipment features functional services such as voice instruction and warning indicators (e.g., warning sounds and flash lights) as a reminder for customers to collect their bank card and cash.



● Innovative insurance services ensure the health and welfare of all age groups

To promote the welfare of all age groups and provide needs-oriented financial services, E.SUN Bank continues to promote microinsurance, which provides underprivileged citizens with basic coverage at low insurance premiums. To fulfill the financial needs of an aging society, E.SUN offers a retirement trust service, which provides trust funds for specific uses to protect the living needs of elderly people.

I. 2018 Outcome:

- (1) E.SUN cooperated with an insurance company to provide the microinsurance service, providing economically disadvantaged groups with a basic form of protection against specific risks. E.SUN is the first bank to offer online insurance service, which enables more customers to conveniently purchase compulsory motorcycle/automobile liability insurance, travel insurance, and other diverse products.
- (2) To address the arrival of an aging society, E.SUN actively promotes and advertises its retirement trust service by organizing trust promotional activities and seminars jointly with the Trust Association of R.O.C. and New Taipei City Government.
- (3) As of 2018, our microinsurance policies and retirement trust services have been provided to 230 customers.

2. Future Goals:

- (1) E.SUN will launch an online pension insurance service in 2019. New types of insurance policies and optimal online insurance purchase experience will be introduced in accordance with laws and regulations to promote our online insurance service and achieve the goals of inclusive finance.
- (2) E.SUN will constantly plan and provide financial services and products that can protect disadvantaged groups and elderly adults, with the expectation of expanding the scope of our service target.

● New Southbound Financial Service

E.SUN hosts corporate investment and financing service business conferences overseas:

E.SUN bank's Yangon branch is the only Taiwanese bank in Myanmar and provides intelligence for Taiwanese businessmen investing in Myanmar.

In 2018, over 100 businessmen/enterprises received consulting services.

In 2018, E.SUN received excellent rating in the New Southbound Policy Targeted Country Lending Plan by the Financial Supervisory Commission.

E.SUN entered a Letter of Cooperation with the National Management Degree College to integrate local campus internship programs through industry-academia cooperation.

As the economy in Southeast Asia continues to grow, the Union Commercial Bank PLC. (UCB) in Cambodia, a subsidiary of E.SUN Bank, offers financing services to local micro-financial institutions so that disadvantaged residents, who live in rural areas and have a need for small loans, could realize their dream to buy a house and start a business. Thus, financial services are made more inclusive.

Year	Loan balance (million USD)
2016	7
2017	15.7
2018	22.7

● Promotion of common financial knowledge

1. E.SUN is the first among its peers to launch the i-Instant Smart Wealth Management Calculator, a 24-hour online finance calculation service. Data based on the professional analyses of our research team are generated and computed using an artificial intelligence system to perform data analysis, risk analysis, and market analysis. Investment portfolios are customized according to customer needs, and map-based fund search web page is used to identify suitable targets and enable customers to easily maintain a grasp on investment trends. It helped improve a problem of the past that only very few VIP customers can enjoy the privilege of being served by financial consultants. 28 thousand customers gained investment advices though i-instant in 2018.
2. Infographics on foreign exchange provide a summary of complex current affairs and financial information. Social platform is used to teach customers to monitor exchange rate trends, important conferences around the world, and discussions on stocks and foreign currency market, developing a series of knowledge-based content. Through simple infographics integrated in social media, we reached 1 million Facebook users in just 4 months, and initiated interactions with more than 7000 fans. In an overbanking environment, E.SUN introduced a banking column on its social media by using cute images of five E.SUN Fortune Cats. From a simple understanding of foreign currencies to relatively complex current affairs, interesting graphs combined with pictures of the Fortune Cats have been posted on E.SUN's social media, successfully attracting almost 400,000 fans, which facilitated popularizing financial knowledge.

● **Inclusive finance services: commitment to offer convenient financial services for all**

Client	Product/Service		2017	2018
Disadvantaged Social Groups Underserved Groups/ Underserved Geographies	Financial Service	Creative cultural and young entrepreneur startup loan	<ul style="list-style-type: none"> Number: 4,750 Amount: NT\$ 23.556 billion 	<ul style="list-style-type: none"> Number: 5,300 Amount: NT\$ 54.056 billion
		Small-sized enterprise loan	<ul style="list-style-type: none"> Number: 12,852 Amount: NT\$ 78.44 billion 	<ul style="list-style-type: none"> Number: 13,508 Amount: NT\$ 86.009 billion
		Microloan (Cambodia subsidiary, UCB)	<ul style="list-style-type: none"> Number: 4 Amount: US\$ 15.7 million 	<ul style="list-style-type: none"> Number: 6 Amount: US\$ 22.7 million
Low income Social Groups	Financial Service	E.SUN microinsurance	NA	<ul style="list-style-type: none"> 230 customers as of 2018
		Debt negotiation and repayment plan service (for customers who struggle to repay loans due to a change in circumstance)	<ul style="list-style-type: none"> Number: 4,240 	<ul style="list-style-type: none"> Number: 4,266
		Remortgage loan (for victims of natural disasters)	<ul style="list-style-type: none"> Amount: NT\$ 64.64 million 	<ul style="list-style-type: none"> Amount: NT\$ 24.91 million
		Student loan	<ul style="list-style-type: none"> Amount: NT\$ 257 million 	<ul style="list-style-type: none"> Amount: NT\$ 234 million
	Educational Knowledge	Finance awareness activities (campus, community, prison, E.SUN libraries)	<ul style="list-style-type: none"> Unit: 13 	<ul style="list-style-type: none"> Unit: 48
		Wealth management and investment information	E.SUN provides easy-to-understand digital tutorial contents and weekly market reports for new investors who are lack of wealth management knowledge in 2017~2018.	
Disadvantaged Social Groups Underserved Groups/ Underserved Geographies	Financial Service	Loans for new immigrants	<ul style="list-style-type: none"> Number: 1,380 Amount: NT\$ 2.728 billion 	<ul style="list-style-type: none"> Number: 1,559 Amount: NT\$ 3.215 billion
		Loans to remote rural areas as defined by the Ministry of Interior	<ul style="list-style-type: none"> Number: 1,189 Amount: NT\$ 1.8 billion 	<ul style="list-style-type: none"> Number: 1,848 Amount: NT\$ 1.925 billion
		Loans for earthquake disaster victims	<ul style="list-style-type: none"> Number: 8 Amount: NT\$ 18.62 million 	<ul style="list-style-type: none"> Number: 12 Amount: NT\$ 24.91 million
Disabled People	Financial Service	Friendly financial services for people with physical and mental disabilities	Video teller machine and sign language service	<ul style="list-style-type: none"> Internet banking conformed to the National barrier-free standards and received Class AA certification.

5.1.2 Intelligent Finance

e-Click Foreign Exchange reduces the threshold of financial services:

● Foreign Currency Average Cost

The constant increase in the number of Taiwanese people traveling overseas is accompanied by a growing increase in the demand for foreign currency and foreign currency deposits. We found that customers attach great importance to their past exchange purchase rates and that 70% of customers try to calculate their own average cost. To keep customers constantly informed of the best exchange purchase rates, E.SUN Bank has launched the foreign currency average cost service. Big data analytics is applied to create customized financial digital services. Customers can use the foreign currency transaction records dating to do a trial calculation of the average purchase cost of foreign currency, as well as compare purchases cost and the exchange rate, to quickly help customers to make decisions on buying or selling foreign currencies at the best time.

● Large amount foreign exchange transactions on mobile devices

Previously, anyone with a need to exchange more than NT\$500,000 must complete the transaction over the counter at the Bank. To continuously expand the application of digital foreign exchange so that customers could complete all types of financial services anytime and anywhere, E.SUN overcomes the limitations of online foreign exchange services, provided that security control is ensured, and introduces Taiwan's first mobile banking service that allows high-value foreign exchange transactions (over NT\$500,000). Customers could enjoy convenient and secure digital services as soon as they sign a money laundering statement on E.SUN's mobile financial certificate. This service not only halves the amount of transaction time usually required for a customer, but it also offers more than 15 types of currencies to satisfy customers' diverse needs for currency transaction. One month after its launch, the service has completed 455 transactions to the value of over US\$17.5 million.

● Innovative financial services through use of technology and data

In response to the prevalent use of digital financial tools, E.SUN actively introduces innovative digital banking services combined with mobile phones, iPads, and other mobile devices to optimize transaction experience for customers and implement the paperless transaction policy. Furthermore, the Bank's technological capacity and data analytics skills are applied to provide asset allocation based on customer needs and attributes and to simultaneously improve the service efficiency of our financial advisors.

1. 2018 Outcome:

After being the first among its peers to introduce a series of services, including the Wealth Management Express, i-Instant Smart Finance Calculator, and online insurance enrollment services, E.SUN subsequently introduced the E.SUN i-Insured service in 2018. By using the iPad interface of their financial advisor, customers could obtain a clear understanding of product contents, confirm the information presented on their insurance policy, and complete the insurance enrollment process after signing the policy on the iPad. With this service, better customer experience is created through a simple and quick process with minimal paper usage.

2. Future Goals:

E.SUN will expand the scope of innovative applications for iPads, perfect the transaction functions on its digital channels, comprehensively enhance customers' product experiences, and implement paperless transactions, which can reduce the use of approximately 250,000 sheets of paper.

● Introducing LINE customized notification services as a big leap in social network banking

E.SUN Bank launched a LINE customized notification service on December 25, 2018. The service provides notification messages on LINE to alert customers about their personal accounts, credit cards, loan payments, and term deposit maturity dates. Currently, E.SUN's Line account has almost 19 million users in Taiwan. The customized notification service is aimed at exposing customers, who are still unfamiliar with digital banking services, to E.SUN's digital banking services for the first time on a popular social platform. This service enables customers to acquire account reminder messages on a popular communication platform that is barrier-free and free-of-charge. The action button below the message guides customers, who need to confirm their account information or transaction, to our mobile banking service so that customers could access more accurate, convenient, and comprehensive customized financial services.

First, E.SUN's official LINE account on the social platform provides information on products and special offers. Next, the E.SUN-i chatbot, personal financial advisor, provides financial advices through a scenario-based dialog. Finally, the LINE customized notification service provides account notifications exclusively for customers. E.SUN Bank provides a complete range of digital banking services from a top-down approach. By using social platform as an inlet, the Bank establishes the first step for customers to use digital banking services and guide them to experience more comprehensive.

● Full-scale launch of mobile services

Safe and convenient digital banking

- **e-Click Online Card Application**

E.SUN Bank is the first among its peers to introduce the e-Click Online Card Application, a simple and convenient online credit card application service for cardholders and E.SUN bank customers. With e-Click Online Card Application, customers can apply for E.SUN credit cards online without having to waste time filling out paper forms and traveling back and forth to post the forms. E.SUN is devoted to working together with customers to protect the earth and reduce carbon emission.
- **e-Click Loan Application**

By completing the questionnaire online, customers can receive personalized offers on interest rates and limits. Customers then upload the necessary documents to complete the application, and approval decision is given one business day after. By completing profile authentication online, customers can receive loans without leaving their houses.
- **e-Click Mortgage**

The service is connected to the real estate actual transaction price database and the bank's property appraisal database to instantly provide customers with home mortgage credit line and rates. Customers can obtain exclusive loan conditions simply by spending 3 minutes completing an online questionnaire and providing basic information (e.g., property location and size).
- **Corporate e-Click loan application**

E.SUN offers online credit limit application service for small businesses. Business owners can calculate by using the business registered under their name, providing them with a wider range of choice for price comparison. The online service is available 24/7 throughout the year and allows business owners can manage their cash flow with more ease and efficiency and focus their attention on business growth.

Official mobile website



Mobile version design concept

The homepage, interface, and all application procedures on the official mobile website will be aligned with the design thinking of mobile websites, so that customers will enjoy a comfortable and consistent user experience when using their mobile phones to browse the website.



Sorting by data analysis

More comprehensive mobile functions are provided, including exchange rate, insurance, loans, and wealth management. In addition, it sorts out the most commonly used functions of customers based on data analysis to make it easier for customers to find the services they need.



Infographics and Visualization design

Interactive informative summary of recent events with infographic design is provided so that customers could quickly find the information they need and complete a transaction.

Mobile online banking

According to a survey of the usage of E.SUN's online banking service, 40% of all processes were completed on mobile devices before the launch of mobile online banking. This shows that customers often need to access their bank account on mobile devices. Previously, customers could only use Web interfaces. To continue to improve customer experience, E.SUN has created the most convenient digital service in 2018—the Mobile Online Banking app, and please see details as follows.

1.

The only card-based design in the banking industry:

The fields are simplified with the use of the card design, allowing customers to use financial services quickly and easily.



2.

The first to adopt a timeline browsing model in the banking industry:

Take the transaction detail record as an example: E.SUN presents the query of past transactions in the timeline. This makes the display of transaction details more intuitive.



3.

Graph-based presentation: take loan information as an example:

E.SUN presents it in a graphical manner and displays the repayment progress bar, replacing the display of loan information in a format so that the customers can quickly understand the information for loan management.



Since the launch of this service, not only did the number of views on mobile devices increase by more than 20%, but the bounce rate on mobile devices was also reduced considerably by 50%. The overall digital platform log-in rate increased by two folds compared with that in 2017. This trend shows that increasingly more customers are able to use our convenient digital financial services.



5.1.3 Scenario-based finance

● A banking and commercial ecosystem empowerment platform integrating payment, marketing, and financing services to expand target customers and new business opportunities

E.SUN Bank has long been committed to promoting electronic payment and mobile payment services. Realizing that SMEs are the key driver of Taiwan's socioeconomic development, E.SUN is devoted to supporting SMEs and governmental policies to assist enterprises to improve their competitiveness in a fiercely competitive global business environment. E.SUN Bank hopes to maintain its belief that "technologies empower finance and finance empowers the ecosystem" and that "altruism creates win-win outcomes for everyone." Ultimately, we intend to re-empower retailers, service providers, e-commerce buyers, and SMEs by opening up payment technologies, data analytics, intelligent marketing, technology financing, and all other core competencies accumulated during the development of third-party payment and intelligent finance applications.

International payment

To create a more comprehensive and accessible mobile payment experience, E.SUN Bank has completed integration with international payment operators, including Apple Pay, Samsung Pay, and Android Pay, and extended the coverage across all mobile devices, effectively making the mobile payment service available for everyday use everywhere.

First to offer instant card-linking

E.SUN Bank has teamed up with Pi Mobile Wallet and introduced instant card-linking for the cobranded card on the Pi app. E.SUN Bank is first to offer the feature. The feature takes the mobile payment experience to the next level by enabling customers to add their cards to the app as soon as they are approved and use their mobile phones to shop online or in convenience stores.



Merchant Multi-Payment Platform (MMPP)

E.SUN Bank provides multi-payment service and is the only bank connecting its payment service to all four major convenience stores in Taiwan. E.SUN Bank connected to multiple well-known distributors and introduced E.SUN Wallet, Pi mobile Wallet, Jkos Pay, Gamos Pay, and other e-wallet operators to merchants with advanced and value-added services that create a smooth shopping experience in consumers' everyday lives.

First to support cross-border shopping in Japan

As travel becomes an increasingly popular pastime with consumers in the country, E.SUN Bank works with NTT Data in Japan to allow customers to pay for tickets on Vanilla Air by making transfers or payments in convenience stores. The service makes it possible for consumers without credit cards to make the same transactions.

Exclusive Payment Service for Taobao App

To provide a satisfied cross-border online shopping experience, E.SUN Bank offers exclusive multi-payment services (e.g., payment by electronic transfers, scan-to-pay service at 7-Eleven or Family Mart) for customers who shop on mobile Taobao app at a service fee for as low as 1%. These services are also available to other bank account holders, making cross-border online shopping more accessible.

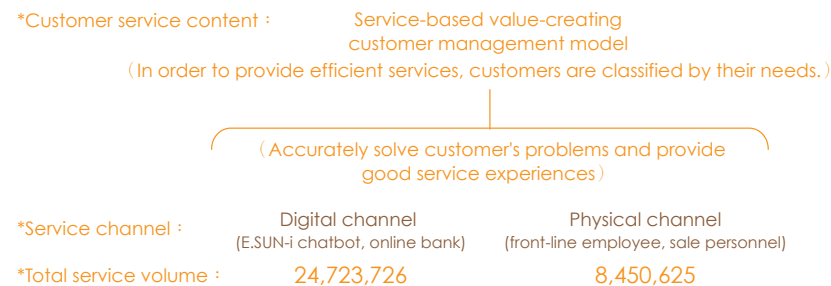
5.2 Service Quality and Customer Experience

■ GRI : 102-2、417-1、417-2、417-3 ■ GRI G4 : FS15、FS16

E.SUN has inherently managed physical and virtual channels and integrated digital service capacities in an effort to providing quality services that combine friendliness, speed and accuracy. The Bank insists on starting from a customer's perspective and building on excellent teamwork and ongoing financial innovation to create sensational brand experiences for customers. We seek to refine our service attitude, operating efficiency, and hardware environment, integrate technological capacity to increase the depth of our services, and provide excellent service quality and customer experience.

● All channel customer satisfaction

Customers are the most important users of E.SUN products and processes. We attach great importance to the user experience and satisfaction of our customers. Due to the continued rise of digital services, we expanded our questionnaire survey from physical channels to digital channels since 2016. In 2018, regarding physical channels, our surveys targeted customers that opened new accounts and new loan accounts. Regarding digital channels, our online satisfaction survey targeted digital platform and ESUN-i chatbot users. The overall customer satisfaction was calculated with both physical and digital satisfaction rate and the weight of service volume. In addition, we also included the negative indicator "percentage of terminated business dealings" and "complaint rate" as an important indicator for improving product and service quality. Our overall customer satisfaction in 2018 improved compared to 2017. From the feedback we found that the overall satisfaction of customers who opened an account in July was slightly lower than other items. We determined that the main reason was due to improvements that could still be made to the operating procedures for account opening, as well as the services provided by employees at business locations. The Customer Service Division immediately conducted a comprehensive inspection to verify the response of service personnel. The business management department also adjusted forms and operating procedures for account opening, and reminded all employees to provide better services through a video conference.



- Number of feedback received for the year on customer suggestions and process optimization: 2,408
- Number of proposals organized, analyzed, and included for assessment or to be launched for the year: 416



Customer service center — E.SUN-i chatbot

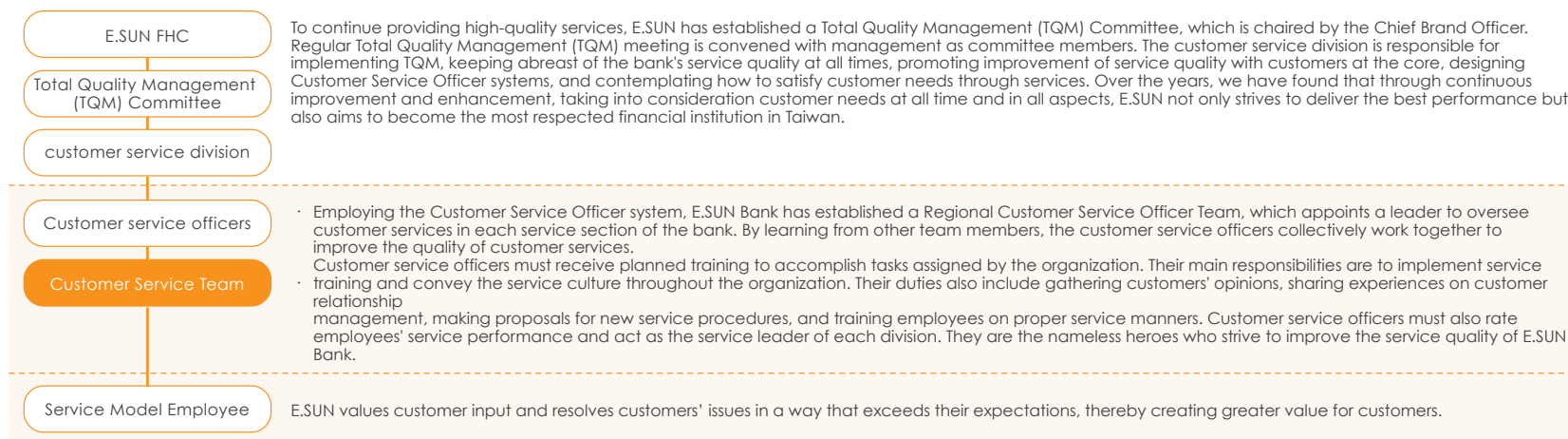
A customer-oriented approach is adopted at E.SUN Bank's Call Center in the development of digital banking from physical to digital channels. To enhance the core values of digital banking services for customers—Timeliness, Preciseness, and Comprehensiveness, E.SUN is the first to develop a voice interaction function for E.SUN-i chatbot in 2018 that allows customers to receive portable financial advices anytime and anywhere without the need to wait. By integrating credit card, loan, and foreign exchange services, E.SUN-i chatbot provides a single platform on which customers can acquire integrated services. More than 98% of the customers can receive solutions by interacting with E.SUN-i chatbot. When customers click into E.SUN Bank's credit card or personal loan product webpage, E.SUN-i chatbot uses stationary or floating windows to interact with them and solve whatever break points they have toward the product. This approach has raised customers' willingness to apply by as much as 30%, which makes E.SUN-i chatbot customers' ideal guide in digital banking. In future, we will continue to expand the personalized functions and services of E.SUN-i chatbot so that this intelligence chatbot can become the voice-controlled secretary for every customers, thereby creating scenario-based finance that fulfills customer needs.

Year	Physical channel		Digital channel		Percentage of terminated business dealings	Customer complaint rate	Overall satisfaction rate	Coverage rate
	Satisfaction rate	proportion	Satisfaction rate	proportion				
2016	90.71%	23%	88.68%	77%	8.02%	0.7%	80.44%	17.38%
2017	91.54%	14%	85.67%	86%	8.30%	0.4%	78.17%	63.08%
2018	91.12%	10%	90.53%	90%	8.07%	0.4%	82.12%	76.19%

Note:
Coverage rate= Number of online questionnaires distributed / Number of active customers.
Overall customer satisfaction rate* = (Physical channel customer satisfaction rate* Number of customers being served + Digital channel customer satisfaction rate* Digital service capacity) / Total service capacity + MGM ratio - % of Terminated business dealings - Customer complaint rate.

● Customer service framework

To encourage first-line employees to provide professional, warm and memorable services for better customer satisfaction, E.SUN Bank hosts the "Employee of the Year" activity ever three months. Each business unit is asked to elect employees whose excellent performance makes them worthy as role model for their peers. A medal of honor is granted to employees who are rated as the "Employee of the Year" for three consecutive years. Business teams will also openly commend these employees in annual events. This activity ensures the complete dedication of E.SUN employees and realizes a culture in which employees and services are considered equally important.



● Implemented service management

To make our customers leave with a smile after completing a financial service, E.SUN appoints at least two supervisors for each unit as Customer Service Officer. As of 2018, over 600 customer service officers have been appointed. As increasingly more transactions are being made on digital channels, customers are no longer visiting only a single branch and gradually require more consistent service standards over physical channels. Through self-management and interdisciplinary learning, E.SUN improves the stability of the service quality of physical channels by adopting the following approaches:

Approach	Action Plan	Result in 2018
On-site visit	On-site visits were conducted at 139 branches, focusing on teller services, operation quality, office environment, and customer satisfaction.	1. E.SUN branches in Taiwan were sampled and investigated by the customer service task force of the head office in 2016 and 2017 (new branches opened in 2016 and 2017 were excluded). 2. Counseling was provided to 38 non-conforming units.
Verifying the qualification of lobby concierge	E.SUN is the first financial institution to create a lobby concierge system in which full-time tellers take turns to act as the lobby concierge. To maximize the value of a lobby concierge, the head office has planned online courses, requiring all employees to complete the courses and pass tests to become qualified to work as a lobby concierge.	A total of 3,990 employees attended and 3,829 of them completed the courses. (Participation rate 95.96%)
Regional exchange meeting	E.SUN bank's physical channels are grouped into 16 unions based on regions. In every union, customer service officers regularly hold meetings to exchange service experiences. The personnel from Customer Service Division also attends these meetings to refine service quality.	The unions in 16 regions submitted a "Regional Customer Service Operation Report" every two weeks, and there were more than 350 reports annually.
Cross-industry exchange activity	Financial industries provide different products and services compared to other industries. However, we believe that the service sector is essentially interconnected; therefore, we continue to engage in exchanging, learning, and developing together with our peers and other industries.	E.SUN organized 20 lecture sessions, which were attended by more than 900 attendees in total. More than 370 corporate guests visited our branch on a total of 10 occasions.
Internal Training	Launched courses with dimensions of warm, speed and precision to meet customers' demand.	Offered more than 50 customer service cases to teach the front end employees and prevent error cases happened again. °

● Protecting customers' rights and complaint handling

Fair Customer Treatment Policy

As its contribution to creating a sound financial market, E.SUN has established "E.SUN Bank Fair Customer Treatment Policies and Strategies", "E.SUN Bank Consumer Handling Guidelines", and "E.SUN Securities Consumer Dispute Handling Procedures". The policies implement the principles of fairness and reasonableness, equality and mutual benefit, and good faith, and highlight and protect the rights of financial consumers.

Active assistance in international payments for complete protection of customers' interests

A customer Ms. Ai planned to visit Iceland. While booking her accommodations and plane tickets, she saw a conveniently located and reasonably priced lodging (Lodging A) on a well-known website that also offers "free cancellation" service before check-in. Subsequently, she proceeded to book the accommodation and completed payment on November 4, 2018. However, Ms. Ai soon found another Lodging B which is more ideally located to her destination spots. Therefore, she canceled her booking with Lodging A on December 10, 2018, after which the operator of Lodging A also emailed Ms. Ai for her credit card details to refund her payment and informed Ms. Ai that the refund will be reflected in her account after a few days.

Nevertheless, the refund was not reflected in the December and January statements. Ms. Ai emailed Lodging A on January 26 about her refund to which she received only a refund receipt (which was in Icelandic language) from Lodging A. Ms. Ai then sent another email to Lodging A for confirmation and still received no response after two months. She turned to the accommodation booking website to no avail: the customer service personnel also provided the same response as Lodging A that her payment has been refunded. Ms. Ai therefore called E.SUN Bank for help.

Her message was received by our customer service personnel on February 21, who then called Ms. Ai to obtain details of the incident, followed the SOP for customer disputes to help Ms. Ai, and informed her the documents that she needs to prepare and subsequent operating procedures. Daily follow-up was conducted to keep Ms. Ai up to date of the latest progress. Finally, the refund was confirmed on February 27, and Ms. Ai was notified immediately thereafter.

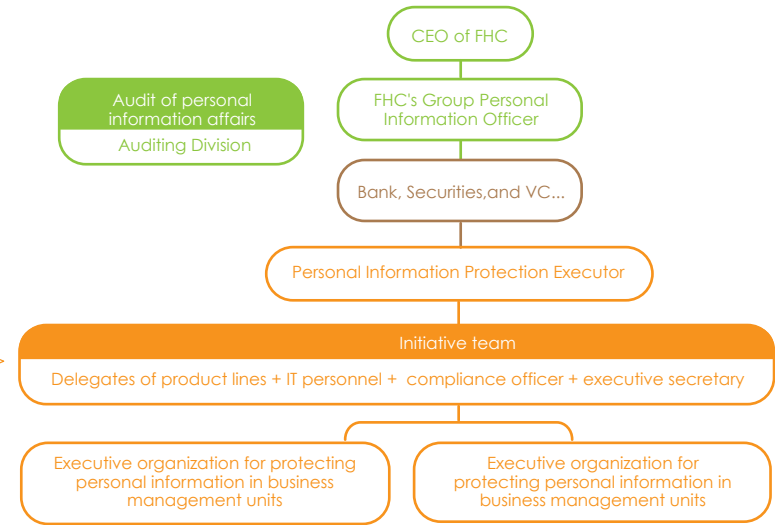
When Ms. Ai needed assistance, E.SUN Bank's personnel promptly provided an effective solution that truly protected the customers' rights and interests.



Personal Data Protection

- We attach a great level of importance to the security of customer's personal information. To prevent information leakage while customers use our digital services, we comply with personal information protection laws and formulated the E.Sun Financial Holding Co., Ltd. and Subsidiaries Personal Information Management Policy to provide a stringent confidentiality measure for the collection, processing, and use of customer's information. Making of the policy was in reference to GDPR. In 2018, we were certified by BS10012 2017 international standard of personal data.

To continually improve the Company's security over personal information, the personal information management organization adopts yearly compliance self-assessment results and operational risk self-assessment results to evaluate the Company's progress in implementing personal information security protection, propose relevant self-assessment report, and plan and execute improvement and prevention measures if the assessment report highlights any potential violation against law.



(Organization chart)

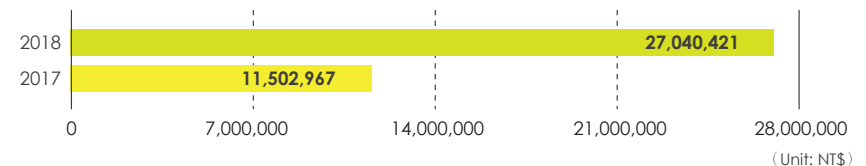
- In 2018, E.SUN FHC and its subsidiaries employ customers' information with the utmost care. E.SUN received 31 customer reports relating to personal information; 23 of them came from the Financial Supervisory Commission and 8 were from customer feedback channels or sales management department. These reports were related to loans, account opening, and product marketing matters. The reports mostly involved customers' misunderstanding of our service content and an incident in which a company with a name similar to E.SUN Bank has been contacting our customers and as a result, our customers mistakenly thought that E.SUN Bank failed to fulfill its obligation to safeguard customers' personal information. The Bank has inquired with its Customer Service Division, examined the problem, and confirmed that there was no leakage of customers' personal information due to the bank's negligence.
- The 2018 audit was conducted by an independent audit department, and 2 deficiencies in the use of customer data were found. Both failed to obtain written consent for carrying out related operations. Corrections were made in both cases and employees were given a reminder and enhanced education and training.

Detailed description of product and service sales

We implement consumer protection according to the E.SUN Bank Fair Customer Treatment Policy and Strategy. The services and products offered at E.SUN Bank have been subject to regulatory evaluations. E.SUN's website provides a complete description of the basic knowledge regarding each product line. All internal documents and forms provide the terms and conditions concerning applicable costs and risks, as well as detailed information on our products. A calculation function tailored to customer needs is established to facilitate autonomous asset allocation. Our product information is completely disclosed in the product manual and prospectus in order to ensure that consumers are clearly aware of their rights, the potential risks, and how E.SUN utilizes information to create customer value.

Fraud prevention (2018 Outcome)

E.SUN is committed to curbing financial fraud. Reports of unusual activities are collected and provided to each business division for rehearsals of financial fraud incidents, which aim to increase tellers' sensitivity, encourage E.SUN Bank employees to fight on the front line with customers, shield customers from fraudulent incidents, and protect their assets. In 2018, E.SUN Bank has received letters from the police authorities and customers to praise the Bank's effort in consumer protection.



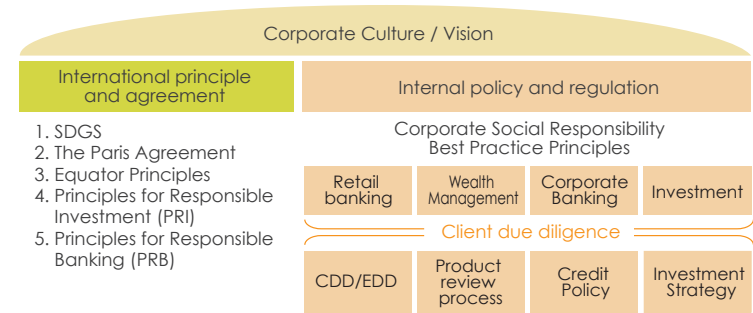
(Financial fraud losses prevented by E.SUN)

Expansion of customer complaints

For various business divisions, E.SUN appoints designated personnel to handle customer complaints. The Customer Service Division will coordinate tracking and managing of complaints relevant to the divisions and handle communication. In 2018, E.SUN has received 1,580 customer complaints from different feedback channels and regulatory authorities; most of the complaints was resolved to customer's satisfaction. Our system performs a quarterly analysis to examine whether a specific type of complaint occurs recurrently or abnormally and immediately notifies the head of the responsible department, who then proposes response and improvement plans for reducing the occurrence of similar types of complaint. Compliance with applicable laws and regulations and the successive launch of new services have increased the complexity of service procedures for our employees. Attributable to continuous system and process improvements, 36 customer complaints were filed in 2018, 4 complaints less than those filed last year. Every customer feedback is the force driving us to strive toward high-quality services.

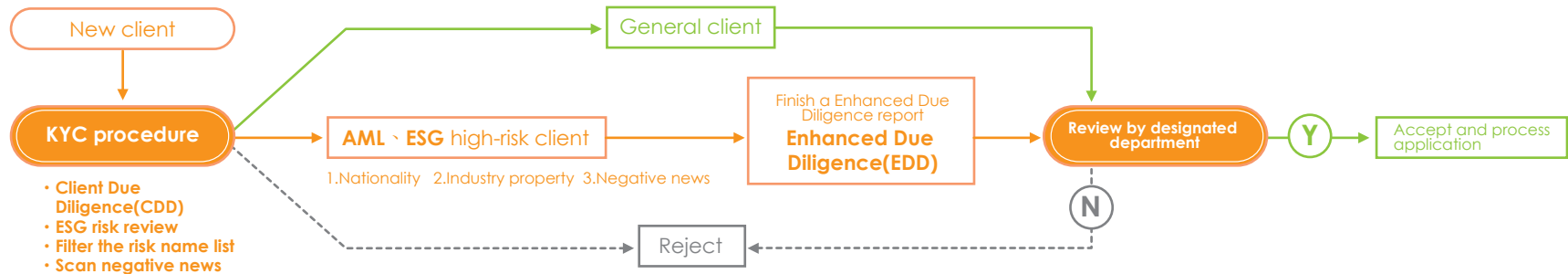
5.3 Sustainable Finance

In the process of socioeconomic development, the financial industry must play its part as a financial intermediary that fulfills the social responsibilities in the financial supply chain. The assets and resources of a bank stem from the trust and support of the general public in society and, therefore, the major corporate social responsibilities of a financial institution are to properly utilize societal resources, leverage its influence, promote domestic economic and financial stability, and simultaneously raise the awareness of our corporate clients on environmental protection and public welfare to ultimately achieve the sustainable development of the environment and society.



⟨ E.SUN's sustainable finance framework ⟩

● Complete credit extension target review process



● Retail banking

The development of sustainable finance plays a crucial role in retail banking business. To evaluate the land and fixed asset as collateral for lending business, E.SUN invite independent department to conduct the process in order to avoid the negative impact on the environment. We also ask the lender disclose information such as potential of soil liquefaction. As of March 2018, applicants of new personal loans, incremental loan, or loan transfer will be subject to customer due diligence (CDD) based on the ESG risk control framework. As of 2018, the Bank reviewed more than 1,500 individual lending applications from customers with high-risk occupation, in which 116 cases were rejected due to the occupation risk. By monitoring the daily transactions and reviewing the account which has suspicions activities, E.SUN has frozen about 900 alert accounts and suspend any transactions. In E.SUN, 87.3% of loan applications of retail banking complied with the ESG risk review process as mentioned above.

- **Going green applications:** A total of NT\$1.37 billion (0.5% of total outstanding balance of secured lending) was underwritten as of 2018.
- **Supporting innovative social enterprises:** E.SUN Bank has collaborated with the Department of Economic Development of Taipei City government to launch a social enterprise lending program, which considers both risk and sales performance and supports the development of conforming social enterprises by offering incentive conditions. While fulfilling our corporate social responsibilities, we also forge a closer connection with our lending business.

● Responsible products

e-Click cardholder loan

In 2018, the number of E.SUN cardholders who applied for cardholder loan online increased from 61% to 85%. In particular, **21,238 new online loan applications were authenticated and drawn** (82.1% of total loan applications received). We will continue to support environmental efforts by reducing the use of paper in our loan review and loan disbursement processes.



Zero-carbon credit cards

E.SUN is committed to integrating green finance concepts in our credit card services. E.SUN World Card and E.SUN ETC EasyCard Joint Credit Cards were Taiwan's first Zero Carbon Credit Card to receive Carbon Footprint Labeling Certification and Carbon Neutrality Certification. We continued to promote the profound development of green finance products with the goal of achieving zero-carbon emissions and completed 30,000 carbon neutral credit cards.



e-Click Online Card Application

Customers can easily apply for credit cards online. In 2018, 20% of total credit card applications were received from the e-Click Online Card Application platform. This saves approximately 650,000 sheets of paper in one year and reduces 3.6 tons of carbon emission during the product life cycle. E.SUN will also continue to refine its green efforts and further increase the number of e-Click Online Card Applications by 50% by 2025. (A single application uses 5 pieces of paper)



E-statements

E.SUN endeavors to encourage customers to protect the environment by applying for electronic credit card statements. In 2018, mobile statement service was introduced. Roughly 28.4% customers have applied for e-statements as of the end of December. This saves approximately 41.28 million sheets of paper in one year and reduces 231 tons of carbon emission. (Monthly statements use 4 pieces of paper)



EasyCard Joint Credit Cards support green transport: Promotion of Ubike

E.SUN's co-branded EasyCard series of credit cards have the highest percentage market share in the nation. In an effort to conserve energy, reduce carbon emissions, and alleviate air pollution, E.SUN teamed up with local city and county governments in Taipei City, New Taipei City, Taichung City, Changhua County, Taoyuan City, Miaoli County, and Hsinchu City along with Giant, the renowned bicycle manufacturer, to once again promote the "E.SUN YouBike Smile 123" discounted bicycle rental event. The event, which included 1,660 rental stations, is intended to encourage customers and the general public to ride bicycles for traveling short distances, thereby promoting a healthy "LOHAS" lifestyle which reduces energy consumption, cuts carbon emissions, and enables us to create a better future together. In response to the green transport event organized by county and city governments, E.SUN Bank exclusively offers the second 30 minute of YouBike service for free to customers who spend NT\$3,000 or more on their E.SUN credit card. This offer serves to encourage the use of public transport tools and do their part in protecting the environment.

● Wealth Management

E.SUN manages customers' wealth by using a rigorous product review process and selection mechanism. The Company introduces different wealth management products that account for customers' investment interests and environmental sustainability issues. We work with partners to launch ESG-related financial products, promote low-carbon economy, green investment, and green living environment, and fulfill social corporate responsibilities.

2018 Outcomes:

E.SUN is the first to introduce an ESG discretionary investment-oriented insurance policy and continues to select ESG-related financial products. Of E.SUN's financial products, 29.9% go through ESG review procedures. And there are about 6.1% wealth management consumers, 0.1% retail banking consumers has owned ESG related products. As of the end of 2018, there are about 260 ESG-related financial products available, accounting for about 2.2% of the financial position of wealth management consumers, and 2.0% of the financial position of retail consumers. We have a rigorous membership review process for our private banking services, and we rejected the application of 3 high ESG risk consumers, showing our determination to achieve sustainable wealth management. We will continue to invite our partners to promote ESG-related financial products, and will incorporate the spirit of ESG into our product review process. The membership review process for private banking consumers will check if consumers are involved in any major negative ESG news.

● Responsible Lending

In E.SUN Bank Lending Policy, the bank stipulates that its lending business supports green energy industries that focus on alternative energies, water resources, and environmental pollution control and provides financing to businesses with strong prospects that are committed to reducing energy consumption, pollution, or the introduction of environmental protection facilities. E.SUN Bank Green Energy Loan Principles are aimed at raising corporate clients' awareness on environmental protection and corporate social responsibility. Solar Panel Rooftop Financing Project, Ground Photovoltaic Financing Project, Green Energy and Industrial Equipment Output Loan Project, among others are aimed at encouraging customers to purchase clean energy equipment, pollution prevention devices, and energy-saving facilities at discounted interest rate. E.SUN FHC Sustainable Lending Policy have been enforced to identify ESG sustainable industries and high-risk industries and assist credit lenders to continuously generate positive influence on the society and environment.



E.SUN FHC
Sustainable
Lending Policy

● ESG related risks and opportunities

ESG sustainable industries, such as green energy, clean energy, circular economy, are environmentally friendly. The outstanding balance of loans to 268 relevant companies as of December 2018 was NT\$9.3 billion, which is 2% of total corporate loan balance. Combined with the outstanding balance of loans to medical and education companies, the amount was NT\$20.3 billion, which accounted for 4.41% of total corporate loan balance. E.SUN encourage loan applicants to invest in environmentally friendly products or equipment, and provide suitable financing and preferential terms.

Industry	Category	Number of corporate customers	Outstanding loan balance (NT\$ million)	Outstanding loan balance by industry (NT\$ million)	Outstanding Loan Balance/ Total Corporate Loan Balance
Total		412	-	20,329	4.41%
LED	Photoelectric/LED	39	1,700	1,700	
Solar power	Photoelectric/Solar power	19	677	3,128	
	Power station (clean energy)	62	2,451		
Bicycle	Transportation/bicycle	31	1,046	1,940	
	Transportation/part/bicycle	19	894		
Batteries	Electricity/battery power bank	13	166	1,248	
	Electricity/battery material	15	1,082		
Electric vehicles	Transportation/Electric vehicles	2	31	31	
Circular economy	Circular economy	68	1,266	1,266	
Medical	Hospitals/clinics/related equipment and consumables	118	6,908	6,908	
Education	Education	26	4,108	4,108	

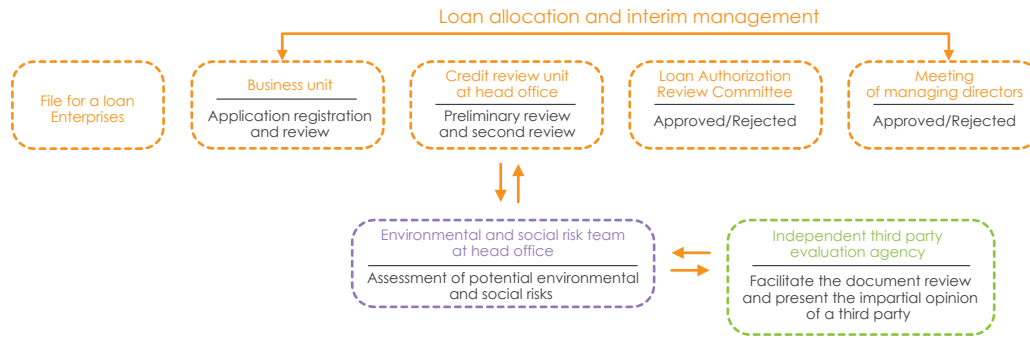
- In 2018, the bank has financed NT\$2.32 billion in infrastructure construction projects, NT\$640 million (27.6%) of which was used to finance the construction of green energy infrastructures.
- E.SUN joined forces with an international project financing team to finance Taiwan's first NT\$60-billion offshore wind farm project and act as a financial advisor to the international offshore wind farm developer (WPD). We will expand the scope of renewable energy, and review four offshore wind farm projects in 2019.
- As of December 2018, E.SUN has participated in 5 syndicated loans for wind farm development, 290 wind turbines were installed, and the installed capacity was 1,241.1MW.
- As of December 2018, loans for 505 installable solar power stations were approved and disbursed; annual growth in the outstanding balance of corporate lending and installed capacity was 34% and 26%, respectively. We will continue to build a green finance ecosystem for expanding the scope of financial services and encouraging energy conservation and carbon reduction practices.
- ESG High-Risk Industries: Including industries at risk of environmental conservation (e.g., papermaking, leather, dye/printing industry, oil and gas, and mining) and industries prone to social risks (e.g., gambling, military firearms, tobacco and liquor). The outstanding balance of corporate lending was NT\$3.3 billion to 71 companies as of December 2018, which accounts for 0.7% of the total corporate lending. In 2018, 3 loan application cases with total financing amount of 1.44 billion were rejected due to concern about ESG risk. E.SUN help our clients implement plans to monitor and improve the ESG practice gradually.

Industry	Risk category	Number of customers	Outstanding Loan Balance (NTD million)	Outstanding Loan Balance Ratio	Outstanding Loan Balance/ Total Loan Balance
Total	-	71	3,338		0.73%
A09 Tobacco and liquor	S	9	515	15.44%	
A18 Leather/dye and printing	E	28	623	18.67%	
A22 Oil and gas survey and mining	E	3	-	0.00%	
A23 Oil refinery	E	3	619	18.54%	
A48 Pulp/paper making	E	23	1,551	46.46%	
A53 Mining	E	4	20	0.60%	
C03 Gambling	S	0	-	0.00%	
C04 Military firearm	S	1	9	0.28%	

Equator Principles



Regarding industries with a greater impact on the environment or the society, such as those in mining, infrastructures, oil and gas extraction, and energy, E.SUN will handle the loan applications by classifying the risks and help clients implement plans to monitor and improve the environmental impact. E.SUN responds with care to stakeholder attention to credit assets in financing projects. In addition to applying the Equator Principles, E.SUN exercises its strength in risk management and influence in resource allocation and works with clients to pursue sustainability.



Result of 2018 :

Equator Principles : After considering potential risk of environment and social issue, 3 EP compliant financing deals were approved according to credit policy and risk appetite of E.SUN. Risk category of the deals were B. There were 2 EP and 3 EP in 2016 and 2017 respectively.

Project	Project J	Project C	Project S
Risk category	B	B	B
Sector	Natural Gas (NG) plant	Natural Gas (NG) plant	Photovoltaic
Nation	US	US	Australia
Audited by independent third party	Yes	Yes	Yes

Responsible Investment



Sustainable Investing Principles

E.SUN Bank Investment Policy attaches importance to the corporate social responsibility performance of the investee target. Based on the Principles for Responsible Investment (PRI), ESG issues were incorporated in investment analyses and decision-making processes. We referred to the Bloomberg ESG scores. Environmental aspects were based on the ratio of GHG emission to business revenue. Social aspects were based on the ratios of female employees to female supervisors, employee turnover rate, percentage of employees who joined a union, and time lost due to accident. Corporate governance aspects were based on the percentage of independent directors, female directors, average age of directors, board attendance, and board size. The aforementioned factors were combined to form a list of things to be avoided. Regarding industries or enterprises that are potentially controversial (e.g., tobacco, alcohol, national defense industries, gambling, food safety concerns, radioactive substances, and genetically modified organisms), investment applications must be subject to due diligence evaluation. We will carry out only those that have been evaluated as posing no adverse effect on the sustainable development of the environment, society, and governance.

Result of 2018 :

- For E.SUN Bank, 89% of investments in bonds and 99% of equity investments conform to the Bloomberg ESG standards. Furthermore, the portfolio invested in DJSI composition by E.SUN Bank was 55% of the total bond investment. The portfolio invested in DJSI composition by E.SUN Bank increased by 1.3-fold from 23% last year to 55% of the total equity investment.
- E.SUN Bank is the first bank in Taiwan to issue green bonds in 2017. A second batch of green bond was issued in 2018, totaling NT\$1.1 billion. Currently, 3.6% of the total outstanding bonds issued by E.SUN were green bonds, making E.SUN the first green bond issuing bank in Taiwan to have issued the highest number of green bonds in both NTD or foreign currency. In an effort to collectively work with enterprises to sustain the environment, funds raised from the Plans for Issuing of General Green Financial Bonds and Use of Proceeds and Green Investment Plan will be used as loans to the development of renewable energy and energy technologies, water conservation, clean or recycling and reuse application, and greenhouse gas reduction.
- E.SUN capitalized on the influence of financial industries by helping more enterprises to invest in green bonds. In September 2018, the Bank assisted Chi Mei Corporation to issue NT\$5 billion worth of green bonds, which makes Chi Mei the private enterprise that issues the highest number of green bonds, which were solely undertaken by E.SUN Bank and account for 29.6% of the total corporate bonds in NTD issued by E.SUN Bank. All the funds raised by Chi Mei will be used in four green investment projects involving solar power plants, cogeneration plants, EDR water recycling engineering, and resource regeneration furnace. These projects will be completed by 2020 and are expected to reduce almost 180,000 metric tons of carbon, effectively lower GHG emission, result in energy self-sufficiency of at least 90%, and replace traditional energy sources with cleaner energy and renewable energy to mitigate environmental impact.
- E.SUN is committed to establishing itself as the best green bond-issuing bank. As of 2018, the Bank has been rated as the Best Bond House in Formosa for the 3rd consecutive time by <The Asset>. Through providing advisory services, E.SUN has more than 9% issued bond customers, who have excellence ESG performance. E.SUN will continue to leverage its influence in the financial industry to help more enterprises to issue green bonds and contribute to green financing.



5.4 Climate Change Risks and Opportunities

■ GRI : 201-2



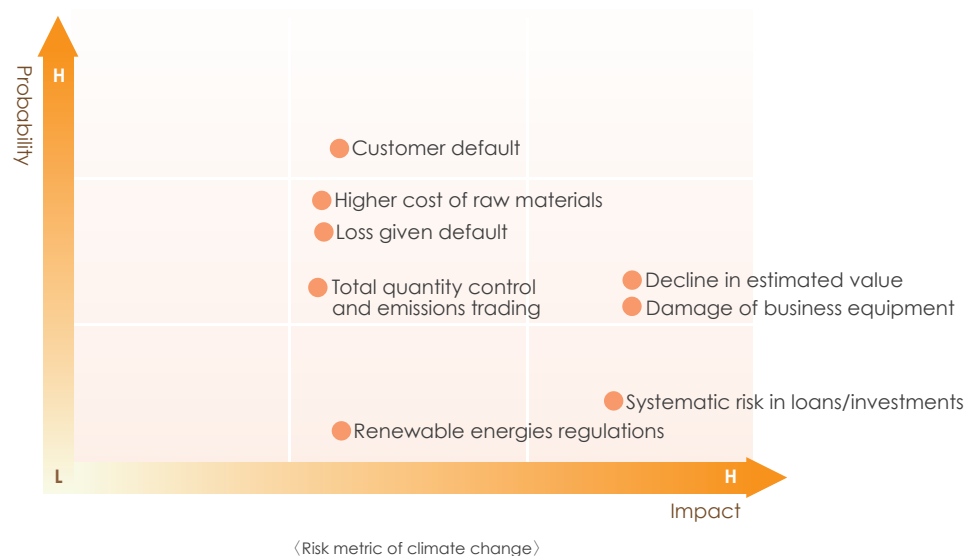
The Global Risk Report 2019 released by the World Economic Forum (WEF) lists extreme weather events and natural disasters as the top risks. In an effort to contend with the impacts of climate change on the company's operations and publish information disclosures specifically pertaining to climate change, E.SUN officially became a signatory to the TCFD in 2017. E.SUN delivers periodic reports to the Board of Directors and the Financial Holdings Risk Management Committee to ensure that board members and senior management are keenly aware of how climate change is impacting the company. Moreover, E.SUN has developed a robust reporting framework based on the Recommendations of the Task Force on Climate-related Disclosures to provide relevant and reliable information concerning the company's financial fundamentals to investors, financiers, and other stakeholders: Governance, strategy, risk management, and metrics and targets form the four major pillars of guidance for disclosing important climate-related information, ensuring that investors and other stakeholders receive consistent information which meets their needs while enabling E.SUN to work alongside our vendors and partners to promote sustainable environmental development.

In 2018, the subsidiaries of E.SUN Bank started taking inventory of their business operations and identifying risks regarding climate change. The subsidiaries assess direct and indirect physical effects of extreme weather events and the impact of transformation necessitated by regulations, technologies, or market demand, and perform matrix analysis on risks and opportunities in business activities created by other cultural and social elements. Assessment results provide the basis for risk management strategy plans. The bank builds the campaign to counter climate change around the plans, and uses them to calculate management costs and the financial impact. Data collected in the process described above are used to strengthen climate change governance in the bank. They are also used in systematic assessments of financial links in order to reduce risks and exploit opportunities.

● TCFD Recommended disclosure

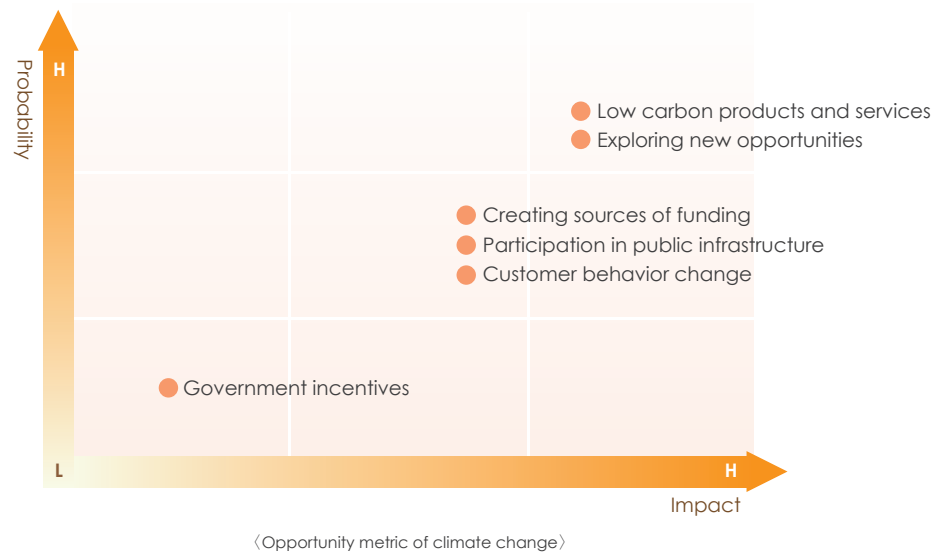
Aspect	Metrics	chapter reference
Governance	A. Describe the board's or a board committee's oversight of climate-related risks or opportunities.	4.2 Risk Management
	B. Describe management's or a management committee's role in assessing and managing climate-related risks or opportunities.	
Strategy	A. Describe the climate-related risks or opportunities the organization has identified.	5.4 Climate Change Risks and Opportunities
	B. Describe the impact of climate-related risks and opportunities on the organization.	
	C. Describe the resilience of its strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	A. Describe the organization's processes for identifying and/or assessing climate-related risks.	4.2 Risk Management
	B. Describe the organization's processes for managing climate-related risks.	
	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	A. Disclose the metrics it uses to assess climate-related risks or opportunities.	7.1 Sustainable Operating Environment
	B. Disclose Scope 1 and Scope 2, and, if appropriate Scope 3 greenhouse gas (GHG) emissions.	
	C. Describe the targets it uses to manage climate-related risks or opportunities.	

5.4.1 Climate Change Risks



Category	Climate change risk identified	Impact on business operations	Measures to manage climate change risk identified
Physical	Decline in estimated value	Damage to collaterals in personal loans as a result of climate change. So far only a small portion of collaterals in certain regions are likely to be exposed to the impact. By managing the loan to value ratio, the bank calculates the effects to be small with little impact on real estate as a whole.	Special collaterals are re-appraised every six months, while the rest of the collaterals are reviewed as needed. The Appraisal Department checks for changes in real estate markets in different regions on a regular basis.
	Damage of business equipment	Disruption of E.SUN's business operations as a result of weather disasters, such as service disruption caused by damage to an IT maintenance server or branch.	Strengthen emergency power supply and backup for IT systems. For the branches, take precautions when strong typhoons or major storms are announced.
Transition	Customer default	Climate change may have an impact on a customer's profession and subsequently trigger a credit default.	1. The head office and regional consumer banking centers review customer repayments and check for irregularities on a weekly basis. Irregularities, if any, are reported promptly to the customers in the same week or when appropriate in case of extraordinary circumstances in different regions. 2. In addition, where collaterals are required, borrowers have to purchase insurance to transfer the risk of natural disasters, and extreme weather events will be considered in the appraisal process. 3. Regarding projects to finance offshore wind farms, whether income producing assets are covered by insurance to adapt to the unique weather conditions in Taiwan will be made one of the deciding factors for loan approval.
	Loss given default	Climate change may induce depreciation or damage to collaterals. Certain collaterals (e.g. solar power stations and wind turbines) are more exposed to the effects of weather events. Sudden change in weather condition may lead to collateral depreciation and other losses. Hence, the insurance coverage requirement is added to reduce risk and mitigate the actual impact and effects.	
	Systematic risk in loans/ investments	Systematic risk in an industry vulnerable to effects of environmental change (e.g. green energy industry) is likely to have a certain degree of impact on its overall credit standing once the risk materializes.	Suppliers occupying competitive niches are identified to avoid business disruption if subsidies are canceled.
	Renewable energies regulations	Regulatory change may affect subsidies and other conditions for the green energy. Subsidy cuts will make developers less willing to undertake projects.	Based on industry category, ration is set to control risk derived from raw materials.
	Higher cost of raw materials	Climate change makes bulk raw materials cost more, and therefore has an impact on the investment position of the bank.	reviewing needs for replacement and retirement of facilities during maintenance, planning of replacement will be made ahead to respond to increasing carbon emission and facilities with lessened efficiency.
	Total quantity control and emissions trading	Rising temperature as a result of climate change forces indirectly the bank's air conditioning systems to operate at higher loads.	

5.4.2 Climate Change Opportunities



Category	Climate change risk identified	Climate change opportunity identified	Potential business growth for the company
Energy sources	Government incentives	Replacement of equipment is timed to coincide with government subsidy programs for the bank to apply for energy saving allowances.	Renovation of branches and other buildings is coupled with purchase of equipment after the bank checks local government policies to ensure compliance. The bank then prepares the necessary documents to apply to the appropriate government departments for allowances.
Products and services	Customer behavior change	Customers turn from going through real channels as the primary mode to apply for personal loans to getting quotes and applying for loans through online channels.	The bank builds a digital platform to support a loan calculator; develops a digital loan application process; promotes a paperless underwriting process; and increases the overall efficiency and improves the cost-benefit analysis results.
	Low carbon products and services	The bank will continue to provide financing for solar and wind power and other renewable energy projects. The bank will also support electric vehicle, battery/energy storage, bicycle and other low carbon and environmentally friendly industries. The bank has built up experience in the area by undertaking several large projects.	Following growing low carbon and green energy trends around the world, the bank will continue to raise the percentage of loans for offshore wind farm projects, solar power stations and related environmentally friendly industries in the future.
Market	Creating sources of funding	To counter climate change, the renewable energy and energy technology industries have been making progress. The demand for green bonds continues to grow.	The bank issues green bonds to support loans to green investment projects. Meanwhile, it helps green technology businesses obtain medium- and long-term funding. The annual growth is estimated at 4.8% based on past loans to the green energy industry.
	Exploring new opportunities	As large energy projects, such as offshore wind farms, make progress, the percentage of local suppliers keeps rising. As Asia Pacific continues to pay attention to green energies, many countries have listed green energies as one of the key policies. It is expected that more projects in the area will appear in the future.	<ol style="list-style-type: none"> The bank is able to provide financial products and meet various financing needs along the supply chains of green energy related industries in the country. Applying professional experience with domestic financing projects in the area to support green energy projects in other countries will help the bank achieve medium- and long-term growth overseas.
	Participation in public infrastructure	In support of the government's green energy policy, the bank has been playing an active role in large offshore wind farm projects in recent years. The bank also keeps working to develop its brand in green energy financing.	By building a green financing brand and increasing exposure and volume in the domestic market, the bank creates a better chance of being invited to assess projects in the area and a better position to undertake more large financing projects or public infrastructure projects.

6-Happy Workplace

Employee engagement rate

97.6%



Retention rate of high-performing talent

95.8%



Average benefits expense for non-managerial employee

1,195 thousand



The first
ISO 45001
certified financial institution
in Taiwan



2018 Objectives	Result
<ul style="list-style-type: none"> To stay up-to-date with FinTech trends, E.SUN expect to recruit 500 outstanding talents with certificates for digital banking, information technology, big data analysis, risk management, and AML. 	<ul style="list-style-type: none"> Recruit over 500 outstanding talents. ✓
<ul style="list-style-type: none"> Implement "maternity protection" in response to the concern for women's rights in the workplace and maternity care for employees. 	<ul style="list-style-type: none"> E.SUN conducted a questionnaire survey of the maternal health care protection program for pregnant women, retrieving 659 questionnaires for a response rate of 83.1%. Follow-up was conducted by physicians to those assessed as having moderate to high health risk. ✓
<ul style="list-style-type: none"> Develop an Employee Assistance Program Service System to optimize the health service System, including healthy diet, exercise and healthcare, stress management, mental health, and providing online counseling. 	<ul style="list-style-type: none"> Employee Assistance Programs (EAP) system was officially launched in July 2018 and has been used by 14 employees to receive psychological counseling service. ✓

✓ : Complete

2019 Objectives

Average welfare expense for non-managerial employee
1.22 million

Talent retention rate above 90%. high performance talent
retention above 95%.

Employee stewardship score above 95%.

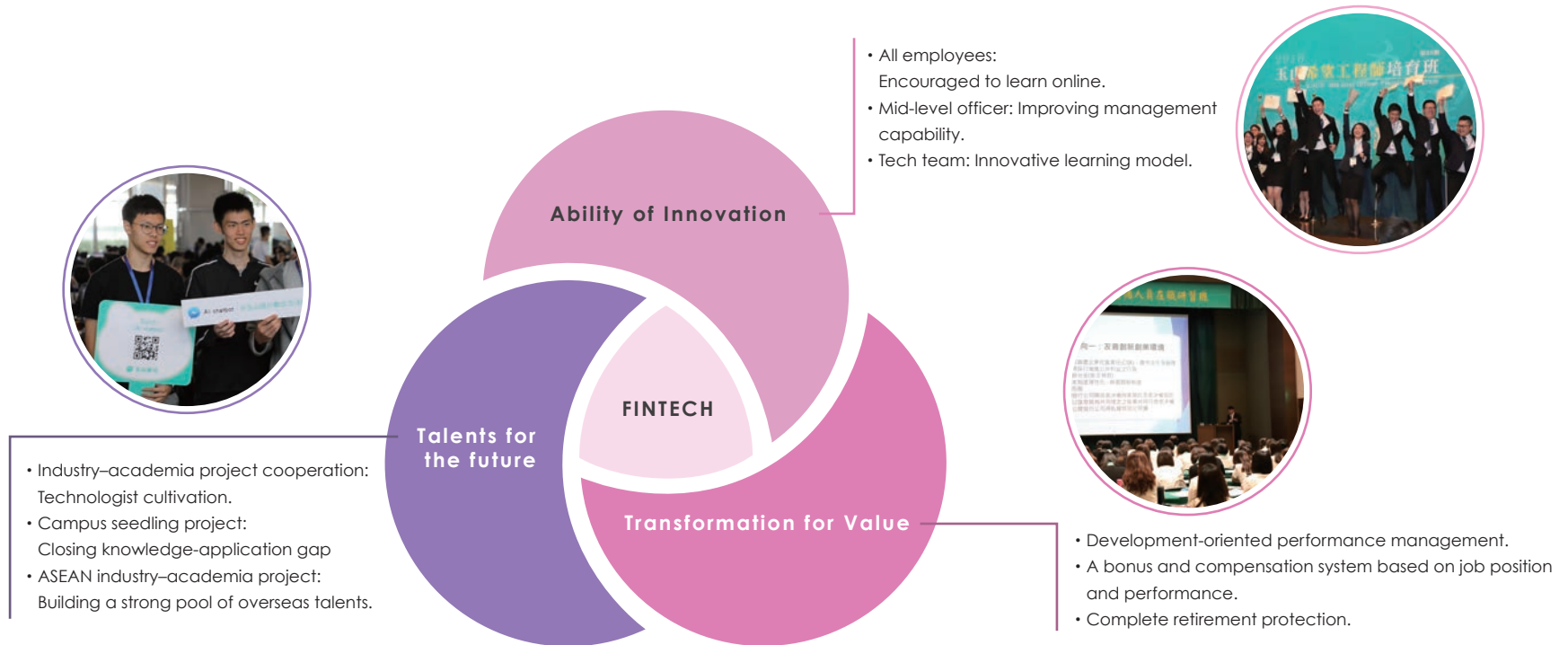
Medium/Long term goals

2020 goals:

- (1) Average benefits expense for non-managerial level increase to NT\$ 1.25 million.
- (2) Talent retention is expected to maintain at 90% and above.
- (3) Employee engagement rate keeps 95% and above.

6.1 Talent cultivation and development







■ GRI : 202-1、404-2、404-3、405-2、406-1 ■ GRI G4 : FS4



● Talents for the Future

• Government-industry-university cooperation to cultivate talented technologists

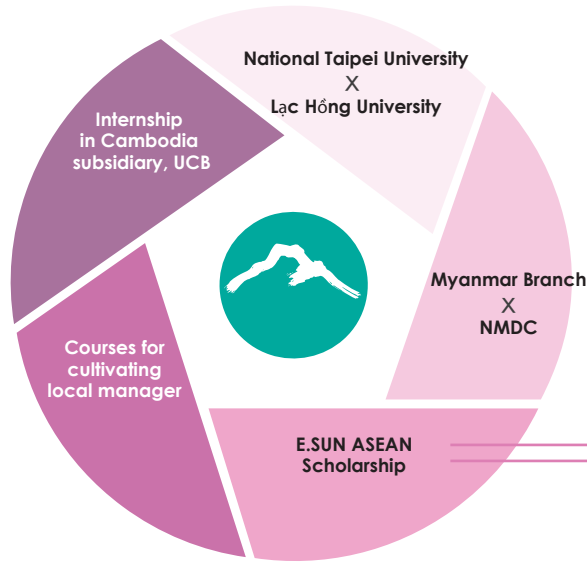
Embracing the trends of FinTech development and industry digital transformation, E.SUN Bank has invariably been committed to FinTech innovation and continues to collaborate with college and universities in recent years to host competitions, provide learning opportunities, invest resources to foster talented technologists, and increase real-life experiences of Taiwanese financial specialists in big data, artificial intelligence, and digital banking applications. The Bank joins forces with industry, governmental, and academic sectors to leverage internal finance expertise and external technical support and help new digital generations in Taiwan's financial industry to create a boundaryless prospect learning opportunities, invest resources to foster talented technologists, and increase real-life experiences of Taiwanese financial specialists in big data, artificial intelligence, and digital banking applications. The Bank joins forces with industry, governmental, and academic sectors to leverage internal finance expertise and external technical support and help new digital generations in Taiwan's financial industry to create a boundaryless prospect.

Industry	Government	Academia
<p>Taiwan PyCon Digital Forum</p>	<p>Taipei Computer Association IT Innovation Application Competition</p>	<p>E.SUN AI and FinTech R&D Center</p>
 <ul style="list-style-type: none"> PyCon Taiwan is an annual convention in Taiwan held by enthusiasts for the discussion and promotion of the Python programming language. E.SUN Bank is the first financial institution providing sole sponsorship for this convention. In 2018, Sheng-Wei Chen, Chief Technology Officer of E.SUN FHC, acted as the keynote speaker to address issues on the democracy of AI in Taiwan. 	 <ul style="list-style-type: none"> To cultivate AI experts and data analysts, we sponsored competitions that were organized by CSIM, the Industrial Development Bureau, and Taipei Computer Association in order to encourage college and universities to develop software, API modules or value models for FinTech applications such as blockchain, open components for social network platforms (only LINE/Facebook), biometric recognition, AI, and AR/VR technologies. A total of 868 school teams participated in this event. E.SUN Bank and SAS sponsored NT\$390,000 in this event. 	 <ul style="list-style-type: none"> E.SUN Bank collaborated with the National Chiao Tung University Department of Computer Science in a two-year AI research project. Each year, NT\$11 million in research funds is invested to develop cutting-edge AI technologies on campus. An E.SUN AI and FinTech R&D Center was established on campus where issues on AI FinTech were studied by teams of R&D experts from E.SUN and eleven teams of students working under seven professors from NCTU's Department of Computer Science and Department of Information Management and Finance.
<p>SAS Big Data Scientist Competition</p>	<p>HACKIDB Smart Technological Application Competition</p>	<p>Make NTU</p>
 <ul style="list-style-type: none"> E.SUN and SAS jointly organized a Big Data Scientist Competition to foster professional data scientists in Taiwan. In 2018, more than 500 students participated in the competition, in which students were expected to identify key factors by using labeling technology in Marketing Technology (MarTech) predict the financial need labels of a web page. 	 <ul style="list-style-type: none"> E.SUN was invited to participate in the smart technological competition, which organized by the Industrial Development Bureau and the Institute for Information Industry. The Bank was responsible for providing workshops and instructions on using technology. The event was based on the application of AI and covers commercial innovation in new retail, new banking, and new manufacturing applications. In total, 70 groups of startup companies and students participated in the competition. 	 <ul style="list-style-type: none"> Launched by the NTU Department of Electrical Engineering, this event involved gathering elites from various universities and developing real solution applications with a focus on concepts of "creativity," "technology," and "equal emphasis on software/hardware integration" to develop. Three teams received a total of NT\$50,000 in sponsorship. The topic of the event in 2018 was finance-related innovative applications. The event attracted 200 college and university students, who were then divided into 20 groups to work through 24 hours of challenges.



• **ASEAN industry–academia project: Building a strong pool of overseas talents**

To extend its global presence, E.SUN actively fosters talents in ASEAN regions. Industry–academia cooperation with ASEAN universities provides top-performing students with early exposure to the financial industry or opportunities to study in Taiwan, as well as financial advice and support. With the help of its overseas branches and subsidiaries, E.SUN Bank entered a cooperative agreement with local colleges and universities in 2018 to provide internship, scholarship, and student exchange programs and leverage Taiwan’s industry–academia resources in Southeast Asia.



Local industry–academia cooperation in ASEAN regions

- National Taipei University and Lạc Hồng University signed MOU: October 2018
- Myanmar branch and National Management Degree College signed MOU: December 2018
- Subsidiary in Cambodia and digital platform signed a letter of cooperation: February 2019

E.SUN ASEAN Scholarship

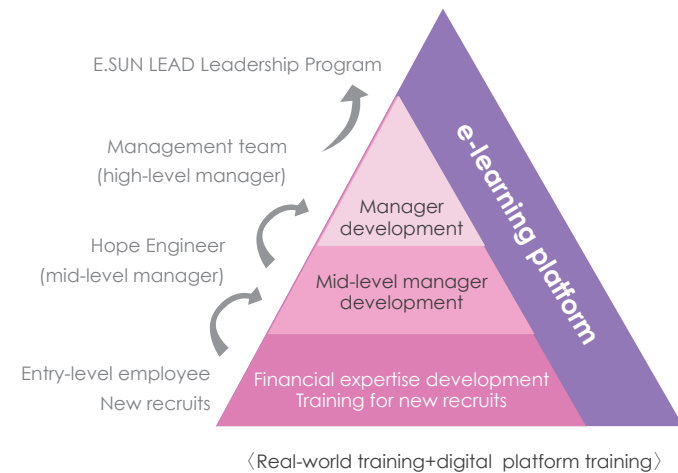
To foster international multinational talents, E.SUN Bank established the E.SUN ASEAN Talent Cultivation Scholarship in 2018, which is aimed at encouraging students from ASEAN countries to study in Taiwan. This scholarship was awarded to five ASEAN students, who will be studying graduate programs in business management and computer science at the National Taiwan University, National Cheng Kung University, and National Taipei University.

● **Ability to Innovation**

• **Complete financial specialist training module**

E.SUN see talent as the most valuable asset so that we offer the complete talent development system. The training system comprises three focuses: orientation, finance expertise, and leadership management skills. Each year, we examine the effectiveness of training modules and adjust training programs according to corporate vision, customer needs, business requirements, and competency requirements so as to ensure that the talents we foster meet the requirements of corporate development.

In 2018, a total of 273 internal training courses were held and employees were sent to 870 seminars hosted by professional training agencies. These courses were attended 111,413 times. On average each employee completed 12.73 courses. Each person received on average 49.4 hours of training time. (Please refer to Appendix 7-11 the table of total training time.)



• Encouraging e-school learning

To build a lifelong learning environment for employees, E.SUN established a three-stage HOPE Learning Program (Heart, Online to Offline, Practice, Encourage) for self-learning. Subsequently, individual development program (IDP) is established by cooperating with Commonwealth magazine's online course—CW Innovative Campus combined with blended (online and offline) learning. Through mobile promotion, employees were motivated to engage in online learning in the second half of 2018. There were 41,005 admissions in total, 21,083 certificates were collected, and 14.03 clicks per person on average. Due to the excellent outcome of this program, E.SUN received the Best Learning Promoter Award from CW Innovative Campus.



E.SUN actively keeps pace with trends in digital learning, paperless operations, and automation. We constantly improve our e-learning+ system and mobile learning applications, and provide PaGamO, UMU, and other diverse learning platforms and interactive websites to motivate employees to engage in self-learning, which frees learning from the constraints of time or space and encourages employees to learn proactively rather than passively. In 2018, 847 subjects were offered and were read 357,582 times for a total of 245,520 hours, with each person spending 28 hours on reading on average. Given the trends of digital learning and online transactions, E.SUN also values awareness campaigns on laws and information security. In 2018, we established three courses on our e-learning+ platform: "Principles of Fair Customer Treatment under the Financial Consumer Protection Act" (which was read 8,450 times for a total reading time of 25,350 hours); Legal Compliance and Anti-Money Laundering course (which was read 15,310 times); and Information Security Training and Online Test (which was offered in three quarters of the year and was read 25,090 times in Taiwan and 601 times overseas).



• Implementing a training program that is based on transformational strategies

To foster strategic professionals for the Company's upcoming FinTech developments and Asian expansion, three foremost training programs were introduced in 2018:

- (1) Digital Competitiveness Training Program, which is an extension of the channels' transformation project in 2017 and aims to comprehensively strengthen employees' digital service capabilities.
- (2) Cross-Border Sales Professional Training Program, which serves as an extension of the company's Asian expansion strategy.
- (3) Advanced training program for mid-level officers, which is established in response to the company's hiring of next-gen and diverse talents and aims to improve the management capability and leadership.

Employee development program	Commercial benefits	Quantified impacts	Project coverage
<p>Digital Competitiveness Training Program</p> <p>Design exclusive course modules and lecturing methods that are in line with its strategy and use diverse digital learning media to strengthen employees' digital service and operation capability.</p>	<ul style="list-style-type: none"> •Improve digital service coverage and profits from digital channels. •Effectively reduce operating costs. •Strengthen digital innovation/application capabilities. •Develop a supply chain of digital financial specialists. 	<p>[Business growth]</p> <ol style="list-style-type: none"> 1. Annual increase in transactions made through automated channels was 151%; transfers made on digital channels increased from 49% to 63%. 3. Number of online personal loan applications was 83,000; amount of online loans disbursed was NT\$7.4 billion. Market share of electronic payment transactions for the month was 55.5%, highest in the market. <p>[Talent cultivation]</p> <ol style="list-style-type: none"> 1. New recruit system transaction training time reduced by 50%. 2. Proportion of tech-related employees increased from 8.7% to 10.5% between 2016 and 2018. 3. 75 employees got certificates related to digital expertise. <p>[Innovation application]</p> <ol style="list-style-type: none"> 1. 115 proposals stored in the innovation challenge database since 2013. 29 proposals won awards, attracting 62% resource investment, and 13 proposals were implemented in real life. 2. Award Recognition : Asiamoney 「Best Digital Bank in Taiwan」 、The Asset 「Best Digital Bank in Taiwan」 、The Asian Banker 「Best Payment Bank in Taiwan」 . 	<p>Percentage of employees receiving the training: 100%</p>
<p>Cross-Border Sales Professional Training Program</p> <p>Foster the cross-border business management and marketing capabilities of potential talents and follow local cultures and systems to increase the depth of local talent recruitment and lay a foundation for cross-border businesses.</p>	<ul style="list-style-type: none"> • Strengthen marketing personnel's sensitivity toward cross-border business opportunities. • Enhance the effectiveness of overseas expansion. • Cultivate cross-border business planning capabilities in planning personnel, thereby increasing profits from overseas operations. • Increase the identification and retention of key talents overseas. 	<p>[Business growth]</p> <ol style="list-style-type: none"> 1. Our overseas business growth is the fastest in the industry. We quickly expanded from two overseas branches in 2012 to 28 locations in 9 countries. 2. E.SUN Bank is the only Taiwanese bank in Myanmar to obtain a financial license. Our subsidiary in China is the first example of how a branch of a Taiwanese bank is converted into a subsidiary. 3. Profits earned by overseas branches increased from 11% in 2015 to 16% in 2018, with overseas profits (including OBU) accounting for 44% of all of the bank's profits. 4. Foreign currency deposit increased 20.1% in 2018, which was the highest growth rate in terms of net increase volume and growth rate in Taiwan. 	<p>Percentage of employees receiving the training: 34.13%</p>
<p>Mid-Level Officer Training Class</p> <p>Design courses that cover leadership management, financial expertise, integrated marketing, and customer service to foster professional mid-level managers.</p>	<ul style="list-style-type: none"> • Provide three weeks of course training and three months of practice to enhance the ability of Mid-level managers to manage and guide team performance. • Establish job rotation system to foster diverse expertise, perspectives, and train of thoughts in the next three years. • Build a platform on which departments can cooperate, communicate, and grow together. • Strengthen Mid-level managers' commitment to the organization. 	<p>[Business growth]</p> <p>E.SUN FHC's net profits keep growing in recent year, and it was 17.068 billion in 2018.</p> <p>[Talent cultivation]</p> <ol style="list-style-type: none"> 1. The pass rate of mid-level officer training class was 97.45% in recent 3 years. 2. After the training courses, the "360 Degree Multi-Aspect Evaluation" score of trained officers increased 2%. 3. 95% supervisor and employee satisfaction. 4. 58.4% trained officers received job promotion within a year. 	<ul style="list-style-type: none"> • Total trained employees: 254 • Total training hours: 44,114

Digital Competitiveness Training Program

In light of the widespread FinTech trend, E.SUN hires a number of professional technologists. In order to assimilate these technologists in the company's corporate culture and strengthen their professional techniques and financial knowledge, E.SUN designs training paths and course modules exclusively for its tech team and promote the culture combination of finance and technology. On average, learners scored 4.9 points (out of 5) on their satisfaction scale, and all of them (100%) passed their written test on finance.

2018 Tech team corporate culture and service etiquette training class: Course features

Technology infused professional courses

- Lecturers in these courses use simple methods to introduce financial knowledge and incorporate real-life cases or exercises so that technologists could clearly understand how are they contributing to the financial industry.
- Learners are asked to think of their own way to present in morning meetings. They are given a considerable degree of autonomy in order to boost teamwork and inspire designs through innovation.

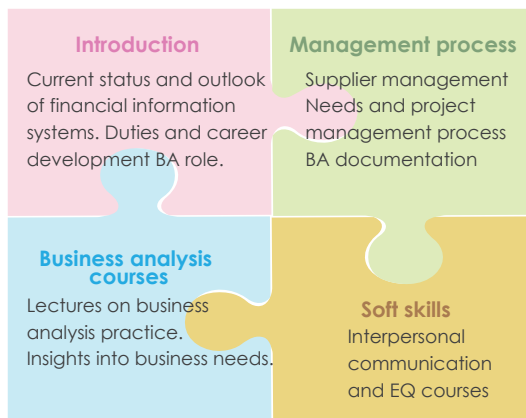
Diverse and flexible learning site

- Learners involved in different business activities and product lines are allocated to the same group and learn each other's line of work to foster communication and empathy skills.
- Tests that match the cognitive ability of learners are designed. These tests should reduce the use of rote learning among learners.

Fun-filled real-time teaching media

- Electronic teaching materials are used. Lecture notes and case studies are stored in an e-learning system to reduce paper printing and provide access anytime, anywhere.
- Diverse online teaching platform and mobile devices (e.g., Kahoot and UMU) are integrated to promote learners' interaction and engagement in class.

An excellent tech team must be supported by an outstanding business analyst in order to truly become a business accelerator. To cultivate BA teams, a term of BA professional training class and two terms of ABA professional training class were offered in 2018. In total, 146 qualified BA seedlings were trained in 3,144 hours.



〈 Courses of BA teams 〉

For the purpose of helping new recruits to understand digital trends and hone professional skills required for their job position, new courses were incorporated in the six-month training class for new recruits and included digital customer solicitation, scenario simulations and rehearsals, and professional role playing. In addition, e-management courses were introduced in on-the-job training courses (e.g., financial service supervisor workshops, ARM, and financial advisory). In 2018, 6,546 people attended these courses and 112,576 hours of training have been completed.

In our channels' transformation strategy, we not only organized and centralized branch operations but also clarified the roles and duties of all E.SUN employees and defined the ratio of marketing and operating roles. In training, the competencies required of marketing employees are strengthened and operating employees are guided to establish diverse expertise, thereby assisting employees to rotate to financial advisory and other marketing roles, which enhances their expertise and the efficiency of branches.



Cross-Border Sales Professional Training Program

To integrate overseas financial platforms closely with business activities in Taiwan and provide seamless cross-border financial services, E.SUN arranges additional cross-border business professional training programs for its marketing personnel (RM and financial advisors) and offers digital foreign exchange training courses for financial services staff to expand the foreign currency basis of E.SUN Bank. In addition, we strengthen cross-border professional training for staff members of our planning department and organize frequent interactive exchange programs for overseas local hires.

For example, to develop cross-border transaction services, our planning personnel takes the initiatives to cooperate with foreign third-party payment platforms (e.g., Alipay, PayPal) to introduce E.SUN Trade, E.SUN Global Pass, and other cross-border exchange services. Given the popularity of Japan as the travel destination of Taiwanese citizens, we simultaneously introduced a cross-border e-click service that combines products of Vanilla Air and domestic convenience stores, as well as foreign exchange rate alert functions in mobile banking and dual-currency credit cards. Thanks to these products, E.SUN's mobile payment service has the highest market share in the industry. To fully commit to our foreign exchange businesses, we offer a course named Foreign Exchange Made SO EASY to improve the foreign exchange knowledge of frontline employees and integrate cross-border marketing capabilities. As a result, **E.SUN's foreign currency deposit rose from NT\$394 billion (8th in the market) in 2016 to NT\$615.5 billion (4th in the market) in 2018, representing 20.1% growth in 2018. Our increase in foreign currency deposit and growth were the highest in the market.**

E.SUN arranges business exchange programs in Taiwan for high-performing supervisors from overseas branches and subsidiaries in China, Cambodia (UCB), and Hong Kong. The objectives of these programs are to improve their understanding of and solidarity for E.SUN's head office and to effectively enhance the benefits of cooperation with Asian financial service platforms. These programs involve not only understanding the head office's business philosophy, corporate culture, and development strategy, but also promoting interactive sharing to improve the understanding between the head office and overseas units on each other's business professions. A total of 97 managers have participated in these programs since 2016.

Mid-Level Officer Training Class: A new milestone and new level

In 2018, E.SUN redesigned a three-stage training module for mid-level officers according to the three prerequisites of an outstanding supervisor (i.e., management, business, and marketing ability) to foster five core competencies in newly elected supervisors. At the end of a course, a three-month practice evaluation is conducted in conjunction with a 360 competency gap analysis before, during, and after the course. Kirkpatrick's four-level learning evaluation is used to regulate the effectiveness of the module and ensure that learners become an influential mid-level officer after training.

Three-week training course L1~L2

In the first stage, a three-week training course is provided; the course closely integrates five core competencies and contains multiple training modules, including lectures, group proposal competitions, PA experience activity, case study, talks, book clubs, and movie clubs. Learning effectiveness is evaluated using three evaluation indicators: team performance, engagement, and learning capability.

Three-month practice evaluation L2~L3

In the second stage, a three-month practice evaluation is conducted with reference to comprehensive feedback and self-reflection reports during the training period. Learners must choose to master two to three capabilities and set IDP goals. After returning to their respective department, employees must regularly discuss with managers about their practices and effectiveness of these practices. Subsequently, whether an employee passes training is evaluated collectively by the employee's department head, sales department head, head office, and human resource department three months later.

Three year of continuous development L3~

Employees who pass the practice evaluation may participate in the final training course, which aims to further strengthen employees' capability and awareness to become a supervisor. Those employees are expected to be excellent mid-level officers who are key players in the company's performance.



Learners' reflection on learning processes in p.40 ~p.42 Vol. 155 of E.SUN Smile Bimonthly newsletter

2018 Training Outcome

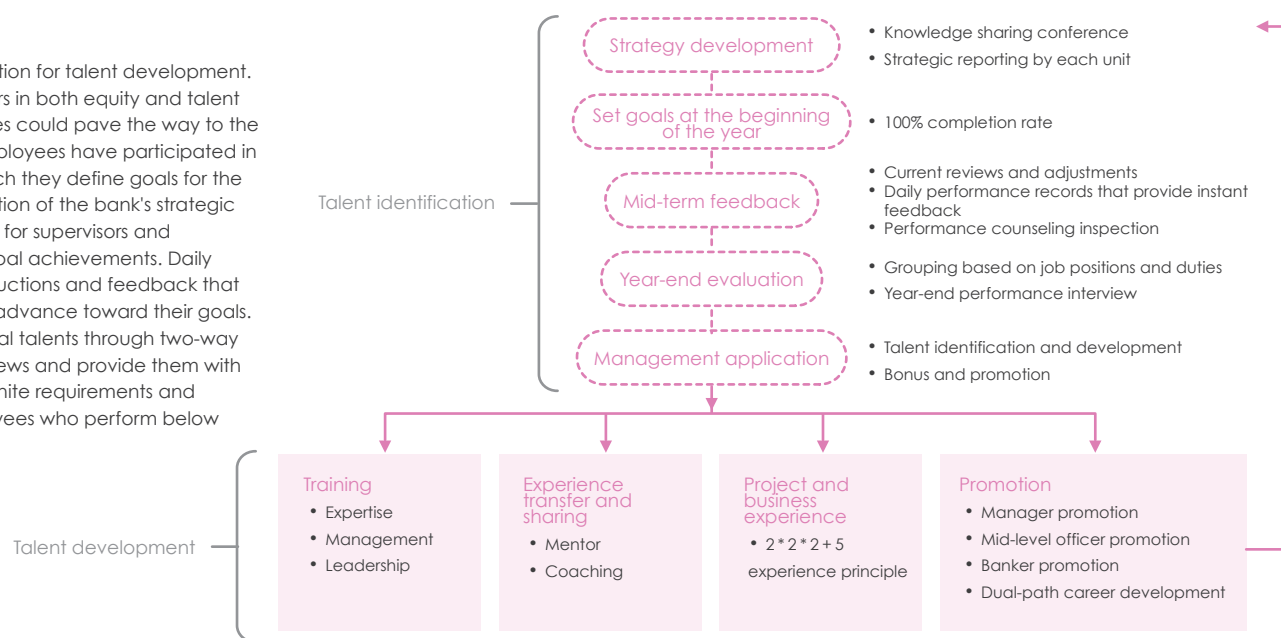
To systematically track the effectiveness of training programs, E.SUN Bank evaluates all of its training programs by using the Kirkpatrick model to ensure that these programs are in line with the company's business performance.

Level	Index	2016	2017	2018
L5 ROI	Per capita contribution	1.449 million	1.557 million	1.810 million
	Human Capital ROI	283%	286%	303%
	Human resource efficiency (profit after tax/personnel expense)	1.27	1.31	1.43
L4 Result	Reduction in teller transaction	-	18.11%	30.99%
	Foreign deposit	394 billion	512.7 billion	615.5 billion
	Proportion of profits before tax from overseas branches	9.00%	12.90%	15.50%
	Profit from digital payment service	-	-	55.50%
	Customer satisfaction	90.03%	89.80%	92.76%
	Retention of high-performing employees	96.40%	96.80%	95.80%
L3 Conduct	Resignation rate	8.50%	7.90%	9.50%
	Internal vacancy filled	40.82%	34.01%	47.26%
	Customer compliant rate	-	2.14%	2.28%
	Management ability score of mid-level officers	4.13	4.15	4.16
	Learning hours on e-Learning platform	185,834 hours	135,542 hours	245,520 hours
	Employee engagement	97.90%	97.80%	97.60%
	Goal management (in agreement with E.SUN) completion	100%	100%	100%
	Innovation proposals	28	46	34
L2 Learning	Rate of acquisition of licenses and certifications required for employee promotion	89.00%	88.70%	82.00%
	No. of special licenses and certifications acquired	278	434	567
	Completion rate of management training for manager in tech-related department	-	-	100%
	Completion rate for each training course	99.32%	99.61%	99.53%
	Completion rate for annual training programs	100%	100%	100%
L1 Feedback	Average satisfaction with each training course	89.40%	94.60%	94.50%
	Average satisfaction with each lecturer	89.10%	94.80%	95.20%

● Talent development-oriented performance compensation system (Transformation for Value)

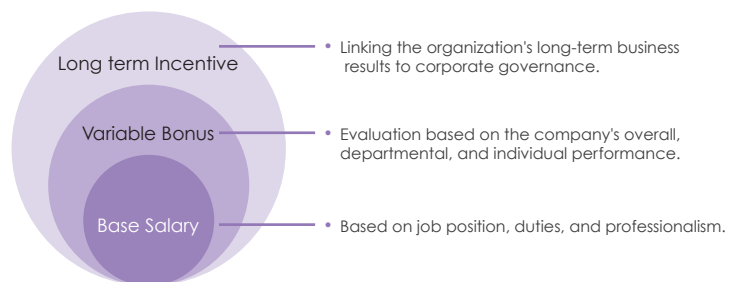
• Performance and development

Performance management is the foundation for talent development. E.SUN's performance management factors in both equity and talent development so that ambitious employees could pave the way to the future with their bear hands. All of our employees have participated in performance management cycle, in which they define goals for the beginning of the year based on the direction of the bank's strategic development. System support is available for supervisors and employees to examine and adjust their goal achievements. Daily performance records provide instant instructions and feedback that can effectively help E.SUN employees to advance toward their goals. Most importantly, we identify high potential talents through two-way communication and performance interviews and provide them with different development opportunities. Definite requirements and guidance counseling are given to employees who perform below expectation.



• Salary and compensation

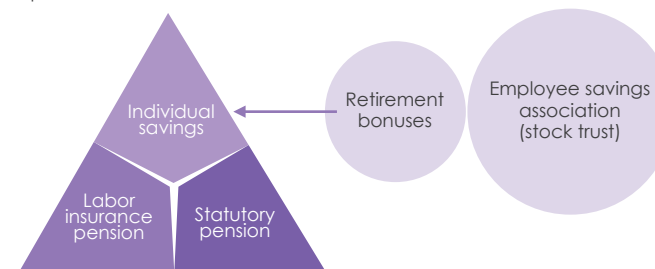
E.SUN's compensation system defines compensation based on job roles and bonuses based on performance. The basic salary of female employees/supervisors is 100% the same as that of their male counterpart, indicating that salary standards do not differ by gender. Entry-level wage for male and female employees is superior to the minimum regulatory requirements of Taiwan.



Note:
In 2018, average spending on non-managerial staff was NTD 1,002 thousand, which increased 3.9% year over year. More detail please refer to appendix 7-10 on page 131.

• Retirement protection (Employee Stock Ownership Plan)

The Company establishes employee retirement regulations, which stipulates that the Company shall provide monthly contributions equivalent to 6% of employees' monthly salary. To reward employees with outstanding performance, retirement bonuses in addition to pension may be provided according to their work performance or special contributions. To encourage early retirement planning, E.SUN has established the employee savings association stock trust. Employees who have passed probation are free to join the association and make monthly contributions. The Company contributes incentive bonuses three times each year to help employees to make the perfect retirement plan.



(Three-pillar retirement protection)

6.2 Employee Care and Friendly Workplace

Welfare and Employee Care

■ GRI : 201-3、401-2



E.SUN takes care of its employees. With the goal of making E.SUN the second home for employees. In 2018, average spending on non-managerial staff was NTD 1,195 thousand, which increased 29.175 and the total benefit spending grew 2.5% year over year. We endeavor to build a happy and harmonious workplace where employees are completely protected in every stage of their life.

Given the trends in the financial environment and technological development, our Human Resources Division provides education, training, and career development counseling to help employees to expand their specialty or rotate to other job roles. Regarding dismissed employees, the HR Division and Business Management Department work together to care for them and facilitate their career change so that they will have great career development in the future.

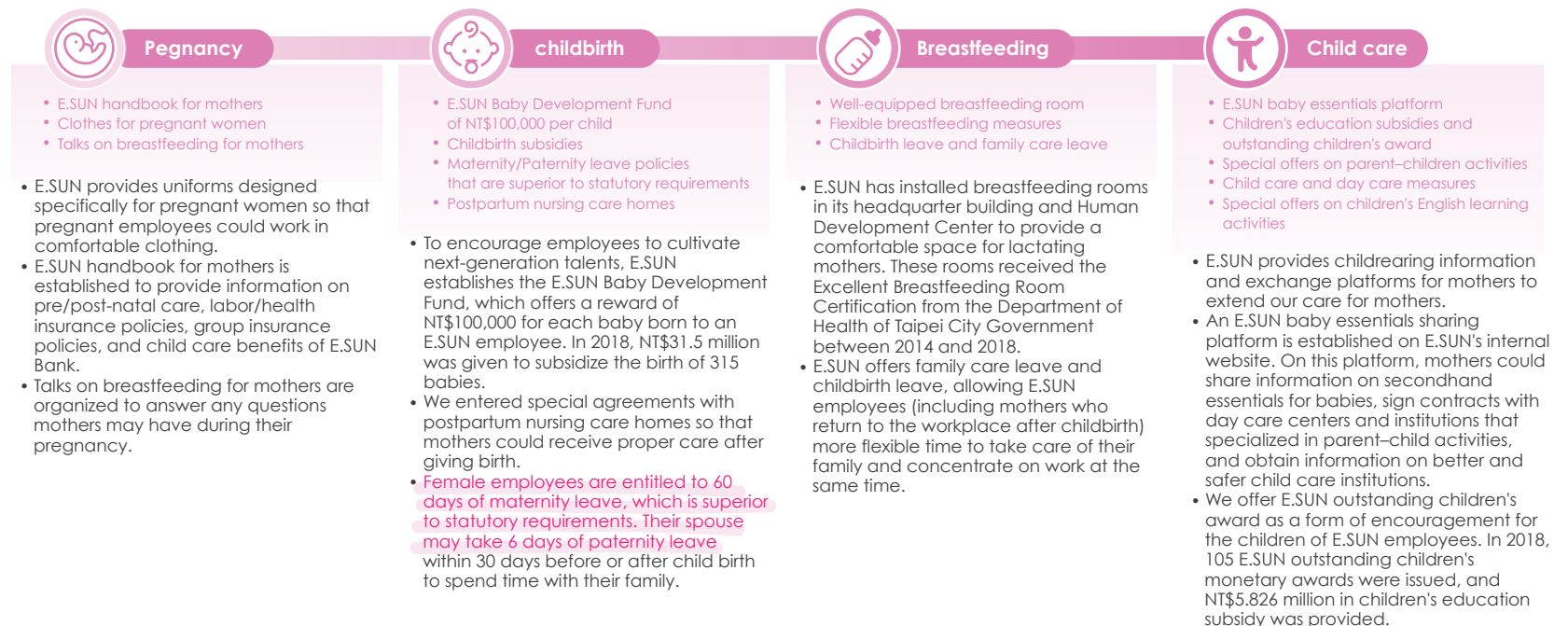


Item	Number of employees in 2018	Total in 2018 (unit: New Taiwan Dollar)
Outstanding children award	105	\$911,400
Childcare and facilities	73	\$2,660,000
Marriage subsidies	311	\$2,862,000
Birth subsidies	429	\$1,287,000
E.SUN Baby Development Fund	315	\$31,500,000
Child education subsidies	2,100	\$4,915,000
Spouse or child medical subsidies	1,295	\$14,538,381

Providing family care: E.SUN Care Plan for Mothers

At E.SUN, 60% of all employees are women of childbearing age. We therefore provide a series of safety and health and welfare measures to ensure work-life balance for female employees and fulfill the physical and mental health and various needs of pregnant, postpartum, breastfeeding and childrearing women. (Please refer appendix 7-9 on page 131 for "Benefit expense")

E.SUN conducted a questionnaire survey of the maternal health care protection program in 2018, retrieving 659 responses. The results indicated that follow-up care was provided to 158 employees during the maternal care period (i.e., during pregnancy to one year after child birth). The questionnaire survey results showed that the primary risk factor for female employees was stress from work (25.3%). E.SUN also provides EAPs and psychological counseling to implement maternal health risk management through professional counseling. (Please refer appendix 7-7 on page 130 for "Statistics of Unpaid Parental Leaves and Reinstatements")

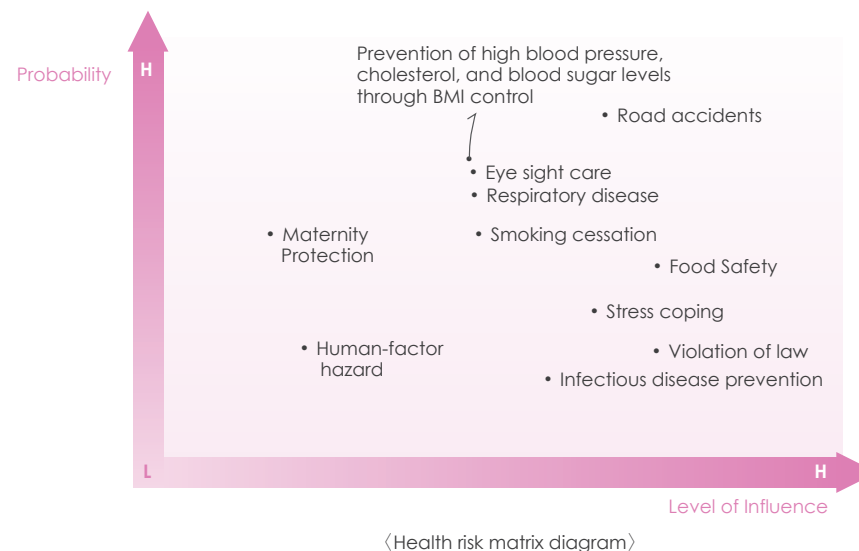


● Workplace safety and employee health

■ GRI : 403-1 、 403-4

• Risk identification

To effectively manage employee safety and health, E.SUN adopts various types of questionnaires, self inspection methods, and multidimensional communication channels in compliance with occupational safety laws and management practices to assess the risk matrix of four major work plans, operating process of various jobs, health management, and other related issues. The assessment results for 2018 showed that risks of high blood pressure, high cholesterol, high blood sugar, and traffic accidents were the highest primarily because employees work sedentary jobs, lack exercising habit, and frequently work outside of the office. An inventory of existing measures shows that E.SUN has launched large sports activities in 2018 (e.g., hiking on Yushan, cycling across Taiwan, and walkathon), established sports clubs, and organized awareness campaigns regarding road safety and prevention of high blood pressure, cholesterol, and blood sugar levels.



• Employee health

Health is "a state of complete physical, mental and social well-being."
(World Health Organization (WHO))

- ★ In 2018, E.SUN responded to "National Workplace Safety and Health Week" activity hosted by government and received "Healthy workplace" certificate.
- ★ The Bank also received the Sports Enterprise Certification by the Sports Administration of the Ministry of Education for two years in a row.

[Health promotion]

- **Hiring health care professionals:** Develop annual business plans based on employee needs and feedback.
- **8 sessions of onsite counseling service every month:** Regular follow-up consultation and health education by NTUH doctors and E.SUN Bank nurses.
- **Statutory Infectious Disease Epidemic Announcement and Reporting system:** Provide protection measures and reporting channels for employees
- **Raise employees' health awareness:** Provide employee canteen calorie labeling, health seminars, and information columns such as Smile E.SUN and E.SUN Sunrise.

[Social and mental health]

- **Encouraging employees to continue to exercise regularly:** Regularly host sports activities, including cycling across Taiwan, hiking on Yushan, table tennis, and badminton.
- Collaborate with the Taiwan Institute of Psychotherapy to provide employees with professional counseling services, in which counselors offer in-depth counseling to help employees to handle pressures of work, family, and life, and promote balance in the social and mental states of our employees.
- For employees who show abnormal behaviors or potential risks, we provide care and follow-up services to ensure that each employee can achieve a state of complete physical, mental and social well-being.

• **Specific control measures for moderate/high health risk issues and effectiveness:**

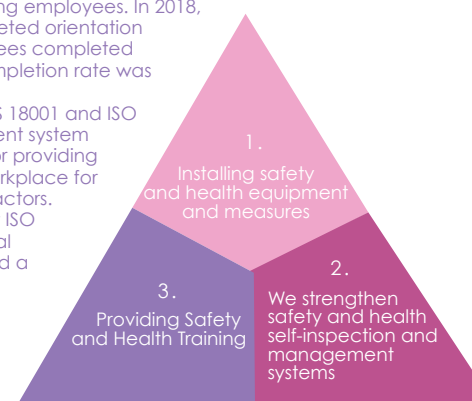
Serial No.	Issue	Impacts	Control measures
1	Prevention of high blood pressure, cholesterol, and blood sugar levels	High	<ul style="list-style-type: none"> • Large sports activities (hiking and cycling across Taiwan) • Medical room blood pressure monitoring • Onsite services provided by doctors: 96 service sessions were provided to 378 people in 2018, servicing 1,009 people in the past three years. • Regularly organize nutrient and weight control courses and provide online reading materials on e-learning platform. • Install four gyms in office buildings
2	Road accidents	High	<ul style="list-style-type: none"> • Road safety courses • Onsite services provided by doctors (follow-up treatment) • FSI has decreased in the past three years
3	BMI	Moderate	<ul style="list-style-type: none"> • Monthly column on E.SUN FHC Enterprise Information Portal (EIP) • Sports club • 11 health columns have been provided on employees' platform • Keep the number of people with normal BMI at more than 60%
4	Maternity Protection	Moderate	<ul style="list-style-type: none"> • Maternal health protection plan • E.SUN's new mothers • Manual for E.SUN's new mothers • Received superior certification of nursing room by Department of Health, Taipei City Government in 2018. • Breastfeeding room survey

• **Workplace Safety**

E.SUN has established a dedicated occupational safety unit and Occupational Safety and Health Committee (OSHC) to create an equal and safety workplace. The committee is chaired by the head of E.SUN FHC's management departments. The committee establishes Articles of Incorporation and oversees health and safety matters. It is composed of occupational safety and health personnel, technicians involved in occupational safety and health, head of business departments, the representative of HR, health professionals, and union representatives. Union representatives are referred by the union and make up more than one third of the committee. In the articles of union, more than 11% of union tasks involve safety and health issues and include labor condition improvements and promotion of safety, health, and member welfare. Relevant department heads act as communicator and coordinator of safety and health issues to the head office and business departments. E.SUN Bank values the sound development of employees' physical and mental health and develops a golden triangle of occupational safety by integrating internal and external resources: (Please refer to appendix 7-8 on page 130 for "Occupational injury leaves")

- Every year, we organize refresher training programs for OSH supervisors, first-aid personnel, and fire-prevention managers, and arrange two-hour safety educations for new recruits and existing employees. In 2018, 642 employees completed orientation courses; 8,388 employees completed in-service courses; completion rate was 100%.
- E.SUN obtained OHSAS 18001 and ISO 45001 OSH management system certifications in 2018 for providing a safe and healthy workplace for employees and contractors. E.SUN became the first ISO 45001-certified financial institution in Taiwan and a world-class safety and health benchmark enterprise that takes actions in improving its occupational safety and health management practices.

- We equipped our office buildings with AEDs in 2018.
- We monitor carbon dioxide levels in the bank. Thirty three of our branches in Taipei City received the Indoor Air Quality Self-Management Certification.



(Golden triangle team of occupational safety action plan)

- We establish the Labor Safety and Health Automatic Inspection Plan to manage safety and health matters of each department by having occupation safety personnel from each department to conduct safety and health inspection of environmental, facility, personnel, and operating procedures and work methods.
- Designated occupational safety units complete an occupational safety and health self-management checklist every quarter, and items to be improved are incorporated in subsequent measures of occupational safety committee meetings.

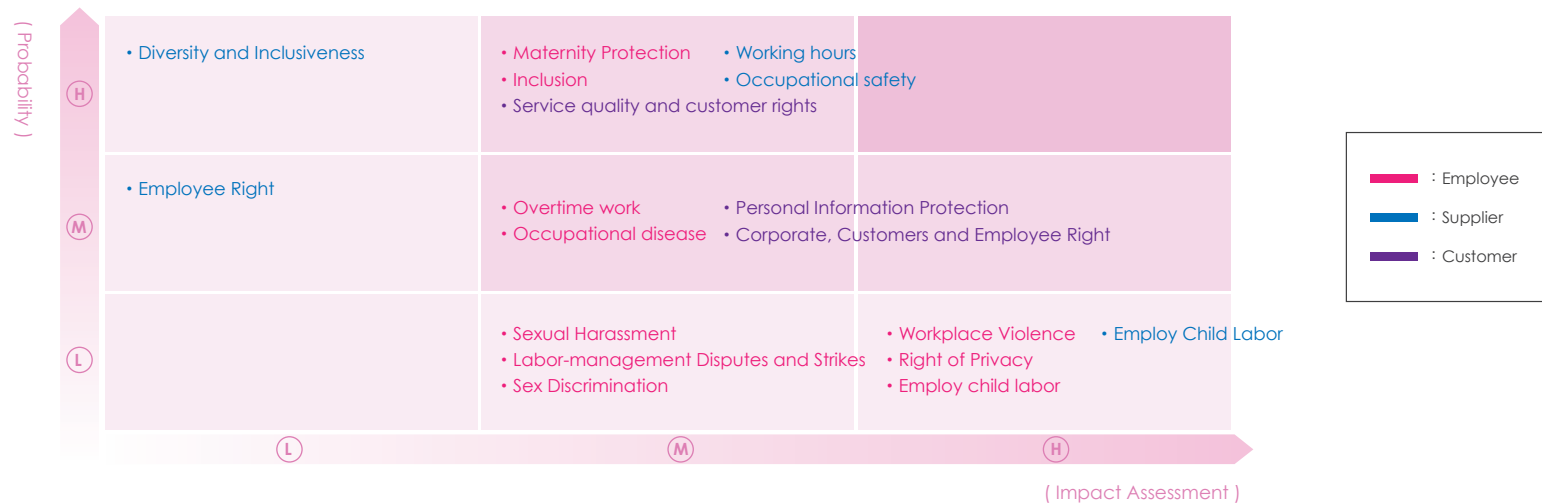
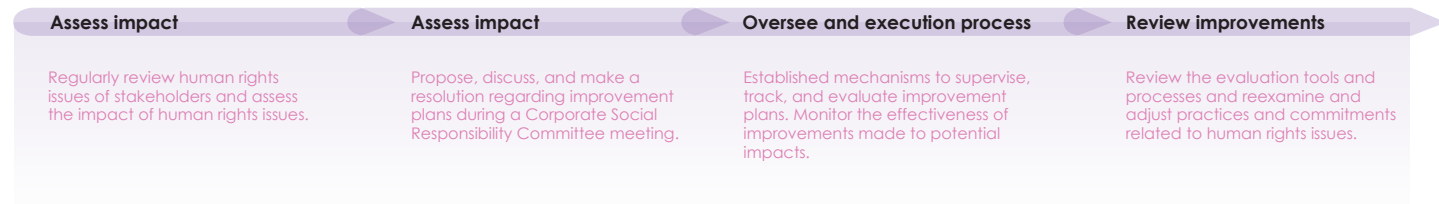
6.3 Human Rights Protection and Employee Rights



■ GRI : 102-8、102-41、406-1、408-1、409-1、412-1、412-3

In 2016, E.SUN FHC announced the E.SUN Declaration of Human Rights and formulated the E.SUN FHC Human Rights Due Diligence Investigation Procedures in accordance with international human rights conventions, including the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and UN ILO Convention to realize its vision of becoming first-class citizens of the world, fulfill social responsibilities, and achieve sustainable development goals. By examining human rights topics and adopting social trend analysis, data monitoring, and questionnaire surveys, the Corporate Social Responsibility Committee develops human rights risk mitigation and compensation measures for employees, suppliers, and customers to effectively enforce human rights policies.

★ Human rights investigation process:



〈Human right risk matrix diagram〉

Stakeholders	Issue of concern	Risk mitigation measures	Impact compensation measures
Employees	Working hours	<ul style="list-style-type: none"> Amend leave and overtime related regulations according to amendments to the Labor Standard Act. Add reminder function to the attendance system. Launched policy of multiple working hours in 2018. Participate in self-inspection of working conditions as per the request of the Taipei City Government Bureau of Labor. 	<ul style="list-style-type: none"> Provided overtime pay according to actual hours of overtime worked. Demonstrate the Bank's stance and determination in protection of employee rights by transferring department supervisors to the Personnel Evaluation Committee and not granting their respective department an excellent performance rating
	Occupational injury and diseases	<ul style="list-style-type: none"> Organize on-the-job training courses and regularly promote road safety courses. Upscale the organization of onsite medical services to provide employees with instant medical counseling. Administer health self-assessment questionnaire to track employees who health self-assessment result is unsatisfactory. Provide employee health check subsidies. 	<ul style="list-style-type: none"> Implement occupational hazard reporting mechanism to care for employees' health. Provide assistance for enrollment in group insurance and labor insurance. Install employee assistance program service system to provide psychological counseling service for employees.
	Diversity and inclusiveness	<ul style="list-style-type: none"> Assign special job roles to employees with physical and mental disabilities. Provide barrier-free space and equipment and appoint dedicated personnel to occasionally check their work conditions. Encourage overseas departments to recruit and hire locals and ensure the diversity of employee nationality. 	<ul style="list-style-type: none"> In the circumstance in which head manager of the unit is sent to HR Arbitration Committee for violation, the unit shall not be graded "excellence" in annual performance to amplify the bank's determination to protect diversity and inclusiveness. Submit a report to Human Resource Development Council (HRDC) on adjustments to related management systems
	Maternity protection	<ul style="list-style-type: none"> Childbirth subsidies, NT\$100,000 in E.SUN Baby Development Fund. Childbirth leave and family care leave. Well-equipped breastfeeding room. Conducted maternity protection plan survey. 	<ul style="list-style-type: none"> In the circumstance in which head manager of the unit is sent to HR Arbitration Committee for violation, the unit shall not be graded "excellence" in annual performance to amplify the bank's determination to protect diversity and inclusiveness. Submit a report to Human Resource Development Council (HRDC) on adjustments to related management systems.
Suppliers /Partners (direct transaction)	Working hours	<ul style="list-style-type: none"> Regularly look out for sanction announcements. Conduct inventory of supplier self-report and interview questionnaires to determine supplier risk index. Request applicable departments to report the number of implementation hours and review results on projects implemented by suppliers. 	<ul style="list-style-type: none"> Organize supplier communication meetings from time to time to provide information on relevant courses and awareness campaigns. Adjust the amount of materials purchased from suppliers or terminate contractual relations, if a sanction imposed on a supplier negatively influences the Company's image or business reputation.
	Occupational safety		
Customers	Corporate, Customers and Employee Right	<ul style="list-style-type: none"> E.SUN has established a Total Quality Management (TQM) Committee, which is chaired by the Chief Brand Officer who executes comprehensive management of quality monitoring. Reception staff and customer service officers Diverse digital service channels Strengthen the three lines of defense in the internal control system Formulate strict internal control principles and SOPs for different transaction channels. Abnormal credit card transaction monitoring. 	<ul style="list-style-type: none"> Provide a smooth customer complaint handling mechanism Fraud prevention: Raise awareness on new fraud cases, continue to improve training materials, and conduct fraud drills to improve employees' responsiveness and sensitivity Control of abnormal transactions: E.SUN mobile banking app provides mobile push function to monitor abnormal transactions
	Personal Information Protection	<ul style="list-style-type: none"> Establish E.Sun Financial Holding Co., Ltd. and Subsidiaries Principles on Gathering, Processing and Use of Personal Information and E.SUN Bank Operating Procedures for Exercising the Rights to Use Personal Information, and handling customer's information in accordance with the Personal Information Protection Act. Establish a cross-department Personal Information Protection Work Group Prohibit the use and retention of customers' deposit slips and bank passport Introduce the data leakage protection (DLP) system Obtain ISO27001 information security management system (ISMS) certification 	<ul style="list-style-type: none"> Establish the E.Sun Financial Holding Co. Ltd. and Subsidiaries Emergency Response Rules for Personal Information Incidents. Establish an Emergency Response and Crisis Management Team in the event of violation of personal information to report significant contingency events to the competent authority and transmit handling results to the Personal Information Protection Executor (PIPE). Regularly conduct personal information leakage drills to strengthen reporting capability and responsiveness.
	Corporate customers Labor rights	<ul style="list-style-type: none"> Carefully evaluate companies that were involved labor-management disputes and strikes. Examine the labor safety environment and whether if the factories of customers hire child labor. Avoid dealing with companies that owe employee salaries or engage in wrongful dismissal. 	<ul style="list-style-type: none"> Advise customers to take employees' opinions seriously, jointly seek solutions together with employees, and terminate business dealings in the event of severe situations or failure to make improvement over a long period of time. Advise customers to improve their work environment and cease the hiring of child labor. Business dealings are terminated in the event of severe situations or failure to make improvement over a long period of time. In the event a corporate customer owes employee salaries or engages in wrongful dismissal, the bank will at the first instance attempt to understand the situation and help the customer to make improvements. Business dealings are terminated in the event of severe situations or failure to make improvement over a long period of time.

● Human rights risk mitigation measures

In 2018, No major risks and deficiencies in relation to human rights issues and human rights impact assessment were identified in the business activities of all E.SUN business locations. Following the important social issues, E.SUN focused on labors and customers' rights and interests. In regard to risks of overtime work, E.SUN introduced new system functions that provide automatic reminder of overtime hours. In addition, E.SUN established a gender equality committee so as to create a gender-friendly workplace. In response to international anti-money laundering and financial supervision trends, E.SUN has completed corresponding policies and operational guidelines. E.SUN underwent APG evaluation on behalf of Taiwan in fourth quarter of 2018 and obtained a positive recognition. To manage information security more effectively, E.SUN FHC established Information Security Management Committee in September 2017. The Committee inspects the subsidiaries' information security governance policy, supervises the operation of information security management, and regularly reports an overview of information security management to the board of directors.

● Appropriate arrangement for job rotation

We established the 5 principles of job rotation, which is in compliance with laws and regulations, in response to our business development (newly established or relocated branches and offices), as well as the shortest notice period for material operational changes in job rotations for employees' career development. We provide employees with about 2 weeks for hand over and to prepare for working in a new environment. In the event of a situation specified in Article 11, 13 or 16 of the Labor Standards Act, the notice period shall be in accordance with the description of collective bargaining below.

1. Notice shall be given 10 days in advance for employees who have worked at the Company for 3 months or more but less than 1 year.
2. Notice shall be given 20 days in advance for employees who have worked at the Company for 1 year or more but less than 3 years.
3. Notice shall be given 30 days in advance for employees who have worked at the Company for 3 years or more.

● Diversity and equality policies

E.SUN's talent recruitment policies are based on equal human rights as well as candidates' capabilities and suitability. The Bank complies with the labor laws of Republic of China, including the Labor Standard Act, Gender Equality in Employment Act, Employment Service Act, and the labor laws of various countries. To promote diversity in employee composition, the Bank does not discriminate against potential candidates based on gender, race, age, political affiliation, marital status, and familiar conditions. E.SUN has service locations in nine countries, in addition to Taiwan, and employs employees from 10 different countries to work for E.SUN FHC.

● Open communication channels

E.SUN established a wide range of communication channels to fully listen to our employees' suggestions. We believe that listening to our colleagues' voices is the essence of valuing and interacting with them. E.SUN discloses ethical management policies and implementation status on its website, in annual reports, and during investor conferences.

Employees can use different channels (e.g., meetings, face-to-face communications, digital platforms, and feedback surveys) to communicate any constructive opinions to executive managements and the Human Resource Division. To continue to strengthen our open communication channels, we will incorporate a human resource mailbox in 2019. The Human Resource Division will arrange to have supervisors attend regional meetings so that employees could express their opinions easily and more frequently.

Employee commitment survey is conducted every year to determine employees' job satisfaction and collect suggestions regarding E.SUN's development. Anonymous questionnaires are distributed in yearly knowledge sharing meetings to collect employees' opinions and suggestions, which are used as the basis for future improvement.

Employee engagement(%)	2015	2016	2017	2018
Total	97.7	97.9	97.8	97.6
Male	97.9	97.6	97.8	97.7
Female	97.6	98.2	97.9	97.4
Response rate (%)	94.1	90.0	91.7	80.9



Face-to-face interaction

- Feedback from management
- Business conferences
- Interactive meetings



Formal meetings

- Human Resource Development Committee
- Audit Committee
- business meetings



Opinion surveys

- Opinion exchange forms
- Knowledge sharing questionnaire
- External consultant survey



Digital Platform

- eHR message board (255 QAs in total in 2018)
- Weekly work diary
- Mentorship program/mailbox
- Stakeholder section
- Corporate governance section

〈Diverse communication channel〉

7 - Sustainable Environment

The first financial institution has **2** LEED Gold-certified green server rooms
(Leadership in Energy and Environmental Design)



Participation of beach cleaning
7,500 人次



First branch featuring wild life preservation theme the Black Bear Branch



Reduce per capita waste generation
21.9%



Green procurement:
786 million



2018 Objectives	Result	
Target to lower carbon emission density, power and water consumption density, and waste disposal density by 1%.	Carbon emission per capita up by 0.8%, water use per capita up by 14.6%, and waste per capita down by 21.9%.	△
Obtain 13 self sufficient renewable energy certifications and plan to purchase more if available in the market.	We have applied for the self sufficient renewable certificates and expected to obtain them in 2019, and we will purchase another 65 certificates.	✓
Introduce the Supplier's CSR Self Assessment Form and conducting onsite visits according to the Supplier Onsite Visit Questionnaire.	95.06% of suppliers have completed CSR Self-Evaluation Form	△
Establish a specialty branch that features Taiwan black bear conservation.	The Hualien Branch followed the "Formosan black bear" theme and introduced the "Black Bear Branch", Taiwan's first bank branch that featured a theme on wildlife conservation.	✓

✓ : Complete △ : Need to be improved

note:
expanded boundary to include UCB headquarters building and Brisbane Branch, resulting in failure to meet goal of carbon emission and water use per capita.

2019 Objectives



Medium/Long term goals

Compared with base year 2016, on a per unit of revenue basis, 2019 target will be 5% lower in water use, and 10% lower in carbon emission and waste.

Introduce carbon label certification and international carbon neutrality standards on all new credit cards.

Continue to renovate existing branches into green buildings or solar-powered branches.

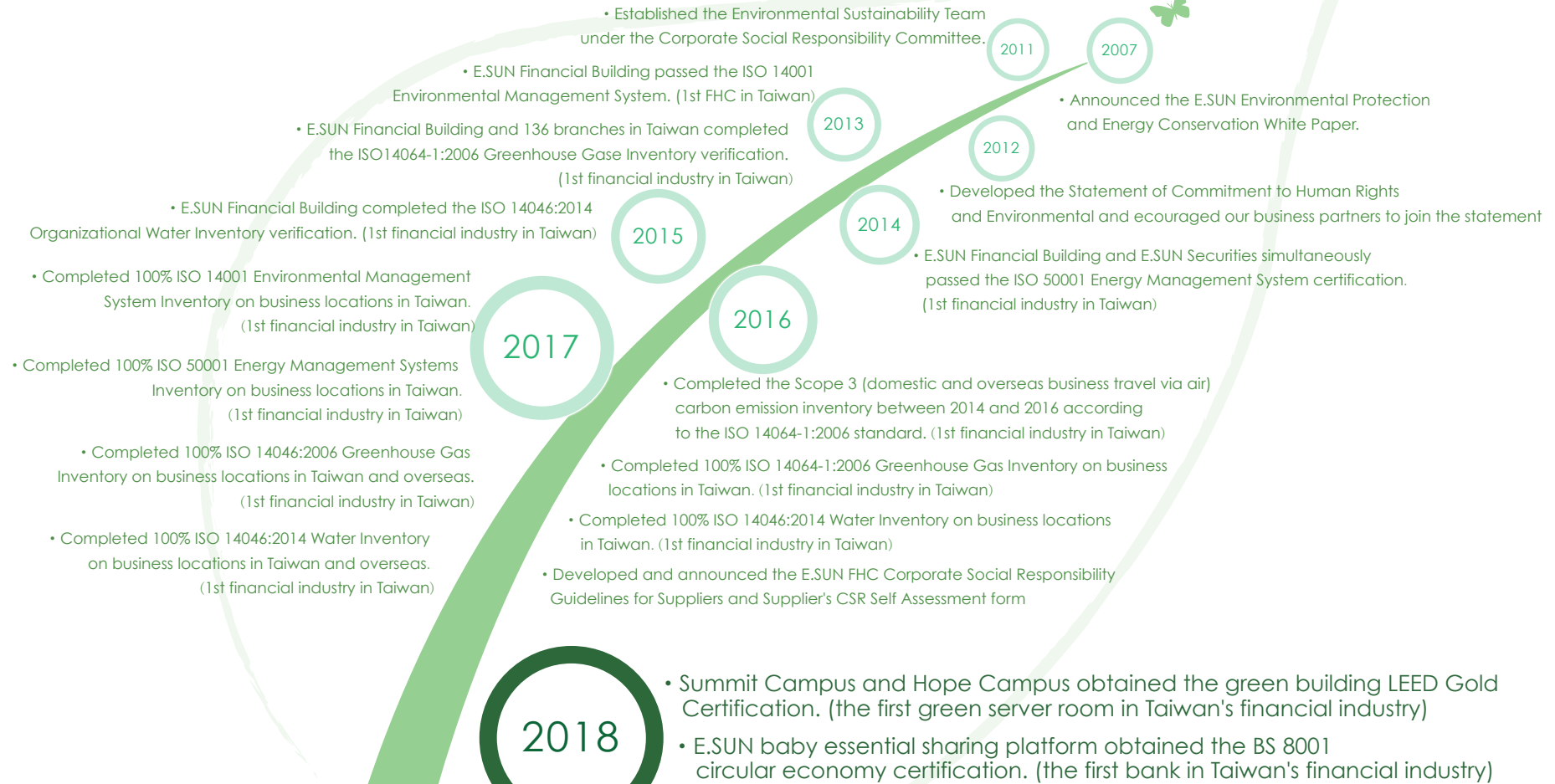
- Compared with base year 2016, on a per unit of revenue basis, new 2025 target will be 15% lower in water use, and 25% lower in carbon emission and waste.
- Every E.SUN Bank credit card to be carbon level certified and meet international carbon neutrality standards by 2025.

7.1 Sustainable Operating Environment

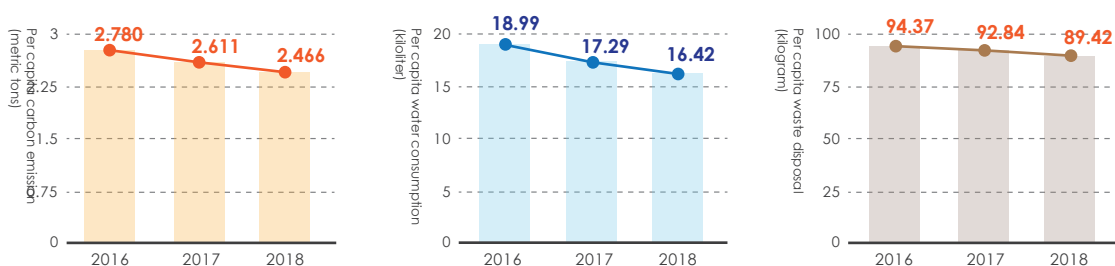
■ GRI : 102-12



Milestones of operational sustainability:



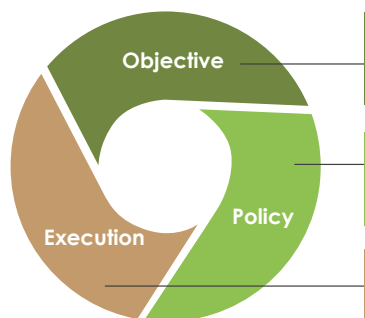
2016-2018 Overview of Environmental Data:



item/year	2016	2017	2018
number of employee	7,262	7,370	7,851
employees in headquarters	1,201	1,335	1,252
carbon emission	20,187	19,246	19,361
water use	137,894	127,437	128,933
waste (headquarters)	113,340	123,936	111,960
carbon emission per capita	2,780	2,611	2,466
water use per capita	18.99	17.29	16.42
waste per capita (headquarters)	94.37	92.84	89.42

(overview of 2016~2018, boundary of 2016)

● Guidelines of operational sustainability management

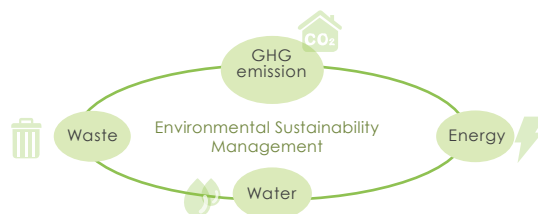


Objective The original goal was "reduce per capita carbon emission, water consumption, and waste generation by 1% each year, and 10% by 2025 with 2016 as the base year." As of 2018, E.SUN has successfully reduced carbon, water consumption, and waste generation by 11.29%, 13.5%, and 5.24%, respectively. Given our goal achievements in these categories and the expansion of boundary in the past two years, we will evaluate and establish new goals. E.SUN will set "per unit of revenue" as a new metric for carbon emission, water use, and waste. Compared with base year 2016, on a per unit of revenue basis, new 2025 target will be 15% lower in water use, and 25% lower in carbon emission and waste.

Policy Since the release and implementation of the E.SUN Energy Efficiency White Paper - E.SUN Green Policy, E.SUN has been dedicating itself to environmental conservation, which encompasses environmentally friendly and energy efficient policies, support for environmental education, building an environmentally friendly and energy efficient culture and implementing environmentally friendly and energy efficient measures. In addition, the environmental/energy management policy was established with green finance, saving the earth, and environmental sustainability at the core. E.SUN also took the initiative to implement international management systems.

Execution The Environmental Sustainability Unit under the Corporate Social Responsibility Committee establishes environmental conservation and energy efficiency targets, methods and projects. The team conducts regular reviews and deliver regular reports to the executives. It also promotes energy efficiency and carbon reduction programs to reduce GHG emissions caused by energy consumption.

• Action plan:



★ Procedure:



• Management action:

GHG inventory

At E.SUN, 88.22% of greenhouse gas emissions are attributed to electricity usage, and 10.28% of emissions are attributed to stationary, mobile (e.g., refrigerant, gas used by company vehicles, and diesel used by power generators) and fugitive emissions (e.g., gas and natural gas). Other indirect emissions (e.g., business travel and waste) account for 1.5% of all emissions. E.SUN conducts greenhouse gas inventory to encourage employees to work with E.SUN in realizing the corporate vision of environmental sustainability to mitigate the impact of climate changes. E.SUN Bank's carbon reduction goal is based on Scopes 1 and 2 emissions. Scope 3 emission from business travel is dependent on the company's business requirement and is therefore not a control target. **In 2018, 2,466 tons of carbon per capita were emitted, down 11.29% in two years compared with the 2,780 tons in 2016. Thus, our goal was achieved.**

To examine performance of execution and incentive strategies, GHG inventory is performed annually. Since 2013, E.SUN has been actively participating in the Carbon Disclosure Project (CDP) initiated by leading international institution investors and has become a CDP supported corporation that discloses climate change related information. E.SUN FHC volunteered to take the CDP water questionnaire in 2016.



Emission type	Scope 1			Scope 2	Scope 3
	Stationary source emissions	Mobile source emissions	Fugitive emissions	Energy indirect emissions	Other indirect
Volume (t-CO ₂ e/year)	80.7855	1,877.7411	557.8168	21,593.1766	366.4499
Percentage (%)	0.33%	7.67%	2.28%	88.22%	100%
Volume (t-CO ₂ e/year)	2,516.3434			21,593.1766	-
Percentage (%)	10.44%			89.56%	-
Coverage rate (%)	100%			100%	95%

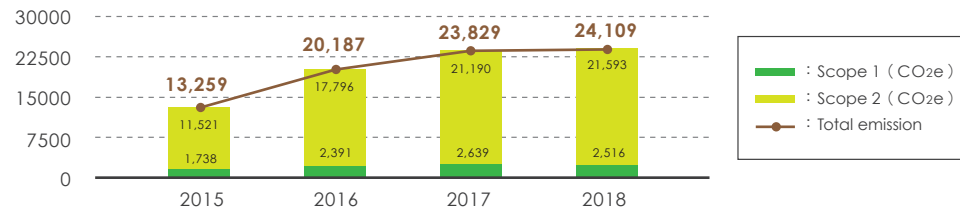
〈 GHG emission of operating sites, domestic and abroad in 2018 〉

Note :

- Scope 1 emission mainly includes car fuel, diesel for power generator and natural gas. Scope 2 emission is mainly electricity.
- Scope 1 and Scope 2 includes all branches in Taiwan and overseas. Scope 3 waste inventory includes all branches and buildings in Taiwan.
- Gasoline, diesel (stationary source), diesel (mobile source) emission parameter from "EPA GHG emission parameter (version 6.0.3 2017/04)" are 2.36 kg CO₂e/L, 2.615 kg CO₂e/L, and 2.651 kg CO₂e/L respectively. IPCC, AR4 is adopted for GWP.
- No biodiesel is used in the reviewed year.
- Electricity parameter is 0.554 kg CO₂e/kWh by Energy Bureau, MOEA 2017.
- According to ISO 14064-1 Greenhouse gases Part 1: Specification with guidance, emission = activities* emission parameter*GWP
- Reference to refrigerant GWP and IPCC, AR4.
- GHG inventory is performed based on operational control. Scope 2 is based on location.

Types of GHG	CO ₂	CH ₄	N ₂ O	FHCs	PFCs	SF ₆	NF ₃	Total emission of 7 GHG
Emission (t-CO ₂ e/year)	23,839.9281	356.1528	61.9582	217.9318	0	0	0	24,475.971
As percentage of total emission	97.40%	1.46%	0.25%	0.89%	0%	0%	0%	100.00%

〈 Emission of respective GHG in Scope 1、2 and 3 (t-CO₂e) 〉



〈 2015-2018 GHG emission 〉

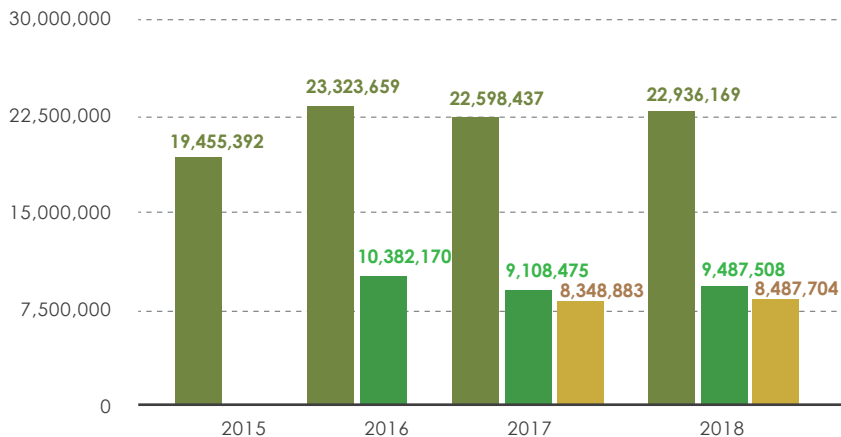
Note :

- In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch. Carbon emission increased as a result.
- In 2017, boundary was expanded to include overseas branches, Hope Campus, Changhwa Branch, and E.SUN Securities. Carbon emission increased as a result.
- In 2016, boundary was expanded to include Summit Campus and Boai Building. Carbon emission increased as a result.
- In 2015, boundary was defined as E.SUN headquarters building and domestic branches.

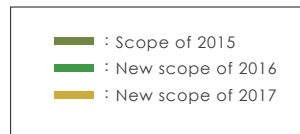
Energy management

■ GRI : 302-3

E.SUN mainly uses purchased electricity (non-renewable energy) in operational activities, with occasional use of petroleum, diesel, and gas.

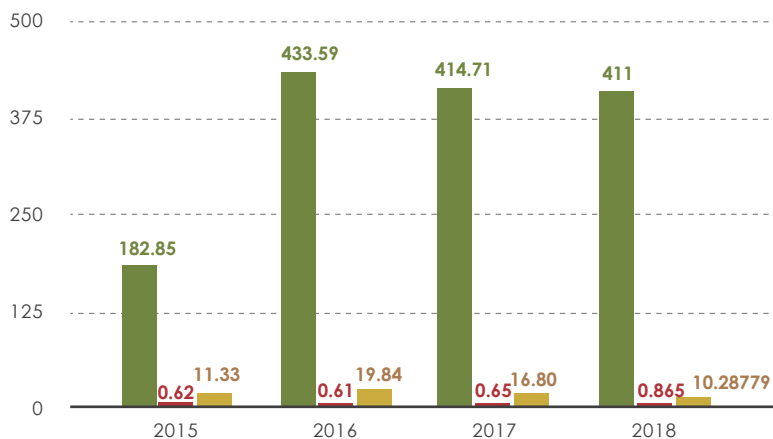


< 2015-2018 power usage >

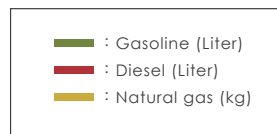


Note :

1. In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch. Carbon emission increased as a result.
2. In 2017, boundary was expanded to include overseas branches, Hope Campus, Changhwa Branch, and E.SUN Securities. Carbon emission increased as a result.
3. In 2016, boundary was expanded to include Summit Campus and Boai Building. Carbon emission increased as a result.
4. In 2015, boundary was defined as E.SUN headquarters building and domestic branches.



< 2015-2018 fuel usage >



Note :

1. In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch. Carbon emission increased as a result.
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3. In 2016, boundary was expanded to include Summit Campus and Boai Building. Carbon emission increased as a result.
4. In 2015, boundary was defined as E.SUN headquarters building and domestic branches.

[Introducing management systems]

In 2013, E.SUN took the initiative to introduce the ISO14001 Environmental Management System. The Environmental Sustainability work group under the CSR Committee oversees matters related to the promotion of environmental policies and promulgation of environmental management policies that are enforced after approval from the president.

[Introducing energy management system]

The Bank has progressively introduced the ISO14001 Environmental Management System and ISO50001 Energy Management System. Our Environmental Sustainability Work Group is responsible for overseeing the promotion of corporate environmental protection policies. Through analysis and review, the group identifies key factors influencing E.SUN's energy consumption and establishes performance indicators and action plans to facilitate continuous improvements, curb energy consumption, and reduce carbon emission effectively.

[Adopting energy-saving equipment]

In line with the government's green energy policy, E.SUN has been purchasing green electricity voluntarily for 2 consecutive years. E.SUN purchased 75,000 kWh worth of renewable energy certificates from the Bureau of Standards, Metrology, and Inspection and Ministry of Transportation and Communications, to promote the development of renewable energy and contribute to environmental protection.

[Solar-powered branches]

To mitigate global warming and climate change and support the transformation of national electricity policies, the Bank started building solar-powered branches in 2017. As at the end of 2018, 13 solar-powered branches have been completed (Toufen, Daya, Dali, Taiping, Shalu, Changhua, Yuanlin, Douliu, Chiayi, Jen-Teh, eastern Tainan, Annan, and Jinhua Branch) installing a total capacity of 99.6 kW, which generates approximately 130,000 kWh of electricity per year.

[Green server room]

We take actions to implement environmental sustainability management. By integrating environmental energy-saving designs and environmental sustainability concepts into Summit Campus and Hope Campus, we developed two LEED Gold-certified green server rooms, making us the first financial institution in Taiwan to obtain this certification.

[Green building]

Green construction was made one of the key initiatives since 2015, with priority given to new buildings. As of 2018, 7 branches have acquired green building labels (Yuanlin, Toufen, Changhua, Annan, Taiping, East Tainan, and Shalu Branches) and the Hope Campus, which was opened in 2017, also obtained the Gold-Level Green Building Certificate. In future, we remain dedicated to creating a sustainable world of eco-friendly green buildings that advocate energy conservation, waste reduction, and health promotion.

[Monthly report on energy conservation and carbon reduction]

The electricity consumption of E.SUN is the main source of GHG emission. To promote a low-carbon environment, the Bank adopts carbon expenses and water and electricity bills as the performance indicator of each business department. Departments must submit monthly reports on energy conservation and carbon reduction, which detail a review of monthly water and electricity bills, a comparison of electricity consumption in the previous period and last year, energy conservation and carbon reduction measures adopted by each unit, and description of reasons and improvement measures if unusual amount of electricity is consumed. The performance of environmental management personnel takes into consideration activities related to environmental sustainability and implementation status so that each E.SUN employee could make it their mission to protect the earth and sustain the environment.

[Digitization and mobility]

Customers are encouraged to use telephone banking services, WebATM, internet banking services, and electronic subscription and to choose electronic statements instead of paper statements.

Video conferencing equipment is made available to reduce the cost of time and travel as well as GHG emission incurred during travel. 4,533 sessions were held in 2018. Example: The annual saving by choosing video conferencing is, calculated at a total driving distance of 105,719 km, 21 metric tons of CO₂e. E.SUN will continue to encourage the energy saving replacement of overseas travel with video conferencing and telephone meetings for employees in different countries.

(Note: the carbon emission was calculated according to the standard of Environmental Protection Administration, Executive Yuan)



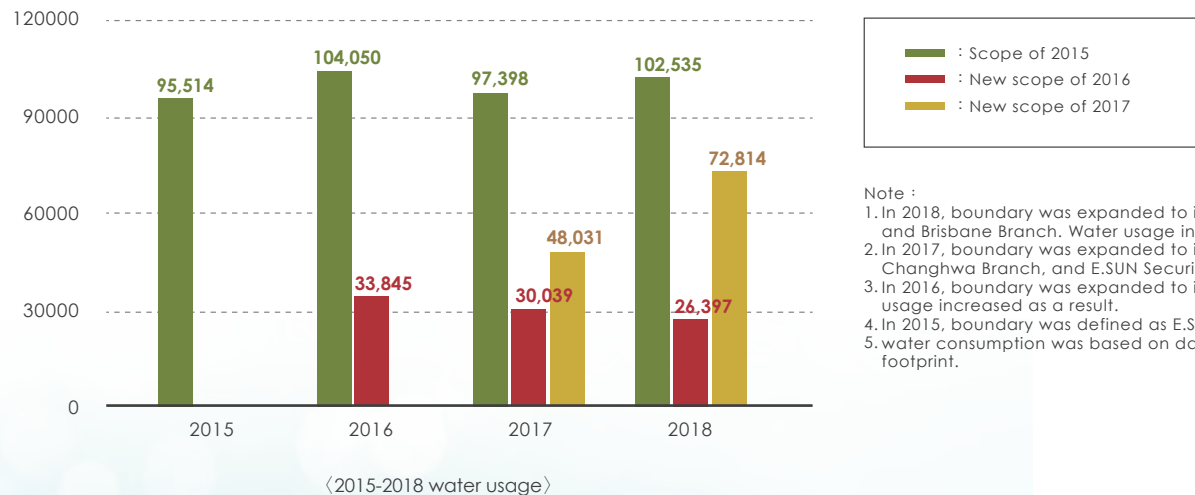
Water Management Measures

E.SUN's water comes 100% from the Taiwan Water Corporation, none of our water comes from groundwater or other sources. Office buildings and operational locations supply water for use by employees and some customers with no overall impact on water sources. Domestic wastewater is discharged via sewers and treated via the sewers.

We currently use ISO 14046 water footprint inventory to obtain an overview of water supplies in different regions. Water footprint methodology was adopted to assess risks of water shortage. E.SUN Bank consumed 201,746 m³ of water in 2018. An assessment using the methodology proposed by Boulay et al. (2016) shows that our current water supply is higher than our monthly data, that water shortage might occur in March and May–November, and that regional water supply is lower than the global standard, possibly causing risk of water shortage. The Company will strengthen the dissemination of information on water conservation.

E.SUN is an active participant in taking governmental actions on water resource management to reduce risks of water shortage. When risks of water shortage are expected at/in certain times/regions, water-saving activities are conducted first to reduce such risk.

In 2018, 16.42 (kiloliter) of water per capita were consumed, down 13.5% in two years compared with the 18.99 (kiloliter) in 2016. Thus, our goal was achieved.



Note :

1. In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch. Water usage increased as a result.
2. In 2017, boundary was expanded to include overseas branches, Hope Campus, Changhwa Branch, and E.SUN Securities. Water usage increased as a result.
3. In 2016, boundary was expanded to include Summit Campus and Boai Building. Water usage increased as a result.
4. In 2015, boundary was defined as E.SUN headquarters building and domestic branches.
5. water consumption was based on data regarding the verification of water scarcity and footprint.



1- Company Information	2- Strategy of Sustainable development	3- Stakeholder Engagement	4- Managerial Governance	5- Customer Value	6- Happy Workplace	7- Sustainable Environment	8- Social Inclusion
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[Declaration of water conservation]

- Support the water conservation policy.
- Implement environmentally friendly lending to support water resources businesses.
- Raise awareness of water conservation in and outside the company to encourage employees and more consumers to join the effort to achieve sustainability.

[Water footprint inventory]

Received certificate of ISO 14064 Organizational Water Footprint Inventory by SGS and covers 100% of operation.

[Water efficiency devices]

- The entire company uses water-efficient appliances with water conservation labels, including dual flush toilets and touch-free flushing urinals.
- Water saving devices are installed to reduce the amount of water coming out of faucets.

[Rainwater recycling]

E.SUN Hope campus is equipped with rainwater recycling system. Processed rainwater is used to water plants or as cooling water for air conditions. A flow meter is installed to measure the amount of water recycled. In 2018, approximately 12,755 tons of water was saved.

[Investigation and follow-ups]

- Water towers, reservoirs, pipes and connections are checked regularly for leaks.
- Water resource utilization at the headquarters building and branches across the country is monitored regularly, and water saving results from each unit are published regularly for review and discussion. Abnormal utilization will be investigated to ensure the energy efficiency policy is enforced.
- Daily drinking water is subject to regular inspection and maintenance every month. Sampling and testing are performed by a testing agency approved by the central competent authority every three months. Filters are replaced every six months to ensure the water is safe to drink.

Waste Management

E.SUN headquarter building generates domestic wastes, which are sorted into general waste, recyclables and food waste in order to facilitate implementing waste reduction and resource recycling and reuse. Employees sort their own wastes in the temporary waste storage area. The building management then collects and stores all rubbish in the waste sorting area on Floor B3. General waste is removed by licensed refuse collection operators and taken to incinerators, while recycling companies are notified to collect recyclables.

In 2018, 89.42 kg of waste per capita were generated, down 5.24% in two years compared with the 94.37 kg in 2016. Thus, our goal was achieved.

Previously, we only conducted inventory our E.SUN Financial Building. In 2018, we redeveloped our waste management plan and expanded the scope of inventory to include all branches in Taiwan and E.SUN Securities.

	2015	2016	2017	2018
General waste (kg)	1,006,691	785,735	809,530	634,803
Recyclables (kg)	302,007	235,721	242,859	190,525
Waste (kg)	704,684	550,014	566,671	444,278
Data coverage ratio (inventory/estimate)	100% (12% / 88%)	100% (14% / 86%)	100% (15% / 85%)	100% (95% / 5%)

Note: Waste = General waste - Recyclables

(2015-2018 Waste generation – E.SUN headquarters building)

[Resource classification Recycling/reuse Management]

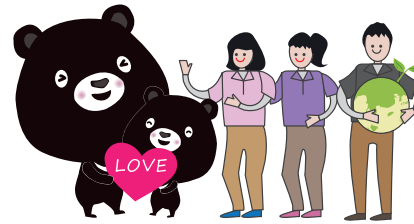
- In response to the compulsory garbage separation policy promulgated by the Environmental Protection Administration, Executive Yuan in 2018, E.SUN enforced the Waste Management Program, which requires bank wastes to be classified into general waste, recyclables and food waste. Every day, each unit must weigh its wastes before discarding them and enter the measured weight on a reporting system. Thus, garbage separation is implemented to increase the efficiency of resource recycling, reduce general wastes, strive toward the long-term goal of zero-waste generation, and contribute to recycling and reuse of natural resources.
- As a response to the restrictions on the use of plastic bags imposed by the Environmental Protection Administration in 2017, we banned the use of plastic bags at the fruit collection station in our employee canteen. Employees are encouraged to bring their own reusable grocery bags.
- E.SUN FHC is the first financial institution in Taiwan to comply with the city government's total ban on disposable utensils and melamine tableware. Within just 2 months, 10,000 disposable utensils and melamine tableware used in the employee canteens of the E.SUN Headquarter Building, Summit Campus, and Hope Campus were replaced with environmentally friendly utensils. This effort is expected to reduce approximately 600,000 paper containers, which translates to a reduction of 16,320 kg in weight and the height of 5.3 Yushan Mountains if the containers were stacked together (Note: if a paper container weighs 27.2 g and measures 3.5 cm in height, the height of Yushan is 3,952 m). In addition to ensuring the health of 2,500 employees at E.SUN FHC, we also endeavor to reduce waste, protect the earth, and create a healthy and eco-friendly culture.

[Paperless process]

- We invited customers to help conserve paper by not using print-out statements. All 866 ATMs nationwide an environmental protection promotion channel encouraging employees and customers to get in the habit of conserving energy.
- A total of 1,248 e-Learning sessions were held in 2018. The sessions were attended by 357,582 participants. The estimated saving on paper was 142,500 sheets, roughly the equivalent of 8 metric tons of CO₂e.
- E.SUN enforces paperless processes in the office, electronic payroll, electronic training materials, and double sided printing. Printers should be set to print on both sides or multiple pages on one side to save paper and ink. The electronic document system replaced its paper equivalent in 2016. The change led to a reduction of 3.5 metric tons of CO₂e in 2018.
- Credit cardholders are encouraged to opt for electronic statements. 860,000 cardholders have applied for the service. The equivalent paper consumption is 41.28 million sheets, which translate to a saving of 231 metric tons of CO₂e.

(Note: According to the EPA Taiwan Carbon Footprint, the carbon emission of one sheet of A4 paper is 0.0056 kg of CO₂e.)

7.2 Sustainable ecosystem



■ GRI : 304-3 、 304-4

Taiwan Formosan Bear conservation

The Formosan black bear is Taiwan's sole native bear species. The survival of the black bear not only implies the preservation of this species in Taiwan, but also implies protecting the integrity of Taiwan's forest ecosystems and overall biodiversity. Since 2012, E.SUN FHC has been working with Taiwan black bear conservation and restoration units, including the Taiwan Endemic Species Research Institute, COA, Yushan National Park Administration, Taipei Zoo, and the Taiwan Black Bear Conservation Association to promote a series of black bear conservation activities. Responding to the need for conservation and protection of biodiversity in Taiwan, as well as to encourage people to cherish the Earth, we seek to use our corporate advantages to induce public concern for conservation issues, and take tangible actions to support black bear conservation.



E.SUN Takes Actions to Protect Taiwan Black Bears

1. Financial Expertise

Use of our financial core competencies in the conservation of Taiwan black bears fully shows our determination to promote the conservation of Taiwan black bears and encourage more environmentalists in Taiwan to join our initiatives.

2. Conservation Promotion

Through the active and vivid lecture, we built people's knowledge about conservation issues and activities of Taiwan black bear and encouraged people to protect Taiwan's unique species together.

- Issuance of Taiwan's first credit card combining conservation and environmental concept—the "Black Bear Affinity Card."



the "Black Bear Affinity Card."

E.SUN Bank cooperate with Taipei Zoo to issue Taiwan's CSR credit card, combining conservation and environmental concepts—the "Black Bear Affinity Card." Whenever a transaction is made using this card, 0.2% goes to an animal conservation fund. This fund has made NT\$6 million donation to Taipei Zoo, and was used for black bear conservation, habitat protection, restoration of Taiwan's native species, and environmental education program. Customers who use purchases made with the "Black Bear Affinity Card" to contribute to Taipei Zoo, Taiwan Black Bear Conservation Association, Animal Protection Association of the ROC, and Taiwan Environmental Information Association will also receive triple bonus points.

- 「Conservation of Formosan black bear」 stickers and notebooks

We designed interesting stickers and notebooks, which embedded the behaviour, living habits, and conservation information of Formosan Black Bear. To advocate the importance of Formosan black bear conservation in Taiwan for clients and people.



- Formosan Black Bear's Miasan

We cooperated with the Yushan National Park Administration Office to sponsor the publication of a picture book—Formosan Black Bear's Miasan. The book is available in all 139 branches in Taiwan and 137 E.SUN Libraries to educate people on the importance of Formosan black bear conservation in Taiwan.

- Adopting trails in Yushan National Park trail

We have adopted and maintained trails in Yushan National Park trail for eight consecutive years, and use this opportunity to promote conservation and environmental education. We encourage E.SUN employees to participate and together do their part to protect the environment.



3. Education Promotion

Through the active and vivid lecture, we built people's knowledge about conservation issues and activities of Taiwan black bear and encouraged people to protect Taiwan's unique species together.

- Introducing a "Black Bear Branch"—Taiwan's first branch that features themes on animal conservation



Formosan black bears are classified as endangered wildlife animals. Dafen Shan in Hualien County is home to the highest number of Formosan black bears and whence derived its name Kingdom of Bears. E.SUN Bank Hualien Branch used topics on Formosan Black Bears to introduce Taiwan's first branch that features themes on animal conservation—Black Bear Branch, which infuses the value of conservation and ecological diversity and advocates the notion of coexistence between people, nature, and wildlife animals, in hopes of laying a foundation for the conservation of Formosan black bears.

We specifically constructed a black-bear themed branch. In terms of spatial design, customers are welcomed by a large black bear figure as they enter the branch lobby. In the waiting area, there is a large plasma TV showing a documentary of Yushan protected bears produced by the Yushan National Park Administration Office; there are also black bear pictures mounted on the wall. Moreover, the lobby also contains a black bear learning area where a diverse range of information on the conservation of Formosan black bears is presented. Thus, customers could read about animal conservation as they wait to receive financial services. The ATM automated service area in the branch is also decorated and filled with pictures of Formosan black bear.



- "Bears Love E.SUN: Black Bear Conservation" Seminars



For four years in a row, E.SUN has collaborated with the Taiwan Black Bear Conservation Association to hold black bear conservation lectures in northern, central, eastern, and southern Taiwan. This year we have held lectures throughout Taiwan for a period of 3 months, starting from April 24 and ending on June 12. Our target audiences were students from 15 elementary schools in Tainan (e.g., Anding Elementary School, Yuejin Elementary School), Kaohsiung (e.g., Mingzheng Elementary School, Sanmin Elementary School), and Pingtung (e.g., Yi-Li Elementary School, Taiwu Elementary School). In total 75 sessions attended by 3,750 students have been held over a period of 4 years. Through these lectures, we hope to improve students and teachers' knowledge on the conservation and biodiversity of Formosan black bears so that concepts of ecological conservation are taught at a young age.



● Promoting environmental sustainability

■ FS4

E.SUN has made a long term commitment to environmental sustainability. Environmental education in the workplace, events and activities, environmentally friendly products, installation of low carbon equipment, and support for environmental conservation programs in Taiwan and overseas all reflect E.SUN's determination to take action and encourage more people to join the effort.

Promoting environmental sustainability by partnership with different fields and different industries

Employee participation

- Elevation of environmental awareness by holding **12** educational sessions.
- Promotion of low carbon diet among employees and reduced **2.8** tons of CO₂e.
- Promotion of recycling/reusing and collected **8,136** new or used items.
- Environmental protection activities with **7,500** person-time volunteered

Customer engagement

- Engaging customer in low carbon life. More than **1,660** rental station for E.SUN YouBike.

Cooperation with the government

Responding to Taipei City Government's policy to elimination of disposable and Melamine tableware. The reduction of disposable meal box was univalent to height of **5.3** Jade Mountain, had the boxes been stacked up all together.

Co-working with NGO

- Partnership with NGO to protect the environment and eco-system. (long term sponsorship of Yang-Ming National Park trails maintenance plan and butterfly season)
- Responding to domestic and international environmental protection initiatives. (lighting and low card transportation)

E.SUN's actions in environmental sustainability

First in the Financial Sector! Supporting the city government's total ban on disposable utensils and melamine tableware

- > A total ban on disposable utensils and melamine tableware in employee cafeterias

In order to cultivate a healthier and more eco-friendly dining environment, E.SUN FHC has actively responded to the Taipei City government's call for a total ban on disposable utensils and melamine tableware by opening three large-scale employee cafeterias in Taiwan (including at the E.SUN Headquarter Building, Summit Campus, and Hope Campus). As a result of our efforts, we eliminated the use of 10,000 disposable containers and melamine utensils within just two months, leading to an estimated reduction of about 600,000 paper containers weighing roughly 16,320 kg. If these containers were stacked together, they would be about 5.3 times as high as Yushan, Taiwan's tallest mountain!

Educated employees on low-carbon diet

- > E.SUN Vegetables Day on Mondays
- > Food made from local food ingredients

- Vegetarian meals are served on Mondays in employee canteen. This not only encourages employees to eat more vegetables and consume less meat but also reduces the production of carbon dioxide by the animal husbandry industry. This effort has been supported by 3,608 employees in the E.SUN Headquarter Building, Summit Campus, and Hope Campus, and Hope Building every week, reducing carbon emissions by roughly 2.8 tons CO₂e. (Note: For every person who does not eat meat, 780 g CO₂e of carbon emission can be reduced.)
- From E.SUN headquarter building to training center and branches to families, our employee canteens purchase food ingredients from local food producers or neighboring areas, on the premise that a healthy balanced diet is maintained. Adequate quantity of seasonal food ingredients is purchased in order to shorten the carbon footprint by reducing food wastes and resource wastes during the transport and refrigeration process. We also show our support for organic farms by providing employees with organic fruit vouchers.

Elevation of employees environmental protection awareness

- > 13th of every month is "E.SUN Environment and Energy Saving Education Day"

13th of every month, the environmental volunteers promote knowledge of environmental protection. Some educational material is displayed on e-Learning platform. Besides, 13th is also the cleaning day, when employees would clean the office environment to realize the 4R concept- Reduce, Reuse, Recycle, and Refuse into practice.

Subjects of 2018 Environmental education

JAN. Thank you for your environmental efforts.	JUL. Come on everyone! Show your love for Taiwan by saving water!
FEB. Let's protect the environment on Chinese New Year.	AUG. Less meat, more green.
MAR. 2018 Earth Hour, switch off the lights to advocate energy saving.	SEP. World Car Free Day—Reduce carbon, love earth.
APR. Clean your environment and get rid of standing water to prevent dengue fever.	OCT. Let's restrict our plastic use! How do we choose environmentally friendly straws?
MAY Terminate plastic pollution on Taiwan Earth Day.	NOV. Work hard, promote green low-carbon economy for fresh air
JUN. Let's reduce air pollution, starting from you and me.	DEC. This is how you pick green gifts

Encouraged employees to cherish and reuse resources

- > Resource Circulation and Charity Sale activity
- > 13-Book Lovers: Magazine circulation day activity



- For 7 years in a row, managers and frontline employees at the E.SUN Headquarter Building and Summit Campus have taken the initiative to hold the "Resource Conservation Charity Sales Event", which includes a silent auction for second-hand items and brand new products to help squeeze more out of existing resources. In 2018, volunteers and colleagues who participated in the event donated a total of 8,136 brand new and second-hand items. In addition, all proceeds from the charity events were donated to the "Concern for Schoolchildren Program". In 2018, the charity event raised over NT\$6.17 million along with 300 shares of E.SUN stock which will directly help cover the first semester costs of more than 5,000 elementary school students. Besides, we specially hosted a E.SUN Environmental Volunteers's Recycling Economy lecture this year, to make volunteers realize how to reuse the idle goods by recycling and sustainable manners. Moreover, to utilize the resources efficiently can reduce the cost of arranging wastes. At the same time, we encouraged our employees to make effort for environmental sustainability by cherishing resources in the daily life.
- In order to realize E.SUN's environmental protection spirit, the "13-Book Lovers: Magazine circulation day activity" has been held at the E.SUN Headquarter Building. In order to effectively achieve the goal of resource sharing, we collected the magazines that various departments had subscribed to (or had received as donations), along with employees' own books, magazines, CDs, and DVDs, they were made freely available to employees We totally collected 2,188 items in 2018, and circulated 1,467 items, for a circulation rate of 67%.

Environmental protection volunteer activities

- > "Beautiful Taiwan, Smiling E.SUN" environmental clean-up activity

- E.SUN FHC has held a clean-up activity (Smile E.SUN) for nine consecutive years in a row in response to the World Clean-Up Day. Between October 5 and November 17, employees from E.SUN FHC, E.SUN Bank, and E.SUN Securities were gathered to clean up beaches in 18 coastal areas across Taiwan as well as surrounding areas of 197 business units. In total, 7,500 employees participated and cleared out eight tons of waste. They took actions to reduce plastic and waste to safeguard their beautiful homeland.



Cooperated with NGO in environmental protection and ecological conservation

- > Promoting butterfly conservation
- > Adopting trails in Yushan National Park trail

- E.SUN has co-organized the "Yangmingshan Butterfly Festival" in Yangmingshan National Park for six years in a row. This event promoted butterfly habitat conservation and environmental education, including butterfly ecology exhibitions, guided butterfly-watching tours on Yangmingshan, butterfly poems, butterfly paintings, and butterfly photography. In 2018, we invited students and teachers from Nanrong Elementary School, which is a part of the E.SUN Golden Seed Project, to participate in the butterfly ecology exhibitions.
- We have adopted and maintained trails in Yushan National Park trail for ten consecutive years since 2009, and use this opportunity to promote conservation and environmental education. We encourage E.SUN employees to participate and work together to protect the environment.



Supported domestic and international advocacy on environmental protection

- > Lights off for the summer solstice
- > International Car Free Day
- > Earth Hour
- > Turn off the lights for the Mid-Autumn Festival: Appreciating the rightness of the Moon

- E.SUN participates in the Society of Wilderness' "Lights off for the Summer Solstice" activity by turning off sign lighting at all branches from eight o'clock to nine o'clock on the evening of the summer solstice—the longest day of the year, and inviting employees to join in. While relying on tangible actions to reduce energy consumption, this activity also encourages everyone to turn off their 3C products, go outside, personally appreciate the environment, learn how to adapt to a new lifestyle, and reflect on how everyone has the power to change the world.
- On 2018 International Car Free Day, E.SUN used its website, internal publicity, and Ubike marketing activities to encourage employees to come to work using a low-carbon means of transportation, such as mass transit, cycling, walking, or carpooling, and let employees participate in the various Car Free Day activities held in different areas to advocate eco-friendly lifestyles.
- The Earth Hour activity was initiated by the World Wildlife Fund in Sydney, Australia. At eight o'clock in the evening on the last Saturday in March, many landmark buildings and corporate towers switched off their lights to save power, and employees, customers, and nearby residents were encouraged to follow suit. For the seventh consecutive year, E.SUN took part in this activity by turning off power to horizontal and vertical signs at all branches one hour early.
- E.SUN responded to Gold FM's "Turn off the lights for the Mid-Autumn Festival" activity by turning off the lights of all vertical and horizontal signs at all branches from eight o'clock to nine o'clock on the evening of the Mid-Autumn Festival. All employees were encouraged to also turn off their household lights for the same one-hour period in this very simple and healthy activity showing our love for the Earth.



7.3 Supplier Management

■ GRI : 102-9、102-10、204-1、205-2、308-1、408-1、409-1、412-3、414-1



E.SUN cooperates with over 1,000 supply chains include service supply chains, equipment supply chains, and project contractors; the service includes postal services, logistics, security, electronic equipment, telecommunications, furniture, civil engineering, and architectural design.

E.SUN has set a priority to purchase from Taiwan's or overseas branches' local suppliers. Regarding supplier management, E.SUN follows the E.SUN Bank Administration and Management Regulations and selects qualified suppliers. The Company works only with suppliers that comply with local regulations, have signed the Statement of Commitment to Human Rights and Environmental Sustainability, and adhere to the E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers. The statement clearly specifies E.SUN's requirements and expectations of the supplier regarding environmental health and safety, prohibition of child labor, labor management, elimination of any form of forced labor, absence of damage to basic labor rights, basic human rights, the code of ethics, and ethical management. Between 2016 and 2018, 100% of tier-1 suppliers signed the code of conduct.

To enhance supplier management practices and guide suppliers to engage in CSR-related tasks, we introduced the Supplier's CSR Self Assessment Form and, according to the Supplier Onsite Visit Questionnaire, occasionally pay onsite visits to key suppliers and record the results. The purpose of the visits was to verify the status of corporate social responsibility practices by suppliers. The assessment covers economic, environmental, and societal dimensions as well as green management practice. Furthermore, 100% of the new suppliers added in 2018 were selected in accordance with these principles. No significant deficiency and changes were discovered.

We followed the Supplier Management Guidelines to carefully select suppliers who are able to provide products that meet environmental, safety, or health standards. Management efficiency is enhanced by following the plan-do-check-act procedures of supplier management:



● Supplier training

We require suppliers performing highly dangerous work, including subcontractors in new building projects or branch renovation projects, to comply with the Occupational Safety and Health Act. In addition, responsible persons of said suppliers and E.SUN employees must provide health and safety training for the operators involved and raise awareness against danger in order to reduce injuries in the process. No construction accident related injury or death occurred in 2018.

Ethical corporate management: Where the total purchase of goods and services exceeds NT\$1.5 million in a year, E.SUN will meet face-to-face with the supplier to discuss business philosophy and highlight the importance of ethical corporate management.

● Green procurement

To reach SDG 12 responsible consumption and production, we support EPA's green living and spending policy and follows the principle of green spending and environmentally friendly procurement. E.SUN has actively purchased environmentally-friendly products, green consumption and procurement, including Green Mark, Energy Mark, Water conservation Mark, and GreenBuilding Material Mark since 2010. We also raised green building material use to 45% (compared with the standard of 30%), as of 2018 the total purchase amount reached NT\$786 million.

Green procurement principle

- Priorily purchase and use building materials, equipment, and apparatus bearing the Green Mark or Green Building Materials Mark and complying with legal requirements.
- Priorily purchase recovered, recyclable, low pollution, energy-saving products. We refuse to purchase products that are excessively packaged, dangerous to the environment, and cannot be readily decomposed, as well as machinery and equipment with high energy demands.
- In order to facilitate modification, renovation, and redecoration for units, procurement must be standardization and consistency.
- Purchased products that can enhance customer's safety and fulfill corporate social responsibility.

E.SUN continues to participate in the EPA's Green Procurement Program for Private Enterprises and Organizations. The company purchases EPA approved products and Category 2 or 3 environmentally friendly products. E.SUN has been named an outstanding benchmark organization for "Green Procurement by Private Enterprises and Organizations" by Taipei City Department of Environmental Protection 10 years in a row and an outstanding benchmark organization for "Green Procurement" by the EPA for 9 years in a row. The goal is to facilitate an upgrade of the green industry through green procurement and improve the conditions regarding the environment as a whole.

Meanwhile, we exercise our influence through purchases and sales to raise awareness of environmental conservation and green spending among business partners and encourage them to invest in the development of green products and technology (details of green products shown in 5.3 Sustainable Finance) in order to create opportunities in sustainability together.



8 - Social Inclusion

Built a total of
137 E.SUN libraries



Held the blood donation
event for **19** consecutive years
and a total of **5,298** bags of blood
were donated by **3,700** people
in year 2018



Received the Social
Empowerment Award
from Enterprise Asia



Care for Student Program
13 thousand
person-times enrolled



2018 Objectives	Result
Make donation to build 12 new E.SUN Libraries	✓
Increase donation by 10% through the Concern for Schoolchildren Program	✓
Continue to invest in habitat for humanity and charity clinic activities in Cambodia	✓

✓ : Complete

2019 Objectives

Medium/Long term goals

<p>Make donation to build 12 new E.SUN Libraries</p>	<p>Complete around 200 E.SUN Libraries by 2025</p>
<p>Help 13,000 students through the Concern for Schoolchildren Program</p>	<ul style="list-style-type: none"> • Help more than 100,000 students by 2022 • Invest an estimated total of NT\$40 million by 2020 through the 5-year E.SUN Academic Award plan
<p>Continue to conduct charity activities, such as Overseas Volunteer Clinics and Community House Building Project</p>	<p>Help 40,000 people in Southeast Asia to improve their health by 2025</p>

8.1

Academic Education

E.SUN Golden Seed Project



Since 2007, in order to improve the reading environment in rural areas, E.SUN launched the "Golden Seed Project", connecting the VIP customers to the needed children with "E.SUN World Card", which is Asia's first credit card appealing for public welfare. By 2018, a total of 137 E.SUN libraries had been completed in remote or resource-poor areas of Taiwan, more than 310,000 books were donated, supported by 180,000 World Card VIP customers and more than 80,000 children were benefited. E.SUN will further realize the goal of SDG 4 to improve the quality of children's learning environment.

E.SUN Academic Award



Since 2010, E.SUN established the "Academic Award" to encourage professors in the college of management who published papers in the Top 3 international journals within their respective fields of research. As of 2018, the E.SUN Academic Award has been awarded to 26 professors, and the research scope ranging from finance, accounting, marketing, IT management, operations management, to organizational management. Some of the winning professors have broken the record for first paper published by Taiwanese author in an international journal, effectively demonstrating excellent results.

E.SUN Outstanding Talent Scholarship



Since 2005, E.SUN established the "Outstanding Talent Scholarship" to encourage students to become influential figures to Taiwan's future. In 2018, the scope expanded to management, technology, music and arts. And there are 13 outstanding students who were awarded. In addition, E.SUN established the "ASEAN Talent Scholarship" to encourage students from Cambodia, Myanmar, Vietnam and other countries to study in Taiwan. As of 2018, a total of 117 students have awarded.

International Gurus Forum – W. Chan Kim & Renee Morborgne



Since 2012, E.SUN has hosted the international gurus forum for seven consecutive years. In 2018, W. Chan Kim & Renee Morborgne, known for Blue Ocean Strategy, were invited to Taipei and Hsinchu on shifting from competitive markets to the potential market. The two masters had good interactions with Taiwanese entrepreneurs, scholars and customers. Through the blue ocean perspective, strategic tools, and the humanized process, we will find successful transformation routes for companies.

Year	Management	Technology	Music & Arts	ASEAN	Total amount
2016	8 persons	-	-	-	NT\$ 1.6m
2017	9 persons	-	-	-	NT\$ 1.8m
2018	6 persons	3 persons	4 persons	5 persons	NT\$ 2.7m

● E-Book collection workshop



E.SUN has organized E-Book Collection activities to close e-learning gaps in remote areas and to accelerate the development of digital interactive learning. In 2018, this activity was participated by 112 teachers from elementary, junior high, and high schools who have an interest in digital teaching.

● Picture Book Workshop



E.SUN prides itself for the focus that it places on the publication and creation of Taiwanese picture books to assist children to showcase their talents and pursue their dreams through the creation of picture storybooks. In total, 80 teachers actively participated in the 2018 Picture Book Workshop to learn how to teach children by using picture books.

● E.SUN AI and FinTech R&D Center



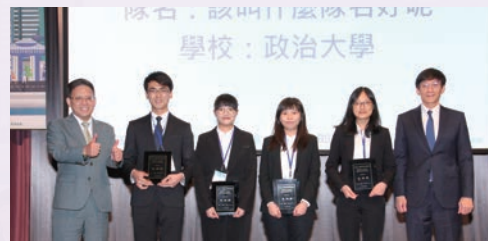
As the first bank in Taiwan to establish a FinTech R&D center in a top-rated university, E.SUN has cooperated with seven professors from Department of Computer Science and Department of Information Management and Finance of the National Chiao Tung University. The objective of this cooperation was to apply AI and machine learning technologies in marketing, risk, wealth, securities, and related areas to provide smarter financial services for customers.

● E.SUN Artificial Intelligence Open Challenge



E.SUN Bank is the first in Taiwan to host an AI Open Challenge, which involves brainstorming activities to solve business problems that E.SUN has encountered in real life. More than 400 teams were gathered in the first round of the competition. A FinTech performance stage was created for Taiwanese talents through this challenge.

● Industry-academia cooperation closes industry-academia gap and fosters talented FinTech experts



E.SUN has organized SAS Big Data Scientist Competition and E.SUN Hackathon, which provides opportunities for students to think of creative ideas and experiment with their ideas. Through attempting to solve financial issues, they can understand financial industry more comprehensively.

● Campus seedling project closes knowledge-application gap



Summer internship program provides students with opportunities to actually participate in departmental operations and conduct research on specific topics to obtain an overview of the financial industry. The program also helps students to broaden their perspective and explore career possibilities. In 2018, there were 40 students from prestigious universities in Taiwan and overseas. This program has cultivated more than 100 interns since 2016. Digital banking and financial transaction learning modules were provided to 30 students in 2018 to help students who have definitive development goals to prepare for the broad career opportunities that will be presented to them after graduation.

8.2

Arts and Humanities

Play ARTs Kids' Creativity Workshop



In October 2018, E.SUN invited 100 students and teachers from Xinsheng Elementary School and Jianyang Elementary School in Yunlin County to visit the event Flowers of Immense Charm: A Masterpiece Exhibition by Four Major Museums, which was held in the National Taiwan Museum of Fine Arts. DIY workshop involving the sculptures of Pu Tian-Sheng was also organized to take children from remote areas on a journey of arts appreciation. Reading activities were also held to educate children on the creation of aesthetic works.

Vienna Boys' Choir



E.SUN has been inviting the Vienna Boys' Choir to perform in Taiwan for 8 consecutive years since 2011, and will continue to organize the concerts. In 2018, 6 concerts were held at Taipei, Hsinchu, Taichung, Tainan, and Pingtung and attended by 7,000 in total.

Die 12 Cellisten der Berliner Philharmoniker



(The 12 Cellists of the Berlin Philharmonic)

E.SUN collaborated with renowned cello player Chang Chen-chieh in June 2018 and collectively invited the world-class 12 Cellists of the Berlin Philharmonic to perform in Taiwan to an audience of roughly 2,000. A special charitable concert for parents and children was also hosted. All proceeds from sold tickets were donated to support the E.SUN Golden Seed Project.

For Mothers~ Mother's Day Music Concerts



E.SUN has organized 21 music concerts for Mother's Day since 1997. In 2018, music concerts were held in the National Taichung Theater and National Cheng Kung University Cheng-Kung Auditorium to an audience of 2,400. The music concerts were performed by E.SUN choir group, partnering groups, and elementary school students, who sang songs to thank mothers for their time, effort, and unconditional love. Mothers of E.SUN employees and customers were invited to enjoy a beautiful and sensational night of singing.



● Mini lanterns at the Taiwan Lantern event by the Tourism Bureau



For 16 years in a row since 2003, E.SUN has sponsored the making of mini zodiac lanterns, which was organized by the Tourism Bureau of the Ministry of Transportation and Communications. The theme in 2018 was the Chinese zodiac Dog. Citizens and foreign tourists were particularly fond of a paper dog lantern named Dali Dog, which was made by infusing features of Taiwan and elements of nature.

● H.O.T Hybrid Original Tournament



E.SUN has sponsored the H.O.T Event for five years in a row since 2014. For the 6th event, 301 teams had signed up and 12 teams from senior high schools and 12 teams from universities were enrolled. There were 426 people in the finals, and the live broadcast attracted 23,596 views. The tournament had brought different industries together to promote the development of original music and cultivation of potential creators.

● The Voice of an Angel: Music concert for parents and children



In 2018, E.SUN collaborated with renowned cello player Chang Chen-chieh, who invited the legendary Taiwanese opera singer and national treasure Liao Chiung-Chih, Beijing opera star Chu Lu-hao, and Taiwanese female soprano Mewas Lin to perform in a music concert where an audience of 3,200 including fans and E.SUN customers were able to relax and enjoy the beautiful voices of our previous generation.

● Zero Distance - Dream Come True Project at National Theater and National Concert Hall



E.SUN has organized Zero Distance – Dream Come True Projects for 4 consecutive years since 2015. A total of 600 children from 19 elementary schools in remote regions participated in the project in 2018.

● Yilan International Children's Folklore and Folkgame Festival



We have co-organized the Yilan International Children's Folklore & Folkgame Festival for the ninth consecutive year since 2010. The event is designed for aesthetic education, international exchange, local cultural experience, and interaction with visitors, integrating folklore and folkgames with water for visitors to have the best time possible. The number of visitors exceeded 400,000 in 2018.

8.3

Community Involvement Series

E.SUN Cares for Children at School Program



E.SUN Concern for Children Program provides long-term assistance to children who come from economically disadvantaged family or encounter family emergency. The program enables children to concentrate on schoolwork and at the same time alleviates their family's financial burden. Each elementary school student is subsidized NT\$2,000 per term to pay their tuition and miscellaneous fees, textbooks, extracurricular activities, after-school counseling, or other expenses. The Cycling Across Taiwan event was incorporated in 2018. For every kilometer ridden by the riders, E.SUN donates NT\$10,000 to the "Caring children Project". At the end of the event, NT\$10 million in total was donated, helping 5,000 underprivileged children to study and grow up care-free. Combined with the voluntary donations made by E.SUN employees, NT\$26.04 million in total was donated to the "Caring children Project" in 2018. Over the past three years, NT\$67.79 million in donation were collected, helping 33,897 underprivileged children.

By continuing to leverage the influential power of E.SUN, we helped more underprivileged children to study at ease and grow up happily.

Year	People counts benefited	Donation (NT\$)
2016	10,284	20,568,000
2017	10,590	21,180,000
2018	13,023	26,046,000

< Last 3 year results of the program >

Cares for Orphanage Children Program



E.SUN volunteers continuously share loves and cares with orphanage children for consecutively 15 years. They accompany with children for activities including movies and arts appreciation, visiting baseball games, playing basketball game, visiting amusement park, farm experience, and environmental cleaning, coordinated by volunteers from northern to south areas in Taiwan.

In 2018, a total of 311 E.SUN volunteers participated in the program and held 12 sessions sharing warm and happy life experience together.

Year	Sessions	Volunteers
2016	9	305
2017	9	320
2018	12	311

< Last 3 years results of the program >

"Love Links to More Loves" Blood Donation Event



To alleviate shortage of blood and help those in need, E.SUN has initiated blood donation activities for 19 consecutive years, specifically during winter and summer vacations when seasonal blood shortages occur. In 2018, we partnered with six chartered specialist associations, including Accountant, Medical, Dental, Chinese Medical, Architects, and Lawyer associations, and Nanshan Insurance separately to hold blood donation activities. E.SUN will continue to organize blood drives in order to draw more attention on love and care for the needed.

Year	Blood bags (Unit: 250cc)	Year	Blood bags (Unit: 250cc)
2014	4,636	2017	3,857
2015	4,352	2018	5,298
2016	4,284		

< Last 5 years results of blood donation >



● Share Love to Southeast Asia



[Overseas Volunteer Clinics]

In 2018, E.SUN partnered with Mackay Memorial Hospital to organize Overseas Volunteer Clinic in Cambodia for 3 years in a row. Mackay Memorial Hospital and Taiwan Oral Care Association (TOCA) provide medical professional assistance, while E.SUN volunteers of Union Commercial Bank in Cambodia, one of E.SUN's subsidiary, participated in the volunteer clinics activity as interpreters and helped to distribute supplies. In total the activity offered free medical cares for 2,400 people, and 2,500 kg of rice food for remote and disadvantaged family.

While developing in Asia, E.SUN continues to manage and operate locally, sharing financial experience with local financial institutes and showing love and care with local community to enhance local financial inclusion and development, which linking to the SDG17, Global Partnership.



[Cambodia Community House Building Project]

E.SUN partnered with a social enterprise, ELIV, to donate and build houses in remote areas in Cambodia. In 2018, 21 E.SUN volunteers visited and interviewed local families assisting to rebuild houses, and offering necessary goods and food, while accompany with local children share history and culture across different countries.

Year	Community House Building	Overseas Volunteer Clinics
2016	<ul style="list-style-type: none"> Constructed 1 classroom with desks and chairs in Myanmar. 	<ul style="list-style-type: none"> Provided volunteer medical service to over a thousand patients in Cambodia. Arranged for 1 Cambodian child to have open heart surgery in Taiwan.
2017	<ul style="list-style-type: none"> Constructed 22 buildings, 14 public bathrooms, 1 classroom in Cambodia. Constructed 1 school and 2 classrooms in Myanmar. 	<ul style="list-style-type: none"> Provided volunteer medical service to 1,180 patients in Cambodia and donated 500 kg of grains. Provided volunteer medical service to 2,091 patients in Myanmar and provided health education to 1,374 people.
2018	<ul style="list-style-type: none"> Constructed 24 buildings, 16 public bathrooms, 3 wells/2 water filtration systems in Cambodia. Constructed roads around 1 school and constructed 2 classrooms in Myanmar. 	<ul style="list-style-type: none"> Provided volunteer medical service to 2,400 patients in Cambodia and donated 2,500 kg of grains.

(Result of Cambodia Community House Building Project)



Sharing from Meng Heng_ UCB Cambodia

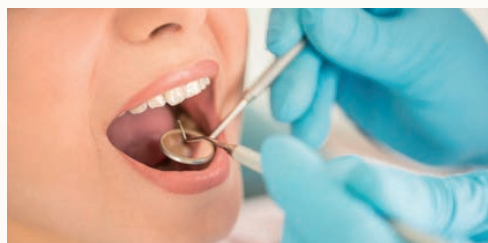
I was very pleased to attend this voluntary event and got wonderful experiences from three activities. First, building houses is a hard task but our team still made it. The family which owned the house were very happy and our love were accepted by them. Second, in the on-site visiting village, people made me understand the living conditions of the isolated village. Being a Cambodian, it means a lot to me to understand more about current situations within this country. Third, I got a lot of experiences by participating the experience sharing section with the team. I will remember all the touching stories and ideas.

● Supporting Organic Agricultural Development – E.SUN Maravi Rice



E.SUN has been supporting organic agricultural development for consecutively 5 years from 2014, promoting local farmers to adopt organic agricultural transformation in Maravi, where is the east first farmable land beneath the highest mountain, Jade Mt., in Taiwan, and protecting biodiversity. For the last 5 years, E.SUN totally guaranteed to acquire 200,000 kg of Maravi Rice, and shared them not only to employees and VIP customers, but also in employee restaurants, caring for safe and healthy eat. On the side biodiversity, the Endemic Species Research Institutes scientifically investigate the distribution and activity areas of *Aphyocypris kikuchii*, a specie of endemic local fish in Taiwan, as precious reference for species conservation.

● Oral health of the elderly and in rural areas



E.SUN Bank values the health and care of the elderly and residents in rural areas, and specially worked with Taiwan Dental Association to prevent cavities and periodontal disease and maintain good chewing and swallowing function in the elderly. Furthermore, to provide disabled, bedridden, or patients unable to go to the hospital with medical services, E.SUN Bank supports dental care in rural areas and at home by donating NT\$1 million to a charity foundation that purchase mobile dental instruments for dentists, jointly improving the oral health of the elderly and citizens with dentists involved in charity.

● One-day Salary Donation to Hualien



Hualien was devastated by an earthquake that measured 6.0 on the Richter scale in the night of February 6, 2018. Seismic intensity reached 7 in Hualien City and caused the collapse of many buildings and cracked roads. E.SUN showed its care for Taiwan by donating the one-day salary of the management team and all managers. E.SUN FHC and E.SUN Bank showed deep concern and care for disaster victims by donating a total of NT\$10 million to aid the relief and reconstruction of the disaster area.

8.4

● Fitness Development

● E.SUN CUP International AAA Baseball Tournament



E.SUN has hosted the E.SUN CUP International AAA Baseball Tournament for 12 years. It's one of the most important competition for junior players in Taiwan, and selects national teams to compete in world or Asian baseball competition.

Many top players who participated in E.SUN CUP has gone on to pursue their baseball dreams around the world, like Bo-Rong Wang for Hokkaido Nippon-ham Fighters, Tzu-Wei Lin for Boston Red Sox, Chen, Kuan-Yu for Chiba Lotte Marines, and Fu-Lin Kuo for Uni-Lions, etc.

● Remote Caring Program



E.SUN and the Chinese Taipei Baseball Association have teamed up to promote the Remote Caring Program. The program supplies brand new baseball bats and gloves, protective gear and practice balls for junior baseball teams in remote areas. As of 2018, E.SUN has sponsored 25 high school baseball teams, including Chung Dau High School, National Taitung University Affiliated Physical Education Senior High School, National Yuli Senior High School, Lu Shin Senior High School, Dader Industrial and Commercial Vocational High School, Nan Ying Vocational High School, etc.

● E.SUN Junior Baseball Camp/ E.SUN Junior Baseball Protection Camp



[E.SUN Junior Baseball Camp]

The 2018 E.SUN Junior Baseball Camp was held at the National Taiwan University of Sport. Hiroyasu Tanaka, the basebatter of the Yokohama DeNA BayStars, was invited to coach baseball players in Taiwan. The three-day E.SUN Junior Baseball Camp was arranged, and approximately 50 professional players participated. In 2019, E.SUN invited Japanese basebatter and Gold Glove winner Hiroyasu Tanaka to interact with 50 young baseball players in Taiwan during the E.SUN Baseball Fielding Experience Sharing Camp and teach them the latest fielding, home run techniques and experiences to improve the baseball skills of Taiwanese players.

[E.SUN Junior Baseball Protection Camp]

E.SUN promotes a comprehensive health plan. It works with the Orthopaedic Surgery Department, the Physical Medicine and Rehabilitation Department and injury prevention physicians of Chang Gung Memorial Hospital on an E.SUN preventive care team. The team toured the country and provided physical examinations for junior baseball players since 2007.

Baseball is Taiwan's national sport. The teamwork and fighting spirit unite the hearts of all citizens. E.SUN has consequently provided a serious support for junior baseball and caring the baseball teams in remote areas in Taiwan. We hope that young athletes are going on to pursue their baseball dreams.

Appendix 1 、 GRI sustainability reporting standards content index

GRI 101 : Foundation 2016				GRI 101 : Foundation 2016			
GRI 102 : General Disclosures 2016		page number	Note	GRI 102 : General Disclosures 2016		page number	Note
Disclosure	Description			Disclosure	Description		
102-1	Name of the organization	p.3 p.9		102-14	Statement from senior decision-maker	p.5 p.6	
102-2	Activities, brands, products, and services	p.10		102-15	Key impacts, risks, and opportunities	p.5 p.6	
102-3	Location of headquarters	p.9		102-16	Values, principles, standards, and norms of behavior	p.46	
102-4	Location of operations	p.10		102-17	Mechanisms for advice and concerns about ethics	p.46 p.47	
102-5	Ownership and legal form	p.10 p.11		102-18	Governance structure	p.25 p.26	
102-6	Markets served	p.9 p.10		102-19	Delegating authority	p.25 p.26	
102-7	Scale of the organization	p.9 ~p.11		102-20	Executive-level responsibility for economic, environmental, and social topics	p.13 p.25 p.26	
102-8	Information on employees and other workers	p.127 ~p.129		102-21	Consulting stakeholders on economic, environmental, and social topics	p.25 p.26	
102-9	Supply chain	p.103 p.104		102-22	Composition of the highest governance body and its committees	p.27 p.28	
102-10	Significant changes to the organization and its supply chain	p.10 p.103		102-23	Chair of the highest governance body	p.27 p.28	
102-11	Precautionary Principle or approach	p.34 ~p.36		102-24	Nominating and selecting the highest governance body	p.27 p.28	
102-12	External initiatives	p.64 p.92		102-25	Conflicts of interest	p.30	
102-13	Membership of associations	p.33 p.133		102-26	Role of highest governance body in setting purpose, values, and strategy	p.27 p.28	

GRI 101 : Foundation 2016			
GRI 102 : General Disclosures 2016		page number	Note
Disclosure	Description		
102-27	Collective knowledge of highest governance body	p.27	
102-28	Evaluating the highest governance body's performance	p.29	
102-29	Identifying and managing economic, environmental, and social impacts	p.13 p.25 p.26	
102-30	Effectiveness of risk management processes	p.13 p.26 p.34	
102-31	Review of economic, environmental, and social topics	p.13 p.25 p.26	
102-32	Highest governance body's role in sustainability reporting	p.3 p.25 p.26	
102-33	Communicating critical concerns	p.13 p.14 p.25 p.26	
102-34	Nature and total number of critical concerns		The information were not integrated yet and shall be disclosed in the future.
102-35	Remuneration policies	p.30 p.31	
102-36	Process for determining remuneration	p.30 p.31	
102-37	Stakeholders' involvement in remuneration	p.30	
102-38	Annual total compensation ratio	p.31	
102-39	Percentage increase in annual total compensation ratio	p.31	

GRI 101 : Foundation 2016			
GRI 102 : General Disclosures 2016		page number	Note
Disclosure	Description		
102-40	List of stakeholder groups	p.15 p.16	
102-41	Collective bargaining agreements	p.85	
102-42	Identifying and selecting stakeholders	p.15 p.16	
102-43	Approach to stakeholder engagement	p.15 p.16	
102-44	Key topics and concerns raised	p.15 p.16	
102-45	Entities included in the consolidated financial statements	p.3	
102-46	Defining report content and topic Boundaries	p.17 ~p.21 p.124	
102-47	List of material topics	p.19 ~p.21 p.124	
102-48	Restatements of information	No restatements of information	
102-49	Changes in reporting	p.3 p.125	
102-50	Reporting period	p.3	
102-51	Date of most recent report	p.3	
102-52	Reporting cycle	p.3	

GRI 101 : Foundation 2016			
GRI 102 : General Disclosures 2016		page number	Note
Disclosure	Description		
102-53	Contact point for questions regarding the report	p.3	
102-54	Claims of reporting in accordance with the GRI Standards		
102-55	GRI content index	p.115 ~p.123	
102-56	External assurance	p.3	
GRI 103 : Management Approach 2016		Materiality Analysis GRI management approach apply to material issues of 2018, including Business Performance, Corporate Governance, Risk Management, Information Security, Code of Conduct and Ethics, FinTech and Innovation, Service Quality and Customer Experience, Sustainable Finance, Climate Change Risks and Opportunities, Talent cultivation and development, Sustainable Operating Environment and Social Inclusion. Please refer to appendix 3 for more information from p.17 to p.21.	Note
Disclosure	Description		
103-1	Explanation of the material topic and its Boundaries		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 200 : Economic Series			page number	Note
Series	Disclosure	Description		
★GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	p.11 p.131 p.134 p.135	
	201-2	Financial implications and other risks and opportunities due to climate change	p.69 p.70	
	201-3	Defined benefit plan obligations and other retirement plans	p.81 p.82	
	201-4	Financial assistance received from government		Not applicable (Not required to disclose)
★GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.81	
	202-2	Proportion of senior management hired from the local community		Not applicable (Not required to disclose)
★GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services provided supported	p.51 ~p.53 p.56 ~p.59 p.67	
	203-2	Significant indirect economic impacts		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		Not applicable (Not a material issue)

★ Material issues

STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 200 : Economic Series			page number	Note
Series	Disclosure	Description		
★GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	p.46 p.47	
	205-2	Communication and training about anti-corruption policies and procedures	p.46 p.47 p.103	
	205-3	Confirmed incidents of corruption and actions taken	p.46 p.47	
★GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p.46 p.47	

STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 300 : Environmental Series 2016			page number	Note
Series	Disclosure	Description		
GRI 301: Materials 2016	301-1	Materials used by weight or volume		Not applicable for financial sector
	301-2	Recycled input materials used		
	301-3	Reclaimed products and their packaging materials		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	p.93 p.94 p.136	
	302-2	Energy consumption outside of the organization	p.93 p.136	
	302-3	Energy intensity	p.92 p.136	
	302-4	Reduction of energy consumption		Not applicable (Not a material issue)
	302-5	Reductions in energy requirements of products and services		Not applicable (Not a material issue)
GRI 303: Water 2018	303-1	Water withdrawal by source	p.99 p.97	
	303-2	Water sources significantly affected by withdrawal of water	p.96	
	303-3	Water recycled and reused	p.96	
	303-4	Amount of water emission	p.96	
	303-5	Amount of water consumption	p.96	

STANDARD DISCLOSURES PART: Topic-specific Standards					STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 300 : Environmental Series 2016			page number	Note	GRI 300 : Environmental Series 2016			page number	Note
Series	Disclosure	Description			Series	Disclosure	Description		
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		All buildings and operating units of E.SUN FHC are located in urban and rural areas. E.SUN did not develop in any protected areas, habitats and slopeland.	★GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	p.93 p.136	
	304-2	Significant impacts of activities, products, and services on biodiversity		All buildings and operating units of E.SUN FHC are located in urban and rural areas. E.SUN did not develop in any protected areas, habitats and slopeland.		305-2	Energy indirect (Scope 2) GHG emissions		
	304-3	Habitats protected or restored		All buildings and operating units of E.SUN FHC are located in urban and rural areas. E.SUN did not develop in any protected areas, habitats and slopeland.		305-3	Other indirect (Scope 3) GHG emissions		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		All buildings and operating units do not have IUCN Red List species and national conservation list species.		305-4	GHG emissions intensity		
				305-5		Reduction of GHG emissions	p.92		
				305-6		Emissions of ozone-depleting substances (ODS)		Not applicable for financial sector	
				305-7		Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Not applicable for financial sector	

★Material issues

★Material issues

STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 300 : Environmental Series 2016			page number	Note
Series	Disclosure	Description		
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	p.98	Not applicable for financial sector
	306-2	Waste by type and disposal method		
	306-3	Significant spills		Not applicable for financial sector
	306-4	Transport of hazardous waste		Not applicable for financial sector
	306-5	Water bodies affected by water discharges and/or runoff		Not applicable for financial sector
★GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No fine imposed for environmental issue	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	p.103 p.104	
	308-2	Negative environmental impacts in the supply chain and actions taken		Not applicable (Not a material issue)

STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 400 : Social Series			page number	Note
Series	Disclosure	Description		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	p.129	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.82 p.83 p.131	
	401-3	Parental leave	p.84	
★GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	p.87	

STANDARD DISCLOSURES PART: Topic-specific Standards					STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 400 : Social Series			page number	Note	GRI 400 : Social Series			page number	Note
Series	Disclosure	Description			Series	Disclosure	Description		
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	p.85		★GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	p.27 p.88 p.127 p.133	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p.84 p.85			405-2	Ratio of basic salary and remuneration of women to men	p.81	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	p.85 p.86		GRI 406: Non-discrimi- nation 2016	406-1	Incidents of discrimination and corrective actions taken	p.86 ~p.88	
	403-4	Health and safety topics covered in formal agreements with trade unions	p.84 ~p.86		GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not applicable (Not a material issue)
	403-5	Worker training on occupational health and safety	p.85		GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	p.86 p.103	
	403-6	Promotion of worker health	p.86		GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p.86 p.103	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.84 p.85		GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures		Not applicable (Not a material issue)
	403-8	Workers covered by an occupational health and safety management system	p.85		GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples		Not applicable (Not a material issue)
	403-9	Work-related injuries	p.130		GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	p.88	
	403-10	Work-related ill health	p.130			412-2	Employee training on human rights policies or procedures		Not applicable (Not a material issue)
★GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	p.132			412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p.88 p.103	Not applicable (Not a material issue)
	404-2	Programs for upgrading employee skills and transition assistance programs	p.73 ~p.79						
	404-3	Percentage of employees receiving regular performance and career development reviews	p.81						

STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 400 : Social Series			Description	Note
Series	Disclosure	Description		
★GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	p.105 ~p114	
	413-2	Operations with significant actual and potential negative impacts on local communities		Not applicable (Not required to disclose)
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	p.103	
	414-2	Negative social impacts in the supply chain and actions taken		Not applicable (Not a material issue)
GRI 415: Public Policy 2016	415-1	Political contributions	p.11	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories		Not applicable for financial sector
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not applicable for financial sector
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	p.63	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable	
	417-3	Incidents of non-compliance concerning marketing communications	Not applicable	
★GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p.46	

STANDARD DISCLOSURES PART: Topic-specific Standards				
GRI 400 : Social Series			Description	Note
Series	Disclosure	Description		
★GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area		

Appendix 2 、 Comparative table of GRI G4 indicators of financial service sector

Aspect	DMA/GRI		Reference	
Material product portfolio	DMA	FS1	Policies with specific environmental and social components applied to business lines.	5.1 FinTech and Innovation 5.3 Sustainable Finance
		FS2	Procedures for assessing and screening environmental and social risks in business lines.	5.1 FinTech and Innovation 5.3 Sustainable Finance
		FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	5.1 FinTech and Innovation 5.3 Sustainable Finance
		FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	7.1 Sustainable Operating Environment
		FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.	5.3 Sustainable Finance
		FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	5.1 FinTech and Innovation
		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	5.3 Sustainable Finance
Audit	DMA	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	5.1 FinTech and Innovation 5.3 Sustainable Finance
Active participation	Category	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues .	5.3 Sustainable Finance
G4-Product responsibility-Product and service information	DMA	FS15	Policies for the fair design and sale of financial products and services.	5.2 Service Quality and Customer Experience
		FS16	Initiatives to enhance financial literacy by type of beneficiary.	5.1 FinTech and Innovation 6.1 Talent cultivation and development 8 Social Inclusion
G4-Society-Local community	Category	FS13	Access points in low-populated or economically disadvantaged areas by type.	5.1 FinTech and Innovation
		FS14	Initiatives to improve access to financial services for disadvantaged people.	5.1 FinTech and Innovation

Appendix 3-A. Guidelines and key elements of material issues, 2018

Material Issues	Management Approaches, Evaluation and Its Goals	Related Policies	Complaint Mechanism
Corporate Governance	The most comprehensive functional committees have been set up, including the Audit Committee, the Corporate Governance & Nomination Committee, the Remuneration Committee, the Board Strategy Committee and the Corporate Social Responsibility Committee, so as to actively strengthen the functions of the Board of Directors, and to seek to create value for employees, shareholders, customers, businesses and society.	"Audit Committee Organizational Regulations", "Board of Directors Performance Evaluation Policy", "Performance Evaluation Policy for Directors and Supervisors Appointed to Subsidiaries", "Rules Governing the Scope of Powers of Independent Directors", "E.Sun Financial Holding Company, Ltd. Corporate Social Responsibility Best Practices Principles", "Corporate Governance Best Practices Principles".	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw
Risk Management	E.SUN regards the Board of Directors as the highest governing body for risk management. The development of each business adheres to the spirit that "all businesses are not to be placed above risks" and follows the highest guiding principles of risk management: Safety and liquidity first, profitability second, growth next, all of which are to take into account public welfare.	"Risk Management Policy and Guiding Principles", "Credit Risk Management Principles", "Market Risk Management Principles", "Operational Risk Management Principles", "Assets and Liabilities Management Policy", "E.Sun FHC Risk Management Policy and Guiding Principles", "E.SUN Commercial Bank Anti-Money Laundering and Countering Terrorism Financing Policy", "Directions Governing Anti-Money Laundering and Countering Terrorism Financing of E.SUN Commercial Bank"	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw
Information Security	The Information Security Management Committee is responsible for inspecting each subsidiary's information security governance policy, for supervising the operation of information security management, and for regularly reporting an overview of information security management to the Board of Directors. The Information Security Management Department is responsible for planning the information security operational systems for the bank and for promoting the various implementation operations, in order to ensure the highest degree of protection for customers when using services and for customers' data.	"E.Sun FHC and Subsidiaries Personal Information Management Organization Foundation Principles", "Information Security Governance Policy"	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw [Supplier Contact Dedicated Line] (02)2175-1313 ext. 1680
Code of Conducts and Ethics	A Corporate Governance and Nomination Committee have been set up, so as to ensure the implementation of ethical corporate management. Through education and training, the dissemination of legal compliance, and regular inspections, the core values of ethics and integrity are internalized into the DNA of each E.SUN employee.	"Ethical Corporate Management Principles", "Ethical Corporate Management Operating Procedures and Code of Conduct", "Code of Ethical Conduct for Directors".	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw
FinTech and Innovation	By leveraging the core competencies of the financial industry and integrating technology into financial applications, we created convenient financial services and innovative applications that are readily available as if on top and closely meet customer needs so that customers with different needs are able to access the most suitable financial products and services through smooth and convenient means, thereby realizing the value of financial inclusion.	"E.Sun Digital Finance Business Division Internal Control Manual", "Digital Finance Business Division Application System Development, Maintenance, and Management Operational Guidelines".	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313
Service Quality and Customer Experience	The Customer Service Division oversees the bank's service quality, conducts customer satisfaction surveys, and gathers customer feedback, and regularly reports to the Board of Directors and the management team, so as to ensure that customers' rights are properly implemented.	"E.Sun Bank Consumer Handling Guidelines", "E.Sun Securities Consumer Dispute Handling Procedures"	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313
Sustainable Finance	The Environmental Sustainability Group under the Corporate Social Responsibility Committee, using the financial industry's expertise and influence, focuses on the impact of disasters caused by climate change, and on the impact on financial markets or economic development, identifying the operational risks relating to financial product investments, lending business, and other businesses.	"E.Sun Bank Lending Policy", "E.Sun Bank Sustainable Lending Principles", "E.Sun Bank Green Energy Lending Services", "E.Sun Bank Investment Policy".	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313
Climate Change Risks and Opportunities	The Environmental Sustainability WG under the Corporate Social Responsibility Committee is responsible for keeping abreast of international trends in energy and resource development, analyzing the potential impact of climate change on the company's operation, possible risks and opportunities while formulating applicable strategies to extensively understand the needs of stakeholders and identify the risks and opportunities of related issues that pertain to E.SUN, and working with various functional committees to plan CSR strategies, processes, and implementation plan.	"E.Sun Bank Lending Policy", "E.Sun Bank Sustainable Lending Principles", "E.Sun Bank Green Energy Lending Services", "E.Sun Bank Investment Policy".	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313
Talent cultivation and development	Talent is a leading, key indicator. We will regard talent as our most precious asset and propose a complete training system. We will devise training development plans as needed for E.SUN's overall development and strategies.	"E.Sun Human Rights Letter of Commitment", "Letter of Commitment to the Human Rights and Environmental Sustainability Clause", "E.Sun FHC and Subsidiaries Management Guidelines on Sexual Harassment Prevention, Complaint and Punishment", "E.SUN FHC Ethical Procedures and Code of Conduct"("EPCC")".	E-Mail: hrd@email.esunbank.com.tw [Dedicated Line] (02)2175-1313 ext. 8701
Sustainable Operating Environment	Set 2016 as base year. On a per unit of revenue basis, water use lowered by 15%, carbon emission and waste lowered by 25% by 2025	E.SUN Energy Efficiency White Paper - E.SUN Green Policy.	[Dedicated Line] (02)2175-1313 ext. 1680
Social Inclusion	Bring together the forces of the E.Sun Volunteer Foundation and the E.Sun Cultural & Educational Foundation in support of various important issues in social welfare, such as major disaster relief, academic research, education and training, and reaching out to disadvantaged groups, etc., so as to expand social influence, enabling one act of love to draw out other acts of love.	"E.Sun FHC Corporate Social Responsibility Best Practice Principles"	[Dedicated Line] (02)2175-1313 ext. 9300

Appendix 3-B. Adjustment of material issues, 2018

Issue	Differences between years	Explanation on changes
Talent cultivation and development	Rename	We focus on describing training courses and the overall career development of E.SUN supervisors and employees; therefore, "Talent Resource Management" is changed to "Talent Cultivation and Development."
FinTech and Innovation	Rename	In response to the rapid development of FinTech applications, we actively integrate technology into financial applications, provide convenient financial services that are readily available as if on tap, and assist a wide range of people to acquire financial services. Therefore, "Digital Innovations in Financial Services" and "FinTech and Innovative Inclusive Finance" were integrated into "FinTech and Innovation."
Sustainable Finance	Rename	Adjust green finance. "Sustainable finance" issues refer to financial products that are designed on the basis of ESG concepts (e.g., Equator Principles, responsible lending, responsible investment in sustainable finance, and green bonds) and include financial products and services that promote social and environmental sustainability.
Service Quality and Customer Experience	Integrated and rename	Protecting customers' rights is closely related to service quality in practice. We not only extensively understand customers' needs but also endeavor to provide customers with excellent services and experiences. Therefore, "Protecting Customers' Rights" and "Customer Service Quality" were integrated into "Service Quality and Customer Experience."
Employee Care and Friendly Workplace	Rename	We provide employees with a healthy and safe workplace with the goal of making E.SUN the second home for employees and taking into account both employee care and environmental protection. "Employee Health and Workplace Safety" was renamed "Employee Care and Friendly Workplace."
Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	Incorporated into risk management issues	Anti-money laundering and combating terrorism financing is included in the scope of risk management; therefore, relevant content was incorporated into risk management issues. Please see Section 4.2 Risk Management for details.
Social Inclusion	Rename	While we invest in public welfare activities, we also wish to grow together with the society. Hence, "Social Welfare" was renamed "Social Inclusion."

Appendix 4、CSR best-practice principles for listed and OTC traded companies

Content			Reference
Chapter 1	General Guideline	Discloses the goal, entity applied to, and principals of best practices.	2 Strategy of Sustainable development
Chapter 2	Corporate Governance	Regulate and promote corporate governance.	4.1 Corporate Governance 4.4 Code of Conducts and Ethics
Chapter 3	Environmental Protection	Regulate practices for sustainability.	7 Sustainable Environment
Chapter 4	Social Responsibilities	Regulate practices for social welfare.	6.2 Employee Care and Friendly Workplace 5.2 Service Quality and Customer Experience 7.3 Supplier Management
Chapter 5	Disclosure	Regulate and enhance disclosure of CSR.	About this CSR Report
Chapter 6	Appendix	Regulate and improve the existing CSR system.	4.1 Corporate Governance

Appendix 5 、 Comparative table of ISO 26000 terms

Category	Issue	Reference	Category	Issue	Reference
Organizational Governance	Decision-making process and structures	1 Company Information		Anti-corruption	4.4 Code of Conducts and Ethics
Human rights	Due diligence for preventing human rights risk	6.3 Human Rights Protection and Employee Rights	Fair Operating Practices	Responsible political involvement	4.4 Code of Conducts and Ethics
	Human rights risk situations	6.3 Human Rights Protection and Employee Rights		Fair competition	4.4 Code of Conducts and Ethics
	Avoidance of complicity	4.4 Code of Conducts and Ethics		Promoting social responsibility in the value chain	1 Company Information
	Resolving grievances	6.1 Talent cultivation and development		Respect for property rights	4.4 Code of Conducts and Ethics
	Discrimination and vulnerable groups	6.3 Human Rights Protection and Employee Rights		Fair marketing, factual and unbiased information and fair contractual practices	5.2 Service Quality and Customer Experience
	Civil and political rights	6.3 Human Rights Protection and Employee Rights	Protecting consumers' Health and safety	5.2 Service Quality and Customer Experience	
	Economic, social and cultural rights	6 Happy Workplace	Sustainable consumption	5.1 FinTech and Innovation	
	Fundamental principles and rights at work	6.2 Employee Care and Friendly Workplace	Consumer service, support, and complaint and dispute resolution	5.2 Service Quality and Customer Experience	
Labor Practices	Employment and employment relationships	6.2 Employee Care and Friendly Workplace	Consumer Issues	Consumer data protection and privacy	5.2 Service Quality and Customer Experience
	Working environment and social protection	6 Happy Workplace		Access to essential services	5.1 FinTech and Innovation 5.2 Service Quality and Customer Experience
	Social communication	6 Happy Workplace		Educational and awareness	5.2 Service Quality and Customer Experience
	Health and safety at work	6.2 Employee Care and Friendly Workplace		Community involvement	8.3 Community Involvement Series
	Human development and training in the workplace	6.1 Talent cultivation and development		Education and culture	8.1 Academic Education 8.2 Arts and Humanities
Environment	Prevention of pollution	7.1 Sustainable Operating Environment	Community Involvement and Development	Employment creation and skills development	6.1 Talent cultivation and development
	Sustainable resource use	7.1 Sustainable Operating Environment		Technology development and access	6.1 Talent cultivation and development
	Climate change mitigation and adaptation	5.4 Climate Change Risks and Opportunities		Wealth and income creation	8.3 Community Involvement Series
	Protection of the environment, biodiversity and restoration of natural habitats	7.2 Sustainable ecosystem		Health	8.3 Community Involvement Series
				Social investment	8.3 Community Involvement Series

Appendix 6 、 UN Global Compact Comparative Table

Category	Issue	Reference	Category	Issue	Reference
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	1 Company Information	Environment	Businesses should support a precautionary approach to environmental challenges.	6.3 Company Information
	Businesses should make sure that they are not complicit in human rights abuses.	6.3 Company Information		Businesses should undertake initiatives to promote greater environmental responsibility.	6 Happy Workplace
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	6.3 Company Information		Businesses should encourage the development and diffusion of environmentally friendly technologies.	6.2 Employee Care and Friendly Workplace
	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	4.4 Code of Conducts and Ethics	Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	6.2 Employee Care and Friendly Workplace
	Businesses should uphold the effective abolition of child labour.	6.1 Talent cultivation and development			
	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	6.3 Company Information			

Appendix 7 、 Human Resource Management indicators

(1) Employees of E.SUN FHC and its subsidiaries vs Educational Level

	Male	Female	Master & PHD	Bachelor's	Other Higher Education	High School	Total
Taiwan	3,800	4,560	2,009	5,894	396	61	8,360
	45.45%	54.55%	24.03%	70.50%	4.74%	0.73%	100.00%
Overseas	216	173	131	247	4	7	389
	55.53%	44.47%	33.68%	63.50%	1.03%	1.80%	100%
Total	4,016	4,733	2,140	6,141	400	68	8,749

Note:

1. There was no non-regular employee in 2018. Majority of E.SUN's business operation based in Taiwan with local hiring ratio of 100%.
2. The definition of employees is the annual average number of employees in 2018.
3. The employees' nationality except Taiwan: Cambodia, Singapore, Myanmar, Japan, U.S.A., Vietnam, Australia, Malaysia, and China.

(2) Age/gender distribution of Senior management level and non-senior management level

Gender	Age Group	Managerial level	Non-managerial level	Total
Male	Under 29	0	1,483	1,483
	30-39	17	1,517	1,534
	40-49	208	580	788
	Over 50	119	93	212
Female	Under 29	0	2,310	2,310
	30-39	4	1,743	1,747
	40-49	52	530	582
	Over 50	32	61	93
Total		432	8,317	8,749

Note:
Persons in this chart consist of managers from business units and above, including 1 disabled individual of managerial level who is over 50-year-old. 31 disabled individual of non-managerial level.

(3) Age/gender distribution of Middle level managers and above and junior associates

Gender	Age Group	Junior management and above	Junior associates	Total
Male	Under 29	9	1,474	1,483
	30-39	659	875	1,534
	40-49	709	79	788
	Over 50	196	16	212
Female	Under 29	7	2,303	2,310
	30-39	450	1,297	1,747
	40-49	429	153	582
	Over 50	70	23	93
Total		2,529	6,220	8,749

Note:
In this table, mid-level managers and above refer to supervisors and above.

(4) Diversity Indicator

Indicator	2016	2017	2018
(1) Proportion of female employees	55.8%	54.9%	54.1%
(2) Proportion of female Senior management	37.4%	37.6%	37.8%
(3) Proportion of female Junior management officers	41.1%	40.9%	41.37%
(4) Proportion of female executive managers	19.3%	20.3%	20.37%
(5) Proportion of female sales managers	26.08%	27.73%	28.23%

Note:
1. In recent years, because there was a rapid increase in tech-related employees and most of them were male, the proportion of female employees slightly decreased.
2. E.SUN keeps cultivating female managers by arranging them on important positions, so the proportion of female sales and executive managers are increasing gradually.

(5) New recruits (gender/ age distribution)

	Age				Gender				Total
	Under 29	30-39	40-49	Over 50	Male	%	Femal	%	
Taiwan	663	74	20	2	395	52%	364	48%	759
Oversea	79	26	8	0	37	33%	76	67%	113
Total	742	100	28	2	432		440		872

Note:

1. Total number of new recruits 872. New recruits rate : 9.97%.
2. Percentage of new recruits = total number of new recruits/ annual average number of employees.
3. E.SUN prohibits employment of child labor (below 16), eliminates forced labor in any form, and does not commit any demeanor that jeopardize labor rights. It is clearly stated in employees working rule that no overtime is allowed.

(6) Employee Turnover

	Age				Gender		Total
	Under 29	30-39	40-49	Over 50	Male	Femal	
Taiwan	476	234	52	16	350	428	778
Oversea	37	19	4	1	23	38	61
Total	513	253	56	17	373	466	839

Note:

1. Total number of employee leaving: 839. Overall turnover rate : 9.54%.
2. Overall turnover rate= number of employee leaving / number of employees at the end of period.

(7) Statistics of Unpaid Parental Leaves and Reinstatements

Indicators	2016			2017			2018		
	Male	Femal	Total	Male	Femal	Total	Male	Femal	Total
(1) Number of Employees that qualified for parental leave in 2018	414	584	998	498	709	1207	453	696	1,149
(2) Number of Employees that applied for parental leave in 2018	15	173	188	9	163	172	8	175	183
(3) Number of Employees that planned to return from parental leave in 2018 (A)	14	137	151	11	137	148	3	140	143
(4) Number of Employees that actually returned from parental leave in 2018 (B)	10	127	137	6	114	120	1	113	114
(5) Return rate (B/A)	71%	93%	91%	55%	85%	83%	33%	81%	80%
(6) Number of Employees that returned from parental leave in 2017 (C)	1	85	86	10	127	137	6	114	120
(7) Number of Employees that have been still employed since returned from parental leave for over 12 months (D)	1	77	78	9	118	127	4	106	110
(8) Retention rate (D/C)	100%	91%	91%	90%	93%	93%	67%	91%	89%

(8) Occupational injury leaves

Year	2016			2017			2018		
	Male	Femal	Total	Male	Femal	Total	Male	Femal	Total
Gender									
Absence Day	1,430.5	5,069.5	6,500	1,757.5	6,222	7,979.5	1,689	6,313	8,002
Absence rate	0.07	0.24	0.31	0.08	0.29	0.37	0.08	0.29	0.37

Note:

- Total number of employee: 8,749.
Total working days = 365-116=249.
Total working hours = 17,428,008 (Total number of employees *Daily working hours *Total working days in a year).
Total working days = 2,178,501 (Total number of employees *Total working days in a year).
Total hours for work overtime in 2018 = 720,786.
Total hours for annual leave in 2018 = 1,350,331.5 (annual leave 1,340,776 hours + maternity leave 9,555.5).
Actual working hours (total working hours+ work overtime hours- annual leave hours) = 16,798,462.5.

- Last workday rate = Number of occupational injury days *1,000,000 / Total working hours.
- Occupational injury rate = (Number of employees on occupational injury leave *1,000,000 / Total working hours).
- Absentee rate in male employees = (Number of occupational injury days taken by male employees + sick days taken by male employees + personal days taken by male employees)/ Total working days .
Absentee rate in female employees = (Number of occupational injury days taken by female employees + sick days taken by female employees + menstrual days taken by female employees + personal days taken by female employees) / Total working days.
- The total number of employees involved in incidence of occupational diseases and the number in death or disability incurred at work are both 0..
- No overseas employee took any occupational injury leave.

(9) Benefits that are superior to regulation

Category	2016		2017		2018	
	Number of Employee	Total Amount (Unit: NTD)	Number of Employee	Total Amount (Unit: NTD)	Number of Employee	Total Amount (Unit: NTD)
(1) Outstanding children subsidies	76	581,000	110	807,400	105	911,400
(2) Childcare and facilities	6	-	7	-	73	2,660,000
(3) Marriage subsidies	351	3,054,000	322	2,819,000	311	2,862,000
(4) Birth subsidies	372	1,116,000	453	1,359,000	429	1,287,000
(5) Subsidies for E.SUN children	417	41,700,000	359	35,900,000	314 (315 babies)	31,500,000
(6) Child education subsidies	1,959	4,593,000	2,124	4,903,000	2,100	4,915,000
(7) Spouse or child medical subsidies	161	11,862,818	1,450	13,692,985	1,295	14,538,381

(10) Salaries and benefits

Full-time non-managerial employees	2017	2018	YoY Growth Rate
Number of Employee	7,645	7,604	-0.5%
Average salary (Note 1)	96.4	100.2	3.9%
Average spending on the benefits (Note 2)	116.5	119.5	2.5%

Note:

1. Average salary: The number and average salary of full-time non-managerial employees are calculated in accordance with Paragraph 31, Article 3 of the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds.
2. Average spending on the benefits: The average spending on the benefits of non-managerial employees is calculated on the basis of number of people and employee benefit expense as reported in the financial statement and after excluding managerial employees.

(11) Average training duration per person

Average training duration per person	2016		2017		2018	
	Male	Femal	Male	Femal	Male	Femal
(1) Training hours completed by managers	18,423	4,079	17,361	4,696	15,883	4,678
(2) Average training hours per person	60.2	55.9	56.0	58.7	46.2	53.2
(3) Training hours completed by non-managers	186,278	199,887	175,541	230,123	182,655	229,199
(4) Average training hours per person	55.2	43.7	48.5	48.9	49.7	49.4
(5) Total training hours	408,667		427,722		432,415	
(6) Training hours per person	55.7	43.9	49.1	49.0	49.3	49.4
(7) Total training hours per person	49.1		49.1		49.4	
(8) Average training expenses	53,332		57,299		53,923	
(9) Employee training expenses / Total Revenue	0.9%		0.88%		0.83%	
(10) Human Capital ROI	283%		286%		303%	
(11) Internal vacancy filled	40.82%		34.01%		47.26%	

(12) Labor safety

Indicator	2016	2017	2018	Remark
(1) Disabling severity rate (excluding commuting accidents)	0.23	0.56	0.45	
(2) Disabling severity rate (including commuting accidents)	2.39	2.59	2.65	
(3) Total hours of on-the-job training	9,626 hours	8,718 hours	8,388 hours	
(4) Total times of on-the-job training	297 times	291 times	297 times	
(5) Proportion of new recruits who completed labor safety courses	100%	100%	100%	
(6) Number of employees who attended retraining courses for certificates	244	172 (Work safety) 183 (Fire prevention)	-	Manager of work safety, manager of fire prevention, and personnel of emergency therapy would receive retraining every 2 years and 3 years. No retraining was given in 2018 because all license were still valid. Retraining was given to emergency therapy personnel in 2016, and to work safety manager and fire prevention managers in 2017.
(7) Total hours of retraining courses for certificates	976 hours	1,032 hours (Work safety) 1,098 hours (Fire prevention)	-	
(8) Proportion of employees who had medical examination	76%	78%	74%	
(9) Number of employees who received subsidy of injury or disease	11	26	10	
(10) Total subsidy for injury or disease employees	54,963	146,143	29,051	
(11) Proportion of employees who joined the labor union	11.26%	11.05%	10.4%	

(13) Indicator of diversity and inclusion

Indicator	2016	2017	2018
(1) Indigenous employees	28	33	32
(2) Disable employees	35	32	29

Appendix 8 、 Economic value distributed indicators

Spending on trade associations and other tax-exempt groups

To promote the development of the domestic financial industry, E.SUN FHC and its subsidiaries actively participate in the activities of organizations including the Bankers Association of the R.O.C., Taiwan, Securities Association, Trust Association of R.O.C., Taiwan Academy of Banking and Finance, Taiwan Financial Services Roundtable, Chinese Excellent Management Association. These management teams provide recommendations concerning practical operations at appropriate times, and are striving to do their part to improve the domestic financial environment. Below is the table of expense relevant to these organizations.

2018		
Institution	Amount (Unit: NT\$)	Note
(1) The Bankers Association of The Republic Of China	8,604,143	65% for financial studies and training funds, 34% for The Bankers association fee and 1% for financial cup related fee
(2) Trust Association of the Republic of China	2,266,026	61% for annual membership fee and 39% for training registration fee
(3) Taipei Exchange	1,147,427	Including 90% for financial bond OTC administrative fee and 10% for service fee
(4) Taiwan Securities Association	875,088	Including 93% for service fee and 7% for course registration fee
(5) Taiwan Corporate Governance Association	560,010	100% for corporate governance evaluation fee
(6) The Insurance Agency Association of the Republic of China	331,030	Including 90% for certificate registration fee and 10% for ongoing membership fee
(7) R.O.C. Bills Finance Association	250,010	100% for annual membership fee
(8) Others	879,380	
Total	14,913,114	
2017		
Institution	Amount (Unit: NT\$)	Note
(1) Taiwan Academy of Banking and Finance	300,000	100% for FinTech Forum Activity expense
(2) The Bankers Association of The Republic Of China	8,303,000	Including 66.3% for financial studies and training funds, 31.1% for annual member's funds, and 2.6% for activity engagement expense
(3) Trust Association of the Republic of China	995,000	100% for exam fees for trust service representatives
(4) Taipei Exchange	1,206,000	100% for service fee
(5) Taiwan Securities Association	3,493,000	Including 51% for annual membership fee, and 49% for business service expense
(6) Taiwan Corporate Governance Association	192,000	Including 97.5% for corporate governance evaluation fees and 2.5% for exam fees
(7) The Insurance Agency Association of the Republic of China	242,000	88% for certificate registration and 12% for association membership fee
(8) R.O.C. Bills Finance Association	250,000	100% for annual membership fee
(9) Taiwan Insurance Institute	46,000	100% for training registration fee
(10) Chinese National Futures Association	693,000	100% for Annual membership fee
(11) Others	8,000	
Total	15,727,000	
2016		
Institution	Amount (Unit: NT\$)	Note
(1) Taiwan Institute for Sustainable Energy	345,000	Including 81% for membership fee and 19% for exam fee
(2) The Bankers Association of The Republic Of China	9,417,000	Including 56% for financial studies and training funds, 35% for annual membership fee, and 5% for billed communication expenses
(3) Trust Association of the Republic of China	5,138,000	100% for exam fees for trust service representatives
(4) Taiwan Development & Research Academia of Economics & Technology	71,000	100% for expenses for filing public safety inspections for buildings
(5) Taiwan Securities Association	2,506,000	Including 99% for service fee and 1% for training registration fee
(6) Taiwan Corporate Governance Association	1,131,000	Including 99% for corporate governance evaluation fee and 1% for training registration fee
(7) The Insurance Agency Association of the Republic of China	159,000	69% for certificate registration fee and 31% for association memberships
(8) R.O.C. Bills Finance Association	250,000	100% for annual membership fee
(9) Others	16,000	
Total	19,025,000	

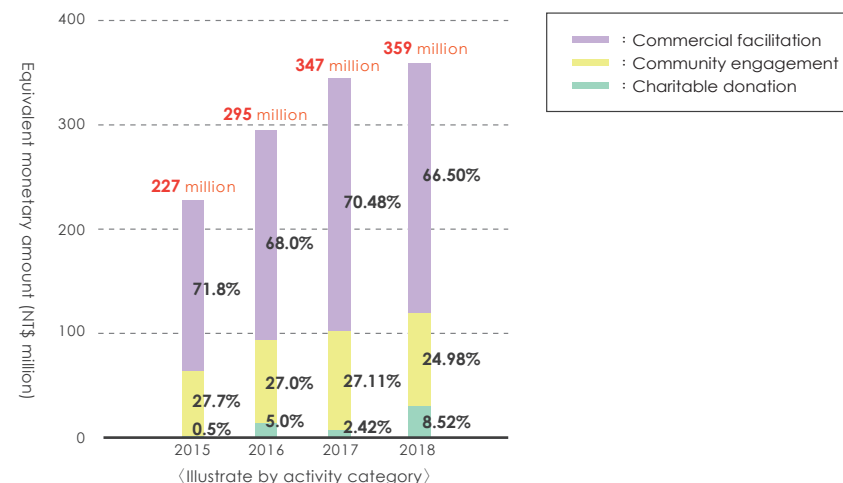
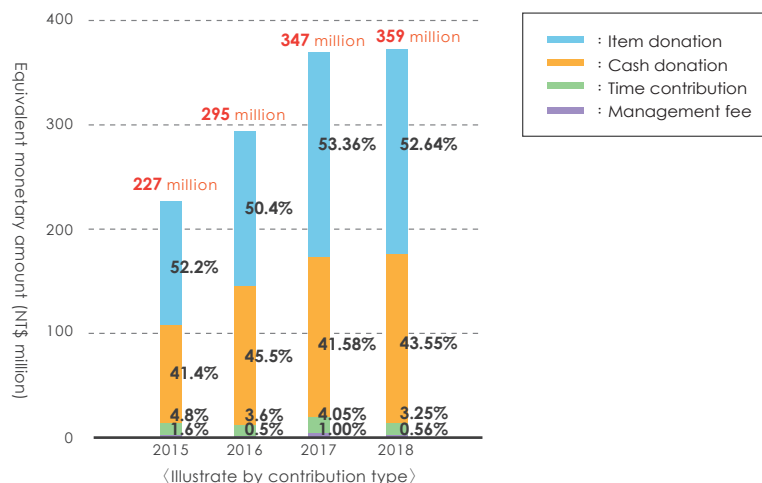
(Unit: NT\$)

2018 Charitable contributions and sponsorship

Category	Unit: NT\$ thousand	Explanation
Supporting SMEs in Taiwan	87,870	Contributing to the Small and Medium Enterprise Credit Guarantee Fund.
E.SUN Golden Seed Project	63,380	Providing regular maintenance for 125 E.SUN Libraries every year, and making donations to build 12 new E.SUN Libraries.
Supporting Cultural and Creative Industry	31,790	Supporting progress in arts and culture in Taiwan, organizing world class arts and culture events, and inviting the Vienna Boys' Choir to perform in Taiwan.
Children Care Program	26,350	Providing assistance for 582 elementary schools and 13,023 study allowances. Total cash inputs and administrative expenses were NT\$26.04 million and NT\$310 thousand respectively.
Disaster Relief Assistance	26,160	1. Southern Taiwan was struck by a tropical storm. E.SUN donated NT\$16.16 million, which included NT\$5 million in donation proceeds from management teams and E.SUN employees. Employees who needed to return to their home town were granted three days of special leave to assist with disaster relief efforts. 2. A magnitude 6.0 earthquake struck off the coast of Hualien in February 6, causing a number of buildings to collapse and roads to crack. A considerable number of people were trapped inside buildings and injured. E.SUN donated NT\$10 million to fund the reconstruction of disaster areas.
For Mothers~Mother's Day Music Concerts	20,740	Hosting 2 Mother's Day concerts, where the E.SUN Choir Group performed to express gratitude for all mothers in the world, and receiving 2,400 visitors.
Enhance International Competitiveness	18,140	Authors of Blue Ocean Strategy, W. Chan Kim and Renée Mauborgne were invited to give a speech. In 2018, the E.SUN Academic Award was awarded to two teachers in recognition of their contribution to enhancing Taiwan's cutting edge academic research and development.
Promoting environmental education	14,530	Dedicated to Taiwan Formosan Bear conservation, Yang-Ming National Park trails maintenance plan, mountain and beach cleaning and community cleaning activities.
Developed baseball player	12,260	Hosting E.SUN Cup games, and supplying junior baseball training camps and preventive care camps and donating baseball equipment.
Others	58,245	Blood donation activities, financial seminar, and E.SUN Maravi rice.
Total	359,465	

Note:

Overall expense includes: cash input, input in kind, labor input, and administrative expenses.



Note:

Funding for charitable events is sourced from management fees, donated items, time contributed, and cash donations. Purposes of charitable funding can be divided into charitable donations, community engagement, and commercial facilitation. Time contributed is calculated by the number of hours of input labor and is converted to the equivalent amount by using average personnel cost per person per hour for the year. All of our business locations are involved in community work.

Appendix 9 \ Sustainable Operating Environment Indicators

Category	Indicator	2015	2016	2017	2018	Remarks
Scope 1	Carbon emission (tons)	2,712	2,741	2,639	2,516	Scope 1 emission was 10.9% lower than the target of 2018, target achieved.
	Per capita (tons)	0.3427	0.3292	0.3026	0.2876	
	Carbon emission per unit revenue (kg/thousand)	0.0705	0.0667	0.0572	0.0509	
	Data coverage ratio	100%	100%	100%	100%	
	Target of carbon emission (tons)	2,727	2,854	2,871	2,823	
Scope 2	Carbon emission (tons)	17,980	20,403	21,190	21,593	Scope 2 emission was 2.8% higher than target, mainly resulting from the newly opened operating units in 2018, including Brisbane Branch in Australia and new Headquarter Building of Cambodia Union Commercial Bank, a subsidiary of E.SUN Bank. Except for the effect of newly opened operating units mentioned above, the total emission was 20,936 tonnes, lower 0.4% than target, target achieved.
	Per capita (tons)	2.2719	2.4505	2.4300	2.4681	
	Carbon emission per unit revenue (kg/thousand)	0.4671	0.4968	0.4596	0.4368	
	Data coverage ratio	100%	100%	100%	100%	
	Target of carbon emission (tons)	16,366	18,916	21,369	21,011	
Energy consumption	Total consumption (MWh)	30,387	39,164	40,488	41,134	Energy consumption was 2% higher than the target, mainly resulting from the newly opened operating units in 2018, including Brisbane Branch in Australia and new Headquarter Building of Cambodia Union Commercial Bank, a subsidiary of E.SUN Bank. Except for the effect of newly opened operating units mentioned above, the total emission was 40,422 tonnes, equaling to the target (difference <0.2%), target achieved.
	Per capita (MWh)	3.8397	4.7038	4.6431	4.7016	
	Data coverage ratio	100%	100%	100%	100%	
	Target consumption amount (MWh)	27,831	31,969	41,018	40,330	
	Purchasing and producing renewable energy (MWh)	0	130	165	170	
	Electricity cost (thousand)	70,300	104,800	112,300	135,630	
Water consumption	Total consumption (cubic meter)	149,241	168,975	175,468	201,746	Water use was 16% higher than the target, mainly resulting from the newly opened operating units in 2018, including Brisbane Branch in Australia and new Headquarter Building of Cambodia Union Commercial Bank, a subsidiary of E.SUN Bank. Except for the effect of newly opened operating units mentioned above, the total water use was 172,840 cubic meter, 0.6% lower than target, target achieved.
	Per capita (cubic meter)	18.86	20.29	20.12	23.06	
	Water use per unit revenue (liter/thousand)	3.8775	4.1148	3.8057	4.0815	
	Data coverage ratio	100%	100%	100%	100%	
	Target consumption amount (cubic meter)	151,918	157,010	176,972	173,967	
Waste disposal	Total waste disposal (kg)	1,006,691	785,735	809,530	634,803	Waste was 634.803 tons, 21.56% lower than the target, 566.398 tons, target achieved.
	Recyclable waste disposal (kg)	302,007	235,721	242,859	190,525	
	non-recyclable waste (kg)	704,684	550,014	566,671	444,278	
	non-recyclable waste per capita (kg)	89.04	66.05	64.98	50.78	
	non-recyclable waste per unit of revenue (kg/thousand)	0.0183	0.0134	0.0123	0.009	
	Data coverage ratio	100%	100%	100%	100%	
	target of non-recyclable waste (kg)	714,260	733,956	570,281	566,398	
Business travel	Carbon emission (tons)	247.612	174.1108	210.0642	228.2703	The carbon emission of business travel in 2018 was 1.3% higher than the target, mainly resulted from the extension of scope to including railway in 2018. Except for the effect of scope extension mentioned above, the total carbon emission was 201.856 tons, 9.5% lower than the target, target achieved.
	Carbon emission per unit revenue (tons/thousand)	0.00643	0.00424	0.00456	0.00462	
	Data coverage ratio	100%	100%	100%	100%	
	Target of carbon emission (tons)	249.961	261.406	193.54	223.143	
	Number of employees	7,914	8,326	8,720	8,749	
	Revenues (thousand)	38,489,329	41,064,832	46,107,189	49,429,234	

Note: business travel data was positively related to business growth, but their growth rate were different.

Appendix 10 \ Independent Assurance Opinion Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

E.SUN FHC CSR report 2018

The British Standards Institution is independent to E.SUN Financial Holding Company Ltd. (hereafter referred to as E.SUN FHC in this statement) and has no financial interest in the operation of E.SUN FHC other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for E.SUN FHC only for the purposes of verifying its statements relating to its sustainability, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by E.SUN FHC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to E.SUN FHC only.

Scope

The scope of engagement agreed upon with E.SUN FHC includes the followings:

1. The assurance scope is consistent with the description of E.SUN FHC CSR report 2018.
2. The evaluation of the nature and extent of the E.SUN FHC's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS (2008) with 2018 Addendum sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the E.SUN FHC CSR report 2018 provides a fair view of the E.SUN FHC programmes and performances during 2018. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the E.SUN FHC and the sample taken. We believe that the 2018 economic, social and environmental performance indicators are correctly represented. The CSR performance indicators disclosed in the report demonstrate E.SUN FHC's efforts recognized by its stakeholders.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000 Assurance Standard (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that E.SUN FHC's description of their approach to AA1000 Assurance Standard (2008) with 2018 Addendum and their self-declaration of 'in accordance' with the GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of issues raised by external parties that could be relevant to E.SUN FHC's policies to provide a check on the appropriateness of statements made in the report
- a top level review on E.SUN FHC's approach to stakeholder engagement. Moreover, we had sampled one external stakeholders to conduct interview
- interview with 36 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality, responsiveness and impact as described in the AA1000 AP (2018)

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

Inclusivity

In this report, it reflects that E.SUN FHC has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers E.SUN FHC's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among company.

Materiality

E.SUN FHC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Abbreviation and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about E.SUN FHC's management and performance. In our professional opinion the report covers E.SUN FHC's material issues.

Responsiveness

E.SUN FHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for E.SUN FHC is developed and continually provides the opportunity to further enhance E.SUN FHC's responsiveness to stakeholder concerns. In our professional opinion the report covers E.SUN FHC's responsiveness issues.

Impact

E.SUN FHC has Identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. E.SUN FHC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers E.SUN FHC's impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards' disclosures disclosed in this report, E.SUN FHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within E.SUN FHC CSR Report 2018 are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation..

GRI Sustainability Reporting Standards (GRI Standards)

E.SUN FHC provided us with their self-declaration of 'in accordance' with the GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to the GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers E.SUN FHC's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000 AS(2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of E.SUN FHC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan

2019-04-12

bsi.



AA1000
Licensed Assurance Provider
000-4

Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

Appendix 11 、 Carbon neutralization certificate

Statement TW19/00099PAS



Validation Opinion Statement of Carbon Neutrality Declaration

The Carbon Neutrality Declaration of

E. SUN Financial Holdings Co., Ltd.

No. 117, Sec. 3, Minsheng E. Rd.,
Taipei, Taiwan

has been validated in accordance
with ISO 14064-3:2006 as meeting the requirements of

PAS 2060:2014

Authorized by

David Huang
Director

Issue Date: 17 June 2019
Expiry Date: 16 June 2020
Version 1

TGP 5615E-2 1901
SGS Taiwan Ltd.
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District,
New Taipei City 24803, Taiwan
t (02) 22993279 f (02)22999453 www.sgs.com

Statement TW19/00099PAS, continued



SGS has been commissioned by E. SUN Financial Holdings Co., Ltd. (hereinafter referred to as "E. SUN FHC"), No. 117, Sec. 3, Minsheng E. Rd., Taipei, Taiwan to conduct the carbon neutrality validation of published 500 copies of " the E. SUN FHC CSR Report in 2018" in 2019 in accordance with ISO 14064-3:2006 against the requirements of

PAS 2060:2014

Roles and responsibilities

The management of E. SUN FHC is responsible for the organization's carbon neutrality information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of the carbon neutrality subject.

It is SGS's responsibility to express an independent carbon neutrality validation opinion on the carbon neutrality subject.

SGS conducted a third party verification of the provided carbon neutrality declaration against the principles of PAS 2060: 2014 in the period 30 April 2019 to 01 May 2019. The validation was based on the scope, objectives and criteria as agreed between E. SUN FHC and SGS.

Scope

An independent validation conducted by SGS Taiwan of reported carbon neutrality subject, to establish conformance with PAS 2060:2014 principles within the scope of the validation as outlined below.

This engagement covers validation of carbon neutrality subject was established in accordance with the specification of PAS 2060:2014.

- Carbon neutrality model: Model 3.
- Carbon neutrality objective: Published 500 Copies of " the E. SUN FHC CSR Report in 2018" in 2019.
- Carbon footprint quantification methodologies: Guidelines for Carbon Footprint Calculation of Products and Services, EPA
- Carbon neutrality baseline: 15 April 2019
- Emission reduction objective: 13.019 tonnes of CO₂e
- First application period: From 15 April 2019
- Expected date of declaration: 01 May 2019
- Carbon neutrality report: E. SUN FHC carbon neutrality report, (02 May 2019, Version 2).





Criteria

Criteria against which the verification assessment is undertaken is the principles of PAS 2060:2014.

Conclusion

We conducted our validation with regard to the carbon neutrality of E. SUN FHC, which included assessment of the company carbon neutrality information system, monitoring and reporting protocol. This assessment included the collection of evidence that support the reported data and verification of whether the provisions of the protocol reference were consistently and appropriately applied.

The Retired offset credit information is described as below:

Objective	Published 500 Copies of " the E. SUN FHC CSR Report in 2018" in 2019	
Baseline Emission	13.019 tonnes of CO ₂ e	
Achievement of GHG emissions reductions	13.019 tonnes of CO ₂ e	
Offsetting residual GHG emissions	Offset quota program	Gold Standard
	Sources of credit offset	Changbin and Taichung Wind Power
	Retired offset carbon credits	15.000 tonnes of CO ₂ e
	Offset credit serial number	GS1-1-TW-GS472-12-2010-119-198597-198611

In SGS's opinion, the presented carbon neutrality declaration :

- is materially correct and is a fair representation of the carbon neutrality data and information, and
- is prepared in accordance with PAS 2060:2014 in relation to carbon footprint quantification, monitoring and reporting.

Confidentiality

The reports and attachments may contain relevantly confidential information of the clients. In addition to being submitted as governmental application or certification documents, the reports and attachments are not allowed to be edited, duplicated, or published without the clients' agreement in written form.

Avoidance of Conflict of Interest

The reports and attachments are completely complied with the standards and procedures that related-authorities established. The reports and attachments of auditing process are conduct with fairness and honesty. If not, the auditing institution not only has to bear the relevant compensation duties, but also to receive legal charge and punishment.

Verifier Group

Above statements coincide with auditing process with fairness and impartiality, and aim at the emission of clients.

This statement shall be valid for a maximum period of one year. Should any change or event occur that could invalidate the declaration, the entity shall either take corrective action coming into effect within no more than three months to restore validity, or withdraw the declaration.

Note: This Statement is issued, on behalf of Client, by SGS Taiwan Ltd. ("SGS") under its General Conditions for Green Gas Verification Services available at http://www.sgs.com/terms_and_conditions.htm. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement, the findings and the supporting Carbon neutrality Declaration may be consulted at E. SUN Financial Holdings Co., Ltd., No. 117, Sec. 3, Minsheng E. Rd., Taipei, Taiwan. This Statement does not relieve Client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.