



Taishin Holdings

# 2019 CSR

## Corporate Social Responsibility Report



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# Message from the Chairman

As social-economical development progress, the financial industry undertakes an important role bearing social trust and funds. Not only do we play the intermediate role to efficiently allocate market resources, we also strive to achieve social prosperity. Thus, we have upheld our core values of Integrity, Commitment, Innovation, and Collaboration (ICIC) and characterized our brand spirit as "Devotion". We have been tactfully responding to the rapid changes in international political dynamic, the increasing challenges in climate change and the disruptive innovations in technology etc. Through steady growth, we strive to be a trustworthy financial institution.

We believe that along with the pursuit of profit, companies must also consider long-term sustainable development. Therefore, we assess our business strategies against Environmental, Social, and Governance (ESG) concepts and integrate internal and external resources to advance our sustainability efforts in four dimensions, Sustainable Governance, Economic Prosperity, Green Environment, and Inclusive Society. Additionally, we support United Nations Sustainable Development Goals (SDGs) published in 2015 through actions, working towards the overarching sustainable development directions! Through strategies settings and project implementations in recent years, sustainability concept has become a part of corporate culture and the efforts were recognized through various accolades. In 2019, we were honored by 153 domestic and international awards. We were named to the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Market Index, both for the second year since 2018. We were also included in Taiwan Stock Exchange Corporate Governance 100 Index, Taiwan Stock Exchange High Compensation 100 Index, FTSE4Good TIP Taiwan ESG Index, FTSE4Good Emerging Market Index, Top 100 Best Performing Companies in Emerging Markets of Vigeo Eiris, etc. We take this opportunity to thank all our stakeholders for the supports and accreditations.

The 2015 Paris Agreement urged corporate citizens to limit global temperature rise, and since then we have been actively assessing how to exercise our influence as a financial institution to combat climate change and to facilitate capital flow towards a low carbon economy. To further advance sustainable finance, we established the "Green Finance Principles" in 2018 whereby we underpinned our green credit review process by considering ESG risks and opportunities. In addition, we have officially signed the Equator Principles in 2019, joining the international community's efforts to creating a sound financing environment. Regarding our operational management, we not only have been early advocates for various international environmental initiatives such as the Carbon Disclosure Project (CDP), we have also become a signed supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2019. By identifying our climate-related risks and opportunities, we enabled ourselves to plan adaptation strategies and set corresponding measures to prepare for the future.

The rapid development in FinTech and pure online banking has brought new challenges, but "customer centric" remains our number one priority. We leverage on our core business as a financial service provider to create a convenient, diversified, and safe financial ecosystem for the customers. To further expand our international service coverage, we pioneered collaboration on cross-border payment service with Hana Financial Group (HFG), the largest Financial Group in South Korea, in 2019. We have continued to explore other partnership opportunities with overseas partners and strategically applied FinTech to our businesses and developed relevant talents through trainings. We are committed to becoming one of the best digitalized financial groups globally.

Besides investing in our core financial business, we also aim to create societal prosperity. In the aspect of Arts and Culture Development, the Taishin Arts Award organized by the Taishin Bank Foundation for Arts and Culture has become a signature award for contemporary arts as well as the best platform that allows Taiwanese artists to express their works on an international level. In addition, the "Power of Love" campaign organized by the Taishin Charity Foundation (TCF) has reached its 10th anniversary. Over the decade, this campaign has supported close to 1,000 social welfare organizations/individuals, and granted more than TWD 200 million of charity funding. The Foundation has been inviting corporates, partnering sponsors and experts to contribute towards the campaign and has generated a virtuous cycle in the society. Additionally, Taishin also made considerable contributions towards sports sponsorships and academic exchanges.

The World Economic Forum held in Davos this year (2020) specifically themed "Stakeholders for a Cohesive and Sustainable World" and discussed a redefinition of stakeholders of corporates to include the global community, as human is unable to survive alone on this planet. This insight heralds the coming of a new era! As a Taiwanese-based company with a global ambition, we will continue to contribute through our model that aims to achieve environmental and social prosperity; and, through allocating resources appropriately abiding sound sustainable strategy, we fulfill our social mission as a financial servicing company which continue to create sustainable values for our stakeholders and become everyone's Smart Partner.

Chairman of Taishin FHC






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# Message from the President

With climate warming, generation change, and rapid advancements in technologies, corporations faced a more diverse and complex set of risks than ever. A company's capability to identify the industrial relevant risks and opportunities and to appropriately allocate resources has become key subjects to address for its sustainable development. While demonstrating our profitability through financial reporting, we transparently report ESG relevant efforts and achievements through our annual corporate social responsibility (CSR) report, sharing the accomplishments with our investors, and anyone interested in Taishin.

This report disclosed our sustainability performance in 2019 as well as our sustainability strategy, management approach, and short, medium, and long-term goals. We monitored trends and listed sustainability topics which are most relevant to our operating business. We then identified material topics that have the most impact on our sustainable operations and factored allocation of the six major capitals (financial, manufactured, human, intellectual, natural, social and relationship) in our operational strategies to achieve the United Nations' Sustainable Development Goals (UN SDGs). We continuously introspect to seek ways to improve our performance. To compile this report, we have adopted the Global Reporting Initiative (GRI) standards and followed the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) framework to improve the quality of our information disclosure to respond to the interests and expectations of all stakeholders.

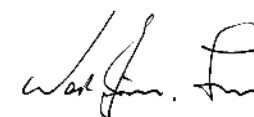
In 2019, we appointed a corporate governance director and conducted performance evaluations on the Board of Directors and its functional committees to further strengthen the efficacy of the company's corporate governance. Our outstanding performance resulted in a top 5% position among listed companies in the "5th Corporate Governance Evaluation of the Taiwan Stock Exchange" in April 2019 and a top 10% (first-tier) position among the financial and insurance companies in the same evaluation. In addition, our risk management policies not only manage our main operational risks, but also incorporate climate risk and emerging risks into the overall enterprise risk assessment. Our business continuity management (BCM) mechanism lays out crisis levels and corresponding actions when unexpected events occur; BCM ensures the continual operation of our core functions and shorten the duration required to return to business as usual in order to protect the rights and interests of our clients and shareholders. We have reacted quickly to recent public outbreaks such as political demonstrations abroad and public health epidemics, to effectively reduce material impacts to our operations.

We made a record profit year in 2019, with 12% year-on-year growth from 2018 and have been actively investing in FinTech applications and cross-industry collaboration to provide diversified financial services that are convenient and secure. We have also incorporated environmental and social risks into our financing and investment process underpinned by our "Green Finance Principles". We honored the principles in our financial products and transactions to improve our sustainability practices by making amendments to 13 relevant corporate guidance and 17 review processes. In response to climate change, Taishin Bank, one of our subsidiaries, has been strengthening its evaluation and review mechanisms for climate sensitive sectors. Taishin Securities, another subsidiary, has also been supporting ESG-related sectors to raise funds and assisted four ESG-related companies to fundraise in the capital market in 2019, raising TWD 3.441 billion, representing a 300% growth from 2018.

We know that the foundation of the financial service industry is to serve "people" and only good talents can win the trust of our customers. Therefore, we have invested heavily on our talent developments. We have recently focused our attention on developing talents for our digital transformation to prepare ourselves for long-term competitiveness. Aside from talent development, we continued to invest in local communities. In 2019, we invested TWD 300 million in charitable donations, community investment, and business initiatives. We engage and motivate our employees, suppliers, customers, and other partners to join forces in public welfare.

With our corporate spirit emphasizing Dedication and Innovation, we have honed a corporate culture of Integrity, strived to strengthen our corporate governance and committed to improve the transparency of our information disclosures to obtain the approval and support of our stakeholders. In the future, we will continue to advance Sustainable Governance, Economic Prosperity, Green Environment, and Inclusive Society to create a beautiful and sustainable future for all.

President of Taishin FHC






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## Product and Service

Established in 2002, Taishin Holdings is committed to leading its subsidiaries and related companies with innovative business models based on the core values of "Integrity, Commitment, Innovation and Cooperation" to continue to provide more comprehensive services and innovative products. With high-quality services, we have earned the recognition and trust of the society, worked side-by-side with our clients and become their "Smart Partner". We aim to become a consistently growing and trustworthy financial institutions, a role model in corporate governance and social responsibilities, a leader of Taiwan's financial industry, and a leading brand of the Chinese community.

Date as of December 31, 2019

Company Profile	
Headquarter address	No.118, Sec.4, Ren-ai Rd., Taipei City106, Taiwan
Capital Amount (TWD thousand)	114,567,044
Total Assets (TWD thousand)	2,030,941,331
Permanent employees	9,195
Industry	Financial services
Stock code	2887

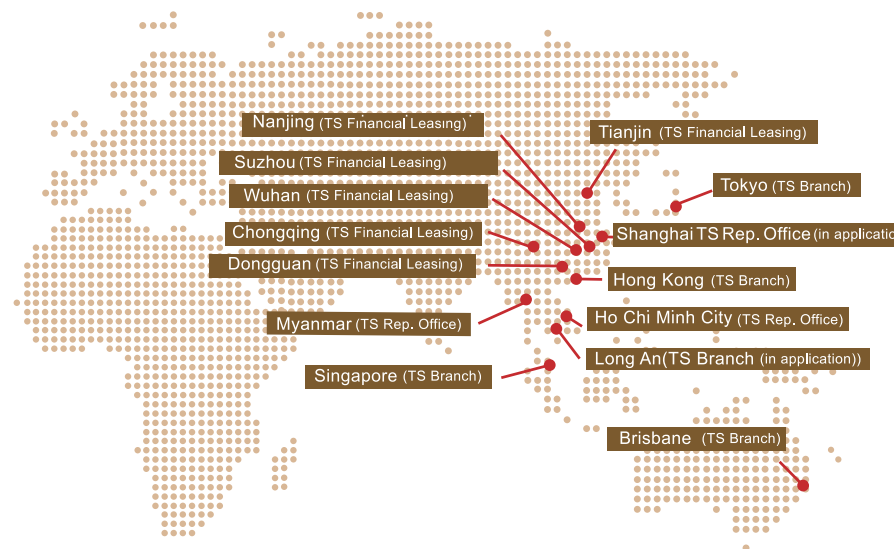
## Main Business

Taishin Bank	Taishin Securities	Taishin Securities Investment Trust	Taishin Securities Investment Advisory	Taishin Asset Management	Taishin Venture Capital Investment	Taishin Charity Foundation	Taishin Bank Foundation for Arts and Culture
Wealth management, retail banking, wholesale banking, finance and financial market, digital banking, and trust service	Proprietary securities trading, securities brokerage, securities underwriting, futures introducing broker	Raising of securities investment trust funds against issuance of beneficial certificates, and investment of funds in securities and other related instruments	Providing research resources to Taishin group, sole distributor of the Jupiter Fund	Acquires monetary debts from financial institutions; rates and sells debt; provides debt management and overdue accounts receivable management services	Venture capital investment	Focusing on social welfare business (ex. support to charity organizations, skill development for the disadvantaged etc.)	Promoting arts in Taiwan (ex. sponsors and provides incentives to outstanding art/cultural workers and organizations; sponsors and organizes art/cultural exhibitions, promotions and seminars; publishes art-related publications and materials etc.)

## Global Layout

To advance its international business objectives and competitiveness, Taishin Financial Holdings has in recent years locked in Asia and the Pan-Pacific region and actively expanded its overseas footprint, in response to the government's New Southbound Policy and in line with the business opportunities presented by the needs for financial services of Taiwanese companies throughout the region. The ASEAN countries have been the key region in this effort. Taishin Bank submitted an application to State Bank of Vietnam for the establishment of a branch in Long An Province, and the branch is currently being established. In 2019, we received permission from the Financial Supervisory Commission to establish a branch in Labuan, Malaysia and to set up a Marketing Office in Kuala Lumpur, marking another step of expansion in the ASEAN market. In

addition, to provide convenient financial services to customers in Greater China, Taishin Financial Holdings has not only set up financial leasing companies in Nanjing and Tianjin through its subsidiary Taishin Venture Capital, but also established branches in Dongguan, Suzhou, Shanghai, Chongqing, and Wuhan, raising the number of service locations to 23 cities across China. Taishin Bank also has been granted permission from China Insurance Regulatory Commission Shanghai Bureau in April, 2020 to establish a representative office in Shanghai and preparations have started. Presently, Taishin Bank operates branches in Hong Kong, Singapore, Tokyo, Japan, and Brisbane, Australia and has representative offices in Ho Chi Minh City, Vietnam, and Yangon, Myanmar. We will continue to develop overseas markets in the future to offer Taishin's high-quality financial services in the pursuit of achieving excellent regional financial integration in the Asia-Pacific region and continue market expansion.



- 101 domestic branches
- 04 overseas branches
- 02 overseas representative offices
- 32 city-based financial leasing offices

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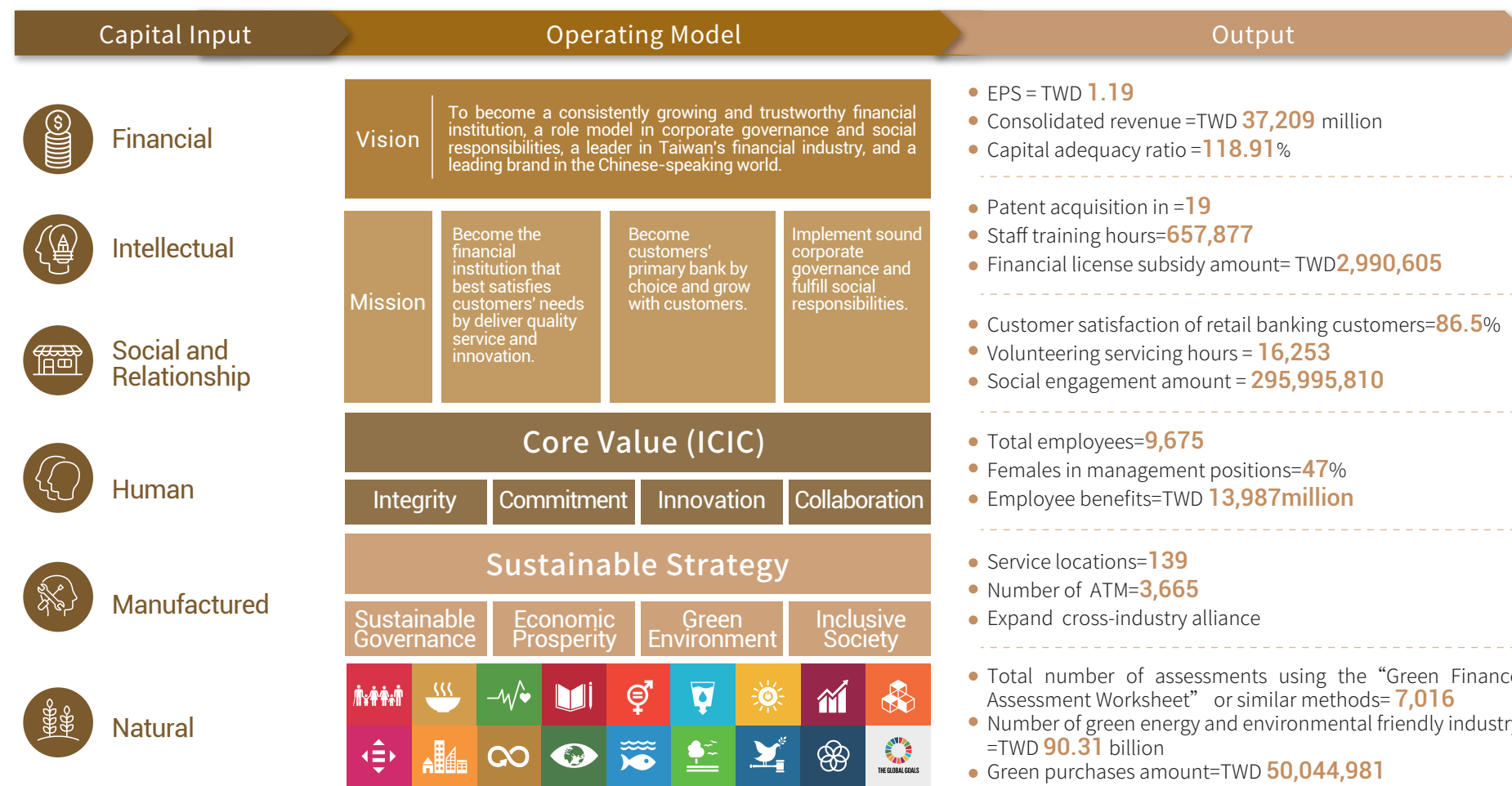
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## Value Chain and Value Creation

Accountability to "stakeholders" is what enables a company to maximize its value in the society. By making strategic allocation and use of capital, Taishin aims to maximize utilization of our capital and create long-term, sustainable values for all stakeholders.

We properly allocated our six capitals (including financial, manufactured, intellectual, human, social and relationship, and natural) under our overall strategy, and through our business model we achieved results that contribute to the United Nations' Sustainable Development Goals (SDGs). For more details, please refer to "Sustainability Performance and SDGs."





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# Sustainability Performance and SDGs



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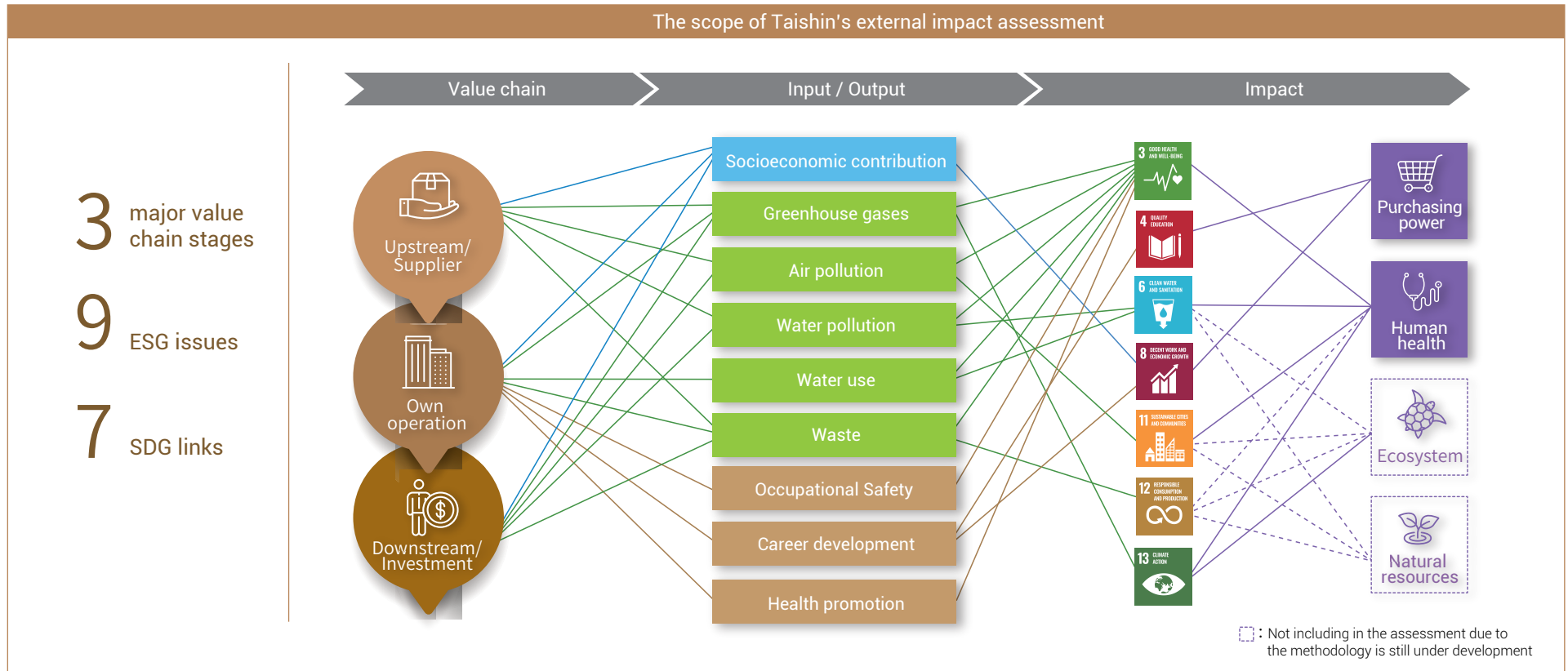
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# Sustainability Impact Valuation

Taishin FHC is convinced that in the practice of corporate sustainability, only the Triple Bottom Line (TBL) management thinking that takes into account the economic, environmental, and social can achieve substantial value created by business operations for the stakeholders. Since 2017, we have worked with academic institutions to jointly develop a "Sustainability Impact Valuation" model, which uses the Impact Pathway Approach to map out the externalities of value chain activities on the environment and society, and measures them in a monetized form in order to describe the potential impact on human

well-being, society, and the economy and put forward potential trade-offs & comparisons to guide sustainable enterprise operations. In the future, Taishin will continue to pay attention to and participate in the development of this methodology, which will likely continue to expand the assessment and connections among the company's material issues, with the goal of improving the quality, reliability, consistency, and comparability of the assessment outcomes.



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Boundary	Category	Operation	External impact	Methodological description	Reference
Upstream/ Downstream	Economic	Supplier procurement	Socioeconomic Contribution	Input-output analysis is used to assess the indirect economic value created by the mutually dependent procurement and investment activities along the industrial chain. The external cost per unit of pollutants in our own operations is used to estimate the greenhouse gases emitted by the supply chain and environmental impacts such as water pollution (COD), waste (incineration), and air pollution (PM2.5, NOx, SOx, NMHC, Pb). Upstream/Downstream social externalities are not included in the assessment, as such data is not easy to obtain.	Directorate-General of Budget, Accounting and Statistics (2015)
		Investment activities			Directorate-General of Budget, Accounting and Statistics (2017)
	Environmental	Supplier procurement	Social cost of carbon		Bureau of Energy (2012)
		Investment activities	Damage to human health		US EPA (2016) UNEP/SETAC (2017) PWC UK (2015)
Own Operations	Economic	Revenues and expenditures	Socioeconomic Contribution	In order to evaluate the social and economic benefits created by the operational activities for the stakeholders, we also consider salaries (employees), dividends (shareholders/investors), taxes (government), depreciation (suppliers), and other expenses as positive economic value in addition to revenue.	Taishin FHC annual report
		Environmental	Greenhouse gas emissions (GHG)		Social cost of carbon
	Water use		Damage to human health	Environmental Protection Administration (2017)	
	Waste disposal			USEtox (2017)	
	Social	Employee care development	Socioeconomic Contribution	Due to the wide scope of the social aspect and the immaturity of the methodologies to assess most of those issues, only the social cost from occupational incidents, economic contributions from employees' career development, and health promotion activities that reduce employees' abnormal health risks are taken into consideration.	Jiune-Jye Ho (2005) Chieh-Hsien Lee (2009) WHO (2008)
		Occupational incident	Social cost of lost working hours		
Health promotion		Avoid medical cost of illness			



Socioeconomic contributions to growth along the value chain

In 2019 we generated higher economic benefits than the previous year. Overall, each unit of investment leads to 2.4 times of its investment value along the industry chain.



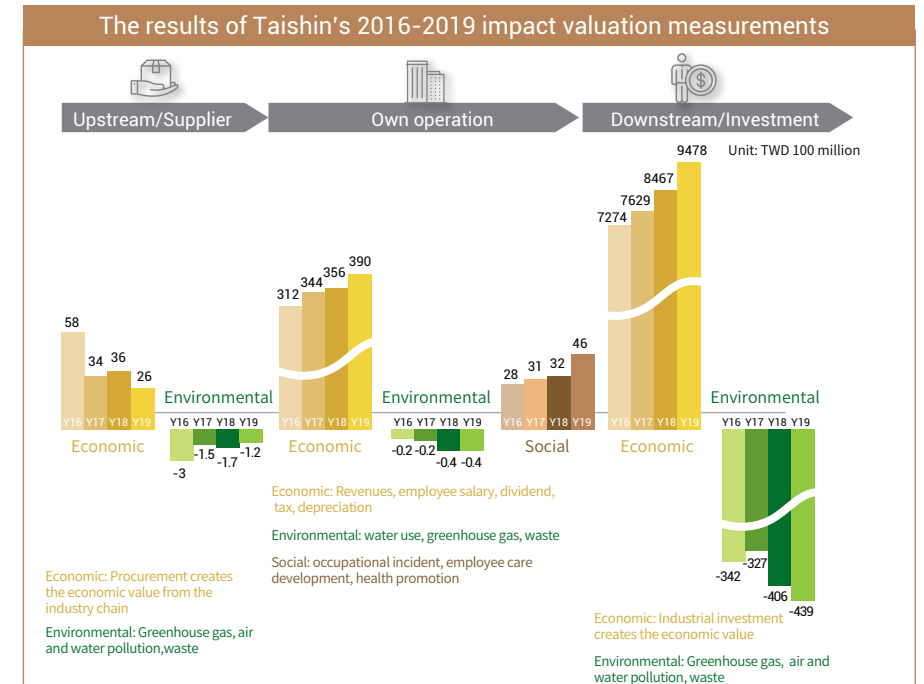
Social cost of carbon reduce from own operations

In addition to continuing to promote various energy-saving and carbon-reducing operations and improvements, we have formulated multiple action plans for air-conditioning, lighting and equipment on server room to minimize the energy consumption impact to environment.



Environmental external cost coming from downstream investment

Taishin FHC will continue to analyze what investment portfolios may reduce external environmental cost and will assume a leading role in expanding the sustainable investment effects of the financial industry.





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# Risk and Opportunity Analysis

## Management of Emerging Risks

Taishin Holdings implements procedures specifically to identify, manage and respond to emerging risks, and prepares assessment worksheets based on documents published by local and foreign institutions. All subsidiaries are required to assess emerging risks associated with their business activities to assess the possible impacts and devise response measures, which are consolidated by Taishin Holdings to facilitate ongoing monitoring on the effectiveness of risk control and mitigation measures.

## Risk Identification Process



## Emerging Risk

Risk Types	Impact on Operations and Business	Mitigation Measures and Response Strategies	Opportunities	
<p><b>New Infectious diseases</b></p> <ul style="list-style-type: none"> <li>• New types of infectious diseases, without effective vaccines or drugs, affect the health of personnel.</li> <li>• Due to globalization, diseases spread faster than in the past. These are no longer issues of a single nation or region, and countries all over the world must pay attention to it.</li> </ul>	<ul style="list-style-type: none"> <li>• Staff attendance will be affected. If serious, some business may shut down.</li> <li>• Shrinking economic activities have affected the profitability of credit grantees and the possibility of default payment has increased.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement in-house employee health management and reduce large meetings. Procure sufficient quantities of epidemic prevention materials to stabilize people's moods.</li> <li>• Show care for the customer's situation and offer bailout measures when necessary to help them navigate the crisis.</li> <li>• Strengthen asset quality monitoring and avoid excessive concentration in high-risk regions or industries.</li> <li>• Regards to digital development:                             <ol style="list-style-type: none"> <li>1. Continue to use new technologies to optimize online processes, such as applying for personal consumer loans, credit cards, funds, etc.</li> <li>2. Actively cooperate with home economy related industries (such as online shopping, food delivery)</li> <li>3. Control the digital transformation needs of partner stores to promote the new payment platform of Taishin.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Develop electronic remote working methods, carry out renovation of premises and replace equipment, and provide additional specialist training.</li> <li>• Improve the company's resilience to new types of infectious diseases. After the market gets back on track, it stands ready to seize opportunities.</li> <li>• During a crisis, besides maintaining profitability, we may step up our actions as a corporate citizen, protecting employee health and enhancing the company's reputation.</li> <li>• The rapid housing economy has been affected by the epidemic. The Bank continues to combine digital technology to launch new products, online services and expand partners to actively expand digital business opportunities.</li> </ul>	
<p><b>Deepfake and Internet of Things Attack</b></p>	<ul style="list-style-type: none"> <li>• Banks keep a large volume of confidential information (including but not limited to customers' financial information), which makes them a wanted target for attacks by hackers, who may use social engineering or deepfake attacks to deceive employees and cause network security breaches and confidential information leaks.</li> <li>• The number and usage of IoT devices is continuously expanding. Hackers may leverage weak device security to conduct distributed denial-of-service (DDoS) attacks, which may cause business interruption.</li> </ul>	<ul style="list-style-type: none"> <li>• In the era of big data, the volume of confidential information is growing. If that is unfortunately leaked or stolen, our company may suffer significant financial losses and damage to its reputation.</li> <li>• If an IoT breach leads to a DDoS attack and interruption of operations, and such a major accident is reported, our company may be subject to huge fines from the competent authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the collection, use, and supervision of confidential information and continue to keep employees informed of data security news and reinforce basic concepts of data security.</li> <li>• Formulate the "Management Rules for IoT Suppliers" and set up a list of qualified equipment. Hire external consultants to conduct security tests, reduce loopholes in our IoT equipment, and formulate security control measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage optimized correlation analysis and financial big data to gain insight into the best marketing strategies and qualified customers and strengthen operational energy.</li> <li>• Use financial IoT devices to work more efficiently and quickly, with cross-regional flexibility and faster turn-around times.</li> </ul>
<p><b>Financial Technology and Industrial Transformation</b></p>	<ul style="list-style-type: none"> <li>• The FinTech era, emerging AI, cloud technology, big data, and other technologies as well as changes in customer behavior will impact current financial services.</li> <li>• Digital technology is changing day by day, giving rise to new scams and counterfeiting methods.</li> </ul>	<ul style="list-style-type: none"> <li>• Our online operations must meet customer needs and preferences and comply with new regulatory requirements, to prevent negative impacts on our business growth.</li> <li>• Carefully introduce financial technologies to prevent leakage of personal information and damage to customers' rights and interests or penalties from the competent authorities.</li> <li>• Improper handling of counterfeit cases will affect the company's credibility and image, and damage profits.</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate FinTech-oriented development directions and develop new services and products.</li> <li>• Strengthen FinTech financial services monitoring and management and strengthen our data security management system.</li> <li>• Monitor anomalous transactions, implement identity verification mechanisms, and strengthen suspicious data comparison.</li> <li>• Build the alliance with partners by connecting APIs, such as Pay + and Richart, which help financial services penetrating into customers' life scenarios.</li> </ul>	<ul style="list-style-type: none"> <li>• Seize the opportunity for transformation, provide convenient financial services, build trust with online customers, and strengthen our core competitiveness.</li> <li>• Leverage FinTech to optimize operation processes, improve data security control mechanisms, and improve service quality.</li> <li>• Connect the open banking structure with third parties, to provide customized financial services and products.</li> </ul>

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## Awards & Honors

Won over **153** overseas/domestic awards in 2019.

Inclusion in Both Dow Jones Sustainability Indices (DJSI)

**World** and **DJSI Emerging Markets** for 2 consecutive years



### Corporate Social Responsibility

- Asia's Best Materiality Reporting and Asia's Best SDG Reporting (Highly Commended)—CSRWorks International
- Best Companies To Work For In Asia – HR Asia Magazine
- Asia Responsible Entrepreneurship Awards- Investment in People – Enterprise Asia
- Asia-Pacific Stevie® Awards- Award for Innovation in Human Resources Management, Planning & Practice- Silver Stevie Winners - The Stevie® Awards
- Best Human Resource Development Practice - Category Winner - IFTDO (International Federation of Training and Development Organization)
- BSI Sustainability Distinguished Award—BSI (British Standard Institution)
- Ranked top 50 in 2019 "Excellence in Corporate Social Responsibility"- Common Wealth
- Top 50 Corporate Sustainability Award-TAISE(Taiwan Institute for Sustainable Energy)

### Wealth Management

- Best Private Bank for Big Data Analytics and AI in Asia, and Best Private Bank for customer service in Asia— Taishin Bank – The Banker and PWM
- Outstanding Wealth Management Service for the Affluent – Private Banker International (PBI)
- Best Private Bank in North Asia, Best Wealth Manager- Customer Experience, Best Mass Affluent Bank Offering, Highly Acclaimed: Best Next-Generation Offering, and Highly Acclaimed: Excellence in Digital Wealth Management – The Digital Banker
- Best Digital Wealth Management Experience in Taiwan, Highly Commended: Best Wealth Manager in Taiwan– Taishin Bank, and Best Nexgen Wealth Manager in Taiwan – The Asset
- Wealth Management Award-Best Wealth Management, Best Service, and Best Customer Recommendation—Wealth Magazine

### FinTech

- Regional Winner\_Gartner Eye on Innovation Awards for Financial Services in Asia Pacific - Gartner
- Customer Insight Model Bank, and Lending Model Bank – Celent
- Asia's Most Intelligent Bank – IDC (International Data Corporation)
- Tech Projects of the Year 2019\_Data Category – The Banker
- Best Data Analytics Initiative, Application or Programme in Taiwan ,and Digital Lending Product of the Year in Taiwan – The Asian Banker

### Innovative Products & Superior Services

- The Innovators - Cash Management, and Global Winner\_Best in Social Media Marketing and Services– Global Finance
- Excellence in OmniChannel Integration, Best Payment Innovation, and Highly Commended: Excellence in Mobile Banking- RBI(Retail Banker International)
- Credit Card Initiative of the Year in Taiwan, Mobile Banking Initiative of the Year in Taiwan, Open Banking Initiative of the Year in Taiwan, and Automobile Lending Initiative of the Year in Taiwan-Asian Banking & Finance
- Best Diversified Services-The Taiwan Banker
- Critics' Choice Award, Best Business Model–Gold Award, Best Experience Innovation–Silver Award, Best Technology Innovation–Silver Award ,and Best Management Innovation –Bronze Award-Business Next
- Best Bank in Digital Financial Services-First Prize-Global View

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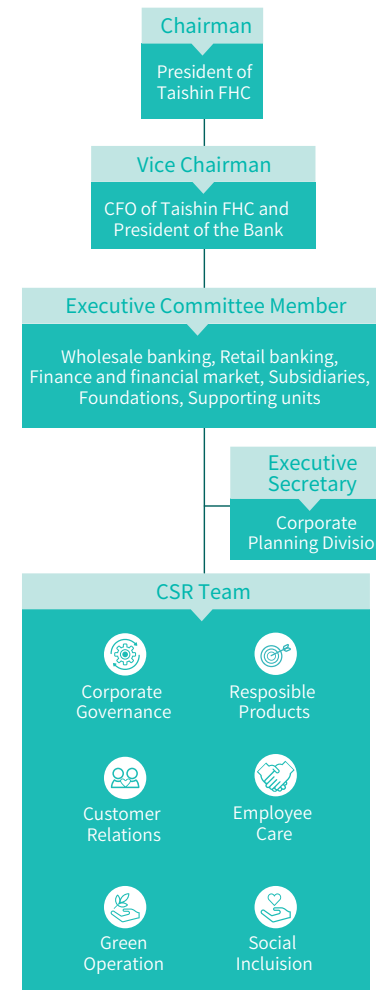
Appendix

## CSR Committee Operations

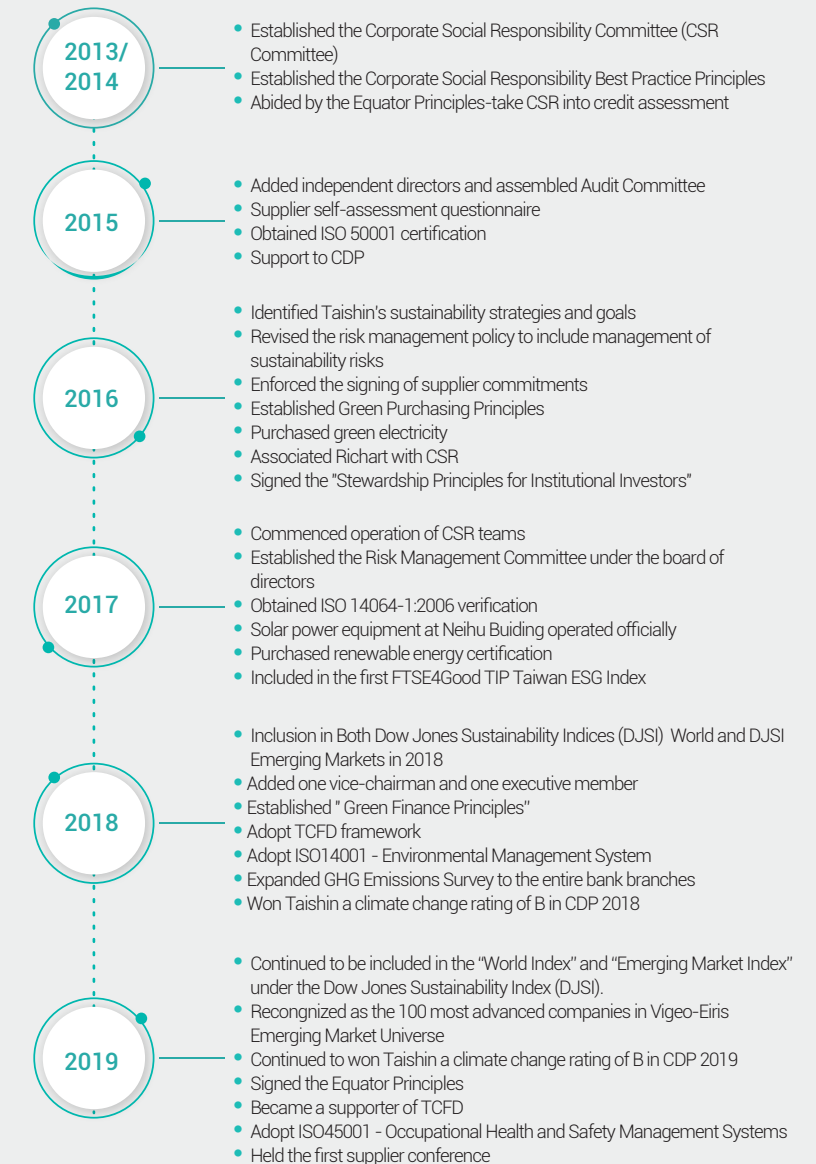
To enhance the overall corporate sustainable practices, Taishin established "Taishin Financial Holdings Corporate Social Responsibility Best Practice Principles" and assembled Corporate Social Responsibility Committee (CSR Committee) to promote CSR activities. The President of Taishin FHC serves as chairman of the CSR Committee, CFO and President of the Bank serves as vice-chairmen, while representatives from various business groups/subsidiaries/foundations serve as executive members. The Committee is responsible for establishing CSR strategies and goals, examining annual CSR plans, and reviewing each CSR projects and their results.



The CSR Committee should meet at least twice a year and may hold a meeting at any time if necessary. The CSR Committee held 3 meetings in 2019 with issues including 2019 CSR plans, the materiality matrix, strengthening risk culture awareness, increasing times of remote backup drills, supporting the TCFD initiative, signing the Equator Principles, and adopting the ISO 45001 Occupational Safety Management System. The Committee has to present performance reports and major plans to the board of directors. The chairman and executive members are invited to participate in regular board meetings, during which they may communicate with the board on CSR-related issues.



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# Sustainability Topic Analysis

Taishin has sought and identified 21 sustainability topics taking into various considerations, including sustainability trends in the financial industry, our engagements with stakeholders in the past, international sustainability standards and guidelines (e.g. GRI Standards, Sustainability Accounting Standards Board, SASB), sustainability indicator (e.g. Dow Jones Sustainability Index, DJSI), benchmarked topics identified by leading international and domestic peers. To learn more about our stakeholder engagement approach and materiality analysis approach, please refer to the "Stakeholder Engagement" chapter.

Note: During the screening of FY2019 sustainability topics, we have combined FY2018 topics with similar nature. The topics adjusted are as follow: "Legal Compliance" in FY2018 was combined under "Risk Management and Internal Control" in FY2019 for more comprehensive coverage; "Human Resources Management" in FY2018 covered multiple topics, thus we have split the topic from one to three, which are "Talent Development", "Remuneration, Benefits & Employee Care", and "Labor-Management Relations"; Considering the trends in regulatory policy development and sustainability disclosure development, "AML/ CFT", "Climate Change Strategy" and "Privacy Protection" were new additions to topic list for materiality analysis.

## Significance of Sustainability Topics

● means the significance score is higher than the median.

Corresponding Chapters	Sustainability Topics	Significance to Taishin							Corresponding Chapters	Sustainability Topics	Significance to Taishin						
		External Impact			Internal Impact						External Impact			Internal Impact			
		Environment	Society	Economy	Policy	Profitability	Brand	Future Performance			Environment	Society	Economy	Policy	Profitability	Brand	Future Performance
Sustainable Governance	Corporate Governance			●	●	●	●	●	Sustainable Finance	Climate Change Strategy	●	●		●	●	●	●
	Business Integrity		●	●	●	●	●	●		Sustainable Finance	●	●	●	●		●	●
	Risk Management and Internal Control			●	●	●	●	●		Financial Inclusion		●				●	●
	AML/CFT		●	●	●		●	●		Talent Development		●	●	●	●	●	●
	Information and Transaction Security			●	●	●	●	●		Remuneration, Benefits & Employee Care		●	●	●	●	●	●
	Business Continuity and Technology Risk Management			●	●	●	●	●		Labor-Management Relations		●	●	●	●	●	●
	Business Performance			●	●	●	●	●		Human Rights and Gender Equality		●				●	
	Customer Relationship Management		●		●	●	●	●		Occupational Health and Safety		●				●	
	Privacy Protection		●		●	●	●	●		Green Operation Management	●	●	●	●		●	
Superior Service	FinTech/ Digital Innovation	●	●	●	●	●	●	●	Sustainable Supplier Management	●	●	●			●		
									Social Impacts		●				●		

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● means the degree of impact is high.  
● means the degree of impact is medium.

Corresponding Chapters	Sustainability Topics	Subjects of Impact							
		Taishin FHC	Customers	Employees	Shareholders / investors	Competent authorities	Suppliers	Community	Media
Sustainable Governance	Corporate Governance	●	●	●	●	●			
	Business Integrity	●	●	●	●	●		●	●
	Risk Management and Internal Control	●	●	●	●	●		●	
	AML/CFT	●	●	●	●	●			
	Information and Transaction Security	●	●	●	●	●	●	●	
	Business Continuity and Technology Risk Management	●	●	●	●	●	●	●	
	Business Performance	●	●	●	●	●	●		
Superior Service	Customer Relationship Management	●	●	●	●	●	●	●	●
	Privacy Protection	●	●	●	●	●	●	●	●
	FinTech/ Digital Innovation	●	●	●	●	●	●	●	●
Sustainable Finance	Climate Change Strategy	●	●	●	●	●		●	●
	Sustainable Finance	●	●	●	●	●		●	
	Financial Inclusion	●	●	●	●	●		●	
Friendly Workplace	Talent Development	●		●	●	●		●	
	Remuneration, Benefits & Employee Care	●		●	●	●		●	
	Labor-Management Relations	●		●	●	●		●	
	Human Rights and Gender Equality	●		●	●	●		●	
	Occupational Health and Safety	●		●	●	●		●	
Green Operation	Green Operation Management	●		●		●	●		
	Sustainable Supplier Management	●		●		●	●	●	
Social Impacts	Social Involvement	●	●	●				●	



# Sustainability Topic Management

Strategy	Sustainability Topics in 2019	Management Approach			Indicators and Goals				
		Policy	Commitment	Action	Key Performance Indicator	Achievement in 2019	Short-term (1-2 years)	Medium-term (2-3 years)	Long-term (3-5 years)
 Sustainable Governance	Corporate Governance	Establishment of "Corporate Governance Principles" and assembly of "Audit Committee", "Remuneration Committee" and "Risk Management Committee".	Implement a robust corporate governance framework, enhance functionality of the board of directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities.	Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems.	Corporate governance evaluation ranking	✓	Top 5%	Maintain exceptional performance	Enhance performance of the board of directors and functional committee and create long-term value for shareholders, businesses, customers and employees.
					Board of directors performance valuation	✓	Score 80% or above in internal performance evaluations	Maintain good performance in internal and external evaluations	
					Directors attendance rate	✓	Maintain above 90%	Maintain above 90%	
	Business Integrity	Establishment of "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", "Corporate Governance Principles" and "Corporate Social Responsibility Best Practice Principles."	To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture. "Integrity" has been included as part of the board's regular performance.	Prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encourage and protect whistleblowers.	Integrity course completion rate	✓	100%	100%	100%
	Risk Management and Internal Control	Establishment of "Risk Management Policy" based on best risk management practices, the Basel Accord and laws of the Republic of China.	Improve the quality of risk management efforts and ensure corporate sustainability by adopting a robust risk identification, assessment, consolidation and management system.	Ensure the effectiveness of risk management system by adopting the three lines of defense that is currently regarded as the best risk management practice in the world.	Group's capital adequacy ratio	✓	≥ 100%	≥ 100%	≥ 100%
					Department compliance assessment pass rate	✓	100%	100%	100%
					Risk Management Committee members' attendance rate	✓	Above 90%	Above 90%	Above 90%
	Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	Establish a "AML and CFT Policy", while each relevant subsidiary company sets relevant execution standards for its own industry oriented by risk management to implement the prevention of AML and CFT.	In order to AML, combat crime, stabilize financial order, promote transparency of financial flows, and strengthen international cooperation, strengthen various systems for AML and CFT, enhance employees' awareness of AML, uphold the core values of sustainable management so that fulfill the responsibility of international citizens.	The board of directors of Taishin FHC holds the ultimate authority and responsibility in AML and CFT. The board establishes compliance and risk management cultures and regularly reviews the organization's AML/CFT practices. And continue to promote related education and trainings.	AML/CFT education completion rate	✓	100%	100%	100%
	Information and Transaction Security	Establishment of "Cybersecurity Policy" and "Taishin Holdings Internet Security Management Guidelines." Assembly of an "Information Security Committee" with defined protection goals that regularly discusses information security-related issues and improvement measures.	Provide complete information security protection and create a reliable and trusted environment for banking development.	Acquire certification for ISO/IEC 27001 ISMS. Gather information on security trends and threats from around the world, and take timely actions to prevent and respond to threats while at the same time enforce security measures.	Hacker attacks that caused operational or business impact	✓	No incidence	No incidence	No incidence
					Annual hours of external information security education of information security professionals	✓	15 hrs	20 hrs	30 hrs
Customer complaints about the leakage of personal or sensitive data due to phishing					✓	No case	No case	No case	

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		Policy	Commitment	Action	Key Performance Indicator	Achievement in 2019	Short-term (1-2 years)	Medium-term (2-3 years)	Long-term (3-5 years)
 Sustainable Governance	Business Continuity and Technology Risk Management	Implement business continuity measures as part of our banking service to ensure proper response and thereby maintain key operations and ensure fast recovery.	Minimize impact and service downtime in order to protect customers' and shareholders' interests and strengthen our competitiveness.	Have Business Continuity Plan, Information System Recovery Plan, and Contingency Funding Plan. Also, conduct related tests and drills.	Frequency of performing business continuity drills	✓	At least once a year	At least once a year	At least once a year
	Business Performance	To maximize efforts and growth momentum in all business activities while complying with government policies, laws and "risk management" principles.	To help customers and shareholders achieve financial success, develop Taishin's reputation as customers' wealth advisor, and win the recognition and trust of the general public.	Strengthen the information technology infrastructure and develop new products and services. Meanwhile, increase customer base and engagement, complete the cross-industry business territory of Taishin Holdings, and enlarge the business scale of subsidiaries to enhance profitability.	Market share of credit card transaction value	✓	Top 5	Top 3	Top 3
					Market share of digital banking accounts	✓	Top 1	Top 1	Top 1
					Market share of ACH business	✓	Top 3	Top 3	Top 3
Market share of Factoring	✓	Top 3	Top 3	Top 3					
 Economic Prosperity	Customer Relationship Management	Establishment of "Fair Treatment of Customers Policy", "Fair Treatment of Customers Strategy", "Taishin Bank Consumer Dispute Resolution System", "Taishin Bank VOC Implementation Guidelines" and "Taishin Bank Frontline Service Quality Examination Guidelines."	Not only provide a diverse range of localized and customized service, but also pay close attention to customers' voice while delivering highly value-added services that make us the trusted smart partner.	Invest extensively into improving service quality as a means to raise customers' satisfaction.	Retail banking customers satisfaction	✓	Covered NPS survey outcomes	1% improvement over the previous year	Achieve 88% of the desired target
					Securities customer satisfaction	✓	Covered NPS survey outcomes	0.5% improvement over the previous year	Achieve 90% of the desired target
					Percentage of banking customers' complaints resolved within timeframe	✓	>95%	>95%	>95%
	Privacy Protection	Have a personal information protection policy in place to ensure legitimate collection while assessing possible personal information risks and using the findings to establish proper management practices.	Continue to execute training programs that are aimed at raising employees' awareness and respect towards personal information and promoting thorough understanding of relevant legal requirements, responsibilities, systems, procedures and measures.	Engage certified public accountants to perform a special audit on personal information protection.	Personal information protection education completion rate	✓	100%	100%	100%
	FinTech/ Digital Innovation	Monitor FinTech trends; create a digital banking environment and train new technology talents in response to the new era.	Optimize digital service experience based on a customer-centric philosophy. Commit efforts into improving overall digital capacity and introduce financial services that integrate into customers' lifestyles.	Develop innovative services and optimize processes through new technologies to provide more considerate services attuned to customers' actual needs.	Cross-industry collaboration	✓	Search for suitable and potential FinTech companies to collaborate with	Engage partners from different industries in long-term strategic alliances	Embed financial service in various industries to create a mutually beneficial living area
Digital transformation					✓	Adopt new technologies and optimize operating procedures for improved efficiency	Undergo total digital transformation	Undertake ongoing optimizations for the development of digital competitiveness	

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		Policy	Commitment	Action	Key Performance Indicator	Achievement in 2019	Short-term (1-2 years)	Medium-term (2-3 years)	Long-term (3-5 years)
Sustainable Finance	Establishment of "Green Finance Principles", which not only incorporate environmental and social risk assessments into financing and investment decisions, but also support the United Nations Framework Convention on Climate Change, the government' rewable energy policies and related industries.	Support environment-friendly and green industries, while avoid direct dealing with controversial businesses.	Use Green Finance Principles as a guideline for reviewing whether an industry should be supported or avoided, and monitor investees' post-transaction financing activities.	Green Finance Business Development	Started to implement the mechanism since being a signatory of EP in November 2019 and also managed to set the sector guidelines, which are aimed to be completed in 2020.	Introduce the Equator Principles mechanism and draw up industry-specific environmental and social risk management guidelines	The industry-specific environmental and social risk management mechanisms need to be developed and implemented	Green financial products (such as green financial funds) are offered; The proportion of green financial services (such as green investment) are increased	
				Proportion of cases which ESG risks and TCFD sensitive industry inspections were conducted in accordance with Green Finance Principles	✓	30%	60%	80%	
				Proportion of project finance approval cases evaluated in accordance with the Equator Principles	✓	50%	65%	80%	
Climate Change Strategy	1.Incorporate climate change risk management into our risk management policy. 2.Formulate "Green Finance Principles" and actively support industries and enterprises related to the environmental protection or mitigating climate change.	1.Support TCFD and sign to become one of the supporting organizations. 2.Continue to support CDP.	1.Actively introduce the identification of risks and opportunities under the TCFD-recommended framework, and propose mitigation measures. 2.Conduct scenario analysis or continuous attention and management for climate-sensitive industries.	Scope 1 & 2 Greenhouse Gas Emissions (note) Note: Base year 2018 =25,030 t CO2e	✓	24,529 (2% reduction)	24,279 (3% reduction)	23,778 (5% reduction)	
				TCFD Implementation	✓	Conduct full implementation and make assessments of climate-sensitive industries	Carried out financial impacts analysis on climate change	Execute the analysis for other sensitive industries; Management and climate strategies are adjusted on the basis of the analyzed results; Climate governance mechanisms can be optimized	
Green Operation Management	Establishment of "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction and energy efficiency improvement measures for lowering environmental impact.	To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.	Adopt ISO 14001, ISO 14064-1 and ISO 50001 standards and expand progressively to all domestic offices and the proprietary building.	Scope 1 & 2 Greenhouse Gas Emissions (note) Note: Base year 2018 =25,030 t CO2e	✓	24,529 (2% reduction)	24,279 (3% reduction)	23,778 (5% reduction)	
				Purchased Electricity Note: Base year 2018 =44,864,147 kWh	✓	43,966,864 (2% reduction)	43,518,222 (3% reduction)	42,620,939 (5% reduction)	
				Water usage Note: Base year 2018 =14.65 kiloliter/per person	✓	14.36 (2% reduction)	14.21 (3% reduction)	13.92 (5% reduction)	
				Waste intensity Note: Base year 2018 =0.0758 ton/per person	✓	0.0743 (2% reduction)	0.0735 (3% reduction)	0.0720 (5% reduction)	
				Coverage rate of ISO 14064-1 GHG inventory	✓	100%	100%	100%	
				Coverage and certification rate of ISO14001	✓	Bank-wide coverage	Bank-wide certification	Group-wide certification	



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		Policy	Commitment	Action	Key Performance Indicator	Achievement in 2019	Short-term (1-2 years)	Medium-term (2-3 years)	Long-term (3-5 years)
	Supplier Sustainable Management	Establishment of "Supplier Management Regulations" and "Supplier Principles" that require suppliers to fulfill corporate social responsibilities, commit to environmental sustainability, and protect basic human rights.	"Supplier Commitment Statement" has been added to every procurement contract as an invitation for supply chain partners to join us in fulfilling corporate social responsibilities.	Conduct corporate social responsibility training for all suppliers. Perform annual supplier assessment and request improvement from suppliers based on the outcome of assessment.	Supplier Commitment Statement signing rate	✓	100%	100%	100%
					Regular audits of major suppliers	✓	Coverage of document review for tier 1 major suppliers 10%	Coverage of document review for tier 1 and tier 2 major suppliers 20%	Coverage of on-site review for tier 1 major suppliers -10%
					Green purchase amount	✓	5% increase	10% increase	20% increase
	Financial Inclusion	Introduce the ESG concept into financial services and lower the service threshold so that provide suitable and friendly financial products and services for diversified groups and establish an equal and perfect financial environment.	Use FinTech to continuously optimize services and promote inclusive financial products in order to expand the accessibility and usability of financial services.	<ul style="list-style-type: none"> <li>• Through Richart App, provide simple, convenient, and easy-to-understand financial services for younger generations with relatively weak economies, and encourage them to develop investment habits.</li> <li>• Continue to strengthen the service items and functions of the online platform in order to optimize customer experience, so that customers can use financial services without geographical and time restrictions.</li> </ul>	Richart usage	✓	10% growth	5% growth	5% growth
					Number of online transactions	✓	10% growth	5% growth	5% growth
	Talent Development	"Employee Training Guidelines", "Employee Self-development Subsidy Guidelines" and "Employee OJT Subsidy Guidelines", and use of the Kirkpatrick Model for assessing training outcome.	Direct attention towards diversity, fairness and employees' rights. Provide abundant and diverse learning channels. Recruit the most suitable and outstanding talents by diversified channels.	Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Recruitment and promotion will be no difference by gender so that reflects our policy of diversity and non-discrimination.	Enhance reputation as an employer	✓	Establish diverse recruitment channels in campuses	Expand recruitment channels local and abroad, and continually manage the external talent bank	Develop reputation as a preferred employer for attracting talents
					Retention rate of top talents	✓	92%	92%	92%
					Project implementation rate of Succession Development Program	✓	100%	100%	100%
	Remuneration, Benefits & Employee Care	Participate in yearly market salary surveys and provide fair and incentive compensation in accordance with "Salary and Bonus Payment Policy" and "Performance Assessment and Bonus Policy."	Evaluate employees' performance using robust compensation and performance standards for better human resource management.	Adjust salary on a yearly basis to give back to employees with market-competitive salary and improved welfare/care measures. Utilize a combination of different long-term incentive tools to attract and retain talents while inspire their performance.	Offering of competitive compensation package	✓	To be selected in TWSE's "Taiwan High Compensation 100 Index"	To be selected in TWSE's "Taiwan High Compensation 100 Index"	To be selected in TWSE's "Taiwan High Compensation 100 Index"
	Labor-Management Relations	Through multiple communication channels, including periodical employee opinion surveys, ad hoc employee opinion surveys, an employee mailbox, and focus group interviews, employees have the opportunity to fully express their views, which the management takes to heart to maintain employee relationships.	All workers, regardless of seniority, position or rank, have the opportunity to fully express their views and they will not be labeled for their views.	Carry out periodical employee opinion surveys and draw up improvement action plans based on the survey results.	Employee opinion survey execution rate	✓	100%	100%	100%



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	Human Rights and Gender Equality	Announcement of "Prohibition against Workplace Sexual Harassment" and "Taishin Human Rights Protection Statement" as means to protect workers' human right. Implementation of "Maternity Protection Program" and regular execution of "Workplace Maternity Health and Hazard Assessment."	All employees are treated equally and are not discriminated in any way. All forms of sexual harassment and intimidation are strictly prohibited in the workplace.	Inclusion of worker and human rights issues in corporate ethics training for new employees. Presence of on-site physicians to host pregnancy and childcare-related seminars and courses for employees in need.	Human rights training completion rate	✓	100%	100%	100%
					Case of workplace discrimination or sexual harassment	Accepted 1 complaint of an employee's sexual harassment by the customer. HR Division intervened in time and well addressed.	0	0	0
 Inclusive Society	Occupational Health and Safety	Establishment of "Health Check Implementation Guidelines", "Abnormal Workload-induced Disease Prevention Program" and "Ergonomic Hazard Prevention Program" to provide employees with timely healthcare and professional assistance.	Creation of a safe, hazard-free work environment where employees are subjected to timely healthcare and professional assistance on a physical and mental level.	Establishment of an occupational safety and health unit that organizes safety and health training for new employees and regularly assesses issues relating to occupational safety and health risks.	Occupational safety and health management	✓	100% improvement rate of internal/external audit defects	Bank-wide completion of safety and health training 100%	ISO 45001 certification and completeness of management organization (availability of branch safety and health officer/ first-aid officer) - 100%
					Case of major occupational hazard incidents	✓	0	0	0
					Improved health management for high-risk groups (Note: High-risk group refers to those diagnosed with hypertension, hyperglycemia, and hyperlipidemia.)	✓	Increase participation of health promotion events (including health checkup, seminar, weight loss competition etc) by the high-risk group to 20%	Increase participation of health promotion events by the high-risk group to 40%	Reduce the percentage of high-risk employees below 10%
	Social Involvement	Contribute towards charity, arts/cultural support, sports promotion and academic exchange with a "people focus" and by adhering to the goal of "teaching people to fish."	Eliminate inequalities by directing attention, resources and training to the socially disadvantaged. Contribute to the health and welfare of all peoples through quality education, arts and cultural exhibition.	Adopt the calculation framework of LBG (London Benchmarking Group) to quantify Taishin's community involvement and measure output, yields and long-term influence on the society.	Corporate volunteering hours	✓	12,000	12,000	Enforcement of the volunteer system
					Support for charity organizations	✓	Host Power of Love workshops	Expand the scope of training courses across Taiwan	Cooperated with the charity organizations supported, we will combine local resources to assist more small local groups.
					Art activities which supported organization participate in	✓	Twice a year	Twice a year	Twice a year
					Expansion of Taishin Arts Award	✓	Integration of database and event website	Organize a 20th anniversary exhibition featuring replication of 5 award-winning performances	Create a separate program that reviews and exhibits art in complement with the Arts Award

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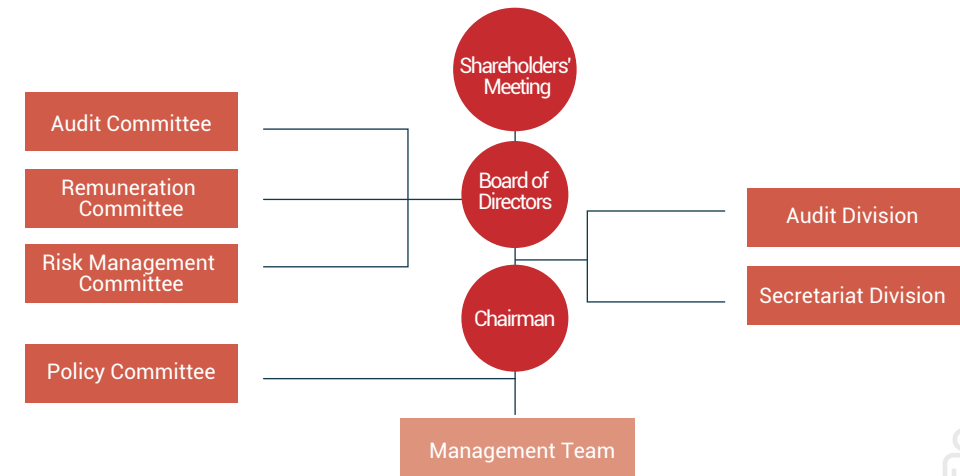
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# 1-1 Corporate Governance




## Governance Framework

Driven by its core value of "Integrity, Commitment, Innovation and Collaboration," Taishin integrates a broad range of resources to maximize business performance while minimize business risks. To effectively raise the efficacy of our corporate governance, we appointed our first corporate governance director, and conducted the performance evaluation of the Board of Directors and its functional committees in 2019. Three of the directors are independent directors, accounting for 42.85% of all directors. In terms of corporate governance, Taishin is ranked among Top 5% of TWSE-listed companies and first ranking which is top 10% of the financial industry by TWSE in the 5th Corporate Governance Evaluation in April 2019. The company has been one of the constituent stocks of the "Corporate Governance 100 Index in Taiwan" since June 2015 as well. Also, Taishin has been selected as a composition of DJSI, and index group that is attracting attention from investors around the world, in both "World" and "Emerging Markets" categories for the first time in 2018 and 2019. And we were recognized as "The 100 most advanced companies" in Vigeo-Eiris Emerging Market Universe. These external accreditations have secured Taishin's place among the world's benchmark companies in terms of corporate governance performance.

Taishin FHC believes that a robust corporate governance framework combined with an efficient board make the foundation for sound corporate governance. A strong framework not only improves corporate governance and risk management performance, but also enables the management full control over the Company's business strategies, goals and execution, and enhances its ability to lead the Company through changes in the economic cycle and competitive environment.



## Main Responsibilities and Operations of Functional Committees

Committee	Operations in 2019	Main Responsibilities
 <b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Convener : Independent Director Min-Yu Chang</li> <li>• Meetings : 10 times</li> <li>• Averaged attendance rate : 100%</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment and amendment of Asset Acquisition and Disposal Procedures and the internal control system; review on the effectiveness of internal control system.</li> <li>• Fundraising, offering, or private placement of equity securities, and major transaction of assets or derivatives.</li> <li>• Appointment, dismissal and remuneration of financial statement auditor; appointment and dismissal of financial, accounting and internal auditing officers.</li> <li>• Review of annual and semi-annual financial reports.</li> <li>• Matters involving directors' personal interests</li> </ul>
 <b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>• Convener : Independent Director Yi-Fu Lin</li> <li>• Meetings : 7 times</li> <li>• Averaged attendance rate : 90%</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment and regular review of the compensation policies, systems, standards and structures, and performance of directors and managers.</li> <li>• Regular review and adjustment of directors' and managers' remuneration.</li> </ul>
 <b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>• Convener : Independent Director Min-Yu Chang</li> <li>• Meetings : 5 times</li> <li>• Averaged attendance rate : 100%</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion of Taishin's risk management policy.</li> <li>• Discussion of Taishin's annual risk appetite or risk limit.</li> <li>• Review of Taishin's regular risk management reports.</li> <li>• Review or discussion of other material risk management issues identified by Taishin or the authority.</li> </ul>

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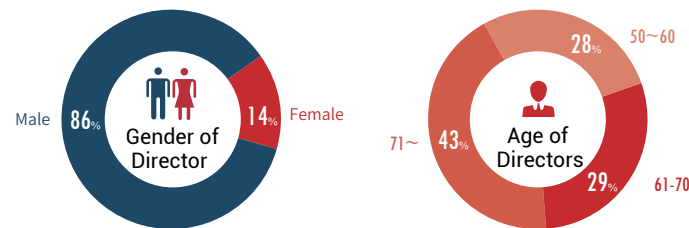
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## Composition and Functionality of the Board of Directors

### Composition of the Board of Directors

Taishin FHC elects its board members according to the "Taishin FHC Director Election Policy." Taking the diversity into account, composition of the board of directors is not limited by gender, age, ethnicity and nationality, also takes into consideration of their knowledge and skills. The board of directors serves a term of 3 years. The current board was elected in June 2018 and comprises 7 members (link to directors' name and background), including 3 independent directors (1 of whom was female and a certified public accountant). As at December 2019, members of the current board averaged 10.42 years in service. Three of the directors are independent directors, accounting for 42.85% of all directors.

Board members exhibit diverse backgrounds  diverse backgrounds that cover a wide range of expertise including: banking, securities/investment/insurance, other industries/SME, accounting, leadership, international experience, government and public policy, non-profit organization, information technology, and academic research. All directors possess the relevant risk management experience and expertise needed to supervise major decisions of the management team. Independent directors are appointed according to TWSE's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and the Group Chairman does not hold any concurrent position as senior manager. Directors' independence is one of the ways through which the Company enforces sustainable governance.



Title	Name	# of positions as Director in other public companies	GICS Level 1
Chairman	Wu, Tong-Liang (Representative of Chia Hao Co., Ltd.)	8	<ul style="list-style-type: none"> <li>• Financials</li> <li>• Materials</li> </ul>
Director	Wu, Cheng-Ching (Representative of TASCOCHEMICAL Co., Ltd.)	12	<ul style="list-style-type: none"> <li>• Financials</li> <li>• Industrials</li> </ul>
Director	Kuo, Jui-Sung (Representative of HSIANG-CHAO Co., Ltd.)	6	<ul style="list-style-type: none"> <li>• Financials</li> <li>• IT</li> </ul>
Director	Wang, Chu-Chan (Representative of Santo Arden Co., Ltd.)	6	<ul style="list-style-type: none"> <li>• Financials</li> <li>• Health Care</li> </ul>
Independent Director	Lin, Yi-Fu	3	<ul style="list-style-type: none"> <li>• Financials</li> </ul>
Independent Director	Chang Minyu	3	<ul style="list-style-type: none"> <li>• Financials</li> <li>• Telecom Services</li> </ul>
Independent Director	Kuan, Kuo-Lin	0	<ul style="list-style-type: none"> <li>• Financials</li> </ul>

Note: Taishin Holdings and Taishin Bank are counted as one company.

### Directors' Education

To enhance corporate governance, Taishin not only invites the industry's elites to undertake director position, but also devotes significant attention to directors' education and training. All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and average about 10.29 hours of continuing education each in 2019. Experts from Taishin Securities Investment Advisory are invited to brief and keep the directors updated on global political and economic trends on a monthly basis.

Directors are being educated not only on the current state of economy or environment, but also on other issues including corporate governance, risk management, business, commerce, accounting, legal affairs, AML, CFT and corporate social responsibilities to provide them with the expertise needed to lead the organization.



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Course name	Number of directors attending	Hours	Participants × hours
New Provisions of the Tax Haven Economic Substance Act - Corresponding Corporate Risks and the Prevention of Money Laundering	7	3	21
Analysis and case study of Financial Consumer Protection Act and Fair Treatment of Customers Policy	7	3	21
Seminar on Effective Board of Directors	2	3	6
Analysis of the Company Act amendments and Shareholders' Meeting responses	1	3	3
Planning Practice for Share Transfer Taxation for Directors, Supervisors, and Accountants	1	3	3
The First Step in Assessing the Truthfulness of a Company's Operating Results: Financial Report Analysis and Constraints	1	3	3
Prevent Misconduct That Violates the Securities and Exchange Act - From False Financial Statements to Insider Trading	1	3	3
Innovating Enterprise Value	1	3	3
Introduction to Digital Finance	1	3	3
Countermeasures of Enterprises in Response to the Labor Incident Act - From Labor Contract to Work Rules	1	3	3
Briefing on measures and Profit Taxation Practices to Encourage Taiwanese Businesses to Return and Invest in Taiwan	1	3	3
<b>Total</b>	<b>24</b>	<b>33</b>	<b>72</b>
<b>Average training hours per director</b>	<b>10.29</b>		



Courses completed by directors in 2019

Performance of the Board of Directors

Taishin held 13 Board of Directors meetings in 2019, and averaged an attendance rate of 95.60%. According to the "Regulations of the Board Performance Evaluation," including performance evaluation of functional committees, the organization is required to conduct internal assessments at least once a year and external assessments involving outside experts at least once every three years. The Company had completed the internal assessments in 2019 (the latest external assessment was completed in 2018) and disclosed results in its annual report and on the "Corporate Governance" section of its website. Meanwhile, an objective evaluation system has been implemented to improve directors' performance.

In the internal evaluation of 2019, the evaluation results of the Board of Directors and its functional committees were all "Above Target"

Self-Assessment

Directors	Board of Directors	Functional committees
<ul style="list-style-type: none"> <li>• Understanding of company goals and duties</li> <li>• Directors' responsibilities</li> <li>• Participation in company operations</li> <li>• Internal relationship management and communication</li> <li>• Directors' expertise and continuing education</li> <li>• Internal control</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in company operations</li> <li>• Improvement of board decision quality</li> <li>• Board composition and structure</li> <li>• Directors' expertise and continuing education</li> <li>• Internal control</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in company operations</li> <li>• Functional committees' duties</li> <li>• Improvement of Functional committees' decision quality</li> <li>• Composition and selection of the functional committees</li> <li>• Internal control</li> </ul>

Avoidance of Conflicting Interests

According to the conflict of interest rules specified in Taishin FHC's "Board of Directors Meeting Policy," all directors are required to disclose any interests they (or the companies they represent) may have in the proposed motion. If their interests pose a conflict against those of the Company, the directors will be instructed to disassociate from further discussion and voting of the motion. Furthermore, they are not permitted to exercise voting rights on behalf of other directors.

Dividend Policy and Capital Structure

Taishin FHC allocates dividends based on business performance, capital plan, capital required for future investments and acquisitions, and changes in regulation. Dividends are paid primarily in shares to retain liquidity, and the remainder can be paid in cash. Earnings concluded in a financial year are first subject to taxation, accounting adjustments, and reimbursement of previous losses. The Company shall allocate at least 50% of distributable earnings as dividend, and the amount of dividends distributed in the last 3 years shall be at least 80% of distributable earnings.

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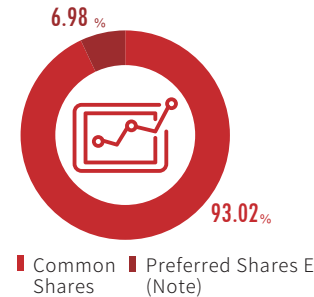
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I Types and Distribution of Shares

Base date: April 14, 2020

Types	Shares	Percentage (%)
Common Shares	10,659,928,870	93.02
Preferred Shares E (Note)	800,000,000	6.98
Total	11,459,928,870	100.00

Note: Class E preferred shareholders are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in Class E preferred shareholder meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of Class E preferred shareholders. . (Article 8-4, Articles of Incorporation)



I Structure of Shareholders (Common shares)

Base date: April 14, 2020 Unit : Share ; %

Structure	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	14	118	741	320,502	1,066	322,441
Shares	92,699,649	1,158,917,112	2,266,846,720	4,268,168,139	2,873,297,250	10,659,928,870
Percentage (%)	0.87	10.87	21.27	40.04	26.95	100.00

I Structure of Shareholders (Preferred shares E)

Base date: April 14, 2020 Unit : Share ; %

Structure	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	1	41	196	27,859	42	28,139
Shares	2,485,000	532,397,379	182,106,244	80,044,175	2,967,202	800,000,000
Percentage (%)	0.31	66.55	22.76	10.01	0.37	100.00

Remuneration Policy of Senior Executives

Remuneration for directors and managers of Taishin FHC is annually recommended by the Remuneration Committee after taking into consideration various factors such as peer level, individual performance, corporate performance and future risks while taking into consideration the remuneration policy, system, standards and structure, and is ultimately subject to board of directors' review.

Taishin FHC has adopted a long-term incentive program for managers since 2012 that includes a deferral and recall system. Managers' execution bonus is linked to the Company's long-term share price and deferred by 2~3 years. This system not only reflects future equity value, but also associates managers' compensation more closely with the Company's performance. A recall clause has also been implemented to empower Taishin to call back unpaid incentives should managers violate the employment contract or exhibit any significant error or deterioration in work performance.

Performance and compensation considerations for the President and managers

Assessment considerations	Weight (%)	Content
Workplace behavior	50	Includes the ability to work, coordinate, improve performance, innovate, solve problems, think and organize as a team.
Target accomplishment and organizational performance	50	The Company uses a Balanced Score Card (BSC) to turn its visions and strategies into tangible targets and measurements. The BSC measures organizational performance on four main aspects, namely: Finance, Customer, Internal Process, and Learning and Growth. Some of the measurements adopted by the Company include: profitability of the financial group (Finance), customer base and attachment (Customer), risk management, procedure optimization and innovative service (Internal Process), talent recruitment/development/assignment/retention and succession development programs (Learning and Growth), and energy conservation/environmental protection as well as corporate governance implementation.
Other		Operational risk and special occurrences are taken into consideration when evaluating performance and compensation.

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Executive members' shareholding position and compensation percentage

Unit: TWD thousand

Position	Name	Shareholding (1,000 shares)		Base salary	Average compensation (number of executive members)	Market value of shares / Average salary of managers
		Common shares	Preferred shares			
President	Welch Lin	4,116	-			13.30
Other executive members (Note 1)		5,149	329	58,020	4,463	1.73

Note 1. By the definition of executive member refers to "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies," there were 12 executive members. The compensation listed above is mainly based on the receiving amount during their period of service in 2019.

Note 2: The stock market value is calculated based on the average stock market value of the 30 business days before the end of 2019; the market value of common shares is calculated at TWD 14.42, and the market value of preferred shares is calculated at TWD 55.79.

Membership in Associations

Taishin Financial Holdings and its subsidiaries participated in about 30 public associations at home and abroad in 2019 to promote the stable development of financial business through exchange and cooperation with peer companies, especially through the promotion of financial cooperation and development, international and regional exchanges, and sustainable operations as ways to participate in and fulfill a role in driving our core business. In terms of contributions to financial cooperation and development, Taishin participates in Bankers Association of the Republic of China, Chinese National Association of Industry and Commerce, and Taiwan Academy of Banking and Finance. In terms of international and regional exchanges, Taishin participates in Asian Financial Cooperation Association (AFCA), Asian Bankers Association and Cross-Strait CEO Summit. With respect to corporate sustainability, Taishin actively contributes its efforts as a member of Center for Corporate Sustainability. Other subsidiaries including Taishin Securities, Taishin Venture Capital, Taishin Securities Investment Trust and Taishin Securities Investment Advisory have also undertaken directorship or membership in their respective business associations. Membership fees and donations paid by Taishin Group in 2019 amounted to a total of TWD 9,300,250, including the highest amount of TWD 2,679,950 to The Bankers Association of The Republic of China and the second highest amount of TWD 2,267,300 to AFCA, and the third highest amount of TWD 650,000 to Chinese National Association of Industry and Commerce.

1-2 Business Integrity

Business Integrity Policy

To establish a strong corporate governance and risk management system that guides employees' behaviors and decision process. Taishin performs business activities in accordance with competition laws, and has integrity and governance rules in place to support integrity and culture of the organization.



Employee Code of Conduct

- Employment ethics
- Employee relationship management
- Prohibition of concurrent employment and avoidance of conflicting interests
- Gifts and entertainment policy
- Protection of client privacy
- Assurance of complete and accurate information
- Protection of intellectual property rights
- Fair trading principles
- Anti-money Laundering
- Duty to report misconduct

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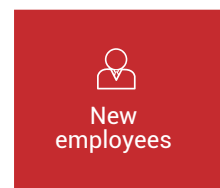
## Enforcement of Business Integrity

Taishin has Ethical Corporate Management Best Practice Principles in place to support its integrity culture. The principle applies to directors, managers and employees of the Company as well as subsidiaries and other directly and indirectly controlled businesses or entities. Taishin employees are prohibited from offering, committing, requesting or accepting any illegitimate benefits, or involving in any conducts that would be construed as dishonest, illegal or in breach of trust, whether directly or indirectly, while carrying out their duties.

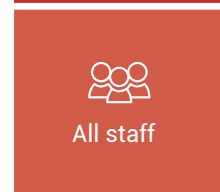
Meanwhile, Taishin also has Employee Code of Conduct in place that outline employees' duties to report the abovementioned misconducts. All Taishin employees are required to read and sign declarations to comply with the above guidelines when commencing employment, whereas existing employees are required to read the documents online on a quarterly basis to ensure ongoing comprehension with the underlying terms.

## Training and Education

In 2019, internal corporate integrity courses received 13,764 enrollments and delivered 31,060.22 hours of training in total. 100% of employees had completed their training during the year.



All new employees are required to complete courses on corporate ethics, anti-corruption and anti-bribery, held on a monthly basis, in order to promote more in-depth understanding of the Company's behavior guidelines. In 2019, the above courses received 4,886 enrollments and delivered 4,426.22 hours of training in total. 100% of new employees had completed their training during the year.



Through mandatory courses and regular Intranet publications, the Company communicates with employees on a quarterly basis to enhance compliance awareness. In 2019, internal corporate integrity courses received 8,878 enrollments and delivered 26,634 hours of training to the above employees. 100% of the above employees had completed their training during the year.

## Training in previous years

Year	2016	2017	2018	2019
Course enrollments	12,316	13,286	21,746	13,764
Total training hours	7,121.24	7,438.46	30,265.35	31,060.22

Note: Course enrollments and training hours increased significantly in 2018 due to regulatory requirements.

## Supervision

The Company has a set of "Taishin Financial Holding Employee Discipline Guidelines" in place, and any employees who violate internal/external rules or the "Employee Code of Conduct" will be zero tolerance and subjected to disciplinary review by the financial holding company's Personnel Review Committee. Employees may be dismissed at the discretion of the Personnel Review Committee if they are found to have committed serious offense. The organization saw an increase in the number of offenses in 2019 due to the increased internal checks on high-risk violations (such as failure to check customer identity, protect customer transaction documents, etc.) and the tightened review criteria. A total of 12 employees were dismissed for violation of work rules.

## Reporting channels

To encourage report of violations and dishonest conducts, Taishin has implemented a broad variety of communication channels (including hotline, e-mail and physical mailbox) and taken actions to protect employees from retaliation and discrimination for reporting misconduct or participating/assisting in the investigation.





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Employee Violation Cases

Case category/count	2016	2017	2018	2019	Description/improvements
Rules on Business Ethics	2	0	2	0	<b>Improvements:</b> <ul style="list-style-type: none"> <li>• For minor incidents, a verbal or written warning is issued with the decision published onto the Intranet to serve as a deterrent.</li> <li>• The Company has outlined behavioral patterns involving customers' data that would constitute violations and the associated penalties. Case studies on violations and penalties imposed by the competent authority are shared during compliance knowledge sessions, whereas managers of applicable units are assigned the duty to supervise conducts within their units.</li> <li>• The Employee Code of Conduct is promoted in many ways to enhance new employees' knowledge towards work ethics and procedures.</li> </ul>
Avoidance of conflicting interests	1	0	6	5	
Personal Information Protection (Note1)	11	8	17	16	
Information Integrity (Note2)	1	3	7	18	
Protection of Business Secrets	0	0	2	3	
Fair Trade	2	1	0	0	
Others	1	3	17	10	
<b>Total</b>	<b>18</b>	<b>15</b>	<b>51</b>	<b>52</b>	

Note 1: The number of disciplinary cases related to "Personal Information Protection" has risen since 2018, mainly due to the fact that a fraud case occurred at the end of 2017, which has led to stricter investigations since.

Note 2: The number of disciplinary cases related to "Information Integrity" in 2019 increased in comparison with preceding years, mainly due to rising standards for the identification of overlooked risks, and more frequent investigations. In the future, we will continue to strengthen our internal communications and supervision to strengthen employees' risk awareness.

Information Transparency

Channel	Summary description
The Market Observation Post System (MOPS)	Financial information and other material announcements are posted onto the Market Observation Post System in a timely manner.
Investor seminars and shareholder meetings	Taishin organizes investor conference on a quarterly basis and shareholder meetings on an annual basis.
Investor conference and roadshows	<ul style="list-style-type: none"> <li>• The Company participates in investor conferences and occasionally organizes roadshows to update investors on the Company's latest operations and financial results.</li> <li>• In 2019, Taishin organized or participated in 7 investor conferences and roadshows in Asia, America and Europe.</li> </ul>
Website	<ul style="list-style-type: none"> <li>• Financial and non-financial information is posted onto the website of the financial holding company in a timely manner.</li> <li>• The Investor Relations section provides investors with updates regarding corporate governance, shareholder service, material information, financial data, investor conference briefings and broadcasts, financial statements, and annual reports.</li> <li>• The CSR section demonstrates sustainable ideals and practice.</li> </ul>
Contact	<ul style="list-style-type: none"> <li>• The CSR section contains a Stakeholders page available in Chinese and English that provides customers, investors, employees and suppliers with communication channels to present their opinions.</li> </ul>

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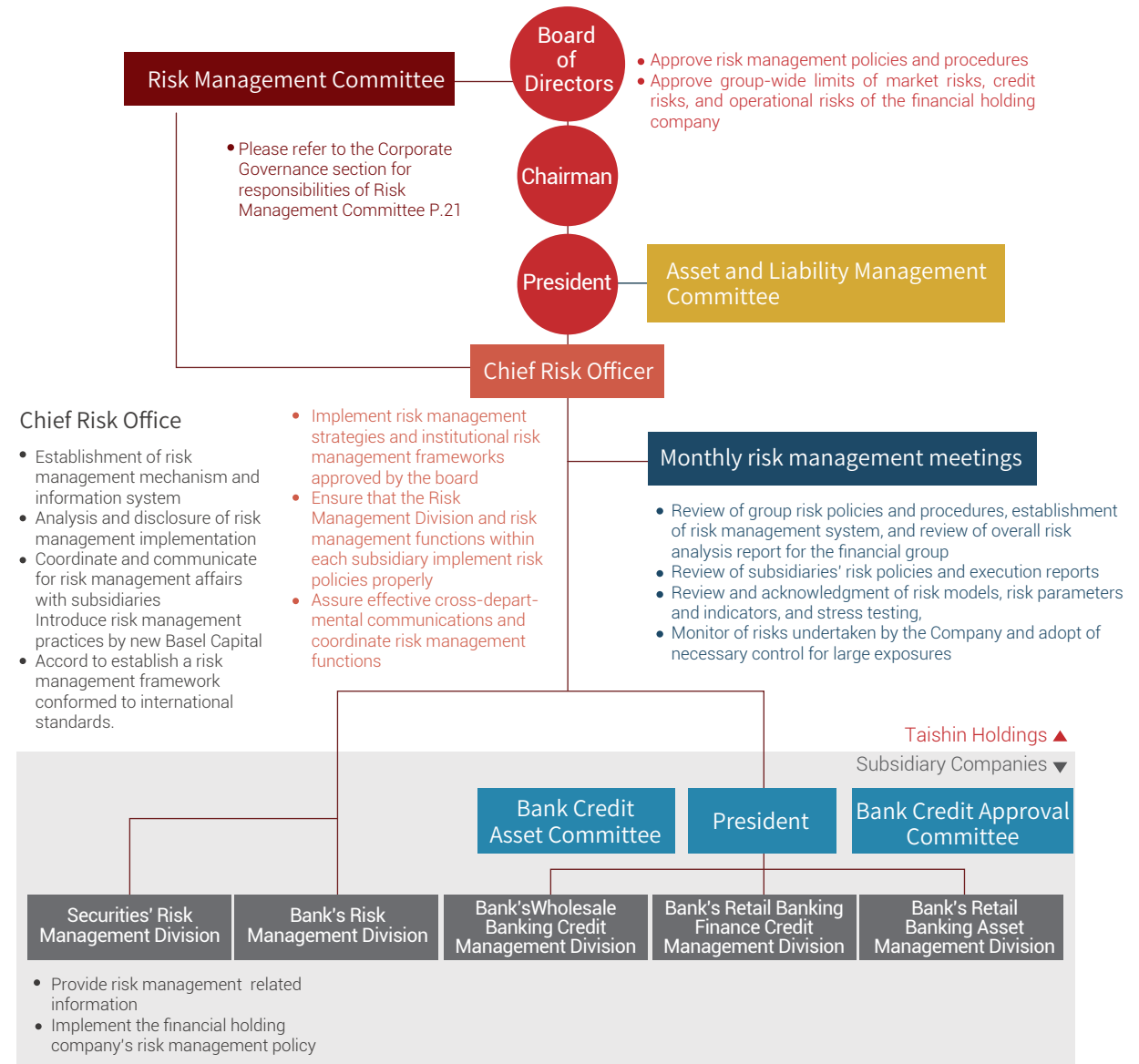
# 1-3 Risk Management and Internal Control

## Risk Management System

### Operations of Risk Management Committee

Taishin FHC has a Risk Management Committee in place. According to "Organization Rules of Risk Management Committee" Taishin FHC Risk Management Committee Foundation Principles," the committee shall have at least 3 members, chosen from existing directors with more than half of whom being independent directors. The committee's duties are to review the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report.

Day-to-day risk management is spearheaded by the Chief Risk Officer (CRO) and executed through the CRO Office. The CRO Office communicates with corresponding units of the 3 lines of defense to enforce risk management within the organization. The averaged attendance rate of Risk Management Committee is 100% in 2019.



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Risk Management Policy

Taishin has risk management policy in place to control primary risks associated with business operations. The policy also takes into account climate change and new risks associated with the prevailing trends.



Risk Management Measures

In terms of risk control, the Company first identifies risks associated with relevant issues and then assesses the level of risks involved before proceeding with risk control and reporting. Afterwards, reports on risk management practices are consolidated to enable further enhancement to risk management.



Product Risk Management

Departments are required to report risk incidents immediately upon occurrence, investigate the cause, the amount of loss and extent of impact, and devise improvement solutions. These improvement solutions have to be followed upon until improvements are made. Taishin adopts three lines of defense along with risk management actions, policies, systems, and internal audit practices to ensure effective control of prevailing risks.



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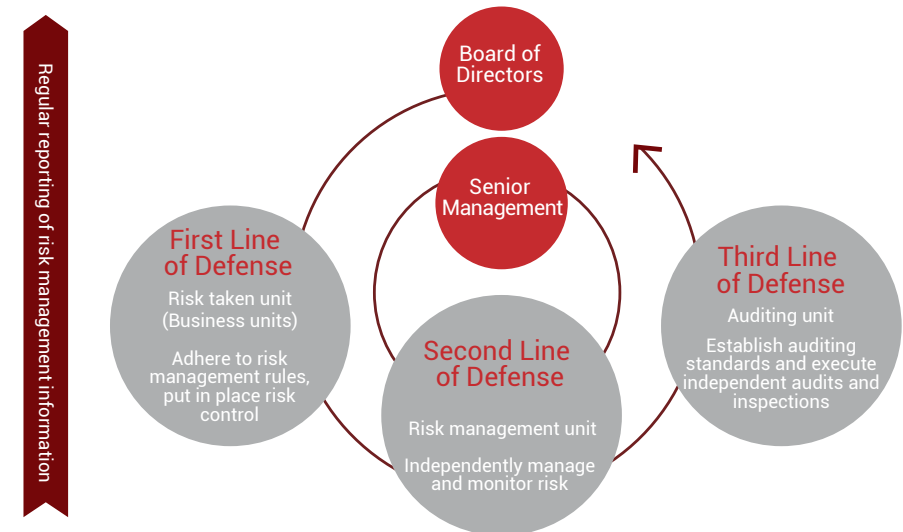
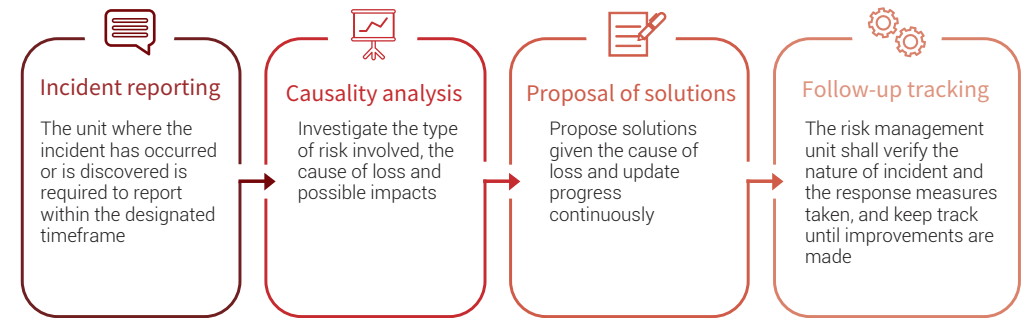
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Credit Risk Management

 <p>Individual customers</p>	<ul style="list-style-type: none"> <li>• Credit risk management: Taishin Bank continues to enforce risk management on four main aspects: "compliance," "early alert," "credit tool refinement" and "pre-event/post-event/interim management." This approach ensures the growth of its credit portfolio amidst changes in the market environment.</li> <li>• Personal loan management: By combining internal and external data, Taishin Bank has developed an early alert system that constantly monitors market movements (e.g. macroeconomic indicators, changes in market-wide consumer loan exposure etc), structure of personal loan portfolio (e.g. changes in mortgage LTV ratio, changes in customer profile of unsecured exposure etc), and the Bank's performance relative to the overall market.</li> <li>• As banking and service scenarios grow and customer behaviors change, Taishin Bank continues to devote resources into risk model development, validation and application and make ongoing improvements to its risk identification practices. The Bank has also been applying big data analysis to assess changes in retail banking exposure and credit card assets, and devising action plans to make optimal adjustments to its retail banking portfolio.</li> </ul>
 <p>Corporate customers</p>	<ul style="list-style-type: none"> <li>• To comply with the trend of green finance and in response to the impact of climate change on our credit business, we have strengthened the assessment of three types of risks: "Environmental," "Social," and "Governance," and stepped up the assessment of credit cases in companies exposed to climate change risk, and managed those risks with pre-loan credits and post-loan management measures. In addition to synchronizing with international standards, we also joined the Equator Principles Association in November 2019, which we expect will improve our project financing assessment mechanism.</li> <li>• In response to the risk management of business expansions, we added foreign currency bond pledges and house inventories as collateral regulations. We also set an upper limit to shares-based credits across the bank, and adopted rule for concentrated monitoring of real estate, domestic and overseas real estate appraisal, land and construction financing, credit rating, industry-specific, country-specific, group-specific regulations, as well as regulations to anti money laundering, strengthen post-loan control, and more, to manage credit risk across the board.</li> <li>• Deployed an early-warning system in combination with external information continuously refine the post-loan management system. Anomalous customers have been tracked and managed with appropriately differentiated levels of caution to reduce sudden losses from non-performing debt.</li> </ul>

Reporting Channels of Risk Incidents

Departments are required to report risk incidents immediately upon occurrence, investigate the cause, the amount of loss and extent of impact, and devise improvement solutions. These improvement solutions have to be followed upon until improvements are made. Taishin adopts three lines of defense along with risk management actions, policies, systems, and internal audit practices to ensure effective control of prevailing risks.





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Internal Audit

Taishin has an internal audit system in place and an Audit Division that reports directly to the board of directors in regard to its audit practices. Apart from the Chief Auditor and the Vice Chief Auditor, the Audit Division also has 6 full-time audit personnel who are responsible for audit of the Company and its subsidiaries' business and operational practices, management of subsidiaries, supervising internal control self-audits, evaluating internal audit practices of subsidiaries, coordination of financial examination, tracking, management and reporting of identified defects, and consultation from other units.



- Execution of the regulatory compliance system
- Joint marketing and confidentiality of customers' information
- Transactions with stakeholders
- Execution of group AML and CFT plans
- Execution of financial consumer protection (including Fair Treatment of Customers Policy)
- Corporate governance
- Other audit focuses

Establish the Culture of Risk Sensitivity

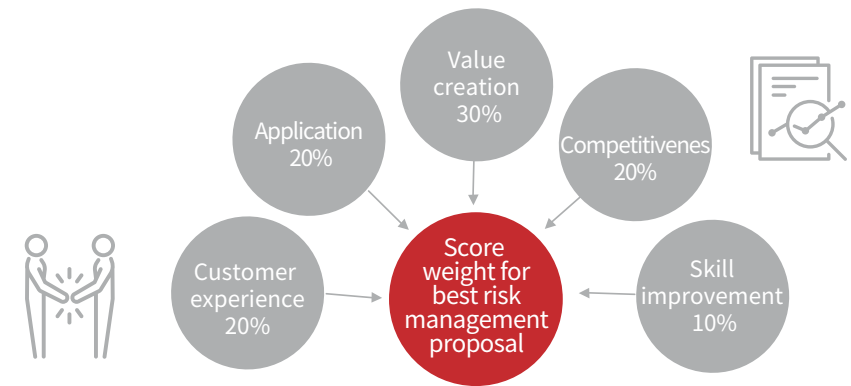
Measures of Risk Sensitivity

Risk culture provides a key foundation for Taishin's progress towards sustainability. In addition to adopting business continuity management (BCM), key risk indicators (KRI) and risk & control self-assessment (RCSA), risk issues are escalated to the senior management and the board of directors on a regular basis. The organization has also been expanding the scope of its risk training, so that the risk culture can be deeply embedded in all business activities in ways that promote proper risk awareness throughout the organization.



Taishin holds annual Business Process Management (BPM) competitions to inspire creativity and business process reform. During the competition, employees are encouraged to submit suggestions for "Best Risk Management" practice, including operational risk (personnel, process, system, information security and legal risks) and credit risk. Through employees' voluntary suggestions, the organization hopes to implement more effective and more appropriate risk measures that enhance the overall risk culture and awareness.

To strengthen the awareness of risk management, Taishin Bank organized a creative reform proposal activity in 2019, which included risk management cases as a necessary threshold to be cleared for proposals to proceed. We encouraged our staff to come up with proposals, while unit supervisors led their teams to carry out BPM projects to prevent and monitor various types of risks. We have paid much attention to our risk culture to stimulate a large of proposals being raised. The number of proposals last year was 854, nearly a 150% growth from the preceding year.



Best risk management proposals in recent years

Year	2016	2017	2018	2019
Proposals (cases)	230	308	343	854
Percentage to total case count (%)	2.80	2.43	2.44	8.11
Annualized benefits (TWD: million)	10	11	62	38

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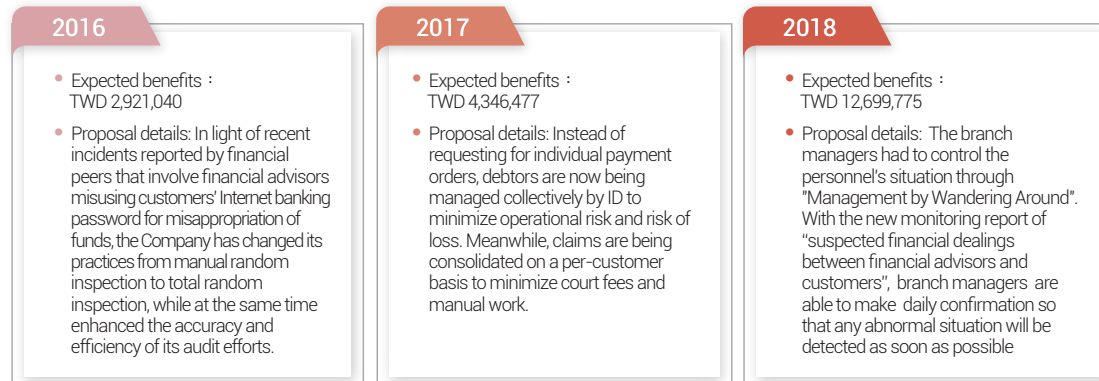
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Note: Due to the impact of COVID-19 since the beginning of 2020 and the government's COVID-19 financial assistance program, we re-adjust the schedule of the "Best Risk Management Proposal Award" and hope to announce the best case till August 2020.

Training and Results

In 2019, Taishin FHC organized 224 courses on risk identification and management. The courses covered a broad range of topics from internal control, operational risk self-assessment, anti-money laundering, counter terrorism financing, risks of foreign exchange and derivatives, information security and personal data protection, risk management and system to risks associated with new businesses. In 2019, Taishin continually improved employees' risk management awareness by introducing courses on emerging risks and TCFD that conform with the latest legal requirements and environmental changes.

Risk management training in recent years

Risk management training	2016		2017		2018		2019	
	Compulsory	Optional	Compulsory	Optional	Compulsory	Optional	Compulsory	Optional
Course count	6	185	6	274	4	266	3	221
Enrollments	14,374	16,937	24,264	28,463	17,499	18,885	18,637	14,349
Participants × hours	7,617	21,707	29,549	28,415	27,210	21,283	28,826	18,618
Completion rate (%)	98.04	97.05	99.27	97.67	99.53	99.30	99.61	99.89
No. of failed participants <sup>Note</sup>	64	91	54	121	74	76	94	51

Note: Employees who do not complete their training in time will be instructed to take make up training on another date. Employees who failed their make up tests are commonly attributed to personal reasons such as childcare, extended unpaid leave, and resignation.

Taishin is well-aware of the importance of risk management. To enforce risk management, we have associated employees' compensation with the level of risks involved in their performance. For managers, we use balanced score card (BSC) and KPI as means to incorporate operational risk indicators into performance evaluation. For senior executives including all head of divisions, the performance appraisal covers at least 4 risk management aspects, namely: Anti-Money Laundering, Operational Risk Loss, Compliance, and Internal/external Audit. In addition to the "Compliance Practice and Supports Company Policy," all staff including line managers "workplace behavior assessments include risk management-related performance indicators, and have been expanded with "Applies risk awareness culture into our daily business." These two items accounted for more than 15% of workplace behavior assessments, and linked risk management to employee compensation through the periodical performance appraisal mechanisms. Furthermore, all employees of the financial group are required to sign a commitment to comply with Employee Code of Conduct. Violators will be disciplined accordingly to enforce compliance risk management.

Legal Compliance

Compliance Risk Management

Framework of the Compliance System

Legal Compliance Division of Taishin FHC is the responsible unit to report to the board of directors regarding the organization's compliance status at least once semiannually. Meanwhile, "Legal Compliance Division" of Taishin Bank is responsible for compliance-related affairs including communication and consultation of legal issues and implementation of compliance risk management and supervision systems, which is the second line of defense of the internal control system.

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### Compliance Practices

- Implement the publicity, consultation, coordination and communication of laws and regulations, and provide timely updates of regulatory amendment to the chief compliance officer of each department.
- Devising training plans and engaging chief compliance officers of various departments in conferences to exchange experience, knowledge and implications of important laws.
- Supervising each department on compliance with external laws and the adoption, establishment and implementation of related internal systems.
- Supervising each department on the review of major compliance defects, fraud and possible impacts, and recommending improvements where appropriate.
- In the event of a major regulatory violation or a downgrade of rating by the financial competent authority, the board of directors will be notified immediately of the compliance issue.

### Compliance Risk Management System

Taishin Bank has developed a compliance risk management and monitoring system in accordance with Article 34-1 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" (last revised in 2018) that covers the identification, assessment, control, measurement, monitoring and independent reporting of compliance risks. The Legal Compliance Division supervises each department in establishing individual compliance risk management practices and helps them devise control measures to mitigate compliance risks. Risks remaining after the mitigation measures are monitored and reported on a regular basis.

Taishin Bank also has a compliance risk alert, assessment and response system in place to ensure timely notification of compliance risk alerts. The Legal Compliance Division assesses risks associated with the reported case and determines whether it should be escalated to the directors and inspectors. Furthermore, the division supervises each unit in undertaking response measures and conducting post-event follow-ups. The Legal Compliance Division also conducts regular and irregular assessments for each unit on compliance issues concerning primary business activities, products, services, credit/business projects, violation of law, and significant customer complaints. Findings are compiled into a compliance risk assessment report that is submitted to the board of directors to facilitate better control of overall compliance risk by the board and senior management.

Moreover, Taishin Securities also has a risk management and oversight mechanism in place for securities-related regulatory compliance in accordance with "Standard Directions for the Content and Procedures of Assessment of Legal Compliance of Securities Firms" and "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" which were newly revised in 2018. The compliance unit has assessment, monitoring, and reporting mechanisms in place and independently reports to the President whenever it finds a significant compliance risk.

### Training and Rating System

#### Compliance Rating System

Taishin FHC and its subsidiaries conduct "Internal Compliance Self-assessment" semiannually to evaluate the effective of compliance. Legal Compliance Division reviews these self-assessments of the units and reports to the President for rating reference. This practice helps enforce a compliance culture. In addition, the assessment of the management and the supervisors of each unit now also include the compliance unit's assessment opinions on the degree of compliance of their units.

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Whistleblower System

Taishin has implemented a whistleblower system to protect whistleblowers and support a corporate culture of integrity and transparency. Any person who discovers crime, fraud or violation is entitled to report misconduct according to the system. Once accepted and investigated, the informant is a Director, Supervisor or a management level equivalent to or above Vice President, the informant will be escalated to the Audit Committee for review. In subsidiary, the informant shall be reviewed by the Supervisor.

Meanwhile, to ensure the fairness of the whistleblower system, any party that has conflicting interest with the case in question is required to recuse from acceptance and investigation of the case. Taishin also provides the following whistleblower protection as a means to encourage employees in voicing out: Whistleblowers must have their identities kept confidential and protected from dismissal, relief of duty, demotion, salary cut, any loss of benefit that they are entitled to under laws, contracts or customary practices, or adverse treatments of any kind.

Compliance Training

In 2019, the compliance training courses were focused on the following topics: protection of financial consumers' rights, fair treatment of customers policy, protection of personal information, transactions other than the credit extension with the related persons, internal control and audit system, anti-money laundering, and the most recent amendments to finance-related related laws and regulations.



New recruits

Year	Online course				Classroom course			
	Enrollments	Coverage rate(%)	Completion rate(%)	Total hours	Enrollments	Coverage rate(%)	Completion rate(%)	Total hours
2016	7,920	100	100	2,012	2,296	100	100	3,823
2017	8,030	100	100	2,039	2,162	100	100	3,600
2018	6,452	100	100	1,344	3,138	100	100	5,073
2019	6,886	100	100	1,855	3,005	100	100	5,002

Note1: The orientation covers basic compliance concepts.  
Note2: For the data on online courses and offline courses for new recruits, "enrollments" has been replaced with number of persons.

On-the-job staff

Each department is required to conduct classroom compliance training on topics that are relevant to their respective operations for at least 1.5 hours per quarter, and completes the Bank's mandatory courses (including Financial Consumer Protection Act, Fair Treatment of Customers Policy, AML& CFT, information security awareness, personal information protection etc.).

Year	Enrollments	Coverage rate(%)	Completion rate(%)	Total hours
2017	87,586	100	99.99	97,073
2018	91,254	100	99.98	109,753
2019	111,009	100	99.88	127,754

Note: Included in On-Job-Training (OJT) courses.

Compliance officers

Chief compliance officers are required to complete at least 15 hours of certified training per year that cover topics including the latest regulatory amendments, new business activities or new financial instruments. Chief compliance officers of foreign operations are required to complete at least 15 hours of compliance courses organized by the local competent authority or government agencies each year. If no such courses are available locally, they may complete the abovementioned courses in Taiwan instead.

Year	Pre-job courses		On-job-training courses	
	Enrollments	Total hours	Enrollments	Total hours
2017	201	6,030	-	-
2018	28	840	154	2,310
2019	44	1,314	184	2,791

Note: All compliance officers were required by law to undergo more than 30 hours of training in 2017. All compliance officers newly appointed since 2018 had completed 30 hours of orientation, whereas existing compliance officers completed 15 hours of on-job training courses.



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Penalties and Improvements

Penalized Matters	Penalties Unit: TWD	Improvement Status
A former financial advisor of the Xinzhuang Branch of Taishin Bank was involved in the misappropriation of customer funds and anomalous fund transactions with customers, in violation of Article 45-1, paragraph 1 of the Banking Act. The branch has been barred from accepting new customers for its trust business, and fines were imposed.	8 Million	<ul style="list-style-type: none"> <li>• Adequate implementation of internal control systems related to deposits and withdrawals.</li> <li>• Adequate implementation of the "Internal Control Principles to Prevent Misappropriation of Customer Monies by Financial Advisors" to strengthen the protection of our customers' rights and interests.</li> <li>• For more details, please refer to "Conduct Enhancement Program for Financial Advisors" on P.131-132.</li> </ul>
Taishin Bank's deposit account opening and money laundering prevention inspection was found violations of Article 9, paragraph 1, and other provisions of the Money Laundering Control Act, and fines were imposed.	1 Million	<ul style="list-style-type: none"> <li>• Strengthen the functions of anti-money laundering system reports.</li> <li>• Adequate implementation of an assessment and management mechanism for large-amount notifications from branches.</li> </ul>
Taishin Bank insurance agent business was found violations of the Insurance Act. The Bank shall swiftly carry out corrections and fines were imposed.	0.2 Million	<ul style="list-style-type: none"> <li>• Internal procedures were updated by adding a confirmation mechanism whereby customers acknowledge to have understood the risks concerned.</li> <li>• Strengthen personnel training and incorporate it into future general education and training courses.</li> <li>• Established a review mechanism to strengthen internal control measures, and conducted periodical internal announcement to improve the quality of operations.</li> <li>• Strengthen the system functions and improve the consistency of insurance input data.</li> </ul>

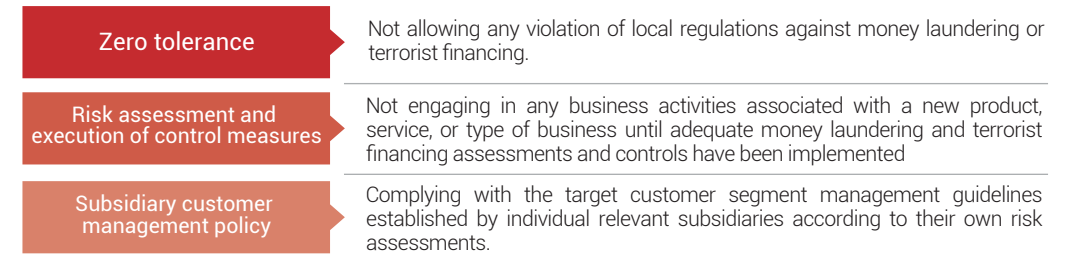


# 1-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

## Management of AML and CFT

### Policy and Authority

Taishin has a "Taishin Financial Holding AML and CFT Policy" in place to combat money laundering and crime while at the same time instill order, transparency and cross-border collaboration in financial services. By enhancing internal AML /CFT mechanisms, we hope to raise employees' anti-money laundering awareness and embrace a sustainable business value that supports our responsibilities as a global citizen.



The board of directors of Taishin Financial Holding holds the ultimate authority and responsibility in AML and CFT. The board establishes compliance and risk management cultures throughout this organization, and regularly reviews the organization's AML/CFT practices. Group subsidiaries are responsible for verifying, assessing and establishing the level of money laundering and terrorism financing risks they are exposed to. They are also required to develop ML/TF risk prevention plans and compliance standard operating procedures, and undertake self-audits and internal audits for the purpose of preventing or mitigating ML/TF risks.



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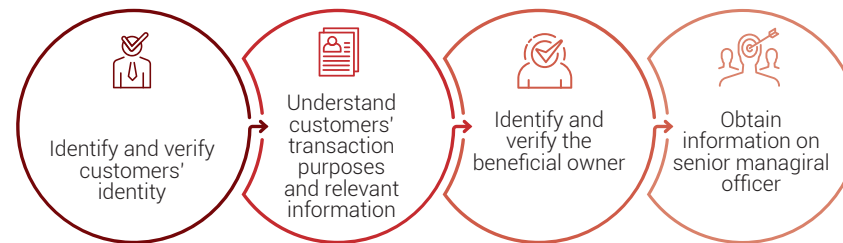
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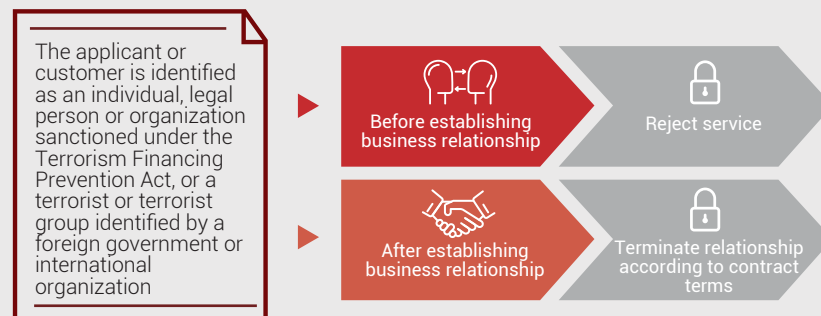
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Customer Due Diligence Procedure



**Systematic information management**  
Name screening • profiling • risk grading  
(Documents and records above are kept for at least 5 years)

Exit measures for AML/CFT Violations



Five Actions and Three Lines of Defense

- 01 Internal regulations and SOP added or modified in terms of the changes in local or foreign external AML/CFT regulations.
- 02 Institution Risk Assessment (IRA) and customer risk assessment
- 03 Setting the transaction monitoring scenarios
- 04 Convention of senior management meetings, such as group risk management committee meeting, group AML/CFT meeting, AML/CFT committee of the subsidiary bank, risk management committee of the subsidiary securities, and relevant management meetings of other subsidiaries
- 05 The organization adopts three lines of defense to ensure the effectiveness of its controls. The Compliance officer convenes monthly meetings to discuss issues concerning compliance, risk management and the 2nd and 3rd lines of defense, whereas the Chief Auditor convenes quarterly audit seminars involving the parent company and subsidiaries.

First line of defense - Business administration departments are required to comprehend the AML/CFT program and adopt relevant practices in daily activities.

Second line of defense - A responsible unit has been assigned and supported with resources to monitor and assess risk constantly.

Third line of defense - The internal audit unit conducts regular audits according to internal control measures.

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## Results in AML and CFT

To enhance the management's and employees' understanding of anti-money laundering and combating the financing of terrorism (AML/CFT), the total training hours are 705 of AML and CFT for Board of Directors and AML officers/employees in 2019. Also, our education and training methods in 2019 provided to the staff in our holding, subsidiaries, banks, securities, investment banking, investment consulting, insurance agency and leasing, included offline and online internal training as well as external education and training courses. The total number of education and training hours was 9,996 and the number of participating employees was 15,509. The course content of nearly 60 sessions covered legal compliance, auditing and communication, trends in counter-proliferation of weapons, AML/CFT, customer risk assessment, system operations, points of attention during business operations, suspicious transaction patterns, case studies and clarification of notifications, and explanations for common oversights. The Company achieved 100% completion rate for AML/CFT training in 2019.

Training of AML and CFT in 2019	Participants	Hours	Coverage rate(%)	Completion rate(%)
Board of Directors and AML officers/employees	33	705	100	100
All staff	15,509	9,996	100	100

Note: Due to the turnover issue, we use the enrollments of courses as the display unit.

Taishin Bank has signed the USA Patriot Act and made relevant announcements on its website.

Wolfsberg      Signed the USA Patriot Act

Suspicious Transaction Report (STR)	2017	2018	2019
Distribution Rate of Taishin STR by AMLD (%) (Note)	16	21	21

Note: Anti-Money Laundering Division (AMLD) of Investigation Bureau, AMLD is the Financial Intelligence Unit in Taiwan. AMLD will accept the STRs by financial institutions to analysis and distribute these STRs to the related responsible units.

## 1-5 Information and Transaction Security

### Information Security Management Mechanisms

Taishin FHC has implemented "Information Security Policy" and "Taishin Holdings Internet Security Management Guidelines" to serve as guiding principles for security protection. Meanwhile, an "Information Security Committee" comprising the Group Director expert at information/information security, the Group President, the Group CIO, Taishin Bank President and level-1 managers has been assembled within the organization. The committee holds quarterly meetings to discuss information security issues and improvement measures; in the first half of each year, a report on the overall information security governance situation and an annual security management plan is submitted to the Board of Directors and the implementation results of the annual plan are reported to the Board in the second half of the year. Also, trends in security awareness promotion are reported to the Board and the Board offers guidance for information security governance semi-annually.

An Information Security Department comprising employees from various fields of expertise was established to oversee the planning and execution of Taishin Bank's information security policy. Meanwhile, an Information Security Specialist Team comprising employees who are information security contacts of various units has been established to facilitate more efficient management of information security risks from an organizational perspective. The Information Security Department oversees the information security management system and related internal and external issues and responds to stakeholders' requests. It coordinates with relevant departments to assess and manage related issues, and constantly searches for internal and external threats from a risk perspective to create an information security system that supports development of FinTech.

Taishin Bank first passed certification for ISO/IEC 27001 ISMS in 2010. Since then, the Bank has been engaging an independent third party to conduct half-yearly reviews and re-certification once every three years to optimize information security management, and thereby ensure effective functioning of the information security management system. In 2015, the company passed the PCI-DSS payment card industry data security certification. To keep the security of card payments at optimum levels, PCI-DSS is evaluated every year by a fair and independent third-party organization to ensure effective and safe card payments.

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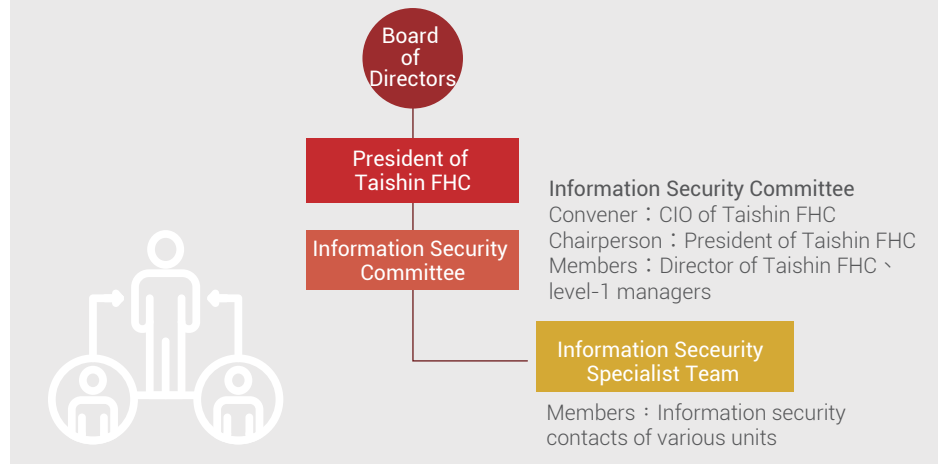
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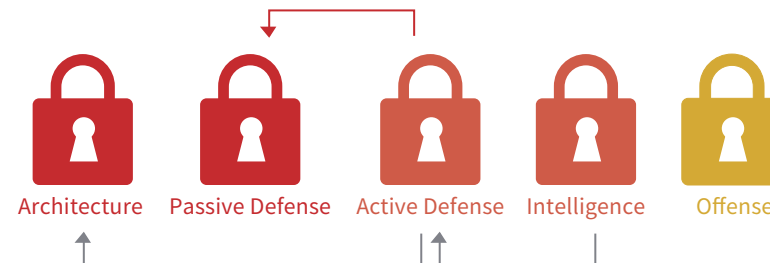
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Framework of Information Security Governance



Upgraded Security Protection

Taishin Bank has created an extensive information security protection system that gathers security-related intelligence, such as hackers' attack and new trends, from around the world using available means at its disposal. In addition, the Bank constantly assesses its internal protections to determine whether they are adequate of ensuring timely response to the latest threats. All banking units and branches, including overseas branches, are subject to real-time virus protection and regular vulnerability assesses and patching with hacking approaches and technology. Using in-depth defense and infrastructure protections, the Bank is able to patch up security vulnerabilities in a timely manner and thereby minimize risk of hackers' attack.



Information security risk management is currently executed as part of ISO/IEC 27001. The Bank gathers information security management issues from within and outside the organization, and engages various departments of the IT Division to assess the risks involved and potential impacts (sometimes at the request of stakeholders).

Given the increasing number of information security threats and attacks around the world, Taishin Bank has complied with laws of the home country and foreign countries where overseas branches are domiciled by conducting regular reviews and making regular reports to the local competent authority. In 2019, there had been no occurrence of information security-related or extraordinary incident that had to be reported to the local financial competent authority, and neither was there any compliance-related defect. During the past five years, no major security incidents affecting customers occurred, such as operational attacks or business impacts caused by systems being hacked, nor were any customer's personal or sensitive information leaked through phishing. In addition, Taishin's network security management mechanism is running 24/7 year round to prevent hacking attacks.

Enhancement of Transaction Security

In response to rampant internet fraud and fraudulent mobile applications by hackers, watering hole attacks, and spear phishing attacks in 2018, which seriously damaged the rights and interests of bank customers around the world, Taishin Bank has since stepped up its information security protections and will continue to do so going forward. The plan is to build up an information security operation center over the next 3 years to strengthen and optimize the Bank's information security protection system and safeguard customer transaction security.





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Transaction Security Mechanism

 <p>Global Digital Corporate Banking Network</p>	<p>Taishin has obtained multiple security certifications and adopted proper encryption mechanism to ensure that data is protected.</p>	 <p>Mobile device</p>	<p>Using biometric/account/ one-time password for verification, Taishin is able to ensure the timeliness, convenience and security of new transaction tools including near-field contact and remote credit card.</p>
 <p>Digital channel</p>	<p>Transaction verification mechanisms such as mobile device linkage, real-time SMS, transaction detection system etc are used for security purpose.</p>	 <p>Trading websites and Apps</p>	<p>Introduced anti-phishing fraud detection services to bring down the large number of fake websites and apps to protect consumer transaction security.</p>

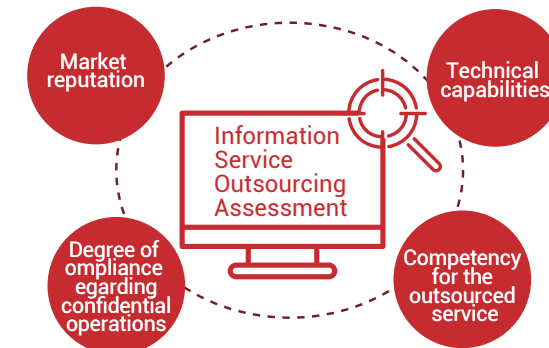
Information Security Awareness and External Party Management

Education and Drills

 <p><b>Information Security Training and Awareness Raising</b></p> <ul style="list-style-type: none"> <li>• All employees of the Bank must undergo at least 3 hours of "Information Security Awareness" training and assessment each year. The training covers a broad variety of topics from regulations, social engineering advocacy, basic security awareness, customer personal information protection, to security incident studies, and is intended to develop proper information security awareness among employees. Training coverage and completion rates for 2019 were both 100%.</li> <li>• The Information Security Department issues information security notices to all bank employees as needed to continuously strengthen staff awareness on the issue.</li> </ul>	 <p><b>Information Security Professional Training</b></p> <ul style="list-style-type: none"> <li>• All personnel in the information security units have completed at least 15 hours of external information security education and training in accordance with the requirements of their duties to strengthen their professional capabilities.</li> <li>• Each information security contact from every unit attends training courses facilitated by external information security experts to strengthen their information security knowledge and know-how annually.</li> </ul>	 <p><b>Social Engineering Drill</b></p> <ul style="list-style-type: none"> <li>• All employees of the Bank are required to undergo irregular social engineering drills, such as phishing email simulation, 4-6 times a year. Test results are further analyzed to identify employees with inadequate information security awareness, for whom the Bank will arrange additional training to address the weak link and minimize the risk of threat.</li> </ul>
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Supplier Management

Taishin Bank has a set of "Information Service Outsourcing Guidelines" in place that outlines the standard operating procedures and rules concerning outsourcing of information service. The guidelines cover several issues including outsourced custody of computer hardware/software, and outsourcing of information process and service. To ensure the safety and feasibility of outsourced processes, the project handler collaborates with employees from the IT Division to perform comprehensive and rigorous supplier assessments as well as risk assessments on selected vendors. Credit assessments are performed where appropriate to ensure the quality of internal processes and the vendor's ability to provide services in the best interest of the Bank and customers.



Vendor's Criteria for Outsourcing of Major Information Processes

- Having adopted appropriate measures to ensure data security in customers' best interest.
- Having adopted appropriate measures to ensure the integrity of account data and transaction records.
- Having adopted appropriate measures, based on the sensitivity of the data and the transmission/storage method involved, to maintain the confidentiality of key information.
- Having adequate capacity for the outsourced information system, and having developed an effective business continuity and disaster recovery plan to ensure the continuity of the information system and its service.
- Having implemented emergency procedures to ensure proper functioning of the information system and services.

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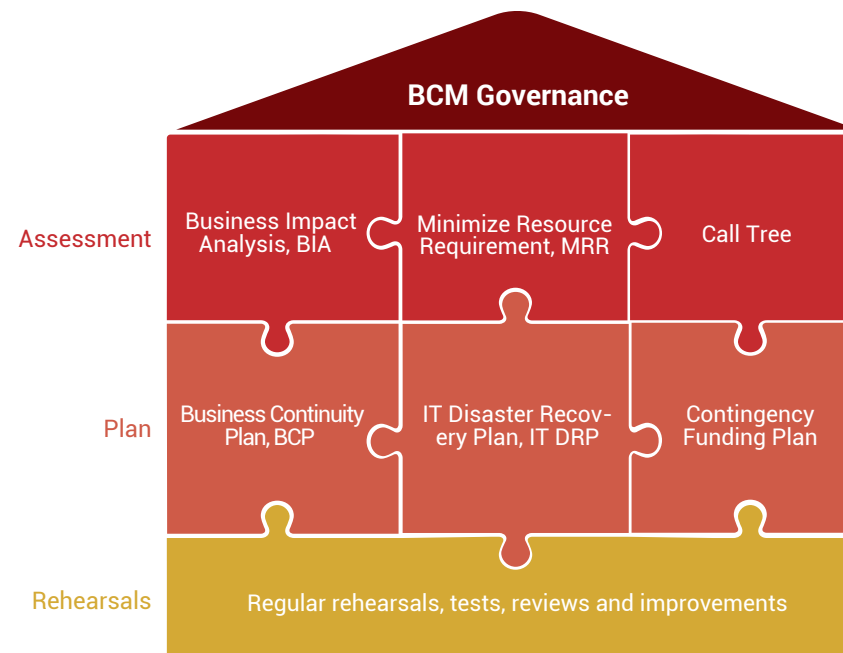
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# 1-6 Business Continuity and Technology Risk Management

## Management System

Taishin has implemented business continuity measures as part of its banking service to ensure proper response to situations such as natural disaster, liquidity, IT system fault or man-made incidents, and thereby maintain key operations and ensure fast recovery. By minimizing impact and service downtime, we strive to protect customers' and shareholders' interests and strengthen our competitiveness.



## Impact Assessment

Disaster Type	Impact Analysis
<b>Natural disasters</b> Such as fires, earthquakes, typhoons	By their very nature, natural disasters are unpredictable, and in recent years the deteriorating greenhouse effects have heightened the probability of natural disasters. Not only will such disasters damage our operating premises, buildings, equipment and the like, but loan collateral and investment objects may also be affected, which may lead to defaulting on repayments or loss of collateral.
<b>Man-made incidents</b> Such as political incidents, strikes, wars	Events due to human factors such as politics and strikes may lead to traffic blocks that make it impossible for our employees to commute between home and work and for our business to run normally. Under such circumstances, our business premises may be unable to provide regular services and operations. Intensifying conflicts, if they cannot be resolved in the short term, may cause business losses or other impacts for our business premises.
<b>Disaster Information System</b> Such as cyber security attacks, digital viruses, data corruption, system crashes, computer room inoperability	Cyber attacks may lead to the suspension or remote operation of our systems, damage to the database, network interruption, tampering with or theft of customer data, exposure of customers and employees' private information, violation of service contracts with partner stores, etc., and result in significant losses to our bank.
<b>Others</b> Mass infectious diseases	When a major infectious epidemic occurs, it may affect the health of our employees, cause a lack of human resources, or even render it impossible for certain locations to continue operations or provide customer services. In addition, improper epidemic prevention measures may lead to increased operating costs or even disruption of operations and services.

## Responses and Recovery Plans

### Business Continuity Plan

Our Business Continuity Plan (BCP) is a pre-planned response and recovery process in response to a disaster to ensure that a company can continue to reliably provide key services to important customers at an acceptable minimum operating level. This planning also provides for operational impact analysis, minimum resource requirements, and test drills.

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 <b>Business Impact Analysis (BIA)</b>	<p>Business Impact Analysis is used to determine the target time for recovery, tolerable data loss time and recovery priorities, and to assess in advance the minimum resource requirements.</p>
 <b>Minimum Resource Requirements (MRR)</b>	<p>Minimum Resource Requirements (MRR) refers to the assessment of the backup resources required to recover operations to an acceptable minimum level. MRR includes staff, office space and facilities, computer equipment, software, applications, systems communication equipment, computer networks, important documentation, electronic files, paper files, means of transportation, stationery, etc. MRR should be sufficient to continue operations for a period of time.</p>
 <b>Tests and Drills</b>	<p>In principle, at least one drill is held every year and if necessary, drills may be conducted twice a year. For details, please see page "Drills and tests" on page 42 of this report.</p>

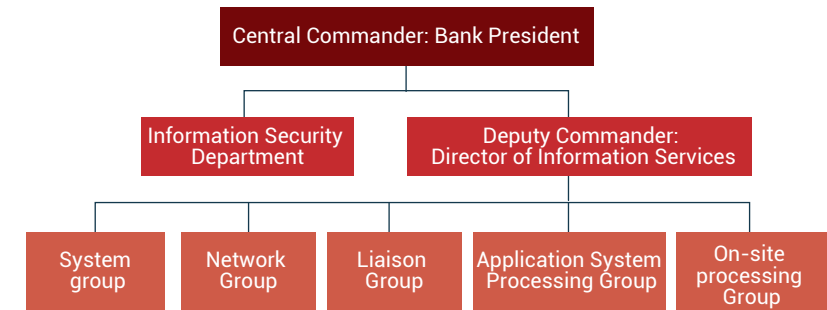
Information System Recovery Plan

Taishin has an appropriate backup plan in place for various levels of damage to the information system. This plan can be roughly divided into the following three types:

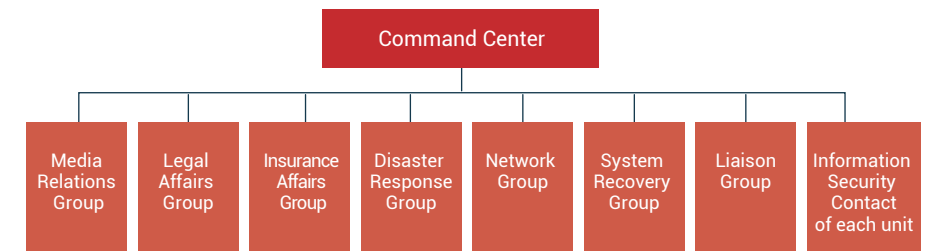
<p><b>Damaged Data</b></p> <ul style="list-style-type: none"> <li>• Switch to manual processing</li> <li>• Carry out a data reversal operation</li> </ul>	<p><b>Crashed Operating System</b></p> <ul style="list-style-type: none"> <li>• Assess the scope of impact, start response operations, and temporarily switch manual processing methods</li> <li>• Start backup hosting</li> </ul>	<p><b>No Service in the Server Room</b></p> <ul style="list-style-type: none"> <li>• Activate the remote backup system and network connections in accordance with procedures</li> </ul>
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In addition, Taishin Bank has a business continuity team for IT operations and a computer systems emergency response center to safeguard business continuity and deploy information security incident response capabilities in real time, collect dynamic intelligence on IT threats worldwide, and analyze vulnerability to threats. If a threat occurs, a security threat alert is issued immediately, and an emergency response action for security incidents is taken based on the threat levels. We also plan to complete the introduction of digital forensic procedures in 2020. When information security incidents occur, we will follow digital forensic operation standards to collect and retain digital evidence, which can strengthen the integrity and usability of evidence, bolster analysis, processing, and evidence collection, evidence strength, and the legal effect of evidence in the event of an incident.

Taishin Bank Information Business Continuity Team



Taishin Bank Computer System Incident Response Team



Contingency Funding Plan

Taishin Bank has an Emergency Response Team to ensure that during a liquidity crisis, the bank can transfer funds within the planned time to fulfill contractual payment obligations and to respond to the bank's capital needs. The President of Taishin Financial Holding is the convener of the Emergency Response Team, and the Chief Financial Officer is the deputy convener.

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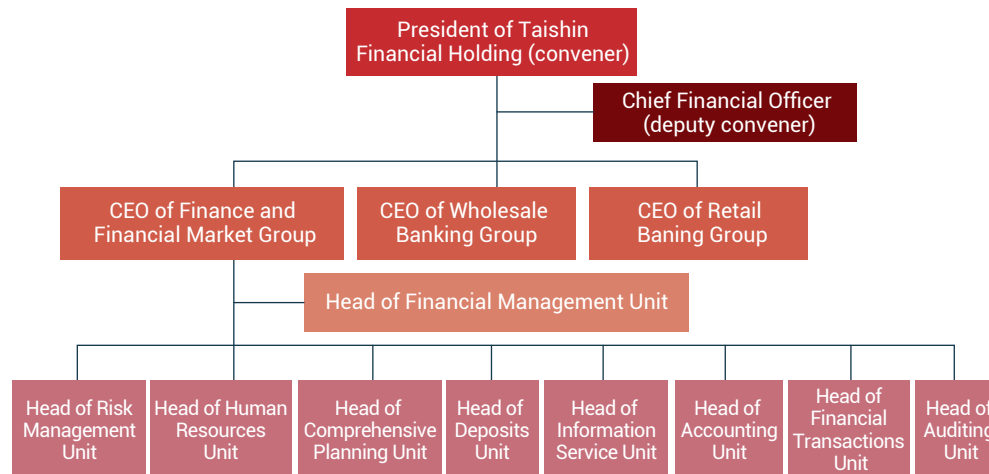
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I Taishin Bank Emergency Response Team



I The Contingency Funding Plan is carried out in accordance with the following process

Step	Process	Authorized Unit/Description
1	Activate the Emergency Response Team	1. The responsible person in charge of the Financial Management Unit notifies the relevant response unit of the Emergency Response Team to conduct a meeting by telephone. 2. After the activation of the Emergency Response Team, the convener will notify the Chairman immediately.
2	Assignment of duties	If the Emergency Response Team decides to activate the Contingency Funding Plan for emergency fund transfers, each authorized unit must discharge its duties as assigned by the Emergency Response Team.
3	Daily meetings	1. The relevant Authorized Units hold daily meetings → implementation → report results. 2. The convener reports on the progress and efficacy of the Contingency Funding Plan to the Chairman as needed.
4	Notification of Closure	A decision to close a case will be communicated only after agreement from the convener. Also, the head of the Financial Management Unit will notify the heads of authorized units by email.

Drills and Tests

 <p>Business Continuity Plan Drill</p>	<p>The Business Continuity Plan Drill (BCP Drill) is to ensure that after a disaster emerges, the BCP can be activated immediately and to ascertain that it is indeed feasible, so that key operations can be restored to their normal state within the recovery time limit. The test drill results ensure the following:</p> <ul style="list-style-type: none"> <li>• The MMR mentioned in the BCP are indeed available for deployment in emergencies and there are no shortages.</li> <li>• The content of the BCP is complete, not only covering all key duties and various types of emergencies, but also leaving no ambiguity so that even those not familiar with the BCP can easily join in the implementation.</li> <li>• The BCP is regularly reviewed and updated. Important members understand the BCP operations, their roles, and responsibilities.</li> <li>• In principle, at least one drill is held every year and if necessary, drills may be conducted twice a year. When there are major changes in the operation items, personnel, business premises, or the external operating environment, the time schedule for testing must be adapted.</li> </ul>
 <p>Information Business Continuity Walkthrough</p>	<p>Each year, major anomalous incidents on the group's major information systems are simulated, and contingency planning drills for different scenarios are conducted. The drill results and deficiencies in implementation are reviewed and presented in a report to the top management to safeguard the integrity of the system's backup environment and to ensure that the data recovery processes run smoothly and stable so that reliable financial services can be provided, and the security of customer transactions is protected.</p>
 <p>Computer System Incident Response Drill</p>	<p>Each year, different types of cyber hacking incidents are simulated and contingency planning drills for different scenarios are carried out to familiarize staff with the handling procedures of security incidents. The 2019 exercise included Advanced Persistent Threat and Distributed Denial of Service, among others.</p>
 <p>Emergency Fund Transfer Capability Review</p>	<ul style="list-style-type: none"> <li>• To ensure that the current assets position retains access to funds, the liquidity position is tested by a round of buying and selling securities once every six months.</li> <li>• The Financial Management Unit normally uses the interbank financing channels to test whether interbank financial transactions granted to the bank by other financial institutions remain normal. The test adopts the principle of decentralization to avoid the risk of negative rumors caused by the market at the time of an incident.</li> <li>• The Financial Management Unit incorporates the results of stress tests into the planning parameters of the Contingency Funding Plan, which is reviewed and revised regularly every year to ensure the plan's efficacy and appropriateness.</li> </ul>



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## 1-7 Business Performance

Taishin Holdings recorded a net after-tax profit of TWD 14.49 billion in 2019, an annual growth of 12%, after-tax earnings per share of TWD 1.19, a return on common shareholders' equity of 9.54%, and a net common share value of TWD 12.86 at the end of the year. Thanks to the good performance of our financial market operations, we posted good earnings. Revenue from investment transactions grew 42.3%. Good performance in wealth management, franchise loans, and securities underwriting generated 7.7% year-on-year growth in fee revenue. With regard to the performance of the deposit and lending business of our subsidiary Taishin Bank, the total loan balance grew by 11.8%, while the total deposit balance grew by 13.4%, and foreign currency lending grew by 14.7%. With regard to the performance of the credit card business, the performance has been eye-catching on such indicators as the number of valid cards, number of partner stores, transaction amounts and gross fee income. In particular, the annual growth rate of transaction amounts reached 22.7%, an excellent performance which exceeds the average level of our competitors. Wealth management also performed well, with net fee revenue growing by 8.7%. With regard to the performance of our subsidiary Taishin Securities, a continuous rise in the market share of its brokerage business, improved operating performance in operating securities, and successes in underwriting and listing cases, the annual net fee revenue grew by 25.7%.

## Operating Financial Performance

### Financial Performance

Year	2016	2017	2018	2019	Unit
Total assets	1,576,985,727	1,677,520,316	1,786,893,517	2,030,941,331	TWD thousand
Total equity	148,875,634	155,322,109	174,517,953	179,017,737	TWD thousand
Return on common shareholders' equity	9.58	9.61	9.06	9.54	%
Debt/ Equity ratio	959.26	980.03	923.90	1034.49	%
Debt/ Asset ratio	90.56	90.74	90.23	91.19	%
Net profit rate	31.51	34.58	32.53	33.19	%
Return on assets	0.74	0.80	0.75	0.76	%
Earnings per share	1.02	1.08	1.07	1.19	TWD
Cash dividend per common share	0.52	0.54	0.51	0.56	TWD
Stock dividend per common share	0.43	0.44	0.21	0.23	TWD
Net Income	11,392,433	13,070,166	12,930,133	14,485,931	TWD thousand
Group's capital adequacy ratio	128.48	124.87	127.09	118.91	%
Revenue per employee	4,423	4,469	4,267	4,555	TWD thousand
Profit per employee	1,394	1,545	1,388	1,512	TWD thousand
Employee benefits	11,312,362	12,163,656	12,374,008	13,987,394	TWD thousand

### Leverage Ratio

Unit: TWD thousand

Component	2017	2018	2019
Basel III Tier 1 Capital	125,176,902	140,262,561	151,927,880
Basel III Underlying Exposure (Exposure of Balance Sheet)	1,739,520,467	1,847,485,561	2,057,794,466
Basel III Leverage ratio	7.20%	7.59%	7.38%

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## Tax Policy

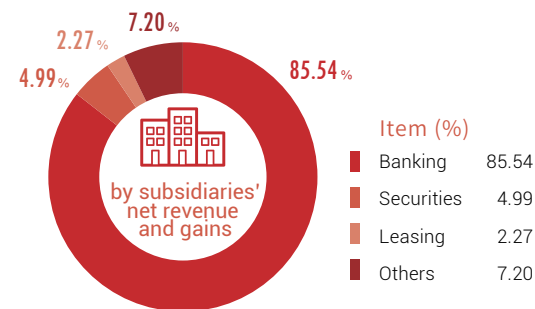
Taishin FHC has implemented its own tax policy to accommodate the tax laws of different countries as it expands. This tax policy enables effective management of taxation risk and helps create value over the long term.

### Taishin Tax Policy

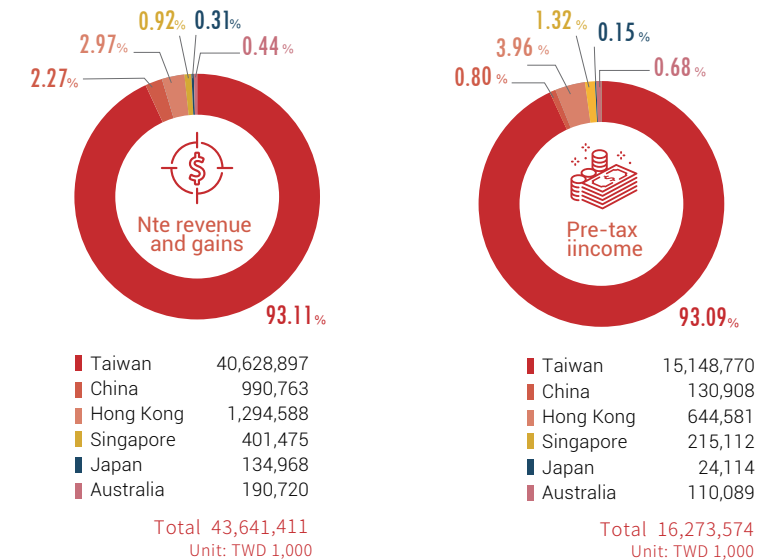
 Compliance	Adhere to the tax laws of each country; correctly calculate according to laws and pay taxes as scheduled.
 Communication	Maintain sound communication with tax authorities of each country.
 Planning	Evaluate impacts of changes in laws, new regulations or and the company's major business decisions. Taishin does not perform tax planning for tax evasion purpose.
 Talent Development	Pay attention to changes in laws and regulations in various countries, and continuously train talents to enhance the tax professional.
 Transfer Pricing Policy	Companies in the group do not engage in non-arm's length transactions, and prepare transfer pricing reports or substitute documents as required by law.

## Revenue and Gains

### 2019 net revenue and gains of subsidiaries



### 2019 net revenue and gains and income before income tax weight by country



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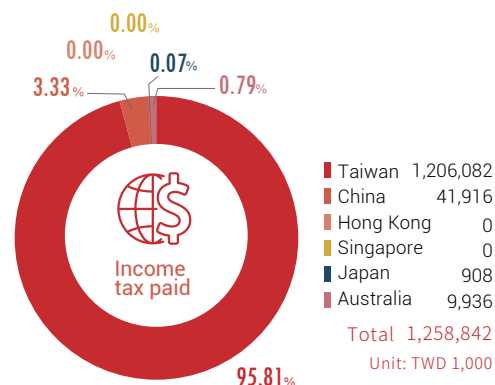
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Amounts of income tax paid by Taishin FHC by country for 2018 and 2019

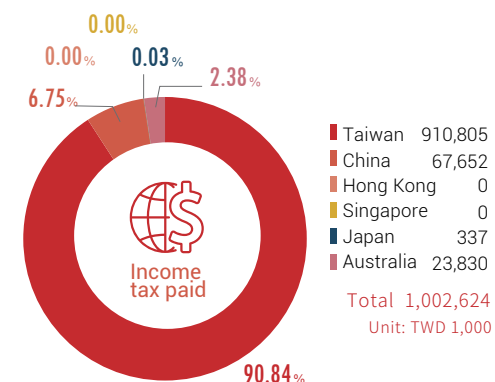
2018

Country/Region	Effective tax rate (%)	Statutory tax rate (%)
Taiwan	9.18	20
China	29.87	25
Hong Kong	0.00	16.50
Singapore	0.00	17
Japan	0.00	23.40
Australia	11.97	30



2019

Country/Region	Effective tax rate (%)	Statutory tax rate (%)
Taiwan	11.06	17
China	24.91	25
Hong Kong	0.00	16.50
Singapore	16.66	17
Japan	31.73	23.40
Australia	32.98	30



Unit: TWD 1,000	2018	2019
Pre-tax income	14,236,383	16,273,574
Income tax expense	1,306,250	1,787,643
Effective tax rate (%)	9.18	10.98
Income tax paid	1,258,842	1,002,624
Cash tax rate (%) (Note)	8.84	6.16

Note: The Group's cash tax rate was lower than the effective tax rate mainly because the financial accounting standards and tax laws recognize certain transactions at different timing, which created temporary difference.

Comparison between the Group's effective tax rate and GICS average effective tax rate for the banking industry

Cause of difference	Pro-forma tax effec (Unit: TWD 1,000)		Description
	2018	2019	
Tax law of single jurisdiction			Global average effective tax rate of peer industries was 25.82% in 2018 and 2019, respectively higher than that of the Group.
• Difference between Taiwan's statutory tax rate and average effective tax rate of industry peers	828,557	947,122	This was due to the fact that the Group operates mainly in Taiwan, where the applicable statutory tax rate was 20% in 2018 and 2019, respectively.
• Difference from tax-exempt income in Taiwan	1,457,810	1,623,398	Furthermore, the Group's pre-tax income included tax-exempt OBU income, ceased to be imposed securities trading income, unrealized share of profit of associates accounted for using equity method, and other items subject to adjustment according to the tax laws of Taiwan.
• Difference from other adjustments under Taiwan tax laws	83,217	-156,326	
<b>Total</b>	<b>2,369,584</b>	<b>2,414,194</b>	

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# 2

## Superior Service

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2-2 Privacy Protection

2-3 FinTech/ Digital Innovation





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## 2-1 Customer Relationship Management

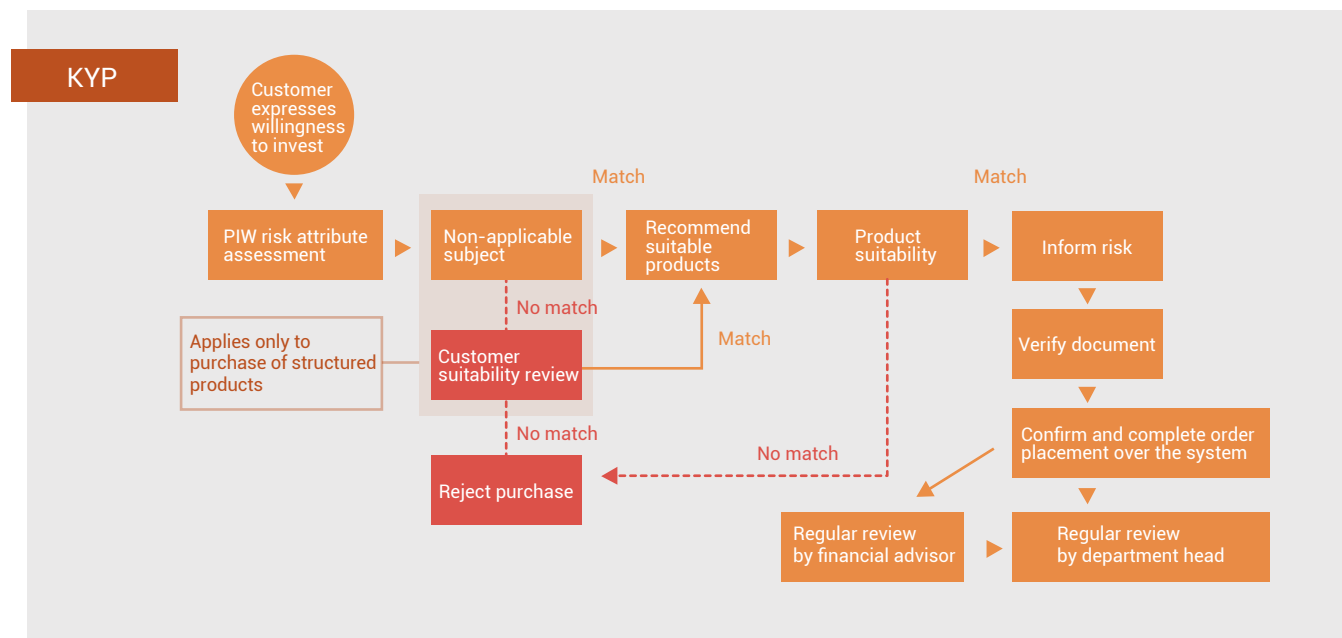
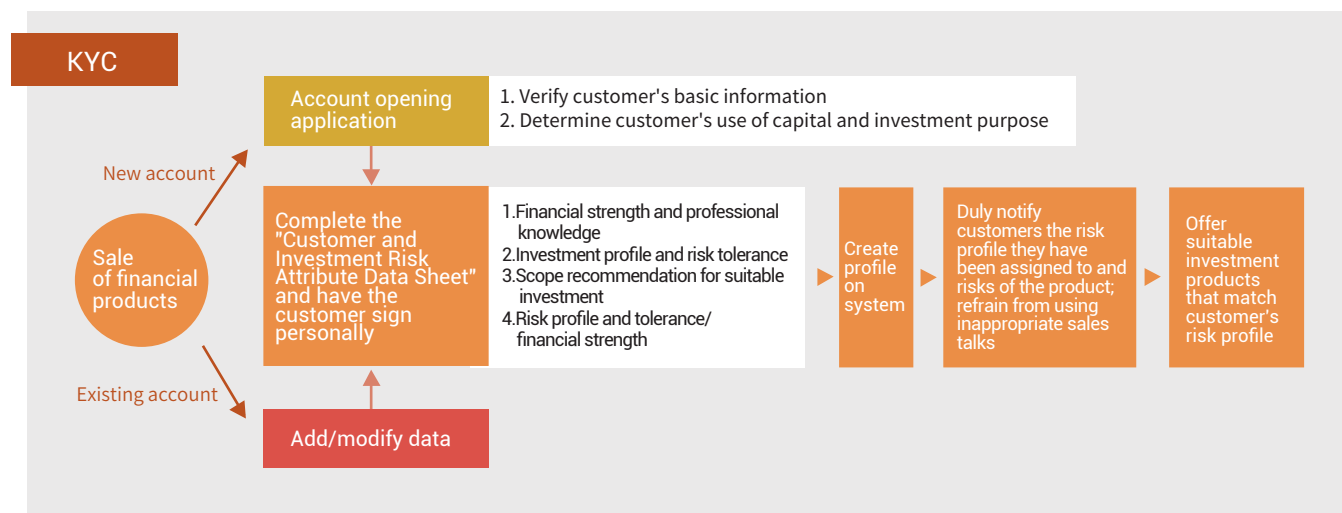
Driven by brand values of "Sincerity" and "Professionalism," Taishin not only provides a diverse range of localized and personalized customer service, but also pays close attention to customers' voice and constantly strives for innovation while delivering highly value-added services that make it the trusted smart partner.

### Policy of Customer Relationship Management

#### Policy of Customer Relationship Management

Taishin places great emphasis on customers' interests and is persistent about service quality. It is the organization's hope to provide customers with the most comprehensive service, which is why it has implemented "Fair Treatment of Customers Policy" and "Fair Treatment of Customers Strategy" to serve as guidance for employees with respect to customer protection and service delivery, and thereby fulfill the organization's obligations toward financial consumer protection.

With regards to customer relation and product offering, Taishin has "Know-Your-Customer"(KYC)and "Know-Your-Product" (KYP) procedures in place to ensure that customers are offered the best services and protection. Taishin evaluates customers' needs and profiles, classifies them by product suitability and risk tolerance, and duly communicates product information, risks and rights before recommending suitable products.



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With regards to the offering of complex, high-risk products, Taishin has specified in its "Fair Treatment of Customers Policy" that it is a legal requirement that any explanations or disclosures made to customers must be video or audio-recorded unless the customer disagrees otherwise or if the transaction is completed using automated channels. All first-time sale of complex, high-risk product must be reported to and approved by the board of directors.

All transaction documents, marketing materials and product information disclosed on website have been prepared in compliance with laws with complete disclosure on related expenses and risks. It is our intention to make customers aware of the details and risks associated with their products.

To ensure that the design, advertisement, sale, contract fulfillment, consultation to complaints of product and service are in accordance with the "Fair Treatment of Customers Policy", Taishin not only trains its employees regularly, but also incorporates the "Fair Treatment of Customers Policy" into its internal control and audit systems. Any violations against the Fair Treatment of Customers Policy or Financial Consumer Protection Act are reported with improvement measures discussed regularly during executive management meetings. Conclusions from such meetings are reported to the board of directors.

Employee Training

In order to provide better services, Taishin actively invests resources in trainings of service quality and customer satisfaction to meet customer needs and improve service quality and satisfaction.

Target	Course name	Frequency	Training coverage rate (%)	Completion rate (%)	Hour	Attendee
Mandatory for new recruits	Service perfection (for new recruits)	Twice a month on average	100	100	2,380.91	1,351
	Standard service procedures and professional image (for new recruits, and digital course for new recruits)	Twice a month on average	100	100	1,892.30	1,266
	3S Service Perfection (Digital course for new recruits)	Twice a month on average	100	100	449.40	1,605
Mandatory for specific units	Service Manners (Digital course for new recruits)	Twice a month on average	100	100	557.46	2,298
	3S Service (eLearning course)	Once every 2 years	100	100	1,103.76	6,132

Training coverage rate (%)= Enrollments/total head count for the category)

Completion rate (%)=Actual enrollments/required enrollments

Customer Relationship Maintenance

Taishin Bank is committed to delivering complete service experience for its customers, which is why it engages an independent third-party institution to survey customers via phone and the internet and establish their satisfaction with respect to personnel, product, service, process, channel, rights and marketing campaign. These findings are analyzed to serve as reference for service quality strategies in the future. Meanwhile, improvement plans have been devised to address customer segments in which the organization has exhibited relatively weak or declined performance, and thereby taking service quality to the next level.

Driven by the 3S service spirit of Simple, Sincere and Superior, Taishin keeps promoting our service culture. "Taishin Service Role Model" is held annually as part of the organization's ongoing attention to service culture, during which the Chairman and senior management are invited to commend employees who exhibit the most exceptional service standards. Through this event, we aim to inspire bank employees to develop a passion for service and fully embrace the Bank's service culture.

Gathering of Service Opinions

Listening to Customers' Voices	Explanation
VOC (Voice of Customer)	Taishin Bank has a VOC program in place that receives an average of 200 comments from customers per month. Through gathered opinions, Taishin investigates the critical needs of its customers and plans services, marketing campaigns and products for various business groups accordingly. This exercise plays an important role in Taishin's customer-centric strategy and is key to enhancing customer satisfaction and relations.
Mystery Shopper	The assignment of branch service quality examination through branch telephoning and visiting was accomplished by qualified employees with certification of mystery shopper each month. Branches are assessed on numerous aspects from service etiquette, initiative, addressing of customers' needs, professionalism, to complaint handling. In addition, the Bank has mystery shoppers calling the 24-hour service hotline on a quarterly basis to rate the quality of employees' basic service, problem handling and efficiency. The results are used internally for improvement and management purpose.
Branch Service Opinion Forms	"Service opinion forms" have been placed at branches nationwide for customers to express their opinions. Once completed, customers may either mail them or drop them inside the branch's opinion box; the management will then respond to customers' suggestions and devise action plans for improvement. An electronic questionnaire is made available to customers through QR codes scannable by a mobile phone or tablet for easy completion.

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Strengthen Customer Satisfaction

■ Retail Banking Customer Satisfaction

Taishin Bank's retail banking customers in general, which increased overall satisfaction to 86.5% in 2019. The satisfaction survey had an effective sample size of 2,520, investigated by a fair and independent third-party agency. To ensure proper representation of the population, audiences were randomly taken from customers of different segments such as wealth management, credit card, loan, digital banking etc. Samples were taken by professional interviewers after conducting a 20-minute telephone interview with each subject. For customers who raised improvement suggestions, Taishin Bank engaged them in 20-minute in-depth discussions to explore their potential needs in greater detail.

The actual results of the customer satisfaction survey in 2019 fell slightly short of our goals. Taishin immediately devised an action plan to improve the issues found and weakness indicators, such as through real-time communication by our financial advisors, developing more intuitive and user friendly online interfaces, etc. Moreover, big data modeling and our real-time marketing data platform enabled us to analyze customers' information and their rights and interests to improve customer satisfaction with Taishin Bank.

Customer Satisfaction of Retail Banking Services	2015	2016	2017		2018		2019		2020
	Actuals	Actuals	Target	Actuals	Target	Actuals	Target	Actuals	Target
Customer Satisfaction (%)	79.2	80.9	81.9	85.0 <Achieved >	83.9	85.5 <Achieved >	87.4	86.5	85.4 (Note2)
Sample Size	2,217	2,252	2,304	1,707(Note1)		2,520		-	
Coverage Rate (%)	0.7	0.6	0.5	0.3		0.3		-	

Note1: No survey was conducted on loan customers in 2018, therefore sample size was lower than the year before.  
 Note2: After the satisfaction survey in 2019, we evaluated our questionnaires by market conditions and questionnaire adjustments to estimate and preset the reasonable target in 2020.

Branch Service Satisfaction

Year	2015	2016	2017	2018	2019
Satisfaction (%)	92.3	92.4	92.3	92.9	91.0



Efficacies of our ongoing improvement reflect in various services. Several system optimizations were carried out in online banking, mobile banking, and the Richart app. Improvements were made with regard to push notifications, inbound foreign currency rate notifications, and query service for credit card billing records, which improved customer satisfaction from 85.5% to 86.6%. For the wealth management customer base, we continued to strengthen the connection between technology and customers, for instance, by providing appropriate product recommendations based on the customer's risk profile, which pulled their satisfaction upward to above 87%. After a slight decline in credit card customers' satisfaction scores, in 2019 improvement measures were planned and implemented. Based on analyzing big data, customer spending and card usage behavior, we were able to provide customers with personalized notification messages in real time. We also further integrated internal and external publicity to communicate with customers in the simplest and clearest way possible, which indeed helped improve satisfaction.

To collect and analyze customer feedback immediately after service encounter at a branch, we commissioned a third-party marketing research agency to conduct quarterly surveys on customer satisfaction of branch service. Survey design covered were "service attitude," "wait time," "processing speed," "clear answers to questions," among others. The annual satisfaction score stood above 90. In addition, the 2019 satisfaction survey also included a Net Promoter Score (NPS) among customers who handled transactions or purchased wealth management products at a branch, in order to measure their satisfaction, quantify their loyalty, and understand their willingness to recommend our bank and its products to others. The NPS for 2019 was 13.6. (a net positive recommendation score means there are more recommenders than critics), with neutrals accounting for about 45%. Moving forward, we will endeavor to convert those neutrals into recommenders to continue to improve our net promoter score.

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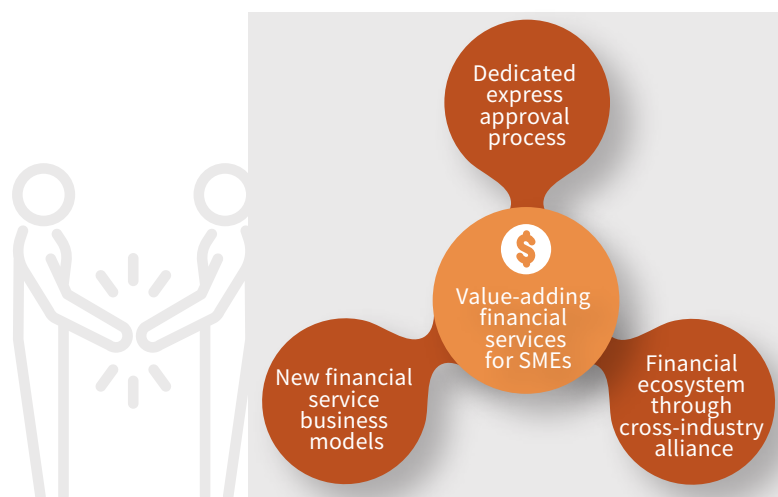
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Wholesale Customer Services

In terms of wholesale banking, Taishin Bank continues its focus in growing the SME portfolio. An “SME Lending Program” with dedicated service personnel and the availability of an express approval process was introduced to improve the efficiency and expand the scope of services offered to SMEs. Through pre-lending due diligence (DD), credit assessment and post-lending alert, Taishin Bank tightens control over credit quality and fulfills its social responsibilities as a bank.

Looking ahead to 2020, Taishin Bank will continue to support the government’s designated key industries, understand the characteristics of local markets, continue our regional expansion strategy, and expand our collaboration with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan. Based on various business application scenarios, we will build APIs for financial blockchain services and continue to optimize the review processes and operational efficacy, all in order to build an SME ecosystem in which we provide a full range of value-added financial services to SMEs.



Securities Customer Satisfaction

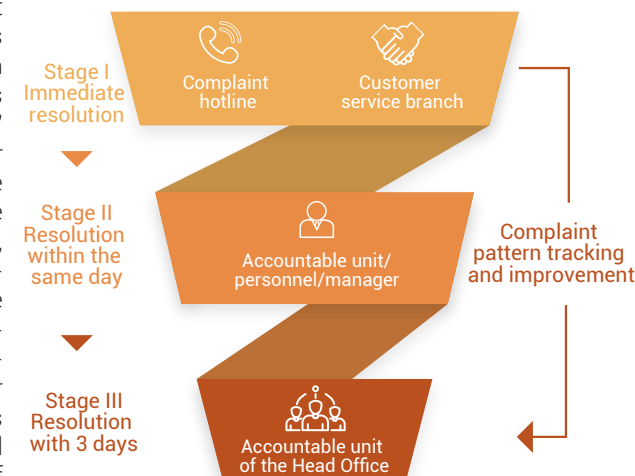
Taishin Securities is committed to improving the customer experience. We made several system optimizations to the ordering platform Zhiduoqing and PhonEZ, such as online opening of accounts without the need to visit a branch (OTP), setting up online banking for securities assets, electronic tokens, and improvements to the ordering interface. We also greatly expanded the number of cross-sales offices to enhance the customer service experience. This resulted in a customer satisfaction of more than 87%. In addition, we conducted two rounds of interviews and in-depth interviews with customers on the topic of customer service improvement to collect suggestions for improvement. Also, through telephone interviews we maintained customer relationships while also deepening our understanding of the potential needs of our customers.

Customer Grievance System

Complaint Procedures

Grievance System for Retail Banking Customers

Taishin has robust customer complaint procedures in place to collect and address customers’ opinions. They provide us with the means to make ongoing improvements and adjustments in line with customers’ needs. Taishin Bank offers multiple customer feedback access points, including the 24-hour customer service hotline, the customer opinion hotline (0800-079-885), service opinion forms available at branches, customer inquiry online form on the website. All complaints raised by customers through external institutions are collectively handled by Taishin Bank’s customer complaint unit. The Bank also has manuals that outline the treatment process and timing for handling different levels of customer complaints.



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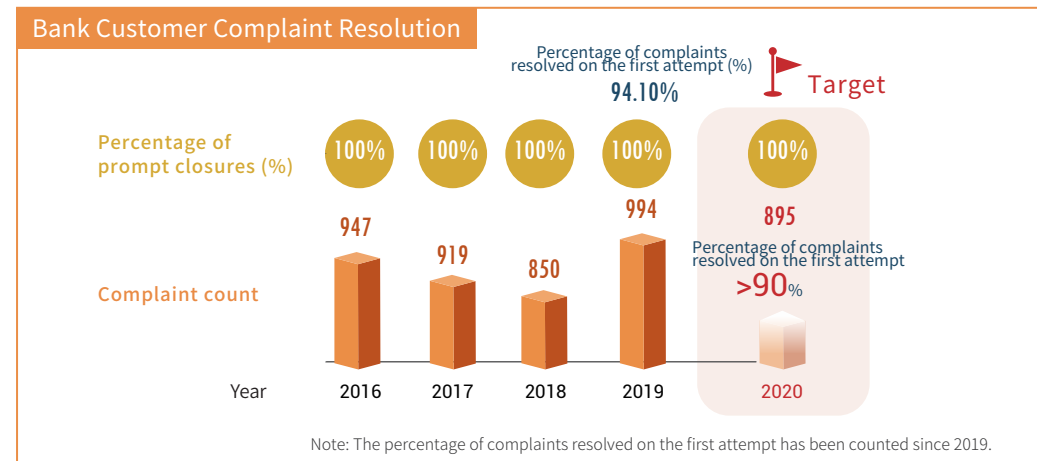
Taishin Bank Head Office has a unit that specializes in handling financial consumer disputes and settling customers' complaints. It adopts systematic process and tracking to ensure that customers' queries are proper addressed in a timely manner.

The Head Office's customer complaint unit has contact windows available at various business divisions to bridge communication. Through the mechanism of warning before an incident, management during an incident, and improvement after an incident, the spirit of fair treatment of customers is incorporated in our employees' daily work. Thus before a new product or activity is launched, we check in advance how to implement fair treatment of customers. We also analyze the root causes of complaints, so that the units can reduce the chance of recurrence of the same pattern of complaint through education and training, system improvement, and process optimization.

The Head Office strives to make customers satisfied with the complaint process and the guiding principle is to resolve customer issues in one step. The analysis of the root causes for the growth or decline of customer complaint cases and the monitoring and improvement of cases that breach the Fair Treatment of Customers Policy are reported to the top managements and the Board of Directors on a quarterly basis.

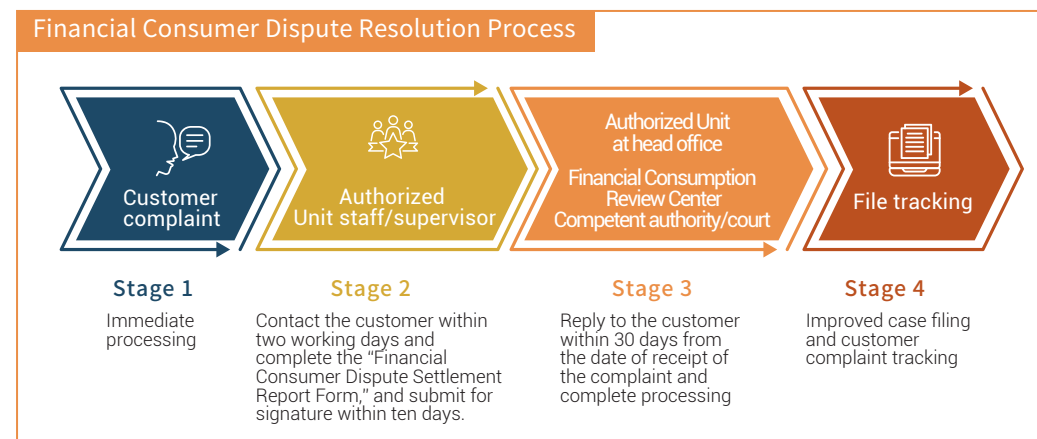
Grievance System for Corporate Customers

Any complaints or disputes with the Bank's corporate customers are raised by the Wholesale Banking Division for discussion during weekly morning meetings. The Wholesale Banking Division regularly tracks the progress of customer complaint cases of various authorized units on a quarterly basis, and summarizes the assessment results of all units with regard to their compliance with financial consumer protection regulations and violations of Fair Treatment of Customers Policy. This information is orally presented to the Board of Directors.



Grievance System for Securities Customers

Taishin Securities has customer service hotline (886-2-40509799) and e-mail available to collect customers' opinions. For financial consumer disputes, the authorized unit would contact the customer immediately to explain the situation and notify the competent authority.





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## 2-2 Privacy Protection

### Protection Policy of Personal Information

Taishin has a personal information protection policy in place to ensure legitimate collection and use of customers' and employees' personal data. This policy is constantly reviewed and revised in line with changes in regulation. In addition to conducting regular inspections on the security of personal information, Taishin also assesses possible personal information risks and uses the findings to establish proper management practices, responses, reporting channels and preventions for incidents such as theft, alteration, destruction, loss or leakage of personal information, and thereby enforce the personal information protection system of the organization.

Taishin continues to execute training programs that are aimed at raising employees' awareness and respect towards personal information and promoting thorough understanding of relevant legal requirements, responsibilities, systems, procedures and measures the organization has in place for the protection of personal information.

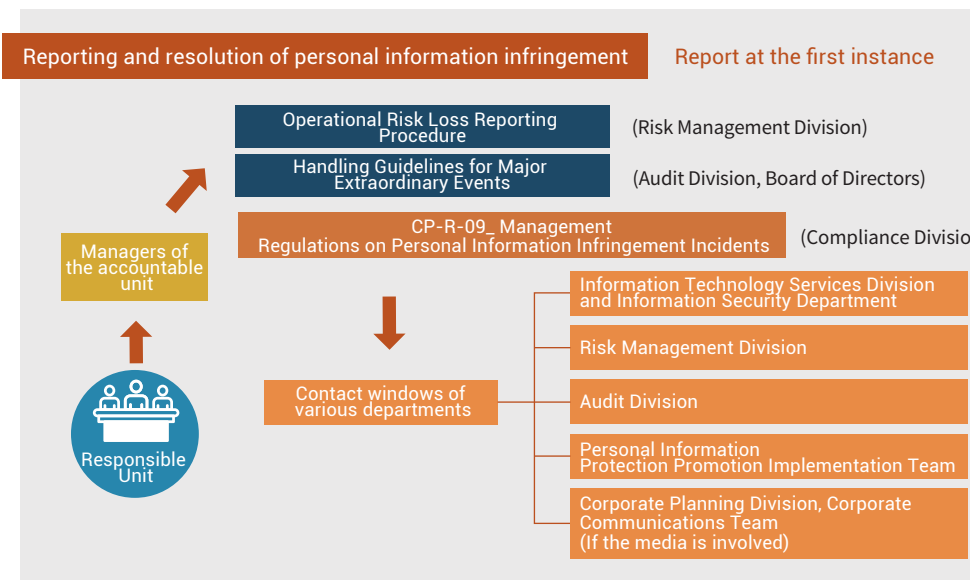
Training for Protection of Personal Information in 2019			
Subjects	Courses	Coverage Rate (%)	Completion Rate (%)
New recruits (to complete training within six months after coming onboard)	<ul style="list-style-type: none"> <li>• Online course on personal information protection</li> <li>• Classroom/online courses on information security</li> <li>• Compliance and behavior guidelines</li> </ul>	100	100
General employees	<ul style="list-style-type: none"> <li>• Personal information protection reminder publications</li> <li>• Online course on information security and personal information protection (Note: The coverage rate equals the completion rate for this online course.)</li> <li>• Classroom course on personal information protection</li> </ul>	100	100
Personal information management contacts of various units	<ul style="list-style-type: none"> <li>• Personal information infringement response drills</li> </ul>	100	100

### Personal Information Protection Measures

With regards to the handling of personal information incidents and employees' crisis awareness, Taishin has implemented "Management Regulations on Personal Information Misuse Incidents" to facilitate effective emergency response should an incident arise. If a personal information incident occurs, employees are required to report immediately to the line manager and complete risk assessment and incident classification within the given timeframe. Depending on the severity of the incident, an emergency response team may be assembled to execute response, coordination, communication and investigation in relation to the incident. In 2019, Taishin received no penalty from the authority for violation of personal information.

Furthermore, out of respect for customers' personal information and their rights, Taishin has implemented "Operation Regulations on the Exercise of a Party's Rights" to facilitate proper handling of customers' rights to inquire, review, make duplicate copy of, supplement, correct and delete their personal information maintained with Taishin, as well as their rights to stop Taishin from further gathering, processing and use of information.

#### Reporting and Resolution of Personal Information Infringement



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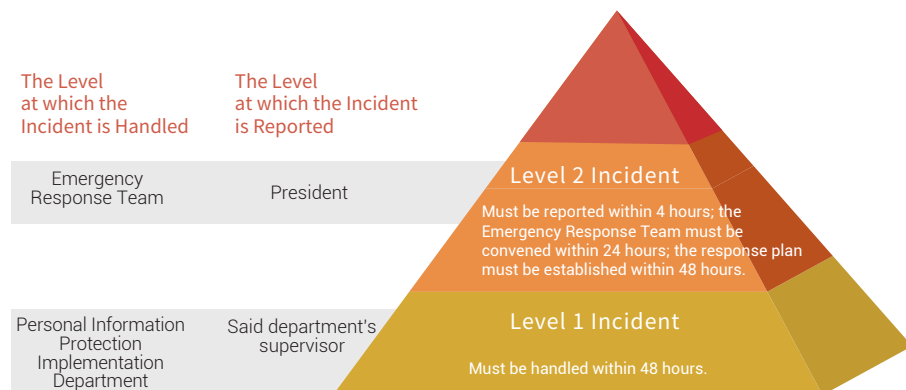
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The Handling of Each Level of Incident and the Reporting Level



Level 1 incident is characterized by any of the following conditions:

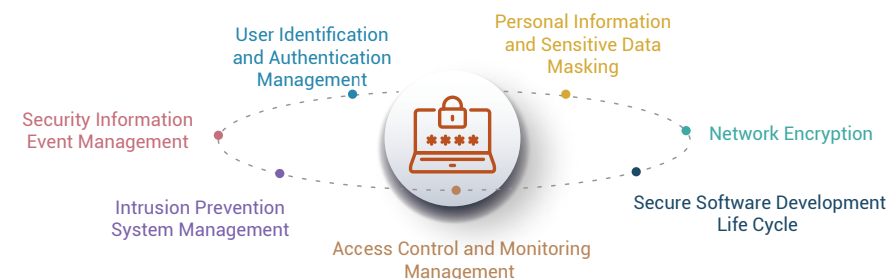
- the incident involves fewer than 100 records of personal information that have been disclosed, or used without the Party's authorization, or improperly processed, used, or disclosed; or the collection of personal information without going through legal and proper channels;
- the incident was notified by law enforcement agencies or the central competent authorities, and that has been determined as a Level 1 incident.

Level 2 incident is characterized by any of the following conditions:

- the incident involves more than 100 records of personal information that have been disclosed, or used without the Party's authorization, or improperly processed, used, or disclosed; or the collection of personal information without going through legal and proper channels;
- the incident appears to have been caused by the Bank's improper control of its information technology system and operating procedures;
- the incident was notified by law enforcement agencies or the central competent authorities, and that has been determined as a major incident;
- involving highly-sensitive information (ex: public figures etc.);
- incidents reported by the media.

Taishin places great emphasis on the protection of personal information, To enhance security management practices, Taishin Bank engaged certified public accountants to perform a special audit on personal information protection in 2019, for which the CPAs issued a statement claiming that the Bank's internal control system has been effectively designed and executed to ensure protection of personal information and fair presentation in all material aspects.

Information Security Measures for e-Commerce Services



Grievance Mechanism of Personal Information Protection

For cases of improper handling of private information occurred in 2019, Taishin Bank had identified the cause of the negligence and required the relevant units to undertake improvement actions, such as stepping up its communication on laws and regulations regarding personal information, all staff of the unit were required to take and pass an examination. The system management was strengthened, and cross-computer checks on information retention was introduced. Moving forward, we will continue to monitor our personal information protection and we will adjust or add improvement mechanisms as needed to protect our customers' rights and interests.

Taishin Bank's Grievance Mechanism of Personal Information Protection

Year	Source of customer complaint		Type of customer complaint					Accountable case count
	Competent Authority	Customer feedback	Leakage of personal	Theft of personal information	Loss of personal information	Inappropriate use of personal information	Other	
2016	3	0	0	0	0	1	2	2
2017	1	1	1	0	0	1	0	2
2018	3	0	2	0	0	1	0	3
2019	1	4	1	0	0	4	0	5

Accountable case count refers to complaints in which customers believe to have suffered losses due to misuse of their personal information. The Bank would clarify the customer's point of dispute and issue apologies to customers through the Head Office. If an internal investigation finds violations of personal data protection regulations, our staff will be punished (such as: assessment and demotion, cuts in bonuses, internal warnings, etc.). The management unit concerned must also propose concrete improvements to the system and processes that are root cause of the complaint in order to avoid recurrence of similar situations. After conclusion, the case was reported to the Board of Directors and the head office management center also implemented continuous monitoring and improvement to ensure effective improvement and prevent reoccurrence.

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## 2-3 FinTech/ Digital Innovation

### Promoting FinTech

In this era of FinTech, Taishin remains founded on the core values of Bank 4.0 and remains focused on customer needs. Bearing in mind the nature of various types of financial services, we develop innovative services and optimize processes through new technologies to provide more considerate services attuned to customers' actual needs. We integrate convenient customer service experiences into daily life through immediate and responsive financial services enabled by FinTech.

#### Taishin promotes the integration of finance and technology in the following five aspects



#### 1. Customer Experience: Providing the best customer-centric digital service experience

Taishin Bank continuously listens to its customers and actively embraces open platforms to integrate intelligent customer service into people's lives and provides comprehensive 24/7 AI-enabled smart services. Not only did we launch our AI-based intelligent customer service in 2016, we also announced in 2019 the plan to become Taiwan's first financial institution to embed AI-based intelligent customer service within Google Assistant, thus enabling the public to obtain financial consulting services online. In addition, Taishin has also introduced several biometric functions, including fingerprint recognition and face recognition. In 2019, we launched services titled "Withdrawal by Face Swipe" and "Payment by Face Swipe", bringing face recognition technology closer to people's daily lives.

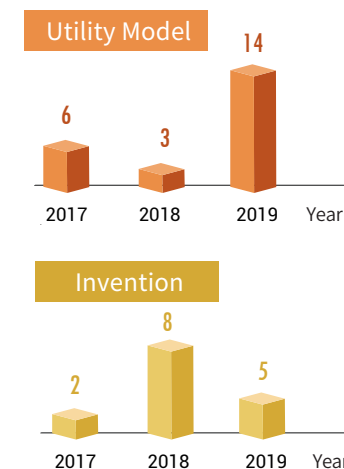
#### 2. Operational Synergy: Using Digital Technology to Improve Operational Synergy

Taishin is the first bank to apply Robotic Process Automation (RPA) to the account opening process, thus simplifying routine and repetitive manual procedures and greatly improving the efficiency of the account opening process. The introduction of RPA will help us to move up one level in satisfying the immediate needs of users and create a better user experience. In the future, RPA mechanisms will be gradually rolled out across other Taishin's processes to improve productivity and precision and provide high-quality financial services.

#### 3. Technology Development: Stay abreast with digital trends and develop innovative financial services

With regard to blockchain applications, Taishin Bank understands the trend that consumers expect ease of "cross-border, cross-platform, cross-scenario, integrated on/offline virtual" transactions. In 2019, we announced our collaboration with the Asiana Credit Card Company, the largest financial group in South Korea. We jointly launched the "GLOBAL LOYALTY NETWORK (GLN) for HANA MEMBERS" for cross-border payments. Currently we are the only bank in Taiwan to have obtained cross-border payment services for Alipay, WeChat, and HANA Members, and we will continue to expand our service options for cross-border payments in the future and enlarge the geographical reach of those services, as part of our ongoing efforts to spread and improve electronic payment in Taiwan. Taishin closely monitors developments in artificial intelligence technology. Our research scope includes conventional financial services such as wealth management, risk control, and credit issuing but also aims to raise the level of financial knowledge in artificial intelligence and stimulate more innovative applications. We also have actively applied for financial patents, adding 14 utility model patents and 5 invention patents in 2019. In recent years, our volume of financial patents has placed us among the top 10 of Taiwan's financial institutions.

#### Patent Acquisition in Recent Years



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4. Cross-industry Alliances: Expand cross-industry alliances into customers' lives and establish new business models

Taishin Bank actively collaborates with start-up companies to expand its service scope, integrate financial services into various scenarios favored by the public, and greatly upgrade convenience. By building an Application Program Interface (API) application architecture, we have been able to accelerate the collaboration with our external partners. Not only can this architecture become a source of future revenue for bank automation, but it also accelerates the in-house development of new services. We also work from the principle of "taking the customer's perspective" to create integrated service experience for our customers and deepen their loyalty to our differentiated services. In 2019, Taishin Bank was the first bank to offer the possibility to convert credit card bonus points into LINE POINTS. This demonstration case connected financial services and a community ecosystem through a service where users can convert and immediately use points from one system to another, connecting people's online and offline consumer behavior, and satisfying a real consumer demand in a rapidly changing environment. Taishin also actively seeks long-term cross-industry strategic partners, and also participates in the FintechSpace, Fin&Tech, NCCU GLORIA etc., creating new business opportunities through cross-domain collaboration among industry, government, academia, and FinTech companies.

5. Digital Capabilities: Build digital capabilities and continue to innovate in the digital finance field

Taishin continues to cultivate its digital financial capabilities. Besides improving the technical expertise of our current employees through education and training, Taishin also actively recruits digital technology talents from outside the bank in order to rapidly upgrade its overall digital capabilities.

By staying at the forefront of developments in financial technology, Taishin intends to build a top-notch digital financial ecological environment in the future and cultivate technological talents to serve the needs of the new generation and achieve sustainable business operations by being both active and stable.

Patent Acquisition

	★	Utility model/ invention	Debit Card Password Replacement Mechanism (Replacing Letters with Mobile Devices)
		Invention	Debit Card Password Replacement Mechanism (Replacing Letters with Automatic Deposit/Withdrawal Machines)
		Invention	Accompanying QR code from Internet Banking
		Invention	User Authentication Transaction Framework for Logging into a System From a Mobile Device
		Invention	Actuarial Algorithm for the Maximization of Lending Value Based on Collateral Maximization
	★	Utility model	Face-Swipe Cash Withdrawal System
	★	Utility model	Procedure for Applying for Cardless Withdrawal through a Password via the Internet
	★	Utility model	Non-Financial Card Password Letter Replacement Mechanism
	★	Utility model	Credit Loan QR Code Online Sales Application
	★	Utility model	Optimization of Payment Application Approval Documents
	★	Utility model	Method for Obtaining FAR and FRR Calculation Data via a Facial Recognition System
	★	Utility model	Version Process on gWBS
	★	Utility model	Two-Factor Pairing Mechanism for Mobile Devices in Corporate Internet Banking
	★	Utility model	Publishing Application Tool
	★	Utility model	Automated Logic Check for Network Equipment System
	★	Utility model	Payment File Conversion Tool
	★	Utility model	Smart Everything
	★	Utility model	Automated One-Stop Property Data Analysis

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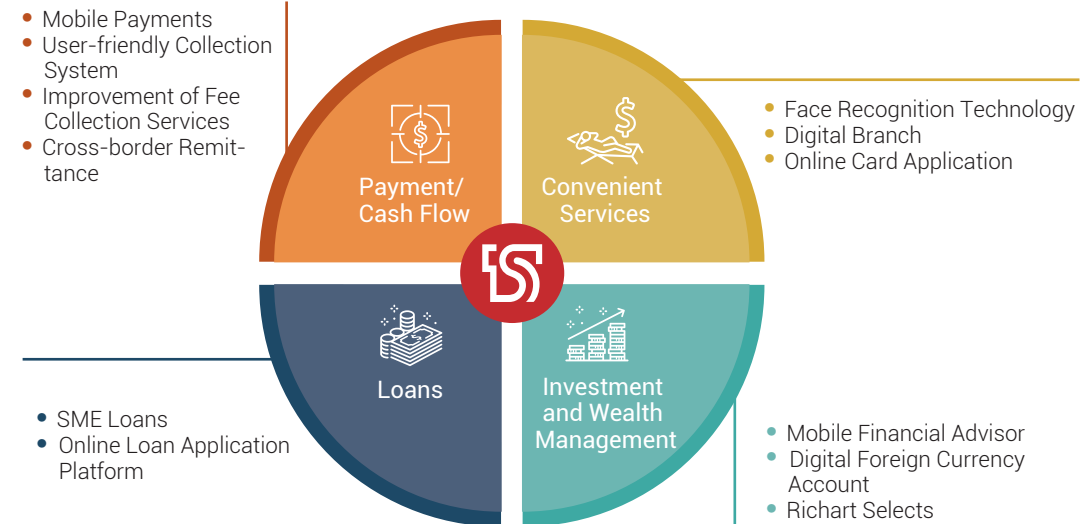
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## Digital Innovation

### Digital Innovation in Multiple Scenarios

Our research and development and launch of innovative products cover mobile banking, new payments, wealth management, credit cards, loans, and wholesale financing. We have also successfully launched the Richart Digital Bank as a first in the industry. Taishin Bank has an outstanding performance in the field of digital financial innovation. In 2019, we won first prize at the second "Best FinTech Service Bank Awards" organized by Global Views Monthly. In five out of eight assessment items, we scored number one. The Richart Digital Bank won nearly 20 domestic and foreign awards in 2019, after winning first prize in the Most Popular Brands category of the prestigious National Brand Yushan Awards in 2017. With regard to digital products, our new payment service "pay+" solves the issue of cash flow in member management and integration of electronic payment services for retail stores. This service was awarded the "Operating Model Master in Taiwan" by International Data Information (IDC). Furthermore, Taishin is committed to creating a friendlier financial environment. Our "Facial Recognition Application Service" not only won the Critics' Choice Award at the Innovative Business Awards of Business Next Magazine, but also was crowned regional champion at the 2019 Gartner Eye on Innovation Awards for Financial Services in Asia Pacific.





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Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
 Payment/ Cash Flow	<b>Mobile Payments</b>	<ul style="list-style-type: none"> <li>• Continue to introduce pay+ payment service modules for department store and convenience store systems. Consumers can pair credit card numbers to a merchant's app and make purchases without carrying their credit card.</li> <li>• VISA debit cards can be paired with Apple Pay, Google Pay, Samsung Pay, Garmin Pay, Fitbit Pay, and Hami Pay. People without a credit card may also use international payment tools.</li> <li>• Partner merchants that use LINK PAY can create links through the Taishin internet platform and send them to their customers by email or text message. Consumers only need to click the payment link and input their credit card information to complete the payment and transaction, which is fast and safe.</li> </ul>	<ul style="list-style-type: none"> <li>• Have assisted more than 10 merchants to achieve digital payment transformation.</li> <li>• The international payment promotion rate grew by 70% compared to the previous year, and the consumption amount grew by more than 100%.</li> <li>• Improving customer loyalty is reflected in the thousands of new Taishin card users who have paired their cards to merchants' systems. The number and size of the transactions have gone up significantly.</li> <li>• LINK PAY replace the traditional fax transactions. It has made the transactions faster, safer and it is widely adopted in different industries like travel agents, hotels, etc. More than 500 travel agents started to use this service in 2019.</li> </ul>
	<b>User-friendly Collection System</b>	<ul style="list-style-type: none"> <li>• We were the first among peers to launch "123," a mobile phone code scanning product that combines the convenience of well-known triple barcode fee collection with the eACH real-time deposit and withdrawal platform service of the Taiwan Stock Exchange, enabling corporate customers to obtain their collected funds faster.</li> <li>• We were also the first to launch a collection app that can simultaneously collect funds from 11 domestic and overseas e-wallets. Merchants can use their mobile phones to complete payment transactions simply by code scanning in 3 major overseas areas and 8 major domestic areas.</li> <li>• We also introduced a solution for sharing QR codes, allowing vendors in a business district to place only one QR code scannable by more than three types of code-scanning payment wallet systems to make payments, which greatly facilitates merchants, and offers consumers flexibility and convenience.</li> </ul>	<ul style="list-style-type: none"> <li>• More than 10 human resource agencies and gas companies have signed contracts to use "123," our mobile phone fee collection code scanning service. Besides offering various convenient payment methods for consumers, this service also speeds up fee collection by enterprises, to their positive acclaim.</li> <li>• In 2019, the fee collection app was promoted at the 101 Simple Urban Festival, post offices, and other important merchants. To further grow merchant loyalty, we plan to promote and roll out this service to small and medium-sized merchants in 2020.</li> </ul>
	<b>Cross-border Remittance</b>	<ul style="list-style-type: none"> <li>• The WBS remittance platform offers foreign currency transfers between the head office and customers at overseas branches, which saves handling fees and improves operating time and enables quick remittances of funds.</li> </ul>	<ul style="list-style-type: none"> <li>• 50% increase in remittance efficiency.</li> </ul>
	<b>Improvement of Fee Collection Services</b>	<ul style="list-style-type: none"> <li>• The Global Digital Corporate Banking (GB2B) launched an innovative smart transfer functionality, reducing the costs and thresholds for customers to convert their systems and increasing their willingness to convert. This smart payment mechanism also automatically selects the most suitable payment channel for the customer, improving payment efficiency and stability, while satisfying the different needs of different customer groups.</li> <li>• Taishin iHub provides numerous API products and services that directly link our corporate customers to our bank, making corporate financial operations easier and creating more business opportunities in various financial scenarios.</li> </ul>	<ul style="list-style-type: none"> <li>• The innovative GB2B smart transfer and smart payment service has already attracted several large corporate customers, who have successfully applied and started using it. We have thus seized new business opportunities among cash flow customers.</li> <li>• Several corporate customers are in talks with us regarding the bank-enterprise direct connection model via the iHub API, which will deepen our business relationship and collaboration. In the future, iHub will continue to be expanded into a comprehensive financial ecosystem.</li> </ul>

Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
 Convenient Services	<b>Face Recognition Technology</b>	<ul style="list-style-type: none"> <li>• As the first among peers, we launched a facial-recognition based ATM cash withdrawal service. After customers complete the setup, they are able to withdraw money at the ATM simply by presenting their face and without having to insert their bank card. This solves the pain point of past customers who forgot to bring their ATM card or whose ATM card had been stolen.</li> </ul>	<ul style="list-style-type: none"> <li>• 38% increase in transaction volume after launch of this service.</li> </ul>
	<b>Digital Branch</b>	<ul style="list-style-type: none"> <li>• Introduced VTM (Video Teller Machine) to provide customers with face-to-face financial consultation through videoconferencing with our staff.</li> <li>• Used AI to develop "Rose, SmartRobot" which can accurately respond to questions, no matter asking by voice or text.</li> <li>• Through the "Remote Financial Consulting" service, wealth management customers can talk with Taishin professional teams to understand real-time market trends and financial advice.</li> </ul>	<ul style="list-style-type: none"> <li>• Customers are easy to use financial services even during the non-business hours.</li> </ul>
	<b>Online Card Application</b>	<ul style="list-style-type: none"> <li>• Customers can upload files by mobile phones to apply for a credit card.</li> <li>• In combination with the friDay app, this is the first such one-stop platform service (for applying for co-branded cards, opening a Richart account, and pairing consumption) and it meets customer needs in their O2O digital life.</li> </ul>	<ul style="list-style-type: none"> <li>• It shortens processing time and reduces paperwork. To date, the cumulative cost savings have already exceeded TWD 4.37 million</li> <li>• Issued about 61,000 new cards in 2019, with an activated card rate of more than 75%.</li> </ul>

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Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance	Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
 Investment and Wealth Management	Mobile Financial Advisor	<ul style="list-style-type: none"> <li>Using the Financial Advisor APP, sales representatives are able to access customers' asset allocation and market trends data and record conversation details in real-time, and therefore provide more suitable investment recommendations to customers.</li> </ul>	<ul style="list-style-type: none"> <li>Won 23 wealth management awards in 2019.</li> <li>Served nearly 5,035 customers in 2019, saving approximately 2,575 paper reference materials.</li> </ul>	 Loans	SME Loan	<ul style="list-style-type: none"> <li>We are the first among peers to cooperate with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, jointly introducing API to exchange credit data and guarantor information in real time to achieve greater data consistency and accelerate handling speed in customer loan applications.</li> </ul>	<ul style="list-style-type: none"> <li>Improved data accuracy and significantly reduced processing time by 79%, which saved about TWD 3.68 million in wage expenses.</li> </ul>
	Digital Foreign Currency Account	<ul style="list-style-type: none"> <li>The Richart Digital Bank offers Taiwan's very first digital foreign currency account that can be opened on a mobile phone. It not only provides exchange rate discounts and supports various currency swap calculations, but also is the first in the market to actively mark recent exchange rate lows, enabling customers to take advantage of exchange rate movements in real time.</li> </ul>	<ul style="list-style-type: none"> <li>The compound growth rate of foreign currency accounts reached 20%.</li> </ul>		Online Loan Application Platform	<ul style="list-style-type: none"> <li>Mortgage: With 24/7 online applications, customers could experience 6 kinds of mortgage calculations, and swiftly obtain a suitable mortgage advice.</li> <li>Auto loan: launched in May 2019, offering 24/7 online loan application services.</li> <li>Credit loan: New customers can apply for loans online and use the security function to quickly obtain funds through their mobile phone anytime, anywhere.</li> <li>Developed standardized products for micro-enterprises: We have expanded our online applications to include micro enterprises, greatly reducing the application process and shortening the processing time, in order to help more companies obtain funding quicker, and seize business opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>The number of people applying for a mortgage online grew 3.9 times in comparison with the previous year.</li> <li>Saved 50% in the application time by applying for a car loan online.</li> <li>The online credit loan application rate was 80%, which was increased by 10% from the previous year.</li> <li>Micro-enterprise customers can obtain loan funds as quickly as one day with complete submission of documents.</li> </ul>
	Richart Selects	<ul style="list-style-type: none"> <li>People can subscribe to Richart Digital Bank's Investment Group with a first deposit of just TWD 1,000. A dedicated team stands ready to help customers customize their investment portfolios, help monitor the market, and provide recommendations for adjustment.</li> </ul>	<ul style="list-style-type: none"> <li>The compound growth rate of purchasing amounts reached 20%.</li> </ul>				



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## Richart Digital Bank

Richart's spirit is to be "different from a bank." The brand image of the cute dog with the red bow tie is especially popular with young people. The app's simple and clean design interface and customer experience have been key to its success. In 2017 and 2018, this app won the "Red Dot Design Award" for two consecutive years, and in 2019 it won many other international awards. From its UI/UX (User Interface/User Experience) design to attention for social causes to OPEN BANK, Richart has made financial services more than just a face and has had the courage to break with tradition and be "the bank least resembling a bank."

In online word-of-mouth monitoring and third-party market surveys, Richart has been more favorably rated by young users when compared with many other digital financial brands. The main reason is that Richart truly understands young people needs for financial services, and uses a 100% customer experience and mobile app as the core of its thinking to integrate its six products of "saving, payments, wealth management, loans, insurance, foreign currency" and to create simple, convenient, transparent and reliable services that help young people easily cross the financial threshold. For example, the "Little Secretary" function directly displays monthly free transfers and withdrawals, cumulative interest, etc. on the homepage, a convenient way for users to quickly check their account information. The "Account Analysis" function helps users to effectively manage their monthly bills. Charts give them a quick and clear real-time account overview, analyzes their recent purchases, and provides financial advice (on foreign currency fixed deposits or fund investments, etc.) to allow idle funds to be used more effectively, which users simply love. The "Mochi Index" gives back to loyal customers. Interactive online tasks encourage the customers to complete their "Mochi Tasks" to improve their Mochi Index score. The higher the stickiness between a customer and Richart, the higher their Mochi Index score, and the higher their discount will be when they apply for a loan.

Taishin Bank not only introduced Pepper, smart robot and linked to smart watches but we also were the first bank to apply robotic process automation (RPA) to facilitate the account opening process. Moreover, we use Optical Character Recognition (OCR) technology to enable customers to automatically enter their credentials, use biometric fingerprint recognition for quick login, and customize their investment portfolios while assisting in monitoring the market. The simple and easy-to-understand design has been well received by customers and offers a high degree of security. Richart comes with a chatbot and intelligent customer service. It is currently able to respond to more than 95% of issues raised, with high accuracy and convenience. As long as you have Line or Facebook, you can immediately have your questions answered and resolved, which is a great way to meet the immediate needs of today's young users. Richart uses users' suggestions and experience exchanges and continues to combine the latest technology to integrate online and offline user behavior, perform big data analysis, and apply Design Thinking to create better and smoother services and user experiences for its users.



### Awards in 2019

#### The Asian Banker International Excellence in Retail Financial Services Awards 2019



Best Digital Distribution Network



The Digital Lending Product of the Year in Taiwan

#### Global Finance 2019 World's Best Digital Bank Awards



Asia-Pacific Winner  
Best in Social Media Marketing and Services



Global Winner  
Best in Social Media Marketing and Services

#### ABF Retail Banking Awards 2019



Open Banking Initiative of the Year in Taiwan





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# 3

## Sustainable Finance

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## 3-1 Strategies for Responding to Climate Change

Global climate change issues continue to grow in importance and urgency. Extreme weather, natural disasters, the energy crisis, and the transition to a low-carbon economy all present various risks and opportunities. As consumers and investors become increasingly aware of corporate social responsibility, the demand for environmentally friendly goods and services and scrutiny of companies' responses to environmental, social, and governance risks are also on the rise. In particular, every company in the financial services industry must pay heed to the question: Do the identified risks and opportunities of climate change have financial impacts?

**Positively monitoring the climate change and implementing the Task Force on Climate-related Financial Disclosures (TCFD):** Globally, the companies increasingly pay attention to their capabilities to assess and understand climate-related risks and opportunities to make better decisions about their business as they move forward. In this context, the Financial Stability Board (FSB) published the Task Force on Climate-related Financial Disclosures (TCFD) in 2017, which offers suggestions for a risk management framework to expose how companies identify and manage climate factors as well as assess the financial impacts of those factors.

Taishin closely follows the international trends and recognizes the challenges that climate change presents to the financial services industry, and these include three major challenges: ensuring that governance and leadership support enhances disclosure, revising risk assessment processes, and applying scenario analysis of financial relationships to climate change. In view of this, Taishin Financial Holdings initiated its first step for Task Force on Climate-related Financial Disclosures (TCFD) in 2018 and gradually integrated the financial connection ethos of climate change into its operating boundaries and clients of its financial commodity services in accordance with its structure and content. In 2019, we followed the TCFD strategy recommendations and gave priority to a 2°C climate change scenario simulation to see its impacts on the real estate industry and assess the financial impacts for Taishin Bank. The results of this quantitative financial analysis will form the foundation that informs our future climate thinking and operations on financial business and product services.

**We became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2019:** Taishin hopes to improve its capabilities to respond to climate change-related physical and transitional risks by leveraging the TCFD architecture and continuously assessing climate-related risks and opportunities. In the future, Taishin will continue to strengthen its good relations with investors, stakeholders, and the general public and look forward to making better business decisions as a company moving forward to support the sustainable low-carbon economy.

**Actively participating in and responding to the Carbon Disclosure Project (CDP):** Amid the challenges of global climate change and the clear goals of the Paris Agreement, Taishin has signed and pledged its support since 2015 to support the CDP and abides by the climate questionnaire disclosure requirements to comply with the international trends of mitigation and adaptation. The disclosure rating for our 2019 questionnaire received a B score.

### Climate Change Governance

**The Board of Directors, Risk Management Committee, and Monthly Risk Management Meetings:** The Board of Directors has ultimate responsibility for the company's overall risk management. To manage risk-related issues effectively, Risk Management Committee, which shall have at least 2 independent directors, is set up under the Board of Directors. The Committee is responsible for supervising the operations of the market, credit, and operational risk management mechanism, reviewing the risk management system, and mastering risk measurement methods and large risk exposure. Duties of the Committee mainly include the reviews of risk management policies, annual risk appetites or limits, periodic risk management integration reports, and the review or review of major risk management matters stipulated by other companies or competent authorities. Also, the Committee it convenes at least 2 meetings each year to discuss improving corporate governance effectiveness, risk management, and to assist the Board of Directors in reporting, controlling, and recommending risk management. Besides, Monthly Risk Management Meetings, held once a month, convened by the Chief Risk Officer.

**Corporate Social Responsibility Committee (CSR Committee):** For the sustainable risk evaluation by top management, President of Taishin FHC serves as Chairman of the CSR Committee while CFO and the President of Taishin Bank both serve as the Vice Chairman. The annual CSR Report or major plans, including issues related to climate change, is executed to report to the Board of Directors. The executive committee members are also invited to participate in regular Board Meetings, during which they may communicate with the board on CSR related issues.

**"Green Operations Team" and "Environmental Sustainability Committee":** In addition to creating a "Green Operations Team" under the CSR Committee, Taishin also assembled an "Environmental Sustainability Committee" in accordance with ISO 14001 and ISO 50001 that the head of Administration & Services Division serves as the convener. Responsibilities of the Committee are to assess and manage climate-related issues and provide resources relevant to maintaining the environment and energy management systems. The Environmental Sustainability Committee regularly reviews the appropriateness of existing environmental sustainability policies and monitors changes in environmental/energy performance and relevant indicators. Moreover, we are well-prepared to respond to potential emergency situations or climate-related issues through implementing action plans to manage our energy and the environment performances.



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## Climate Change Strategies

Taishin understands that climate change brings physical and transitional risks and opportunities. With a view to its climate change strategy, Taishin has inventoried the risks and opportunities brought about by climate change to its own operations, personnel, customers, suppliers, products and services, and reputational goodwill. Through the matrix analysis of the probability and impact intensity of risks and opportunities, 9 possible risks and 11 potential opportunities brought about by climate change are identified. Among them, the short-, medium-, and long-term exposures are assessed according to the probability and impact intensity indicators to understand whether decisions should be adjusted, with several risks that need to be paid attention to are as follows (for the full content, please see Taishin Financial Holdings' 2018 CSR Report P58-59):

	Description of the Risk	Financial Impact	Response Measures
1	Adopting Green Finance Principles involves additional assessment and classification to be performed on new loans or financing with limit increase, which may deter new customers	• Operation cost increased	Impose additional requirements such as in-depth KYC and checks for critical cases, system checklist amendment, and training courses arrangement
2	Employees may be required to perform duty during typhoon leave, which incurs additional personnel cost	• Revenues decreased • Operation cost increased	Make adequate budget for personnel costs and reinforce the notification and reminders on performing duty during typhoon leave
3	Absence of products or services that address the climate change may effect negative corporate image and media coverage about Taishin's ignorance for environment protection	• Revenues decreased • Operation cost increased • Asset value decreased	Monitoring social trends, peer action and media coverage might be needed at all times
4	Climate change issues may lead to more frequent natural disasters and cause damage to customer's equipment of collaterals, and affect the Bank's debt entitlement	• Asset value decreased	Apply more rigorous view or reduce TLV for real estate properly collateral located in areas those are more susceptible to disaster, and have business personnel monitor borrowers' financial/business position on a constant basis

Some potential opportunities are listed as follows

(for the full content, please see Taishin Financial Holdings'2018 CSR Report P58-59)

	Description of the Opportunity	Financial Impact	Response Measures
1	Participation in renewable energy projects helps to raise the lending business volume and increase the gains from the interest differences	• Revenues increased	Fund-using units need to provide a fund overview to the fund management unit on a regular basis
2	Supporting the government's green industry policy and issuing green bank debentures expand the Bank's green finance portfolio, which increases financing amount and improves interest spread	• Revenues increased	Fund-using units need to provide a fund overview to the fund management unit on a regular basis
3	By providing digital products/services and ATMs, the carbon emission level can be reduced by the trips to the physical branches of the customers	• Operation cost reduced	BPM process optimization

## Strengthen the Decision Making by the Result of Scenario Analysis

Taking consideration for the risk identification on the above table as one of the major results, clients may suffer damage to their collateral due to natural disasters which would affect the bank's creditor rights. To understand the possible financial impact, we first used "real estate" as the object of this scenario for the analysis and quantitative assessment. In the case of a 2°C climate change status, we analyzed the industry-specific climate risks of the objects financed by Taishin, integrated the consideration of the industry's climate sensitivity, and the scale of risk exposure to simulate various degrees of financial impacts on Taishin under this scenario.

We analyzed real estate credit issuance patterns and the business behavior for real estate sector, and we identified the physical and transitional risks that the industry may face under the " 2°C climate change scenario" and the impact's pathways. Based on this, we then assessed the impacts of these scales of impacts on our credit decision-making and our own financial side. Taishin will take reference from this analysis process and its outcomes under the "2°C climate change scenario" simulation to adjust its decision-making process regarding certain products to include climate considerations, and to strengthen its future climate management strategies and governance structures.

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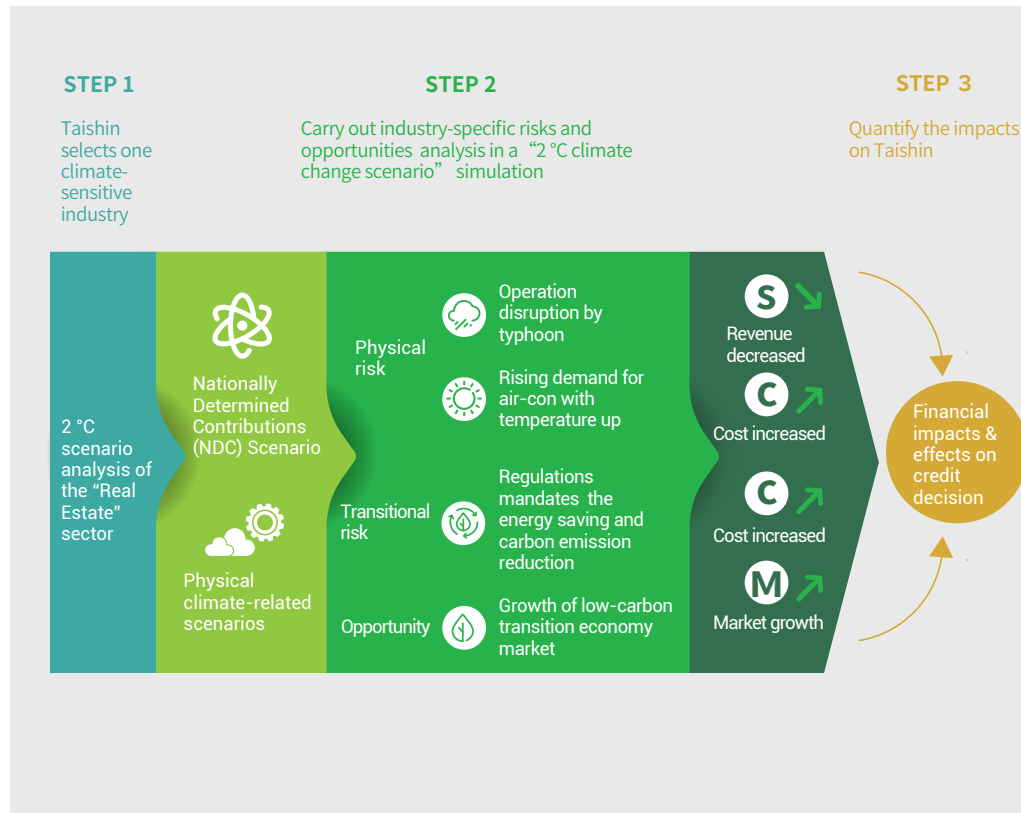
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### Management of Risk and Opportunities

Global warming and climate change have become important risk issues of the world's concern. For corporates, the key to sustainability now involves finding ways to avoid operational and environmental impacts, and undertaking mitigation, adaption, management and protection measures with respect to the environment.

**Incorporating climate change risk into the Risk Management Policy:** In 2016, Taishin FHC revised its "Risk Management Policy" and introduced a new risk management goal that "take into consideration all economic, social and environmental risks associated with climate change and corporate sustainability" to address the rise in climate change risk. A policy revision followed in 2018, on top of the credit, market, operational and liquidity risks, other sustainability risks such as climate change risks, must be included in risk management process of the Policy, and thereby minimize the risk impacts and influence to the Group.

### Climate Change Risk Management Process of the Subsidiaries

Bank	Securities
<p>1.The Bank is creating a new industry category called climate change sensitive industries to accommodate businesses that are characterized by high carbon emission. Businesses of this category will be required more thorough KYC (Know Your Customer) during investment or credit extension.</p> <p>2.The Bank supports the related subjects with detailed KYC process and then makes investment on those which are included into ESG assessments or ESG evaluation as the companies with environmental protection, pollution reduction, natural environment and resources protection, and climate change mitigation.</p>	<p>Prior to working with an underwriting client, the Company gathers investment advisory reports and external information to evaluate whether the client's business activities and industry are susceptible to have impacts or negative effects to climate change.</p>
Investment Trust	Venture Capital
<p>The fund that investment trust plans to issue will be related to environmental protection with green energy and low carbon. The listed corporates of the fund will be focused on the selection from the lower 50% of the quantitative screening criteria for their carbon emissions figures and calculate the carbon emissions per unit of revenue.</p>	<p>Through regular interviews and financial statement reviews, the Venture Capital keeps abreast with the correlations between the operational development of the investment projects and climate change. This forms the basis for a second round of capital increase assessment or adjustments to an investment project. The focus of our investment is on innovations in environmentally-friendly technology patents, business models, and applications.</p>

### Performance Indicators and Targets

Aiming at climate change strategy indicators, Taishin has set performance targets for mitigation and adjustment within the organization, including: Scope 1 and Scope 2 greenhouse gas emissions, and implementation of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the main goal for the performance of sustainable finance indicators is to promote the business of green finance.

Performance Indicator	Goal		
	Short-term(to 2021)	Medium-term (to 2022)	Long-term (to 2025)
Scope 1 & 2 Greenhouse Gas Emissions (note)	Please see "Sustainability Topics Management - Climate Change" <a href="#">↗</a>		
Green Finance Business Development	Introduce the Equator Principles mechanism and draw up industry-specific environmental and social risk management guidelines	The industry-specific environmental and social risk management mechanisms need to be developed and implemented	Green financial products (such as green financial funds) are offered; The proportion of green financial services (such as green investment) are increased
TCFD Implementation	Conduct full implementation and make assessments of climate-sensitive industries	Carried out financial impacts analysis on climate change	Execute the analysis for other sensitive industries; Management and climate strategies are adjusted on the basis of the analyzed results; Climate governance mechanisms can be optimized

Note: The base year was 2018.

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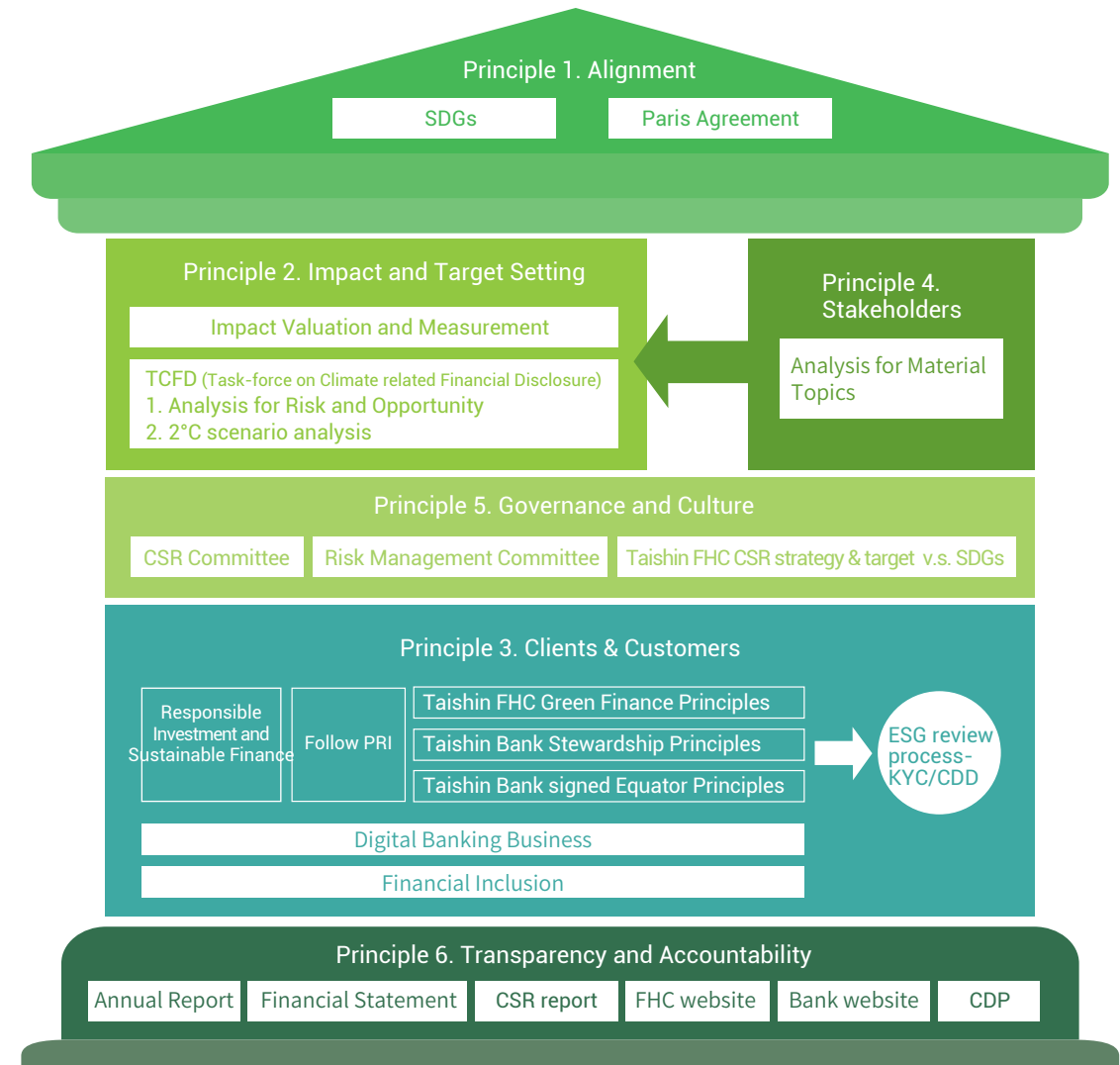
## 3-2 Business Development for Sustainable Finance

### Sustainable Finance Policy

Taishin Bank actively issues loans to green energy companies in renewable energy, energy-saving technologies, and environmental protection, in response to the Sustainable Development Goals (SDGs) declared by the United Nations and major domestic policies such as nuclear-free homeland, energy transition, environmental protection and greenhouse gas emission reductions, etc. Through directing funds to green energy technology, we stimulate enterprises to pursue the low-carbon economy and sustainable development.

In November 2019, Taishin Bank signed the Equator Principles (EPs) which integrates with our voluntary compliance with the United Nations Principles for Responsible Investment (PRI) framework, and incorporates the three major considerations of ESG into its investment and financing assessments. Taishin takes the risks of climate change and other environmental challenges into account during its daily operations as well. In addition to implementing Taishin's Green Finance Standards throughout the group, we also are improving our positive impact on the financial industry through setting targets and continuous engagement with stakeholders. Taishin's core competencies are closely related to the requirements of the six Principles for Responsible Banking (PRB), such that moving forward we expect to benefit from sustainable economic development and realize the vision of responsible development as a bank. In addition to following the global principles and Taishin's own specifications, the drug industry, illegal weapons manufacturing and gambling industry are listed as the relevant industries that refuse to undertake or should be declined by customer attributes according to the high risk factor assessment results.

### Taishin's Core Competencies with PRB Principles



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## Establishment of Green Finance Principles

By referencing some important global principles, such as the International Finance Corporation (IFC) Exclusion List and the UN Global Compact and formulated Taishin FHC's Green Finance Principles in 2018, it applied to all subsidiaries and businesses in the group, to specify the industries should be supported or the controversial corporates may be avoided, and emphasize that ESG risk management must be included in transaction reviews and post-transaction management. Presently, the Company and subsidiaries have adjusted policies and procedures in accordance with the Green Finance Principles, which covers 13 policies and 17 business review processes involving retail business, wholesale business, securities, venture capital, and investment trust. Routine or non-routine training sessions are organized to enforce the implementation of the Principles among frontline employees making ESG related daily or short-term investment. Taishin hopes to enhance the investment of the supported industries, financing and product design, and turn more business focus towards social and environmental risks. Moving forward, the proportion of ESG-related products and services will be more actively raised to respond to the expectations of investors and customers.




We continued to implement the "Taishin FHC Green Finance Principles" into business in 2019, which covered all subsidiaries and conducted 100% ESG risk assessments of all trading/transaction activities and financial products. The total number of assessments using the "Green Finance Assessment Worksheet" or similar methods reached total of 7,016 cases, covering financial holdings, bank, investment trust, investment advisory, venture capital, and other businesses. Among these, 40 cases were determined to be avoided (including tobacco & alcohol, coal business), while 6 cases were declined after comprehensive assessment, mainly due to finding higher risks after more evaluations.



### Environmental and Social Risk Management Sector Guidelines

In response to the trend of development for sustainable finance, Taishin FHC is committed to implementing corporate sustainable development into its strategies and business activities. To deepen the understanding and management of ESG risks in important industries by its business departments, Taishin has comprehensively assessed the environmental and social risk levels of the investment and financing industries and selected five industries: "Manufacture of Basic Metals," "Power Supply," "Chemical Materials Manufacturing," "Manufacture of Electronic Parts and Components," and "Manufacture of Electric Equipment" in the end of 2019 and expects to announce our "Environmental and Social Risk Management Sector Guidelines" ("Guidelines") in 2020. The content of the Guidelines is on the basis of "Green Finance Principles" formulated in 2018, integrating the expectations and requirements of human rights protection and climate change of Taishin Financial Holdings, identifying major environmental and social risk items in accordance with industry characteristics, and providing best management practices to evaluate the structures. By understanding the appropriateness of our partner's management of major environmental and social issues to improve our decision-making foundation, we look forward to minimizing the loan and investment transaction risk, enhancing and protecting the rights of customers, and maximizing the efficacy of sustainable finance.


## The Company's Investment Strategy follows the "UN Principles for Responsible Investment" and the Taiwan's "Stewardship Principles"

In order to encourage invested companies to pay attention to environmental protection, corporate social responsibility and corporate governance practices, as well as our own emphasis on responsible investment, Taishin FHC actively adheres to the six Principles for Responsible Investment (PRI) of the United Nations, as a basis for conducting business and making disclosures.

Taishin Bank also adheres to the PRI to initiate its "Stewardship Principles for Institutional Investors".  With regard to management, a clear voting policy has been established. Every year we disclose our participations for the invested companies' shareholders' meeting and the voting records of the companies  and due diligence report . We continue to pay attention to our invested companies, including through monitoring the news, financial performance, environmental protection actions, social responsibility, labor rights and the corporate governance and other issues. We pursue appropriate dialogue and interactions with the invested companies through various channels.

In 2016 and 2018, Taishin Securities Investment Trust  and Taishin Securities  released a commitment to the "Stewardship Principles for Institutional Investors", and they will continue to regularly or occasionally disclose to the customers or beneficiaries the situation of their due diligence implementation (such as: voting in shareholders' meetings of the invested companies, due diligence execution reports), and will continue to pay attention to the communication, management, and disclosure of due diligence governance related to the invested companies in the future.

## Taishin Bank has become the signatory of "Equator Principles" and conducted project finance review process in accordance with its spirit

Taishin Bank has been adopting the spirit of Equator Principles since 2015. All new loan applications and all existing credit cases requesting for limit increase or change of terms are required to complete a "Project Financing Application Social/Environmental Risk Investigation and Disclosure Worksheet" (also known as "CSR Worksheet") to check if the application satisfies the criteria. For those satisfy the criteria of Project Finance, Taishin Bank needs to investigate and make sure the disclosure on environmental and social risk details, including environmental pollution, not correct use of raw materials, false advertising, and violation against labor laws/regulations with penalty records or major announcements. The above process will be the factors to evaluate the application cases. In Nov. 2019, Taishin Bank officially became the signatory of Equator Principles and the member of Equator Principles Association, therefore a more comprehensive mechanism will be established soon for the Project Finance credit application review (for details, see 3-2 Project Finance) 

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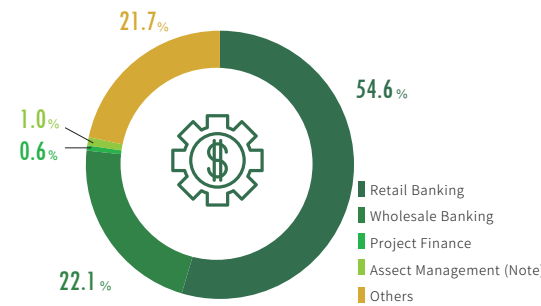
For sensitive industries, the Bank has adjusted its review system and introduced the use of "ESG and CFD Checklist for Corporate Banking Credit Application Cases" in addition to the original CSR worksheet on the first half of 2019. The 5 sensitive industries have been identified, namely: Real Estate Development, Semiconductor Manufacturing, LCD Panel Manufacturing, Printed Circuit Board Manufacturing, and Power Supply; all of which will be subjected to additional social and environmental reviews.

When preparing research reports, the research team of Taishin Securities Investment Advisory visits prospects on-site or participates in analyst meetings beforehand to establish an overall assessment of the company's operations and industry standing, including issues such as business integrity, social responsibilities and the impacts to the environment from its operations. The companies from chemical engineering industry, for example, are assessed on the soundness and compliance of pollution monitoring/treatment facilities, and whether long-term capital expenditures are planned after taking into account future amendments of domestic/foreign environmental regulations. More, the final credit assessment report takes into consideration how the above issues affect the business' operating costs over the long-term, the business' integrity history (including individual behaviors of the management, records of violation etc.), and other factors relevant to business risk and profit estimates.

### Responsible Investment and Lending

Taishin offers sustainable finance products with responsible investment and lending themes in 4 different categories: "Investment/Wholesale Banking", "Retail Banking", "Project Finance" and "Asset Management". According to "Taishin Financial Holdings Green Finance Principles", 100% of transaction activities and financial products are all executing ESG risk assessment. In the meantime, all subsidiaries are required to incorporate environmental and social risk evaluations as part of their lending and investment policies.

In 2019, retail banking has the highest ratio at 54.6% of Taishin FHC's consolidated net revenue and gains, followed by 22.1% in wholesale banking business. The proportion of net revenue and gains of both project finance and asset management are not over 1%; among the others with 21.7%, which consisted of a number of subcategories including long-term investment income, securities, and leasing. We will then state these ESG products by four major categories "Investment/Wholesale Banking", "Retail Banking", "Project Finance" and "Asset Management" with the descriptions of the products and the proportions one by one.



Note : The business ratio of the Asset Management was calculated by the net revenue and gains of Taishin Securities Investment Trust

### Investment and Corporate Banking Business

In terms of Corporate Banking for Sustainable Finance, The major ESG-related products and services include "green energy and environmental protection industry" lending, investment for "green bond", dealing with "Sustainable Index constituent stocks" and fundraising support for "green energy industry", etc.

The Bank has been adopting the spirit of Equator Principles since Oct., 2015. All new loan applications and all existing lending cases requesting for limit increase or change of terms are required to complete a "Project Finance Application Social/Environmental Risk Investigation and Disclosure Worksheet" (also known as "CSR Worksheet") to verify if it is in line with the project finance. Taishin Bank needs to investigate and make sure the disclosure on environmental and social risk details, including environmental pollution, not correct use of raw materials, false advertising, and violation against labor laws/regulations with penalty records or major announcements. In the first half of 2019, the "ESG and CFD Checklist for Corporate Banking Credit Application Cases" was formulated with the sensitive industries, to step up the review of social and environmental issues in specific industries (for details, please see 3-2 Sustainable Finance Policy) [↗](#)

There are 113 cases in total when we reviewed the clients who have been fined or punished for violations of human rights issues such as Labor Standards Law, the Occupational Safety and Health Law or the Gender Work Equality Law in the past three years. By thoroughly consideration, 61 cases were agreed to be approved while 51 cases were approved with condition, but 1 case was rejected in the end. Most of the clients have been fined or punished with only slightly violated the above regulations but already made improvements or doing continuous improvements. Taishin will keep an eye on these clients and review the improvement progress as the main factor of consideration for renew the loan terms or just terminate the deal.

Statistics in 2019	Approved	Approved with Condition	Rejected
Penalties and sanctions for violations of the Labor Standards Law, the Occupational Safety and Health Law or the Gender Work Equality Law	61	51	1
113 cases in total			



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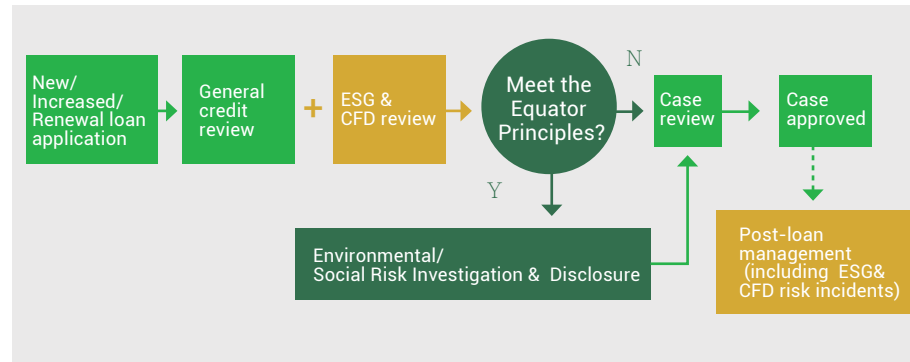
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Taishin Bank wholesale banking loan evaluation review process



A. Lending on Green Energy and Environmental Protection Industries

Taishin Bank has been actively participated with the government's "5+2 Industries Innovation Program" to lend the 7 newly designated key industries since 2016. Moreover, the "Green Finance Action Plan" released by the FSC in 2017 encourages the banking industry to inject resources into the green industries to implement the economic model of sustainable development.

After keeping promotion on the above categories, the outstanding of the newly designated 7 key industries reached TWD 168 billion in 2019. The number of green energy and environmental protection industry reached 1,933 cases (a growth rate of 10%), and the outstanding was TWD 90.31 billion (an increase of 42%), accounting for about 7% of the bank's total end balance. The projects undertaken include lending related to solar power plants and other green energy industries, and encouraged the promotion through additional performance points. Moving forward, we will continue to pay attention to government promotion measures and green energy industry trends, and do our best to assist more environmentally, socially, and economically transforming industries with fundraising.

Loans on Green Energy and Environmental Protection Industries

Year	2016	2017	2018	2019	2019 Growth Rate (%)
Number of Cases	1,506	1,644	1,756	1,933	+10
Outstanding Amount (TWD 100 million)	676.4	723.3	637.4	903.1	+42
% of Total Outstanding Portfolio (%)	8	7	6	7	+1

B. The Investment on "Green Bonds"

The Bank vigorously invested on green bonds related to energy and environment, including by holding energy and the environment related green bonds, the green bonds issued by the financial industry and the enterprises will be promoted actively.

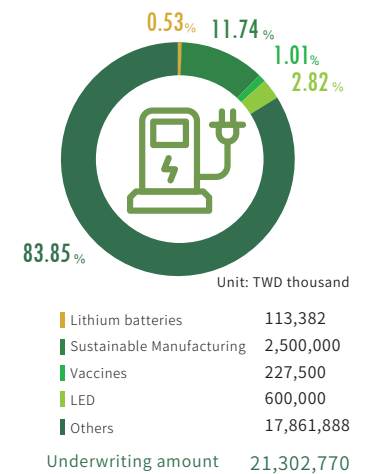
C. The investment on "ESG or Sustainability Index Constituent" Stocks

We understand the importance of selecting investment targets for long-term investment, therefore, the sustainable companies related to the well-known indices and evaluation of the outstanding shares are selected as the investment targets.

D. Stimulating the Development for "Sustainable Industry"

Supporting ESG-related industries for fundraising is also a mission for Taishin Group. For 2019, our subsidiary Taishin Securities helped 4 companies on ESG industries to raise capital from the capital market. The underwriting amount totaled TWD 3.441 billion (up 300% from 2018) and represented 16.15% of total underwriting amount of securities during the year. Meanwhile, Taishin Securities would conduct due diligence for 100% of the requested cases before accepting clients to determine whether clients were involved in any major pollution or violation of human rights. If needed, Taishin Securities would require clients to make improvements during the counseling period for further assisting with public offering or fundraising activities. Since establishment in 2010 till 2019, none of the clients assisted by Taishin Securities for fundraising was involved in the major pollution or human rights violations.

Ratio of Taishin Securities IPO/SPO ESG business in 2019



E. Project Finance (Please see related details at the same chapter.)

F. Lending on Sustainable Infrastructure

Our Bank continued to promote sustainable infrastructure lending including ESG-related businesses like renewable energy supply, environmental pollution control and also the public transportation.

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Unit: TWD million

Disclosure of Investment and Corporate Banking Business with ESG Theme				
Product Name	ESG Product Description	ESG Monetary Value	Total	Proportion of ESG Product (%)
Loans on Green Energy and Environmental Protection Industries	Participated "5+2 Industries Innovation Program" to lend the newly designated key industries	90,308	1,224,588	7.37
Investment on Energy and Environment-related Green Bonds	Invested and underwritten on green bonds issued by the banking industry and the enterprises	4,425	182,343	2.43
Investment on ESG or Sustainability Index Constituent Stocks	Holding stocks issued by corporates with outstanding sustainability performance	2,719	2,748	98.94
Fundraising for Sustainable Industry	Conducted assessment on sustainable industry and assisted for fundraising	3,441	21,303	16.15
Loans on Sustainable Infrastructure	Promoted ESG-related like renewable energy supply, water or waste management, public transportation	3,794	7,402	51.26

Retail Banking Business

In terms of Retail Banking for Sustainable Finance, The major ESG-related products and services include "online consumer lending" and "investment products that meet the spirit of ESG such as funds, stocks and offshore ETF", etc.

In response to the enhancement on personal green consumption awareness, Taishin Bank has been working with partners to promote the concept of shared scooters through credit card campaigns since 2018. In 2019, we expanded our number of collaboration partners and continued to promote rent-don't-buy to reduce air pollution and carbon emissions. More than 50,000 cardholders have joined this ecofriendly green energy initiative. In addition, through collaboration with Gogoro in 2019, our Bank cardholders were successfully encouraged to purchase about 4,000 electric vehicles resulting in a total purchasing amount of TWD 350 million.

When offering retail lending products, Taishin Bank conducts detailed assessments on the needs and financial capabilities, of each customer, and approves appropriate credit lines accordingly. As a result, all loan customers are subject to credit check, due diligence and engagement on ESG risks and opportunities. This process enables the Bank to develop full understanding of customers' financial status, with no exceptions. With regards to personal planning and consulting services, all investment products recommended by financial advisors have been reviewed in accordance with product management principles prior to being launched. Information from independent, third-party sources such as Bloomberg, Morningstar etc. is also referenced to perform ESG assessments on the products evaluation.

Process for retail consumer lending



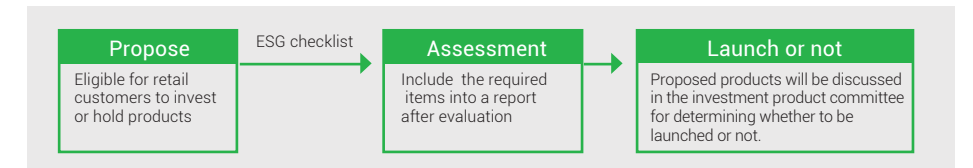
A. Online Consumer Lending

Taishin Bank has always emphasized on the paperless and digitalization on consumer lending. As environment issues and climate change are more increasingly valued, plus the development in digital technology is accelerating, the Bank has gradually expanded its service channels for consumer lending to online services. The online business categories offered include home loans, car loans and also the unsecured loans.

B. Funds/Stocks/Foreign ETF in line with ESG Spirit

When the financial products are introduced or launched, they must be reviewed and carried out by the CSR checklist for assessment process. Therefore the products can be provided in line with the ESG spirit or with positive environmental and ecological development, such as funds, stocks and foreign ETFs.

Review process of new financial products for retail customers



Disclosure of Retail Banking Business with ESG Theme

Unit: TWD million

Product Name	ESG Product Description	ESG Monetary Value	Total	Proportion of ESG Product (%)
Consumer Lending	Through technologies, we have made consumer lending available online gradually, thereby enabling consumers to receive home loans, car loans and unsecured lending with no time limit or no restriction by place of application	22,242	79,145	28.10
Funds/Stocks and Foreign ETFs	The investment products meet the ESG spirit are provided, such as green energy or water resources	1,034	108,529	0.95

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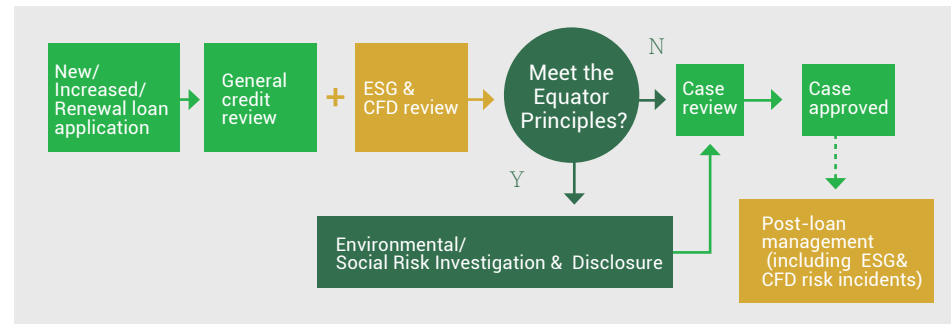
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### Project Finance

Taishin Bank has been adopting the spirit of Equator Principles since 2015. All new loan applications and all existing credit cases requesting for limit increase or change of terms are required to complete a "Project Finance Application Social/Environmental Risk Investigation and Disclosure Worksheet" (also known as "CSR Worksheet") to verify if it is in line with the project finance. Later in Nov. 2019, Taishin Bank officially announced being the signatory of Equator Principles and expected to initiate the complete standards for inspection process and related documents for Project Finance. The environmental and social risk assessment will be strengthened, in the meantime, the sufficient and appropriate training will be given to the responsible personnel. However, external independent third-party agencies will be also considered under investigation.

For large clients, information is more publically available and transparent. Negative news regarding the environment is more readily available, but onsite visits may be taken as needed. For small and medium-sized clients, onsite visits are generally required in order to provide an understanding of a company's business operations. Observation is made during an onsite visit to check for any adverse impact on the environment and to include the factors in the determination of whether to start a business deal.

#### Taishin Bank project finance evaluation review process



In 2019, a total of 49 cases were in line with Project Finance or project related, and 100% meet the definition of Project Finance from Equator Principles. The complete application loan amount is approximately TWD 63.13 billion, representing the approval for 18 cases, approval with conditions for 23 cases and the rejection for 8 cases (the applied total amount was TWD 8.85 billion). The rejected cases are summarized in the machinery, agriculture with technology, power supply, aircraft and real estate industries, for the reasons for the refusal of the cases are all in high-risk exposure after thoroughly evaluation.

#### Outcomes of project finance reviewed based on Equator Principles

Year	Rejected	Approved with condition	Approved	Total cases reviewed	Total amount of loan applied (TWD 100 million)	Ratio of wholesale banking annual credit cases (%)
2019	8	23	18	49	631.3	2.4

#### CSR review result of credit cases in 2019

Case	Amount applied (TWD thousand)	Controversial issues	Description for negative report	Result
A	620,000	Social Risk	Strike events frequently reported by the parent company of the actual operating entity	Rejected
B	310,000	Environmental Risk	Coal-fired power plants	Rejected
C	196,000	Environmental Risk	Located in an area sensitive to climate change	Rejected

#### Asset Management

As an asset manager, Taishin Securities Investment Trust ("TSIT") enforces responsible investment practices by following Taishin FHC's "Green Finance Principles" and applying "Taishin Securities Investment Trust Green Finance Assessment Worksheet" as a supporting tool to reduce ESG risks of all-targeted investments. The TSIT has also designed its own documents to facilitate review of risks associated with different assets and industries. This particularly involved in the businesses of: (1) tobacco, alcoholic beverage or gambling (including unlicensed and online operators), or confirmed to have caused harm to human health as a result of food safety incident, radioactive substance, or genetic engineering; (2) generating high levels of pollution, failure to comply with local environmental regulations, and are unable to propose feasible improvements solutions; (3) illegal activities; (4) violations of human rights; and (5) controversial nature, which the company will avoid direct engagement. In addition, to meet with Socially Responsible Investment (SRI), TSIT operates a discretionary account under a government fund, it first includes outstanding enterprises that meet ESG conditions into the MainList (stock pool), and then prioritizes good ESG performance companies from the stock pool as the investment targets.

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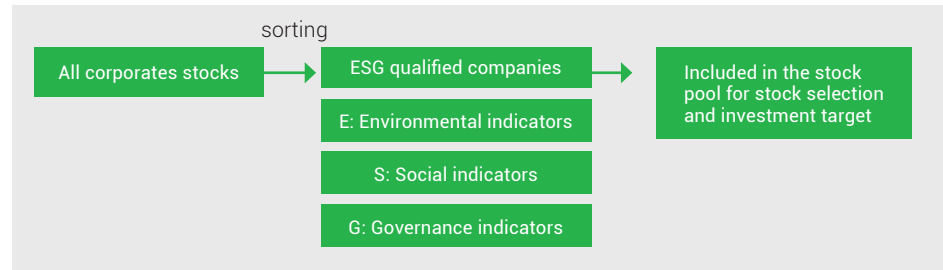
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Steps for Taishin Securities Investment Trust making compliant with SRI Investment



Unit: TWD million

Disclosure of Asset Management Business with ESG Theme				
Product Name	ESG Product Description	ESG Monetary Value	Total	Proportion of ESG Product (%)
ESG Fund Portfolio	Compliant with SRI investment (including public and private equity funds, discretionary agency operations, etc.)	27,601	129,586	21.30

Taishin Securities Investment Advisory first introduced Jupitar Fund series from UK in 2008. The Jupitar Ecology Fund, in particular, has had a long history 30 years since 1988 and is regarded as the pioneer investor of the environmental protection industry. The size of the fund was GBP 542.76 million of asset under management at the end of 2019. The Jupitar Ecology Fund invests in companies that indicate themselves to finding solutions for challenges in the environment and the society. The fund emphasizes on a number of values including social justice, peace, economic development, and ecological harmony. It exercises stringent control over the ESG risks of its investees, and has a defined list of undesirable subjects including those that earn more than 10% of their revenues from weapons, alcoholic beverages, tobacco products, pornography, nuclear power of gambling, and any company involved in the testing of animals. Jupitar Ecology Fund not only satisfies investors' expectations for corporate social responsibilities, but also raises consumers' awareness to business opportunities and solutions in association with sustainability issues.

Size of Jupitar Ecology Fund in recent years

Year	2015	2016	2017	2018	2019
Fund size (GBP millions)	451.51	529.63	597.46	487.05	542.76

### 3-3 Financial Inclusion

As long as banking industry treated as the key improvement driven for all industries, it is also expected to have financial inclusion being well implemented and to provide the opportunities for the disadvantaged. Taishin is actively responding to the World Bank, G20, Asia-Pacific Economic Cooperation (APEC), and the Financial Inclusion Policies in Taiwan. Moreover, in the meantime, Taishin also integrated SDGs in the company in order to provide more convenient and essential financial services to promote rural areas, small and medium-sized enterprises, and disadvantaged groups, as well as by bridging knowledge gaps through financial education. Major achievements are including expanding our services to remote rural areas or social groups that have less access to banking services; and supporting small/microfinance enterprises or start-ups through micro-loans or investments; offering renegotiated better repayment plans for financially-disadvantaged.

	Micro-finance products	Micro-finance services	Quality of the products and Service Delivery
Usage of financial services	<p>Clients</p> <ul style="list-style-type: none"> <li>• Micro businesses</li> <li>• Start-up industries</li> <li>• Financially disadvantaged</li> <li>• Seniors and people with disabilities</li> <li>• Young adults</li> <li>• Local peasants</li> </ul>	<p>Clients</p> <ul style="list-style-type: none"> <li>• Social welfare groups</li> <li>• People in remote rural areas</li> <li>• Financially disadvantaged</li> <li>• Socially disadvantaged</li> </ul>	<p>Clients</p> <ul style="list-style-type: none"> <li>• All consumers</li> <li>• Young adults</li> <li>• Children</li> </ul>
Access of financial services		<p>Clients</p> <ul style="list-style-type: none"> <li>• People with disabilities</li> <li>• Seniors</li> </ul>	

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## Micro-finance Products

Taishin supports small and micro enterprises through micro-loans and uses financial technology to support vulnerable groups and provide financial and banking services in rural areas. Furthermore, through product innovation, we also have integrated credit cards and public welfare by offering special benefits to social welfare groups when customers use credit cards for their spending.

### Usage of financial services

Clients	Products	Description
Micro businesses	Micro loan	<ul style="list-style-type: none"> <li>• Micro-size businesses are often characterized by relatively small-scale operations and lack of collaterals that make it difficult for obtaining business loans. Taishin Bank has been working closely with Small and Medium Enterprise Credit Guarantee Fund to extend credit services to micro businesses that have potential strength but short of the collateral needed to acquire the capital.</li> <li>• A digital application system was introduced in 2018 to speed up the review process and help micro-size businesses have the capital. The newly launched "FAST Loan" in 2019 offers a new online loan application, which facilitates process and enables business owners to quickly receive the required capital.</li> </ul>
	E-payment/mobile collection	<ul style="list-style-type: none"> <li>• In collaboration with offshore electronic payment service providers, our Bank introduced QR code fast-payment service at locally renowned night markets. So the convenient cash flows can be used with less cost for processing fee and using card payment terminals.</li> <li>• The first in industry to launch a fee collection APP that can simultaneously collect from 11 domestic and overseas wallets. Merchants can use their mobile phones or Pads to scan the code to complete payment transactions to reduce the cost of purchasing equipment.</li> </ul>
Start-up industries	Investment into 5+2 new industries	<ul style="list-style-type: none"> <li>• Taishin Venture Capital has been actively financing start-up enterprises by providing capital needed: <ul style="list-style-type: none"> <li>■ At the end of 2019, the Subsidiary has invested 55% of the capital in start-up stage, 39% in growth-stage, 5.0% in mature stage and 1.0% in TWSE/TPEX listed stage.</li> <li>■ Biomedicine and Cultural &amp; Creative start-up companies were mainly targeted for investment from Taishin Venture Capital in 2019. Expected in 2020 we will seek for domestic high-potential new start-ups to make an investment by collaborating with the overseas fund aimed to invest returning Taiwan businesses.</li> </ul> </li> </ul>

Clients	Products	Description
Financially disadvantaged	Micro insurance	<ul style="list-style-type: none"> <li>• To offer basic protections for financially disadvantages, micro insurance provides coverage in areas that the government's social insurance and social welfare programs could not reach. Through the launch of micro insurance, we encourage the financially disadvantaged to arrange commercial insurance within their capacity and seek coverage not only to reduce financial impacts in the event of an accident, but also to care for family members.</li> <li>• Micro insurance products can be individual or group basis; the main features are low insurance amount, low premium, and easy to understand.</li> </ul>
Seniors and people with disabilities	Retirement trust	<ul style="list-style-type: none"> <li>• Demands for elderly nursing, retirement, children's education and care for people with disabilities have arisen as a result of low fertility rate and aging population, our Bank has responded by offering professional trust services and "specific purpose" services that are custom-tailored to customers' specific needs.</li> </ul>
	Reverse mortgage for seniors	<ul style="list-style-type: none"> <li>• The Bank introduced "Reverse mortgage for seniors" that provides assurance to seniors by allowing them to draw monthly financial support from the houses they own.</li> </ul>
Young adults	Digital banking	Taishin introduced a digital banking service offering distinctive user experience and financial technology called Richart hat integrated "saving, payment, investment, loan, insurance, time deposit and foreign currency" services all in one. Richart has proven to be effective in helping young people choose investments with limited capital they have and less process needed.
	Charity credit card	Taishin launched Fu Jen Catholic University Affinity Card that contributes 0.3% of every dollar spent to the university's faculty construction fund as a support. In the future we also plan to work with the University's Hospital to provide hospital-related benefits.
Local peasants	Charity credit card	To support the development of organic agriculture and peasant's organic product economy, our Bank issued a co-branded with Cotton Fields. When cardholders spend in a store, a 0.6% of the purchase amount is deducted to give Taiwan's organic agriculture-related foundations to cover organic certification or transition-to-organic periods.



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Product Performance

Category	Product/Year	2016	2017	2018	2019
Micro Loan	Number of new small business loan customers	1,475	1,141	1,036 (Note 1)	1,393
	Allocation of new small business loans	4,329,296	4,519,524	4,904,848	5,564,147
Start-up investment	Start-up investment	138,448	109,816	154,357	223,281
Insurance	Number of microinsurance applications	73	85	80	96
	Number of online insurance applications (Note 2)	-	-	32	3,774
Trust	Sales of retirement trust	36,900	451,382	111,643	1,450,728
Digital Banking	Number of digital banking accounts (Note 3)	-	-	773,000	1,793,000

Note 1: Correction for 2018 annual number

Note 2: The statistics only disclosed for 2018-2019 since the business started in Nov. 2018

Note 3: The statistics only disclosed for 2018-2019 because the digital accounts with government official definition was calculated since 2018

Micro-finance Services

The branch equipment and banking services have been designed to provide customer-friendly services to meet different needs from customers due to their physical and mental disabilities, age, and economic circumstances.

Usage of financial services

Clients	Products	Description
Social Welfare Group	Credit Card	<ul style="list-style-type: none"> <li>• Promoting public welfare purchase and donations                             <ul style="list-style-type: none"> <li>■ by integrating the resources of Taishin Charity Foundation, Taishin Bank has its purchase with charitable products as birthday gifts for Infinite Card holders. Also we send out credit card statements, publications or EDMs to encourage cardholders to make donations using credit card.</li> <li>■ by converting reward points from credit card spending to donate to charity groups on Taishin's donation platform.</li> </ul> </li> </ul>
People in Remote Rural Areas	ePayment or Mobile Payment	<ul style="list-style-type: none"> <li>• Adding new payment tools in our financial services                             <ul style="list-style-type: none"> <li>■ Since 2017, Taishin began an initiative to introduce new payment tools (e.g. mobile payment, cross-boarder payment etc.) to merchants and shopping districts in remote rural areas, and thereby expand the method of collection and increase merchant's income. In 2018, Taishin continued the above action, and thereby the merchant's income stayed the same level when visitors from China were less. Through cross-industry alliance with equipment suppliers, the Bank implemented new payment and related financial services that have the potential to upgrade and transform traditional marketplaces.</li> </ul> </li> <li>• Providing diversity of our online services                             <ul style="list-style-type: none"> <li>■ Taishin Bank delivers online services such as credit card, loan application etc. via internet/mobile banking or APPs, and offers diverse payment options including convenient stores, ACH etc. that free customers from restrictions of locations and banking hours. The number of Taishin online users has been rising and the YOY growth in all accounts was 20% in 2019, and YOY growth in active accounts was 26%.</li> </ul> </li> </ul>

Clients	Products	Description
People in Remote Rural Areas	ATM	<ul style="list-style-type: none"> <li>• Utilizing diversity of our ATM services                             <ul style="list-style-type: none"> <li>■ Besides general banking services, we also provide various functions such as bill payment, charity donation, borrowing/repayment of insurance, interbank cash deposit, interbank cardless cash withdrawal. The number of ATMs ranks top among its peers, this enables customers in remote rural areas can access an ATM to complete a transaction needed.</li> <li>■ In 2018, Taishin launched Virtual Teller Machine (VTM), a remote video conferencing service that frees customer from operating hour restrictions for better financial service experience, while saving the troubles of traveling.</li> </ul> </li> </ul>
Financially Disadvantaged	Credit Card	<ul style="list-style-type: none"> <li>• Partnering with our customers to carry charity                             <ul style="list-style-type: none"> <li>■ Our Bank collaborates with DOMI Earth, Taiwan's first B Corporation, to install energy-saving lighting equipment free of charge for one disadvantaged household for every 1000 cardholders that convert into digital/mobile monthly statements since 2018. More than 670,000 cardholders have participated in the program and brought 250 disadvantaged households benefited in total to have energy-efficient lighting.</li> </ul> </li> </ul>
Socially Disadvantaged	Micro Loan	<ul style="list-style-type: none"> <li>• Communicating individual repayment plans                             <ul style="list-style-type: none"> <li>■ Since Jan. 2006, Taishin Bank has been working with the Banking Association to provide debt consolidationservices including debt negotiation, pre-default negotiation, pre-default settlement and relief. Furthermore, customized solutions are offered depending on the conditions of each borrower. By renegotiation affordable settlement solutions, Taishin Bank enables disadvantaged borrowers to start afresh and become contributing in ways that not only reduce social problems, but also strengthen their commitments to installments.</li> </ul> </li> <li>• Offering disaster-relief program for affected households                             <ul style="list-style-type: none"> <li>■ For victims of various disaster (e.g. Typhoon Morakot, Kaohsiung gas explosion incident, Tainan Earthquake, and Huanlien Earthquake). Taishin offers relief in the forms of extension and grace period for interest rate reduction and installment. And for other financial products and debt negotiation, the Bank has to consider the appropriate rate for affected households to have the rate reduction or repayment preferential scheme. Moreover, we offer distress financing to mortgage customers who fall victim to disaster up to TWD 500,000 that has no handling fees, no defined repayment period, and a grace period up to 6 months, helping the affected families rebuild homes.</li> </ul> </li> </ul>

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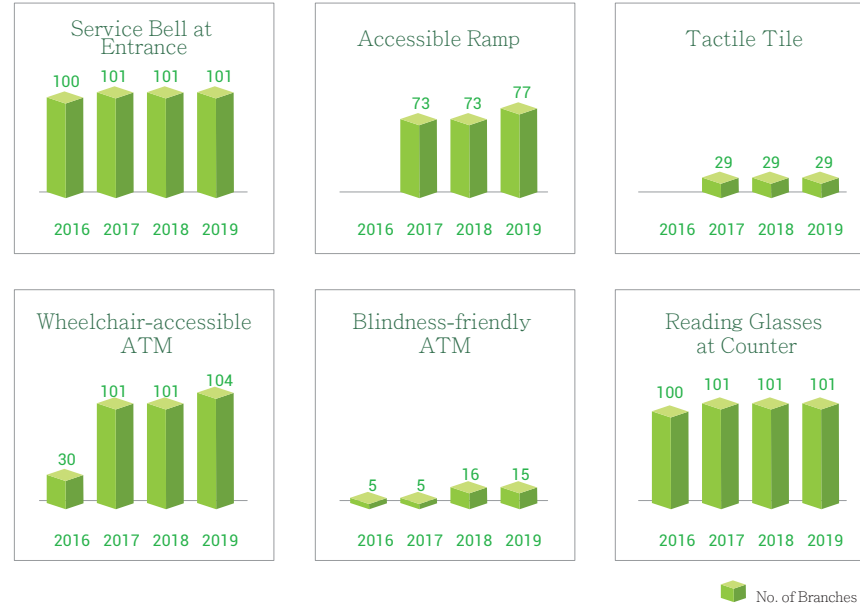
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Access to financial services

Clients	Products	Description
People with Disabilities	Barrier-free ATM	<ul style="list-style-type: none"> <li>By setting up height-adjusted ATMs and blindness-friendly ATMs to serve movement-impaired and visually impaired customers, or having user manual printed in Braille for visually impaired, we aim to provide convenient financial services.</li> <li>People with disabilities are entitled 3 interbank cash withdrawal privileges each month to reduce handling charge.</li> </ul>
	Online Banking	<ul style="list-style-type: none"> <li>By providing more friendly financial services for people with disabilities, the Bank has upgraded barrier-free internet banking and ATM websites. This practice made Taishin Bank obtained "Website Accessibility Specification Version 2.0" for Class A certification mark in 2018. And the mobile bank-friendly zone passed the "APP Accessibility Test Report" test by Taipei Association of Visually Impaired Parenthood.</li> </ul>
Seniors	Branch Services	<ul style="list-style-type: none"> <li>By installing a service bell at the front door of all branches since Jan. 2015, we aim to guide and assist customers to complete transactions when customers need.</li> </ul>

Service Statistics

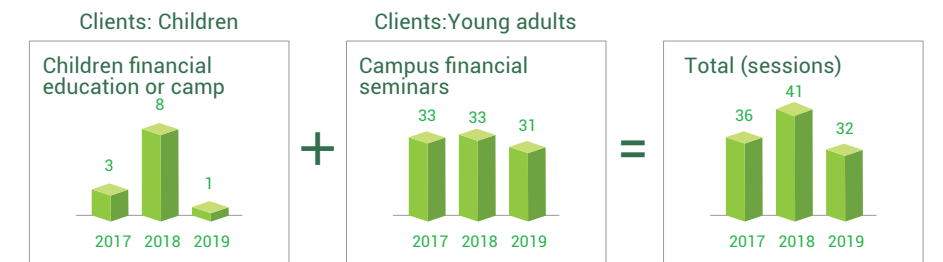


Quality of the Products and Service Delivery

The financial system is an important partner in consumers' daily life. Therefore, Taishin offers financial education and guidance to children and the youth. We communicate correct concepts of finance, investment, and remain committed to improving our service quality and the protection of our customers' rights

Financial Education and Training

Clients	Service	Description
Children	Financial Education or Seminars	<ul style="list-style-type: none"> <li>By devoting resources to promoting children's financial education, and developed a proprietary board game called "Young Banker Officer-YBO Fantasy Farm" that aims to help children develop proper investment knowledge through games. The volunteers also go to remote rural areas and social welfare organizations to guide disadvantaged children the proper perspective on money spending through playing games.</li> </ul>
Young adults		<ul style="list-style-type: none"> <li>By organizing campus investment seminars and participated in college workshops as guest speaker throughout the year. The proper investment perspectives were also brought by simple life cases and references for college students to learn easily.</li> </ul>



Financial Service Quality

Clients	Service	Description
All Customers	Service Quality and dispute resolution mechanism	<ul style="list-style-type: none"> <li>In addition to providing high-quality financial service and products based on the needs of various types of customers, Taishin has implemented the Fair Treatment of Customers Policy and has established a customer dispute resolution mechanism to maintain the quality of financial services we adhere to.</li> <li>Regarding the service quality mechanism and dispute resolution mechanism, please see chapter "2-1 Customer Relationship Management"</li> </ul>

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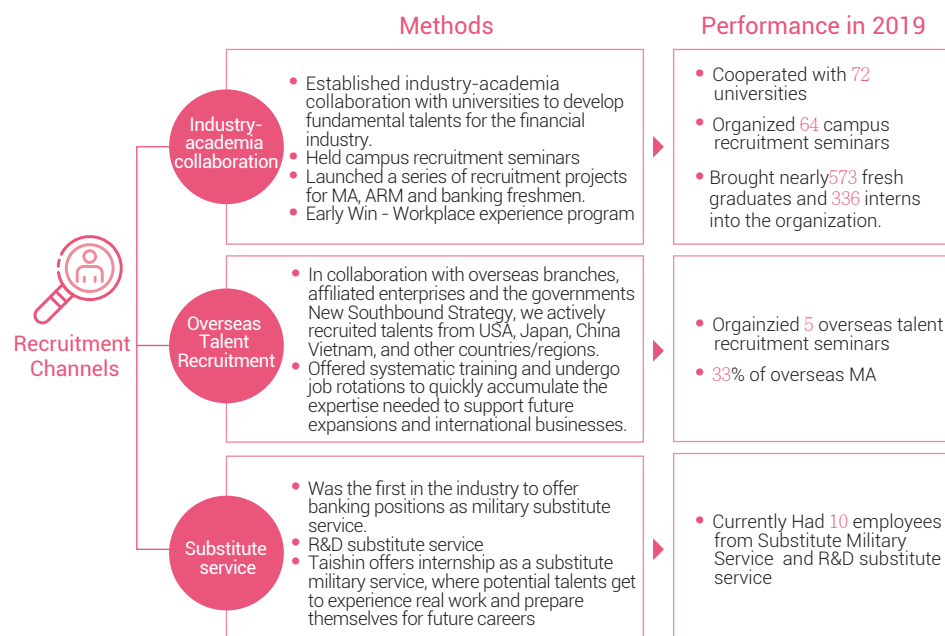
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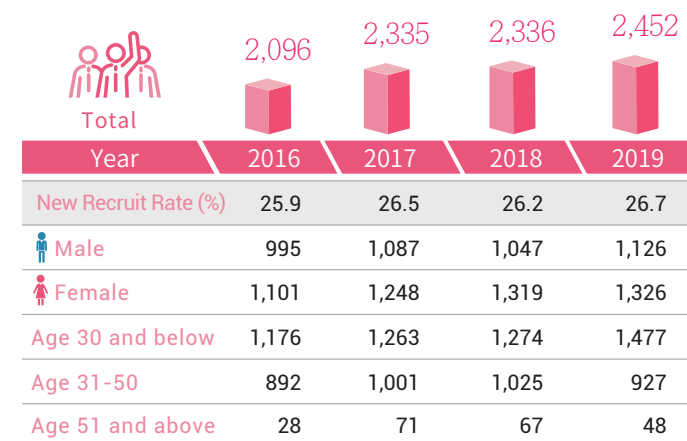
## 4-1 Talent Development

### Recruitment Channels and Methods

People are the key that supports business growth, and through the use of four main channels including industry-academia collaboration, overseas recruitment, and substitute military service/ R&D substitute service, Taishin recruits suitable and top-quality talents from the market to meet the plans and requirements of its business units. Taishin recruited a total of 2,452 employees in 2019. Taishin has been able to maintain new recruits at approximately 25% of its staff size and a gender distribution close to 50%-50% in the last 3 years, which conform with the organization's diversity and non-discrimination policies. Young employees aged 30 and below accounted for more than 50% of new recruits; their presence not only brings energy and secures the foundation of this organization, but also helps build a creative and refreshing image.



### Full-time New Recruits



Recruitment rate = cumulative number of new recruits in the current year/ number of permanent employees at the end of year



### Diversified Recruitment

As at the end of 2019, Taishin Holdings and subsidiaries employed 9,195 permanent staff and 480 non-permanent staff for a total of 9,675 employees. Female employees totaled 5,446, representing 59% of the employee base. Female managers totaled 573 and accounted for 47% of managerial positions. As the figures have shown, there was no gender discrimination or special treatment in the recruitment or promotion of employees. As for overseas operations, Taishin makes it a priority to hire workers locally from where it operates. In 2019, overseas operations hired a total of 740 workers, in which 89% of employees and 65% of managers were locals.

In addition, the average age of Taishin employees is currently 38.2. With respect to the recruitment of the socially disadvantaged and people of diverse ethnicity and nationality, Taishin not only employs the legally required number of people with disability, but also makes the work environment accessible as well. With employee diversity increasing to a total of 13 nations/regions, we were able to blend multiple cultures into the organization and incorporate them as part of our competitive advantage.



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Employee Structure- permanent and non-permanent employees by region and gender

Data as of December 31, 2019	Permanent		Non-permanent				Total
			Contractor		Part-timer		
Region	Female	Male	Female	Male	Female	Male	
Taiwan	5,116	3,339	25	61	265	127	8,933
Overseas	330	410	-	-	2	-	742
<b>Total</b>	<b>9,195</b>		<b>480</b>				<b>9,675</b>

Note: Refers to the current employee size as at Dec.31, 2019. Non-permanent employees are contractors, part-timers and interns.

Proportion of Female Employees

Year	2016	2017	2018	2019
Females in overall employees (%)	59	60	60	59
Females in management positions (%)	48	48	48	47
Females in junior management positions (%)	49	51	51	50
Females in top management positions	23	26	26	33
Females in management positions in revenue-generation (%)	43	49	48	46

The percentage of females among the managerial role rose has remained nearly 50% in the past 3 years. This result is a testament to the fair work opportunities and gender equality principles enforced within Taishin.

Permanent Employee Structure- by gender, age and position

Region	Position	Permanent Employee								Total	Proportion of permanent employees (%)
		Female				Male					
		Age 30 and below	Age 31-50	Age 51 and above	Female-total	Age 30 and below	Age 31-50	Age 51 and above	Male-total		
Taiwan	Non-managerial role	1,330	3,028	220	4,578	813	1,752	224	2,789	7,367	80.1
	Managerial role	0	424	114	538	5	387	158	550	1,088	11.8
Taiwan-total		1,330	3,452	334	5,116	818	2,139	382	3,339	8,455	92.0
Overseas	Non-managerial role	176	112	7	295	174	140	5	319	614	6.7
	Managerial role	7	26	2	35	13	67	11	91	126	1.4
Overseas-total		183	138	9	330	187	207	16	410	740	8.0
<b>Total</b>		<b>1,513</b>	<b>3,590</b>	<b>343</b>	<b>5,446</b>	<b>1,005</b>	<b>2,346</b>	<b>398</b>	<b>3,749</b>	<b>9,195</b>	<b>100.0</b>
<b>Proportion of permanent employees (%)</b>		<b>16.5</b>	<b>39.0</b>	<b>3.7</b>	<b>59.2</b>	<b>10.9</b>	<b>25.5</b>	<b>4.3</b>	<b>40.8</b>	<b>100.0</b>	<b>100.0</b>

Note 1: Refers to the current employee size as at Dec.31,2019. Non-managerial roles do not take managerial responsibilities.  
Note 2: 87% of employees are non-managerial while 13% of employees are managerial.



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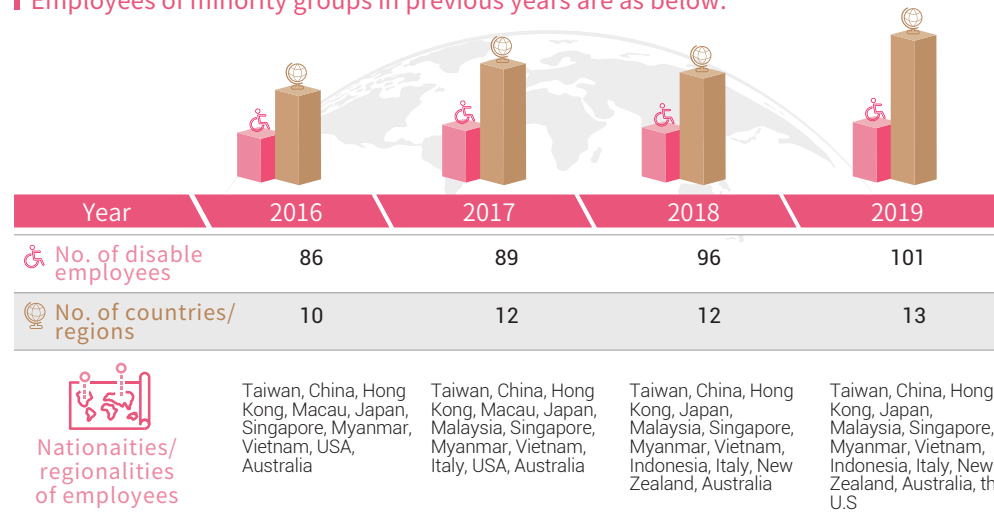
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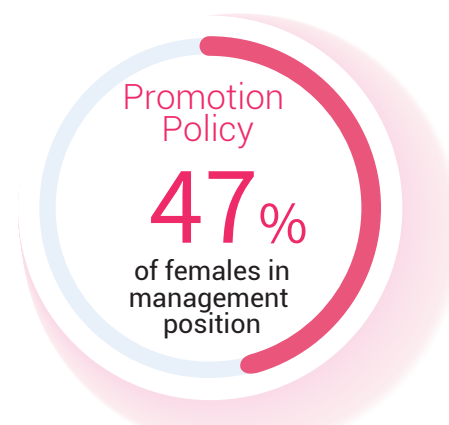
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Employees of minority groups in previous years are as below.



Taishin tracks gender equality outcomes through the proportion of female employees in different positions

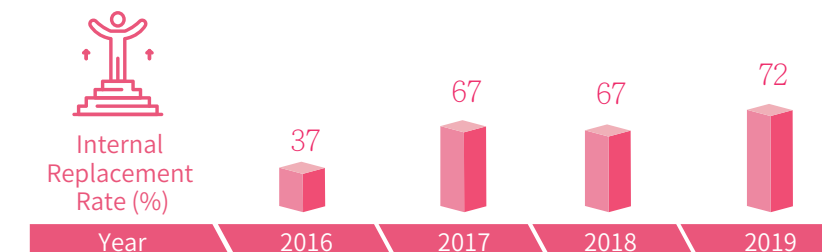


Recruitment or promotion will not be different by gender.

## Talent Development

### Well-defined Career Plans

To help our employees' development, Taishin conducts annual Management by Objective (MBO) and Individual Development Plan (IDP) to help employees identify their future career path. Employees may choose and plan their career paths through means such as training, job rotation, mentoring, meeting participation and project involvement with close guidance from supervisors. The percentage of open managerial positions filled by internal candidates at Taishin is close to 70% and the retention rate of outstanding staff is over 90% in 2019. It shows Taishin provides ample opportunities and resources for employees to develop their own career plans.



### Career Development Learning Program

Training of financial talents starts at the campus in Taishin. From intern, freshman to supervisor, Taishin offers a complete series of career development programs to provide employees with the professional knowledge and skills needed at different stages of their career.



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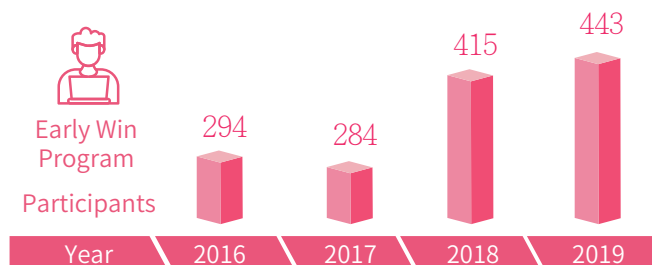
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1. Industry-academia Collaboration

Early Win - Workplace Experience Program

Through campus promotion among excellent students in their Bachelor's senior year up to their Master's second year, we have promoted the concept of "With Graduation, Work Begins" and helped students transition into the financial workplace through practical experience and training in advance, familiarizing them with more financial knowledge and office life, and also providing rich training courses, such as Taishin's organization culture, professional image and service etiquette, Fintech Digital 3.0, and more. Eighty of those interns transitioned into formal employees with us in 2019.



Financial Innovation Masters Program

To enhance the quality of our financial professional workforce and to build a talent supply chain, we have worked with National Sun Yat-sen University since 2017 in a jointly developed "Financial Innovation Masters Program," which provides internship opportunities and rich training resources during winter and summer breaks at our company to bring students closer to the world of finance. Altogether, 39 graduate students have been trained to date, of which 15 students have completed their training and joined Taishin.

Financial Service Innovation Practices

To cultivate talent for financial innovation, Taishin has cooperated with the Department of Finance and Economics of Taiwan University since 2012 in a jointly developed course titled "Financial Service Innovation Practices." This year marks the eighth year of the program. In the course, unit managers from across Taishin share their knowledge with the class, including product, marketing, risk management, customer management, and other specialized knowledge and innovation experiences, so that students can develop a deeper understanding of the financial service industry and prepare themselves for the next digital wave.

It has been very popular since its launch. The number of electives has been on the increase year after year. This year, 78 students are taking this elective. In 2019, students were specially invited to a tour around the Taishin head office to experience our digital services and the convenience brought by our new financial technologies.

2. Comprehensive Financial Talent Training



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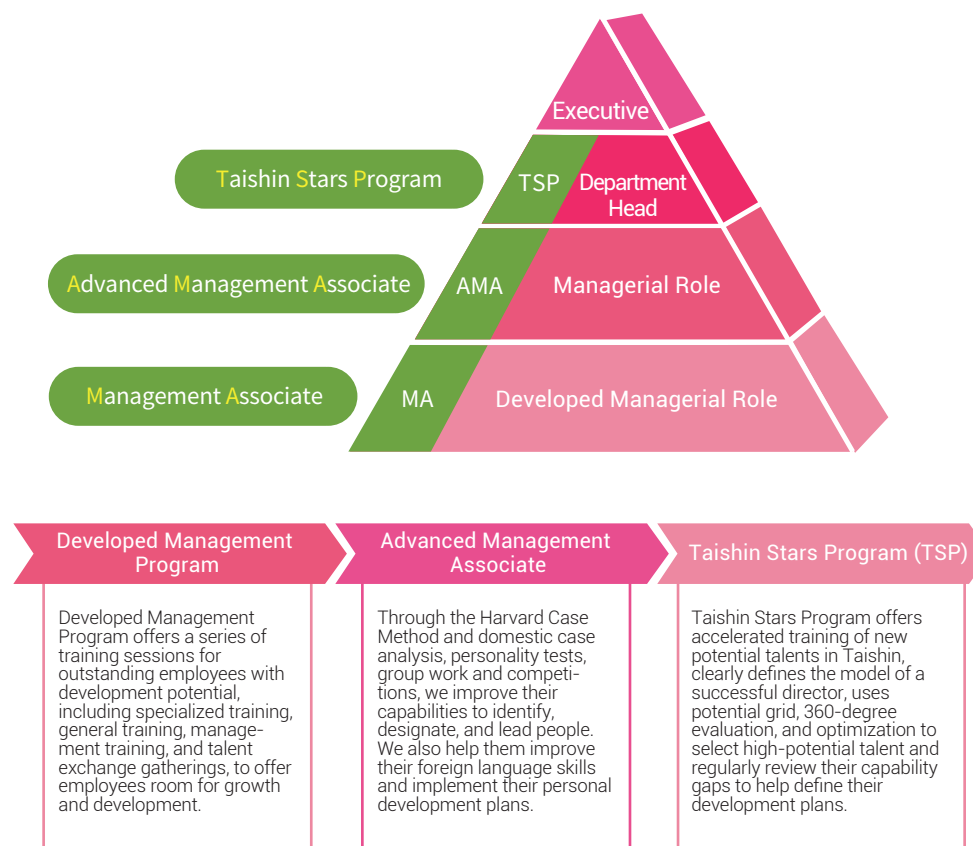
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3. Succession Program

Taishin has review panels, appraisals, and a talent evaluation committee available to assess its employees on a regular basis, and is therefore able to identify elite talents at various grades. The identified candidates are then assigned job duties and goals that help build up skills for their intended positions.

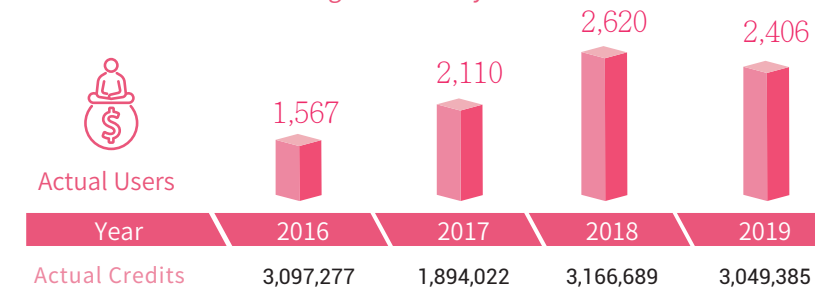


4. Diversified Talents

To help develop employees' capabilities within and outside their areas of expertise, Taishin has been maintaining a learning platform called "Taishin University", structured similarly to courses offered by university, that consolidates internal and external resources. As an incentive for self-motivated learning, Taishin introduced a "Learning Account" system in which every full-time employee is granted a credit of TWD 10,000 per year that staff can spend independently on foreign language training, computer courses, or license examination fee subsidies. The points can also be spent on lectures by famous experts, artistic and cultural activities, language training, and themed courses on any area in life, all in order to offer our staff sufficient resources to expand their knowledge and broaden their horizons.

The learning account accumulated more than 2,400 uses in 2019. This increase was mainly attributed to the introduction of "Life Cycle" course series that were relevant to employees' needs. The course series introduced different themes for employees of different age group on a monthly basis. Such as to enhance competitiveness among 20-30 years old freshmen, we plan "presentation and communication" seminars. To support married employees, 30-40 years old, to balance work and family, we offer seminars on "Work-Life Balance." To assist 50-60 year old employees that are preparing to retire to plan for their lives after retirement, we hold "Wealth Management and Retirement" seminars.

Performance of "Learning Account" System



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Learning Effectiveness and Results

1. Staff Training Hours

Average Training Hours	2016			2017			2018			2019		
	Female	Male	Average hours	Female	Male	Average hours	Female	Male	Average hours	Female	Male	Average hours
Managerial Role	59.81	51.22	55.35	76.04	65.81	70.68	82.78	71.89	77.07	77.94	67.37	72.36
Non-managerial Role	50.73	51.36	50.98	66.00	63.23	64.88	71.68	68.61	70.50	71.99	70.54	71.42
Average Training Hours per Employee	51.5			65.6			71.4			71.6		
Total Training Hours	412,762			537,030			645,126			657,877		
Average Training Expenses per Employee	4,366			5,555			6,553 (Note 2)			5,726		
Total Training Expenses (TWD thousand)	34,672			47,534			59,250			52,646		

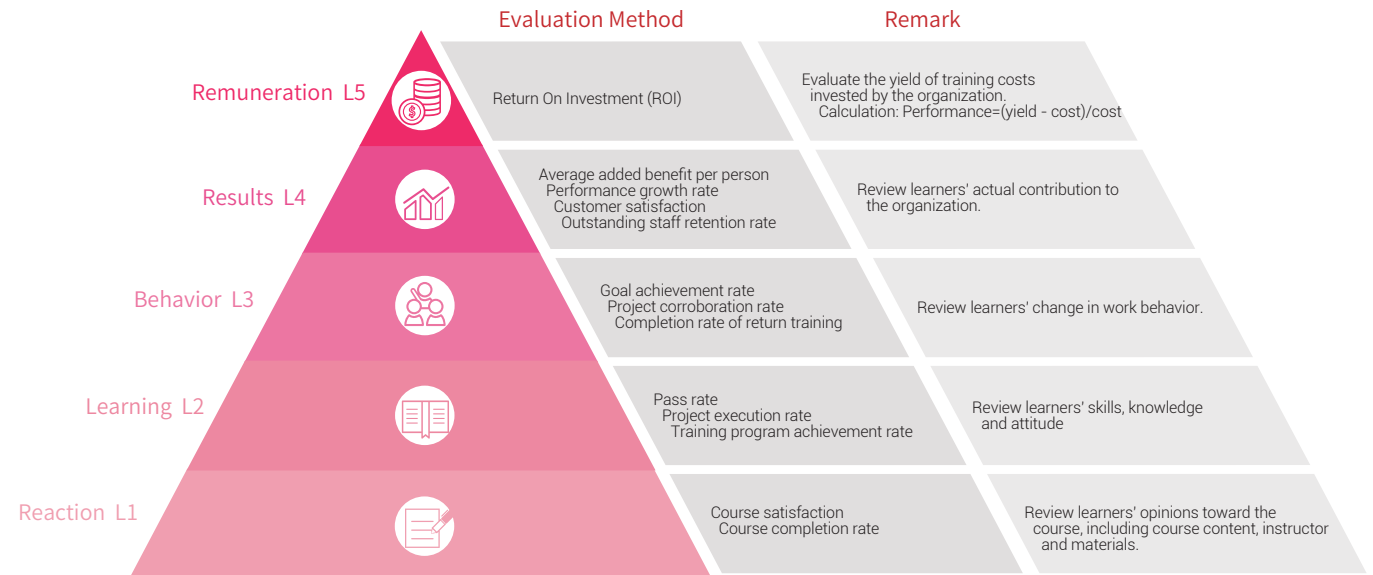
Note1: Total training hours/ total training expenses divided by numbers of permanent employees equals average training hours / average training expenses.

Note2: Due to promote the improvement of employees' anti-money laundering knowledge and skills and subsidize employees obtain internationally recognized anti-money laundering qualification certification (CAMS), the training cost was higher than other years.

2. Highlighted Training Projects

Taishin responds to the changing environment and technologies with creativity, by designing a diverse range of learning programs that not only are relevant to career development, but are closely associated with the business performance of the organization as well.

We adopted the result-oriented concept and the four levels of learning evaluation (L1-L4) of the Kirkpatrick Model, and combined the use of return on investment (L5) to measure employees' learning progress in ways that satisfy Taishin's development goals and support employees' ongoing growth.





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Project Name	Project Goal	Operational Benefit	Applicable Target	Effectiveness Evaluation
 <p><b>Marketing Talent 2.0 - Data Application Competency Certification</b></p>	<p>In this digital marketing era, we offer a hybrid learning model that combines micro-courses suitable to people's modern learning styles. We use internal incentives like virtual currency as a way of gamification in addition to professional certifications, based on practical tests using machines. This has already greatly improved the practical technical skills for analytical, digital and sales applications.</p> <ul style="list-style-type: none"> <li>• Analytical power: Power BI/tag database</li> <li>• Digital power: GA360</li> <li>• Marketing Power: Independent Marketing Platform</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Market/ Customers : Besides obtaining certifications, course participants must also participate in limited-time incentive activities to demonstrate their ability to apply new digital tools after the course to reduce the time needed to build lead lists and report production, and to accurately target existing leads for upselling and cross-selling to create maximum sales revenue.</li> <li>• Every TWD 1 invested in training our marketing talent 2.0 has generated TWD 31.18 of revenue through the use of digital tools.</li> </ul>	Bank-wide marketing, PM and product marketing PM	<p><b>Remuneration L5</b> : ROI TWD31.18</p> <p><b>Results L4</b> : Average added benefit per person TWD 131,642</p> <p><b>Behavior L3</b> : Project corroboration rate 81.58%</p> <p><b>Learning L2</b> : Pass rate 81.58%</p> <p><b>Reaction L1</b> : Course satisfaction 96.2</p>
 <p><b>E-insurance</b></p>	<p>To strengthen the insurance knowledge and know-how of our employees, we designed the "Fun with E-Insurance" course in line with modern learning styles to offer comprehensive training on international trends, taxation, investment markets, etc. to upgrade the power of our insurance salespeople.</p>	<ul style="list-style-type: none"> <li>• In 2019, Taishin Bank's "Mobile Insurance" platform service was launched, bringing a new user experience to our financial services.</li> <li>• Every TWD 1 invested in training E-insurance has generated TWD 89.36 of insurance commission fee income.</li> </ul>	Insurance sales persons	<p><b>Remuneration L5</b> : ROI TWD 89.36</p> <p><b>Results L4</b> : Increase rate of insurance commission fee income 0.24%</p> <p><b>Behavior L3</b> : Insurance license effectiveness 100%</p> <p><b>Learning L2</b> : Pass rate 100%</p> <p><b>Reaction L1</b> : Course completion rate 100%</p>
 <p><b>Improvement starts with change. Take action to recover bad debts!</b></p>	<p>Collaboration between Human Resources and Retail Banking Credit Division through in-depth interviews by management units has yielded insights into the difficulties and needs of every department, such as: senior colleagues with stable bad debt recovery rate lacking a growth mindset; seasoned colleagues lacking the competences to be good teamplayers; etc. Starting out from these identified issues, we have developed gamification-based courses to address the needs of various departments. This has further raised the bad debt recovery rate and has enabled stuck colleagues to achieve breakthroughs and show strong performance in bad debt recovery rates of 100% and higher.</p>	<ul style="list-style-type: none"> <li>• Customized incentive courses for various teams under the division to built high-quality employee experiences and an outstanding employer brand.</li> <li>• Decrease operational risk, decrease bad debt rate and avoid profit loss.</li> </ul>	Retail Banking Credit Division	<p><b>Remuneration L5</b> : ROI TWD 1.86</p> <p><b>Results L4</b> : Outstanding staff retention rate 99.13%</p> <p><b>Behavior L3</b> : Bad debt recovery target rate 103.61%</p> <p><b>Learning L2</b> : Annual training achievement rate 100%</p> <p><b>Reaction L1</b> : Course satisfaction 94.6</p>
 <p><b>Reserve financial advisor training program</b></p>	<p>The reserve financial advisor training program is of strategic importance to Taishin FHC. Through systematic course design, we provide new financial advisors with the professional knowledge and skills needed to quickly understand and adapt to Taishin's cultures, which in turn enhances their professional capacity and loyalty towards the Company.</p>	<ul style="list-style-type: none"> <li>• Customer satisfaction: 86.5%</li> <li>• Taishin estimates to generate TWD 41.12of commission revenue from branch for every TWD 1 spent on training financial advisors.</li> </ul>	Reserve financial advisor	<p><b>Remuneration L5</b> : ROI TWD 41.12</p> <p><b>Results L4</b> : Performance growth rate 153%</p> <p><b>Behavior L3</b> : Completion rate of return training 100%</p> <p><b>Learning L2</b> : Pass rate 100%</p> <p><b>Reaction L1</b> : Course satisfaction 97.30</p>
 <p><b>International Finance Certification Subsidy Program</b></p>	<p>Taishin has been active in the training of international finance talents to support overseas expansions. We offer comprehensive incentives to encourage employees in acquiring finance-related certifications such as: CFP courses introduced in collaboration with Taiwan Academy of Banking and Finance (TABF) exclusively for Taishin employees in 2019. These courses help establish Taishin's professional image as customers' preferred band.</p>	<ul style="list-style-type: none"> <li>• Performance growth rate of Branch employees is up to 77%.</li> <li>• The "CFP" courses improved financial knowledge among employees and enabled consultative selling in ways that promote Taishin's brand value.</li> </ul>	All employees	<p><b>Results L4</b> : Performance growth rate 77%</p> <p><b>Behavior L3</b> : Project corroboration rate 49.58%</p> <p><b>Learning L2</b> : Project execution rate 100%</p> <p><b>Reaction L1</b> : Project completion rate 100%</p>

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## 4-2 Remuneration, Benefits & Employee Care

### Remuneration Policy


Taishin conducts annual salary surveys to measure itself against top-performing financial institutions local and abroad. The Company has designed a fair and incentive compensation system complete with competitive salary and welfare packages to reward its employees. Taishin has been a composition of "Taiwan High Compensation 100 Index" for 6 consecutive years since 2014. In the employee opinion survey, the Company scored better than Taiwan's financial industry in general in the "Salary and welfare" category, which proves that Taishin's compensation system works in favor of retaining talents.

Taishin offers salaries based on objective factors such as the level of education and competency required to accomplish the assigned position. Starting salaries for all positions are far superior to the basic wages stipulated in the Labor Standards Act, and actions have been taken to ensure that employees' salaries are not differentiated by gender, age or race. In 2019, male managers' remunerations averaged 106% of those of female managers, whereas male staff's remunerations averaged 101% of those of female staff. There was no significant difference in terms of salary between the two genders.

#### Salary Ratio in Previous Years

Salary Ratio (Female:Male)	2016	2017	2018	2019
Non-ManAGERIAL Role	100:101	100:101	100:101	100:101
Managerial Role	100:105	100:105	100:105	100:106
Executive Officer	100:110	100:108	100:108	100:101

Note: The female-male remuneration ratio of management level is the same while calculating either only base salary or including other cash incentives.



**106%**  
of male/female managers' remunerations

**101%**  
of male/female general employees' remunerations

Taishin conducts market-wide salary surveys and reviews employees' compensation on a yearly basis. Employees are distinguished between managerial and non-managerial role when determining compensation. Compensation difference between males and females is monitored by taking into account both basic salary and the overall package. Taishin treats employees equally and prohibits all forms of discrimination (such as ethnicity, gender, age, disability etc.) in its compensation decisions.

Annual salary adjustments are determined by job evaluation, which takes into account the diversity of expertise required to accomplish each role and the proficiency of skills that employees have demonstrated. Average salary adjustment in 2019 was 3.5%; more than 80% of employees had their salaries adjusted during the year, some as high as 15%. This indicates that employees are treated fairly while top-performing talents are properly rewarded. Each year, Taishin pays out year-end bonuses based on company performance and individual performance as a means of profit-sharing, thereby rewarding employees for their contributions.

Taishin employed a total of 7,158 full-time, non-managerial staff in 2019 (up 1.8% compared to 2018), with average salary of TWD 1,217,000 (up 6.1% compared to 2018) and median salary of TWD 972,000 (up 4.6% compared to 2018).

Also, in view of the high turnover of global financial professionals, Taishin has aligned its talent rewarding plans with its strategies in various stages of development, and uses a broad variety of long-term performance-based incentives to attract, retain, and motivate talents.

Year	2016	2017	2018	2019
Average Salary Adjustment (%)	3.0	3.0	3.5	3.5

#### Taishin Appreciation Rights Program

In an attempt to align employees' goals with the Company's long-term performance and shareholders' interests while providing the right incentives to retain talents, Taishin has introduced an appreciation rights program since 2012 that sets aside a certain percentage of bonus from each year's profits and defers payment for three years in association with the Company's future share price. This deferral is intended to encourage managers in making decisions and taking responsibilities in long-term business performance. All key personnel and executive managers that may potentially affect the Company's operating decisions have been included in this program, even the Chairman's compensation has been designed based on this structure. In 2019, a total of 21,821 appreciation rights were issued while about 304 employees applied the plan.

#### Employee Stock Ownership Plan (ESOP)

Taishin Holdings introduced the ESOP in September 2015 as a means to share business success with employees and to help them save for retirement. Under the ESOP, employees may voluntarily contribute a fixed amount to the program on a monthly basis, and the Company will support their commitment by making additional contribution that amounts to 100% of employees' monthly commitments to their accounts. By the end of 2019, 84% of employees had participated in the plan and the Company had contributed a total of TWD 380 million, whereas the return of investment in ESOP is 29%. Overall, the ESOP serves a number of purposes including long-term saving, wealth accumulation, and assurance for life after retirement.

#### Employee Stock Option

Taishin has made four issues of employee stock options since 2004, making it the most active issuer in the local financial industry. Options representing 377,000,000 shares of the Company have been issued to employees, of which 142,963,000 shares have been exercised to date. These employee stock options were issued as a means of sharing the Company's long-term business success, and therefore align employees' interests with the Company.

#### Employee Cash Issue Subscription Program

Taishin Holdings made a cash issue of common shares in 2013, in which employees' were given the priority to subscribe 50,000,000 shares, and more than 5,000 employees of Taishin Holdings and subsidiaries were entitled to this program. Taishin made a cash issue of Class E preferred shares in 2016 and 2018, during which it also reserved 15% in both years, totally 120,000,000 shares for subscription by employees only, and more than 15,000 employees of Taishin Holdings and subsidiaries were entitled to this program.

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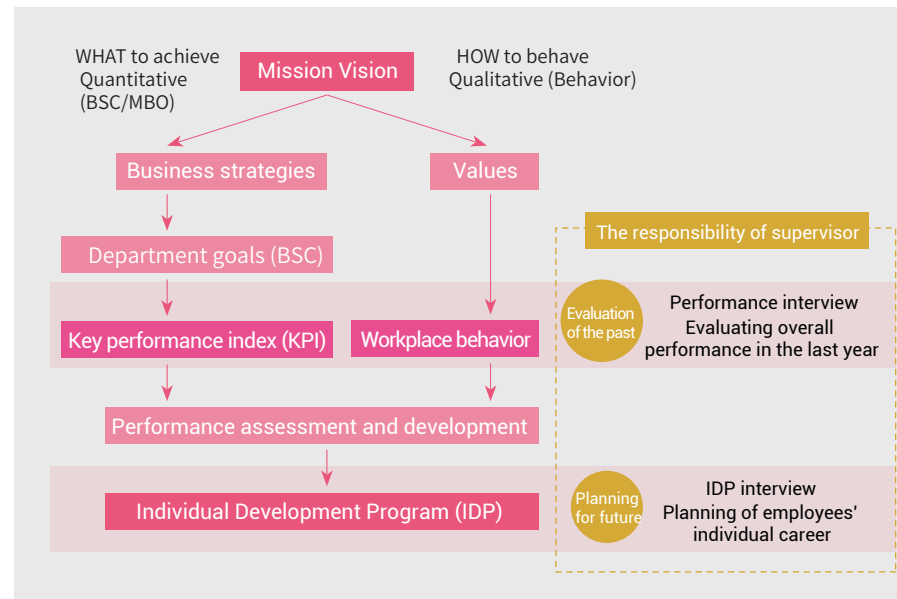
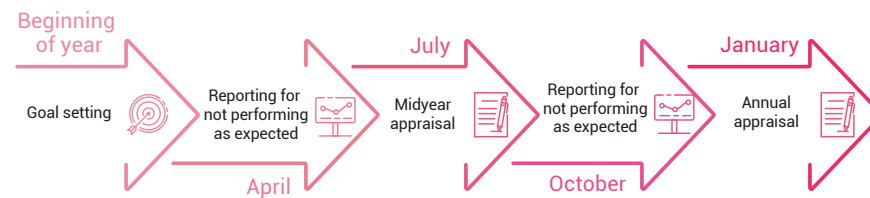
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## Performance Management

### Management Method

Taishin has tracked the performance of its employees using a Balanced Score Card (BSC) system for many years, in which Taishin's strategic goals are broken down into specific objectives and benchmarks. This allows Taishin to evaluate sustainability from a variety of aspects, including customers, finance, internal process, and learning and growth.

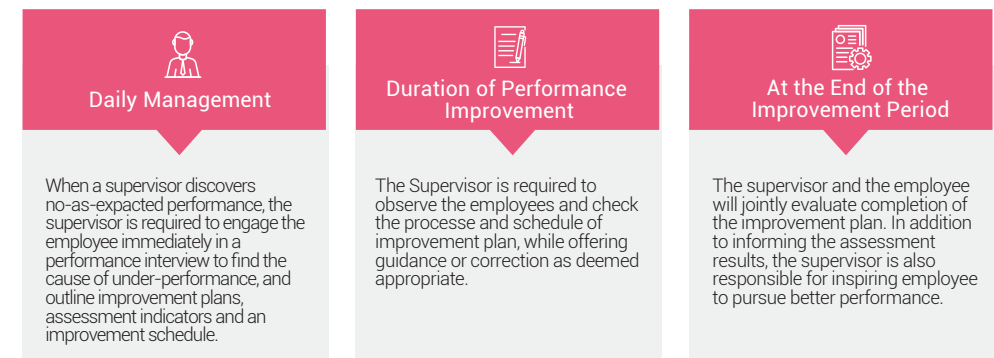


All full-time employees who have passed probation are required to undergo mid-year and annual appraisals, regardless of gender or job role. In the reported year, 100% of employees were subjected to regular performance and career reviews. Taishin adopts multi-dimensional approaches, such as 180-degree, 270-degree and 360-degree tools (incorporating assessments from supervisors, subordinates, co-workers, and the employees themselves) to assess employees' performance. These tools ensure the fairness of individual assessments, and also form a part of employees' individual development program.



### Improvement System

The performance management system opens top-performing employees to promotion opportunities, competitive compensation, and career development. As for employees who perform not as expected, Taishin has "Performance Improvement Guidelines" in place to help them improve.



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Attrition Analysis

Turnover rate in 2019 was 11.8%, which slightly decreased by 0.4% from 2018. Taishin takes extensive efforts to investigate causes of employees' departure by having the line manager discuss face-to-face with any employee who submits a resignation. The human resource department, too, analyzes the causes of attrition for subsequent improvements to the talent retention system.

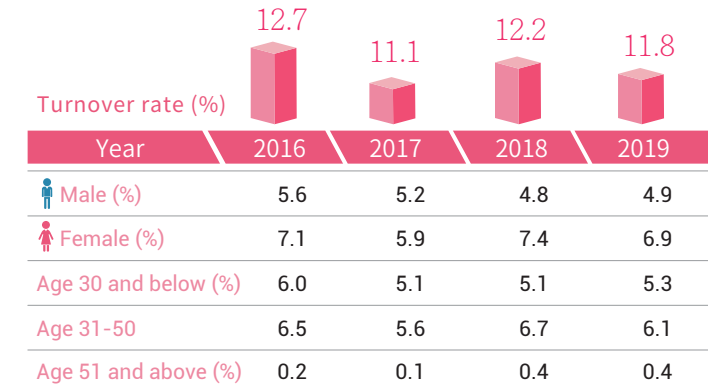
Permanent Employee Attrition - by gender, age and location

Permanent Employee Attrition

Location	Female				Male			
	Age 30 and below	Age 31-50	Age 51 and above	Female-total	Age 30 and below	Age 31-50	Age 51 and above	Male-total
Taiwan	237	272	19	528	158	201	13	372
Overseas	30	21	2	53	23	17	1	41
<b>Total</b>	<b>267</b>	<b>293</b>	<b>21</b>	<b>581</b>	<b>181</b>	<b>218</b>	<b>14</b>	<b>413</b>
Turnover rate (%)	3.2	3.5	0.2	6.9	2.1	2.6	0.2	4.9



Turnover Rate in Previous Years



Note1 : Refers to cumulative resigned permanent employees between Jan. 1 and Dec.31, 2019.

Note2 : Note: turnover rate = cumulative number of resigned permanent employees in the current year/current permanent employees as at Dec.31, 2019. Sales officers and telemarketers were excluded from total resigned employees due to the special nature of their employment. After the exclusion, the number of current full-time employees as at Dec.31, 2019 was 8,441.

Employee Benefits & Care

Employee Care

Driven by the organization's service spirit of devotion, attention, empathy, sincerity and passion, Taishin provides employees with benefits that are superior to those required under the Labor Standards Act, and has designed a series of benefit plans that take care of employees from their first day on board to retirement, addressing their needs and the needs of their family members at different stages of life cycle. For more comprehensive disclosure about employee welfare and benefits, please visit Taishin Holdings' talent recruitment website. [🔗](#)



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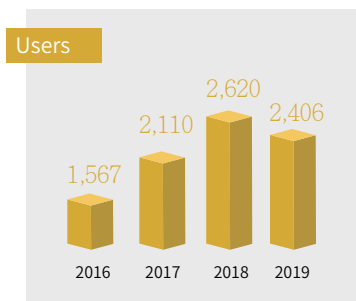
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Learning Subsidies

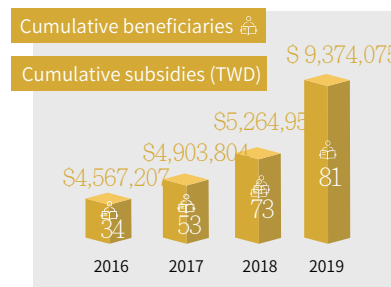
1. Learning account (Industry originality):

Every Taishin full-time employee is allocated 10,000 credits in their learning accounts per year that they can spend on the Company's internal "Self-study Courses" or to take courses or certification exams organized outside Taishin, and hence develop professional skills at their own discretion.



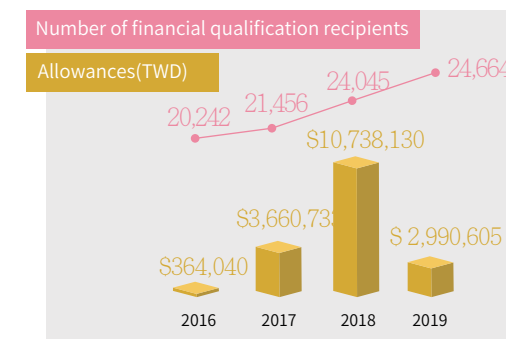
2. Domestic and international on-job training subsidies:

- To support development of top talents, Taishin provides qualified employees with subsidies amounting up to TWD 20,000 per semester as an encouragement for undertaking ongoing education outside work hours. Furthermore, the Company selects senior managers to undergo EMBA courses organized by renowned overseas institutions from time to time, which helps broaden managers' global perspectives and establish local connections.
- A total of 81 employees has been subsidized with subsidies amounting over TWD 9 million from 2016 to 2019.



3. Subsidy for financial certification exams:

Taishin offers comprehensive incentives to encourage employees in acquiring finance-related certifications, and hence raise the level of professional knowledge across its talent base. In 2019, the "Certified Financial Planner (CFP)" course was launched. By offering complete learning guidance and incentives, these courses are intended to help employees acquire their certification and build professionalism in Taishin's brand.



Son/Daughter's Wedding Leave

Industry Originality

Taishin cares for employees as well as their family members, and allows employees to take children's wedding leaves so that they can take part in the big moments of their Son/Daughter's lives. Every employee is entitled to one fully paid day of children's wedding leave from the first day onboard. Couples who are both Taishin employees may apply to take leave on the same day.

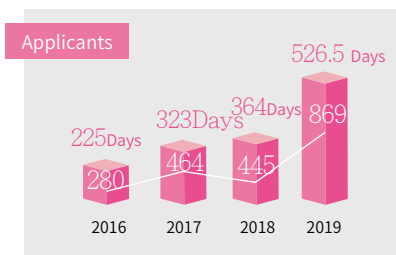
To provide employees with a secured work environment, Taishin offers a family support system (including maternity leave, paternity leave, family care leave, and flexible working hours) that is more favorable than what the law requires. It would help employees to fulfill their job duties while taking care of their families.

- Provide female employees paid maternity leave in excess of legally required minimum 4 days.
- Provide employees paid paternity leave in excess of legally required minimum 1 day.
- With a more flexible system, marriage leave and paternity leave can be extended.
- Employees are entitled to 7 days of family care leave, excluded from leave calculation.
- A full-paying miscarriage leave is given for less than 3 months of pregnancy.
- Flexible working hours were introduced, with employees given 30 minutes of leeway in when they choose to start and end their workday. Let employees to achieve a work-life balance to enhance productivity and practice a happy workplace.

Family Support System

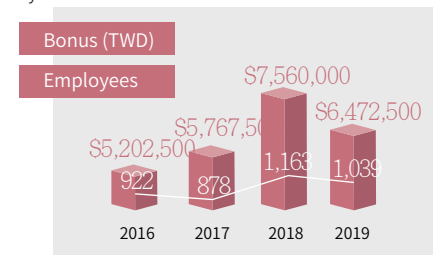
Paid Volunteer Leave

Taishin adopts a "Volunteer Leave" system that grants employees one full day of annual leave for six cumulative hours of volunteer service, subject to a maximum of five days per year. The system was introduced to reward volunteers for their selfless acts.



Long-time Service Rewards

As a recognition for employees' long-term contribution, Taishin introduced a set of "Long-time Service Reward Standards" in 2004 that rewards senior employees with a commendation, bonus, and a letter of gratitude from the Chairman for having completed 5, 10, 15, 20 and 25 years of service.



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## Maternity Protection Benefits

Taishin values highly on the protection of maternity and child labor. Hiring of child labor under 16 is strictly prohibited. Female employees are entitled to 1 day of menstrual leave per month that they can take to rest at home. Pregnant employees are entitled to 40 hours of paid prenatal appointment leave and 60 days of maternity leave, and may take up to 9 months of tocolysis leave depending on health condition or physicians' advice. For pregnant employees who work in shifts, the Company would also take the initiative to adjust their work hours to avoid night shift. Furthermore, the Company makes sure that it avoids assigning child labor and pregnant employees to any tasks that may pose hazard to their physical or mental health. In the unfortunate event of a miscarriage, employees are granted miscarriage leave of at least 5 days up to 4 weeks depending on the duration of pregnancy.

As a support to maternity protection programs, Taishin engages physicians to organize regular health seminars and hazard identification courses for pregnant employees and those who have given birth for less than one year. In addition, these physicians provide suggestions on how the workplace can be improved to eliminate hazards, and offer consultation and health education to those in need. For pregnant employees who choose to work during pregnancy, the Company provides maternity clothes that they can wear comfortably at work. In support of the government's pro-natalist policy and women re-employment policy, Taishin provides family care leave and prenatal appointment leave which is more favorable than law and unpaid parental leave and job reinstatement for all employees as required by law. Besides, Taishin also arranges childcare privileges and grants nursery breaks for those in need. Daycare allowances and nursing breaks are granted, while nursery rooms have also been made available at Ren'ai, Neihu and Jianbei offices. In addition, Taishin arranges medical specialists to host health-related seminars for women who are carrying child or have recently given birth, and has physicians stationed at business premise to provide regular medical consultation for employees. Crude birth rate within the organization was 2.74% in 2019, which far exceeded Taiwan's crude birth rate of 0.07% (Note: the crude birth rate of Taiwan was sourced from the Department of Statistics, Ministry of the Interior).

Year	2016	2017	2018	2019
Numbers of Taishin births	222	293	274	252
Employees at the end of the year	8,099	8,801	9,041	9,195
Crude birth rate of Taishin (%)	2.74	3.33	3.03	2.74
Crude birth rate of Taiwan (%) (Department of Statistics, Ministry of the Interior)	0.09	0.07	0.06	0.07

## Number of Permanent Employees on Parental Leave and Retention Rate

Item	2016			2017			2018			2019		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
No. of employees subject to reinstatement	108	4	112	106	11	117	99	9	108	101	8	109
No. of actual reinstated employees	69	4	73	75	6	81	64	7	71	63	5	68
Reinstatement rate % (Note 1)	63.9	100.0	65.2	70.8	54.5	69.2	64.6	77.8	65.7	62.4	62.5	62.4
No. of employees retained after 1 year (Note 2)	56	2	58	56	3	59	64	2	66	53	5	58
Retention rate % (Note 3)	81.2	28.6	76.3	81.2	75.0	80.8	85.3	33.3	81.5	82.8	71.4	81.7

Note 1: Reinstatement rate = No. of actual reinstated employees / No. of employees subject to reinstatement during the year.

Note 2: No. of employees retained after 1 year = No. of employees reinstated in the previous year and have worked for one full year since then.

Note 3: Retention rate = No. of employees retained after 1 year / No. of employees reinstated in the previous year

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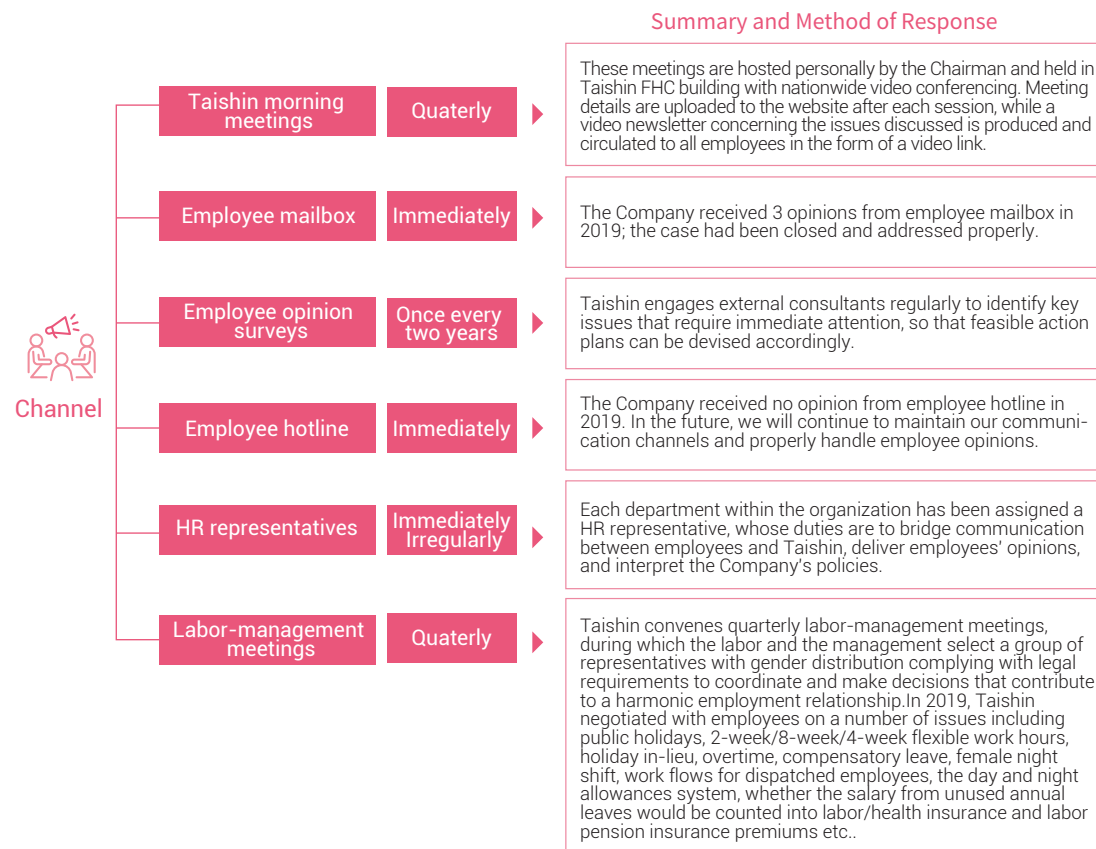
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## 4-3 Labor-Management Relations

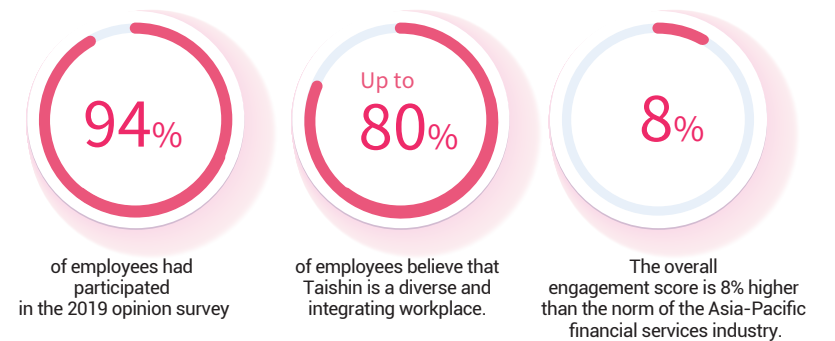
### Labor-Management Communication Channels

To encourage reporting of illegal conducts and filing of complaints whenever employees' rights have been compromised, Taishin has established a diverse range of communication channels for employees to express their opinions. These communication channels have been clearly stated in the Employee Code of Conduct and are published on the Company's intranet and Internet website to ensure that they are known and used to maintain employee rights.



## Employee Opinion Survey

Taishin Holdings engages external consultants regularly to conduct full-scale surveys on employees' opinions. By learning employees' views on the management practices in place, the organization is able to identify the key factors for retaining top talents as well as critical issues that require immediate improvement, so that feasible action plans can be devised accordingly. Taishin conducts organization-wide employee surveys once every two years; the last two surveys were conducted in 2015, 2017, and 2019. The next survey is scheduled in 2021. For every other year, a survey is conducted for different business groups or specific groups of people, such as the Retail & Wealth Management Channel Division in 2016 and the Wholesale Banking Group in 2018.



### Key Outcomes from the Employee Opinion Survey

1. Understand the key factors affecting engagement and willingness to stay in the company to optimize various human resources policies.
2. Adopt the employee experience model and identify key elements in employee experiences that staff cares most about.
3. Develop in-depth understanding of our organization needs in talent development for digital services and especially digital financial transformation, to enhance our long-term competitiveness.

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Action Plans

- Actively promote work-life balance measures and create a friendly and inclusive working environment to optimize the employee experience.
- Understand the needs of employees, review their overall welfare, carefully design benefits items that are relevant to different employees at different stages in their lives, to strengthen the connection between our employees and our company.
- Monitor the connection between our future talent strategy and the actual work experience of our current staff, within the context of our overall business strategy. Develop value-based employment propositions to attract, retain, and motivate organizational talent.

Taishin continues to take in employees' opinions through various mechanisms to understand their views and find ways toward improvement. The 2019 employee opinion survey found that our staff have developed greater appreciation of the concept of work-life balance. Thus we have actively focused on reviewing our current benefits and developing better measures and allocating resources to help create an environment that is more conducive to work-life balance.

Taishin also continues to focus on its various channels to listen to employees' voices. Besides conducting focus group interviews to elicit employees' views and feedback, we have also relied on unit supervisors to build positive and safe communication channels. The outcomes of the survey have been shared with all units, that will each devise improvement actions specially suited for its situation. By continuously creating more openness, collaboration, abundant communication, and an efficient and agile development environment, improved employee feedback helps us to swiftly address concerns that are key to their engagement.

 2019 Employee Opinion Survey	Object	All employees of Taishin
	Topic	19 aspects from engagement to teamwork, performance management, customer focus, talent management, health and well-being, innovation and more.
	Participation Rate (%)	94
	Engagement Rate (%)	83
	Results	<ul style="list-style-type: none"> <li>• Compared with the results of the employee opinion survey of 2017, the overall acceptance of Taishin is a positive signal showing the deepening advantages of our corporate culture that understands customers and challenges convention.</li> <li>• Our staff's willingness to recommend Taishin to a new level, which is a significant 6% increase from the positive feedback in the 2017 employee opinion survey.</li> <li>• Up to 80% of employees believe that Taishin is a diverse and integrating workplace.</li> <li>• Taishin continues to strengthen its core value of innovation. When it comes to innovation, our staff's recognition is significantly better than our peers in Taiwan's financial industry, with a positive feedback of 11%.</li> </ul>

Trend of Employee Engagement in Recent Years

Year	2015		2016		2017		2018		2019	
Target	All employees		Retail & Wealth Management Channel Division		All employees		Wholesale Banking Group		All employees	
Participation Rate (%)	85		94		94		94		94	
Engagement Rate (%)	82		81		84		82		83	
Engagement by gender(%)	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	83	81	82	80	85	83	82	82	85	82

Note 1: The overall engagement calculation logic for 2019 has slightly changed. After recalibrating the 2017 calculation logic, 2019 is better than the 2017 overall engagement score by 2 points.

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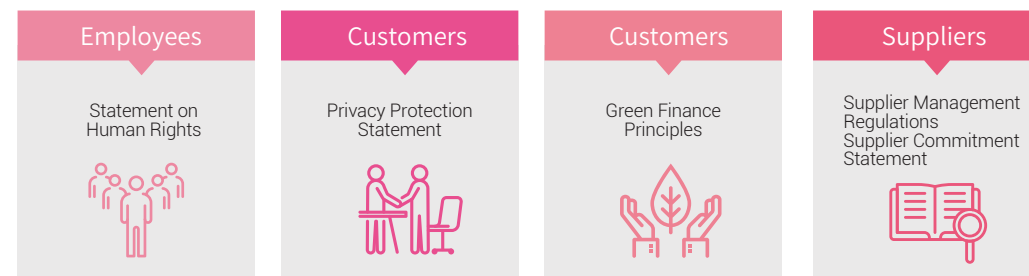
## 4-4 Human Rights and Gender Equality

### Human Rights Policy in Taishin

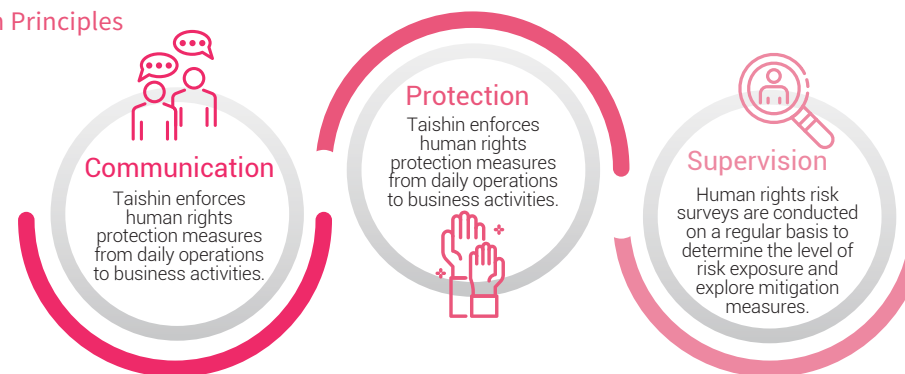
Human rights refer to basic rights that are common to all humans, regardless of their race, gender, sexual orientation, nationality, ethnicity, language, religious belief or other differences. Taishin is dedicated to upholding human rights. The organization shares the value of international human rights rules including Universal Declaration of Human Rights, International Labor Organization, The UN Guiding Principles on Business & Human Rights and Equator Principles, and complies with regulations of Taiwan and all locations it operates in. After reviewing Taishin's operating model, we have identified employees, customers (including borrowers) and suppliers to be the most relevant stakeholders as far as human right is concerned. We have devised separate policies, statements and guidelines to serve as the ultimate guiding principle for human rights protection. In addition, we adopt communication, protection and supervision practices to secure the rights of all stakeholders, which provide the foundation of corporate ethics within Taishin.

Taishin actively enforces human rights protection for employees. Not only has the Company made a series of public announcements over its intranet and Internet websites about protection of workers' human rights and prohibition against workplace sexual harassment, the organization has also included worker and human rights-related issues as part of the ethics training for new employees. The announcements and training form part of Taishin's ethics foundation. Taishin encountered no incident of human rights violation in 2019.

### Four Main Policies



### Three Main Principles



### Work Rights

For the protection of work rights for all employees, Taishin not only adheres to the principles announced by International Labour Organization (ILO) regarding prohibition against forced labor, minimum employable age, work hours, weekly breaks and recommended practices, but also complies with relevant regulations of the Republic of China, including "Labor Standards Act," "Act of Gender Equality in Employment" and "Employment Service Act." Internal work rules and personnel policies have been created based on the above principles and regulations. Meanwhile, Taishin also takes steps to ensure that all overseas locations (including branches, offices and preparatory offices) are able to comply with local labor regulations and set reasonable work terms to protect the rights of local employees.



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**I Equal Treatment in the Workplace**

For the purpose of creating a fair, safe and enjoyable workplace, Taishin treats employees equally and prohibits all forms of discrimination (such as ethnicity, gender, sexual orientation, age, disability etc.) in its recruitment, compensation, promotion, reward and disciplinary decisions. All forms of sexual harassment and intimidation are strictly prohibited in the workplace. Taishin and all its subsidiaries have published "Employee Code of Conduct," "Sexual Harassment Prevention, Reporting and Disciplinary Policy" and "Sexual Harassment Prevention, Reporting and Investigation Guidelines" over their intranet and Internet websites. Employees can make appeals through the dedicated line (886-2-5576-3567), for cases that concern sexual discrimination or harassment, a "Sexual Harassment Prevention and Complaints Review Committee" will be assembled according to laws to conduct investigation in the utmost fairness and discretion, in a manner that protects victim's privacy and prevents witnesses from being retaliated. If a violation is established to be true, the case in question will be referred to Staff Conduct Review and Staff Performance Appraisal Committee and resolved based on the outcome of the investigation in accordance with Employee Disciplinary Guidelines, and hence ensures employees' rights to fair treatment in the workplace. No complaint of sexual discrimination of any kind was filed in 2019 at any of Taishin's domestic and foreign locations. In August 2019, a complaint case of sexual harassment by an employee of Taishin Bank was received by the human resources unit. After timely intervention by the human resources unit to provide assistance and investigation in accordance with relevant standards, the case was properly dealt with at the end of the same month.

**Review and Disciplinary Procedure for Sexual Harassment Complaints**



**I Protection of Maternity and Child Labor**

Taishin highly values the issues of labor protection for mothers and children. In terms of maternal protection, the company follows the "Act of Gender Equality in Employment" and the "Regulations on Subsidy and Standards for Establishing Breastfeeding (Breast Milk Collection) Rooms, Childcare Facilities and Measures" to provide a comfortable and well-equipped feeding and nursing rooms for the use of employees. The rules for breastfeeding and breast milk collection for female employees are clearly specified in the "Taishin Working Rules." If an employee with a child of less than two years of age has a need for breastfeeding or breast milk collection, they will receive an additional 60 minutes per day of breastfeeding time on top of their regular rest time. If they work more than one hour of overtime, another 30 minutes of breastfeeding time is granted and considered as working time. The company lays out various maternity protection measures in its "Maternity Leave Management Standards." In addition to one day of menstrual leave per month, 40 hours of leave for pregnancy check-ups are provided, which exceeds the requirements of the Labor Standards Act. Provide 60 days of maternity leave, 6 days of paternity leave and staff that give birth or have an abortion receive full salary when they take maternity leave, so that employees they can take care of themselves. With regard to child labor protection, we have issued the "Taishin Human Rights Protection Statement," which lays out our position on child labor, in line with international conventions that strictly prohibit the employment of child labor under the age of 16.

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## Human Rights Risk Assessment

### Identification of Human Rights Factors

Issues	Target	Source of Risk	Method of Evaluation	Level of Risk (occurrence /Impact)	Management Mechanism
Health and Safety	All employees	<ul style="list-style-type: none"> <li>• Working place</li> <li>• While performing duties</li> </ul>	<ul style="list-style-type: none"> <li>• Health Check-up</li> <li>• Ergonomics evaluation (Taishin-Ergonomic hazard prevention program-NMQ)</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• We offer online courses on human hazard risk prevention to strengthen employees' awareness of disease prevention.</li> <li>• During on-site service visits, healthcare professionals adjust posture and provide health education for those at risk.</li> </ul>
Employment Dispute	All employees	<ul style="list-style-type: none"> <li>• Inappropriate communication/management of the supervisor</li> <li>• Difference of understanding between employer and employees</li> </ul>	<ul style="list-style-type: none"> <li>• HR representatives</li> <li>• Internal/external communications</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• We promote labor laws and rules that our supervisors should know, to strengthen their understanding of the law to reduce management disputes.</li> <li>• The internal communication channels are clearly laid out in the Employee Code of Conduct. If employees have any labor-management issues, they can seek support from the human resources unit.</li> </ul>
Work Overtime	All employees	<ul style="list-style-type: none"> <li>• Short-term increases in business or shortages in manpower</li> <li>• Requirements of events held by associated companies</li> <li>• personal reasons</li> </ul>	<ul style="list-style-type: none"> <li>• Attendance management monitoring monthly</li> <li>• Abnormal Workload-induced Disease Prevention Program</li> <li>• Framingham Risk Score for Hard Coronary Heart Disease</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• On our systems we have set up a regular reminder function to remind employees that need to work overtime to apply for overtime work.</li> <li>• An anomalous report function alerts supervisors so they can pay attention to employees' overtime pattern.</li> </ul>
Discrimination	All employees	<ul style="list-style-type: none"> <li>• During recruitment and interviews</li> <li>• During performance management/appraisal</li> <li>• Interaction between employees</li> </ul>	<ul style="list-style-type: none"> <li>• Internal/external communications</li> <li>• Prevention of Illegal Infringement at Work - potential workplace violence risk evaluation form</li> </ul>	Low	<ul style="list-style-type: none"> <li>• The prohibition of discriminatory behavior is clearly stipulated in the Employee Code of Conduct.</li> </ul>
Sexual Harassment	All employees	<ul style="list-style-type: none"> <li>• During recruitment and interviews</li> <li>• During performance management/appraisal</li> <li>• Interaction between employees</li> </ul>	<ul style="list-style-type: none"> <li>• Internal/external communications</li> <li>• Internal audit</li> </ul>	Low	<ul style="list-style-type: none"> <li>• In the Employee Code of Conduct, harassment is prohibited. Breaches will be dealt with in accordance with company rules.</li> <li>• We have rules in place for the prevention and control of sexual harassment in accordance with the law. When a case of sexual harassment occurs, we offer immediate support in accordance with the needs of the party concerned and actively investigate and handle the matter in accordance with the law.</li> </ul>
Inclusive Workplace	Employees with disabilities Aborigines	<ul style="list-style-type: none"> <li>• During employee recruitment and interview</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly employment ratio control</li> </ul>	Low	<ul style="list-style-type: none"> <li>• During the onboarding process, employees are requested to actively report their indigenous status, so they may enjoy indigenous festival leave in accordance with the law.</li> </ul>
Privacy	All employees	<ul style="list-style-type: none"> <li>• During recruitment and interviews</li> <li>• Personal information management</li> </ul>	<ul style="list-style-type: none"> <li>• Internal/external communications</li> <li>• Internal audit</li> </ul>	Low	<ul style="list-style-type: none"> <li>• In the quarterly legal updates, we repeatedly remind our staff of the importance of protecting personal information.</li> </ul>
Child Labor	Candidates	<ul style="list-style-type: none"> <li>• During recruitment and interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Employment control</li> </ul>	Low	<ul style="list-style-type: none"> <li>• In accordance with international conventions and labor law, the employment of workers under the age of 16 is strictly prohibited.</li> </ul>
Maternity Protection	Female employees of childbearing age	<ul style="list-style-type: none"> <li>• Workload and shift arrangement</li> </ul>	<ul style="list-style-type: none"> <li>• Employees who take maternity leave / maternity leave through the attendance system</li> <li>• Physicians stationed on-site to provide medical evaluation</li> </ul>	Low	<ul style="list-style-type: none"> <li>• In accordance with internal and external norms, we offer menstrual leave, pregnancy check-up leave, maternity leave, co-parenting leave, and maternal protection leave, as well as maternity leave pay exceeding the requirements of the law, so that employees who give birth or have an abortion can maintain stable income during their leave.</li> <li>• Breastfeeding and breast milk collection time in accordance with the law, and provide well-appointed breastfeeding spaces and facilities for our employees to use.</li> </ul>

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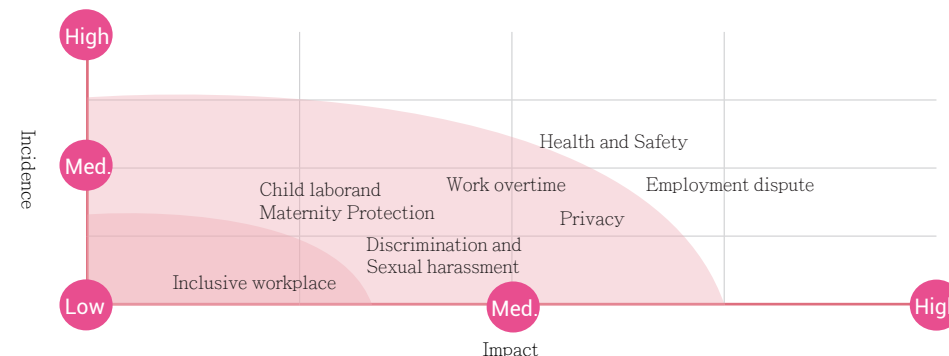
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Value at Human Rights Risk

Year	2019		
VaR(%)	2.12%		
Main Risk Factors	Health and Safety	Employment Dispute	Work Overtime
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>• Monthly health consultation by medical specialists</li> <li>• Health Check-up</li> <li>• Taishin-Ergonomic hazard prevention program</li> <li>• Occupational safety and health propaganda</li> <li>• Health lectures</li> </ul>	<ul style="list-style-type: none"> <li>• Establish human resource policy and employee rights-related rules in compliance with law</li> <li>• Convene quarterly labor-management meetings. Maintain open communication with employees through available channels</li> <li>• Organize regular courses on labor regulations and assist supervisors in understanding labor laws and proper management practice</li> </ul>	<ul style="list-style-type: none"> <li>• Establish employee work times and hours in compliance with labor laws</li> <li>• Announce and reiterate the normal work hours and times, as well as the regulations for overtime</li> <li>• Establish management systems for work hours and overtime, to help employees and supervisors control work hours and overtime hours</li> <li>• Monthly review of overtime hours on a per-department basis, and direct attention towards employees with high overtime hours</li> </ul>
<b>Remedies</b>	<ul style="list-style-type: none"> <li>• Group/Labor insurance subsidy</li> <li>• Hospitalization subsidy</li> <li>• Occupational injury leave</li> </ul>	<ul style="list-style-type: none"> <li>• Offering of material compensations depending on the mediation solution</li> <li>• Enhanced internal awareness campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Offering of overtime pay/leave compensation</li> </ul>



Human Rights Risk Value in Previous Years

Year	2016	2017	2018	2019
VaR(%)	2.62	1.67	1.85	2.12

Note 1: VaR(%)= employees with risks/ total employees in the year

Note 2: In an attempt to detect excess stress and prevent overtime working in advance, Taishin has adopted a more robust calculation that assesses risks based on 40 hours of overtime and above per month.

# 4-5 Occupational Health And Safety

## Occupational Safety

### Occupational Safety and Goals

**100%**

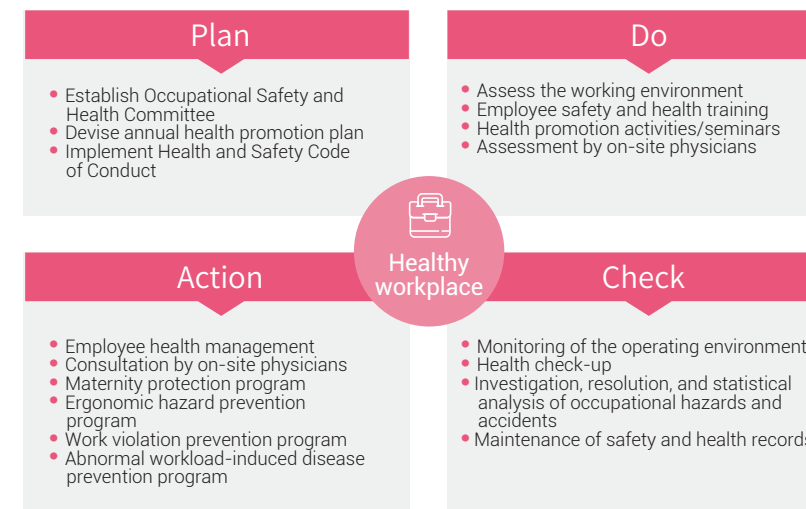
improvement rate of internal/external audit defects

**0**

occupational incident of high severity (death/disability)

**ISO 45001**

certified by ISO45001 Occupational health and safety system



### Functionality of the Committee

Taishin Bank's "Occupational Safety and Health Committee" comprises 17 members, including 6 workers' representatives who represent more than one-thirds of the panel. The Committee is involved in several critical safety and health-related issues within the organization, including ISO 45001 certification, the establishment of Health and Safety Code of Conduct, workplace health management, emergency rescue workshop, safety and health training, and monitoring of the work environment.

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To protect employee safety and health, we are committed to providing a hazard-free workplace. Taishin Bank has implemented and follows ISO 45001 the international standard for occupational safety and health management systems, and obtained certification through the British Standards Institution (BSI) for the first time in May 2020 for its occupational safety and health management system. We have also integrated the ISO 14001 system with our 50001 PDCA (Plan-Do-Check-Act) framework to build up occupational safety through systematic management mechanisms such as hazard identification, regulatory inspections, internal audits, management reviews and safety and hygiene inspections, to develop a comprehensive safety and health culture with practical implementation in order to create a zero-hazard workplace.

Presently, the regulatory inspection processes, stable project contracting relationships and emergency responses to emerging infectious diseases are our top priorities to promote occupational safety and health at Taishin and implement safety and health management to safeguard the safety and health of all our employees. With regard to the new coronavirus epidemic prevention, we activated the standard operating procedures of our continuous operation plan, established a rapid response epidemic prevention team (with the President as the commander), implemented crisis management (early inventory and purchase of epidemic prevention materials and expansion of office space), implemented strategies such as employee self-health management (temperature measurement reporting and a travel history survey), and applied differentiated management based on the epidemic situation (such as adjustment of work mode and epidemic prevention measures based on local circumstances) to ensure effective actions that control the spread of this serious infectious disease.

Between 2015 and 2019, there had been no major work accident or any death or disability of employee caused by occupational hazard. Taishin has designed its 2020 safety and health training courses to address accidents that exhibited the highest frequency/lost work days in 2019. Through these courses, the organization aims to minimize both the severity and frequency of work accidents.

Taishin has an audit system that actively identifies problems and tracks the effectiveness of various measures taken to ensure safety of the workplace. By constantly making improvements, we take steps toward accomplishing our vision of a hazard-free workplace. The main defects discovered in 2019 were "Absence of certified Occupational Safety and Health Officer" and "Absence of certified First-aid Personnel." The Company has since assigned employees to training and exams with progress followed up continuously. Certifications for the above personnel have been obtained to date.

Year	2016	2017	2018	2019
Internal Audit	7	8	7	8
External Audit	3	1	2	0

(times)

Occupational Injuries

Year	2016	2017	2018	2019
Male injured	0	0	1	1
Female injured	0	0	0	0
Deaths	0	0	0	0
Work day lost	0	0	36	61
Injury rate (%)	0	0	0.01	0.01
Absence rate (%)	0.58	0.40	0.43	0.41
Ratio of day lost(%)	0	0	0.40	0.67

Note: In this table, occupational hazard is defined in accordance with Paragraph 5, Article 2 of the Occupational Safety and Health Act. Taishin's work injury-related data is compiled and reported according to the rules of the Department of Labor, which begins from the 3rd day after a work injury occurs. Related statistics and reports are being made according to Taishin Holding's "occupational hazard" reporting policy (2014).

1. In 2019, an occupational disaster case occurred mainly for traffic accidents. Taishin will promote awareness of traffic safety in safety-related courses so that help employees to avoid similar incidents.  
2. No permanent staff was diagnosed with occupational illness in 2019.

Injury rate = total injuries/total work hours  
Total work hours = total employees x work hours per day x number of working days per year  
Absence rate = (Number of days absent / Total number of work days) (including sick and occupational injury leaves, excluding unpaid sick leaves. The data from 2016 to 2018 is also retroactively adjusted by the same definition.)  
Lost day rate (LDR) = (lost working days/total work hours)×200,000

Safe Work Environment Measures

**Stress Management**

- Taishin has an "Abnormal workload-induced disease prevention program" available to assess and manage the health conditions of stressed workers within the Company.
- Other resources such as on-site physicians, mental health information, hotlines for consulting (employee assistant program), Stress Relief Workshop
- Seminars on stress management, positive thinking, fragrance treatment, exercising, healthy habits etc. have also been made available to help employees deal with stress at work and in daily life.

**Monitoring of the Work Environment**

- Taishin complies with Occupational Safety and Health Act and conducts indoor CO<sub>2</sub> and luminance measurements once every six months. A total of 105 workplaces were monitored and measured in 2019 to ensure that work activities were not exposed to excessive levels of risk.
- Taishin follows the indoor air quality management law promulgated by the Environmental Protection Department of the Executive Yuan to complete the air quality inspection and reporting of the head office.
- Taishin performs indoor air quality inspections once every two years to test the presence of formaldehyde (HCHO) and particulate matters smaller than 10 μm (PM10).
- Taishin also measures temperature and humidity at large server rooms. Alcohol thermometers are placed at branch server rooms to monitor changes in temperature and humidity.
- Renovation contractors are instructed to duly comply with the Noise Control Act and Noise Control Act Enforcement Rules throughout the construction period, and take constant care of protecting the work site and surrounding environment.

**Ergonomic Hazard Prevention Program**

- By applying ergonomics knowledge, Taishin aims to prevent employees from suffering occupational injuries and illnesses (such as muscle/bone injuries, ergonomic hazards etc) due to prolonged exposure to ill-designed work environment, repetitive actions, incorrect posture, and improper work hours.
- Customized subjects (such as service counters) are produced according to schematics; the sizes of which are designed based on business and ergonomic requirements.
- Taishin also purchases office equipment and supplies that feature ergonomic design wherever possible.

**Workplace Certification**

- Taishin acquired its Taiwan iSport certification in 2016, and engaged professionals to perform fitness tests for employees for 3 consecutive years since 2017. A total of 273 people had participated in the tests so far.
- Taishin was certified "AED Equipped" by the Ministry of Health and Welfare since 2018, which has been part of its promise of delivering a safe and friendly work environment for Taishin employees.
- Won the first prize in the health activity category of "CHR Health Corporate Citizen" in the 2019 CommonHealth Magazine.

**Smoke-free Workplace**

- Smoking by employees or business partners is prohibited anywhere within office premises nationwide. The Company's smoke-free policy and implications of the Tobacco Hazards Prevention Act are communicated to employees through occupational safety and health training courses.

**Environment, Health and Safety Assessment**

- With the company of employee safety and health manager, physicians and professional nurses have assessed the workplace of Taishin Bank employees. During their visits, they offered advices to the employer regarding employees' safety, as well as steps that can be taken to improve the current workplace and equipment layout.

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Training and Education

To prevent occupational hazards and ensure workers' safety and health, Taishin completed the retrainings for all occupational safety supervisors and assigned employees to various courses organized by Occupational Safety and Health Administration, Department of Labor, and The Bankers Association in 2019, where they developed professional knowledge, legal compliance awareness, and risk management skills.

Retrainings for Occupational Safety Supervisors

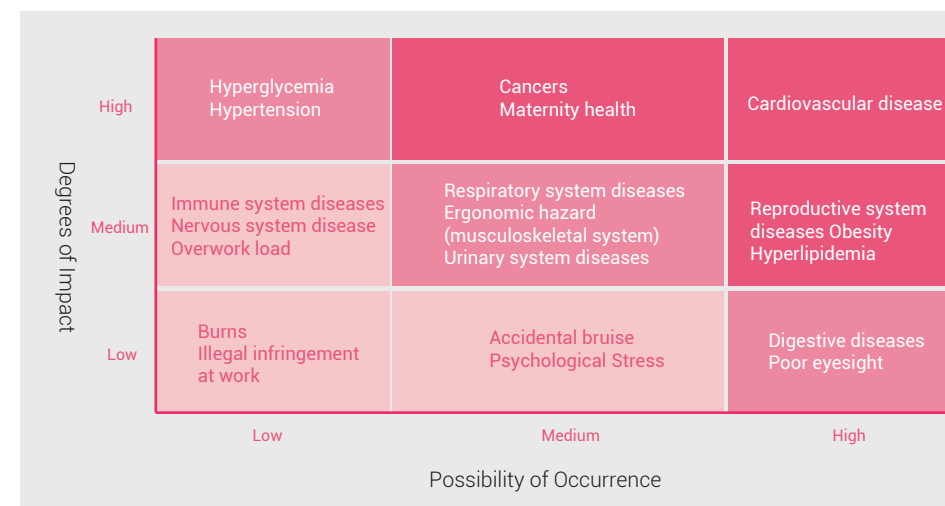


Furthermore, to enhance employees' awareness towards occupational safety and hazard prevention, the occupational safety and health courses has been held annually since 2018. The courses cover a broad range of topics including: overview of operational safety and health laws, emergency response, fire safety and first-aid drills. A total of 9,261.5 training hours were completed in 2019, representing 100% completion rate. These courses helped enhance knowledge among occupational safety and health officers and employees, and conformed with the organization's goals toward hazard-free workplace.

Employees' Health

We evaluate employees' health risks based on health checkup results, Framingham Risk Score for Hard Coronary Heart Disease, the four workplace health promotion programs (ergonomics, maternity, workplace violence, and over-stress), and group insurance claims.

The 2019 health risk matrix indicated cardiovascular disease as a high health risk factor, and reproductive system disease, obesity, hyperlipidemia, cancer and feminine health as medium-high risk factors. All other health risk factors were of medium and low risk. Taishin has different measures in place to mitigate risks of various levels. By encouraging self-management and active follow-up, the Company helps employees avoid occupational hazards.



Degrees of Impact

Degree	Explanation
High	Unable to work, or even death
Medium	Partial work burden imposed by disease
Low	Able to work normally after recovery

Possibility of Occurrence

Degree	Explanation
High	Most scenarios will occur within one year
Medium	Some scenarios will occur within one year
Low	Only few scenarios will occur within one year

Value at risk = possibility X impact

Risk level and measures

Risk Level	Explanation
High	Nurses actively remind employees to undergo regular checkups. Those that exhibit high risk factors are tracked once every 3~6 months and followed up on the recovery progress. Furthermore, these employees may have their conditions evaluated, advised and explained by medical specialists.
Medium	Employees' health conditions and risk factors are tracked every 6~12 months. Taishin also has physicians and nurses stationed on-site to provide medical consultation and health information.
Low	For events of low risk, Taishin provides health management information through the use of health column.

Item	Method of evaluation	VaR(%)	Risk factor
Health Check	Screening for the top-10 risks	8.23	Cardiovascular disease, reproductive system disease, obesity, hyperlipidemia, vision, and the urinary system
Over-stress	Work load evaluation	0.21	Cardiovascular disease
Ergonomic Hazard Evaluation	Nordic musculoskeletal questionnaire	5.01	Ergonomic hazard (muscle and bone)

Note: Since the overall health check is conducted every 2 years, the risk analysis is based on data in 2018.



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Four main projects for health promotion in the workplace were implemented by occupational health nurses. During site visits by healthcare professionals and physicians, the priority counseling targets are those in high-risk positions and those with certain health check reports or recent health issues.

**The four workplace health promotion programs (ergonomics, maternity, workplace violence, and over-stress) and the statistics of health service measures implementation**

Statistics of Health Service in 2019			
Services	Ratio(%)	Related diseases	
High-risk group of health check results (Note1) management	9.71	Hyperglycemia, hypertension, cardiovascular disease, obesity, hyperlipidemia	
Abnormal workload prevention	4.18	Overwork load, cardiovascular disease	
Ergonomic hazard prevention	0.15	Ergonomic hazard (musculoskeletal system), poor eyesight	
Maternity protection	0.00 (Note2)	Maternity health	
Illegal infringement at work protection	0.00(Note2)	Illegal infringement at work	
 Health promotion, prevention and education	Gastrointestinal tract	1.25	Digestive diseases
	Fatty liver, hepatitis	4.69	Digestive diseases
	Urinary system	1.20	Urinary system diseases
	Endocrine System	0.51	Immune system diseases, cancer
	Respiratory system	0.28	Respiratory system diseases
	Reproductive system	1.00	Reproductive system diseases
	Musculoskeletal system(sport injuries, scoliosis, etc.)	3.25	Musculoskeletal system, accidental bruise
	Skin	0.37	Accidental bruise
	Eye	4.33	Poor eyesight
Ear	0.38	-	
Cardiovascular System	4.18	Cardiovascular disease, high blood pressure, overwork load	

Note1: The high-risk group of the health check results is the highest among the three Highs. Three high: Hypertension, Hyperglycemia, Hyperlipidemia.  
 Note2: In 2019, there were no objections of harassment or breaches of maternal protection.  
 Note3: Anomalous rates in health check-ups will result in statistical differences of data due to the different years and different subjects of the bank's health check-ups.  
 Note4: The service rate was 100%.

Belows are the health management and risk mitigation measures that Taishin has implemented based on its 2019 health risk map. The organization also supported the Ministry of Labor's initiatives on work-life balance by organizing a series of health promotion courses covering psychological stress relief, exercising, diet, and feminine health. Instructors from various fields of expertise were invited to speak and share experiences on:

**Occupational safety and health risk issues assessed by contracted physicians in 2019**

Issues	Mitigation Measures	Sessions	Participants
Hypertension, hyperglycemia, hyperlipidemia, cardiovascular disease, obesity, and digestive system	<ul style="list-style-type: none"> <li>Organize fitness tests with medical team</li> <li>Establishment of fitness facilities. Encourage employees to participate in sports clubs offered by the Company</li> <li>Courses were organized to convey knowledge on healthy diet and exercising</li> <li>The e-newsletter spreads awareness of "regular blood pressure measurement helps safeguard your health," "influenza protection strategies," "teach me to lose weight healthily."</li> <li>Supporting the health service center with oral cancer and colorectal cancer screening</li> <li>In 2019, Taishin held its 2nd "Weight Loss Competition" along with a series of healthy diet and exercise seminars that taught employees to "eat smart and exercise." The program attracted participation from 942 employees in 2019, who collectively lost 2,223.8 kg of weight and 2,155.9 cm of waistline.</li> </ul>	19	1,533
Reproductive system disease and feminine health	<ul style="list-style-type: none"> <li>Feminine health seminars (on common women's diseases and their prevention; Q&amp;A on newborn children – new parents support one another)</li> <li>Medical specialists were invited to identify potential workplace hazards for employees during pregnancy and post-labor, and to suggest improvements and precautions of work environment</li> <li>Supporting the public health center with cervical cancer and breast cancer screening</li> </ul>	4	55
Ergonomic hazard (muscle and bone)	<ul style="list-style-type: none"> <li>Taishin's "Ergonomic hazard prevention program"</li> <li>Massage service - "Taishin Stress Relief House"; the service was used to 24,853 times in 2019, an increase of nearly 20,000 users from the preceding year</li> <li>Online course - "Prevention and treatment of workplace lower back injury" and "Understanding Back Pain in the Workplace"</li> <li>Communication of "Lower back injury prevention" and</li> </ul>	9	356
Poor vision	<ul style="list-style-type: none"> <li>Taishin's "Ergonomic hazard prevention program"</li> <li>Half-yearly test of office luminance</li> <li>Vision care seminars (Screen alert! The impact of using screens, eye protection, vision care, and weight loss acupuncture massage)</li> </ul>	4	127
Psychological Stress	<ul style="list-style-type: none"> <li>"Employee assistance program": Taishin works with Teacher Chang Foundation to provide psychological counseling for employees. The service was used 3 times in 2017, 4 times in 2018, and 1 time in 2019</li> <li>Taishin "Abnormal workload-induced disease prevention program"</li> <li>Taishin "Prevention of Illegal Infringement at Work" and "Statement of Prohibition Against Workplace Violence"</li> <li>Massage service - "Taishin Stress Relief House"</li> </ul>	11	590

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**Health Management Focus in 2019**

**New health management focus**

Given the increasing abnormalities found in employees' urine tests in 2018, Taishin introduced new health seminars in 2019 to address: urinary tract and kidney care. Meanwhile, employees will be reminded to reduce intake of processed beverages and drink more water. Those who exhibit undesirable test results will be given consultation and have health conditions followed up by occupational health nurses.

**More frequent service by contracted physicians**

New physicians have been contracted in Taichung and Kaohsiung, and hosted 28 site visits by healthcare professionals. In 2020, we plan to expand this to our service centers in Taoyuan, Hsinchu, and Tainan with 17 additional visits in 2019. Due to the fact that work activities of the Company involve prolonged use of eyesight in a seated position, the medical specialist recommended ergonomic improvements and seminars after making physical inspection of the work environment. Meanwhile, a series of health-related education, counseling, protection and promotion measures have also been recommended.

**Weight Loss Competition**

Taishin held the 2nd Weight Loss Competition during the year. The competition was held on both individual and group levels. By having employees care for and support each other in weight loss, the organization hoped to promote employees' health awareness. In addition to offering abundant prizes, the Company also invited last year's top 5 weight-losing employees and celebrities to share their experience and knowledge on weight loss and healthy diet.

**Lifestyle and Healthcare**

 <p>Health, Nutrition and Exercise</p>	<ul style="list-style-type: none"> <li>• Taishin organizes more frequent and more comprehensive health checkups than what the laws require for its employees. In 2018, a round-the-nation health checkup tour was organized to help employees understand their physical conditions and focus more on preventing instead of treating illness.</li> <li>• Employees may consult with physicians after health checkups. Taishin also has professional nurses available to analyze abnormal health findings for all employees. Information on "Smart Diet" by the Health Promotion Administration is being disseminated through monthly column, e-newsletters and nonperiodic health seminars, including advices on low-sugar, low-salt and low-fat diet, and important notes on care for chronic illnesses. Taishin has medical specialists available to help employees adjust work posture, and thereby minimize muscle ache and protect vision against ergonomic hazards.</li> <li>• The Company subsidizes employees' involvement in various sport clubs including aerobics and table tennis. Badminton and hiking events are organized on a regular basis. Taishin has also signed discount deals with third-party gym operators as a means to encourage regular exercising habits.</li> </ul>
 <p>First-aid Skills</p>	<p>Taishin has been promoting first-aid skills since 2017, including the introduction of cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training courses. The Company held 1 first-aid course in 2017, 8 first-aid courses in 2018 and 7 first-aid courses in 2019. The availability of AED equipment has been registered on Taiwan Public AED Registry, and the Company was certified AED Equipped in 2018 and 2019. These courses not only enhanced employees' first-aid knowledge, but also provided assurance to customers' safety.</p>
 <p>Epidemic Prevention Award</p>	<p>Since 2017, our company has offered an influenza vaccination service every year. In addition to long-term active collaboration with the government's various epidemic prevention work and policies, the Taiwan Centers of Disease Control anti-epidemic physicians were invited to share knowledge on influenza and the prevention of travel-related infectious diseases, to enhance employees' knowledge and awareness. In addition, the company regularly organizes anti-epidemic health seminars and issues influenza and health education announcements, reminds staff to wash their hands, wear masks, and observe other preventive measures. We have also produced epidemic prevention videos for our expanded employee health management web pages to offer all staff comprehensive health protection, to build a safe and healthy working environment, to create the ultimate safety net against influenza. Taishin has been a certified influenza-prevention and healthy workplace since 2017, and has been awarded the "Epidemic Prevention Award" for 3 consecutive years.</p>

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## 5-1 Green Operation Management

### Environmental Sustainability Policy

#### Environmental Goals

The challenges brought about by climate change are now the focus of worldwide attention. Mitigation and adjustment have become important issues for the sustainable operation of businesses. As part of the financial industry, Taishin's environmental impact comes mainly from electricity consumption and greenhouse gas emissions from its office buildings and operating bases. In support of the government's green policies and the goal of the "Paris Agreement" to control global temperature rise within 2°C, Taishin adopted ISO 50001 and implemented regular energy review, measurement and monitoring to raise the efficiency of energy usage. Taishin has also set its goals to "save energy by at least 1% per year" over the next 5 years. In 2017, Taishin collaborated with the Bureau of Energy, Ministry of Economic Affairs, to create an "Intelligent Energy Performance Management Information System," and became the first pilot company for this particular project. By introducing information tools, energy management personnel will have the means to explore areas of improvement and develop feasible solutions. For more details about our environmental goals, please refer to "Sustainable Topics Management."

#### Concrete Commitments

With global warming causing extreme global climate changes, reducing greenhouse gas emissions has become the most important issue for the citizens of our planet. Taishin introduced ISO 14001 - Environmental Management System to Neihu Building and Taishin Tower in 2018 and evaluated environmental impacts from all aspects of the corporate value chain. These findings have enabled Taishin to execute various action plans aimed at achieving effective control and improvement of environmental performance. Moreover, Taishin has also implemented an "Environmental Sustainability Policy." While continuing to pursue business excellence, we also take into account the importance of environmental protection. We follow the concepts of "conserve energy, save money, protect the environment." We implement various energy conservation and CO<sub>2</sub> emission measures in our operations and improve our energy performance to prevent our business operations from affecting the natural environment, our aim being to achieve a symbiosis between our enterprise and nature. Our commitments:



- 1 To encourage all Taishin employees to establish habits to save energy and expenses and be implanted in their daily lives.
- 2 To continue to promote energy-saving and cost-saving measures and practices and create environmental protection environment so that all energy saving and environmental processes and activities comply with the regulatory requirements;
- 3 To the best of our effort, campaign against pollution by means including recycling and low pollution in green procurement management to ensure effective environmental protection.
- 4 To enforce energy and environmental performance improvement and management and waste classification to reduce the impact on energy and the environment.
- 5 To exercise the dedication spirit and strengthen environmental protection and to keep energy conservation a constant priority to ensure mutual benefit of commerce and nature; and
- 6 To keep campaigning for energy saving and carbon reducing measures and to have all Taishin employees join the energy saving and carbon reducing activities.





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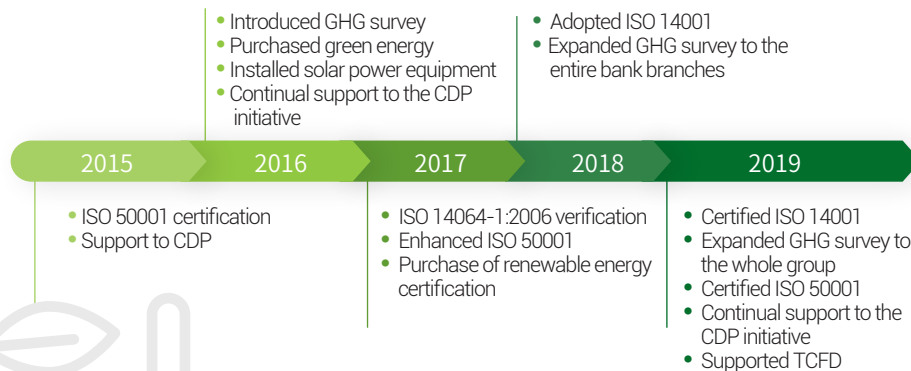
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Management Model

Faced with the possible risk of climate change, Taishin has been paying close attention while ensuring compliance with the latest regulations, and is actively supporting the government's green energy policies. In terms of renewable energy, Taishin installed solar power equipment at Neihu Building at the end of 2016 and supported the domestic renewable energy certification system introduced by Bureau of Standards, Ministry of Economic Affairs, in 2017 and became the first wave of companies to be certified for the purchase of renewable energy. In terms of management systems, Taishin completed the implementation of greenhouse gas survey at Taishin Tower and Neihu Building in 2016 (covering 31.6% of employees) and later expanded to the whole group in 2019 (covering 100% of employees) to enable more robust control and monitoring of greenhouse gas emission.

Furthermore, to ensure ongoing enhancement of energy performance, Taishin escalated its collaboration with the Bureau of Energy, Ministry of Economic Affairs, to create an "Intelligent Energy Performance Management Information System" based on ISO 50001 - Energy Management System, so that feasible and effective actions can be taken to improve energy management. With regards to the use of resources, we take initiative in eliminating use of paper, saving water, and implementing proper waste management to minimize the environmental impact of our business operations.

Progress of Taishin's Environment Management



Energy Conservation & Carbon Reduction

Electricity is the main form of energy used by Taishin, whereas gasoline by corporate vehicles presents the second largest use of energy. In 2019, Taishin purchased 35,495,288 kWh(=127,781.62 GJ) of electricity, 166,530 liters of gasoline (=5,437.34 GJ), and 4,856 liters of diesel fuel (=5,855.59 GJ), consuming total energy of 139,074.55 (GJ). During the year, 22,058 kWh of electricity generated from solar power was sold directly to Taiwan Power Company. Thus, Scope 1 emission totaled 1,052 tonnes CO<sub>2</sub>e while Scope 2 emission totaled 19,186 tonnes CO<sub>2</sub>e in 2019. Scope 1 and Scope 2 emission intensity were calculated at 2.189 tonnes CO<sub>2</sub>e per person.

Carbon Reduction Goals

Taishin GHG Emission Status and Intensity

Scope	Unit	2015	2016	2017	2018	2019
Scope 1	tCO <sub>2</sub> e	580	1,660	1,559	1,271	1,052
Scope 2	tCO <sub>2</sub> e	21,719	21,822	21,366	23,759	19,186
Scope 1 & 2	tCO <sub>2</sub> e	22,299	23,483	22,925	25,030	20,238
Intensity	tCO <sub>2</sub> e/ per person	2.576	2.706	2.448	2.589	2.189
Scope 3 (Business trips)	tCO <sub>2</sub> e (kilometers)	-	Taxi 67.41	Taxi 47.30 (315,509)	Taxi 50.96 (339,525)	Taxi 53.4 (352,833)
			Employee commuting 5,688.91	High-speed rail 35.20 (1,035,171)	High-speed rail 67.05 (1,972,008)	High-speed rail 146.4 (1,925,261)
				Airplane 34.45 (421,397)	Airplane 117.8 (1,425,163)	Airplane 134.5 (1,713,358)

Note 1: Survey was completed based on ISO 14064-1 standards with boundaries set according operational control; Greenhouse gases include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O); there had been no biogenic CO<sub>2</sub> emission; Based on IPCC's Global Warming Potential (GWP) published for 2007.

Note 2: A location-based disclosure of scope 2 GHG emission was adopted. GHG emission from power usage was calculated based on the latest coefficient announced by the Bureau of Energy, Ministry of Economic Affairs, before the report was published

Note 3: The GHG emissions verified by a third party. The coverage in 2016 and 2017 was Taishin Tower and Neihu Building while it is bank-wide in 2018. The coverage in 2019 is group-wide.





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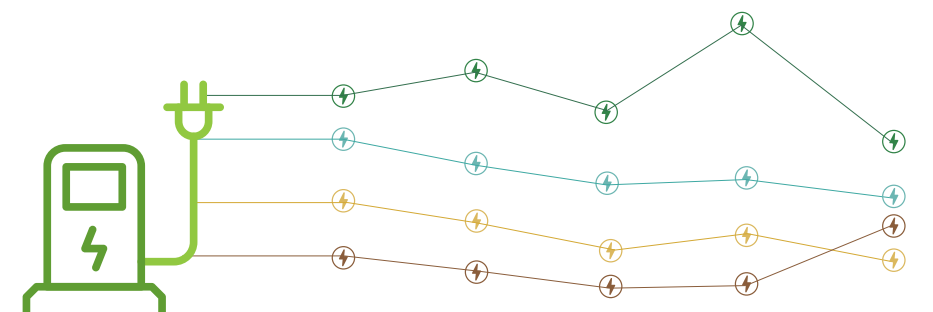
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Energy Policy

In response to the global low-carbon trend and responding to domestic energy conservation and CO<sub>2</sub> emission reduction policies, Taishin has actively invested in its renewable energy since 2016. The solar power system installed at Neihu Building generated 22,058 kWh of power in 2019, which saved approximately 11.76 tons of greenhouse gas emission. We are planning to build solar energy equipment or purchase renewable energy in order to support the development of renewable energy with practical actions. In addition to existing energy conservation measures, Taishin also implemented several action plans including: use of energy-efficient air conditioning and lighting, replacement of LED bulbs, adjustment of air conditioning unit, and replacement of air conditioner and UPS to reduce energy consumption in 2019. These measures were estimated to have 1.8% power saving in Taishin Tower and 1.31% power saving in Neihu Building, which means that Taishin has achieved the five-year energy saving goal of “save energy by at least 1% per year”.



Energy Usage Statistics						
Type of energy	Unit	2015	2016	2017	2018	2019
Purchased Electricity	kWh	43,860,252	43,305,065	42,336,996	44,864,147	35,495,288
Energy Intensity	kWh/person	5,065.86	4,989.64	4,521.25	4,640.00	3,839.82
Gasoline	Liter	196,153	190,535	178,711	181,164	166,530
Diesel Fuel	Liter	1,778	1,727	1,620	1,642	4,856

Note 1 : The heat value of energy was converted based on "Energy Heat Value Chart" published by Bureau of Energy, Ministry of Economic Affairs. Electricity Consumption is 860kcal. For car fuel, heat value was calculated based on 7,800kcal/L (gasoline) and 8,400kcal/L (diesel fuel), and 4.186 kJ/kcal. Power consumption in 2019 included 22,058 kWh from self-produced solar power.

Note 2 : The above numbers between 2015 and 2018 have been using the current statistic as base to estimate to the whole financial holding company according to the ratio of employee numbers. Data in 2019 are actual numbers.

Green Actions in Recent Years

Start Year	Actions	Current Status	Annual Power Saving Benefits (kWh)	Annual Carbon Reduction (tCO <sub>2</sub> )	Cumulative Saving Benefits(kWh)/Carbon Reduction (tCO <sub>2</sub> ) by the End of 2019
2016	Change of operating mode for air conditioning unit	Continuing	194,360	101.26	777,440/405.04
	Replacement of LED lighting on certain floors	Completed	36,506	19.28	109,518/57.84
	Adjustment of control settings for air conditioning unit	Continuing	23,702	12.54	71,106/37.62
2017	Addition of heat shield to the curtain wall at server room	Completed	25,000	13.2	75,000/39.6
	Replacement of heat dissipation material for the cooling water tower	Completed	32,832	17.11	98,496/51.33
	Replacement of air conditioner unit at server room	Completed	4,320	2.28	12,960/6.84
2018	Replacement of UPS-3 (uninterrupted power supply) at 6F server room	Completed	10,368	5.48	31,104/16.44
	Replacement of LED lighting on the lobby floor	Completed	78,192	43.32	156,384/86.64
2019	Cooling water tower in the server room (new project)	Completed	111,784	59.58	111,784/59.58
	Replacement of air conditioners (5 ones) in branches	Completed	97,823	52.139	97,823/52.139
	Replacement of air conditioning system in some branches	Completed	26,156	13.941	26,156/13.941

Note1: The annual carbon reduction is calculated based on the power emission coefficient announced by the Energy Bureau in the current year.

Note2: Power saving benefits of 2019 new projects are estimated.

Resource Utilization

Reduce Waste

In an attempt to reduce waste and environmental burden, Taishin has been advocating the idea of waste classification, recycling and reuse within the organization. All employees have been invited to participate in this initiative to ensure efficient use of resources. With respect to products and services, Taishin has been introducing digital products and services in line with the green finance trend to minimize the use of paper and energy. Services such as virtual cards, e-statements, mobile banking and online application features have all been designed to incorporate the organization's environmental protection philosophy and invite customers to join our cause.

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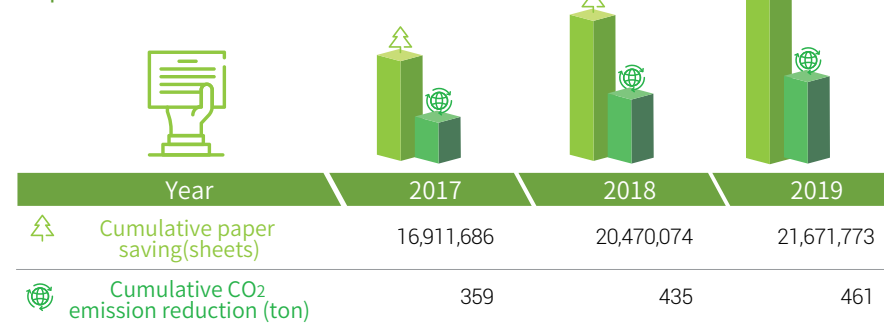
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## Acation Plans and Results

### 1.Paperless Promotion

Following a digital development strategy, Taishin is committed to reducing paper consumption during its operational processes through creative innovation proposals and business process management (BPM) improvements. Three major channels, namely system upgrading and optimization, paperless business processes, and electronic invoicing help us move toward a paperless office. In recent years, the main direction of optimization has been to transition to online applications, push notifications and electronic file transfer, and turning manual paperwork into API connection, etc. This has not only saved a lot of paper, but has also simplified operations and has improved speed and efficiency. In 2019, action items in this regard included credit loan marketing, newsletters, online deposit loans for existing depositors, and the e-contracts for credit loans. The total amount of paper saved throughout the year was 1,201,699 sheets, equivalent to a carbon emission reduction of 26 tons CO<sub>2</sub>e during the contract lifecycles (in accordance with the Environmental Protection Administration's Environment Resource Database: Primary Wood Pulp Photocopy Paper 4.24 kgCO<sub>2</sub>e/kg, with each sheet of paper estimated at 5g).

#### Paperless Achievements in Recent Years

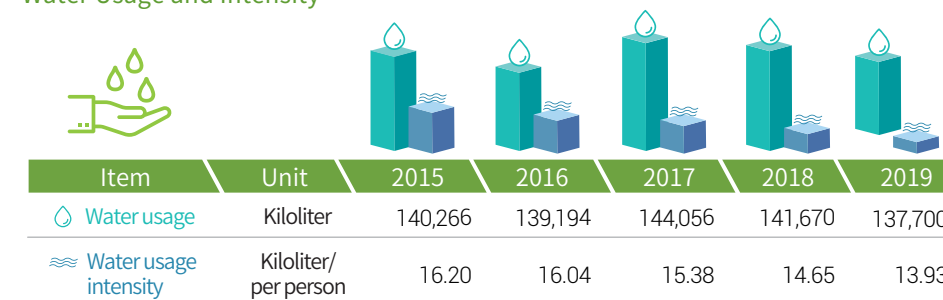


In addition, Taishin implemented a bank-wide "taxi sharing system" in 2008 as a means to encourage taxi ride-sharing for energy reduction. Given the increased popularity of mobile APPs, in 2018 Taishin collaborated further with taxi companies to create a "Taxi Claim System" offering online approval and APP payment features that not only eliminate the need for printed paper, but increase the chances of ride-sharing as well. Following the successful trial run by employees of the General Affairs Department in 2018, the system has been implemented throughout the financial group in 2019, saving the printing of 189,336 sheets of taxi receipt this year.

### 2.Water Resources

Taishin sources its water entirely from Taiwan Water Corporation; it uses no ground water or water from other sources. All wastewater is disposed through the sewage system. In addition to promoting water conservation awareness, Taishin inspects equipment on a daily basis to check for leaks so that repairs can be made to reduce wastage. We have also upgraded our sanitation facilities with dual-flush toilet, water-saving tap, and dispense controls to make the most efficient use of limited water resource. The total water consumption of Taishin in 2019 was 137,700 kiloliters, and the average water consumption per person was 13.93 kiloliters, with a decrease of 4.9% from 2018. In addition to reducing unnecessary expense, it is more important to value environmental resources, so that all employees can have a deeper understanding of the importance of water resources.

#### Water Usage and Intensity



### 3.Waste Management

As part of the organization's waste management practices, Taishin encourages employees to bring their own bottles instead of using disposable cups, print paper on two sides and recycle/reuse where possible, and dispose stationery into designated recycling boxes. Through real action, we aim to reduce waste and make the most efficient use of our resources. Taishin sorts waste on a daily basis, and commissions certified contractors to collect non-recyclable general waste for incineration. Recyclable and reusable waste is first sorted by employees and then collected by certified contractors for proper treatment. Total volume of waste produced in 2019 was 732.64 tons, divided into non-recyclable domestic waste and recyclable resources. Taishin recycles iron, aluminum can, PET bottle, paper and hard drive; since 2019, additional categories such as fluorescent light, battery and toner will be added to the list to facilitate reuse and renewal, and thereby reduce impact of waste on the environment.

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Waste Volume and Waste Intensity per Employee

Item	Unit	2014	2015	2016	2017	2018	2019
Total Waste Volume	Ton	700.53	736.53	714.11	800.32	733.18	732.64
Waste Intensity	Ton/ per person	0.0858	0.0851	0.0823	0.0855	0.0758	0.0741

Note: The total waste weight from 2014 to 2016 is based on the total amount of wastes in Neihu Building and Taishin Tower, and is estimated based on the proportion of employees in the two largest buildings accounting for the entire group; The total weight from 2017 to 2019 waste were calculated based on the total amount of waste in Neihu Building, Taishin Tower, and Jianpei Building, and is estimated based on the proportion of employees in the three largest buildings that account for the entire group.

Waste Treatment Methods and Volume in 2019

Type	Nature	Item	Treatment Method	Treatment after Recycling	Neihu Building	Taishin Tower	Jianpei Building	Total
Non-recyclable (ton)		Domestic waste	Collected by supplier	Incineration	96	145	36	277
		PET	Recycled by supplier	Sold to wholesaler	1,780	1,282	29	3,091
Iron cans	1,200	619			27	1,846		
Aluminum cans	68	0			2	70		
Paper	20,445	19,910			6,830	47,185		
Recyclable (kg)	General waste	Outsourced documents	Water Destruction (destruction of important documents)	Employees are assigned to supervise the destruction; destroyed materials are recycled and reused by the service provider	63,790			
		IT equipment (hard disks)	Recycled by supplier	Once data is erased, the IT Division will make random checks for any omissions	950			

Note: Recycling of outsourced documents and IT equipment - hard disks were based on the Bank's own estimates

## 5-2 Sustainable Supplier Management

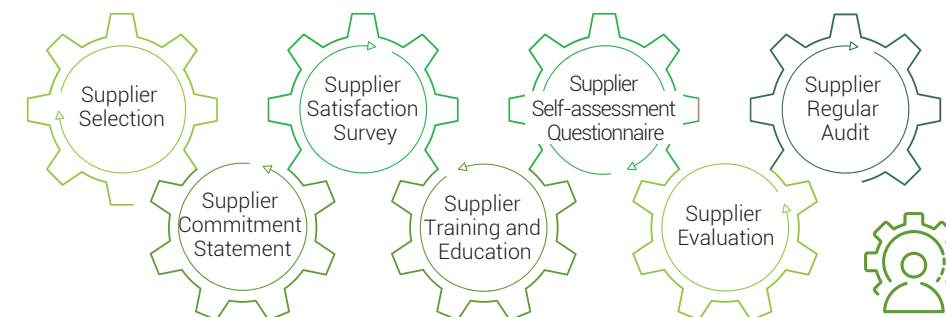
Suppliers are our essential partners toward sustainability. Taishin Financial Holdings views supply chain management a critical step for enhancing competitiveness, which is why we continue to commit resources into sustainable supplier chain management. By attracting sustainable business partners, we aim to build a resilient supply chain and contribute to a brighter future.

### Supplier Management Policies

#### Management Policies

Effective supplier management also forms an important part of enhancing the competitiveness of enterprises. In their operations, including the purchase of software and hardware and the finishing or remodeling of business premises, Taishin and its subsidiaries collaborate with more than 400 suppliers every year. Besides cost and quality considerations, suppliers' contributions to our corporate social responsibility is also an important point of consideration for selection. To strengthen suppliers' efforts to fulfill their corporate social responsibilities, Taishin is taking a systematic approach and has formulated "Supplier Management Regulations" which include mechanisms such as evaluations and service satisfaction surveys. Suppliers also sign a "commitment statement" to jointly move forward with sustainable development. The "Supplier Satisfaction Monthly Evaluation Form" is used for audits and annual supplier evaluations. This comprehensive management system helps us move ahead with sustainable development.

#### Management Methods



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1.Human Rights Policy

To control human rights supervision and improve supplier management, Taishin has designed a supplier human rights risk questionnaire based on Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Global Compact, ISO 26000, International Labour Organization, Social Accountability 8000, Code of Conduct of Responsible Business Alliance (RBA), and ISO 27001-Information Security System requirements pertaining to financial industries to serve this purpose.

2.Supplier's Commitments

Taishin has included "Supplier Commitment Statement"  as part of the contract, which is to be signed whenever a contract is renewed or newly established. The statement outlines suppliers' commitment to issues such as corporate social responsibility, sustainable environment and protection of basic human rights. 100% of new suppliers added in 2018 had signed the Supplier Commitment Statement. As of March 2019, 100% of Taishin's suppliers have signed their commitment to sustainability, a goal that was initially planned to be accomplished by 2020. To understand the efforts made by suppliers on related issues, Taishin developed a questionnaire to survey major suppliers on this topic in 2018. We also held our first supplier conference in October 2019 to address human rights and environmental protection. We have also stepped up publicity on these issues and have built up a model of diversified communication and experience exchange so that we can serve our suppliers as an indispensable and important partner for sustainable development and work together for a sustainable future.



Supplier Risk Assessment



Supplier Evaluation

To implement sustainable supplier management, Taishin follows our "Supplier Maintenance & Management Guidelines" to categorize and rate suppliers based on the content and amount of purchase each year.

The self-assessment questionnaire for suppliers was expanded from the Tier 1 major suppliers to the Tier 2 major suppliers in 2019. After recovering the questionnaires, the Company then performs supplier assessment and requests improvement from suppliers based on the outcome of assessment to ensure risk reduction and effective control. Suppliers with rating of C will be instructed to make improvements, and suppliers with rating of D will have purchase orders suspended until improvements are made and their rating changed back to C.

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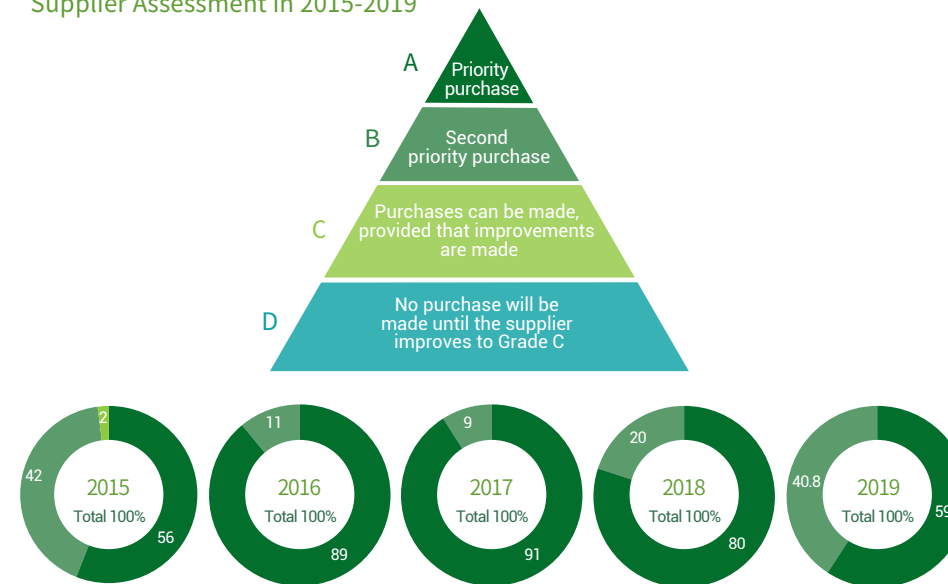


Types and Percentage of major suppliers in 2015-2019 (%)

Year	IT /telecommunication	equipment/ construction	Cards/ printing	Services	Marketing activities	General affairs
2015	49	21	12	12	4	2
2016	46	19	9	22	4	0
2017	39	28	11	22	0	0
2018	40	30	12.5	17.5	0	0
2019	52.6	14.5	6.6	16.3	9.9	0.1

Note: Taishin engages a wide variety of suppliers including system developers, telecommunication carriers, insurance companies, fund companies, card manufacturers, overseas investment consultants, financial information suppliers, advertising companies, media, printing companies, and office consumables suppliers.

Supplier Assessment in 2015-2019



Supplier Human Rights Survey

Taishin convened its first supplier conference in 2019 as a way to enforce its supplier management system. During the conference, suppliers will be briefed on corporate social responsibilities, market trends, Taishin policies, and Taishin's emphasis on sustainability issues such as occupational safety, human rights, environmental protection, information security etc. The purposes of this conference are to guide suppliers toward making continual improvements, and help them set short/medium/long-term goals that not only apply to themselves, but influence the society as a whole. Through coordination with business partners, Taishin contributes toward sustainability and fulfills its duty as a corporate citizen.

**Supplier Human Rights Risk Assessment**

- Human Rights Policy
- Information Protection
- Health and Safety
- Management System and Practices
- Workplace Diversity
- Management Performance



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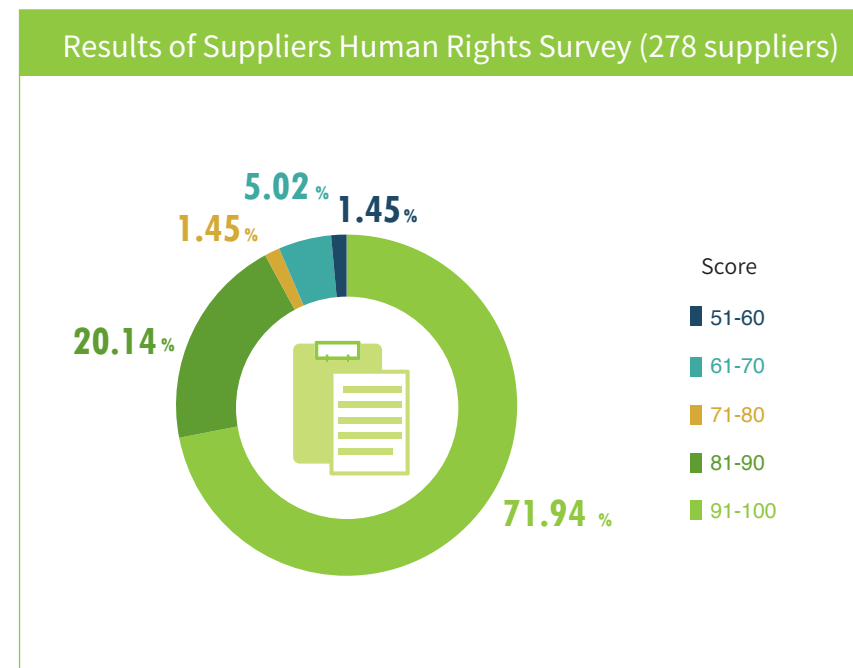
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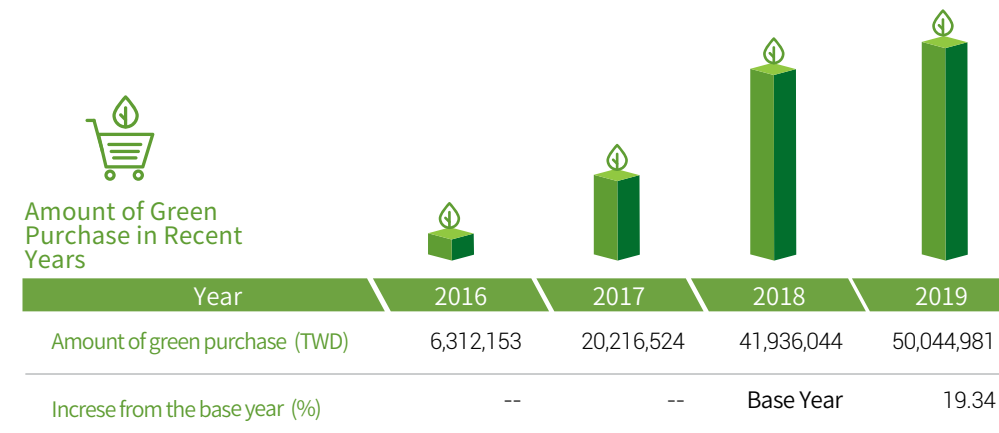
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A total of 287 suppliers were surveyed in 2019, and 99.3% of questionnaires were recovered, with 9 of invalid and non-response questionnaires. The analysis was performed on the 278 valid responses. To assure basic human rights, suppliers that scored below 80 were defined as high-risk suppliers, and the analysis showed high-risk suppliers representing 7.92% of total suppliers (15% of Tier 1 Suppliers). Risks presented by Taishin suppliers in this respect mainly involve: failure to pass certification for ISO 27001 - Information Security System, absence of statistics on disabling injuries, and absence in hiring indigenous people/persons with disability. In the future, we will communicate and interview with our Tier1 suppliers, and regularly track their improvements. Meanwhile, we will remain training through supplier conferences where we will exchange experience with suppliers and convey our attention to human rights issues in greater depth, and invite them to join our cause.



Green Purchase

Taishin is an active supporter of green purchases, and has specified in its "Supplier Maintenance & Management Guidelines" to give priority to purchasing products that are certified for environment friendliness, water efficiency, energy efficiency and green construction materials, or products with features such as renewable material, recyclable, low-pollution etc. This is how Taishin has enforced its environment-friendly purchase into practice. By working with upstream and downstream partners, we aim to create a green supply chain and contribute to the sustainability of our environment. Taishin received Performance Excellence Commendation from Taipei City Government Department of Environmental Protection in 4 consecutive years (2016-2019). Green purchases amounted to a total of TWD 50,044,981 in 2019, with an increase of 19.34% compared to the base year (2018). A total of 19 items were listed for green purchase in 2019, including: environment-certified IT equipment such as notebook PC, projector and toner, recyclable hand towels, energy efficiency-certified vehicles and lighting equipment (T5 and LED), water efficiency-certified toilet equipment, and green building-certified materials such as gypsum board and mineral fiber board.



Note1: In 2017, purchase of energy-efficient vehicle and green building materials had increased compared to last year.  
 Note2: In 2018, Taiwan High Speed Rail, which has a CO<sub>2</sub> emission reduction label, was added to the statistics items, which led to an increased purchase amount when compared with the preceding year.  
 Note3: Taken 2018 as the base year and green purchasing items in 2019 as the base year of implementation of our green purchasing policy.

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## 6-1 Social Involvement

### Four Focus of Social Involvement

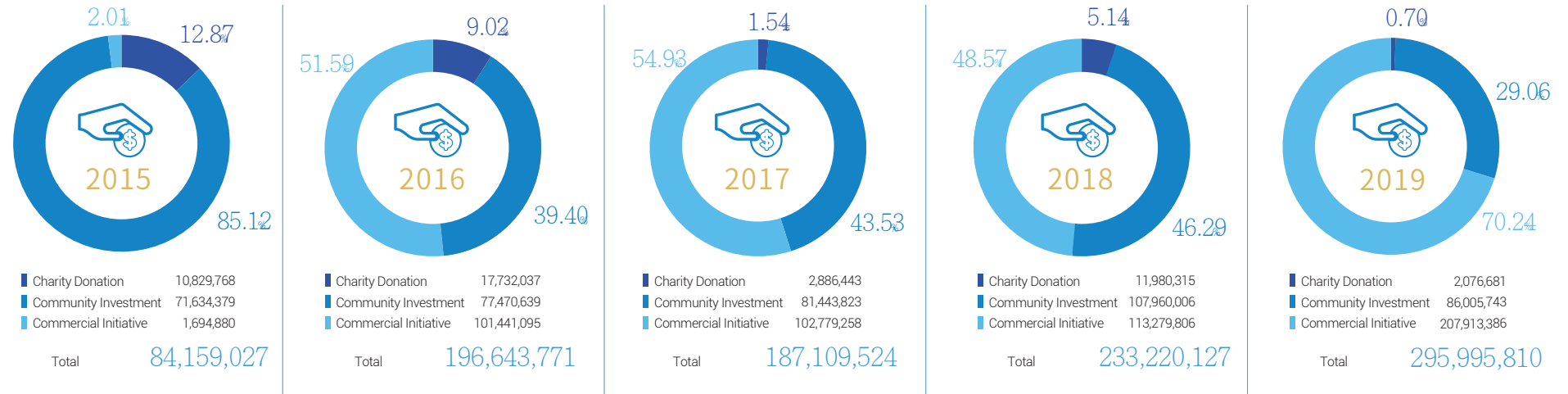
Taishin has long devoted attention to growing market presence in Taiwan and expanding into the Asia Pacific region. Our long-term success is attributed to the society's support. For the inclusiveness of the society, Taishin Financial Holdings targets the needs of local residents and society and fulfills them by committing to its "people value" and contributing its professional capacity as a financial institution. In the meantime, stakeholders are invited to participate in our social engagement efforts.

As a member of this society, we continually explore ways to maximize the society's welfare, but recognize the reality that a company is unable to resolve all prevailing problems and challenges of the society. Focus, sustainability, collaboration and commitment are the principles of Taishin's charity efforts. Through charity and welfare, arts and culture, sports sponsorship and academic exchange, we respond to the United Nation's SDGs particularly with respect to SDG1 - No Poverty, SDG4 - Quality Education, and SDG8 - Decent Work and Economic Growth.

To more effectively measure the size of resources invested and the level of output yields, Taishin adopted the London Benchmarking Group (LBG) model and utilized quantitative measurements to measure the level of resources invested into social engagement causes, the size of yield generated, the overall outcome and long-term influence on the society. The overall investment in 2019 increased nearly 26.92% when compared to 2018, mainly due to the increase in commercial initiatives. We used Richart digital bank to strengthen the communication of our financial services to the young generation and encourage them to develop investment and financial management habits.

Focus	Beneficiary	Project	Social Impact
 <p>Be centered around the motivation of "teaching people to fish," we develop training seminars and platforms to educate disadvantages and match business resources with social welfare organizations in order to maximize the benefits.</p>	<ul style="list-style-type: none"> <li>Small and medium-sized charity organization</li> <li>The socially disadvantaged</li> </ul>	<ul style="list-style-type: none"> <li>Power of Love campaign</li> <li>Power of Love workshops</li> <li>Minority Project</li> <li>Philanthropist Alliance - resources matching</li> <li>Group purchase of festive charity gift boxes</li> <li>Emergency aid-donation</li> <li>LED lighting equipment donation</li> <li>Caring Taiwan</li> <li>Scholarships to financially disadvantaged students</li> <li>Financial education camps</li> <li>Turning reward points into actual donations</li> <li>Financial education</li> <li>Digital bank for young generation</li> </ul>	<ul style="list-style-type: none"> <li>Helping small and medium-sized charity organizations become self-dependent</li> <li>Improving living standards of the socially disadvantaged</li> <li>Helping young students and disadvantaged people develop financial awareness and knowledge</li> </ul>
 <p>Driven by the goal of "creating new value of Taiwan through arts," we actively supports contemporary art, popular art and various cultural events to raise public's attentions and bring art into life in ways that enrich people's spirits.</p>	<ul style="list-style-type: none"> <li>Contemporary Taiwanese performing artists and art creators</li> <li>General public</li> <li>Taishin employees</li> </ul>	<ul style="list-style-type: none"> <li>Taishin Arts Award</li> <li>Taishin Tower lobby exhibitions</li> <li>Community concerts</li> <li>Art and Culture Sponsorship</li> <li>ARTalks website</li> <li>Charity Art</li> </ul>	<ul style="list-style-type: none"> <li>Supporting contemporary art development in Taiwan by offering performance stage</li> <li>Promote participation and knowledge towards art and culture</li> </ul>
 <p>Sponsor young athletes for their competition and education to promote sports among people of all ages. The sponsored athletes are invited to participate in Taishin's charity activities, where they can convey positive energy and inspire a cycle of positivity.</p>	<ul style="list-style-type: none"> <li>Taiwanese athletes</li> <li>Junior high school and elementary school students</li> <li>General society</li> </ul>	<ul style="list-style-type: none"> <li>Athlete support for golf/Karate/e-Sport</li> <li>Basketball summer camps</li> <li>Sponsor sports events</li> </ul>	<ul style="list-style-type: none"> <li>Training Taiwanese athletes and supporting sport development in Taiwan</li> <li>Promotion of sports among the public</li> </ul>
 <p>Raise the level of finance profession and train more quality talents in Taiwan through the industry-academia collaborations and academic exchange programs.</p>	<ul style="list-style-type: none"> <li>College/post-graduate student</li> </ul>	<ul style="list-style-type: none"> <li>Peking University Cross-Strait Academic Fund</li> <li>Industry-academic collaboration and academic sponsorship</li> <li>Scholarships to outstanding students</li> <li>Sponsorship to academic events</li> </ul>	<ul style="list-style-type: none"> <li>Financial expertise training for young students</li> </ul>

### Category of Contribution



- **Charity Donation** : Taishin makes timely donation of cash and supplies to people and organizations in need
- **Community Investment** : Taishin offers assistance to the parties in need through four main focuses.
  - In terms of charity, Taishin organizes campaigns, programs, volunteer counseling and competency courses that help people develop self-dependency in a systematic manner. Meanwhile, Taishin attracts social engagement from the general public by exerting influence as a corporate entity, and matches donors to those in need more efficient use of the society's resources
  - In terms of arts and culture, Taishin contributes on several levels including: sponsoring of performance and exhibition funding, introduction of world-recognized award selecting system, and development of digital/physical platform. These efforts are intended to increase the visibility of artists. Taishin also sponsors world-class exhibitions/performances and arranges charity viewing where possible to promote art and culture appreciation in Taiwan. Taishin also sponsors world-class exhibitions/performances and arranges charity viewing where possible to promote art and culture appreciation in Taiwan.
  - In terms of sport sponsorship, Taishin contributes resources and coordinates with customers to support local athletes. By sponsoring sport events, we aim to promote sport activities among specific groups
  - In terms of academic exchange, Taishin provides tuition assistance to students from financially disadvantaged families.
- **Commercial Initiative**: Taishin associates core business activities with social initiatives
  - Utilizes financial expertise to create financial games and courses in order to establish wealth management concepts for the socially disadvantaged children and youths.
  - Combines business platforms, products and activity mechanisms to effectively increase customers' willingness to participate in public welfare, promoting the circulation of social resources and expanding project influence.
  - Use FinTech to create the digital bank which reduces the financial and investment barriers of the economically disadvantaged young people, and then change their savings and consumption habits, start to learn financial management, and face financial services with a more active and open attitude
  - Corporate resources are being committed into organizing courses and providing internship opportunities to train financial talents.

It is worth noting that participation of employee volunteer has grown significantly year after year due to the internal programs such charity organization sponsorship, department volunteer events, one-day volunteer activity, volunteer leave and etc. Volunteer hours converted to commercial values were growing in 2019, which indicated that employees have not only accepted voluntary service as part of their roles, but actually enjoy in sharing experiences..

### Type of Contribution

Unit: TWD

Type of Contribution	2015	2016	2017	2018	2019
Cash	72,543,256	186,325,054	169,007,536	211,360,407	275,676,630
Time	1,346,630	1,053,668	6,381,720	8,979,814	10,903,530
In-kind	776,440	495,000	3,587,400	3,714,800	976,600
Management Cost	9,492,701	8,770,049	8,132,868	9,165,106	8,439,050
<b>Total</b>	<b>84,159,027</b>	<b>196,643,771</b>	<b>187,109,524</b>	<b>233,220,127</b>	<b>295,995,810</b>

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Outcomes

In terms of charity and welfare, Taishin has expanded the scope of its training courses since 2018 and aimed to bring training resources into remote areas. We have long been supporting the ideals and practices of small and medium-sized charity organizations, for which it has been favorably recognized among the general public and is reflected in nearly 40% of recurring donations in the past 2 years. With regard to the promotion of arts and culture in 2019, we sponsored an exhibition titled "SUNSHOWER: Contemporary Art from Southeast Asia 1980s to Now" at the Kaohsiung Museum of Fine Arts. During the four-month exhibition period, we invested heavily in media publicity to showcase the contemporary art movement in Southeast Asia, which also served as an artistic and cultural response to the government's New Southbound Policy. Our efforts created a high level of media value. Our sponsorship of the operations of the National Theater and National Concert Hall in Taipei benefited 6 million people over 2019. In addition, our results in sport sponsorship and academic exchanges have also continued in a stable manner.

		Outcomes	2017	2018	2019
Charity and Welfare	Commercial	Employee Volunteering hours	10,260	14,437	16,253
		Number of digital banking accounts (Note)	-	773,000	1,793,000
		Percentage recurring donations from Power of Love donors	23	40	38
	Social	Organizations donated by Power of Love	127	144	165
		Organizations participating in workshops	215	302	444

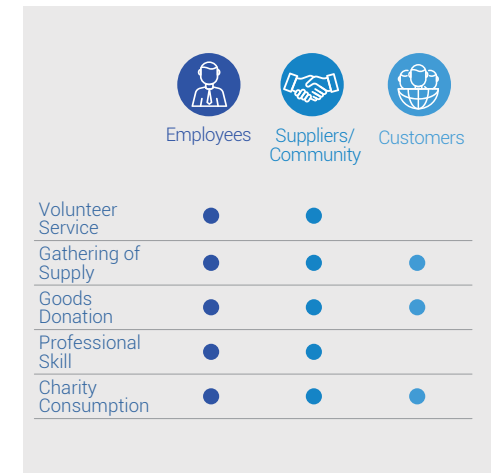
Note: The statistics only disclosed for 2018-2019 since the digital banking accounts was calculated since 2018.

Art and Culture Development / Sports Sponsorship	Commercial	Media value (TWD)	15,892,500	17,463,600	30,778,000
		Brand exposure	Improved	Improved	Improved
		Customer participants of art/culture activities	3,105	21,732	24,407
		Participants to employee art courses	536	566	885
	Social	Participants of sponsored/organized activities	1,748,419	1,041,614	6,702,046
Social	Sessions of sponsored/organized activities	66	70	79	
	Sponsored athletes	4	28	28	

Academic Exchange	Commercial	Interns turned as permanent employees	96	115	80
	Social	Sessions of sponsored/organized financial seminars	41	44	38
		Students benefited from industry-academia collaborations	419	507	530

Fellow Support

Expanding social impacts has always been the motivation behind Taishin's charity involvement, and we gather strength from various sources to support our goal of improving the society's welfare. Leveraging stakeholders' strength provides Taishin with more partners and resources to support charity efforts, and the means to drive and spread social influence. For this reason, we invite employees, customers, suppliers and the local community to join our cause, and execute through various activities from volunteer service, gathering and donation of supply to training of professional skills. By making stakeholders our best charity partners, we have the resources and strengths needed to maximize our social influence.



Each year, Taishin calls on its employees to serve as volunteers. Amid the COVID-19 epidemic in 2020, which had us reduce the number of on-site visits to charity organizations, Taishin employees still actively responded to various charity activities of the Taishin Charity Foundation, such as donations of anti-epidemic materials like anti-bacterial soap, children's masks, medical masks and forehead thermometers, as well as the collection and distribution of children's picture books, toys, rice and grains, and a second-hand SUV, to alleviate all sorts of urgent needs. The Taishin volunteers also purchased home-delivered organic toxin-free vegetables and fruit grown by charity organizations through employees' group purchases, which our customers were also invited to join. Besides supporting charity organizations and farmers, these group purchases also helped families eat healthier at home, without worries related to the epidemic. A win-win for everyone.

To avoid group gatherings, the Taishin Charity Foundation will change its well-known Power of Love workshops into an online format in the first half of 2020. The Angels Group regularly uses its Facebook Fanpage and YouTube live streams or video broadcast to reach its target organizations. The Foundation also plans to jointly launch online concerts and other events with the Taishin Bank Foundation for Arts and Culture to support charity organizations with continued learning and improvement and also offer spiritual support through artistic and cultural activities.

In addition, the Taishin Charity Foundation also called on strategic partners, Angel Groups, and Taiwan's charity organizations to join forces. In April 2020, more than one hundred charity organizations responded by uploading photos on Facebook in a relay-type of activity. A morale-boosting banner was hung from the Taishin Tower. These integrated offline and online activities were harnessing the Power of Love to safeguard Taiwan.



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Employees

Taishin has established a set of "Taishin Financial Holdings Volunteer Service Guidelines" to motivate and mobilize Taishin employees into performing volunteer service. In addition, the Company recruits volunteers through the Intranet and uses the platform to announce upcoming charity activities and take enrollment from volunteers. To improve the quality of volunteers' service, Taishin selects its volunteers based on the nature of service, the location and other required criteria, and trains volunteers at times deemed necessary. The organization encourages employees to commit in volunteer service through the following means:

Volunteer Participation Mechanism

<p><b>Leave</b></p> <p>Volunteers who participate in charity events outside office hours may receive one day of "Volunteer Leave" for every six hours of volunteer service performed. Each employee may apply for up to 5 days of volunteer leave per year</p>	<p><b>Training</b></p> <p>The Company organizes full-day volunteer training on a yearly basis, during which charity organizations are invited to share and arrange training sessions such as orientation for the visually impaired and aging experience. These training sessions enable volunteers to feel and understand the needs of the assisted subjects on a more personal level</p>
<p><b>One-day volunteer</b></p> <p>Taishin Charity Foundation organizes charity sales, workshops and volunteer activities from time to time, and invites employees through the Intranet to participate in one-day volunteer events. The foundation also encourages Taishin employees to sponsor and visit small and medium-sized charity organizations personally, whereas employees have mobilized among them to attract more people into performing volunteer service</p>	
<p><b>Commendation</b></p> <p>Taishin commends active volunteers during quarterly morning conferences, and invites participants to share their thoughts. The organization also holds Volunteer of The Year to recognize top-performing volunteers on a yearly basis. Winners are treated to banquets to receive gratitude personally from the Chairman</p>	<p><b>Reward</b></p> <p>Volunteers are treated from time to time to various events such as film screening, art/culture appreciation, VIP night, and meal gathering as commendations for their selfless acts.</p>

We successfully increased volunteering contributions in 2019:



The organization has employees with finance, taxation, investment and photography expertise available to support volunteer activities and serve as instructors or assistants in training workshops and children's finance camps. Taishin encourages internal departments to sponsor charity organizations on a long-term basis. Through charity organization visits, employees are able to learn more about the organizations they sponsor and donate supplies or organize charity sale to raise funds specifically to the needs of individual organizations.

Taishin founded a Stress Relief Workshop and hired visually impaired masseurs and masseuses. Employees only need to donate TWD 25 to enjoy a 15-minute massage session, and this donation is entirely handed over to Taishin Charity Foundation to support small and medium-sized charity organizations. Meanwhile, employees have responded actively to the charity sales organized by Taishin Charity Foundation at Taishin Tower and Neihu Building or voluntarily organized group purchases on their own to help charity organizations. A total of 10 group purchases were made in 2019 to purchase TWD 1,397,501 in goods.

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Case Sharing

**Volunteer Service**

Corporate volunteers from Taishin Bank (Taichung, Changhua, Wenxin, and Miquan Branch) and their relatives volunteered one day at the "Angel Ecological Park" of the "Nantou Trouble Angels Association" in June, 2019 to help sow organic vegetables and assist the project. The association participated in the 9th pitching event of the Taishin Charity Foundation and received a TWD 500,000 public welfare subsidy to purchase a van to transport its organic vegetables to the town for sale.

**Corporate Volunteering Trip**

Volunteer activities combined with employee trips are an unique feature of Taishin culture. During an employee trip in June, the Finance and Financial Market Group had 120 company volunteers and several relatives visited the "Taoyuan Shengai Education and Nursing Institute" to help with a floorball tournament and birthday party. Chairman Thomas Wu personally attended the celebration with the residents. "O Canada Inc." donated 20 boxes of oatrice for the grand occasion, supplementing the students with protein and dietary fiber. After receiving five public welfare subsidies, the institution was promoted to "Social Welfare Angels Group" to stimulate them to pass on their institution's experience and assist other social welfare groups in the future.

**Volunteer Training**

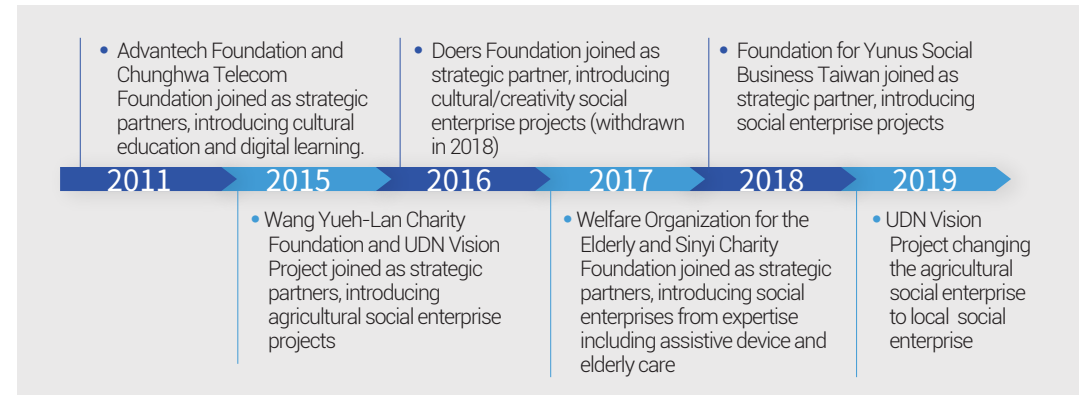
A Volunteer Training Camp was held in the Yuan Hall on the 2nd floor of the Taishin Tower in July. This event was jointly planned and executed by the Taishin Charity Foundation and the Human Resources Division. In addition to arranging volunteering activities and ticket sales skills, social welfare groups (such as HarmonyHome) also shared their experience in management, they also gave a simple sign language course (Chinese National Association of the Deaf R.O.C.). The 60 attendees on the day included 39 employees and 21 dependents (11 kid volunteers). The event was warm and fun for everyone.



Suppliers/Community

Taishin Charity Foundation has long been executing its "Power of Love" and inviting suppliers, businesses, concerned non-profit organizations and experts into joining strategic partnership or the Angel Group. With increasing support from suppliers and the community, Taishin is able to expand the influence and beneficiaries of its charity efforts.

Ongoing support and participation from the public have enabled Taishin to have 5 beneficiary aspects, covering 10 beneficiary groups, and contribute not only in the form of charity, but through other aspects including cultural education, digital learning, social enterprise and elder-friendly community as well. Apart from elders, children, persons with disability and the socially disadvantaged, Taishin's influence now reaches additional beneficiaries including educators, residents in remote locations, local social enterprises, rehabilitation social enterprises, charity social enterprises, and elder-friendly communities.



Through the use of a charity cloud platform, Taishin sources contribution from suppliers and the community, and enables businesses to make more efficient use of exiting resources. In 2019, the matching of supplies benefited 315 charity organizations. In addition to matching resources, Taishin Charity Foundation has also made multiple attempts to connect suppliers and community residents with charity organizations for meaningful interactions. "Charity Art," for example, is a program that invites charity organizations to participate in art activities sponsored Taishin Bank or Angel Groups, whereas during the "Leaders Summit," representatives from non-profit organizations were invited to share their own experiences while students from School of Continuing Education, Chinese Culture University, were invited to assist charity organizations with packaging design and integrated marketing. Also, Taishin Charity Foundation collaborated with the Department of Communications Design, Shih Chien University to create a visual design for the 10th event, and with the Yunus Social Business Center of Central University to create a report on the social impact of industry-university collaboration.

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Case Sharing

**■ Mitake**

During the voting period of the "Power of Love" campaign, Mitake offered complimentary SMS services that enabled the event to progress as planned.

**■ Nantou County Youth Karate Team**

Nantou County Youth Karate Team joined the Angel Group of Taishin Charity Foundation, and was led personally by coach Tai-Chi Huang to visit charity organizations in Nantou during summer breaks, where they spread Taishin's "Power of Love." In 2019, the team visited a charity organization in Changhua, where they gave back to the society and contributed to the cycle of decency.

**■ Timing International Co., Ltd.**

We assisted with the management of the "Minority Project," where well-known experts served as public welfare lecturers to teach charity organizations presentation skills and communication skills, to make those groups stronger and more effective.



Customers

Driven by the motivation to "give back to the society," Taishin Bank plans and executes charity efforts on a long-term basis, and actively creates opportunities for customers to participate in the good cause. Through innovative use of campaigns, platforms and products, the Bank aims to make charity participation simple for the customers. For example, customers can turn reward points into actual donations using the Internet, or join the pact to raise food and medical resources for stray animals through facial recognition. Simply by converting into mobile statement, customers can help disadvantaged families raise money to install LED lighting equipment, and the campaign was awarded in "Buying Power--New Product and Service of Social Innovation Purchase Reward Program" by the Small and Medium Enterprise Administration, Ministry of Economic Affairs for 2 consecutive years. By applying creativity, Taishin involves its customers in more efficient exchange of resources and maximizes positive influences.



Case Sharing

**■ Wealth Management Customers**

**【Charity Golf Tournaments】**

Since 2011, Taishin has been hosting charity golf tournaments and inviting customers and renowned local and foreign golfers to contribute to good cause as they tee off. Nearly TWD 2 million of donations were raised during the 2019 tournament, and entirely donated to Taishin Charity Foundation. For more details, please refer to page 123.

**■ Digital Bank Customers**

**【Stray Dog Sponsorship Program】**

Richart launched the Stray Dog Sponsorship program in 2016. The successive themes of "Support," "Rescue," and "Stray Animal Smile Pact" guided society and customers toward more understanding and attention for the issue of stray animals. At the end of 2019, Richart launched its fourth edition, with the theme of "Education." Cats' and dogs' behavior is not an excuse for abandonment. The event website offered a 360-degree reality game, where players could learn about decoding the habits and behaviors of dogs and cats, correct feeding and care. People could also sign up to sponsor related foundations to collect the food and other necessary materials. Many customers have left messages on the foundation's social media to express their approval of Richart's public welfare activities, and some netizens even expressed their support for each event over the past four years. Richart sets different activity themes every year, and has exposed 1.2 million people to the stray animals issue and raised awareness of the need to care for those animals in different ways. After four years of hard work, a virtuous cycle of attention, support, and nurturing related foundations is happening and likely to continue.

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Case Sharing

**Credit Card Holders**    **【Credit Card Donations】**

In recent years, Taishin Bank has actively supported social welfare organizations and foundations to promote the "Credit Card Charity Donation Campaign" in an effort to evoke third-parties' fundraising-investments. Holding these projects for social welfare groups and foundations not only help credit card holders identify the purpose of charity but provide the opportunities for those disadvantaged groups to be financial supported. More collaboration with third parties enables more groups to be vitally concerned in public. In 2019, these Taishin Credit Cards raised an approximately TWD 120,000,000 from 100,000 donations every month, total TWD 1.5 billion was donated. Taishin Bank's sustain supports play a significant role for spreading love and miracles.

**Credit Card Holders**    **【Reward Points for Donation】**

Taishin Bank's credit card reward website has been associated with PayEasy to provide exclusive redemption service. In addition to the broad variety of products, Taishin cardholders may also choose to redeem reward points for donation. For every 1,000 points redeemed, Taishin Bank donates TWD60 to partnered charity organizations. The platform currently has 39 partnered charity organizations and receives nearly 1,000 requests to convert approximately 1 million reward points into donation per month. A total of TWD 673,800 was donated in 2019.



Reward Points for Donation

**Credit Card Holders**    **【Cotton Field Co-branded Card】**

In June 2018, Taishin Bank collaborated with Cotton Field Organic on the issuance of Cotton Field Co-branded Card, and used it as a means to support organic farming in Taiwan. For every purchase made by Cotton Field Co-branded Card holder at Cotton Field Organic, Taishin contributes a fixed percentage of the transaction to a designated foundation, where the money is used to subsidize organic farmers for various purposes including organic certification and transformation. By increasing the size of organic farmers, Taishin hopes to improve the quality of food produced in Taiwan. The Bank had contributed nearly TWD 500,000 to the foundation in 2019. We continue to invite cardholders who recognize the importance of environmental protection and public welfare to join. The total amount of small virtual change donated in 2020 is expected to reach TWD 2 million.

**Credit Card Holders**    **【LED Lighting Equipment Donation】**

To promote the use of digital bank statements, Taishin has taken an unique approach that involves the Bank, credit card customers and financially disadvantaged families at the same time, unlike the unilateral donation commonly adopted by other financial institutions. In 2018, the Bank collaborated with Taiwan's first Type B enterprise - "DOMI Earth" to help one family in energy poverty upgrade to energy-saving lighting equipment for every 1,000 credit card holders who convert from printed credit card statements into digital bank statements. By the end of 2019, approximately 670,000 cardholders have responded enthusiastically to help hundreds of vulnerable families install energy-saving light bulbs. To date, the subscription rate of Taishin Bank's e-invoices has more than doubled (from 21% to 50%), which makes us a leader among peers in the Taiwanese market. We transfer the saved resources from solving the pain points of our enterprise (reducing paper, printing, postage) to energy-poor households (converting to energy-saving lamps for long-term energy savings). This innovative and effective project achieves the benefits of reducing energy use, CO2 emission and social inequality all at once!

This innovative platform won Taishin Bank the Grand Award and the Special Award in the 2018 "Buying Power--New Product and Service of Social Innovation Purchase Reward Program" organized by the Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the second awards in 2019. Besides, we also won Social Inclusion Awards of TAISE(Taiwan Institute for Sustainable Energy). Simply by converting into digital bank statements, cardholders are able to contribute to the environment and charity at the same time, and Taishin invites all cardholders to participate in creating the cycle of positivity.





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**【Highlight Project - My One Acre of Farm】**  
 【Power of Love and Extension Programs】

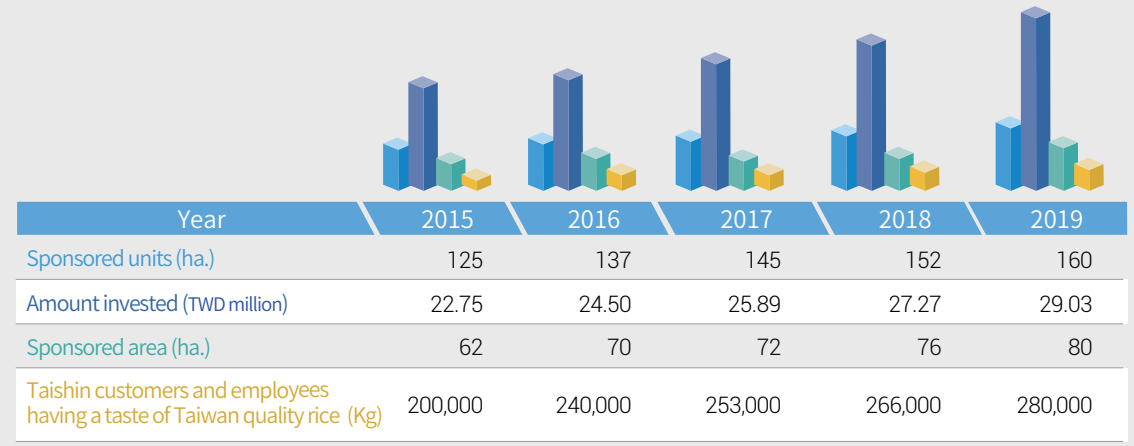


Social problems to be addressed	Our role and practices	Impacts to Taishin and the society
The 921 Earthquake severely damaged the local economy and agriculture, and presented challenges to residents' lives	By utilizing influences of the corporate brand and e-commerce resources, Taishin aims to promote distinctive features of the products produced by victimized farmers in Nantou, and in doing so support economic recovery in remote locations.	<ul style="list-style-type: none"> <li>Young people's involvement in farming: Attracting next-generation farmers through creation of job opportunities, product branding and online marketing</li> <li>Promotion of the branding concept among rice farmers: Introduction of a new production and sales platform will bring more stable income and help rice farmers appreciate the influence that branding, the Internet and marketing may have on a product</li> <li>Expanded corporate sponsorship for rice farmers: Since the launch of corporate sponsorship platform, Taishin has attracted more than 350 businesses (no double-counting) into sponsoring 35 rice farmers across 8 counties/cities to date. The sponsorship program exceeded TWD 150 million in contributions, attracted more than 1,300 employees into visiting rice farms, and resulted in the delivery of over 500,000 cartons of goods.</li> </ul>

Highlights (from 2002 to date)



In 2002, Taishin introduced the Caring Taiwan campaign, which originated from its intent to help rebuild homes that were lost during the 921 Earthquake. This initiative has since been expanded into other parts of society. The Caring Taiwan campaign later extended its attention to farming, which resulted in the introduction of "My One Acre of Farm," a corporate sponsorship platform, in 2008 that aimed to promote the sustainability of rice farming in Taiwan and ensure supply of 100% locally grown rice. A household version of this platform was launched on a later date, and together, they introduced the concept of contract farming and gave rise to a new production/sales arrangement that not only increases income for rice farmers, but also ensures sustainable supply of top-quality, locally grown rice.





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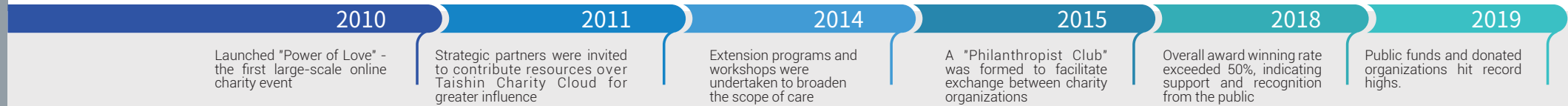
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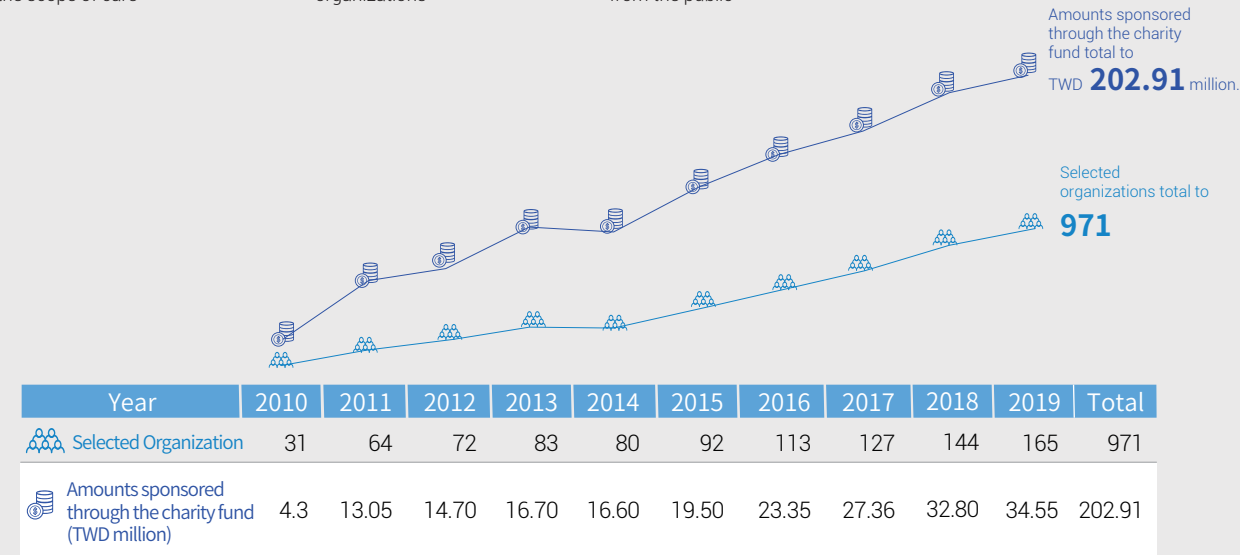
【Highlight Project - My One Acre of Farm】  
• 【Power of Love and Extension Programs】

Social problems to be addressed	Our role and practices	Impacts to Taishin and the society
Charity organizations in Taiwan have grown in two different extremes where small and medium-sized charity organizations lack the funding, resources and awareness to promote their presence or raise resources.	Through the use of charity funds, volunteers, promotion and training courses, Taishin takes systematic steps to improve the management, marketing capacity and visibility of the charity organizations in need. Taishin has also mobilized business partners to form a Philanthropist Alliance and established an online platform called "Taishin Charity Cloud" that specializes in matching resource providers with those in need, and thereby enable efficient exchange of resources. (Please refer to p.X - Fellow Support)	<ul style="list-style-type: none"> <li>Mobilizing businesses into online charity: The program attracted participation from a total of 103 businesses in 2018 (strategic partners: 8; Philanthropist Alliance: 95). Taishin also exerted influence to encourage business owners in making charity contributions using Internet technology, such as: "Dream Chaser" by Amway Hope Marker Charity Foundation, "Dream Wheel" by Shin Kong Life Foundation, "Spread Conscience Award" by Aurora Yung-tai Chen Public Trust, "Community Home" by Sinyi Realty Public Housing Action Plan, "Charity Concert" by Wan Hai Charity Foundation, and "Power of Real Food" by Carrefour Cultural and Educational Foundation</li> <li>Helping charity organizations attract corporate donations: Taishin uses various platforms and training courses to help charity organizations raise resources from the public. A total of 759 charity organizations had benefited (through charity funds, course participation, donation etc) from the program in 2019.</li> </ul>

Highlights (from 2010 to date)



"Power of Love" is Taiwan's first large-scale online charity program organized by Taishin Charity Foundation. The program incorporates innovative thinking and modern technology for charity purpose, and has been available since 2010. The program invites non-profit organizations to submit charity proposals onto a website, where the public may vote to decide how Taishin Charity Foundation should allocate its donations. It uses a combination of Facebook account and mobile number for identification, and thereby ensures fairness of the voting process. The winning organizations are required to submit project execution reports onto the event website for public scrutiny, while organizations that fail to win the vote are still invited to participate in workshops and resource matching services. Through this annual event, small and medium sized charity organizations are able to receive real support from charity funds; furthermore, the process of explaining and promoting proposals to the public helps each organization raise public awareness and develop the ability to convince contributors of their cause, and ultimately builds healthy relationship with the society. Taishin constantly expands its attention to cover broader issues and wider range of people. Taishin has been expanding the scope and beneficiaries of its charity focus in recent years, and invited many strategic partners to join its cause in light of the uprise of social enterprises. By 2019, Taishin had supported 3 categories of "social enterprise," namely: local, charity and rehabilitation.



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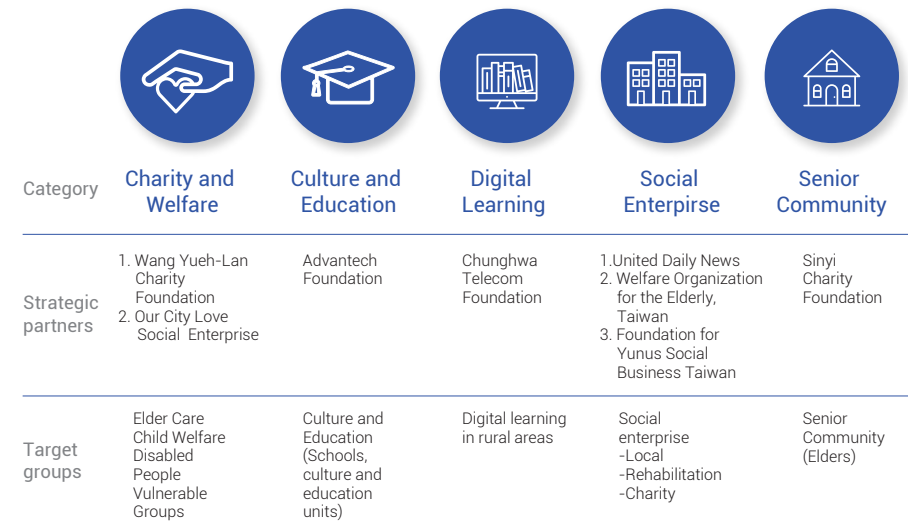
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5 Categories and 10 Targets



Apart from funding the winning organizations, Taishin also provides active assistance for other charity organizations to grow influence on their own. A series of programs have been launched as extensions of the "Power of Love" with the support of public resources. Furthermore, an Innovative Service Award, funded by OurCityLove Social Enterprise, was introduced to organizations that exhibit distinctive innovations in their proposals.

This campaign emphasizes on "applying innovative thinking and technology in charity," and assisting charity organizations with up-to-date marketing information. In addition to hosting training workshops, Taishin also organized 6 courses nationwide to help small-size charity organizations in remote locations in 2019.

Project	Beneficiaries	Event Details	Results in 2019
Group purchase of festive charity gift boxes	Sheltered workshops, small and medium charity organizations	Since 2013, the Bank has been inviting other subsidiaries of Taishin Holdings into making group purchases of charity gift boxes during Dragon Boat Festival and Mid-autumn Festival, and giving them to Taishin Bank's customers and business partners.	<ul style="list-style-type: none"> <li>Gift boxes were purchased from 14 charity organizations</li> <li>Total amount: TWD 978,896</li> </ul>
Charity Art	Small and medium-sized charity organizations	The "Charity Art" program was first introduced in 2014 as a means to associate art with charity efforts.	<ul style="list-style-type: none"> <li>7 sessions were held</li> <li>31 participating charity organizations</li> </ul>
Power of Love Workshop	Small and medium-sized charity organization	Taishin has been inviting professionals and businesses from different areas of expertise since 2015 to share their knowledge and help social workers develop professional capacity. Events such as films and presentations which help them know more about marketing.	<ul style="list-style-type: none"> <li>5 workshops were held</li> <li>More than 375 participants from 294 organizations.</li> </ul>
Minority Project	Small and medium-sized charity organizations	Since 2015, Taishin Bank has been touring around the island and visiting remote townships to deliver training courses for small and medium charity organizations that did not win funding. In 2019, coorganized "Digital Influence of NPOs" workshops with Taiwan NPO Information Platform and help them be seen by the public.	<ul style="list-style-type: none"> <li>6 sessions of "Digital Influence of NPOs" were held</li> <li>More than 150 charity organizations had benefited from the workshop</li> </ul>
Campus Charity	Social enterprises and small and medium-sized charity organizations	Taishin has been actively bringing charity programs onto campus since 2015. In 2019, the Bank continued its collaboration with the Department of Advertising, Chinese Culture University School of Continuing Education, to help charity organizations consolidate marketing resources and raise brand credibility. Also, we collaborate with the Department of Communications Design, Shih Chien University to create a key visual design for the 10th event, and with the Yunus Social Business Center of Central University to create a report on the social impact of industry-university collaboration. Furthermore, we coordinate with Kang Chiao International School to mobilize a greater number of young people into charity activities.	<ul style="list-style-type: none"> <li>2 charity organizations had benefited</li> </ul>



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【Taishin Arts Award & Arts/Culture Promotion Platform】  
【Arts and Culture Sponsorships】



Highlights (from 2002 to date)

**Social problems to be addressed**

- Taiwanese contemporary art creators need domestic creative resources and international channels to be seen and heard.
- Contemporary art forms are manifold and not easily understood by the general public due to a lack of critical awareness and knowledge of historical context. Here, art education can help.

**Our role and practices**

- Taishin supports and encourages Taiwanese artists, and promotes artworks on an international scale to enable knowledge exchange.
- As a bridge for the promotion of contemporary art, we introduce and promote outstanding works through awards, websites, and artistic and cultural events, and we encourage our employees to seek out and explore contemporary art.

**Impacts to Taishin and the society**

- Nurture of contemporary art talents: ARTalks, an art critic website, was introduced in 2013 as part of the 18-year running Taishin Arts Award. The purpose of ARTalks was to help contemporary artists increase visibility and exhibit on a global scale.
- In 2019, we sponsored 3 overseas performances of contemporary art groups, 3 domestic performances, and provided emergency assistance to an arts and cultural group
- Raising art appreciation among the general public: Taishin organizes regular concerts and art exhibitions and invites the community to participate on an ongoing basis. Over the last 13 years, Taishin has hosted 333 concerts and 68 art exhibitions in total.

2002	2006	2013	2017	2019
Hosting of "Taishin Arts Award" - one of the most prominent awards for contemporary art creation in Taiwan	Taishin Art Club hosts contemporary art exhibitions (about 5 sessions a year) and Friday Noon Concerts (23-25 sessions a year) at Taishin Tower	Launch ARTalks - a platform for exchange of art/cultural information	Taishin Financial Holdings won Arts and Business Awards - "Corporate Culture Award" from the Ministry of Culture, Executive Yuan, for the 8th time, and organized "TS Music Festival in the Circle" event.	Held the face-to-face event, "Rolling Four Nights - Encounters with Artists," for the 1st time.



Long-time support for content creation - hosting of "Taishin Arts Award" for 18 consecutive years

Taishin established "Taishin Bank Foundation for Arts and Culture" in 2001 as a way to support "contemporary art development in Taiwan." "Taishin Arts Award" was later organized to encourage and support the growth of visual art, performance art, and other forms of art. The award adopts an active nomination system where 9 "Nominators" are assigned to view new productions or art exhibitions in Taiwan per year, from which they write more than 100 critiques a year and announce a list of nominees with supporting reasons on a quarterly basis. From the 100+ productions/exhibitions nominated in 2019, the jury conducted a series of review and selection before concluding winners for the three main prizes totaling TWD 3.5 million.

Over the last 18 years, Taishin Arts Award has commended 58 winners and paid more than TWD46 million in prizes. In addition to offering prizes, the foundation has also been active in promoting artworks nominated for the award. ARTalks, the critics platform founded in 2013, has accumulated more than 2.1 million visits to date, whereas the 14-year running Arts Award Exhibition accumulated a total audience of 300,000. The Arts Award Exhibition became an online event during its 15 year, and the event webpage accumulated nearly 12,000 visits for 3 consecutive years.

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Through rigorous and precise observation, a nomination system, art appreciation website ARTalks, and forums and traveling exhibitions, the final selection of the Arts Award at a forum, and an Arts Award, the total cumulative amount of prizes and extension activities has exceeded TWD 230 million. For the first time in 2019, the "Rolling Four Nights - Encounters with Artists" event was held over four consecutive nights, where 16 groups of shortlisted artists talked with the nominated observers. Through discussion of their works and Q & A, the audience had the opportunity to communicate with the artists and nominated observers for close encounters and dialogue. In addition, we collaborated with the "Topic Factory" to attract audiences from different fields, and more active members of the Foundation participated in the Taishin Arts Award event!

The Foundation has held the "Taishin Arts Award" for 18 consecutive years. The "Enterprises Start the Contemporary Art Awards in Taiwan" In 2019, it won the "Social Inclusion Award" at the "2019 Taiwan Corporate Sustainability Awards" organized by TAISE(Taiwan Institute for Sustainable Energy). After so many years, the "Taiwan Arts Award" have become a benchmark award for Taiwan's contemporary art. This important award not only affirms Taiwan's creative achievements, but also builds a platform that connects Taiwan's contemporary artists with international dialogue.

**Taishin Arts Award "Rolling Four Nights - Encounters with Artists"**

Taishin Arts Award is worthy of recognition for being a multifaceted interface between art and society. The Taishin Awards organization is no longer just an award bestowing entity, but has become an advocate and promoter of the arts. Indisputably, Taishin Arts Award shortlist of nominees has come to represent a certain artistic level and support. The artists' creations result in exhibitions that need to be promoted.

Theater researcher and theater consultant Ms. Chen Sejun (Second scene: distance between us and Taishin (2) On-site distance | Nominee discussion symposium and speakers)



**Taishin Arts Award**

"Taishin Arts Award" was introduced back in 2002 as a means to encourage visual, performance and various types of artistic creation in Taiwan, and has since become one of the most prominent awards for contemporary art creation in Taiwan. The 2019 event offered a total prize of TWD 3.5 million over three categories, namely: "Annual Grand Prize," "Performing Arts Award" and "Visual Arts Award."

Taishin Arts Award continued the "Nominee Subsidy Program" that it has introduced since 2017 and invited nominated artists/teams to apply for the subsidy for their creations. So far, the program paid TWD 3.5 million in subsidies to finance 35 nominated artists in various activities such as tour performance of existing works, creation of new works, music/video publication, field collection etc.

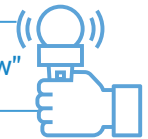


17th Taishin Arts Award



Year	2017	2018	2019
Number of cumulative winners	52	55	58
Number of nominated creations	19	16	15
Website visits	57,267	31,860	37,722
Number of nominee subsidy	13	11	11

**Interview with Taishin Art Awards in "Performing Arts Review"**



"Dialogue" is undoubtedly the key word to understand this year's winning works. The creators endeavor to discuss history, the future, space, and the viewer. In this contemporary atmosphere which seems to be governed by fear and harassment between people and people, and regions and regions, these creators try to break this world view. Their models of creative thinking respect dissidents, understand gaps, and set store with the "immediacy" of real-time interconnection of many separate fields. Finalist Joseph Mitchell pointed out that the three winning entries "presented contemporary profiles and artistic models, not only for Taiwan, but for the world."



Performing Arts Review Reporter Chang, Hui-Hui

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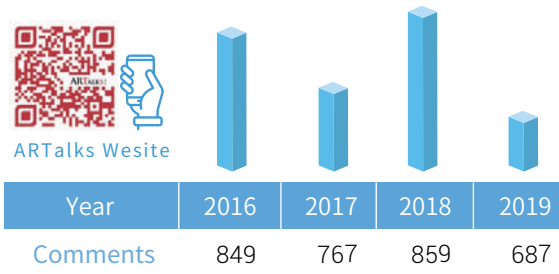
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ARTalks Website

ARTalks first came online in 2013. The website gives the public access to details of the annual selection process of the Taishin Arts Award, along with comments and over a hundred reviews from nine nominators, exhibition and performance information as well as insights and perspectives from experts and other online users. Meanwhile, users are also free to raise discussions, post replies and make recommendations. By the end of 2019, the website had accumulated more than 2.1 million visits. A new "Art and Mind" section was created. A new "Column of Arts, Body and Soul" section was created on the website during the year, featuring fun Q&As and artists' articles, the section was introduced to engage a much wider audience, extending artistic discussions from elites to the general public!



Column of Arts, Body and Soul



Is an artist a professional identity? Is artistic creation a job?



Art is sometimes a form of dedicating oneself. "Sacrifice" is Georges's research theme. Georges Bataille believes that the essence of religion is very close to sacrifice, and that artistic creation being close to religious belief actually has the meaning of sacrifice. This does not improve the behavior of artistic creation, but helps to fundamentally understand creation. In other words, artistic creation sometimes generates works under conditions of "exhaustion." Art works produced in a disproportionate manner sometimes lead to a completely opposite situation. In other words, this is indeed different from the value production model in the general modern world.

Kao, Chun-Hung (Artist, Winner of the 12th Taishin Arts Award)

Support local artists (groups) to perform at home and abroad and also offer emergency funding

Besides the Taishin Arts Award, the Foundation also funds performances of the finalists and winning teams at home and abroad. In 2019, the foundation sponsored artists include: "The Painting of 18 Lohans" by the Guoguang Opera Company performed at the Shanghai Grand Theater 2019, an European tour for "Behalf" by HORSE Theater, "LUNA" by the Bulareyaung Dance Company performed at the Toronto International Dance Festival, "Le Moulin Poetry Society and Its Time: a cross-boundary exhibition" by artist Huang, Ya-li at the National Taiwan Museum of Fine Arts(2019), "Zhuwen Elopes with the Ghost" at Gang-a-tsui Theater, and Tsui Kuang-Yu was invited to the [AWKWARD] joint exhibition in Amsterdam (2020).

U-Theatre, Taiwan's foremost theater group and the first recipient of a Taishin Arts Award, suffered a fire at its Laoquan Mountain location in Muzha, Taipei. Fortunately, there were no casualties, but the wooden theater and rehearsal studios of 30 years were all reduced to ashes. More than 200 musical instruments and props of the troupe were also burned. The Foundation immediately reacted with a TWD 500,000 emergency donation to the group. Now that the theater company has begun reconstruction work, it will build a "mountaintop theater" where people and nature coexist in harmony on the Laoquan Mountain, with the "natural ecology" and "environmental interaction" key pillar of the design concept.

Arts and culture promotion platform

In addition to the Arts Award, the foundation also holds art exhibitions on the first floor lobby of Taishin Tower on a regular basis. By incorporating artists' imagination, Taishin redecorates the reception space and provides visitors with a refreshing experience on every visit. The multifunction ballroom - "Yuan" located on the second floor hosts Friday Noon Concerts on a bi-weekly basis, during which the Foundation invites talented musicians to perform against the green backdrop and to the relief of the city's tension. The concert has been favorably praised since it first began. Apart from concert performance, the foundation organizes regular art and culture courses for employees, as well as complimentary art seminars and film screenings to the general public from time to time. Progressively, we bring contemporary arts closer to community residents and office workers.



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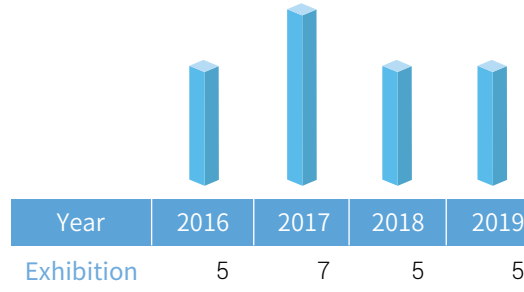
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Taishin Tower Lobby Exhibition

The first floor lobby of Taishin Tower has been used regularly as an exhibition space for contemporary art since 2006. By the end of 2019, a total of 68 exhibitions had been held, each lasting for nearly two months. The series of exhibition has made Taishin the most friendly place for arts appreciation among customers, community residents, and employees.



Friday Noon Concerts

"Friday Noon Concert" first began in 2006. It features performances of locally and globally renowned musicians, and is intended to relieve the stressful lifestyles of local residents through music. Friday Noon Concert averages 23-24 performances per year, and for 13 years, the event has accumulated 333 performances in total and built up loyal audience who visit regularly from all over the Greater Taipei Area. More than 6,000 participants each year.

This activity has built a large and loyal following. In a questionnaire survey, more than 90% of the audience strongly agreed with the statement that the noon concerts bring spiritual pleasure and at the same time exposes more Taiwanese to outstanding musicians and their works. In addition, 94% of the audience strongly agreed with the statement that the arts and cultural activities organized by the Foundation, including the Taishin Arts Award, Friday Noon Concerts, and Taishin Financial Exhibition on the first floor help enhance the audience's brand recognition!

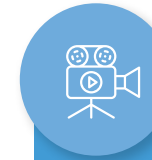
Thanks to the Foundation to support and delivery arts, music and culture!

Thanks to the Foundation for setting up this stage, cultivating musicians, and letting those who like music have a good lunch.

Thanks to Tashin for supporting Taiwan's cultural activities and taking Taiwan out!

- Feedbacks from the participants from Friday Noon Concerts

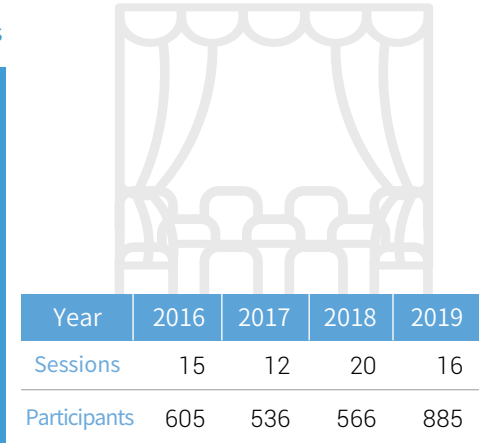
Year	2016	2017	2018	2019
Concerts	24	25	25	24
Participants	6,735	6,810	6,875	6,048



Employee Arts Courses

"Employee arts courses" have been introduced with themes ranging from arts appreciation, theatrical performance, parental activities, to film appreciations. A total of 16 arts courses were organized in 2019 to a total participant count of 885. These arts courses help Taishin employees develop cultural literacy, whereas exposure to contemporary arts and aesthetics also inspires creative thinking.

For the first time in 2019, in Taishin's offices on Dehui Street, the HORSE Theatre was invited to hold two performances of "FreeSteps-NiNi" for employees, using a special transparent domed space to create special theater effects and an unforgettable dance performance for the employees.



Employee's Feedback

This is the first time for me to join an event like this since I entered the company. Nice. I used to go by myself. I just came to check it out. Seeing the excitement, I also came to look young and cultured, but I honestly don't get it. This time, a detailed commentary was given during the performance, which added a lot of benefit. I will join more of these activities in the future ... I am very happy to have this opportunity to enrich my life.

--- Manager Chiu, Huan-Yao (Business Promotion Group of the Futures Business Department of the Brokerage Office/Participated in the 2018 Taipei Biennale "Post - Nature" of the Taipei Fine Art Museum)

This time the venue was selected very well. Combined with the lights and shadows, the dancers were reflected in different angles of the surrounding mirrors. It was shockingly beautiful. Viewed from above, the shadow of the dancers projected onto the stage, and each movement of the limbs also created moving ripples in the heart.

--- Manager Wang, Pin-Ching (Corporate Finance Product Marketing Office) attended the performance of "FreeSteps-NiNi" at No. 9 Dehui Street)



【Taishin Arts Award & Arts/Culture Promotion Platform】  
 【Arts and Culture Sponsorship】



**Social problems to be addressed**

To help expand the public's art vision and make art more accessible to people in life, and thereby enrich people's minds and lifestyle.

**Our role and practices**

To sponsor diverse, global, classic and quality art/cultural performances and exhibitions locally, and invite the local audience to the appreciation of classic artworks from around the world.

**Impacts to Taishin and the society**

- Promotion for art and culture appreciation: Taishin has been associating arts with charity by inviting socially disadvantaged people to enjoy art performances, and thereby inspire strength among the less fortunate. 2,500 disadvantaged people have benefited as a result
- Expansion of artistic vision: Taishin has been sponsoring world-class art and cultural performances in Taiwan since 2006, and spent more than TWD 231 million and attracted an audience size of 5.72 million to date.

Highlights (from 2006 to date)

<b>2006</b> <ul style="list-style-type: none"> <li>• The Phantom of the Opera</li> <li>• The Artistic Spark - A Spanish Musical Adventure</li> </ul>	<b>2007</b> <ul style="list-style-type: none"> <li>• Treasures of the World's Cultures : The British Museum after 250 Years</li> <li>• Terracotta Army of Qin Shihuangdi</li> <li>• Le Petit Prince</li> </ul>	<b>2008</b> <ul style="list-style-type: none"> <li>• The Lion King</li> </ul>	<b>2009</b> <ul style="list-style-type: none"> <li>• The Moving Forbidden City</li> </ul>	<b>2010</b> <ul style="list-style-type: none"> <li>• Discover the Jurassic Period</li> <li>• Taiwan International Festival</li> <li>• Manet to Picasso: Masterpieces from the Philadelphia Museum of Art</li> </ul>	<b>2011</b> <ul style="list-style-type: none"> <li>• Celebration by Marc Chagall</li> <li>• Pablo Picasso Exhibition</li> <li>• Berlin Philharmonic Opening Concert</li> </ul>	<b>2012</b> <ul style="list-style-type: none"> <li>• Mariinsky Ballet and Orchestra of the Mariinsky Theatre - The Nutcracker</li> <li>• Transformers Taiwan EXPO</li> </ul>
<b>2019</b> <ul style="list-style-type: none"> <li>• Mariinsky Theatre Ballet and Symphony-Swan Lake</li> <li>• Sun Rain: Contemporary Art in Southeast Asia since the 1980s</li> </ul>	<b>2018</b> <ul style="list-style-type: none"> <li>• Berliner Philharmoniker &amp; Gustavo Dudamel</li> <li>• Treasures Of The Natural World</li> <li>• Nude: Masterpieces From Tate</li> </ul>	<b>2017</b> <ul style="list-style-type: none"> <li>• Beethoven Series I &amp; II Emperor &amp; Pastoral</li> <li>• Royal Philharmonic Orchestra</li> </ul>	<b>2016</b> <ul style="list-style-type: none"> <li>• Taishin Feast of the Classics</li> <li>• Berliner Philharmoniker</li> <li>• PIXAR 30th anniversary exhibition</li> </ul>	<b>2015</b> <ul style="list-style-type: none"> <li>• Kusama Yayoi-A Dream I Dreamed exhibition</li> <li>• Jazz Night Chick Corea &amp; Herbie Hancock Premiere in Taiwan</li> </ul>	<b>2014</b> <ul style="list-style-type: none"> <li>• Taishin New York Philharmonic</li> <li>• TAIPEI BIENNIAL 2014</li> </ul>	<b>2013</b> <ul style="list-style-type: none"> <li>• La Belle et Bête 4D</li> <li>• Rody Land 30th anniversary exhibition</li> </ul>



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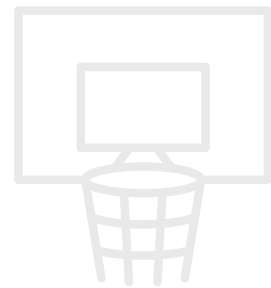
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**Social problems to be addressed**

- Training of Taiwanese athletes requires more resources
- Encouraging sport participation from women and children

**Our role and practices**

- Taishin sponsors athletes and encourages the public to support local sport talents
- Sponsorship for sport competitions and events

**Impacts to Taishin and the society**

- Supporting athletes' careers in global competition: By offering sponsorship and subsidizing costs, Taishin encourages local athletes to participate actively in international competitions
- Improving athletes' living condition: Taishin has been raising small-sum donations in the form of cash and invoice through the PayEasy platform, one of its affiliated enterprises, since 2005. These donations are being spent to improve living conditions of the Nantou Karate Team.
- Promoting sport and game participation among women and children: organized YBO Basketball Camp, where children learn teamwork through sports

Highlights (from 2005 to date)

<b>2005</b>	<b>2011</b>	<b>2013</b>	<b>2014</b>	<b>2017</b>	<b>2018-2019</b>
Sponsorship for the Nantou Youth Karate Team	Sponsorship for women's golf	Sponsorship for The Color Run	Sponsorship for TLPGA Tour	Sponsorship for Summer Universiade, HBL and Asia Professional Baseball Championship	Sponsorship for road running and e-sport competitions

Taishin has long devoted attention to sport development. The organization began sponsoring karate in 2005, women's golf in 2011, and further extended its reach to basketball and baseball in 2017, including the Summer Universiade held in Taipei. Taishin became the named sponsor of the largest women's running team and e-sport team in Taiwan for 2 consecutive years since 2018. Driven by the same strategy to inspire a cycle of positivity, Taishin has chosen to associate sports with its charity efforts as much as possible for a broader and deeper reach to its audience. The organization was certified for Taiwan iSports for the 2 consecutive years in 2016 and 2018 (each certification is valid for two years, and the next application opportunity will be in 2020).



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Karate

In the aftermath of the 921 Earthquake, Taishin introduced its "Caring Taiwan" campaign and invited customers to donate small sums/invoices through PayEasy, an online platform, as well as Taishin's sponsorship and scholarship. Between 2005 and the end of 2019, a cumulative sum more than TWD 93 millions was raised to fund Nantou County Youth Karate Team.



Female Golf

Taishin has been sponsoring female golfers since 2011; in 2017, Taishin was the sponsor of several prominent golfers including Yani Tseng, Pei-Ying Tsai, Pei-Yun Chien and Meng-Chu Chen. Taishin also expanded the scope of its charity golf tournament in 2017, during which many renowned figures were invited to compete and participate in the charity auction of their autographed clubs and clothes. A total of 8 charity golf tournaments have been organized from 2011 until today, and thanks to the participation of over 446 people, more than TWD 16.5 million in donation have been raised. From 2011 until now, Taishin has spent more than NT\$100 million in the sponsorship of golfers.



Basketball

Taishin made its first attempt to support basketball in 2017 by providing sponsorship for HBL games, the Song-Shan Senior High School team (the HBL champion), and the GDS Spotlight program. As a result, HBL games were able to maintain an annual viewership above one million and expand on a yearly basis. In the 2018 GDS Spotlight program, Taishin sponsored Song Shan Senior High School (the HBL champion team) and 9 potential basketball talents to undergo training in USA. By sponsoring skill development of the champion team, Taishin hopes to convey sportsmanship and promote good exercising habits. In 2018, Taishin participated in the support of Qualifiers for FIBA Basketball World Cup and continued sponsorship to the William Jones Cup, which now has 40 years of history in Taiwan. Nearly TWD 10 million have been contributed to the two tournaments to date, which attracted attention from an audience size of 100,000. We also sponsored the local basketball championships in 2019 in order to support community basketball.



Baseball

Since 2017, Taishin has supported baseball for the first time and sponsored the Asia Professional Baseball Championship, attracting a total of about 120,000 domestic and international fans. In 2018, we contributed to professional sports in Taiwan by sponsoring the Golden Gloves Award of CPBL. In 2019, we sponsored local high school baseball games and encouraged baseball sports to take root.



Road running

Taishin became a named sponsor for Taiwan's largest women's running since 2018, which attracted participation from more than 20,000 people. Meanwhile, Taishin volunteers were invited to accompany charity organizations to the sport events.



e-Sport

Taishin became a named sponsor for the professional e-sports team - Flash Wolves since 2018. By capturing the tension of e-sport games and persistence of the e-sports team, Taishin hopes to improve its brand image and give young people a chance to shine on the global stage.

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【Peking University Cross-Strait Academic Fund】  
【Industry-academia Collaboration】

Social problems to be addressed	Our role and practices	Impacts to Taishin and the society
Most cross-strait interactions place emphasis on the exchange of academic knowledge or offering of scholarship, and few involve research of financial practices	The academic fund supports exchange of financial practices not only on an academic level, but also involves discussion and sharing of experience by managers and employees of relevant business activities. We believe that practical experience is helpful to the financial knowledge discussed.	<ul style="list-style-type: none"> <li>Helping local students develop the competitiveness needed for future learning or employment.</li> </ul>

Highlights (from 2012 to date)



In 2012, Taishin Holdings signed a memorandum of understanding (MOU) with Peking University Guanghua School of Management for the establishment of "Peking University Cross-strait Academic Fund." Since then, the two institutions have engaged each other in yearly exchange of academic and practical knowledge. In September 2019, lecturers and students from Peking University were invited to engage their counterparts in Chengchi University in a discussion about "Application trends of AI in the financial industry." Under the intensive brainstorming and discussion between students, guidance from teachers of the two universities, and contribution of practical experience from Taishin management, a final report was produced for the researched topic. A total of 65 students/teachers from Peking University have visited Taiwan to date, which makes this program a constructive way of facilitating cross-strait interactions.







【Peking University Cross-Strait Academic Fund】  
 【Industry-academia Collaboration】



**Social problems to be addressed**

To train talents and improve corporate competitiveness. To reduce the gap between theory and practice, promote employment upon graduation, and enable smooth transition into the working life.

**Our role and practices**

To provide skill training, internship and scholarship opportunities, and help students accumulate the practical experiences needed to begin their careers.

**Impacts to Taishin and the society**

- Improvement of financial knowledge and qualities: Taishin hosts courses at National Sun Yat-sen University and National Taiwan University and assigns internal managers to lecture and share professional knowledge and experiences on relevant fields. Taishin has also been working with National Sun Yat-sen University to organize "Financial Innovation Masters Program" for the nurturing of postgraduate talents.
- Training of financial talents: Through industry-academia collaboration programs, Taishin offers internship and employment opportunities that students may take advantage to apply theory in practice.

Highlights (from 2011 to date)

2011	2012	2017
Industry-academia collaboration	Co-hosting "Financial Service Innovation" with National Taiwan University	Working with National Sun Yat-sen University on the launch of "Financial Innovation Masters Program."

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Industry-academia Collaboration

Since 2011, Taishin Holdings has been cooperating with multiple universities, technology institutions and vocational schools to offer students the opportunity to learn skills and gain practical experience outside school, so that they can make a better transition into their careers upon graduation. In 2019, a total of 443 students had gained internship experience and professional knowledge through this model, while 300 positions were created through industry-academia collaboration and internship programs. Given the uprise of financial technologies, Taishin has even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and Fintech development.

Taishin has been hosting courses on "Financial Service Innovation" since 2012, during which Taishin managers were invited to serve the role of facilitator. At the end of each course, senior managers were invited to guide students on how best to apply theories into practice.

Nurture Finance Talents

As part of its mission to contribute to society and nurture talents, Taishin offers scholarships to financially disadvantaged students at National Taiwan University and National Chengchi University. A sum of TWD 100,000 was provided in 2019 as scholarship. Starting from 2017, Taishin began working with National Sun Yat-sen University on the launch of "Financial Innovation Masters Program." Featuring a combination of classroom teaching and internship during winter/summer breaks, the program recruited 39 postgraduate students to the study that will prove relevant to the future innovations of the banking industry.



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# Stakeholder Engagement

Identification and Communication  
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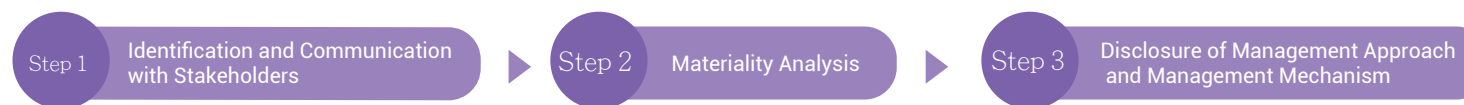
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To ensure that stakeholders' concerned topics are properly addressed and recognized as the foundation for future improvement, Taishin has adopted the 3 steps below to identify key stakeholders and analyze material topics in 2019, which then enables the Company to adjust its developing directions in response to such topics.



## Step 1 Identification and Communication with Stakeholders

Taishin adopts the stakeholder engagement approach recommended by AA1000SES:2015, and uses quantitative data of "dependency, responsibility, influence, diverse perspective and tension", which identified 7 types of stakeholders whom are significance to Taishin. We've evaluated each stakeholder's degree of influence on Taishin as weightage reference while prioritizing the topic rankings.

In order to learn the true voices of our stakeholders, Taishin has not only enabled multiple communication channels, but also engaged stakeholders through departments that worked closest with them. Through monitoring topics that concerned the stakeholders, the stakeholders' feedbacks served as important motives for internal growth.

Stakeholders	Significance to Taishin	Communication Channels	Main Concerned Topics	Corresponding Contents	Communication Results
 Customers	Builds productive relationship and earns trust; accomplishing success as customers' smart partner	<ul style="list-style-type: none"> <li>• Immediately : Customer service hotline/e-mail/fax,branch service opinion forms, VOC platform, website, and banking apps</li> <li>• Quarterly : Branch service telephone surveys</li> <li>• Annually : Customer satisfaction and loyalty surveys</li> <li>• Irregularly : email, message, App, ATM, events and seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Information and Transaction Security</li> <li>• Privacy Protection</li> <li>• Customer Relationship Management</li> </ul>	<ul style="list-style-type: none"> <li>• Plans to improve its digital forensics capacity over the next 3 years and construct an information security monitoring center</li> <li>• Implements "Management Regulations on Personal Information Misuse Incidents" and received no penalty from the authority for violation of personal information in 2019.</li> <li>• Engages a third-party institution to survey customers via phone and the Internet</li> </ul>	Customer satisfaction rate: 86.5%
 Employees	Having a stable and competitive work force is key to success in a highly competitive business; employees are also an important capital to the company	<ul style="list-style-type: none"> <li>• Immediately :Employee relation mailbox and phone, HR Representatives</li> <li>• Quarterly :Taishin Morning Meetings, labor-management meetings</li> <li>• Annually :Employee opinion surveys for certain divisions</li> <li>• Biennially : Employee opinion surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Business Performance</li> <li>• Remuneration, Benefits &amp; Employee Care</li> <li>• Labor-Management Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Pays out year-end bonuses based on company performance and individual performance as a means of profit-sharing.</li> <li>• Conducts market-wide salary surveys and reviews employees' compensation on a yearly basis. Taishin has been a composition of "Taiwan High Compensation 100 Index" for 6 consecutive years since 2014.</li> <li>• Established a diverse range of communication channels for employees.</li> </ul>	Engagement rate: 83%

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Stakeholders	Significance to Taishin	Communication Channels	Main Concerned Topics	Corresponding Contents	Communication Results
 Shareholders / Investors / Rating agencies / Analysts	Investors' / shareholders' trust and support provide the foundation for the business survival and growth, which Taishin returns with exceptional governance	<ul style="list-style-type: none"> <li>• Immediately: IR email/hotline, website</li> <li>• Monthly: Market Observation Post System</li> <li>• Quarterly: Investor seminars, Roadshow/IR Conference</li> <li>• Annually: Shareholders meeting</li> <li>• Irregularly : Physical mail and replies</li> </ul>	<ul style="list-style-type: none"> <li>• Business Integrity</li> <li>• Corporate Governance</li> <li>• Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Recorded a net after-tax profit of TWD 14.49 billion in 2019, an annual growth of 12%, after-tax earnings per share of TWD 1.19, a return on shareholders' equity of 9.54%, and a net share value of TWD 12.86 at the end of the year.</li> <li>• Allocates at least 50% of distributable earnings as dividend, and the amount of dividends distributed in the last 3 years shall be at least 80% of distributable earnings.</li> <li>• Establishes Ethical Corporate Management Best Practice Principles and Employee Code of Conduct to create an honest and fair working environment.</li> </ul>	Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and DJSI Emerging Markets for 2 consecutive years since 2018.
 Competent authorities	Government policy and supervisory intensity directly affect the ways business operate and grow; Taishin adopts the principle of delivering top-notch performance under strict compliance with relevant laws	<ul style="list-style-type: none"> <li>• Immediately : Phone, e-mail or physical mail and reply</li> <li>• Irregularly : Policy seminars and conferences, Supervision and inspection exercises</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Business Integrity</li> <li>• Risk Management and Internal Control</li> </ul>	<ul style="list-style-type: none"> <li>• Has zero tolerance to employees who commit major violation against work ethics, and report incident and assist the competent authority in various investigations.</li> <li>• All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."</li> <li>• Reviews the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report.</li> </ul>	Ranked among Top 5% of TWSE-listed companies and first ranking which is top 10% of the financial industry by TWSE in the 5th Corporate Governance Evaluation in 2019
 Suppliers	High-quality materials, equipment and stable working relationships are helpful for maintaining business operations and building a sustainable supply chain	<ul style="list-style-type: none"> <li>• Immediately (contract renewed or newly): Supplier Commitment Statement</li> <li>• Annually: human rights risk questionnaire and education, Supplier self-assessment questionnaire</li> <li>• Irregularly: business seminars, price negotiation meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Business Performance</li> <li>• Privacy Protection</li> <li>• Customer Relationship Management</li> </ul>	<ul style="list-style-type: none"> <li>• Recorded a net after-tax profit of TWD 14.49 billion in 2019.</li> <li>• Engaged certified public accountants to perform a special audit on personal information protection in 2019, for which the CPAs issued a statement.</li> <li>• Has robust customer complaint procedure.</li> </ul>	Held our first supplier conference in October 2019 to address human rights and environmental protection.
 Community	Opinions of the community and general public provide businesses with the motivation to direct attention towards public interest and cater for the benefits of the community and local residents	<ul style="list-style-type: none"> <li>• Twice a week: Friday Noon Concerts</li> <li>• Monthly: e-newsletter fo Taishin Charity Foundation</li> <li>• Annually: Christmas / Lunar new year festivals.; Taishin Aart Award: Power of Love campaign</li> <li>• Irregularly: community investment seminars: financial education camps, Taishin Volunteer events, activities related to charity/ arts/ sports/ academic etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Involvement</li> <li>• Business Integrity</li> <li>• FinTech/ Digital Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on charity and welfare, arts and culture, sports sponsorship and academic exchange</li> <li>• Has Ethical Corporate Management Best Practice Principles.</li> <li>• Actively build the cross-industry alliances to support core businesses and cooperate with FinTech.</li> </ul>	Brand preference and recognition :88%
 Media	Conveying correct information to the general public helps maintain positive corporate image	<ul style="list-style-type: none"> <li>• Immediately :Press conference or seminar, Spokesperson policy</li> <li>• Irregularly: Media gathering</li> </ul>	<ul style="list-style-type: none"> <li>• FinTech/ Digital Innovation</li> <li>• Corporate Governance</li> <li>• Business Performance</li> </ul>	<ul style="list-style-type: none"> <li>• Publishes press releases or statements on major issues</li> </ul>	Communicates important information in a timely manner, reducing damage to the Company because of incorrect information

## Step 2 Materiality Analysis

**1 45 CSR representatives to conduct the impact survey**  
 Through the topic collection and benchmarking analysis, Taishin has identified 21 sustainability topics (please refer to "Sustainability Topics Analysis" for the identification approach. To understand the impact of various sustainability topics on the internal operations of Taishin and the external environment, 45 CSR representatives from the business units, subsidiaries and two major foundations evaluated the degree of impact of the chosen sustainability topics on environmental, social, and governance aspects.

**2 7 focus group discussions to survey major concerns**  
 To understand the major concerned topics of different Taishin stakeholders, 7 focus group sessions were held for various types of stakeholders. The interviewees were representatives of responsible units who engaged deeply with the stakeholders to review the the degree of concern of sustainability topics. 40 representatives participated in these sessions.

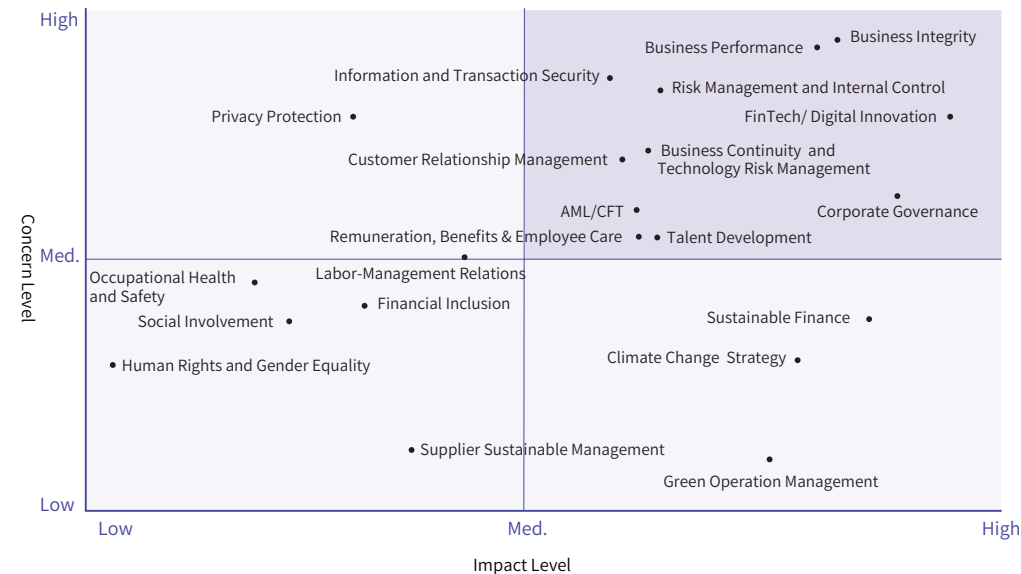
**3 Performed a rationality analysis based on the survey results**  
 We placed the outcomes in a matrix, and reviewed 14 international sustainability trends reports and 17 domestic/ international financial industry sustainability topic reports to conduct rationality analysis to reduce knowledge gaps and ensure the rationality of topic ranking results in 2019.

**4 CSR Committee approved 11 material topics**  
 In the CSR Committee, 6 executive members and senior management of the relevant CSR teams reviewed and discussed the materiality matrix, and finalized the 11 material topics in 2019.

## Step 3 Disclosure of Management Approach and Management Mechanism

For more details of the management approach and mechanism, please refer to "Sustainability Topic Management."

Materiality Matrix in 2019



Corresponding Chapters	Sustainability Topics	Corresponding to GRI Topic Specific Standard Disclosures
Sustainable Governance	Corporate Governance	(102)Governance
	Business Integrity	(102)Governance, (205)Anti-corruption, (419)Socioeconomic Compliance
	Risk Management and Internal Control	(201)Economic Performance
	AML/CFT	(205)Anti-corruption,(419)Socioeconomic Compliance
	Information and Transaction Security	(418)Customer Privacy
Superior Service	Business Continuity and Technology Risk Management	(203)Indirect Economic Impacts
	Business Performance	(201)Economic Performance
Friendly Workplace	Customer Relationship Management	(416)Customer Health and Safety
	FinTech/ Digital Innovation	(203)Indirect Economic Impacts
Friendly Workplace	Talent Development	(201)Economic Performance,(401)Employment, (404)Training and Education,(406)Non-discrimination
	Remuneration, Benefits & Employee Care	(201)Economic Performance,(401)Employment, (405)Diversity and Equal Opportunity

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## Response to Specific Issues

- Specific Issue #1: Chang Hwa Bank (CHB) Investment
- Conduct Enhancement Program for Financial Advisors
- Relief and Revitalization Plan in Response to COVID-19

### • Specific Issue #1: Chang Hwa Bank (CHB) Investment

Stakeholder Type	Concerned Issue	Time of Query	Taishin's Response
 Investor	(1) Our statement with regards to CHB investments (2) Our approaches to safeguarding shareholders' rights, and progress report	Whole year, 2019	The IR department provides explanations via email, telephone, investor conference, or face-to-face meetings; meanwhile, information is also disclosed on web pages (in the form of major announcement, press release etc)
 Media			Communication methods include telephone, email, press conference, seminar and press release. Any wrongly reported facts will be clarified by the PR department

### ■ Our statement with regards to CHB investments

On July 22, 2005, Taishin Financial Holdings ("Taishin", "Taishin FHC") participated in an open bid for 1.4 billion shares of preferred stock issued by Chang Hwa Bank ("CHB"). Apart from local bidders (including Mega Financial Holdings, Fubon Financial Holdings and Taishin), a foreign institution (i.e. Temasek Holdings from Singapore) also contended for the bid. The bid was won by Taishin for a sum of TWD36.568 billion, and, with the approval of the FSC, the company acquired a 22.55% ownership interest in CHB, making it the largest shareholder.

The Ministry of Finance had previously announced on July 5, 2005, and had issued an official correspondence through CHB on July 21, 2005, addressing "all bidders of the 2005 CHB cash issue" and informing them of the Ministry's commitment to transfer control of CHB to the winning bidder. The correspondence reads: "Until such time as the Ministry of Finance sells its shares, it shall maintain its policy to support the largest shareholder in acquiring control over the bank, provided that the winning bidder remains the largest shareholder." The correspondence was evidence of the Ministry's intent to support the winning bidder in acquiring more than 50% of director and supervisor seats in CHB. During CHB's board elections held in 2005, 2008, and 2011, the Ministry of Finance kept its promise and supported Taishin acquire a majority of seats at the board.

However, during CHB's 2014 board election, the Ministry of Finance reneged on the promises it had made in 2005, and rallied state-owned banks and state-owned enterprises to purchase CHB shares right before CHB's extraordinary shareholder meeting, while at the same time making extensive efforts to acquire proxy forms from the market. As a result, Taishin acquired only 2 out of 9 director seats and had 1 Taishin-nominated independent director elected on board despite being CHB's largest shareholder. According to Article 4 of the Financial Holding Company Act, CHB was no longer Taishin's subsidiary.

Given the fact that the Ministry of Finance had reneged on its written promise and in doing so had caused Taishin to lose control over CHB and suffer immense losses, Taishin raised a civil lawsuit and provisional injunction to the Taipei District Court against the Ministry of Finance and filed a complaint to the Control Yuan to protect the legal right of Taishin's 200,000+ shareholders. Taishin hoped the judicial and administrative system would compel the Ministry of Finance to fulfill its written commitments and restore Taishin's control over CHB.

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Our approaches to safeguarding shareholders' rights and progress report

- 2014 : Taishin filed a civil lawsuit and provisional injunction against the Ministry of Finance and filed a complaint to the Control Yuan.
- 2015 : In its investigation report, the Control Yuan pointed out variously that the Ministry of Finance failed to consider the continuity and consistency of the government's governance and actions; that it failed to maintain the harmonious co-governance of government and private shareholders (thereby failing in its duty protect the best interests of all CBH shareholders); and that, ahead of the 2014 reelection of CHB's directors, it failed to engage sufficiently in negotiations to communicate and coordinate with CHB's shareholders. These failings caused controversy and damaged the government's image of integrity.
- 2016 : The Taiwan Taipei District Court confirmed in its judgment that a contractual relationship exists, considering that "as long as the Taishin Financial Holdings is the largest shareholders of CHB, the Ministry of Finance must not interfere the representatives appointed by Taishin Financial Holdings from being elected as the majority on the Board of Directors of CHB."
- 2017 : The Taiwan High Court declared the existence of the contractual relationship, requiring that "as long as the shares held by Ministry of Finance in CHB remain unsold, and as long as Taishin Financial Holdings remain the largest shareholders of CHB, the Ministry of Finance must support that the representatives appointed by Taishin Financial Holdings to become elected as the majority of the ordinary members on the Board of Directors of CHB". The Ministry of Finance refused to accept the judgment and appealed to the Supreme Court.
- 2019 : The Supreme Court reversed Taiwan High court's judgment that confirming there is a contract existing between MOF and the Company and the responsibility for total litigation expenses, and remanded the case to Taiwan High court; in its judgment, the supreme court opined that whether a contract between two parties is a voting agreement, and whether a contract running for 13 years to date has violated public policy or morals both remain open question.
- 2020 : The Board of Directors of CHB approves to convert the privately placed 1.4 billion shares of preferred stock which issued in 2005 into public placed shares and apply to the Stock Exchange for listing. Taishin reiterated its intention to cooperate with government policy.

Below is the detailed info from our site, you can click on:



Conduct Enhancement Program for Financial Advisors

Stakeholder Type	Concerned Issues	Time of Query	Taishin's Response
Competent authority, Investor, customers, media	How to prevent improper conduct by financial advisors in the future?	Whole year, 2019	Reporting to competent authority, e-mail/physical mail, customer service call

On November 7, 2018, a case concerning misappropriation of client funds and anomalous transactions with client funds involving a former financial advisor of Taishin Bank Xinzhuang Branch was filed as a criminal case with the Taiwan New Taipei District Prosecutors Office. Also, a record was made and a case procedure was completed at the New Taipei City Field Division, Ministry of Justice Investigation Bureau to safeguard the rights and interests of our customers and our bank. The employee concerned was dismissed on November 1, 2018 for violating Article 5 "regarding customer privacy protection" of our Employee Code of Conduct and Article 11, paragraph 4 "regarding breach of labor contract and work rules" of the same code.

Although this case concerned a breach by an individual, Taishin Bank immediately took a number of measures (including improving internal processes and enhancing real-time control mechanisms), as follows:

- Strengthened education and training. From the end of 2018 to the end of 2019, we strengthened the awareness of operations, security control, and legal compliance concepts among our supervisors and staff at all levels.
  - A total of 8 offline courses on "Strengthening Operational Quality and Security Control Concepts" were conducted for branch operations supervisors, sales supervisors and branch managers. 249 supervisors were trained.
  - We re-educated 1,171 branch operations and sales staff to ensure that they all truly understand the spirit and importance of security control and operational risk. This course also included a mandatory course for new branch staff to ensure they all understand the importance of security control and operational risk.
  - With regard to strengthening the awareness and understanding of business management and sales staff's regulatory compliance concepts among our branch managers and financial advisors across Taiwan, the President of Taishin Bank, the deputy chief executive of the Personal Finance Department, the executive and deputy chief executive of the Channel Operations Department and other senior managers provided education and training to 920 staff members through seven sessions on "Internal Control and Operational Principles for the Prevention of Misappropriation of Customer Funds by Financial Advisors of the Bank" (dubbed the "Ten Commandments") in order to strengthen management and control and sternly warn managers and supervisors that violation of regulations will be severely punished in accordance with those regulations.

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- Revised internal standards and rules to strengthen the management principles of our control mechanisms (e.g.: we terminated and redrafted control mechanisms such as "Identity Confirmation Mechanism for Walk-in Customers" and the "Declaration of Out-of-Bank Services", etc.)
- We strengthened management and control – From 2019 to 2020, our monitoring and management methods were improved on the system level (reporting) and the mechanism level.
  - (1) System level: reporting (2 items in total)
    - From March 2019, new monitoring reports were added, and branch supervisors regularly reviewed and strengthened the management of inbound and outbound funds from deposit accounts by our financial advisors to identify any anomalous situations and enable early warnings to be issued as needed.
    - Starting from January 2020, financial advisors' monitoring reports of account transactions of specific amounts within a specific time frame are discussed by the financial advisors and their supervisors, and the management unit will review those reports one by one as well.
  - (2) Mechanism level (3 items in total)
    - Since January 2019, we have increased unannounced cross-branch inspections to strengthen customer management and control and prevent improper possession of customer seals and blank documents. If an anomalous situation is found, the management unit will punish the staff in breach under the relevant company rules and industry regulations.
    - In November 2019, designated training and leave review for new financial advisors was added. Without advance warning, designate the wealth managersto attend external training (or order them to take leave), and then check their desk drawers; or, during their external training or leave, have the branch supervisor check with customers to make sure the status of assets to enhance the internal control through the random check.
    - We have set up a mechanism for regularly sending out "important notifications on customer's rights and interests" through our e-newsletter mechanism in order to safeguard customers' rights and interests and protect account security.

• Relief and Revitalization Plan in Response to COVID-19

Stakeholder Type	Concerned Issues	Time of Query	Taishin's Response
Competent authority, customers, media	How to financially relief our customers?	Q1 in 2020	Reporting to competent authority, e-mail/physical mail, customer service call, website and press release

The COVID-19 epidemic continues to spread around the world, and Taishin Financial Holdings is actively responding and cooperating with the government's relief plans. At this stage, the group's subsidiary Taishin Bank endeavors to assist small and medium-sized enterprises and individuals affected by the COVID-19 epidemic. We actively cooperate with the relief programs of various ministries and agencies and provide customers with such services as extension of existing loans, revolving operational funds, and revitalization of capital loans. In particular, we work with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) to issue "Relief Loans" through Taishin Bank as part of a relief plan for small and medium-sized enterprises. If they meet the requirements, new customers can apply for a maximum of TWD 15 million. Existing customers are also eligible to increase their loans by TWD 15 million. Revolving operational funds will have a grace period of up to six months, which will greatly reduce the operating pressure on enterprises. Micro-enterprises affected by the corona epidemic may also apply for the "Relief Loan" program. New customers may apply for working capital of TWD 300,000 to TWD 10 million, with preferential handling fees, extended loan periods, longer grace periods, and other benefits. Existing customers are also welcome to apply for extensions, during which only interest needs to be paid and the first-year guarantee handling fee is waived.

Customers affected by the COVID-19 epidemic that are unable to repay their loans on time may apply with our bank for interest rate deductions, deferred payment and extensions on their housing loans, car loans and credit loans. Credit card holders may also apply for deferred payment of their card fees and be exempted from penalty and revolving interest. Moreover, to thank frontline medical staff for their service, Taishin Bank also offers a number of thoughtful services and relief packages. Individuals employed in healthcare, pharmacy and epidemic-related occupations, are eligible for house loans, car loans, and credit loans with preferential handling fees. Upon presentation of their medical staff ID during the preferential program period, Taishin credit card holders may also enjoy a free spa treatments under the "Healthcare Staff Pressure Relief Program" at well-known spa centers in order to relieve the stress built up through working under high pressure for a prolonged period of time. Existing mortgage customers (including their spouses and first-degree relatives) that have been tested positive for COVID-19 are eligible for mortgage loan increases and loan term extensions with preferential exemption from processing fees.

Moreover, to thank the hardworking epidemic prevention personnel for their service, the group's subsidiary Taishin D.A Finance Co., Ltd. healthcare personnel at medical institutions and designated corona prevention taxicab drivers are eligible for new car financing and lease services with a waiver of pre-delivery car-tuning service fees. Taishin employees also participate in the volunteer services of the Taishin Charity Foundation, by caring for social welfare groups through phone calls, assisting with the collection and distribution of daily necessities and epidemic prevention materials to those in need. Amid this severe epidemic, we hope to spread our care across Taiwan.

Presently, the epidemic in Taiwan is still under control, and the world is actively developing drugs to respond to this epidemic. Taishin continuously monitors the development of the epidemic and its impact on our dear customers. We will maintain flexibility in credit issuance and lending while upholding our stable operating principles as we stand by our customers through this epidemic. After the epidemic eases down, transportation, travel, tourism, hotels, restaurants and bars affected by the epidemic will gradually improve, and the demand for capital will once again increase. This is expected to drive the growth of our lending business and our profits.

Through the responses described above, individuals and SMEs may understand the wide array of financial assistance measures available to them. The official website of Taishin Bank offers further details on those solutions:



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# Report Summary

Presenting the CSR performance of Taishin Financial Holding Co., Ltd. ("Taishin FHC" or "Taishin"), this 2019 Corporate Social Responsibility Report ("the CSR Report") is verified in accordance with the AA1000AS (2008) Type II moderate level by British Standards Institution Taiwan Branch (BSI Taiwan). The reporting period, scope, contact information, and other relevant information are highlighted below:



Taishin FHC has implemented a set of "Corporate Social Responsibility Reporting Guidelines" to manage its reporting procedures and methods. The report is prepared by a dedicated CSR Reporting Team assembled under the CSR Committee; the reporting team consists of 50 representatives from various departments and subsidiaries, who go through procedures from planning, analyzing, data gathering, report preparation, and validation.



The CSR Report covers Taishin FHC, its subsidiaries (namely Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, Taishin Asset Management, and Taishin Venture Capital), and the two non-profit foundations (namely Taishin Charity Foundation and Taishin Bank Foundation for Arts and Culture). It describes the steps and progress the group has made toward fulfilling its corporate social responsibility through service locations in Taiwan. Environmental data is bounded by the total financial group.



Information of the CSR Report has been disclosed in accordance with core options of Global Reporting Initiative's sustainability reporting standards (GRI Standards), the Financial Services Sector Supplement, "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies," and policies or guidelines of relevant authorities. The report has also been structured based on the IR framework stipulated by the International Integrated Reporting Council (IIRC).



The CSR Report is the seventh (2019) CSR Report prepared by Taishin FHC; compiled by Taishin Financial Holdings. It showcases the progress of Taishin in fulfilling its corporate social responsibilities and meeting sustainability goals during 2019. In the interests of completeness, some of the information presented may fall outside of the aforementioned period. The CSR Report is prepared and published on an annual basis. Date of previous publication: June 2019.



If you have any suggestion with regards to the CSR Report or Taishin FHC's CSR plans and practices, please contact:

- Taishin Financial Holding Co., Ltd. Public Relations Department
- Address: No. 118, Section 4, Ren'ai Road, Da'an District, Taipei City
- TEL: +886-2-23268888 #2306, #2376
- Fax: +886-2-37076680

## GRI Standards

Core Option	GRI Number	GRI Title	Number of Disclosure Item	Version	General Standard Disclosures	Chapter	Comply with Core Option	Voluntary Disclosure	Page	Notes
Core	GRI 102	General Disclosures	102-1	2016	Name of the organization	Product and Service	●		4	
Core		General Disclosures	102-2	2016	Activities, brands, products, and services	Product and Service	●		4	
Core		General Disclosures	102-3	2016	Location of headquarters	Product and Service	●		4	
Core		General Disclosures	102-4	2016	Location of operations	Product and Service	●		4	
Core		General Disclosures	102-5	2016	Ownership and legal form	Product and Service	●		4	
Core		General Disclosures	102-6	2016	Markets served	Product and Service	●		4	
Core		General Disclosures	102-7	2016	Scale of the organization	Product and Service	●		4	
Core		General Disclosures	102-8	2016	Information on employees and other workers	Product and Service Diversified Recruitment	●		4 75-77	
Core		General Disclosures	102-9	2016	Supply chain	Supplier Management Policies	●		102-105	
Core		General Disclosures	102-10	2016	Significant changes to the organization and its supply chain	Response to Specific Issues	●		130-132	
Core		General Disclosures	102-11	2016	Precautionary Principle or approach	Risk and Opportunity Analysis	●		9	
Core		General Disclosures	102-12	2016	External initiatives	Membership in Associations	●		25	
Core		General Disclosures	102-13	2016	Membership of associations	Membership in Associations	●		25	
Core		General Disclosures	102-14	2016	Statement from senior decision-maker	Message from the Chairman Message from the President	●		1 2	
		General Disclosures	102-15	2016	Key impacts, risks, and opportunities	Risk and Opportunity Analysis Management of Risk and Opportunities		●	9 63	
Core		General Disclosures	102-16	2016	Values, principles, standards, and norms of behavior	Business Integrity	●		25-27	
		General Disclosures	102-17	2016	Mechanisms for advice and concerns about ethics	Business Integrity		●	25-27	
Core		General Disclosures	102-18	2016	Governance structure	CSR Committee Operations Governance Framework Climate Change Governance	●		12 21 61	
		General Disclosures	102-19	2016	Delegating authority	CSR Committee Operations Management of Risk and Opportunities		●	12 63	
		General Disclosures	102-20	2016	Executive-level responsibility for economic, environmental, and social topics	CSR Committee Operations Climate Change Governance		●	12 61	
		General Disclosures	102-21	2016	Consulting stakeholders on economic, environmental, and social topics	CSR Committee Operations Stakeholder Engagement Climate Change Strategies		●	12 127-129 61-63	
		General Disclosures	102-22	2016	Composition of the highest governance body and its committees	Governance Framework		●	21	
		General Disclosures	102-23	2016	Chair of the highest governance body	Governance Framework		●	21	
		General Disclosures	102-24	2016	Nominating and selecting the highest governance body	Composition and Functionality of the Board of Directors		●	22-23	
		General Disclosures	102-25	2016	Conflicts of interest	Composition and Functionality of the Board of Directors		●	22-23	
		General Disclosures	102-26	2016	Role of highest governance body in setting purpose, values, and strategy	CSR Committee Operations Strategies for Responding to Climate Change		●	12 61-63	
		General Disclosures	102-27	2016	Collective knowledge of highest governance body	CSR Committee Operations Composition and Functionality of the Board of Directors Strategies for Responding to Climate Change		●	12 22-23 61-63	
		General Disclosures	102-28	2016	Evaluating the highest governance body's performance	Composition and Functionality of the Board of Directors		●	22-23	
		General Disclosures	102-29	2016	Identifying and managing economic, environmental, and social impacts	CSR Committee Operations Risk Management and Internal Control Strategies for Responding to Climate Change Stakeholder Engagement		●	12 28-35 61-63 127-129	
		General Disclosures	102-30	2016	Effectiveness of risk management processes	CSR Committee Operations Risk Management and Internal Control Management of Risk and Opportunities Business Development for Sustainable Finance		●	12 28-35 63 64-70	
		General Disclosures	102-31	2016	Review of economic, environmental, and social topics	CSR Committee Operations Business Development for Sustainable Finance		●	12-19 64-70	

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		General Disclosures	102-32	2016	Highest governance body's role in sustainability reporting	CSR Committee Operations		●	12	
		General Disclosures	102-33	2016	Communicating critical concerns	CSR Committee Operations Stakeholder Engagement		●	12 127-129	
		General Disclosures	102-34	2016	Nature and total number of critical concerns	CSR Committee Operations Stakeholder Engagement		●	12 127-129	
		General Disclosures	102-35	2016	Remuneration policies	Remuneration Policy of Senior Executives		●	24-25	
		General Disclosures	102-36	2016	Process for determining remuneration	Remuneration Policy of Senior Executives		●	24-25	
		General Disclosures	102-37	2016	Stakeholders' involvement in remuneration	Stakeholder Engagement	●		127-129	
Core		General Disclosures	102-40	2016	List of stakeholder groups	Stakeholder Engagement	●		127-129	
Core		General Disclosures	102-41	2016	Collective bargaining agreements	--	●			Taishin has no labor unit so it is no need to sign collective bargaining agreements. Taishin convenes quarterly labor management meetings to ensure open communication with employees.
Core	GRI 102	General Disclosures	102-42	2016	Identifying and selecting stakeholders	Stakeholder Engagement	●		127-129	
Core		General Disclosures	102-43	2016	Approach to stakeholder engagement	Stakeholder Engagement	●		127-129	
Core		General Disclosures	102-44	2016	Key topics and concerns raised	Stakeholder Engagement	●		127-129	
Core		General Disclosures	102-45	2016	Entities included in the consolidated financial statements	Product and Service	●		4	Please refer to 2019 Financial Statements on Taishin Website. <a href="#">↗</a>
Core		General Disclosures	102-46	2016	Defining report content and topic Boundaries	Report Summary Stakeholder Engagement	●		133 127-129	
Core		General Disclosures	102-47	2016	List of material topics	Stakeholder Engagement	●		127-129	
Core		General Disclosures	102-48	2016	Restatements of information		●			No such circumstances.
Core		General Disclosures	102-49	2016	Changes in reporting	Sustainability Topic Analysis	●		13-14	
Core		General Disclosures	102-50	2016	Reporting period	Report Summary	●		133	
Core		General Disclosures	102-51	2016	Date of most recent report	Report Summary	●		133	
Core	General Disclosures	102-52	2016	Reporting cycle	Report Summary	●		133		
Core	General Disclosures	102-53	2016	Contact point for questions regarding the report	Report Summary	●		133		
Core	General Disclosures	102-54	2016	Claims of reporting in accordance with the GRI Standards	Report Summary	●		133		
Core	General Disclosures	102-55	2016	GRI content index	GRI Standards	●		134-136		
Core	General Disclosures	102-56	2016	External assurance	Report Assurance Statement	●		138		
Core	GRI 103	Management Approach	103-1	2016	Explanation of the material topic and its Boundary	Value Chain and Value Creation Sustainability Topic Management	●		5 15-19	
Core		Management Approach	103-2	2016	The management approach and its components	Sustainability Topic Management	●		15-19	
Core		Management Approach	103-3	2016	Evaluation of the management approach	Sustainability Topic Management	●		15-19	
	GRI 201	Economic Performance	201-1	2016	Direct economic value generated and distributed	Operating Financial Performance		●	43	
			201-2	2016	Financial implications and other risks and opportunities due to climate change	Strategies for Responding to Climate Change		●	61-63	
			201-3	2016	Defined benefit plan obligations and other retirement plans			●		Taishin makes monthly pension contributions equivalent to a certain percentage of employees' gross salaries. Contributions are made to the Labor Pension Supervisory Committee and are deposited into separate accounts held under Bank of Taiwan. Taishin contributes 0.05%~0.15% of its monthly revenues to the welfare fund, whereas employees contribute 0.5% of their monthly gross salaries.
			201-4	2016	Financial assistance received from government		●			No government subsidy of any kind was received.
	GRI 202	Market Presence	202-2	2016	Proportion of senior management hired from the local community	Diversified Recruitment	●		75-77	Taishin operates mainly in Taiwan; the executive management comprises entirely of Taiwanese residents.
	GRI 203	Indirect Economic Impacts	203-1	2016	Infrastructure investments and services supported	Financial Inclusion Social Impacts		●	70-73 107-125	
			203-2	2016	Significant indirect economic impacts	FinTech/ Digital Innovation Financial Inclusion Social Impacts	●		54-59 70-73 107-125	
	GRI 205	Anti-corruption	205-2	2016	Communication and training about anti-corruption policies and procedures	Enforcement of Business Integrity		●	26-27	
			205-3	2016	Confirmed incidents of corruption and actions taken		●			There had been no incident of corruption.
	GRI 206	Anti-competitive Behavior	206-1	2016	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		●			No such circumstances.

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	GRI 302	Energy	302-1	2016	Energy consumption within the organization	Energy Conservation & Carbon Reduction		●	99-100	ISO50001、ISO14064-1:2006
			302-3	2016	Energy intensity	Energy Conservation & Carbon Reduction		●	99-100	
			302-4	2016	Reduction of energy consumption	Energy Conservation & Carbon Reduction		●	99-100	
			302-5	2016	Reductions in energy requirements of products and services	Resource Utilization		●	100-102	
	GRI 303	Water and Effluents	303-5	2018	Water consumption	Resource Utilization		●	100-102	
	GRI 305	Emissions	305-1	2016	Direct (Scope 1) GHG emissions	Performance Indicators and Targets Energy Conservation & Carbon Reduction		●	63 99-100	ISO14064-1:2006
			305-2	2016	Energy indirect (Scope 2) GHG emissions	Performance Indicators and Targets Energy Conservation & Carbon Reduction		●	63 99-100	
			305-3	2016	Other indirect (Scope 3) GHG emissions	Energy Conservation & Carbon Reduction		●	99-100	
			305-4	2016	GHG emissions intensity	Energy Conservation & Carbon Reduction		●	99-100	
			305-5	2016	Reduction of GHG emissions	Energy Conservation & Carbon Reduction		●	99-100	
	GRI 306	Effluents	306-2	2016	Waste by type and disposal method	Resource Utilization		●	100-102	
	GRI 307	Environmental Compliance	307-1	2016	Non-compliance with environmental laws and regulations		●			There had been no penalties imposed in relation to the environment.
	GRI 308	Supplier	308-2	2016	Negative environmental impacts in the supply chain and actions taken	Supplier Management Policies Supplier Risk Assessment		●	102-103 103-105	
	GRI 401	Employment	401-1	2016	New employee hires and employee turnover	Recruitment Channels and Methods Performance Management	●		75 84	
			401-2	2016	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits & Care	●		84-86	
			401-3	2016	Parental leave	Employee Benefits & Care Human Rights Policy in Taishin		●	85-86 90	
	GRI 402	Labor/Management Relations	402-1	2016	Minimum notice periods regarding operational changes		●			Comply with relevant regulations.
	GRI 403	Occupational Health and Safety	403-4	2018	Health and safety topics covered in formal agreements with trade unions	Occupational Safety		●	92-93	
			403-9	2018	Work-related injuries	Occupational Safety		●	92-93	
	GRI 404	Training and Education	404-1	2016	Average hours of training per year per employee	Talent Development	●		77-81	
			404-2	2016	Programs for upgrading employee skills and transition assistance programs	Talent Development	●		77-81	
			404-3	2016	Percentage of employees receiving regular performance and career development reviews	Performance Management	●		83	
	GRI 405	Diversity and Equal Opportunity	405-1	2016	Diversity of governance bodies and employees	Diversified Recruitment	●		75-77	
			405-2	2016	Ratio of basic salary and remuneration of women to men	Remuneration Policy	●		82	
	GRI 406	Non-discrimination	406-1	2016	Incidents of discrimination and corrective actions taken			●		No such circumstances.
	GRI 407	Freedom of Association and Collective Bargaining	407-1	2016	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			●		No such circumstances.
	GRI 408	Child Labor	408-1	2016	Operations and suppliers at significant risk for incidents of child labor	Human Rights Policy in Taishin		●	89	No such circumstances.
	GRI 409	Forced or Compulsory Labor	409-1	2016	Operations and suppliers at significant risk for incidents of forced or compulsory labor			●		No such circumstances.
	GRI 411	Rights of Indigenous People	411-1	2016	Incidents of violations involving rights of indigenous peoples			●		No such circumstances.
	GRI 412	Human Rights Assessment	412-2	2016	Employee training on human rights policies or procedures	Human Rights and Gender Equality		●	89-92	
	GRI 414	Supplier Social Assessment	414-2	2016	Negative social impacts in the supply chain and actions taken	Supplier Risk Assessment		●	103-105	
	GRI 415	Public Policy	415-1	2016	Political contributions			●		The company is politically neutral. It offers no donations to any political party, individual, or government agency.
	GRI 417	Marketing and Labeling	417-1	2016	Requirements for product and service information and labeling		●			All products and services offered are subject to information disclosure as required by the authority and regulations.
			417-2	2016	Incidents of non-compliance concerning product and service information and labeling		●			No such circumstances.
			417-3	2016	Incidents of non-compliance concerning marketing communications		●			No such circumstances.
	GRI 418	Customer Privacy	418-1	2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Grievance Mechanism of Personal Information Protection	●		53	
	GRI 419	Socioeconomic Compliance	419-1	2016	Non-compliance with laws and regulations in the social and economic area	Legal Compliance	●		35	

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GRI Financial Services Sector Supplement

Number of Disclosure Item	Version	Indicator	Chapter	Page
Product Portfolio				
FS1	G4	Policies with specific environmental and social components applied to business lines	CSR Committee Operations Governance Framework Strategies for Responding to Climate Change	12-21 61-63
FS2	G4	Procedures for assessing and screening environmental and social risks in business lines	Business Development for Sustainable Finance	64-70
FS3	G4	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Business Development for Sustainable Finance	64-70
FS4	G4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Business Development for Sustainable Finance	64-70
FS5	G4	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Business Development for Sustainable Finance Financial Inclusion Sustainable Supplier Management	64-70 70-73 102-103
FS6	G4	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	Financial Inclusion	70-73
FS7	G4	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Financial Inclusion	70-73
FS8	G4	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Business Development for Sustainable Finance	64-70
Local Communities				
FS14	G4	Initiatives to improve access to financial services for disadvantaged people	Financial Inclusion	70-73
Product and Service Labeling				
FS15	G4	Policies for the fair design and sale of financial products and services	Customer Relationship Management	47-51
FS16	G4	Initiatives to enhance financial literacy by type of beneficiary	Financial Inclusion	70-73

Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Indicator	Content	Chapter	Page
Article 3-2	The content of the corporate social responsibility report should cover the risk assessment of relevant environmental, social and corporate governance, and set relevant performance indicators to manage the major topics identified.	CSR Committee Operations Sustainability Topic Management Governance Framework Strategies for Responding to Climate Change Stakeholder Engagement	12-15 15-19 21 61-63 127-129
Article 4-4 (1)	The number of full-time employees in non-managerial roles, the average and median salary of full-time employees in non-managerial roles, and the difference from the previous year.	Diversified Recruitment Remuneration Policy	75-77 82
Article 4-4 (2)	Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and indicators and targets used to assess and manage climate-related issues.	Strategies for Responding to Climate Change Risk Management System	28-30 61-63

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Category	Core Subject	Chapter	Page
Organizational governance	Decision-making processes and structures	CSR Committee Operations Corporate Governance	12-21 21-25
	Due diligence	Human Rights and Gender Equality Sustainable Supplier Management	89-92 102-105
	Human rights risk situations	Human Rights and Gender Equality	89-92
Human rights	Avoidance of complicity	Corporate Governance Business Integrity Risk Management and Internal Control	21-25 25-27 28-35
	Resolving grievances	Labor-Management Relations	87-88
	Discrimination and vulnerable groups	Human Rights and Gender Equality	89-92
	Civil and political rights	Human Rights and Gender Equality	89-92
	Economic, social and cultural rights	Human Rights and Gender Equality	89-92
Labor practices	Fundamental principles and rights at work	Human Rights and Gender Equality	89-92
	Employment and employment relationships	Talent Development	75-81
	Conditions of work and social protection	Friendly Workplace	75-96
	Social dialogue	Friendly Workplace	75-96
	Health and safety at work	Occupational Health and Safety	92-96
Environment	Human development and training in the workplace	Talent Development	75-81
	Prevention of pollution	Green Operation	98-105
	Sustainable resource use	Green Operation Management	98-102
	Climate change mitigation and adaptation	Sustainable Finance Green Operation	61-73 98-105
	Protection of the environment, biodiversity and restoration of natural habitats	Sustainable Finance Green Operation	61-73 98-105
Fair operating practices	Anti-corruption	Business Integrity	25-27
	Responsible political involvement	No political involvement in 2019.	
	Fair competition	Business Integrity	25-27
	Promoting social responsibility in the value chain	Value Chain and Value Creation	5
Consumer issues	Respect for property rights	Business Integrity Policy Promoting FinTech	25 54-55
	Fair marketing, factual and unbiased information and fair contractual practices	Customer Relationship Management	47-51
	Protecting consumers' Health and safety	Sustainable Finance	61-73
	Sustainable consumption	Sustainable Finance	61-73
	Consumer service, support, and complaint and dispute resolution	Customer Relationship Management	47-51
Community involvement	Consumer data protection and privacy	Information and Transaction Security Privacy Protection	37-39 52-53
	Access to essential services	Customer Relationship Management	47-51
	Education and awareness	Customer Relationship Management	47-51
	Community involvement	Social Impacts	107-125
	Education and culture	Social Impacts	107-125
	Employment creation and skills development	Talent Development Social Involvement	75-81 114-125
	Technology development and access	FinTech/ Digital Innovation	54-59
Health	Occupational Health and Safety Social Involvement	92-96 114-125	
Social investment	Social Impacts	107-125	

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## INDEPENDENT ASSURANCE OPINION STATEMENT

Taishin Financial Holding Co., Ltd 2019 Corporate Social Responsibility Report

The British Standards Institution is independent to Taishin Financial Holding Co., Ltd (hereafter referred to as Taishin FHC in this statement) and has no financial interest in the operation of Taishin 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 the stakeholders of Taishin FHC only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), 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 Taishin 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 Taishin FHC only.

## Scope

The scope of engagement agreed upon with Taishin FHC includes the followings:

1. The assurance scope is consistent with the description of Taishin Financial Holding Co., Ltd 2019 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the Taishin 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 AA1000 Assurance Standard (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 Taishin FHC 2019 Corporate Social Responsibility Report provides a fair view of the Taishin FHC CSR programmes and performances during 2019. 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 Taishin FHC and the sample taken. We believe that the 2019 economic, social and environmental performance information are correctly represented. The CSR performance information disclosed in the report demonstrate Taishin FHC's efforts recognized by its stakeholders.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000AS (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 Taishin FHC's description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with 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:

- a top level review of issues raised by external parties that could be relevant to Taishin FHC's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on Taishin FHC's approach to stakeholder engagement. Moreover, we had sampled one external stakeholders to conduct interview
- interview with 7 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 organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (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 Taishin 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 the Taishin FHC's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among organization. However, the future report should be further enhanced by the following areas:

- Developing the collection CSR issue with interested parties identified from the expansion of value chain to enhance the broadness inclusivity of sustainable topics.

## Materiality

The Taishin FHC has established relative procedure in organization level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of organization. Therefore, material issues were completely analyzed and the relative information of sustainable development was disclosed to enable its stakeholders to make informed judgments about the organization's management and performance. In our professional opinion the report covers the Taishin FHC's material issues. However, the future report should be further enhanced by the following areas:

- Strengthening the link between risk assessment and performance targets of ESG aspects, such as improving the strategic risk-based planning for material issues.

## Responsiveness

Taishin FHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the Taishin FHC is developed and continually provides the opportunity to further enhance Taishin FHC's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Taishin FHC's responsiveness issues. However, the future report should be further enhanced by the following areas:

- Aligning employee's expertise with corporate's core competency as to develop CSR-related products, services or public welfare projects, and development should assess and screen environmental and social risks.

## Impact

Taishin FHC has Identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Taishin 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 the Taishin 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, Taishin FHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within 2019 Taishin FHC CSR Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

## GRI Sustainability Reporting Standards (GRI Standards)

Taishin FHC provided us with their self-declaration of in accordance with 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 GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Taishin FHC's social responsibility and sustainability topics. However, the future report will be improved by the following areas:

- Continuously focus on the implementation of CSR procedures and programs as to correspond the updated relative standards.

## Assurance level

The moderate level assurance provided is in accordance with AA1000AS (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 the Taishin 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:

 ...making excellence a habit.™  
Peter Pu, Managing Director BSI Taiwan



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BSI Taiwan is a subsidiary of British Standards Institution.





**Taishin Holdings**

**2019**

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CSR