



Taishin Holdings

Taishin Financial Holding Co., Ltd. 2016 Corporate Social Responsibility Report



Report Summary

This 2016 Corporate Social Responsibility Report ("the CSR Report") presents the CSR performance of Taishin Financial Holding Co., Ltd. ("Taishin FHC" or "Taishin"). The reporting period, scope, contact information, and other relevant information are highlighted below:

Cover Story	Disclosures of this report have been arranged into 7 main categories: CSR issues analysis, sustainability risks and strategies, business management, customer service, green initiatives and sustainable partners, employee care, and social involvement. These 7 elements form the foundation of the Company's CSR philosophy. This report is designed mainly in "gold color" to symbolize the stability and professionalism expected from a financial institution while the contents are printed on white background to minimize ink usage. The design conveys the ideas of Company's corporate image as well as environmental protection ideals.
Reporting Period	The CSR Report is the forth (2016) 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 2016. For the purpose of completeness, some of the information presented may fall outside of the aforementioned period. The CSR Report is prepared and published on a yearly basis. Date of previous publication: 2016/08
Scope of Report	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. Disclosure of environmental statistics is limited to the Neihu area and Taishin Tower.
Information Disclosure	All financial information contained in the CSR Report, including operating revenue, costs, and expenditures of Taishin FHC, is presented in New Taiwan Dollars (NTD) and has been audited by a certified public accountant. Statistical figures in the CSR Report are calculated and presented using common international standards and rounded to the nearest integer. Carbon emission in 2014-2015 was self-calculated based on information published by the government; from 2016 onwards, formal calculation are being conducted in accordance with ISO 14064-1 while the results are certified by third parties. the term "local" shall refer to the country or region where business is located. Stakeholders may access the CSR Report at the Taishin website. Please direct all inquiries and suggestions to the contact personnel listed in the CSR Report.
Reporting Basis	Information of the CSR Report has been disclosed in accordance with Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (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 framework stipulated by the International Integrated Reporting Committee (IIRC).
Report Preparation and Supervision	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 42 representatives from various departments and subsidiaries, who go through procedures from planning, analyzing, data gathering, report preparation, validation, to the final printing.
Report Assurance	Taishin has engaged British Standards Institution (BSI) to verify that the CSR Report conforms with all criteria of materiality, inclusivity and responsiveness of AA1000 - Accountability. Taishin has also engaged Deloitte & Touche to corroborate its report for conformity with GRI Standards principles using the standards published by the Accounting Research and Development Foundation in Statement of Assurance Principles No. 1 - "Audit and Review of Non-financial Information" (which has been established based on International Standard on Assurance Engagements; ISAE3000(Revised)), in order to establish limited assurance over this report. Please refer to the Appendices for the independent assurance statement.

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

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CSR

Taishin Financial Holding Co., Ltd.

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Message from the Chairman

The launch of Sustainable Development Goals (SDG) by the United Nations in 2016 is an indication that corporate sustainability has become a major issue recognized around the world. Global investors are also placing greater emphasis on the sustainability of the companies they invest in. In addition to developments in other parts of the world, Taiwan also encountered several major financial events in 2016 that brought the authority's attention to more stringent control over financial risks, while investors and customers are also demanding financial institutions to exercise more stringent management on information security and anti-money laundering issues. Furthermore, evolution of financial technologies has accelerated the transformation of conventional products and services. Faced with a new era of risks and challenges, Taishin Financial Holdings remains persistent on corporate social responsibilities and strives to secure its foothold amidst competition through innovative thinking while at the same time devote attention to corporate governance, economic, environmental, and social aspects. I would like to express my utmost gratitude for the support of all our stakeholders, for they are the driving force behind Taishin's progress towards sustainability.

In response to the world's rising awareness towards sustainability issues, Taishin Financial Holdings will be devoting attention to six main sustainability aspects, namely: corporate governance, responsible products, customer relations, employee care, green operations, and social inclusion, where we will mobilize employees to building the Company's sustainable corporate culture. Towards 2017, we shall strive to enhance risk management performance and establish ourselves as the role model in the governance aspect. For the economic aspect, we shall develop innovative digital banking technologies as well as improve the depth and breadth of our services, while continue to expand overseas service locations. For the environmental aspect, we shall support global environmental protection initiatives and keep building a sustainable supply chain. For the social aspect, we will enhance talent training internally and develop innovative products and services externally, while expanding linkage effects in our social involvement and charity activities to build up social influence.

I would like to take this opportunity to share with you the sustainability achievements of Taishin Financial Holdings in 2016: in the governance aspect, Taishin was rated "Excellent" during the corporate governance assessment organized by Taiwan Corporate Governance Association, ranked among the top 5% of TWSE's "Corporate Governance Evaluation" for consecutive years, included in the "Corporate Governance 100 Index," and awarded the CSR Practice Award by British Standards Institution (BSI). In the economic and environmental aspects, Taishin has been actively aiming to achieve business growth while protect the environment at the same time by improving service quality in digital banking, wealth management and consumer banking. The Company has also significantly reduced the amount of energy consumed, supported "green energy technologies and industry," and introduced many environment-friendly projects into daily operations. In the social aspect, Taishin has long been exerting corporate influence to help realize people's dreams and contribute to charity, arts, sports, and academics.

In the future, Taishin Financial Holdings will carry on its brand spirit of "devotion," aim to digitize and globalize its current operations to a greater extent, and bring customers more thoughtful and intelligent financial services under strict compliance and risk management. We shall also escalate our sustainability practices to convince stakeholders of Taishin's growth potentials as well as its character as a trustworthy and mission-driven financial institution that accepts corporate sustainability as the ultimate responsibility and envisions to fulfill social responsibilities for harmony, public interest, and sustainable environment.



Chairman of Taishin Financial Holding Co., Ltd.

A handwritten signature in black ink, appearing to read 'Tongliang'.

About Taishin

I · Company Profile

Company Name	Taishin Financial Holding Co., Ltd.
Company Type	TWSE-Listed Company
Date of Incorporation	Feb.18, 2002
Core Values	Integrity, Commitment, Innovation and Collaboration (ICIC)
Brand Spirit	Dedication
Headquarter	No. 118, Section 4, Ren'ai Road, Da'an District, Taipei City
Employee Size	8,099 ^①
Total Capital	NT\$ 103.757 Billion ^①

^① Base Date: 2016.12.31

Subsidiaries	Services and Products	Supply Chain Composition	No. of Service Locations ^①
Taishin International Bank Co., Ltd.	Wealth management, retail banking (deposit, loan, investment, credit card, insurance), electronic banking, trust, wholesale banking (deposit, short/long-term loan, guarantee, trade financing, syndicated lending, bond trading, bill financing, factoring, cash management, corporate Internet banking, foreign currency and interest rate derivative trading, merger and acquisition consultancy, asset securitization, and discretionary asset management)	System developers, card manufacturers, insurance companies, advertisement designers, media, printing contractors, office suppliers	106
Taishin Securities Co., Ltd.	Proprietary securities trading, securities brokerage, securities underwriting, futures introducing broker, and other business activities as approved by the competent authority	System developers, office suppliers	3
Taishin Securities Investment Trust Co., Ltd.	Raising of securities investment trust funds against issuance of beneficial certificates, and investment of funds in securities and other related instruments	Overseas investment consultants, index providers, financial information suppliers, advertisement designers, media, printing contractors, office suppliers	3
Taishin Securities Investment Advisory Co., Ltd.	Investment research and analysis; sole distributor of the Jupiter Fund	Database providers, advertisement designers, media, printing contractors, office suppliers (the above applies to the distribution business)	1
Taishin Asset Management Co., Ltd.	Acquires monetary debts from financial institutions; rates and sells debt; provides debt management and overdue accounts receivable management services	Debt collectors, office suppliers	1
Taishin Venture Capital Investment Co., Ltd.	Venture capital investment	Office suppliers	1

Foundation	Services
Taishin Charity Foundation	Disaster/emergency relief, medical subsidy for the disadvantaged, support to charity organizations, skill development for the disadvantaged, and other social welfare activities
Taishin Bank Foundation for Arts and Culture	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

Note: Taishin FHC includes six subsidiaries. Taishin Bank Foundation for Arts and Culture and Taishin Charity Foundation have been established under Taishin Bank

II · Global Map

Taishin's business encompasses banking, securities, investment trusts, investment consultancy, asset management and venture capital. By continually improving our products and services, we hope to gain customers' trust and recognition towards the Taishin brand. Taishin Bank has been actively expanding overseas markets. Its presence in Asia is gradually taking shape, and in addition to Hong Kong Branch, Singapore Branch and Ho Chi Minh City Representative Office (Vietnam) that are currently in operation, the Myanmar Representative Office opened in January 2016, followed by Tokyo Branch (Japan) in October 2016 and Brisbane Branch (Australia) in July 2017. To further enhance Taishin's regional network, the application has been submitted to the Vietnamese authority for the establishment of Long An Branch.



III · Brand Story

Taishin - Innovation

All Taishin employees have adopted "devotion" for their work spirit and attitude, and "innovation" for their motivation. Taishin's "innovation" is best told through the story of the Rose Card, a true classic that withstood the test of time for 20 years!

Taishin believes innovation to be the key to delivering the best service for customers. In 1995, Taishin introduced the Rose Card with the slogan: "Women are made pretty with devotion" that later become a 3-time winner of the Annual Advertising Slogan Awards. The card was innovative at the time because it was the first product on the market that targeted a specific gender - women, and that it delivered a message so strong that fundamentally changed the credit card business. From that moment onwards, credit card is no longer just a payment tool, but represents the holder's attitude, character and belief as well. The design of the Rose Card featuring a passionate red rose is still loved by many customers, and its brand dominance remains unchallenged even till today!

What is it that drives the innovative thinking of Taishin employees? The answer lies in the creative inspirations that Taishin has put in motion within the organization! By constantly involving employees in brainstorming activities of improving business process, we have brought creative thinking into our corporate culture and into employees' daily living. This ongoing cycle of observing, thinking and changing is how we have been able to constantly optimize and improve our processes,

and why Taishin employees are able to stay active and driven to contribute to the growth of the organization!

Taishin employees are constantly exploring ways to outdo themselves, and their pursuit for innovation is realized in all aspects of corporate management. When designing products and services, Taishin begins from users' perspective and aims to deliver the best financial service experience. In response to the new digital trend, Taishin has even adopted innovative technologies to introduce new services such as online loan application, card-less ATM withdrawal, fund transfer using mobile number, mobile payment, "Repayment Wizard" system, housing/auto/personal loan App, Financial Advisor App, international mobile payment, cross-border payment, virtual card etc. In 2016, Taishin launched the market's first digital banking brand called Richart that targets the digital generation. The brand will be bringing new experience and changing the ways financial services are delivered without a doubt.

Taishin's creative thinking is also applied broadly in various aspects of sustainability management, such as green initiative, talent training, charity, arts and culture, sports sponsorship etc. It has been 25 years since Taishin was first founded, and for the years to come, Taishin will carry its devotion and innovation into the future and strive to become Your Smart Partner.





CSR Issues Analysis

- I • Stakeholders and Materiality Analysis
- II • Response to Specific Issues



Taishin adopts a meticulous approach towards identifying and analyzing material issues. By actively addressing possible issues of concern of various stakeholders in 2016, we hope to demonstrate the inclusion, sustainability, materiality, and completeness of Taishin's stakeholder policy, while convey our respect for the opinions of all stakeholders.

I · Stakeholders and Materiality Analysis

This is the fourth annual CSR report prepared by Taishin. To ensure that stakeholders' concerned issues are properly addressed and recognized throughout the financial group as the foundation for future improvement, Taishin has adopted the four steps below to identify key stakeholders and analyze material issues of concern in 2016, which then enables the Company to adjust its practices in response to such issues.



Step 1: Confirming Degree of Relations with Stakeholders

Taishin continued gathering opinions from internal departments and subsidiaries in 2016, and based on current operations, it has updated its list of stakeholders to 9 categories, including the addition of a new category named "Sponsored/Donated Subjects" and the change of NGO and NPO under the "Community" category. Relations between each stakeholder and Taishin were evaluated using five principles, including "Responsibility, Impact, Tension, Diverse Perspectives, and Dependency."

2016 Stakeholder Categories List

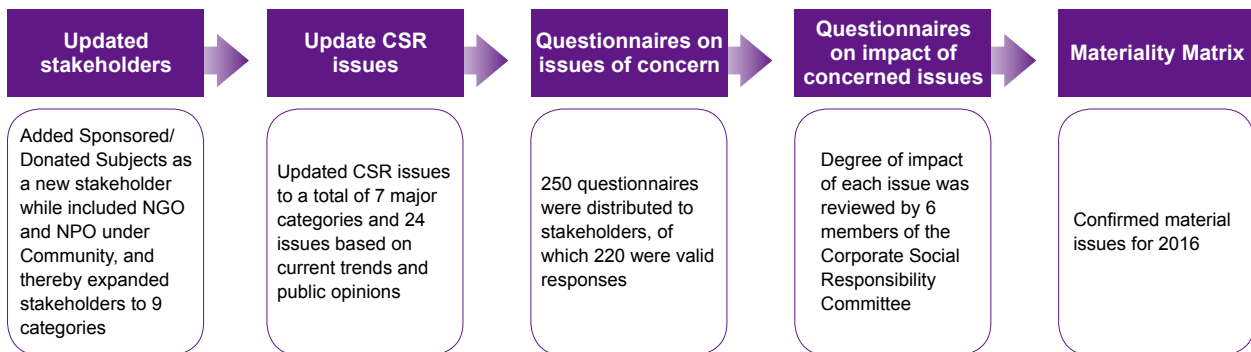
Stakeholder Type	Response Chapter
Employees Employees are the most critical resources to Taishin. Only when employees are taken care of may the company continue to create values	CSR Issues Analysis Employee Care
Competent Authority Taishin ensures strict compliance with rules of the authority, and aims to perform beyond minimum requirements	CSR Issues Analysis Business Management
Shareholders/Investors/Rating Agencies/Analysts Shareholders, investors, and professional institutions are the force behind Taishin's ongoing improvements	CSR Issues Analysis Business Management
Customers Taishin sees itself as its customers' "Smart Partner," and hopes to solve customers' problems by offering the best services and products available	CSR Issues Analysis Customer Service
Suppliers Taishin views suppliers as business partners. While the company strives for improvements, it expects positive responses from suppliers to help create a sustainable value chain	CSR Issues Analysis Green Initiatives and Sustainable Partners
Sponsored/Donated Subjects As a financial institution, Taishin puts "people" at the core of its value and actively sponsors/donates resources to care, assist, and serve people and help them accomplish their dreams	CSR Issues Analysis Social Involvement
Community/NGO/NPO Taishin cares for the local community and neighborhood. It establishes relationship by inviting locals to music and art events, and contributes by extending assistance to the socially disadvantaged and residents living in remote areas	CSR Issues Analysis Social Involvement
Media Taishin responds to public queries through the media	CSR Issues Analysis Business Management Customer Service
Academic Institutions Academic opinions are one of the driving forces behind Taishin's ongoing improvements, and a key source of knowledge that would secure the company's leadership	CSR Issues Analysis Business Management Social Involvement

Note: Significance of stakeholder relationship has been ranked in descending order

Step 2: Identification and Analysis of Material Issues of the Year

Taishin has updated its 2016 CSR issues list based on the nature of the financial industry, stakeholders' feedback, report preparation experience, CSR issues and major events of the financial industry occurred in 2016, ongoing digital development, and opinions raised by internal departments and subsidiaries. Judging by the major events in 2016 that aroused the public's attention to internal control practices, and the imminent need of the financial industry to expand overseas while incorporate sustainability practices with the banking profession, Taishin has added 3 new issues to this year's survey, which are: "Business Integrity", "International Expansion/ Strategies", and "Financial Inclusion." Furthermore, in view of the fact that topics such as "Green banking" and "Financial technology" are currently under intensive discussion, and that the organization has gradually achieved sustainability with regards to internal supply chain management, some of the issues have been renamed "Green banking products," "Financial technology/ innovation," and "Supplier sustainability management" to help stakeholders understand the implications of the issues discussed. A total of 24 issues have been identified in 2016. These issues were classified into corporate governance, economic, environment, labor, human rights, community and product accountability (see the List of Material Issues below).

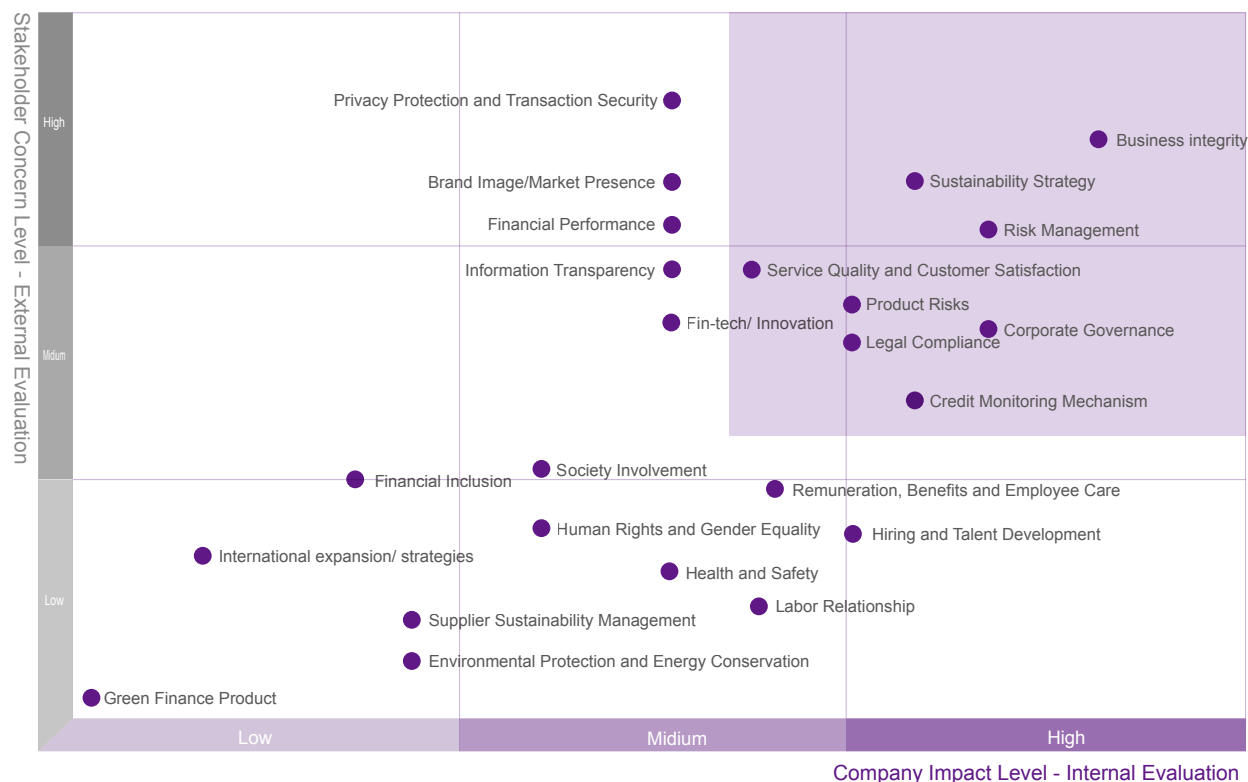
Investigation Procedures for 2016 Material Issues



2016 Stakeholders' Level of Concern and Degree of Impact

	Stakeholders' Level of Concern	Impact on Operations	
<div>High</div> <div>Level of concern</div> <div>Low</div>	1 Privacy Protection and Transaction Security	Business Integrity	<div>High</div> <div>Impact on operations</div> <div>Low</div>
	2 Business Integrity	Corporate Governance	
	3 Sustainability Strategy	Risk Management	
	4 Brand Image/ Market Presence	Sustainability Strategy	
	5 Risk Management	Credit Monitoring Mechanism	
	6 Information Transparency	Legal Compliance	
	7 Service Quality and Customer Satisfaction	Hiring and Talent Development	
	8 Financial Performance	Product Risks	
	9 Product Risks	Remuneration, Benefits and Employee Care	
	10 Fin-tech/ Innovation	Labor Relationship	
	11 Corporate Governance	Service Quality and Customer Satisfaction	
	12 Legal Compliance	Information Transparency	
	13 Credit Monitoring Mechanism	Brand Image/ Market Presence	
	14 Society Involvement	Financial Performance	
	15 Financial Inclusion	Health and Safety	
	16 Human Rights and Gender Equality	Privacy Protection and Transaction Security	
	17 Remuneration, Benefits and Employee Care	Fin-tech/ Innovation	
	18 Hiring and Talent Development	Human Rights and Gender Equality	
	19 Health and Safety	Society Involvement	
	20 Labor Relationship	Supplier Sustainability Management	
	21 International expansion/ strategies	Environmental Protection and Energy Conservation	
	22 Supplier Sustainability Management	Financial Inclusion	
	23 Environmental Protection and Energy Conservation	International expansion/ strategies	
	24 Green Finance Product	Green Finance Product	

2016 Materiality Matrix



Using the topics matrix, we were able to identify issues that were of highest concern to stakeholders and had the most severe impact on Taishin's operations in 2016. The identified issues were compared with GRI Standards to determine the relevant topics and boundaries. The management approaches and targets of the various topics involved are explained in a separate table.

2016 Material Issues

Internal: ① Taishin Financial Holdings ② Subsidiaries / affiliated enterprises

External: ③ Competent authority ④ Shareholders/investors/rating agencies/analysts ⑤ Suppliers ⑥ Customers
⑦ Communities ⑧ Media ⑨ Academic institutions ⑩ Sponsored/Donated Subjects

Item No.	Material Issue	Topics	Chapters	Boundary		Impacts	General Standard Disclosures/ Topic Specific Standard Disclosures
				Internal	External		
1	Business Integrity	Anti-corruption	CSR Issues Analysis Sustainable Risks and Strategies Business Management Employee Care Appendix	① ②	③ ④ ⑤ ⑥	Occurrences such as corruption, improper political donation etc may affect the Company's financial performance and compromise shareholders' and employees' interests	205-2~3
2	Risk Management	Strategy	Message from the Chairman Sustainable Risks and Strategies Business Management Customer Service Green Initiatives and Sustainable Partners Social Involvement	① ②	③ ④ ⑤ ⑥ ⑦	Failure to manage risks properly may impact financial performance and cause losses to customers' assets	102-15
3	Sustainability Strategy	Company Profile Strategy	Message from the Chairman About Taishin Sustainable Risks and Strategies CSR Issues Analysis Business Management Customer Service Green Initiatives and Sustainable Partners Employee Care	① ②	④ ⑤ ⑥ ⑦ ⑨	Absence of a sustainable plan will undermine the Company's long-term development	102-1~15
4	Corporate Governance	Governance	Business Management Appendix	① ②	③ ④ ⑥	Absence of sound corporate governance practices will undermine shareholders' interests and the Company's long-term development	102-18~32 102-35

Item No.	Material Issue	Topics	Chapters	Boundary		Impacts	General Standard Disclosures/ Topic Specific Standard Disclosures
				Internal	External		
5	Product Risks	Marketing and Labeling	Customer Service Appendix	① ②	③ ⑤ ⑥	Inaccurate product labeling or absence of information relevant to customers' interests may mislead customers into making wrong purchases	417-1~3
		Customer Health and Safety	Customer Service Appendix	① ②	③ ⑥ ⑧		416-2
		Product Portfolio	Message from the Chairman About Taishin CSR Issues Analysis Business Management Customer Service Green Initiatives and Sustainable Partners Social Involvement	① ②	④ ⑤ ⑥	Products that are not developed in conformity with sustainability values are unable to meet consumers' demands, and will reflect poorly on profitability	FS1~8
		Audit	Business Management Appendix	① ②	③ ④	Inability to manage environmental and social risks within the Company and subsidiaries may result in losses and compromise shareholders' interests	FS9
		Equity Ownership	Business Management Appendix	① ②	③ ④		FS10 FS11
6	Legal Compliance	Environmental Compliance	Business Management	① ②	③ ④ ⑦	Failure to comply with environmental regulations will affect the quality of life of community residents, and undermine the Company's image	307-1
		Socioeconomic Compliance	Business Management Appendix	① ②	③ ④ ⑥	Failure to comply with economic and social regulations will affect workers' interest, violate fair customer treatment principles, and undermine the Company's image	419-1
7	Credit Monitoring Mechanism	Product Portfolio	Message from the Chairman About Taishin CSR Issues Analysis Business Management Customer Service Green Initiatives and Sustainable Partners Social Involvement	① ②	④ ⑤ ⑥ ⑦	Improper financing may result in negative environmental or social impacts on the community, or put the Company at risk of customers' default and financial losses.	FS1~FS8
8	Service Quality and Customer Satisfaction	Marketing and Labeling	Business Management Customer Service Appendix	① ②	③ ⑤ ⑥ ⑧	Inaccurate product labeling or lack of proper marketing communication may mislead customers into making wrong purchases or reducing customer satisfaction	417-1~3

Note: 1. The list of material issues covers 5 topics that correspond to 39 general standard disclosures/topic-specific standard disclosures

2. When combined with self-disclosed topics, the report would cover a total of 25 topics that correspond to 50 topic-specific standard disclosures and 51 general standard disclosures

3. The Financial Services Sector Supplement covers 5 aspects in 16 indicators

Step3: Management of Material Issues

Material Issue	Significance to Taishin	Material Topic	Taishin's Commitment	Management Approach	Assessment and Management System
Business Integrity	<ul style="list-style-type: none"> The Company enforces its business integrity policies by adhering to the values of "integrity, commitment, innov 	Anti-corruption	"Integrity" and "commitment" are Taishin's core values, as well as guidelines to employees' conducts.	<ul style="list-style-type: none"> Corporate Governance Principles Ethical Corporate Management Best Practice Principles Employee code of conduct and training Other related rules All employees of the Company (including overseas employees) are required to complete 1-2 anti-money laundering courses each year Supplier management guidelines have been implemented; suppliers are now required to sign a letter of commitment for business ethics and integrity Grievance mechanism: Reporting hotline, reporting email, submission of complaint document 	<ul style="list-style-type: none"> Regular internal control reviews and internal audits Regular review of directors'/ managers' performance and compensation policies, systems, standards and structures Regular preparation of online courses and demand relevant employees to participate and pass anti-money laundering courses Trainings have been conducted in accordance with the Money Laundering Control Act; the completion rate of the employees that attended the training courses is 100%

Material Issue	Significance to Taishin	Material Topic	Taishin's Commitment	Management Approach	Assessment and Management System
Product Risks	<ul style="list-style-type: none"> Minimize service and product risks Development of sustainable products 	Customer Health and Safety	Minimize service risks and develop sustainable products	<ul style="list-style-type: none"> Minimize customers' investment losses and broaden product diversity Plan sustainable products Grievance mechanism: Customer service hotline, customer complain hotline, customer inquiry online form, customer opinion forms etc 	<ul style="list-style-type: none"> Risk warnings and risk levels are disclosed in all advertising/promotional materials Make full disclosure of product content and the market environment for customers' reference
		Marketing and Labeling	Comply with laws with regards to the launch, sale and marketing of financial products; refrains from sale of prohibited or disputable products	<ul style="list-style-type: none"> A product review system has been established to monitor product risks Devise joint marketing strategies Advertising, business solicitation and promotion activity guidelines Require all overseas branches to comply with the rules of the head office and the local authorities when selling products Grievance mechanism customer opinion forms 	<ul style="list-style-type: none"> Performance is tracked annually to ensure that the current strategy and development conform with legal requirements Regulations and procedures are reviewed on a regular basis Cases of complaint and dispute are reviewed regularly Annual training Review panels of various product categories have been empowered to set customer risk tolerance and product risk rating
		Product portfolio	Products are being developed with a focus on sustainability	<ul style="list-style-type: none"> Taishin has a "Corporate Social Responsibility Committee" in place to oversee service and project executions Established "Corporate Social Responsibility Best Practice Principles" Investigate and disclose environmental/social risks in credit cases Grievance mechanism: customer opinion forms 	<ul style="list-style-type: none"> Convention of Corporate Social Responsibility Committee meetings on an unscheduled basis Credit cases that present environmental/social risk concerns are instructed to improve within a given time
		Audit	Enforce risk identification and evaluation; monitor business activities and correct defects on a regular basis	<ul style="list-style-type: none"> Establish standards for the professional audit practice and implement audit activities independently. 	<ul style="list-style-type: none"> Audits are conducted twice a year, during which defects found in previous audits are followed up and reviewed Audit activities are reported to the board of directors on a quarterly basis
		Equity Ownership	Taishin requires all subsidiaries in which it exercises voting interest to comply with Taishin's policies on environmental and social issues	<ul style="list-style-type: none"> Taishin has a "Corporate Social Responsibility Committee" in place to oversee service and project executions Established "Corporate Social Responsibility Best Practice Principles" Grievance mechanism: Stakeholders web page, investor relations mailbox 	<ul style="list-style-type: none"> Convention of Corporate Social Responsibility Committee meetings on an unscheduled basis
Legal Compliance	<ul style="list-style-type: none"> Active support of government policies Comply with regulations 	Environmental Compliance	Taishin continues to enforce environmental protection/energy conservation measures in conformity with its ideals, and mobilizes all employees to contribute to the sustainability of the environment	<ul style="list-style-type: none"> Taishin continues to introduce new environmental protection/energy conservation measures, and requires all business operations and activities to comply with laws. Dispose waste properly in compliance with environmental laws; sort garbage and recycle where possible to minimize impact on the environment. Grievance mechanism: Stakeholders web page 	<ul style="list-style-type: none"> Taishin gathers information on new energy laws and amendments every six months, and conducts compliance checks
		Socioeconomic Compliance	Pay close attention to industry trends and banking policies local and abroad; conduct business and operational activities in accordance with the authority's instructions	<ul style="list-style-type: none"> Develop internal rules in accordance with laws Internal control and audit Legal awareness training for employees Review system for financial product advertisements and marketing materials Grievance mechanism: Stakeholders web page 	<ul style="list-style-type: none"> Regular review and adjustment of operating guidelines Compliance review during regular audits
Credit Monitoring	<ul style="list-style-type: none"> Continual enhancement of risk management framework, and effective management of credit risks Sustainability issues have been included as part of credit assessment Product portfolio 	Product portfolio	Products are being developed with a focus on sustainability	<ul style="list-style-type: none"> Taishin has a "Corporate Social Responsibility Committee" in place to oversee service and project executions Established "Corporate Social Responsibility Best Practice Principles" Investigate and disclose environmental/social risks in credit cases Grievance mechanism: customer opinion forms 	<ul style="list-style-type: none"> Convention of Corporate Social Responsibility Committee meetings on an unscheduled basis Credit cases that present environmental/social risk concerns are instructed to improve within a given time
Service Quality and Customer Satisfaction	<ul style="list-style-type: none"> Effective interaction and communication with customers Continuous improvement in service quality 	Marketing and Labeling	<ul style="list-style-type: none"> Taishin values customers' opinions and regards them as the driving force towards growth Comply with laws with regards to the launch, sale and marketing of financial products 	<ul style="list-style-type: none"> A product review system has been established to monitor product risks Devise joint marketing strategies Advertising, business solicitation and promotion activity guidelines Require all overseas branches to comply with the rules of the head office and the local authorities when selling products Grievance mechanism: customer opinion forms 	<ul style="list-style-type: none"> Performance is tracked annually to ensure that the current strategy and development conform with legal requirements Regulations and procedures are reviewed on a regular basis Cases of complaint and dispute are reviewed regularly Annual training

Step 4: Communication of Material Issues

Open communication is the only way the company can learn the true voices of its stakeholders. Taishin has several teams responsible for communicating with stakeholders and paying attention to topics that are of concern to them. Feedback and opinions exchanged with stakeholders are regarded as an internal drive to growth.

Stakeholder Type	Issues of High Concern	Communication Channel	Frequency of Communication	Communication Result
Employees	• Service Quality and Customer Satisfaction • Remuneration, Benefits and Employee Care • Sustainability Strategy	Taishin Morning Meetings	Quarterly	Enable employees to grow in line with Taishin: optimize service and product quality
		Employee Engagement Survey	Biennially	
		Employee relation mailbox	Irregular	
		HR website and internal announcements	Irregular	
Competent authorities	• Privacy Protection and Transaction Security • Business integrity • Legal Compliance	Foreign currency reporting to the Central Bank	Daily	Satisfies the authority's expectations and requirements
		Reports to FSC website	Monthly	
		Information reporting to the Central Bank	Quarterly	
		Taishin Financial Holdings website	Irregular	
		Supervision and inspection exercises	Irregular	
		Policy seminars and conferences	Irregular	
		Phone, e-mail or physical mail and reply	Irregular	
Shareholders/ Investors/Rating Agencies/Analysts	• Information Transparency • Privacy Protection and Transaction Security • Risk Management	Market Observation Post System	Monthly	Transparent disclosure of information to shareholders and investors, and thereby maintain mutual trust
		Analyst Meetings	Quarterly	
		Roadshow/IR Conference	Quarterly	
		Shareholders meeting	Annual	
		Phone, e-mail or written correspondence	Irregular	
		Taishin Financial Holdings portal - Investor Relations section		
Customers	• Privacy Protection and Transaction Security • Business integrity • Service Quality and Customer Satisfaction	Customer service hotline, customer feedback channels (VOC, voice of customers), customer opinion forms, customer inquiry online form	Daily	Comprehension and timely response to customers' needs
		Member periodicals/e-newsletters	Monthly	
		Branch Banking service surveys	Quarterly	
		Customer satisfaction and loyalty surveys	Annual	
		Convention of corporate investment and hedging seminars	Annual	
		SMS, e-mail, push message via mobile banking, social network, correspondence	Irregular	
		Finance, investment and health seminars	Irregular	
		Suppliers	• Supplier Sustainability Management • Sustainability Strategy • Business integrity	
Business seminars, consultancy meetings, price negotiation meetings etc	Irregular			
Sponsored /Donated Subjects	• Society Involvement • Brand Image/ Market Presence • Financial Inclusion	Online marketing platform	Monthly	By interacting with sponsored/donated subjects, Taishin is able to match society's resources to those in need
		Taishin Arts Award	Annual	
		"Your Ballot Decides the Strength of Love"	Annual	
		Sponsoring of "My One Acre of Farm"	Annual	
		Sponsoring creations and performances of various artists or artistic groups	Irregular	
		Volunteer groups	Irregular	
		Minority Project	Irregular	
		Charity Art Programs	Irregular	
Community/NGO/ NPO	• Privacy Protection and Transaction Security • Service Quality and Customer Satisfaction • Society Involvement	Art Talk on Philharmonic Radio Taipei	Weekly	Maintain interaction with the public; deliver information of related topics to concerned audiences, and rally participation from nearby residents
		Friday Noon Concert	Biweekly	
		Taishin Arts Award Exhibition	Annual	
		Exhibition at 1F of Taishin Tower	Irregular	
		ARTalks website	Irregular	
		Finance, investment and health seminars	Irregular	
		Children's finance camps at nearby schools	Irregular	
Media	• Financial Performance • Fin-tech/ Innovation • Information Transparency	Press conference or seminar	Irregular	Distribution of corporate message and timely communication
		Press release	Irregular	
		Media gathering	Irregular	
		Spokesperson policy	Irregular	
Academic Institutions	• Corporate Governance • Credit Monitoring Mechanism • Sustainability Strategy	Campus seminars and exhibitions	Annual	Close interaction with students to understand the latest topics in the academic world
		Special courses	Annual	
		Written correspondence	Annual	
		Campus charity projects	Irregular	
		Academic interaction and conference with top institutions in Taiwan and China	Irregular	

II · Response to Specific Issues

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

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Investor	(1) Taishin Financial Holdings' statement with regards to CHB investments	Whole year, 2016	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	(2) Progress of provisional civil injunction (3) Progress of civil litigation (4) Progress of complaints made to Control Yuan and subsequent investigations		Communication methods include telephone, email, press conference, seminar and press release. Any wrongly reported facts will be clarified by the PR department

(1) Taishin Financial Holdings' 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 NT\$36.568 billion, and the company acquired a 22.55% ownership interest in CHB with the approval of FSC, making it the largest shareholder.

The Ministry of Finance had previously announced on July 5, 2005, and issued an official correspondence through CHB on July 21, 2005, addressing "all bidders of the 2005 CHB cash issue" the ministry's commitment to transfer control of CHB to the winning bidder. The correspondence reads: "The Ministry shall maintain its policy to support the largest shareholder in acquiring control over the bank, provided that the winning bidder remains the largest investor before the Ministry's shares are sold." The correspondence was evident 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 had kept its promise and helped Taishin acquire majority seats in the board.

However, during CHB's 2014 board election, the Ministry of Finance reneged on the promises it had made in 2005 without legitimate reasons, 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 made extensive efforts to acquire proxy forms from the market. As a result, Taishin acquired only 2 out of 9 director seats and had 1 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 made in 2005 and caused Taishin to lose control over CHB and suffer immense losses, Taishin raised a civil lawsuit against the Ministry of Finance in search for legal remedy to the interests of Taishin's 200,000+ shareholders. A provisional injunction was filed to Taiwan Taipei District Court while a complaint was made to the Control Yuan, hoping that the judicial and administrative system would compel the Ministry of Finance into fulfilling its written commitments made in 2005, and restore Taishin's control over CHB.

(2) Progress of provisional civil injunction

Taishin's provisional injunction against the outcome of CHB's board election was filed on December 9, 2014. The motion was rejected outright by Taiwan Taipei District Court and Taiwan High Court, but after further appeals, the Supreme Court ruled on September 25, 2015 to revert the case back to Taiwan High Court on the basis that: the Ministry of Finance had previously taken the initiative to appoint candidates recommended by Taishin to serve out the remaining term of CHB's board in 2005; as a result,

it is within the court's discretion to decide whether to approve or reject Taishin's motion for provisional injunction, depending on the necessity of such an action. The Taiwan High Court rejected Taishin's re-appeal on April 11, 2016 and then Taishin submitted a subsequent re-appeal on April 28. However, Taishin withdrew the re-appeal to convey the sincerity of conciliation and settlement on June 13, 2016.

(3) Progress of civil litigation

Taishin filed a civil lawsuit against the Ministry of Finance on December 9, 2014 to Taiwan Taipei District Court. The lawsuit was intended to establish contractual relationship between the two parties, based on which Taishin may hold the Ministry of Finance responsible to appoint 3 of Taishin's recommended candidates as directors, which was part of the Ministry of Finance's public commitments made on July 5 and July 21, 2005, and claim damages totaling NT\$16.558 billion. The Taipei District Court verdict on April 27, 2016, confirmed that the Ministry of Finance and Taishin Financial Holdings had a contractual relationship, but Taishin's request for a replacement of the institutional board members on CHB's 24th board of directors was denied. Taishin Financial Holdings submitted an appeal on May 19, 2016. In an attempt to simplify the current litigation and focus on the claim for existence of contractual relationship, Taishin Financial Holdings had made a decision on January 16, 2017 to withdraw its requests for "reappointment of directors" and "damage compensation," while maintain its claim for "existence of contractual relationship" in order to obtain an earlier judgment from the Taiwan High Court. On May 17, 2017, Taiwan High Court verdict to confirm that contractual relationship existed between Taishin Financial Holdings and the Ministry of Finance regarding "before the Ministry of Finance sells its shares in CHB and as long as Taishin Financial Holdings remains to be the largest shareholder of CHB, the Ministry of Finance had the contractual obligation to support the representatives designated by Taishin Financial Holdings to be elected to hold majority of general seats." MoF has appealed on June 12, 2017.

Besides, on July 4, 2017, Taishin filed a lawsuit of revoking the CHB shareholders' meeting resolution regarding the 25th board election.

(4) Progress of complaints made to Control Yuan and subsequent investigations

On December 11, 2014, Taishin filed a complaint to the Control Yuan regarding "Malpractice, abuse of authority and infringement of private rights involving the Ministry of Finance and its Minister that resulted in the losses of more than 200,000 shareholders of Taishin Financial Holdings." On October 7, 2015, the Control Yuan concluded an investigation report that described actions taken by the Ministry of Finance as disputable, inappropriate and potentially detrimental to the state's credibility because: the Ministry's decisions lacked the continuity and consistency expected from government authorities; the decisions were not made in collaboration with the private sector for the best interest of CHB shareholders; and the Ministry failed to communicate and coordinate to the best of its efforts before the CHB board election.

The above responses should provide investors and the media with a thorough understanding of the details and progress concerning this issue. Taishin's response in regards to this case can be found at the Company's website, under the "CHB Suit" section:



CHB News

Specific Issue #2: Overseas deployment strategies

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Investors, customers, media	Overseas expansion plan and progress	Whole year, 2016	Analyst meetings, investor seminars and press releases are used to explain the Company's overseas expansion plan and progress

Overseas expansion has been one of the key strategies undertaken by Taishin in recent years to speed up globalization and enhance competitiveness of its business. The overseas expansion is currently focused on Southeast Asia, Northeast Asia and Pan Pacific areas, where Taishin is comprehensively and carefully evaluating possible solutions from a macroeconomic and financial perspective, and assessing the success of its peers and the feasibility of business development before proceeding an application.

ASEAN countries are currently the focus of Taishin's overseas expansion efforts, as the government's new southbound expansion initiatives have attracted Taiwanese businesses to invest into Southeast Asia and thus give rise to new business opportunities and new demands for financial services. ASEAN countries offer economic growth potentials as well as attractive locations to expand Taishin's banking service network and further to increase its overseas profit contribution.

Taishin Bank currently has branches in Hong Kong, Singapore, Tokyo, and Brisbane, representative offices in Ho Chi Minh City and Myanmar, while Long An Branch (Vietnam) is under preparations. Taishin Venture Capital, on the other hand, has financial leasing companies established in Nanjing and Tianjin, China, to provide financial services to customers. As part of the Taishin's goal to become a regional financial institution, more efforts will be devoted to expanding overseas presences, starting from China, Northeast Asia, Southeast Asia and the Asia Pacific. For more information on the overseas expansion of Taishin's banking and financial leasing businesses, please refer to the [Global Map](#) of this report.

The above responses should provide investors, customers and the media with a thorough understanding of the details and progress concerning this issue.

Specific Issue #3: Class E Preferred Shares

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Investors, media	(1) Purpose for issuing Class E preferred shares (2) Use of capital from the issuance of Class E preferred shares and expected benefits	Whole year, 2016	Issuance of Class E preferred shares have been disclosed via the Market Observation Post System and material information announced to the public

Purpose for issuing Class E preferred shares

The NT\$25 billion raised from the offering were intended to provide additional working capital, enhance capital/financial structure, increase capital adequacy ratio, and meet business expansion needs of Taishin's subsidiaries.

Use of capital from the issuance of Class E preferred shares and expected benefits

The current offering of Class E preferred shares was priced at 4.75 % , which was the 7-year IRS rate of 1.2175 % plus 3.5325%. Class E preferred shares had a face value of NT\$10 and were issued at NT\$50 per share. 10% of the offering, or 50,000,000 shares, were issued to the public while keeping another 15% of the offering, or 75,000,000 shares, were subscribed by employees of the Company and subsidiaries. The remaining 75%, or 375,000,000 shares, were subscribed by existing shareholders proportionally to the shareholding percentages recorded on the shareholder registry as at the ex-rights date. Subject to the competent authority's approval, the Company may recall part or all outstanding Class E preferred

shares at any time from the day after the 7th anniversary of the issuance date at the actual issuance price. Unrecalled Class E preferred shares shall carry the same rights and obligations as stated in the terms and conditions. Class E preferred shares were listed on February 10, 2017.

Cash capital totaling NT\$25 billion had been fully raised by the fourth quarter of 2016, at which time the offering had served its purpose of enhancing financial structure and increasing capital adequacy ratio. NT\$20 billion of the capital was invested into Taishin Bank; the remaining NT\$5 billion will be invested into other subsidiaries to support business expansion at a future time deemed appropriate.

The above responses should provide investors and the media with a thorough understanding of the details and progress concerning this issue.

Specific Issue #4: Fin-Tech Strategy

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Competent authority, customers, media	Taishin's application and development of financial technology	Whole year, 2016	Explanations are provided via press release, website, eDM, customer service hotline, customer service online mailbox, and online customer service

Taishin Bank has launched the following services for the purpose of optimizing user experience [\(please see "Customer Service: I. Sustainability through Innovation" of this report for more details\)](#):

Full-scale launch of digital service

- [Internet/mobile banking](#): In response changes in customers' behaviors under the digital era, Taishin has taken one step ahead of peers and became the first bank in Taiwan to launch quick fund transfer service that allows customers to transfer money by mobile number or email as well as shake smart phones to generate a QR code of the account info. Meanwhile, the Bank's 24-hour online consultation service was launched into operation during the year. A new "card-less cash withdrawal" service was also introduced to incorporate physical ATMs into the virtual service channel.
- [Richart - the digital banking brand](#): Richart offers account-based, pure digital services that cover deposits, consumer spending, and investments. Many of Richart's services have been patented, such as: Money-saving Credit Card, Pre Log-in, Smart Input, Smart Money Transfer, Shake to Transfer, and Card-less Cash Withdrawal etc.
- [Credit card](#): A mobile-version credit card website (mSite) and a new credit card App (CARDaily) were launched into operation to better conform to users' mobile habits.
- [New payment tools](#): After the launch of LETSPAY (e-wallet) in 2016, Taishin made a full-scale upgrade to its electronic payment services in 2017 to meet the collection and payment requirements of social, micro or personal merchants; With regards to cross-border payment, Taishin has been collaborating with China's Alipay and will continue working with other partners throughout Asia in 2017; In terms of contactless payment tools, Taishin launched HCE credit card as a general solution, and has been working with specific service providers (e.g. Apple Pay) since 2017 to increase the popularity of electronic transactions in Taiwan.
- [Bill payment service](#): Taishin has completed the implementation of electronic direct debit authorization (eDDA) and electronic automatic clearing house (eACH), and established connection with Chungwha Telecom's smart payment App to help customers pay utility bills such as water and electricity.

Optimization of internal procedures

- [Housing/Auto/Personal Loan App](#): The Auto Loan App was first launched in 2015 and later added as an expansion feature to mortgage and personal loan service. The new system utilizes automated image recognition and digital process to simplify application procedures for greater efficiency.
- [Financial Advisor App](#): The Financial Advisor App was launched in 2015 to help financial advisors respond to customers' requests in a timelier manner. In 2016, the App was enhanced with features such as customer visit planning and automatic capture of interview log that raised operating efficiency and customer satisfaction.
- [Digital Footprint](#): Taishin was able to gain the value of data by integrating and transforming the data of customers. We enhanced data processing efficiency, while analyses have been made significantly efficient by utilizing a cloud-based platform. Taishin will continue researching text and voice mining technology for purposes such as identifying customers' needs and improving service procedures.

In 2016, Taishin obtained a total of [10 utility model patents](#). It is a testament to how the organization has been utilizing innovative technologies to provide customers with more convenient and thoughtful financial services.

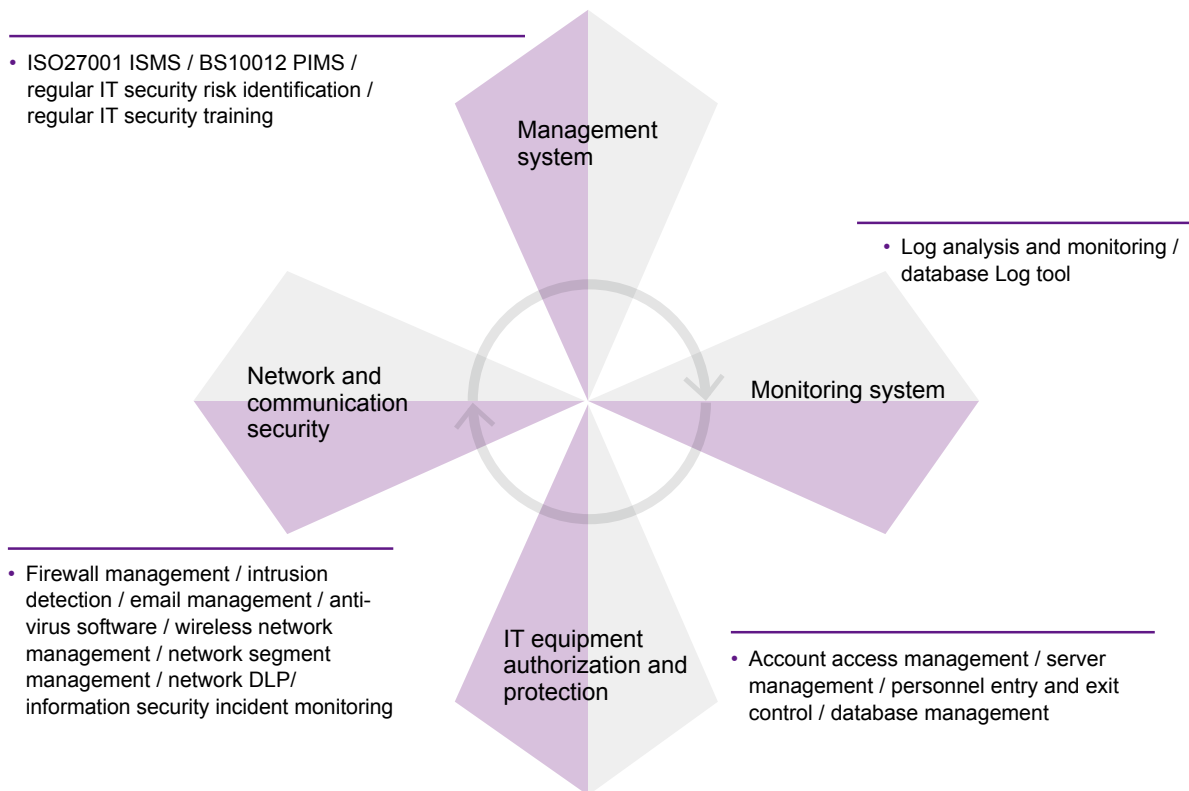
The above responses should provide the competent authority, customers and the media with a thorough understanding of the details and progress concerning this issue.



Specific Issue #5: Information Security Policy

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Competent authority, investors, customers, media	Fin-tech while addressing information security	Whole year, 2016	Phone, e-mail, physical mail or mail reply

Taishin places great emphasis on information security while promoting digital banking, and has adopted the following measures (for complete details, please see "Corporate Management: [IV. Information Security](#)" and "[Customer Service: II. Customers' Interests](#)" of [this report](#)):



Ongoing enhancement of information security practice

- Tools introduced:
 1. Infiltration tools were introduced to scan for network weaknesses.
 2. "Mobile Device Management" was implemented for enhanced security in accessing business-related information.
- System enhancements:
 1. NAC control was established to enhance network access security.
 2. ATM whitelist management was introduced to enhance the security of the ATM system.
 3. Improvements were made to the off-site support system to accommodate business requirements.
 4. The onsite and offsite backup facilities will be constantly reinforced, and a twin-server operations center will be constructed.

Compliance

1. Taishin Bank assesses computer system security by following the Security Guidelines on Computer Systems for Financial Institutions in order to improve security of its computer system and website.
2. Taishin has established a set of "Fundamental Information Security Policy for Mobile App" in accordance with the announcements made by Industrial Development Bureau, Ministry of Economic Affairs

Furthermore, following the fraudulent ATM withdrawal incident encountered by one of the peer banks in 2016, Taishin Bank has since taken preventive measures and plans to replace old ATMs with new models in 2017, while at the same time enhance security control and alert for abnormal occurrences. Taishin Bank has also been rehearsing attacks against ATMs to review the level of security of the existing system environment.

The above responses should provide the competent authority, investors, customers and the media with a thorough understanding of the details and progress concerning this issue.

Issue No. 6 - Purpose of the "Power of Love" campaign

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Sponsored/Donated Subjects	Why did Taishin choose to have the public vote on who should receive the donation, instead of donating money directly?	Whole year, 2016	Event web page, press release, eDM, e-newsletter, volunteers etc.

Taishin's charity ideals

"Power of Love," now in its 7th year, is a campaign organized by Taishin Charity Foundation in which non-profit organizations are invited to make proposals over a common platform via the public votes to decide whom the money should be donated to. Through introduction of a voting system, Taishin hopes to help non-profit organizations learn ways to sell ideas on their own. In addition, the platform also enables non-profit organizations to meet the public and philanthropists who may be interested in their cause.

Graduation system

Any organization that accumulates 5 wins in the general vote is considered capable of marketing on its own, and will become a graduate and no longer be a part of the "Power of Love" campaign. A total of 21 non-profit organizations have graduated from the campaign, and Taishin Charity Foundation continues to maintain contact and encourages them to share marketing experience with other non-profit organizations, thereby begin the cycle of decency.

Other assistance to charity organizations

For non-profit organizations that fail to win the vote, Taishin Charity Foundation continues to match them with resources from other parties. For example, a total of 63 non-profit organizations had won the vote in the 7th year, but owing to Taishin's efforts, the pool of donation increased while donors were sought for 34 organizations that did not win the vote.

As a result, 54% of non-profit organizations were able to receive donations in that year. Apart from monetary donations, Taishin also makes arrangements to obtain resources from different sources, such as secondhand furniture from Taishin Bank, new year festival cuisine from Cheng Hui Foundation, bedding accessories and meal subsidies from Go-South Urological Foundation, and 300 new dining utensils from Life & Living International Limited for the benefit of 2 non-profit organizations. Other assistance provided by Taishin Charity Foundation include: referring non-profit organizations to Taishin Bank for credit card donation programs, collaborating with udn shopping on gathering supplies for those in need, and working with 17Life on complimentary shelving of charity products.

The above responses should provide non-profit organizations and the public with a thorough understanding of the details and progress concerning this issue. More details can be found at the "Power of Love" campaign website.





Sustainability Risks and Strategies

- I • Operating Environment Overview
- II • Risks and Opportunities of Sustainability
- III • Sustainability Strategies and Goals
- IV • 2016 Sustainability Performance Highlights



I · Operating Environment Overview

Global Financial Industry Overview

According to "Global Risks Report 2016" published by World Economic Forum, the world currently faces several major risks including climate change, water resource, energy price, financial crisis, and asset bubble. On April 22, 2016 (Earth Day), the Paris Agreement was signed between 171 countries at the United Nations Office to signify the world's growing attention towards climate change. 2016 also signified the commencement of 2030 Agenda for Sustainable Development (Agenda 30) signed in 2015, which brought the 17 Sustainable Development Goals (SDGs) to great attention among countries.

In response to the growing trend towards sustainability, financial institutions around the world are starting to implement solutions such as inclusive financing and development of sustainable products (e.g. low-carbon investment/financing), while at the same time demand relevant disclosure from businesses.

Important Issues for Taiwan's Financial Industry

Taiwan's financial industry made a significant leap to embrace new technologies in 2016. Since then, every financial institution has been investing resources into the development of financial technologies (FinTech), hoping to build digital channels as a more convenient means to deliver services and products. In doing so, they create demands for broader variety of talents and give rise to the need to transform physical branches.

Furthermore, following the occurrence of several major events in 2016, the public now devotes higher attention to risk management within the financial industry. The need for international talents has risen to a new height given the ongoing deregulation and expansion into Asian markets. Following the implementation of new regulations such as Greenhouse Gas Reduction and Management Act and Long-Term Care Services Act, financial institutions will have to address the financial needs of different customers, such as low-carbon industry and the senior population, which makes inclusive financing an increasingly important issue of concern.

II · Risks and Opportunities of Sustainability

Faced with risks from the international and local environment, Taishin commits to its values of integrity, commitment, innovation and collaboration to prove itself as a trustworthy and mission-driven financial institution to stakeholders. Meanwhile, Taishin will be actively searching for new opportunities amidst the prevailing risks to deliver higher performance.

With respect to corporate governance, the Financial Supervisory Commission had announced its 5-year "Corporate Governance Enhancement Roadmap" in December 2013 that recognized corporate governance as one of the main tasks. Furthermore, a number of information security and anti-money laundering compliance incidents had occurred in 2016 that not only escalated the authority's supervision over financial institutions, but made the public more aware of related issues as well. Taishin will respond to the authority's tightened supervision and the public's heightened expectations by adopting optimized internal management and enhanced information security framework.

As for the economic aspect, advancement of Fintech has made financial products more easily accessible to customers, while rapid globalization of the financial market has also quickened overseas expansion among financial institutions. Faced with the rapid development of the global financial market and the race towards overseas expansion, Taishin will be incorporating the use of innovative technologies to introduce convenient financial services that meet customers' needs, while at the same time focus on establishing presence and exploring business opportunities in Asia.

With respect to the environment, several environmental policies and regulations were passed in recent years throughout the world due to rising awareness towards environmental issues. The public's attention has also been broadened from individual businesses to cover the entire supply chain, which prompts businesses to adopt enhanced supply chain management. Taishin has been anticipating the changing trends by adopting environmental friendly and energy-saving solutions within the organization, while enhancing supply chain management and supporting global initiatives outside the organization. Not only are these efforts favorable to the environment, they help raise the Company's images as well.

In terms of the social aspect, ongoing transformation of the financial industry has created demands for talents of different fields of expertise, whereas new issues concerning inclusive financing also present the need for financial institutions to expand scope of service. Taishin recognizes banking as a "people" business, which is why it has dedicated itself to talent training and customer service, and building a corporate culture that cares for the society.

In view of the public's rising awareness towards sustainability, it is extremely important for businesses to find ways to mitigate risks and turn them into opportunities. As a forerunner in sustainability issues, Taishin has devised appropriate strategies and goals to support its operations over the long run.

III · Sustainability Strategies and Goals

Establishment of Sustainability Strategies

To fulfill its corporate vision, Taishin has been evaluating risks and opportunities of the external environment and developing sustainability strategies through the four main aspects of its operation: corporate governance, economic, environmental and social. By properly allocating resources and accomplishing short/medium/long-term goals, Taishin hopes to support the [United Nation's Sustainable Development Goals \(SDGs\)](#) and contribute to global sustainability development as one of the world's top financial institutions (Note 1).

Strategy:

Become a role model of sustainability governance
Improve risk management performance

Medium/Long-term Goals:

- Review corporate governance progress, improve overall governance performance, develop strong risk culture, and manage sustainability risks

Recent Actions and Progress:

Become a role model of sustainability governance

- Achieved top 5% ranking in the 2016 corporate governance evaluation
- Obtained certificate of excellence during the CG6010(2015) assessment of Taiwan Corporate Governance Association
- Assembled Corporate Sustainability Teams
- For complete details, please see "[Corporate Management: I. Corporate Governance](#)"

Improve risk management performance

- Enhancements of risk management measures such as information security and anti-money laundering
- An "AML" unit was established in January 2017 to specialize in the combat against money laundering and terrorism financing activities
- Approved amendments to "Risk Management Policy" for inclusion of CSR-related concerns
- For complete details, please see "[Corporate Management: III. Risk Management, IV. Information Security and V. Compliance](#)"

Strategy:

Develop digital banking
Add service values
Expand the business scale

Medium/Long-term Goals:

- Develop innovative financial technology in ways that improve the convenience and breadth of financial services and customers' experience.
- Expand overseas presence according to long-term plan

Recent Actions and Progress:

Develop digital banking
Add service values

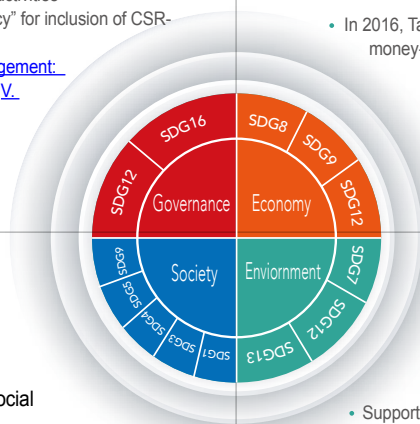
- Established the Digital Innovation Division that specializes in the development of digital banking, launching digital banking (Richart) and innovative payment solutions (such as Apple Pay)
- Developed integrated products and innovative services that meet the needs of different customers (such as young adults, family accounts, salary accounts etc)
- Developed innovative ways to interact with customers in real-time (such as online customer service)
- In 2016, Taishin obtained 10 utility model patents for functions such as: money-saving credit card, login preview, card-less cash withdrawal, "Shake to Transfer"

For complete details, please see "[Customer Service](#)"

Expand the business scale

- Expanded global presence through office establishment
- Developed cross-border payment services

For complete details, please see "[About Taishin](#)"



Strategy:

Nurture talents and care for employees
Develop sustainable products and services
Extend influence to suppliers for charity collaboration
Maximize effectiveness of charity efforts and social influence

Medium/Long-term Goals:

- Enhance talent training internally and develop sustainable/ innovative products and services externally, while expanding linkage effects in social involvement and charity activities to build up social influence

Recent Actions and Progress:

Nurture talents and care for employees

- Developed Taishin's talent bank and established Taishin University to promote employees' training. Focused training efforts on the development of internal talents in 2016
- For complete details, please see "[Employee Care](#)"

Develop sustainable products and services

- Introduced financing service for micro businesses
- Developed accessible ATMs
- Associated Richart, the digital banking brand, with customers' charity programs (e.g. Stray Dog Sponsorship)
- For complete details, please see "[Customer Service](#)"

Extend influence to suppliers for charity collaboration

Maximize effectiveness of charity efforts and social influence

- Invited supply chain partners to join Taishin's "Angel Group" and contribute resources and efforts to charity organizations in need through Taishin Charity Foundation
- Launched charity, arts, sports, academic and social engagement programs through Taishin Charity Foundation and Taishin Bank Foundation for Arts and Culture (e.g. Power of Love, Taishin Arts Award etc)
- For complete details, please see "[Social Engagement](#)"

Strategy:

Support global environmental protection initiatives
Improve environmental protection performance
Develop sustainable supply chain

Medium/Long-term Goals:

- Support global environmental protection initiatives by setting energy/paper reduction goals; exert environmental influence through supplier management and green purchase

Recent Actions and Progress:

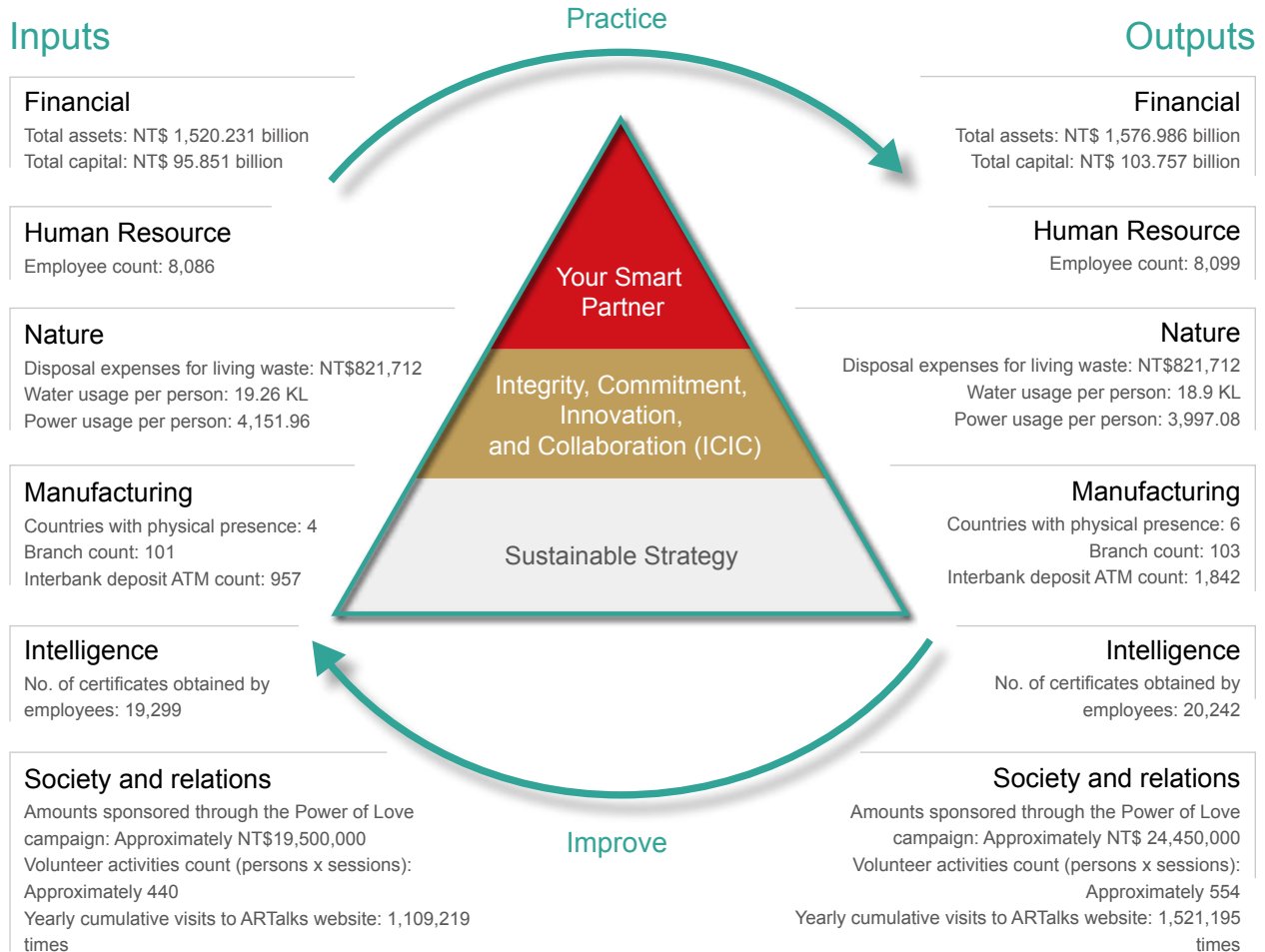
- Joined and completed CDP questionnaires.
- Adopted environmental management systems such as ISO 50001 and ISO 14064-1, and reduced the use of paper, power and water
- Purchased green power and installed solar panels on the rooftop of Neihu Building.
- Escalated supplier management by introducing a supply chain sustainability performance self-assessment system, a documentary review system, and green purchase practices
- For complete details, please see "[Green Initiatives and Sustainable Partners](#)"

Note 1: Please see the appendix for detailed comparison between Taishin's sustainability strategies and [the United Nation's SDGs](#).



Taishin has been actively investing resources, making plans and taking actions on all four aspects of its sustainability strategy. It continues to create value for stakeholders by coordinating its six capitals (financial, human resource, nature, manufacturing, intelligence, and society and relations), which ultimately supports the United Nation's Sustainability Development Goals and contributes to the world's sustainability development.

Below are the values created by Taishin in 2016:



Taishin has adopted "innovation" as the theme of its 2016 CSR report not only because innovation is a key to victory, but also because it forms a significant part of Taishin's corporate spirit. We hope to demonstrate our innovative spirit and diversity by sharing with readers on the innovative actions that Taishin has taken with respect to customer service, green initiatives, and social engagement.

IV · 2016 Sustainability Performance Highlights

Governance

- Obtained certificate of excellence in the CG6010(2015) assessment organized by Taiwan Corporate Governance Association.
- The CSR Committee was re-organized into 6 main functional teams that correspond to the major departments of the Company. Each functional team will propose sustainability measures that conform with their functions, department needs, and sustainability policies and goals of the CSR Committee.
- Approved the establishment of "Board of Directors Performance Evaluation Guidelines," which requires the board's performance to be evaluated at least once a year internally, and at least once every three years by outside experts. Evaluation results will be presented to directors for performance improvement.
- Took into consideration the economic, social, and environmental risks associated with climate change and sustainability, and included them as part of its risk management goals.

- Obtained 10 utility model patents.

- 70% of Richart customers were aged 35 and below, while new customers accounted for 70% of overall customer base.

- Taishin had the broadest network of Alipay terminals.

- The A.I. customer service system is capable of answering 95% of customers' questions.

Economy

Environment

- Adopted ISO 14064-1 - Greenhouse Gas Inventory System
- Completed documentary review on 10 major suppliers.
- 100% of new suppliers had signed the supplier code of conduct
- Specified in the "Procedural Guidelines for Procurement and Supplier Management" to give priority to green products when evaluating suppliers and the procured items.

- Taishin is the only financial institution to offer substitute military service.

- Richart, the digital banking brand, was associated with a charity program which invited customers to sponsor stray dogs. The program attracted participation from more than 10,000 Richart users.

- More than 80% of employees have participated in the employee stock ownership trust program (ESOP).

- Taishin continued its strategy to support small charity organizations by organizing marketing workshops, financial law seminars, and various events associated with its financial expertise.

Society



Awards

Taishin won a multitude of awards locally and abroad in 2016 for outstanding performance in terms of governance, economic, environmental, and social aspects. Taishin's proactive response to the public's expectations has won the "Corporate Social Responsibility Practice Award" from British Standards Institution (BSI). In terms of business innovation, Taishin Bank has taken the initiative to create a digital service platform, for which it was named "Best Consumer Digital Bank in Taiwan" and "Best Online Deposit, Credit and Investment Product Offerings" by Global Finance in 2016. Launched since April 2016, Richart - the new digital banking service - has been able to attract new customers of young age groups by offering App-based and online services and products that target specifically the young population. Within the six months after its launch, Richart was named "Most Innovative Digital Solution – Consumer" and "Best Digital Marketing Campaign – Highly Commended" by CEPI. In an attempt to expand innovation to new boundaries, Taishin Bank's wealth management segment not only introduced several useful functions into the Financial Advisor App, but also became the first bank in the industry to launch junior account services for family members, and for which it won "Best Wealth Management Business – Taiwan" from Asian Bankers and "Best Customer Experience – Wealth Management" from Timetric. This level of innovation has also been applied to the wholesale banking segment, and as a result, the Bank's "Wholesale Banking System" is time and time again awarded for excellence, including "Core Banking Project of the Year" by The Asset during its first "Digital Enterprise Awards" held in early 2016.

Taishin Financial Holdings

- TWSE-Top 5% ranking in the 2016 corporate governance evaluation
- Taiwan Corporate Governance Association- Certificate of excellence during the CG6010(2015) assessment
- The Asset- Gold Award in Corporate Governance Awards
- BSI- Corporate Social Responsibility Practice Award
- TAISE – Gold Award in Top 50 Corporate Sustainability Report, Creativity in Communication Awards, and Social Inclusion Awards



Taishin Bank

- RBI (Retail Banker International) – Excellence in Collection and Debt Management, Highly Commended: Excellence in Mass Affluent Banking, Highly Commended: Best Social Media Marketing Campaign, Highly Commended: Innovation in Service Delivery– ATM, and Highly Commended: Excellence in Internet Banking – Overall
- The Asset – Core Banking Project of the Year
- Business Next – Gold Awards in Best Integrated Marketing Communications
- PBI (Private Banker International) – Best Private Bank in Taiwan
- Timetric – Best Customer Experience – Wealth Management, and Highly Commended: Best Use of Social Media
- Economic Affairs – Outstanding Banks in Credit Guarantee Financing
- Asian Banking & Finance – Taiwan Domestic Technology & Operations Bank of the Year, Domestic Retail Bank of the Year – Taiwan, Branch Innovation of the Year–Bronze, Credit Card Initiative of the Year – Taiwan, Social Media Initiative of the Year– Taiwan, and Advertising Campaign of the Year– Taiwan
- Business Today – Ranked No. 1 "Best Wealth Management Team Award"
- Asian Banker – Best Wealth Management Business– Taiwan, Best Customer Relationship Management– Taiwan, and Best Social Media Initiative– Taiwan
- Cards & Electric Payments International – Most Innovative Digital Solution – Consumer, Best Social Media Marketing Campaign, and Highly Commended : Best Digital Marketing Campaign
- Excellence – Excellence in Wealth Management, and Excellence in Innovation 2016
- PBI (Private Banker International) – Outstanding Private Bank - Asia Pacific Regional Player- Highly Commended
- Global Finance – Best Consumer Digital Bank in Taiwan, and Best Online Deposit, Credit and Investment Product Offerings
- RFPI and TRFP – Best Value Award – Wealth Management

Taishin Securities Investment Trust

- TFF-Bloomberg Best Fund Award 2016- Domestic Funds-Balanced Funds -General (5-year)
- Smart -Taiwan Fund Awards for Taiwan Allocation
- The Thomson Reuters Lipper Fund Awards-Mixed Asset TWD Balanced (3/5-year)

Taishin Securities

- Excellence - Best Potential Corporate, and Best Corporate Social Responsibility
- OEMA(Outstanding Enterprise Manager Association) - Best Ten Enterprises, and Annual Innovation



Business Management

- I • Business Performance
- II • Sustainable Governance
- III • Risk Management
- IV • Information Security
- V • Legal Compliance
- VI • Internal Audit



I · Business Performance

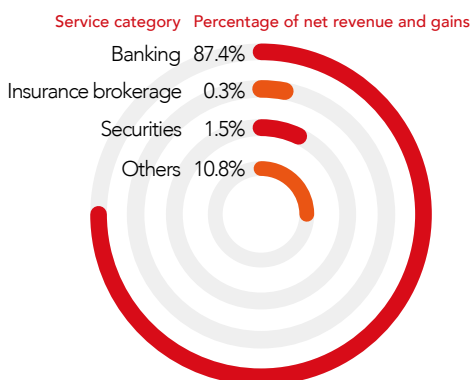
Financial Performance

Taishin delivered an EPS of NT\$1.14 in 2016. Consolidated net income amounted to NT\$11.392 billion, of which NT\$11.399 billion were attributable to shareholders of Taishin. In terms of capital structure, Taishin maintained its capital adequacy ratio at 128.48% and debt-to-equity ratio at 16.93% as of the end of 2016. Appropriation of 2016 earnings has been passed during the annual general meeting. Common shareholders will be entitled to receive NT\$ 0.52 of cash dividend and NT\$ 0.43 of stock dividend per share. Details of the above information are accessible from Market Observation Post System, or from the 2016 annual report available at Taishin Financial Holdings website.



Taishin Annual Report

Business weightage (by subsidiaries' net revenue and gains)



Taishin Financial Holdings' Financial Performance			
Measurements	2016	2015	2014
Net revenue and gains (In multiples of NT\$100 million)	361.51	375.08	446.40
Net income after tax - consolidated (In multiples of NT\$100 million)	113.92	132.26	96.48
Net income after tax - attributable to shareholders of Taishin FHC (In multiples of NT\$100 million)	113.99	132.23	16.24
Earnings per share (EPS) (NT\$)	1.14	1.30	0.07
Return on common shareholders' equity (ROE)	9.58%	11.78%	0.73%
Book value per common share (NT\$)	12.21	12.41	11.21
Capital adequacy ratio	128.48%	126.73%	122.70%
Debt/equity ratio	16.93%	18.87%	21.5%
Cash dividends per common share (NT\$)	0.52	0.48	0.10
Stock dividends per common share (NT\$)	0.43	0.72	-
Income tax paid in the current period (In multiples of NT\$100 million)	5.61	21.12	41.53
Retained earnings (In multiples of NT\$100 million)	180.51	188.25	72.92

Tax Policy

Taishin Financial Holdings actively expands and pursues sustainable business in world's major markets. It adopts the following policies when dealing with tax regulations of different countries:

Main Tax Policy

Compliance	Communication	Planning	Talent development
Adhere to the tax laws of each country; calculate, submit filing and pay taxes in an accurate and timely manner.	Maintain sound communication with tax authorities of each country.	Evaluate and analyze the impact of any change/addition in tax law or major corporate decision, and plan properly in advance.	Monitor tax law changes in various countries, and train talents accordingly to uphold professionalism in taxation.

Taishin Financial Holdings paid NT\$561 million of income tax in 2016. Below is a breakdown of taxes paid by region:

Unit: In multiples of NT\$100 million



Region	2016
Taiwan	5.59
China	0.02
Hong Kong	-
Others	-
Subtotal	5.61

II Sustainable Governance

Corporate Governance

"Integrity, Commitment, Innovation and Collaboration" have always been the core values of Taishin Financial Holdings. We believe integrity and transparent corporate governance to be the keys to sustainable business, and strive to improve corporate governance in every direction including framework, compliance, internal management, protection of shareholder's equity, enhancement of board functionality, attention to stakeholders' interests, and information transparency.

In addition to winning awards from local and foreign institutions, the Company has been ranked among the top 5% among TWSE-listed companies for three consecutive years in TWSE's "Corporate Governance Evaluation," and is selected as a composition of "TWSE Corporate Governance 100 Index." In 2016, it voluntarily coordinated with main subsidiaries to participate in the corporate governance assessment system of Taiwan Corporate Governance Association, hoping that by engaging an external professional consultant, the Company can more quickly align its corporate governance framework and culture with world's advance standards to the benefit of the Company, the shareholders, and employees.

• Corporate Governance Framework

Taishin's corporate governance framework has been developed in accordance with laws and policies of the authority; details of which have been outlined in the Company's Articles of Incorporation and Internal Rules. Taishin's Chairman does not concurrently assume the role of CEO, and directors are appointed not by gender or age, but based on their professional capacities. The current (6th) board of directors was elected during the shareholder meeting held in June 2015. The board consists of 9 members including 3 independent directors. Details on members of the previous (5th) board can be found in Taishin's 2014 annual report. The current board consists entirely of male members and has an average age of around 71. The board consists of elite talent from banking, industry and academia, including 5 Ph.D. degree holders and 1 Masters degree holder; they cover an extensive range of expertise from business administration, physics, engineering, accounting, chemistry, pharmaceuticals to commerce. Key experiences and education backgrounds are listed below.

Title	Name	Main Experience (Education)	Having more than 5 years work experience and professional qualifications listed below		
			Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties
Chairman	Wu, Tong-Liang (Delegate of Hsiang-Chao Co., Ltd.)	Chairman of Taishin Bank & Shinkong Synthetic Fiber Corporation; Vice Chairman of Teco Electric & Machinery; Director of First Bank & Taipei Business Bank; Supervisor of Hua Nan Bank; Managing Director of ShinKong Life Insurance & Shinkong Insurance. MBA, University of California, LA			✓
Director	Kuo, Jui-Sung (Delegate of Tong Shan Investment Co., Ltd.)	Chairman of TECO Technology Foundation; Director of Taishin Bank; Director of International Bank of Taipei; Professor of Department of Information Science, Business School, Soochow University Ph.D. in Physics, New Hampshire University	✓		✓
Director	Wu, Cheng-Ching (Delegate of Tai-Ho Investment Co., Ltd.)	Managing Director of Chang Hwa Bank; Chairman of TASCO Chemical; Managing Director of Petrochemical Industry Association of Taiwan; Chairman of Taiwan Chemical Industry Association; Member of Steering Committee of China Youth; Director of Teacher Chang Foundation. Ph. D. in Engineering, Tokyo University			✓
Director	Wu, Tong-Shung (Delegate of Chia Hao Co., Ltd.)	Certified Public Accountant; Chairman of Taishin Asset Management & Taishin Real-Estate Management & Taishin Venture capital Investment & MiTAC Construction and Development; Supervisor of Taishin Securities & Taishin Insurance Brokers; Standing Supervisor of Tung-Yu Technology; Director of Taishin Bank & ShinKong Wu Ho-Su Memorial hospital. Department of Accounting and Statistics, National Chengchi University	✓	✓	✓
Director	Lin, Long-Su (Delegate of Chia Hao Co., Ltd.)	Honorary Consul of the Republic of Nicaragua; Representatives of the National Assembly; Associate Professor of Institute of Biochemical Science of National Taiwan University; CEO of Konig Foods; Director & Supervisor of Taishin Bank. Ph.D. in Chemistry, Virginia State University	✓		✓
Director	Wang, Chu-Chan (Delegate of Santo Arden Co., Ltd.)	Director of Shinkong Investment Trust & Shinkong Security & TITAN II Venture capital; Director & Standing Supervisor of Taishin Bank; Director & Supervisor of The Great Taipei Gas Pharmaceutical department, Kaohsiung Medical College			✓
Independent Director	Lin, Neng-Pai	Chairman, Taiwan Power Company; Dean, College of Management, National Taiwan University; Professor, Institute of Health Policy and Management, National Taiwan University; National Policy Advisor of Presidential palace; Administrative Committee of Executive Yuan Ph. D. in Business, Ohio State University	✓		✓



Independent Director	Lin, Yi-Fu	Minister of Economic Affairs; Ambassador, Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the World Trade Organization; Advisor, Chinese National Association of Industry and Commerce; Administrative Committee of Executive Yuan Dept. of Accounting & Statistics, National Chengchi University			✓
Independent Director	Wang, Por-Yuan	Chairman of Sercomm & Pacific Venture Partners Chairman of Monte Jode Science & Technology Association of Taiwan / Global; Chairman of Taiwan Venture Capital Association Chairman & CEO of Sercomm USA Inc. Ph.D. in Physics, Carnegie Mellon University			✓

In addition to sourcing elite talents onto the board, Taishin also places great emphasis on directors' education and training. Some of the courses arranged for directors in 2016 included: "Impacts of Residential and Urban Renewal Policies on Real Estate Market after 2016 Election," "Money Laundering Prevention Trends and Best Management Practices: Information Security Management in Financial Technology," "Money Laundering Prevention Conference (Session 1)," and "Seminar on Compliance of Insider Equity Trading for Public-listed Companies." Experts from Taishin Securities Investment Advisory are invited to brief and keep the management updated on global political and economic trends on a monthly basis.

Below is a summary description of Taishin's remuneration policy for managerial officers and directors:

(1) The responsibilities of each managerial officers, the company's business performance and individual's performance, market rates for similar positions and the line of future risk exposure, etc. factors are to be considered in order to provide competitive remuneration to attract managerial officers .

(2) Directors' yearly remuneration standard can refer to managerial officers' remuneration standards and degree of salary adjustments, the typical pay levels adopted by peer companies, significant changes in the company's operation or performance, the seniority and professional capacity of the corporate representative of the director, extent of participation in the management of the company's operations, the value of contributions and bear the risk, etc. factors. Any adjustment to the aforesaid standards must be reviewed by the remuneration committee and approved by the board of directors before taking effect.

In 2016, total compensations for directors, president, and vice presidents accounted for 2.06% of the after-tax net profit and the share listed in the consolidated financial statement was 2.88%.

Taishin held 12 board of directors meetings in 2016; attendance rate averaged 90.75%. In terms of avoiding conflicts of interest on directors, proposals which pose a conflict of interest for themselves or the businesses they represent requires clarification on the nature of this conflict of interest. If there is concern over potential damage to the Company, the director is requested to recuse himself from discussion and votes. Key points of this conflict of interest and steps taken to avoid it are noted in the meeting minutes. Taishin's independent directors have been appointed in accordance with TWSE "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." All current independent directors and their family members are free of independence concerns during their active term of service and for the two years prior to their appointment. Directors' compliance of independence in 2016 is explained as follows.

Name	Qualifications	Compliance of independence (Note)										Number of positions as an Independent Director in other public companies
		1	2	3	4	5	6	7	8	9	10	
Wu, Tong-Liang		✓				✓	✓	✓		✓		0
Kuo, Jui-Sung		✓		✓		✓	✓	✓		✓		0
Wu, Cheng-Ching		✓	✓	✓			✓	✓	✓	✓		0
Wu, Tong-Shung				✓	✓	✓	✓	✓	✓	✓		0
Lin, Long-Su		✓		✓		✓	✓	✓		✓		0
Wang, Chu-Chan		✓		✓	✓	✓	✓	✓	✓	✓		0
Lin, Neng-Pai		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Lin, Yi-Fu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Wang, Por-Yuan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

- Not employed by the Company or any of its affiliated companies.
- Not a director or supervisor of any affiliated company (except for independent director of the parent company or subsidiary in which the Company holds more than 50% direct or indirect voting interest).
- Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder, nor is a top-10 natural-person shareholder of the Company.
- Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to any person listed in the three preceding criteria.
- Not a director, supervisor, or employee of a corporate shareholder that owns more than 5% of the company's outstanding shares, and is not a director, supervisor, or employee of any of the top five corporate shareholders.
- Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with the company.

- Not a professional who provides commercial, legal, financial, accounting, or consulting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this excludes members of the Remuneration Committee who have been appointed to exercise duties in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- Not a spouse or relative of second degree or closer to any other directors.
- Does not meet any of the conditions stated in Article 30 of The Company Act.
- Not elected as a government or corporate representative, as described in Article 27 of The Company Act.

For sound corporate governance and sustainability, Taishin has established a Remuneration Committee, Audit Committee, Policy Committee, Corporate Social Responsibility Committee (CSR Committee), Asset & Liability Management Committee, CRM Committee, Investor Relationship Committee, Risk Management Committee, and Staff Conduct Review and Staff Performance Appraisal Committee to review and supervise various operations within the Company.

Aspects of sustainability	Committee	Committee Responsibilities
General	CSR Committee	<ul style="list-style-type: none"> Set corporate social responsibility strategies and overall goals to ensure that issues such as corporate governance, customer care, environmental protection, and social welfare are addressed in manners that conform with business strategies and regulations Approve the annual CSR plans and related proposals Review the progress and yearly results of ongoing CSR plans Review the CSR report
	Risk Management Committee	<ul style="list-style-type: none"> Review of the risk management policy and procedure of the financial holding company Ratification of the policies, procedures and guidelines regarding market risk, credit risk and operational risk of subsidiaries Supervise and establish market risk, credit risk, and operating risk mechanisms Review the performance report of the risk management units of subsidiaries and the overall risk analytical report of the financial holding company Review and finalize the risk model, risk parameters and indicators, and stress test plan A new Product Management Committee was created directly under this committee to review the risks involved in new products as well as the more complex trades engaged in by subsidiaries Monitor various risks undertaken by the company, adopting necessary measures for controlling large risk exposure Reports on progress of other risk-related projects Executes any risk-related decisions made by the board of directors
Social	Remuneration Committee	<p>The Remuneration Committee shall exercise the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors:</p> <ul style="list-style-type: none"> Stipulate and review regularly the compensation policies, systems, standards and structures, and performance of directors and managers. Regularly review and adjust directors' and managers' remuneration.
	Staff Conduct Review and Staff Performance Appraisal Committee	<ul style="list-style-type: none"> Reviews employee promotion and discipline cases according to regulations Reviews appeals of employee discipline cases Reviews cases assigned by the President
Economic	Policy Committee	<ul style="list-style-type: none"> Conduct regular reviews of the performance of all business units Discusses operating strategies for each business unit
	Asset & Liability Management Committee	<ul style="list-style-type: none"> Develops policy to manage liquidity and interest rate risk Monitors liquidity and interest rate risks, and determines appropriate strategies Develop contingency funding plans to ensure timely funding allocation during a liquidity crisis
	CRM Committee	<ul style="list-style-type: none"> Determines strategies and goals for the data warehouse system of the financial holding group Develop customer relationship strategies; controls and co-ordinates implementation of such strategies Sets targets and tracks performance on cross-selling within the group
	IR Committee	<ul style="list-style-type: none"> Consolidates information within the financial holding group; facilitates communication between subsidiaries and departments to ensure consistency of messages disseminated Keeps abreast of the latest market news and the views of institutional investors Monitors foreign shareholding ratios among industry peers as well as share price movements and market positions
	Audit Committee	<ul style="list-style-type: none"> Evaluates the effectiveness of internal control policies. Establish or amend procedures relating to asset acquisition/disposal, derivative transactions, and major financial conducts. Matters concerning the personal interests of directors. Major asset transactions or derivatives. Offering, issuance, or private placement of securities with equity characteristics. Appointment, dismissal, or compensation of the certifying CPAs. Appointment and removal of the financial, accounting, or internal auditing officers. Annual and semi-annual financial reports. Other significant issues regulated by the Company or competent authorities.

In an attempt to enhance directors' independence and improve board efficiency, amendments to the Articles of Incorporation were passed during the annual general meeting held on June 12, 2015, to assemble an Audit Committee in place of supervisors, starting from the sixth board. Meanwhile, an early election was held during the annual general meeting to elect six directors and three (instead of two) independent directors for the sixth board. The Audit Committee was later assembled on July 1, 2015 comprising all three independent directors. The first Audit Committee held a total of 17 meetings by the end of December 2016, and averaged an attendance rate of 94.12%.

In 2015, the Company revised the annual general meeting rules in the Articles of Incorporation and made a full implementation of the nomination system to its director elections. While independent directors were already being elected using the nomination system, non-independent directors would also be elected based on the nomination system starting from July 1, 2015. As a result, the nomination system will be in full effect in the next director (and independent director) election. The adoption of the nomination system is considered a good corporate governance practice because it gives minority shareholders greater influence and supervision over the Company's decisions.

In addition to participating in the Audit Committee, all three independent directors are also members of the Remuneration Committee and are involved in the design of remuneration policies. Independent director Neng-Pai Lin serves as the convener of both committees.

"Board of Directors Performance evaluation Guidelines" was passed by the board during the meeting held on December 22, 2016, which require board performance to be evaluated both internally and externally. Internal evaluation is performed at least once a year, while external evaluation is performed at least once every three years by outside experts. Results of such evaluation will be disclosed on the Company's website or annual report.



• Corporate Governance Practices

Taishin expects every employee to uphold the Company's philosophy of integrity, commitment, innovation and collaboration to the highest standard. Every new employee is required to complete an online course on corporate ethics, while directors, managers, existing employees and controlling shareholders are offered regular training courses on corporate governance, financial market trends, laws, and corporate risk management. For the purpose of preventing dishonest conducts and promoting proper behaviors, "Taishin Financial Holdings Integrity Code of Conduct" was implemented to provide guidance for all members of the Company.

Furthermore, Taishin has outlined a number of rules including "Taishin Financial Holdings Corporate Governance Code of Conduct," "Taishin Financial Holdings Integrity Code of Conduct," "Taishin Financial Holdings Corporate Social Responsibility Code of Conduct," and "Taishin Financial Holdings Employee Code of Conduct" to provide guidance for the appropriateness of employees' decisions and behaviors. In addition, the Company's human resource policy has been revised to take into account factors such as compliance, reporting/review of abnormalities, financial results, workplace behaviors etc. during performance appraisal. Procedures for reporting of illegal and unethical behaviors and related rewards have also been implemented to support business integrity.

Taishin Financial Holdings continued to improve corporate governance practices in 2016, and in an attempt to ensure the effectiveness of its corporate governance system, the Company voluntarily coordinated with subsidiaries Taishin Bank and Taishin Securities to participate in the corporate governance assessment organized by Taiwan Corporate Governance Association. In doing so, we hoped to utilize the Association's professionalism and objectivity for an in-depth review of the Taishin's governance framework and culture. On December 22, Taishin Financial Holdings, Taishin Bank and Taishin Securities simultaneously received certificate of excellence for "CG6010(2015) Corporate Governance Assessment."

• Investor Relations

Taishin has coordinated its internal departments to facilitate more transparent disclosure of information, and thereby satisfy needs while maintaining close interaction and communication with investors local and abroad. In addition to announcing monthly performance updates, the Company also organizes analyst meetings on a quarterly basis and shareholder meetings on an annual basis. Furthermore, the Company participates in investor conferences and organizes roadshows from time to time to update investors on the Company's latest business performance. In 2016, the Company organized or participated in 4 investor conferences and roadshows in Asia, Europe and America.

The Company's website includes an investor relations section in both Chinese and English, where investors can easily access news updates, shareholder services, financial data, analyst meeting information, financial statements, and annual reports, etc. Investors may also contact directly with the Investor Relations Department or its spokesperson for any data inquiries.

• Membership in Associations

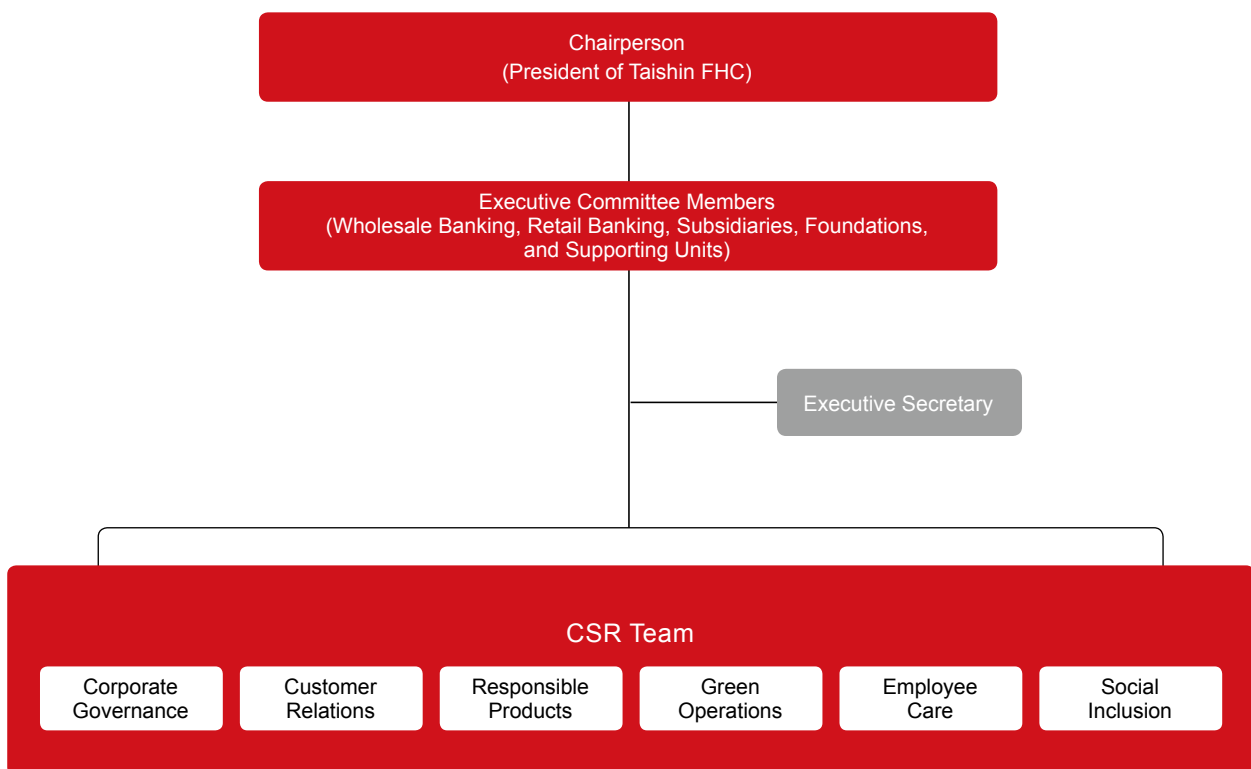


CSR Management and Practices

• CSR Committee

Taishin published its first CSR report in 2014 as a means to examine its sustainability efforts while established practice principles and initiated "Corporate Social Responsibility Committee (CSR Committee)" in the same year. CSR Committee consists of 1 chairperson and 5 executive members and takes responsibility for reviewing annual CSR plans carried out by accountable departments/subsidiaries. The Chairperson and executive members attend board on irregular basis, so that they may communicate with the board on CSR-related issues.

To further strengthen sustainability actions, Taishin's CSR Committee passed a decision to assemble functional teams starting from the end of 2016. These teams will begin operation in 2017 to assist in the execution and promotion of sustainability projects.





• CSR Planning and Practices

The CSR Committee held 4 meetings in 2016. Senior officers from relevant departments/subsidiaries were invited to meetings to brief on the progress of existing projects and to discuss new sustainability projects. In order to enhance the Company's sustainability philosophy, a "Corporate Sustainability Trends and Development" seminar hosted by Chairman of Taishin Financial Holdings was held in June 2016.

CSR practices and plans in recent years

- The first financial institution in Taiwan to obtain double assurance of both ISAE3000(Revised) and AA1000 standards
- Established "CSR Report Preparation Guidelines"
- Added independent directors and assembled Audit Committee
- Revised credit procedures in reference to the Equator Principles
- Supplier self-assessment questionnaire
- Implementation of supplier commitment
- Implementation of green purchases
- Obtained ISO 50001 certification
- Support to CDP
- Commence operation of CSR Teams
- File for DJSI (Dow Jones Sustainability Index)
- Introduce third-party verification for ISO 14064-1
- Continual support to the CDP initiative



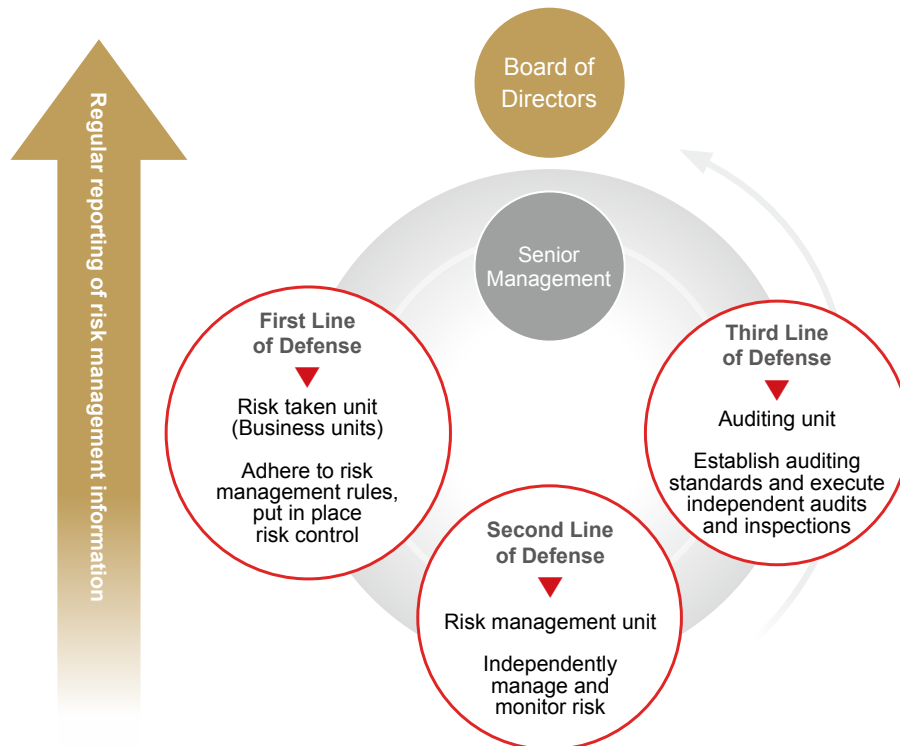
III · Risk Management

In the board of directors meeting held on April 28, 2016, Taishin passed amendments to its "Risk Management Policy" to include CSR-related concerns into its risk management guideline, which shall provide the foundation for future policy-making.

Risk Management System

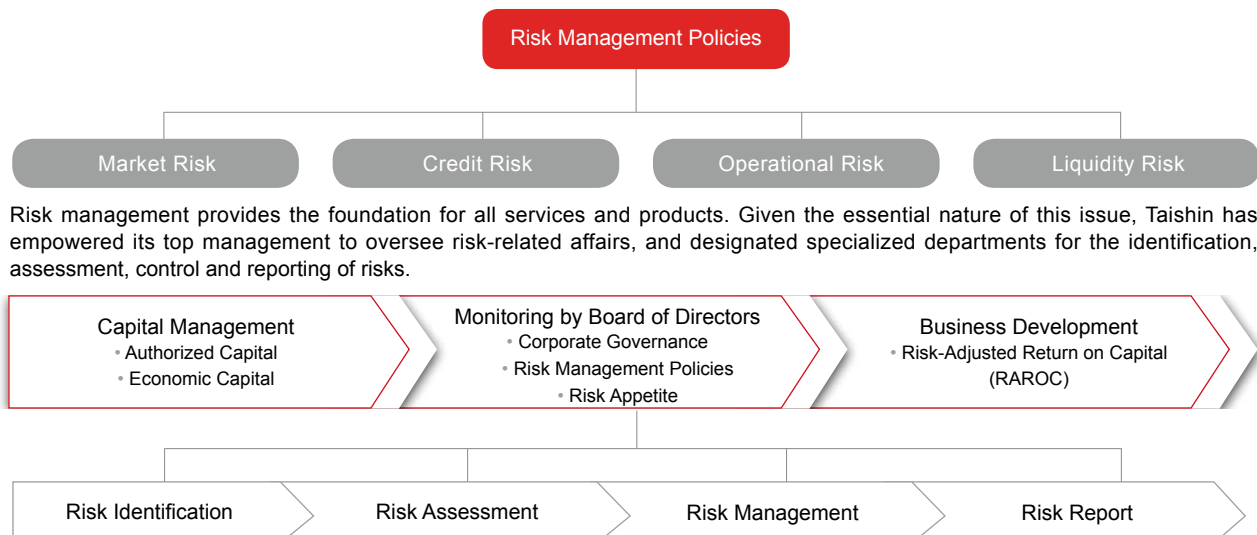
Three lines of defense in risk management

Taishin's risk management architecture comprises a "three lines of defense" system, which is known internationally as the best practice of risk management for ensuring effectively execution of risk management mechanisms.



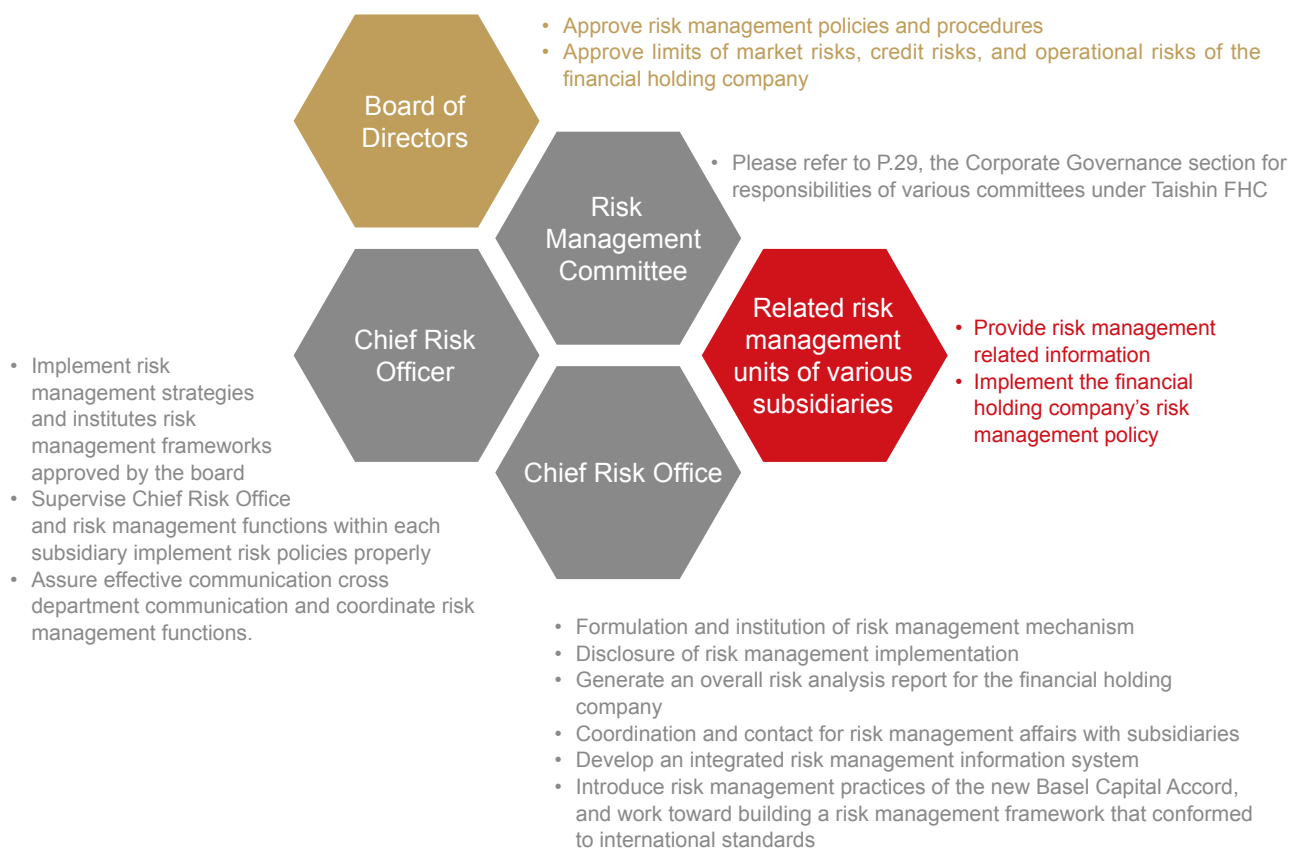
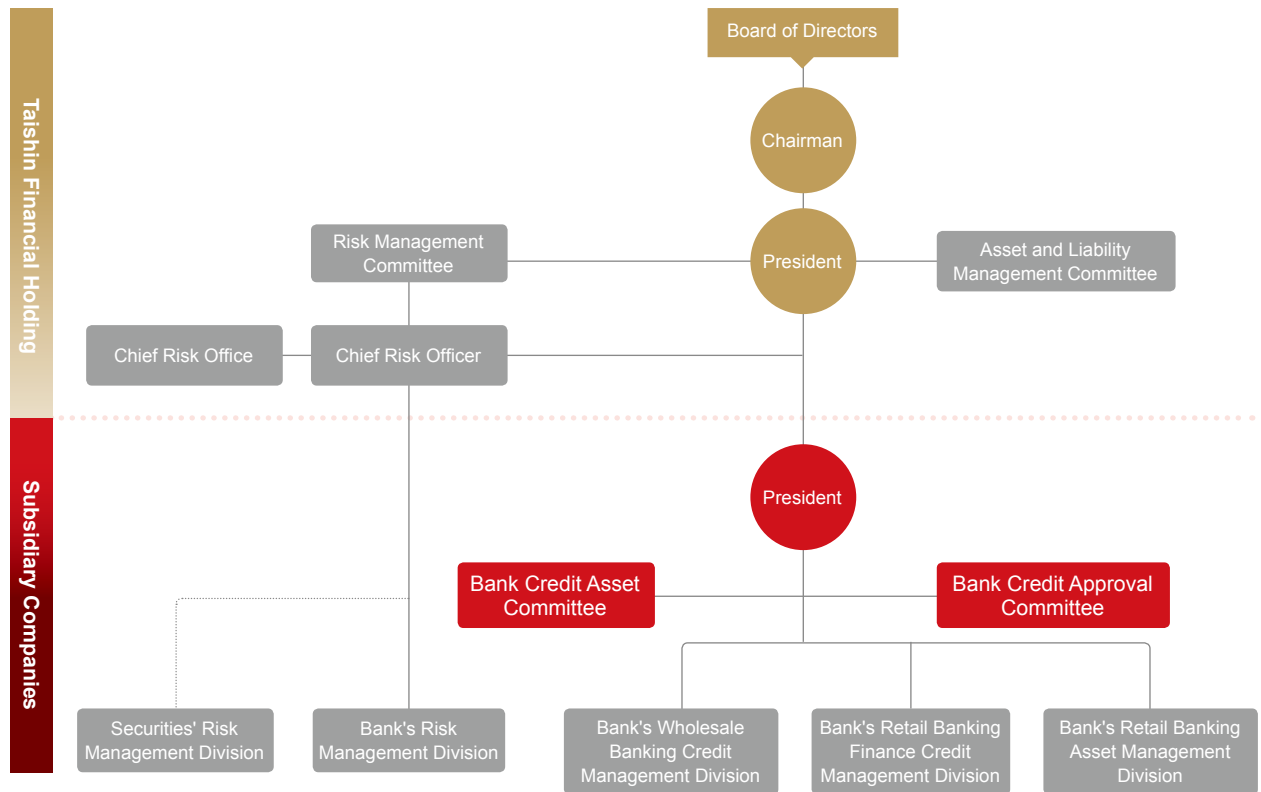
Risk policy and framework

Through the use of management guidelines and procedures, Taishin has developed a robust policy to manage market, credit, operational, and liquidity risks that are critical to its operations.





Organization and Responsibilities



Risk Management

Risk Management for Consumer Banking

Taishin Bank strengthens Risk Management framework through, "Compliance Reinforcement", "Early Warning Monitoring", "Credit Analytic Tool Establishment", and "Acquisition/Portfolio Management", four main aspects. To respond to Taiwan nationwide real estate market slowdown, Taishin Bank has proactively revisited mortgage strategies, including collateral location re-classification, high-value properties credit valuation, etc., to ensure portfolio long-term profit abilities.

Risk Management for Corporate Banking

In response to changes in the external environment and the authority's requests, Taishin Bank made the following enhancements to its risk management practices for corporate customers in 2016:

1. Enhanced customer due diligence. If the customer is an offshore holding company of a Chinese corporate entity, any capital lent to the customer would practically be used by its Chinese subsidiary, and is therefore subject to country limit control (China).
2. Separate credit limits and management systems were implemented to enhance control over high-risk industries in China.
3. Single borrower, single related borrower, and single group borrower limits were established based on customers' internal credit ratings as an enhanced control over large exposure.
4. The Bank's country risk management policy was amended to conform to the latest world trends and the Company's business performance.

Business Continuity Management

Taishin has a comprehensive risk management system in place to ensure the stability of its daily operations. However, if a disaster occurs and causes impacts beyond what daily processes can handle, the Company would require extraordinary measures to bring business operations back to normal. To ensure continual service to customers in desperate times, Taishin Bank has implemented Business Continuity Management (BCM) that assures adequate responses and service continuity during emergencies such as natural disasters or man-made incidents. The BCM also has the benefit to minimize impacts and down time, and hence protects the Company's reputation and the interests of employees, customers and shareholders.

Taishin has identified several types of emergencies for its BCM, including natural disasters, major (contagious) diseases, threats to business premise, threats to employees' safety, service disruptions due to computer viruses or hacker attacks, and other occurrences material to Taishin's operations.

Taishin's BCM framework embodies the six elements below:

- BCM Governance
- Business Impact Analysis (BIA)
- Call Tree
- Business Continuity Plan (BCP)
- IT Disaster Recovery Plan (IT DRP)
- Regular rehearsals, tests, reviews and improvements

The following measures were implemented in relation to system recovery planning and management in 2016:

- Every business system has been supported by proper backups to ensure sustainability. Procedures and capacity of backup systems are being reviewed on a yearly basis to ensure that they serve their purpose.
- Central support and off-site support are being rehearsed annually to ensure that central servers/off-site backups can be activated to support normal operations, and that employees are adequately familiar with backup procedures to deliver sound "Business Continuity Management."
- The Company introduces new systems to its off-site environment as needed on a yearly basis. A total of 8 backup systems were added in 2016, namely: Accounting and General Affairs System, Public Treasury Payment System, Sales Slip Imaging System, New Service Payment System, Richart, OTP (One Time Password) System, Treasury Transaction Settlement System, and e-Wallet System. Off-site rehearsal on the 8 systems was completed in November 2016.
- Each year, Taishin Securities coordinates with Taiwan Stock Exchange Corporation, Taiwan Futures Exchange, Taipei Exchange, Taiwan Depository and Clearing Corporation and telecommunication carriers to rehearse off-site backup, thereby ensure employees' familiarity with the systems on hand. An off-site support center was created in the second half of 2016 to support business expansion. The support center has been fully tested and launched into operation.



IV · Information Security

Information Security Policy

Taishin values information security management. It has implemented rules such as "Taishin Information Security Policy" and "Taishin Holdings Internet Security Management Guidelines" to regulate security conducts. These rules are reviewed and amended on a regular basis. The Information Security and Information Service Committee convene meetings every two months. This meeting is chaired by Group President, and all relevant information and minutes are presented to Group Chairman afterwards to ensure the consistency of management approach.

where necessary. The Company has also designated response teams whose duty is to react and resolve network incidents in an appropriate manner. To ensure the effectiveness of existing information security management, the management system is being inspected regularly by internal auditors as well as independent third parties.

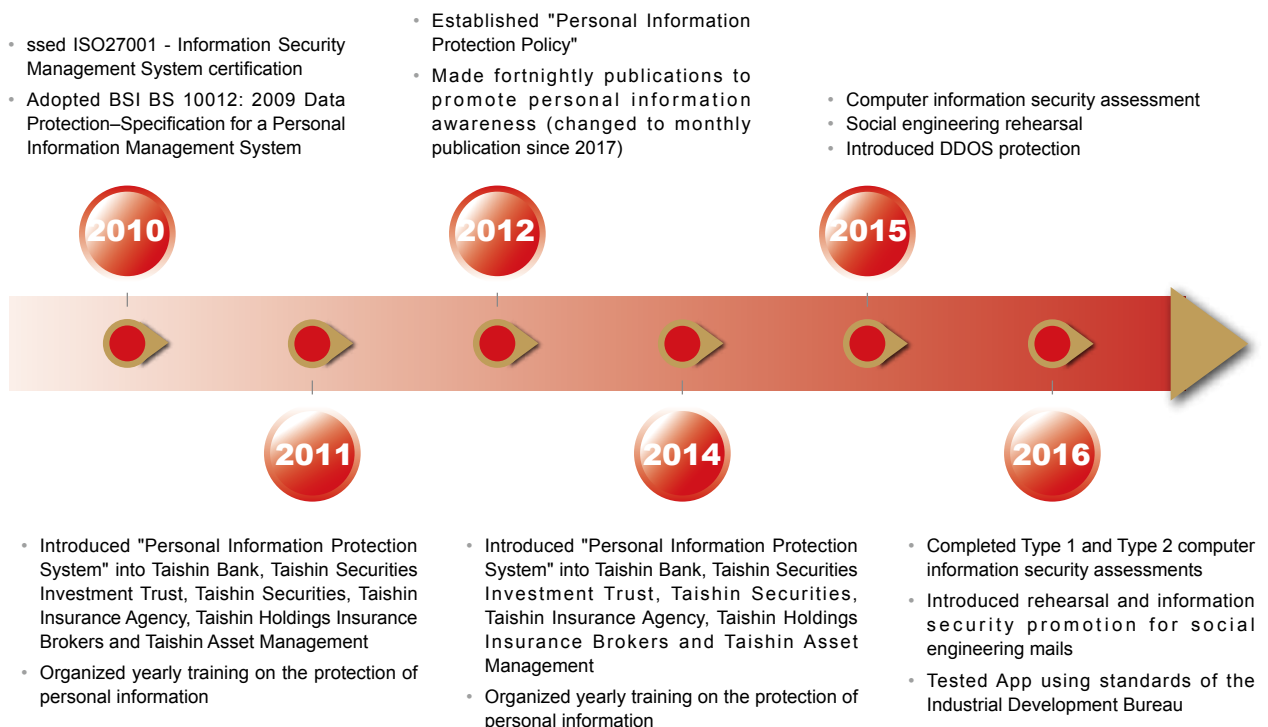
Taishin organizes yearly training courses to raise employees' awareness towards information security laws and policies. During these courses, employees are taught how to execute security procedures and make use of information facilities correctly, while case studies of information breach and social engineering are used to enhance employees' security awareness in daily operations. Furthermore, an "Information Security Incident Reporting and Resolution Manual" has been made available to provide basis of compliance for employees.

Information Security Framework

Taishin places great emphasis on the protection of personal information. In addition to adopting ISO certifications and implementing protection measures based on existing policies, the Company also performs regular inspection and maintenance on software/hardware that are relevant to the protection of personal information, such as: annual rehearsal of personal information-related incidents, white-box/black-box testing of external systems, and "Computer Data Security Assessment" and bank-wide rehearsal of social engineering according to Bankers Association's standards. Protection against DDOS (Distributed Denial of Service attack) has been implemented to ensure security and proper functioning of network service. Information security team meetings are held every two months to discuss possible improvements to security issues.

For more details on personal information protection and transaction security practices, please refer to chapter ["Customer Service: II. Customers' Interests."](#)

Information Security Development of Taishin Financial Holdings



V · Legal Compliance

Taishin has established legal compliance systems, plans and guidelines in accordance with FSC's "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." It also complies strictly with the laws of other authorities and is actively involved in the prevention and fight against crimes. Besides, Taishin equally pays attention to local regulations of overseas branches in order to give stakeholders the utmost confidence in Taishin's products, services and prospects.

Anti-money Laundering

Following our deployment of overseas branches and connection with international banking practices, Taishin has placed greater emphasis on enforcing anti-money laundering and counter terrorist financing in all business activities. In 2016, Taishin refined its outsourced anti-money laundering system. Databases are linked to facilitate monitoring and ensure effective management mechanisms.

Overseas branches in Singapore and Japan have already commenced operation with anti-money laundering practices duly incorporated into daily activities. Hong Kong Branch will undergo a system upgrade, and a project team has been assembled to perform risk assessment with the help of external consultants. Branches in other locations will begin implementation of anti-money laundering practices as operations commence.

In addition, Taishin has set up a full-time unit responsible for anti-money laundering complied with regulation's requirement in 2017. It upgrades the operation of anti-money laundering by the management of data coordinated and analysis oriented.

U.S. Foreign Account Tax Compliance Act (FATCA)

Taishin has established its own FATCA compliance procedures and made them known to all employees to ensure full compliance in every step from identification, due diligence, reporting, tax withholding to audits.

Taishin has been hiring external consultants since 2014 to develop response measures to FATCA, including: review and amendment of existing forms and documents, change of existing policies, system implementation and training courses. Following the issuance of "completion of required due diligence" and "certification of effective internal controls" in 2015, both documents were further revised to conform with the Intergovernmental Agreement signed between American Institute in Taiwan and Taipei Economic and Cultural Representative Office in the United States in the end of 2016.

Common Report Standard (CRS)

To prevent transparency of tax information from being compromised by the different basis of taxation, the Organization for Economic Cooperation and Development has published a Common Report Standard (CRS) to guide automated exchange of tax information between member countries. Although Taiwan has not yet committed to join CRS, all countries where its overseas branches are located have already adopted CRS and amended regulations accordingly. Therefore in order to help overseas branches comply with local regulations, Taishin has begun a series of measures since 2016 to help overseas branches adopt the relevant practices

Penalties

In 2015, the People's Bank of China (the Chinese central bank) reformed its currency policy by allowing more liberal movements of the CNY median rate. After which, concerns toward China's economic outlook, falling stock market and outflow of foreign capital all contributed to a significant devaluation of CNY during the year. Below is a description of the transaction management measures and dispute resolutions undertaken by Taishin Bank with respect to some of the TRF (Target Redemption Forward) deals transacted with customers:

- Continually adjust eligibility criteria and rules concerning customers' involvement in derivatives, as required by the Financial Supervisory Commission
- Regularly review the types of products traded and weight of currency in order to diversify market risks
- Enhance risk management over high-risk, high-complexity derivatives and the Bank's reaction to market changes.
- Establish a unit that specializes in resolving customers' disputes and clarifying doubts; involve third-party institutions in the dispute resolution where necessary.

In addition to complying with rules of the Financial Supervisory Commission, the Bank will continue to improve its internal control and risk management over the use of derivatives. Below are details of the penalties imposed by the authority on December 2, 2016:

Improvements in 2016

Penalty details	Penalty amount	Improvements
The Financial Supervisory Commission found Taishin Bank lacking proper internal control system and operating procedures when selling derivatives, and thus imposed a fine plus a restriction on the undertaking of any derivative involving a short position in foreign currency options in accordance with Subparagraph 7, Article 129 and Paragraph 1, Article 61-1 of the Banking Act.	NT\$8 million	<ul style="list-style-type: none"> • Improve our internal control and risk management over the use of as well as consumer protection. • Establish a unit that specializes in resolving customers' disputes and clarifying doubts; involve third-party institutions in the dispute resolution where necessary.



VI · Internal Audit

Internal Audit, a necessary mechanism that keeps proper operation of Taishin Financial Holding Company, functions independently and objectively pursuant to "Implementation Rules of Internal Control and Audit System of Financial Holding Companies and Banking Industries" enacted by FSC.

Taishin's Internal Auditing implementation procedures are indicated as below:

Responsibilities of the Audit Division	Execution
Management over subsidiaries	<ul style="list-style-type: none"> Financial statements and internal audit reports of Subsidiary Companies are reviewed on a monthly basis Every quarter Chief Auditor of Financial Holding Company, Audit Heads of Subsidiaries (or managerial personnel from Subsidiaries where audit unit not equipped) and representatives of Compliance Division and Risk Management Offices are invited to participate Audit Forum where regulations, rules and important issues are cascaded and discussed. A visit to Audit Unit of Subsidiaries, for reinforcing audit effectiveness, will be conducted quarterly. Board meeting minutes of Subsidiary Companies shall be scrutinized, obtaining major financial and business operation information. Annual audit plans of Subsidiaries are submitted for review by the Audit Division before approval by the respective Boards of Directors.
Supervision of internal control self-auditing	<ul style="list-style-type: none"> Oversee the content, procedure and implementation of Risk Control Self-Assessment for all business units and valid review relevant reports.
Performance appraisal of subsidiaries' internal audits	<ul style="list-style-type: none"> Conduct audit effectiveness appraisal, submitted to the Board, for Audit Units of Subsidiary Companies, the boards of which, use as a reference of performance appraisal.
Co-ordination of inspections by financial supervisory authorities	<ul style="list-style-type: none"> Act as a contact window, bridging inspectors and subject unit and retrieving data/documents, during inspection by the Competent Authorities
Tracking and management of discrepancies	<ul style="list-style-type: none"> The Audit Division conducts audit visit twice a year, including the tracking for previous issues/ deficiencies spotted, over the Financial Holding Company and its Subsidiaries. Audit Division, tracking down inspection opinions raised by the Competent Authorities, ensures improvement and remedial actions are properly taken by subject units. Every quarter Audit Division conducts a brief, in which including improvement status for issues spotted by regulators, material risks revealed in audit reports of Financial Holding Company and Subsidiaries, implementation status for high-benefit recommendations, fine and penalty imposed on Subsidiaries and material contingencies, to the Board for effective governance.
Reporting and notification	<ul style="list-style-type: none"> The Audit Division reveals information, such as annual audit plan, implementation status of previous annual plan, basic information of audit personnel and audit reports, etc., at regulator specified website as required in a punctual manner. All units, departments and Subsidiaries of the Financial Holding Company shall be in conformity with "Taishin Financial Holding Subsidiary Reporting Policy" to report as required, and by importance of reported issues Audit Division shall escalate to CEO, Independent Directors, Chairman and the Board.
Consultation on business policies and operating guidelines	<ul style="list-style-type: none"> Apart from confirmative audit activities, the Audit Division renders feasible opinions for any amendment of rules/procedures, refraining from possible problem.



Customer Service

Heartful Banking Experience through Innovative Technology

- I • Sustainability through Innovation
- II • Attention to Customers' Interests



Heartful Banking Experience through Innovative Technology

Innovation Highlight #1: Patent Acquisition

In 2016, Taishin obtained a total of 10 invention/utility model patents. It is a testament to how the organization has been utilizing innovative technologies to provide customers with more convenient and thoughtful financial services. Below is a list of patents acquired:

Patent concept	Content
Card-less withdrawal	Customers no longer require an ATM card to perform cash withdrawal
Pre-log in	Customers are able to preview information without having to log in to the App
Real Cash back to account	Credit card cashbacks are credited into deposit account
Internet banking QR Code and OTP	Allows the use of QR Code and OTP to verify the transaction executor, and hence enhances transaction security
Credit card spending SMS notification	Once push message is turned on, the system will automatically disable SMS notification
Magic Box	Simplifies multiple input fields into one; the system will automatically detect the type of information entered by customer
Shake to Transfer	Customers may select payee from the Bluetooth connection list and complete transfer immediately
e-Wallet platform	Links to different mobile payment service providers for simplicity and integration of merchant systems
Online opening of securities account	Internet banking users may open accounts online using IC ATM card as the means of identification
Smart Money Transfer	The first in the industry to allow processing of fund transfer using payee's contact information, such as mobile number or e-mail

Innovation Highlight #2: Digital Footprint

Taishin persists in the best customer experience. In 2016, we introduced the digital footprint technology in order to understand customers' needs with regards to Internet banking service, so that processes can be refined to their satisfaction. For example, by analyzing customers' web behaviors on the loan application web page, the Bank was able to optimize its online procedures and web contents. In this case, the Bank made search engine optimization (SEO) to stand on the top 5 search rank that would catch more customers' attentions. However, the customers' loan needs were not always satisfied through digital service. For banks, the most important mission is to satisfy the customer needs. The Bank took the offline customer service to contact the customers so that successfully the online loan completed rate increased by 2 times. As a digital experience bank, the Bank listens the voice from customers to improve the digital channel. In the coming moment, we are going to launch the best online loan service for everyone.

In the future, the Bank will continue introducing products such as credit cards, foreign currency funds and Richart services, and aim to become every customer's "Smart Partner."

Innovation Highlight #3: Richart - Digital Banking for the Young

<Origin>

The arrival of Bank 3.0 and habits of digital native users will change personal banking services on a fundamental level. After relentless research and testing, Taishin moved ahead of the market to introduce "Richart" - the digital banking brand in 2016 designed to deliver "Fast & Humane" services. This new service was met with overwhelming response since launch for it not only helps young people manage their finance, but does so in a manner that optimizes user experience.

<Sprit>

Richart is the banking service designed specifically for the young generation. It is the brand that best understands young people's needs, and introduces a new line of service capable of changing modern people's perspective towards banking! Unlike the fully featured Internet banking system, Richart is designed to be used on mobile Apps to offer the best simplicity, convenience, personalization and transparency, which are the factors that deter young customers from using banking service. Meanwhile, Richart introduces solutions such as high interest savings, cashback credit cards and affordable investments on top of its immediate and thoughtful services.



<Functions & Patents>

Taishin was the first bank to introduce agile development. Customers' needs are first divided into "sprints," and each sprint is launched into operation once it has been successfully developed and tested. In doing so, a project that took 2 years to develop could be launched into operation in just 8 months for faster response to market changes. Richart also introduces 10 innovative features such as Smart Money Transfer, Pre Log-in, Magic Box, and Real Cash back to account for the best user experience. It has so far registered 4 new utility model patents in relation to Richart.

Smart Money Transfer

Money transfer by mobile number or email



Pre Log-in

Check balance of saving account and credit card without logging in



Magic Box

Textbox which automatically identify inserting data form



Real Cash back to account

Save cashback of credit card to your saving account, REAL CASH!



Automatic Clearing House

Transfer money from your payroll account to Richart automatically

Smart transaction history

Transaction history can be attached photos and memos

Shake to Transfer

Shake your phone to generate a QR code of your account info

Money transfer with message

Create a thank-you card with photos and message when transferring

Mobile ID authorization

By Mobile ID, it helps you open an account just by mobile phone.

Richart 365

A program with partners which can earn more cash back !

<Consumer experience>

While young people go to banks less, Richart has led to introducing Mobile ID Authorization, which helps to open an account just by mobile phone. Richart also provides integrated overview, fingerprint login, photo accounting and other digital native experiences. For smart transfer, the patented function "Smart Money Transfer" allows users to transfer money by phone or emails without bank accounts. Such service can be complete within 30 seconds and will be applied to online shopping, the third-party payment, and mobile payment etc.

<Innovative marketing activities in 2016>

To complement the brand's innovativeness, we even organized an interactive marketing campaign in 2016 using gyroscope-enabled game that was unprecedented in the industry. The game attracted 40,000 participants in 1 month. Furthermore, advertisements were shown intensively across multiple devices and platforms, including conventional and Internet TV, which are accessible by young people, thereby achieving 27 million exposures at 30% lesser cost than market average. It was a successful attempt at connecting with the younger population.

<Milestones>

May

1. Prepared for Taishin bank's new brand - Richart
2. Adopted agile development

March

- IDC- "Asia/Pacific's Leader in Mobile Banking"
- The Asset- " Best Retail Mobile Banking Experience 2016 "
- The Asian Banker : The International Excellence in Retail Financial Services Awards 2017-Best Social Media Initiative
- RBI - "Highly Commended: Best Digital Marketing Campaign"

April

Business Next "Critics' Choice Award," "Best Business Model - Gold Award," "Best Management Innovation - Gold Award," and "Best Product Innovation - Bronze Award"

2015

2017

2014

Assembled a project team to study local and foreign Fintechs

2016

April

Launch of Richart



September

CEPI- "Most Innovative Digital Solution - Consumer" and "Best Digital Marketing Campaign - Highly Commended".

November

Registered 4 new utility model patents (Smart Money Transfer 、 Pre Log-in 、 Magic Box, and Real Cash back to account)

Richart
by Taishin Bank



<Future Plans>

Currently, 70% of Richart's customers are below the age group of 35, while 70% of the overall customer base were new customers. This result shows that Richart has successfully attracted the attention of the young generation. In the future, Taishin will continue exploring young peoples' needs and address them through Richart's services. The first step right now is to introduce online loan service for young people who are looking to start up their own businesses.

I · Sustainability through Innovation

Convenient and Innovative Products

BANK
Introduction of International Mobile Payment Service

Due to growing popularity of smartphones, Taishin Bank began investing actively into mobile payment technology and service in 2016. Apart from HCE credit cards, the Bank has also cooperated with credit card organizations (e.g. VISA and MasterCard) and digital payment service providers (e.g. Apple Pay, Android Pay and Samsung Pay) to launch tokenized credit card services for customers' convenience.

BANK
Cross-border Payment Collaboration

Taishin Bank is one of the 5 financial institutions collaborating with Alipay in Taiwan, and has the largest number of branches among the 5 financial institutions. To help promote local tourism, Taishin Bank has made payment terminals available at tourist attractions such as Jiufen, Shilin Night Market, Raohe Night Market, Hualien Dongdamen Night Market, Kenting, Shinkong Mitsukoshi, Breeze Center, Ever Rich Duty Free Shop, Tasa Meng Duty Free Shop etc, and on Taiwan Taxi fleet. From dining, accommodation, shopping to transportation, Alipay is supported by a great number of merchants to give Chinese tourists the most convenient service available. Taishin Bank will be expanding its collaboration with Alipay, and enable Taiwanese consumers to pay for purchases on Chinese e-commerce platforms using Taishin Bank accounts.

In the future, Taishin will actively explore opportunities in cross-border payment, and continue negotiation with electronic payment service providers in China, Korea and Japan to provide better overseas shopping experience for customers.

BANK
More Convenient Credit Card Usage

Development of virtual cards
In light of the increasing percentage of transactions completed online, the advancement of mobile payment technology, and increasing availability of contact EDCs, Taishin Bank made the decision to introduce its virtual card service in 2016 so that customers are no longer required to carry physical cards around. Meanwhile, correspondences and statements are being issued in digital form to reduce the use of paper, which makes the Bank's services friendly to the environment.

Mobile credit card service
In 2016, Taishin launched a mobile version of its credit card website (mSite) to enable customers the convenience of browsing credit card information and applying for cards using mobile device. In 2017, Taishin followed up with the launch of a dedicated credit card App (Taishin CARDaily) that provides full credit card services and serves as a communication platform.

BANK
Digital Channel Innovation

In the end of 2015, Taishin Bank moved ahead of peers and introduced interbank deposit service to the benefit of users across different banks. In 2016, the Bank increased its ATM count to 1,842 nationwide, and followed up with the launch of "card-less withdrawal" that combines innovation with technology to deliver one of the most thoughtful services known to customers. In 2017, the Bank will be collaborating with international third party payment service providers such as Apple Pay to introduce better integrated and more convenient services to customers.

In the end of 2016, Taishin Bank took user experience to a new level by introducing "Smart Money Transfer" and "Shake to Transfer" features ahead of peers. Customers can now transfer funds simply by inputting payee's mobile number, e-mail or user name registered with popular communication Apps (LINE or WhatsApp). If both the payer and the payee are Taishin Bank's mobile banking customers, they can simply turn on Bluetooth functions on their cellphones and perform "Shake to Transfer" without having to input account number.

The timeline illustrates Taishin Bank's digital channel innovation from 2012 to 2016. It features a central horizontal arrow pointing right, with years 2012, 2013, 2014, 2015, and 2016 marked in orange circles. Below the arrow, specific achievements are listed for each year.

- 2012**: The first among peers to launch small-sum cross-border remittance service at great convenience and security
- 2013**: Launched accessible ATM, which provides greater convenience and privacy for persons with visual disability
- 2014**: The mobile banking system has been integrated with 5 different notification systems to ensure that every fund transfer is duly notified
- 2015**: Introduced "Deposit to other bank" service and became the industry's pioneer to set relevant standards
- 2016**: Launched ATM card-less withdrawal ahead of peers



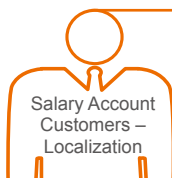
Connecting Different Customers



In view of recent developments such as Bank 3.0, online transaction, and increasing number of young people who no longer visit banks in person, the Bank realized that simply making conventional banking services online cannot fully satisfy the needs of the young population, which is why it launched Richart as a fast, humane, fun and close-to-life solution to providing financial services for young people in the shortest time possible. See chapter ["Customer Service: Richart - digital banking for the young population."](#)



As customers age, there arises the need to transfer assets to the next generation. In an attempt to help children develop proper values from childhood, Taishin's wealth management segment introduced a family wealth solution in 2014 that enables customers to plan their finance not only as an individual, but for an entire family. Combined with the use of child account, family account holders are able to assess asset allocation on a household level, while evaluate risk attributes and satisfy financial needs of individual family members at different stages in life. Moreover, family members may even share the privileges offered under the family account.



In 2014, Taishin Bank launched a salary account service targeted at corporate customers. By 2016, the Bank had completed matching customers to nearby branches, so that they may access financial service at branches that are closest to them. Starting from 2017, Taishin will be escalating its localization efforts and providing customized/personalized services such as collection/payment management, investment advisory, and product suggestion to satisfy customers' needs at different stages in life and career.



Taishin Bank adopts a customer-centric approach when providing service. It makes constant improvements by adjusting service patterns according to customers' living circle. Through big data analysis, the Bank is able to gain insights into customers' living circle, consumption habits and needs, which it may then utilize to recommend the most suitable financial advisor to deliver high quality services anytime, anywhere at customers' convenience.

Taishin Bank employee - Mr. Chou

A client had specified registered address and mailing address to be somewhere in Xizhi District. During the first call visit, the financial advisor discovered that the customer actually resided close to Keelung Branch. After obtaining his consent, he was referred to another financial advisor at the nearby branch to better accommodate his living activities. As a result, the new financial advisor was able to better assist him with asset allocation to the customer's preference, and hence increase account transaction activities.



Corporate Internet Banking App

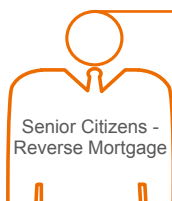
In 2016, Taishin Bank created a mobile corporate banking app to complement its full-featured corporate Internet banking system. Some of the features including account inquiry, group account inquiry and customer service settings were introduced in August 2016 to give corporate customers more immediate access to various information and services offered by the Bank. Services such as NTD/foreign currency transaction approval and release authorization will be added later to satisfy corporate customers' needs in all aspects.

Taishin's corporate customer - Manager Su

It is convenient to be able to access the corporate Internet banking App outside office, instead of having to return to office for any kind of inquiry, as it used to be.

Digital Corporate Banking Network

Since 2016, in response to the trend of digitalization, Taishin Bank has been planning a 2-year, multi-phase "Global Digital Banking Network" project. This project will upgrade the existing corporate banking platform to a modularized system that supports multiple languages, browser and user interfaces, and will feature the use of more flexible security measures and a global framework that satisfies the level of usability expected by corporate, group and overseas customers. New services and functions such as large-sum currency exchange, alternative remittance channels, integrated collection/payment, fund sales, wealth management etc. are being planned for the future and will be integrated with other financial products of the wholesale banking segment (e.g.: e-Trade, e-Factoring, trust etc.). This will give customers more diverse products and channels to choose from, all with the convenience of a flexible user interface.



In support of the government's Long-term Care Program 2.0, Taishin Bank introduced a "Senior Reverse Mortgage" program that combines mortgage, trust and insurance service all in one package to provide assurance in terms of capital usage and asset security. Even if the applicant is transferred to a nursing center for medical care sometime in the future, the reverse mortgage program may also be arranged to make monthly payments to the nursing center to cover the necessary expenses. Annuity from insurance is paid on a monthly basis over a guaranteed period with no disruptions.

Sustainable Finance and Inclusion

People with Disabilities

Privileged services

In order to make banking services more convenient and accessible, persons with disability are granted privileges when making ATM interbank transfer for 3 times a month. This privilege is estimated to reduce transaction costs for 10,706 customers with disability.

Application, modification and cancellation of ATM interbank transfer privilege are currently being performed over branch counter. In 2017, Taishin plans to introduce new virtual procedures that allow customers to make subsequent modifications and cancellation over the Internet, after they have completed their initial application over counter. These new procedures should provide a more convenient banking environment for customers with disabilities.

Accessible functions

In support of the government's effort to care for the socially disadvantaged, 453 ATMs have been installed by the end of 2016 that were customized at a height suitable for people on wheelchairs. The Bank plans to increase the number of accessible ATMs to at least 550 in 2017. Taishin Bank completed installation of 8 "Blindness-friendly ATMs" in 2016. Visually impaired customers simply need to press "5" on the keypad, plug in an earphone, and the machine will guide the user through completion of financial transaction using voice instructions. A user manual printed in Braille is available near the ATM to provide convenience for the visually impaired.

Micro Businesses

Micro business financing

Small and medium enterprises have long played an important role in Taiwan's economic development, which is why Taishin Bank has been working closely with Small and Medium Enterprise Credit Guarantee Fund to extend credit services to small and medium businesses that have the potential but lack the collateral needed to obtain working capital. By supporting the growth of Taiwanese SMEs, Taishin hopes to contribute to the growth of the overall economy.

Taishin electronic payment service

Due to the high costs associated with credit card payments and EDC devices, micro businesses and individual sellers tend to transact in cash or have payment collected through convenience stores, which in turn limits their business potentials. Having observed the needs of this growing group of customers, Taishin has introduced an online payment platform that provides micro businesses, localized merchants, and culture/creativity stores with a more convenient and low-cost alternative. This new payment service has significantly broadened customers' business potentials.



Environmental/Social Risk Investigation and Disclosure in Credit Cases

In an attempt to raise borrowers' awareness towards workers' rights and corporate social responsibilities, Taishin has been adjusting its credit assessment, investigation, disclosure, and post-management procedures since October 1, 2015 to take into account borrowers' attention to various CSR issues.

For the purpose of enhancing credit assessment, investigation and disclosure, the sales department is required to verify whether the loan applicant was previously fined for unpaid wages, pension benefits, redundancy pay or any other violation against Labor Standards Act. For loans that satisfy certain criteria, Taishin will also investigate and disclose borrowers' exposure to environmental and social risks based on the Equator Principles; this includes conducts such as pollution, misrepresentation of material/product specification, false advertising, violation of labor regulation, and any negative media coverage due to issues such as pollution, use of raw material, product flaw, false advertising, employee protest/strike etc.

Any negative findings discovered from an investigation will require explanation and evaluation before final case approval.

As of December 2016, a total of 65 applications were subjected to environmental/social risk investigation and disclosure, and only 6 of which returned negative findings. All findings have been taken into consideration in the review process.

In terms of post-lending management, the Bank will investigate borrowers and/or corporate guarantors/collateral providers and demand rectification for any fines or violations relating to the Labor Standards Act, or any absence in the payment/contribution of salary, pension or redundancy pay. Borrowers that do not make improvements within the given timeframe will be subject to the early maturity clause and are required to repay all outstanding debts immediately.

As of the end of December 2016, Taishin Bank had lent a total balance of NT\$19.36 billion to "Green Technology" defined by the authority in its new industrial initiatives.



Investment in New Industries

In support of the transformation of Taiwan's industries, Taishin Venture Capital will be conducting in-depth research and evaluation on the 7 new industry focuses proposed by the government, particularly with regards to: Asian Silicon Valley, biomedicine, green energy, smart machinery, defense aviation, new agriculture, and cyclical industries. For this purpose, Taishin Venture Capital will make plans to raise additional capital to support new startups, and ultimately stimulate overall economic development.

Stewardship Principles for Institutional Investors

Taishin SITC signed the "Stewardship Principles for Institutional Investors" in 2016 as a commitment to better understanding and management of investees. In terms of better understanding, Taishin will continue paying attention to investees on several aspects including news, financial performance, industry prospect, operating strategy, environmental protection actions, social responsibilities, protection of workers' rights, and corporate governance. It aims to maintain an appropriate level of interaction with investees through phone conference, meeting, investor seminar, or participation in annual general meeting or extraordinary shareholder meeting. In terms of better management, Taishin SITC will aim to establish clear stewardship policy, conflicting interest management policy and voting policy, and disclose them regularly to customers or beneficiaries.

Service Efficiency Enhancement

Smart Repayment

Repayment Wizard

Taishin Bank developed a "Repayment Wizard" system that provides customers a virtual account. Customers can transfer refunds one time through this virtual account, and then bank's back-end system will allocate refunds to sub-accounts automatically. This simplifies the repayment process and makes repayments more convenient. Customers don't have to transfer to different accounts for different products separately any longer.

Smart Everything

Facing the situations of cross-systems searching, collectors changing and customer information updating, we usually need to spend much time checking and rechecking customer information. Taishin Bank developed a "Smart Everything" system in 2016 to solve this problem. It adjusted interface of overdue receivables collection system and uses AI technology to remind latest situation of those cases, that improves collecting efficiency greatly. The system will be officially online in Q3, 2017.

Automation Services

Housing/Auto/Personal Loan App

Taishin Bank was the first in the industry to adopt image recognition technology for housing/auto/personal loan applications in 2005. This highly acclaimed technology enabled direct conversion of customers' application data into digital form while employees are e-mailed or texted on the latest progress. Starting from 2015, Taishin Bank incorporated the use of mobile device and launched an automobile loan App that sales people may use to capture customers' application forms and upload them directly onto the internal banking system, where the image is recognized and stored in digital form to shorten processing time. This function was further extended to housing loan and personal loan applications in July 2016, during which a push message function was added to the App to give sales people a real-time update of case status.

The new loan App integrates information systems from the frontline and back office to make frontline processes more efficient. In terms of tangible benefits, this use of technology saves the Bank 12.51 million man-hours on housing/auto/personal loan application, and reduces the cost of SMS and fax to NT\$0. As for intangible benefits, the Bank received high satisfaction and favorable feedbacks from customers for "Efficiency from document submission to final approval" and "Time taken from due diligence to final disbursement."

Financial Advisor App

To support financial advisors when visiting customers, Taishin Bank launched its Financial Advisor App in 2014 that is capable of providing information upon request and offering customers the most immediate investment solutions. The App was further enhanced in 2016 to include functions such as customer visit scheduling, auto importing of interview records, customer birthday reminder etc that financial advisors may find useful in raising efficiency and customer satisfaction. Being able to deliver complete information in digital form also reduces the need for paper and prints.

II · Attention to Customers' Interests

Consumer Protection

• Fair Customer Treatment Principle

Fair customer treatment principle have been established for various subsidiaries in accordance with the guidelines of the Financial Supervisory Commission for the purpose of building Taishin's corporate culture on financial consumer protection. In order to ensure compliance with Financial Consumer Protection Act, and that customers are treated fairly from product/service design, advertising, sale, contract fulfillment, consultation to complaints, each subsidiary has devised its own fair customer treatment principles based on their policies, financial consumer protection laws, self-discipline rules, and previous decisions/mediations made by courts and relevant institutions (e.g. Financial Ombudsman Center and Securities and Futures Investors Protection Center).

• Protection of Personal Information and Transaction Safety

In order to enhance network and system security while satisfy the requirements stated in Banker Association's "Computer System Security Evaluation Rules for Financial Institutions," Taishin Bank developed a "Computer System Security Evaluation Plan" in 2015 that covers a comprehensive review of the entire bank's information security framework, controls and defenses. An external team of information security consultants has been hired to evaluate security of the existing computer system and make improvements and protections where appropriate.

To ensure transaction security, all Taishin credit cards are fitted with high security IC, whereas online transactions are protected using 3D-Secure, world's advanced validation technology. By adopting the latest encryption technology, cardholders' confidential information is protected from unauthorized access and capture, while the integrity and confidentiality of transaction data is maintained throughout the transaction process. These services are provided by credit card organizations including VISA, MasterCard and JCB for the purpose of providing cardholders a more secured online transaction environment. The following measures are being taken in addition to the transaction validation service:

1. Taishin Mobile Key App:
The key is tied to customer's cellphone and used as an additional validation step to ensure the security of mobile transactions.

2. Real-time SMS notification:
Cardholders are notified of credit card spending using SMS as well as push message through cellphone App.

3. Transaction detection system:
Customer is notified by SMS if the system detects any abnormal transaction.

Customer Satisfaction

• Real-time Opinion Feedback

Increased Feedback Response Rate

Customer opinion surveys used to be conducted manually by phone, which not only incurred higher costs, but also required converting data into digital format before analysis. This limited the scope of survey and timing in reacting to customers' requirements. To resolve this problem, Taishin Bank became the first in the industry to adopt the RWD (responsive web design) approach in designing questionnaires for mobile devices. As a result, the response rate increased as high as 60%. Customers can now give feedbacks to product designers without dialing customer service hotline. This allows product features to be reviewed and optimized to customers' satisfaction.

Intelligent Customer Service

Artificial intelligence has progressed to a point that is adequate for commercial applications, and Taishin Bank has utilized this new technology by developing an AI-driven customer service system that not only reduces customers' waiting time, but lessens the workload of customer service personnel as well. Currently, about 95% of queries raised by customers can be answered by this system. For other types of query, text analysis can be performed to further expand the A.I. database, and thereby enable automated response in the future. In the future, Taishin will consider introducing functions such as machine learning and voice recognition so that customers may have their requests addressed through text, voice and other appropriate channels.



• Management of Customer Satisfaction

With respect to quality inspection on banking services, Taishin Bank's head office dispatches "mystery shoppers" on a monthly basis to inspect branch operations. These mystery shoppers call in and even visit branches in person to request for various services, during which they observe frontline staff's ability to deliver the basic requirements and solve problems for customers. Furthermore, in order to monitor customer satisfaction and collect customer feedbacks for purposes such as relationship management, channel management and product R&D, the Bank also engages market surveyors to conduct customer satisfaction surveys on a quarterly and yearly basis. The survey covers all branches nation-wide and all forms of service including branch counter, wealth management, credit cards, consumer loans, as well as digital service channels such as Internet banking and mobile banking. The surveyed questions cover overall banking experience as well as detailed service performance.

Results of Taishin Bank's 2016 customer satisfaction survey showed that the Bank had been able to maintain 80% of "Very satisfied" and "Satisfied" responses for 7 consecutive years, and is an indication that customers are consistently satisfied with Taishin's services. In order to provide customers more convenient financial services, Taishin has integrated digital and physical channels while at the same time ensured consistency and personalization of service experience over the different channels. This effort was reflected favorably in Internet banking and mobile banking satisfaction surveys; mobile banking, in particular, showed a great improvement in customer satisfaction score from 73.5% in 2015 to 81.1% in 2016. For customer groups that exhibit declining or low customer satisfaction score, Taishin Bank would devise improvement solutions each year to improve service quality effectively. In 2015, for example, an attempt was made to address cardholders' less satisfactory responses regarding "Comprehension of credit card promotion details"; the solution involved the modification in the wording of the SMS notification, which effectively raised customer satisfaction score by 10% in 2016.





Green Initiatives and Sustainable Partners

New Opportunities in Green Initiatives

- I • Green Operations
- II • Sustainable Supply Chain

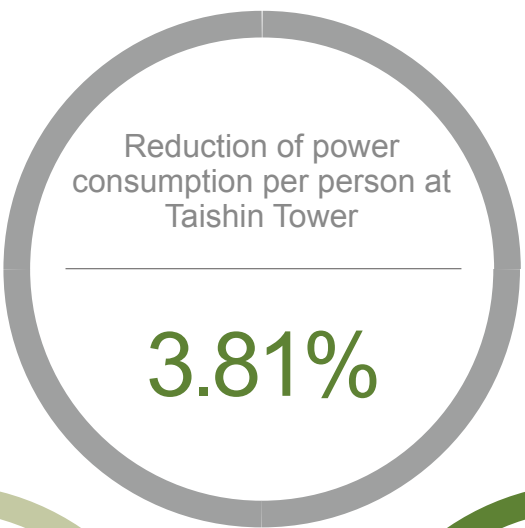


New Opportunities in Green Initiatives

In response to the world's rising awareness towards a carbon-less environment and the government's energy/carbon reduction policies, Taishin Financial Holdings took the initiative to support renewable energy in 2016 by purchasing green power from Taiwan Power Company to partially supply Taishin Tower located on Renai Road, and by installing solar panels on the rooftop of Neihsu Building. Through actions, we demonstrate our care to environmental protection and fulfill our responsibilities as a company to green energy and the well-being of our environment.

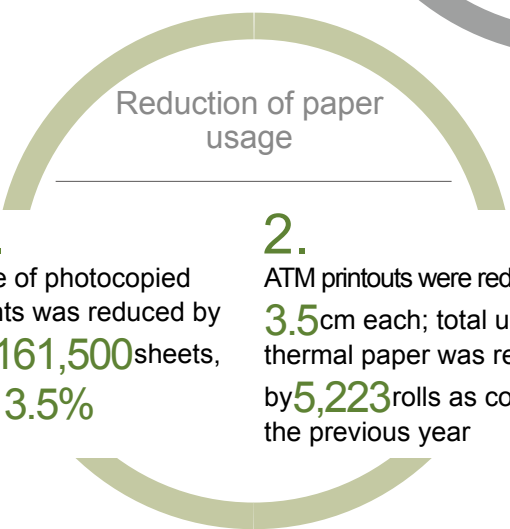
In addition, Taishin Bank has been keeping digital records of corporate vehicle usage (including mileage, fuel consumption, fuel charge, maintenance/claim records and expenses etc for every vehicle), and completed the establishment of a vehicle management system to more efficiently coordinate the use of corporate vehicles. The system sends automatic reminders in advance for vehicles that are due for maintenance, and thereby ensures the safety of vehicles in use and allows better control of fuel consumption. By taking innovative actions, we hope to minimize greenhouse gas emission and mitigate impacts of our business activities for the sustainability of the environment.

Having recognized supplier management as an inseparable part of corporate social responsibilities, Taishin began a series of supplier assessment in 2016 and introduced a set of "Supplier code of conduct" as a way to get suppliers to commit to fulfilling corporate social responsibilities. The Company also began documentary review of self-assessment questionnaires completed by key suppliers, in order to strengthen its coordination with suppliers towards achieving sustainability.



Reduction of power
consumption per person at
Taishin Tower

3.81%



Reduction of paper
usage

1.
Use of photocopied
prints was reduced by
5,161,500 sheets,
or **13.5%**

2.
ATM printouts were reduced by
3.5cm each; total use of
thermal paper was reduced
by **5,223** rolls as compared to
the previous year



Enhanced supplier
management

100%
of new suppliers had signed
the supplier code of conduct

I · Green Operations

Strategies for Climate Change

Since the launch of its campaign to practice "Environmental Protection through Energy Saving" in 2009, Taishin has been introducing environmental protection measures and urging its employees to support environmental efforts both in life and at work. In addition to voluntarily adopting international standards such as ISO 50001 Energy Management System and ISO 14064-1 Greenhouse Gas Inventory system, Taishin continued its participation in the Carbon Disclosure Project in 2016 as a show of commitment to global initiatives.

In terms of green operation, Taishin has been supporting renewable energy through action by purchasing green power in 2016 and installing solar panels on the rooftop of its Neihsu building. Furthermore, all water, electricity, fuel and fundamental resources used in operation are measured regularly and progressively reduced through action plans. Waste and garbage are treated according to regulations, and are sorted and recycled where possible to minimize damage to the environment. By making green purchases, we involve suppliers in our pursuit for sustainability.

Taishin's recent actions in response to climate change



Introduction of Environment-related Systems

ISO 50001

Taishin took the initiative to adopt ISO 50001 Energy Management System in 2015, and after a series of measurement and monitoring, it established its own energy baseline and set a long-term goal to save energy by at least 1% per year over a 5-year period (with 2014 being the base year). Air conditioning, lighting and office equipment are being replaced with energy-efficient alternatives to reduce energy consumption. Some of the effective energy management actions undertaken in 2016 include: replacement of heat dissipation material on cooling tower, and installation of heat insulation on curtain walls surrounding the IT server room. These efforts had won the Bank the certification for ISO 50001 Energy Management System in 2016 from Taiwan Accreditation Foundation, TAF and British Standard Institute (BSI). In 2017, the Bank began a collaborative project called "Energy Information and Communication Technology(EICT)" with the Bureau of Energy, Ministry of Economic Affairs, to enhance energy control and compliance with ISO 50001.

ISO 14064-1

Furthermore, in response to the global climate change, Taishin Financial Holdings adopted ISO 14064-1 Greenhouse Gas Inventory System in 2016. GHG surveys were conducted at the most populated workplaces, namely Taishin Tower and Neihsu Building, for which a complete set of procedure documents and emission records were created to guide employees through the process. Performance of existing energy and carbon reduction measures are being monitored and managed continuously to reduce unnecessary emission and wastage. In the beginning of 2017, Taishin completed third-party independent verification for ISO 14064-1.

Taishin is a financial service provider and is not directly involved in production activities. Compared to manufacturers, Taishin's business activities have very limited impact on the environment, and is not subject to ISO 14001 or other environmental management systems of similar nature in the corporate governance evaluation. However, Taishin continues to devote resources into environmental protection as part of its corporate social responsibilities, and is currently evaluating and planning to adopt environmental management standards to signify its proactive actions toward sustainability.



• Energy Conservation & Carbon Reduction Practices

Taishin continues to execute energy/carbon reduction measures as part of its energy management effort. Below were the energy/carbon reduction results achieved in 2016:

Petrol consumption by corporate vehicles

Taishin encourages employees to share rides, and has been switching corporate vehicles into models with fewer cylinders. A corporate vehicle management system has been developed to minimize gasoline consumption as well as greenhouse gas emission.

Gasoline consumption of corporate vehicles in the last 3 years



	2016	2015	2014
Total usage (liters)	16,993.65	14,608.56	15,806.97
CO2 emission (equivalent tonnage)	40.12	34.49	37.32
Total energy used (MJ)	554,856.27	476,981.17	516,110.22

Note:

1. GHG emissions from fuel consumption in 2016 were calculated based on: Greenhouse Gas Inventory Worksheet - version 3.0.0 published by EPA in 2015, and Greenhouse Gas Emission Survey Guidelines and Greenhouse Gas Emission Coefficient Sheet - version 6.0.3 published by EPA, Executive Yuan
2. All corporate vehicles of Taishin run on ordinary gasoline supplied by CPC Corporation; no biofuel is used
3. Gasoline consumption increased in 2016 due to acquisition of one additional corporate vehicle for business purpose
4. The amount of energy consumed from gasoline (MJ) was calculated based on the calorific value (7,800 kcal/L) and joules conversion factor (4.186 kJ/kcal) published by Bureau of Energy

Total and average power usage per person at Taishin Tower

To reduce GHG emission, elevators at Taishin Tower have been reconfigured to stop at odd-number floors during odd-number months and even-number floors during even-number months in rush hours on work days. The purpose of this arrangement is to give employees the incentive to take stairs for health benefits. Other ongoing energy-saving measures include: installation of power monitoring system, setting office temperature to no lower than 26°C, controlling leakage of cool air, using high-efficiency LED and T5 lighting equipment, introduction of lighting control, and installing inverter control to the cooling tower. Also in 2016, the server room had equipment replaced and curtain walls fitted with thermal insulation to reduce the use of energy.

In 2016, Taishin Tower used 34,600 kWh lesser electricity than 2015, which was equivalent to a 3.81% saving per person, and a recognizable contribution to the organization's duties as a corporate citizen.

Electricity purchased in the last 3 years

	2016	2015	2014
Building head count	1,372	1,328	1,325
Total power used (kWh)	5,479,200 (including 200,000 kWh of green power)	5,513,800	5,925,600
CO2 emission(equivalent tonnage)	2,893.02	2,872.69	3,093.16
Power usage per person	3,993.59	4,151.96	4,472.15
Percentage of power saved (per person)	3.81%	7.16%	-2.14%

Note: GHG emission from power usage had been calculated based on the latest GHG coefficient for electricity published by the Bureau of Energy, Ministry of Economic Affairs, at the time the report was prepared. For example, 2016 data was calculated based on the 2015 GHG coefficient for electricity, which was 0.528 kg CO2 e/kWh. For coefficient in other years, please visit Bureau of Energy's website

Greenhouse Gas Inventory

After adopting ISO 14064-1 Greenhouse Gas Inventory System in 2016, Taishin Financial Holdings conducted a detailed survey of GHG emission at Taishin Tower and Neihu Building, and set 2016 as the base year for GHG inventory. In the beginning of 2017, an external third party was invited to carry out verification procedures. In addition to scope 1 and scope 2 emission, Taishin also voluntarily began calculating scope 3 emission, starting with employees' commuting activities. Meanwhile, the Company actively promotes use of public transportation and carpooling for lesser impact on the environment.

GHG Emission

	Taishin Tower	Neihu Building
Scope 1 emission (tons CO2 equivalent)	711.92	320.63
Scope 2 emission (tons CO2 equivalent)	2893.02	6,127.22
Total emission (tons CO2 equivalent)	3,604.94	6,447.85

Note:

1. GHG emissions were calculated based on: Greenhouse Gas Inventory Worksheet - version 3.0.0 published by EPA in 2015, and Greenhouse Gas Emission Survey Guidelines and Greenhouse Gas Emission Coefficient Sheet - version 6.0.2 published by EPA, Executive Yuan.
2. Taishin did not use any biofuel, hence emission from biofuel was 0.
3. The latest amendments of The Electricity Act were implemented on January 26, 2017. It signifies the step towards deregulating the nation's electricity market. However, Taiwan's electricity market had yet to be fully deregulated by the time the report was published, and there was no announcement by the local authority regarding emission coefficients for different sources of power. For this reason, scope 2 emission was calculated based on GHG Protocol Scope 2 Guidance published by World Resources Institute and World Business Council for Sustainable Development, and disclosed by location. Depending on level of deregulation of Taiwan's electricity market, the Company may consider making market-based disclosure of scope 2 emission in the future.

Nationwide Energy Conservation Contest

In an attempt to develop energy and carbon reduction habits among employees, Taishin organized an energy conservation contest involving all branch offices nationwide. Conservation performance was measured by comparing actual power usage (in kWh) with the same period a year ago, and branch offices were ranked by the percentage of energy saved during this period. The top 5 offices that reduced power usage by more than 10% were issued a bonus and openly commended during morning meeting.

Purchase of Green Power and Support to Renewable Energy

As a support to the government's energy and carbon reduction policy, Taishin made a certified purchase (Reference Green Power No. 1051001810) for 200,000 kWh of green power in 2016, and sponsored the development of renewable energy by installing solar power system on the rooftop of Neihu Building. The solar power system has been estimated to generate 19,929 kWh of power per year, and based on the emission coefficient of electricity announced by the Bureau of Energy in 2015, this installation is expected to reduce scope 2 GHG emission by 10,522kg. Furthermore, Taishin supported the "Group Headquarter Voluntary Energy Conservation" program launched in 2016 by the Bureau of Energy, Ministry of Economic Affairs, and opted to reduce EUI (energy use intensity) by: "3% per year for 3 years." This initiative signifies Taishin's vision of becoming "the corporate pioneer in energy conservation" and its commitment to support the government's policies and contribute to environmental sustainability through action.



Effective Resource Utilization


With respect to internal operations, Taishin has been promoting environmental protection measures such as garbage sorting and recycling to minimize waste. By involving employees in our initiatives in life and at work, we hope to maximize our contribution to the sustainability of the environment.

With respect to products and services, Taishin has been introducing digital products and services in line with the green banking 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 environmental protection philosophy and invite customers to join our cause.

• Use of Water Resources

Taishin uses only fresh water, and poses no impact to the water source. Wastewater produced from office buildings was entirely due to living activities. All wastewater is discharged into sewers or receiving water bodies as required by law. All offices have been installed with water efficiency-certified toilet facilities, faucets and accessories to conserve our limited water resources.

In 2016, Taishin Tower used 1.87% lesser water per person as compared to 2015.

		2016	2015	2014
	Building head count	1,372	1,328	1,325
	Total water used (kiloliters)	25,935	25,578	26,578
	Water usage per person	18.90	19.26	20.06
	Percentage of water saved (per person)	1.87%	3.99%	-5.86%

• Resource Conservation

Taishin is dedicated to reducing resource consumption during operations. To achieve this goal, Taishin not only encourages employees to propose ideas for process optimization or automation, it continues to invest effort into the development of green or environmental friendly products and services, such as: BPA-free thermal paper for ATM printouts, functional enhancements to Internet/mobile banking systems, OTP system for information security, e-statements and e-notification instead of conventional mail etc. Taishin continues to introduce green practice by changing its mailing method, mailing frequency, and reducing document weight. In 2016, an innovative approach was made to deliver ATM marketing through cellphone Apps to reduce the use of paper.



The following is a summary of key achievements:

1. Operating system upgrade:

System billing was applied to replace traditional manual accounting vouchers for mortgage loan disbursement. Another paper reduction is on-screen review improvement for salary account batch transactions instead of manual paper verification. Those two improvements save more than **48,000 sheets** of paper each year.

2. Control of photocopying paper:

The Company started controlling purchase of paper for photocopy machines in 2016, and aims to reduce use of paper by 6%. Compared to 2015, the Company had reduced use of photocopied prints by

5,161,500 sheets or 13.5% in 2016, which far exceeded its initial goal.

3. Shortened ATM printout:

In 2016, the Company made changes to the format of ATM printouts, and shortened the length of paper used by 3.5 cm per print. Total use of thermal paper was reduced by

5,223 rolls compared to the previous year.

4. Computerized financial advisor service:

The Financial Advisor App continues to undergo upgrades and system expansion to deliver higher service efficiency and convenience. These upgrades have saved an estimated

960,000 sheets of paper in 2016.

5. Online credit card application:

Taishin Bank approved 36,339 online credit card applications in 2016, which was equivalent to saving **242,260 sheets** of A4 paper. The Bank expects to approve 104,028 online applications in 2017, which is equivalent to saving **693,520 sheets** of A4 paper.



6. Account e-notification:

The Internet banking system used e-notification instead of printed notification, and saved approximately

90,000 sheets of paper in 2016.

7. Mobile e-statement:

Developed in 2017, this service is being promoted to customers to replace the printing and mailing of physical statements. The Bank expects to save

2,139,000 sheets of A4 paper in the first year.

8. Credit card App:

Launched in 2017, the App generates a barcode that can be scanned at convenience stores for payment of credit card balance. Since it does not require a printout of the payment slip, it has the potential to save

177,480 sheets of A4 paper.

9. e-Statement for securities customers:

Taishin Securities continued to promote the use of e-statements among customers in 2016. 72.4% of customers had signed up for e-statement service that year, which represented a 2.3% growth over the previous year and savings totaling

112,007.28 sheets of paper.

• Waste Disposal

Taishin is meticulous in sorting waste. Recyclable items such as bottles, paper and equipment are collected and treated by certified cleaning companies. Non-recyclable domestic waste is collected by service provider for incineration. Expenses incurred on the treatment of domestic waste in 2016 amounted to NT\$543,312 for Taishin Tower and NT\$278,400 for Neihu Building.

Waste treatment method and the amount of waste recycled in 2016 are explained in the following table:

Type of waste	Nature of waste	Project	Treatment method	Treatment after recycling	Neihu Building Volume recycled in 2016	Taishin Tower Volume recycled in 2016
Non-recyclable	General waste	Domestic waste	Collected by supplier	Incineration	96 tons	145 tons
Recyclable		PET	Recycled by supplier	Sold to wholesaler	2,320kg	397kg
		Iron cans			506kg	97kg
		Aluminum cans			110kg	240kg
		Paper			25,690kg	2,300kg
		Outsourced documents	Water destruction (destruction of important documents)	Full-time employees are assigned to supervise the destruction; destroyed materials are recycled and reused by the service provider	45,030kg	
		IT equipment (hard disks)	Recycled by supplier	Once data is erased, the IT Division will make random checks for any omissions	754.65kg	

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

Response to Global Initiatives - Carbon Disclosure Project (CDP)

Taishin Financial Holdings has been a supporter of carbon reduction initiatives in the world, and became a participant of the Carbon Disclosure Project (CDP), Climate Change Program, since 2015, in which it discloses data on GHG emission, carbon management, risk management and responses. By supporting global initiatives, we hope to exchange, learn and share knowledge with other businesses on the ongoing trend of energy and carbon reduction, and continue directing attention to how greenhouse gases and climate changes may pose a threat to the environment. Taishin adopted ISO 14064-1 Greenhouse Gas Inventory System in 2016 by taking count and keeping records of carbon emission. This practice not only effectively reduced GHG emission, but also enabled the organization to monitor and enforce various measures taken for the purpose of reducing energy and carbon.



II · Sustainable Supply Chain

Supplier Management Performance

Progression of Taishin's supplier management practices



Supplier Management

Taishin has principles and guidelines in place to manage suppliers' conducts. These principles and guidelines are adjusted regularly while suppliers' performance is reviewed on an annual basis to enable improvements. Through proper supplier management, we hope to work with our business partners toward ensuring sustainability.

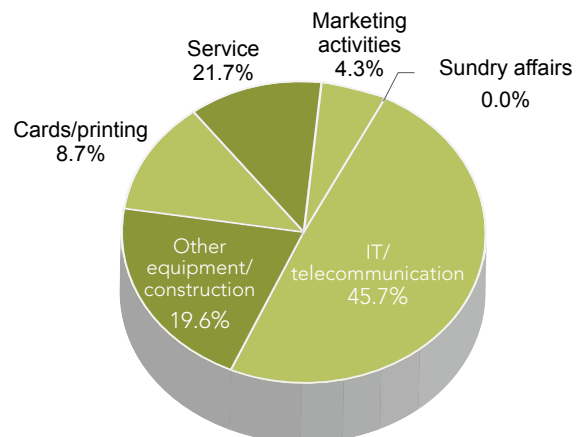
According to "Taishin Financial Holding Co., Ltd. Supplier Management Regulations," suppliers are to be chosen based on a number of concerns including: localization (Article 3), labor assessment (Article 4), impact assessment (Article 5, impact on society and environment), and risk management (Article 7, includes information security, product manufacturing, transport safety, and crisis management). Article 6, Chapter 2 of "Taishin International Bank Procedural Guidelines for Procurement and Supplier Management" has outlined the following criteria for eligible suppliers:

- | | |
|---|--|
| 1. Certified for ISO or other quality assurance systems of equivalent nature; | 4. Is the designated supplier, given the specifications of the procurement involved; |
| 2. Is legally registered; | 5. Having produced a sample that passed requirements; |
| 3. Having developed sound reputation in the business, is highly willing to accommodate the Bank's needs, and delivers good service quality; | 6. Having passed an on-site inspection. |

Execution of Supplier Assessment

According to Taishin's "Procedural Guideline for Procurement and Supplier Management," suppliers are first categorized and rated based on the content and amount of purchase each year; the Company then applies management practices that correspond to the category and rating of each supplier. Some suppliers will be selected and issued self-assessment questionnaires (which cover several aspects such as quality, sustainable governance, human rights, health etc). After collecting the questionnaires, the Company then performs supplier assessment and requests improvement from suppliers based on the outcome of assessment. In addition, Taishin conducts monthly evaluation on suppliers' quality, delivery, service and technical capacity using "Supplier Satisfaction Monthly Assessment Worksheet." Suppliers that exhibit good performance may have supply contracts renewed; on the contrary are eliminated.

The Table below shows the types and weight of suppliers the Company had engaged with in 2016:



Below are the outcomes of the 2016 supplier assessment:

Supplier grade	Grade description	Procurement by Supplier Grades
Grade A	Priority purchase	89%
Grade B	Second priority purchase	11%
Grade C	Purchases can be made, provided that improvements are made	0%
Grade D	No purchase will be made until the supplier improves to Grade C	0%

Note: No supplier was rated C or D in the 2016 assessment

Suppliers' Sustainability Commitment

In an attempt to enforce "Taishin Financial Holdings Supplier Management Regulations" (which have been published on Taishin Financial Holdings website) and ensure suppliers' commitment to corporate social responsibilities, the Company implemented a "Supplier Code of Conduct" in 2016 that requires all suppliers to sign a "Supplier's Commitment" when creating or renewing supply contracts (100% of new suppliers added in 2016 had signed the statement). This commitment statement provides the foundation for long-term business partnership, and enables the Company to work with suppliers toward fulfilling corporate social responsibilities, environment sustainability and protection of human rights.

Below is a summary of the commitment statement:

- | | |
|-----------------------------------|--|
| 1. Corporate ethics and integrity | 2. Risk management |
| 3. Labor and human rights | 4. Public welfare and environmental protection |
| 5. Continual implementation | 6. Scope of application |

Trial review of suppliers' self-assessment documents

In addition to completing assessments on tier-1 suppliers, Taishin also began randomly selecting key suppliers from various categories for issuance of self-assessment questionnaire in 2016. Suppliers' responses were then verified against documents. 21.7% of Taishin's major suppliers were selected for this documentary review, which represented approximately 8.7% of total amount procured. In the future, Taishin will take steps to perfect its supplier management system and exert influence on upstream and downstream partners. Together, we shall fulfill our corporate social responsibilities and contribute to the sustainability of our business activities.



Green Purchase

Taishin is an active supporter of green purchase; its initiatives were commended by Taipei City Department of Environmental Protection in 2016.

The Company sorted and made an inventory in 2015, and in 2016, the Company specified in its "Procedural Guidelines for Procurement and Supplier Management" to give priority to purchasing products that are certified for environmental friendliness, water efficiency, energy efficiency and green construction material, or products with features such as renewable material, recyclable, low-pollution, or energy-saving. This is how the Company has enforced its environmental friendly purchase into practice.



The Company made NT\$6,312,153 of green purchase in 2016. A total of 13 items had met the criteria of green purchase; 8 of which were environmentally certified, 2 of which were energy-certified (includes IT equipment such as notebook PCs, projectors etc), and 3 of which were water-certified (includes toilet facilities). 2 of the procured items were certified for green building material, namely gypsum board and mineral fiber board. 1 of the procured items delivered similar results, which was the environmental-friendly inverter split-type air conditioning unit. By enforcing green purchase, Taishin hopes to make gentle and the most efficient use of Earth's limited resources for the sustainability of the environment and business.

Amount of green purchases made in the last three years is shown below:



Amount of green purchases (\$)

Note:

- Purchases of new IT equipment (e.g. notebook PCs) reduced significantly in 2016 because the Company had opted for internal transfer instead of buying anew. The Company switched to a new photocopy paper and the brand item was not certified.
- Some of the items purchased in 2016 had two certifications, therefore the sum of individual categories did not equal to the total





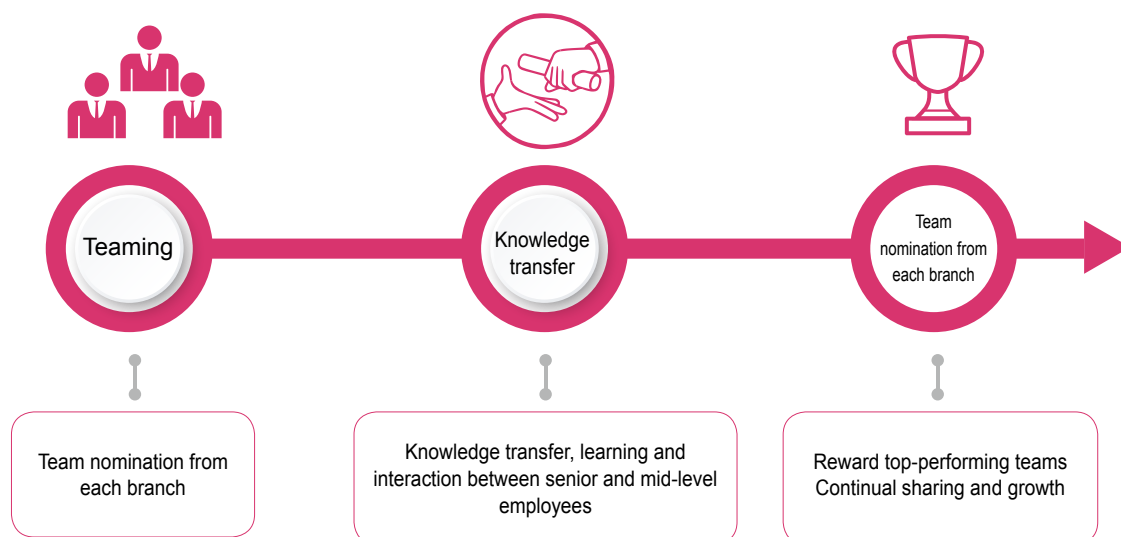
Employee Care

Innovative Human Resource Program

- I • Recruitment and Talent Development
- II • Remuneration and Benefits
- III • Happy Workplace

Innovative Human Resource Program

Taishin Financial Holdings values career plans of each of its employees. It is the Company's hope to make every employee as willing as they are proud about seeking long-term employment at Taishin, which is why the organization conducts regular engagement surveys to learn employees' opinions and find possible areas of improvement. Taishin designed a "Dual Mentoring Program" in 2016. Under this program, senior financial advisors are assigned to share skills, knowledge and customer service experience with newcomers, and hence achieve benefits such as shortened learning curve, higher productivity, faster career advancement, stronger bond with colleagues, and higher retention rate that would contribute to more robust human resource management. Furthermore, mentoring also enables thorough observation to identify potential management talents.



1. Senior employees share professional conducts and tips
2. Learning by mid-level employees
3. Interview teams that exhibit excellent interaction and performance
4. Share secrets, tips and culture via e-newsletter
5. Ongoing communication of corporate spirits and ideals

Within the one year after implementation of the mentoring program, a total of 232 teams were assembled while business performance improved by **10%** compared to 2015 (the base year). In addition, **183** financial advisors were promoted during this time, up **53%** year-on-year, and attrition rate fell by **3.6%** year-on-year. Employee engagement survey conducted by Distribution Channels Division in 2016 showed overall engagement having increased by 2% from 2015, which was 3% higher than Taiwan's financial industry in general. A breakdown of the 2016 employee engagement survey reveals: significant improvement of scores in terms of Innovation, Communication, Customer-centric Practices, and Willingness to Stay as compared to 2015.

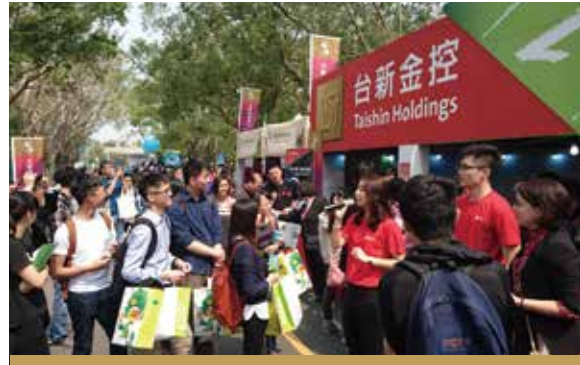
From the above descriptions, it is apparent that the Dual Mentoring Program is a mutually beneficial system that facilitates constructive interactions between the mentor and the apprentice. It has the effect to inspire growth, build confidence, improve performance, reduce attrition rate, and more importantly, create positive and profound influences on the organization as a whole.

I · Recruitment and Talent Development

Recruitment

Industry-academia collaboration and overseas talents

Taishin takes the initiative to develop younger customers, which requires recruiting talent from all areas of expertise to support its businesses. Apart from relying on existing recruitment channels, Taishin organized nearly 40 on-campus job fairs in 2016, and implemented several large-scale recruitment plans including the "Management Associate" (MA), the Assistant Relation Manager (ARM) Development program, and the New Hires Development Program, overall bringing nearly 300 graduates into the organization. In addition, Taishin has been collaborating with several universities and technology institutions since 2011 in an "Early Win Program" where existing students are offered internship opportunities to help determine the course of their future careers and raise confidence. Nearly 300 interns were sourced through this program in 2016. Furthermore, to ensure the continual supply of basic financial talent in the future, Taishin has engaged 26 universities in an academia-industry collaboration agreement that aims to equip students with the practical skills and mindset needed for their careers.



To support overseas ventures, Taishin has been active in the recruitment of managerial talents in USA, Japan, China and other countries. These individuals are offered systematic training and undergo job rotations to quickly accumulate the expertise needed to support future expansions and international businesses.

Substitute Military Service , Undisrupted Career Development

In order to assure interns the most complete career development, Taishin became the first in the industry to offer positions for substitute military service, and compensation package that is comparable to permanent employees. Also, in response to Bank 3.0, Taishin has been recruiting data analysts and programmers as well as conventional banking talents, and increasing the number of recruitment sessions at technology-oriented colleges.

Diversified recruitment and friendly workplace

As at the end of 2016, Taishin and subsidiaries employed 8,099 full-time staff, 265 part-time staff, 73 contractors, and 242 temporary workers. Female employees totaled 4,758, representing 59% of the employee base. Female managers totaled 482 and accounted for 48% of managerial positions. The figures show that Taishin is dedicated to achieve gender equality and expand diversity from the first stage – recruitment.

As for overseas operations, Taishin makes it a priority to hire workers locally from where it operates. In 2016, overseas operations hired a total of 498 workers, in which 81% of employees and 63% of managers were locals. In addition, Taishin complies strictly with the Labor Standards Act and prohibits the use of child labor (those under the age of 16). The average age of employees is currently 37.3. To help improve the employment of the socially disadvantaged, Taishin not only employs persons with disabilities to the extent required by law, but has also made its workplace accessible for the convenience and respect of persons with disabilities.

Table 1: Employee Structure - Gender, Age and Distribution of Full-time Staff

Region	Role	Female				Male				Total	Percentage
		Age 30 and below	Age 31~50	Age 51 and above	Total	Age 30 and below	Age 31~50	Age 51 and above	Total		
Taiwan	Non-managerial role	1,104	2,859	86	4,049	709	1,767	121	2,597	6,646	87.4%
	Managerial role	4	415	49	468	0	373	114	487	955	12.6%
Taiwan - total		1,108	3,274	135	4,517	709	2,140	235	3,084	7,601	100.0%
Overseas	Non-managerial role	147	73	7	227	114	103	6	223	450	90.4%
	Managerial role	4	9	1	14	10	17	7	34	48	9.6%
Overseas - total		151	82	8	241	124	120	13	257	498	100.0%
Total		1,259	3,356	143	4,758	833	2,260	248	3,341	8,099	100.0%
Percentage		26.5%	70.5%	3.0%	100.0%	24.9%	67.7%	7.4%	100.0%	100.0%	100.0%



Table 2: Employee Structure - Gender, Education and Role of Full-time Staff

Region	Role	Female				Male				Total	Percentage
		Senior High School and below	Bachelors Degree	Masters Degree	Doctoral Degree	Senior High School and below	Bachelors Degree	Masters Degree	Doctoral Degree		
Taiwan	Non-managerial role	324	3,202	520	3	156	1,841	596	4	6,646	82.1%
	Managerial role	31	321	115	1	5	311	170	1	955	11.8%
Taiwan - total		355	3,523	635	4	161	2,152	766	5	7,601	93.9%
Overseas	Non-managerial role	14	191	22	0	16	165	42	0	450	5.5%
	Managerial role	0	9	5	0	3	19	12	0	48	0.6%
Overseas - total		14	200	27	0	19	184	54	0	498	6.1%
Total		369	3,723	662	4	180	2,336	820	5	8,099	100.0%
Percentage		4.6%	46.0%	8.2%	0.0%	2.2%	28.8%	10.1%	0.1%	100.0%	100.0%

Table 3: Attrition Rates - by Gender, Age and Region

Gender	Male	Female	Total
Employees resigned	618	710	1,328
Attrition rate	18.5%	14.9%	16.4%

Age	Age 30 and below	Age 31-50	Age 51 and above	Total
Employees resigned	647	659	22	1,328
Attrition rate	30.9%	11.7%	5.6%	16.4%

Region	Taiwan	Overseas	Total
Employees resigned	1,095	233	1,328
Attrition rate	14.4%	46.8%	16.4%

Note: Note: attrition rate = number of people resigned in the current year / available employees as at 2016.12.31

Table 4: New Permanent Recruits - by Gender, Age and Region

Gender	Male	Female	Total
New recruits	995	1,101	2,096
Percentage	29.8%	23.1%	25.9%

Age	30 and below	31-50	51 and above	Total
New recruits	1,176	892	28	2,096
Percentage	56.2%	15.9%	7.2%	25.9%

Region	Taiwan	Overseas	Total
New recruits	1,904	192	2,096
Percentage	25.0%	38.6%	25.9%

Table 5: Permanent and Contract Staff by Region

Region	Permanent staff		Contract staff		Total
	Female	Male	Female	Male	
Taiwan	4,517	3,084	24	49	7,674
Overseas	241	257	0	0	498
Total	4,758	3,341	24	49	8,172

Table 6: Full-time and Part-time Staff by Gender

Gender	Full-time	Part-time	Total
Female	4,782	215	4,997
Male	3,390	50	3,440
Total	8,172	265	8,437

Note 1: Tables 1, 2, and 3 were prepared using permanent staff count as at 2016.12.31

Note 2: Table 4 was prepared based on cumulative new recruits between 2016.1.1 and 2016.12.31

Talent Development

Talents are the foundation to sustainable and competitive business. Taishin Financial Holdings spares no expense in talent development; not only has it outlined a comprehensive learning roadmap for every job position, it provides abundant training to help employees develop the skill sets needed. In response to the ongoing trend of globalization and digital banking, Taishin has been actively organizing courses on digital banking and international talents, and delivering them using a diverse range of learning channels to help employees grow. Taishin expects to provide at least 26 courses (including classroom and online courses) on digital banking and international talents in 2017.

Well-defined Career Plans

In order to provide employees with a clear understanding of their career potentials, Taishin conducts annual Management by Objective (MBO) and Individual Development Program(IDP) to help employees identify 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 managers. In addition, "Taishin University" (a learning platform for employees) explains the different career paths available to employees, and provides clear description on the functions and role model behaviors expected from each position. This detailed description helps employees prepare ahead for their secondary skills, so that they have the skills to accomplish the tasks assigned when opportunity presents itself.

Robust orientation

Taishin trains financial talent right from the campus. It offers internship programs for senior students, and supports them with comprehensive training courses and practical experience so that they have an idea of what to expect from the real job. In 2016, a total of 294 people had participated in the internship program. New recruits are required to undergo orientation, which includes a 3-day course on general knowledge and 3.5 hours of digital learning. This provides new employees with basic knowledge of the Company. In 2016, 1,476 new recruits underwent a total of 34,784 training hours, which averaged 23.56 hours per person.

Taishin Financial Holdings Orientation Camp		Early Win
Subjects	General new recruits	Students in their senior year of undergraduate study or first year of postgraduate study
Course content	Includes courses on corporate culture, HR regulations, financial regulations, occupational safety and health, information security, service etiquette etc.	<ol style="list-style-type: none"> 1. Includes courses on corporate culture, HR regulations, occupational safety and health, information security, service etiquette etc. 2. Focuses on training of branch-specific skills 3. Includes FinTech courses aimed at helping employees comprehend the digital banking trend and Taishin's innovative achievements, and how this development is relevant to their future internship. 4. Includes a "Communication and Positivity" course that inspires interns not only to learn professional knowledge, but uphold the right work attitude and values.

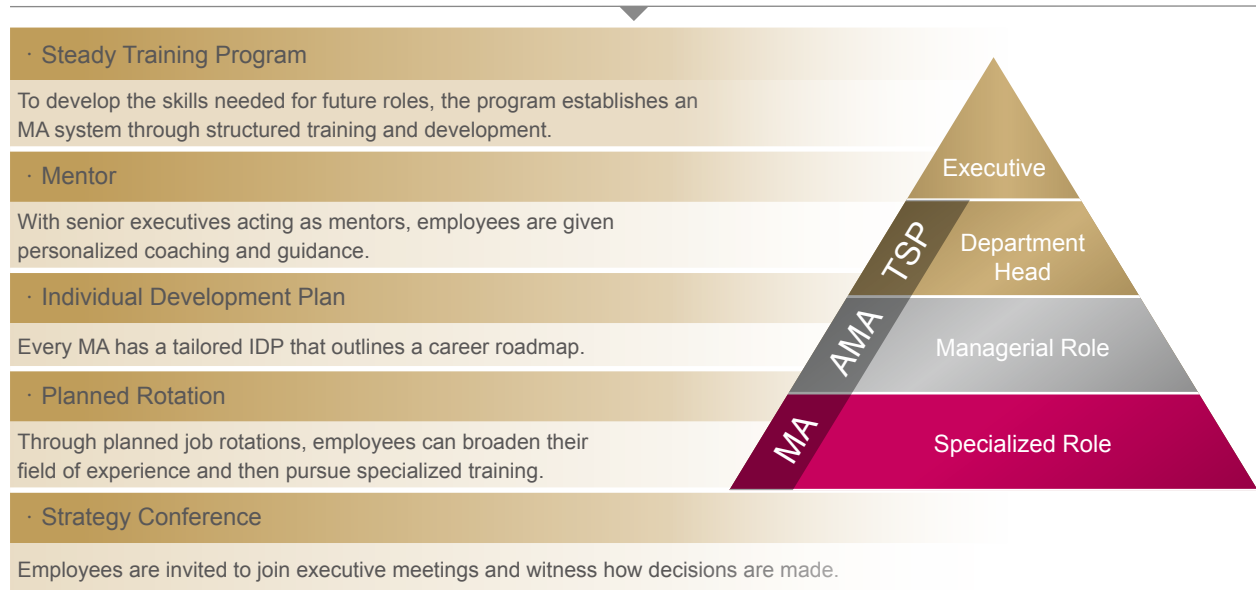
Course name	Participants	Hours
Early-win	3,766	5,269.51
Orientation Camp	18,090	30,302.96
Digital Course for New Recruits	18,292	4,481.84



Talent Pool 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 levels. The identified candidates are then assigned job duties and goals that help build up skills for their intended positions. Taishin is particularly active in the development of managerial talents, and has outlined a robust reserve management program designed to train management skills. The program offers general knowledge and management skill courses; optional courses were introduced for the first time in 2016 to help employees develop skills outside their existing areas of expertise. A total of 113 managers had participated in the reserve management program in 2016.

Talent Training Programs



Practical and Theoretical courses in managerial career development

First line managers are the frontiers of the Company's operations. They are important for their role of bridging communication between the management and frontline staff, and for this reason, entry-level managers have always been the focus of Taishin's training programs. Since 2014, Taishin has been assigning employees to participate in the "Management Training Program Instructor's Training" organized by China Productivity Center; this training enabled Taishin to develop a series of leadership courses named "Taishin Management Program" (TMP) that conforms to the organization's strategies and corporate cultures. The TMP has been designated as a mandatory program for all entry-level managers; it features seven main topics and adopts a systematic process to enhance employees' management skills, and thereby achieve the Company's performance targets. In 2016, 21 classes were organized for 624 managers.

Flexible and self-motivated learning program

Taishin encourages employees to engage in ongoing studies. As an incentive for self-motivated learning, Taishin introduced a "Learning Account" system in which every full-time employee is granted a credit of NT\$10,000 per year that they can spend on Taishin's internal "Self-learning Courses" or engage in courses or certification exams organized outside Taishin, and hence develop professional skills at their own discretion. In 2016, learning accounts were used 1,066 times by Taishin employees.

International talent recruitment and development

As the organization expands into other parts of the world, Taishin Financial Holdings begins to place greater emphasis on employees' foreign language skills, and has thus created a "Language Center" under "Taishin University" to provide useful knowledge from English grammar, wording, to banking terms. The Language Center was introduced as a means to motivate employees in voluntary learning of English, and was used 3,523 times in 2016. In 2017, Taishin began plans to establish an "College of International Affairs" that introduces employees to the Company's overseas offices and provides useful information on daily living. The College of International Affairs is intended to help employees prepare for their overseas roles so that they can quickly adapt to the local environment. Furthermore, Taishin subsidizes development of skills that are critical to overseas expansion, such as English and Japanese language. Higher course subsidies may be granted on a case-by-case basis. In 2016, 139 employees applied for a total subsidy of NT\$350,000.

Financial knowledge and professional certificate

Taishin employees build up financial knowledge through the professional certificates they accumulate and information shared by internal/external facilitators. Each employee is assigned a Learning Account with credits that they can spend freely to participate in certificate exams organized by external institutions. For frontline employees, regular meetings are held as a means of enhancing knowledge; for all employees, outside financial experts are invited to share their opinions and visions of the financial industry during quarterly morning conferences.

Diversed learning channels

Since 2011, Taishin has been maintaining a learning platform called "Taishin University" that promotes the idea of "life-long learning." Structured similarly to courses offered by an actual university, the learning platform consolidates internal and external resources to help develop employees' capabilities within and outside their areas of expertise.



During the 3rd quarter morning meeting, Taishin invited Mr. Chi-Yuan Huang, founding Chairman of Taiwan Mergers & Acquisitions and Private Equity Council and President of FCC Partners, to share with the audience on "The Future of Banking in the Globalization and Internet Era." He used case studies from USA and China to emphasize the need for Taiwanese financial institutions to think outside the box and raise competitiveness from within to meet future challenges.

The following table shows the courses, persons and training hours completed in 2016:

List of Digital Courses Offered through Taishin University

Course type	Course Name	Course enrollments
Management training	Mandatory training for managerial staff	645
	Optional training for managerial staff	113
Orientation	General knowledge for new recruits	22,498
Specialized training	Specialized training for new recruits	7,333
	Training for different specializations	6,233
	Certification training	55,808
General training	Regulatory compliance training	23,693
	Self-growth training	10,099

List of Classroom Courses (Note)

Internal Training Courses			External Training Courses	
Course type	Course Name	Course enrollments	Course Name	Course enrollments
Management training	Management talent training	2,007	-	-
	Talent Pool Program	2,125	-	-
Orientation	General knowledge for new recruits	17,174	-	-
Specialized training	On-the-job training (OJT)	117,489	-	-
	Specialized training for new recruits	21,167	-	-
	Training for different specializations	10,540	Training for different specializations	1,097
	Certification training	681	Certification training	1,217
General knowledge training	Regulatory compliance training	3,028	Regulatory compliance training	162
	Self-growth training	5,940	Self-growth training	517

Note: Classroom courses = internal training courses + external training courses. In 2016, 32006.99 hours of external training courses were organized and received 2,994 attendances, while 284,377.27 hours of internal training courses were organized and received 180,151 attendances.



Average Employee Training Hours - by Course Type and Gender

Average Employee Training Hours - 2016 (Hours)		Female	Male	Average hours
Course type	Classroom course	38.38	39.93	39.06
	Digital	13.22	11.38	12.46
Total		51.60	51.31	51.52

Average Employee Training Hours - by Job Role and Gender

Average Employee Training Hours - 2016 (Hours)		Female	Male	Average hours	Total average
Job role	Managerial role	59.81	51.22	55.35	51.52
	Non-managerial role	50.73	51.36	50.98	

II · Remuneration and Benefits

Remuneration Policy

Comprehensive and competitive remuneration

Taishin's remuneration system is designed primarily to enhance corporate performance, increase shareholders' equity, and take care for employees. To attract and retain talents, Taishin participates annual compensation surveys to benchmark top-performing local and foreign financial institutions, and thereby assures the competitiveness of its remuneration packages. Non-permanent employees such as temporary workers and those under substitute military service are also offered compensations that are more favorable than minimum wage. Taishin has been selected as one of the initial compositions of "Taiwan High Compensation 100 Index" since 2014; Taishin aims to increase profitability, reward employees accordingly, and fulfill its corporate social responsibility.

Multidimensional remuneration system

Taishin offers salaries based on objective factors such as education and competency required. Starting salaries for all positions are far superior to the basic wages stipulated in the Labor Standards Act. Annual salary adjustments are based on job evaluation, which takes into account the diversity of expertise required to accomplish each role and skills that employees have demonstrated. The remuneration system is designed to ensure that employees' salaries are not differentiated by gender, age or race. In 2016, male managers' remunerations averaged 105% 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.

Taishin offers year-end bonuses based on company and individual performance, thereby rewarding employees for their contributions. Also, due to the fast pace of talent mobility 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 talent. °

	Management	Non-management
Female	100%	100%
Male	105%	101%

Employee Stock Ownership Program (ESOP)

Taishin's employee stock ownership trust scheme was launched in September of 2015. Employees who meet the application criteria are free to join the program and contribute a certain amount (depending on job grade) from their monthly salaries; in return, Taishin contributes another same amount of the deducted sum to employees' accounts. Effectively, the shareholding trust scheme allows employees to purchase Taishin's share at half-price and encourages them to hold over the long term. For Taishin, the scheme offers the benefit of directing employees' attention towards corporate performance and promotes consensus to a common goal, while at the same time serves as a competitive benefit that helps attract talents; for employees, the scheme can be used for long-term saving, wealth accumulation, and to ensure lifestyle after retirement. At the end of 2016, more than 80% of Taishin employees (5,000+) had subscribed to ESOP. More than NT\$100 million are contributed to the ESOP on a yearly basis.

Other stock-related programs for employees



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. The Company has issued 377,000,000 shares to employees, and 103,792,000 shares have been exercised to date.



Taishin Stock Appreciation Rights Program

Taishin has been running a stock appreciation rights program since 2012, whereby annual surplus is partly paid out in cash, and partly retained for distribution on a later date depending on the Company's share price performance, so that employees and the Company may share the risks as well as the results of future operations. 18,801 units of stock appreciation rights were issued in 2016.



Preemptive Right for Employees

In 2013, Taishin organized a capital increase and gave employees the priority to subscribe 50,000,000 shares. More than 5,000 employees of Taishin FHC and subsidiaries had participated in this program. Taishin made a cash issue of Class E preferred shares in 2016, during which it reserved 75,000,000 (15%) shares for subscription by employees. More than 7,500 employees of Taishin Financial Holdings and subsidiaries were entitled to participate in this program.

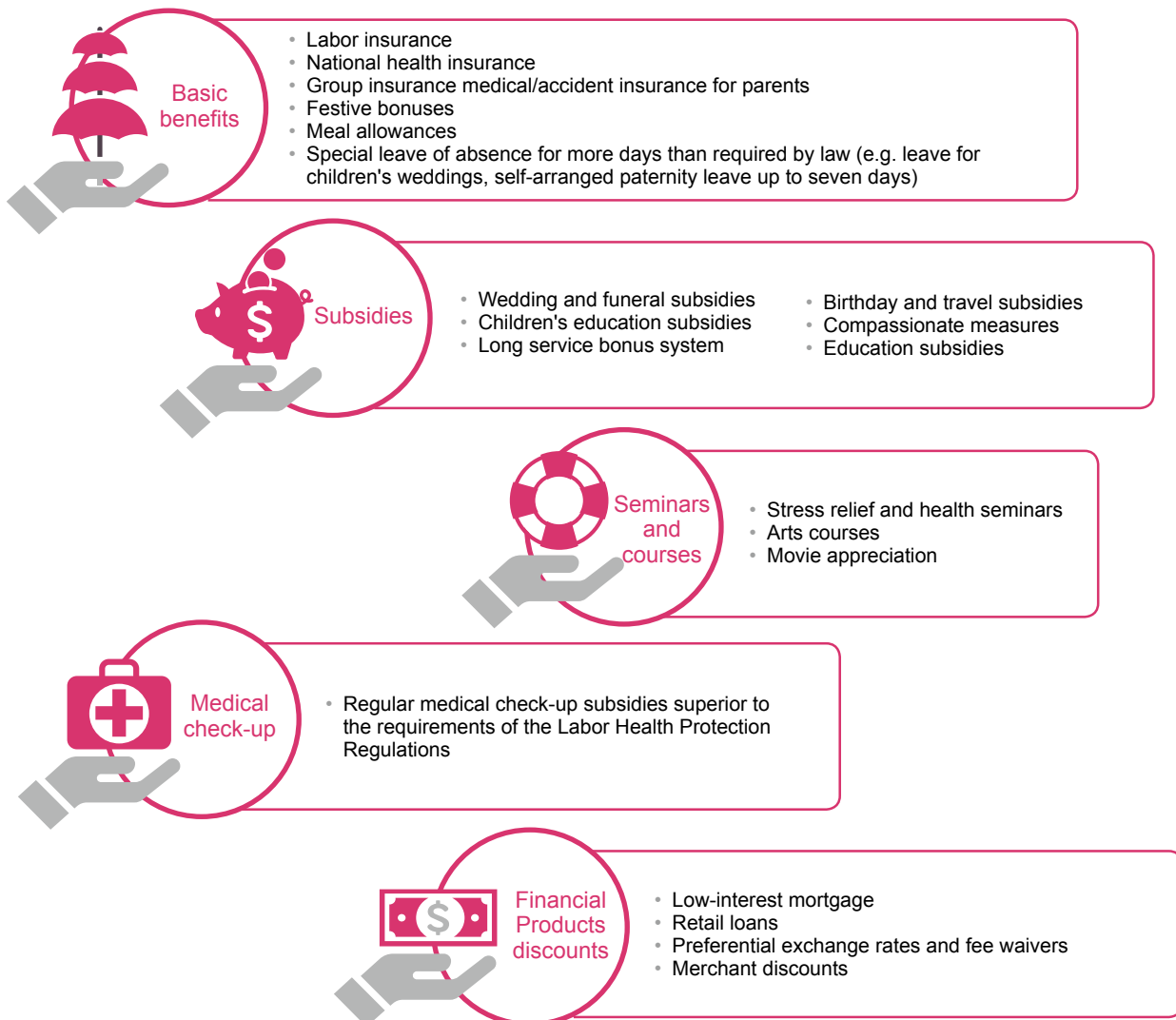
Performance management

For many years, Taishin has used the Balanced Scorecard (BSC) to manage the performance of its employees. Under the BSC system, Taishin's strategic goals are broken down into specific objectives and benchmarks to cater for various aspects of sustainability from customer, learning and growth, and internal business process to financial.

Employees are offered guidance and assistance from their managers during day-to-day work activities, whereas individual performance is rated in relation to their MBO (Management by Objective). All full-time employees who have passed probation are required to undergo mid-year and year-end appraisals, regardless of gender or job role. In 2016, 100% of employees were subjected to regular performance and career reviews. The performance management system opens top-performing employees to promotion opportunities, competitive remuneration, and career development. Employees who perform below expectations are offered assistance to improve.

Employee Benefits

Taishin sees itself as a people-oriented business and provides employees with the most comprehensive care. In addition to satisfying the basic requirements of the Labor Standards Act, Taishin has in place a rigorous system to help its employees enjoy work and maintain a balanced lifestyle. Taishin Financial Holdings employed 7,007 non-managerial staff in 2016 (including Taiwan and overseas operations; calculated as an annual average) and incurred welfare expenses averaging NT\$1,196,000 per person. The welfare expenses included short-term employee benefits, retirement benefits, share-based payments and other employee benefits. The average welfare expense declined by 1.6% compared to 2015 mainly because of Taishin's focus to expand the number of entry-level employees, which increased the number of non-managerial staff by 1.6% in 2016.



Employee retirement

Taishin organizes farewell parties to thank retiring employees for their contribution and to wish them well for their retirement. A retirement gift is also presented as a token of gratitude. For current employees, Taishin makes contributions to employees' pension funds in accordance with the Labor Standards Act and the Labor Pension Act.



III . Happy Workplace

Working Environment and Labor Safety

Occupational safety and health training

To prevent occupational hazards and promote workers' safety and health, Taishin assigned work safety officers to various courses organized by Occupational Safety and Health Administration, Labor Inspection Office, and Bankers Association in 2016, where they developed professional knowledge and risk management skills. Furthermore, 104 first-aid officers from various departments were re-trained, and all employees were subjected to work safety and health training. In 2016, Taishin organized 65 workers' safety and health training sessions for 3,220 trainees for a total of 8,671 hours. The training was intended to raise employees' awareness towards safety and health, and contributed to our goal of a hazard-free workplace.

Employee Safety and Health Training Sessions

	Sessions	Course enrollments
2016	65	3,220
2015	52	2,231
2014	46	2,233

Employee care and friendly workplace

For the purpose of monitoring the work environment, Taishin conducts indoor CO₂ and luminance measurements once every six months. A total of 102 workplaces were monitored and measured in 2016 to ensure that work activities were not exposed to excessive levels of risk.

Taishin has long been an advocate of smoke-free workplaces, for which it was granted the Certification for Healthy Workplace - Tobacco Control by the Health Promotion Administration, Ministry of Health and Welfare, for the period from January 1, 2015 through December 31, 2017. Smoking by employees or business partners is prohibited anywhere within office premises. Taishin's smoke-free policy and implications of the Tobacco Hazards Prevention Act are communicated to employees during the occupational safety and health training held once every three years.

Functionality of the Occupational Safety and Health Committee

Taishin Bank has an "Occupational Safety and Health Committee" where employees represent one-third of board members. The Committee convenes meetings on a quarterly basis. A total of 4 meetings were held in 2016, during which the Committee discussed major issues including: amendment of safety and health rules, execution of safety and health training, and implementation of environment monitoring. Furthermore, the Bank's "Employee Safety and Health Work Regulations" were acknowledged by Taipei City Government's Department of Labor, which was a testament to how Taishin values employees' safety and health, and the level of attention it has placed upon avoiding occupational hazards. In order to improve employees' awareness towards occupational safety and health, Taishin Bank has dedicated a section of the intranet web page to convey information and regulations concerning workplace health and safety. Because of these efforts, there were no incidents of death, disability or injury caused by occupational hazards in 2016.



Occupational Injuries

Gender	Occupational accidents Persons injured	Occupational accidents Deaths	Work days lost	Injury rate	Absence rate	Percentage of days lost
Female	0	0	0	0.00	1,832.87	0.00
Male	0	0	0	0.00	806.82	0.00
Total	0	0	0	0.00	1,409.59	0.00

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.

- There were 3 work injuries involving permanent staff in 2016; 1 of which was due to traffic accident while 2 of which were due to fall/collision. No work injury had occurred to contract staff.
- No work-related death had occurred to permanent or contract staff in 2016.
- No permanent staff was diagnosed with occupational illness in 2016.

Injury rate = total injuries/total work hours x 200,000;

Total work hours = total employees x work hours per day x number of working days per year

Absence rate = (total days absent/total working days) x 200,000 (including sick leave and occupational injury leave)

Lost day rate (LDR) = (lost working days/total work hours)*200,000

Human Rights Protection

Taishin complies strictly with the Labor Standards Act of Taiwan, the labor laws of any country where it operates as well as international labor standards and human rights declarations. It ensures compliance with regards to employees' work time, break time, leave of absence, salary and benefits, and prohibits all forms of forced labor at work and all forms of discrimination (such as ethnicity, gender, age, disability etc.) in recruitment, compensation, promotion, reward and disciplinary decisions. Taishin values the growth of its employees, and has taken steps to provide assurance with regards to employees' working/living conditions, work-life balance, and protection of child labor and maternity etc. Furthermore, workplace health promotion efforts are being made to ensure employees' health and safety at work. Plaintiffs and informants are assured safety, including the confidentiality of their personal information, and protected against unfair treatment or retaliation. Due to establishment of the above values and systems, Taishin encountered no incident of discrimination or human rights violation in 2016.

Taishin made an announcement over its intranet in 2014 that reaffirmed its prohibition against sexual harassment in the workplace, and reassured the protection of labor and human rights at the same time. This announcement forms part of Taishin's ethics foundation. In 2016, Taishin's corporate ethics courses received 9,518 enrollments and completed 4,065 training hours in total.

Course content summary	Course enrollments	Total training hours
Implications, scope, functionality and establishment of corporate ethics and social responsibilities	9,518	4,065

Listen to Staff Voices

Reasonable working conditions and labor-management negotiation

Taishin has imposed policies regarding reasonable working hours, break hours, and leave of absence in accordance with the law. It has reduced its standard work time to less than 40 hours a week to conform to law, and offers leave of absence for more days than what the law requires. For the assurance of employees' rights and compliance, Taishin began communicating with employees on the impact of recent Labor Standards Act amendments as early as the end of 2016, so that its internal departments may have time to prepare for upcoming changes.

Taishin also convenes quarterly labor-management meetings, during which it selects a group of representatives with gender distribution complying with legal requirements to discuss with labor representatives on issues including: extended work hours, flexible work hours, night time work for females, and shifting of off-work days. Because of this harmonic interaction, no compensation was made for damage incurred by employment disputes in recent years.

Open communication channels between labor and management

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 voices. These communication channels have been clearly stated in the Employee Code of Conduct and are published on Taishin's intranet and official website to ensure they are known and used to facilitate ongoing improvements.

Prohibition against discrimination, sexual harassment and forced labor

Taishin treats employees equally in terms of hiring, remuneration, promotion, reward, and discipline without discrimination of identity or any other form as described in Article 5 of the Employment Service Act. The Employee Code of Conduct explicitly and strictly prohibits sexual harassment and intimidation in the workplace. Taishin employees are granted autonomy at work and significant room for sharing. All forms of forced labor are prohibited. Taishin has established a set of sexual harassment prevention, complaints, and discipline guidelines in accordance with the law, and assembled a "Sexual Harassment Prevention and Complaints Review Committee" to investigate and review complaint cases in a fair and discrete manner. Personnel who report or investigate the above misconducts are protected from unfair treatments and retaliation.

Taishin communicates with employees on issues of concern through the following means:

- Employee Telephone lines, electronic and physical mail boxes: All employees can raise suggestions to Taishin via telephone, email or writing.
- Employee commitment surveys: Surveys are conducted on a regular basis as a formal communication channel between Taishin and its employees.
- Taishin morning meetings: These meetings are hosted quarterly by the Chairman. After each meeting, a video newsletter concerning the issues discussed is produced and circulated to all employees.



Employee Engagement Survey

Taishin Financial Holdings collaborates with external consultants for regular Employee Engagement Surveys. Through these surveys, we hoped to direct our attention towards critical issues that need to be resolved urgently and understand what employees think about Taishin's management practices, so that improvements could be planned and executed to attract and retain talents.

Based on previous results, Taishin shifted the focus of its 2016 survey to frontline staff, products and departments. The main purposes of this project were to:

- Understand and improve effectiveness of current actions, and provide the basis for optimization plans in the future
- Enhance managers' understanding to employee engagement
- Execute talent management and devise talent development plans based on survey output.

Results of the 2016 survey showed Taishin employees having concurred with the goals of the company and were more willing to assume responsibilities and remain on job as compared to external benchmarks historical surveys. The consulting company concluded its observation that "Taishin's customer-centric culture has been deeply rooted among employees; the organization exhibited significantly higher level of identification as compared to historical surveys and external benchmarks." In the future, Taishin will escalate employee opinion gathering with the help of technologies and data, and segment employees by work experience for more accurate analysis and more timely response of employees' opinions.

Staff Care and Activities

Work-family balance

Taishin values growth and work-life balance of its employees. Not only does it offer gender-equal benefits such as menstrual leave, paternity leave and family care leave, it has taken one step further to introduce children's wedding leave. Furthermore, in support of the government's pro-natalist policy and women re-employment policy, Taishin allows employees to take unpaid parental leave of absence for extended period and reinstates their positions at the end of their leaves, as required by law. Daycare allowances and nursing breaks are granted to give female employees the convenience they need after giving birth. Nursery rooms have also been made available at Ren'ai, Neihu and Jianbei offices. A total of 121 employees had taken unpaid parental leave of absence during the year. Nursery rooms were used by approximately 200 people in total.



Number of Full-time Employees on Parental Leave and Retention Rate

Category	2016					2015				
	Employees subject to reinstatement	Actual No. of reinstated employees Reinstatement rate	Reinstatement rate ①	No. of employees retained after 1 year ②	Retention rate ③	No. of employees subject to reinstatement	Actual No. of reinstated employees Reinstatement rate	Reinstatement rate	No. of employees retained after 1 year	Retention rate
Female	108	69	63.89%	56	81.16%	88	69	78.40%	58	77.30%
Male	4	4	100.00%	2	28.57%	11	7	63.60%	3	75.00%
Total	112	73	65.18%	58	76.32%	99	76	76.80%	61	77.20%

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

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

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

④ The 2014 parental leave data was updated to conform to the statutory requirement on parental leaves. As a result, calculations for 2014 were extended from 1 year to 2 years (i.e. 2012 ~ 2014), whereas calculations for 2015 were also based on 2 years.

Year	Children's wedding (days)	Paternity (days)	Family care (days)
2014	4	400	3871
2015	1	588	3,947.5
2016	1	686.5	3,738.5

Employee Healthcare

Employees' health is critical to Taishin's operations. To ensure employees' health, Taishin has made extensive efforts in creating a comfortable, safe and friendly working environment, and has arranged regular health checkups to help employees understand their physical condition and focus more on the prevention instead of treatment of illnesses. We sincerely hope that every employee is a healthy worker. In 2016, 5,176 employees completed the health checkups (including 2,441 new recruits). Taishin hired one additional nurse to look after employees' health. Furthermore, Taishin invites a physician specialized in occupational health to provide healthcare advices and perform thorough environment, health and safety (EHS) assessment on a quarterly basis.

Health promotion

To support the Maternal Health Protection Law, Taishin engages physicians to hold regular health seminars and hazard identification courses for pregnant women and those who have given birth for less than 1 year. Physicians also provide suggestions to improve workplace to eliminate hazards, and offer consultation and health education to those in need.

To complete the assessment of workplace hazards, Taishin invites physicians regularly to provide consultation services at Ren'ai building. Physicians offer various suggestions and refer employees to the appropriate specialists given their conditions. 16 employees sought consultation in 2016.

Taishin held 6 health seminars in 2016, which attracted participation from 437 employees. At the end of the year, a healthcare seminar was held for senior citizens, and collaboration was made with Payeasy and Taipei Medical University to provide employees the choice of purchasing remote elderly telemedicine service with their welfare credits.

Environment, health and safety assessment

Occupational safety and health manager, physicians, and nurses are invited to assess the workplaces. During their visits, they identified and evaluated hazards within the workplace, and provided advices regarding employees' safety, as well as steps that can be taken to improve the current layout.

Health management platform

Taishin pays attention to employees' health. A health management platform was to be used from October 2015. The platform is to gather accurate health information and inform employees on the prevention of epidemic disease, reporting of statutory disease, and popular health topics. It also provides personalized health services such as a health diary for recording and browsing one's health report, and an online test tool for simple health analysis. It serves not only to deliver correct and timely information, but also helps employees keep track of their health conditions at work.

台新健康管理
Taishin health management

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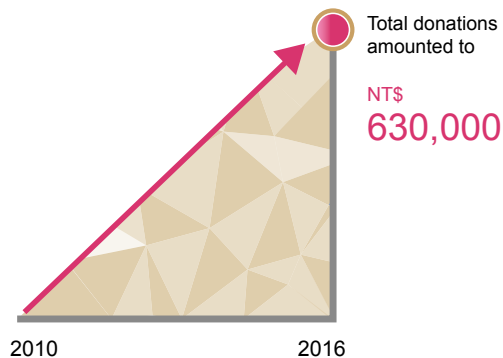
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Staff Activities

Stress Relief Workshop

To repay employees for their hard work, Taishin introduced visually impaired masseurs and masseuses as a form of stress relief for employees in 2010. Currently, Taishin operates a Stress Relief Workshop in Taishin's Ren'ai building, Neihsu, Jianbei, Zhongshan, and Nangang Offices. Each massage session lasts 15 minutes, which employees may reserve by simply making a NT\$25 donation to Taishin Charity Foundation for the support of small and medium-sized charity organizations. It gives employees a moment of relaxation while supporting charity at the same time. Nearly 25,159 massage sessions were completed in 2016; total donations amounted to approximately NT\$630,000.



Outdoor sports events

As a healthy and recreational idea, Taishin has a tradition of organizing hiking events where employees can embrace the nature with their families. Sports competitions are held from time to time with the support of Taishin, during which employees are encouraged to form teams and engage each other in friendly games.

Diverse social activities

In 2016, Taishin sponsored 29 social clubs of different activities, including golf, softball, badminton, basketball, table tennis, aerobic yoga, handicrafts, and ukulele; more than 1,173 employees signed up to develop their hobbies and their secondary talents.

Irregular volunteer events

Taishin Bank Foundation for Arts and Culture has been collaborating with Taishin Charity Foundation in organizing arts and cultural tours, and rallying volunteers to accompany disadvantaged elders and children in remote areas, which helps employees appreciate the good things in life.

Taishin Library

The Taishin Library was established in Taishin Tower in 2010 to encourage good reading habits. The library features a collection of 1,300 titles in different genres from finance and literature to recreation, with finance, literature and self-development being the most popular genres. The Library received more than 1,550 visitors in 2016.





Social Involvement

Bringing Innovation into Social Involvement

- I • Charity and Welfare
- II • Arts and Culture Development
- III • Sports Sponsorship
- IV • Academic Exchange

Bringing Innovation into Social Involvement

Taishin Charity Foundation has been hosting marketing workshops for small and medium-sized non-profit organizations. Nearly 500 people had participated in the workshop in 2016, and course content was uploaded onto a video platform where a larger group of people may access and learn. In addition, the Foundation also took part in matching non-profit organizations with students of the Department of Advertising, Chinese Culture University, in which the students suggested and executed their proposals on how to package charity events and products. A total of 7 non-profit organizations had benefited. Meanwhile, Taishin Financial Holdings and subsidiaries purchased products from non-profit organizations and distributed them as festive gifts. For the purpose of strengthening Taishin's relationship with local non-profit organizations, Taishin Bank organized 5 seminars on investment and debt management in 2016 and shared its professional knowledge on banking.

Taishin Bank Foundation for Arts and Culture has been active in the promotion of "Arts and Life." Following the "ARTalks: Talk ART! - 30-second Short Film Competition" held in 2015, the foundation continued its effort and launched "ARTalks: Talk ART! - 2-6 Panel Comic Strip Competition" to inspire the public to connect themselves with artistic elements in life. This program successfully expanded the reach of the ARTalks website, accumulating more than 410,000 visits and helping ARTalks establish its stature as a professional arts critic website.

Meanwhile, as a long-time supporter of arts and culture, Taishin Financial Holdings turned its ideas into festive decorations and made Taishin Tower the artistic hub to the neighborhood. In Christmas party, employees and the public were invited to join the fun game with Yani Tseng and several other professional golfers sponsored by Taishin to enhance the community relationship.



- Taishin Charity Foundation
- Financial Expertise in Charitable Activities
- Caring Taiwan
- Emergency Aid-Donation



- Peking University Cross-Strait Academic Fund
- Industry-academia Collaboration and Academic Sponsorship



- Taishin Bank Foundation for Arts and Culture
- Arts Without Boundaries
- Arts and Culture Sponsorship



- Female Golf
- Nantou County Youth Karate Team



Charity and Welfare

Taishin has been focusing its charity efforts on "teaching people to fish" and helping small and medium-size non-profit organizations develop the skills they need to attract the public's attention to their cause. From the launch of Caring Taiwan campaign in 2002, the "Power of Love" campaign in 2010 to Richard's "Stray Dog Sponsorship" program in 2016, Taishin has been helping the socially disadvantaged become self-reliant, instead of making one-time donations. Furthermore, Taishin associates its banking expertise with charity activities by organizing "Financial Education for Disadvantaged Children" and "Campus Finance Seminar."

Taishin Charity Foundation

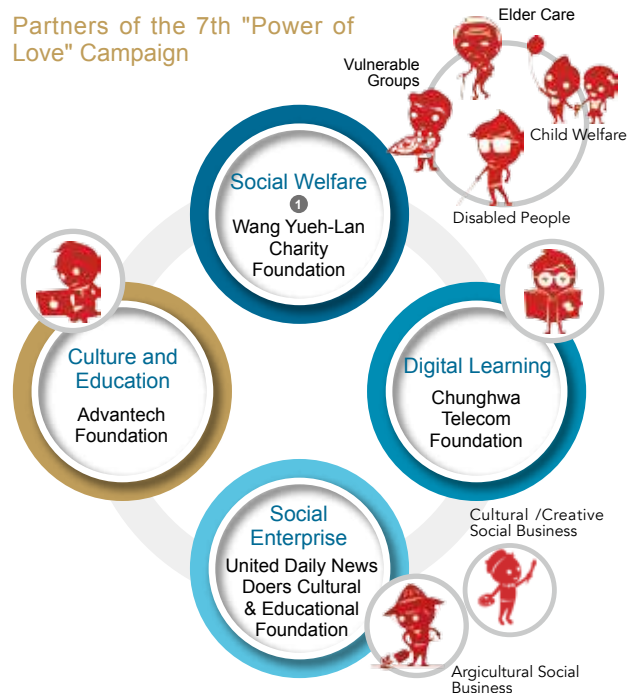
Taishin Financial Holdings began its charity commitment in 2002 with the launch of "Caring Taiwan" program. Having appreciated the level of expertise and specialization required to run charity programs, "Taishin Charity Foundation" was founded in 2010 to oversee execution of long-term projects including: "Power of Love," "Minority Project" "Campus Charity," "Charity Art" "Power of Love Workshop," "Financial Education for Disadvantaged Children," "Investment and Debt Management Seminar," "Festive Kindness" and "Charity Product Marketing."

Power of Love

"Power of Love" is Taiwan's first large-scale online charity program organized by Taishin Charity Foundation on a yearly basis. 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.

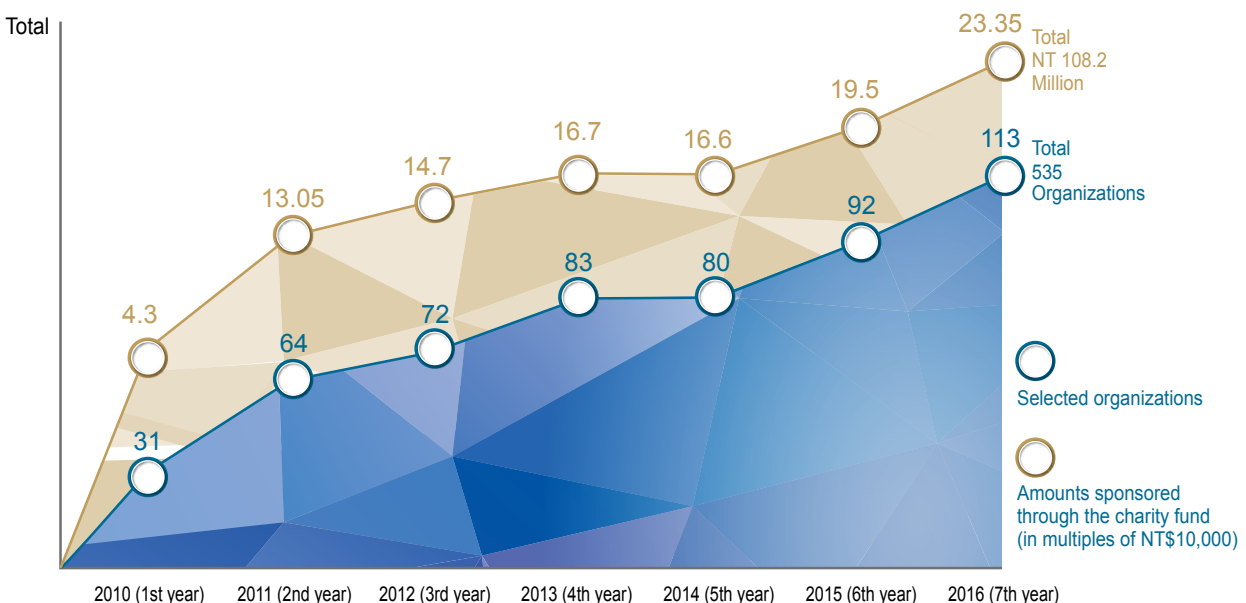
Through workshops, resource matching and volunteer guidance, small and medium-size non-profit organizations were given the opportunity to develop marketing skills, self-reliance, and ways of conveying ideas to the public. "Power of Love" was held for the 7th year in 2016, during which it received record-breaking number of voters and votes. A total of 250 organizations had submitted proposals this year, and the foundation introduced special prizes in addition to existing prizes to conclude 113 winners in total. The winning rate of 46% was the highest in history.

Partners of the 7th "Power of Love" Campaign



① The social welfare segment was co-hosted by Wang Yueh-Lan Charity Foundation and Taishin Charity Foundation

Past winners and amounts sponsored





Resource matching

In order to help a greater number of small and medium-sized non-profit organizations, Taishin Charity Foundation has implemented a "Angel Group" system that actively refers charity organizations to a broad range of resources and expertise offered by businesses and professionals. The "Charity Art" project that began in 2014, for example, invited artists to participate in product design, product improvement and decorative painting. The project started reaching out to a broader variety of artists and introduced art-related charity events such as auction of Chinese New Year couplets and concerts since 2015. In 2016, the project began to collaborate with Xue Xue Foundation. In addition, the Foundation also worked with Department of Advertising, Chinese Culture University, to associate students power with charity.

Angel Group - Xue Xue Foundation

Taitung Art Museum - 2016 Aesthetics Education

Taishin Charity Foundation worked with "Xue Xue Foundation" (a member of the Philanthropist Alliance) to organize a charity arts exhibition themed "Monkey Face" at Taitung Art Museum. Meanwhile, "Sunny Social Welfare Foundation" and disadvantaged students in Taitung were invited to experience the exhibition. About 60 socially disadvantaged students from remote locations, including Changbin Elementary School and Longtien Elementary School in Taitung, had participated in the event that day.

According to "Xue Xue Foundation," the "Chinese Zodiac Series Exhibition" is being held on a yearly basis as a means of promoting aesthetics and art education. 2016 was the year of the monkey, during which "Money Face" exhibition toured in various parts of the nation including Taipei (Xue Xue), Yilan (Luodong Cultural Working House and Yilan Museum of Art), and Taitung (Taitung Art Museum) and received approximately 60,000 visits. Many children were able to find their distinctive characters and confidence after participating in creative activities, and this was one of the benefits that distinguished aesthetics education from other subjects.



Angel Group - Department of Advertising, Chinese Culture University

Campus Charity

Taishin Charity Foundation worked with 7 groups of student from the Department of Advertising, Chinese Culture University, to assist 7 local non-profit organizations in organizing events, designing products, as well as the design of campaign materials. The finished designs were sold through online merchant - 17Life (a member of Philanthropist Alliance) where they generated NT\$750,000 in sales, including items purchased by Taishin Financial Holdings as festive gifts.

This Campus Charity program gave participating students a chance to apply what they learned in real life to helping non-profit organizations, and at the same time appreciate the difficulties they encounter when trying to find resources to fund their cause. At the end of the event, two teams of graduating students continued their efforts to assist non-profit organizations.

In terms of activities, Taishin Charity Foundation worked with the Department of Advertising, Chinese Culture University, to invite 28 elders from "Bethany Elders Center" in Hsinchu City and 21 children from "St. Francis Xavier Orphanage" in Miaoli County to join employees of Taishin Bank's "Beida Branch" in a day of entertainments. Meanwhile, the university raised NT\$10,000 in donations for Bethany Elders Center, and supported them in the purchase of living necessities.



Chinese Culture University - student

We appreciate Taishin Charity Foundation and Chinese Culture University for working together and bringing us the chance to help these elders. It has been a rewarding experience seeing children from child care services interact with the elders. We hope that children's spirit will make the elders happy. We long to see this event continue in the future, and will participate in related activities given the chance.

Corporate volunteers

All employees of Taishin Group are corporate volunteers. They have committed themselves to assisting non-profit organizations by utilizing Taishin's vast branch network. In 2016, Taishin organized several sessions of "Investment and Debt Management Seminar," during which it mobilized local branch employees to explain to the public the concept of investment, debt management and laws. This program not only enhanced knowledge capacity of non-profit organizations, it gave branch volunteers an opportunity to meet local residents and promote service to those in need. In the future, Taishin will aim to enhance volunteers' connection with locals, so that they may provide assistance and capitalize on the opportunity to offer value-adding services.

46 volunteer activities were held in 2016, during which a total of 554 employees had volunteered for service (including voluntary callers). Together, they accumulated 1,450 hours of service and mobilized family members to accompany elders living in remote areas and care for the socially disadvantaged. Through heads of various departments, employees were called into promoting the "Power of Love" campaign to local residents. In the future, Taishin will continue engaging employees' children in charity, and thereby expand influence of our efforts.

Financial Expertise in Charitable Activities

It is an increasingly popular trend for businesses to apply their own expertise in sustainability. For Taishin, this means utilizing financial expertise for business development and charity.

Financial education for children

In addition to offering family membership, Taishin also realizes the importance of educating youngsters on the topic of investment. For this reason, Taishin has devoted resources to promoting children's financial education, and developed a proprietary board game called "Young Banker Officer - Fantasy Farm" that aims to help children develop four critical financial concepts: insurance, time value, input/return, and proper financial planning, and thereby enable children to take their successful step towards life-long investment.

Taishin Bank volunteers have also been traveling to remote areas and visiting non-profit organizations during public holidays, where they contribute their expertise to teach disadvantaged children the proper perspective towards money using the YBO - Fantasy Farm board game. The game also teaches children the right concept about insurance, compound interest, and the importance of making separate financial plans for "needs" and "wants." By the end of 2016, the Bank had organized 20 sessions of YBO - Fantasy Farm event in collaboration with non-profit organizations. The event has been Taishin's attempt to educate children on the topic of finance using games as a learning tool.



Taishin Bank employee - Mr. Tsai

While children played the "YBO - Fantasy Farm" board game, parents were able to observe how children prioritize and make decisions. Having understood children's thinking process, we were able to teach them the proper financial concepts and blend financial education into real life.

Richart - Stray Dog Sponsorship

In April 2016, Taishin Bank introduced "Richart" - a digital banking brand that introduces innovative services specifically to satisfy the younger generation. Richart has been launched with the hope of making Taishin "the young people's bank" that not only helps young people save and invest wealth, but extends support to small and medium-size non-profit organizations as well. Through Richart, we hope to coordinate young people into solving problems of the society.

In the first year of its launch, Richart associated itself with Xieliyuan - an organization that cares for stray dogs, and invited customers to fund the organization's efforts. For every new account opened, Richart would sponsor NT\$500; for every interbank transfer made by existing customers during the campaign period, Richart would sponsor NT\$5.

Through the use of online advertisements and online celebrities' endorsements, Richart helped boost Xieliyuan's exposure by a significant degree, attracting 300,000 views and more than 1,000 sharing of the promotional video, and bringing more than 110,000 visits to the website. Visitors spent an average of 1 minute browsing the website, which was considered good by today's standards. Overall, Richart's involvement brought more people's attention to the cause and raised the public's awareness to Xieliyuan by a significant degree. This program attracted participation from more than 10,000 Richart users, and increased the volume of interbank transfers by 10%.



Richart - campus investment seminar

Richart has been launched with the purpose of providing young people with new financial services that are characterized by "low entry barrier, low fees, high interest rates, high returns, and convenience." In order to teach tertiary students the proper concept towards investment, Taishin Bank has utilized external resources and helped students practice wealth management using the Richart App, and thereby contributed to financial education.

Several seminars were held in 2016 to a total audience size of nearly 1,000. Judging by the questionnaires recovered, many students who specified of having no prior investment experience were willing to try Richart's affordable investment program and take their first step towards managing wealth after sitting through the seminar. The questionnaire also showed tertiary students' interest in "investment-themed" seminars, which means that the Bank's efforts have appealed to students', needs, and will continue to do so in the future. Some students raised questions on the choice of investment instrument and future trends of FINTECH; both topics will be covered in subsequent briefings and allocated additional time.

More campus seminars will be held in association with Richart. The Bank expects to coordinate with external partners and organize more sessions in 2017, so as to help tertiary students develop proper investment concept while studying. Meanwhile, the Bank will continue monitoring progress of each seminar and feedbacks from schools to further enrich seminar contents and provide investment knowledge and practice opportunities for students of different financial background.



Caring Taiwan

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 most prominent project of this series is the "My One Acre of Farm" program, which began in 2008. It was an innovative way of selling quality rice produced in Taiwan, and has so far been successful in generating income for farmers and ensuring the continuity of Taiwan's agriculture. In 2016, Taishin spent nearly NT\$24.5 million to sponsor 137 paddy fields for a total area of more than 70 hectares, producing 240,000 kg of top-quality rice in more than 66,000 packages to the benefit of more than 10,000 people, which consisted of Taishin's customers and employees.

Starting from 2014, Taiwan Rice Farmers Co., Ltd. - an entity devoted to collaborative production and sale of rice, was invited to join the Philanthropist Alliance of the "Power of Love" program. By donating rice and inviting the public to experience farming, the entity contributes its effort to helping the socially disadvantaged and creates a cycle of decency. In the future, Taishin will continue to expand the "Caring Taiwan" campaign as part of its corporate social responsibilities, and strive to mobilize a greater number of people to contribute to our cause.

Emergency Aid - Donation to Medical Institutions

Following the occurrence of a major earthquake in Tainan in February 2016, Taishin immediately activated its care program by donating NT\$10 million to Tainan City Government, while at the same time mobilized branch employees in Tainan to extend assistance to victimized residents and coordinated with charity organizations to resolve shortage of resources. Another devastating earthquake occurred later in April in Kumamoto, Japan. Taishin responded by donating JPY 10 million to the Kumamoto Prefectural Government as disaster relief.

Driven by its mission to give back to the society and fulfill corporate social responsibilities, Taishin has been keeping itself informed of major disasters throughout the world and assessing and responding to the needs of disaster victims in the shortest time possible. It coordinates resources within the organization to help relieve residents victimized by disaster, hoping that doing so may inspire others to follow and bring more assistance to disaster relief.

II · Arts and Culture Development

A significant part of Taishin's social engagement has been about promoting artistic and cultural activities as a means to "improve quality of life and surrounding environment." Taishin encourages creation, education and exchange of arts. Through various forms of art and cultural event, we hope to promote the public's understanding and appreciation towards arts.

Its involvement in arts comprises 3 levels: professional, fundamental, and public. The most prominent event on the professional level is Taishin Arts Award, which incorporates world-class jury and Artalks - online critics to promote Taiwan artistic development and interaction with the rest of the world. On the fundamental level, Taishin introduces education, Friday Noon Concert and art/culture seminar, invites participation from charity organizations and offers tour guidance. On the public level, Taishin makes art approachable to the general public by sponsoring art events.

Taishin Bank Foundation for Arts and Culture

"Taishin Arts Award" - an interregional exhibition and performance award of profound influence is how Taishin Bank Foundation for Arts and Culture encourages and rewards outstanding contemporary art creations. Taishin encourages employees and customers to participate in arts and cultural activities and assists in promoting awards and exhibitions using all channels available at the financial holding company's disposal. It has even created a public forum named "ARTalks" that invites the public to "talk arts." Taishin's long-term commitment to arts and culture combined with its meticulous thoughts and creativity in the arts award has made it a frequent winner of Ministry of Culture's "Arts and Business Awards." Today, it continues to support local art development and bridge interaction with the rest of the world.

Taishin Bank Foundation for Arts and Culture also serves as Taishin's closest art consultant. Apart from the arts award, the foundation oversees activities such as Friday Noon Concert, lobby exhibition, monthly art/cultural courses, key marketing campaigns, and performance programs for foreign guests. The foundation complements Taishin's business activities by bringing artistic, cultural and creative elements to the products and services offered, and thereby contributes to Taishin's brand influence.

Taishin Arts Award

14th Taishin Arts Award

In 2002, "Taishin Arts Award" was introduced as a means to encourage visual, performance and various types of artistic creation in Taiwan. Taishin Arts Award, now in its 14th year (2016), has made 49 winners in total.

Artistic Director Wang An-Chi, Guoguang Opera Company, The 14th Taishin Arts Award Winner

This drama troupe has successfully presented the original stories written by 21st century writers in a style of performance originating from the 16th century, with my poetic touch of the 20th century. Winning this contemporary art award is a very rewarding experience. It proves that tradition can be more than a legacy, and can be given new life to influence future artists!

In addition to rewarding winning artists, the foundation also hosts "Taishin Arts Award Exhibition" at Museum of National Taipei University of Education (MoNTUE), and invites the public to admire up close the works of Taiwan's most prominent artists. A series of activities including: jury's critique, artists' conference and workshop, and film screening were held during the exhibition. Furthermore, Taishin employees and customers were invited to exclusive tours while the Rotary Club made the tour part of their regular gathering. The exhibition received a total of 10,265 visits during the exhibition period. Besides, a total of 22 institutions, 15 teachers and 1,662 students had completed their off-site teaching at Taishin Arts Award Exhibition during the year. This exhibition not only is a demonstration of Taishin Group's support to contemporary art development in Taiwan, it also gives artists a chance to express their care to social issues and human culture, and enables Taishin to build up brand value.

Taishin staff - Madam Fanjiang

It is great to have the chance to admire these beautiful artworks and take a break to think about life's meaning after a busy day. It inspires people to embrace life with positive energy, happiness, initiative, gratitude, and a smile.



ARTalks

In 2013, ARTalks was established as a website for artists (and artist teams) to publish their creations and share related information. The website gives the public access to details of upcoming exhibitions, as well as comments from experts and other online users. Meanwhile, users are also free to raise discussions, post replies and make recommendations. Since the website's launch in the end of 2016, it has accumulated more than 1.5 million visits and an increasing number of art critiques.

Associating art with life has also been one of the foundation's focuses in recent years. In 2016, the foundation organized "ARTalks: Talk ART! - 2-6 Panel Comic Strip Competition" and received 402 entries submitted by creators aged from 6 to over 60 and by competitors from Japan and Korea.

In 2017, Taishin Bank Foundation for Arts and Culture will be making brand new arts award web pages to include contents such as in-depth background introduction of the artists, short film viewing, award forecast, and award-related events, and thereby promote the public's interest towards arts.



ARTalks



Arts Without Boundaries

Friday Noon Concert

Friday Noon Concert first began in 2006. It features performances of locally and globally renowned musicians, but unlike most concerts, much of the attention was directed towards explaining the title being played, and introduction to classical, jazz and contemporary music. The idea of Friday Noon Concert originated out of Taishin's intention to serve the community and its customers. For ten years, the event has accumulated a loyal and regular group of audience from the Great Taipei Area. The event is held 23-24 times a year, and has so far run for 259 sessions.

"Friday Noon Concert" almost always performs to a fully seated crowd because of its strong cast, consistent quality, and solid reputation. In addition to being a high-quality show that Taishin employees may enjoy close to work, the concert also attracts and brings close workers and residents from the neighborhood.

Ms. Tsai, Audience

Taishin's Friday Noon Concert is my most anticipated event every other Friday. The mixture of comfortable environment, pleasant tune, and talented performers is truly mind-relaxing!

Friday Noon Concert audience over the last four years

Year	Sessions	Audience size
2016	24	6,735
2015	23	6,722
2014	23	6,247
2013	24	5,899



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 2016, a total of 47 exhibitions had been held, each lasting for nearly two months. Through these exhibitions, Taishin hopes to decorate its lobby with artists' whimsical ideas and at the same time offer the public an easy access to arts. Artists invited to showcase their works in 2016 include Yunh-Hsu Hsu, Sian-Hua Tan, E Chen, and Yen-Ting Chung.

Exhibition at 1st floor lobby: Sian-Hua Tan's solo exhibition - "Express Time & Space Deliver"

This creation reflects the creator's introspection to the countless strangers and lifeless objects that contribute to our convenient lifestyle, and pays respect to their significant yet unnoticed existence. It emphasizes the close relationship between people and objects. (Audience/Critic - Ming-Hsueh Li)



Employee arts courses

Taishin employees are offered exclusive "art courses" with themes ranging from fine arts appreciation, theatrical performance, parental activities, to human culture. These activities includes exclusive tours arranged to the Asia University Museum of Modern Art and Yu-Hsiu Museum of Art, a theatrical event called "Close to You", a facial Painting class with Guo Guang Opera Company, "Banner Shopping Bag" workshops, as well as screening of films "Le Moulin" and "Sound of Sakura."

A total of 15 art courses were organized in 2016, and were responded with 605 enrollments. The foundation continues to organize art and cultural courses and give Taishin employees the chance to appreciate the aesthetics and creativity conveyed by contemporary arts.



2016 "Close to You"

The event was more than just a theatrical performance. The audience was taken to a tour through different sites and the nearby neighborhood to admire the views of old Taipei City. (Taishin Staff - Ms. Lai)

Arts and Culture Sponsorship

Taishin has been making world-class art and cultural performances more accessible by sponsoring their performance in Taiwan since 2006. In 2016, Taishin had sponsored Tsai Jui-Yueh International Dance Festival XI, Berliner Philharmoniker in Taipei, and Pixar 30 Years of Animation. More than NT\$150 million were contributed to art events for the past 10 years. Meanwhile, to benefit our customers, Taishin has negotiated a broad variety of privileges in order to introduce them to top-quality art and cultural performances.

Sponsored event in 2016 - Berliner Philharmoniker in Taipei:

1. Berliner Philharmoniker one of the world's most renowned orchestras. The performance sold 98.9% of seats, thanks to the promotional efforts of corporate sponsors. To showcase the performance to a wider audiences, Taishin and the major organizer had held the outdoor "Live Broadcast Concert," which set record for single-session audience count of 35,000 people.
2. To give more people a chance to enjoy the performance of Berliner Philharmoniker, 200 members of Taipei Philharmonic Orchestra and members of other charity organizations were invited to the rehearsal session.



III · Sports Sponsorship

Taishin is a long-time promoter of sports from fundamental training, sponsoring of young athletes, sponsoring of world-class athletes to nurturing coaches. Now it's the 5th year of female golf sponsorship, many outstanding talents including Yani Tseng, Pei-Yun Chien (having been officially qualified for LPGA) and Pei-Ying Tsai (having been qualified for JLPGA) all have excellent performance recently. Taishin has also been actively inviting sponsored athletes to participate in Taishin's charity events, where they may exert influence to inspire a cycle of decency.

While sponsoring external sport events, Taishin also devotes great attention to employees' exercise habits and health conditions. In 2016, Taishin was awarded certification of "Taiwan i Sport" from Sports Administration.



Taishin's sports sponsor strategies



Female Golf

Taiwan has performed remarkably in recent years in the world arena of female golf. Taishin began to promote female golf in 2011; by sponsoring the players and contributing to the nurturing of world-class talents, it created a platform through which the public may interact with professional players, and contributed to making golf a popular sport. In the meantime, the cycle of decency was created for athletes to give back to the society after receiving assistance.

Strong support to Taiwanese players

- Taishin sponsors 5-9 players each year, and all of whom have delivered outstanding performance.
- In 2016, Pei-Ying Tsai - one of the young talents sponsored by Taishin, won two Open Championships and gained qualification to Japan Golf Tour for two consecutive years. Meanwhile, Pei-Yun Chien - another player sponsored by Taishin, gained the qualification to compete in U.S. LPGA in 2017 after ranking 10th in the Symetra Tour. In the future, Taiwan will see more talented players competing in world-class games.

Promoting the sport of golf

- Taishin has been long-committed in promoting the sport of golf. In addition to sponsoring TLPGA games, Taishin also promotes golf as a good exercise through various events. For example, golf experience was included as part of the Sports Day program, whereas professional players were invited to join employees in putting tutorial and fun games in Christmas parties for two consecutive years.

Taishin's Charity Angel Group

- Taishin has even organized charity golf games and invited Yani Tseng and other female golfers sponsored by Taishin to accompany guests in a friendly match for charitable cause. More than NT\$10 million in donations were raised over the last 5 events, and all of which were donated to Taishin Charity Foundation for charity activities.





Nantou County Youth Karate Team

The 921 Earthquake brought devastation to many parts of Taiwan, but created an unexpected connection between Taishin and karate. In an attempt to help rebuild the disaster area, Taishin launched its "Caring Taiwan" program that aimed to support local industries one town a year. In 2005, Taishin saw two karate coaches teaching karate in Guoxing Township, Nantou County, to students in the disaster area as an extra skill that could help them progress into higher education, and began sponsoring their efforts. After many years of investment, Nantou County Youth Karate Team became an official member of Taishin Charity Foundation's Philanthropist Alliance in 2014, and is now in a position to give back to the society and create a cycle of decency.

Nantou County Youth Karate Team - team member

It was fun to talk and play games with elders. I received help before, and now I help others.

Nantou County Youth Karate Team - Coach Tai-Chi Huang

I will keep doing what I do, because it is meaningful for children to know that they, too, have the ability to help more people. I hope to see more people participating in this meaningful event in the future.

Constant winner in domestic competitions (between 2005 and 2016)

- 400 gold
- 295 silver
- 296 bronze



Well-respected contestant in international competitions (between 2005 and 2016)

- 58 gold
- 71 silver
- 109 bronze



10 President

Educational Award winners



Tsuei-Ping Gu, one of the team members, represented Taiwan in the 2014 Asian Games in Incheon, and won gold medal in women's 50 kg division.

- gold



The team became a nationwide legend when it delivered full team victory for three consecutive years in the karate competition of National High School Athletic Games.



Glorious Achievements

Cycle of Decency

Each year during summer break, coach Tai-Chi Huang personally led members of the Nantou County Youth Karate Team to visit charity organizations in Nantou and promote Taishin's "Power of Love." After visiting "Hsuan Kuan Sweet Home" in 2015, the team paid visit to "Fu An Nursing Home" in Yunlin in 2016, bringing joy and energy to the nursing home while keeping the elders company. Through action, the karate team supported a good cause with positive energy, and thus created a cycle of decency.

Legacy

- Taishin's input: Nantou County Youth Karate Team was Taishin's only local reconstruction effort in the "Caring Taiwan" series that did not involve agriculture. Previously, Taishin used to offer scholarship (a karate scholarship program was launched between 2008 and 2013, offering NT\$6,720,000 to the benefit of 31 students), subsidize travel expense for international competitions, and arrange real assistance to help train new recruits of the karate team.
- Customers' participation: Given the extensive amount of spending needed to train athletes and sponsor their competitions abroad, Taishin needed support from the public as well as the business world, and has been utilizing Payeasy's website (a related company) to raise small-sum donations and donations of uniform invoice from customers (a sum of NT\$35,288,519 were raised between 2008 and 2016)

Innovation

- Taishin's input: In order to provide young athletes with the right encouragements, a "victory celebration" hosted by Chairman Thomas T.L. Wu of Taishin Financial Holdings was held to commend the outstanding performance of karate team members. A victory celebration is held for every National High School Athletic Games, including one for Tsuei-Ping Gu, who represented Taiwan in the 2014 Asian Games in Incheon and won gold medal in women's 50 kg division.
- Customers' participation: In view of the fact that the karate team's fundraising website was no longer sufficient in meeting modern demands, Taishin Financial Holdings collaborated with PayEasy and designed a brand new website featuring a video documenting the history of Guoxing Karate Team (which was later renamed Nantou County Youth Karate Team), the story of children's practices, and achievements. It gives the public a better understanding to the long-term development of Nantou County Youth Karate Team. The new website will also feature live game updates and news to engage the public to a greater extent.





IV · Academic Exchange

Talent nurturing and knowledge transfer are key to the development of the financial system and industry growth. To ensure future talent supply, Taishin has been engaging several institutions and experimenting different methods of knowledge exchange for the best results.

Peking University Cross-Strait Academic Fund

In 2012, Taishin Financial 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 arranged academic and practical exchanges on a yearly basis. In September 2016, students of Peking University were invited to engage students of National Chengchi University in an exchange of opinions on mortgage and innovative products in China and Taiwan. Meanwhile, Taishin managers were present to offer practical suggestions. These young minds engaged themselves

in a brainstorm and produced a research report that we believe to be useful in Taishin's future design and promotion of mortgage products, because the report not only highlighted the needs of the young generation, but suggested a feasible integrated marketing model as well. It was the perfect exchange of theoretical and practical view, and a model interaction between the industry and the academia that set a good example for many productive cross-strait interactions in the future.



Industry-Academia Collaboration and Academic Sponsorship

Since 2011, Taishin has been cooperating with multiple universities, technology institutions and vocational schools to offer students the opportunity to learn and gain practical experience outside school. In 2016, a total of 285 students were recruited into an internship program to develop practical experience and professional skills. At the end of the program, 45 interns were granted the opportunity to convert into permanent positions at Taishin Bank.

As part of its mission to contribute to society and nurture talents, Taishin offers scholarships to financially disadvantaged students of National Taiwan University and National Chengchi University. A sum of NT\$340,000 was provided in 2016 as scholarship. In addition, 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.

In response to the digital banking trend and the need for talents, Taishin Financial Holdings began collaboration with Graduate Institute of Networking and Multimedia of National Taiwan University (NTU) and engaged NTU professors for the teaching, lecturing, research and investigation of Fintech-related topics. In doing so, Taishin employees are given access to new information technologies, applications and methodologies, while professors' professional opinions may assist Taishin in the promotion of certain business activities. In return, NTU students are given the chance to learn how technology plays a role in real banking practice, and even participate in Taishin's internship for more promising career development.

Furthermore, to facilitate exchange of financial knowledge, Taishin contributed nearly NT\$1.5 million to sponsor 14 academic events in 2016.



Appendix

- I** • GRI Standards
- II** • GRI Financial Services Sector Supplement
- III** • Sustainable Development Goals, SDGs
- IV** • United Nations Global Compact
- V** • Taiwan Stock Exchange Corporation
Rules Governing the Preparation and Filing of
Corporate Social Responsibility Reports
- VI** • ISO 26000 Index
- VII** • Report Assurance Statement

Appendix

I · GRI Standards

Note: ○ for full disclosure, △ for partial disclosure

General Standard Disclosures		Report Chapter	Disclosure Status	Page	Notes
102-1	Name of the organization	About Taishin	○	4	
102-2	Activities, brands, products, and services	About Taishin CSR Issues Analysis Customer Service	○	4 17 40	
102-3	Location of headquarters	About Taishin	○	4	
102-4	Location of operations	About Taishin Business Management	○	4 26	
102-5	Ownership and legal form	About Taishin	○	4	
102-6	Markets served	About Taishin Business Management	○	4 26	
102-7	Scale of the organization	About Taishin Business Management Employee Care	○	4 26 61	
102-8	Information on employees and other workers	About Taishin Employee Care	○	4 61	
102-9	Supply chain	About Taishin Green Initiatives and Sustainable Partners	○	4 56	
102-10	Significant changes to the organization and its supply chain	About Taishin Business Management Green Initiatives and Sustainable Partners	○	4 26 56	1. Taishin Bank established Tokyo Branch 2. Taishin Holdings Insurance Brokers was merged into Taishin Bank
102-11	Precautionary Principle or approach	Business Management	○	33	All employees are required to comprehend and sign the Employee Code of Conduct; 100% of employees have been protected by collective bargaining agreements.
102-12	External initiatives	Green Initiatives and Sustainable Partners	○	55	
102-13	Membership of associations	Business Management	○	30	
102-14	Statement from senior decision-maker	Message from the Chairman	○	3	
102-15	Key impacts, risks, and opportunities	Message from the Chairman Sustainable Risks and Strategies Business Management Customer Service Green Initiatives and Sustainable Partners Social Involvement	○	3 20 33 45 51 77	
102-16	Values, principles, standards, and norms of behavior	CSR Issues Analysis Business Management	○	11 30	
102-17	Mechanisms for advice and concerns about ethics	Business Management	○	30	See "Employee Code of Conduct" on the Company's website for grievance procedures on illegal and unethical conduct.
102-18	Governance structure	Business Management	○	27	
102-19	Delegating authority	Business Management	○	31	
102-20	Executive-level responsibility for economic, environmental, and social topics	Business Management	○	31	
102-21	Consulting stakeholders on economic, environmental, and social topics	Business Management	○	31	
102-22	Composition of the highest governance body and its committees	Business Management	○	29	
102-23	Chair of the highest governance body	Business Management	○	27	

General Standard Disclosures		Report Chapter	Disclosure Status	Page	Notes
102-24	Nominating and selecting the highest governance body	Business Management	△	27	All relevant requirements have already been stated in the Company's "Director Election Rules," "Taishin Financial Holdings Remuneration Committee Foundation Principles" and "Taishin Financial Holdings Audit Committee Foundation Principles".
102-25	Conflicts of interest	Business Management	△	27	
102-26	Role of highest governance body in setting purpose, values, and strategy	Business Management Sustainable Risks and Strategies	○	21 29	
102-27	Collective knowledge of highest governance body	Business Management	○	28	
102-28	Evaluating the highest governance body's performance	Business Management	○	29	
102-29	Identifying and managing economic, environmental, and social impacts	CSR Issues Analysis Sustainable Risks and Strategies Business Management	○	11 21 31	
102-30	Effectiveness of risk management processes	CSR Issues Analysis Business Management	○	11 31	
102-31	Review of economic, environmental, and social topics	Business Management	○	31	
102-32	Highest governance body's role in sustainability reporting	Business Management	○	31	
102-33	Communicating critical concerns				
102-34	Nature and total number of critical concerns				
102-35	Remuneration policies	Business Management	○	28	
102-36	Process for determining remuneration	Business Management Employee Care	○	28 66	
102-37	Stakeholders' involvement in remuneration				
102-38	Annual total compensation ratio				
102-39	Percentage increase in annual total compensation ratio				
102-40	List of stakeholder groups	CSR Issues Analysis	○	8	
102-41	Collective bargaining agreements	Employee Care	○	69	All employees are required to comprehend and sign the Employee Code of Conduct; 100% of employees have been protected by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	CSR Issues Analysis	○	8	
102-43	Approach to stakeholder engagement	CSR Issues Analysis Customer Service	○	13 47	
102-44	Key topics and concerns raised	CSR Issues Analysis Customer Service		14 40	
102-45	Entities included in the consolidated financial statements	Report Summary About Taishin	○	1 4	
102-46	Defining report content and topic boundaries	Report Summary CSR Issues Analysis	○	1 10	
102-47	List of material topics	CSR Issues Analysis	○	10	
102-48	Restatements of information		○		No restatement had taken place.
102-49	Changes in reporting	Report Summary CSR Issues Analysis	○	1 10	
102-50	Reporting period	Report Summary	○	1	

General Standard Disclosures		Report Chapter	Disclosure Status	Page	Notes
102-51	Date of most recent report	Report Summary	○	1	
102-52	Reporting cycle	Report Summary	○	1	
102-53	Contact point for questions regarding the report	Report Summary	○	1	
102-54	Claims of reporting in accordance with the GRI Standards	Report Summary	○	1	
102-55	GRI content index	Appendix	○	85	
102-56	External assurance	Report Summary Report Assurance Statement	○	1 96	
103-1	Explanation of the material topic and its Boundary	CSR Issues Analysis	○	10	
103-2	The management approach and its components	CSR Issues Analysis	○	11	
103-3	Evaluation of the management approach	CSR Issues Analysis	○	11	
Topic Specific Standard Disclosures					
Economic		Report Chapter	Disclosure Status	Page	Notes
201 : Economic Performance (2016)					
201-1	Direct economic value generated and distributed	Business Management	○	26	For complete financial information, please see the annual report and financial statements of Taishin FHC.
201-2	Financial implications and other risks and opportunities due to climate change	Sustainable Risks and Strategies	○	20	
201-3	Defined benefit plan obligations and other retirement plans	Employee Care	○	66	The Company 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. The Company 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	Financial assistance received from government		○		No government subsidy of any kind was received.
202 : Market Presence (2016)					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee Care	○	66	
202-2	Proportion of senior management hired from the local community	Employee Care	○	61	Taishin operates mainly in Taiwan; the executive management comprises entirely of Taiwanese residents.
203 : Indirect Economic Impacts (2016)					
203-1	Infrastructure investments and services supported	Social Involvement	○	74	
203-2	Significant indirect economic impacts	Customer Service Social Involvement	○	40 74	
204 : Procurement Practices (2016)					
204-1	Proportion of spending on local suppliers				
205 : Anti-corruption (2016)					
205-1	Operations assessed for risks related to corruption		△		Taishin has an employee rotation policy in place. Any employee who handles financial properties, cash, securities, collaterals and negotiable instruments are rotated every two years. In addition, employees' accounts are monitored for abnormal transactions under the "Abnormal Transaction Management System."

Topic Specific Standard Disclosures					
Economic		Report Chapter	Disclosure Status	Page	Notes
205-2	Communication and training about anti-corruption policies and procedures	CSR Issues Analysis Employee Care	○	11 69	100% of employees have been communicated and on related issues.
205-3	Confirmed incidents of corruption and actions taken		○		There had been no incident of corruption.
206 : Anti-competitive Behavior (2016)					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		○		No such circumstances
301 : Materials (2016)					
301-1	Materials used by weight or volume				
301-2	Recycled input materials used				
301-3	Reclaimed products and their packaging materials				
302 : Energy (2016)					
302-1	Energy consumption within the organization	Green Initiatives and Sustainable Partners	○	52	
302-2	Energy consumption outside of the organization				
302-3	Energy intensity	Green Initiatives and Sustainable Partners	○	52	
302-4	Reduction of energy consumption	Green Initiatives and Sustainable Partners	○	52	
302-5	Reductions in energy requirements of products and services				
303 : Water (2016)					
303-1	Water withdrawal by source	Green Initiatives and Sustainable Partners	○	53	Uses only fresh water
303-2	Water sources significantly affected by withdrawal of water		○		Uses only fresh water and poses no impacts to water sources
303-3	Water recycled and reused				
304 : Biodiversity (2016)					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		○		Taishin's office and business locations are located in urban and rural areas
304-2	Significant impacts of activities, products, and services on biodiversity		○		Same as 304-1
304-3	Habitats protected or restored		○		Same as 304-1
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		○		None of the office buildings contain endangered species described in IUCN red list or national standards.
305 : Emissions (2016)					
305-1	Direct (Scope 1) GHG emissions	Green Initiatives and Sustainable Partners	○	52	
305-2	Energy indirect (Scope 2) GHG emissions	Green Initiatives and Sustainable Partners	○	52	
305-3	Other indirect (Scope 3) GHG emissions				
305-4	GHG emissions intensity				
305-5	Reduction of GHG emissions	Green Initiatives and Sustainable Partners	○	52	
305-6	Emissions of ozone-depleting substances (ODS)				
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions				
306 : Effluents (2016)					

306-1	Water discharge by quality and destination		○		Waste water produced from office buildings consist entirely of living waste. All waste water is discharged into sewers or receiving water bodies as required by law.
306-2	Waste by type and disposal method	Green Initiatives and Sustainable Partners	○	55	
306-3	Significant spills				
306-4	Transport of hazardous waste				
Economic		Report Chapter	Disclosure Status	Page	Notes
306-5	Water bodies affected by water discharges and/or runoff				
307 : Environmental compliance (2016)					
307-1	Non-compliance with environmental laws and regulations	Business Management	○	37	There had been no penalties imposed in relation to the environment.
308 : Supplier (2016)					
308-1	New suppliers that were screened using environmental criteria				
308-2	Negative environmental impacts in the supply chain and actions taken				
Social		Report Chapter	Disclosure Status	Page	Notes
401 : Employment (2016)					
401-1	New employee hires and employee turnover	Employee Care	○	62	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Care	○	66	
401-3	Parental leave	Employee Care	○	70	
402 : Labor/Management Relations (2016)					
402-1	Minimum notice periods regarding operational changes				
403 : Occupational Health and Safety (2016)					
403-1	Workers representation in formal joint management-worker health and safety committees	Employee Care	○	68	Taishin Bank's occupational safety and health committee consisted of 17 members, including 6 labor representatives
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Employee Care	○	68	
403-3	Workers with high incidence or high risk of diseases related to their occupation				
403-4	Health and safety topics covered in formal agreements with trade unions				
404 : Training and Education (2016)					
404-1	Average hours of training per year per employee	Employee Care	○	66	
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Care	○	64	
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Care	○	67	
405 : Diversity and Equal Opportunity (2016)					
405-1	Diversity of governance bodies and employees	Business Management	○	62	
405-2	Ratio of basic salary and remuneration of women to men	Employee Care	○	66	
406 : Non-discrimination (2016)					
406-1	Incidents of discrimination and corrective actions taken		○		No such circumstances
407 : Freedom of Association and Collective Bargaining (2016)					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Green Initiatives and Sustainable Partners	△	56	
408 : Child Labor (2016)					

408-1	Operations and suppliers at significant risk for incidents of child labor	Green Initiatives and Sustainable Partners Employee Care	○	56 61	No such circumstances
409 : Forced or Compulsory Labor (2016)					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Care	○	69	No such circumstances
Social		Report Chapter	Disclosure Status	Page	Notes
410 : Security Practices (2016)					
410-1	Security personnel trained in human rights policies or procedures				
411 : Rights of Indigenous People (2016)					
411-1	Incidents of violations involving rights of indigenous peoples		○		No such circumstances
412 : Human Rights Assessment (2016)					
412-1	Operations that have been subject to human rights reviews or impact assessments				
412-2	Employee training on human rights policies or procedures	Employee Care	○	69	100% of employees were trained.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening				
413 : Local Communities (2016)					
413-1	Operations with local community engagement, impact assessments, and development programs				
413-2	Operations with significant actual and potential negative impacts on local communities				
414 : Supplier Social Assessment (2016)					
414-1	New suppliers that were screened using social criteria				
414-2	Negative social impacts in the supply chain and actions taken				
415 : Public Policy (2016)					
415-1	Political contributions		○		The company is politically neutral. It offers no donations to any political party, individual, or government agency.
416 : Customer Health and Safety (2016)					
416-1	Assessment of the health and safety impacts of product and service categories				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		○		No such circumstances
417 : Marketing and Labeling (2016)					
417-1	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	Incidents of non-compliance concerning product and service information and labeling		○		No such circumstances
417-3	Incidents of non-compliance concerning marketing communications		○		No such circumstances
418 : Customer Privacy (2016)					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		○		1 customer complaint about the telephone marketing. The case was well addressed according to "A-Class Customer Complaint Handling Procedure" to protect customers' rights.
419 : Socioeconomic Compliance (2016)					
419-1	Non-compliance with laws and regulations in the social and economic area	Business Management	○	37	The Company had 1 penalty relating to labor inspections; the amount of fines imposed was NT\$300,000.

II · GRI Financial Services Sector Supplement

Indicator		Report Chapter	Disclosure Status	Page	Notes
Product Portfolio					
FS1	Policies with specific environmental and social components applied to business lines	Message from the Chairman CSR Issues Analysis Business Management	○	3 11 31	The Company has established Corporate Social Responsibility Guidelines to guide its environmental and social conducts.
FS2	Procedures for assessing and screening environmental and social risks in business lines	Business Management Customer Service	○	31 45	Taishin introduced the Jupiter Ecology Fund that specializes in the investment of environmental protection-related industries such as clean energy, green transportation, waste disposal, water resource, and organic farming.
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Customer Service	○	45	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Business Management Customer Service Green Initiatives and Sustainable Partners Social Involvement	○	31 45 51 77	
FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	CSR Issues Analysis Customer Service Green Initiatives and Sustainable Partners	○	11 45 51	
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	About Taishin Business Management	○	4 26	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Customer Service Social Involvement	○	45 77	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Customer Service	○	45	
Audit					
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Business Management Green Initiatives and Sustainable Partners	○	31 51	Operations of the CSR Committee were part of the internal audit in 2016.
Active Ownership					
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues		○		Taishin FHC has established Corporate Social Responsibility Best Practice Principles that apply to all of its subsidiaries.
FS11	Percentage of assets subject to positive and negative environmental or social screening		○		There had been no major asset acquisition or disposal in 2016
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting		○		No such circumstances

Indicator		Report Chapter	Disclosure Status	Page	Notes
Community					
FS13	Access points in low-populated or economically disadvantaged areas by type		○		Taishin Bank has 37 ATMs deployed throughout the 85 remote areas defined by the government.
FS14	Initiatives to improve access to financial services for disadvantaged people	Customer Service	○	45	
Product and Service Labeling					
FS15	Policies for the fair design and sale of financial products and services	CSR Issues Analysis Customer Service	○	11 45	
FS16	Initiatives to enhance financial literacy by type of beneficiary	Customer Service Social Involvement	○	45 77	

III · Sustainable Development Goals, SDGs

Content		Chapter	Topics
SDG1	End poverty in all its forms everywhere	Social Involvement	Indirect Economic Impacts
SDG3	Ensure healthy lives and promote well-being for all at all ages	Employee Care Social Involvement	Occupational Health and Safety
SDG4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Employee Care Social Involvement	Training and Education
SDG5	Achieve gender equality and empower all women and girls	Employee Care	Diversity and Equal Opportunity
SDG7	Ensure access to affordable, reliable, sustainable and modern energy for all	Green Initiatives and Sustainable Partners	Energy
SDG8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee Care	Labor/Management Relations
SDG9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Customer Service	Economic Performance
SDG12	Ensure sustainable consumption and production patterns	Business Management Customer Service	Economic Performance
SDG13	Take urgent action to combat climate change and its impacts	Green Initiatives and Sustainable Partners	Emissions
SDG16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Business Management	Anti-corruption Anti-competitive Behavior

IV · United Nations Global Compact

Category	Content		Chapter	Page
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Employee Care	60~72
	Principle 2	Make sure that they are not complicit in human rights abuses.	Employee Care	60~72
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Employee Care	69
	Principle 4	The elimination of all forms of forced and compulsory labor	Employee Care	60~72
	Principle 5	The effective abolition of child labor; and	Employee Care	60~72
	Principle 6	The elimination of discrimination in respect of employment and occupation	Employee Care	61~63
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	Green Initiatives and Sustainable Partners	50~58
	Principle 8	Undertake initiatives to promote greater environmental responsibility; and	Green Initiatives and Sustainable Partners	50~58
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Green Initiatives and Sustainable Partners	50~58
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	CSR Issues Analysis Business Management Employee Care	8 26

V · Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports

Indicator	Content	Chapter	Disclosure	Page	Note
Finance-1	Within the scope of the TPEX listed companies' financial products or services agreements or transactions, their processes for encouraging and paying attention to their clients' or other counterparties' compliance with environmental and social requirements, and the status of reasonable conditions being met.	Customer Service	○	45	
Finance-2	Number of employees in non-supervisory positions, average annual employee benefit expenses for the fiscal year, and difference compared to those of the preceding year.	Employee Care	○	67	

VI · ISO 26000 Index

Category	Core Subject	Chapter	Page
Organizational governance	Decision-making processes and structures	Employee Care	60~72
Human rights	Due diligence	Employee Care	60~72
	Human rights risk situations	Employee Care	60~72
	Avoidance of complicity	Employee Care	60~72
	Resolving grievances	Employee Care	60~72
	Discrimination and vulnerable groups	Employee Care	60~72
	Civil and political rights	Employee Care	60~72
	Economic, social and cultural rights	Customer Service Social Involvement	40~48 74~84
	Fundamental principles and rights at work	Employee Care	60~72

Category	Core Subject	Chapter	Page
Labor practices	Employment and employment relationships	Employee Care	60~72
	Conditions of work and social protection	Employee Care	60~72
	Social dialogue	Employee Care	60~72
	Health and safety at work	Employee Care	60~72
	Human development and training in the workplace	Employee Care	60~72
Environment	Prevention of pollution	Green Initiatives and Sustainable Partners	50~58
	Sustainable resource use	Green Initiatives and Sustainable Partners	50~58
	Climate change mitigation and adaptation	Green Initiatives and Sustainable Partners	50~58
	Protection of the environment, biodiversity and restoration of natural habitats	Green Initiatives and Sustainable Partners	50~58
Fair operating practices	Anti-corruption	Employee Care	11
	Responsible political involvement	CSR Issues Analysis	8
	Fair competition	SR Issues Analysis Business Management	8 26
	Promoting social responsibility in the value chain	Customer Service Green Initiatives and Sustainable Partners Employee Care Social Involvement	40~48 50~58 60~72 74~84
	Respect for property rights	Customer Service	40~48
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	Business Management Customer Service	26~38 40~48
	Protecting consumers' Health and safety	Customer Service	40~48
	Sustainable consumption	Customer Service	40~48
	Consumer service, support, and complaint and dispute resolution	Customer Service	47~48
	Consumer data protection and privacy	Customer Service	47
	Access to essential services	Customer Service Social Involvement	40~48
	Education and awareness	Customer Service	40~48
Community involvement	Community involvement	Business Management Social Involvement	26~38 74~84
	Education and culture	Employee Care	78~80
	Employment creation and skills development	Customer Service Employee Care Social Involvement	40~48 60~72
	Technology development and access	Customer Service	40~48
	Wealth and income creation	Business Management Customer Service Green Initiatives and Sustainable Partners Social Involvement	26~38 40~48 60~72 74~84
	Health	Employee Care	68
	Social investment	Business Management Customer Service Social Involvement	26~38 40~48 74~84

VII · Report Assurance Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

Taishin Financial Holding Co., Ltd 2016 Corporate Social Responsibility Report

The British Standards Institution is independent of Taishin Financial Holding Co., Ltd (hereafter referred to as TAIISHIN FHC in this statement) and has no financial interest in the operation of TAIISHIN FHC other than for the assessment and assurance of this report.

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

Scope

The scope of engagement agreed upon with TAIISHIN FHC includes the following:

1. The assurance scope is consistent with the description of TAIISHIN FHC 2016 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the TAIISHIN FHC's adherence to all three AA1000 Accountability Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process. The statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the TAIISHIN FHC 2016 Corporate Social Responsibility Report provides a fair view of the TAIISHIN FHC CSR progress and performance during 2016. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the TAIISHIN FHC and the sample taken. We believe that the 2016 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate TAIISHIN FHC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurance in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that TAIISHIN FHC's descriptions of their approach to AA1000 Assurance Standard and their self-declaration in accordance with the core option of GRI Standards (2015) 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 TAIISHIN FHC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 20 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness as described in the AA1000 Accountability Principles Standard (2008).

Conclusions

A detailed review against the AA1000 Accountability Principles of Inclusivity, Materiality and Responsiveness and the GRI Standards (2015) is set out below:

Inclusivity

This report has reflected a fact that TAIISHIN FHC has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. 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 TAIISHIN FHC's industry issues. However, the future report should be further enhanced by the following areas:

- Encouraging to consider international and domestic peers' practices to develop the relevant CSR strategies.
- According to organization's sustainable development strategies and stakeholders' expectations to develop CSR (environmental and social) programmes and medium and long term targets.

Materiality

TAIISHIN FHC has established relative procedure in company 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 company. 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 company's management and performance. In our professional opinion the report covers the TAIISHIN FHC's material issues.

Responsiveness

TAIISHIN FHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for TAIISHIN FHC is developed and provides the opportunity to further enhance TAIISHIN FHC's responsiveness to stakeholder concerns. Issues that stakeholder concern about have been responded timely. In our professional opinion the report covers the TAIISHIN 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.
- Encouraging to work towards a type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns.

GRI Standards

TAIISHIN FHC provided us with their self-declaration of 'in accordance' with the GRI Standards (2015); the Core option (at least one disclosure related to each identified material topic). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to the GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the TAIISHIN FHC's social responsibility and sustainability topics.

Assurance level

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

Responsibility

This CSR report is the responsibility of the TAIISHIN 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 and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, CHSAS10001, ISO14004 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu
Managing Director BSI Taiwan
2017-04-26

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INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

The Board of Directors and Shareholders

Taishin Financial Holding Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix A) in the Corporate Social Responsibility Report ("the Report") of Taishin Financial Holding Co., Ltd. ("the Company") for the year ended December 31, 2016.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditor's Responsibilities for the Limited Assurance Engagement Performed on the Report

We conducted our work on the selected subject matter information (see Appendix A) in the Report in accordance with the International Standard on Assurance Engagements 3000 (Revised) (ISAE 3000(Revised)) to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

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

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

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norms of Professional Ethics for Certified Public Accountant of the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

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

Deloitte & Touche
Deloitte & Touche
Taiwan, Republic of China
May 24th, 2017

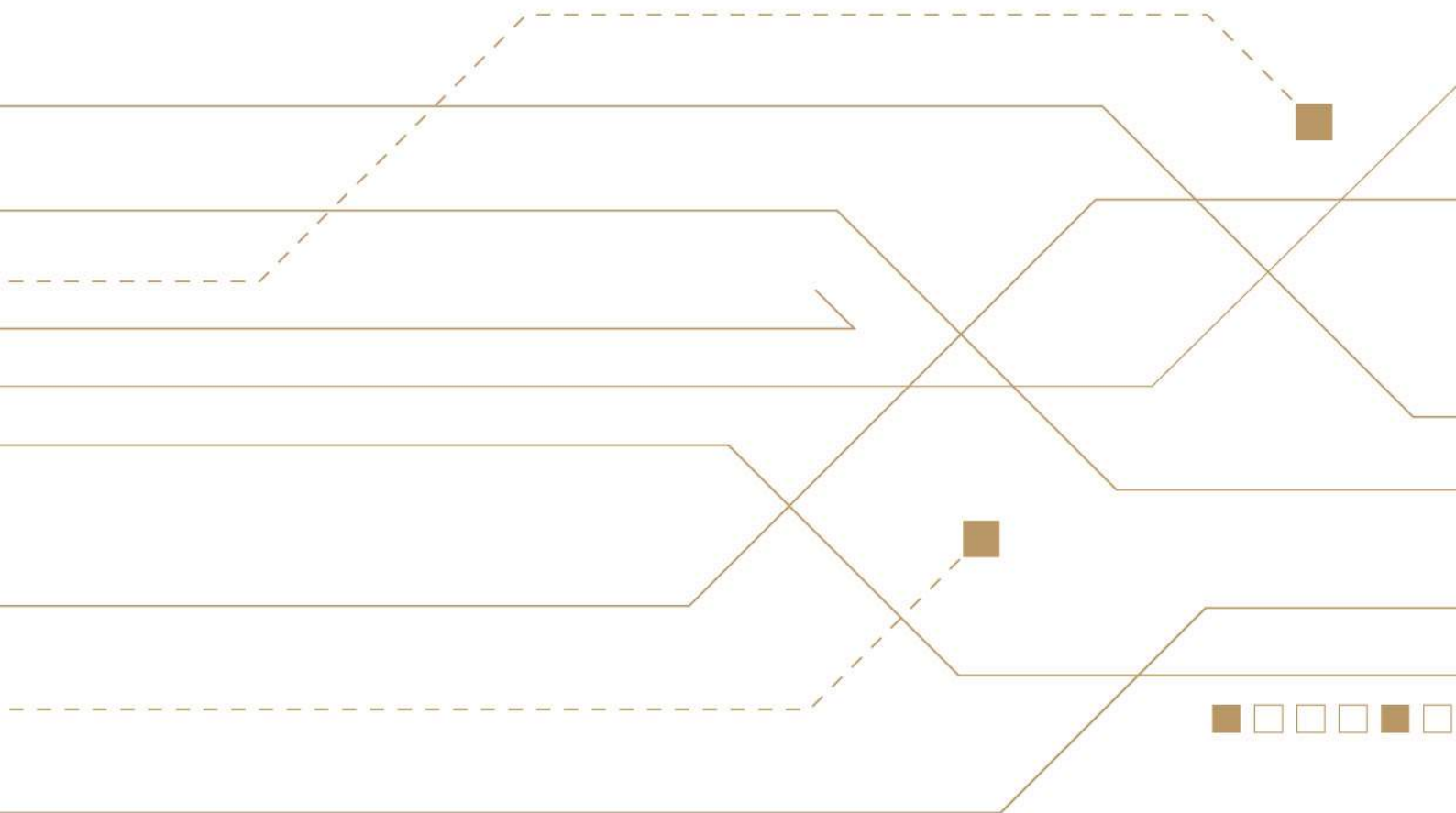
Appendix A

Summary of Selected Subject Matter Information

#	GRI Standards/ GRI GA Sector Guidance	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1	205-2	Communication and training about anti-corruption policies and procedures.	CSR Issues Analysis	The completion rate of employees that attended trainings held pursuant to the Money Laundering Control Act.
2	306-2	Waste by type and disposal method.	Green Initiatives and Sustainable Partners	Total weight of waste by type and disposal method.
3	404-3	Percentage of total employees by gender and by employee category that received regular performance and career development reviews.	Employee Care	Percentage of total employees by gender and by employee category that received regular performance and career development reviews.
4	417-2	Incidents of non-compliance concerning product and service information and labeling.	Appendix	Number of incidents of non-compliance concerning product and service information and labeling.
5	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Appendix	Number of substantiated complaints concerning breaches of customer privacy.
6	419-1	Significant fines for non-compliance with laws and regulations in the social and economic area.	Business Management	Number of cases and monetary value of significant fines for non-compliance with laws and regulations in the social and economic area.
7	F98	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Customer Service	Amount loaned to "Green Technology" defined by the authority in its new industrial initiatives by the end of 2016.
8	FS14	Initiatives to improve access to financial services for disadvantaged people.	Customer Service	Number of accessible ATM's installed by the end of 2016.

Notice to Readers

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



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CSR Pages