



Taishin Holdings

Taishin Financial Holding Co., Ltd. 2017 Corporate Social Responsibility Report



Report Summary

This 2017 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:

Reporting Period	The CSR Report is the fifth (2017) 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 2017. In the interests of completeness, some of the information presented may fall outside of the aforementioned period. The CSR Report is prepared and published on a yearly basis. Date of previous publication: 2017/07
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.
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 was self-calculated based on IPCC's Global Warming Potential (GWP) 2007; from 2016 onwards, formal surveys 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 core options of Global Reporting Initiative's sustainability reporting standards (GRI Standards), the Financial Services Sector Supplement, "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies," and policies or guidelines of relevant authorities. The report has also been structured based on the IR framework stipulated by the International Integrated Reporting Council (IIRC).
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 60 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 type 2 of AA1000AS (2008) sustainability assurance engagement. 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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Taishin Financial Holding Co., Ltd.
2017 Corporate Social Responsibility Report

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Chairman's Message

Chairman of Taishin Financial Holding Co., Ltd.




The United Nations' launch of Sustainable Development Goals (SDGs) 2030 signifies the arrival of a new era. Not only have European and US governments established specialized SDGs divisions within their legislative departments, the government of Taiwan also released its first Voluntary National Review (VNR) in 2017 as a response to UN's SDGs. It is apparent that implementation of the SDGs has become a global consensus. In light of investors' increasing concern towards sustainability issues, Taiwan Index Plus Corporation, a subsidiary of Taiwan Stock Exchange (TWSE), partnered with FTSE Russell in the launch of the "FTSE4Good TIP Taiwan ESG Index" in 2017, making it the first domestic investment index to fully incorporate environmental, social, governance and financial indicators in the stock selection process. The index is intended to help investors make investment decisions that give due consideration to social responsibility, and Taishin Holdings is proud to be a component of this index.

Taishin Financial Holdings will keep focusing on "Sustainable Governance", "Economic Prosperity", "Green Environment" and "Inclusive Society" as our four sustainable strategies. In the governance aspect, Taishin has established a Risk Management Committee under the board of directors to perfect the management efficacy of the board and ensure that the organization upholds the principles of integrity and sound corporate governance. With regards to financial performance, Taishin is actively engaging in expansions around the world and introducing digital banking as a more convenient and secure means of financial service. In terms of environment, Taishin has established a set of "Green Finance Principles" to incorporate ESG into all transaction activities and financial products. The organization continues to support green operations, and is actively working with supply chain partners to fulfill its vision of sustainable Earth. As for the social aspect, Taishin's philosophy of "giving back to the society from which we have benefited" has motivated the organization to nurture financial talents, engage in social issues, and contribute to charity for a more inclusive society.


2017 was an exceptionally fruitful year for Taishin Financial Holdings. In addition to receiving more than 88 domestic and international awards, Taishin has achieved outstanding results in TWSE's "Corporate Governance Evaluation", and continuously been included in TWSE's "Corporate Governance 100 Index" and "Taiwan High Compensation 100 Index." We were also awarded the Sustainability Outstanding Award by the British Standards Institution (BSI) and the TOP 50 Corporate Sustainability Award by Taiwan Institute for Sustainable Energy (TAISE). In response to ongoing digital trends and the needs of the younger generations, Taishin introduced Richart, a digital banking service brand that continues to lead the banking industry with more than 60% market share. Richart is also being used as a means to mobilize the social network towards charitable causes, and serves as one of the organization's most prominent symbols in fulfilling corporate social responsibilities. We hereby sincerely thank all our partners for supporting Taishin, and pledge to show our appreciation for your support by delivering excellence and fulfilling our social responsibilities with diligence and persistence.


Private businesses play a very important role in ensuring the sustainability of the world and providing a promising future for the next generation, and the responsibility does not end with government policies, but require full commitment from businesses as well. In this respect, Taishin promises to participate fully in global sustainability initiatives. We aim not only to take steps toward accomplishing the goals we have set out to achieve, but will also endeavor to act upon stakeholders' expectations with regards to "Sustainable Governance," "Economic Prosperity," "Green Environment," and "Inclusive Society" through concrete action. We shall formulate new goals each year, adopt them as part of our operating strategy, and take pragmatic steps toward becoming a thriving, trusted and leading financial brand among the Chinese-speaking world.



Sustainability Strategy and Performance


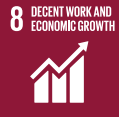
 <p>Sustainable Governance</p>	<p>Medium/Long-term Goals</p> <p>Review corporate governance performance, improve overall governance functionality, deepen risk-awareness culture, and manage sustainability risks</p> <p>Medium/Long-term Goals Become a role model of sustainability and sound governance, Improve risk management performance</p>	<p>Corresponding SDGs & Taishin Actions</p> <div data-bbox="799 430 922 555">  </div> <ul style="list-style-type: none"> • Advocate business integrity and eliminate all forms of corruption and bribery. • Establish diverse communication channels for transparent disclosure of information to satisfy stakeholders' needs. • Enhance Anti Money Laundering and Counter-Terrorism Financing practices to fight against illegal cash flow, terrorism and crime. <p>Corresponding Chapters</p> <p>Business Integrity P.29-30 ; Information Transparency P.38 Enforcement of AML practices P.23-24</p>
 <p>Economic Prosperity</p>	<p>Medium/Long-term Goals</p> <p>Expand overseas presence according to long-term plan. Develop innovative financial technology in ways that improve the convenience and breadth of financial services and user experiences.</p> <p>Medium/Long-term Goals Expansion of business scale, Development of digital banking, Enhancement of service quality</p>	<p>Corresponding SDGs & Taishin Actions</p> <div data-bbox="799 743 922 869">  </div> <ul style="list-style-type: none"> • Integrate resources within the financial holding group to create synergy and raise profitability, and hence contribute to the growth of the economy. • Expand overseas presence and adopt an expansion-driven policy to create employment, inspire innovation, and upgrade existing technologies. • Provide diverse financial services to all parties and improve service capacity of local financial institutions. <p>Corresponding Chapters</p> <p>Business Performance P.40-41 ; Overseas Expansion Strategies P.41-42 FinTech/ Innovation P.42-45 ; Value Creation Chain P.10-11</p>
 <p>Green Environment</p>	<p>Medium/Long-term Goals</p> <p>Support global environmental protection initiatives by setting energy/paper reduction goals; exert environmental influence through supplier management and green purchase</p> <p>Medium/Long-term Goals Support of global environmental protection initiatives, Improve environmental protection performance, Develop sustainable supply chain</p>	<p>Corresponding SDGs & Taishin Actions</p> <div data-bbox="799 1079 922 1205">  </div> <ul style="list-style-type: none"> • Focus on lending to green energy businesses and support investments in energy infrastructures and clean energy technologies. • Invest into the utilization of renewable energy, construction of solar power system, and purchase of renewable energy certification. <p>Corresponding Chapters</p> <p>Green Finance P.50-52 Environmental Protection and Energy Conservation P.53-58</p>
 <p>Inclusive Society</p>	<p>Medium/Long-term Goals</p> <p>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.</p> <p>Medium/Long-term Goals Talent development and care for employees, Develop sustainable products and services, Extend influence to suppliers for charity collaboration, Maximize effectiveness of charity efforts and social influence</p>	<p>Corresponding SDGs & Taishin Actions</p> <div data-bbox="799 1594 922 1720">  </div> <ul style="list-style-type: none"> • Uphold the spirit of financial inclusion to ensure that everyone (especially the socially disadvantaged) has access to convenient and user-friendly financial service. • Care for the socially disadvantaged by "teaching people to fish." To this end, Taishin has been matching business resources with charity organizations in need in order to eliminate poverty. <p>Corresponding Chapters</p> <p>Financial Inclusion P.80-81 Social Involvement P.81-90</p> <div data-bbox="799 1818 922 1944">  </div> <ul style="list-style-type: none"> • Promote fair recruitment, equal pay for equal work, prevention of workplace sexual harassment and maternity protection program for gender equality. <p>Corresponding Chapters</p> <p>Remuneration, Benefits and Employee Care P.70-73 Human Rights and Gender Equality P.75-77</p>

In light of trends of the current environment and stakeholders' concerned issues, Taishin developed four main strategies, namely: "Sustainable Governance," "Economic Prosperity," "Green Environment," and "Inclusive Society," to guide its sustainability efforts. In addition to supporting the United Nation's Sustainable Development Goals (SDGs), and contributing to world's sustainability, Taishin has also envisioned itself of becoming stakeholders' "Smart Partner."

Corresponding SDGs & Taishin Actions	Recent Achievements
<div>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <ul style="list-style-type: none"> Publish corporate social responsibility reports on a yearly basis and update sustainability information onto website in a timely manner. A set of "Taishin Financial Holdings Corporate Social Responsibility Best Practice Principles" has been established to advocate sustainable management and raise sustainability awareness. <div> <p>Corresponding Chapters</p> <p>Information Transparency P.38 Sustainability Management P.16</p> </div>	<ul style="list-style-type: none"> Directors reached an average of 90% personal attendance rate in board meetings for consecutive years Included in the first FTSE4Good TIP Taiwan ESG Index. No material penalty occurred in 2017. No material information security incident had occurred in 2017.

Taishin Actions	Recent Achievements
<div>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <ul style="list-style-type: none"> Support research and innovation, and incorporate digital technology for the development of new financial products and services. Taishin has been actively introducing innovation from products to internal procedures, all for convenience and simplicity of its customers. <div> <p>Corresponding Chapters</p> <p>FinTech/ Innovation P.42-45</p> </div>	<ul style="list-style-type: none"> Acquisition of Ta Chong Securities made banking and securities serving as dual profit engines. Annual Profit Growth Rate is 14.6%. Digital Bank Richart has more than 60% market share. e-Payment platform established ahead of peers Big data adoption moved ahead of peers

Taishin Actions	Recent Achievements
<div>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <ul style="list-style-type: none"> Implement paper-less processes and enforce resource recycling and reuse to reduce waste. Sign "Sustainability Commitment" with suppliers and coordinate towards the sustainability of the environment. Encourage green purchases and give priority to purchasing products that are certified for environmental friendliness. <div> <p>Corresponding Chapters</p> <p>Environmental Protection and Energy Conservation P.53-58 Supplier Sustainability Management P.59-62</p> </div>	<ul style="list-style-type: none"> Response to Carbon Disclosure Project (CDP) for consecutive years Established a set of "Green Finance Principles" Green energy and environmental protection industries combined a total credit balance of NT\$72.33 billion in 2017, 7% higher than that in 2016 Saved 16,911,686 sheets of paper by Digital service and e-statement. Solar power equipment at Neihu Buiding generated 20,253 kWh of green energy in 2017. 100% of new suppliers had signed "Supplier Commitment Statement" in 2017.
<div>  <p>13 CLIMATE ACTION</p> </div> <ul style="list-style-type: none"> Established "Green Finance Principles" which incorporates environmental risk considerations into lending, investment and all transaction decisions. Implement environmental management systems that conserve water and electricity, and put energy saving and carbon reduction actions into practice. <div> <p>Corresponding Chapters</p> <p>Green Finance P.50-52 Environmental Protection and Energy Conservation P.53-58</p> </div>	

Corresponding SDGs & Taishin Actions	Recent Achievements
<div>  <p>4 QUALITY EDUCATION</p> </div> <ul style="list-style-type: none"> Introduce systematic training programs for employees, and improve financial knowledges through industry-academia collaboration and academic exchange. Organize financial education and offer scholarship for people living in remote areas and the socially disadvantaged, and thereby provide opportunity for fair education. <div> <p>Corresponding Chapters</p> <p>Talent Recruitment and Development P.64-69 Financial Inclusion P.80-81 ; Social Involvement P.82-90</p> </div>	<ul style="list-style-type: none"> Selected in TWSE's "Taiwan High Compensation 100 Index" for four consecutive years. Volunteer hours in 2017 was 10,260. Suppliers participate in Angel Group of "Power of Love". Richart combines core competencies with CSR (SROI of 5.5:1) Expense of social participation in 2017 was NT\$ 187,109,524.
<div>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <ul style="list-style-type: none"> Launch Richart Digital Bank which helps young generation to get financial services in short time. Moreover, Taishin introduced investment plans that could begin with as little as NT\$10, thereby helping young people learn wealth management while providing them with access to quality financial service. <div> <p>Corresponding Chapters</p> <p>Best Combination of CSR and Banking Services P.6-7</p> </div>	

Best Combination of CSR and Banking Services

Richart- the first digital banking product in Taiwan to undergo SROI calculation.

Listen to Stakeholders

According to Global Investment Research by Goldman Sachs, 73% of interviewees commented that conventional banking service no longer satisfies the needs of the younger generation. Complex interface combined with wealth requirements have given young people the impression that conventional banking service is available exclusively for the wealthy, which deters them from engaging banks for investment planning and wealth accumulation, and thus creates distrust and distance with banks. This crisis is what makes digital transformation imminent for banks in general. It is of utmost importance for financial service providers to undo the distance they have with young people, and find ways to motivate them in accepting financial service and retaking control over their wealth and life.

Responding to our stakeholders' feedback, Taishin incorporated ESG (Environmental, Social, Governance) concepts into product design, allowing cash-strapped young people to experience the convenient digital banking services!

Changes by Richart

Project background

In 2017, Richart adopted an internationally recognized project

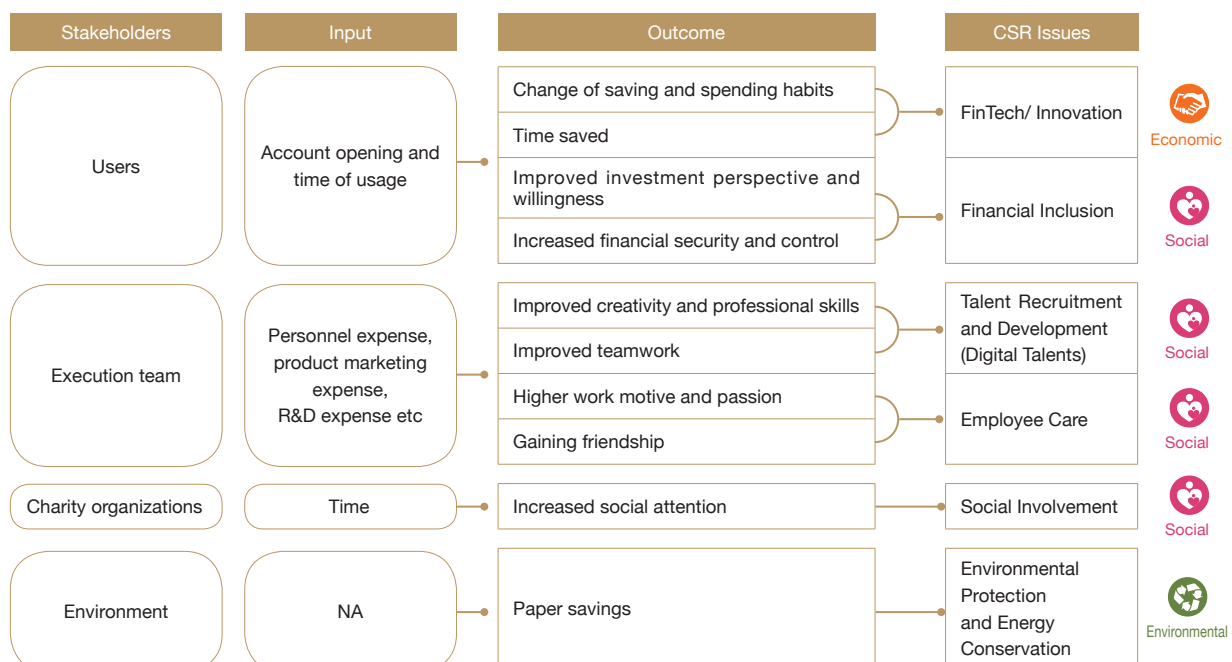
performance evaluation approach called Social Return On Investment (SROI) to provide insight into Richart's influence on the society, starting from its launch in 2016 and including the many version changes thereafter. This makes Richart the first digital banking product in Taiwan to undergo SROI calculation.

Execution

First, we identified the parties that may be influenced by Richart, including users, the execution team and charity organizations that benefited from the campaigns. Next, we conducted interviews and surveys to take detailed count of the changes that Richart has made for them, as well as the value of such changes and other influences they received. This evaluation also took into account the environmental benefits of Richart's digital services.

Results

Based on the results identified through interviews and questionnaires with users, execution team and charity organizations Taishin was able to calculate the final outcome by taking into consideration various factors including duration, replaceability, and percentage of contribution. Divide the outcomes by the amount of resource and time that Richart had committed, we concluded that every NT\$1 of investment into Richart has the potential to create NT\$5.5 of social value. This value is 1.5 times greater than that of the global average SROI (3.77), according to Social Value UK ^①.



- By analyzing valid questionnaire responses from over 400 users ^②, we learned the kind of changes that Richart has made for the young generation. These changes are summarized in the figure below.



90%
Increased willingness
to save



90%
Feeling more secured
about current financial
position



50%
Reduced impulsive
or over-spending



More than 90%
Willing to recommend
Richart to others



Approximately 50%
Started devoting attention to
the issue of stray animals

^② Questionnaires are mainly issued to those who are actual Richart users.

Richart Introduction

Richart is a banking service designed specifically for the young generation! Featuring innovative ideas and agile development, Richart claimed several major awards worldwide, including the Red Dot Design Award, the world's most prestigious design award based in Germany.

Richart was launched with the goal "to be different from banks." In addition to using a cute dog in red bow tie for brand image, its simplistic and stylish App interface have attracted the attention of young people and redefined user experience of bank customers. "Deposit, credit card and investment" used to be three separate services that existed in isolation from each other; in Richart, however, they have been properly integrated to reverse young people's perceptions that banking Apps were complicated, visually unappealing and difficult to use. By organizing attractive marketing campaigns, Richart has successfully advertised itself as a fun and useful brand, and invoked online discussions by millions of Internet users.



What is SROI?

- Name: Social Return On Investment (SROI)
- Founder: The Office of the Third Sector, UK
- Purpose: To evaluate social, economic and environmental changes as a result of actions from the public/private sector, and to assign monetary values to such changes so as to establish causality between project input and outcome and present it in the form of return on investment.

SROI=
5.5:1



issues in the future. The results demonstrate Richart's significant influence in charity issues.

Integrated digital foreign currency account and AI investment service are two innovations that Richart has planned for the near future. In addition to delivering useful and convenient services to young people via smartphone App, Richart will also be working with business partners from different industries and continue providing "simplistic, convenient, transparent and understandable" services to meet young people's expectations toward modern finance, and escalate social influence to a new level.

Conclusion

Over the course of project execution, we discovered many changes that Richart has brought to its users, and the users were most appreciative of Richart's 1% demand savings rate and concise spending details. This shows the kind of influence that Richart is able to exert through innovation. Users of younger age group (20-24) have developed high level of dependency and loyalty towards Richart, and they are believed to be of significant influence in the future. In terms of charity, nearly 50% of surveyees responded that Richart plays an irreplaceable role in their care for issues concerning stray cats and dogs, and are willing to devote greater care into these

2017 Honors

Winning 23 major awards worldwide, including the following

- Red Dot Awards 2017
- Asiamoney Banking Awards 2017
- The Asian Banker Technology Innovation Awards 2017
- Cards & Electronic Payments International Awards 2017

Registration of 5 financial patents

Richart has introduced 10 innovative features such as Pre Log-in, Magic Box, AnyPay and Real Cash back to account for the best user experience. It has so far registered 5 invention patents or utility model patents.

About Taishin



Company History

Taishin Financial Holding Co., Ltd (Taishin FHC) is a financial group with core expertise in banking. In 1992, Taishin International Bank (Taishin Bank) was established under the leadership of Chairman Thomas Wu. Since then, Taishin Bank has been committed to the philosophy and spirit of "dedication" and the vision of becoming a Smart Partner for its customers. As time progressed, to provide more comprehensive and more diverse range of services, Taishin Holdings was founded in 2002. The financial holding structure introduced an innovative business model that, with the support of subsidiaries and affiliated companies, enabled the organization to bring more comprehensive services and innovations to the needs of the market, for which the organization has earned the recognition and trust of the society. In the future, we aim to work side-by-side with our customers and take a sustainable path towards realizing our vision of becoming "the top financial group in the Chinese-speaking world."

Company Profile

Ever since the founding of Taishin Holdings, the organization has been constantly expanding its business activities and network, while fulfilling its role as an "intermediary of capital supply and demand and facilitator of financial prosperity." As business grew, the organization was able to extend its reach to other business.



No. of permanent employees

8,801

Paid-up capital

107.743 billion

No. of customers

5,692,886

Note: Data as of December 31, 2017

Value Creation Chain

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

Vision

To become a consistently growing and trustworthy financial institution, a role model in corporate governance and social responsibilities, a leader in Taiwan's financial industry, and a leading brand in the Chinese-speaking world.

Mission

1. Become the financial institution that best satisfies customers' needs by deliver quality service and innovation.
2. Become customers' primary bank by choice and succeed with customers.
3. Implement sound corporate governance and fulfill social responsibilities.

Capital Input	Operation Model	
Financial Capital <ul style="list-style-type: none"> • Total equity at beginning of year: NT\$148.7 billion • Deposits from customers, CBC and peer banks at beginning of year: NT\$1,151.1 billion • Notes, bonds and borrowings at beginning of year: NT\$161.1 billion 	Taishin Bank Wealth management, retail banking, wholesale banking, digital banking, trust service	Taishin Securities Proprietary securities trading, securities brokerage, securities underwriting, futures introducing broker
Manufactured Capital <ul style="list-style-type: none"> • No. of service locations at beginning of year: 115 • No. of ATMs at beginning of year: 2,687 • Net property, plant, and equipment at beginning of year: NT\$18.5 billion • Digital platform (Internet banking, mobile banking and other dealing/trading platforms) 	Taishin Securities Investment Trust Raising of securities investment trust funds against issuance of beneficial certificates, and investment of funds in securities and other related instruments	Taishin Securities Investment Advisory Providing research resources to Taishin group, sole distributor of the Jupiter Fund
Intellectual Capital <ul style="list-style-type: none"> • Employees' training subsidies: NT\$ 2,228,602 • No. of patents owned at beginning of year: 10 • No. of financial certificates obtained by employees at beginning of year: 20,242 • Subsidies of financial certificate examinations of year: NT\$ 3,660,733 	Taishin Asset Management Acquires monetary debts from financial institutions; rates and sells debt; provides debt management and overdue accounts receivable management services	Taishin Venture Capital Investment Venture capital investment
Natural Capital <ul style="list-style-type: none"> • Water usage per person(m³): 15.38 • Power usage per person(kWh): 3,626.41 • Annual GHG Emission (tCO₂e) : 20,151 		
Human Capital <ul style="list-style-type: none"> • Employee count at beginning of year : 8,099 Female : 58%, male : 42%, under-30 : 26% • Employee training expense: NT\$ 47,573,000 	Taishin Charity Foundation Focusing on social welfare business (ex. support to charity organizations, skill development for the disadvantaged etc.)	Taishin Bank Foundation for Arts and Culture Promoting arts in Taiwan (ex. sponsors and provides incentives to outstanding art/cultural workers and organizations; sponsors and organizes art/cultural exhibitions, promotions and seminars; publishes art-related publications and materials etc.)
Social and Relationship Capital <ul style="list-style-type: none"> • No. of customers at beginning of year : 5,304,852 • Cumulative amounts sponsored through the Power of Love campaign at beginning of year: NT\$108.2 million • Strong customer relationship (the percentage of Very Satisfied and Satisfied responses remained above 80% for 7 consecutive years as of beginning of year) 		

Core Value (ICIC)

Integrity
Commitment
Innovation
Collaboration

3S Service Guide

1. Simple: Simple & convenient transaction processes.
2. Sincere: Provide solutions with sincerity by thinking from customers' point of views
3. Superior: Satisfy customers' needs by providing professional and customized financial services & products.

Sustainability Strategy

Sustainable Governance,
Economic Prosperity,
Green Environment, and
Inclusive Society
(Please refer to Sustainability Strategy and Performance)

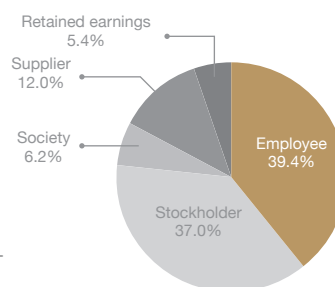
Values for Stakeholders

Financial Value

Financial Value of Distribution in 2017 (Note): NT\$ 30,862,747,979

	Description	\$ (NTD)	Percentage
Employee	Employee benefits expenses	12,163,656,000	39.4%
Stockholder	Cash dividends on common and preferred stock, stock dividends	11,416,584,689	37.0%
Society	Amount of social investment and management expense, Income tax expense	1,926,572,524	6.2%
Supplier	Total procurement spending	3,702,353,455	12.0%
Retained earnings	Income before tax less income tax and dividends	1,653,581,311	5.4%

Note: Financial Value of Distribution in 2017 = Income before tax (NT\$14,809,629,000) + Employee benefits expenses + Social investment and management expense + Total procurement spending



Non-financial Value

Highlights of capital output in 2017

- Selected in TWSE's "Taiwan High Compensation 100 Index" for four consecutive years
- Investment gains on employee stock ownership plan exceeded 24%
- Average training hours per employee : 65.6 hours
- No. of financial certificates obtained by employees: 21,456
- Turnover rate in 2017 was 1.6% lower compared to that in 2016, while the retention rate of top-performing employees reached 93.2%
- Overall employee engagement rate in 2017 was 5% higher compared to that in 2013, which is better than the financial norm of Asia Pacific.
- The first in the financial industry to receive "Total Epidemic Prevention Award"

Stakeholder

Employees

By providing comprehensive training program and welfare system, Taishin assures its employees a learning environment and a competitive remuneration. Taishin creates a workplace which has open channels and protection mechanisms which help to support interaction, communication, human rights, and safety.

- No. of service locations: 131
- No. of ATMs: 2,674
- The first card issuer in Taiwan to support all four major e-payment services
- 2017 overall retail banking satisfaction rate exceeded the target and increased for 3 consecutive years

Customers

Taishin has been serving as an intermediary between supply and demand of capital in the society; as business grows, the organization is able to reach a broader range of customers. Through innovation, optimized procedures, and offering of diverse products and services, we bring the best quality financial experience and satisfy customers' financial needs.

- Capital adequacy ratio: 124.87%
- Stringent risk management and compliance practices
- No material penalty occurred in 2017

Government/Authority

Taishin is a law-abiding taxpayer that contributes significant tax revenues to the benefit of the nation's economy. Taishin places great emphasis on risk management, compliance and the fight against financial crime. It collaborates with the government on improving the financial network, and contributes efforts to the protection of the banking system.

Annual volunteer service:

- 93 sessions were supported
- 2,552 attendees
- 10,260 hours

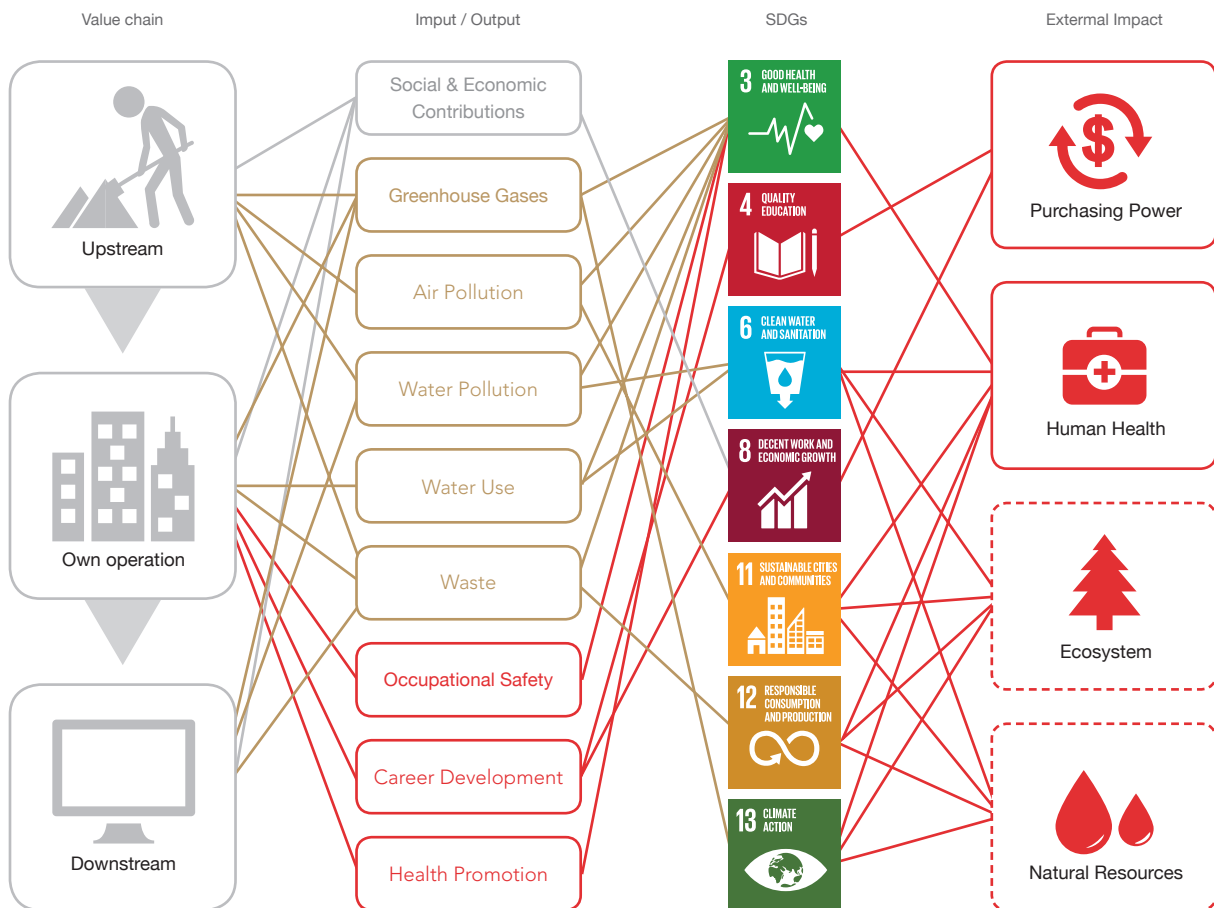
Community/Media

Taishin is a devoted sponsor of public welfare, arts/cultural activities, sports sponsorship, and academic exchange. We help students, charity organizations, community residents, and disadvantaged groups develop self-reliance while at the same time refer them to available resources. Through active interaction and exchange, we aim to maximize utilization of limited social resources.

Sustainability Impact Valuation

In 2017, Taishin Holdings made the first attempt to incorporate impact valuation into its management. By adopting a profit & loss oriented thinking process, all potential (external) costs and yields caused by economic, environmental and social factors in the product value chain are assigned a monetary value to ensure consistency and comparability, so that the management is able to assess the value created or reduced by a given project and make appropriate decisions.

For the purpose of this assessment, we have adopted the Impact Valuation White Paper framework developed by world's leading companies, and based our analysis on case studies and methodologies of local and foreign industry leaders. Using the impact pathways approach, we analyzed how the Company's business activities throughout the upstream supply chain, own operations and downstream product applications, had produced external impacts on the economy, environment and the society between 2015 and 2017. We also associated our analysis with 7 Sustainable Development Goals (SDGs) and used them to outline our corporate sustainability strategies.



Picture 1: Scope of Taishin's External Impact Assessment

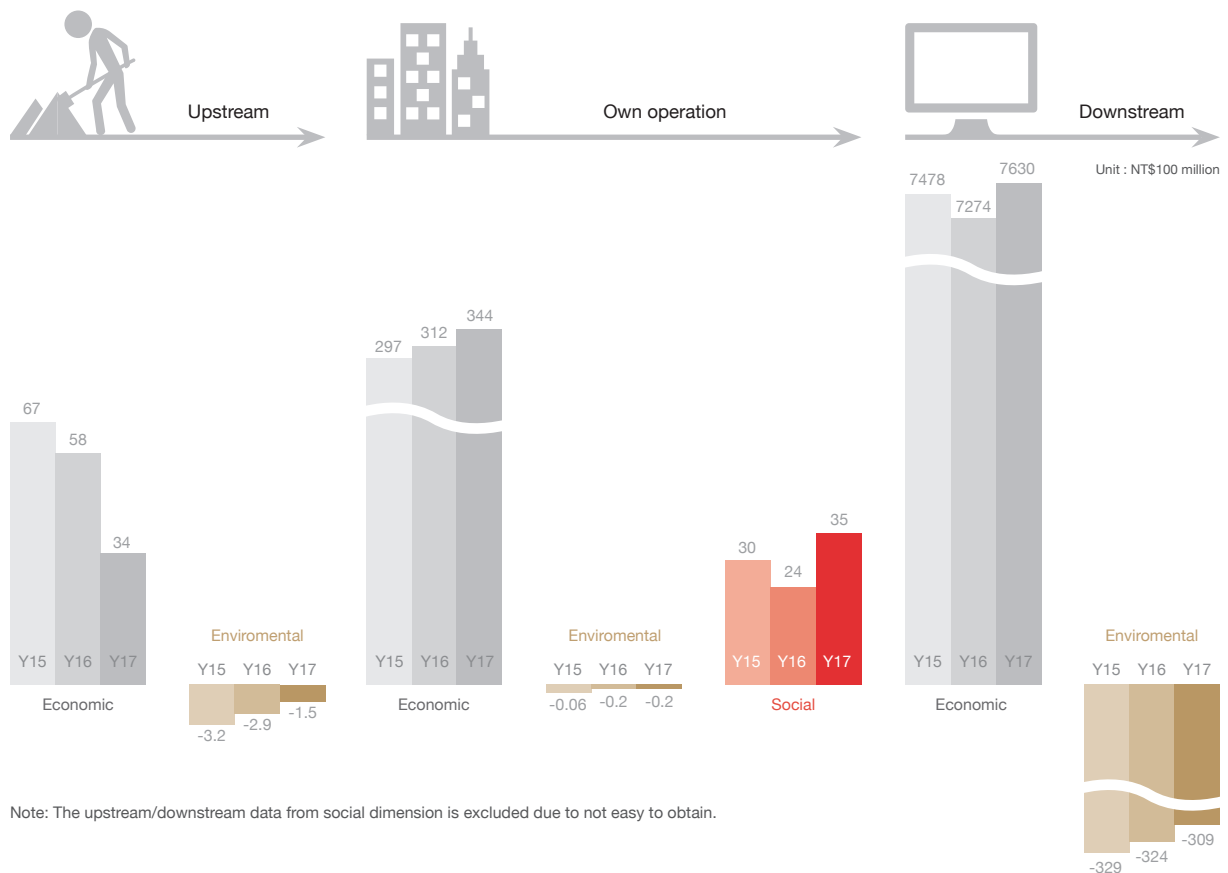
Ecosystem Natural Resources Not including in the assessment due to the methodology is still under development.

To properly assess the level of social and economic benefits produced from Taishin Holdings' activities for the various groups of stakeholders, we have also treated expenses such as salary (for employees), dividend (for shareholders/investors), tax (for the government), and depreciation (for suppliers) as positive economic values created by the organization, in addition to revenues. From an environmental perspective, our assessment included damage to human health along with potential social costs associated with use of water resource, greenhouse gas emission, and incineration/landfill of waste, but excluded degradation of the ecosystem and depletion of resources. From a social perspective, we only took into consideration the social cost of occupational hazards, economic contribution of employees' career development, and various health promotion activities we adopted to reduce employees' health risks, but excluded other issues due to the complexity involved and lack of scientific methodology.

In terms of value chain (upstream/downstream) impact, we adopted an Input-Output Analysis model to assess indirect economic values created by procurement and investment activities given the interdependence of the industry chain. External cost of the Company's operations is measured by the amount of pollutant created throughout the supply chain, including environmental impacts such as greenhouse gas emission, water pollution (COD), waste (incineration) and air pollution (PM2.5, NOx, SOx, NMHC and Pb) etc. Due to unavailability of information, social external assessments for upstream/downstream have been omitted.

The results showed that Taishin Holdings' 2015-2017 own operations produce steady growing contributions in economic dimension year by year and relatively small environmental externalities, while social externalities mainly exist in the form of employment opportunities and economic benefits from employees' career development; meanwhile the effects of 2017 are better than 2015 and 2016. From a value chain perspective, changes to the downstream investment portfolio in 2017 created higher economic benefits than the previous year, but resulted in lower environmental externalities. The environmental externalities mainly represented damage to human health caused by particulate matters. In the future, Taishin Holdings will continue performing analyses to determine the type of investment portfolio that results in the least environmental externalities, and fulfill its leadership role to increase sustainable investments of the financial industry.

Impact valuation is a new management approach that emerged only in recent years. Many of the theories are still being developed and considered immature at this point. Taishin Holdings will continue directing attention and participate in the development of related methodology, and hopes to expand the scope of its assessments to associate material issues in the future. Ultimately, we aim to improve quality, reliability, consistency and comparability of our assessments, also we will formulate the plans and actions through the assessment results.



Picture 2: There are the results of Impact Valuation in 2015~2017 (The figures represent the positive or negative influence of Taishin FHC's operations on economy, environmental or society, The degree of the impact is also converted to a monetary value basis); Taishin has also calculated SROI in 2017 and more details can be found in Best Combination of CSR and Banking Services (P.6-7)

Awards

Won over **88** overseas/domestic awards in 2017.



Corporate Social Responsibility

- Sustainability Outstanding Award – British Standard Institution (BSI)
- Top 50 Corporate Sustainability Award – Taiwan Institute for Sustainable Energy (TAISE)
- Corporate Culture Prize – Ministry of Culture
- Highly Commended: Best Employee Engagement Initiative – Timetric

FinTech and Innovation

- Best Consumer Digital Bank in Taiwan – Global Finance
- Domestic Retail Bank of the Year in Taiwan, Mobile Banking Initiative of the Year in Taiwan, Digital Banking Initiative of the Year in Taiwan – Asian Banking & Finance
- Asia/Pacific's Leader in Mobile Banking, DX-Leader-Information Visionary in Asia/Pacific – International Data Corporation (IDC)
- Best Mobile Banking Project in Taiwan – The Asian Banker
- Best Retail Mobile Banking Experience in Taiwan – The Asset
- Best Digital Bank – Asiamoney
- Best Use of Data & Analytics – Timetric
- Critics' Choice Award – Business Next Magazine

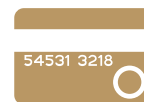


Wealth Management

- Best Private Bank in Taiwan – Private Banker International (PBI)
- Best Customer Relationship Management in Taiwan – The Asian Banker
- Highly commended: Best private bank in Asia for customer service – The Banker and PWM
- Highly Commended : Excellence in Mass Affluent Banking – Retail Banker International (RBI)
- Best Wealth Management Award of Banks and Securities-Best Marketing Innovations – Business Today Magazine

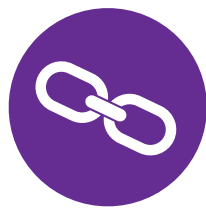
Financial Product

- Best Commercial Card Product for Asia-Pacific, Highly Commended: Best Card Design-Cards & Electronic Payments International (CEPI)
- Best Merchant Acquiring Initiative – Cards & Electronic Payments International (CEPI)
- Credit Card Initiative of the Year – Asian Banking & Finance



Communication and Marketing

- Communication Design 2017 – Red Dot
- Excellence in Retail Financial Services International Awards-Best Social Media Initiative – The Asian Banker
- Highly Commended: Best Brand Engagement Programme – Cards & Electronic Payments International (CEPI)
- Highly Commended : Best Digital Marketing Campaign – Retail Banker International (RBI)



Sustainability Management and Stakeholder Engagement

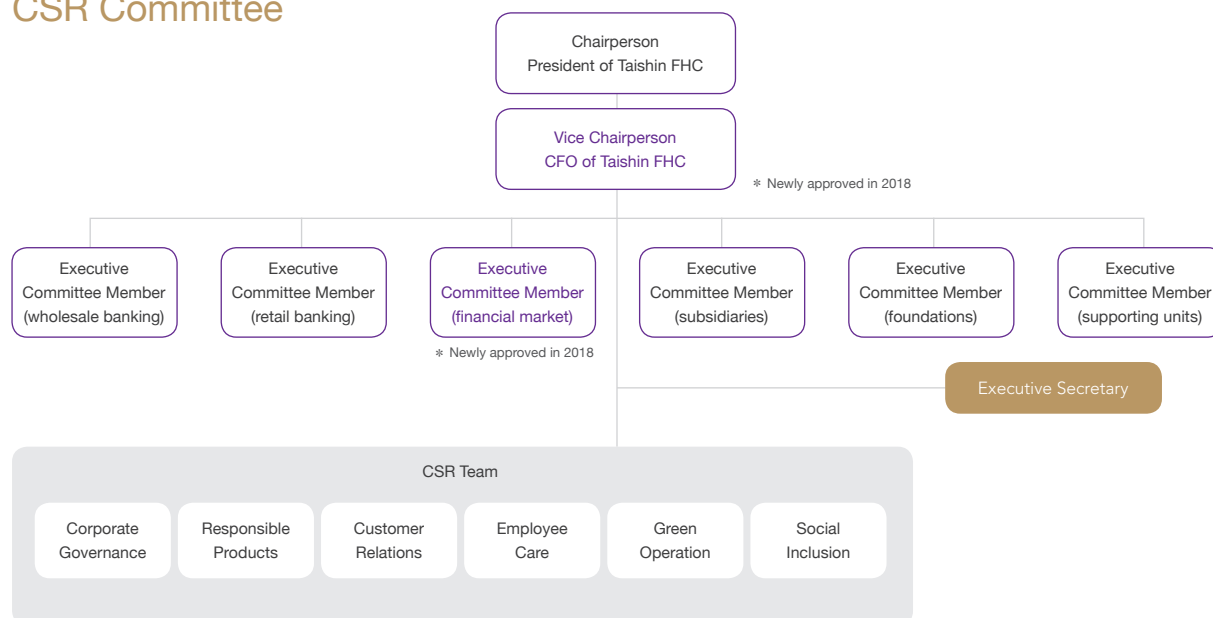
- 1 Sustainability Management
- 2 Sustainability Risks and Opportunities
- 3 Stakeholder Engagement
- 4 Response to Specific Issues

1 Sustainability Management

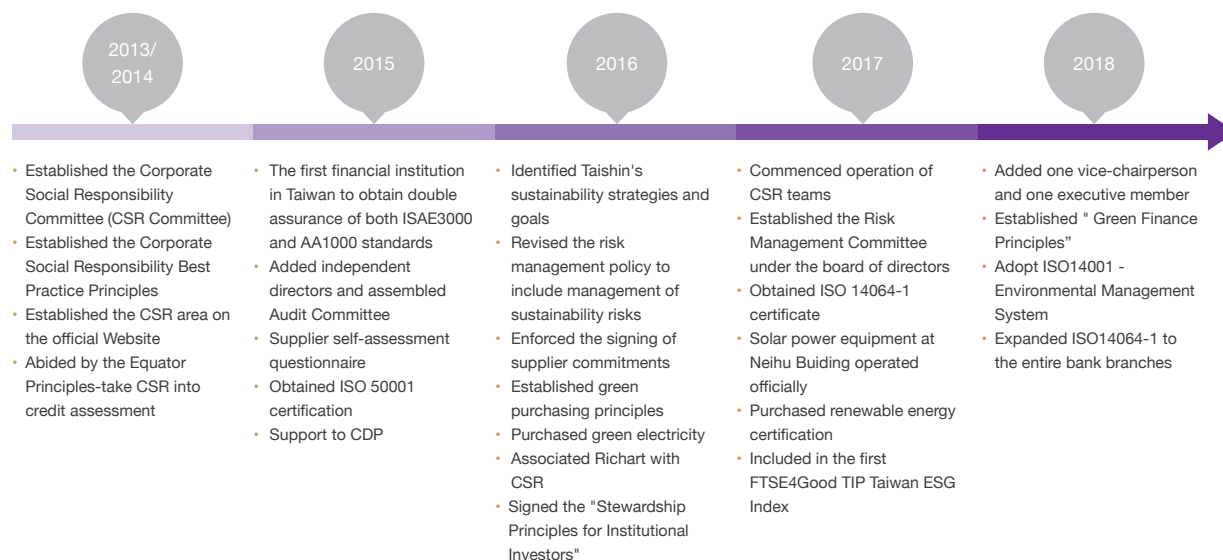
To create long-term value and to better enforce sustainability management, Taishin established "Taishin Financial Holdings Corporate Social Responsibility Best Practice Principles" and assembled Corporate Social Responsibility Committee (CSR Committee) in 2014. The President of Taishin FHC serves as chairperson of the CSR Committee, while representatives from various business groups/subsidiaries/foundations serve as executive members. The Committee is responsible for establishing CSR strategies and goals, examining annual CSR plans, and reviewing each CSR projects and their results. The chairperson briefs the board of directors on business strategies on a yearly basis. Executive members are invited to participate in regular board meetings, during which they may communicate with the board on CSR-related issues. The CSR Committee held 2 meetings in 2017. Senior officers from relevant departments/subsidiaries were invited to meetings to brief on the progress of existing projects and to discuss new sustainability projects. Since 2018, CSR Committee has to report CSR results and significant projects to the Board meeting each year.

To further promote sustainability actions, a total of six functional teams were created under the Committee in 2017, while additional roles including one vice-chairperson (served by the group CFO) and one executive member from finance and financial market group were added in January 2018. The new arrangements should facilitate more effective execution and promotion of sustainability projects.

CSR Committee



CSR Planning and Practices





2 Sustainability Risks and Opportunities

The world is changing rapidly at an unprecedented rate. To overcome the challenges, Taishin is constantly examining current and emerging trends and trying to turn a crisis into an opportunity so that it may identify potential risks and opportunities and take action when the senior management confirms an important emerging risk. Faced with an increasingly competitive financial sector, Taishin remains committed to creating long term value for all stakeholders and work toward the vision of a sustainable future.



Network and Information Security Risks

Information-related crimes have become more frequent and complicated in recent years. There had also been incidents about hacked ATMs and information systems, which raised the public's attention towards information security.

Impact on Operations and Business

- System may be susceptible to hackers' intrusion, and used for fraudulent withdrawals or fund transfers to the Bank's loss.
- The target and method of hackers' attacks have increased in diversity, which escalate information security risks.

Opportunities

The threat presents an opportunity for the Company to review and enhance internal information security systems, improve risk management practices, enhance protection of customers' interests, and adjust the Company's operations for stronger reputation and overall competitiveness.

Mitigation Measures and Response Strategies

- By actively gathering information on security trends and threats around the world, the Bank will be able to prevent and respond to threats in time and properly fortify security measures.
- Maintain certification for ISO 27001 - Information Security Management System. Establish protection mechanisms such as web application firewall (WAF), intrusion detection and prevention (IDP), data loss prevention (DLP), network access control (NAC) and defense against DDoS attacks to minimize information security risks.
- No material information security incident had occurred in 2017.



Talent Requirement (International & FinTech)

Recruitment and training of international and FinTech talents have become an important issue for Taishin, as the organization requires the right talents to support overseas expansion, the government's new southbound expansion policy, and FinTech development.

Impact on Operations and Business

- International talents - Taishin requires competent international talents to support overseas expansion and the government's new southbound expansion policy, and will actively source overseas talents or students to achieve this goal.
- FinTech talents - Bank 3.0 brings new wave of FinTech that changes the ways customers utilize financial services. Given the ongoing changes in the industry, attracting new generation of multi-expertise talents and developing employees' knowledge on FinTech will become two important issues for Taishin in the future.

Opportunities

Apart from recruiting and training professional talents, Taishin will also inspire employees to think creatively and develop financial products and services that meet the needs of the market as well as customers.

Mitigation Measures and Response Strategies

- Recruit international talents through overseas channels, government campaigns and campus recruitment programs.
- Create opportunities for industry-academia collaboration, and associate recruitment efforts with product image for greater brand promotion benefits.
- Offer FinTech courses, language learning channels, and digital learning platform to assist employees in the development of FinTech knowledge and foreign language skills.
- Taishin's image as a young and innovative brand has been well-perceived by the public. It has been selected in TWSE's "Taiwan High Compensation 100 Index" for four consecutive year, which provides a distinctive advantage in attracting talents.



Climate Change

Global climate change is happening at an increasing rate, and the UN Framework Convention on Climate Change (UNFCCC) has responded to this threat by setting a carbon reduction goal in the "Paris Agreement." In doing so, the UNFCCC hopes to rally support from countries around the world to fight global warming. This initiative makes carbon finance one of the most highly discussed topics among financial institutions. From government authorities to the private sector, green policy and green economy have become inevitable trends.

Impact on Operations and Business

- Global warming causes extreme weather conditions, while high temperature and dryness increase the risk of fire.
- Greenhouse gas volume control, rising energy cost and environment-related taxes will directly or indirectly increase business operating costs.
- Taiwan actively promotes green finance policies, and demands for green products and services have risen progressively.

Opportunities

Climate change has made consumers more willing to invest into green industries; meanwhile, the government actively encourages loans to green energy and circular economy given the lack of green energy funding in Taiwan. As a result, there is immense opportunity in lending to green industries.

Mitigation Measures and Response Strategies

- Taishin acquires commercial fire insurance for its buildings, renovations and revenue-generating.
- Implement energy conservation awareness program, paperless service, rooftop solar power systems at proprietary buildings, ISO14001 - Environmental Management System, ISO14064-1, ISO50001 and energy conservation measures.
- Encourage lending to 5+2 new industries and launch green credit service.
- Establish "Solar Power Plant Financing Guidelines" as a support to the government's renewable energy policy and the green energy industry, and to expand product diversity.
- Establish "Green Finance Principles" and promote green finance service in all subsidiaries within the group.
- Taishin plans to issue green bonds in 2018/05.

3 Stakeholder Engagement

This is the fifth 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 three steps below to identify key stakeholders and analyze material issues of concern in 2017, which then enables the organization to adjust its developing directions in response to such issues.

Step 1 Communication	7 stakeholder groups	Based on past experience, current year's operations, and current year's assessment of stakeholder relations, Taishin has identified 7 main stakeholder groups.
	Open communication channels	In order to learn the true voices of stakeholders, Taishin not only implemented open communication channels, but also engaged stakeholders through departments that were closest to them. Stakeholders' concerned issues are being monitored constantly, and their feedbacks or opinions provide a major motivation for our growth.
Step 2 Identification	Survey the 21 sustainability issues and conduct benchmark analysis (Note)	Based on previous engagement results, international industry reports and issues addressed by prominent peers local and abroad, Taishin performed a series of benchmark analysis and concluded 21 sustainability issues that most appropriately represent stakeholders' expectations.
	Assessment of concerned issues by 22 departments	To further understand the main issues of concern of different stakeholders, Taishin engaged CSR representatives from 22 departments that had extensive interaction with stakeholders in a series of discussion to evaluate issues of concern. Conclusions from the discussions were then compared to the benchmark analysis for reasonability assessment.
	Impact assessment by 5 executive members of CSR Committee	With regards to the degree of impact of each sustainability issue, 5 senior officers from the CSR Committee were engaged in the impact assessment, and their findings were compared to the benchmark analysis for reasonability assessment.
	7 material issues confirmed	Results derived from the above 3 stages were presented in a Material Issues Matrix, which was reviewed and discussed among executive members of the CSR Committee to conclude 7 material issues for 2017.
Step 3 Management	Disclosure of management approach and management mechanism	Using the materiality matrix, Taishin made a list of issues that presented the highest level of stakeholder concern and impact in 2017, and followed the GRI Standards to disclose boundaries, management approach and evaluation of management approach. We then openly stated our commitments and continued our management efforts.

Note: Issues of similar nature were consolidated following the 2017 survey; "Product Risk" and "Credit Mechanism" presented as separate issues in 2016, but were merged and collectively addressed under "Risk Management" this year. Furthermore, "Sustainability Strategy" covered an extensive number of issues that Taishin no longer treated it as a single issue in this year's report; instead, it was broken down into four main topics, namely: "Sustainable Governance," "Economic Prosperity," "Green Environment," and "Inclusive Society."

2017 Materiality Matrix

Stakeholder Concern Level - External Evaluation	High	<ul style="list-style-type: none"> Privacy Protection and Transaction Security Brand Image Business Performance 	<ul style="list-style-type: none"> Remuneration, Benefits and Employee Care 	<ul style="list-style-type: none"> Business Integrity Risk Management Talent Recruitment and Development
	Medium	<ul style="list-style-type: none"> Information Transparency FinTech / Innovation Financial Inclusion Social Involvement 	<ul style="list-style-type: none"> Service Quality and Customer Satisfaction Green Finance 	<ul style="list-style-type: none"> Corporate Governance Legal Compliance
	Low	<ul style="list-style-type: none"> Overseas Expansion Strategies Supplier Sustainability Management 	<ul style="list-style-type: none"> Occupational Safety and Health Human Rights and Gender Equality Environmental Protection and Energy Conservation 	<ul style="list-style-type: none"> Labor Relationship
		Low	Medium	High
Company Impact Level - Internal Evaluation				



Communication Channel and Concerned Issues

Employees



Main Communication Channel

- Quarterly: Taishin Morning Meetings, labor-management meetings
- Biennially: Employee opinion surveys
- Irregularly: Employee relation mailbox and phone, HR representatives

Main Concerned Issues

Remuneration, Benefits and Employee Care, Talent Recruitment and Development, Brand Image

Shareholders/investors/rating agencies/analysts



Main Communication Channel

- Monthly: Market Observation Post System
- Quarterly: Investor seminars, Roadshow/IR Conference
- Annually: Shareholders meeting
- Irregularly: Taishin Financial Holdings website - Investor Relations section, phone, email or physical mail and reply

Main Concerned Issues

Business Performance, Corporate Governance, Privacy Protection and Transaction Security

Competent authorities



Main Communication Channel

- Irregularly: Policy seminars and conferences, Supervision and inspection exercises, Phone, e-mail or physical mail and reply, Taishin Financial Holdings website

Main Concerned Issues

Risk Management, Corporate Governance, Legal Compliance

Customers



Main Communication Channel

- Quarterly: Branch service telephone surveys
- Annually: Customer satisfaction and loyalty surveys
- Irregularly: Customer service hotline, VOC (Voice of customer) (please refer to "Customer Relationship Management") events and seminars

Main Concerned Issues

Risk Management, Service Quality and Customer Satisfaction, Overseas Expansion Strategies

Suppliers



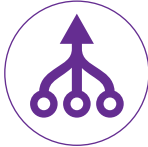
Main Communication Channel

- Monthly: Supplier satisfaction surveys
- Irregularly: Business seminars, consultancy meetings, price negotiation meetings etc

Main Concerned Issues

Supplier Sustainability Management, Business Integrity, Risk Management

Community



Main Communication Channel

- Irregularly: Taishin Volunteer events, activities related to charity/arts/sports/academic etc

Main Concerned Issues

Brand Image, Business Integrity, FinTech/ Innovation

Media



Main Communication Channel

- Irregularly: Press conference or seminar, Spokesperson policy, Media gathering

Main Concerned Issues

Business Performance, Brand Image, FinTech/ Innovation, Corporate Governance

Note: Stakeholder groups with similar characteristics were integrated in 2017. "Sponsored/Donated subjects", "Community/NGO/NPO" and "Academic Institutions" were integrated into "Community" this year and their concerned issues would be responded together.

Management Approach of Material Issues

Material issues	Boundary (main subjects of impact) ①		Significance to Taishin	Taishin's Commitment	Management Approach
	Internal	External			
Corporate Governance	(1) (2)	(4)	Corporate governance is critical for a company's operations, financial performance and reputation; it is also a key factor for corporate sustainability.	Implement a robust corporate governance framework, enhance functionality of the board of directors and functional committees, and keep stockholders' equity as well as fulfill corporate social responsibilities.	<ul style="list-style-type: none"> Corporate Governance Principles Policies of various functional committees Director and manager remuneration policy
Business Integrity	(1) (2)	(5) (6)	"Integrity" and "commitment" are Taishin's core values. We persist in establishing sound organization and culture at the highest ethical standards.	Prevent non-integrity conducts in internal management and in external commercial activities.	<ul style="list-style-type: none"> Ethical Corporate Management Best Practice Principles Employee code of conduct and training Supplier Management Regulations Grievance mechanism
Risk Management	(1)	(4) (6)	Taishin is involved in various business activities, therefore it requires a risk management system that completely and effectively addresses risks of the entire group.	Improve the quality of risk management efforts and ensure corporate sustainability by adopting a robust risk identification, assessment, compilation and management system.	<ul style="list-style-type: none"> Risk management policy and framework (includes environmental and social risks) Three lines of defense in risk management Employee training Risk management policy is enhanced in alignment with local and foreign trends each year
Legal Compliance	(1) (2)	(4) (6)	The legal compliance system forms an important part of Taishin's internal control. Taishin places great emphasis on compliance management and actively participates in the government's policies to establish itself as a role model financial institution	Pay close attention to industry trends and banking policies local and abroad, and conducts business and operational activities in accordance with the authorities' instructions.	<ul style="list-style-type: none"> Develop internal rules in accordance with laws Internal control and audit Legal awareness training for employees Grievance mechanism
Service Quality and Customer Satisfaction	(1) (2)	(6)	Taishin maintains effective communication with customers and delivers quality services to satisfy customers.	Taishin values customers' opinions and utilizes a broad variety of channels to establish effective two-way communication.	<ul style="list-style-type: none"> Fair Customer Treatment Principle have been established and promoted on a regular basis Enforcement of education and training Customized service depending on customer segmentation Implement diverse communication channels Implement consumer protection mechanism and grievance procedures
Talent Recruitment and Development ②	(1) (2)		Taishin values talents as our important assets. Ongoing talent development is the key to success in the rapidly changing and increasingly competitive financial environment.	Adhere to the organization's core value of "Integrity" and "Commitment" and tend to issues such as diversity, equality and employees' rights. Provide abundant and diverse learning programs to help employees grow.	<ul style="list-style-type: none"> Expansion of recruitment channel Establishment of clear career plan and systematic training programs Employee training guidelines Employee self-development subsidy guidelines Employee OJT subsidy guidelines Talent Quality-Management System from Ministry of Labor's TTQS (Talent Quality-Management System)
Remuneration, Benefits and Employee Care ②	(1) (2)		Only when employees are taken good care of may we inspire their potentials for the improvement of the organization.	Evaluate employees' performance using a sound compensation/performance appraisal system. Provide care for Taishin employees by offering sound benefits.	<ul style="list-style-type: none"> Taishin strives to perfect its compensation system by drawing experience from governance practices of internationally renowned companies Implementation of performance management and improvement systems Comprehensive welfare measures that covers all stages of employees' life from their first day at work till after retirement

① 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
 ② are new material issues in 2017.



Assessment and Management Systems	Performance Indicator	Recent Achievement	GRI	Corresponding Chapters
<ul style="list-style-type: none"> Regular internal and external assessment of board of directors performance Regular review of directors' and managers' performance and remuneration policies, systems, standards and structures 	<ul style="list-style-type: none"> Top ranking in corporate governance evaluation Directors attendance rate Board of directors performance evaluation 	<ul style="list-style-type: none"> Taishin was ranked among the top 6%-20% in "Corporate Governance Evaluation" Directors reached an average of 90% personal attendance rate in board meetings in 2017 Internal assessment of board performance was completed during the year, and the board met the performance targets. 	102 Governance	Corporate Governance P.26-28
<ul style="list-style-type: none"> "Integrity" has been included as part of the board of directors' regular performance assessments Employee Discipline Guidelines Review of violations by Staff Conduct Review and Staff Performance Appraisal Committee 	<ul style="list-style-type: none"> All employees have completed business integrity training All new suppliers have signed the "Supplier Commitment Statement." 	<ul style="list-style-type: none"> 100% of employees had completed training in 2017. 100% of new suppliers had signed in 2017. 	102 Ethics and integrity 205 206	Business Integrity P.29-30
<ul style="list-style-type: none"> Responsible units have monitored execution of risk management through a regular reporting system Internal audits and inspections Supervision of education and training 	<ul style="list-style-type: none"> Regular convention of Risk Management Committee Meetings to supervise risk management practice No penalty for major violation related to risk management All Taishin Bank employees must complete AML / CFT course. 	<ul style="list-style-type: none"> A Risk Management Committee was assembled under the board of directors in 2017 and one committee meeting was held. No penalty was received for major violation in 2017. 100% of employees had completed trainings in 2017. 	102 Strategy 201	Risk Management P.30-33
<ul style="list-style-type: none"> Regular review and adjustment of operating guidelines Compliance review during regular audits 	<ul style="list-style-type: none"> Each department is being supervised to regularly review the consistency between internal policies and domestic regulations; 12 reviews are expected to be performed each year Complete 150 hours of compliance awareness course/seminar in 2018 Conduct compliance evaluation on a monthly basis 	<ul style="list-style-type: none"> 12 times in 2017 / 4 times in 2016 135 hours in 2017 / 92 hours in 2016 12 compliance evaluations in 2017 	206 307 417 419	Legal Compliance P.33-34
<ul style="list-style-type: none"> Organize training on Fair Customer Treatment Principle on a regular basis. For every problem raised by customer, actions must be taken to improve process and mitigate customer's complaint. Make regular reports during senior management meetings and board of directors meetings. 	<ul style="list-style-type: none"> Target satisfaction rate for retail banking customer - 2017: 81.9% Every employee receives at least 3 hours of training per year on Fair Customer Treatment Principle. No complaint from customer was pending for resolution. 	<ul style="list-style-type: none"> Actual satisfaction rate for retail banking customer - 2017: 85% 100% completion of Fair Customer Treatment Principle course was achieved in 2017. 100% of customers' complaints were replied in 2017. 	102 Stakeholder engagement	Service Quality and Customer Satisfaction P.46-48
<ul style="list-style-type: none"> MBO (Management by Objective) and individual development program Digital learning platform and post-course exam The Kirkpatrick Model 	<ul style="list-style-type: none"> Retention rate of top-performing employees to be maintained at above 92% To become one of the top-5 private banking brands among university students Maintain at least 80% of management reserve rate for all levels of managerial position Achieve at least 90% completion rate for service related training courses 	<ul style="list-style-type: none"> Turnover rate was 11.1% in 2017, while the retention rate of top-performing employees was 93.2% Taishin was rated as one of the 5 most preferred employers in the financial industry from an employment and recruitment survey of graduating students conducted by a major recruitment platform in 2017 Taishin maintained over 80% of management reserve rate for all levels of managerial position in 2017 Taishin achieved 100% rate completion for service related training courses 	401 404 405	Talent Recruitment and Development P.64-69
<ul style="list-style-type: none"> The Remuneration Committee convenes meetings on a regular basis Management by objectives (MBO) Employee opinion surveys 	<ul style="list-style-type: none"> To achieve positive responses for the "Salary and welfare" category of employee opinion survey above the average level of financial norm of Taiwan Taishin aims to organize 24 health-related seminars for a total participant size of 1,200 in 2018 to help employees manage and protect their health. 	<ul style="list-style-type: none"> Taishin was able to achieve positive responses for the "Salary and welfare" category of employee opinion survey above the average level of financial norm of Taiwan A total of 12 health-related seminar were organized in 2017 to a total participant count of 740. 	401 404 405	Remuneration, Benefits and Employee Care P.70-73

4 Response to Specific Issues

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

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Investor	<ul style="list-style-type: none"> • Taishin Financial Holdings' statement with regards to CHB investments • Progress of provisional civil injunction • Progress of civil litigation • Progress of complaints made to Control Yuan and subsequent investigations 	Whole year, 2017	The IR department provides explanations via email, telephone, investor conference, or face-to-face meetings; meanwhile, information is also disclosed on web pages (in the form of major announcement, press release etc)
Media			Communication methods include telephone, email, press conference, seminar and press release. Any wrongly reported facts will be clarified by the PR department

(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 case is currently being reviewed by Taiwan High Court.

(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 High Court.



On May 17, 2017, Taiwan High Court ruled to confirm that contractual relationship existed between Taishin Financial Holdings and the Ministry of Finance "for as long as the Ministry of Finance remains in possession of CHB shares and Taishin Financial Holdings remains the largest shareholder of CHB, and that the Ministry of Finance had the contractual obligation to support representatives of Taishin Financial Holdings in winning more than half of common director seats." The Ministry of Finance disagreed with the decision and raised an appeal on June 12, 2017. The case is currently being processed at the Supreme Court.

(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.



CHB Suit

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.

Specific Issue #2: Acquisition of Ta Chong Securities by Taishin Securities

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Competent authority, customers, media, employees	<ul style="list-style-type: none"> Motive of acquisition by Taishin Securities Impact and future development of the acquisition 	Whole year, 2017	News link, material announcement, press conference

Performance of the local securities market had been unfavorable to securities firms. Due to the lack of trade volume, securities brokerage firms had to find ways to expand market share in order to operate at economies of scale. In the last few years, Taishin Securities has been able to grow market share of brokerage service from 0.02% to 0.5%; significant as the growth may be, the subsidiary was still far from being recognized as a large securities firm. The acquisition of Ta Chong Securities conforms with Taishin Securities' long-term strategy in this regard, as the added business makes Taishin a medium-sized securities firm and puts it in a better position to expand into a major player.

The acquisition expanded Taishin Securities' branch count from 3 to 15, increasing net worth and total asset size to more than NT\$7 billion and NT\$20 billion, respectively. In addition to the significant growth in brokerage business and margin trading balance, Taishin Securities now possesses the capacity to undertake significantly broader range of underwriting and treasury services due to larger share capital, which makes it a highly potential and competitive medium-sized securities firm. For the future, Taishin Securities has set its goals not only to secure the top places in underwriting service, but also to rank among the top 10 in brokerage services. Meanwhile, the subsidiary will continue exploring M&A opportunities to further expand into a major securities company.

Specific Issue #3: Enforcement of AML practices

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Competent authority, customers, investors	<ul style="list-style-type: none"> Has the company established an AML responsible unit? How are management practices enforced? 	Whole year, 2017	Taishin has established responsible units that are specialized in anti-money laundering and countering the financing of terrorism.

As Taishin expands its overseas branches, it is crucial for the institution to comply with local regulations as well as international customary standards regarding AML/CFT. Taishin is dedicated to the fight against money laundering and terrorism financing with risk-based approach as the basis of our prevention and detection framework to enforce AML/CTF practices. In 2017, Taishin continued to dedicate its efforts not only through strengthening the group's AML and CTF policies but also directing and supervising subsidiaries to establish relevant policies and guidelines in accordance with the latest regulations and standards of the competent authority, and made sure that operational measures were executed properly. Taishin adopts different management approaches depending on the risk exposure of its subsidiaries:

- **Banking** : The Bank including its overseas branches, by nature, faces higher risk of AML/CFT so that it has been established AML/CFT Committee to supervise relative issues.
- **Securities** : Securities is distinctively different in nature and not as risky as the banking business, which is why Taishin Securities has assembled a Risk Management Committee to oversee AML/CTF affairs.

- Other subsidiaries: Other subsidiaries present even lesser risk in this regard, therefore the compliance unit of each subsidiary has been empowered to supervise and make regular reports regarding this issue.

Taishin utilizes three lines of defense to ensure the effectiveness of risk management:

- First line of defense - Business and its administration departments are required to implement the AML /CTF program and adopt relevant practices in daily activities.
- Second line of defense - Responsible unit has been assigned and supported with resources to continually review and analyze risks.
- Third line of defense - The internal audit unit conducts regular audits in accordance to internal control measures.

Specific Issue #4: Implementing the Common Reporting Standard (CRS)

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Competent authority, customers, investors	<ul style="list-style-type: none"> • Implementation of responsive measures for CRS 	Whole year, 2017	Before CRS is implemented in Taiwan, Taishin has reviewed and adjusted internal policies of all overseas offices to conform with requirements of foreign CRS and Taiwan's CRS. After CRS is implemented in Taiwan, consultants are being engaged to explain to employees the fundamental CRS requirements in Taiwan, and thereby enhance compliance practice within Taishin.

To prevent tax base erosion due to the different basis of taxation and achieve transparency of tax information, the Organization for Economic Cooperation and Development published a Common Reporting Standard (CRS) to guide automatic exchange of tax information between member countries. Although Taiwan is not a member of OECD, the government has been actively adopting international practices and taking actions to avoid being used as a tax haven. In June 2017, Article 5-1 was added to the Tax Collection Act to authorize the Ministry of Finance to enter into a treaty or an agreement of information exchange for tax purposes and provision of other mutual tax assistance with a foreign government or an international organization, subject to the principle of mutual benefits. In November 2017, the Ministry of Finance made CRS a part of domestic regulations with the announcement of "Regulations Governing the Implementation of the Common Standard on Reporting and Due Diligence for Financial Institutions," which was intended to enhance compliance practice among financial institutions.

Taishin has been assisting overseas offices in the implementation of responsive measures since 2016, so that they may conform with CRS requirements in their respective countries. In 2017, all branches had completed the development and testing of customer identification and reporting systems, and each overseas branch is expected to produce its first report in 2018.



Sustainable Governance

1 Corporate Governance · Material Issue

2 Business Integrity · Material Issue

3 Risk Management · Material Issue

4 Legal Compliance · Material Issue

5 Privacy Protection and Transaction Security

6 Information Transparency



Taishin believes integrity to be the foundation for corporate sustainability. We uphold the highest ethical standards to create our organization and culture, and have taken actions to maintain an effective corporate governance framework, enhance board functionality, enforce compliance and internal management, protect stakeholders' interests, and ensure transparent disclosure of information. While we strive to create long-term value for stakeholders, we continue to enforce governance on all aspects and fulfill corporate social responsibilities, as part of our on-going efforts to pursue sustainability.

Taishin Sustainability Strategy : Become a role model of sustainability governance; Improve risk management performance

Medium/Long-term Goals : Review corporate governance progress, improve overall governance functionality, deepen risk-awareness culture, and manage sustainability risks



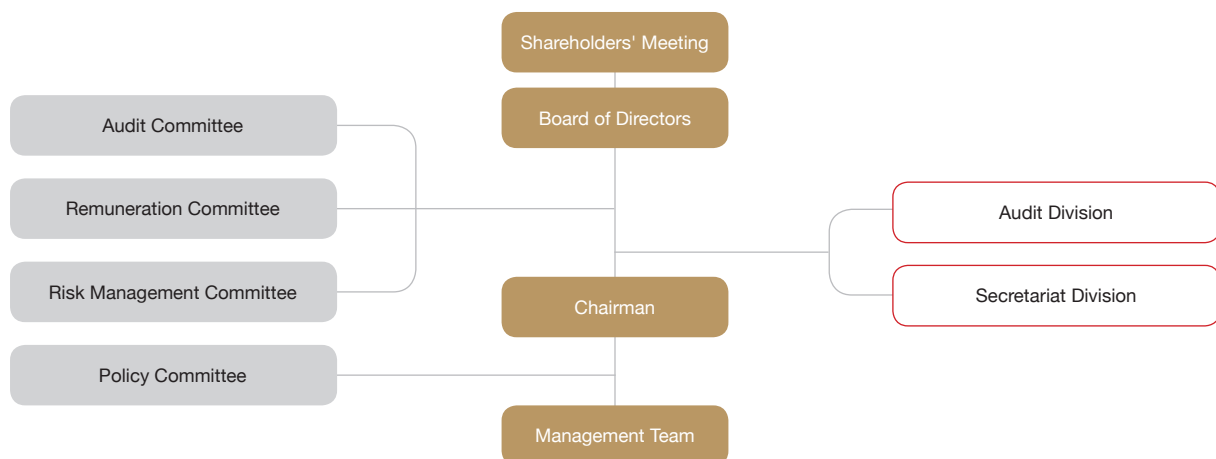
1 Corporate Governance Material Issue

Since Taiwan Stock Exchange Corporation first published its "Corporate Governance Evaluation" in 2015, Taishin Holdings has achieved outstanding results for 4 consecutive years, and was included in "TWSE Corporate Governance 100 Index." In 2016, Taishin and two of its subsidiaries, Taishin Bank and Taishin Securities, voluntarily participated in the corporate governance system evaluation organized by Taiwan Corporate Governance Association, and obtained "CG6010(2015) Certificate of Excellence" (Note: The certificate is valid from December 22, 2016 to December 21, 2018). By engaging an outside professional institution, Taishin hopes to bring objective perspectives into Taishin's governance framework and culture, and make ongoing enhancements to governance practices in line with the world's advance standards to the benefits of Taishin, its shareholders, and employees.

To establish and implement an effective corporate governance system and framework, Taishin has established "Taishin Financial Holdings Corporate Governance Principles" in accordance with the Corporate Governance Principles for Financial Holding Companies and other relevant regulations. Taishin shall ensure sound business practices at its subsidiaries, and oversee that its subsidiaries comply with the applicable corporate governance principles of their own individual industries.

Corporate Governance Framework

Taishin has an "Audit Committee" and a "Remuneration Committee" created under the board of directors to support management and supervisory functions of the board. In 2017, a new "Risk Management Committee" was assembled to improve governance efficiency and assist the board in risk reporting, management and recommendations.



Responsibilities, composition and functionality of various committees under the board of directors are as follows:

Committee	Main Duties	Composition and Functionality
Audit Committee	<ul style="list-style-type: none"> Establishment and amendment of Asset Acquisition and Disposal Procedures and the internal control system; review on the effectiveness of internal control system Fundraising, offering, or private placement of equity securities, and major transaction of assets or derivatives Appointment, dismissal and remuneration of financial statement auditor; appointment and dismissal of financial, accounting and internal auditing officers Review of annual and semi-annual financial reports Matters involving directors' personal interests 	<ul style="list-style-type: none"> Consists of three independent directors of the Company. Independent Director Neng-Pai Lin served as the convener. A total of 10 meetings were held in 2017, with an averaged attendance rate of 93.33%.
Remuneration Committee	<ul style="list-style-type: none"> Establishment and regular review of the compensation policies, systems, standards and structures, and performance of directors and managers. Regular review and adjustment of directors' and managers' remuneration. 	<ul style="list-style-type: none"> Consists of three independent directors of the Company. Independent Director Neng-Pai Lin served as the convener as well as the chairperson and represented Remuneration Committee of the Company. A total of 5 meetings were held in 2017 with an averaged attendance rate of 100%.
Risk Management Committee	<ul style="list-style-type: none"> Discussion of Taishin's risk management policy Discussion of Taishin's annual risk appetite or risk limit Review of Taishin's regular risk management reports Review or discussion of other material risk management issues identified by Taishin or the authority 	<ul style="list-style-type: none"> Consists of at least two independent directors; with one of them serving as the convener. Assembled in December 2017 and consists of three directors as its members. The first meeting had been held, in which 100% of committee members were present.



Composition and Functionality of the Board of Directors

Election of directors

Taishin sets eligibility criteria for directors not based on gender, age, ethnicity or nationality, but based on professional capacity and character. Organization of the board of directors is commensurate with Taishin's size and shareholding structure and is able to support practical business needs. The number of director seats is determined in accordance with law and the Articles of Incorporation. The Articles of Incorporation was revised during the 2015 annual general meeting to expand the nomination system. In addition to independent directors, who were already being elected under the nomination system, the 2015 revision specifically required non-independent directors to be elected under the nomination system starting from July 1, 2015. The change is considered a good corporate governance practice because minority shareholders could take more part in the corporate decision-making process and exert greater influence and supervision over business operation.

Composition of the board of directors: Professionalism, diversity and independence

The current (6th) board of directors was elected during the shareholder meeting held in June 2015 to serve a term of three years. The board consists of 9 members including 3 independent directors. The current board members are all males, with an average age of 73, consisting elite talents from banking, industries and the academia and including 5 Ph.D degree holders and 1 master degree holder. They cover an extensive range of expertise from business administration, physics, engineering, accounting, chemistry, pharmaceuticals to commerce.

To avoid conflict of interest, all directors are required to disclose any interests they (or the companies they represent) may have in the proposed agenda. If their interests pose a conflict against company's interests, the directors shall be instructed to be disassociated from further discussion and voting of the agenda. Details of conflicting interests and avoidance taken by directors are recorded in meeting minutes. Out of respect for proper check and balance, the Chairman of the financial holding company does not hold concurrent position as CEO. Furthermore, 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.



Annual
Report

The board of directors consisted of the below members: (Directors' background and compliance of independence are disclosed in the Annual Report)

Title	Name	Main Experience (Education)	Having more than 5 years work experience and professional qualifications listed below	Number of positions as an Independent Director in other public companies
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, Los Angeles(UCLA)	C	0
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	A, C	0
Director	Wu, Cheng-Ching (Delegate of Tai-Ho Investment Co., Ltd.)	Managing Director of Chang Hwa Bank ; Chairman of TASCOCHEMICAL; 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	C	0
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	A, B, C	1
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	A, C	0
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	C	0
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	A, C	3
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	C	2
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	C	1

Note: A. Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution
B. Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations
C. Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties



Directors' education

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 2017 included: "Reports of Information Security Risk Trends," "Introduction to the AML and CTF System," "Big Data Analysis and Corporate Fraud Detection," "Legal Risks in Corporate Business Administration," "Insight of Corporate Hedging Practices via Derivative Instruments," "Insight of AML Regulations and Case Studies," "Risk Assessment of Money Laundering," "Corporate Governance Forum - Corporate Sustainability," "Information Security Governance in the Era of Evolving Technology," and "Responsibilities and Obligations of Company Directors and Management." Meanwhile, experts from Taishin Securities Investment Advisory are invited to conduct monthly reports on political and economic trends around the world, thereby keeping the board abreast of the latest developments.

Board of directors' performance valuation

Taishin held 14 board meetings in 2017; attendance rate averaged 90.48%. "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 are disclosed in the Company's annual report and the "Corporate Governance" section of the Company's website.



Corporate
Governance

Remuneration Policy

Taishin Remuneration Committee operates under the principle that directors' and managers' remuneration need to be set in reference to peer levels while at the same time take into account personal performance, corporate business performance, and future risks. The Committee duly fulfills its duties of reviewing remuneration policy, system, standards and structure.

To strengthen corporate governance and enhance board functionality, Taishin set up "Regulations of the Board Performance Evaluation" for reviewing board member performance and board meeting operation. Remuneration is assessed and determined annually by the following factors:

1. The common peer level, corporate overall business performance, managers' compensation, qualification of corporate director representative, and participation and contribution to corporate management.
2. The level of remuneration is also associated with the Company's risk appetite and future possible risks, so that directors are made to share future risks of business operation.

Director
remuneration
policy

Managers'
remuneration
policy

1. The Company has a set of "Performance Appraisal and Bonus Guidelines" in place to ensure fair assessment of employees' performance. Managers' performance targets include not only financial and relative financial measurements, but also non-financial indicators such as corporate image, corporate reputation and impacts to the society.
2. Managers are remunerated based on their responsibilities, the Company's performance, individual performance, the prevailing market level of compensation, and association with future risks. The Company provides managers with competitive remuneration packages in order to attract and retain talents.
3. To prevent managers from pursuing quick performance and to encourage them to achieve long-term goals, Taishin offers "Employee stock options" and "Taishin Appreciation Rights Plan" as part of managers' long-term remuneration. Actual values of the two programs are set to correlate with the Company's future share price, so that managers are bound to share future risks of business operation, thus creating multi-wins among the Company, its employees and shareholders.

Membership in Associations

Taishin Holdings and its subsidiaries were members of nearly 20 local and foreign associations in 2017. Through knowledge exchange and collaboration with peers, we hope to ensure the stability and growth of our financial businesses. In terms of contributions to financial industry development, Taishin Bank participates and holds important roles in several local organizations such as: Bankers Association of the Republic of China, Chinese National Association of Industry and Commerce, Taiwan (CNAIC), and Chunghwa Financial Research and Development Association (CHFRDA), and international organizations such as: Asian Bankers Association, American Chamber of Commerce in Taipei, and Cross-Strait CEO Summit. With respect to corporate sustainability, Taishin contributes its efforts as a member of Center for Corporate Sustainability. Other subsidiaries including Taishin Securities, Taishin Venture Capital, Taishin SITC and Taishin Securities Investment Advisory have also undertaken directorship or membership in their respective business associations. Membership fees paid by Taishin in 2017 amounted to a total of NT\$4,904,970, including the highest amount of NT\$ 2,520,570 to The Bankers Association of the Republic of China and the second highest amount of NT\$620,000 to Chinese National Association of Industry and Commerce, Taiwan (CNAIC).



2 Business Integrity Material Issue

Taishin expects every employee to assess their behaviors at the highest standard of integrity. Through implementation of well-designed systems, communication, and training programs, we hope to establish integrity deep within our corporate culture and fulfill our social responsibilities.

Business Integrity Policy

Taishin has outlined a number of rules including "Taishin Financial Holdings Ethical Corporate Management Best Practice Principles," "Taishin Financial Holdings Employee Code of Conduct," "Taishin Holdings Corporate Governance Principles," and "Taishin Financial Holdings Corporate Social Responsibility Best Practice Principles" to shape a corporate culture of integrity and implement a robust corporate governance and risk management system that employees may follow to evaluate the appropriateness of their decisions and behaviors. The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating clients, suppliers, territories, or lines of commerce.

For the integrity of our business practice, employees of Taishin engaging in commercial activities shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including ethics breaches, illegal acts, or breaches of fiduciary duty. As a well-established financial institution, Taishin works with more than one hundred business partners. Not only do we impose strict rules on our conducts, we also work with our business partners to establish a culture of integrity, and has developed a set of "Supplier Management Regulations" to achieve this purpose. The Guidelines require all business partners to sign letter of commitment and undergo integrity assessments to determine whether they are involved in any illegal conducts or actions that could have significant adverse impact on the society before commencing business transaction. By enhancing sustainable practices of our business partners, we aim to exert our influence in ways that benefit the society. For more details, please refer to the chapter "Supplier Sustainability Management" on P.59.

Enforcement and Management of Business Integrity

Through comprehensive training, communication, and supervision, Taishin expects all employees to uphold the Company's integrity values in all internal and external commercial activities.

Education and Training

For all employees: Every new employee is required to complete the corporate ethics course. Relevant materials are being posted onto the internal human resource webpage on a quarterly basis to promote awareness towards compliance, which employees are required to read. Classroom courses are being organized to train employees on topics such as anti-corruption, anti-bribery, ethics and integrity-related policies.

100% of Taishin employees had participated in the above courses in 2017, with the number of course enrollments totalling 8,993.

For directors and independent directors: Integrity courses are being arranged on a regular basis. Courses completed in 2017 included: "Responsibilities and Obligations of Company Directors and Management" by Taiwan Corporate Governance Association and "Big Data Analysis and Fraud Detection" by Taipei Foundation Of Finance.

Supervision

"Integrity" is one of Taishin's core values, for which the Company has made it part of the board's regular performance evaluation to ensure that directors live up to the integrity standards in everyday business activities. Taishin also has Employee Discipline Guidelines in place. Employees who are found to have violated anti-corruption rules will be referred to Staff Conduct Review and Staff Performance Appraisal Committee and disciplined according to the severity of their conducts based on standards outlined in the Employee Discipline Guidelines. Outcomes of the disciplinary review will be announced internally to serve as warnings. Employees are being instructed to uphold integrity values on all aspects and hence contribute to the Company's sustainability.

Reporting Channels

Taishin's employees have the responsibility and obligation to report to the management or the authority upon discovering any conduct that is suspected of violating the Company's policies or integrity rules. To encourage report of violations and dishonest conducts, Taishin has implemented a broad variety of communication channels (including hotline, e-mail and physical mailbox) and taken actions to protect employees from retaliation and discrimination for whistle-blowing on misconduct or participating/assisting in the investigation. The above measures have been clearly stated in the Company's Employee Code of Conduct, and are being published and disclosed regularly over the internal human resource webpage, for which employees are required to read. In doing so, we ensure the effectiveness of various reporting channels we have in place. Employees that commit violation or dishonest conduct are referred to Staff Conduct Review and Staff Performance Appraisal Committee for disciplinary review, and may be subjected to legal actions depending on the severity of their conducts. These measures have been put in place to raise employees' integrity awareness in business practices.

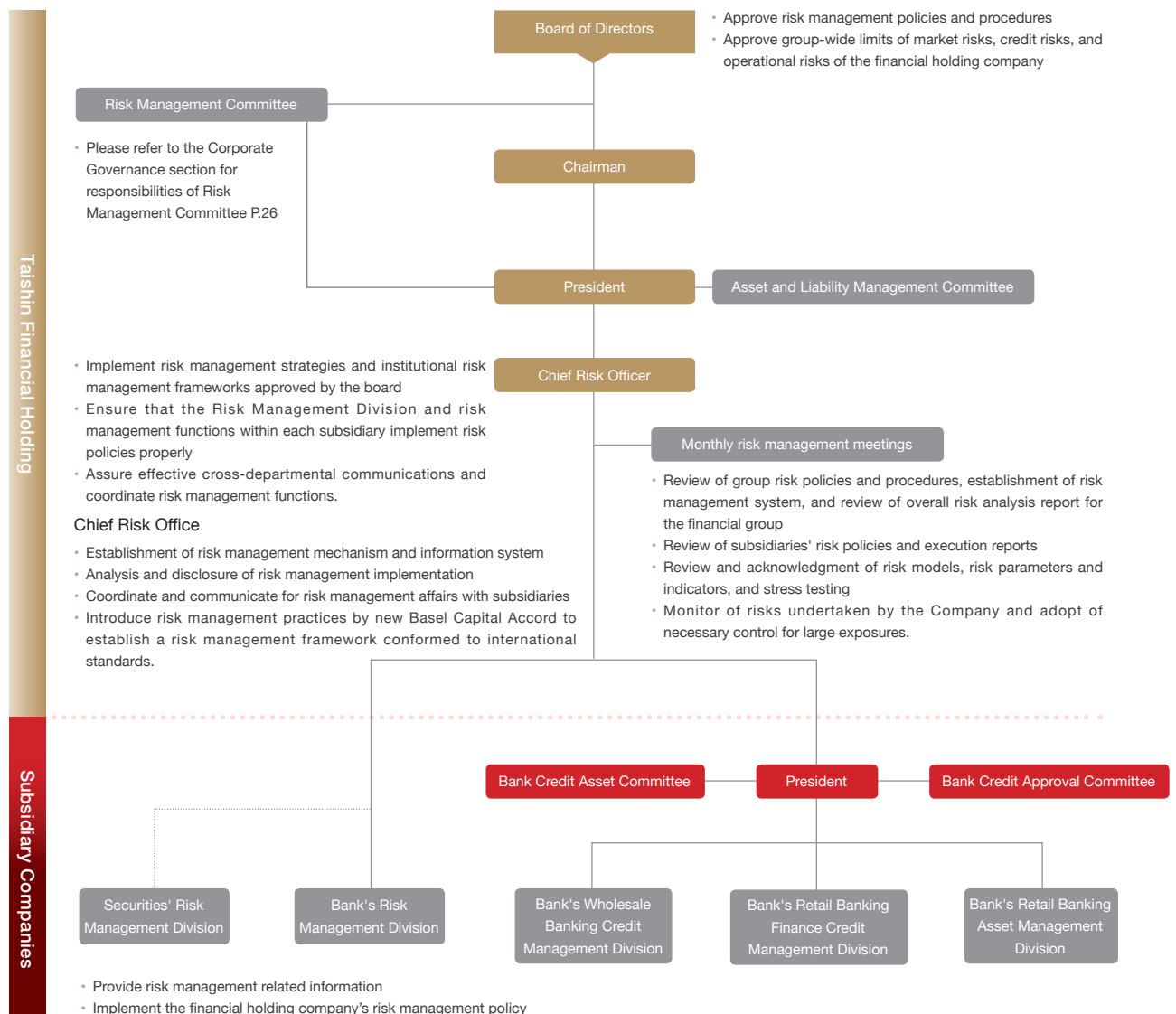


Violations of code of conduct	2015	2016	2017	Mitigating actions
Employment ethics	1	2	3	<ul style="list-style-type: none"> Employees who commit violations will be issued a verbal or written warning. All decisions are published onto the intranet. There were two employees in serious breach of "Protection of personal information" and "Fair trading principles" respectively in 2017, who were dismissed in accordance with the resolution of Staff Conduct Review and Staff Performance Appraisal Committee after investigation. Reiterate the code of conduct and strengthen related education and training.
Protection of personal information	11	11	8	
Fair trading principles	1	2	1	
Discrimination/sexual harassment	0	0	0	
Others	6	3	3	
Total	19	18	15	

3 Risk Management Material Issue

Identification, understanding, rejection and acceptance of the risks encountered are critical decisions for Taishin. In the board meeting held on April 28, 2016, Taishin passed amendments to its "Risk Management Policy" to include CSR-related concerns into the risk management guideline, which serves as guidance for future policy-making. In 2018, Taishin established "Green Finance Principles" which introduces environmental and social risk considerations into all transaction activities, such as lending and investment. Accompanying risk management procedures have also been developed to support the Principles. For more details, please refer to the chapter "Green Finance" on P.50.

Risk Management System

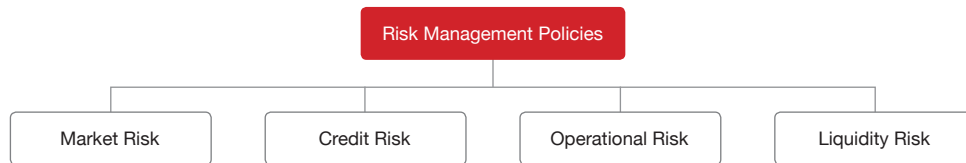




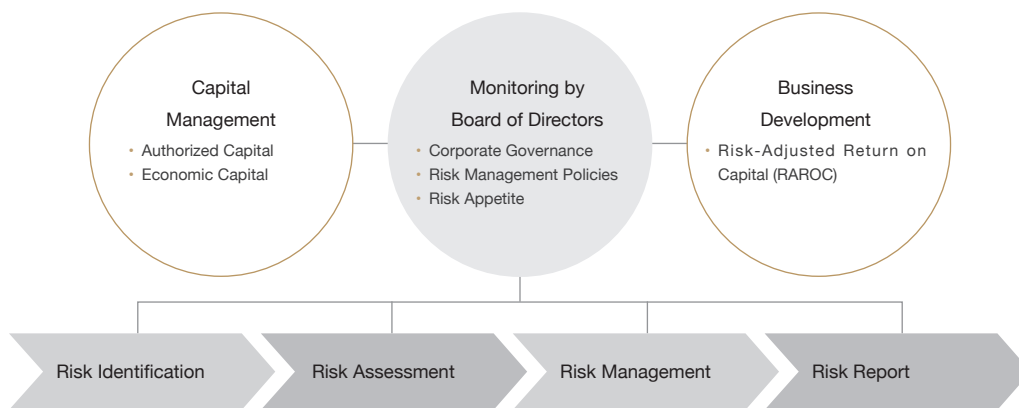
Organization and responsibilities of risk management at Taishin

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.

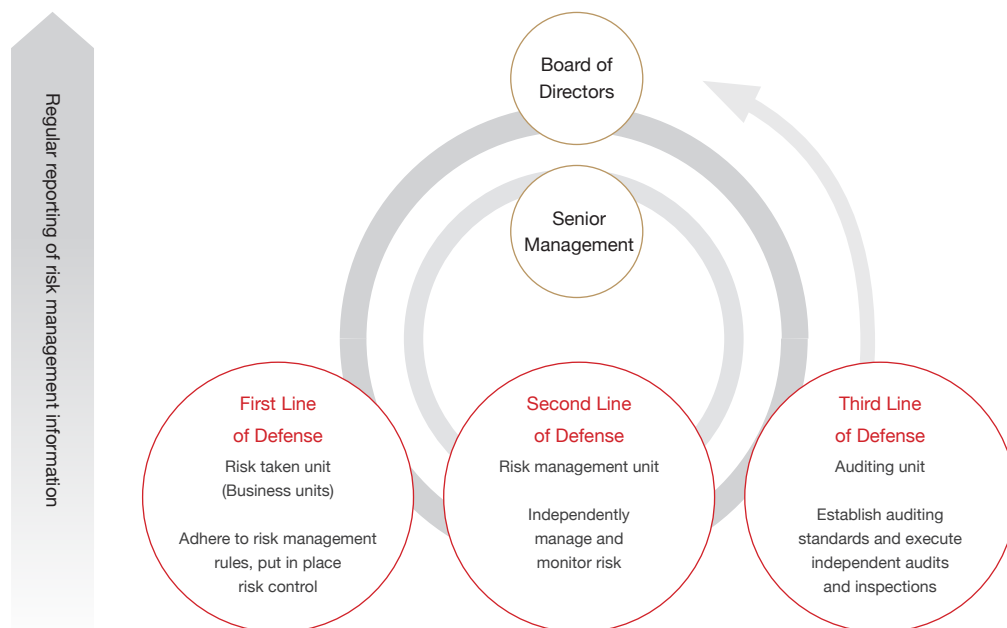


Risk management paves the foundation for all services and products. Given the essential nature of this issue, Taishin has empowered its top management to oversee risk-related affairs, and designated specialized departments for the identification, assessment, control, reporting of risks.



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 effective execution of risk management mechanisms.





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's BCM framework embodies the six elements below:



Internal audit

Internal auditing is an integral mechanism to the proper functioning of a corporation. Taishin's internal auditing mechanisms are implemented according to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries published by the Financial Supervisory Commission. The internal auditors had placed their audit focus on: implementation and execution of compliance system, transactions with stakeholders, joint marketing and confidentiality of customers' information, execution of financial consumer protection, and execution of AML and CFT measures.

Below are highlights of Taishin's internal audit system:

- 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.
- The Audit Division tracks findings raised by the regulators during its inspections, and supervises to ensure that proper improvements are made. Audit progress is reported to the board of directors on a quarterly basis.
- The Audit Division oversees the content, procedure and implementation of Risk Control Self-Assessment for all business units.
- All departments and subsidiaries of the financial group are required to report to the holding company according to "Taishin Financial Holding Co., Ltd. Major Events Reporting Policy" and it is the Audit Division's responsibility to assess the importance of reports made and decide whether to escalate the report to the President, independent directors, the Chairman, or the Board of Directors.

Ongoing Advancement of Risk Culture

Creating a risk culture

A risk culture provides the foundation for all Taishin's products and services and plays a crucial role in Taishin's sustainability roadmap. In addition to continuing education and training, the development of a risk culture relies on utilization of related risk management tools, such as business continuity management (BCM), key risk indicators (KRIs), and risk and control self assessment (RCSA), to ensure effective risk identification, measurement, management, and reporting. To incorporate a risk culture more seamlessly into the organization, regular reports are presented to the senior management and the board of directors. Furthermore, to extend the reach of the risk culture, Taishin takes an innovative approach by encouraging employees to propose more refined risk management ideas that makes the risk management culture part of the routines for all employees.



Education and Training

Taishin arranges classroom courses, online courses and On the Job Training (OJT) for employees of different roles, grades and needs. Meanwhile, Taishin University also provides employees with training programs of various professions. By engaging employees in group discussions, case studies and academic conferences, we aim to raise employees' awareness towards risk management and develop consensus for procedural compliance. In 2017, Taishin organized 26 courses on risk identification and management. With regards to risk identification courses, mandatory modules received 16,544 enrollments and delivered 24,827.12 man-hours of training, representing 100% completion rate, whereas optional modules received 3,342 enrollments and delivered 1,817.84 man-hours of training. Those courses cover broad range of topics such as internal control, risk control and self-assessment, anti-money laundering and countering the financing of terrorism, forward and related derivatives and etc.

Enhancement of Risk Management in 2017



4 Legal Compliance Material Issue

Compliance is the foundation for corporate sustainability. Taishin's domestic and overseas branches also comply strictly with the laws of other authorities and are actively involved in the prevention and fight against crimes in order to give stakeholders the utmost confidence in Taishin's products, services and prospects.

Compliance Practice and Management

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." The Group Compliance Division has been assigned the duty to report to the board of directors and supervisors regarding the organization's compliance status at least once every six months. Meanwhile, a stakeholders mailbox has been made available as a grievance channels, of which use is managed by dedicated personnel. Main responsibilities of the Compliance Division include the following:



Compliance communication system

The Compliance Division is responsible for creating a system that properly conveys, clarifies, coordinates and communicates legal issues, and provides timely updates of regulatory amendment to the compliance officer of each department. The head of Group Compliance Division, employees and compliance officers of various departments devise annual training plans and engage each other in regular compliance officer conferences to exchange experience, knowledge and implications of important laws.

Compliance policy

The Compliance Division is responsible for supervising each department in their compliance with external regulations and the adoption, creation and implementation of internal policies. The Compliance Division may involve itself in the establishment, amendment or abolishment of operating and management policies if necessary. The Division also supervises each department in the analysis of major compliance defects, fraud and possible impacts, and makes improvement suggestions where appropriate. In the event of a major regulatory violation or a downgrade of rating by the financial regulators, the Division will notify directors and supervisors immediately and raise the compliance issue for discussion during board meetings. For alignment with international practices, Taishin has adopted responsive measures in accordance with the Common Reporting Standard (CRS), please refer to "Response to specific issues" on P.24.

Compliance rating system

The Compliance Division is responsible for outlining the scope and procedures of compliance rating, supervising each department in their self-audit on the "List of Department Compliance Issues" once every six months, verifying compliance status of each department, and assessing self-audits. Outcome of the assessment will provide reference for the compliance rating. The compliance rating results serve as a reference for performance review of business units, so as to enhance compliance practice and awareness within the organization and to promote respect to the laws of the locations in which we operate.

Compliance training courses

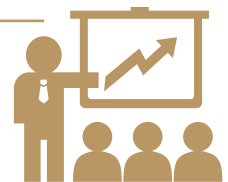
Taishin's 2017 compliance training courses were focused on the following topics: protection of financial consumers' rights, protection of personal information, non-credit transactions with stakeholders, internal control and audit system, and anti-money laundering. Employees were tested at the end of each course to ensure that they have comprehended the course materials. Employee of different roles and grades were offered different training as described below:

■ New recruits

The orientation covers basic compliance concepts.

■ General employees

Starting from the third quarter of 2017, compliance officers are required to conduct classroom compliance training on topics that are relevant to their respective departments for at least 1.5 hours per quarter, and complete the Bank's mandatory courses (including Financial Consumers Protection Act, Fair Customer Treatment Principle, Ethical Corporate Management Best Practice Principles, AML and CTF, information security awareness, personal information protection etc).



■ Compliance officers

Compliance officers of each department are required to set annual training plans for at least 15 hours of courses organized by the regulators, government-certified institutions, Taishin Holdings or Taishin Bank. The training plan shall at least cover regulation updates and topics on new services or new financial instruments. Compliance officers of foreign operations are required to complete at least 15 hours of compliance courses organized by the local regulators or government agencies each year. If no such courses are available overseas, they may complete the abovementioned courses in Taiwan instead.

Medium and Long-term Goals/Plans

The Company has always paid close attention to changes in financial policies and regulations local and abroad. We strictly abide by applicable laws and regulations while we strive to expand our business. As an enforcement to the compliance policy, we constantly review and update our internal policies and enhance our compliance system to keep abreast of the latest changes in local and foreign laws. Furthermore, all departments and subsidiaries are bound to conduct monthly reviews on whether their internal policies have been updated in accordance with external laws, and perform compliance self-assessments every 6 months to ensure that all business activities are carried out in strict compliance with applicable laws.

For further enhancement of the compliance function and better control of compliance risks, Taishin will be developing a new mechanism for assessing, controlling and monitoring compliance risks. Under the new mechanism, company-wide compliance risk assessments and reviews will be performed regularly on all domestic and overseas business units to facilitate timely discovery and avoidance of compliance risk incident. In doing so, we shall be able to enforce compliance and manage compliance risks to a greater extent.

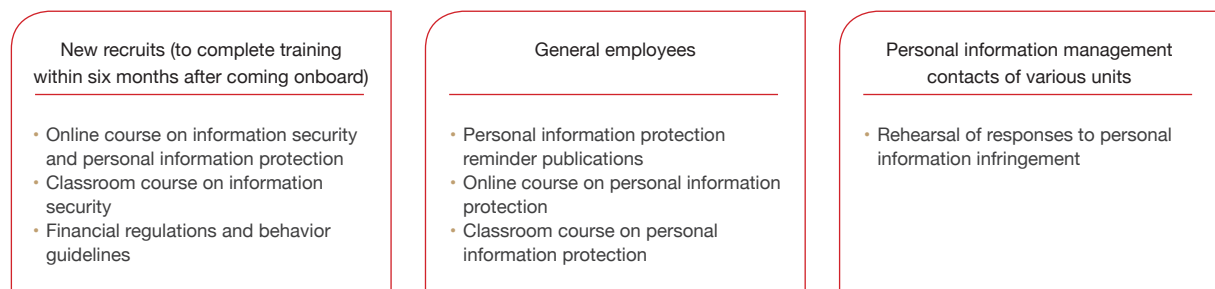


5 Privacy Protection and Transaction Security

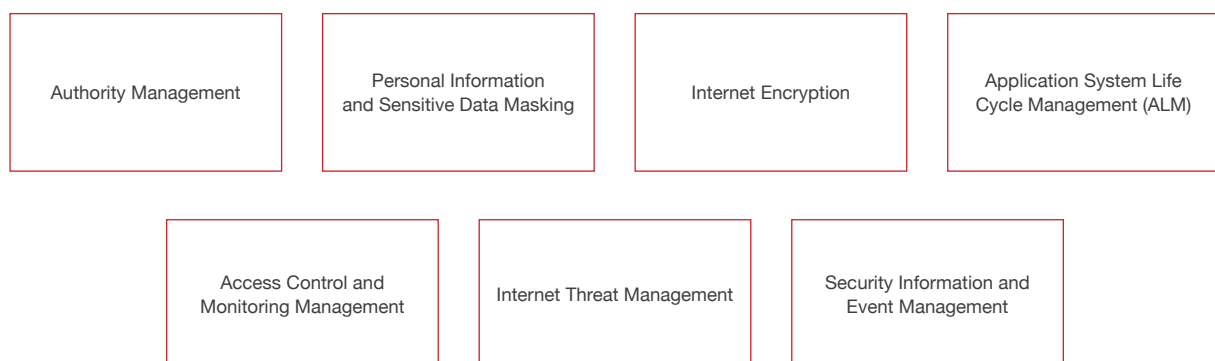
Faced with the challenges of the digital era, financial services have rapidly developed more diversified and faster transaction modes. The importance of privacy protection and transaction security has also increased. Taishin has continuously strengthened information security management by establishing a management system which complies with domestic regulations and international information security standards. Also, we have invested in education promotion and emergency response drills to provide customers with safer financial services.

Personal Information Protection

Taishin places great emphasis on the protection and management of personal information. The Company has personal information protection policies in place to serve as a guide for compliance, and the policies are reviewed and revised in line with regulatory changes to ensure that they remain relevant. Taishin has created a personal information protection system based on the "Plan - Do - Check - Act" framework as part of its daily operational management. In addition to making regular inspections on the security of personal information, Taishin also assesses possible personal information risks and uses the findings to establish proper management practices, responses, reporting channels and preventions for incidents involving theft, alteration, destruction, loss or leakage of personal information, which further enforces the personal information protection system. Meanwhile, for the purpose of raising employees' awareness and respect towards personal information, Taishin has implemented comprehensive training programs provide employees with thorough understanding of relevant legal requirements, responsibilities, and various systems, procedures and measures the organization has in place for the protection of personal information.



For the security of personal information, Taishin adopts the following information security measures for all e-commerce services provided:



With regards to the handling of personal information incidents and employees' crisis awareness, Taishin has implemented "Management Regulations on Personal Information Misuse Incidents" to facilitate effective emergency response should an incident arise. If a personal information incident occurs, employees are required to report immediately to the line manager and complete risk assessment and incident classification within the given timeframe. Depending on the severity of the incident, an emergency response team may be assembled to execute response, coordination, communication and investigation in relation to the incident. In 2017, Taishin received no penalty from the authority for violation of personal information. Furthermore, out of respect for customers' personal information and their rights, Taishin has implemented "Operation Regulations on the Exercise of a Party's Rights" to facilitate proper handling of customers' rights to inquire, review, make duplicate copy of, supplement, correct and delete their personal information maintained with Taishin, as well as their rights to stop Taishin from further gathering, processing and use of information.

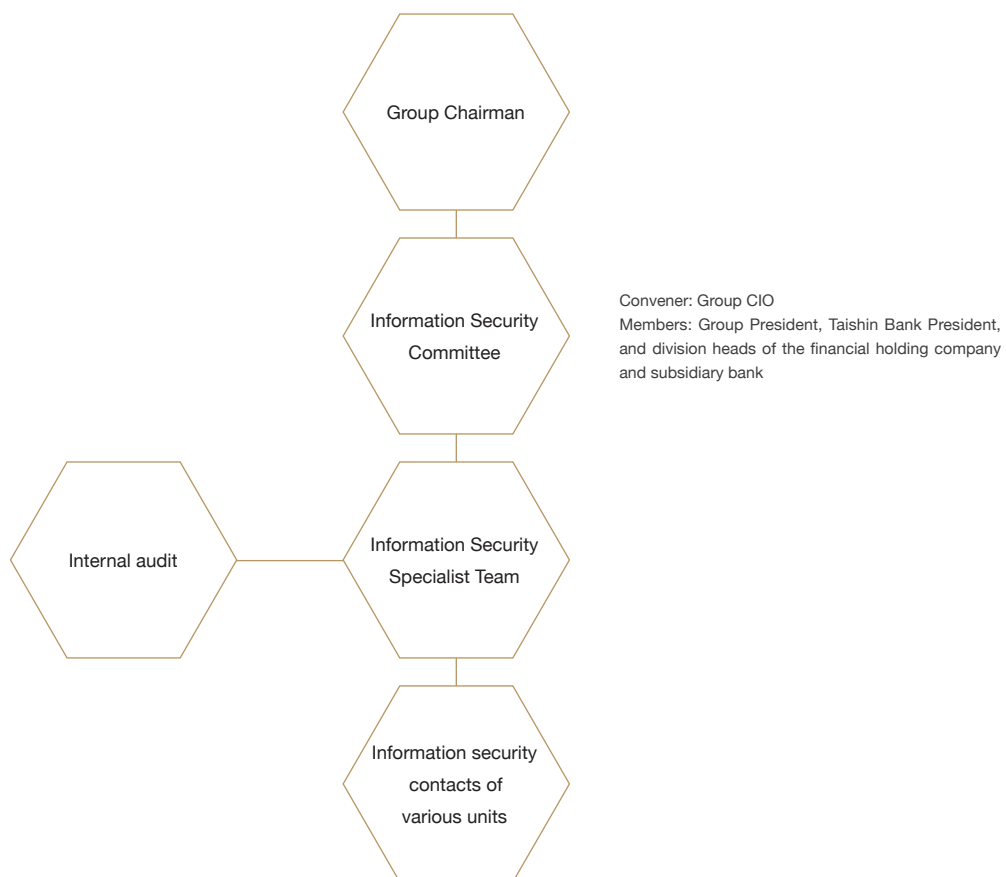


Information Security Management

Taishin Holding has implemented "Taishin Information Security Policy" and "Taishin Holding Internet Security Management Guidelines" to serve as guiding principles for ongoing improvement of information-related operations. Meanwhile, subsidiaries are given useful references as to how they should comply with regulations and establish their own information security policies. An "Information Security Committee" comprising the Group President, Taishin Bank President and level-1 managers has been assembled within the organization. The committee holds quarterly meetings to discuss information security issues and improvement measures. An "Information Security Specialist Team" has been assembled under the Information Security Committee to facilitate more efficient management of information security risks from an organizational perspective. The Specialist Team sets its protection goals in line with the operational strategies and goals of the financial group, while taking into consideration the standards and practices of financial industries around the world. The team constantly searches for internal and external threats from a risk perspective, and strives to create an information security system that supports development of financial technologies.

Taishin first passed certification for ISO27001 ISMS in 2010. Since then, the Company has been engaging an independent third party to conduct reviews once every six months and re-certification once every three years, so as to ensure the effective functioning of the information security management system. **No material information security incident had occurred in 2017.**

Taishin's information security management framework



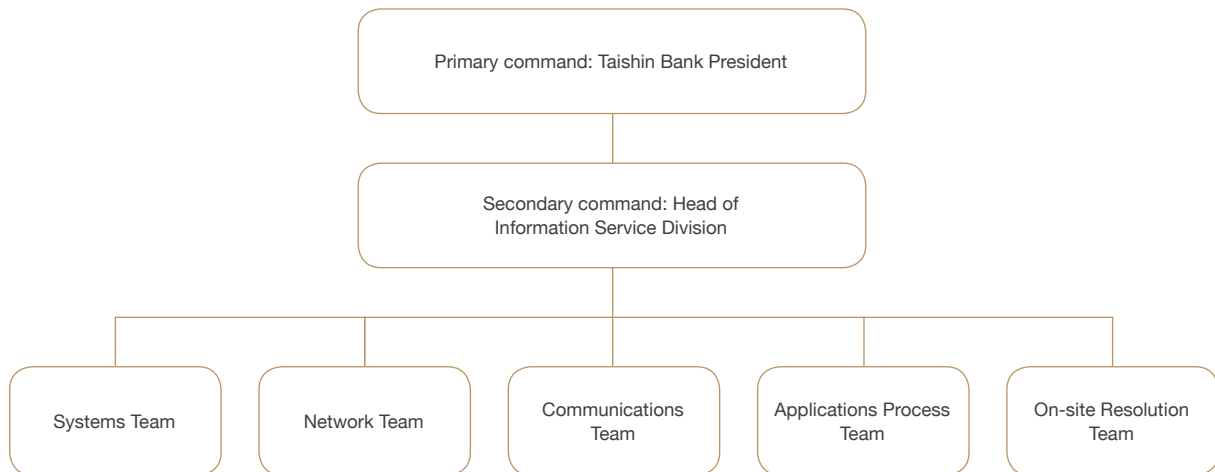
Information Security Awareness and Drill

- Information security awareness: All employees must undergo at least 3 hours of information security awareness training and assessment per year. The training covers a broad variety of topics from regulations, operating procedures, use of IT equipment to information security incident studies, and is intended to develop proper information security awareness among employees. **100% training completion was achieved in 2017.**
- Social engineering drill: All employees are required to undergo social engineering drills, such as simulated phishing emails, on a yearly basis. Test results are further analyzed to identify employees with inadequate information security awareness, for whom the Company will arrange additional training to address the weak link and minimize the risk of threat.



- Information continuity drill: The Company simulates major incidents on key information systems on a yearly basis. By rehearsing responsive plans under different scenarios, Taishin Bank is able to constantly improve system and data recovery processes, and thereby deliver more stable and reliable financial services for the protection of customers' transactions.

Taishin Bank Information Continuity Response Team

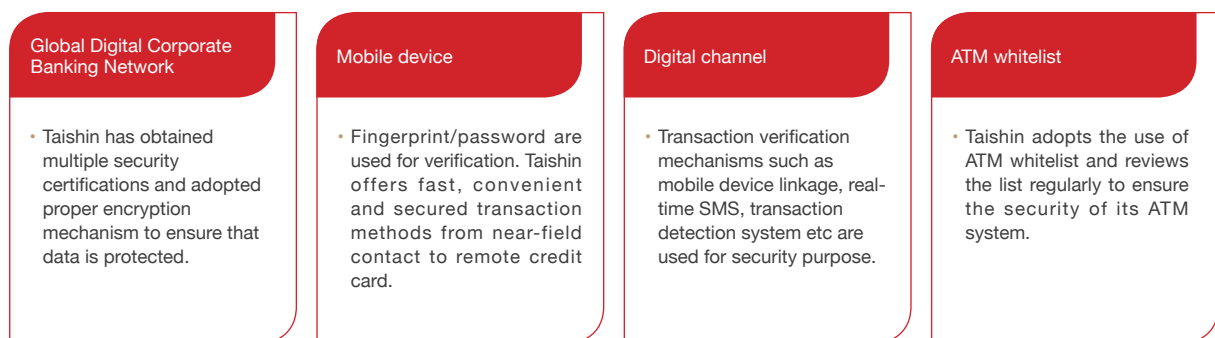


Enhancement of Transaction Security

The worldwide outbreak of ransomware WannaCry in May 2017 and hackers' intrusion to the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system had caused immense losses to banks around the world. Taishin Bank has since implemented several security protection measures for its information systems, network environment and ATMs, and will continue enhancing information security in line with international technology trends and based on weaknesses identified through threat analysis. In addition, the Bank plans to improve its digital forensics capacity over the next three years and construct an information security monitoring center to further strength its security protections.

gathers news on world's latest threats from Asia Pacific, China, Europe, Russia and USA, and performs threat analysis to identify weaknesses where enhanced monitoring of system activities or abnormalities is required. If a threat arises, an information security threat alert will be disseminated immediately along with the activation of information security incident response procedures. In addition, Taishin's network security mechanism functions 24 hours a day and every day of the year to prevent DDOS and hackers' intrusion.

Transaction security mechanism





6 Information Transparency

Taishin has coordinated its internal departments to facilitate more transparent disclosure of information, thereby satisfying stakeholders' needs while maintaining close interaction and communication with stakeholders local and abroad.

Channel	Summary description
Investor seminars and shareholder meetings	<ul style="list-style-type: none"> Taishin organizes investor conference on a quarterly basis and shareholder meetings on an annual basis.
Investor conference and road shows	<ul style="list-style-type: none"> The Company participates in investor conferences and organizes roadshows from time to time to update investors on the Company's latest operations and financial results. In 2017, Taishin organized or participated in 6 investor conferences and roadshows in Asia, Europe and America.
Website	<ul style="list-style-type: none"> Financial and non-financial information is posted onto the website of the financial holding company in a timely manner. The Investor Relations section provides investors with updates regarding corporate governance, shareholder service, material information, financial data, investor conference briefings and broadcast, financial statements, and annual reports. The CSR section not only discloses the Company's sustainability practices, but also has a Stakeholders page available in Chinese and English that provides customers, investors, employees and suppliers with communication channels to present their opinions.
Market Observation Post System (MOPS)	<ul style="list-style-type: none"> Financial information and other material announcements are posted onto the Market Observation Post System in a timely manner.





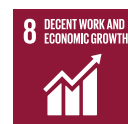
Economic Prosperity

1 Business Performance

2 Overseas Expansion Strategies

3 FinTech/ Innovation

4 Service Quality and Customer Satisfaction · Material Issue



Taishin responds to the ever-changing global financial environment by adhering to its brand spirit of "dedication" supported by pragmatic practices to grow business. With a persistence towards the "3S service guide" - Simple, Sincere and Superior, we innovate continually to perfect our services in local and abroad markets in hope of becoming the financial institution that best meets customers' needs.

Taishin Sustainability Strategy : Expansion of business scale; Development of digital banking; Enhancement of service quality

Medium/Long-term Goals : Expand overseas presence according to long-term plan. Develop innovative financial technology in ways that improve the convenience and breadth of financial services and user experiences.



1 Business Performance

Taishin has envisioned itself as a "consistently growing and trust-worthy financial institution"; the organization aims to expand the scope of all its business activities and improve overall performance by maximizing synergies between affiliated companies. **Following the acquisition of Taichong Securities by subsidiary - Taishin Securities in August 2017, the organization's vision towards banking and securities serving as dual profit engines is finally taking shape.** In the future, Taishin will focus on business growth and risk management, and aim to expand the business scale of subsidiaries by integrating resources of the financial group. In doing so, we shall step forward to the direction of developing banking, securities and insurance as the "three profit engines" and become a globally competitive financial institution.

Financial Performance

Taishin's business performance has maintained stable growth in all service categories, delivering earnings per share (EPS) of NT\$1.15 in 2017. Consolidated net income amounted to NT\$13.07 billion, of which NT\$13.06 billion were attributable to shareholders of Taishin. In terms of capital structure, Taishin maintained its capital adequacy ratio at 124.87% and debt-to-equity ratio at 17.37% as of the end of 2017. The 2017 common shareholders will be entitled to receive NT\$0.54 of cash dividend and NT\$0.44 of stock dividend per share. For detailed information, please visit the Market Observation Post System or the Taishin Holdings official website.



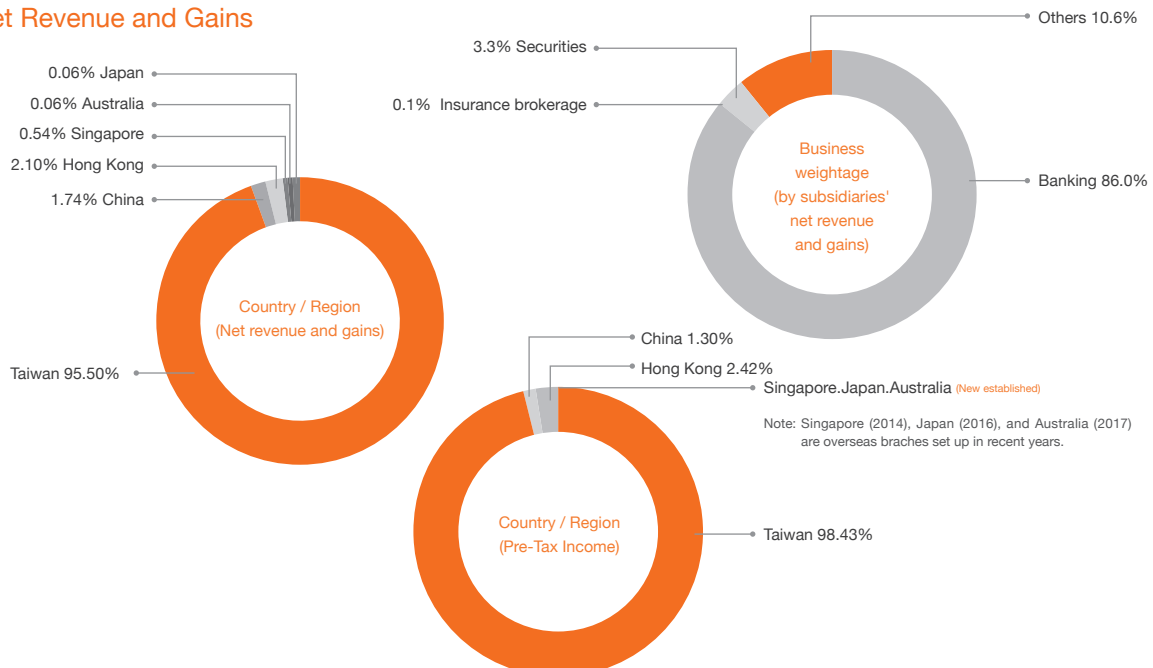
Annual Report

Financial Performance

Unit: NT\$1,000

	Measurements	2015	2016	2017
Management Ability	Total Asset	1,520,230,642	1,576,985,727	1,677,520,316
	Equity	124,959,929	148,875,634	155,322,109
	Book value per common share (NT\$)	12.41	12.21	12.32
	Debt/equity ratio	18.87%	16.93%	17.37%
	Capital adequacy ratio	126.73%	128.48%	124.87%
Profitability	Net Profit Margin (%)	35.26%	31.51%	34.58%
	Return on asset (%)	0.91%	0.74%	0.80%
	Return on common shareholders' equity (%)	11.78%	9.58%	9.61%
	Earnings per share	1.24	1.09	1.15
Distribution Value	Cash dividends per common share (NT\$)	0.48	0.52	0.54
	Stock dividends per common share (NT\$)	0.72	0.43	0.44

Net Revenue and Gains



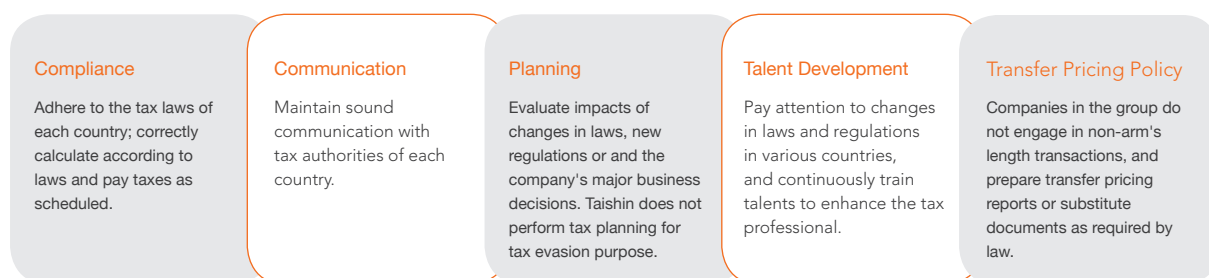


Credit Rating

Taishin's operation is stable with good asset quality. In November 2017, Fitch Rating affirmed the company's international long-term rating of BBB, international short-term rating of F3, domestic long-term rating of A+(tw) and domestic short-term rating of F1(twn), with Stable outlook. S&P affirmed the company's international long-term rating of BBB-, international short-term rating of A-3, domestic long-term rating of twA and domestic short-term rating of twA-, with Positive outlook.

Tax Policy

Taishin is committed to sustainable development and is actively expanding its business in the world's major markets. Faced with different tax regulations around the world, main tax policies of Taishin are as follows:

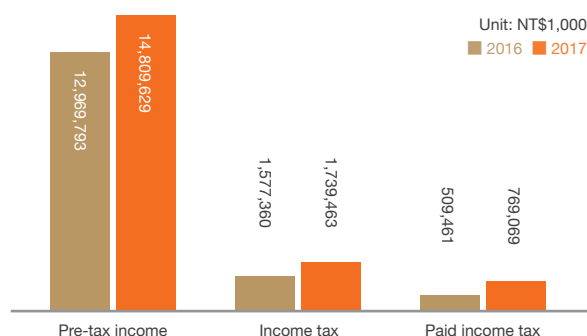


Taishin paid NT\$769 million of income tax in 2017. Below is a breakdown of taxes paid by country/region:

Unit: NT\$1,000

Country/Region	2015	2016	2017
Taiwan	1,925,318	508,227	822,274
China	9,662	1,234	347
Hong Kong	177,323	0	-53,856
Singapore	0	0	0
Japan	-	0	55
Australia	-	-	249
Total	2,112,303	509,461	769,069

Note: Tokyo Branch in Janpan and Brisbane Branch in Australia were opened in 2016 and 2017.



2 Overseas Expansion Strategy

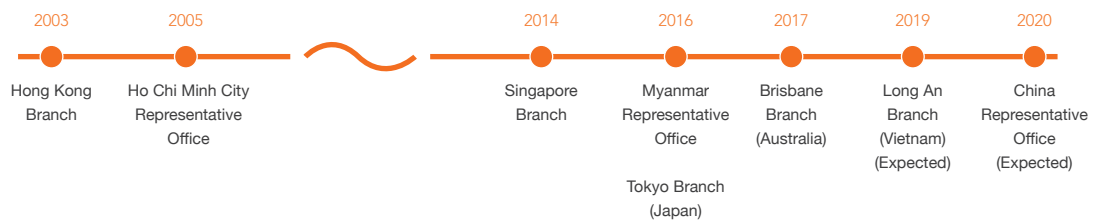
Taishin has been actively expanding overseas in recent years to strengthen the global competitiveness needed to provide customers with a more comprehensive and superior cross-border financial services. Taishin mainly targets Asia and the Pan-Pacific Region for overseas expansion. All expansion plans are subjected to total and diligent assessment of the overall financial environment and local regulatory requirements, while considering the performance of local peers and feasibility of plan execution before deciding on the final solution. Only then will the Company proceed with the application procedures. Response to the New Southbound Policy by government and meet the business opportunities and the demands of financial service from Taiwanese entrepreneurs, Taishin currently aims at ASEAN countries as the overseas expansion focus. In addition to participating in the economic growth of ASEAN countries, this expansion initiative also has the potential to broaden the Company's financial service network and further increase overseas profit contribution. Taishin Bank, one of the Company's subsidiaries, has already submitted an application to the State Bank of Vietnam for the establishment of Long An Branch, and preparations are currently underway.

Furthermore, for the financial convenience of customers in the Greater China Region, Taishin has founded financial leasing companies in Nanjing and Tianjin, China, through its subsidiary - Taishin Venture Capital Investment, and established service locations in nearly 20 cities in China, including branches in Nanjing, Tianjin, Suzhou, Shanghai, Dongguan, Chongqing, Wuhan and Xiamen. Taishin Bank also plans to file an official application to the Taiwanese authority for the establishment of representative office in China by the end of 2018, and commence application to the Chinese authorities thereafter. Taishin Bank expects to open its representative office in China in 2020, which will enable it to reach more Taiwanese entrepreneurs and Chinese customers, and speed up Taishin's expansion plans in the Greater China Region.



Taishin Bank currently has established branches in Hong Kong, Singapore, and Japan (Tokyo), and representative offices in Vietnam (Ho Chi Minh City) and Myanmar (Yangon). The Brisbane Branch opened in Australia on July 31, 2017 was Taishin Bank's first branch establishment in the southern hemisphere, which represented a major breakthrough in Taishin's overseas expansion and signified a new milestone for Taishin's growing cross-border financial service network. The Brisbane Branch has begun operation by focusing on services such as loan, deposit and foreign currency for corporate customers; in the meantime, the branch is actively introducing bilateral lending solution between Taiwan and Australia, trade financing, and other multidimensional financial services as well. Apart from Taiwanese and Chinese businesses, the branch is also looking to expand service reach to local and multinational businesses operating in Australia.

Taishin has secured a foothold in Asia Pacific and the Greater China Region, and expects to increase profit contribution from overseas branches over the years. In the future, Taishin will continue its efforts to grow overseas presence and implement successful financial service experience at overseas markets. By taking steps toward becoming a regionally integrated financial institution in Asia Pacific, the organization strives to expand its market presence.



3 FinTech/ Innovation

The uprise of financial technology (FinTech) brings immense impact and challenge, and speeds up the disruptive innovation that is ongoing within the financial industry, especially for banks. One of the key challenges faced by Taishin at the verge of corporate transformation is using technology and innovative services to enhance the efficiency and competitiveness of its banking operations.

Taishin has been actively implementing Bank3.0 projects. The study and plan started in 2014, digital framework developed in 2015, and the service have been launched in recent years. In order to provide better services and user experience, Taishin has made several major breakthroughs from patent acquisition, product innovation to process optimization. Taishin Bank even became the first local bank to complete testing of cross-border loyalty point exchange using blockchain technology in 2017.

Emerging technologies drive attention to information security management. The hackers' attacks on ATM and SWIFT systems of banking peers in recent years have highlighted the importance of information security management. Please refer to chapter - "Privacy Protection & Transaction Security" for more details.

Patent Acquisition

Taishin obtained a total of 6 utility model patents and 2 invention patents in 2017; details of which are explained below:

Patent Concept	Content	2017 Patent Categories	
		Utility Model	Invention
AnyPay	Taishin was the first local financial institution to obtain utility model patent for "transferring funds using contact information such as mobile number or e-mail"; this innovation was later awarded the invention patent in 2017.	V	V
Shake to Transfer	Taishin obtained utility model patent for "fund transfer over Bluetooth connection with payee"; this innovation was later awarded the invention patent in 2017.		V
One-stop Fund Transfer	Customers are able to transfer funds to multiple payees at the same time.	V	
QR Code Encryption on Certified Device	All customer information generated from cellphone is protected using QR Code encryption, which can only be decrypted using the correct combination of hardware devices, password and software. This new innovation ensures the security of customers' information.	V	
Client/Server Reciprocal Validation	The client side and the server side validate each other to ensure the legitimacy of software and the correctness of website used for transactions.	V	
Mobile Device Identification	Uses mobile devices to identify Taishin employees, and thereby reduce the risk of hackers' attack on employees' system passwords.	V	
Actuarial Algorithm for Collaterals	Collaterals are linked to customers' loans with the value of security coverage recalculated daily to reflect price change.	V	



Digital Finance

Taishin keeps abreast of the latest digital technologies, and develops new financial services where appropriate. We are committed to delivering the best user experience based on a customer-centric philosophy, utilizing digital technology to raise the efficiency of operations, and creating synergy by introducing new business models through cross-industry alliance. We are dedicated to raising Taishin's digital capacity and exploiting the latest innovations to provide financial services that blend into customers' lifestyle.

Cardless Withdrawal

In April 2016, Taishin Bank launched the industry's first cardless cash withdrawal service that brought great convenience to customers. Customers can get a withdrawal serial number and password by using their mobile banking App and withdraw cash from an ATM within the next 15 minutes. In 2017, Taishin Bank once again moved ahead of peers and introduced cash withdrawal over contactless functions such as QRcode and NFC; it also became the first local bank to launch "interbank cardless cash withdrawal" service. More than NT\$100 million of transactions are being completed monthly using this innovative feature, whereas the number of transactions completed has averaged a growth rate of 15% per month.



e-Payment

Mobile Payment

Taishin Bank was the first in Taiwan to introduce the world's three leading mobile payment services, namely: Apple Pay, Samsung Pay, and Android Pay. With the addition of Taiwan Pay, Taishin Bank became Taiwan's first card issuer to incorporate all four major payment services, and successfully established its reputation as a digital innovator. **Cardholders who linked their cards to the 3 major mobile payment services showed more than NT\$4,000 increase in average transaction per card and higher transaction frequency by 4 times per card.** This new feature has proven effective in raising the active card rate. Currently, 1/3 of contactless EDCs used in Taiwan are supplied by Taishin, which amount to more than 130,000 units nationwide. In 2018, Taishin expects to further expand mobile payment applications by working with Fitbit Pay (a wearable device-based payment service) and Garmin Pay.



Virtual Card

Driven by its dedication to mobile payment, Taishin introduced @GoGo virtual card in 2017 that enabled customers to spend at great convenience without carrying physical card. Despite offering the same privileges as physical card to all card holders, virtual card can be issued in 24 hours after the application form sent. In addition, the entire approval process has been digitized so that it reduces energy, resources and manpower while shortening the turnaround time of service, which signifies the arrival of a **cardless era**.



Payment Assistant: CARDaily

The CARDaily App gives 3 million card users access to useful information anytime, anywhere. Instant spending reminder, parking privilege inquiry and online payment are the most highly rated services, whereas 85% of CARDaily users are very satisfied overall with the services provided by the App.

ONE Code Platform

Being the largest credit card transaction acquiring bank in Taiwan, Taishin Bank developed the ONE Code Platform to complement QR code functionality for e-wallet service providers. The ONE Code Platform bridges merchants and e-wallet service providers and allows e-wallet users to pay for transactions via QR code at a broader number of merchants.

ONE Code Platform currently brings local and foreign e-wallet services to nearly 1,000 merchants (over 36,000 payment collection points). We expect to collaborate with major Japanese and Korean payment service providers in 2018 to further expand our e-wallet lineup. In addition, we will expand e-wallet applications to online ticketing, and integrate relevant functions into credit card EDCs to fully integrate the exchange of payment information for online and offline transactions, in order to offer merchants the All-In-One solution with multi-electronic payment options.





Link Pay

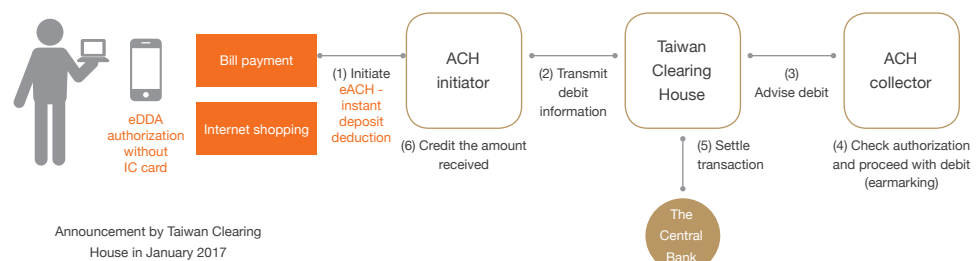
Link Pay is an online payment introduced to replace faxing of credit card information. Merchants can simply create a "Payment Link" on Taishin Bank's platform and message to consumer via email or SMS; once received, the consumer can complete payment simply by clicking on the "Payment Link" and inputting credit card number. The whole process is much more secured to both the buyer and the seller. We expect to promote this service to small and medium-size merchants, travel agencies and hotels in 2018.



Mobile Collection (eACH)

Taishin Bank is in the leading position to completed eACH instant deposit deduction message development by September 2017 and launch a new product named Barcode Mobile Collection Service (hereinafter referred to as BMCS), which is the first to combine bill payment barcode scans and Taiwan Clearing House eACH(enhanced auto clearing house) direct debit. This product is not only a breakthrough product within the industry, but has also set a milestone in Taiwan's payment collection market. Payers can make bill payments anywhere and anytime through BeePay App (launch date to be determined) after applying for account authorization. For corporations, BMCS will effectively shorten the processing time of cash flow, and the collection fee will be cheaper than before. To create a more convenient environment for payers, Taishin Bank plans to build a certification and payment platform to expand the application field of BMCS, to support various corporations and to simplify the payment procedure for payers.

The era of mobile payment has arrived; consumers are able to verify account and complete payment using the **Taiwan Clearing House App**



Cross-border Payment

Following the introduction of Alipay to Taiwanese merchants, Taishin Bank once again launched two major cash inbound/outbound services this year, namely Taobao's online cash outbound service and WeChat Pay in August and September 2017. **There are 2800 collection points in Taiwan supporting cash inbound/outbound service**, including airport duty free shops, department stores to major shopping districts and night markets. Taishin customers are able to shop at online merchants such as Taobao and Tmall using bank-issued ATM cards, which avoids the high handling charges of international credit card payment. In the future, Taishin will bring globalized cash inbound service to benefit Taiwanese merchants by introducing more payment tools from other countries. Plans have been set in motion to introduce payment tools from Korea in 2018.



Cross-border Loyalty Point Exchange

Taishin Bank actively invests into the application of Blockchain technology and became a member of Enterprise Ethereum Alliance (EEA, an international organization for blockchain technology) and Global Loyalty Network (GLN, a global loyalty points organization) in May 2017. We were **the first bank in Taiwan to complete testing of cross-border Blockchain exchange**, which enables it to serve as a platform for cross-border transactions and loyalty point exchange. Consumers may transact or exchange for the points needed over this intermediate platform without extra purchase for loyalty points. By exploiting the inalterability, encryption, traceability and timeliness of the Blockchain technology, Taishin is able to provide bookkeeping and loyalty points exchange service. This capability also opens up possibilities for new cross-border applications in the future!



Cross-border Remittance

WBS - Worldwide Banking System

WBS enables foreign currency fund transfers between Taishin's Head Office and customers of Taishin's overseas branches faster and more direct, instead of the traditional way of SWIFT, which is a slower and more expensive one. This system is expected to be functioned at the Head Office, the Tokyo Branch and the Brisbane Branch in 2018, and the Hong Kong Branch in 2019. Since it was first launched into action; WBS has received 7 international awards, ranged broadly from best corporate banking platform, best corporate innovation, role model bank, best risk management technology, to most innovative system.



Optimized Service Procedures

In addition to product and service innovations, Taishin also incorporates the use of technology to raise service efficiency in all aspects of its current procedures. This streamlines operating procedures, improves service quality and brings fresh user experience.

Marketing

Financial Advisor App

Taishin launched the Financial Advisor App in 2014 to assist financial advisors to provide customers the most up-to-date investment information during their visit. The App also features useful functions such as appointment scheduling, auto import of interview records, customer birthday reminder etc. Taishin has more pro-active upgrades planned for the Financial Advisor App in 2018 to further improve operating efficiency. These version upgrades will bring optimized functionality and interface to deliver better service experience for customers.

Digital Account Opening Process

In 2017, account opening documents have been scanned and stored in digital files to reduce paper usage. Besides, OCR (Optical Character Recognition) technology has been used to save time and efforts on data archiving. In the future, customers will be allowed to pre-fill the online application forms, such as account opening, fund transfer and remittance services, to shorten their waiting time.

Account Opening

Mortgage/Auto/Personal Loan App

The efficiency of the loan application is improved by connecting cellphones of frontline staff to the back-end information system, via which the applications can be submitted immediately. Taishin launched Auto Loan App in 2015, and the platform was applied to mortgage and personal loan in 2016. In 2017, the App was upgraded with features such as "occupation," "vehicle type," "monthly installment calculation," and "interest shortfall/commission calculation" to help sales staff answer customers' queries during their visits. The loan App is estimated to save approximately 12.51 million man-hours per year on mortgage/auto/personal loan application, and has significantly reduced the cost of SMS and faxes to NT\$0.

Loan Application

iLoan

The loan application process was optimized with multi-screen support for customers to submit application by three simple steps and attach relevant documents simply by taking photos with their cellphones. What used to be a long, complicated process can now be completed easily and quickly. The Bank expects to expand this system to mortgage housing loan in 2018. **The percentage of online loan applications in the initial month when the system was launched in 2017 was 50% higher than the monthly average between January and September of the same year.**

Automated Loan Approval

By applying optimized procedures such as loan contract overprints, due diligence online and automated loan disbursement, the Bank has effectively reduced the approval turnaround time and improved the quality. In 2018, we will promote digitization for rights of claims documents to reduce the use and delivery of paper.

Micro Businesses - Implementation of Application Review System

The application review system, implemented in 2017, achieved paperless operation and reduced application review turnaround time by 50% via image processing and transmission of loan applications from micro businesses.

Loan Approval

Repayment Wizard

The system, launched in August 2016, enables customers to make repayments to a virtual account number, and where proceeds are further allocated to sub-accounts through the Bank's back-office system. The Repayment Wizard simplifies the overall repayment process, which saves the working hours of performing manual inquiries, manual account offsets and manual journal entries, and **produced annualized benefit of about NT\$30 million in 2017.**

Repayment

Smart Everything

In 2017, the Bank adopted the use of artificial intelligence to remind employees of the latest update in collection cases. This innovation reduces the working hours of confirming customers' information repeatedly, and improves overall efficiency of the collection process.

Use of Big Data

In response to the rapidly advancing technologies, Taishin has taken actions to adopt big data as part of its operating procedures, to provide more comprehensive and smarter services for customers.

Digital Footprint

- By analyzing customers' web browsing patterns, we gain insight into customers' needs and difficulties with regards to various operations processes to further refine our overall service quality.
- The Bank made search engine optimized for keywords that are likely to be searched by customers.
- Through data analysis, we are able to identify potential customers and make offline marketing to reduce advertising costs.

2016 Initial implementation

The personal loan website was launched; the number of customers solicited had increased by 2.5 times, generating NT\$3,487,000 in total benefits from 2017/3 to 2017/12

Expansions planned to incorporate credit card, fund, and Richart App

Wealth Management Members - Personalized Information Service

- The Bank provides customers personalized financial information and best product recommendations, based on monthly market outlook, and study of customers' holding positions, preferences and needs, to create undisrupted customer experience from "information, product offering, to transaction." Financial advisors are able to deliver investment consultation offline by using a mixture of virtual and physical interaction systems to satisfy customers' needs for self-served investment online as well as consulted investment offline. Results of upgraded version: The view rate of personalized investment e-newsletter, launched online in November 2017, increased substantially by 30%, meanwhile, customers who clicked on EDMs were more likely to subscribe to the offered products than customers who did not click on EDMs, by a margin of 1.7%. In just 2 months after being launched, the Bank received a total of 289 requests for offline service by actual financial advisors. Distribution of focused information has indeed raised the efficiency of financial advisors' consultative efforts.
- The Bank plans to activate a digital trail project in 2018 to study more about customers' preference, information disruptions, to optimize the quality of information offered to customers, so that self-servicing customers can review and adjust their asset portfolios in a more timely and active manner.

AI Customer Service

- In light of recent breakthroughs in AI technology, the Bank introduced a new AI-powered online customer service system, Rose, in November 2016. After our continuous optimization efforts, the system can now fully respond to 98% of customer queries.
- In 2017, **Taishin Bank moved ahead of peers by adding features such as voice recognition and voice response to AI application**, which enable customers to ask questions verbally to the online customer service system and receive replies in text and voice form, which saves customers the trouble of inputting and reading texts, making the online function more convenient to use while facilitating more humane interactions between the customer service system and the customers.



4 Service Quality and Customer Satisfaction Material Issue

Driven by a 3S service guide (Simple, Sincere and Superior), Taishin always strives to provide customers with high-value services from customers' perspective. Beyond the Fair Customer Treatment Principle, Taishin also dedicates to meet the needs of different consumers by offering diverse and appropriate solutions. By listening and responding to customers' voices, we constantly optimize service quality and build relationship with customers, which is how Taishin has earned the trust and recognition of the public.

Protection of Customers' Interests

Due to our respect for customers' interest, our persistence in maintaining service quality, and our corporate culture to protect financial consumers, "Fair Customer Treatment Principle" has been established based on the guidelines of the Financial Supervisory Commission while taking into consideration the decisions and mediations made by courts and relevant institutions (e.g. Financial Ombudsman Center and Securities and Futures Investors Protection Center).

Over the course of customer interaction, we remind ourselves to adhere to the "Know Your Customer" (KYC) principles. In terms of product control, Taishin coordinates internal resources toward researching financial markets around the world, and performs quantitative as well as qualitative analyses of product in order to structure the most suitable product portfolios for customers of different risk profiles. This practice fully conforms with "Know Your Product" (KYP) principles. Furthermore, the Bank strictly enforces customer suitability analysis and classifies customers by risk tolerance. After completing customer assessment, we offer suitable products that match customers' needs and profiles, and explain to them the Bank's product suitability policy so that they can fully understand product details, risks and matters concerning their own interests. Whether from a KYC or KYP perspective, our ultimate goal is to act in investors' best interest.

With regards to the offering of complex, high-risk products, Taishin has specified in its "Fair Customer Treatment Principle" that it is a legal requirement that any explanations or disclosures made to customers must be video or audio-recorded unless the customer disagrees otherwise or if the transaction is completed using automated channels. All first-time sale of complex, high-risk product must be reported to and approved by the board of directors. All transaction documents, marketing materials and product information disclosed on website have been prepared in compliance with laws with complete disclosure on related expenses and risks. It is our intention to make customers aware of the details and risks associated with their products.

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

Employee Training

To ensure the most sincere services, Taishin arranges service quality and customer satisfaction-related training courses each year for employees of different position. These courses have been designed to deliver the service quality that reflects Taishin's brand spirit of "Dedication."





Connecting Different Customers

Implementing differentiated management and acting from customers' perspective have always been the key issues for Taishin. Taishin is driven by the motivation to serve and care for customers; it emphasizes on learning customers' needs, offering the right solutions, and delivering products and services that best meet the requirements of different customer groups.

Young Generations	<p>Richart - the digital banking brand (for more information, please refer to "Best Combination of CSR and Banking Services" on P.6-7")</p> <ul style="list-style-type: none"> In view of recent developments such as Bank 3.0 and increasing number of smartphone users, young generation rarely visit banks in person. Having realized that conventional banking processes are too complicated and time-consuming to satisfy the needs of young people, Taishin launched Richart as a fast and humane solution to help young generation acquire the financial services they need within the shortest time and in the most simplistic, convenient, transparent and personal way possible. The investment instruments are perceived as "high threshold investment" and "too complicated" to appeal to young people; therefore, Taishin introduced investment plans with NT\$10, which encourages young people to invest with small sums of capital at an early stage while providing them with access to quality financial service.
Family Customers	<p>Family Membership of Wealth Management</p> <p>As customers age, there arises the need to transfer assets to the next generation. In an attempt to help children develop proper investment knowledge from childhood, Taishin's wealth management team introduced a family wealth solution in 2014 that offers relatively stable asset allocation customized for individual family members, including the use of child investment account. It is a useful solution for assessing asset allocation from a household perspective and customers are advised to divide their investment capital into three equal portions and allocate them into three different risk categories, namely savings, insurance and investment, so that all family members are able to share privileges and entitlements.</p>
Salary Account Customer	<p>Localized Salary Payment</p> <p>In 2014, Taishin Bank launched an integrated service of salary account for corporate customers. By 2016, the Bank had completed matching customers to nearby branches, and customers may access financial service at branches nearby. Starting from 2017, Taishin has escalated its localization efforts and provided customized/personalized services such as collection/payment management, investment advisory, and product suggestion to satisfy customers' needs at different stages in life and career.</p>
Senior Citizens	<p>Senior Reverse Mortgage</p> <p>An aging society combined with low fertility rate will inevitably cause the dependency ratio to rise over time. In anticipation of this trend, Taishin Bank introduced its first "Senior Reverse Mortgage" program in 2016, hoping that by combining mortgage product with trust and insurance services, we may offer senior citizens a certain level of assurance to their elderly lifestyle, and support them financially with respect to their nursing and living needs.</p>
Corporate Customers	<p>Corporate Internet banking App</p> <p>With functionalities such as account inquiry, group account inquiry, customer service setting, foreign currency transaction approval and release, the App satisfies corporate customers' needs to access full information at all times.</p> <p>Digital Corporate Banking Network</p> <p>Taishin Bank has been planning a 2-year, multi-phased "Global Digital Corporate Banking Network" project since 2016 as a response to the digital trend. This project will upgrade the existing corporate banking platform to a modularized system that supports multiple languages, browsers and user interfaces with new service functions such as large-sum currency exchange, diverse remittance channels, integrated collection/payment, fund sales, wealth management etc, and will feature the use of more flexible security measures and a global framework that satisfy the level of usability expected by corporate and overseas customers.</p>
Merchant Customers	<p>Merchant Customer Transaction Acquisition Service Platform</p> <p>As technology evolves, communication between customers and the acquiring bank are no longer constrained by time and space. Following the implementation of "Merchant Customer Transaction Acquisition Service Platform" in 2017, customers are able to access account information, download e-statements and certificates, request for EDC consumables, and request for equipment repair entirely over the platform. The use of digital process not only improves service efficiency, but also lowers communication costs and raises customer satisfaction at the same time.</p>

Customer Relationship Management

Taishin believes systematic practice to be the key to sound customer relationship management, and long-term interaction through diverse communication channels as an essential element to understanding customers' needs. It is our goal to work alongside customers toward financial prosperity.

Satisfaction survey results

Taishin sets its annual targets at levels higher than that in the previous year, and uses results obtained from satisfaction surveys to devise action plans for ongoing improvement. In 2017, Taishin Bank set its goal to achieve satisfaction rating of 81.9% from consumer banking customers, and received an actual result of 85%, which represented an improvement over the previous year. Furthermore, to promote excellent service culture, the Bank organizes an annual "Taishin Service Role Model" competition in which the Chairman and senior management are invited to commend employees who exhibit the most exceptional service standards. Through this event, we aim to inspire bank employees to develop a passion for service and fully embrace the Bank's service culture.







Customer Satisfaction	2015	2016	2017		2018
	Actual Result	Actual Result	Goal	Actual Result	Goal
Consumer Banking	79.2	80.9	81.9	85.0	85.8%





Communication channels and methods

Taishin uses a diverse range of channels and methods to make customers' communication more effective:

Listening to customers' voices	Description
 VOC (Voice of Customer)	Taishin Bank has a VOC program in place that receives an average of 200 recommendations from customers per month. Each year, the Bank conducts surveys on "specific issues" raised by individual departments, in which it takes initiative in gathering customers' voices and produces analysis reports for use by accountable units to facilitate service improvement.
 (Responsive Web Design, RWD)	Customer opinion surveys used to be conducted manually by phone, which not only incurred higher costs, but also required customers' responses to be converted into digital format before commencing analysis. These limitations prevented the Company from expanding the scope of survey and reacting to customers' requirements in time. In view of these shortcomings, Taishin became the first in the industry to adopt the RWD (responsive web design) approach in designing user-friendly questionnaires for mobile devices. This new approach raised survey response rate to more than 60%, which eliminated the communication gap between Taishin and its customers.
 Mystery Shopper	The Bank assigns mystery shopper-certified employees to visit and examine service quality physically at branches each month. Branches are assessed on numerous aspects from service etiquette, initiative, addressing of customers' needs, professionalism, to complaint handling. In addition, the Bank has mystery shoppers calling the 24-hour service hotline on a quarterly basis to rate the quality of employees' basic service, problem handling and efficiency. The results are used internally for improvement and management purpose.
 Customer satisfaction survey via QR code	In addition to adopting the RWD approach, the Bank also posted QR codes at branches nationwide since October 2017 that customers may scan with their cellphones or tablet PCs to complete opinion forms. This questionnaire not only serves as a more immediate feedback of customers' opinions, it also replaces the use of paper and thereby contributes to the protection of the Earth's environment.
 Branch Service Opinion Forms	"Service opinion forms" have been placed at branches nationwide for customers to express their opinions. Once completed, customers may either mail them or drop them inside the branch's opinion box; the management will then respond to customers' suggestions and devise action plans for improvement.
 Branch service Satisfaction Survey	To facilitate understanding of customers' opinions immediately after their branch visits, the Bank engages a third party market research company to conduct quarterly satisfaction surveys with respect to "service attitude," "waiting time," "effectiveness of problem-solving," and "clarity of queries addressed."

Grievance mechanism

Taishin has a grievance system in place to protect consumers' interests. Execution of the grievance system is reviewed and discussed regularly. Taishin Bank offers multiple customer feedback access points, including the 24-hour customer service hotline, the customer opinion hotline (0800-079-885), service opinion forms available at branches, customer inquiry online form on the website, post letters, and visit to the local branch.

The Head Office sets a unit that specializes in handling customers' complaints; the unit systematizes all customer complaints and disputes escalated by frontline staff, to manage and track the progress of each case to ensure that customers' queries are responded properly. The process of each case is reviewed by the unit for violation against financial consumer protection laws, and hence protects customers' interests. Customer complaints are consolidated regularly with causes of complaint analysis for improvements to avoid recurrence.

For corporate customers, the Bank has a specialized unit within the wholesale banking segment to handle such actions. Should a complaint or financial consumer dispute arise, the issue in question needs to be raised for discussion in the upcoming wholesale banking executive management meeting (held once a month). Any violations against the Fair Customer Treatment Principle or Financial Consumer Protection Act are to be reported during quarterly executive management meetings, and reported to the board of directors once every six months.

Taishin believes that only by placing customers' interests in the top priority and respecting the opinions and feedbacks of every customer, can the organization deliver exceptional services to win customers' trust.

Case Study

A corporate customer received an USD inward remittance, but due to an error in the payee's name, the proceeds could not be credited on the same day. The frontline staff offered customers several solutions and assisted actively in the communication, thereby enabling the proceeds to be credited into the customer's account. The customer was very impressed by the quick response and professional service and assistance at the first instance provided by Taishin employees.

Wholesale Banking Customer Service Junior Manager Yo said: I picture myself as "reputation endorser" of the company and put myself in customers' shoes at all times. Treating customers like family is what motivates me to go the extra mile.



Green Environment

- 1 Green Finance
- 2 Environmental Protection and Energy Conservation
- 3 Supplier Sustainability Management



Since 2009, Taishin has been introducing energy conservation programs to raise employees' environmental protection awareness. At the end of 2016, a "Green Operations Team" was assembled specifically to promote energy and environmental management within the organization, and reduce possible environmental impacts caused by business operations. In response to the government's policies and climate changes around the world, Taishin embraces the idea of green financing and accepts it as a means to contribute to the sustainable goals. Meanwhile, Taishin coordinates with upstream and downstream supply chain partners to take steps toward protecting the environment.

Taishin's Sustainability Strategies : Support of global environmental protection initiatives; Improve environmental protection performance; and 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



1 Green Finance

The world has seen increasingly drastic climate changes in recent years; not only do extreme weather conditions and natural disasters bring risks and challenges to businesses, rising CSR awareness also causes consumers and investors to develop higher expectations for environment-friendly products and services; these bring more attention than ever to addressing environmental, social and governance (ESG) risks.

Taishin is committed to maintaining a sustainable vision and strategy at home and abroad. From the United Nation's "Sustainable Development Goals" (SDGs) to the ongoing decommissioning of nuclear power, energy transformation, and carbon reduction policies in Taiwan, Taishin contributes to the initiatives or businesses involved in renewable energy, energy conservation technology, and environmental protection. By directing capital towards green energy and related technologies, we hope to lead businesses in a pursuit for low-carbon economy and sustainable growth. To this end, Taishin has been incorporating the ESG spirits into its company policies while enhancing corporate governance and risk management practices in ways that would influence borrowers and investees toward environmental protection and corporate social responsibilities.

Green Finance Policy

Taishin is well aware of how a company's policies are critical to the execution of green financing, which is why Taishin Securities Investments Trust ("TSIT") signed the "Stewardship Principles for Institutional Investors" in 2016 to better understand and manage investees. In terms of awareness enhancement, Taishin continues paying attention to the performance of its investees on several aspects including news, financial performance, environmental protection actions, social responsibilities, protection of workers' rights, and corporate governance. It engages investees in communications and interactions using a number of appropriate means. In terms of investment management, Taishin has established robust voting policies and made detailed disclosures of vote results for all invested businesses as well as attendance and voting at Shareholders' Meetings regularly. For example, Taishin made a public disclosure on its portal regarding "Attendance and Voting at Shareholders' Meetings - 2017" on March of 2018 and has been making regular disclosures on due diligence governance to customers or beneficiaries.



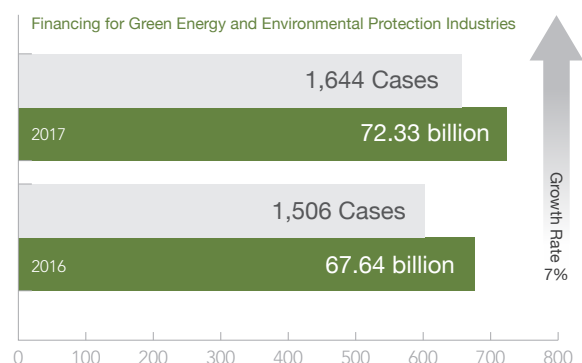
Attendance and Voting at Shareholders' Meetings-2017

In 2016, Taishin revised its "Risk Management Policy" and introduced the risk management goal to "take into consideration all economic, social and environmental risks associated with climate change and corporate sustainability." The policy specifically requires the inclusion of sustainability risk in business decisions, in addition to conventional risk categories such as credit, market, operational and liquidity risks, in order to avoid losses. As green finance emerged to become a prominent trend in the world's financial industry, Taishin FHC established "Green Finance Principles" in 2018 to govern commercial activities carried out by all subsidiaries within the group. The principles will clearly outline which businesses to support and which ones to avoid, and emphasize the importance of incorporating ESG risks into transaction review and post-transaction management.

Responsible Lending

Financing for green energy and environmental protection industries

Taishin Bank has been supporting the government's "5+2 Industry Project" since 2016 by actively lending to the 7 highlighted industries. In 2017, credit balance owing from the above industries amounted to NT\$124.3 billion, 11% higher than that in 2016. Green energy and environmental protection industries combined a total credit balance of NT\$72.33 billion, 7% higher than that in the previous year, and represented 7% of the NT\$1,044.3-billion credit portfolio. Solar power plants and green energy businesses make up a significant percentage of the overall credit balance, and the Bank offers additional performance scores as a means to encourage the business department in sourcing such cases. The Financial Supervisory Commission introduced a "Green Financing Action Program" in 2017 that encourages local financial institutions to commit resources into green industries for the sustainability of the local economy. The Bank will continue paying notice to new measures introduced by the government and the latest development of the green energy industry, and strive to assist a greater number of businesses in raising capital for their environmental, social and economic transformation efforts.



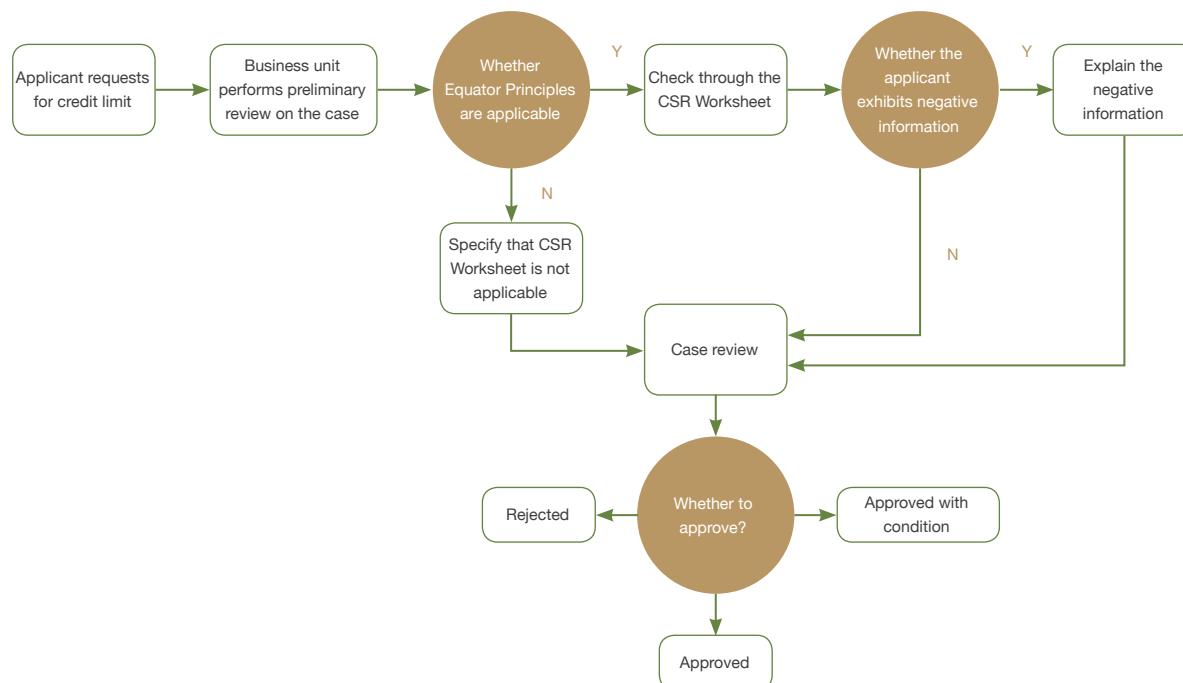
Project financing

Taishin Bank has been adopting the spirit of Equator Principles since October 2015. All new loan applications and all existing credit cases requesting for limit increase or change of terms are required to complete a "Project Financing Application Social/Environmental Risk Investigation and Disclosure Worksheet" (also known as "CSR Worksheet") to check if the application satisfies the criteria. For loans that satisfy



the criteria of project financing, Taishin Bank will also investigate and ask to disclose possible exposure on environmental and social risks, including pollution, use of raw materials, false advertising, and violation against labor regulations, given the applicant's status or the location of the financed project.

The procedure for evaluation and review is as below:



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

There were 38 project financing cases or credit cases relating to projects in 2017. The amount borrowed totaled NT\$66.39 billion, representing approximately 2.7% of cases in the wholesale banking segment. 17 of which were approved, 16 of which were approved with condition, and 5 were rejected. There were 43 project financing cases or credit cases relating to projects in 2016. The amount borrowed totaled NT\$46.17 billion, representing approximately 1.9% of cases in the wholesale banking segment. 19 of which were approved, 16 of which were approved with condition, and 8 were rejected. There were 22 project financing cases or credit cases relating to projects between October and December 2015. The amount borrowed totaled NT\$28.67 billion, representing approximately 6.9% of cases in the wholesale banking segment. 10 of which were approved, 11 of which were approved with condition, and 1 was rejected. Summary of approval decision:

	Rejected	Approved with condition	Approved	Total cases reviewed	Total amount of loan applied (in multiples of NT\$100 million)	As a percentage of wholesale banking credit cases in the year
2015 (Oct. –Dec.)	1	11	10	22	286.7	6.9%
2016	8	16	19	43	461.7	1.9%
2017	5	16	17	38	663.9	2.7%

Note: In 2017, top 3 of the 5 rejected cases in terms of loan amount on the application were as follows:

1. Textile label company for NT\$5.67 billion
 2. Aircraft leasing company for NT\$610 million
 3. Real estate leasing and development company for NT\$300 million
- The cases above were rejected as they were deemed to be too risky.

Out of all qualified project financing cases and credit cases relating to qualified projects in 2017, 2 of which exhibited negative information in the CSR Worksheet. Details are as follows:

Company	Amount applied (US\$ 1,000)	Issue of dispute	Details of negative information	Result (US\$ 1,000)
A (CAYMAN) LTD	USD80,000	Environmental Pollution	Discharge of wastewater had resulted in the death of fish on a large scale. The customer had paid fines and completed most of the required improvements.	Agreed to maintain current limit of mid/long-term syndicated loan
B (CAYMAN) LTD	USD123,750	Environmental Pollution	Discharge of wastewater had resulted in the death of fish on a large scale. The customer had paid fines and completed most of the required improvements.	Reduce limit to USD 100,000



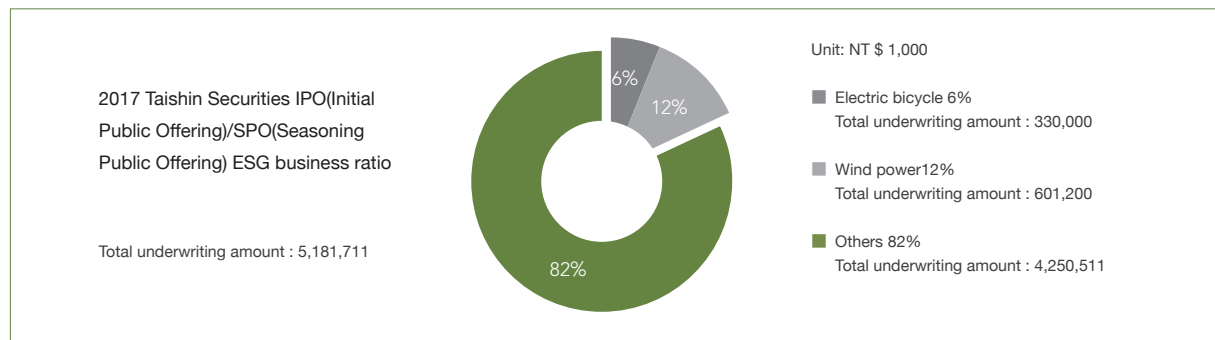
Responsible Investments and Products

Jupiter Ecology Fund

Taishin Securities Investment Advisory first introduced Jupiter Fund series from UK in 2008. The "Jupiter Ecology Fund," in particular, has had a long history of nearly 29 years and is regarded as the pioneer investor of the environmental protection industry. The size of the fund has expanded in the last 5 years, with GBP 596.58 million of assets under management at the end of December 2017. The "Jupiter Ecology Fund" invests in companies that dedicate themselves to finding solutions for challenges in the environment and the society. The fund emphasizes on a number of values including social justice, peace, economic development, and ecological harmony. It exercises stringent control over the ESG risks of its investees, and has a defined list of undesirable subjects including those that earn more than 10% of their revenues from weapons, alcoholic beverages, tobacco products, pornography, nuclear power or gambling, and any company involved in the testing of animals. "Jupiter Ecology Fund" not only satisfies investors' expectations for corporate social responsibilities, but also raises consumers' awareness to business opportunities and solutions in association with sustainability issues.

Assisting ESG Industries Raising Capital

In addition to incorporating ESG assessments into investment activities, Taishin has also been helping ESG-related industries raise capital. In 2017, Taishin Securities helped 3 companies in the energy conservation and renewable energy business raise capital from the capital market. The amount of securities underwritten totaled NT\$931 million, representing 18% of total securities underwritten during the year. Before accepting customers' requests, Taishin Securities would conduct diligent assessments to determine whether customers were involved in any major pollution or violation of human rights. If so, Taishin Securities would require customers to make improvements during the counseling process before assisting with public offering or fundraising activities. In 2017, Taishin did not raise capital for any customer involved in major pollution or violation of human rights.



ESG products and services

Product categories relating to environment and climate change	Company	% of all business	Descriptions
Green lending	Taishin Bank	7%	Credit balance of green energy, biotech medicine, circular economy, and new agriculture
Loans were granted according to the Equator Principles	Taishin Bank	3%	There had been 38 qualified project financing cases or credit cases relating to qualified projects
Investments in the environmental protection industry	Taishin Securities Investment Trust	41%	Primarily focused on energy storage, solar power, smart energy management, shale gas/natural gas, and environmental protection-related themes
Environmental consultation service	Taishin Securities	18%	Assisted 3 energy-conservation and renewable energy businesses in the underwriting of securities in the capital market
Environment-related fixed income	Taishin Bank	8%	Interest income from holding of green bonds
Digital application of loans	Taishin Bank	27%	Amount of new online personal loan disbursed



2 Environmental Protection and Energy Conservation

Environmental Goals

Items	Units	2017 Goals	2017 Results	Remark
Scope1 Emission	tCO2e	3,345	3,074	Reduction target of 1%, the actual reduction of 9.03%
Scope2 Emission	tCO2e	17,188	17,077	Reduction target of 1%, the actual reduction of 1.64%
Energy Consumption	MWh	36,200	36,190	Reduction target of 0.95%, the actual reduction of 0.98%
Water Consumption	cubic meters	139,194	144,056	Equivalent to the reduction of the average water consumption per person by 4%
Total waste disposed	ton	714.11	800.32	Due to the increase in the number of employees and the business expansion of the region, the target has not been reached.

Faced with the possible risk of climate change, Taishin has been paying close attention while ensuring compliance with the latest regulations, and is actively supporting the government's green energy policies. Solar power equipment was first installed at Neihu Building at the end of 2016, which generated 20,253 kWh of green energy in 2017. Next, Taishin supported the domestic renewable energy certification system introduced by Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, and became the first wave of companies to purchase of certified renewable energy. In the meantime, Taishin completed its ISO 14064-1 Greenhouse Gas Inventory to accurately track and control greenhouse gas emission, and the results were certified by a third party. Furthermore, to ensure ongoing enhancement of energy performance, Taishin has been collaborating with the Bureau of Energy, Ministry of Economic Affairs, to create an "Intelligent Energy Performance Management Information System" based on ISO 50001, so that feasible and effective actions can be taken to improve energy management. With regards to the use of resources, we take initiative in eliminating use of paper, saving water, and implementing proper waste management to minimize the environmental impact of our business operations.

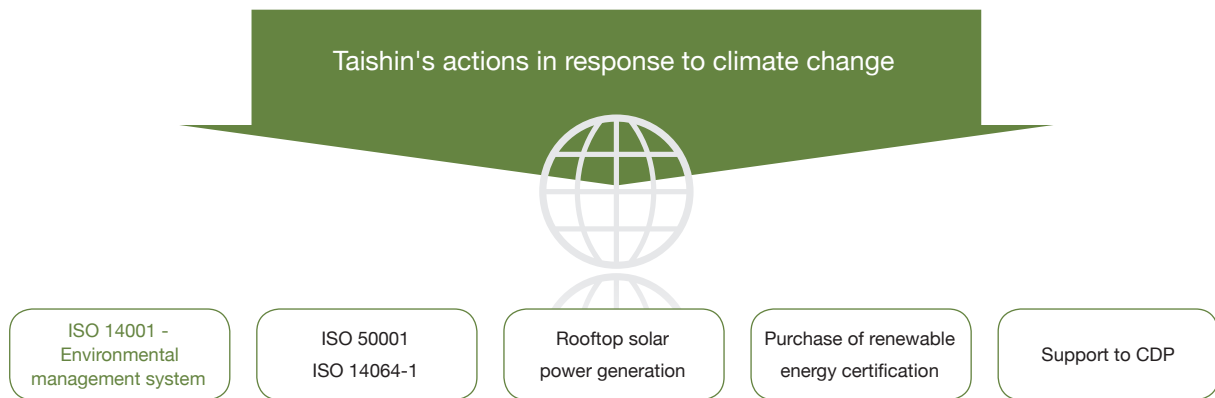
Responses and Actions for Climate Changes

Challenges of climate change have become the focus of the world. For businesses, the most critical issues involve finding ways to mitigate and adapt to the impacts and ensuring sustainability of business activities. Taishin is a financial institution; its environmental impacts are mostly in the form of power usage and greenhouse gas emission from office buildings and branches. After diligent assessment and consideration, Taishin decided to adopt ISO 50001 - Energy Management System and ISO 14064-1 - Greenhouse Gas Inventory progressively starting from Taishin Tower and Neihu Building, which are the two most populated office premises (coverage rate 31.56% of the employee size), then expanding to other business premises. In the future, Taishin also plans to adopt ISO14001 - Environmental Management System and evaluate environmental impacts from all aspects of the corporate value chain. Monitoring and improvement measures will be implemented where necessary to ensure ongoing improvement of environmental performance.

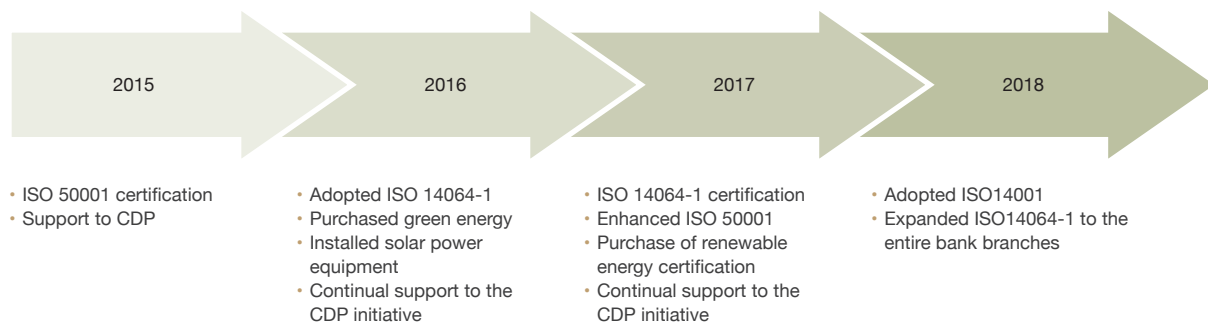
Prolonged global warming has resulted in extreme climate changes, increasing the risk of flood in areas of low elevation during Typhoon and heavy rain, and increasing the risk of fire during dry seasons under high temperature. In response to the above risks, the Bank has purchased fire hazard coverage for its own business premises, including buildings, renovations and revenue-generating equipment. The Bank also purchased fire hazard coverage leased premises to protect its renovations and revenue-generating equipment against possible losses. While we pursue for excellence in financial performance, we also address the protection of our environment by adhering to the principle stated in our "Environmental Sustainability Policy", which is: "Environmental Protection through Energy Saving." We shall continue to promote energy saving, waste reduction, and improvement of energy efficiency, and in doing so, we will minimize the impact the Company has on the environment and find ways coexist with nature in peace.

We promise:

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



Progress of Taishin's environment management



In support of the government's green policies and the goal of the "Paris Agreement" to control global temperature rise within 2°C, Taishin took the initiative to adopt ISO 50001 - Energy Management System in 2015 and implemented regular energy review, measurement and monitoring to raise the efficiency of energy usage. Today, Taishin has also set its goals to "save energy by at least 1% per year" and continues to be certified by British Standards Institute (BSI) for ISO 50001 - Energy Management System. In 2017, Taishin collaborated with the Bureau of Energy, Ministry of Economic Affairs, to create an "Intelligent Energy Performance Management Information," and became the first pilot company for this particular project. By introducing information tools, energy management personnel will have the means to explore areas of improvement and develop feasible solutions.

Response to Global Initiatives - Carbon Disclosure Project (CDP)

Taishin has been a supporter of Carbon Disclosure Project (CDP) for 3 consecutive years. By participating in international initiatives, we are able to learn the world's current trends on energy conservation and carbon reduction, and explore action plans to mitigate threats to the environment. Taishin had completed greenhouse gas inventory in accordance with ISO 14064-1 at Taishin Tower and Neihu Building in 2016, and later obtained certification from an independent third party in early 2017. Taishin plans to expand ISO14064-1 to all branches of the Bank in the future for total control of greenhouse gas emission, and eventually achieve its energy conservation and carbon reduction goals.



Energy Conservation & Carbon Reduction Practices

Solar power system and renewable energy certification => Supporting renewable energy through actions

The solar power system installed at Neihu Building generated 20,253 kWh of power in 2017, which saved approximately 10.71 tons of greenhouse gas emission. Furthermore, Taishin also supported the domestic renewable energy certification system introduced by Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, and purchased renewable energy certification from National Museum of Marine Biology and Aquarium (certification No.: 17SP0017-B017000002~6; energy type: solar power). This practical support made Taishin one of the pioneer companies to purchase renewable energy certificates.

Taishin Bank also sponsored the "2017 Solar Powered Coffee Brewing Campaign" organized by Taiwan Environmental Protection Union, Taiwan Renewable Energy Alliance, and Taiwan Alliance for Advancement of Youth Rights and Welfare, and served limited quantity of complimentary coffee brewed using solar power during the summer of 2017 in designated branches. The coffee cups were printed with tips on energy conservation, which reminded people to conserve energy and make smart uses of electricity to reduce power load during peak time.

Electricity is the main form of energy used by Taishin, whereas gasoline by corporate vehicles presents the second largest use of energy. In 2017, Taishin purchased 33,957,742 kWh(=122,247.87 GJ) of electricity, 193,886 liters of gasoline (=6,330.53GJ), and 15,964 liters of diesel fuel (=561.33GJ), consuming total energy of 129,139.73 (GJ). During the year, 20,253 kWh of electricity generated from solar power was sold directly to Taiwan Power Company.

Energy Usage Statistics

Type of energy	Unit	Region	2014	2015	2016	2017
Purchased Electricity	kWh	Taishin Tower	5,925,600	5,513,800	5,479,200 (including 200,000 kWh of green power)	5,346,200
		Neihu Building	11,502,810	12,140,492	11,627,282	11,253,866
		Other premises	15,641,661	17,851,626	17,342,975	17,357,676
		Total	33,070,071	35,505,918	34,449,457	33,957,742
Energy Intensity	kWh/person	Taishin Tower	4,472.15	4,151.96	3,993.59	3,843.42
		Neihu Building	7,746.00	8,066.77	7,467.75	7,195.57
		Other premises	2,919.31	3,064.66	3,016.17	2,708.33
		Total	4,048.74	4,100.94	3,969.29	3,626.41
Gasoline	Liter	Taishin Tower	76,377.78	73,142.00	67,634.71	71,636.50
		Neihu Building	8,938.82	11,783.63	9,507.86	10,877.30
		Other premises	125,284.40	126,779.37	124,991.43	111,372.20
		Total	210,601	211,705	202,134	193,886
Diesel Fuel	Liter	Taishin Tower	1,582.0	1,502.0	1,636.8	1,450.8
		Neihu Building	6,245.0	5,280.0	7,246.4	4,870.4
		Other premises	12,453.0	11,602.0	14,192.8	9,642.8
		Total	20,280	18,384	23,076	15,964
Natural Gas	Liter	Taishin had no requirement for natural gas.				

Note1: The heat value of energy was converted based on "Appendix: Energy Heat Value Chart" published by Bureau of Energy, Ministry of Economic Affairs, in its 2016 Energy Statistics Annual Report. For car fuel, heat value was calculated based on 7,800kcal/L (gasoline) and 8,400kcal/L (diesel fuel), and 4.186 kJ/kcal. Power consumption in 2017 included 20,253 kWh from self-produced solar power.

Note 2: The above numbers has been using the current statistic as base to estimate to the whole financial holding company according to the ratio of employee numbers.



In addition to existing energy conservation measures, Taishin also implemented several action plans including: use of energy-efficient air conditioning and lighting, replacement of LED bulbs, adjustment of air conditioning unit, and replacement of air conditioner and UPS to reduce energy consumption in 2017. These measures were estimated to have saved 491,715 kWh of power in 2017, reducing approximately 260 tCO₂e of greenhouse gas emission.

Execution of green action plans

Scope	Action Plans	Start Time	Current Status	Annual Power Saving Benefits (kWh)	Annual Carbon Reduction (tCO ₂)
Taishin Tower	Change of operating mode for cooling water tower fans	2015	Continuing	14,735	7.7
	Change of operating mode for air conditioning unit	2016	Continuing	194,360	101.26
	Replacement of LED lighting on the second floor	2017	Completed	36,506	19.28
	Adjustment of control settings for air conditioning unit	2017	Continuing	23,702	12.54
Neihu Building	Increase of contracted capacity for power usage in common areas	2016	Completed	72,160	16.6
	Addition of heat shield to the curtain wall at 6F server room	2017	Completed	25,000	13.2
	Replacement of heat dissipation material for the cooling water tower	2017	Completed	32,832	17.11
	Replacement of air conditioner unit at 6F server room	2017	Completed	4,320	2.28
	Replacement of UPS-3 (uninterrupted power supply) at 6F server room	2017	Completed	10,368	5.48
	Projects completed in 2014 include: (1) Use of electronic T5 lighting equipment at office areas (2) Replaced T8 tubes with LED lighting at carpark driveway. Projects started in 2014 and keep going include: (1) Reducing active passenger elevators by half with reduced lighting during off-peak hours (2) Increased the temperature of water dispensed from the air conditioning water dispenser (3) Reduced the number of fixed lights at stair halls on all storeys, and turned on partial lights only (4) Switched carpark lighting on and off for peak and off-peak hours (5) Reduced the number of light tubes on corridors by 1/3.				

Greenhouse Gas Inventory

After Adopting ISO 14064-1 Greenhouse Gas Inventory in 2016, Taishin Financial Holdings conducted surveys at Taishin Tower and Neihu Building, the two most populated office buildings, and set 2016 as the base year for GHG inventory. In 2017, an external validation was completed by a third party.

Taishin GHG Emission Status

years	2014	2015	2016				2017			
Units	Region									
tCO _{2e}	Group Total	Group Total	Neihu Building	Taishin Tower	Other Premises	Group Total	Neihu Building	Taishin Tower	Other Premises	Group Total
Scope 1 Emission	1,202	1,229	320.63	711.92	2,346.45	3,379	316.23	674.59	2,083.18	3,074
Scope 2 Emission	16,349	17,582	6,127.22	2,893.02	8,341.76	17,362	5,953.30	2,828.14	8,295.56	17,077
Scope 1 & 2 Emission	17,551	18,811	6,447.85	3,604.94	10,688.21	20,741	6,269.53	3,502.73	10,378.74	20,151
Intensity (tCO _{2e} /person)	2.15	2.17	2.39				2.15			
Scope 3 Emission	–	–	Business Travel (taxi): 67.41 Employee Commuting: 5,688.91				Business Travel Taxi:47.30 High-speed Rail:35.20 Airplane:33.84 Employee Commuting:6,110.31			

Note: 1. Survey was completed based on ISO 14064-1 standards with boundaries set according operational control; Greenhouse gases include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O); there had been no biogenic CO₂ emission; Based on IPCC's Global Warming Potential (GWP) published for 2007.
 2. A location-based disclosure of scope 2 GHG emission was adopted. GHG emission from power usage was calculated based on the latest coefficient announced by the Bureau of Energy, Ministry of Economic Affairs, before the report was published.
 3. In 2016 and 2017, the GHG emissions of the Taishin Tower and Neihu Building were verified by a third party.
 4. Total financial group emissions are estimated from Taishin's domestic statistical data to overseas by the proportion of employees



Effective Resource Utilization

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

Paperless Promotion

Taishin is dedicated to reducing use of paper in business operations. Solutions such as optimized inquiry for investment/trust transactions, digital approval for foreign currency transactions, mobile statement, elimination of printed statements, system optimization, paper-free sales, and e-statement have been implemented to achieve paperless promotion. These measures have been estimated to save 16,911,686 sheets of paper which decrease about 359 tCO₂e of life-cycle assessment.



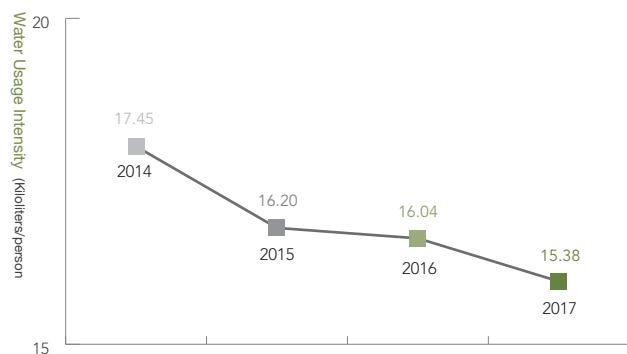
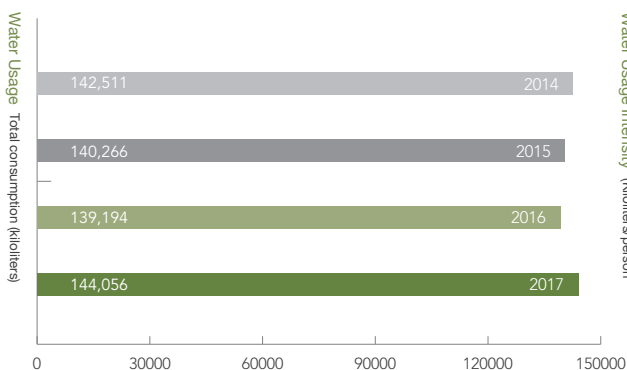
Note: According to EPD's carbon footprint coefficient database - 4.24kgCO₂e/kg of original wood pulp photocopy paper and 5g per paper

Use of Water Resources

Taishin sources its water entirely from Taiwan Water Corporation; it uses no ground water or water from other sources. In addition to promoting employees' awareness towards water conservation, all offices have been installed with water efficiency-certified toilet facilities, faucets and accessories to conserve our limited water resources. In 2017, Taishin used 144,056 kiloliters of water in total, averaging 15.38 kiloliters per person and representing a 4% reduction compared to that in 2016.

Water usage by Taishin

Item	Unit of Consumption	Region	2014	2015	2016	2017
Water Usage	Total consumption (kiloliters)	Taishin Tower	26,578	25,578	25,935	26,651
		Neihu Building	36,932	38,190	36,290	39,680
		Other Premises	79,001	76,498	76,969	77,725
		Total	142,511	140,266	139,194	144,056
Water Usage Intensity	Kiloliters/person	Taishin Tower	20.06	19.26	18.90	19.16
		Neihu Building	24.87	25.38	23.31	25.37
		Other Premises	14.74	13.13	13.39	12.13
		Total	17.45	16.20	16.04	15.38





Waste Management

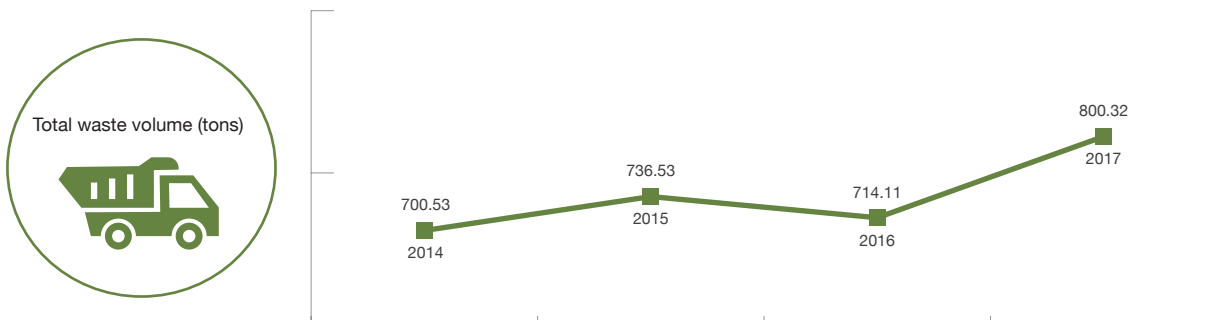
As a good waste management practice, Taishin sorts waste on a daily basis, and commissions certified contractors to collect non-recyclable general waste for incineration. Recyclable and reusable waste is first sorted by employees and then collected by certified contractors for proper treatment. Total volume of waste produced in 2017 was 800.32 tons.

Waste treatment methods and volume in 2017

Type	Nature	Item	Treatment Method	Treatment after Recycling	Neihu Building	Taishin Tower	Jianpei Building	Total
Non-recyclable (ton)	General waste	Domestic waste	Collected by supplier	Incineration	96	145	36	277
Recyclable (kg)		PET	Recycled by supplier	Sold to wholesaler	1,620	656	25	2,301
		Iron cans			94	26	-	120
		Aluminum cans			1,256	165	-	1,421
		Paper			27,970	4,920	896	33,766
		Outsourced documents	Water destruction (destruction of important documents)	Employees are assigned to supervise the destruction; destroyed materials are recycled and reused by the service provider	60,470			
		IT equipment (hard disks)	Recycled by supplier	Once data is erased, the IT Division will make random checks for any omissions	599.85			

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

Total waste volume in recent years by Taishin Group



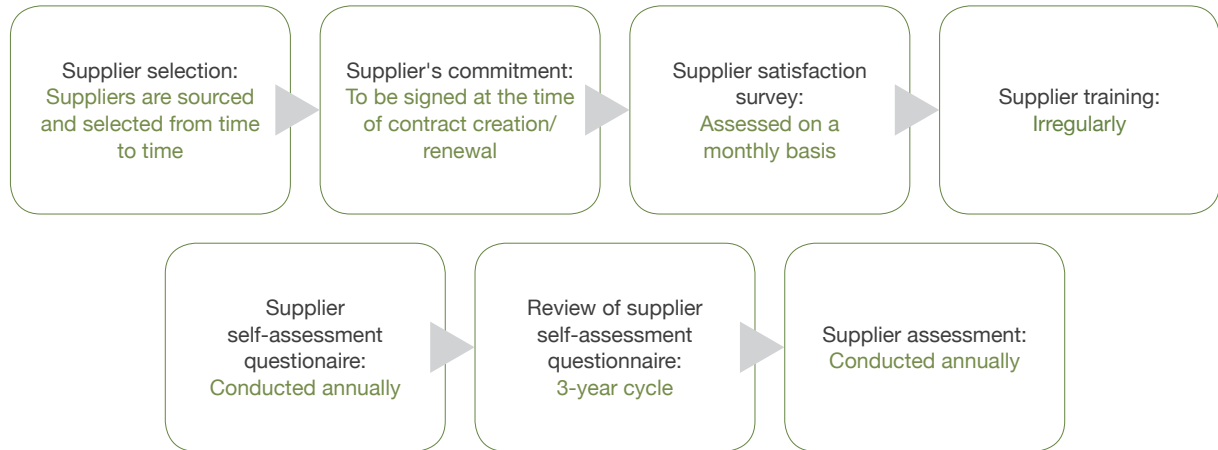
Note: The total waste weight in 2014-2016 is based on the total amount of wastes in Neihu Building and Taishin Tower, and is estimated based on the proportion of employees in the two largest buildings accounting for the entire group; The total weight of 2017 waste is calculated based on the total amount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



3 Supplier Sustainability Management

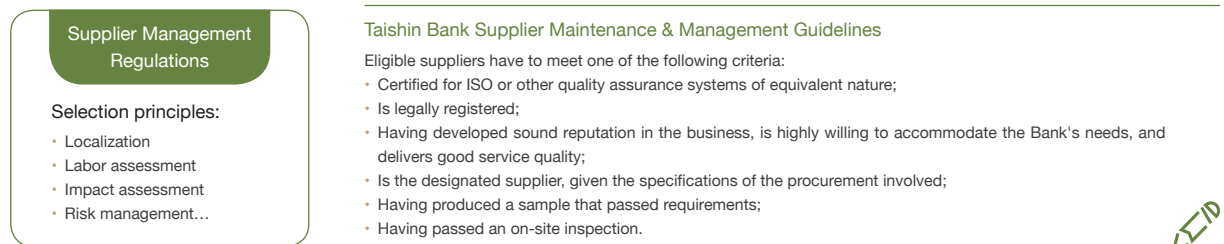
Sustainability of supply chain forms a significant part of corporate social responsibilities. To address this issue, Taishin established "Supplier Management Regulations" in 2014 followed by "Supplier Principles" in 2016. Taishin continued its supplier assessment and satisfaction survey in 2017; currently, 50% of tier 1 major suppliers had completed documentary review, which accounted for 82% of total purchase amount. For key suppliers, Taishin conducts corporate social responsibility-related training for all suppliers engaged to ensure that they are capable of fulfilling corporate social responsibilities to our standards.

Taishin's Supplier Sustainability Management Procedures



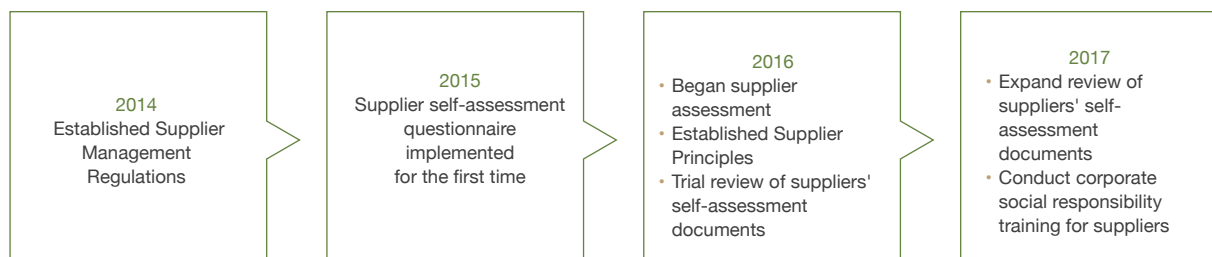
Supplier Management

Taishin recognizes suppliers as important partners to sustainable growth, and has management principles and guidelines in place to supervise their performance. In addition, Taishin conducts monthly evaluation on suppliers' quality, delivery, service and technical capacity using a "Supplier Satisfaction Monthly Assessment Worksheet." Suppliers that exhibit good performance may have supply contracts renewed, while suppliers that exhibit undesirable performance are eliminated. Furthermore, it has been stated in "Supplier Management Regulations" that suppliers are to be chosen based on a number of concerns including: localization, labor assessment, impact on society and environment, impact assessment and risk management (includes information security, product manufacturing, transport safety, and crisis management). Taishin Bank's "Supplier Maintenance & Management Guidelines" have outlined detailed criteria that suppliers are expected to fulfill. Taishin reviews suppliers' performance annually through supplier assessment. We hope to exert influence in ways that would motivate upstream and downstream suppliers into joining our pursuit for sustainability.



Note: The supply chain composition includes system developers, information and telecommunications companies, insurance companies, fund companies, card manufactures, overseas investment consultants, financial information suppliers, advertisement design companies, media, printing contractors, office supplies, etc.

Progression of Taishin's Supplier Management Practices





Suppliers' Sustainability Commitment

Taishin has included a "Supplier Commitment Statement" in every procurement contract and requests all partnered suppliers to sign during contract creation or renewal as a commitment to fulfilling corporate social responsibilities. 100% of new suppliers in 2017 had signed the Supplier Commitment Statement.

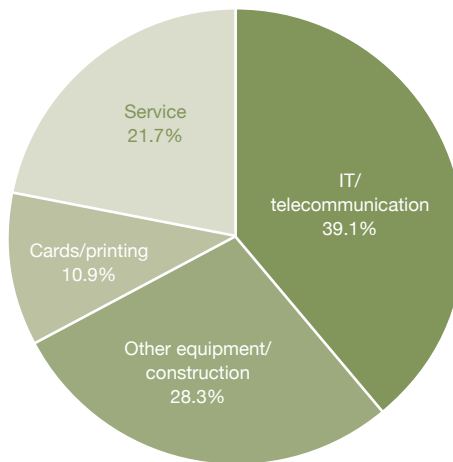
Supplier Commitment Statement

- Corporate ethics and integrity
- Risk management
- Labor and human rights
- Public welfare and environmental protection
- Continual implementation
- Scope of Application

Supplier Assessment

According to Taishin's "Supplier Maintenance & Management Guidelines", 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. Tier 1 major suppliers are selected and issued self-assessment questionnaires (which cover several aspects such as quality, sustainable governance, human rights, health etc). After recovering the questionnaires, the Company then performs supplier assessment and requests improvement from suppliers based on the outcome of assessment.

Types and weight of major suppliers in 2017



Supplier Assessment in 2017

Supplier grade	Grade description	Procurement by Supplier Grades
A	Priority purchase	91%
B	Second priority purchase	9%
C	Purchases can be made, provided that improvements are made	0%
D	No purchase will be made until the supplier improves to Grade C	0%

Trail review of suppliers' self-assessment documents

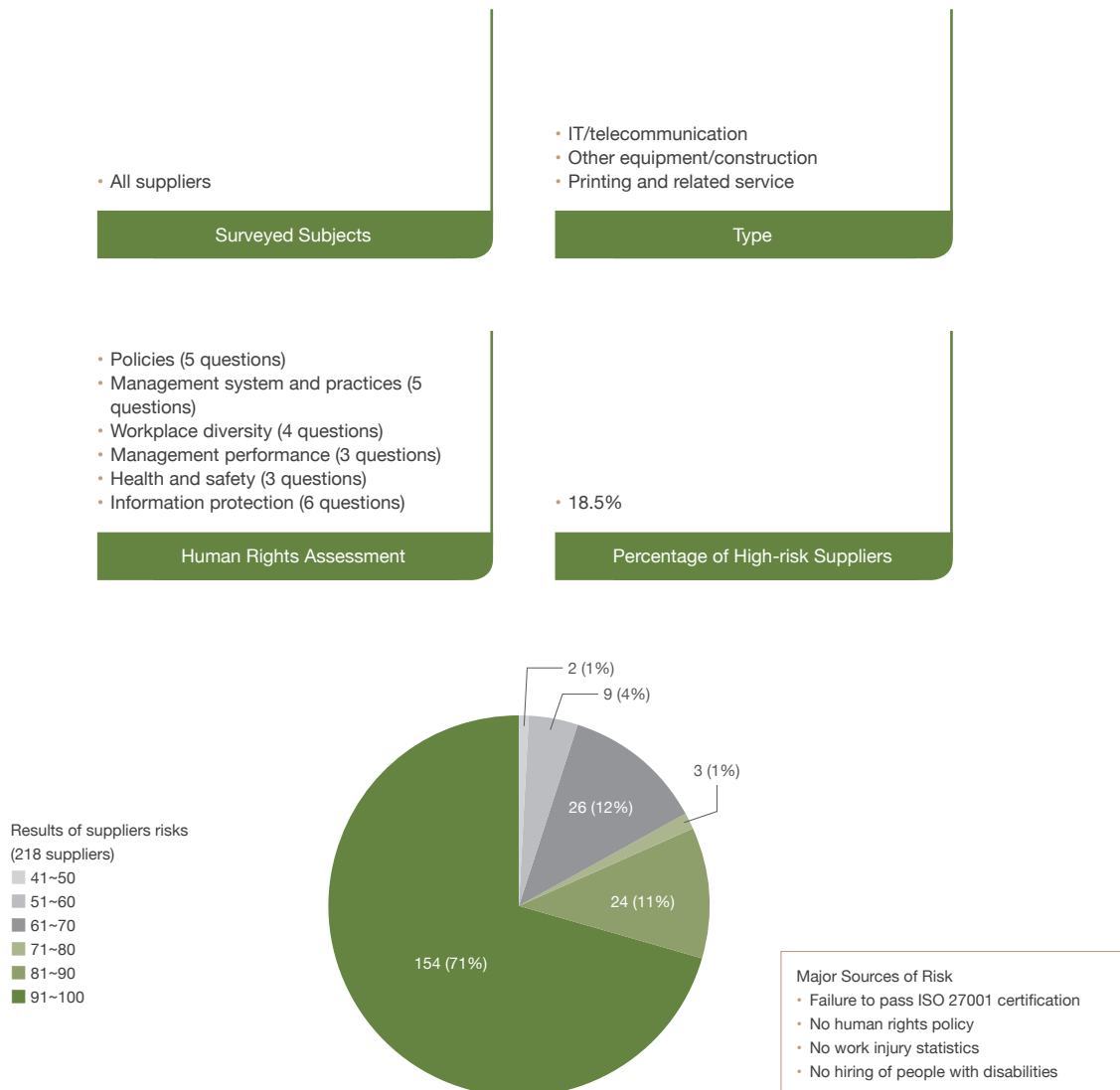
Starting from 2016, Taishin has been issuing self-assessment questionnaires to tier 1 major suppliers of all categories, and requesting additional information for review based on their answers. The documentary review began in 2016 on a trial basis, and 21.7% of tier 1 major suppliers had completed the review, which accounted for 8.7% of total amount purchased. The documentary review was expanded in 2017 to cover 50% of tier 1 major suppliers, which accounted for 82% of the total amount purchased. We hope to complete documentary review on all tier 1 major suppliers over a 3-year cycle. Taishin conducted CSR training and human rights survey for all suppliers it engaged with in 2017 as a means to promote sustainability awareness. These exercises also made suppliers aware of Taishin's emphasis and requirements on issues such as business ethics, integrity, environmental protection, workers' rights, charity and risk management. Supplier human rights assessment conducted during the year covered the following aspects: 1. Human rights policy, 2. Human rights management and practice, 3. Workplace diversity, 4. Management performance, 5. Health and safety, and 6. Information protection.



Taishin will continue the survey. Any violation discovered will result in score deduction in the annual supplier assessment; suppliers with rating of C will be instructed to make improvements, and suppliers with rating of D will have purchase orders suspended until improvements are made and their rating changed back to C. Through the use of supplier selection, satisfaction survey, supplier assessment, training and documentary review, Taishin hopes to exert influence and inspire supply chain partners in contributing towards sustainability and fulfilling social responsibilities.

Supplier Human Rights Management

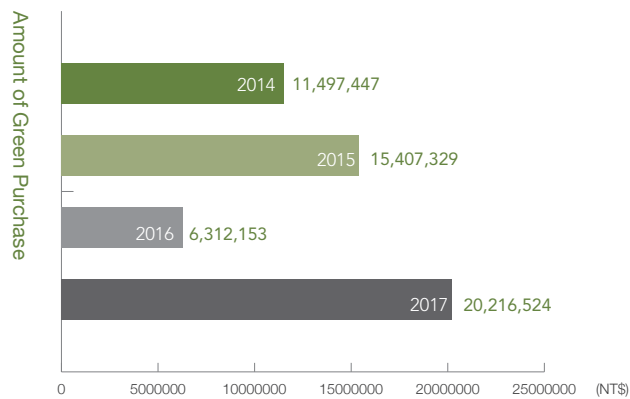
To enforce proper human rights supervision, Taishin requires all its suppliers, including information/telecommunication contractors, equipment suppliers, construction contractors, printing and other service providers, to undergo human rights risk survey. A questionnaire has been designed based on Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Global Compact, ISO 26000, International Labour Organization, Social Accountability 8000, Code of Conduct of Responsible Business Alliance (RBA), and ISO 27001 - Information Security System requirements pertaining to financial industries to serve this purpose. A total of 239 suppliers were surveyed in 2017, and 100% of questionnaires were recovered. There were 21 invalid responses, and analysis was performed on the 218 valid responses. To assure basic human rights, suppliers that scored below 80 were defined as high-risk suppliers, and the analysis showed high-risk suppliers representing 18.5% of total suppliers. Failure to pass ISO 27001 - Information Security System certification and absence of human rights policy were the most common risk issues.





Green Purchase

Taishin is an active supporter of green purchases, and has specified in its "Supplier Maintenance & Management Guidelines" to give priority to purchasing products that are certified for environment friendliness, water efficiency, energy efficiency and green construction materials, or products with features such as renewable material, recyclable, low-pollution etc. This is how Taishin has enforced its environment-friendly purchase into practice. By working with upstream and downstream partners, we aim to create a green supply chain and contribute to the sustainability of our environment. Taishin received Performance Excellence Commendation from Taipei City Government Department of Environmental Protection in 2016 and 2017. A total of 14 items were listed for green purchase in 2017, including: environment-certified IT equipment such as notebook PC, projector and toner, recyclable hand towels, energy efficiency-certified vehicles and lighting equipment (T5 and LED), water efficiency-certified toilet equipment, and green building-certified materials such as gypsum board and mineral fiber board. Green purchases amounted to a total of NT\$20,216,524.

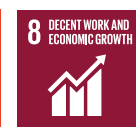


Note: Purchase of energy-efficient vehicle and green building materials in 2017 had increased compared to previous years.



Inclusive Society

- 1 Talent Recruitment and Development -Material Issue
- 2 Remuneration, Benefits and Employee Care -Material Issue
- 3 Labor Relationship
- 4 Human Rights and Gender Equality
- 5 Occupational Safety and Health
- 6 Financial Inclusion
- 7 Social Involvement



Taishin Holdings advocates "people value" and enforces it by extending care internally to employees and externally to the society. It is our hope to create an inclusive society by exercising our influence as a corporate entity. Taishin sees its employees as the most important partners toward sustainability, which is why the organization has taken the initiative to create a satisfying and safe work environment by providing a comprehensive training system, competitive salaries, and valuing communication and human rights. Taishin also devotes itself to "giving back to the society," promotes financial inclusion through core business activities, and takes corporate social responsibilities. Taishin prides itself for having a corporate culture that values human culture, and shall continue using this advantage to change the society for the better future.

Taishin Sustainability Strategy : Talent development 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.



1 Talent Recruitment and Development Material Issue

In order to provide customers with the best service quality, "attracting talents" is undeniably the most important task. Through the use of diverse recruitment channels and systematic training, we hope to attract talents into Taishin where they can grow and realize their full potentials.

Talent Recruitment and Assignment

Recruitment channels and methods

Apart from conventional means of recruitment, Taishin also has diverse recruitment channels in place to attract the world's most outstanding talents from different areas of expertise. These recruitment channels are as explained below:

Industry-Academia Collaboration	Taishin has established industry-academia collaboration with 59 universities to develop fundamental talents for the financial industry. In 2017, Taishin organized nearly 52 campus recruitment seminars and launched a series of management associate (MA) program, wholesale banking assistant relationship manager (ARM) program banking freshmen program, and Early Win - Workplace experience program to bring nearly 502 fresh graduates and 377 interns into the organization.	Overseas Talent Recruitment	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	Taishin Bank was the first in the industry to offer banking positions as substitute military service in 2017. Roles such as financial advisor, data analyst, assistant relationship manager (ARM), programmer etc. have been provided, offering salaries and welfare at levels comparable with permanent employees, to help military servicemen identify their career paths.	iTaishin Platform	"iTaishin" platform was introduced in 2017 to bring functions such as recruitment, learning and communication. The platform is open to Taishin employees and the general public. For any job openings published in the App, users may either refer someone they know or apply themselves by completing an online resume.

Diversified recruitment

As at the end of 2017, Taishin Holdings and subsidiaries employed 8,801 full-time staff and 347 part-time staff for a total of 9,148 employees. Female employees totaled 5,239, representing 60% of the employee base. Female managers totaled 534 and accounted for 48% of managerial positions. As the figures have shown, **there was no gender discrimination or special treatment in the recruitment or promotion of employees.** As for overseas operations, **Taishin makes it a priority to hire workers locally from where it operates.** In 2017, overseas operations hired a total of 576 workers, in which 85% of employees and 70% 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 38. To help improve employment of the socially disadvantaged, Taishin not only employs people with disabilities to the full legal quota (89 people, representing 1% of total employees), but has also made its workplace accessible for the convenience and respect of people with disabilities.

Table 1: Employee Structure – Location and Gender of Full-time and Part-time Staff

Base Date:Dec.31,2017	Full-time Employee		Part-time Employee		Total
Location	Female	Male	Female	Male	
Taiwan	4,967	3,258	229	117	8,571
Overseas	272	304	1	0	577
Total	8,801		347		9,148



Table 2: Full-time Employee Structure – by Gender, Age and Role

Location	Role	No. of Full-time Employee								Total	% of full-time employee
		Female				Male					
		Age 30 and below	Age 31~50	Age 51 and above	Female-total	Age 30 and below	Age 31~50	Age 51 and above	Male-total		
Taiwan	Non-managerial role	1,164	3,115	174	4,453	723	1,832	169	2,724	7,177	81.5%
	Managerial role	3	433	78	514	0	389	145	534	1,048	11.9%
Taiwan-total		1,167	3,548	252	4,967	723	2,221	314	3,258	8,225	93.5%
Overseas	Non-managerial role	161	82	9	252	143	109	6	258	510	5.8%
	Managerial role	3	16	1	20	12	22	12	46	66	0.7%
Overseas-total		164	98	10	272	155	131	18	304	576	6.5%
Total		1,331	3,646	262	5,239	878	2,352	332	3,562	8,801	100.0%
% of full-time employee		15.1%	41.4%	3.0%	59.5%	10.0%	26.7%	3.8%	40.5%	100.0%	100.0%

Table 3: Full-time Employee Structure – by Age and Role

Role	Age				% of full-time employee
	Age 30 and below	Age 31~50	Age 51 and above	Total	
Non-managerial role	2,191	5,138	358	7,687	87.3%
Managerial role	18	860	236	1,114	12.7%
Total	2,209	5,998	594	8,801	100.0%
% of full-time employee	25.1%	68.2%	6.7%	100.0%	100.0%

Non-managerial role

87.3%

Managerial role

12.7%

Table 4: Full-time New Recruits - by Gender, Age and Location

Location	Full-time New Recruits									
	Female				Male				Total	New Recruit Rate
	Age 30 and below	Age 31~50	Age 51 and above	Female-total	Age 30 and below	Age 31~50	Age 51 and above	Male-total		
Taiwan	559	511	51	1,121	472	418	16	906	2,027	23.0%
Overseas	92	33	2	127	140	39	2	181	308	3.5%
Total	651	544	53	1,248	612	457	18	1,087	2,335	26.5%
New Recruit Rate	7.4%	6.2%	0.6%	14.2%	7.0%	5.2%	0.2%	12.4%	26.5%	26.5%

Table 5: Full-time Employee Attrition - by Gender, Age and Location

Location	Full-time Employee Attrition								Totale	Turnover Rate
	Female				Male					
	Age 30 and below	Age 31~50	Age 51 and above	Female-total	Age 30 and below	Age 31~50	Age 51 and above	Male-total		
Taiwan	172	227	3	402	151	203	3	357	759	9.6%
Overseas	39	21	1	61	37	16	2	55	116	1.5%
Total	211	248	4	463	188	219	5	412	875	11.1%
Turnover Rate	2.7%	3.2%	0.1%	5.9%	2.4%	2.8%	0.1%	5.2%	11.1%	11.1%

Turnover Rate in Previous Years

Turnover Rate	2014	2015	2016	2017
	15.4%	14.1%	12.7%	11.1%

Note: The turnover rate in Taishin has decreased significantly and progressively in the last three years, which was consistent with the result of the 2017 employee opinion survey, where employees' responses to the question: "I think my employer has done very well trying to retain talents" were 4% better than the Financial norm of Asia Pacific, and 3% better than the result in 2015.



Proportion of Female Employees

	2015	2016	2017
Female share of total workforce (%)	59	59	60
Females in management positions (%)	48	48	48
Females in junior management positions (%)	52	49	51
Females in top management positions (%)	25	23	26
Females in management positions in revenue-generation (%)	49	43	49

Employees of Minority Groups

	2015	2016	2017
No. of Disable Employees	79	86	89
Nationalities of Employees	7	8	10

Note1: Table 1 refers to the current employee size as at 2017.12.31. Part-time employees are contractors, part-timers and interns.

Note2: Table 2 and Table 3 refer to full-time employee size at 2017.12.31; Non-managerial roles do not take managerial responsibilities.

Note3: Table 4 refers to cumulative full-time new recruits between 2017.1.1 and 2017.12.31; new recruit rate = cumulative number of full-time new recruits in the current year/current full-time employees as at 2017.12.31

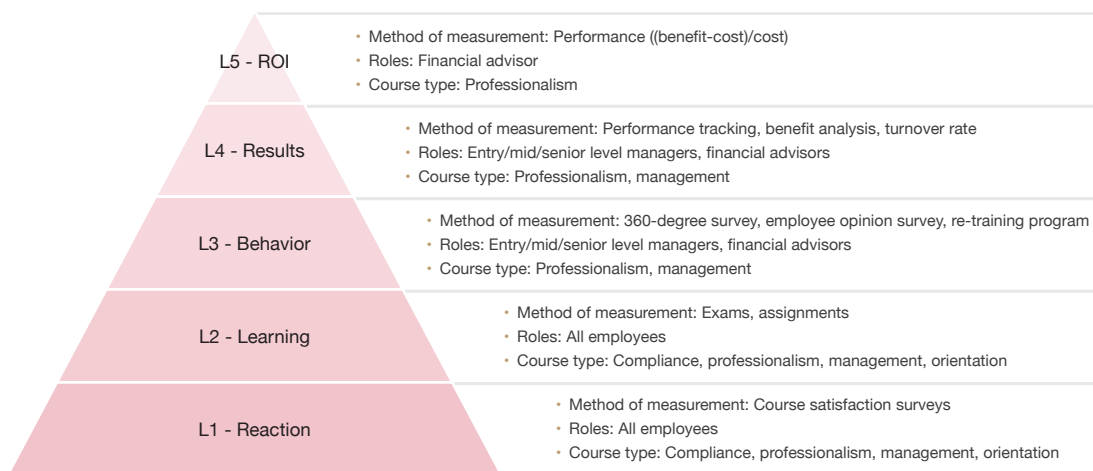
Note4: Table 5 refers to cumulative full-time resigned employees between 2017.1.1 and 2017.12.31; turnover rate = cumulative number of full-time resigned employees in the current year/current full-time employees as at 2017.12.31. A total of 598 sales officers and telemarketers were excluded from total resigned employees due to the special nature of their employment. These personnel were also excluded from the calculation of turnover rate. After the exclusion, the number of current full-time employees as at 2017/12/31 was 7,872.

Talent Development

Training programs and methods

Talents form an important foundation to corporate sustainability, and Taishin has comprehensive systems in place including employee training, training quality management, an assessment method based on the Kirkpatrick Model and Return on investment (ROI), and a broad diversity of learning tools to help employees grow.

The Kirkpatrick Model



Note : For every NT\$1 invested into training expenses of financial advisor generated NT\$21.5 income fee of branch in 2017.

ROI (NT\$)	2014	2015	2016	2017
	5.7	9.1	14.2	21.5



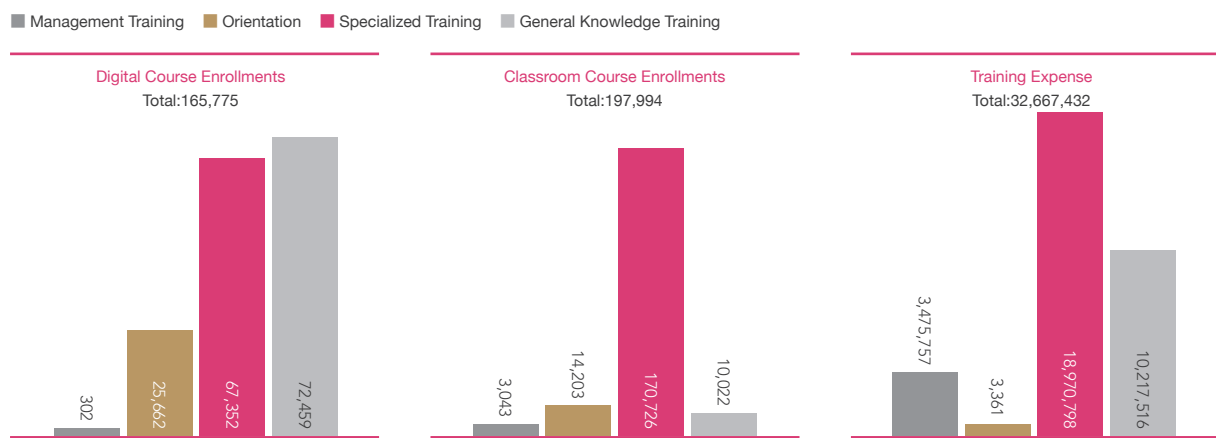
Well-defined Career Plans

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 supervisors. The percentage of open managerial positions filled by internal candidates at Taishin is about 62% in 2017. It shows Taishin provides ample opportunities and resources for employees to develop their own career plans.

Diverse Learning Programs

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 university, the learning platform consolidates internal and external resources to help develop employees' capabilities within and outside their areas of expertise. 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 Study Courses" or engage in courses or certification exams organized outside Taishin, and hence develop professional skills at their own discretion.

Training enrollments and expenses in 2017

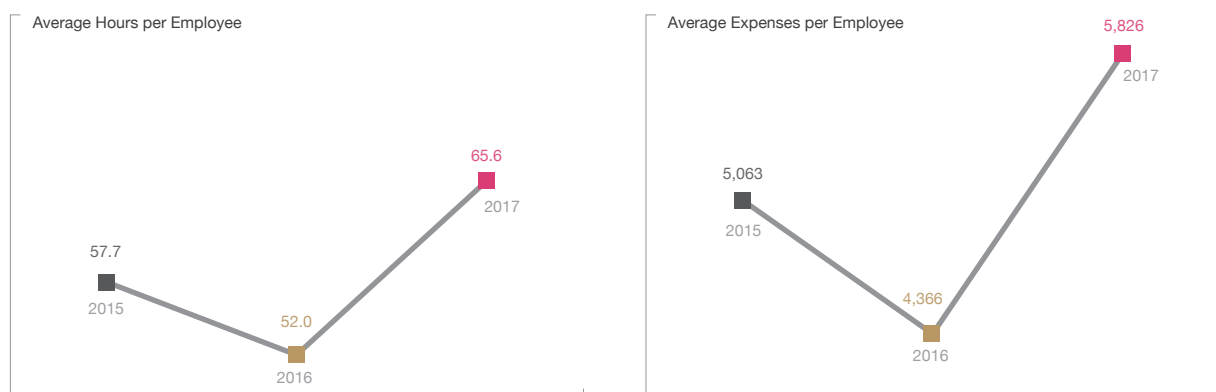


Note: Classroom courses = internal training courses + external training courses. In 2017, 60,223.38 hours of external training courses were organized and received 4,088 enrollments, while 291,684.78 hours of internal training courses were organized and received 193,906 enrollments. Overall, each employee received 65.6 hours of training on average during the year.

Average Hours per Employee of Training and Development - by Job Role and Gender

Average Hours per Employee of Training and Development - 2017 (Hours)		Female	Male	Average Hours	Total Average Hours
Job Role	Managerial Role	76.04	65.81	70.68	65.6
	Non-managerial Role	66	63.23	64.88	

Average Hours and Expenses per Employee of Training and Development in Previous Years



Note: The competent authority promulgated a guideline for financial qualifications in 2017, and Taishin added new training courses in the same year accordingly.



Segmented learning

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



Campus

Early Win - Workplace experience program

This training program emphasized on the skills of branch employees, and covered a number of programs including Taishin's corporate culture, human resource policy, occupational safety and health, information security, service etiquette, communication, positive attitude, and Fintech. The program was intended to help 4th year bachelor students and 1st year master students connect to the workplace after graduation. A total of 270 people had participated in the workplace experience program in 2017.

Workplace Experience Program

2015 : 267 participants 2016 : 294 participants 2017 : 270 participants



Fresh Graduates

Systematic orientation program featuring a mixture of classroom and online learning

Taishin FHC Orientation Camp

Lasting for a total of two days, the practical banking and work attitude training courses engaged participants in a series of active discussion and hands-on practice; with the help of online courses afterwards, new recruits were able to quickly blend into Taishin's culture.

Re-training of new recruits

Re-training was organized for new recruits after the first six months of their employment. Through a series of activities, competitions, feedbacks and experience-based learning, the program was intended to help new recruits appreciate values of "Integrity, Commitment, Innovation and Collaboration," and raise loyalty among employees to the organization.

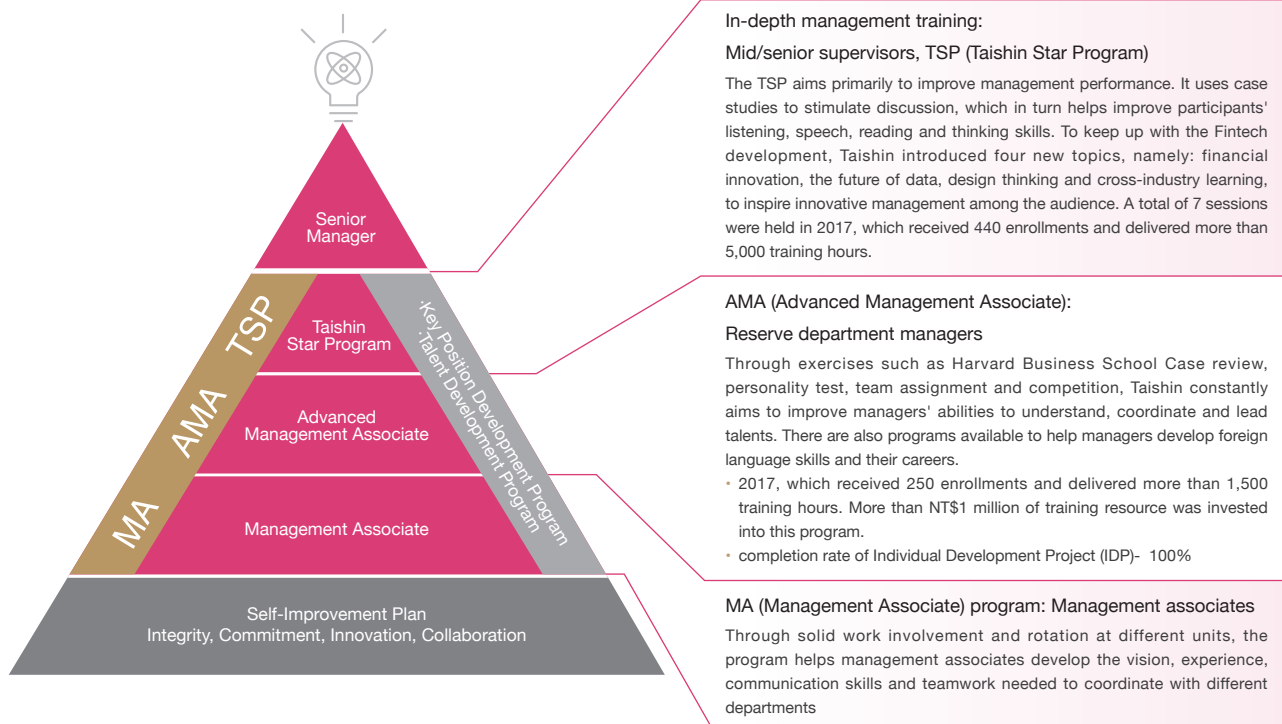
In 2017, **39,865** new recruits underwent a total of **38,700.27** training hours, which averaged 24 hours per person.



Development of Managerial Talents

Talent pool development project

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





Diversified learning and development programs

In addition to designing learning programs for different stages of career development, Taishin also introduces diversified and innovative learning methods that conform to the latest trends using advanced technologies:

Learning and Development Program	Content and Business Benefits	Performance and Quantitative Impact of Business Benefits	Participants								
Training of International Talents	To support the organization's overseas strategies, Taishin has been actively providing learning programs and resources to develop employees that possess adequate foreign language skills and a global vision. In 2017, Taishin continued introducing language courses and began plans to establish an "College of International Affairs" within Taishin University platform that introduces employees the Company's overseas offices and provides useful information on daily living. College of International Affairs is intended to help employees adapt quickly to the local environment.	<ul style="list-style-type: none"> Creating a language learning environment to encourage employees to learn a second language and develop a global vision. 12 sessions of international talent training were organized to a total participant size of 456. College of International Affairs and Language Center received 5,113 online visits. 910 people applied for foreign language subsidy, and subsidies totaling NT\$2.55 million were paid in 2017. 	All employees								
Training of Talents in Fintech	In light of the rising wave of Fintech, Taishin made its first attempt to recruit "Fintech MA" in 2017, and took the initiative to introduce a "Fintech Program" where industry experts were invited to share the latest trends of Fintech. Taishin also encourages employees to participate in courses organized by external institutions to develop professional knowledge on Fintech and big data, which may contribute back to the organization in the form of Fintech project development and big data analysis.	<ul style="list-style-type: none"> Upgrading fintech related professional skills for employees. A total of 10 course sessions were held and more than NT\$800,000 of training resource was invested in 2017, which received 1,244 enrollments. 	All employees								
iTaishin App & Micro Learning Platform	In 2017, Taishin introduced "iTaishin" App to bring functions such as recruitment, learning and communication to employees within controllable risks. Accessible using a personal computer or cellphone, employees may enjoy the flexibility of learning anytime, anywhere. In response to the growing wave of digital learning, Taishin has created a "Micro Learning Platform" that offers online courses of 3~5 minutes length that employees may quickly learn the knowledge, skills, language and trends required for their duties. Taishin also encourages employees to share the Company's courses with family members to learn and grow together.	<ul style="list-style-type: none"> Utilizing iTaishin App, and the micro-learning platform to make learning more efficient for employees. 100 micro courses were completed in 2017, and the Micro Learning Platform received 21,497 online visits. A cumulative total of 40,779 people had used iTaishin App in 2017. 	All employees								
Dual Mentoring Program	By teaming up with senior financial advisors and using performance incentives and tracking systems, Taishin aims to help new financial advisors develop adequate professional knowledge and skills, enhance productivity, and to shorten their learning curve. This system not only enhances relationship among co-workers for a more robust workforce, but also helps identify potential management reserves as well.	<p>In the two years since the system was implemented:</p> <ul style="list-style-type: none"> Enhance productivity: Fee income of branches had increased by 24.5% compared to that in 2016. 163 financial advisors were promoted, increasing 20% year-on-year Attrition rate of financial advisors decreased by 2.8% year-on-year 2017 Employee opinion survey: <ul style="list-style-type: none"> Employee engagement rate of the branches had increased by 4% compared to that in 2016, and was 6% better than the Financial norm of Taiwan. Significant improvements were observed across all categories as compared to that in 2016; of which: organizational communication, talent management, and transformation had exhibited exceptional improvement in scores. 	A total of 252 teams were assembled in branches.								
Service Courses	Taishin has always been committed to the conviction of delivering "Simple, Sincere and Superior" services to customers since it was first founded. Through the use of promotional campaigns and service courses, Taishin strives to improve customer satisfaction and brand image while at the same time develop service DNA in every employee.	<ul style="list-style-type: none"> Improving customer satisfaction and brand image. Customer satisfaction was surveyed at 85% in 2017, which is 4.1% better compared to that in the previous year. In 2017, Taishin Bank was awarded "Best Customer Service Center" and "Best Local Bank - Silver" during "The Best Service in Taiwan" organized by Commercial Times 	All employees								
Training of Financial Advisors	Through systematic courses, we provide financial advisors with the professional knowledge and skills needed to quickly understand and adapt to Taishin's cultures, which in turn enhances their professional capacity and loyalty towards the Company.	<ul style="list-style-type: none"> The Kirkpatrick Model is used to measure the training outcome. For every NT\$1 invested into training expenses of financial advisor generated NT\$21.5 income fee of branch in 2017. Return of investment (ROI) in previous years <table border="1"> <tr> <th>2014</th><th>2015</th><th>2016</th><th>2017</th></tr> <tr> <td>5.7</td><td>9.1</td><td>14.2</td><td>21.5</td></tr> </table> 	2014	2015	2016	2017	5.7	9.1	14.2	21.5	Financial Advisors
2014	2015	2016	2017								
5.7	9.1	14.2	21.5								



2 Remuneration, Benefits and Employee Care Material Issue

Taishin participates in annual compensation surveys to benchmark top-performing local and foreign financial institutions. The Company has designed a fair and incentive compensation system and aims to care for and reward its employees by offering competitive salary and welfare packages. Taishin has been a composition of "Taiwan High Compensation 100 Index" since 2014. In the 2017 employee opinion survey, the Company scored better than the Financial norm of Taiwan in the category of "Salary and welfare."

Remuneration Policy

Taishin offers salaries based on objective factors such as the level of education and competency required to accomplish the assigned position. Starting salaries for all positions are far superior to the basic wages stipulated in the Labor Standards Act, and actions have been taken to ensure that employees' salaries are not differentiated by gender, age or race. In 2017, 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.

Salary Ratio in Previous Years

Salary Ratio (Female: Male)	2015	2016	2017
Non-Managerial Role	100:101	100:101	100:101
Managerial Role	100:105	100:105	100:105
Executive Officer	100:109	100:110	100:108

Annual salary adjustments are determined by job evaluation, which takes into account the diversity of expertise required to accomplish each role and the proficiency of skills that employees have demonstrated. Average salary adjustment in 2017 was 3.0%; more than 80% of employees had their salaries adjusted during the year, some as high as 15%. This indicates that employees are treated fairly while top-performing talents are properly rewarded. Each year, Taishin pays out year-end bonuses based on company performance and individual performance as a means of profit-sharing, thereby rewarding employees for their contributions.

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

Taishin Appreciation Rights Program

In an attempt to align employees' goals with the Company's long-term performance and shareholders' interests while providing the right incentives to retain talents, Taishin has introduced an appreciation rights program since 2012 that sets aside a certain percentage of bonus from each year's profits and defers payment for three years in association with the Company's future share price. This deferral is intended to encourage managers in making decisions and taking responsibilities in long-term business performance. All key personnel and executive managers that may potentially affect the Company's operating decisions have been included in this program, even the Chairman's compensation has been designed based on this structure. A total of 16,981 appreciation rights were issued in 2017.

Employee Stock Ownership Plan (ESOP)

Taishin Holdings introduced the ESOP in September 2015 as a means to share business success with employees and to help them save for retirement. Under the ESOP, employees may voluntarily contribute a fixed amount to the program on a monthly basis, and the Company will support their commitment by making additional contribution that amounts to 100% of employees' monthly commitments to their accounts. By the end of 2017, the Company had contributed a total of NT\$190 million, whereas the return of investment in ESOP is 24%. Overall, the ESOP serves a number of purposes including long-term saving, wealth accumulation, and assurance for life after retirement.

Employee Cash Issue Subscription Program

Taishin Holdings made a cash issue of common shares in 2013, in which employees' were given the priority to subscribe 50,000,000 shares, and more than 5,000 employees of Taishin Holdings and subsidiaries were entitled to this program. In 2016, Taishin made a cash issue of Class E preferred shares, during which it also reserved 15% or 75,000,000 shares for subscription by employees only, and more than 7,500 employees of Taishin Holdings and subsidiaries were entitled to this program.

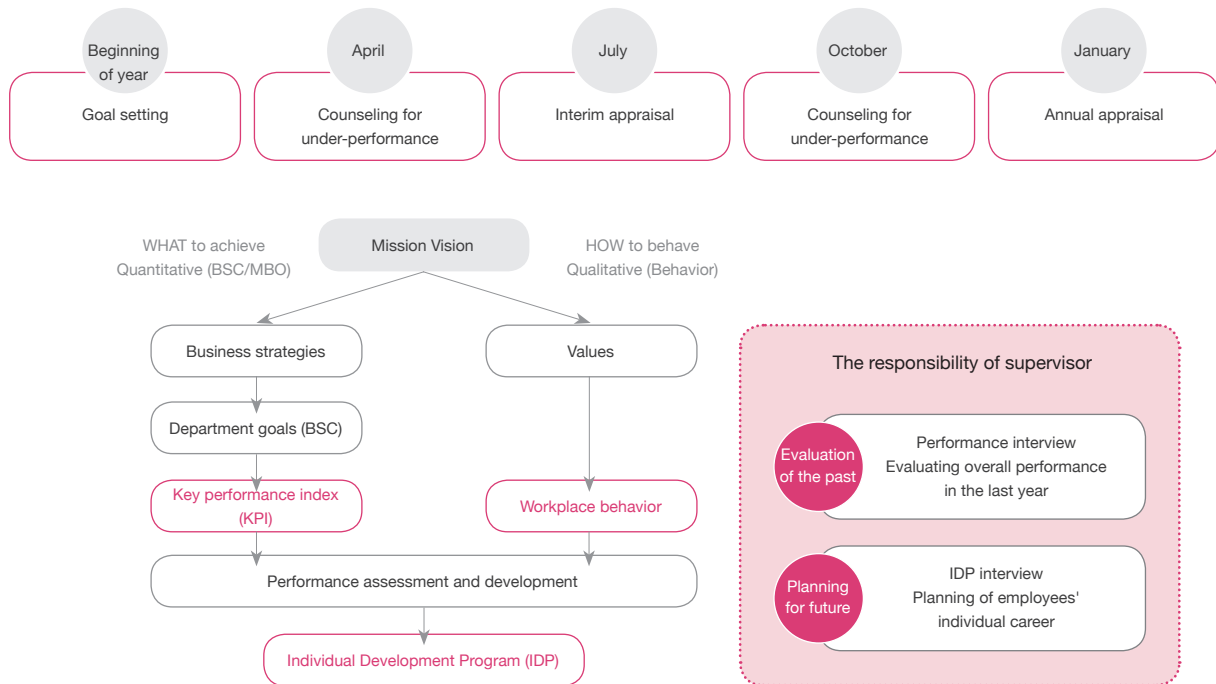
Employee Stock Option

Taishin has made four issues of employee stock options since 2004, making it the most active issuer in the local financial industry. Options representing 377,000,000 shares of the Company have been issued to employees, of which 130,875,000 shares have been exercised to date. These employee stock options were issued as a means of sharing the Company's long-term business success, and therefore align employees' interests with the Company.



Performance Management

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



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

Subjects	Multi-dimensional Performance Management
General employees & Supervisors	180-degree
Management Associates Program	270-degree
Department supervisors and above levels	360-degree

The performance management system opens top-performing employees to promotion opportunities, competitive compensation, and career development. As for employees who perform below expectations, Taishin has "Performance Improvement Guidelines" in place to help them improve.

Daily Management

When a supervisor discovers under-performance, the supervisor is required to engage the employee immediately in a performance interview to find the cause of under-performance, and outline improvement plans, assessment indicators and an improvement schedule.

For the Duration of Performance Improvement

The supervisor is required to observe the employee and check the processes and schedule of improvement plan, while offering guidance or correction as deemed appropriate.

At the End of the Improvement Period

The supervisor and the employee will jointly evaluate completion of the improvement plan. In addition to informing the assessment results, the supervisor is also responsible for inspiring the employee to pursue better performance.



Employee Benefits & Care

Driven by the organization's service spirit of devotion, attention, empathy, sincerity and passion, Taishin provides employees with benefits that are superior to those required under the Labor Standards Act, and has designed a series of benefit plans that take care of employees from their first day on board to retirement, addressing their needs and the needs of their family members at different stages of life cycle. Taishin Holdings employed 7,320 non-managerial staff in 2017 (including Taiwan and overseas operations; calculated as an annual average) and **incurred welfare expenses averaging NT\$1,214,000 per employee**, which is 1.5% higher than that in 2016. For more comprehensive disclosure about employee welfare and benefits, please visit Taishin Holdings' talent recruitment website.



Talent
Recruitment
Website





Learning subsidies

Learning account (Industry originality)

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

Year	User of Learning Accounts
2015	1,890
2016	1,567
2017	2,110

Local and foreign on-job training subsidies

To support development of top talents, Taishin provides qualified employees with subsidies amounting up to NT\$20,000 per semester as an encouragement for undertaking ongoing education outside work hours. Furthermore, the Company selects senior managers to undergo EMBA courses organized by renowned overseas institutions from time to time, which helps broaden managers' global perspectives and establish local connections.

- A total of 53 employees has been subsidized with subsidies amounting over NT\$4 million.

Subsidy for financial certification exams

Taishin offers comprehensive incentives to encourage employees in acquiring finance-related certifications, and hence raise the level of professional knowledge across its talent base. In 2017, Taishin collaborated with Taiwan Academy of Banking and Finance to introduce "CFP - Certified Financial Planner" courses exclusively for Taishin employees. By offering complete learning guidance and incentives, these courses are intended to help employees acquire their certification and build professionalism in Taishin's brand.

- Number of financial qualification recipients and allowances

Year	Number of financial qualification recipients	Allowances
2015	19,299	\$327,528
2016	20,242	\$364,040
2017	21,456	\$3,660,733

Long-time service rewards

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

Year	Amount of Bonus	Total of Receipts
2015	\$6,145,000	1,185
2016	\$5,202,500	922
2017	\$5,767,500	878

Purchasing remote elderly nursing service with welfare credits

In joint effort with PayEasy and "Remote Healthcare Team" from Taipei Medical University Hospital, Taishin offers employees the opportunity to purchase remote elderly nursing service at discount prices using welfare credits. This solution addresses employees' common concerns by having professional medical teams available to care for the health of their family members away from home, thereby enabling employees to put their minds fully in work!



Son/Daughter's Wedding Leave



Industry Originality

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

Paid volunteer leave

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

Year	Applicants	Days of Volunteer Leave
2015	433	315.5
2016	280	225
2017	464	323

Highlights of Benefits



3 Labor Relationship

Labor-Management Communication Channels

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

Channel	Update frequency	Summary description and method of response
Taishin morning meetings	Quarterly	These meetings are hosted personally by the Chairman and held in Taishin FHC building with nationwide video conferencing. Meeting details are uploaded to the website after each session, while a video newsletter concerning the issues discussed is produced and circulated to all employees in the form of a video link.
Employee mailbox	Irregularly	The Company received 1 opinion from employee mailbox in 2017; the case had been closed and addressed properly.
Employee opinion surveys	Once every two years	Taishin engages external consultants regularly to identify key issues that require immediate attention, so that feasible action plans can be devised accordingly.
Employee hotline	Irregularly	The Company received 2 opinions from employee hotline in 2017; the cases had been closed and addressed properly.
HR representatives	Irregularly	Each department within the organization has been assigned a HR representative, whose duties are to bridge communication between employees and Taishin, deliver employees' opinions, and interpret the Company's policies.
Re-training of new recruits	Irregularly	New recruits are required to undergo re-training within six months after commencing service; during the re-training session, a HR representative will engage employees in face-to-face communication to listen to and reflect their opinions.
Labor-management meetings	Quarterly	Taishin convenes quarterly labor-management meetings, during which the labor and the management select a group of representatives with gender distribution complying with legal requirements to coordinate and make decisions that contribute to a harmonic employment relationship. The issues discussed in 2017 included work hour changes, overtime, women's night shift, holiday shift, and employee rewards, discipline and compassionate benefits.

Employee Opinion Surveys

Taishin Holdings engages external consultants regularly to conduct full-scale surveys on employees' opinions. By learning employees' views on the management practices in place, the organization is able to identify the key factors for retaining top talents as well as critical issues that require immediate improvement, so that feasible action plans can be devised accordingly. The response rate of 2017 employee opinion survey is 94%, which was 9% higher than that in the previous year. The response rate implies that Taishin employees have become quite confident about the objectivity of survey and the effectiveness of improvement actions taken afterwards, and are therefore more willing to express opinions through this channel.

According to operation plans this year, there are 3 emphases of Employee Opinion Surveys in 2017:

"To identify digital talents for the Fintech transformation and for future competitiveness"

"To coordinate performance targets and collaborative efforts across different departments for the best interest of the organization"

"To identify the key elements for developing overseas, Fintech and leadership talents"

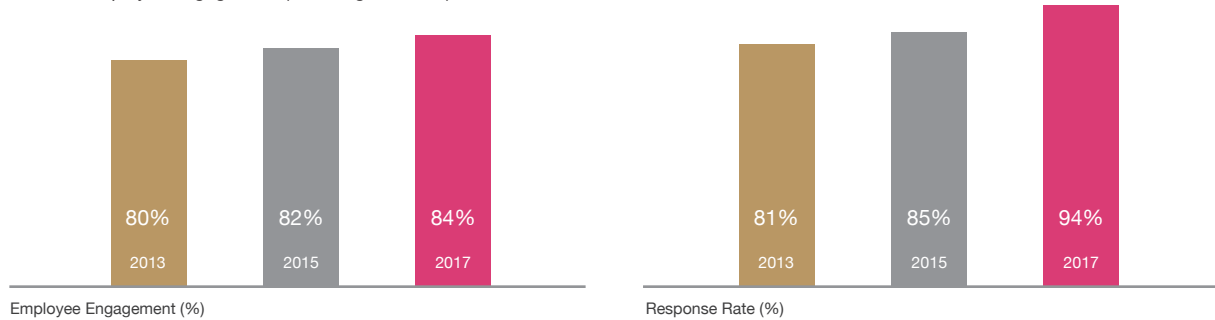
Taishin saw a 5% increase in the employee engagement rate in 2017 as compared to that in 2013 (whereas the financial norm of Asia Pacific increased only 1%), particularly in categories such as health and wellbeing, innovation, and talent management. The survey also showed employees having responded favorably to the question - "Taishin has invested adequate efforts into learning employees' opinions and thoughts," which resulted in a 7% improvement in 2017 over 2015 (the survey outcome was also 6% better than the financial norm of Asia Pacific and 9% better than financial norm of Taiwan).

Apart from employee opinion survey, Taishin's HR officers also visited branches nationwide and engaged employees in one-on-one discussions without the constraint of time and space. Having visited branches nationwide and interviewed more than 500 employees at random, the HR officers gathered enormous amounts of feedback from employees and shared them with relevant departments to discuss improvement plans and track implementation on an ongoing basis.

In 2018, Taishin plans to conduct focus group interviews with certain groups of employees whose feedback scores were lower, and will continue gathering employees' ideas and opinions while seeking improvements. Taishin also aims to tap into the possibilities of information technology by introducing a new employee opinion survey platform that delivers faster feedback and more frequent tracking to support strategic planning, interdepartmental collaboration, and business transformations.



Trend of Employee Engagement (including overseas)

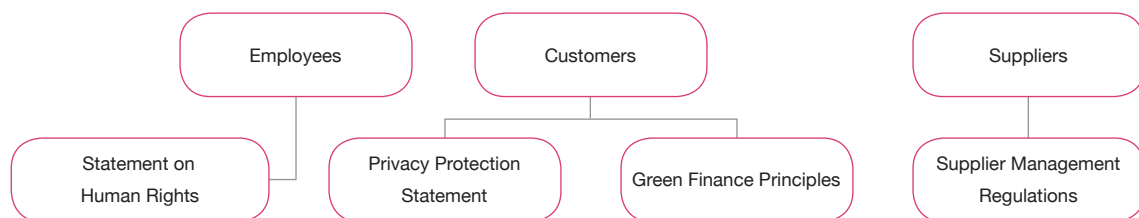


4 Human Rights and Gender Equality

Human Rights in Taishin

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

Four Main Policies



Note: Customer human rights, please refer to "Privacy Protection and Transaction Security" on P.35-37 of Chapter "Sustainable Governance"; For Supplier human rights, please refer to "Supplier Human Rights Management" on P.61 of Chapter "Green Environment."

Three Main Principles

Communication	<ul style="list-style-type: none"> Taishin conveys its human rights policies to stakeholders through training, website, email and available means.
Protection	<ul style="list-style-type: none"> Taishin enforces human rights protection measures from daily operations to business activities.
Supervision	<ul style="list-style-type: none"> Human rights risk surveys are conducted on a regular basis to determine the level of risk exposure and explore mitigation measures.

Taishin actively enforces human rights protection for employees. Not only has the Company made a series of public announcements over its intranet and Internet websites about protection of workers' human rights and prohibition against workplace sexual harassment, the organization has also included worker and human rights-related issues as part of the ethics training for new employees. The announcements and training form part of Taishin's ethics foundation. In 2017, Taishin's corporate ethics courses received 1,606 enrollments and delivered 321.20 training hours in total. Taishin encountered no incident of human rights violation in 2017.



Human Rights Risk Assessment

Issues	Target	Source of Risk	Level of Risk	Risk Ratio			Mitigation Measures
				2015	2016	2017	
Work Hours	All employees	<ul style="list-style-type: none"> Short-term increases in business or shortages in manpower Requirements of events held by associated companies 	Medium	0.1%	1.2%	0.5%	<ul style="list-style-type: none"> Establish employee work times and hours in compliance with labor laws Announce and reiterate the normal work hours and times, as well as the regulations for overtime Establish management systems for work hours and overtime, to help employees and supervisors control work hours and overtime hours.
Employment Dispute	All employees	<ul style="list-style-type: none"> Inappropriate communication/management of the supervisor Difference of understanding between employer and employees 	Medium				<ul style="list-style-type: none"> Establish human resource policy and employee rights-related rules in compliance with law Convene quarterly labor-management meetings. Maintain open communication with employees through available channels Organize regular courses on labor regulations and assist supervisors in understanding labor laws and proper management practice
Occupational Safety and Health	All employees	<ul style="list-style-type: none"> Working place While performing duties 	Medium				<ul style="list-style-type: none"> Regular inspection of working environment to ensure that workers are not exposed to excessive levels of hazard Regular health consultation and improvement advice by medical specialists Regular information and seminars on diet, lifestyle, exercising and health promotion Fitness test and health promotion activities for employees Confidential mental counseling for employees, in collaboration with external professional institutions
Discrimination	All employees	<ul style="list-style-type: none"> During recruitment and interviews During performance management/appraisal Interaction between employees 	Low				<ul style="list-style-type: none"> In addition to making public announcements, supervisors are trained regularly on proper interviewing techniques and legal knowledge "Employee Code of Conduct" has been implemented along with grievance channels Staff Conduct Review and Staff Performance Appraisal Committee has been assembled to ensure fair review of related offense
Sexual Harassment	All employees	<ul style="list-style-type: none"> Interaction between the job seeker and the interviewer, between the supervisor and the employee, or between employees 	Low				<ul style="list-style-type: none"> Implementation of "Employee Code of Conduct," "Sexual Harassment Prevention, Reporting and Disciplinary Policy" and "Sexual Harassment Prevention, Reporting and Investigation Guidelines" Assembly of a Sexual Harassment Prevention and Complaints Review Committee to ensure fair treatment of related claims
Inclusive Workplace	Employees with disabilities Aborigines	<ul style="list-style-type: none"> During employee recruitment and interview 	Low				<ul style="list-style-type: none"> Recruitment and management procedures for employees with physical or mental disability Control over the number and percentage of employees with mental or physical disability and aborigines hired within the organization

Note: Human rights risk ratio (%) = No. of employees with identified risks / Total employees in the year

Work Rights



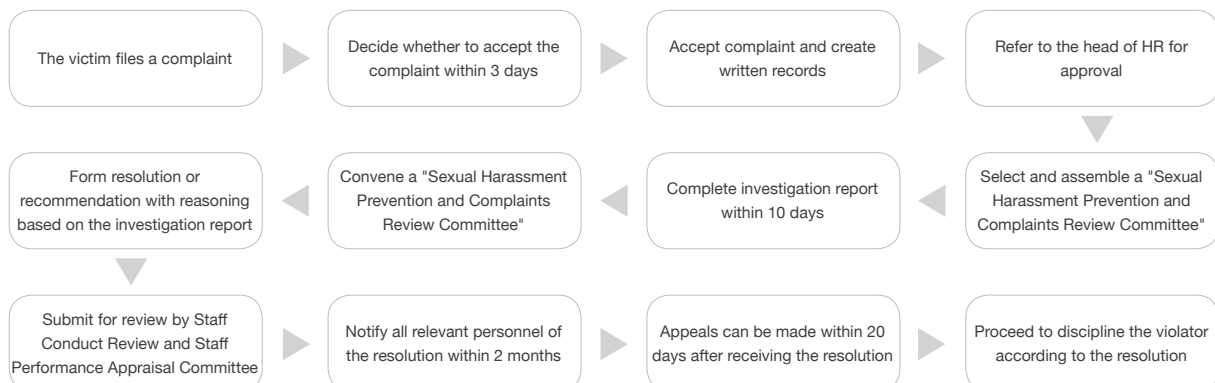
For the protection of work rights for all employees, Taishin not only adheres to the principles announced by International Labour Organization (ILO) regarding prohibition against forced labor, minimum employable age, work hours, weekly breaks and recommended practices, but also complies with relevant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

For the purpose of creating a fair, safe and enjoyable workplace, Taishin treats employees equally and prohibits all forms of discrimination (such as ethnicity, gender, age, disability etc.) in its recruitment, compensation, promotion, reward and disciplinary decisions. All forms of sexual harassment and intimidation are strictly prohibited in the workplace. Taishin and all its subsidiaries have published "Employee Code of Conduct," "Sexual Harassment Prevention, Reporting and Disciplinary Policy" and "Sexual Harassment Prevention, Reporting and Investigation Guidelines" over their intranet and Internet websites. For cases that concern sexual discrimination or harassment, a "Sexual Harassment Prevention and Complaints Review Committee" will be assembled according to laws to conduct investigation in the utmost fairness and discretion, in a manner that protects victim's privacy and prevents witnesses from being retaliated. If a violation is established to be true, the case in question will be referred to Staff Conduct Review and Staff Performance Appraisal Committee and resolved based on the outcome of the investigation in accordance with Employee Disciplinary Guidelines, and hence ensures employees' rights to fair treatment in the workplace. No complaint of sexual discrimination or sexual harassment of any kind was filed in 2017 at any of Taishin's domestic and foreign service locations.

Equal Treatment in the Workplace



Review and Disciplinary Procedures for Sexual Harassment Complaints





Protection of Maternity and Child Labor



Taishin values highly on the protection of maternity and child labor. Hiring of child labor under 16 is strictly prohibited. Female employees are entitled to 1 day of menstrual leave per month that they can take to rest at home. Pregnant employees are entitled to 40 hours of paid prenatal appointment leave and 8 weeks of maternity leave, and may take up to 9 months of tocolysis leave depending on health condition or physicians' advice. For pregnant employees who work in shifts, the Company would also take the initiative to adjust their work hours to avoid night shift. Furthermore, the Company makes sure that it avoids assigning child labor and pregnant employees to any tasks that may pose hazard to their physical or mental health. In the unfortunate event of a miscarriage, employees are granted miscarriage leave of at least 5 days up to 4 weeks depending on the duration of pregnancy.

As a support to maternity protection programs, Taishin engages physicians to organize regular health seminars and hazard identification courses for pregnant women and those who have given birth for less than one year. In addition, these physicians provide suggestions on how the workplace can be improved to eliminate hazards, and offer consultation and health education to those in need. For pregnant employees who choose to work during pregnancy, the Company provides maternity clothes that they can wear comfortably at work. In support of the government's pro-natalist policy and women re-employment policy, Taishin provides childbirth-related leaves (including family care leave, prenatal appointment leave, paternity leave etc.), extended unpaid parental leave and job reinstatement for all employees as required by law. Besides, Taishin also arranges childcare privileges and grants nursery breaks for those in need. Daycare allowances and nursing breaks are granted, while nursery rooms have also been made available at Ren'ai, Nei-hu and Jianbei offices. In addition, Taishin arranges medical specialists to host health-related seminars for women who are carrying child or have recently given birth, and has physicians stationed at business premise to provide regular medical consultation for employees. Crude birth rate within the organization had risen from 2.7% to 3.3% in 2017, which far exceeded Taiwan's crude birth rate of 0.070% (Note: the crude birth rate of Taiwan was sourced from the Department of Statistics, Ministry of the Interior).

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

Category	2016					2017				
	No. of 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	63.9%	56	81.2%	106	75	70.8%	56	81.2%
Male	4	4	100.0%	2	28.6%	11	6	54.5%	3	75.0%
Total	112	73	65.2%	58	76.3%	117	81	69.2%	59	80.8%

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

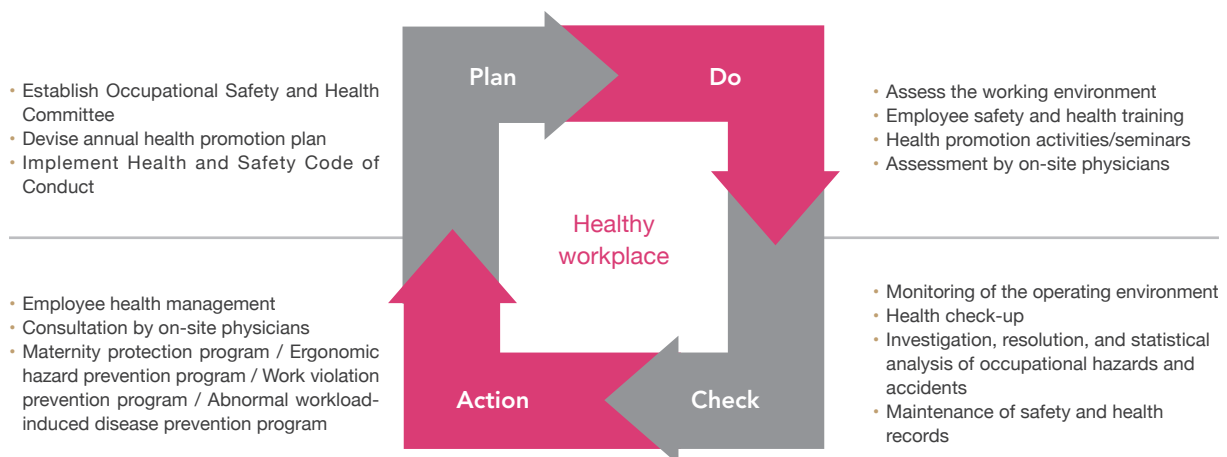
③ Retention rate = No. of employees retained after 1 year / No. of employees reinstated in the previous year

5 Occupational Safety and Health

Functionality of the Committee

Taishin Bank's "Occupational Safety and Health Committee" comprises 17 members, including 6 workers' representatives who represent more than one-thirds of the panel. The Committee is involved in several critical safety and health-related issues within the organization, including the establishment of Health and Safety Code of Conduct, workplace health consultation, emergency rescue workshop, safety and health training, and monitoring of the work environment. The Committee's presence is a testament to how Taishin has valued safety and health management within the organization. Between 2015 and 2017, there had been no major work accident or any death or disability of employee caused by occupational hazard.

Occupational Safety and Health Procedures





Occupational safety and health risk issues assessed by on-site physicians in 2017

Issue	Mitigation Measures	Target
Abnormal Body Weight/ Dyslipidemia	<ul style="list-style-type: none"> Organize fitness tests with medical team Encourage employees to participate in sports clubs offered by the Company Seminars on exercising and healthy diet Communication of "Daily diet instructions" and "Ketogenic diet" via e-newsletter 	All employees
Ergonomic hazard (impacts to muscle and bone)	<ul style="list-style-type: none"> Taishin's "Ergonomic hazard prevention program" Massage service - "Taishin Stress Relief Workshop" Online course - "Prevention and treatment of workplace lower back injury" Communication of "Lower back injury prevention" and "Eight harmful postures" via e-newsletter 	
Vision Impact	<ul style="list-style-type: none"> Taishin's "Ergonomic hazard prevention program" Half-yearly test of office luminance Communication of "Eye care" via e-newsletter 	

Occupational Injuries

Taishin FHC	Occupational accidents		Work Days Lost	Injury Rate ①	Absence Rate ②	% of days lost ③
	People Injured	Deaths				
Female	0	0	0	0.00	0.70%	0.00
Male	0	0	0	0.00	0.24%	0.00
Total	0	0	0	0.00	0.51%	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. Related statistics and reports are being made according to Taishin Holding's "occupational hazard" reporting policy (2014).

1.No work-related death had occurred to permanent or contract staff in 2017.

2.No permanent staff was diagnosed with occupational illness in 2017.

① Injury rate = total injuries/total work hours

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

② Absence rate = (Number of days absent ÷ Total number of work days) (including sick leave and occupational injury leave)

③ Lost day rate (LDR) = (lost working days/total work hours)*200,000

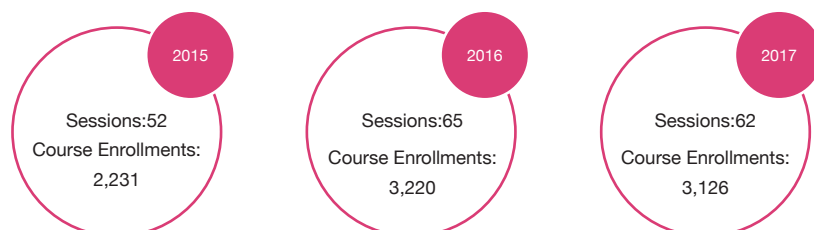
Absence Rate in Previous Years

Year	2014	2015	2016	2017
Absence Rate	0.64%	0.60%	0.70%	0.51%

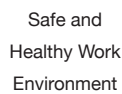
Education and Training

To prevent occupational hazards and protect workers' safety and health, Taishin assigned employees to various courses organized by Occupational Safety and Health Administration, Department of Labor, Taiwan Academy of Banking and Finance, and Bankers Association in 2017, where they developed professional knowledge, compliance awareness, and risk management skills. Furthermore, Taishin completed retraining for 90 occupational safety and health officers and retraining for 109 fire safety officers during the year. In 2017, Taishin organized 62 worker safety and health training sessions for 3,126 trainees for a total of 9,378 hours. The training was intended to raise employees' awareness towards safety and health protection awareness in the workplace, and contribute to our goal of a hazard-free workplace.

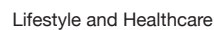
Employee Safety and Health Training Sessions



We believe that healthy and happy employees will lead Taishin to grow. Based on the belief, Taishin not only builds a safe and sound working environment, but also gives employees timely health care and professional assistance. Through multiple channels, we would like to ensure the health of all employees.



Smoke-free Workplace	Smoking by employees or business partners is prohibited anywhere within office premises nationwide. The Company's smoke-free policy and implications of the Tobacco Hazards Prevention Act are communicated to employees through occupational safety and health training courses held once every three years.
Monitoring of the work environment	<ul style="list-style-type: none"> • Taishin complies with Occupational Safety and Health Act and conducts indoor CO2 and luminance measurements once every six months. A total of 105 workplaces were monitored and measured in 2017 to ensure that work activities were not exposed to excessive levels of risk. Taishin performs indoor air quality inspections once every two years to test the presence of formaldehyde (HCHO) and particulate matters smaller than 10μm (PM10). Taishin also measures temperature and humidity at large server rooms. Alcohol thermometers are placed at branch server rooms to monitor changes in temperature and humidity. • Renovation contractors are instructed to duly comply with the Noise Control Act and Noise Control Act Enforcement Rules throughout the construction period, and take constant care of protecting the work site and surrounding environment.
Environment, Health and Safety Assessment	With the company of employee safety and health manager, physicians and professional nurses have assessed the workplace of Taishin Bank employees. During their visits, they offered advices to the employer regarding employees' safety, as well as steps that can be taken to improve the current workplace and equipment layout.
Ergonomic Workplace	By applying ergonomics knowledge, Taishin is able to take steps toward preventing employees from suffering occupational injuries and illnesses (such as muscle/bone injuries, ergonomic hazards etc. due to prolonged exposure to ill-designed work environment, repetitive actions, incorrect posture, and improper work hours. Customized works (such as service counters) are produced according to schematics; the sizes of which are designed based on business and ergonomic requirements. Taishin also purchases office equipment and supplies that feature ergonomic design wherever possible.



Health Check-up	Taishin arranges regular health checkups which are better than law to help employees understand their physical conditions and focus more on preventing instead of treating illness.
Health/Nutrition Provisions	Employees may consult with physicians after health checkups. Taishin also has professional nurses available to analyze abnormal health findings for all employees. Information such as healthy eat-out, chronic illness, and eye care is communicated to employees on a monthly basis through internal publications, e-newsletters and health seminars. Taishin began promotion of first-aid skills in 2017 and introduced cardiopulmonary resuscitation (CPR) and AED training.
Stress Management	Taishin has an "Abnormal workload-induced disease prevention program" available to assess and manage the health conditions of stressed workers within the Company. Other resources such as on-site physicians, mental health information, hotline for consulting (employee assistant program), Stress Relief Workshop and seminars on stress management, positive thinking, fragrance treatment, exercising, healthy habits etc. have also been made available to help employees deal with stress at work and in daily life.
Fitness programs	Taishin acquired its Taiwan iSport certification in 2016. Later in 2017, the medical team of Shuang Ho Hospital were invited to perform fitness test for employees, so that they may have a better understanding about their health conditions and take step to improve fitness. Taishin has also signed discount deals with third-party gym operators as a means to encourage regular exercising habits.
Total Epidemic Prevention Award	For the protection of employees' health and the health of their families, Taishin has been promoting awareness towards epidemic prevention and subsidizing administration of influenza vaccines. All 101 branches nationwide are being used as channels to disseminate health-related knowledge on influenza and to promote the public's awareness towards epidemic prevention. In October 2017, Taishin became the first financial institution to receive "Total Epidemic Prevention Award."
Health Management Platform	Launched in October 2015, the main purposes of the health management platform are to gather correct and timely health information and provide personalized health services such as maintenance and browsing of personal health reports, online checkup tools, simple health analyses etc. to help employees manage health conditions more effectively.



6 Financial Inclusion

The issue of financial inclusion has gained increasing popularity in recent years as more than 50 countries worldwide have committed themselves to increasing the level of financial inclusion. Taishin responds actively to UN's sustainable development goals and has taken actions to deliver more convenient financial services to remote areas, SMEs, and disadvantaged groups. Through financial education, we also aim to reduce knowledge gap between consumers.

Micro-Finance Products

Party involved	Type	Subjects and practices
Micro Businesses	Micro Loan	Micro-size businesses are often characterized by relatively small business activities and lack of collaterals that make it difficult for them to obtain financial support. In light of this shortcoming, Taishin Bank has been working closely with the Small and Medium Enterprise Credit Guarantee Fund to extend credit services to micro businesses that have the potential but lack the collateral needed to obtain working capital. The Bank began investment of a digital application system in 2017, and once the system comes online in 2018, it will speed up the credit approval process and help micro-size businesses obtained the needed capital in much shorter time.
	e-Payment	In collaboration with foreign electronic payment service providers, Taishin Bank introduced QR code payment service for micro businesses at locally renowned night markets and shopping districts in Taiwan (such as Jiufen, Dongdamen and Kenting). In doing so, the Bank brought convenient cash flow services to buyers and sellers, while at the same time reduced the need and cost of using card payment terminals.
New Industries	Investment into the 5+2 New Industries	To prevent new startup businesses from becoming the disadvantaged group in the financial system, Taishin Venture Capital offers real capital to support the 5+2 industries. At the end of 2017, Taishin Venture Capital had invested 64% of capital into businesses that were in their start-up stage, 30% in growth-stage businesses, 4% in mature-stage businesses, and 2% in TWSE/TPEX listed companies. Biomedicine was the new industry that Taishin Venture Capital had targeted for investment throughout 2017. After fund raising in the beginning of 2018, Taishin Venture Capital shall have adequate capital to conduct more in-depth exploration and evaluation of investment opportunities in other new industries including Asian Silicon Valley, green energy, smart machinery, defense aviation, new agriculture, and cyclical industries.
The Financially Disadvantaged	Micro Insurance	Micro insurance are products that offer basic protections for the financially disadvantaged. They provide coverage in areas that the government's social insurance and social welfare programs could not reach, and are characterized by simple, easy-to-understand, low insurance amount and low premium. Through the launch of micro insurance, we encourage the financially disadvantaged to arrange commercial insurance within their capacity and seek coverage not only to reduce financial impacts in the event of an accident, but also to care for family members.
Elders and People with Disability	Retirement Trust	Due to aging population and falling fertility rate, issues such as nursing care, retirement, children's care and care for family members with disability have increased in significance over time. Taishin is able to satisfy customers' diverse needs by offering customized trust agreements. These agreements can be used to structure comprehensive long-term care plans that not only secure the safety of assets entrusted by customers, but also make sure that the funds are used exclusively for taking care of beneficiaries.
Young Adults	Digital Banking	Taishin's digital banking service - Richart features a simplistic, convenient, understandable and transparent design that addresses the needs of young adults. Products including saving, credit card, investment, loan and insurance have also been re-designed under Richart to eliminate the complexity and high threshold requirements commonly seen in conventional banking services. (For more details, please refer to "Best Combination of CSR and Banking Services" on P. 6-7")
Campus Education	Charity Credit Cards	As a support to education, Taishin Bank launched Fu Jen Catholic University Affinity Card that contributes 0.3% of every dollar spent to the university's faculty construction fund. Taishin also plans to work with Fu Jen Catholic University Hospital in the future to provide hospital-related benefits.

Product Performance

Items	2015	2016	2017
Number of new small business loan customers	1,364	1,475	1,141
Allocation of new small business loans (NT\$1,000)	3,939,136	4,329,296	4,519,524
Startup investment (NT\$1,000)	503,958	138,448	109,816
Number of microinsurance applications	40	73	85
Sales of retirement trust (NT\$1,000)	150,730	36,900	451,382
Number of Richart account holders	-	47,000	240,000



Micro-Finance Services

Charitable Services

By combining the resources of Taishin Charity Foundation, Taishin Bank purchases charitable goods as birthday gifts for Infinite Card holders. The Bank also uses credit card statements, publications, EDM etc to convey the needs of charity organizations and encourage cardholders to make donations using credit cards or by converting reward points on Taishin's donation platform.

Remote area Financing Service

- Starting in 2017, Taishin began an initiative to introduce new payment tools (e.g. mobile payment, cross-border payment etc) to merchants and shopping districts in remote areas, and thereby expand the method of collection and increase merchants' income.
- Apart from general banking services, Taishin Bank ATMs also provide various functions such as bill payment, donation, borrowing/repayment of insurance policy loan, interbank cash deposit, and interbank cardless cash withdrawal. Taishin Bank ranks top among its peers in the number of ATMs deployed, which enables remotely located customers to complete financial services at an ATM near them, and saves them the trouble of traveling.
- Taishin Bank delivers online services such as credit card, loan application etc via Internet banking, mobile banking and mobile Apps, and offers diverse payment options including: convenience store, ACH etc that free customers from restrictions of location and banking hours. The number of Taishin Internet Banking and Mobile Banking users has been rising in the last few years. The total number of accounts was 1.74 million in 2017. The YOY growth in all accounts was 21%, and the YOY growth in active accounts was 25%.

Accessible Service

- Taishin Bank has height-adjusted ATMs and Blindness-friendly ATMs available to serve movement-impaired and visually impaired customers. User manuals printed in Braille are also available near ATMs to provide convenience for the visually impaired.
- A service bell was installed at the front door for all Taishin branches in January 2015. The purpose of the bell is to guide and assist customers to complete transactions. It is listed as one of the essential tools for branches.
- People with disability are entitled to 3 interbank cash withdrawals without service charge per month.

Financial Education

- Taishin Bank has devoted resources to promoting children's financial education, and developed a proprietary board game called "Young Banker Officer - YBO Fantasy Farm" that aims to help children develop proper investment knowledge through games. Taishin Bank volunteers have been traveling to remote areas and visiting social welfare organizations, where they teach disadvantaged children the proper perspective towards money using the YBO Fantasy Farm board game.
- Taishin Bank continued organizing campus investment seminars throughout 2017. Using simple examples and references, college students were taught the proper investment perspectives.

The Financially Disadvantaged

- To assist financially distressed borrowers, Taishin Bank works with The Bankers Association to provide debt consolidation solutions, and negotiates with borrowers to develop affordable repayment plans depending on the capacity of each borrower.
- For victims of recent disasters (e.g.: 921 Earthquake, Typhoon Morakot, and Kaohsiung gas explosion incident), the Bank has granted loan extensions, payment deferrals and other suitable solutions to help relieve financial pressure.

Service Statistics

Facility		Service Bell at Entrance	Accessible Ramp	Tactile Tile	ATM Wheelchair-accessible ATM	ATM Blindness-friendly ATM	Reading Glasses at Counter
No. of Branches	2015	99	-	-	29	4	99
	2016	100	-	-	30	5	100
	2017	101	73	29	101	5	101



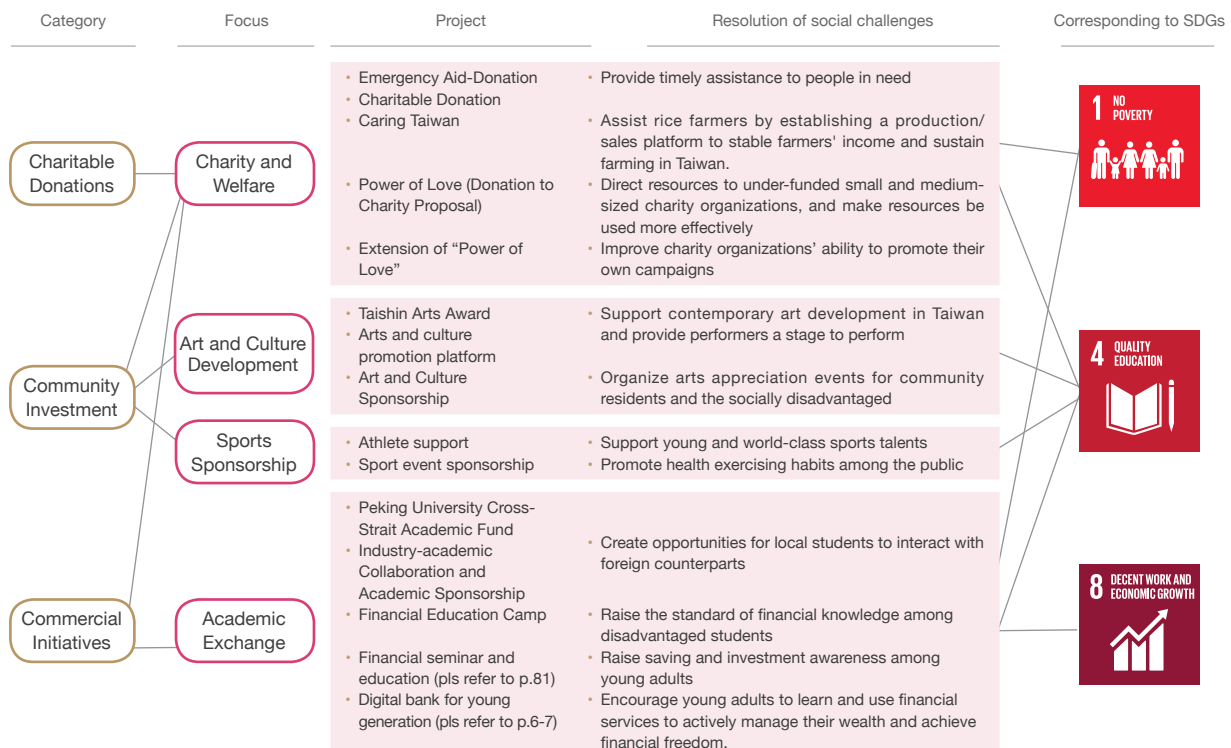
7 Social Involvement

Taishin believes that activating a cycle of decency is the best way to maximize the utility of invested resources, and implements charity campaigns, followed by the idea of "teaching people to fish". Taishin has long been contributing to the society's development in four main aspects, which are charity and welfare, arts and culture development, sports sponsorship, and academic exchange:

	Ideal	Commercial benefits (2017)	Social benefits (2017)
Charity and Welfare	Be centered around the motivation of "teaching people to fish," we develop training seminars and platforms to educate disadvantages and match business resources with social welfare organizations in order to maximize the benefits.	<ul style="list-style-type: none"> • Volunteer Hours: 10,260 • New digital banking accounts: Over 300,000 • Increased brand exposure and awareness 	<ul style="list-style-type: none"> • Donated Charity Organization of Power of Love Campaign : 127 • Participated Organizations of Power of Love Workshops: 215
Arts and Culture Development	Driven by the goal of "creating new value of Taiwan through arts," we actively supports contemporary art, popular art and various cultural events to raise public's attentions and bring art into life in ways that enrich people's spirits.	<ul style="list-style-type: none"> • Increased brand exposure and awareness • Raised customer satisfaction • Raised employees' arts and culture awareness 	<ul style="list-style-type: none"> • Participation of sponsored/organized events: 888,323 visitors • Number of sponsored/organized events: 59
Sports Sponsorship	Sponsor young athletes for their competition and education to promote sports among people of all ages. The sponsored athletes are invited to participate in Taishin's charity activities, where they can convey positive energy and inspire a cycle of positivity.	<ul style="list-style-type: none"> • Increased brand exposure and awareness • Maintained customer loyalty 	<ul style="list-style-type: none"> • Number of sponsored female golfers: 4 • Participation of sponsored/organized events: 860,096 visitors
Academic Exchange	Raise the level of finance profession and train more quality talents in Taiwan through the industry-academia collaborations and academic exchange programs.	<ul style="list-style-type: none"> • Increased brand exposure and awareness • Trained financial talents 	<ul style="list-style-type: none"> • Number of sponsored/organized financial and investment seminars: 41 • Number of students benefited from industry-academia collaborations: 419

Taishin adopted the the framework by the London Benchmarking Group (LBG) in 2017 to quantify our investment to measure the effectiveness and impact of social involvement. We also adapted SROI in 2017 for the Richart project launched in 2016 (see p.6-7) to assess the benefits created by investment in term of input, output and social impact. The measurement framework and model are practical tools for us to improve our corporate investment to maximize the benefits to community with the limited resources.

Taishin is aware of how important a decent society is to business success, which is why we have focused on the needs of local residents, devoted ourselves to global sustainability challenges, and responded to UN's Sustainable Development Goals (SDGs). By directing attention, resources and training to the socially disadvantaged, we hope to eliminate inequalities throughout the world; through education and arts and cultural exhibition, we aim to contribute to the health and welfare of all people.





Since 2016, Taishin realizes the importance of integrating resources and professional capacities throughout the group. In order to address the unfriendliness of conventional banking services to young customers, Taishin launched new digital banking services in April 2016 under the brand name "Richart." Featuring an innovative interface with deposit, credit card, and investment (e.g. coin investment), Richart aims to encourage young people in making active use of banking service. In addition, investment seminars were held in campuses throughout the nation to help young people learn proper knowledge about investment and wealth accumulation, and face their future aggressively. In the future, Taishin will commit to this value and continue investing efforts into charity and community events. In the meantime, Taishin will aim to escalate the influence of its charity efforts and maximize utility of corporate resources in a manner that conforms with our goal towards sustainable business.

Unit: %

Distributed by categories of activity	2015	2016	2017
Charitable Donation	12.87	9.02	1.54
Community Investment	85.12	39.40	43.53
Commercial Initiatives	2.01	51.59	54.93

Every input of resource represents Taishin's hope to solve the society's challenges in a timely and appropriate manner, and cash donation is one of the key ways we adopt to invest resources into charity programs. Apart from donations, we also inspire passion among employees toward charitable causes, which is why we treat all employees of Taishin Group as volunteers and encourage employees' children and our customers to join us in spreading the power of love. As part of the "Power of Love" campaign, Taishin encourages subsidiaries to commit to long-term supports to medium and small-sized charity organizations, organize one-day volunteer events, and encourage employees to participate in volunteer activities. To attract higher level of participation, Taishin even encourages volunteer events to be organized on a department level, and the program has successfully increased the level of volunteer activities. With the support of a robust volunteer system, we are able to spread the power of love to greater effect.

Unit: NT\$

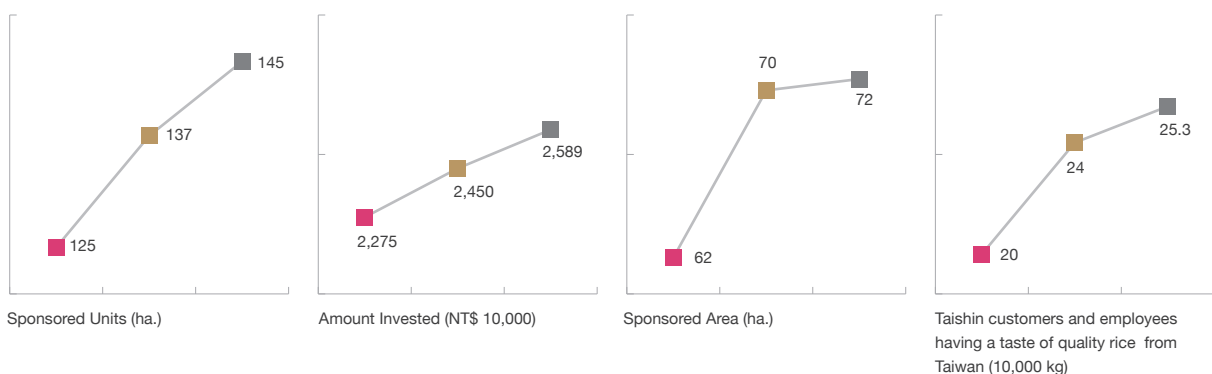
Distributed by types of social involvement	2015	2016	2017
Cash contributions	72,543,256	186,325,054	169,007,536
Product or services donation	776,440	495,000	3,587,400
Employee volunteering	1,346,630	1,053,668	6,381,720
Management overheads	9,492,701	8,770,049	8,132,868

Charity and Welfare

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.

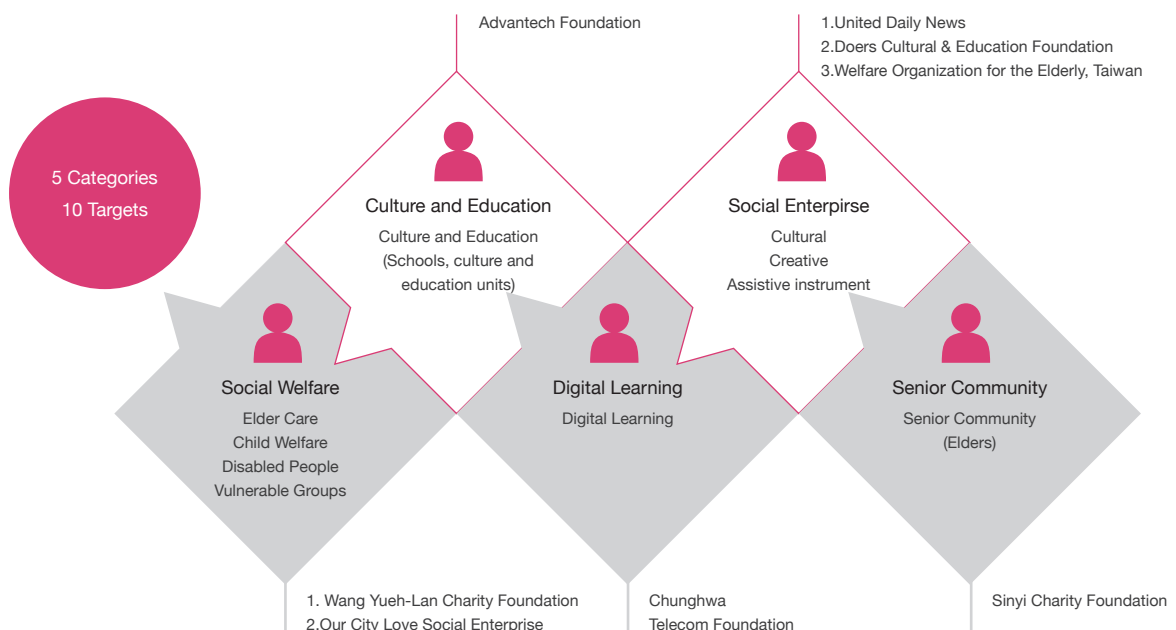
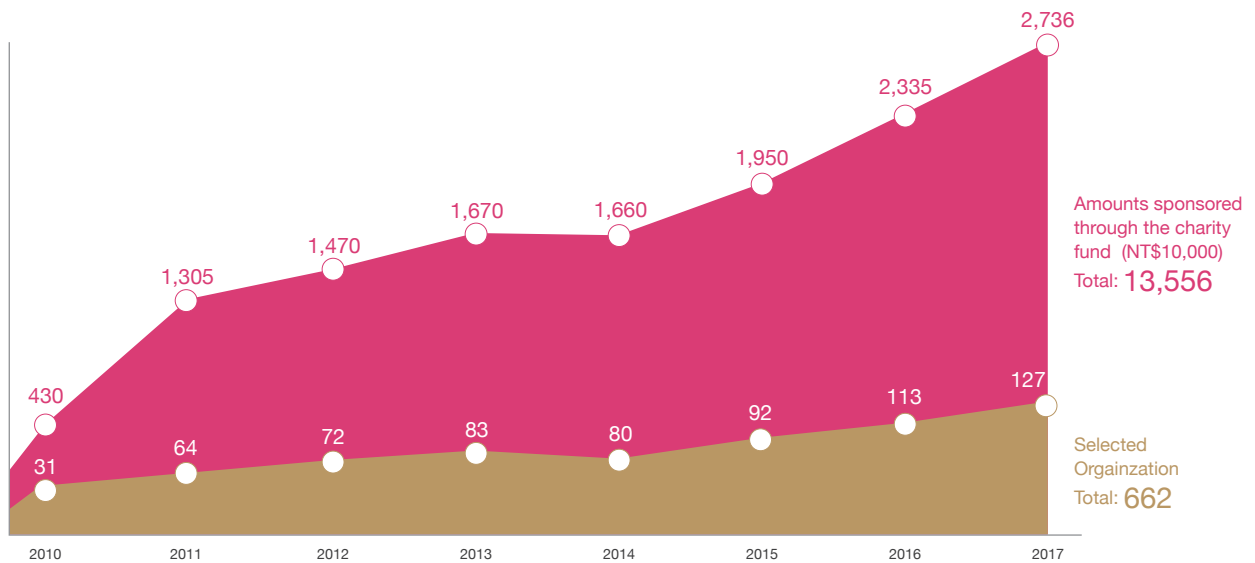
■ 2015 ■ 2016 ■ 2017





Power of Love

"Power of Love" is Taiwan's first large-scale online charity program organized by Taishin Charity Foundation. The program incorporates innovative thinking and modern technology for charity purpose, and has been available since 2010. The program invites non-profit organizations to submit charity proposals onto a website, where the public may vote to decide how Taishin Charity Foundation should allocate its donations. It uses a combination of Facebook account and mobile number for identification, and thereby ensures fairness of the voting process. The winning organizations are required to submit project execution reports onto the event website for public scrutiny, while organizations that fail to win the vote are still invited to participate in workshops and resource matching services. Through this annual event, small and medium sized charity organizations are able to receive real support from charity funds; furthermore, the process of explaining and promoting proposals to the public helps each organization raise public awareness and develop the ability to convince contributors of their cause, and ultimately builds healthy relationship with the society. Taishin constantly expands its attention to cover broader issues and wider range of people. In 2017, an assistive instrument social enterprise award was added to the "Social Enterprise" category, while a new "Senior Community" category was added to the program. These two additions were intended to direct support to rehabilitation and healthcare for elders, in view of the aging society.





Extensions of "Power of Love"

Apart from funding the winning organizations, Taishin also provides active assistance for other charity organizations to grow influence on their own. A series of extension activities was launched as a result with the support of resources from the public:

Project Name	Event Details	Results in 2017	Beneficiaries
Financial Education Camp	Through Taishin Bank's proprietary game - "Young Banker Officer - YBO Fantasy Farm," children were educated on the correct financial knowledge and taught to develop the habit of saving from an early age.	<ul style="list-style-type: none"> 2 sessions were held No. of beneficiaries: about 51 	Disadvantaged students of elementary school and above
Group purchase of festive charity gift boxes	Since 2013, the Bank has been inviting other subsidiaries of Taishin Holdings into making group purchases of charity gift boxes during Mid-autumn Festival, and giving them to Taishin Bank's customers and business partners.	<ul style="list-style-type: none"> 2,185 Mid-autumn gift boxes were purchased from 4 charity organizations Total amount: NT\$754,316 	Sheltered workshops, small and medium charity organizations
Charity Art	The "Charity Art" program was first introduced in 2014 as a means to associate art with charity efforts. In 2017, Taishin engaged a broad variety of artists into charity activities such as: performance at orphanage, and decorative painting at homes for mentally retarded children.	<ul style="list-style-type: none"> 4 sessions were held Participating charity organizations: 12 More than 480 people had benefited 	Small and medium-sized charity organizations
Power of Love Workshop	Taishin has been inviting professionals and businesses from different areas of expertise since 2015 to share their knowledge and help social workers develop professional capacity. Events such as "photography, audiovisual, digital marketing and financial workshops" and "Leaders Summit" have all been organized to help charity organizations develop the skills to communicate and market their ideas to the public.	<ul style="list-style-type: none"> 5 workshops were held More than 215 enrollments were made by charity organizations nation-wide 	Small and medium-sized charity organization
Minority Project	Since 2015, Taishin Bank has been touring around the island and visiting remote townships to deliver training courses for small and medium charity organizations that did not win funding. In 2017, the Bank worked with "DoDoKer" - a crowdfunding platform to host five workshops in various parts of Taiwan on the topic of "When charity meets crowdfunding." Through these workshops, we hoped to help people learn ways of structuring crowdfunding proposals for charity projects, so that even the slightest act of decency may be noticed and receive resource support from the society.	<ul style="list-style-type: none"> 5 sessions of "crowdfunding workshop" were held More than 80 charity organizations had benefited from the workshop 	Small and medium-sized charity organizations
Campus Charity	Taishin has been actively bringing charity programs onto campus since 2015. In 2017, the Bank continued its collaboration with the Department of Advertising, Chinese Culture University School of Continuing Education, to help charity organizations consolidate marketing resources and raise brand credibility. During the same year, we also worked with the Department of Service Management, Tamkang University, and made creative uses of innovative technologies offered by "DoDoKer" to direct the public's attention towards the socially disadvantaged, and thereby assisting charity organizations in their online crowdfunding activities.	<ul style="list-style-type: none"> 6 charity organizations had benefited Outcome of integrated marketing effort: NT\$288,000 NT\$105,050 of funds raised Benefited 2 universities 	Social enterprises and small and medium-sized charity organizations
Angel Group - matching of the right resources	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. In 2017, the Bank made several donations of used office furniture, bedding accessories, meal package, meal expense, and dining utensils through the Angel Group to charity organizations in need.	<ul style="list-style-type: none"> 95 charity organizations had benefited Total donation: NT\$1,870,000 	Small and medium-sized charity organizations





Arts and Culture Development

Encouraging professional creations- Taishin Arts Award

In 2001, Taishin Holdings funded the foundation of "Taishin Bank Foundation for Arts and Culture" as a way of providing long-term support for "contemporary art development in Taiwan." "Taishin Arts Award" is the major event that the foundation has organized to encourage visual art, performance art, and interdisciplinary arts, a pioneering idea among arts award at home and abroad.

Taishin's long-term commitment to arts and culture combined with its meticulous thoughts and creativity in the arts award made it the eight-time winner of Ministry of Culture's "Arts and Business Awards" in 2017, an achievement that bears witness to Taishin's long-time dedication to supporting artistic and cultural events in Taiwan and around the world.



Taishin Arts Award		Year	Outcomes of Taishin Arts Award
<p>"Taishin Arts Award" was introduced back in 2002 as a means to encourage visual, performance and various types of artistic creation in Taiwan, and has since become one of the most prominent awards for contemporary art creation in Taiwan. The award has made a total of 52 winners since its first year. The 2017 event offered a total prize of NT\$3.5 million over three categories, namely: "Annual Grand Prize," "Performing Arts Award" and "Visual Arts Award." The event website received 57,267 visits over the course of review, and brought much attention from the public to contemporary arts. The award not only commends Taiwanese artists for the professional creations, but also serves as a platform for connecting local creators with the rest of the world. In the beginning of 2018, the foundation was invited by Ong Keng Sen, Director of Singapore International Festival of Arts, to produce a "Taishin Arts Award Artists Exhibition" in Singapore.</p>		2015	<ul style="list-style-type: none"> Cumulative number of winners: 47 Total visitors: 12,475 A total of 14 institutions, 27 teachers and 1,345 students had completed their off-site teaching at the recent Taishin Arts Award.
		2016	<ul style="list-style-type: none"> Cumulative number of winners: 49 Total visitors: 10,265 A total of 22 institutions, 15 teachers and 1,662 students had completed their off-site teaching at the recent Taishin Arts Award.
		2017	<ul style="list-style-type: none"> Cumulative number of winners: 52 A dedicated website was developed in place of physical exhibition; the website received 57,267 visits

Arts and culture promotion platform

Taishin Tower lobby exhibition		Year	Outcomes of Taishin Tower lobby exhibition
<p>The first floor lobby of Taishin Tower has been used regularly as an exhibition space for contemporary art since 2006. By the end of 2017, a total of 58 exhibitions had been held, each lasting for nearly two months. The series of exhibition has made Taishin the most friendly place for arts appreciation among customers, community residents, and employees.</p>		2015	<ul style="list-style-type: none"> A total of 6 exhibitions were held
		2016	<ul style="list-style-type: none"> A total of 5 exhibitions were held
		2017	<ul style="list-style-type: none"> A total of 7 exhibitions were held

In an attempt to promote artistic awareness among the public, Taishin created an "ARTalks" website and arranged a series of concert viewing and arts course to provide employees and community residents the opportunity to appreciate arts in life.

ARTalks website		Year	Comments
<p>ARTalks first came online in 2013. 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. By the end of 2017, the website had accumulated more than 1.8 million visits. A new "Art and Mind" section was created on the website during the year; featuring fun Q&As and artists' articles, Art and Mind was introduced to engage a larger number of people in popular arts, while extend artistic discussions from elites to the general public!</p>		2015	<ul style="list-style-type: none"> 884
		2016	<ul style="list-style-type: none"> 849
		2017	<ul style="list-style-type: none"> 767



ARTalk Website

Employee arts courses		Year	Outcomes
<p>"Employee arts courses" have been introduced with themes ranging from arts appreciation, theatrical performance, parental activities, to human culture. A total of 12 arts courses were organized in 2017 with a total of 536 participants. These arts courses help Taishin employees develop cultural quality and character, whereas exposure to contemporary arts and aesthetics also inspires creative thinking.</p>		2015	<ul style="list-style-type: none"> 14 courses; 885 participants
		2016	<ul style="list-style-type: none"> 15 courses; 605 participants
		2017	<ul style="list-style-type: none"> 12 courses; 536 participants

There is a wide variety of employee arts courses available, from theatrical body language, craft workshops that you can go with children, to exhibitions and performances for the entire family. I Appreciate Taishin Bank Foundation for Arts and Culture for organizing these events, and I feel fortunate to be a Taishin employee.
(Taishin Bank employee Ms Huang)



Year	Performances	Participants
2015	23	6,722
2016	24	6,735
2017	25	6,810

Meet the Musicians
 Concert - performance featuring Long Men Junior High School Strings and Principal/Assistant Principal of NSO
 It is satisfying to see children playing on the same stage as Principal/Assistant Principal of a national symphony, and I am sure the children have benefited from this experience as well. The Principals' modesty and skills make them the best role models to the children.
 (Parent of Long Men Junior High School student - Ms Cheng)

Community concerts

Friday Noon Concert

"Friday Noon Concert" first began in 2006. It features performances of locally and globally renowned musicians, and is intended to relieve the stressful lifestyles of local residents through music. Friday Noon Concert averages 23-24 performances per year, and for over a decade, the event has accumulated 284 performances in total and built up loyal audience who visit regularly from all over the Greater Taipei Area. In celebration of Taishin Bank's 25th anniversary, the Bank collaborated with Kaohsiung Museum of Fine Arts and brought Friday Noon Concert to audience in Southern Taiwan.

Flash concert for Taishin's 25th Anniversary

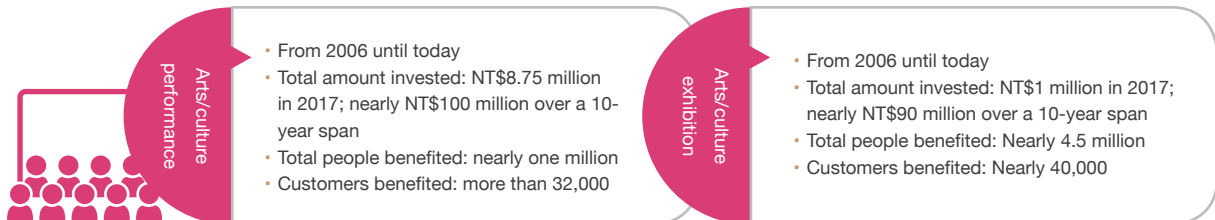
To celebrate Taishin Bank's 25th anniversary, the Bank arranged a series of performance including percussion, hip hop, and tap dance featuring nearly 50 performers that attracted an audience size of about 300 comprising community residents, pedestrians, customers and employees.

2017 TS Music in the Round

With the co-organizing of Taipei City Department of Cultural Affairs, Taishin Bank Foundation for Arts and Culture held a series of musical, dance, and acrobatic performances at Taishin Tower and various locations near the Renai Roundabout for three consecutive weekends in December. The Bank also organized a concert called "Meet the Musicians" where outstanding musical bands from nearby schools were invited to play with renowned musicians. A total of 2,483 performers, audience, and Taishin volunteers had participated in this event and made the musical feast in the streets a reality.

Arts and culture sponsorship

Taishin has been making world-class art and cultural performances popular and acceptable among the general audience by sponsoring their performances in Taiwan since 2006. Nearly NT\$200 million have been spent to date. For each performance, Taishin obtains charity seats where possible for the benefit of disadvantaged groups, which have been given out to nearly 2,000 people to date. Meanwhile, Taishin actively associates customer activities with charity, and in doing so, we help develop appreciation towards art and culture in Taiwan.



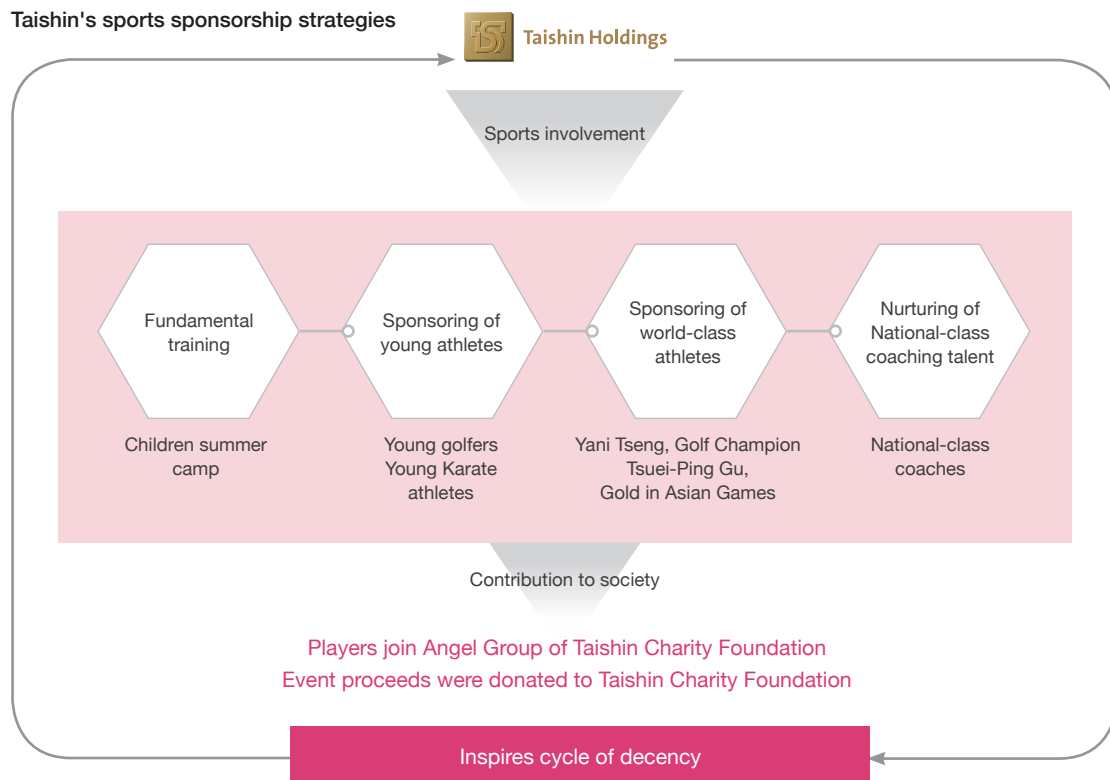


Sports Sponsorship

Taishin has long devoted attention to the development of sports. The organization began sponsoring karate in 2008, women's golf in 2011, and further extended its reach to basketball and baseball in 2017. Taishin was also a proud sponsor of the 2017 Summer Universiade held in Taipei. Driven by the same strategy to inspire a cycle of positivity, Taishin has chosen to associate sports with its charity efforts as much as possible for a broader and deeper reach to the audience.



Taishin's sports sponsorship strategies





Karate

In the aftermath of the 921 Earthquake, Taishin introduced its "Caring Taiwan" campaign and invited customers to donate small sums/invoices through PayEasy, an online platform run by an affiliated company, as well as Taishin's sponsorship and scholarship. Between 2005 and the end of 2017, a cumulative sum of NT\$80,649,452 was raised to fund Nantou County Youth Karate Team. To further expand the cycle of positivity, the Team joined the Angel Group of Taishin Charity Foundation, and is being led personally by coach Tai-Chi Huang to visit charity organizations in Nantou during summer breaks, where they convey Taishin's "Power of Love." In 2017, they visited "Chiayi Welfare Foundation for the Visually Impaired" and accompanied visually impaired people through their completion of orientation training. In doing so, they passed on the power of love to where it is needed in the society.

Taishin has been sponsoring female golfers since 2011; in 2017, Taishin was the sponsor of several prominent golfers including Yani Tseng, Pei-Ying Tsai, Pei-Yun Chien and Meng-Chu Chen. Taishin also expanded the scope of its charity golf tournament in 2017, during which many renowned figures were invited to compete and participate in the charity auction of their autographed clubs and clothes. A total of 8 charity golf tournaments have been organized from 2011 until today, and thanks to the participation of over 600 people, more than NT\$12 million in donation have been raised. From 2011 until now, Taishin has spent more than NT\$100 million in the sponsorship of golfers.



Female Golf



Summer Universiade

During the 2017 Summer Universiade, Taishin worked with Taipei City Department of Social Welfare not only as a sponsor, but also invited about 24,000 representatives from charity organizations to participate in the ceremonies. A total of 100 volunteers under Taishin Charity Foundation were also invited to participate in the closing ceremony. Taishin took this opportunity and invested more than NT\$10 million in setting up Richart stalls, where the public was offered the chance to experience the latest digital banking services.

Taishin also made its first attempt to support basketball in 2017, providing sponsorship for HBL games, the Song-Shan Senior High School team (the HBL champion), and the GDS Spotlight program so that HBL games may continue and expand beyond its million viewers. Taishin also sponsored the championship team and 9 talented players to their training in the United States, and thereby contributing its part to the development of basketball sport. During summer time, Taishin joined Song-Shan Senior High School team in the organization of a summer basketball camp, where 60 Taishin customers were shown the champion's training methods, sportsmanship, and the proper sporting habits. A cumulative sum of more than NT\$3 million has been invested into the project.



Basketball



Baseball

Taishin made its first attempt to support baseball in 2017, and sponsored Asia Professional Baseball Championship that attracted a total audience of 120,000 from local and abroad.

Academic Exchange

Peking University Cross-Strait Academic Fund

In 2012, Taishin Holdings signed a memorandum of understanding (MOU) with Peking University Guanghua School of Management for the establishment of "Peking University Cross-strait Academic Fund." Since then, the two institutions have engaged each other in yearly exchange of academic and practical knowledge. In September 2017, lecturers and students from Peking University were invited to engage their counterparts in Chengchi University in a discussion about "Digital Transformation of Conventional Branches." Under the intensive brainstorming and discussion between students, guidance from teachers of the two universities, and contribution of practical experience from Taishin managers, a final report was produced for the researched topic. A total of 48 students/teachers from Peking University have visited Taiwan to date, which makes this program a constructive way of facilitating cross-strait interactions.

Industry-academia collaboration and academic sponsorship

Industry-academia collaboration

Since 2011, Taishin Holdings has been cooperating with multiple universities, technology institutions and vocational schools to offer students the opportunity to learn skills and gain practical experience outside school, so that they can make a better transition into their careers upon graduation. In 2017, a total of 377 students had gained internship experience and professional knowledge through this model, while 300 positions were created through industry-academia collaboration and internship programs. Given the uprise of financial technologies, Taishin has



even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and Fintech development.

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

Nurture Finance Talents

As part of its mission to contribute to society and nurture talents, Taishin offers scholarships to financially disadvantaged students at National Taiwan University and National Chengchi University. A sum of NT\$320,000 was provided in 2017 as scholarship. Starting from 2017, Taishin began working with National Sun Yat-sen University on the launch of "Financial Innovation Masters Program." Featuring a combination of classroom teaching and internship during winter/summer breaks, the program recruited 15 postgraduate students to the study that will prove relevant to the future innovations of the banking industry.

In 2017, Taishin sponsored 10 academic events for an approximate total of NT\$1.6 million.



The background of the page features a large, abstract graphic of a molecular structure. It consists of numerous circles of varying sizes, representing atoms, connected by thin, light-colored lines representing chemical bonds. The circles are in shades of beige and light brown, and the lines are a very light beige. The structure is distributed across the entire page, with some clusters being more dense than others.

Appendix

1 GRI Standards

2 GRI Financial Services Sector Supplement

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

4 Report Assurance Statement

1 GRI Standards

	General Disclosures (2016)	Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
102-1	Name of the organization	Report Summary	○		1	
102-2	Activities, brands, products, and services	Value Creation Chain	○		10-11	
102-3	Location of headquarters	Report Summary	○		1	
102-4	Location of operations	About Taishin	○		9	
102-5	Ownership and legal form	Report Summary	○		1	
102-6	Markets served	About Taishin	○		9	
102-7	Scale of the organization	About Taishin	○		9	
102-8	Information on employees and other workers	Inclusive Society	○		63-90	
102-9	Supply chain	Supplier Sustainability Management	○		60	
102-10	Significant changes to the organization and its supply chain	Business Performance	○		40	1. Taishin Bank established Brisbane Branch 2. Taichong Securities was merged into Taishin Securities
102-11	Precautionary Principle or approach	Enhancement of Risk Management in 2017	○		33	
102-12	External initiatives	Responses and Actions for Climate Changes	○		53-54	
102-13	Membership of associations	Membership in Associations	○		28	
102-14	Statement from senior decision-maker	Chairman's Message	○		3	
102-15	Key impacts, risks, and opportunities	Sustainability Risks and Opportunities		○	17	
102-16	Values, principles, standards, and norms of behavior	Business Integrity Policy	○		29	
102-17	Mechanisms for advice and concerns about ethics	Enforcement and Management of Business Integrity		○	29	See "Employee Code of Conduct" on the Company's website for grievance procedures on illegal and unethical conduct.
102-18	Governance structure	Corporate Governance Framework	○		26	
102-19	Delegating authority	Sustainability Management		○	16	
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Management		○	16	
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement Sustainability Management		○	18-21 16	
102-22	Composition of the highest governance body and its committees	Corporate Governance Framework		○	26	
102-23	Chair of the highest governance body	Composition of the board of directors: Professionalism, diversity and independence		○	27	
102-24	Nominating and selecting the highest governance body	Election of directors		○	27	
102-25	Conflicts of interest	Composition of the board of directors: Professionalism, diversity and independence		○	27	
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Management Corporate Governance Framework		○	16 26	
102-27	Collective knowledge of highest governance body	Directors' education		○	28	
102-28	Evaluating the highest governance body's performance	Board of directors' performance valuation		○	28	
102-29	Identifying and managing economic, environmental, and social impacts	Organization and responsibilities of risk management in Taishin Sustainability Management		○	30 16	
102-30	Effectiveness of risk management processes	Organization and responsibilities of risk management in Taishin Sustainability Management		○	30 16	
102-31	Review of economic, environmental, and social topics	Sustainability Management		○	16	
102-32	Highest governance body's role in sustainability reporting	Sustainability Management		○	16	
102-33	Communicating critical concerns	Stakeholder Engagement		○	18	
102-34	Nature and total number of critical concerns	Stakeholder Engagement Management Approach of Material Issues		○	18 20-21	
102-35	Remuneration policies	Remuneration Policy		○	28	
102-36	Process for determining remuneration	Remuneration Policy		○	28	
102-40	List of stakeholder groups	Stakeholder Engagement	○		18-21	
102-41	Collective bargaining agreements		○			Taishin has no labor unit so it is no need to sign collective bargaining agreements. Taishin convenes quarterly labor-management meetings to ensure open communication with employees.

General Disclosures (2016)		Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	○		18-21	
102-43	Approach to stakeholder engagement	Stakeholder Engagement	○		18-21	
102-44	Key topics and concerns raised	Management Approach of Material Issues	○		20-21	
102-45	Entities included in the consolidated financial statements		○			Please refer to 2017 Financial Statements on Taishin Website
102-46	Defining report content and topic Boundaries	Report Summary Management Approach of Material Issues	○		1 20-21	
102-47	List of material topics	Management Approach of Material Issues	○		20-21	
102-48	Restatements of information	Green Environment	○		49-62	Environmental performance is recalculated due to the boundary extension (Group total).
102-49	Changes in reporting	Stakeholder Engagement	○		18-21	
102-50	Reporting period	Report Summary	○		1	
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	GRI Standards	○		92	
102-56	External assurance		○		96	

103: Management Approach (2016)		Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
103-1	Explanation of the material topic and its Boundary	Management Approach of Material Issues	○		20-21	
103-2	The management approach and its components	Management Approach of Material Issues	○		20-21	
103-3	Evaluation of the management approach	Management Approach of Material Issues	○		20-21	

Topic Specific Standard Disclosures

Economic		Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
201 : Economic Performance (2016)						
201-1	Direct economic value generated and distributed	Value Creation Chain Business Performance		○	10-11 40-41	
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Risks and Opportunities Responses and Actions for Climate Changes		○	17 53-54	
201-3	Defined benefit plan obligations and other retirement plans			○		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)						
202-2	Proportion of senior management hired from the local community			○		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		○	82-90	
203-2	Significant indirect economic impacts	FinTech/ Innovation Talent Recruitment and Development Financial Inclusion Social Involvement		○	42-45 64-69 80-81 82-90	
205 : Anti-corruption (2016)						
205-2	Communication and training about anti-corruption policies and procedures	Enforcement and Management of Business Integrity		○	29	
205-3	Confirmed incidents of corruption and actions taken		○			There had been no incident of corruption.

	Economic	Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
206 : Anti-competitive Behavior (2016)						
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		○			No such circumstances

	Environmental	Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
302 : Energy (2016)						
302-1	Energy consumption within the organization	Energy Conservation & Carbon Reduction Practices		○	55-56	
302-3	Energy intensity	Energy Conservation & Carbon Reduction Practices		○	55-56	
302-4	Reduction of energy consumption	Energy Conservation & Carbon Reduction Practices		○	55-56	
303 : EWater (2016)						
303-1	Water withdrawal by source	Effective Resource Utilization		○	57	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
305 : Emissions (2016)						
305-1	Direct (Scope 1) GHG emissions	Energy Conservation & Carbon Reduction Practices		○	55-56	
305-2	Energy indirect (Scope 2) GHG emissions	Energy Conservation & Carbon Reduction Practices		○	55-56	
305-3	Other indirect (Scope 3) GHG emissions	Energy Conservation & Carbon Reduction Practices		○	55-56	Calculated by employee travels in 2017.
305-4	GHG emissions intensity	Energy Conservation & Carbon Reduction Practices		○	55-56	
305-5	Reduction of GHG emissions	Energy Conservation & Carbon Reduction Practices		○	55-56	
305-6	Emissions of ozone-depleting substances (ODS)			○		No ODS emissions.
306 : Effluents (2016)						
306-2	Waste by type and disposal method	Waste Management		○	58	
307 : Environmental compliance (2016)						
307-1	Non-compliance with environmental laws and regulations		○			There had been no penalties imposed in relation to the environment.
308 : Supplier (2016)						
308-2	Negative environmental impacts in the supply chain and actions taken	Supplier Sustainability Management		○	59-62	

	Social	Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
401 : Employment (2016)						
401-1	New employee hires and employee turnover	Diversified recruitment	○		64-66	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits & Care	○		72-73	Taishin operates mainly in Taiwan.
401-3	Parental leave	Protection of Maternity and Child Labor		○	77	
403 : Occupational Health and Safety (2016)						
403-1	Workers representation in formal joint management-worker health and safety committees	Functionality of the Committee		○	77-78	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Safety and Health		○	77-79	
404 : Training and Education (2016)						
404-1	Average hours of training per year per employee	Training programs and methods	○		66-69	
404-2	Programs for upgrading employee skills and transition assistance programs	Training programs and methods	○		66-69	
404-3	Percentage of employees receiving regular performance and career development reviews	Performance Management	○		71	
405 : Diversity and Equal Opportunity (2016)						
405-1	Diversity of governance bodies and employees	Composition of the board of directors: Professionalism, diversity and independence Diversified recruitment	○		27 64-66	
405-2	Ratio of basic salary and remuneration of women to men	Remuneration Policy	○		70	Taishin operates mainly in Taiwan.

	Social	Report Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
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			○		No such circumstances
408 : Child Labor (2016)						
408-1	Operations and suppliers at significant risk for incidents of child labor			○		No such circumstances
409 : Forced or Compulsory Labor (2016)						
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor			○		No such circumstances
411 : Rights of Indigenous People (2016)						
411-1	Incidents of violations involving rights of indigenous peoples			○		No such circumstances
412 : Human Rights Assessment (2016)						
412-2	Employee training on human rights policies or procedures	Human Rights and Gender Equality		○	75-77	
414 : Supplier Social Assessment (2016)						
414-2	Negative social impacts in the supply chain and actions taken	Supplier Sustainability Management		○	59-62	
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.
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 personal information misuse. The case was well addressed according to "B-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		○			No material penalty


2 GRI Financial Services Sector Supplement

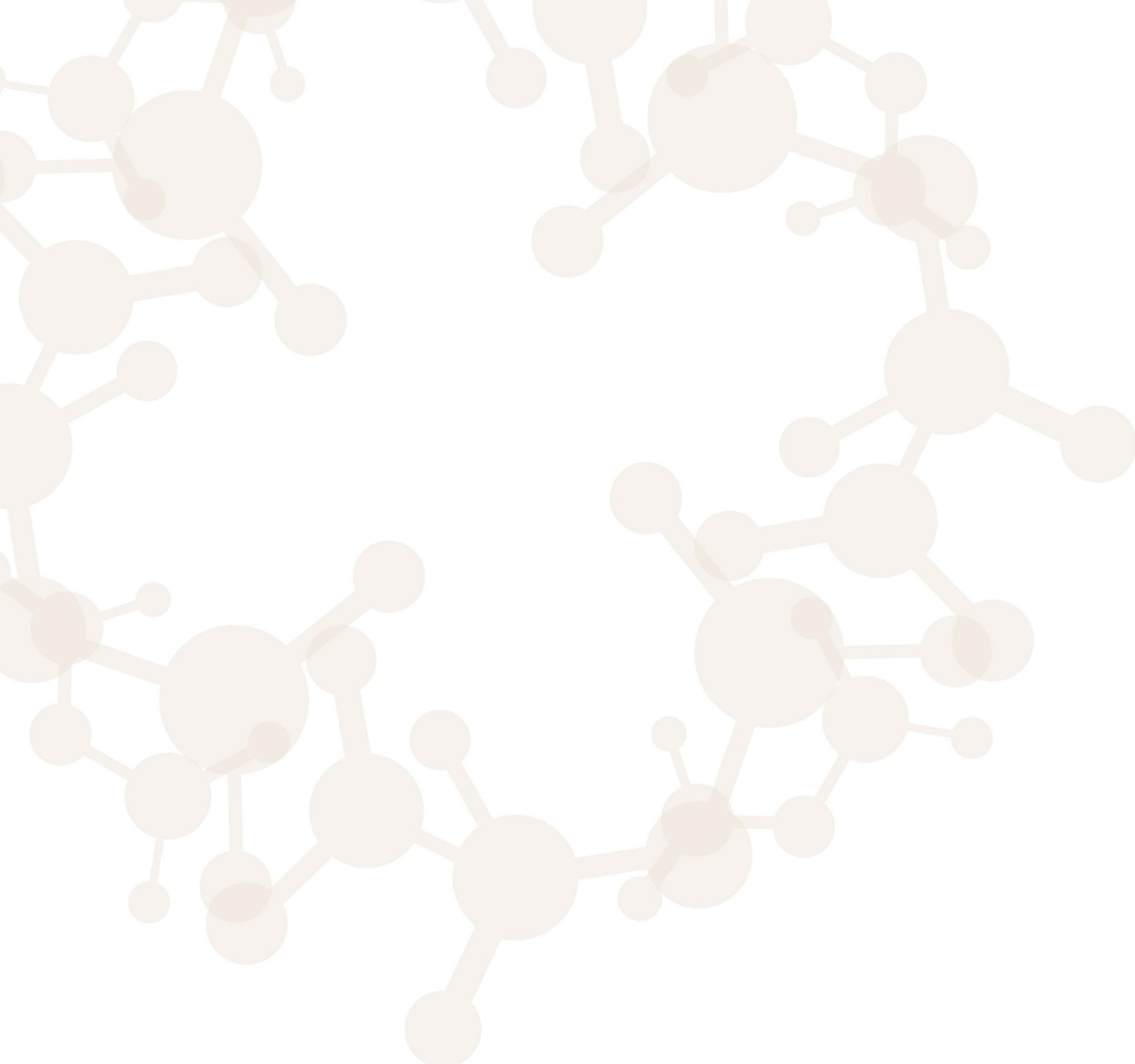
	Indicator	Report chapter	Page
Product Portfolio			
FS1	Policies with specific environmental and social components applied to business lines	Sustainability Management	16
FS2	Procedures for assessing and screening environmental and social risks in business lines	Green Finance	50-52
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Green Finance	50-52
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Green Finance	50-52
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Green Finance Supplier Management	50-52 59-62
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	Financial Performance	40
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Financial Inclusion	80-81
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Green Finance	50-52
Community			
FS14	Initiatives to improve access to financial services for disadvantaged people	Financial Inclusion	80-81
Product and Service Labeling			
FS15	Policies for the fair design and sale of financial products and services	Protection of Customers' Interests	46
FS16	Initiatives to enhance financial literacy by type of beneficiary	Protection of Customers' Interests Financial Inclusion	46 80-81

3 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Indicator	Description	Chapter	Page
Finance-1	Within the scope of the listed companies' financial products or services agreements or transactions, processes for encouraging and paying attention to their clients' or other counterparties' compliance with environmental and social requirements and how reasonable conditions are being followed.	Green Finance	50-52
Finance-2	Number of employees in non-supervisory positions, annual employee benefit expenses and difference comparing to those of the preceding year.	Employee Benefits & Care	72-73

4 Report Assurance Statement

<p style="text-align: center;">INDEPENDENT ASSURANCE OPINION STATEMENT</p> <p style="text-align: center;">Taishin Financial Holding Co., Ltd. 2017 Corporate Social Responsibility Report</p> <p>The British Standards Institution is independent to Taishin Financial Holding Co., Ltd. (hereafter referred to as TAISHIN FHC in this statement) and has no financial interest in the operation of TAISHIN FHC other than for the assessment and verification of the sustainability statements contained in this report.</p> <p>This independent assurance opinion statement has been prepared for TAISHIN FHC only for the purposes of verifying its statements relating to its sustainability, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.</p> <p>This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by TAISHIN FHC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.</p> <p>Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to TAISHIN FHC only.</p> <p style="text-align: center;">Scope</p> <p>The scope of engagement agreed upon with TAISHIN FHC includes the following:</p> <ol style="list-style-type: none"> 1. The assurance scope is consistent with the description of Taishin Financial Holding Co., Ltd. 2017 Corporate Social Responsibility Report. 2. The evaluation of the nature and extent of the TAISHIN FHC's adherence to all three AA1000 AccountAbility Principles and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS (2008) sustainability assurance engagement. <p>This statement was prepared in English and translated into Chinese for reference only.</p> <p style="text-align: center;">Opinion Statement</p> <p>We conclude that the TAISHIN FHC 2017 Corporate Social Responsibility Report provides a fair view of the TAISHIN FHC programmes and performance during 2017. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the TAISHIN FHC and the sample taken. We believe that the 2017 economic, social and environmental performance indicators are correctly represented. The CSR performance indicators disclosed in the report demonstrate TAISHIN FHC's efforts recognized by its stakeholders.</p> <p>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 TAISHIN FHC's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the GRI Standards(2016) the Core option were fairly stated.</p> <p>Methodology</p> <p>Our work was designed to gather evidence on which to base our conclusions. We undertook the following activities:</p> <ul style="list-style-type: none"> — a top level review of issues raised by external parties that could be relevant to TAISHIN FHC's policies to provide a check on the appropriateness of statements made in the report — discussion with managers on TAISHIN FHC's approach to stakeholder engagement. Moreover, we had sampled 2 external stakeholders to conduct interview — interview with 20 staffs involved in sustainability management, report preparation and provision of report information were carried out — review of key organizational developments — review of the extent and maturity of the relevant accounting systems for financial and non-financial reports — review of the findings of internal audits — the verification of performance data and claims made in the report through meeting with managers responsible for gathering data — review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits — the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced — review of supporting evidence for claims made in the reports — an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008) <p>Conclusions</p> <p>A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and sustainability performance information as well as the GRI Standards(2016) are set out below:</p>	<p>Inclusivity</p> <p>In this report, it reflects that TAISHIN 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. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the TAISHIN FHC's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among company. However, the future report should be further enhanced by the following areas:</p> <ul style="list-style-type: none"> — 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. <p>Materiality</p> <p>TAISHIN FHC has established relative procedure in organization level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of 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 organization's management and performance. In our professional opinion the report covers the TAISHIN FHC's material issues. However, the future report should be further enhanced by the following areas:</p> <ul style="list-style-type: none"> — Encouraging to consider International sustainable development trends to align with ESG risk for strengthening the material topic assessment process and the construction of organization's management approach. — Considering the impact and influence of material topics on the organization's CSR to establish the effective sustainability indicator or the mechanisms for evaluating the effectiveness of the management approach. <p>Responsiveness</p> <p>TAISHIN FHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the TAISHIN FHC is developed and continually provides the opportunity to further enhance the TAISHIN FHC's responsiveness to stakeholder concerns. In our professional opinion the report covers the TAISHIN FHC's responsiveness issues. However, the future report should be further enhanced by the following areas:</p> <ul style="list-style-type: none"> — 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. <p>Performance information</p> <p>Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, TAISHIN FHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within 2017 TAISHIN FHC CSR Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.</p> <p>GRI Sustainability Reporting Standards (GRI Standards)</p> <p>TAISHIN FHC provided us with their self-declaration of 'in accordance' with the GRI Standards(2016) the Core option (For each material topic covered by a topic-specific GRI Standard, comply with at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to the GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the TAISHIN FHC's social responsibility and sustainability topics. However, the future report will be improved by the following areas:</p> <ul style="list-style-type: none"> — Continuously focus on the implementation of CSR procedures and programs as to correspond the updated relative standards. <p>Assurance level</p> <p>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.</p> <p>Responsibility</p> <p>This CSR report is the responsibility of the TAISHIN FHC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.</p> <p>Competency and Independence</p> <p>The assurance team was composed of Lead auditors experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO 4001, OHSAS 18001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1981. The assurance is carried out in line with the BSI Fair Trading Code of Practice.</p> <p><i>For and on behalf of BSI:</i></p> <p> Peter Pu Managing Director BSI Taiwan 2018-05-04</p> <p>Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., No-Hu Dist., Taipei 114, Taiwan, R.O.C. BSI Taiwan is a subsidiary of British Standards Institution.</p> <p> bsi. AA1000 Licensed Assurance Provider 000-4</p>
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