



Taishin Holdings

2018

Corporate Social  
Responsibility Report



## Contents

Message from the Chairman
Message from the President (Chairman of CSR Committee)
About Taishin
I. Sustainability Plans
II. Sustainable Governance
III. Superior Service
IV. Sustainable Finance
V. Friendly Workplace
VI. Green Operation
VII. Social Impacts
VIII. Stakeholder Engagement
Report Summary
Appendix

# CONTENTS

## About Taishin

001	Message from the Chairman
002	Message from the President (Chairman of CSR Committee)
004	Company Profile
005	Value Chain and Value Creation Model
007	Sustainability Impact Valuation
009	Analysis of Industry Risk and Opportunity
010	Operating Financial Performance
010	Information Transparency
010	Membership in Associations
011	Awards & Honors
I.	Sustainability Plans
013	1-1 Sustainability Performance and SDGs
015	1-2 CSR Actions
015	1-3 CSR Committee
016	1-4 Material Topics Management

II.	Sustainable Governance
021	2-1 Governance Framework and Composition
026	2-2 Business Integrity
028	2-3 Risk Management and Internal Control
033	2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
035	2-5 Information and Transaction Security
038	2-6 Legal Compliance
041	2-7 Tax Policy
III.	Superior Service
044	3-1 Trusted Service and Customer Relations
050	3-2 Protection of Privacy
052	3-3 FinTech
052	3-4 Digital Innovation
IV.	Sustainable Finance
057	4-1 TCFD framework implementation
060	4-2 Responsible investments and products
064	4-3 Green credit action
066	4-4 Financial Inclusion
V.	Friendly Workplace
069	5-1 Diversified Recruitment
072	5-2 Talent Development
075	5-3 Remuneration, Benefits & Employee Care
078	5-4 Labor-Management Relations
080	5-5 Human Rights and Gender Equality
084	5-6 Employee Health and Safety

VI.	Green Operation
090	6-1 Low-carbon Operations
095	6-2 Sustainable Supply Chain Management
098	6-3 Green Purchase
VII.	Social Impacts
100	7-1 Social Impacts
103	7-2 Fellow Support
108	7-3 Social Involvement
VIII.	Stakeholder Engagement
121	8-1 Gathering of Sustainability Issues
122	8-2 Identification and Communication with Stakeholders
124	8-3 Determining Material Topics and Boundaries
126	8-4 Response to Specific Issues
128	Report Summary
129	Appendix
129	GRI Standards
132	GRI Financial Services Sector Supplement
132	Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
132	ISO 26000 Social Responsibility Guidance
133	Report Assurance Statement



# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix

## Message from the Chairman

Despite rapid economic, technological and social changes around the world, Taishin FHC remains committed to its core value of Integrity, Commitment, Innovation and Collaboration and continuously engages with the stakeholders to pursue successful growth.

The 17 United Nations Sustainable Development Goals (UN SDGs) was declared in 2015 that not only integrated a broad spectrum of issues from economic growth, social inclusion and environmental protection, but also formulated its sustainable vision from 2016 to 2030 in accordance with the collaborative partnership between governments and corporates. As a leader financial institution in Taiwan, Taishin FHC actively represents accountability on social responsibilities and has a comprehensive sustainability strategy in place to respond to UN SDGs. Furthermore, we aim to exert positive influence through our sustainability actions. Our efforts have been globally well-recognized; in addition to winning 116 major awards worldwide in 2018, Taishin FHC performed exceptionally well in terms of Dow Jones Sustainability Index (DJSI), an indices that is intensively watched by global investors since 2000, having been selected in both "World" and "Emerging Markets" Indexes on its first nomination. Having been named a component of "Taiwan ESG Index," "Corporate Governance 100 Index"

and "Taiwan High Compensation 100 Index" consecutively further affirm the sustainability efforts of Taishin FHC.

Taishin FHC's sustainability efforts are closely aligned with the interests of customers and the community. We constantly monitor trend changes amidst the challenging market and strive as much as possible to meet customers' demands through excellent quality service, innovation and rigorous risk management. With a launch of "Green Finance Principles" established in 2018 to guide our sustainability efforts, we shall be more active in sustainable investment, financing and product design for relevant industries. Meanwhile, the Company will enhance management on social and environmental risks associated with various business activities, and develop mechanism and decision-making processes to deliver long-term, sustainable benefits for the market, society and investors. Taishin FHC also revised its "Risk Management Policy" in 2018 to integrate "climate change risks" and "emerging risks" that arise as a result of the rapidly changing environment. To support customers' transition for low-carbon economics, the Company adopted Task Force on Climate-related Financial Disclosures, a new financial disclosure framework on climate change, as a means to assess financial impacts induced by climate risks and opportunities, so that the organization can improve climate resilience.



With regards to financial technologies (FinTech), Taishin FHC has assembled a professional team that is dedicated to exploring innovative uses of digital banking solutions, and continually engages business partners in cross-industry alliance to capitalize on the FinTech trend. Together, we focus on advent of digital banking and strengthen talents' capability in response to the new technology innovation.

Taishin has also been committed to promoting arts and supporting disadvantaged groups and social enterprises as means to build an inclusive society. In 2018, Taishin Bank Foundation for Arts and Culture received Taipei Culture Award as a commendation to the contributions made to local art creation. Taishin Charity Foundation's "Power of Love" campaign is now in its 9th year round. By 2018, more than 800 charity organizations has been supported via the program, and

employees' devotion to "helping people become self-sustainable" has earned the recognition of the public.

Taishin FHC is fully aware of the importance of long-term profit for investors, bright success for customers and friendly occupational environment for employees that generated by sustainable business model, as well as its role in promoting growth of the economy and welfare of the community. As a financial institution with noble aspiration, we possess the capital, resource, expertise and capacity to assess risks, capitalize on the growth of emerging industries, and take part in the society's transition. For this reason, we shall continue adhering to our sustainability strategy while at the same time building strong interactions with stakeholders including investors, customers, employees and the community, and thereby fulfill our role being a smart partner for everyone.

# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix

## Message from the President (Chairman of CSR Committee)

Taishin FHC has always adhered to its principles of "Simple, Sincere and Superior" to serve customers with "dedication" and innovation. We envision ourselves of becoming the financial institution that best satisfies customers' needs.

The society's rising expectations make transparent information disclosure an increasingly important issue, and while governments and businesses around the world begin to embrace SDGs, Taishin FHC will strive to be the pioneer of this rising trend. Through balanced reporting, Taishin FHC aims to communicate with the public regarding its performance and contribution on the issue of sustainability, and thereby helping stakeholders understand more about what we do. Taishin FHC's complete and transparent information disclosure practices have been well-recognized throughout the world. During the "2018 Asia Sustainability Reporting Award" ceremony, Taishin FHC stood out among 82 businesses from 14 Asian countries to win "Asia's Best Materiality Reporting" and "Asia's Best SDG Reporting(Highly Commended)."

This report not only covers the contributions that Taishin FHC had made in 2018, but also

conveys possible challenges and response measures in the future. The report describes the Group's core business activities and how they have been aligned to create value, address issues of stakeholders' concern, and respond to social and environmental risks. It also conveys the organization's commitment to sustainability and includes detailed descriptions of Taishin FHC's latest sustainability efforts, challenges, opportunities and performance indicators that stakeholders may find relevant. Taishin FHC follows the best practices and guidelines established by Global Reporting Initiative (GRI) and Integrated Reporting (IR) framework in its annual reporting to satisfy the needs and expectations of different stakeholders.

Taishin FHC recognizes stakeholders' satisfaction, trust and support as the greatest drive for business growth. For this reason, we strive to improve financial performance as a way to respond to investors' support. We are dedicated to providing quality service and accomplishing success alongside customers; we create a friendly work environment where employees are inspired to grow; furthermore, we constantly expand the scope and inclusiveness of our financial services to cover wider subjects.

As a financial institution, Taishin FHC is well-aware of the rate at which the industry is transforming towards low-carbon economy, as well as the role it plays and the influence it exercises in mitigating climate change. In 2018, we established a new "Wholesale Banking Post-lending Management Department" to enable reporting and tracking of extraordinary events that may adversely affect customers' business. Furthermore, we continue to support emerging industries and accumulated TWD 116.3 billion in loan balances in this particular sector. In addition to credit products, we continued to introduce Jupiter Funds from UK and exercise control of ESG risks over our investments. In 2018, we helped 3 energy-conservation and renewable energy businesses raise funds in the capital market for a sum of TWD 1.144 billion. Taishin FHC believes that only in a sustainable and healthy environment may we contribute to the growth of the economy and the society, which is why we shall continue our strive to ensure the sustainability of the environment.

Our pursuit for sustainability will focus on "sustainable governance," "economic prosperity," "green environment" and "inclusive



society," and we long to work with stakeholders from various fields of expertise in creating a friendly and prosperous future.

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

- Company Profile
- Value Chain and Value Creation Model
- Sustainability Impact Valuation
- Analysis of Industry Risk and Opportunity
- Operating Financial Performance
- Information Transparency
- Membership in Associations
- Awards & Honors

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



# About Taishin

Company Profile

Value Chain and Value Creation Model

Sustainability Impact Valuation

Analysis of Industry Risk and Opportunity

Operating Financial Performance

Information Transparency

Membership in Associations

Awards & Honors

## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)

- About Taishin
- Company Profile
  - Value Chain and Value Creation Model
  - Sustainability Impact Valuation
  - Analysis of Industry Risk and Opportunity
  - Operating Financial Performance
  - Information Transparency
  - Membership in Associations
  - Awards & Honors

- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

## Company Profile



101 domestic branches | 4 overseas branches | 2 overseas representative offices | 30 city-based financial leasing offices

Company Profile		Data as of December 31, 2018
Headquarter address	No.118, Sec.4, Ren-ai Rd., Taipei City106, Taiwan	
Capital Amount (TWD thousand)	114,537,481	
Total Assets (TWD thousand)	1,786,893,517	
Permanent employees	9,041	
Industry	Financial services	
Stock code	2887	

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

Taishin Bank	Wealth management, retail banking, wholesale banking, digital banking, trust service
Taishin Securities	Proprietary securities trading, securities brokerage, securities underwriting, futures introducing broker
Taishin Securities Investment Turst	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
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
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.)

# Value Chain and Value Creation Model

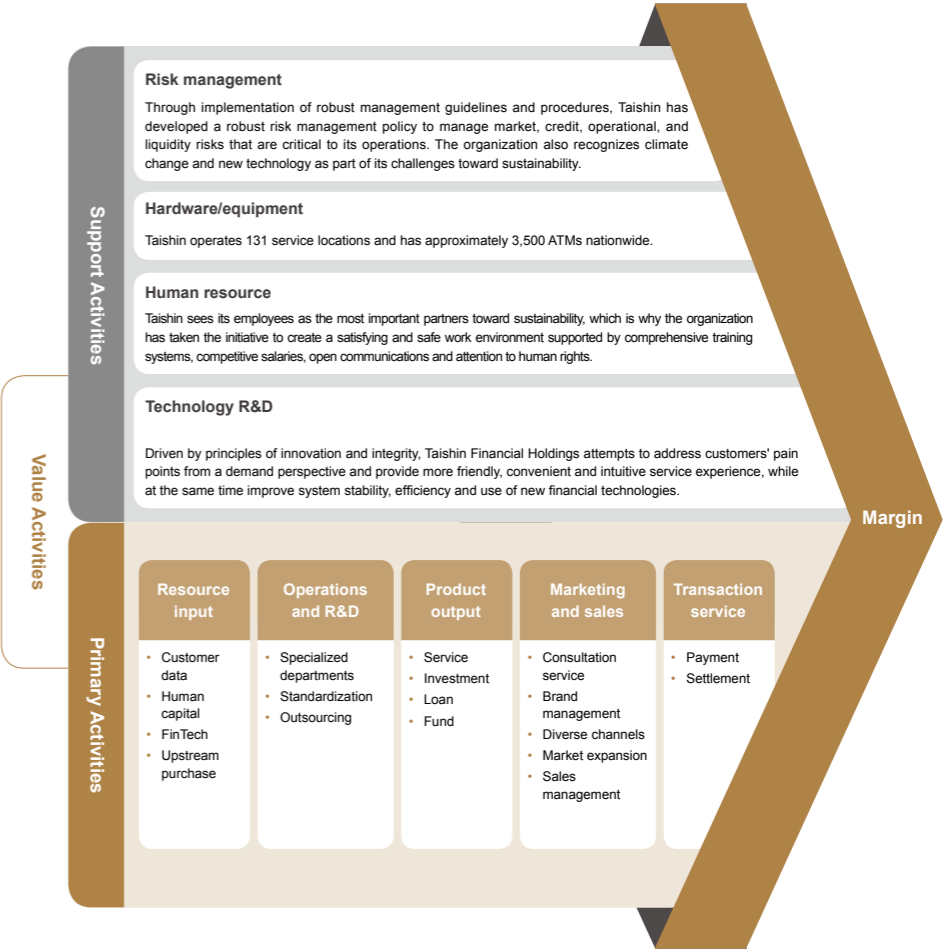
## Taishin's value chain

Financial services are constantly changing with new services surfacing due to ongoing globalization. This is why Taishin has placed great emphasis on value chain management and devoted significant attention to the coordination of risk management, equipment, personnel, and R&D resources to properly support supply, production and sales activities. In addition, Taishin has been active in identifying opportunities where it has the potential to develop competitive advantages and create values for stakeholders.

Taishin considers risk management to be an important part of the value chain for the financial industry. We have established management practices specifically to address potential impacts on the value chain and to our operations, which have proven helpful in managing risks and maintaining proper operations to date. Hardware equipment/facility, too, plays a key role in the financial service industry, and support for the information system is especially critical for supporting digital transformation. Meanwhile, human resource remains an important factor in Taishin's value chain, and we aim to maintain our advantage by creating a friendly workplace where employees are motivated to grow and earn customers' trust. Lastly, technology R&D represents a major source of Taishin's competitiveness, and success in which not only enables the organization to provide better services than its competitors, but would prove helpful in business expansion and value creation as well.

Taishin builds its advantages on top of sound risk management, advanced hardware, elite talents and technology, and creates value in every part of its service process from business operation, R&D, product output, marketing and sales, to transactions. Taishin offers a comprehensive range of products and services from deposit, loan, credit card to foreign exchange. We aim not only to provide a strong product line, but also services that have the potential to create value for our stakeholders. Through marketing and selling activities, Taishin explores new customers in new markets while at the same time strengths connection with

existing customers. In terms of transaction activities, Taishin uses a broad variety of payment, clearance and settlement systems and modern technologies to satisfy the needs of different customers.



## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

- Company Profile
- Value Chain and Value Creation Model
- Sustainability Impact Valuation
- Analysis of Industry Risk and Opportunity
- Operating Financial Performance
- Information Transparency
- Membership in Associations
- Awards & Honors

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

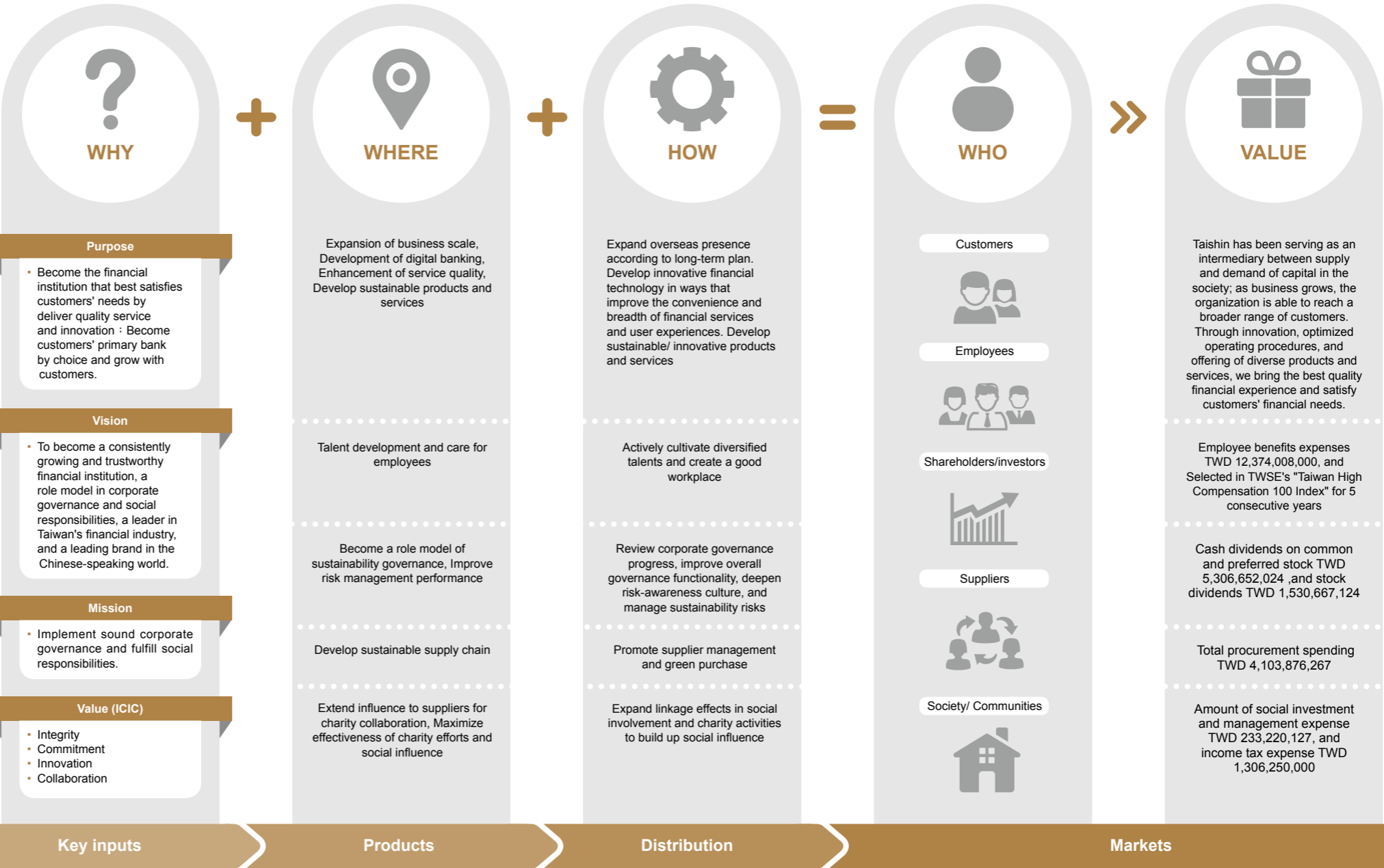
VIII. Stakeholder Engagement

Report Summary

Appendix



### Value Creation Model



**Purpose**

- Become the financial institution that best satisfies customers' needs by deliver quality service and innovation : Become customers' primary bank by choice and grow with customers.

**Vision**

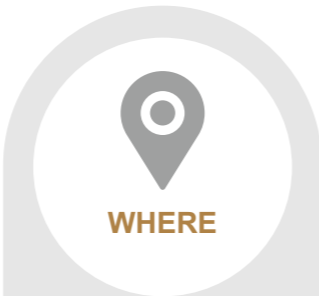
- To become a consistently growing and trustworthy financial institution, a role model in corporate governance and social responsibilities, a leader in Taiwan's financial industry, and a leading brand in the Chinese-speaking world.

**Mission**

- Implement sound corporate governance and fulfill social responsibilities.

**Value (ICIC)**

- Integrity
- Commitment
- Innovation
- Collaboration



Expansion of business scale, Development of digital banking, Enhancement of service quality, Develop sustainable products and services

Talent development and care for employees

Become a role model of sustainability governance, Improve risk management performance

Develop sustainable supply chain

Extend influence to suppliers for charity collaboration, Maximize effectiveness of charity efforts and social influence



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. Develop sustainable/ innovative products and services

Actively cultivate diversified talents and create a good workplace

Review corporate governance progress, improve overall governance functionality, deepen risk-awareness culture, and manage sustainability risks

Promote supplier management and green purchase

Expand linkage effects in social involvement and charity activities to build up social influence



Customers

Employees

Shareholders/investors

Suppliers

Society/ Communities



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 operating procedures, and offering of diverse products and services, we bring the best quality financial experience and satisfy customers' financial needs.

Employee benefits expenses TWD 12,374,008,000, and Selected in TWSE's "Taiwan High Compensation 100 Index" for 5 consecutive years

Cash dividends on common and preferred stock TWD 5,306,652,024, and stock dividends TWD 1,530,667,124

Total procurement spending TWD 4,103,876,267

Amount of social investment and management expense TWD 233,220,127, and income tax expense TWD 1,306,250,000

## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

- Company Profile
- **Value Chain and Value Creation Model**
- Sustainability Impact Valuation
- Analysis of Industry Risk and Opportunity
- Operating Financial Performance
- Information Transparency
- Membership in Associations
- Awards & Honors

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

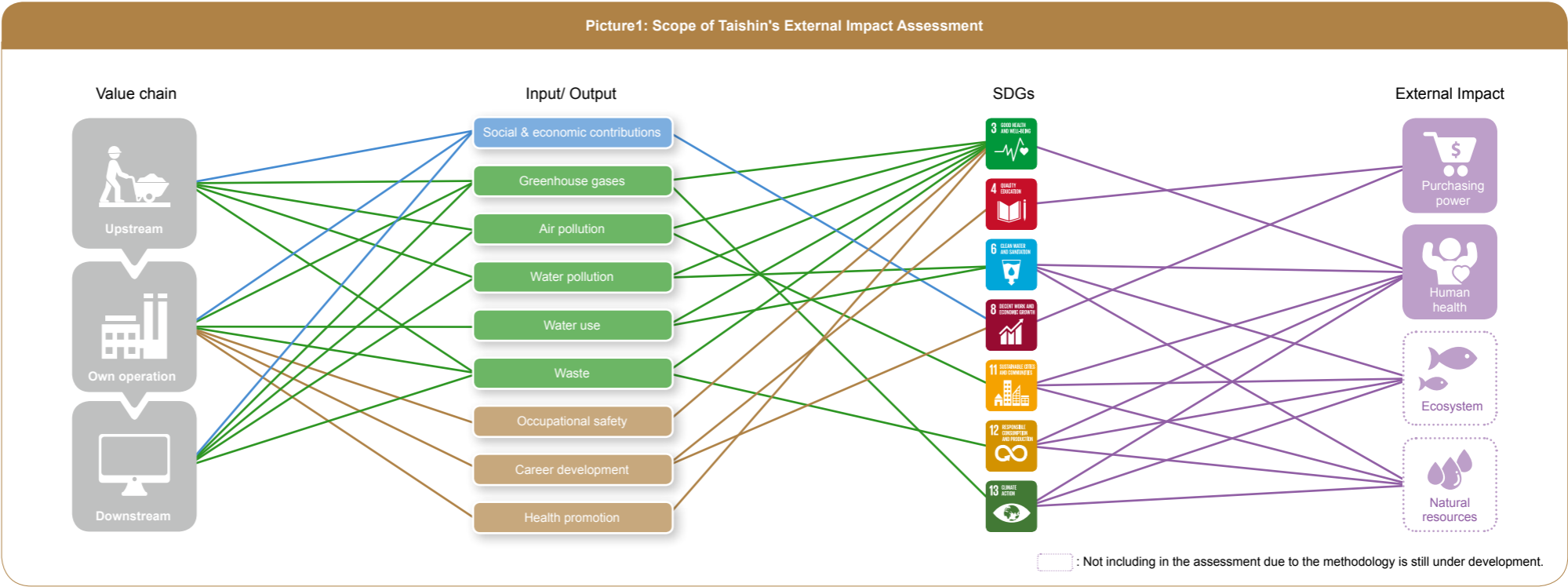


# Sustainability Impact Valuation

Paying attention to "impact" and adjusting the pace immediately is the core of Taishin FHC to perform corporate social responsibility. We are concerned about whether the environment and society are contributing to behavior change or raising awareness due to the operation of Taishin FHC. Therefore, in view of the externalities caused by value chain activities, we will measure the perpetual influence in the form of monetization and meet the trend of international sustainable management.

Since 2017, Taishin FHC has introduced the Impact Valuation management concept, referring to the impact assessment white paper framework, and describing the external impact of value

chain activities or the complicated cause-result relationship on the environment or society through the Impact Pathway Approach. Meanwhile, we connected 7 Sustainable Development Goals (SDGs) to convert the external influences of different attributes into consistent and comparable monetary values, not only to the management level but also to the logic thinking of Profit & Loss. Not only makes it easier for management to weigh and drive more effective decisions, it is also easier for stakeholders to understand the actual influences we made for human well-being.



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

- Company Profile
- Value Chain and Value Creation Model
- Sustainability Impact Valuation
- Analysis of Industry Risk and Opportunity
- Operating Financial Performance
- Information Transparency
- Membership in Associations
- Awards & Honors

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)

- About Taishin
  - Company Profile
  - Value Chain and Value Creation Model
  - Sustainability Impact Valuation
  - Analysis of Industry Risk and Opportunity
  - Operating Financial Performance
  - Information Transparency
  - Membership in Associations
  - Awards & Honors

- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement

- Report Summary
- Appendix

To properly assess the level of social and economic benefits produced from Taishin Holding's 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.

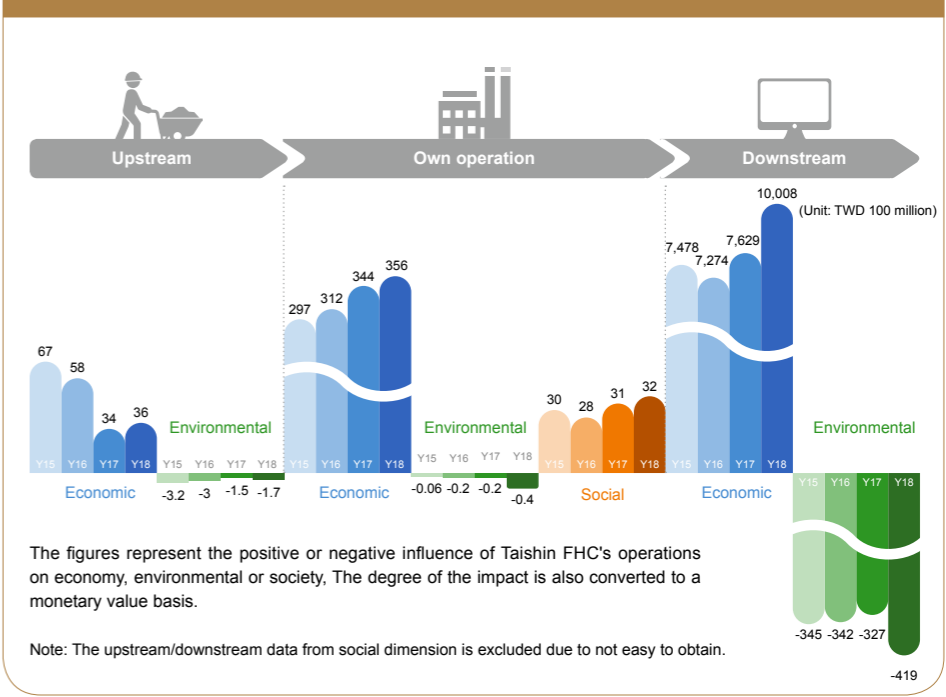
In terms of value chain (upstream/downstream) impact, we adopted an Input-Output Analysis model to assess indirect economic values created by procurement and investment activities given the interdependence of the industry chain. External cost of the Company's operations is measured by the amount of pollutant 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, external social assessments for upstream/downstream have been omitted.

The results showed that Taishin Holding's 2015-2018 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. From a value chain perspective, social-economic contributions and environmental externalities mainly occur in downstream investment activities. Increase to the investment amount in 2018 created higher economic benefits than the previous year, but resulted also higher 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. The Company focuses on methodological development and establishes a comparative basis with reliability and consistency. We will continue directing attention to the international development on impact valuation and hope to use it as a sustainable management tool for the organization in the future.

Picture 2: There are the results of Impact Valuation in 2015~2018



# Analysis of Industry Risk and Opportunity

## Management of emerging risks

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

## Taishin Holdings risk identification flowchart



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.

## Emerging risks

Risk description	Impact on operations and business	Opportunities	Mitigation measures and response strategies
 Information security and risk of data theft	<ul style="list-style-type: none"><li>As technology evolves, it becomes increasingly difficult and complex to protect personal information, which makes banks more susceptible to violation of customers' privacy, loss of customers' data, infringement of customers' interest, and breach of law.</li><li>Occurrence of major information security incident is accompanied by severe consequences including legal penalties imposed by the competent authority and loss of reputation.</li></ul>	<ul style="list-style-type: none"><li>Proper use of big data may improve operating and management efficiency.</li><li>The threat presents an opportunity for the Company to review and enhance internal information security systems, strengthen protection of customers' interests, and adjust operations to better enforce competitiveness.</li></ul>	<ul style="list-style-type: none"><li>Enhance supervision over the use of financial big data, and arrange ongoing training to raise information security awareness among employees.</li><li>Engage external consultants for annual information security inspections, and identify security weaknesses and risks that can be improved upon. Adopt new information security/protection technologies and AI-based big data analysis to assist information security officers in the analysis and identification of threats and defense.</li></ul>
 Risk of collapse of major economies	<ul style="list-style-type: none"><li>Taiwan is an export-driven economy, and the growth of which is closely connected to other major economies around the world. Since the stock market serves as a leading economic indicator, collapse of stock market in a major economy will inevitably affect the performance of Taiwan's stock market, industries and corporate revenues.</li><li>Other risks such as high leverage, high inflation and high political/economic uncertainty may even cause systematic collapse that leads to global financial crisis.</li></ul>	<ul style="list-style-type: none"><li>In which case, related industries will be negatively affected in terms of liquidity, revenue, and investment loss.</li><li>Furthermore, borrowers' repayment capability may be compromised whereas banks and customers are likely to suffer deteriorations in their investment positions, giving rise to liquidity and credit risks.</li></ul>	<ul style="list-style-type: none"><li>Review and enhance internal systems and post-lending management for more effective management of risk.</li><li>Financial institutions that are able to maintain stability during a crisis will gain significant advantage over peers when the market recovers.</li><li>Conduct long-term and real-time monitoring of changes in asset price, macroeconomic performance and alert indicators.</li><li>Perform due diligence review before establishing credit relationship. Evaluate the stability of obligor's country and economy in addition to borrower's operations and industry prospects.</li><li>Enhance post-lending monitoring/management and perform regular stress tests. Implement alert indicators while implement and execute response measures.</li></ul>
 Compliance risks	<ul style="list-style-type: none"><li>Supervision is being tightened by competent authorities around the world, increasing the amount of penalties imposed.</li></ul>	<ul style="list-style-type: none"><li>Inadequate compliance may result in fines, corrections or other penalties being imposed by the competent authority, which affects the Company's reputation and business prospects.</li></ul>	<ul style="list-style-type: none"><li>Ensure compliance with financial laws and build compliance culture within the organization in ways that promote social image, consumer preference, business reputation and competitiveness.</li><li>Communicate with employees on laws and regulations on an ongoing basis.</li><li>Enhance legal training and familiarize employees with the laws they are bound to comply given their business activities.</li><li>Invest additional resources with regard to compliance management (e.g., personnel, equipment).</li><li>Execute risk-based compliance management and monitoring.</li></ul>

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

- Company Profile
- Value Chain and Value Creation Model
- Sustainability Impact Valuation
- Analysis of Industry Risk and Opportunity
- Operating Financial Performance
- Information Transparency
- Membership in Associations
- Awards & Honors

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

# Operating Financial Performance

## Financial performance


Year	2016	2017	2018	Unit
Total assets	1,576,985,727	1,677,520,316	1,786,893,517	TWD thousand
Total equity	148,875,634	155,322,109	174,517,953	TWD thousand
Return on common shareholders' equity	9.58	9.61	9.06	%
Debt/ Equity ratio	959.26	980.03	923.90	%
Debt/ Asset ratio	90.56	90.74	90.23	%
Net profit rate	31.51	34.58	32.53	%
Return on assets	0.74	0.80	0.75	%
Earnings per share	1.05	1.10	1.09	TWD
Cash dividend per common share	0.53	0.54	0.51	TWD
Stock dividend per common share	0.43	0.44	0.21	TWD
Net Income	11,392,433	13,070,166	12,930,133	TWD thousand
Group's capital adequacy ratio	128.48	124.87	127.09	%
Revenue per employee	4,423	4,469	4,448	TWD thousand
Profit per employee	1,394	1,545	1,447	TWD thousand
Employee benefits	11,312,362	12,163,656	12,374,008	TWD thousand

## Leverage ratio

Component	2017	2018
(Basel III) Tier 1 Capital	\$ 125,176,902	\$ 140,262,561
(Basel III) Underlying Exposure (Exposure of Balance Sheet)	\$ 1,739,520,467	\$ 1,847,485,561
(Basel III) Leverage ratio	7.20	7.59

Unit: TWD thousand

# Information Transparency

Channel	Summary description
The Market Observation Post System (MOPS)	<ul style="list-style-type: none"> <li>Financial information and other material announcements are posted onto the Market Observation Post System in a timely manner.</li> </ul>
Investor seminars and shareholder meetings	<ul style="list-style-type: none"> <li>Taishin organizes investor conference on a quarterly basis and shareholder meetings on an annual basis.</li> </ul>
Investor conference and roadshows	<ul style="list-style-type: none"> <li>The Company participates in investor conferences and occasionally organizes roadshows to update investors on the Company's latest operations and financial results.</li> <li>In 2018, Taishin organized or participated in 3 investor conferences and roadshows in Asia and Europe.</li> </ul>
Website	<ul style="list-style-type: none"> <li>Financial and non-financial information is posted onto the website of the financial holding company in a timely manner.</li> <li>The Investor Relations section provides investors with updates regarding corporate governance, shareholder service, material information, financial data, investor conference briefings and broadcasts, financial statements, and annual reports.</li> <li>The CSR section demonstrates sustainable ideals and practice.</li> </ul>
Contact	<ul style="list-style-type: none"> <li>The CSR section contains a Stakeholders page available in Chinese and English that provides customers, investors, employees and suppliers with communication channels to present their opinions.</li> </ul> 

# Membership in Associations

Taishin Holdings and its subsidiaries were members of nearly 20 local and foreign associations in 2018. 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 and donations paid by Taishin in 2018 amounted to a total of TWD 7,486,886, including the highest amount of TWD 2,511,600 to The Bankers Association of The Republic of China and the second highest amount of TWD 923,980 to Asia Financial Cooperation Association (AFCA).

## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - Company Profile
  - Value Chain and Value Creation Model
  - Sustainability Impact Valuation
  - Analysis of Industry Risk and Opportunity
  - Operating Financial Performance
  - Information Transparency
  - Membership in Associations
  - Awards & Honors
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix



# Awards & Honors

Won over **116** overseas/domestic awards in 2018.

Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and DJSI Emerging Markets in 2018.



Corporate Social Responsibility

- Best Companies To Work For In Asia – HR Asia Magazine
- Excellence in Retail Financial Services International Awards – The Best Employee Engagement Initiative, Application or Programme – The Asian Banker
- Ranked top 50 in 2018 "Excellence in Corporate Social Responsibility" – Common Wealth
- Best CSR Financial Holdings -Quality Award –Wealth Magazine
- Top 50 Corporate Sustainability Award – TAISE(Taiwan Institute for Sustainable Energy)
- BSI Sustainability Distinguished Award–British Standard Institution
- The new product and service of social innovation Purchase Reward Program – First Prize and Special Prize–SME Administration, Ministry of Economic Affairs

FinTech

- Eye on Innovation Awards for Financial Services in Asia Pacific - Gartner
- Digital Bank of Distinction Awards in Taiwan – Global Finance
- Mobile Banking Initiative of the Year in Taiwan and Digital Banking Initiative of the Year in Taiwan-Asian Banking & Finance
- Best Bank in Digital Financial Services – Excellent Awards–Global Views
- Taiwan Financial Awards: Best FinTech Bank -Quality Award –Wealth Magazine

Wealth Management

- Best Private Bank in Taiwan, Best Private Bank for Big Data analytics and AI in Asia, and Highly commended: Best Private Bank for use of technology in Asia – The Banker and PWM
- Outstanding Private Bank - Asia Pacific Regional Player, Best Private Bank in Taiwan, and Highly Commended: Best Next-Generation Offering in Greater China – Private Banker International (PBI)
- Global Wealth and Society Awards – Best Private Bank in Taiwan – The Asian Banker
- Best Digital Wealth Management Experience in Taiwan, and Best Wealth Manager in Taiwan – The Asset
- Wealth Management Award-Best Wealth Management, Best Financial Advisor Team - Taishin Bank and Best Innovative Application – Wealth Magazine

Innovative Products & Superior Services

- Omni-Experience Innovator in Taiwan, and Operating Model Master in Taiwan–International Data Corporation (IDC)Taishin Bank
- Excellence in Retail Financial Services International Awards – The Best API Initiative, Application or Programme– , and the Credit Card Product of the Year– The Asian Bank
- New Consumer Lending Product of the Year and Credit Card Initiative of the Year – Asian Banking & Finance
- First Prize in the Best Products for @GOGO Card and -First Prize in the Most Popular Brands for Chatbot-Rose – Republic of China National Enterprise Competitiveness Development Association
- Best Call Center and Silver Award in Best Domestic Bank–Commercial Times
- Best Call Center, and est Systematic Application of Smart Robot - TCCDA

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

- Company Profile
- Value Chain and Value Creation Model
- Sustainability Impact Valuation
- Analysis of Industry Risk and Opportunity
- Operating Financial Performance
- Information Transparency
- Membership in Associations
- **Awards & Honors**

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

#### I. Sustainability Plans

- 1-1 Sustainability Performance and  
SDGs
- 1-2 CSR Actions
- 1-3 CSR Committee
- 1-4 Material Topics Management

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



# Sustainability Plans

1-1 Sustainability Performance and SDGs

1-2 CSR Actions

1-3 CSR Committee

1-4 Material Topics Management

# 1-1 Sustainability Performance and SDGs

## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

- 1-1 Sustainability Performance and SDGs
- 1-2 CSR Actions
- 1-3 CSR Committee
- 1-4 Material Topics Management

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

1-1 Sustainability Performance and  
SDGs

1-2 CSR Actions

1-3 CSR Committee

1-4 Material Topics Management

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



Friendly  
Workplace

Material topics Performance in 2018

Human Resource Management

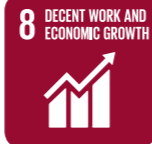
- 1. Cooperated with 71 universities while recruited 415 interns, 25.8% of interns turned as permanent employees.
- 2. 100% of execution rate for the successor training program : Enrichment of the internal talent bank.
- 3. 92% of retention rate of top talents.
- 4. "Salary and welfare" category of employee opinion survey above the average level of 4% from financial norm of Taiwan.

Human Rights and Gender Equality

- 1. 100% of coverage rate of training on human rights issues.
- 2. No workplace discrimination or sexual harassment.

Occupational Health and Safety

- 1. 100% of safety and health training completion rate 100%.
- 2. No major occupational hazard incident.
- 3. 42 sessions of health issues.



Green  
Operations

Material topics Performance in 2018

Green Operation Management

- 1. 1% reduction in elect.
- 2. 85.6% of greenhouse gas inventory coverage rate.
- 3. Adopt ISO14001.

Supplier Sustainability Management

- 1. 100% of coverage of document review for tier 1 major suppliers.
- 2. 100% of Supplier Commitment Statement signing rate.



Social  
Impacts

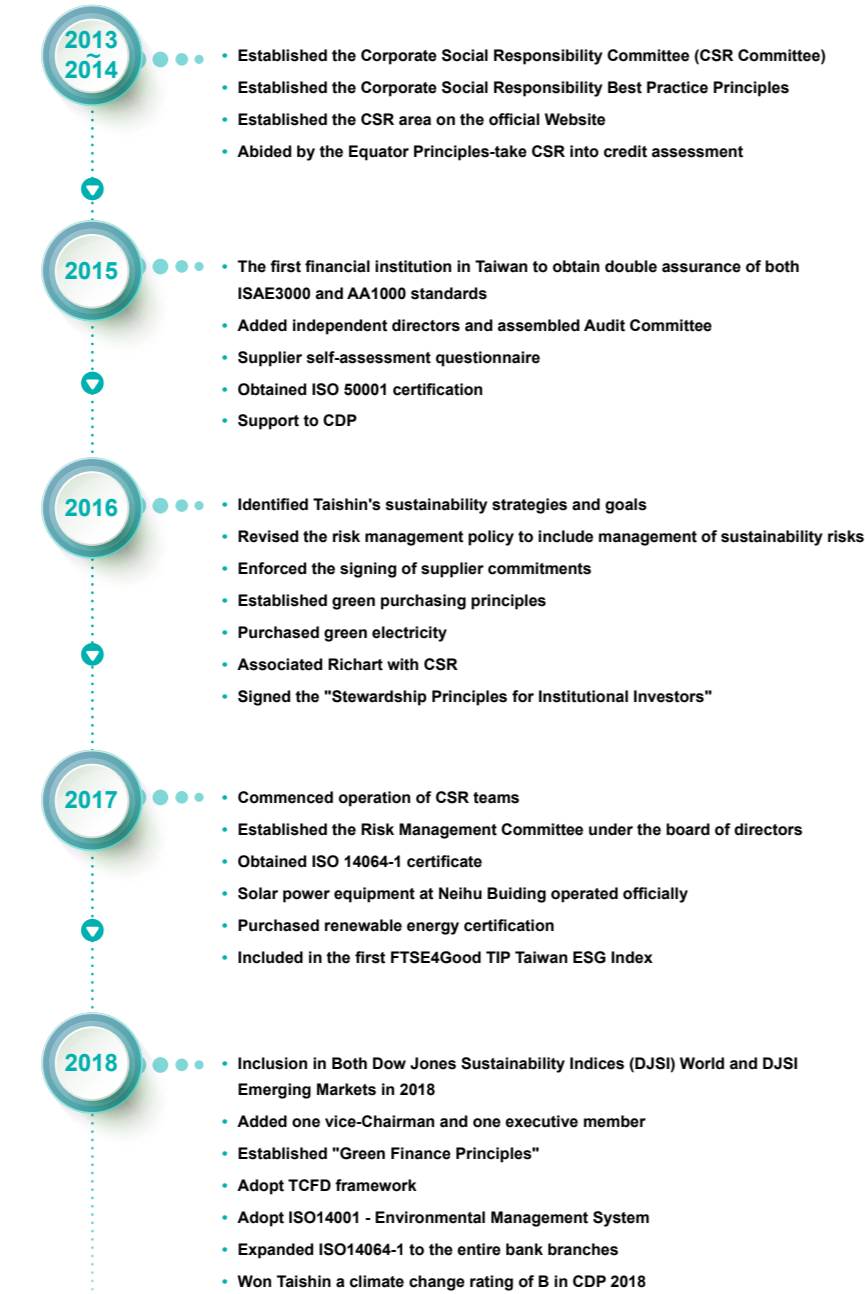
Material topics Performance in 2018

Social Involvement

- 1. Held 7 workshops and 6 sessions of minority workshop.
- 2. 55 winners and paid more than TWD 46 million in prizes : accumulated more than 1.8 million visits to ARTalks website.
- 3. 14,437 of volunteering hours.



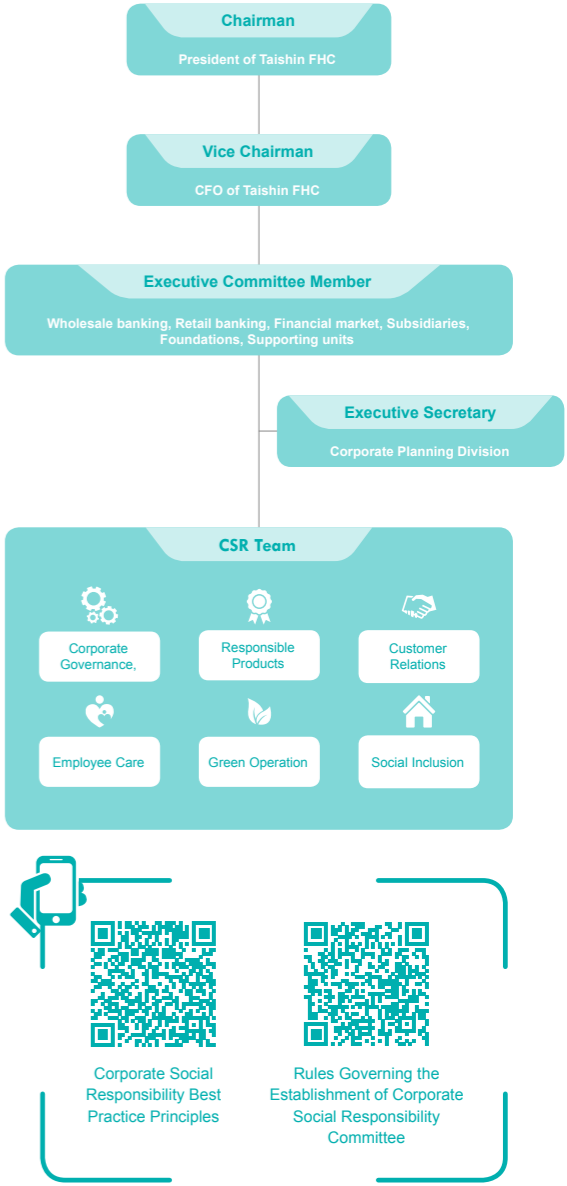
## 1-2 CSR Actions



## 1-3 CSR Committee

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

The CSR Committee should meet at least twice a year and may hold a meeting at any time if necessary. The CSR Committee held 3 meetings in 2018 and has to present performance reports and major plans to the board of directors. The Chairman and executive members are invited to participate in regular board meetings, during which they may communicate with the board on CSR-related issues.



## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

- 1-1 Sustainability Performance and SDGs
- 1-2 CSR Actions
- 1-3 CSR Committee
- 1-4 Material Topics Management

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement





Report Summary

Appendix



1-4 Material Topics Management

Significance of material topics and potential subjects of impact

Aspects	Material topic	Significance to Taishin							Boundary (Subjects of impact)								
									Supplier	Taishin				Customer service			
		Increased revenues	Reduced costs	Increased brand trust	Reduced reputation risk	Stimulate product and service innovation	Strengthened employee engagement	Exertion of social influence	Procurement	Operations	Research and development	Marketing	Sale	Retail Banking	Wholesales Banking	Responsible investment	Increased revenues
 Governance	Corporate Governance			●	●		●	●	●	●							●
	Business Integrity			●	●		●	●	●	●		●	●		●	●	●
	Risk Management		●	●	●				●	●		●	●		●	●	●
	Legal Compliance			●	●				●	●	●	●	●		●	●	●
	Information Security		●	●	●				●	●	●	●	●	●	●	●	●
 Economy	Business Performance	●	●			●	●		●	●	●	●	●		●	●	●
	FinTech/Innovation	●	●			●		●		●	●						
	Service Quality and Customer Satisfaction	●		●	●					●				●	●	●	
 Environment	Green Finance			●				●		●	●		●		●		
	Green Operation Management			●				●		●		●	●			●	
	Supplier Sustainability Management		●						●	●							●
 Society	Human Resource Management		●				●		●	●	●	●		●	●	●	●
	Human Rights and Gender Equality			●			●	●	●	●	●	●		●	●	●	●
	Occupational Health and Safety						●		●	●	●	●		●	●	●	●
	Financial Inclusion			●				●		●	●		●				
	Social Involvement			●				●		●							

Note: ● Highly related (>75%), ● Moderately related (>50%)

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

1-1 Sustainability Performance and  
SDGs

1-2 CSR Actions

1-3 CSR Committee

1-4 Material Topics Management

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



# Taishin Holdings

## Contents

## Message from the Chairman

## Message from the President (Chairman of CSR Committee)

## About Taishin

## I. Sustainability Plans

- 1-1 Sustainability Performance and SDGs
- 1-2 CSR Actions
- 1-3 CSR Committee
- 1-4 Material Topics Management

## II. Sustainable Governance

## III. Superior Service

## IV. Sustainable Finance

## V. Friendly Workplace

## VI. Green Operation


## VII. Social Impacts

## VIII. Stakeholder Engagement

## Report Summary

## Appendix

## Management approaches and development goals

Aspect	Material topic	Management approach			Measurements and goals			
		Policy	Commitment	Action	Performance indicator	Short-term (1-2 years)	Medium-term (2-3 years)	Long-term (3-5 years)
 Governance	Corporate Governance	Establishment of "Corporate Governance Principles" and assembly of "Audit Committee", "Remuneration Committee" and "Risk Management Committee."	Implement a robust corporate governance framework, enhance functionality of the board of directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities.	Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems.	Corporate governance evaluation ranking	Top 5% ranking in corporate governance evaluation	Maintain exceptional performance	Enhance performance of the board of directors and functional committee and create long-term value for shareholders, businesses, customers and employees
					Board of directors performance valuation	Score 80% or above in internal performance evaluations	Maintain good performance in internal and external evaluations	
					Directors attendance rate	Maintain above 90%	Maintain above 90%	
	Business Integrity	Establishment of "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", "Corporate Governance Principles" and "Corporate Social Responsibility Best Practice Principles."	To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture. "Integrity" has been included as part of the board's regular performance evaluation, and the senior management is expected to strictly enforce the integrity principles.	Prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encourage and protect whistleblowers.	Integrity course completion rate	100%	100%	100%
	Risk Management	Establishment of "Risk Management Policy" based on best risk management practices, the Basel Accord and laws of the Republic of China.	Improve the quality of risk management efforts and ensure corporate sustainability by adopting a robust risk identification, assessment, consolidation and management system.	Ensure the effectiveness of risk management system by adopting the three lines of defense that is currently regarded as the best risk management practice in the world. Develop a business continuity management (BCM) system that ensures continuity of key operations.	Enhance risk management policy and the management framework	Identify impacts and opportunities of emerging risks	Improve the process of identifying emerging risks	
					Risk Management Committee members' attendance rate	Above 90%	Above 90%	Above 90%
					Refine risk management tools and the identification process	Integrate and establish risk analysis database, applications and tools	Optimize asset allocation under the new capital requirements	
	Legal Compliance	Establishment of regulatory compliance system, implementation notes and execution plans in accordance with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."	Pay close attention to industry trends and banking policies local and abroad; conduct business and operational activities in accordance with the competent authority's instructions.	Conduct bank-wide compliance assessment and update the board of directors on the execution progress every six months; maintain a stakeholder's mailbox as a grievance channel, and assign dedicated personnel to process reported misconducts.	Introduce compliance risk assessment advisory service	Submission of "compliance risk assessment report" to competent authority	Submit "compliance risk assessment report" to competent authority before the end of April every year	
					Department compliance assessment pass rate	100%	100%	100%
					AML and CFT training completion rate	100%	100%	100%
	Information Security	Establishment of "Information Security Policy" and "Taishin Holdings Internet Security Management Guidelines." Assembly of an "Information Security Committee" with defined protection goals that regularly discusses information security-related issues and improvement measures.	Provide complete information security protection and create a reliable and trusted environment for banking development.	Acquire certification for ISO/IEC 27001 ISMS. Gather information on security trends and threats from around the world, and take timely actions to prevent and respond to threats while at the same time enforce security measures.	Hacker attacks that caused operational or business impact	0	0	0
					Enhancement of information security awareness and culture	Information security project completion rate - 100%	Planning and design of information security protection - 100%	Focused training of information security talents

# Taishin Holdings

## Contents

## Message from the Chairman

## Message from the President (Chairman of CSR Committee)

## About Taishin

## I. Sustainability Plans

- 1-1 Sustainability Performance and SDGs
- 1-2 CSR Actions
- 1-3 CSR Committee
- 1-4 Material Topics Management

## II. Sustainable Governance

## III. Superior Service

## IV. Sustainable Finance

## V. Friendly Workplace



## VI. Green Operation

## VII. Social Impacts

## VIII. Stakeholder Engagement

## Report Summary

## Appendix

Aspect	Material topic	Management approach			Measurements and goals			
		Policy	Commitment	Action	Performance indicator	Short-term (1-2 years)	Medium-term (2-3 years)	Long-term (3-5 years)
 Economy	Business performance	To maximize efforts and growth momentum in all business activities while complying with government policies, laws and "risk management" principles.	To help customers and shareholders achieve financial success, develop Taishin's reputation as customers' wealth advisor, and win the recognition and trust of the general public.	Strengthen the information technology infrastructure and develop new products and services. Grow customer base and attachment. Expand both the scope and scale of subsidiaries' scope of business for increased profitability.	Marketshare of credit card transaction value	Top 5	Top 3	Top 3
					Market share of digital banking accounts	Top 1	Top 1	Top 1
					Market share of ACH business	Top 3	Top 3	Top 3
					Market share of Factoring	Top 3	Top 3	Top 3
	FinTech/Innovation	Monitor Fin-tech trends; create a digital banking environment and train new technology talents in response to the new era.	Optimize digital service experience based on a customer-centric philosophy. Commit efforts into improving overall digital capacity and introduce financial services that integrate into customers' lifestyles.	Establish a department that specializes in the coordination and enforcement of digital transformation and governance. Develop competitive advantage through continuous review of operational bottlenecks, observation of customer pain points, reformation of business model, monitoring of FinTech trends, investment of corresponding resources, implementation of strategic digital infrastructure, regular tracking of FinTech and new technological development, and exploration of innovative commercial practices and companies.	Digital transformation	Adopt new technologies and optimize operating procedures for improved efficiency	Undergo total digital transformation	Undertake ongoing optimizations for the development of digital competitiveness
					Cross-industry collaboration	Search for suitable and potential FinTech companies to collaborate with	Engage partners from different industries in long-term strategic alliances	Embed financial service in various industries to create a mutually beneficial living domain
	Service Quality and Customer Satisfaction	Establishment of "Fair Customer Treatment Policy", "Fair Customer Treatment Strategy", "Taishin Bank Consumer Dispute Resolution System", "Taishin Bank VOC Implementation Guidelines" and "Taishin Bank Frontline Service Unit Audit Guidelines."	Satisfy the needs of different consumers by offering diverse and appropriate solutions. Protect customers' interests and become customers' smart partner.	Arrange annual training for employees, regularly assess customers' voices, and analyze/review issues of complaint and dispute.	Banking customers' satisfaction	Customer satisfaction and NPS survey outcome	1% improvement over the previous year	Achieve 88% of the desired target
					Percentage of banking customers' complaints resolved within timeframe	>95%	>95%	>95%
					Zero outstanding complaint from securities customers	100%	100%	100%
 Environment	Green Finance	Establishment of "Green Finance Principles" based on the spirits of the Equator Principles, which not only incorporate environmental and social risk assessments into financing and investment decisions, but also support the United Nations Framework Convention on Climate Change, the government's renewable energy policies and related industries.	Support environment-friendly and green industries, while avoid direct dealing with controversial businesses.	Use Green Finance Principles as a guideline for reviewing whether an industry should be supported or avoided, and monitor investees' post-transaction financing activities.	Implementation of Green Finance Principles	Promote Green Finance Principles to all subsidiaries	Sign the Equator Principles	Provide green financial products (such as the establishment of green financial funds); increase the proportion of green financial services (such as green investment)
					Support TCFD	Become a signed supporter of TCFD	Adopt and implement assessment of climate-sensitive industries	Financial impact analysis for climate change
					Issue ESG funds and assist the ESG industry in raising capital	Increase the size of AUM and raise investors' approval of green finance funds	Search for ESG funds that conform with the Green Finance Principles and are suitable for investment	Establish green finance funds that specialize in the investment and support of green industries
	Green Operation Management	Establishment of "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction and energy efficiency improvement measures for lowering environmental impact.	To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.	Adopt ISO 14001, 14064-1 and 50001 standards and expand progressively to all domestic offices and the proprietary building.	Power conservation rate	1% reduction	1% reduction	1% reduction
					Coverage rate of ISO 14064-1 greenhouse gas inventory	Bank-wide coverage	Nationwide coverage	Global coverage
					Implementation of ISO14001 Environmental Management System	Trial run at main locations	Nationwide coverage	Global coverage
	Supplier Sustainability Management	Establishment of "Supplier Management Regulations" and "Supplier Principles" that require suppliers to fulfill corporate social responsibilities, commit to environmental sustainability, and protect basic human rights.	"Supplier Commitment Statement" has been added to every procurement contract as an invitation for supply chain partners to join us in fulfilling corporate social responsibilities.	Conduct corporate social responsibility training for all suppliers. Perform annual supplier assessment and request improvement from suppliers based on the outcome of assessment.	Supplier assessment	Coverage of document review for tier 1 major suppliers - 100%	Expansion from tier 1 to tier 2 major suppliers	Assessment of all major suppliers (tier 1 + tier 2) is expected to be completed by 2023
					Supplier Commitment Statement signing rate	100% from new suppliers	Expand from new suppliers to all suppliers	100% of suppliers are expected to complete the signing by 2020

# Taishin Holdings

## Contents

### Message from the Chairman

### Message from the President (Chairman of CSR Committee)

## About Taishin

### I. Sustainability Plans

1-1 Sustainability Performance and SDGs

1-2 CSR Actions

1-3 CSR Committee

1-4 Material Topics Management

### II. Sustainable Governance

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace


### VI. Green Operation

### VII. Social Impacts

### VIII. Stakeholder Engagement

## Report Summary

## Appendix

Aspect	Material topic	Management approach			Measurements and goals			
		Policy	Commitment	Action	Performance indicator	Short-term (1-2 years)	Medium-term (2-3 years)	Long-term (3-5 years)
 Society	Human Resource Management	"Employee Training Guidelines", "Employee Self-development Subsidy Guidelines" and "Employee OJT Subsidy Guidelines", and use of the Kirkpatrick Model for assessing training outcome. Participate in yearly market salary surveys and provide fair and incentive compensation in accordance with "Salary and Bonus Payment Policy" and "Performance Assessment and Bonus Policy"	Direct attention towards diversity, fairness and employees' rights. Provide abundant and diverse learning channels and evaluate employees' performance using robust compensation and performance standards for better human resource management.	Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Adjust salary on a yearly basis. Utilize a combination of different long-term incentive tools to attract and retain talents while inspire their performance.	Enhance reputation as an employer	Establish diverse recruitment channels in campuses	Expand recruitment channels local and abroad, and continually manage the external talent bank	Develop reputation as a preferred employer for attracting talents
					Enrichment of the internal talent bank	Execution rate for the successor training program - 100%	Execution rate for the successor training program - 100%	Use of diverse learning tools to help employees grow
					Retention rate of top talents	92%	92%	92%
					Offering of competitive compensation package	To be selected in TWSE's "Taiwan High Compensation 100 Index"	To be selected in TWSE's "Taiwan High Compensation 100 Index"	Offer competitive compensation and comprehensive welfare package as a reward for employees' contributions
	Human Rights and Gender Equality	Announcement of "Prohibition against Workplace Sexual Harassment" and "Taishin Human Rights Protection Statement" as means to protect workers' human right. Implementation of "Maternity Protection Program" and regular execution of "Workplace Maternity Health and Hazard Assessment."	All employees are treated equally and are not discriminated in any way. All forms of sexual harassment and intimidation are strictly prohibited in the workplace.	Inclusion of worker and human rights issues in corporate ethics training for new employees. Presence of on-site physicians to host pregnancy and childcare-related seminars and courses for employees in need.	Training on human rights issues	100% completion rate	Employee human rights risk survey and awareness	
					Case of workplace discrimination or sexual harassment	0	0	0
	Occupational Health and Safety	Establishment of "Health Check Implementation Guidelines", "Abnormal Workload-induced Disease Prevention Program" and "Ergonomic Hazard Prevention Program" to provide employees with timely healthcare and professional assistance.	Creation of a safe, hazard-free work environment where employees are subjected to timely healthcare and professional assistance on a physical and mental level	Establishment of an occupational safety and health unit that organizes safety and health training for new employees and regularly assesses issues relating to occupational safety and health risks.	Occupational safety and health management	100% improvement rate of internal/external audit defects	Bank-wide completion of safety and health training - 100%	ISO 45001 certification and completeness of management organization (availability of branch safety and health officer/first-aid officer) - 100%
					Case of major occupational hazard incidents	0	0	0
					Improved health management for high-risk groups(Note: High-risk group refers to those diagnosed with hypertension, hyperglycemia, and hyperlipidemia.)	Increase participation of health promotion events (including health checkup, seminar, weight loss competition etc) by the high-risk group to 20%	Increase participation of health promotion events by the high-risk group to 40%	Reduce the percentage of high-risk employees below 10%
	Financial Inclusion	To incorporate the ESG concept in product design. Richart with its 100% user experience focus has been designed to offer the best simplicity, convenience, personalization and transparency and resolve the pain points encountered by the young generation when using financial services.	To make banking accessible by the young generation, and help them make financial plans with a more pro-active attitude.	Familiarize the financially disadvantaged young generation with financial services through the Richart APP and campus investment seminars, and help them develop saving habits early in life.	RichartUsage of Richart	7Increase by 7 times	20Increase by 20 times	30Increase by 30 times
					Annual participants of campus investment seminars	5,000	10,000	12,000
	Social Involvement	Contribute towards charity, arts/cultural support, sports promotion and academic exchange with a "people focus" and by adhering to the goal of "teaching people to fish."	Eliminate inequalities by directing attention, resources and training to the socially disadvantaged. Contribute to the health and welfare of all peoples through quality education, arts and cultural exhibition.	Adopt the calculation framework of LBG (London Benchmarking Group) to quantify Taishin's community involvement and measure output, yields and long-term influence on the society.	Support for charity organization	Organize at least 4 workshops and 5 workshop tours (nationwide) per year	Support at least 1 social enterprise	Use the social enterprise as a means to assist other charity organizations
					Expansion of Taishin Arts Award	Integration of database and event website	Organize a 20 <sup>th</sup> anniversary exhibition featuring replication of 5 award-winning performances	Create a separate program that reviews and exhibits art in complement with the Arts Award
					Corporate volunteer hours	12,000	12,000	Enforcement of the volunteer system

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

### I. Sustainability Plans

### II. Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security
- 2-6 Legal Compliance
- 2-7 Tax Policy

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace

### VI. Green Operation

### VII. Social Impacts

### VIII. Stakeholder Engagement

Report Summary

Appendix

# Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security
- 2-6 Legal Compliance
- 2-7 Tax Policy



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

##### 2-1 Governance Framework and Composition

##### 2-2 Business Integrity

##### 2-3 Risk Management and Internal Control

##### 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

##### 2-5 Information and Transaction Security

##### 2-6 Legal Compliance

##### 2-7 Tax Policy

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

## 2-1 Governance Framework and Composition

### Foreword

Driven by its core value of "Integrity, Commitment, Innovation and Collaboration," Taishin integrates a broad range of resources to maximize business performance while minimize business risks. A number of steps were taken for total improvement of corporate governance in 2018, including: addition of female directors, external evaluation of board performance, establishment of dedicated corporate governance unit, and participation in Asian Corporate Governance Association (ACGA).

In terms of corporate governance, Taishin is ranked among Top 5% of TWSE-listed companies and first ranking which is top 10% of the financial industry by TWSE in the 5th Corporate Governance Evaluation in April 2019. The company has been one of the constituent stocks of the "Corporate Governance 100 Index in Taiwan" since June 2015 as well. Also, Taishin was selected as a composition of DJSI, and index group that is attracting attention from investors around the world, in both "World" and "Emerging Markets" categories for the first time in 2018. These external accreditations have secured Taishin's place among the world's benchmark companies in terms of corporate governance performance.

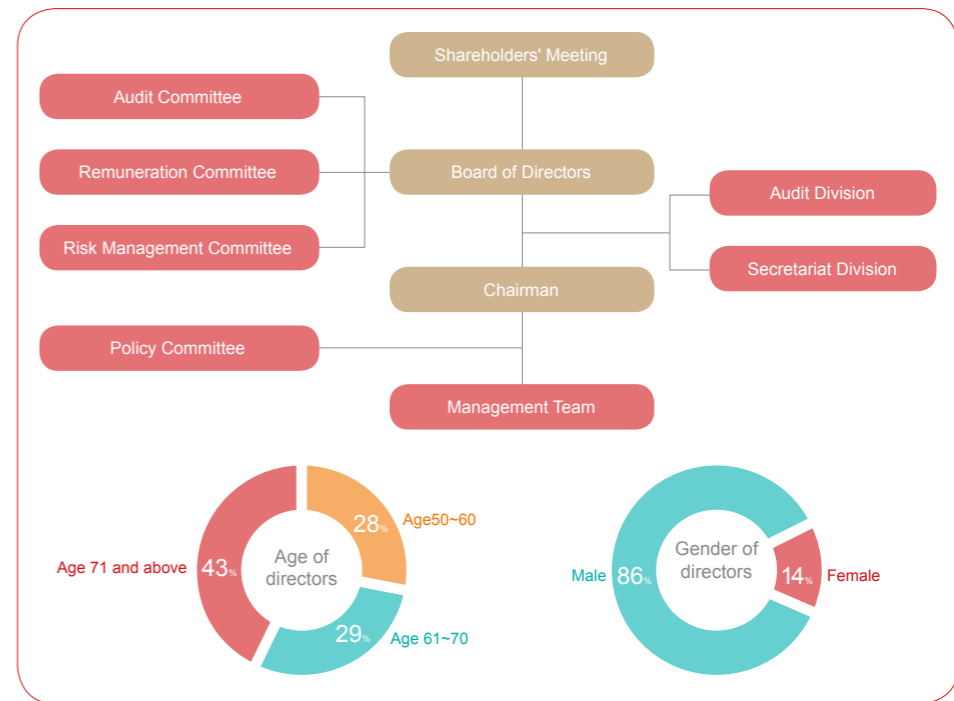
### Corporate Governance Framework

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

### Composition and Functionality of the Board of Directors

#### Composition of the board of directors

Taishin FHC elects its board members according to the "Taishin FHC Director Election Policy." Taking the diversity into account, composition of the board of directors is not limited by gender, age, ethnicity and nationality, also takes into consideration of their knowledge and skills. The board of directors serves a term of 3 years. The current board was elected in June 2018 and



comprises 7 members (link to directors' name and background), including 3 independent directors (1 of whom was female and a certified public accountant). As at December 2018, members of the current board averaged 9.42 years in service.

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

# Taishin Holdings

## Contents

## Message from the Chairman

## Message from the President (Chairman of CSR Committee)

## About Taishin

## I. Sustainability Plans

## II. Sustainable Governance

### 2-1 Governance Framework and Composition

### 2-2 Business Integrity

### 2-3 Risk Management and Internal Control

### 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

### 2-5 Information and Transaction Security

### 2-6 Legal Compliance

### 2-7 Tax Policy

## III. Superior Service

## IV. Sustainable Finance

## V. Friendly Workplace

## VI. Green Operation

## VII. Social Impacts

## VIII. Stakeholder Engagement

## Report Summary

## Appendix

Title	Name	Education	Main Experience	# of positions as Director in other public companies	GICS Level 1
Chairman	Wu, Tong-Liang (Representative of Chia Hao Co., Ltd.)	• MBA, University of California, Los Angeles (UCLA)	<ul style="list-style-type: none"> <li>Chairman of Taishin Financial Holdings &amp; Taishin Bank</li> <li>Chairman of Taishin Charity Foundation</li> <li>Chairman, Director of Taishin Venture Capital Investment</li> <li>Chairman, President of Shinkong Synthetic Fibers</li> <li>Vice Chairman of Teco Electric &amp; Machinery</li> <li>Managing Director, Director, Supervisor of First Bank &amp; Taipei Business Bank &amp; Hua Nan Bank</li> <li>Managing Director of Shinkong Insurance &amp; ShinKong Life Insurance</li> </ul>	12	<ul style="list-style-type: none"> <li>Financials</li> <li>Materials</li> </ul>
Director	Wu, Cheng-Ching (Representative of TASCO Chemical Co., Ltd.)	• Ph.D., Department of Engineering, Tokyo University	<ul style="list-style-type: none"> <li>Chairman of TASCO Chemical</li> <li>Managing Director of Chang Hwa Bank</li> <li>Director of Taishin Financial Holdings</li> <li>Director of Pacific Cultural Foundation</li> <li>Director of Teacher Chang Foundation</li> </ul>	12	<ul style="list-style-type: none"> <li>Financials</li> <li>Industrials</li> </ul>
Director	Kuo, Jui-Sung (Representative of Hsiang-Chao Co., Ltd.)	• Ph.D. in Physics, New Hampshire University	<ul style="list-style-type: none"> <li>Director of Taishin Financial Holdings &amp; Taishin Bank</li> <li>Professor of Department of Information Science, Business School, Soochow University</li> <li>Professor of Department of Electrical Engineering, National Taiwan University</li> <li>Chairman of TECO Technology Foundation</li> <li>Director of TECO Image Systems</li> <li>Supervisor of Sercomm</li> <li>Director of International Bank of Taipei</li> </ul>	6	<ul style="list-style-type: none"> <li>Financials</li> <li>Information Technology</li> </ul>
Director	Wang, Chu-Chan (Representative of Santo Arden Co., Ltd.)	• Pharmaceutical department, Kaohsiung Medical College	<ul style="list-style-type: none"> <li>Director of Taishin Financial Holdings &amp; Taishin Bank</li> <li>Director of TITAN II Venture capital, Shinkong Investment Trust &amp; Taishin Bills Finance</li> <li>Director of The China-Europe Creativity Cultural &amp; Educational Foundation</li> <li>Supervisor of The Great Taipei Gas</li> </ul>	6	<ul style="list-style-type: none"> <li>Financials</li> <li>Health Care</li> </ul>
Independent Director	Lin, Yi-Fu	• Dept. of Accounting & Statistics, National Chengchi University	<ul style="list-style-type: none"> <li>Independent Director of Taishin Financial Holdings &amp; Taishin Bank</li> <li>Independent Director of Nanya Technology</li> <li>Minister of Economic Affairs</li> <li>Administrative Committee of Executive Yuan;</li> <li>Ambassador, Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the World Trade Organization</li> </ul>	4	<ul style="list-style-type: none"> <li>Financials</li> </ul>
Independent Director	Chang Minyu	• Bachelor Accounting, Tamkang University	<ul style="list-style-type: none"> <li>Executive CPA of Deloitte &amp; Touche CPA Firm</li> <li>Supervisor of Leo Systems</li> <li>Director of Chang Hwa Bank</li> <li>Reorganizer of First International Telecom Inc.,</li> <li>Director of Chi-tunn Consulting</li> </ul>	4	<ul style="list-style-type: none"> <li>Financials</li> <li>Telecommunication Services</li> </ul>
Independent Director	Kuan, Kuo-Lin	• MBA, University of Southern California	<ul style="list-style-type: none"> <li>Chairman, Citibank Taiwan Ltd.</li> <li>Citigroup Country Officer, Taiwan</li> <li>President, Citibank Taiwan Ltd.</li> <li>Country Business Manager, Consumer Banking, Citibank N.A.Taiwan</li> <li>Head of Branch Banking &amp; Investment, Citibank N.A.Taiwan</li> </ul>	0	<ul style="list-style-type: none"> <li>Financials</li> </ul>

Note: Taishin Holdings and Taishin Bank are combined into one company.

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

Roles of functional committees

	Audit Committee	Remuneration Committee	Risk Management Committee
Convener	Independent Director Min-Yu Chang serves as the convener.	Independent Director Yi-Fu Lin serves as the convener.	Independent Director Min-Yu Chang serves as the convener.
Total of meetings & attendance rate	A total of 15 meetings were held in 2018, and averaged an attendance rate of 93.33%.	A total of 7 meetings were held in 2018, and averaged an attendance rate of 100%.	Meetings are being convened by the second committee since July 2018. A total of 5 meetings were held in 2018, and averaged an attendance rate of 93.33%.
Authority and Responsibility	<ul style="list-style-type: none"><li>Establishment and amendment of Asset Acquisition and Disposal Procedures and the internal control system, and review on the effectiveness of internal control system.</li><li>Offering, issuance, or private placement of securities with equity characteristic, and major transaction of assets or derivatives.</li><li>Appointment, dismissal and remuneration of financial statement auditor; appointment and dismissal of financial, accounting and internal auditing officers.</li><li>Review of annual and semi-annual financial reports.</li><li>Matters involving directors' personal interests.</li></ul>	<ul style="list-style-type: none"><li>Stipulates and reviews regularly the compensation policies, systems, standards and structures, and performance of directors and managers.</li><li>Regularly reviews and adjusts directors' and managers' remuneration.</li></ul>	<ul style="list-style-type: none"><li>Discussion of the Company's risk management policy.</li><li>Discussion of the Company's annual risk appetite or risk limit.</li><li>Review of the Company's regular risk management reports.</li><li>Review or discussion of other material risk management issues identified by the Company or the competent authority.</li></ul>

Directors' education

To enhance corporate governance, Taishin not only invites the industry's elites to undertake director position, but also devotes significant attention to directors' education and training.

All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and average 7.71 hours of continuing education each. Experts from Taishin Securities Investment Advisory are invited to brief and keep the directors updated on global political and economic trends on a monthly basis.

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

Courses completed by directors in 2018	No. of director participants	Hours	Participants × hours
Global AML and CFT Overview	7	3	21
Fair Customer Treatment Principles in the Financial Service Industry and Case Analysis (Financial Consumer Protection)	6	3	18
Legal Responsibilities of Independent Directors and Risk Management	1	3	3
Money Laundering Reporting Practice and Case Study	1	3	3
Corporate Governance and Sustainable Management Workshop	1	3	3
The 12th Taipei Corporate Governance Forum	1	3	3
The Company Act Amendments and Effects on Corporate Governance and Directors'/Supervisors' Responsibilities	1	3	3
Total	18	21	54
Average training hours per director	7.71		

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

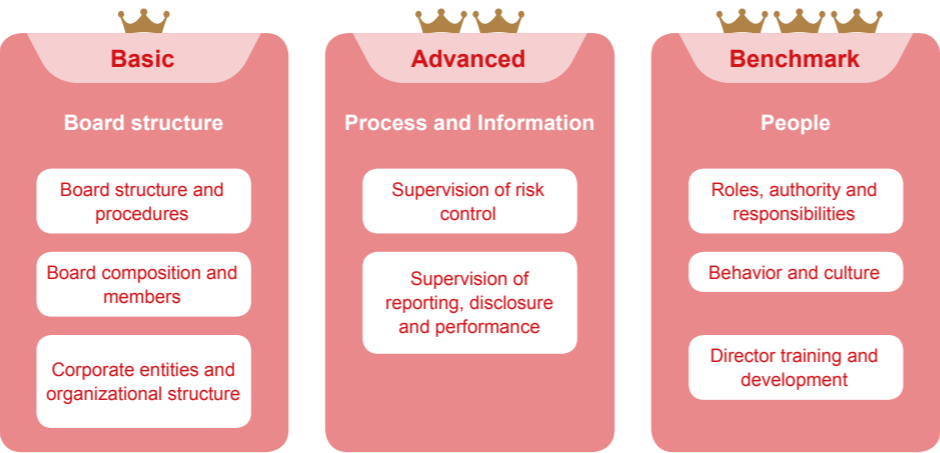
VIII. Stakeholder Engagement

Report Summary

Appendix

Performance of the board of directors

Taishin FHC held 20 board of directors meetings in 2018, and averaged an attendance rate of 92.59%. According to the "[Regulations of the Board Performance Evaluation](#)," the organization is required to conduct internal assessments at least once a year and external assessments involving outside experts at least once every three years. The Company had completed both [internal](#) and [external](#) assessments in 2018 and disclosed results in its annual report and on the "Corporate Governance" section of its website. Meanwhile, an objective evaluation system has been implemented to improve directors' performance.



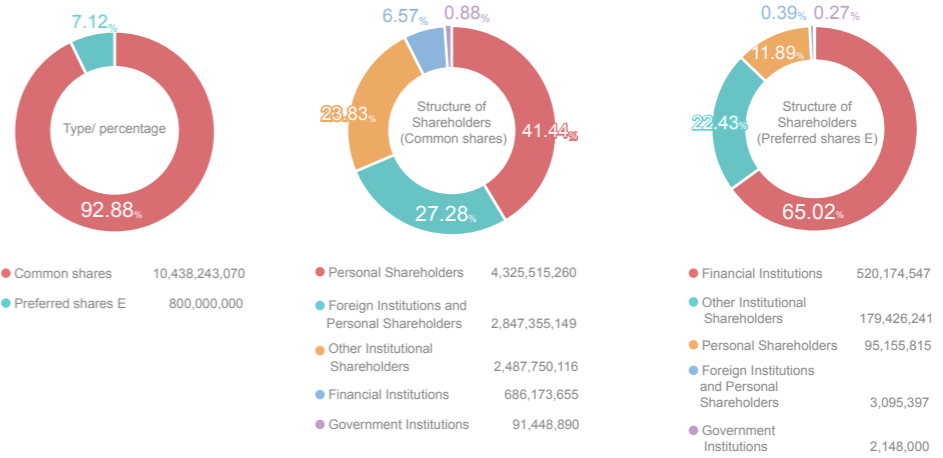
Note: Assessment results are assigned the following grades: Basic (having met the basic legal requirements of the competent authority), Advanced (having met the basic legal requirements of the competent authority and adopted effective practices or taken initiatives to improve performance in this aspect), or Benchmark (having met the basic legal requirements of the competent authority and exhibited role-model practice)

Avoidance of conflicting interests

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

Dividend policy and capital structure

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



Base date: April 16, 2019

Type	Shares	Share of stake (%)
Common shares	10,438,243,070	92.88
Preferred shares E	800,000,000	7.12
Total	11,238,243,070	100

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

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

Remuneration Policy

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

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

Performance and compensation considerations for the President and managers

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

Executive members' shareholding position and compensation percentage

Unit: TWD thousand

Position	Name	Shareholding (1,000 shares)		Base salary	Average compensation (number of executive members)	Market value of shares / Average salary of managers
		Common shares	Preferred shares			
President	Welch Lin	3,982	-	54,558	4,197	12.71
Other executive members (Note 1)		5,006	303			1.65

Note 1: By the definition of executive member refers to "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies," there were 12 executive members. The compensation listed above is mainly based on the receiving amount during their period of service in 2018.

Note 2: The stock market value is calculated based on the average stock market value of the 30 business days before the end of 2018; the market value of common shares is calculated at TWD 13.40, and the market value of preferred shares is calculated at TWD 53.36.

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

2-2 Business Integrity

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

Enforcement and Management of Business Integrity

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

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



Training and education

In 2018, internal corporate integrity courses received 21,746 enrollments and delivered 30,265.35 hours of training in total. 100% of employees had completed their training during the year.

New employees	All new employees are required to complete courses on corporate ethics, anti-corruption and anti-bribery, held on a monthly basis, in order to promote more in-depth understanding of the Company's behavior guidelines. In 2018, the above courses received 4,795 enrollments and delivered 4,230.15 hours of training in total. 100% of new employees had completed their training during the year.
All staff	Through mandatory courses and regular Intranet publications, the Company communicates with employees on a quarterly basis to enhance compliance awareness. In 2018, internal corporate integrity courses received 16,951 enrollments and delivered 26,035.20 hours of training to the above employees. 100% of the above employees had completed their training during the year.

Training in previous years

Year	2016	2017	2018	Plan in 2019
Course enrollments	12,316	13,286	21,746	Mandatory "business integrity" course for all.
Total training hours	7,121.24	7,438.46	30,265.35	

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

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

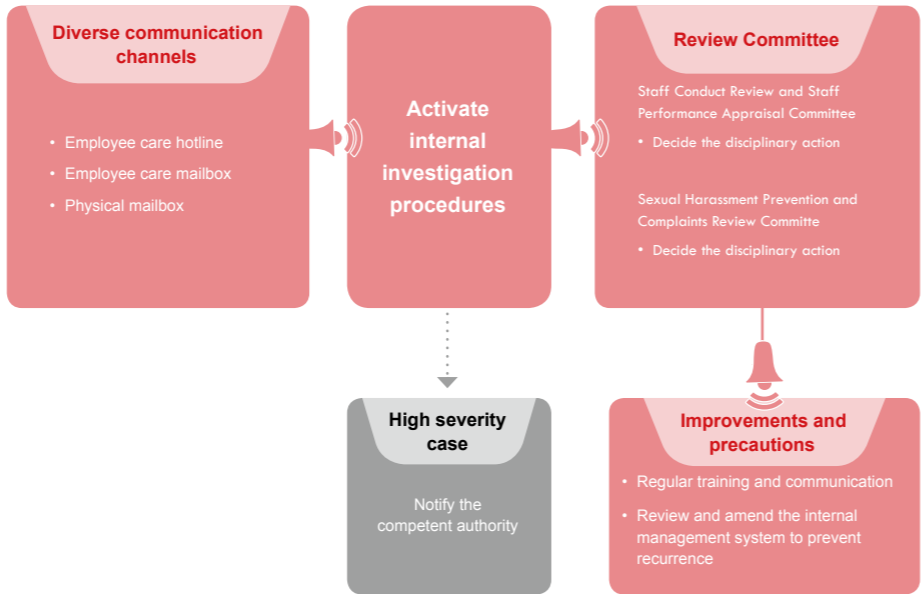
Supervision

The Company has a set of "Taishin Financial Holding Employee Discipline Guidelines" in place, and any employees who violate internal/external rules or the "Employee Code of Conduct" will be subjected to disciplinary review by the financial holding company's Personnel Review Committee. Employees may be dismissed at the discretion of the Personnel Review Committee if they are found to have committed serious offense. The organization saw an increase in the number of offenses in 2018 due to the tightened review criteria undertaken during the year. A total of 10 employees were dismissed for violation of work rules.

Reporting channels

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

Reporting procedures



Employee Violation Cases

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

The Company has zero tolerance to employees who commit major violation against work ethics, and takes the initiative to report incident and assist the competent authority in various investigations. Violations that have been confirmed through facts will be subject to disciplinary review by the Group Personnel Review Committee according to the guidelines and may result in dismissal or legal actions being taken to enforce corporate integrity.

## Taishin Holdings

## Contents

## Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

## About Taishin

## I. Sustainability Plans

## II. Sustainable Governance

## 2-1 Governance Framework and Composition

## 2-2 Business Integrity

## 2-3 Risk Management and Internal Control

## 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

## 2-5 Information and Transaction Security

## 2-6 Legal Compliance

## 2-7 Tax Policy

## III. Superior Service

## IV. Sustainable Finance

## V. Friendly Workplace

## VI. Green Operation

## VII. Social Impacts

## VIII. Stakeholder Engagement

## Report Summary

## Appendix

## 2-3 Risk Management and Internal Control

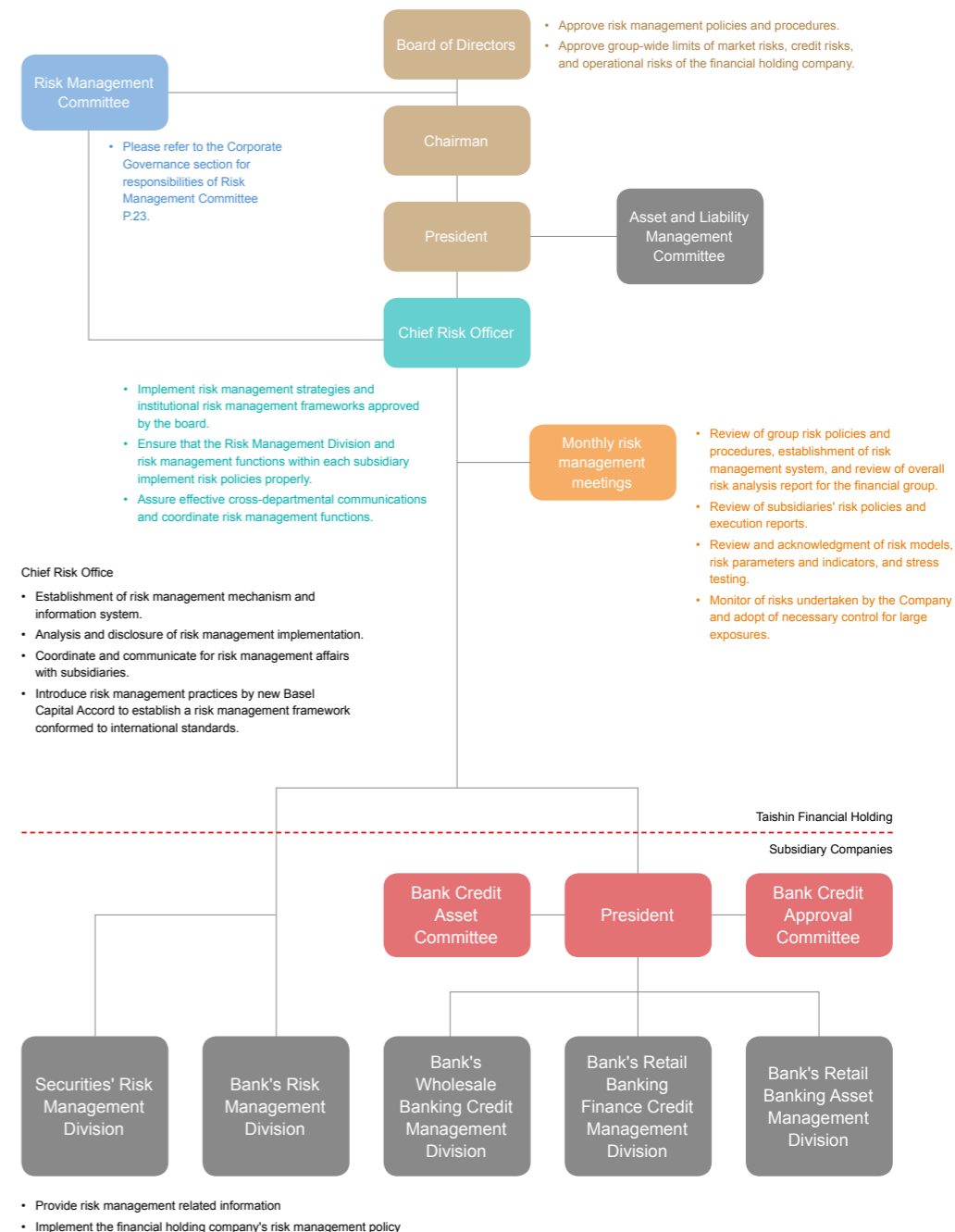
### Risk Management System

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

Day-to-day risk management is spearheaded by the Chief Risk Officer (CRO) and executed through the CRO Office. The CRO Office communicates with corresponding units of the 3 lines of defense to enforce risk management within the organization.

### Risk management policy

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



# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance
 

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

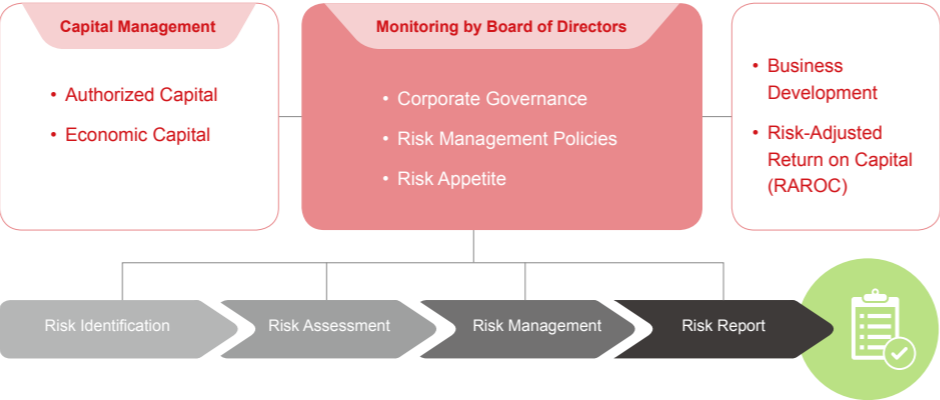
VIII. Stakeholder Engagement

Report Summary

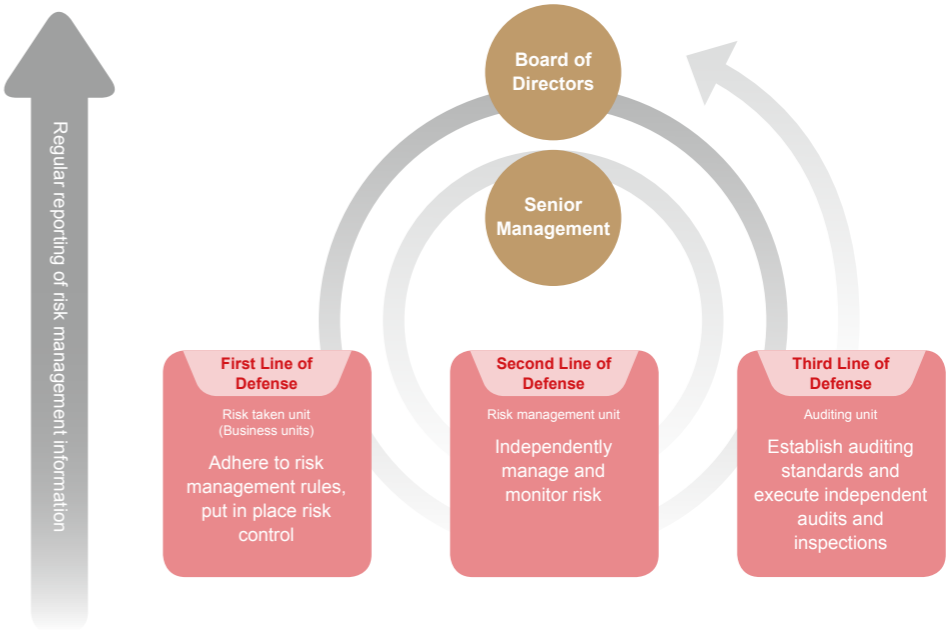
Appendix

## Risk management measures and reporting channels

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

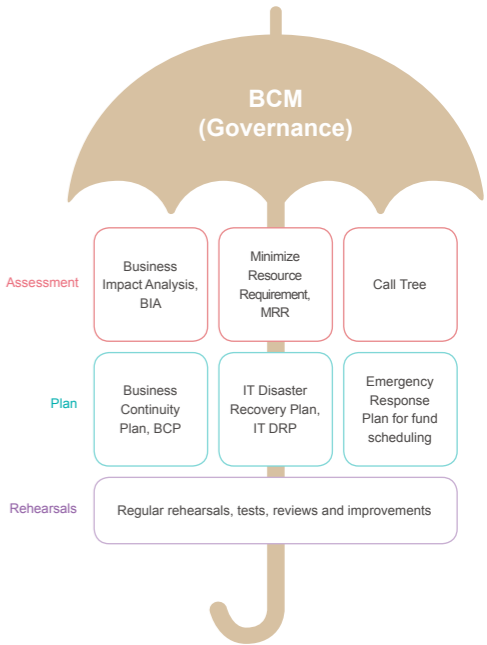


Departments are required to report risk incidents immediately upon occurrence, investigate the cause, the amount of loss and extent of impact, and devise improvement solutions. These improvement solutions have to be followed upon until improvements are made. Taishin adopts three lines of defense along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



## Business continuity

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



# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

## Internal Audit

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

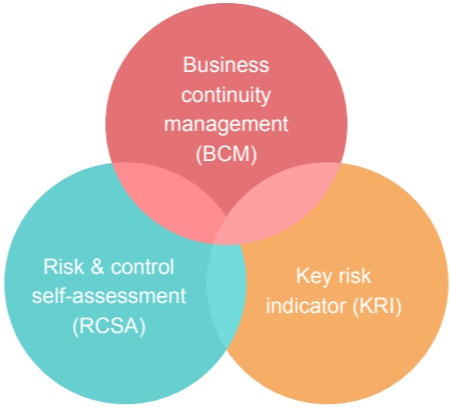
## Ongoing Enforcement of Risk Culture

### Development of risk culture

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

### Key audit focuses in 2018

- The regulatory compliance system and execution
- Joint marketing and confidentiality of customers' information
- Transactions with stakeholders
- Execution of group AML and CFT plans
- Execution of financial consumer protection
- Other audit focuses



## Promotion of risk culture

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



## Best risk management proposals in the last 3 years

Year	2016	2017	2018
Proposals (cases)	230	308	343
Percentage to total case count (%)	2.80	2.43	2.44
Annualized benefits (MM)	10	11	62

2016

- Expected benefits:  
**TWD 2,921,040**
- Proposal details:  
In light of recent incidents reported by financial peers that involve financial advisors misusing customers' Internet banking password for misappropriation of funds, the Company has changed its practices from manual random inspection to total random inspection, while at the same time enhanced the accuracy and efficiency of its audit efforts.

2017

- Expected benefits:  
**TWD 4,346,477**
- Proposal details:  
Instead of requesting for individual payment orders, debtors are now being managed collectively by ID to minimize operational risk and risk of loss. Meanwhile, claims are being consolidated on a per-customer basis to minimize court fees and manual work.

2018

- Expected benefits:  
**TWD 12,699,775**
- Proposal details:  
The branch managers had to control the personnel's situation through "Management by Wandering Around". With the new monitoring report of "suspected financial dealings between financial advisors and customers", branch managers are able to make daily confirmation so that any abnormal situation will be detected as soon as possible.

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

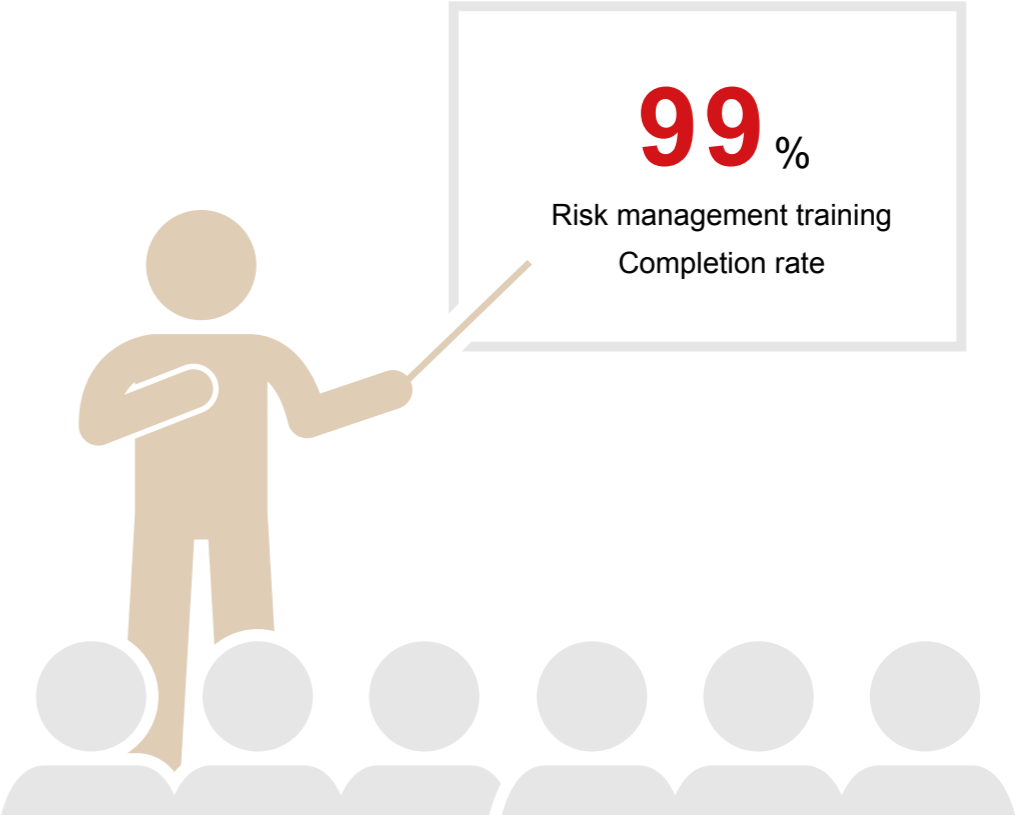
In 2018, Taishin FHC organized 270 courses on risk identification and management. The courses covered a broad range of topics from internal control, operational risk self-assessment, anti-money laundering, counter terrorism financing, risks of foreign exchange and derivatives, information security and personal data protection, risk management and system to risks associated with new businesses. In 2019, Taishin will continually improve employees' risk management awareness by introducing courses on emerging risks and TCFD that conform with the latest legal requirements and environmental changes.

Risk management training in the last 3 years

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

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

Taishin is well-aware of the importance of risk management. To enforce risk management, we have associated employees' compensation with the level of risks involved in their performance. For managers, we use balanced score card (BSC) and KPI as means to incorporate operational risk indicators into performance evaluation. For level-1 managers, the performance appraisal covers at least 4 risk management aspects, namely: anti-money laundering, operational risk loss, compliance, and internal/external audit. For general employees, the performance appraisal takes into account risk management performance indicators such as compliance practice and support of corporate policy. Through regular performance appraisals, the organization aims to associate risk management with employees' compensation. Furthermore, all employees of the financial group are required to sign a commitment to comply with Employee Code of Conduct. Violators will be disciplined accordingly to enforce compliance risk management.



Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

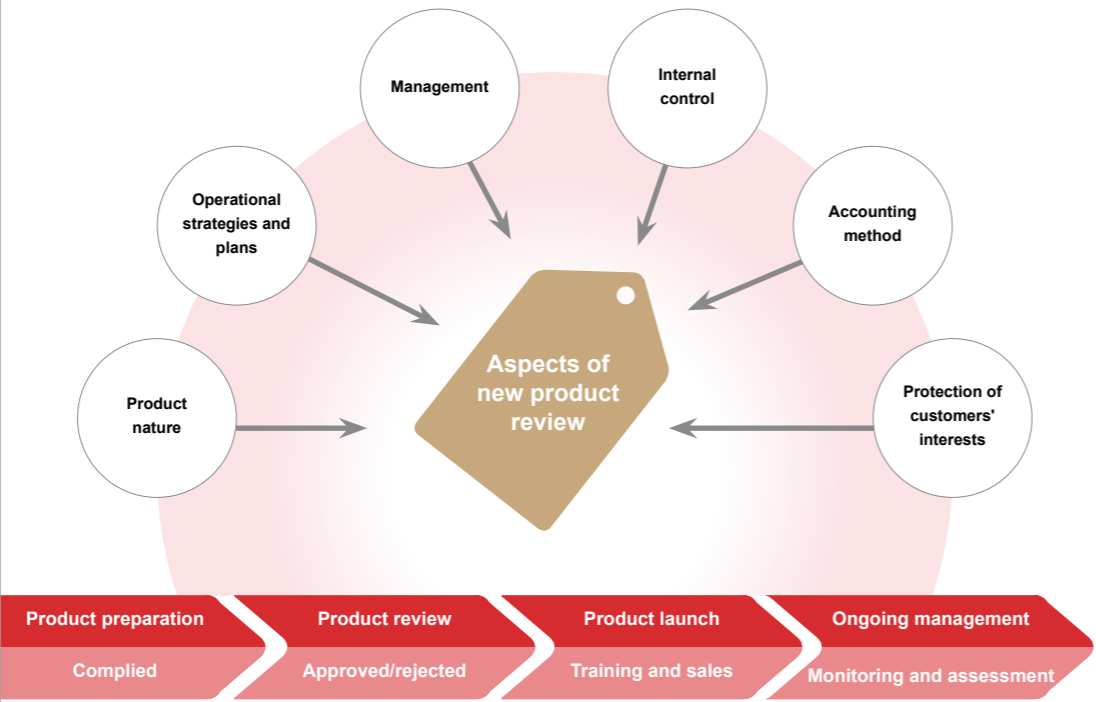
Report Summary

Appendix

Enhancement of Risk Management Practice

Product risk management

Taishin Bank has a Product Review Committee and related systems in place to review the launch of investment instruments and new financial products. The scope of review covers product nature, business strategies and guidelines, risk management, internal control, accounting practice, protection of customers' interests etc., and only products that pass the review may be launched. Some new financial instruments of high complexity are subject to review by the Review Committee and approval of the board of directors.



Risk management for individual and corporate customers

Individual customers

- Credit risk management: Taishin Bank continues to enforce risk management on four main aspects: "compliance," "early alert," "credit tool refinement" and "pre-event/post-event/interim management." This approach ensures the growth of its credit portfolio amidst changes in the market environment.
- Personal loan management: By combining internal and external data, Taishin Bank has developed an early alert system that constantly monitors market movements (e.g. macroeconomic indicators, changes in market-wide consumer loan exposure etc), structure of personal loan portfolio (e.g. changes in mortgage LTV ratio, changes in customer profile of unsecured exposure etc), and the Bank's performance relative to the overall market.
- As banking and service scenarios grow and customer behaviors change, Taishin Bank continues to devote resources into risk model development, validation and application and make ongoing improvements to its risk identification practices. The Bank has also been applying big data analysis to assess changes in retail banking exposure and credit card assets, and devising action plans to make optimal adjustments to its retail banking portfolio.

Corporate customers

- To accommodate changes in the internal and external environment and the competent authority's latest rules, Taishin Bank implemented the following risk management measures for corporate customers in 2018 :
- A Post-loan Administration Department for wholesale banking was established to monitor uses of approved credit limit by borrowers. Meanwhile, an alert system is being developed progressively for more timely control of credit risk.
  - The wholesale banking credit policy and AML/CFT rules were revised to ensure consistency with other relevant measures of the Bank.
  - Credit management guidelines have been implemented for self-regulated related parties, and thereby enhance governance over credit transactions with parties that are not otherwise defined as related by law.
  - Revised the wholesale banking credit rating policy, industry credit risk management guidelines, and overseas real estate collateral appraisal policy to conform with practical needs and the competent authority's requirements.

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

AML/CFT policy

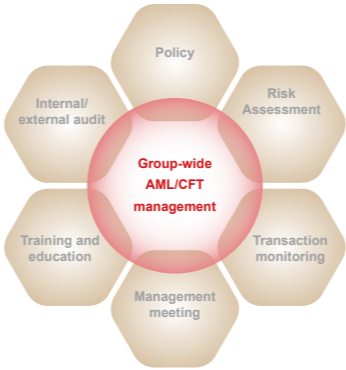
Taishin has a "Taishin Financial Holding AML and CFT Policy" in place to combat money laundering and crime while at the same time instill order, transparency and cross-border collaboration in financial services. By enhancing internal AML/CFT mechanisms, we hope to raise employees' anti-money laundering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



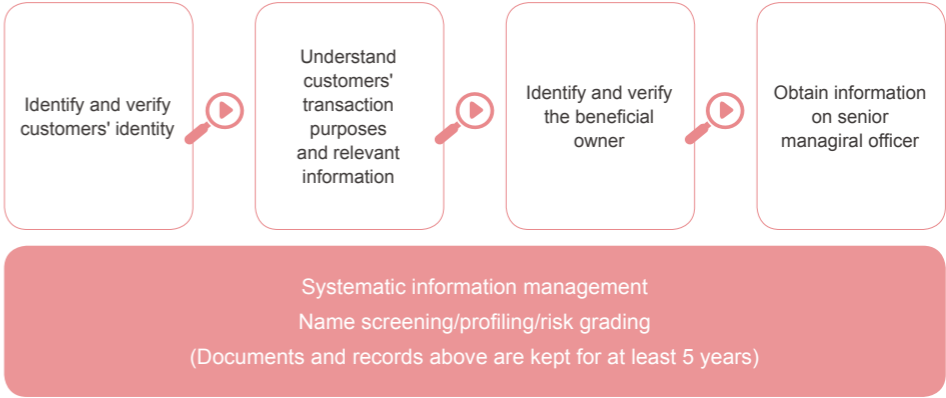
AML/CFT system

The board of directors of Taishin Financial Holding holds the ultimate authority and responsibility in AML and CFT. The board establishes compliance and risk management cultures throughout this organization, and regularly reviews the organization's AML/CFT practices.

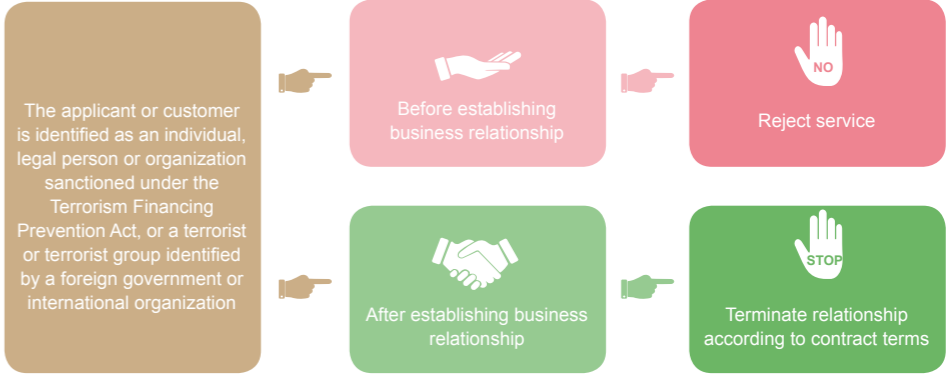
Group subsidiaries are responsible for verifying, assessing and establishing the level of money laundering and terrorism financing risks they are exposed to. They are also required to develop ML/TF risk prevention plans and compliance standard operating procedures, and undertake self-audits and internal audits for the purpose of preventing or mitigating ML/TF risks.



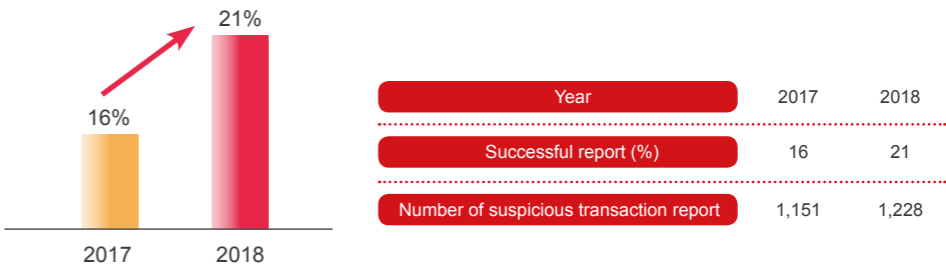
Customer due diligence procedure



Exit measures for AML/CFT violations



Successful report of suspicious transaction (%)



# Taishin Holdings

## Contents

### Message from the Chairman

### Message from the President (Chairman of CSR Committee)

### About Taishin

### I. Sustainability Plans

### II. Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security
- 2-6 Legal Compliance
- 2-7 Tax Policy

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace

### VI. Green Operation

### VII. Social Impacts

### VIII. Stakeholder Engagement

### Report Summary

### Appendix

## AML/CFT training

To promote the management's and employees' awareness of AML/CFT, the series of AML/CFT workshops were held in July and August 2018 for senior managers of the Group. The head of Anti-Money Laundering Division, Investigation Bureau, Ministry of Justice, was invited to share opinions with Group directors, supervisors and senior managers of the Group on the topic of anti-money laundering. A total of 66 participants including directors, supervisors, senior managers and AML/CFT officers from the Group had taken part in the training.

In 2018, a series of classroom, e-learning and external courses on various topics covering legal compliance, customer due diligence, AML system, name screening, requiring attention of business activities, suspicious transaction scenarios, case study, suspicious activity/transaction reporting and audit opinions were organized for the banking, securities, investment trust, investment advisory, insurance agency and leasing subsidiaries of the Group. Training totaling 9,922 hours were held to a participant size of 12,477. The organization achieved 100% completion rate for AML/CFT training in 2018.

AML/CFT training in 2018	Head count	Hours	Coverage rate (%)	Completion rate (%)
Managers	66	198	100	100
General staff	12,477	9,922	100	100

Note: Taishin Bank has signed the USA Patriot Act and made [relevant announcements](#) on its website:



## AML/CFT progress



Internal regulations and SOP added or modified in terms of the changes in local or foreign external AML/CFT regulations.



Institution Risk Assessment (IRA) and customer risk assessment.



Setting the transaction monitoring scenarios.



Convention of senior management meetings, such as group risk management committee meeting, group AML/CFT meeting, AML/CFT committee of the subsidiary bank, risk management committee of the subsidiary securities, and relevant management meetings of other subsidiaries.



The organization adopts three lines of defense to ensure the effectiveness of its controls. The Compliance officer convenes monthly meetings to discuss issues concerning compliance, risk management and the 2<sup>nd</sup> and 3<sup>rd</sup> lines of defense, whereas the Chief Auditor convenes quarterly audit seminars involving the parent company and subsidiaries.

### First Line of Defense

Risk taken unit  
(Business unit)

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

### Second Line of Defense

Risk management unit  
(Responsible unit)

A responsible unit has been assigned and supported with resources to monitor and assess risk constantly.

### Third Line of Defense

Auditing unit

The internal audit unit conducts regular audits according to internal control measures.

## 2-5 Information and Transaction Security

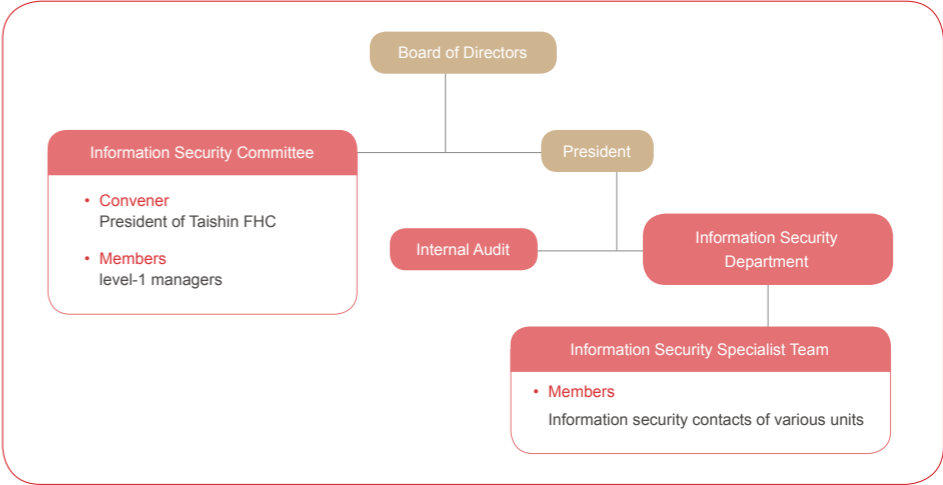
### Information Security Management Mechanisms

Taishin FHC has implemented "Information Security Policy" and "Taishin Holdings Internet Security Management Guidelines" to serve as guiding principles for security protection. Meanwhile, an "Information Security Committee" comprising the Group 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; and reports to board members on a yearly basis on issues concerning information security governance and planning.

An Information Security Department comprising employees from various fields of expertise was established in 2018 to oversee the planning and execution of Taishin Bank's information security policy. Meanwhile, an Information Security Department comprising employees who are information security contacts of various units has been established to facilitate more efficient management of information security risks from an organizational perspective. The Information Security Department oversees the information security management system and related internal and external issues and responds to stakeholders' requests. It coordinates with relevant departments to assess and manage related issues, and constantly searches for internal and external threats from a risk perspective to create an information security system that supports development of FinTech.

Taishin Bank first passed certification for ISO/IEC 27001 ISMS in 2010. Since then, the Bank has been engaging an independent third party to conduct half-yearly reviews and re-certification once every three years to optimize information security management, and thereby ensure effective functioning of the information security management system.

### Framework of information security management



### Upgraded Security Protection

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

### Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

# Taishin Holdings

## Contents

## Message from the Chairman

## Message from the President (Chairman of CSR Committee)

## About Taishin

## I. Sustainability Plans

## II. Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security**
- 2-6 Legal Compliance
- 2-7 Tax Policy

## III. Superior Service

## IV. Sustainable Finance

## V. Friendly Workplace

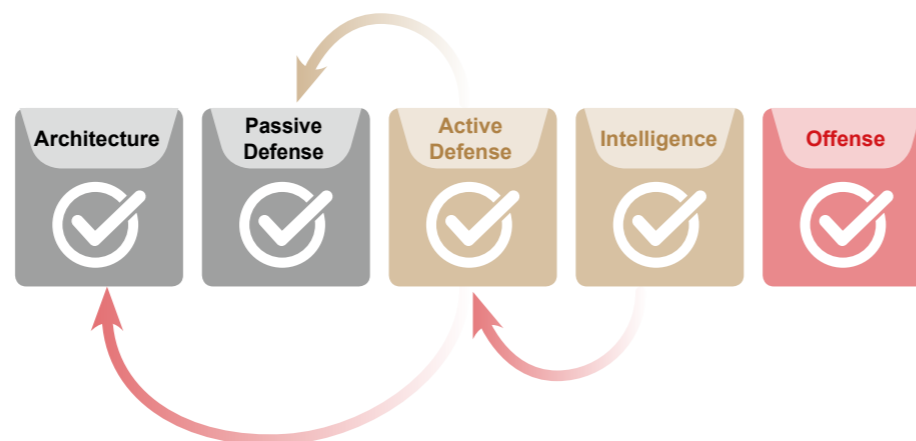
## VI. Green Operation

## VII. Social Impacts

## VIII. Stakeholder Engagement

## Report Summary

## Appendix

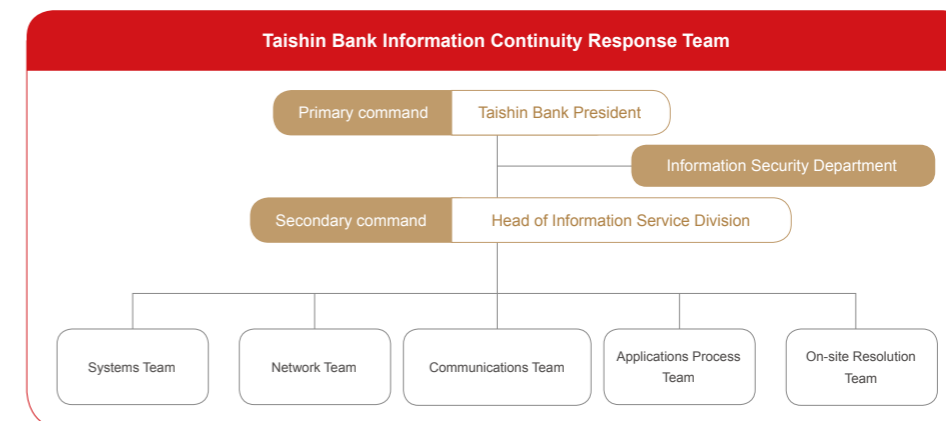


Information security risk management is currently executed as part of ISO/IEC 27001. The Bank gathers information security management issues from within and outside the organization, and engages various departments of the IT Division to assess the risks involved and potential impacts (sometimes at the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

## Compliance of Information Security Regulations

Given the increasing number of information security threats and attacks around the world, Taishin Bank has complied with laws of the home country and foreign countries where overseas branches are domiciled by conducting regular reviews and making regular reports to the local competent authority. In 2018, there had been no occurrence of information security-related or extraordinary incident that had to be reported to the local financial competent authority, and neither was there any compliance-related defect. Furthermore, no significant information security incident concerning customers' interest had occurred in the last 4 years.

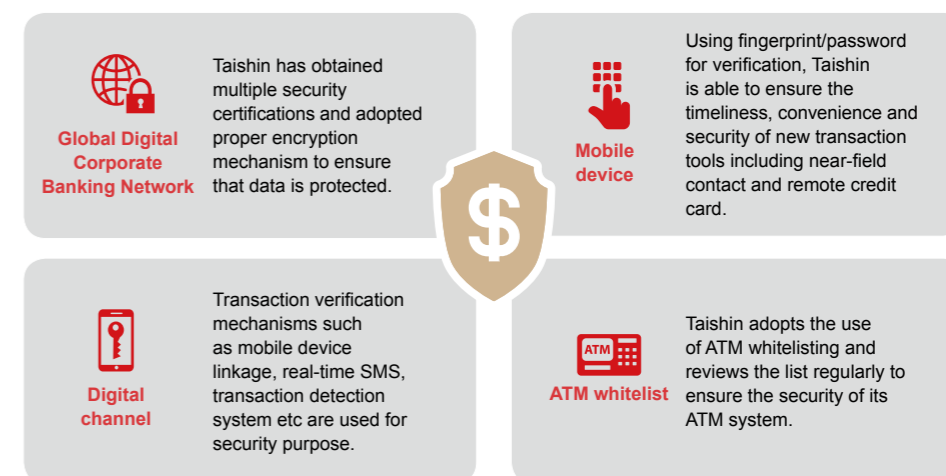
Taishin Bank has assembled an information continuity response team according to the policy of the financial holding company to oversee real-time prevention and enhancement of information security. The response team is also responsible for gathering intelligence on new threats around the world and performing weakness analyses. 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 hackers' intrusion.



## Enhancement of Transaction Security

Given the severe losses suffered by banks around the world as a result of hackers' intrusion into the SWIFT system in 2017, Taishin Bank has since implemented several security protection measures for its information systems, network environment and ATMs, and will continue making enhancements to information security in the future. 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 strengthen its security network for the protection of customer transaction security.

## Transaction security mechanism



# Taishin Holdings

## Contents

### Message from the Chairman

### Message from the President (Chairman of CSR Committee)

## About Taishin

### I. Sustainability Plans

### II. Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security**
- 2-6 Legal Compliance
- 2-7 Tax Policy

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace

### VI. Green Operation

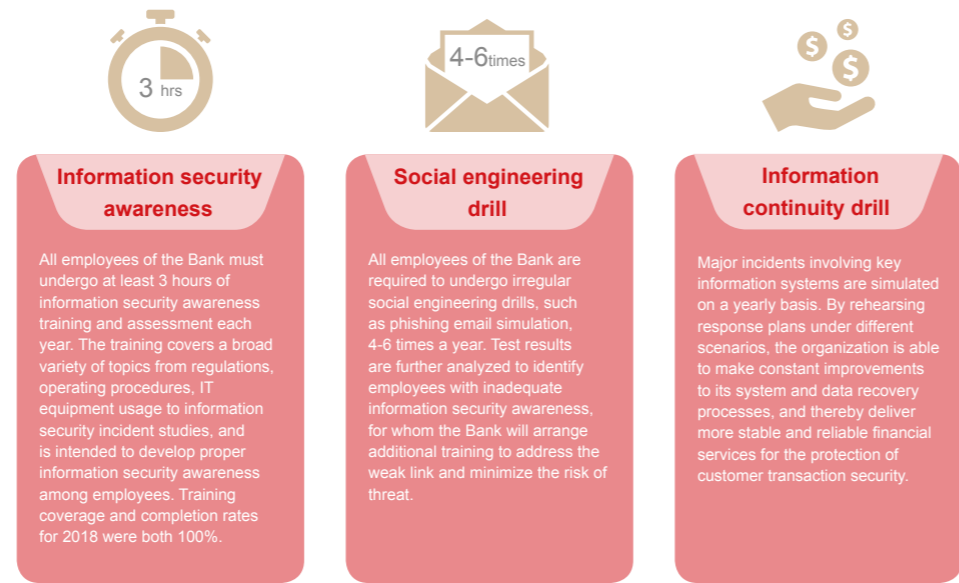
### VII. Social Impacts

### VIII. Stakeholder Engagement

### Report Summary

### Appendix

## Information security awareness and management of external parties



## Supplier management

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



## Vendor's criteria for outsourcing of major information processes

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

## 2-6 Legal Compliance

### Compliance Management

Taishin FHC has long been monitoring changes in local and foreign financial regulations, policies and impacts. By adhering to relevant rules and laws, the Company strives to develop a sound compliance culture and enhance employees' compliance awareness, while at the same time ensuring that all business activities conform with legal requirements.

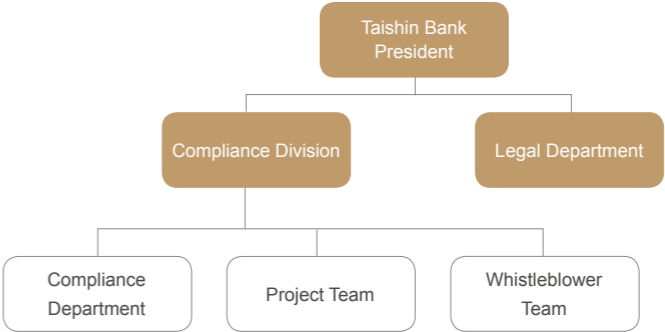
### Compliance system

Legal Compliance Division of Taishin FHC has been assigned the duty to report to the board of directors regarding the organization's compliance status at least once every six months. Meanwhile, Taishin Bank underwent a re-organization that place its "Legal Department" directly under the President specifically for handling legal affairs of Taishin Bank. The "Legal Compliance Division" is responsible for compliance-related affairs including communication and consultation of legal issues and implementation of compliance risk management and supervision systems. The division has a Compliance Department, project team and whistleblower team created under it. The two units operate independently to support compliance risk, which is the second line of defense of the internal control system.

Legal Compliance Division of Taishin FHC has been assigned the duty to report to the board of directors regarding the organization's compliance status at least once **every six months.**



### Compliance framework



### Compliance practices

- Maintaining a system that properly conveys, clarifies, coordinates and communicates legal issues, and provides timely updates of regulatory amendment to the chief compliance officer of each department.
- Devising training plans and engaging chief compliance officers of various departments in conferences to exchange experience, knowledge and implications of important laws.
- Supervising each department on compliance with external laws and the adoption, establishment and implementation of related internal systems.
- Supervising each department on the review of major compliance defects, fraud and possible impacts, and recommending improvements where appropriate.
- In the event of a major regulatory violation or a downgrade of rating by the financial competent authority, the board of directors will be notified immediately of the compliance issue.

## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
  - 2-1 Governance Framework and Composition
  - 2-2 Business Integrity
  - 2-3 Risk Management and Internal Control
  - 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
  - 2-5 Information and Transaction Security
  - 2-6 Legal Compliance
  - 2-7 Tax Policy
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security
- 2-6 Legal Compliance**
- 2-7 Tax Policy

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

### Compliance risk management system

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

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

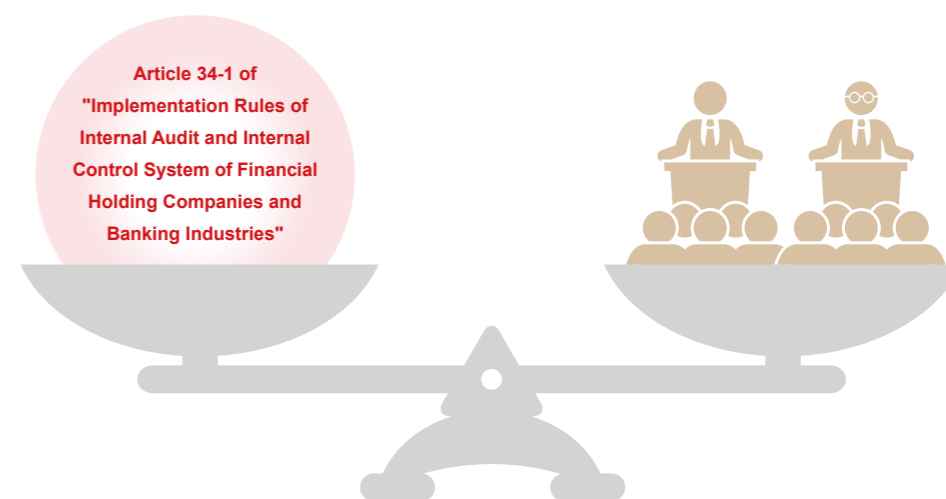
### Compliance rating system

Taishin FHC, Taishin Bank and Taishin Securities organize "Internal Department Compliance Self-assessments" once every six months. Self-assessments of each unit are reviewed with the President's comments issued to serve as reference. This practice helps enforce a compliance culture.

### Whistleblower system

Taishin has implemented a whistleblower system to protect whistleblowers and support a corporate culture of integrity and transparency. Any person who discovers crime, fraud or violation are entitled to report misconduct according to the system. Once accepted and investigated, reports that involve directors or Vice President or above will be escalated to the Audit Committee for review.

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



# Taishin Holdings

## Contents

### Message from the Chairman

### Message from the President (Chairman of CSR Committee)

### About Taishin

### I. Sustainability Plans

### II. Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security
- 2-6 Legal Compliance
- 2-7 Tax Policy

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace

### VI. Green Operation

### VII. Social Impacts

### VIII. Stakeholder Engagement

### Report Summary

### Appendix

## Compliance training

Taishin's 2018 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.



### New recruits

Year	Online course				Classroom course			
	Enrollments	Coverage rate (%)	Completion rate (%)	Total hours	Enrollments	Coverage rate (%)	Completion rate (%)	Total hours
2016	1,584	100	100	2,012	1,148	100	100	3,823
2017	1,606	100	100	2,039	1,081	100	100	3,600
2018	1,613	100	100	1,344	1,569	100	100	5,073

Note: The orientation covers basic compliance concepts.



### Existing staff

Year	Enrollments	Coverage rate (%)	Completion rate (%)	Total hours
2017	40,872	100	99.99	50,827
2018	32,844	100	99.98	61,141

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



### Compliance officer

Year	職前課程		在職課程	
	Enrollments	Total hours	Enrollments	Total hours
2017	201	6,030	-	-
2018	28	840	154	2,310

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

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



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

- 2-1 Governance Framework and Composition
- 2-2 Business Integrity
- 2-3 Risk Management and Internal Control
- 2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)
- 2-5 Information and Transaction Security
- 2-6 Legal Compliance
- 2-7 Tax Policy**

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

## 2-7 Tax Policy

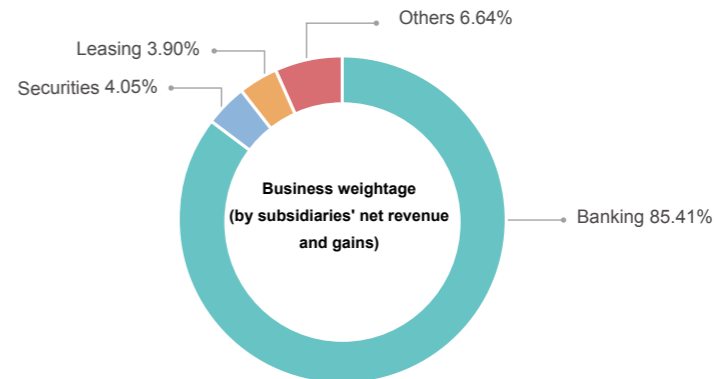
Taishin FHC has implemented its own tax policy to accommodate the tax laws of different countries as it expands. This tax policy enables effective management of taxation risk and helps create value over the long term.



### Tax policy of Taishin FHC

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

### 2018 net revenue and gains of subsidiaries



### 2018 net revenue and gains and pre-tax income weight by country

Unit: TWD thousand

Country/ Region	Net revenue and gains		Pre-tax income	
	Amount	%	Amount	%
Taiwan	37,424,804	94.16	13,125,695	92.20
China	843,375	2.12	317,645	2.23
Hong Kong	1,054,348	2.65	649,335	4.56
Singapore	232,427	0.58	125,815	0.88
Japan	59,340	0.15	(38,225)	-0.27
Australia	134,029	0.34	56,118	0.40
Total	39,748,323	100.00	14,236,383	100.00

Amounts of income tax paid by Taishin FHC by country / region for 2017 and 2018:

Unit: TWD thousand

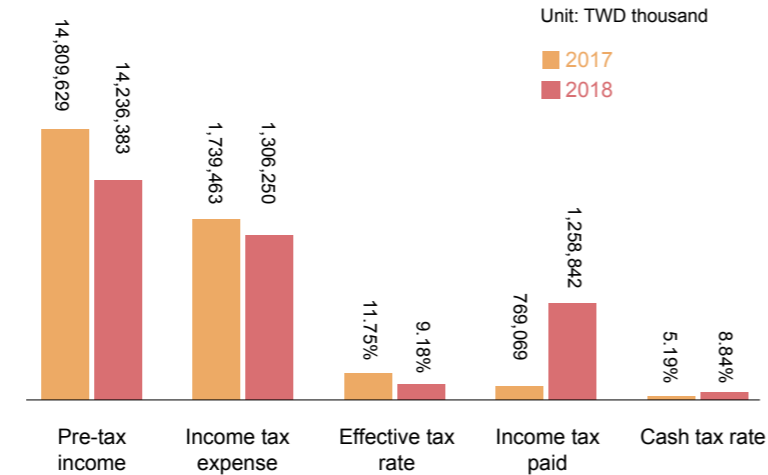
Country/ Region	2017	%	Effective tax rate (%)	Statutory tax rate (%)
Taiwan	822,274	106.91	11.93	17
China	347	0.05	27.55	25
Hong Kong	-53,856	-7.00	-14.84	16.50
Singapore	0	0.00	0.00	17
Japan	55	0.01	0.00	23.40
Australia	249	0.03	0.00	30
<b>Total</b>	<b>769,069</b>	<b>100.00</b>		

Unit: TWD thousand

Country/ Region	2018	%	Effective tax rate (%)	Statutory tax rate (%)
Taiwan	1,206,082	95.81	9.18	20
China	41,916	3.33	29.87	25
Hong Kong	0	0.00	0.00	16.50
Singapore	0	0.00	0.00	17
Japan	908	0.07	0.00	23.40
Australia	9,936	0.79	11.97	30
<b>Total</b>	<b>1,258,842</b>	<b>100.00</b>		

Note: The Tokyo Branch (Japan) and Brisbane Branch (Australia) of Taishin Bank were opened in 2016 and 2017, respectively.

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



Cause of difference	Pro-forma tax effect		Description
	2017	2018	
Tax law of single jurisdiction <ul style="list-style-type: none"> <li>Difference between Taiwan's statutory tax rate and average effective tax rate of industry peers</li> <li>Difference from tax-exempt income in Taiwan</li> <li>Difference from other adjustments under Taiwan tax laws</li> </ul>	1,036,674 937,665 -159,491	828,557 1,457,810 83,217	Average effective tax rate of peer industries was 24.00% in 2017 and 25.82% in 2018, respectively higher than that of the Group. This was due to the fact that the Group operates mainly in Taiwan, where the applicable statutory tax rate was 17% in 2017 and 20% in 2018, respectively. Furthermore, the Group's pre-tax income included tax-exempt OBU income, tax-exempt securities trading income, tax-exempt share of profit of associates accounted for using equity method, and other items subject to adjustment according to the tax laws of Taiwan.

The Group's cash tax rate was lower than the effective tax rate mainly because:  
 (1) The Group used losses carried from previous years to offset taxable income.  
 (2) Financial accounting standards and tax laws recognize certain transactions at different timing, which created temporary difference.

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

2-1 Governance Framework and Composition

2-2 Business Integrity

2-3 Risk Management and Internal Control

2-4 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

2-5 Information and Transaction Security

2-6 Legal Compliance

2-7 Tax Policy

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

**III. Superior Service**

3-1 Trusted Service and Customer  
Relations

3-2 Protection of Privacy

3-3 FinTech

3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



# Superior Service

3-1 Trusted Service and Customer Relations

3-2 Protection of Privacy

3-3 FinTech

3-4 Digital Innovation

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

I. Sustainability Plans

II. Sustainable Governance

### III. Superior Service

3-1 Trusted Service and Customer Relations

3-2 Protection of Privacy

3-3 FinTech

3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

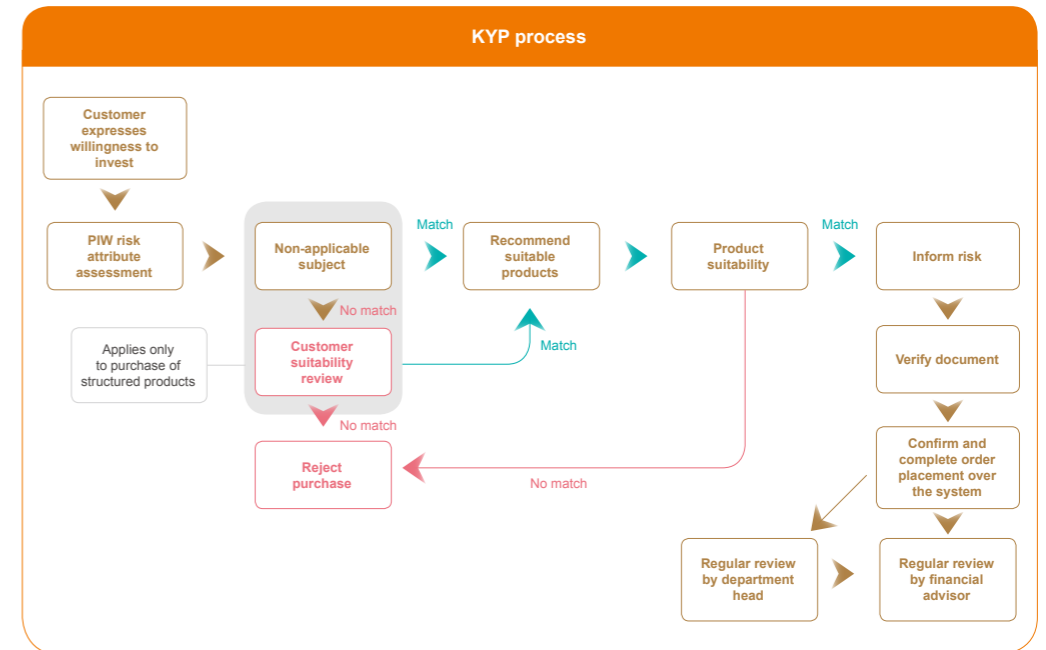
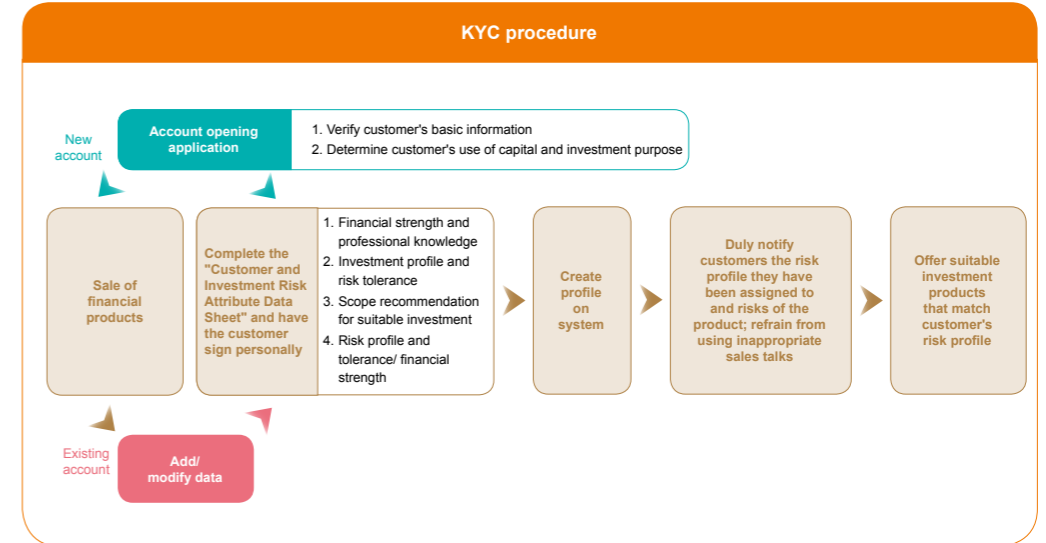
## 3-1 Trusted Service and Customer Relations

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

### Protection of Customers' Interests

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

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



Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

    3-1 Trusted Service and Customer Relations

    3-2 Protection of Privacy

    3-3 FinTech

    3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

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

Taishin invests extensively into improving service quality as a means to raise customers' satisfaction.

Target	Course name	Frequency	Training coverage rate (%) (Enrollments/ total head count for the category)	Completion rate %)(Actual enrollments/ required enrollments)	Hour	Attendee
Mandatory for new recruits	Service perfection (for new recruits)	Twice a month on average	100	100	2,220	1,110
	Standard service procedures and professional image (for new recruits)	Twice a month on average	100	100	2,220	1,110
	3S srvice Perfection (Digital Course for New Recruits)	Twice a month on average	100	100	457	1,613
Mandatory for specific units	3S Service (eLearning course)	Once every 2 years	100	100	1,797	7,190
Mandatory for reserve managers	Winning through Service	3 sessions a year	100	100	402	115
New branch managers	Customer Service and Complaint Resolution Techniques	2 sessions a year	100	100	385	55



Customer Satisfaction

Taishin Bank is committed to delivering complete service experience for its customers, which is why it engages an independent third-party institution to survey customers via phone and the internet and establish their satisfaction with respect to personnel, product, service, process, channel, rights and marketing campaign. These findings are analyzed to serve as reference for service quality strategies in the future. The financial holding company and the Bank's personal finance segment have set their targets at 1% higher than the previous year. Meanwhile, improvement plans have been devised to address customer segments in which the organization has exhibited relatively weak or declined performance, and thereby taking service quality to the next level.

In 2017, for example, Taishin Bank was able to enhance customers' attachment and raise satisfaction rate from 84.5% to 87.8% by enhancing communication between financial advisors and customers and introducing more robust notification and control over customers' rights. For credit card customers, Taishin managed to improve satisfaction by 4 percentage points from 72.2% to 76.3% through optimized card privileges and service notification. Meanwhile, several changes were made to internet banking and mobile banking systems to provide users with more personalized options from login to the interface, which raised customer satisfaction from 83.6% to 85.5%.

Satification result	2016	2017	2018
Internet Banking/ Mobile Banking/ ATM (%)	79.5	83.6	85.5
Wealth Management (%)	78.4	84.5	87.8
Credit Card (%)	70.2	72.2	76.3

These ongoing improvements were well-received by Taishin Bank's retail banking customers in general, which increased overall satisfaction to 85.5% in 2018. The satisfaction survey had an effective sample size of 1,707. To ensure proper representation of the population, samples were randomly taken from customers of different segments such as wealth management, credit card, loan, digital banking etc. Samples were taken by professional market surveyors after conducting a 20-minute interview with each subject. For customers who raised improvement suggestions, Taishin Bank engaged them in 20-minute in-depth discussions to explore their potential needs in greater detail. The 2019 satisfaction survey will include net promoter score (NPS) as a quantitative measurement for customers' loyalty and their willingness to recommend the Company and its products to others. The results will be received from customers who encountered the transactions/trading service at branches.



Customer Satisfaction	2015	2016	2017		2018		2019
	Actuals	Actuals	Target	Actuals	Target	Actuals	Target
Retail bank customer satisfaction (%)	79.2	80.9	81.9	Achieved 85.0	83.9	Achieved 85.5	87.39
Effective sample size	2,217	2,252	2,304		1,707 <sup>Note</sup>		-
Coverage rate (%)	0.7	0.6	0.5		0.3		-

Note: No survey was conducted on loan customers in 2018, therefore effective sample size was lower than the year before.



Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

    3-1 Trusted Service and Customer Relations

    3-2 Protection of Privacy

    3-3 FinTech

    3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
    - 3-1 Trusted Service and Customer Relations
    - 3-2 Protection of Privacy
    - 3-3 FinTech
    - 3-4 Digital Innovation
  - IV. Sustainable Finance
  - V. Friendly Workplace
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix

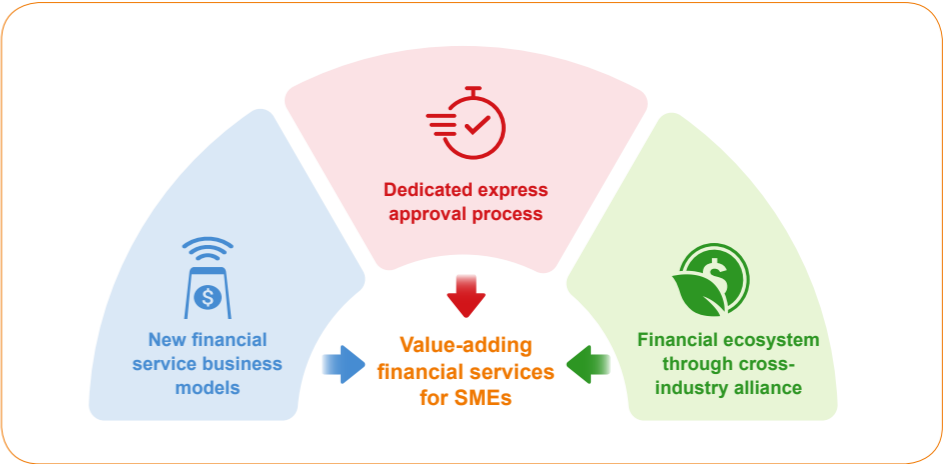
"Taishin Service Role Model" competition is held annually as part of the organization's ongoing attention to service culture, during which the Chairman and senior management are invited to commend employees who exhibit the most exceptional service standards. Through this event, we aim to inspire bank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

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

In 2019, Taishin Bank will continue its support to the government's highlighted industries and commit greater efforts into learning the local industry cluster. By enforcing a regional strategy and integrating resources across different industries, the Bank aims to develop an SME ecosystem that supports new financial service business models and enables a full range of value-adding financial services specifically for SMEs.



▲ "Taishin Service Role Model" competition 2018



Customer Service Awards 2018

 Commercial Times ★ The Best Service in Taiwan: Best Call Center, Silver Award in Best Domestic Bank, and Best Guest Service Professional	 Timetric ★ Highly Commended: Best Customer Experience – Call Centre	 Taiwan Contact Center Development Association (TCCDA) ★ Best Call Center, Best Call Center Director, Best Customer Service Representative and Best Systematic Application of Smart Robot
 Cards & Electric Payments International (CEPI) ★ Most Innovative Digital Solution	 Republic of China National Enterprise Competitiveness Development Association ★ The National Brand Yushan Award-Most Popular Brands and First Prize in the Most Popular Brands	 Taiwan Institute for Sustainable Energy (TAISE) ★ Growth through Innovation Award

# Taishin Holdings

## Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

3-1 Trusted Service and Customer  
Relations

3-2 Protection of Privacy

3-3 FinTech

3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

## Gathering of Service Opinions

### VOC (Voice of Customer)

Taishin Bank has a VOC program in place that receives an average of 200 comments from customers per month. Through gathered opinions, Taishin investigates the critical needs of its customers and plans services, marketing campaigns and products for various business groups accordingly. This exercise plays an important role in Taishin's customer-centric strategy and is key to enhancing customer satisfaction and relations.

### Mystery Shopper

The 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

Taishin has posted QR codes at branches nationwide since June 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

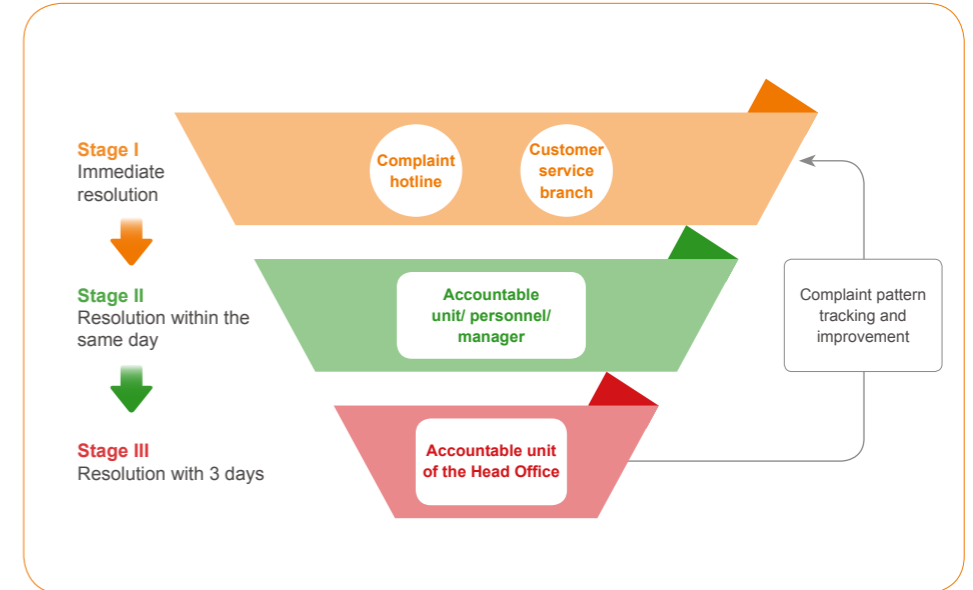
"Service opinion forms" have been placed at branches nationwide for customers to express their opinions. Once completed, customers may either mail them or drop them inside the branch's opinion box; the management will then respond to customers' suggestions and devise action plans for improvement.

### 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 System

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



## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

3-1 Trusted Service and Customer  
Relations

3-2 Protection of Privacy

3-3 FinTech

3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

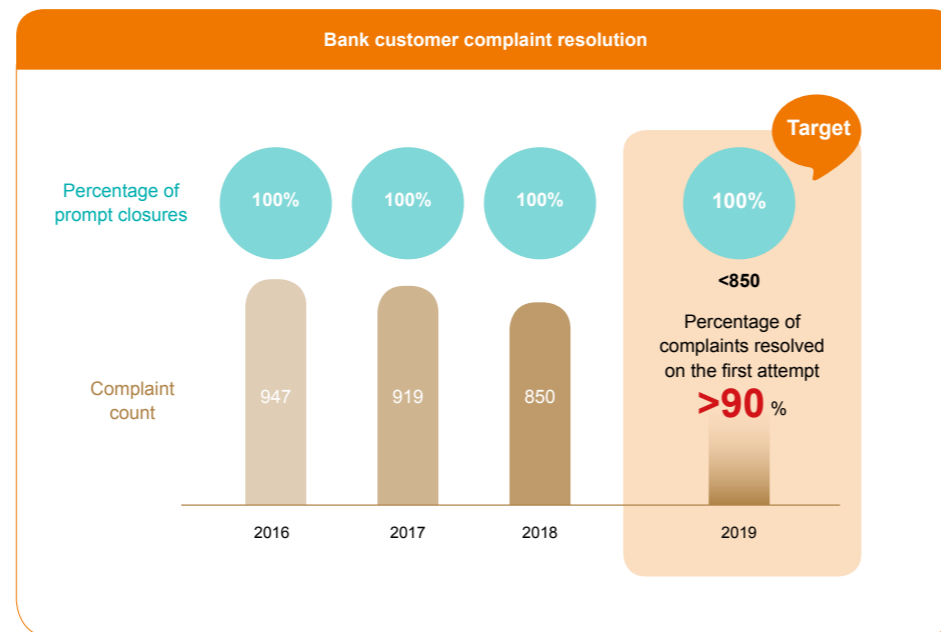
Appendix

### Grievance system for bank customers

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

The Head Office's customer complaint unit has contact windows available at various business divisions to bridge communication, convey the organization's fair customer treatment principles to frontline employees, and thereby support the consumer protection culture. Customers' complaints are consolidated and analyzed regularly to identify patterns that can be acted upon, improved or prevented. Through internal propaganda, system enhancement and process optimization, Taishin is able to reduce chances of recurrence and raise customer satisfaction as a result. Changes in customer complaint and causes of fair customer treatment violation are constantly investigated, rectified and followed up with internal reports compiled and submitted to the senior management and board of directors on a semiannual basis.

Any complaints or disputes with the Bank's corporate customers are raised by the wholesale



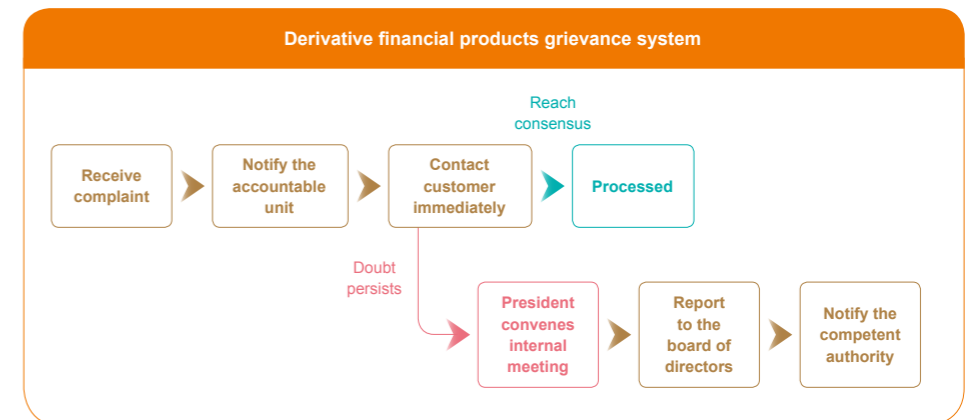
banking division for discussion during weekly morning meetings. Violations against fair customer treatment principles or financial consumer protection laws are also raised for discussion during morning meetings, with reports compiled and presented to the board of directors on a quarterly basis.

In addition to timeliness and accuracy, Taishin Bank introduced a new customer service indicator - "percentage of complaints resolved on the first attempt" in 2019. Taishin also incorporated this indicator into the department balanced scorecard (BSC).

### Grievance system for securities customers

Taishin Securities has customer service hotline (886-2-4050-9799) and e-mail available to collect customers' opinions. For derivatives, customers are entitled to file complaints via physical mail, fax, e-mail and telephone according to Derivative Trading Complaint Procedures of Taipei Exchange.

Upon receiving complaint from a derivatives customer, the accountable unit would contact the customer immediately to explain the situation. If customer's doubts persist and the two parties are unable to reach a consensus, the President will convene an internal meeting to escalate the issue to the board of directors while notifying the competent authority.

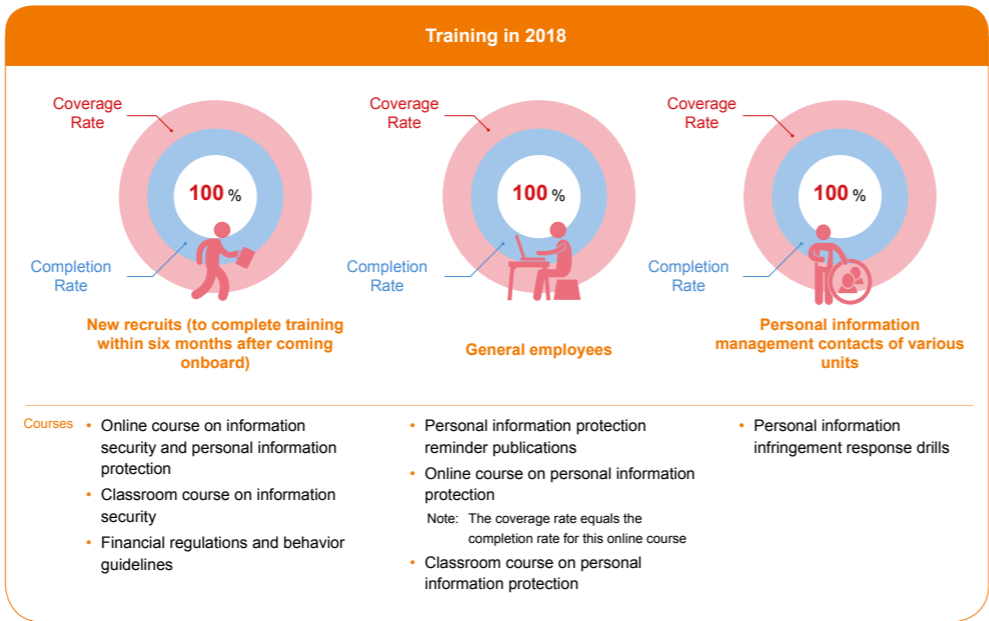


## 3-2 Protection of Privacy

### Protection of Personal Information

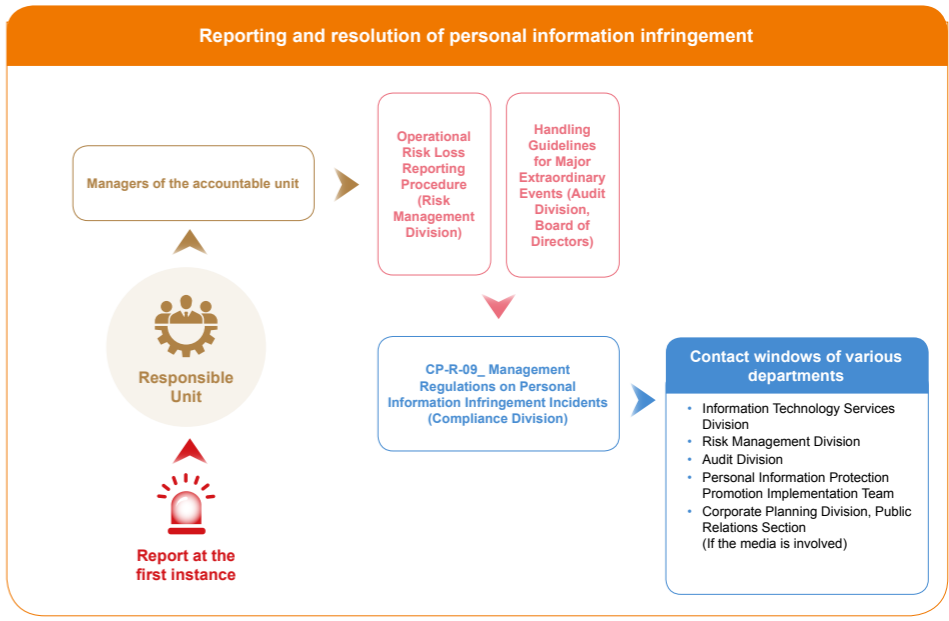
Taishin FHC has a personal information protection policy in place to ensure legitimate collection and use of customers' and employees' personal data. This policy is constantly reviewed and revised in line with changes in regulation. In addition to conducting regular inspections on the security of personal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

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



### Personal Information Protection Measures

With regards to the handling of personal information incidents and employees' crisis awareness, Taishin has implemented "Management Regulations on Personal Information Misuse Incidents" to facilitate effective emergency response should an incident arise. If a personal information incident occurs, employees are required to report immediately to the line manager and complete risk assessment and incident classification within the given timeframe. Depending on the severity of the incident, an emergency response team may be assembled to execute response, coordination, communication and investigation in relation to the incident. In 2018, 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.



Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

3-1 Trusted Service and Customer Relations

3-2 Protection of Privacy

3-3 FinTech

3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

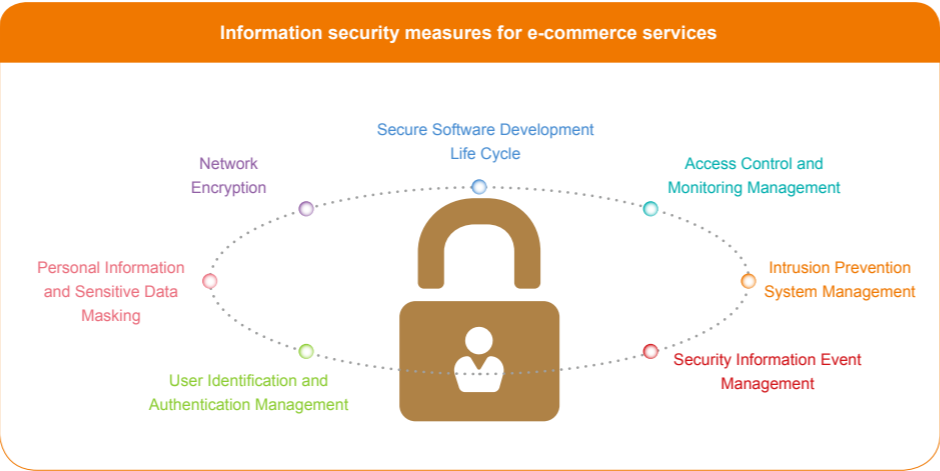
VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



Grievance mechanism of personal information protection

Year	Source of customer complaint		Type of customer complaint					Accountable case count
	Competent Authority	Customer feedback	Leakage of personal	Theft of personal information	Loss of personal information	Inappropriate use of personal information	Other	
2016	3	0	0	0	0	1	2	2
2017	1	1	1	0	0	1	0	2
2018	3	0	2	0	0	1	0	3
Total	7	1	3	0	0	3	2	7

Note: Accountable case count refers to complaints in which customers believe to have suffered losses due to misuse of their personal information. The Bank has addressed the above incidents by issuing apologies to customers through the Head Office's Administration Center, with promises to enhance internal training to avoid recurrence of similar incidents. Furthermore, the Bank also took disciplinary actions (such as: performance downgrade, bonus cut etc) against violators, escalated these incidents to the board of directors and undertook monitoring of suspicious patterns to prevent recurrence.

Taishin FHC places great emphasis on the protection of personal information, and actively seeks international security certifications as a means to enhance security management practices. In December 2018, Taishin conducted a pre-assessment for "BS10012:2017" - Personal Information Management System (PIMS) that covered the gathering, processing, use and management of personal information files by the operations team of the Insurance Brokerage Department in its insurance agency service. Taishin Bank also engaged certified public accountants to perform a special audit on personal information protection in 2018, for which the CPAs issued a statement claiming that the Bank's internal control system has been effectively designed and executed to ensure protection of personal information and fair presentation in all material aspects.

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

##### 3-1 Trusted Service and Customer Relations

##### 3-2 Protection of Privacy

##### 3-3 FinTech

##### 3-4 Digital Innovation

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

## 3-3 FinTech

Driven by principles of innovation and integrity, Taishin Financial Holdings attempts to address customers' pain points from a demand perspective and provide more friendly, convenient and intuitive service experience, while at the same time improve system stability, efficiency and use of new financial technologies.

Taishin is dedicated to making innovative uses of digital banking, and has created a customer service robot named "Rose" that combines the experience of the customer service team and AI technology. By creating a semantic database of financial knowledge, customers may have their financial queries answered accurately and conveniently using cellphones and PCs. Apart from "Rose," Taishin also introduced a "Chatbot" feature that interacts with customers to establish purchasing patterns and preferences, and actively refers suitable products to customers. Together, they provide 24-hour, all-round interactive consultation for customers.

Taishin Financial Holdings continually explores opportunities to form strategic alliance and create suitable financial service environment for customers. In addition to searching business partners for long-term collaboration, Taishin also supports them through core banking services and FinTech for maximum synergy. By participating in FinTech Space and Fin & Tech, Taishin aims to cooperate more closely with FinTech companies and businesses from other areas of expertise in mutually beneficial engagements.

In addition to capitalizing on the FinTech trend, Taishin Financial Holdings has also been active in the creation of a digital banking ecosystem and training of technology talents in response to the new era. It is our goal to take pro-active and pragmatic steps toward corporate sustainability.

## 3-4 Digital Innovation

In preparation for the challenges ahead, Taishin has been actively implementing a Bank3.0 project that began its planning phase in 2014 followed by the digital design phase in 2015, and has been implemented progressively in recent years. In order to provide customers with 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. With regards to patent acquisition, Taishin registered a total of 3 utility model patents and 8 invention patents in 2018.

These patents have led to the introduction of innovative products from mobile banking, new payment tools, wealth management, credit card, loan to wholesale banking, and given rise to new digital banking services branded Richart.



Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

3-1 Trusted Service and Customer Relations

3-2 Protection of Privacy

3-3 FinTech

3-4 Digital Innovation

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

Patent acquisition

Utility Model

Link Pay

Merchants can generate links from the product and send it to consumers via Email or SMS. Consumers may click on the link to proceed with credit card payment.

Utility Model

Negotiable Instrument imaging

Customer takes photo of a negotiable instrument, uploads the image, and the system will automatically perform optical character recognition to input data into relevant fields and generate results.

Utility Model/Invention

User identity verification

The server notifies the client the method by which identity is to be verified only at the time of transaction. This prevents hackers from forging communication details prior to occurrence.

Invention

Magic Box + Smart Transfer

Simplifies multiple input fields into one; the system will automatically detect the type of information entered by customer.

Invention

Richart\_Pre-log in

Check balance transaction and cash back before login.

Invention

Card-less withdrawal

Customers no longer require an ATM card to perform cash withdrawal.

Invention

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 device, password and software. This new innovation ensures the security of customers' information.

Invention

e-Wallet platform

Links to different mobile payment service providers for simplicity and integration of merchant systems.

Invention

Client/Server reciprocal validation

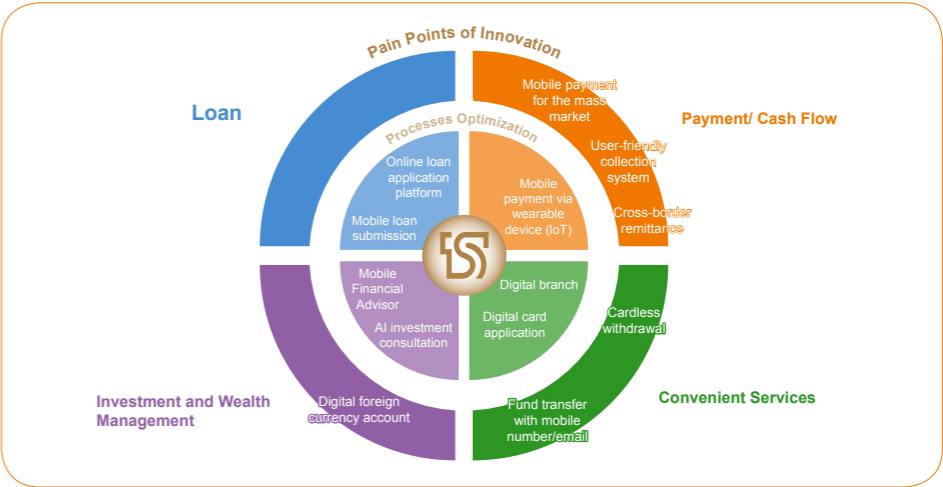
The Client and the Sever validate each other to ensure the legitimacy of software and the correctness of website used for transactions.

Invention

Online opening of securities account

Internet banking users may open accounts online using IC ATM card as the means of identification.

Innovative product



Faced with emerging financial technologies, Taishin continues to execute Bank 3.0 projects and develop a Bank 4.0 mindset that focuses on delivering financial service through new technologies, innovations and optimized procedures to better satisfy customers' needs. It is our goal to bring the convenience of FinTech into everyday life.

Application/ scenario	Improvement aspects	Featured products and services	Performance
<div><div>PAY</div><div>Payment/ Cash Flow</div></div>	Mobile payment for the mass market	<ul style="list-style-type: none"><li>Taishin was the first among peers to introduce pay+, a payment service module, to departmental stores and convenient store chains. This module enables consumers to register credit card numbers for use with merchant's APP, which eliminates the need to present card during purchase.</li><li>VISA Debit Cards can be linked with Google Pay and Samsung Pay, whereas users without credit card may use international payment tools.</li><li>Using LINK PAY service, merchants can create "links" over Taishin's online platform and send links to consumers via e-mail or SMS. Consumers simply have to click on the "payment link" and input credit card information to complete payment in a fast and secured manner.</li></ul>	<ul style="list-style-type: none"><li>Increased credit card activity. Utilization of mobile payment increased by 100% compared to the previous year</li><li>Customers' service attachment improved</li><li>More than TWD 800,000 of LINK PAY service registration fees were collected in 2018</li></ul>

# Taishin Holdings

## Contents

## Message from the Chairman

## Message from the President (Chairman of CSR Committee)

## About Taishin

## I. Sustainability Plans

## II. Sustainable Governance

## III. Superior Service

### 3-1 Trusted Service and Customer Relations

### 3-2 Protection of Privacy

### 3-3 FinTech

### 3-4 Digital Innovation

## IV. Sustainable Finance

## V. Friendly Workplace


## VI. Green Operation


## VII. Social Impacts


## VIII. Stakeholder Engagement


## Report Summary

## Appendix

Application/ scenario	Improvement aspects	Featured products and services	Performance
 <b>Payment/ Cash Flow</b>	User-friendly collection system	<ul style="list-style-type: none"> <li>Taishin was the first among peers to launch a collection APP that enables merchants to use their own cellphones for QR code scanning and payment.</li> <li>Taishin was the first bank in Taiwan to introduce an integrated e-wallet statement service for more efficient account checking by merchants. This added convenience also attracted more e-wallet service providers to join Taishin's system.</li> <li>Taishin was the first among peers to integrate smartphone barcode scanning with the triple barcoding system used by convenience stores for eACH (enhanced auto clearing house) service with Taiwan Clearing House, which enables corporate customers to collect sales within shorter periods of time.</li> </ul>	<ul style="list-style-type: none"> <li>Merchants' service attachment improved. These services are expected to be expanded to small and medium-size merchants on a larger scale in 2019.</li> <li>10 human resource agencies had contracted while 1 gas company applied for the mobile collection service in 2018</li> </ul>
	Cross-border remittance	<ul style="list-style-type: none"> <li>WBS is Taishin's global intra-group remittance platform. It enables foreign currencies to be transferred between customers of the Head Office and overseas branches at lower handling fees and shorter time. Bypassing the intermediary allows faster and more direct transfer of funds across border.</li> </ul>	<ul style="list-style-type: none"> <li>The service has received 7 international awards since it was first launched into action.</li> </ul>
	Mobile payment via wearable device (IoT)	<ul style="list-style-type: none"> <li>Garmin Pay and Fitbit Pay were introduced to enable payment using smart watches.</li> </ul>	<ul style="list-style-type: none"> <li>Customers' service attachment improved. The service attracted utilization from thousands of Taishin cardholders</li> </ul>

 <b>Convenient Services</b>	Fund transfer with mobile number/ email	<ul style="list-style-type: none"> <li>Taishin was the first among peers to enable fund transfer using mobile number across all channels. The service even allows transfer of multiple transactions at the same time.</li> </ul>	<ul style="list-style-type: none"> <li>Transaction volume increased by 16% after the service was launched</li> </ul>
	Digital branch	<ul style="list-style-type: none"> <li>An exclusive chat room has been created for wealth management customers. Using "remote financial advisory" service, customers are able to engage Taishin's professional advisory team directly in video conferencing for the most up-to-date market trends and investment recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>Named "2018 Best Digital Wealth Management Experience in Taiwan" by The Asset</li> </ul>
	Digital card application	<ul style="list-style-type: none"> <li>Customers can apply for credit cards through their mobile phones.</li> <li>Taishin's FET friDay co-brand card brings to you the best user experience. From application, identity verification, to device pairing, every single step can be done on your mobile device through our intuitive App.</li> </ul>	<ul style="list-style-type: none"> <li>Saving more than TWD 3.28 million by reducing operating time and paper usage</li> <li>About 45,000 new cards were issued in the first year, and more than 75% of which were active</li> </ul>

Application/ scenario	Improvement aspects	Featured products and services	Performance
 <b>Investment and Wealth Management</b>	Digital foreign currency account	<ul style="list-style-type: none"> <li>Richart was Taiwan's first digital banking service to offer customers access to digital foreign currency account. It supports exchange of a wide variety of foreign currencies, and automatically highlights recent exchange rate lows (the first feature in the market).</li> </ul>	<ul style="list-style-type: none"> <li>Richart foreign currency account service has been online for 1 year, with a compound growth rate of 360%</li> </ul>
	Mobile Financial Advisor	<ul style="list-style-type: none"> <li>Using the Financial Advisor APP, sales representatives are able to access customers' asset allocation and market trends data and record conversation details in real-time, and therefore provide more suitable investment recommendations to customers.</li> </ul>	<ul style="list-style-type: none"> <li>More than 20 wealth management-related awards were won in 2018</li> </ul>
	AI investment consultation	<ul style="list-style-type: none"> <li>For just TWD 1,000, customers may subscribe to AI investment consultation service in Richart to help interpret market trends and recommend fund portfolios.</li> </ul>	<ul style="list-style-type: none"> <li>Overall fund subscription amount increased 300%</li> </ul>

 <b>Loan</b>	Online loan application platform	<ul style="list-style-type: none"> <li>The digital mortgage platform provides customers a 24/7 available method to apply. A mortgage trial calculation feature has also been made available online in 2019.</li> <li>A new deposit holder identity verification feature was implemented to the digital personal loan platform, which enables customers to submit loan application at any time by cellphones. Customers who have had their loan applications processed online will be issued an exclusive QR code, which can be scanned for quick access.</li> </ul>	<ul style="list-style-type: none"> <li>Online property valuation tool with product recommendations will be launched in Q2 2019.</li> <li>The percentage of online loan applicants increased by 92% compared to the previous year</li> </ul>
	Mobile loan submission	<ul style="list-style-type: none"> <li>GPS feature was added to the auto loan submission APP in 2018, thereby enabling customers to submit loan applications through the APP to IPMS in a fast, correct and complete manner.</li> <li>A micro enterprise loan assessment system has been created. The system integrates credit and collateral information from within and outside the Bank, performs automated checks on customers' eligibility, calculates applicable credit limit and provides automated transaction service.</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency of banking operations improved significantly by 60% and the cost of labor hours in Taishin is saved nearly TWD 8.75 million in 2018.</li> <li>Since the system was launched, use of paper has been reduced by 68% while the time to approval has been reduced by 48%.</li> </ul>

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

##### 3-1 Trusted Service and Customer Relations

##### 3-2 Protection of Privacy

##### 3-3 FinTech

##### 3-4 Digital Innovation

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

## Richart Digital Bank

Richart was launched with the goal "to differentiate from banks." Its simplistic and stylish APP interface have been designed to redefine user experience among bank customers. After winning the "Red Dot Design Award" for 2 consecutive years, Taishin stood out among 200 financial institutions worldwide and won "Gartner Eye on Innovation Award for financial services in Asia Pacific" in November 2018. By redesigning UIUX (User Interface and User Experience), engaging in stray animal issues and adopting an OPEN BANK concept, Richart brings new identities to financial service and helps build Taishin's reputation as an "unorthodox bank."

Online word-of-mouth monitoring and third-party market surveys have identified Richart as the most highly praised digital banking brand among young users because it best understands young people's needs for financial service. Furthermore, the user interface has been designed solely from the perspective of mobile users to deliver simplistic, convenient, transparent and intuitive service. For example, the system offers an "Assistant" function that displays useful account information such as the number of complimentary interbank transfers/ withdrawals remaining for the month, amount of interest accrued etc in the home page for customers' convenience. In addition, account details have been classified into useful categories, thereby enabling users to use Richart for day-to-day bookkeeping. Richart continues to incorporate the latest technologies such as AI, big data and Design Thinking based on users' suggestions, ideas and experiences in order to bring better and more intuitive services to the users.

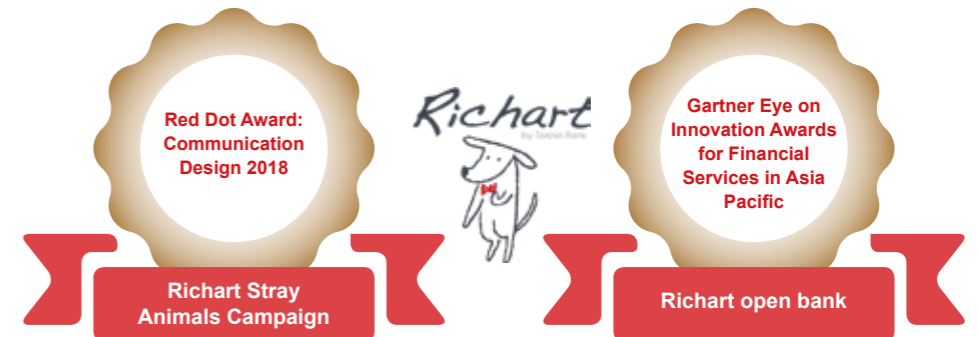
In January 2018, Richart became the first digital banking service provider in Taiwan to launch "foreign currency digital account" service. Not only does the service allow users to open accounts entirely over mobile phone, it offers useful features such as preferential exchange rate, currency calculator, and highlights recent exchange rate lows (the first one in the market) that are targeted mainly at the young generation.

Taishin Bank was the first in the industry to introduce Pepper, customer service robot, financial advisory robot and integrate them with smart watch. Richart uses OCR technology to help customers input credentials, biometrics (fingerprint) for faster login, and adopts AI for the design of investment interface. The simplistic and intuitive design received overwhelming

praises from customers, for the interface enabled users to complete transactions securely with few swipes on their phone. Richart's chatbot and customer service robot are currently able to address more than 98% of customers' queries. Users may access this service through Line or Facebook to have their questions answered instantly and accurately.



## Awards in 2018



## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

#### IV. Sustainable Finance

4-1 TCFD Framework  
Implementation

4-2 Responsible Investments and  
Products

4-3 Green Credit Action

4-4 Financial Inclusion

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



# Sustainable Finance

4-1 TCFD framework implementation

4-2 Responsible investments and products

4-3 Green credit action

4-4 Financial Inclusion

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

##### 4-1 TCFD Framework implementation

##### 4-2 Responsible Investments and Products

##### 4-3 Green Credit Action

##### 4-4 Financial Inclusion

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

## 4-1 TCFD Framework Implementation

Global climate change is an increasingly significant issue, risks and opportunities are associated with extreme weathers, natural disaster, energy crisis and transformation towards low-carbon economy. Furthermore, rising CSR awareness causes consumers and investors to develop higher expectations for environment-friendly products and services. As a result, the business world has devoted more attention than ever to addressing environmental, social and governance risks today. All industries, especially those involved in financial services, must now direct attention to the question: what are the financial risks and opportunities associated with climate change?

**Taishin has actively supported CDP:** Faced with a globalized challenge, Taishin has been actively participating and supporting international initiatives since 2015. For 5 consecutive years, Taishin has supported the CDP and met disclosure requirements by completing the CDP questionnaire, and took this opportunity to learn more about climate change mitigation and adaptation throughout the world. This effort won Taishin a climate change rating of B in 2018.

**Pay attention to Climate Change and implement the TCFD framework:** The world has become increasingly concerned with businesses' ability to assess risks and opportunities associated with changing climates and make better decisions. This was the primary motivation that led the Financial Stability Board to announce TCFD, a framework for disclosing financial impacts of climate risk, in 2017.

Taishin's ongoing attention to global trends and challenges presented to the financial service industry due to climate change has enabled the organization to identify 3 main challenges relating to this framework: enhanced governance and disclosure support from the management, amendment of risk assessment procedures, and applying scenario analysis and associating financial impacts with climate change. Despite the challenges involved, Taishin

Financial Holdings still decided to adopt the TCFD framework in 2018 and associate financial impacts of climate change with all boundaries, products, services and customers in Taishin's operations .

**Taishin became a signed supporter of TCFD in January 2019:** By adopting the TCFD framework, Taishin hopes to improve its response and adaptability with respect to climate change, and continually assess and identify the risks and opportunities associated with changing climates. In the future, Taishin will aim to strengthen its relationship with investors, stakeholders and the general public, and make better business decisions while at the same time support development of a fair, orderly market as well as a sustainable low-carbon economy.

### Climate Change Governance

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

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

4-1 TCFD Framework  
Implementation

4-2 Responsible Investments and  
Products

4-3 Green Credit Action

4-4 Financial Inclusion

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

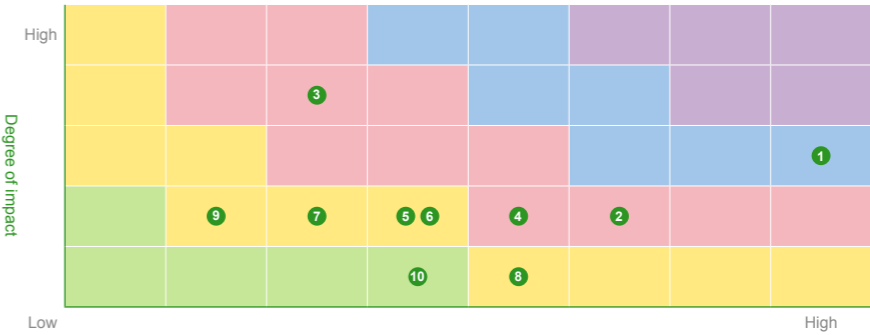
**CSR Committee:** For the sustainable risk evaluation by top managers, President of Taishin FHC serves as chairman of the CSR Committee while CFO serves as the vice chairman (since 2018). The annual CSR report or major plans, including issues related to climate change, is implemented to the board of directors. Excecutive Committee Members are invited to participate in regular board meetings, during which they may communicate with the board on CSR-related issues.

**"Green Operations" Team and "Environmental Sustainability Committee":** In addition to creating a "Green Operations" Team under the CSR Committee, Taishin has also assembled an "Environmental Sustainability Committee" in accordance with ISO 14001 and ISO 50001 that is headed by the head of Administration Division. Responsibilities of the committee are to assess and manage climate-related issues and provide resources relevant to maintaining the environment and energy management systems. The Environmental Sustainability Committee regularly reviews the appropriateness of existing environmental sustainability policies and monitors changes in environmental/energy performance and relevant indicators. The committee also devises measures in response to potential emergencies, risks and opportunities associated with climate issues, and is responsible for the execution and management of energy/environment action plans.

## Climate Change Strategies

Taishin is aware of the risks associated with climate change and the opportunities of a successful transformation. With respect to climate change strategy, Taishin is adopting more efficient ways of measuring and calculating short/medium/long-term risks that the organization, the suppliers and customers are facing, so that investment decisions can be adjusted accordingly.

Climate change risk matrix



	Risk description	Financial impact	Risk response measures
1	Adopting Green Finance Principles involves additional assessment and classification to be performed on new loans or financing with limit increase, which may deter new customers	A B	Impose additional requirements such as: in-depth KYC and checks for questionable cases, system checklist amendment, and training courses
2	Employees may be required to perform duty during Typhoon leave, which incurs additional personnel cost	D A	Make adequate budgeting for personnel costs and issue reminders on performing duty during Typhoon leave
3	Absence of products or services that address the climate change issue may attract negative image and media coverage about Taishin's neglect for environmental protection	D A E F	Monitor social trends, peer actions and media coverage at all times
4	Climate change may lead to more frequent natural disasters and cause damage to customers' equipment or collaterals, and affect the Bank's debt entitlement	F	Apply more rigorous review or reduce LTV for real estate property collateral located in areas that are more susceptible to disaster, and have business personnel monitor borrowers' financial/business position on a constant basis
5	Customers may have increasing preference for growing industries/products such as renewable energy, electrical vehicle and pollution prevention equipment when choosing investments; meanwhile, customers may withdraw from industries of declining demand such as oil, mining and vehicles operating on conventional energy	D C	Assign researchers to perform long-term tracking on emerging industries such as renewable energy and electric vehicles, and prepare research reports that accommodate change in customers' behavior.
6	Customers' rising awareness towards environmental sustainability makes them more concerned with the products/ industries/funds they invest in	D A	Introduce green energy or sustainability funds
7	Any adverse news coverage involving peers may cause customers to evaluate their banking partners and ultimately affect their consumption behaviors	D C	When making fund investments, the Bank will take into account whether the invested companies have devoted sufficient attention into environmental protection and carbon reduction
8	Typhoon incidents may cause disruption to water and power supply, impacting equipment and workers	D A	Emergency equipment such as power generators, UPS and water trucks will be provided. Any losses suffered will be reported to the Risk Management Division through "Operational Risk and Loss Reporting" and followed up for damage recovery and insurance claims.
9	Customers are more inclined to choose within their given information channels investment consultant companies that explicitly support sustainability, and research reports that not only exhibit the best research quality, but best conveys sustainability values as well	A	Engage in timely communications about sustainability technology and its impact on industries using LINE account of the investment trust subsidiary and through the media.

Description of financial risks and impacts:

- A Increased operating cost
- B Increased capital expenditure
- C Decreased capital expenditure
- D Decreased revenues
- E Decreased capital gain
- F Decreased asset value

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

4-1 TCFD Framework Implementation

4-2 Responsible Investments and Products

4-3 Green Credit Action

4-4 Financial Inclusion

V. Friendly Workplace

VI. Green Operation

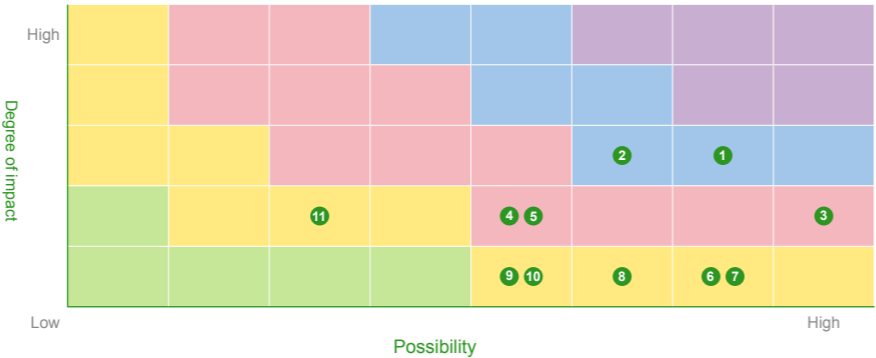
VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

Climate change opportunity matrix



	Opportunity description	Financial Impact	Capitalization of opportunity
1	Participation in renewable energy programs helps increase loan balance and widen interest spread.	H	The borrower will be required to report regularly to the capital manager regarding the use of capital
2	Supporting the government's green industry policy and issuing green bank debentures expand the Bank's Green Finance portfolio, which increases financing amount and improves interest spread.	H	The borrower will be required to report regularly to the capital manager regarding the use of capital
3	Introduce digital products/services and new-generation ATMs to reduce the level of carbon emitted by customers for visiting branches in person.	G	BPM process optimization
4	Winning ESG tender for a public fund represents that an investment trust company is able to win recognition from the investor about the approach it takes in respect to certain issues. Launch of low-carbon product may boost the Company's images and win investors' preference in the future.	H	New products launched in response to relevant issues/industries/claims help shape positive image among investors.
5	Priority will be given to assisting green energy and carbon-reducing companies with their listing on TWSE/TPEX.	H	Provide counseling for green energy and carbon-reducing companies in conformity with "Capital Market Green Finance Assessment Worksheet" and government policies, and help them raise the needed funds to grow from the capital market.
6	Convert printed documents such as securities statements, account opening forms and password slips into electronic form, and thereby reduce the use of paper.	G	Promote awareness through irregular communication with frontline employees, customer service officers, marketing campaigns and the official website
7	Purchase new energy-saving equipment or replace existing equipment with energy-efficient alternatives.	G	Adopt the "Intelligent Energy Performance Management System" and improve chiller efficiency by changing operating mode of cooling tower fans.
8	Install solar power equipment, connect the generated power to the public grid, and sign wholesale contract with the government for the buyback of electricity.	H	Solar power equipment was installed on the rooftop of Neihu Building in 2016
9	Replacement of water-saving equipment for reduced water expenses.	G	All newly constructed or renovated premises will feature water-saving toilet facilities; these facilities currently have a popularity rate of 20%.
10	Purchase green energy and reduce carbon costs that the Company may be required to bear under law.	G	The organization purchased green electricity in 2016, and made certified purchase of renewable energy in 2017.
11	Convert proprietary buildings into green building, or incorporate green design into new premises to reduce energy cost.	G I	Evaluate Jianbei Building for "Green Building Certification"

Description of financial risks and impacts:

- G Decreased operating costs
- H Increased revenues
- I Increased asset value

## Management of Risks and Opportunities

Global warming and climate change have become two prominent risks in the world. For businesses, the key to sustainability now involves finding ways to avoid operational and environmental impact, and undertaking mitigation, adaptation, management and protection measures with respect to the environment.

**Incorporating climate change risk into the risk management policy:** In 2016, Taishin revised its "Risk Management Policy" and introduced a new risk management goal that "...take into consideration all economic, social and environmental risks associated with climate change and corporate sustainability..." in an attempt to address the rise in climate change risk. In 2018, the policy was further revised to include sustainability factors such as climate change risk in the risk management process, in addition to credit, market, operational and liquidity risks, and thereby minimize risk impacts to the Group.

### Climate change risk management procedures of various subsidiaries

#### Bank

The Bank is creating a new industry category called climate change-sensitive industry to accommodate businesses that are characterized by high carbon emission. Businesses of this category will be subjected to more thorough KYC (Know Your Customer) during investment or credit extension.

#### Securities

Prior to working with an underwriting customer, the company gathers investment advisory reports and external information to evaluate whether the customer's business activities and industry are susceptible to the negative impacts of climate change. This evaluation then determines whether the company will accept or reject business relationship.

#### Investment Trust

Fund managers will attempt to evaluate climate risks of the shortlisted businesses, and use carbon emission volume as a quantitative selection variable. Candidates are ranked by carbon emission volume per unit of revenue, and only the lowest 50% are recommended for investment.

#### Venture Capital

Through regular visit and financial statement review, the subsidiary gains knowledge on the progress of its investment projects, the industry trends, and operations of the companies it invests in. These findings will provide the decision basis for additional investments or adjustments. The majority of the subsidiary's investments has been focused on innovative and new technologies, including applications and big data analyses that are aimed at improving production efficiency.

Performance Indicators and Targets

Taishin uses the following measurements to set internal goals with respect to climate change mitigation and adjustment: Scope 1 emission, scope 2 emission, energy conservation rate, and greenhouse gas survey coverage rate. Driven by green banking performance indicators and goals, we aim to implement of Green Finance Principles and support TCFD.

Performance indicators	Goal		
	Short-term	Medium-term	Long-term
Scope 1 emission	1% reduction	1% reduction	1% reduction
Scope 2 emission	1% reduction	1% reduction	1% reduction
Energy conservation rate	1% reduction	1% reduction	1% reduction
ISO 14064-1 greenhouse gas survey coverage rate	Bank-wide coverage	Nationwide coverage	Global coverage
Implementation of Green Finance Principles	Promote Green Finance Principles to all subsidiaries	Sign the Equator Principles	Provide green financial products (such as the establishment of green financial funds); increase the proportion of green financial services (such as green investment)
Support TCFD	Become a signed supporter of TCFD	Adopt and implement assessment of climate-sensitive industries	Financial impact analysis for climate change

4-2 Responsible Investments and Products

Green Finance Policy

Taishin supports 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 above initiatives by providing active financial support to 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.

**Establishment of "Green Finance Principles":** As green finance emerged to become a prominent trend in the world's financial industry, Taishin FHC established "Green Finance Principles" in 2018 by referencing some important global principles, such as the International Finance Corporation (IFC) exclusion list and the UN Global Compact. This principle applies to all subsidiaries within the group for governing commercial activities. The Principle clearly outlines which businesses to actively support and what controversial corporates to be avoided, and emphasize the importance of incorporating ESG risks into transaction review and post-transaction management. The Company and subsidiaries have adjusted policies or procedures in accordance with the Green Finance Principles, which covered 8 policies and 13 business review processes involving retail banking, wholesale banking, securities, venture capital and investment trust. Routine or non-routine training sessions are organized to enforce implementation of the principles among frontline employees. By enforcing the Green Finance Principles, Taishin hopes to enhance the investment of the supported industries, financing and product design, and turn more business focus towards social and environmental risks. In the future, Taishin will strive to increase the ratio for ESG products and services as a response to investors' and customers' expectation.



Implementation of Green Finance Principles by subsidiaries

Company	Implementation of Green Finance Principles	Number of case evaluations <sup>Note 1</sup>
Financial Holdings	ESG evaluation has been included in "Taishin Financial Holdings Green Finance Investment Assessment Sheet" as part of the internal assessment and sign-off procedures for long-term equity investment	4
	ESG evaluation has been included in "Taishin Bank Green Finance Investment Assessment Sheet" as part of the internal assessment and sign-off procedures for long-term equity investment	1
Bank	ESG evaluation is being conducted as part of the Green Finance Principles of the personal visit report before signing credit card acquisition contract with a merchant <sup>Note 2</sup>	1,226
	Investment product selection, launch and document review shall include a review of whether the product conforms with Green Finance Principles	79
	The wholesale banking credit department is currently adding Green Finance Principles and social/environmental issues of sensitive industries into the "Wholesale Banking Credit ESG and CFD Checklist," which would be executed since 2019/05	-
	All treasury products escalated to the product review panel (such as derivatives and structured instruments) must undergo Green Finance Principles assessment and review	18
Securities	The use of "Taishin Securities Capital Market Green Finance Assessment Sheet" has been added as part of the counseling service for public offering and TWSE/TPEX listing. No case has been assessed to date because the policy and procedures were recently completed in 2018/12	-
Investment Trust	New funds proposed in the second half of 2018 will undergo KYP to determine whether they conform with Green Finance Principles; furthermore, ESG risk management will be included as part of transaction review and post-transaction management. A total of 5 funds have been assessed using the adjusted procedures	5
Venture Capital	The investment policy has been adjusted to conform with Green Finance Principles, and new investments are subjected to ESG assessment	6

Note 1: The financial holding company's Green Finance Principles were announced at the end of March 2018, and group subsidiaries had adjusted policies and procedures as deemed appropriate for their given business activities, and hence the different timing. However, the number of assessed cases in 2018 was calculated up till 2018/12/31.

Note 2: Out of the 1,226 cases subjected to assessment of Green Finance Principles, 3 of which should have been avoided and 1 was rejected.

Responsible Investments and Products

In order to encourage the invested companies to pay attention to the practice of environmental protection, CSR and the corporate governance, as well as Taishin's own emphasis on responsible investment, Taishin FHC actively follows the six rules of Principles for Responsible Investment (PRI) as the basis for conducting business and disclosure.

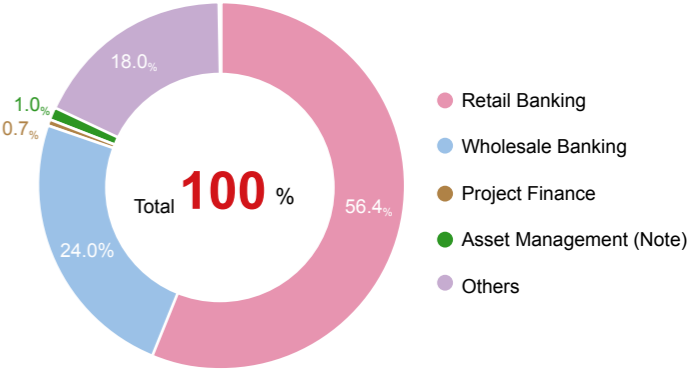
Furthermore, for the long-term interest of customers, beneficiaries and shareholders, Taishin Securities Investment Trust was the first among peers to sign "Stewardship Principles for Institutional Investors" in 2016, which is a commitment to promoting environmental protection,

corporate social responsibilities and corporate governance awareness among invested companies. Since then, the subsidiary has been engaging investees in communication and interaction on various issues from news coverage, financial performance, environmental protection, social responsibilities, employees' rights to corporate governance. In terms of management, Taishin has a clear voting policy in place and makes regular disclosures of its attendance and voting decisions in investees' shareholder meetings. The organization also discloses due diligence governance to customers and beneficiaries on a regular and irregular basis. In 2018, Taishin Bank and Taishin Securities both signed "Stewardship Principles for Institutional Investors" as a commitment to monitor business and corporate governance practices of their investees, and to safeguard the interests of customers and beneficiaries. Both subsidiaries will continue enhancing disclosures on their communication, management and due diligence governance over investees in the future.

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

In 2018, retail banking has the highest ratio at 56.4% of the Taishin FHC's total net revenue and gains, followed by 24.0% in wholesale banking business. The proportion of net revenue and gains of both project finance and asset management are less than 1%; among the others with 18%, including long-term investment

income, securities, leasing and other categories. For the major businesses of "investment/wholesale banking", "asset management", "retail banking" and "project finance", Taishin will mention in this CSR report for the services and proportions covered by ESG.



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

Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
  - 4-1 TCFD Framework Implementation
  - 4-2 Responsible Investments and Products
  - 4-3 Green Credit Action
  - 4-4 Financial Inclusion
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix



# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
  - 4-1 TCFD Framework Implementation
  - 4-2 Responsible Investments and Products
  - 4-3 Green Credit Action
  - 4-4 Financial Inclusion
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

## Investment/ Wholesale Banking

All corporate loans granted by Taishin Bank are subject to pre-lending processes such as KYC (Know Your Customer) and DD (Due Diligence) and post-lending alert monitoring for credit quality control. The Bank grows credit portfolio in balanced quantity and quality, and uses this service as a means of fulfilling social responsibilities. When engaging customers in the exploration of ESG risks and opportunities, the Bank takes information from JCIC credit report into consideration and uses it as part of the risk assessment process for all cases. When carrying out financial planning and consultation services for corporate customers, Taishin Securities follows internal operating guidelines and requires all industries, business activities and customers it has contact with to conform with the green finance principles. Employees have been instructed to prepare securities underwriting proposals with detailed customer profile, green finance evaluation and reasoning, and present them for approval by the internal review panel before proceeding with contract signing. The underwriter evaluation report would also contain detailed descriptions about customer's ESG, while documents including JCIC report on the customer, responsible person and lawyer's opinions are all taken into consideration as part of the underwriter evaluation process.

### Percentage of Investment/ Wholesale Banking products with ESG theme

Product name	ESG product description	Weight of ESG product (%)
Financing of green energy and environmental protection industries	Financing of green energy and environmental protection industries	5.75
Support for energy and environment-related green bonds	Holding green bonds issued by financial institutions and corporations	3.05
Fundraising for green energy industry	Fundraising for green energy industry	16.10

## Asset Management

As an asset manager, Taishin Securities Investment Trust enforces responsible investment practices by following Taishin Financial Holdings' "Green Finance Principles" and using "Taishin Securities Investment Trust Green Finance Assessment Worksheet" as a supporting tool to reduce ESG risks of all investments. The company has also designed separate documents to facilitate review of risks associated with different assets and industries. This applies particularly to: (1) Businesses involved in tobacco, alcoholic beverage or gambling (including unlicensed and online operators), and businesses that are confirmed to have caused harm to human health as a result of food safety incident, radioactive substance, or genetic engineering; (2) Businesses that generate high levels of pollution, fail to comply with local environmental regulations, and are unable to propose feasible improvement solutions; (3) Businesses involved in illegal activities; (4) Businesses involved in violation of human rights; and (5) Businesses of controversial nature, which the company will avoid direct engagement.

### Percentage of asset management offerings with ESG theme

Product name	ESG product description	Weight of ESG product (%)
ESG fund portfolio	Includes Taishin Global Disruptive Innovation Fund, Taishin Rogers Global Resources, discretionary investment and Jupiter Ecology Fund	4.78

## Retail Banking Service

When offering retail lending products, Taishin Bank conducts detailed assessments on the needs and financial capabilities of each customer, and approves appropriate credit lines accordingly. As a result, all loan customers are subject to credit check, due diligence and engagement on ESG risks and opportunities. This process enables the Bank to develop full understanding of customers' financial status and there's no exception. With regards to personal financial planning and consulting services, all investment products recommended

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

4-1 TCFD Framework Implementation

4-2 Responsible Investments and Products

4-3 Green Credit Action

4-4 Financial Inclusion

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

by financial advisors have been reviewed in accordance with product management principles prior to launch. Information from independent, third-party sources such as Bloomberg, Morningstar etc is used to perform ESG assessments on the products evaluation.

### Percentage of retail banking service with ESG theme

Product name	ESG product description	Weight of ESG product (%)
Consumer lending	Through the use of digital technologies, Taishin makes consumer lending available online, thereby enabling customers to get the loan they need without the restriction of time and location	28.3
Funds, shares and offshore ETF	Provide customers with investment products that meet the spirit of ESG, such as green energy or water resources	0.43

### Jupiter Ecology Fund

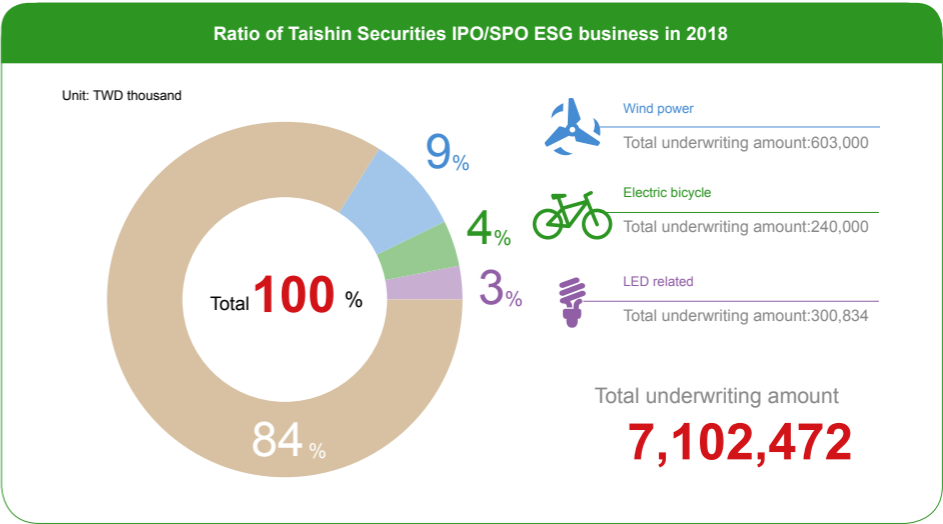
Taishin Securities Investment Advisory first introduced Jupiter Fund series from UK in 2008. The "Jupiter Ecology Fund," in particular, has had a long history 30 years since 1988 and is regarded as the pioneer investor of the environmental protection industry. The size of the fund was GBP 487.05 million of assets under management at the end of December 2018. 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.

### Size of Jupiter Ecology Fund in recent years

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

### Supporting ESG

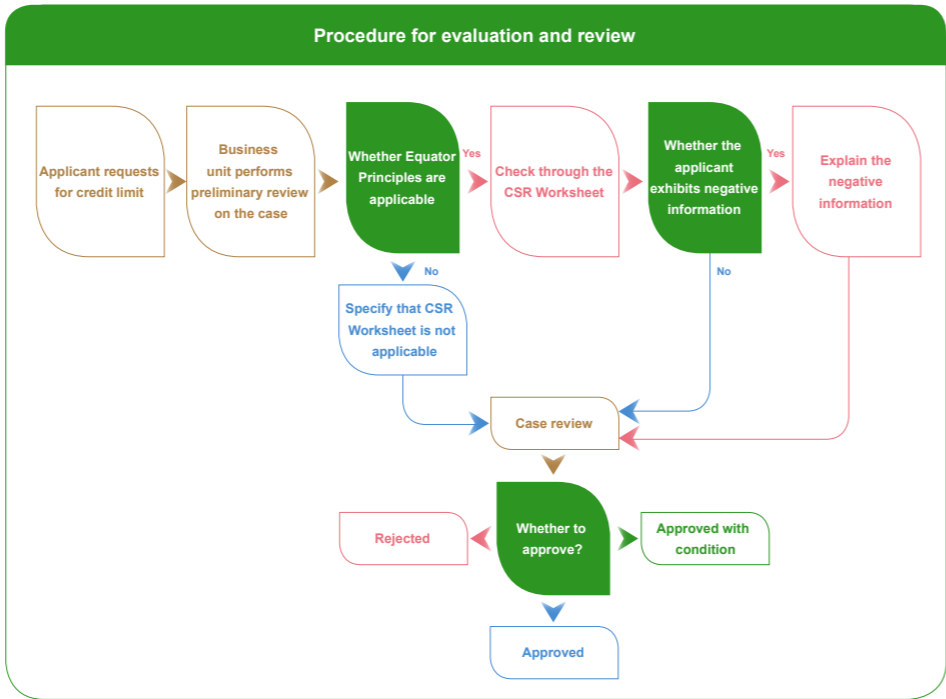
In addition to incorporating ESG assessments into investment activities, Taishin has also been helping ESG-related industries raise capital. In 2018, Taishin Securities helped 3 companies in the energy conservation and renewable energy business raise capital from the capital market. The amount of securities underwritten totaled TWD 1.144 billion, up 23% from 2017 but only represented 16% of total securities underwritten during the year. Before accepting clients' requests, Taishin Securities would conduct diligent assessments to determine whether clients were involved in any major pollution or violation of human rights. If so, Taishin Securities would require clients to make improvements during the counseling process before assisting with public offering or fundraising activities. Since founded in 2010, Taishin has not raised capital for any client involved in major pollution or violation of human rights as of 2018.



# 4-3 Green Credit Action

## Project Financing

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



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.

To enforce finance ESG management, Taishin Bank created a new "Wholesale Post-loan Administration Department" in 2018 that specializes in the reporting and tracking of extraordinary occurrences involving customers. Customers that exhibit significant environmental protection, business integrity or social responsibility concern are subjected to special management. There were 24 project margin trading or project-related credit cases in 2018. The amount borrowed totaled TWD 40.89 billion, representing approximately 1.6% of credit cases in the wholesale banking segment. Review outcome: 10 cases were approved, 13 were approved with condition, and 1 was rejected. The rejected case was a TWD 420 million loan involving an electricity supplier, and the case was rejected due to excessive risk exposure. Out of all qualified project financing and project-related credit cases in 2018, 2 of which exhibited negative information in the CSR survey sheet.

Outcomes of project financing reviewed based on the Equator Principles

Year	Rejected	Approved with condition	Approved	Total cases reviewed	Total amount of loan applied (in multiples of TWD 100 million)	As a percentage of wholesale banking credit cases in the year (%)
2018	1	13	10	24	408.9	1.6
2017	5	16	17	38	663.9	2.7
2016	8	16	19	43	461.7	1.9

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

### IV. Sustainable Finance

4-1 TCFD Framework Implementation

4-2 Responsible Investments and Products

#### 4-3 Green Credit Action

4-4 Financial Inclusion

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



CSR survey result of credit cases in 2018

Account name	Amount applied (USD thousand)		Issue of dispute	Details of negative information	Outcome
A (CAYMAN) LTD	USD	80,000	Pollution to the environment	Discharge of wastewater had resulted in the death of fish on a large scale. The customer had made compensation and completed most of the required improvements. The remaining issues are expected to be rectified in 2019.	Agreed to maintain current limit of mid/long-term syndicated loan
B (CAYMAN) LTD	USD	100,000			

For sensitive industries, Taishin Bank has adjusted its review system and will be introducing the use of "Wholesale Banking Credit ESG and CFD Checklist" in addition to the CSR survey. The Bank has identified 5 sensitive industries, namely: real estate development, semiconductor manufacturing, LCD panel manufacturing, PCB manufacturing, and electricity supply; all of which will be subjected to additional social and environmental reviews, which are expected to be implemented in the first half of 2019.

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

Financing of 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 2018, credit outstanding from the above industries amounted to TWD 116.3 billion. The Bank made a total of 1,756 loans to the green energy and environmental protection industry, representing a growth of 7%, but overall balance fell by 12% to TWD 63.74 billion. The portfolio represented approximately 6% of the Bank's TWD 1,107.5-billion total credit outstanding. Such margin trading as 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 unit 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.



Financing of green energy and environmental protection industries

Year	2016	2017	2018	growth rate in 2018 (%)
Case count	1,506	1,644	1,756	7
Credit outstanding (in multiples TWD 100 million)	676.4	723.3	637.4	-12
As a percentage of total credit outstanding portfolio (%)	8	7	6	-1

Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
  - 4-1 TCFD Framework Implementation
  - 4-2 Responsible Investments and Products
  - 4-3 Green Credit Action
  - 4-4 Financial Inclusion
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix



# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

4-1 TCFD Framework Implementation

4-2 Responsible Investments and Products

4-3 Green Credit Action

4-4 Financial Inclusion

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

## 4-4 Financial Inclusion

Banking has been viewed not only as the key to improve industries, but also the force that drives financial inclusion and supports the socially disadvantaged. Currently, more than 50 countries have identified inclusive financing as the national goal. In addition to supporting the government's inclusive financing policies, Taishin also 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	Practices
Micro Businesses	Micro Loan	<ul style="list-style-type: none"><li>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.</li><li>A digital application system was introduced in 2018 to speed up the review process and help micro-size businesses obtain the capital needed to grow, and thereby support Taiwanese SMEs as well as the overall economy.</li></ul>
	e-Payment	<ul style="list-style-type: none"><li>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. 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.</li></ul>
New Industries	Investment into the 5+2 New Industries	<ul style="list-style-type: none"><li>Taishin Venture Capital has been actively financing the 5+2 industries. At the end of 2018, the subsidiary had invested 58.3% of capital into businesses that were in their start-up stage, 36.5% in growth-stage businesses, 4.0% in mature-stage businesses, and 1.2% in TWSE/TPEX listed companies.</li><li>Biomedicine and FinTech new companies were new industries that Taishin Venture Capital had targeted for investment throughout 2018. After fund raising in the beginning of 2019, 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.</li></ul>

Party involved	Type	Practices
The Financially Disadvantaged	Micro Insurance	<ul style="list-style-type: none"><li>To offer basic protections for the financially disadvantaged, micro insurance provides coverage in areas that the government's social insurance and social welfare programs could not reach. Through the launch of micro insurance, we encourage the financially disadvantaged to arrange commercial insurance within their capacity and seek coverage not only to reduce financial impacts in the event of an accident, but also to care for family members.</li><li>Micro insurance products can be on individual or group basis; they are characterized by low insurance amount, low premium, and easy to understand.</li></ul>
Elders and People with Disability	Retirement Trust	<ul style="list-style-type: none"><li>Demands for elderly nursing, retirement, children's education and care for persons with disability have arisen as a result of the low fertility rate and aging population, Taishin Bank has responded by offering professional trust services and "exclusive" services that are custom-tailored to customers' specific needs.</li></ul>
	Senior Reverse Mortgage	<ul style="list-style-type: none"><li>Senior Reverse Mortgage: 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 "Senior Reverse Mortgage" that provides assurance to seniors by allowing them to draw monthly financial support from the houses they own.</li></ul>
Young Adults	Digital Banking	<ul style="list-style-type: none"><li>Taishin introduced a digital banking service offering distinctive user experience and financial technology called Richart that integrates "saving, payment, investment, loan, insurance, time deposit and foreign currency" services all in one. Richart has proven to be effective in helping young people choose investments with the limited capital they have.</li></ul>
Campus Education	Charity Credit Cards	<ul style="list-style-type: none"><li>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.</li></ul>

### Product performance

Unit: TWD thousand

Items	2016	2017	2018
Number of new small business loan customers	1,475	1,141	999
Allocation of new small business loans	4,329,296	4,519,524	4,904,848
Startup investment	138,448	109,816	154,357
Number of microinsurance applications	73	85	80
Sales of retirement trust	36,900	451,382	111,643
Number of Richart account holders	47,000	240,000	500,000









Micro-finance Services

Service category	Subjects and practices
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 mate donations using credit cards or by converting reward points on Taishin's donation platform.
Remote area Financing Service	<ul style="list-style-type: none"><li>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.In 2018, Taishin continued its initiative to introduce new payment tools to merchants and shopping districts in remote areas, and thereby expand the method of collection and sources of merchants' income. Through cross-industry alliance with equipment suppliers, Taishin introduces new payment and related financial services that have the potential to upgrade and transform traditional marketplaces.</li><li>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. In 2018, Taishin launched virtual teller machine (VTM), a remote video conferencing service that frees customers from operating hour restrictions for better financial service experience, while saving the troubles of traveling.</li><li>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 YOY growth in all accounts was 14% in 2018, and the YOY growth in active accounts was 26%.</li></ul>
Accessible Service	<ul style="list-style-type: none"><li>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.</li><li>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.</li><li>People with disability are entitled to 3 interbank cash withdrawals without service charge per month.</li></ul>
Financial Education	<ul style="list-style-type: none"><li>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.</li><li>Taishin Bank continued organizing campus investment seminars and participated in college workshops as guest speaker throughout the year. Using simple examples and references, college students were taught the proper investment perspectives.</li></ul>

Service category	Subjects and practices
The Financially Disadvantaged	<ul style="list-style-type: none"><li>Since January 1, 2006, Taishin Bank has been working with the Banking Association to provide debt consolidation services including debt negotiation, pre-default negotiation, pre-default settlement and relief. Furthermore, customized solutions are offered depending on the conditions of each borrower. By renegotiating affordable settlement solutions, Taishin Bank enables disadvantaged borrowers to start afresh and become contributing members of society in ways that not only reduce domestic and social problems, but also strengthen their commitments to the repayment plan.</li><li>For victims of recent disasters (e.g., Typhoon Morakot, Kaohsiung gas explosion incident, Tainan Earthquake, and Hualien Earthquake), Taishin offers relief in the forms of extension and grace period, interest rate reduction, payment discount etc depending on the type of financial product or debt agreement concerned. The Bank also offers distress financing to mortgage customers who fall victim to disaster up to TWD 500,000 that has no handling fees, no defined repayment period, and a grace period up to 6 months, helping the victimized families rebuild homes.</li><li>Taishin Bank collaborates with DOMI Earth, Taiwan's first Type B enterprise, to install energy-saving lighting equipment free of charge for one disadvantaged household for every 1,000 cardholders that convert into digital/mobile statements. More than 20 disadvantaged households have been sponsored to date. Taishin Bank is the first in the industry to associate banking and credit card services with energy conservation and support for disadvantaged household in one integrated platform. More than 100,000 cardholders have participated in the program since launch, bringing energy-efficient lighting to more than 100 disadvantaged households in Taiwan. (A total of 150 households had benefited in 2018)</li></ul>

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	2016	100	-	-	30	5	100
	2017	101	73	29	101	5	101
	2018	101	73	29	101	16	101

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

4-1 TCFD Framework Implementation

4-2 Responsible Investments and Products

4-3 Green Credit Action

4-4 Financial Inclusion

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

### V. Friendly Workplace

5-1 Diversified Recruitment

5-2 Talent Development

5-3 Remuneration, Benefits &  
Employee Care

5-4 Labor-Management Relations

5-5 Human Rights and Gender  
Equality

5-6 Employee Health and Safety

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



# Friendly Workplace

5-1 Diversified Recruitment

5-2 Talent Development

5-3 Remuneration, Benefits & Employee Care

5-4 Labor-Management Relations

5-5 Human Rights and Gender Equality

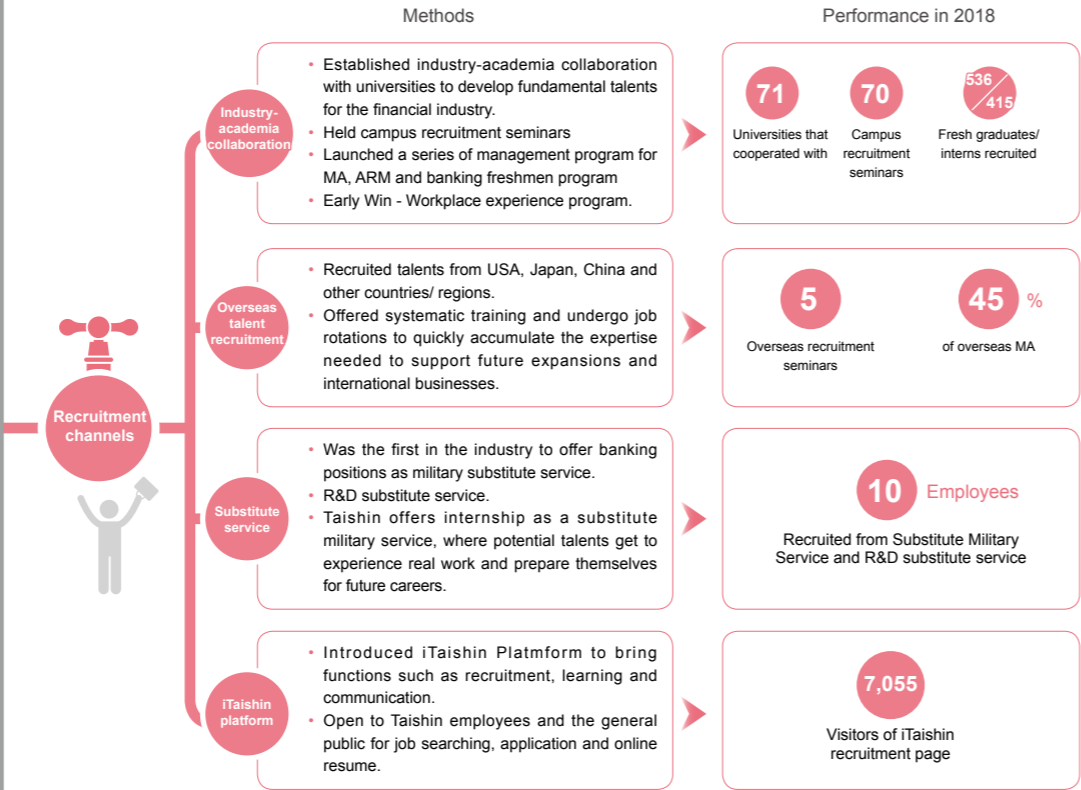
5-6 Employee Health and Safety



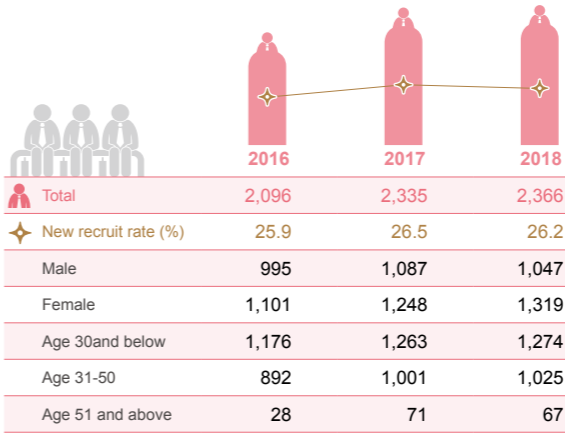
# 5-1 Diversified Recruitment

## Recruitment Channels and Methods

People are the key that supports business growth, and through the use of four main channels including industry-academia collaboration, overseas recruitment, substitute military service and R&D substitute service and iTaishin platform, Taishin recruits suitable and top-quality talents from the market to meet the plans and requirements of its business units. Taishin recruited a total of 2,366 employees in 2018. Taishin has been able to maintain new recruits at approximately 25% of its staff size and a gender distribution close to 50%-50% in the last 3 years, which conform with the organization's diversity and non-discrimination policies. Young employees aged 30 and below accounted for more than 50% of new recruits; their presence not only brings energy and secures the foundation of this organization, but also helps build a creative and refreshing image.



## Full-time new recruits



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



## Diversified Recruitment

As at the end of 2018, Taishin Holdings and subsidiaries employed 9,041 permanent staff and 410 non-permanent staff for a total of 9,451 employees. Female employees totaled 5,396, representing 60% of the employee base. Female managers totaled 560 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 2018, overseas operations hired a total of 598 workers, in which 85% of employees and 48% of managers were locals.

In addition, the average age of Taishin employees is currently 38.2. With respect to the recruitment of the socially disadvantaged and people of diverse ethnicity and nationality, Taishin not only employs the legally required number of people with disability, but also makes the work environment accessible as well. With employee diversity increasing to a total of 12 nations/ regions, we were able to blend multiple cultures into the organization and incorporate them as part of our competitive advantage.

## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
    - 5-1 Diversified Recruitment
    - 5-2 Talent Development
    - 5-3 Remuneration, Benefits & Employee Care
    - 5-4 Labor-Management Relations
    - 5-5 Human Rights and Gender Equality
    - 5-6 Employee Health and Safety
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

5-1 Diversified Recruitment

5-2 Talent Development

5-3 Remuneration, Benefits &  
Employee Care

5-4 Labor-Management Relations

5-5 Human Rights and Gender  
Equality

5-6 Employee Health and Safety

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

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

Data as of December 31, 2018	Permanent		Non-permanent				Total
			Contractor		Part-timer		
	Region	Female	Male	Female	Male	Female	
Taiwan	5,109	3,334	235	85	25	60	8,848
Overseas	287	311	3	2	0	0	603
Total	9,041		410				9,451

Note: Refers to the current employee size as at Dec.31, 2018. Non-permanent employees are contractors, part-timers and interns.

### Permanent employee attrition - by gender, age and location

Location	Permanent employee attrition									
	Female				Male				Total	Turnover 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	235	283	17	535	107	221	12	340	875	10.9
Overseas	35	23	1	59	38	9	2	49	108	1.3
Total	270	306	18	594	145	230	14	389	983	12.2
Turnover rate (%)	3.4	3.8	0.2	7.4	1.8	2.8	0.2	4.8	12.2	-

Note 1: Refers to cumulative resigned permanent employees between Jan. 1 and Dec.31, 2018.

Note 2: Turnover rate = cumulative number of resigned permanent employees in the current year/ current permanent employees as at Dec.31, 2018. Sales officers and telemarketers were excluded from total resigned employees due to the special nature of their employment. After the exclusion, the number of current full-time employees as at Dec.31, 2018 was 8,065.

### Permanent employee structure- by gender, age and position

Region	Position	Permanent employee								Total	Proportion of permanent employees (%)
		Female				Male					
		Age 30 and below	Age 31-50	Age 51 and above	Female-total	Age 30 and below	Age 31-50	Age 51 and above	Male-total		
Taiwan	Non-managerial role	1,244	3,117	213	4,574	765	1,828	200	2,793	7,367	81.5
	Managerial role	1	445	89	535	0	393	148	541	1,076	11.9
Taiwan-total		1,245	3,562	302	5,109	765	2,221	348	3,334	8,443	93.4
Overseas	Non-managerial role	160	94	8	262	136	97	2	235	497	5.5
	Managerial role	3	21	1	25	13	53	10	76	101	1.1
Overseas-total		163	115	9	287	149	150	12	311	598	6.6
Total		1,408	3,677	311	5,396	914	2,371	360	3,645	9,041	100.0
Proportion of permanent employees (%)		15.6	40.7	3.4	59.7	10.1	26.2	4.0	40.3	100.0	100.0

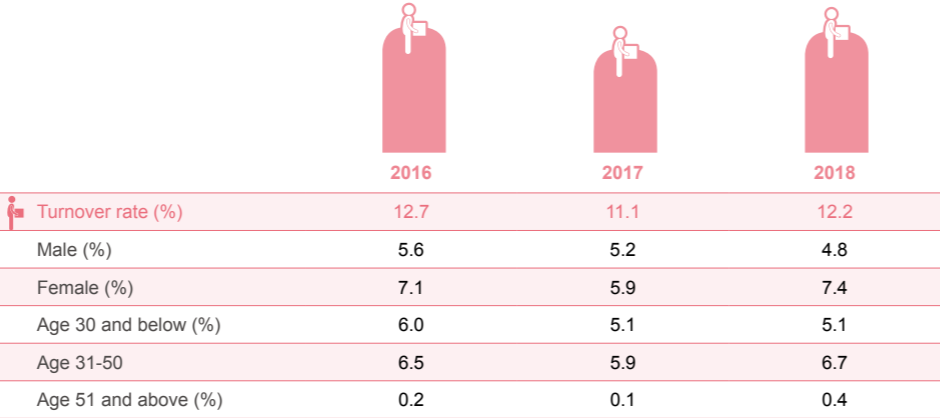
Note 1: Refers to the current employee size as at Dec.31, 2018. Non-managerial roles do not take managerial responsibilities.

Note 2: 87% of employees are non-managerial while 13% of employees are managerial.

# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
    - 5-1 Diversified Recruitment
    - 5-2 Talent Development
    - 5-3 Remuneration, Benefits & Employee Care
    - 5-4 Labor-Management Relations
    - 5-5 Human Rights and Gender Equality
    - 5-6 Employee Health and Safety
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix

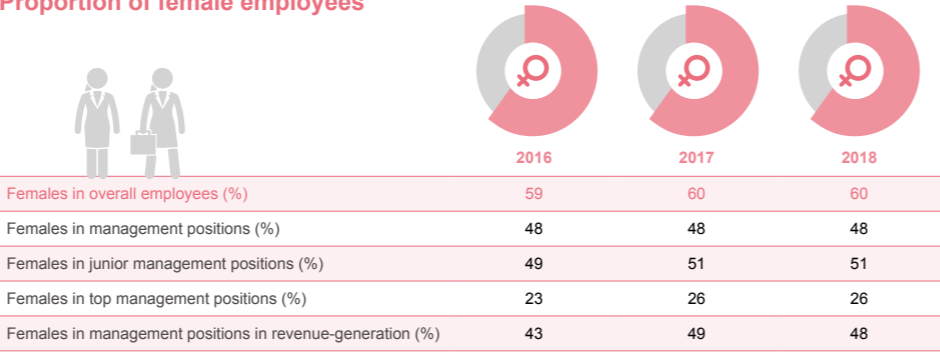
## Turnover rate in previous years



Note: Turnover rate = cumulative number of resigned permanent employees in the current year/ current permanent employees as at Dec.31, 2018. Sales officers and telemarketers were excluded from total resigned employees due to the special nature of their employment. After the exclusion, the number of current full-time employees as at Dec.31, 2018 was 8,065.

Turnover rate in 2018 was 12.2%, which slightly increased by 1.1% from 2017. It was mainly due to the rational flow of talents in the business development process. Taishin takes extensive efforts to investigate causes of employees' departure by having the line manager discuss face-to-face with any employee who submits a resignation. The human resource department, too, analyzes the causes of attrition for subsequent improvements to the talent retention system.

## Proportion of female employees



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

## Employees of minority groups in previous years are as below



Diversified recruitment

60%

of female employees

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

Promotion policy

48%

of females in management positions

Recruitment or promotion will not be different by gender.

Remuneration policy

105% 101%

of male/female managers' remunerations of male/female general employees' remunerations

Taishin conducts market-wide salary surveys and reviews employees' compensation on a yearly basis. Employees are distinguished between managerial and non-managerial role when determining compensation. Compensation difference between males and females is monitored by taking into account both basic salary and the overall package.

## Taishin Holdings

### Contents

### Message from the Chairman

### Message from the President (Chairman of CSR Committee)

### About Taishin

### I. Sustainability Plans

### II. Sustainable Governance

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace

#### 5-1 Diversified Recruitment

#### 5-2 Talent Development

#### 5-3 Remuneration, Benefits & Employee Care

#### 5-4 Labor-Management Relations

#### 5-5 Human Rights and Gender Equality

#### 5-6 Employee Health and Safety

### VI. Green Operation

### VII. Social Impacts

### VIII. Stakeholder Engagement

### Report Summary

### Appendix

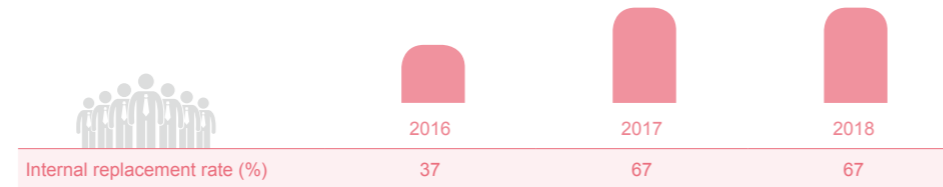
## 5-2 Talent Development

### Training Programs and Methods

#### Well-defined career plans

To help our employees' development, Taishin conducts annual Management by Objective (MBO) and Individual Development Plan (IDP) to help employees identify future career path. Employees may choose and plan their career paths through means such as training, job rotation, mentoring, meeting participation and project involvement with close guidance from supervisors. The percentage of open managerial positions filled by internal candidates at Taishin is close to 70% in 2018. It shows Taishin provides ample opportunities and resources for employees to develop their own career plans.

#### Internal replacement rate

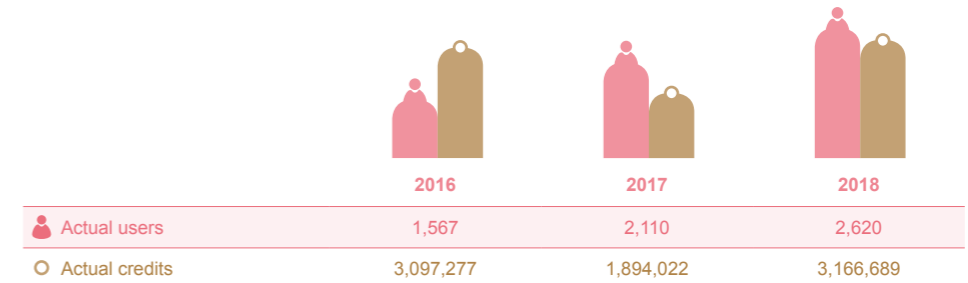


#### Diverse learning programs

To help develop employees' capabilities within and outside their areas of expertise, Taishin has been maintaining a learning platform called "Taishin University", structured similarly to courses offered by university, that consolidates internal and external resources. As an incentive for self-motivated learning, Taishin introduced a "Learning Account" system in which every full-time employee is granted a credit of TWD 10,000 per year that they can spend on Taishin's internal "Self Study Courses" or engage in courses or certification exams organized outside Taishin. We believe that building a learning environment and learning awareness as a means to improve the efficiency and long-term performance of its team.

The learning account accumulated more than 2,500 uses in 2018. This increase was mainly attributed to the introduction of "Life Cycle" course series that were relevant to employees' needs. The course series introduced different themes for employees of different age group on a monthly basis, such as "Retirement" for the 50-60 age group and "International Etiquette" for the 20-30 age group.

#### Performance of "Learning Account" system



#### Training hours

Average training hours	2016			2017			2018		
	Female	Male	Average hours	Female	Male	Average hours	Female	Male	Average hours
Managerial Role	59.81	51.22	55.35	76.04	65.81	70.68	82.78	71.89	77.07
Non-managerial Role	50.73	51.36	50.98	66.00	63.23	64.88	71.68	68.61	70.50
Average training hours per employee	51.5			65.6			71.4		
Total training hours	412,762			537,030			645,126		
Average training expenses per employee	4,366			5,555			6,553		
Total training expenses (TWD thousand)	34,672			47,534			59,250		

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

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

### V. Friendly Workplace

5-1 Diversified Recruitment

5-2 **Talent Development**

5-3 Remuneration, Benefits &  
Employee Care

5-4 Labor-Management Relations

5-5 Human Rights and Gender  
Equality

5-6 Employee Health and Safety

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

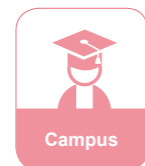
Appendix

Training hours and expenses both increased in 2018 compared to previous years. The followings are three major programs where resources were invested in:

1. "International Finance Certification Subsidy Program": Introduction of "CAMS (Certified Anti-Money Laundering Specialist)" and "CFP (Chartered Financial Planner)" programs that encourage employees to attain professional certification, and thereby improve the organization's professional image while enable better quality service for customers.
2. "Specialist Training": Specialist training courses were held at the request of individual departments to help employees develop the professional capacity needed to improve organizational performance.
3. "Financial Certification Training": Employees are required to possess relevant certifications before engaging in the sale of financial products. Trust service personnel, in particular, have to undergo 18 hours of training every three years, which was the reason why training hours and expenses both increased in 2018 compared to 2017.

### 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 4<sup>th</sup> year bachelor students and 1<sup>st</sup> year master students connect to the workplace after graduation. A total of 415 people had participated in the workplace experience program in 2018.

\*Participants of workplace experience program: 2016: 294 、2017:284 、2018:415



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.

In 2018, 31,003 new recruits underwent a total of 27,655.49 training hours, which averaged 18.6 hours per person.

##### Micro Course Library - learning resource for new recruits

Micro courses are learning sessions each lasting 3-5 minutes designed to accommodate the learning patterns of modern people. They are structured in the form of Q&A to answer queries that are common to new recruits, such as: how to apply for certification, introduction to Taishin Library etc. Micro courses not only enable employees to make use of their fragmented time for learning, but also help new recruits familiarize with the surrounding environment.

By the end of 2018, a total of 80 micro-courses were completed, with a total of 18,090 readers.



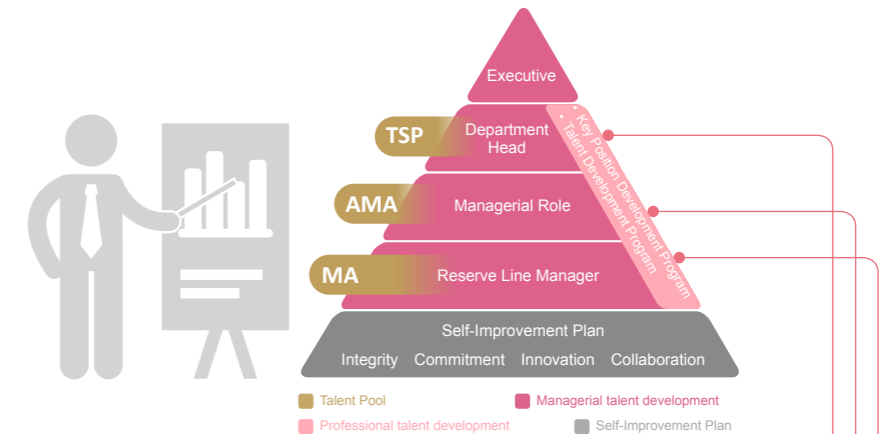
Development  
of Managerial  
Talents

#### Management reserve program

The management reserve program offers a series of training courses aimed at top employees who exhibit growth potentials. It incorporates specialist training, professional training, management training and knowledge exchange sessions that are designed to support employees' growth. Employees may attain their status as reserve managers only after passing the required training and evaluation. Cumulative promotion rate in 2018 was concluded at 20.8%.

#### 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.



#### In-depth management training program: Mid/ senior supervisors, TSP (Taishin Star Program)

To improve skills of leading and management, mid/ senior supervisors are trained by case studies to stimulate discussion, which in turn helps enhance their listening, speech, reading and thinking capabilities. Also, Management psychology is introduced to help them know their staff and Design Thinking forums are organized to inspire innovative management. A total of 7 sessions were held in 2018, which received 420 enrollments and delivered more than 1,000 training hours.

#### AMA (Advanced Management Associate): Reserve department managers

Through exercises such as Harvard Business School Case review, personality test, team assignment and competition, Taishin constantly aims to improve managers' abilities to understand, coordinate and lead talents. There are also programs available to help managers develop foreign language skills and their careers. By 2018, the cumulative promotion rate is 50%.

2018, which received 150 enrollments and delivered more than 1,000 training hours. More than TWD 1 million of training resource was invested into this program.

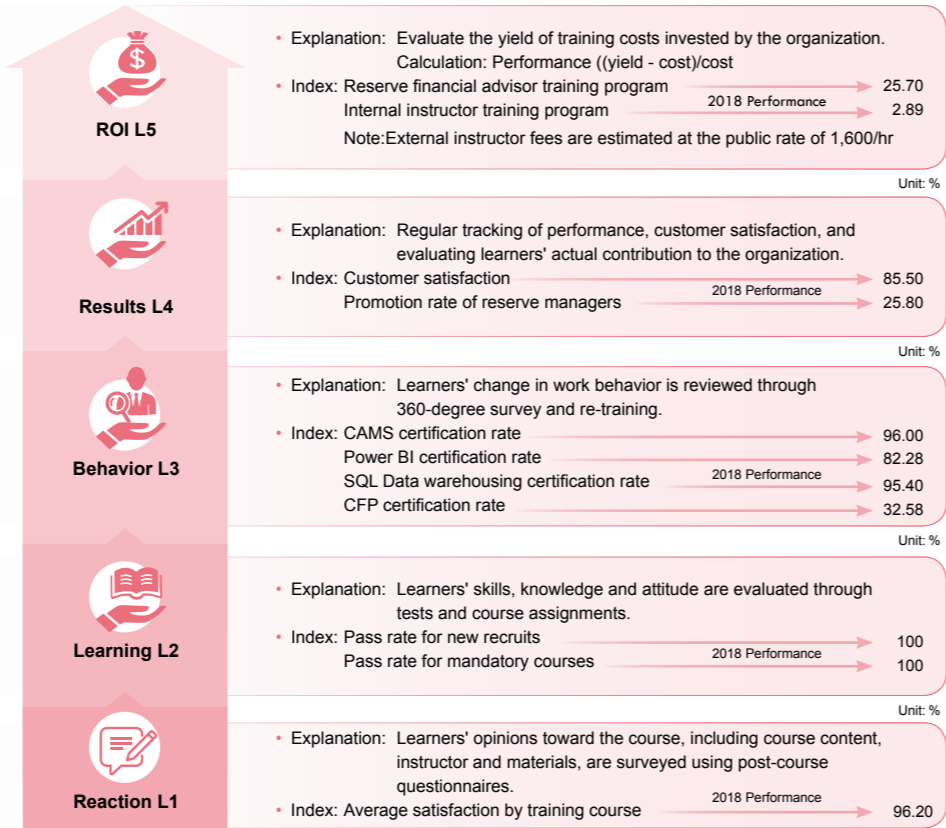
Completion rate of Individual Development Project (IDP) is 100%

#### MA (Management Associate) program: Management associates

Through solid work involvement and rotation at different units, the program helps management associates develop the vision, experience, communication skills and teamwork needed to coordinate with different departments.

### Diversified Learning

Taishin responds to the changing environment and technologies with creativity, by designing a diverse range of learning programs that not only are relevant to career development, but are closely associated with the business performance of the organization as well. We adopted the result-oriented concept and the four levels of learning evaluation (L1-L4) of the Kirkpatrick Model, and combined the use of return on investment (L5) to measure employees' learning progress in ways that satisfy Taishin's development goals and support employees' ongoing growth.



Project	Content and Subject	Impact	Evaluation level of Kirkpatrick Model
3S service program	<b>Target: All employees</b> 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.	<b>Training yields:</b> <ul style="list-style-type: none"> <li>The 3S service program received 7,899 enrollments and delivered 9,616.92 hours of training in total.</li> </ul> <b>Operational yields:</b> <ul style="list-style-type: none"> <li>Customer satisfaction was surveyed at 85.5%, up 0.5% compared to the previous year.</li> </ul>	<b>L4:</b> Customer satisfaction 85.5% <b>L3:</b> Telephone etiquette test - 95 points <b>L2:</b> Online course pass rate:100% <b>L1:</b> Average course satisfaction: 97.0%
Reserve financial advisor training program	<b>Target: Reserve financial advisor</b> The reserve financial advisor training program is of strategic importance to Taishin FHC. Through systematic course design, we provide new financial advisors with the professional knowledge and skills needed to quickly understand and adapt to Taishin's cultures, which in turn enhances their professional capacity and loyalty towards the Company.	<b>Training yields:</b> <ul style="list-style-type: none"> <li>A total of 5 reserve financial advisor training sessions were held and nearly TWD 500,000 of training resources were invested, which received 352 enrollments.</li> </ul> <b>Operational yields:</b> <ul style="list-style-type: none"> <li>Taishin estimates to generate TWD 25.7 of commission revenue from branch for every TWD 1 spent on training financial advisors.</li> </ul>	<b>L5:</b> Return on investment TWD 25.7 <b>L4:</b> Increased retention of reserve financial advisor 0.28% <b>L3:</b> Post-course accomplishment rate 100% <b>L2:</b> Average test score 94.3 <b>L1:</b> Average course satisfaction 96.8%
International Finance Certification Subsidy Program	<b>Target: All employees</b> Taishin has been active in the training of international finance talents to support overseas expansions. We offer comprehensive incentives to encourage employees in acquiring finance-related certifications such as: CAMS program introduced in collaboration with ACAMS and CFP courses introduced in collaboration with Taiwan Academy of Banking and Finance (TABF) exclusively for Taishin employees in 2018. These courses help establish Taishin's professional image as customers' preferred band.	<b>Training yields:</b> <ul style="list-style-type: none"> <li>The "CAMS" program received 150 enrollments and a total of 144 certificates have been obtained to date.</li> <li>The "CFP" courses received 221 enrollments and a total of 72 certificates were obtained by the end of 2018, which placed Taishin in the fifth place among industry peers.</li> </ul> <b>Operational yields:</b> <ul style="list-style-type: none"> <li>The "CAMS" program raised employees' awareness towards AML and enhanced operational risk management practices within the Company.</li> <li>The "CFP" courses improved financial knowledge among employees and enabled consultative selling in ways that promote Taishin's brand value.</li> </ul>	<b>L3:</b> CAMS certification rate 96.0% <b>L2:</b> CAMS achieving rate 96.0% <b>L1:</b> CAMS completion rate 100%
Training of digital banking talents	<b>Target: All employees</b> In 2018, Taishin persisted in the introduction of "Financial and Digital Elites Program" where industry experts were invited to share the latest trends of digital banking. Taishin also encourages employees to participate in courses organized by external institutions as means to develop professional knowledge on FinTech and big data, which may some day enable the organization to benefit from digital project development and segmented customer analysis. For specialized employees, Taishin draws expertise from the academic institutions by working with information-related department and Insight of National Taiwan University to create better quality digital banking products.	<b>Training yields:</b> <ul style="list-style-type: none"> <li>A total of 13 classroom courses were held in 2018, and a new Bitcoin course was introduced to the online course platform. More than TWD 600,000 of training resources were invested and a total of 1,301 enrollments were received.</li> </ul> <b>Operational yields:</b> <ul style="list-style-type: none"> <li>A new AI investment advisory feature was developed for Richart to help consumers monitor market trends and recommend suitable fund portfolios. This new feature contributed to a 300% growth in the amount of funds subscribed.</li> <li>As for lending service, customer-exclusive QR codes have been introduced to the digital platform to serve as a more convenient way for customers to apply for loans online. This new feature contributed to a 92% growth in the number of loan applicants on the digital platform, as compared to 2017.</li> <li>Taishin acquired 3 utility model patents and 8 invention patents, including "2D barcode generation and decode system" and "cross-verified fund transfer system that enable Taishin to bring more innovative services to customers.</li> </ul>	<b>L4:</b> <ol style="list-style-type: none"> <li>Overall fund subscription amount increased 300%</li> <li>The percentage of online loan applicants increased by 92% compared to 2017</li> <li>Acquired 3 utility model patents and 8 invention patents</li> </ol> <b>L3:</b> Data analysis certification rate 95.4% <b>L2:</b> Data analysis average test score - 88 points <b>L1:</b> Average course satisfaction 95.0%

## Taishin Holdings

### Contents

### Message from the Chairman

### Message from the President (Chairman of CSR Committee)

### About Taishin

### I. Sustainability Plans

### II. Sustainable Governance

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace

#### 5-1 Diversified Recruitment

#### 5-2 Talent Development

#### 5-3 Remuneration, Benefits & Employee Care

#### 5-4 Labor-Management Relations

#### 5-5 Human Rights and Gender Equality

#### 5-6 Employee Health and Safety

### VI. Green Operation

### VII. Social Impacts

### VIII. Stakeholder Engagement

### Report Summary

### Appendix

## 5-3 Remuneration, Benefits & Employee Care

### Taishin Holdings

#### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

##### 5-1 Diversified Recruitment

##### 5-2 Talent Development

##### 5-3 Remuneration, Benefits & Employee Care

##### 5-4 Labor-Management Relations

##### 5-5 Human Rights and Gender Equality

##### 5-6 Employee Health and Safety

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

### Remuneration Policy

Taishin conducts annual salary surveys to measure itself against top-performing financial institutions local and abroad. The Company has designed a fair and incentive compensation system complete with competitive salary and welfare packages to reward its employees.

Taishin has been a composition of "Taiwan High Compensation 100 Index" for 5 consecutive years since 2014. In the employee opinion survey, the Company scored better than Taiwan's financial industry in general in the "Salary and welfare" category, which proves that Taishin's compensation system works in favor of retaining talents.

Taishin offers salaries based on objective factors such as the level of education and competency required to accomplish the assigned position. Starting salaries for all positions are far superior to the basic wages stipulated in the Labor Standards Act, and actions have been taken to ensure that employees' salaries are not differentiated by gender, age or race. In 2018, 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	2018
Non-Managerial Role	100:101	100:101	100:101	100:101
Managerial Role	100:105	100:105	100:105	100:105
Executive Officer	100:109	100:110	100:108	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 2018 was 3.5%; more than 80% of employees had their salaries adjusted during the year, some as high as 15%. This indicates that employees are treated fairly while top-performing talents are properly rewarded. Each year, Taishin pays out year-end bonuses based on company performance and individual performance as a means of profit-sharing, thereby rewarding employees for their contributions.

Taishin Holdings employed a total of 7,238 full-time, non-managerial staff in 2018 (up 7.4% compared to 2017), with salary averaging TWD 1,135,000 for the year (down 0.6% compared to 2017).

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

Year	2016	2017	2018
Average salary adjustment (%)	3.0	3.0	3.5

#### Taishin Appreciation Rights Program



In an attempt to align employees' goals with the Company's long-term performance and shareholders' interests while providing the right incentives to retain talents, Taishin has introduced an appreciation rights program since 2012 that sets aside a certain percentage of bonus from each year's profits and defers payment for three years in association with the Company's future share price. This deferral is intended to encourage managers in making decisions and taking responsibilities in long-term business performance. All key personnel and executive managers that may potentially affect the Company's operating decisions have been included in this program, even the Chairman's compensation has been designed based on this structure. In 2018, a total of 14,846 appreciation rights were issued while about 260 employees applied the plan.

#### Employee Stock Ownership Plan (ESOP)



Taishin Holdings introduced the ESOP in September 2015 as a means to share business success with employees and to help them save for retirement. Under the ESOP, employees may voluntarily contribute a fixed amount to the program on a monthly basis, and the Company will support their commitment by making additional contribution that amounts to 100% of employees' monthly commitments to their accounts. By the end of 2018, 81% of employees had participated in the plan and the Company had contributed a total of TWD 280 million, whereas the return of investment in ESOP is 18%. Overall, the ESOP serves a number of purposes including long-term saving, wealth accumulation, and assurance for life after retirement.

#### Employee Stock Option



Taishin has made four issues of employee stock options since 2004, making it the most active issuer in the local financial industry. Options representing 377,000,000 shares of the Company have been issued to employees, of which 137,958,000 shares have been exercised to date. These employee stock options were issued as a means of sharing the Company's long-term business success, and therefore align employees' interests with the Company.

#### Employee Cash Issue Subscription Program



Taishin Holdings made a cash issue of common shares in 2013, in which employees' were given the priority to subscribe 50,000,000 shares, and more than 5,000 employees of Taishin Holdings and subsidiaries were entitled to this program. In 2018, Taishin made a cash issue of Class E preferred shares, during which it also reserved 15% or 45,000,000 shares for subscription by employees only, and more than 7,200 employees (about 80%) of Taishin Holdings and subsidiaries were entitled to this program.

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. **Friendly Workplace**

5-1 Diversified Recruitment

5-2 Talent Development

**5-3 Remuneration, Benefits & Employee Care**

5-4 Labor-Management Relations

5-5 Human Rights and Gender Equality

5-6 Employee Health and Safety

VI. Green Operation

VII. Social Impacts

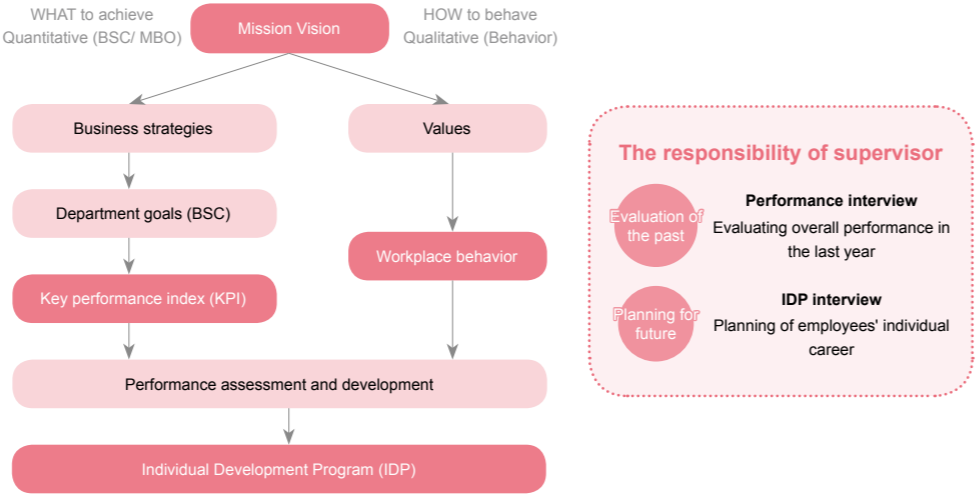
VIII. Stakeholder Engagement

Report Summary

Appendix

## 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, Finance, Internal process, and Learning and Growth.



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

Performance Evaluation	Target
Management by objectives (MBO)	All employees
Multi-dimensional evaluation (including 180, 270 or 360 degrees)	All employees
Performance grading (formal comparative ranking)	All employees

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.

**Duration of performance improvement**

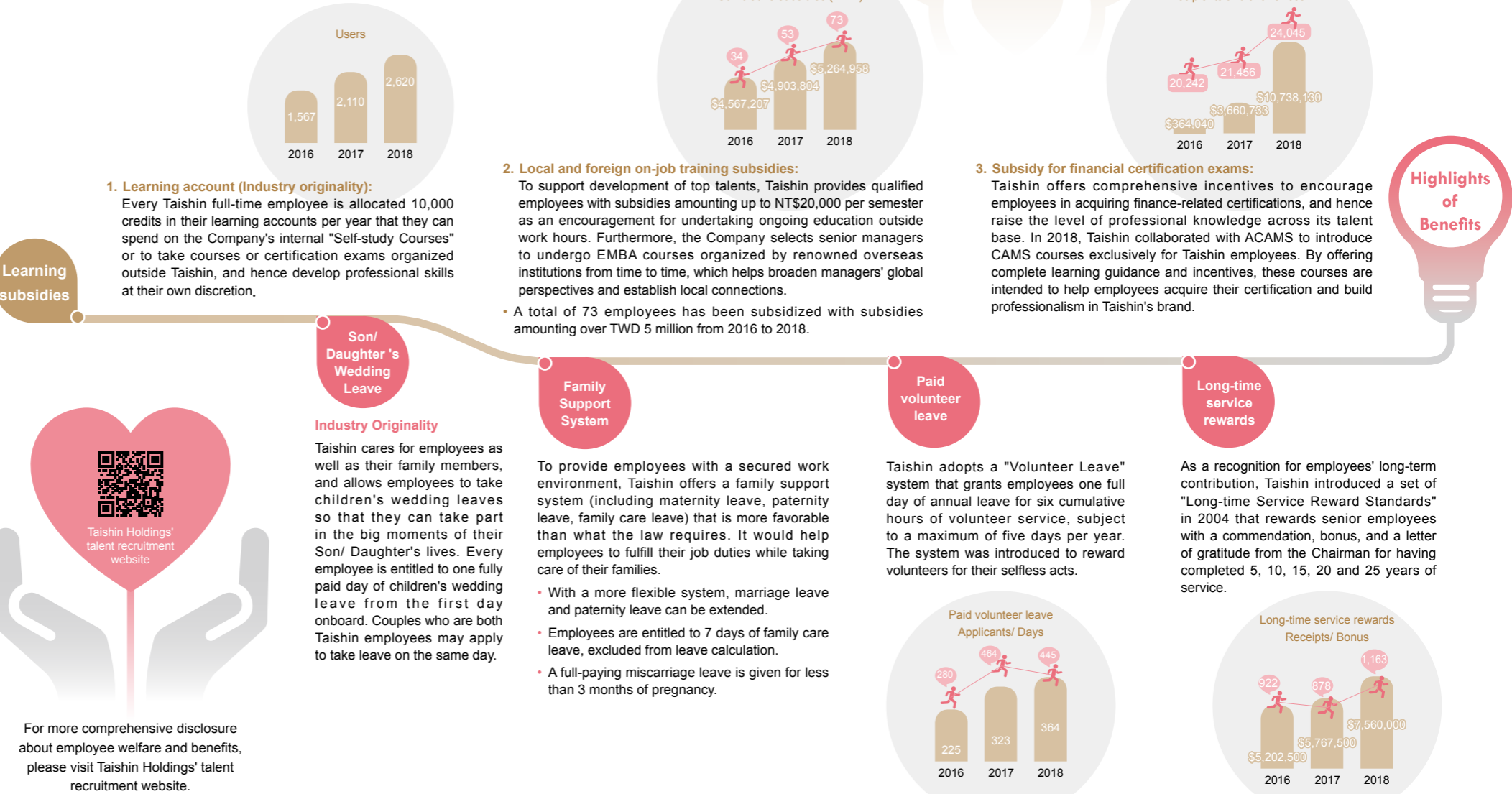
The Supervisor is required to observe the employees and check the process and schedule of improvement plan, while offering guidance or correction as deemed appropriate.

**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 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.



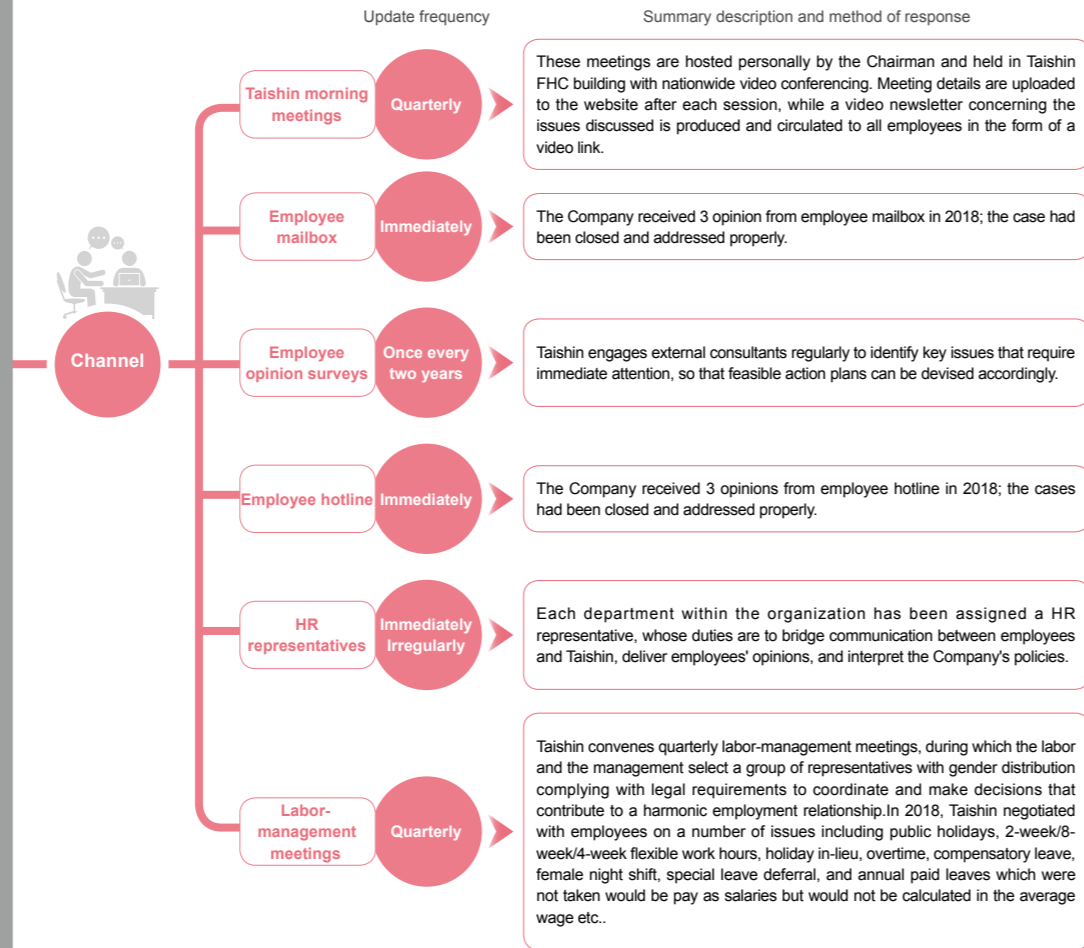
# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. **Friendly Workplace**
  - 5-1 Diversified Recruitment
  - 5-2 Talent Development
  - 5-3 Remuneration, Benefits & Employee Care**
  - 5-4 Labor-Management Relations
  - 5-5 Human Rights and Gender Equality
  - 5-6 Employee Health and Safety
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

## 5-4 Labor-Management Relations

### Labor-Management Communication Channels

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



### Employee Opinion 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. Taishin conducts organization-wide employee surveys once every two years; the last two surveys were conducted in 2015 and 2017, and the next survey is scheduled in 2019. For every other year, a survey is conducted for different business groups, including the Retail & Wealth Management Channel Division in 2016 and the Wholesale Banking Group in 2018.



#### Emphases of Employee Opinion Surveys

- "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 Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

##### 5-1 Diversified Recruitment

##### 5-2 Talent Development

##### 5-3 Remuneration, Benefits & Employee Care

##### 5-4 Labor-Management Relations

##### 5-5 Human Rights and Gender Equality

##### 5-6 Employee Health and Safety

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

### Report Summary

### Appendix

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. **Friendly Workplace**
  - 5-1 Diversified Recruitment
  - 5-2 Talent Development
  - 5-3 Remuneration, Benefits & Employee Care
  - 5-4 Labor-Management Relations**
  - 5-5 Human Rights and Gender Equality
  - 5-6 Employee Health and Safety
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

## Action Plans

- The financial group reviews the association between future talent strategies and practical experiences of existing employees to ensure that they are appropriately positioned, and thereby attract, retain and motivate talents.
- Taishin performs digital transformation, group optimization and talent structure reviews according to its digital banking strategies. Taishin defines the requirements of digital talent to provide the basis for recruitment and career development. Taishin also pays attention to the actual work experiences of digital talents in order to learn the progresses made regarding to its medium/ long-term digital strategies, cross-border resource integration and communication efforts.
- Taishin identifies leaders and key talents within the organization and implements differentiated plans. Existing systems and practices are constantly reviewed, while employees' voices are being collected and listened by different channels to enforce Taishin's reputation as an employer, and therefore enable future talent recruitments.

In terms of digital banking transformation, Taishin held several focus group interviews targeting digital talents, Management Associates and wholesale banking Relationship Manager (aka. RM), Assistant Relationship Manager (aka. ARM) in 2018. By learning the opinions and feedbacks of targeted employees, the Company finds ways to make constant improvements. By creating a more openly cooperating, fully communicating, highly efficient and agile digital banking environment, Taishin aims to support the growth of its digital talents and Management Associates. In March 2018, a focus group and management improvement conference was held to discuss key issues concerning creativity and management of wholesale banking RM/ ARM. As part of the Group's digital strategies, Taishin worked with a consulting company in 2018 to become the first financial institution to adopt the new-generation employee opinion survey platform. Using advanced digital technologies, the platform issues timely questionnaires that have been designed to obtain quick feedbacks from employees and achieve frequent monitoring of employees' opinions. This information not only provides the basis for the next stage of strategic planning, but also facilitates cooperation across departments in ways that quicken the transformation process. This new employee opinion survey platform was used to survey former employees of the acquired Ta Chong Securities new employees and specific groups of interest during the year. By obtaining opinions in real-time, Taishin has better control over employee engagement and is able to respond more quickly.

## Employee Opinion Surveys in 2018

Wholesale Banking Group employee opinion survey	Target	All employees of Wholesale Banking Group
	Reason	To establish progress of existing action improvement plans and employees' awareness after the Wholesale Banking Group's employee opinion survey conducted in 2017.
	Question	11 aspects including employee engagement, teamwork, performance management, customer care, talent management, health and welfare, creativity etc.
	Participation Rate (%)	94
	Engagement (%)	82
	Survey Result	<ol style="list-style-type: none"> <li>1. The Wholesale Banking Group group showed positive improvements in terms of engagement compared to the 2017 employee opinion survey.</li> <li>2. The improvement actions won the support of all employees of Wholesale Banking Group , which was significantly better than the 13% positive feedback collected during the 2017 employee opinion survey.</li> <li>3. Teamwork and cross-department collaboration showed significant improvement over the 2017 employee opinion survey.</li> <li>4. Employees generally approved of performance feedback, and considered it useful for improving work performance. Taishin has performed significantly better in this aspect than role model financial institutions in the Asia Pacific.</li> </ol>

## Trend of Employee Engagement

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

# 5-5 Human Rights and Gender Equality

## Human Rights Policy in Taishin


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

Taishin actively enforces human rights protection for employees. Not only has the Company made a series of public announcements over its intranet and Internet websites about protection of workers' human rights and prohibition against workplace sexual harassment, the organization has also included worker and human rights-related issues as part of the ethics training for new employees. The announcements and training form part of Taishin's ethics foundation. Taishin encountered no incident of human rights violation in 2018.

## Five man norms


Employees

- Statement on Human Rights




Customers

- Privacy Protection Statement
- Green Finance Principles



Suppliers

- Supplier Management Regulations
- Supplier Commitment Statement



## Three Main Principles

Communication

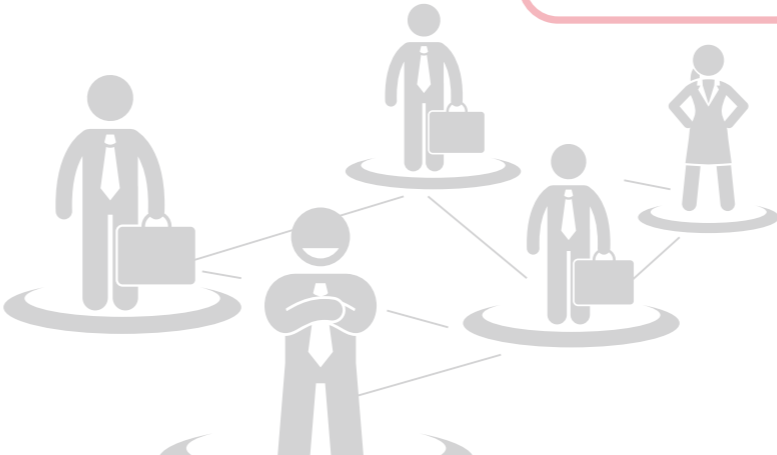
Taishin conveys its human rights policies to stakeholders through training, website, email and available means.

Protection

Taishin enforces human rights protection measures from daily operations to business activities.

Supervision

Human rights risk surveys are conducted on a regular basis to determine the level of risk exposure and explore mitigation measures.



## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. **Friendly Workplace**
    - 5-1 Diversified Recruitment
    - 5-2 Talent Development
    - 5-3 Remuneration, Benefits & Employee Care
    - 5-4 Labor-Management Relations
    - 5-5 **Human Rights and Gender Equality**
    - 5-6 Employee Health and Safety
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix



# Taishin Holdings

## Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

5-1 Diversified Recruitment

5-2 Talent Development

5-3 Remuneration, Benefits &  
Employee Care

5-4 Labor-Management Relations

5-5 Human Rights and Gender  
Equality

5-6 Employee Health and Safety

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

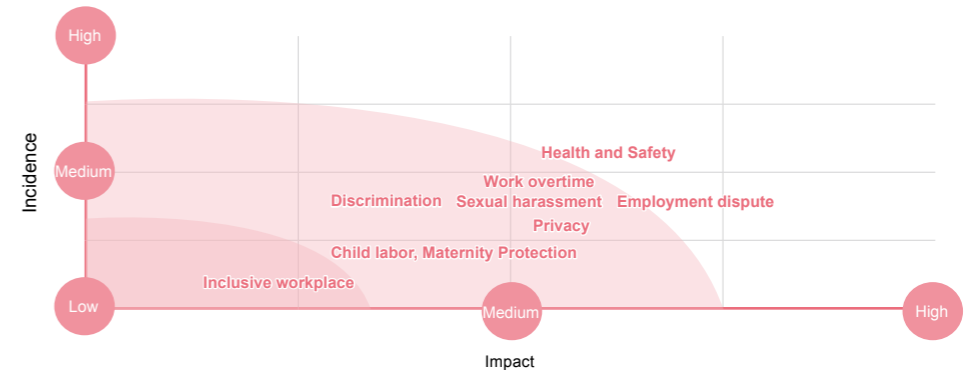
## Human Rights Risk Assessment

### Identification of human rights factors

Issues	Target	Source of risk	Method of evaluation	Level of risk
Health and Safety	All employees	<ul style="list-style-type: none"> <li>Working place</li> <li>While performing duties</li> </ul>	<ul style="list-style-type: none"> <li>Health Check-up</li> <li>Ergonomics evaluation (Taishin-Ergonomic hazard prevention program- NMQ)</li> </ul>	Medium
Employment dispute	All employees	<ul style="list-style-type: none"> <li>Inappropriate communication/ management of the supervisor</li> <li>Difference of understanding between employer and employees</li> </ul>	<ul style="list-style-type: none"> <li>HR representatives</li> <li>Internal/ external communications</li> </ul>	Medium
Work overtime	All employees	<ul style="list-style-type: none"> <li>Short-term increases in business or shortages in manpower</li> <li>Requirements of events held by associated companies</li> <li>personal reasons</li> </ul>	<ul style="list-style-type: none"> <li>Attendance management monitoring monthly</li> <li>Abnormal Workload-induced Disease Prevention Program</li> <li>Framingham Risk Score for Hard Coronary Heart Disease</li> </ul>	Medium
Discrimination	All employees	<ul style="list-style-type: none"> <li>During recruitment and interviews</li> <li>During performance management/ appraisal</li> <li>Interaction between employees</li> </ul>	<ul style="list-style-type: none"> <li>Internal/ external communications</li> </ul>	Low
Sexual harassment	All employees	<ul style="list-style-type: none"> <li>During recruitment and interviews</li> <li>During performance management/ appraisal</li> <li>Interaction between employees</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of Illegal Infringement at Work - potential workplace violence risk evaluation form</li> </ul>	Low
Inclusive workplace	Employees with disabilities Aborigines	<ul style="list-style-type: none"> <li>During employee recruitment and interview</li> </ul>	<ul style="list-style-type: none"> <li>Montly employment ratio control</li> </ul>	Low
Privacy	All employees	<ul style="list-style-type: none"> <li>During recruitment and interviews</li> <li>Personal information management</li> </ul>	<ul style="list-style-type: none"> <li>Internal/ external communications</li> <li>Internal audit</li> </ul>	Low
Child Labor	Candidates	<ul style="list-style-type: none"> <li>During recruitment and interviews</li> </ul>	<ul style="list-style-type: none"> <li>Employment control</li> </ul>	Low
Maternity Protection	Female employees of childbearing age	<ul style="list-style-type: none"> <li>Workload and shift arrangement</li> </ul>	<ul style="list-style-type: none"> <li>Employees who take maternity leave / maternity leave through the attendance system</li> <li>Physicians stationed on-site to provide medical evaluation</li> </ul>	Low

## Value at Human Rights Risk

Year	2018		
VaR (%)	1.85		
Main risk factors	Health and Safety	Employment dispute	Work overtime
Mitigation measures	<ul style="list-style-type: none"> <li>Monthly health consultation by medical specialists</li> <li>Health Check-up</li> <li>Taishin-Ergonomic hazard prevention program</li> <li>Occupational safety and health propaganda</li> <li>Health lectures</li> </ul>	<ul style="list-style-type: none"> <li>Establish human resource policy and employee rights-related rules in compliance with law</li> <li>Convene quarterly labor-management meetings. Maintain open communication with employees through available channels</li> <li>Organize regular courses on labor regulations and assist supervisors in understanding labor laws and proper management practice</li> </ul>	<ul style="list-style-type: none"> <li>Establish employee work times and hours in compliance with labor laws</li> <li>Announce and reiterate the normal work hours and times, as well as the regulations for overtime</li> <li>Establish management systems for work hours and overtime, to help employees and supervisors control work hours and overtime hours</li> <li>Monthly review of overtime hours on a per-department basis, and direct attention towards employees with high overtime hours.</li> </ul>
Remedies	<ul style="list-style-type: none"> <li>Group/Labor insurance subsidy</li> <li>Hospitalization subsidy</li> <li>Occupational injury leave</li> </ul>	<ul style="list-style-type: none"> <li>Offering of material compensations depending on the mediation solution</li> <li>Enhanced internal awareness campaigns</li> <li>Adjusted rules on annual leave arrangement after announcement of employment termination</li> </ul>	<ul style="list-style-type: none"> <li>Offering of overtime pay/leave compensation</li> </ul>



## Human rights risk value in previous years

Year	2016	2017	2018
VaR (%)	2.62	1.67	1.85

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

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

# Taishin Holdings

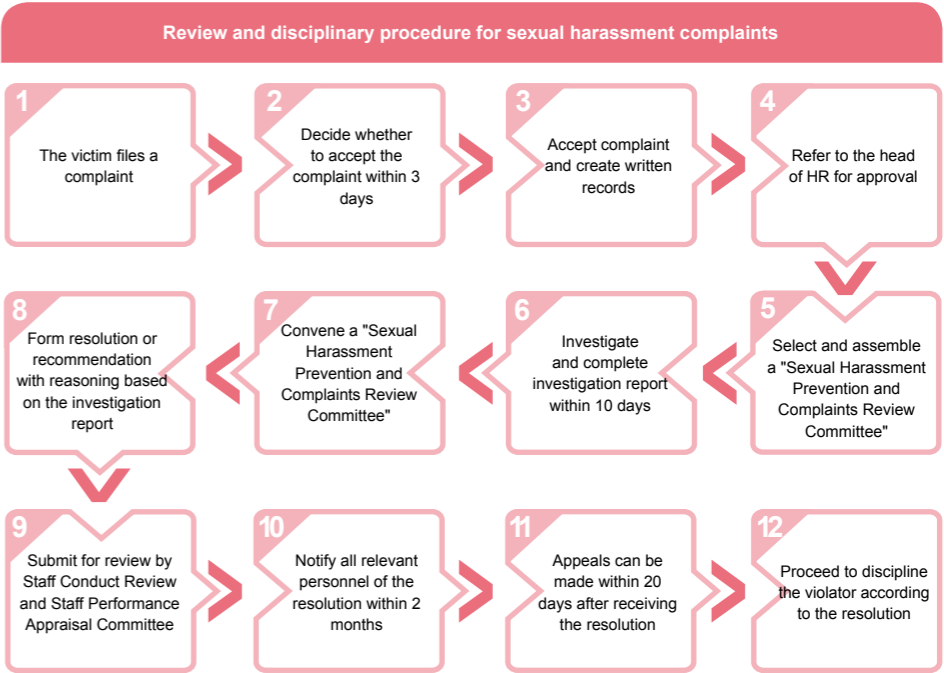
- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. **Friendly Workplace**
  - 5-1 Diversified Recruitment
  - 5-2 Talent Development
  - 5-3 Remuneration, Benefits & Employee Care
  - 5-4 Labor-Management Relations
  - 5-5 Human Rights and Gender Equality**
  - 5-6 Employee Health and Safety
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

## 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.

## Equal Treatment in the Workplace

For the purpose of creating a fair, safe and enjoyable workplace, Taishin treats employees equally and prohibits all forms of discrimination (such as ethnicity, gender, 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 2018 at any of Taishin's domestic and foreign service locations.



## 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.

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

##### 5-1 Diversified Recruitment

##### 5-2 Talent Development

##### 5-3 Remuneration, Benefits & Employee Care

##### 5-4 Labor-Management Relations

##### 5-5 Human Rights and Gender Equality

##### 5-6 Employee Health and Safety

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

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

and has physicians stationed at business premise to provide regular medical consultation for employees. Crude birth rate within the organization was 3.03% in 2018, which far exceeded Taiwan's crude birth rate of 0.06% (Note: the crude birth rate of Taiwan was sourced from the Department of Statistics, Ministry of the Interior).

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

### Number of permanent employees on parental leave and retention rate

Item	2016					2017					2018				
	No. of employees subject to reinstatement	Actual No. of reinstated employees	Reinstatement rate (%) (Note1)	No. of employees retained after 1 year (Note 2)	Retention rate (%) (Note 3)	No. of employees subject to reinstatement	Actual No. of reinstated employees	Reinstatement rate (%) (Note1)	No. of employees retained after 1 year (Note 2)	Retention rate (%) (Note 3)	No. of employees subject to reinstatement	Actual No. of reinstated employees	Reinstatement rate (%) (Note1)	No. of employees retained after 1 year (Note 2)	Retention rate (%) (Note 3)
Female	108	69	63.9	56	81.2	106	75	70.8	56	81.2	99	64	64.6	64	85.3
Male	4	4	100.0	2	28.6	11	6	54.5	3	75.0	9	7	77.8	2	33.3
Total	112	73	65.2	58	76.3	117	81	69.2	59	80.8	108	71	65.7	66	81.5

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

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

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

## Taishin Holdings

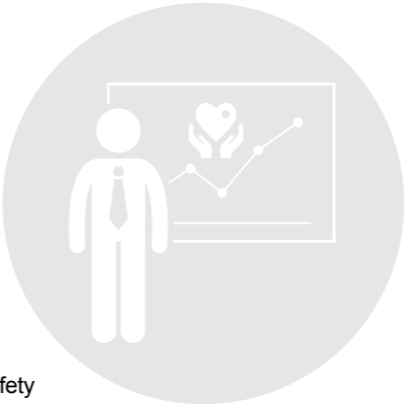
- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. **Friendly Workplace**
    - 5-1 Diversified Recruitment
    - 5-2 Talent Development
    - 5-3 Remuneration, Benefits & Employee Care
    - 5-4 Labor-Management Relations
    - 5-5 Human Rights and Gender Equality
    - 5-6 **Employee Health and Safety**
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

# 5-6 Employee Health and Safety

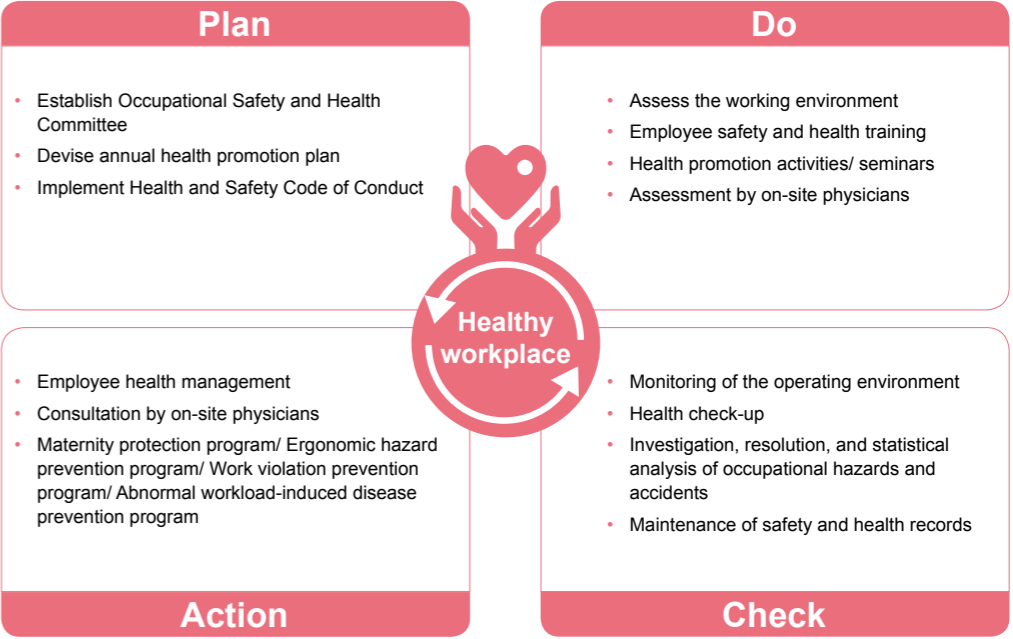
## Functionality of the Committee

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 management, 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 2018, there had been no major work accident or any death or disability of employee caused by occupational hazard. Taishin has designed its 2019 safety and health training courses to address accidents that exhibited the highest frequency/lost work days in 2018. Through these courses, the organization aims to minimize both the severity and frequency of work accidents.

Taishin has an internal audit system that actively identifies problems and tracks the effectiveness of various measures taken to ensure safety of the workplace. By constantly making improvements, we take steps toward accomplishing our vision of a hazard-free workplace. The main defects discovered in 2018 were "Absence of certified Occupational Safety and Health Officer" and "Absence of certified First-aid Personnel." The Company has since assigned employees to training and exams with progress followed up continuously. Certifications for the above personnel have been obtained to date.



## Goals in 2019



Occupational Injuries

Year	2014	2015	2016	2017	2018
Male injured	0	1	0	0	1
Female injured	0	2	0	0	0
Deaths	0	0	0	0	0
Work day lost	0	20.5	0	0	36
Injury rate (%)	0	0.03	0	0	0.01
Absence rate (%)	0.64	0.60	0.70	0.51	0.56
Ratio of day lost (%)	0	0.26	0	0	0.40

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 3<sup>rd</sup> day after a work injury occurs. Related statistics and reports are being made according to Taishin Holding's "occupational hazard" reporting policy (2014).

1. In 2018, an occupational disaster case occurred mainly for traffic accidents. Taishin will promote awareness of traffic safety in safety-related courses so that help employees to avoid similar incidents.

2. No permanent staff was diagnosed with occupational illness in 2018.

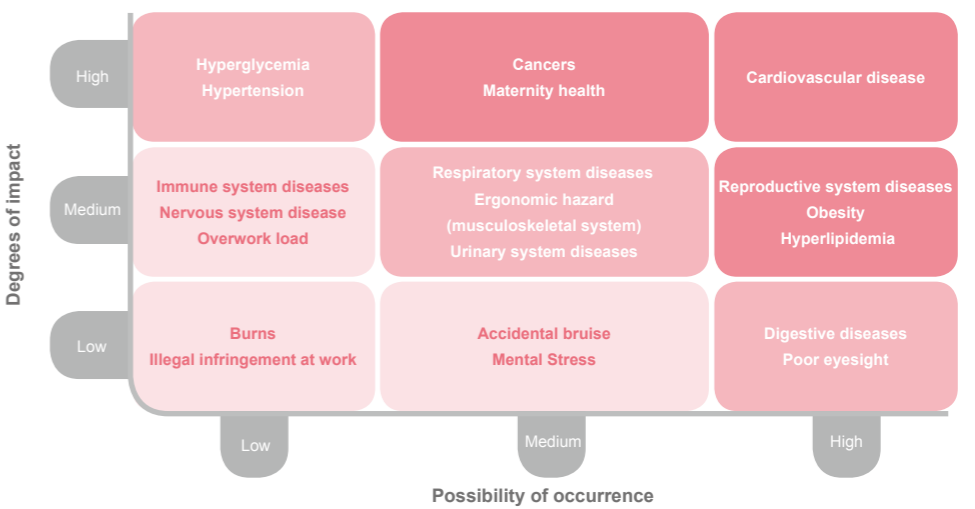
Injury rate = total injuries/ total work hours  
Total work hours = total employees x work hours per day x number of working days per year  
Absence rate = (Number of days absent ÷ Total number of work days) (including sick leave and occupational injury)  
Lost day rate (LDR) = (lost working days/ total work hours)\*200,000

Occupational Safety and Health Management

Taishin is committed to providing a hazard-free workplace for the protection of employees' health and safety. We evaluate employees' health risks based on health checkup results, Framingham Risk Score for Hard Coronary Heart Disease, the four workplace health promotion programs (ergonomics, maternity, workplace violence, and over-stress), and group insurance claims.

The 2018 health risk matrix indicated cardiovascular disease as a high health risk factor, and reproductive system disease, obesity, hyperlipidemia, cancer and feminine health as medium-high risk factors. All other health risk factors were of medium and low risk. Taishin has different measures in place to mitigate risks of various levels. By encouraging self-management and active follow-up, the Company helps employees avoid occupational hazards.

Health risk matrix of Taishin employees



Degrees of impact

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

Possibility of occurrence

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

Value at risk = possibility X impact

Risk level and measures

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

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

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

5-1 Diversified Recruitment

5-2 Talent Development

5-3 Remuneration, Benefits & Employee Care

5-4 Labor-Management Relations

5-5 Human Rights and Gender Equality

5-6 Employee Health and Safety

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary


Appendix

# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
  - 5-1 Diversified Recruitment
  - 5-2 Talent Development
  - 5-3 Remuneration, Benefits & Employee Care
  - 5-4 Labor-Management Relations
  - 5-5 Human Rights and Gender Equality
  - 5-6 Employee Health and Safety
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

On-site physicians prioritize consultation service for employees of the four high-risk groups, followed by subjects that exhibited health-related concerns in recent checkup reports or consultations.

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

Statistics of health service in 2018			
Services		Ratio (%)	Related diseases
High-risk group of health check results <sup>Note</sup> management		10.2	Hyperglycemia, hypertension, cardiovascular disease, obesity, hyperlipidemia
Abnormal workload prevention		0.2	Overwork load, cardiovascular disease
Ergonomic hazard prevention		5.2	Ergonomic hazard (musculoskeletal system), poor eyesight
Maternity protection		0.2	Maternity health
Illegal infringement at work protection		0.0	Illegal infringement at work
 Health promotion, prevention and education	Gastrointestinal tract	2.9	Digestive diseases
	Fatty liver, hepatitis	11.6	Digestive diseases
	Urinary system	4.6	Urinary system diseases
	Endocrine system	2.9	Immune system diseases, cancer
	Respiratory system	2.3	Respiratory system diseases
	Reproductive system	0.6	Reproductive system diseases
	Musculoskeletal system(sport injuries, scoliosis, etc.)	5.2	Musculoskeletal system, accidental bruise
	Skin	1.2	Accidental bruise
	Eye	0.6	Poor eyesight
	Ear	1.2	-
	Cardiovascular System	5.8	Cardiovascular disease, high blood pressure, overwork load

Note: The high-risk group of the health check results is the highest among the three Highs. Three high: Hypertension, Hyperglycemia, Hyperlipidemia.

Below are the health management and risk mitigation measures that Taishin has implemented based on its 2018 health risk map. The organization also supported the Ministry of Labor's initiatives on work-life balance by organizing a series of health promotion courses covering mental stress relief, exercising, diet, and feminine health. Instructors from various fields of expertise were invited to speak and share experiences on:

## Occupational safety and health risk issues assessed by stationed physicians in 2018

Issues	Mitigation measures	Sessions	Participants
Hypertension, hyperglycemia, hyperlipidemia, cardiovascular disease, obesity, and digestive system	<ul style="list-style-type: none"> <li>Organize fitness tests with medical team</li> <li>Establishment of fitness facilities. Encourage employees to participate in sports clubs offered by the Company</li> <li>Courses were organized to convey knowledge on healthy diet and exercising</li> <li>Communication of "Daily diet instructions" and "Ketogenic diet" via e-newsletter</li> <li>Supporting the health service center with oral cancer and colorectal cancer screening</li> <li>In 2018, Taishin held its first "Weight Loss Competition" along with a series of healthy diet and exercise seminars that taught employees to "eat smart and exercise." The program attracted participation from 877 employees in 2018, who collectively lost 1,438 kg of weight and 1,710 cm of waistline</li> </ul>	21	1,611
Reproductive system disease and feminine health	<ul style="list-style-type: none"> <li>Feminine health seminars (on menopause health, post-labor care and common children's disease)</li> <li>Medical specialists were invited to identify potential workplace hazards for employees during pregnancy and post-labor, and to suggest improvements and precautions of work environment</li> <li>Supporting the public health center with cervical cancer and breast cancer screening</li> </ul>	5	146
Ergonomic hazard (muscle and bone)	<ul style="list-style-type: none"> <li>Taishin's "Ergonomic hazard prevention program"</li> <li>Massage service - "Taishin Stress Relief House"; the service was used to 5,705 times in 2018</li> <li>Online course - "Prevention and treatment of workplace lower back injury"</li> <li>Communication of "Lower back injury prevention" and "Eight harmful postures" via e-newsletter</li> </ul>	4	102
Poor vision	<ul style="list-style-type: none"> <li>Taishin's "Ergonomic hazard prevention program"</li> <li>Half-yearly test of office luminance</li> <li>Communication of "Eye care" via e-newsletter</li> </ul>	1	8,852
Mental Stress	<ul style="list-style-type: none"> <li>"Employee assistance program": Taishin works with Teacher Chang Foundation to provide mental counseling for employees. The service was used 3 times in 2017 and 4 times in 2018</li> <li>Taishin "Abnormal workload-induced disease prevention program"</li> <li>Taishin "Prevention of Illegal Infringement at Work" and "Statement of Prohibition Against Workplace Violence"</li> <li>Massage service - "Taishin Stress Relief House"</li> </ul>	12	728

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

##### 5-1 Diversified Recruitment

##### 5-2 Talent Development

##### 5-3 Remuneration, Benefits & Employee Care

##### 5-4 Labor-Management Relations

##### 5-5 Human Rights and Gender Equality

##### 5-6 Employee Health and Safety

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

### Health Management Focus in 2019

#### • New health management focus

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

#### • More frequent service by contracted physicians

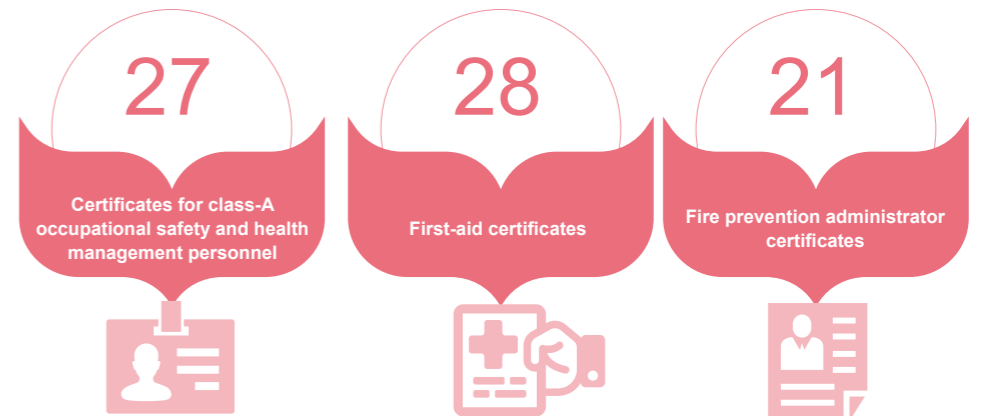
New physicians have been contracted in Taichung and Kaohsiung, and Taishin expects to add 10 on-site physician service sessions in 2019 (6 in 2017 and 12 in 2018). Due to the fact that work activities of the Company involve prolonged use of eyesight in a seated position, the medical specialist recommended ergonomic improvements and seminars after making physical inspection of the work environment. Meanwhile, a series of health-related education, counseling, protection and promotion measures have also been recommended.

#### • Weight Loss Competition

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

### Education and Training

To prevent occupational hazards and ensure workers' safety and health, Taishin assigned employees to various courses organized by Occupational Safety and Health Administration, Department of Labor, and Taiwan Academy of Banking and Finance in 2018, where they developed professional knowledge, legal compliance awareness, and risk management skills.



Furthermore, to enhance employees' awareness towards occupational safety and hazard prevention, we have changed the frequency of our mandatory occupational safety and health courses from once every three years to once per year starting from 2018. The courses cover a broad range of topics including: overview of operational safety and health laws, emergency response, fire safety and first-aid drills. A total of 10,031.09 training hours were completed during the year, representing 100% completion rate. These courses helped enhance knowledge among occupational safety and health officers and employees, and conformed with the organization's goals toward hazard-free workplace.





## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

**VI. Green Operation**

6-1 Low-carbon Operations

6-2 Sustainable Supply Chain  
Management

6-3 Green Purchase

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



# Green Operation

6-1 Low-carbon Operations

6-2 Sustainable Supply Chain Management

6-3 Green Purchase

## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
  - 6-1 Low-carbon Operations
  - 6-2 Sustainable Supply Chain Management
  - 6-3 Green Purchase
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix


# 6-1 Low-carbon Operations

## Environmental Management and Goals

Faced with the possible risk of climate change, Taishin has been paying close attention while ensuring compliance with the latest regulations, and is actively supporting the government's green energy policies. In terms of renewable energy, Taishin installed solar power equipment at Neihu Building at the end of 2016 and supported the domestic renewable energy certification system introduced by Bureau of Standards, Ministry of Economic Affairs, in 2017 and became the first wave of companies to be certified for the purchase of renewable energy. In terms of management systems, Taishin completed the implementation of greenhouse gas survey in accordance with ISO 14064-1 at Taishin Tower and Neihu Building in 2016 (covering 31.6% of employees), and later obtained certification from an independent third party in early 2017. Implementation of ISO14064-1 was expanded to all nationwide office locations of Taishin Bank in 2018 (including branches and buildings, covering approximately 85.6% of employees) to enable more robust control and monitoring of greenhouse gas emission. Furthermore, to ensure ongoing enhancement of energy performance, Taishin escalated its collaboration with the Bureau of Energy, Ministry of Economic Affairs, to create an "Intelligent Energy Performance Management Information System" based on ISO 50001 - Energy Management System, so that feasible and effective actions can be taken to improve energy management. With regards to the use of resources, we take initiative in eliminating use of paper, saving water, and implementing proper waste management to minimize the environmental impact of our business operations.

Taishin introduced ISO 14001 - Environmental Management System to Neihu Building and Taishin Tower in 2018 and evaluated environmental impacts from all aspects of the corporate value chain. These findings have enabled Taishin to execute various action plans aimed at achieving effective control and improvement of environmental performance. Taishin has also

implemented an "Environmental Sustainability Policy" and shown it inside elevators and as screen savers to constantly remind employees of their commitments to the environment:



- To encourage all Taishin employees to establish habits to save energy and expenses and be implanted in their daily lives;
- 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;
- 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;
- To enforce energy and environmental performance improvement and management and waste classification to reduce the impact on energy and the environment;
- 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
- To keep campaigning for energy saving and carbon reducing measures and to have all Taishin employees join the energy saving and carbon reducing activities.

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

##### 6-1 Low-carbon Operations

##### 6-2 Sustainable Supply Chain Management

##### 6-3 Green Purchase

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

### Environmental Goals

Item	Units	Goals in2018	Results in 2018	Goals in 2019	Note
Scope1 emission	tCO <sub>2</sub> e	1,589	1,271	1,247	1% reduction in average intensity per person multiplied by total employees next year is the setting absolute reduction target.
Scope2 emission	tCO <sub>2</sub> e	21,844	23,759	23,402	
Electricity consumption	MWh	43,279	44,864	44,195	
Water consumption	M3	144,056	141,670	144,056	No increase in water usage over 3 years (2018-2020), using 2017 level as the baseline : Taishin achieved an overall reduction of 1.7% in 2018, which as equivalent to a 4.8% reduction in average water usage per person.
Waste disposed per person	Ton	0.0846	0.0758	0.0838	1% reduction in waste disposed per person over 3 years (2018-2020), using 2017 level as the baseline : Taishin achieved an overall reduction of 11.3% in 2018.

### Progress of Taishin's environment management

2015	2016	2017	2018
<ul style="list-style-type: none"> <li>ISO 50001 certification</li> <li>Support to CDP</li> </ul>	<ul style="list-style-type: none"> <li>Adopted ISO 14064-1</li> <li>Purchased green energy</li> <li>Installed solar power equipment</li> <li>Continual support to the CDP initiative</li> </ul>	<ul style="list-style-type: none"> <li>ISO 14064-1 certification</li> <li>Enhanced ISO 50001</li> <li>Purchase of renewable energy certification</li> <li>Continual support to the CDP initiative</li> </ul>	<ul style="list-style-type: none"> <li>Adopted ISO14001</li> <li>Expanded ISO14064-1 to the entire bank branches</li> </ul>

### Energy Conservation & Carbon Reduction

In support of the government's green policies and the goal of the "Paris Agreement" to control global temperature rise within 2°C, Taishin adopted ISO 50001 and implemented regular energy review, measurement and monitoring to raise the efficiency of energy usage. Taishin has also set its goals to "save energy by at least 1% per year" over the next 5 years. In 2017, Taishin collaborated with the Bureau of Energy, Ministry of Economic Affairs, to create an "Intelligent Energy Performance Management Information System," and became the first pilot company for this particular project. By introducing information tools, energy management personnel will have the means to explore areas of improvement and develop feasible solutions.

Electricity is the main form of energy used by Taishin, whereas gasoline by corporate vehicles presents the second largest use of energy. In 2018, Taishin purchased 44,864,147 kWh(=161,510.93 GJ) of electricity, 181,164 liters of gasoline (=5915.15GJ), and 1,642 liters of diesel fuel (=57.74 GJ), consuming total energy of 167,483.82 (GJ). During the year, 22,403 kWh of electricity generated from solar power was sold directly to Taiwan Power Company. Thus, scope 1 emission totaled 1,271 tonnes CO<sub>2</sub>e while Scope 2 emission totaled 23,759 tonnes CO<sub>2</sub>e in 2018. Scope 1 and Scope 2 emission intensity were calculated at 2.589 tonnes CO<sub>2</sub>e per person.

Taishin implemented a bank-wide "taxi sharing system" in 2008 as a means to encourage taxi ride-sharing for energy reduction. Given the increased popularity of mobile APPs, in 2018 Taishin collaborated further with taxi companies to create a "Taxi Claim System" offering online approval and APP payment features that not only eliminate the need for printed paper, but increase the chances of ride-sharing as well. Following the successful trial run by employees of the General Affairs Department in 2018, the system has been implemented throughout the financial group in 2019, and is expected to save the printing of 188,250 sheets of taxi receipt each year.

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

6-1 Low-carbon Operations

6-2 Sustainable Supply Chain Management

6-3 Green Purchase

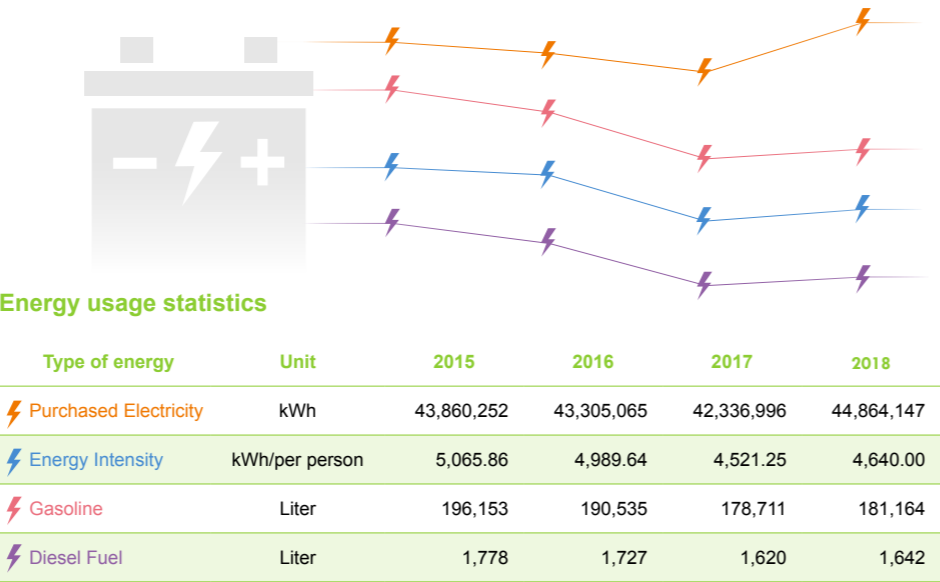
VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

The solar power system installed at Neihu Building generated 22,403 kWh of power in 2018, which saved approximately 12 tons of greenhouse gas emission. We are planning to build solar energy equipment or purchase renewable energy in order to support the development of renewable energy with practical actions. In addition to existing energy conservation measures, Taishin also implemented several action plans including: use of energy-efficient air conditioning and lighting, replacement of LED bulbs, adjustment of air conditioning unit, and replacement of air conditioner and UPS to reduce energy consumption in 2018. These measures were estimated to have 1.18% power saving in Taishin Tower and 1.82% power saving in Neihu Building, which means that Taishin has achieved the five-year energy saving goal of "save energy by at least 1% per year".



Note 1: 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 2018 included 22,403 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.

## Execution of green action plans

Scope	Action plans	Start Year	Current Status	Annual Power Saving Benefits (kWh)	Annual Carbon Reduction (tCO <sub>2</sub> )
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
	Replacement of LED lighting on the first floor	2018	Completed	78,192	43.32
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

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

## Taishin GHG emission status and intensity

Scope	Unit	2015	2016	2017	2018
Scope 1	tCO <sub>2</sub> e	580	1,660	1,559	1,271
Scope 2	tCO <sub>2</sub> e	21,719	21,822	21,366	23,759
Scope 1 & 2	tCO <sub>2</sub> e	22,299	23,483	22,925	25,030
Intensity (tCO <sub>2</sub> e/ per person)	tCO <sub>2</sub> e/ per person	2.576	2.706	2.448	2.589
Scope 3 Business trips	tCO <sub>2</sub> e (kilometers)	-	<ul style="list-style-type: none"> <li>Taxi : 67.41</li> <li>Employee commuting : 5,688.91</li> </ul>	<ul style="list-style-type: none"> <li>Taxi : 47.30 (315,509)</li> <li>High-speed rail : 35.20 (1,035,171)</li> <li>Airplane : 34.45 (421,397)</li> </ul>	<ul style="list-style-type: none"> <li>Taxi : 50.96 (339,525)</li> <li>High-speed rail : 67.05 (1,972,008)</li> <li>Airplane : 117.8 (1,425,163)</li> </ul>

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

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

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

Note 4: Total financial group emissions are estimated from Taishin's domestic statistical data to overseas by the proportion of employees

# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
  - 6-1 Low-carbon Operations
  - 6-2 Sustainable Supply Chain Management
  - 6-3 Green Purchase
- VII. Social Impacts
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

## 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 by update and optimization of system procedures, digital service, and e-statement. Solutions such as optimized credit card application process, reduction in mailing publications and paper integrated statements, and optimized credit loan marketing. These measures have been estimated to save 3,558,388 sheets of paper which decrease about 76 tCO<sub>2</sub>e of life-cycle assessment. (Note: According to EPD's carbon footprint coefficient database - 4.24kgCO<sub>2</sub>e/kg of original wood pulp photocopy paper and 5g per paper.)

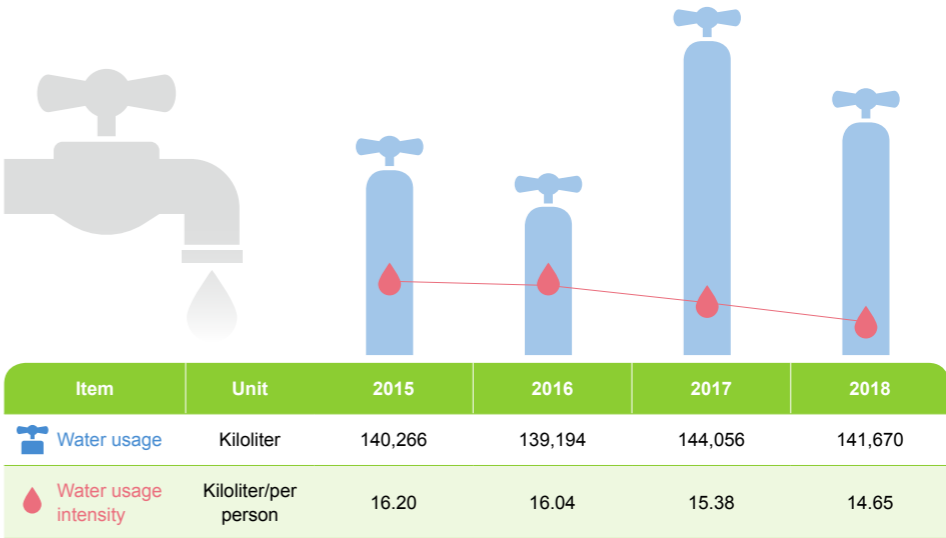
### Reduction of mailing

Taishin Bank has been reducing the need for physical mailing since 2017 as a means to cut back energy consumption, decrease operating cost and improve efficiency. By the end of July 2018, the Bank had implemented 66 innovative proposals that reduced mailing costs by a total of TWD 10,464,857.

## Water resources

Taishin sources its water entirely from Taiwan Water Corporation; it uses no ground water or water from other sources. All wastewater is disposed through the sewage system. In addition to promoting water conservation awareness, Taishin inspects equipment on a daily basis to check for leaks so that repairs can be made to reduce wastage. We have also upgraded our sanitation facilities with dual-flush toilet, water-saving tap, and dispense controls to make the most efficient use of limited water resource. Although Taishin does not use much water as a financial institution, we have set our medium-term goals (2018-2020) as follows: Maintain annual water usage (the ISO14001 scope) per person unchanged at Taishin Tower and Neihu Building, using 2017 level as the baseline. In 2018, Taishin used 141,670 kiloliters of water in total, averaging 14.65 kiloliters per person and representing a 4.8% reduction over 2017.

### Water usage and intensity



## Taishin Holdings

### Contents

### Message from the Chairman

### Message from the President (Chairman of CSR Committee)

### About Taishin

### I. Sustainability Plans

### II. Sustainable Governance

### III. Superior Service

### IV. Sustainable Finance

### V. Friendly Workplace

### VI. Green Operation

#### 6-1 Low-carbon Operations

#### 6-2 Sustainable Supply Chain Management

#### 6-3 Green Purchase

### VII. Social Impacts

### VIII. Stakeholder Engagement

### Report Summary

### Appendix

## Waste Management

As part of the organization's waste management practices, Taishin encourages employees to bring their own bottles instead of using disposable cups, print paper on two sides and recycle/reuse where possible, and dispose stationery into designated recycling boxes. Through real action, we aim to reduce waste and make the most efficient use of our resources. Taishin sorts waste on a daily basis, and commissions certified contractors to collect non-recyclable general waste for incineration. Recyclable and reusable waste is first sorted by employees and then collected by certified contractors for proper treatment. Total volume of waste produced in 2018 was 733.18 tons, divided into non-recyclable domestic waste and recyclable resources. Taishin currently recycles iron, aluminum can, PET bottle, paper and hard drive; in 2019, additional categories such as fluorescent light, battery and toner will be added to the list to facilitate reuse and renewal, and thereby reduce impact of waste on the environment.

### Waste treatment methods and volume in 2018

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	1,490	897	219	2,606
		Iron cans			1,242	388	120	1,750
		Aluminum cans			83	5	23	111
		Paper			22,250	13,895	3,600	39,745
		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	56,930			
		IT equipment (hard disks)	Recycled by supplier	Once data is erased, the IT Division will make random checks for any omissions	378.45			

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

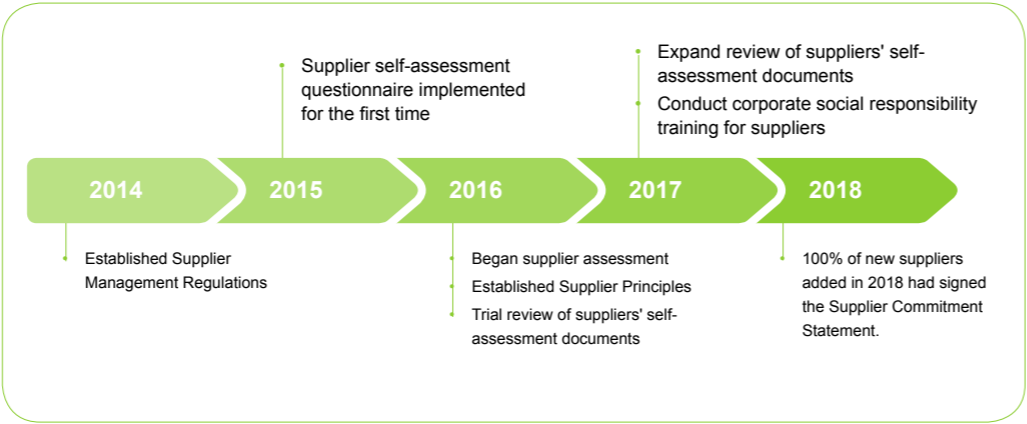
### Waste volume and intensity

Item	Unit	2014	2015	2016	2017	2018
Total waste volume	Ton	700.53	736.53	714.11	800.32	733.18
intensity	Ton/ per person	0.0858	0.0851	0.0823	0.0855	0.0758

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 and 2018 waste were calculated based on the total amount of waste in Neihu Building, Taishin Tower, and Jianpei Building, and is estimated based on the proportion of employees in the three largest buildings that account for the entire group.

## 6-2 Sustainable Supply Chain Management

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



### Management Policies and Procedures

Taishin Holdings engages a wide variety of suppliers including system developers, telecommunication carriers, insurance companies, fund companies, card manufacturers, overseas investment consultants, financial information suppliers, advertising companies, media, printing companies, and office consumables suppliers. The organization has "Supplier Management Regulations" and "Taishin Bank Procurement and Supplier Management Guidelines" in place to promote sustainability of its supply chain. All suppliers are required to sign a "Supplier Commitment Statement" and undergo "Supplier Satisfaction Monthly Assessment Worksheet" as well as annual review. Through implementation of a robust management system, we hope to achieve sustainable growth alongside our suppliers.



#### Supplier Management Regulations

Selection principles:

- Localization
- Labor assessment
- Impact assessment
- Moral standards
- Risk management



#### Supplier Maintenance & Management Regulations

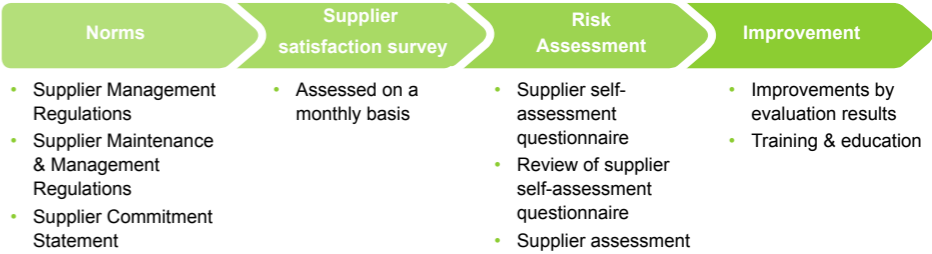
Eligible suppliers have to meet one of the following criteria:

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



#### Supplier Commitment Statement

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



**Taishin Holdings**

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

**VI. Green Operation**

6-1 Low-carbon Operations

**6-2 Sustainable Supply Chain Management**

6-3 Green Purchase

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

##### 6-1 Low-carbon Operations

##### 6-2 Sustainable Supply Chain Management

##### 6-3 Green Purchase

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

### Supplier's commitment

Taishin has included "[Supplier Commitment Statement](#)" as part of the contract, which is to be signed whenever a contract is renewed or newly established. The statement outlines suppliers' commitment to issues such as corporate social responsibility, sustainable environment and protection of basic human rights. 100% of new suppliers added in 2018 had signed the Supplier Commitment Statement. As of March 2019, 100% of Taishin's suppliers have signed their commitment to sustainability, a goal that was initially planned to be accomplished by 2020.

### Supplier Risk 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 in order to understand their sustainability risk ; 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. After recovering the questionnaires, the Company then performs supplier assessment and requests improvement from suppliers based on the outcome of assessment to ensure risk reduction and effective control. Suppliers with rating of C will be instructed to make improvements, and suppliers with rating of D will have purchase orders suspended until improvements are made and their rating changed back to C.

#### Supplier self-assessment questionnaire

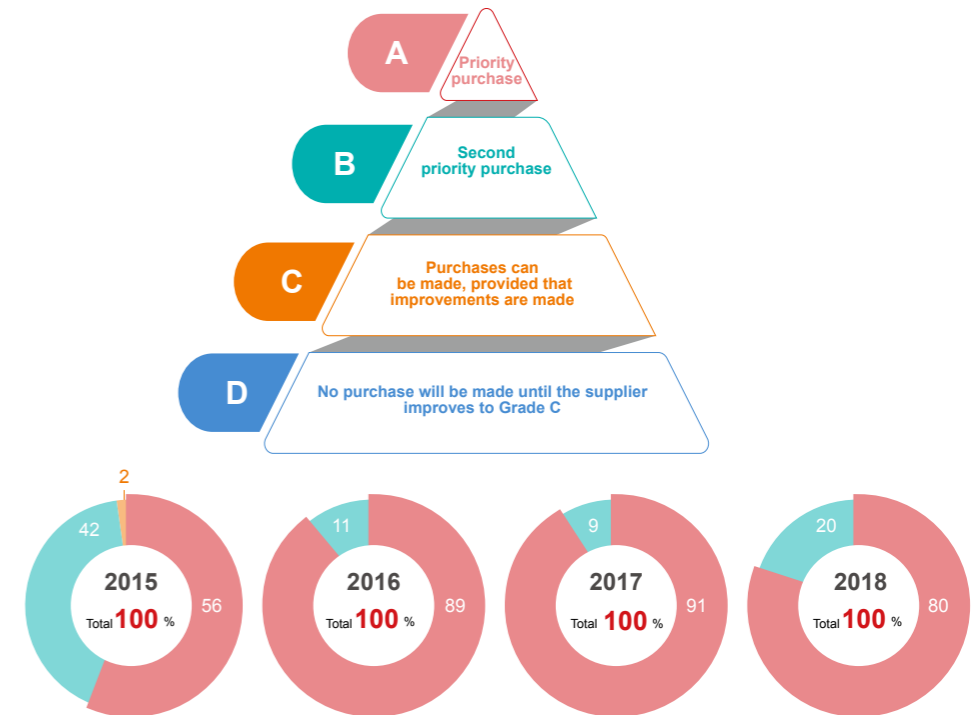
- ✓ Quality management
- ✓ Business secret protection
- ✓ Supplier management
- ✓ Sustainable governance
- ✓ Human rights management
- ✓ Health and safety
- ✓ Environmental protection



### Types and weight of major suppliers in 2015-2018 (%)

	IT/telecommunication	Other equipment/ construction (%)	Cards/ printing (%)	Services (%)	Marketing activities (%)	General affairs (%)
2015	49	21	12	12	4	2
2016	46	19	9	22	4	0
2017	39	28	11	22	0	0
2018	40	30	12.5	17.5	0	0

### Supplier Assessment in 2015-2018



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

##### 6-1 Low-carbon Operations

##### 6-2 Sustainable Supply Chain Management

##### 6-3 Green Purchase

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

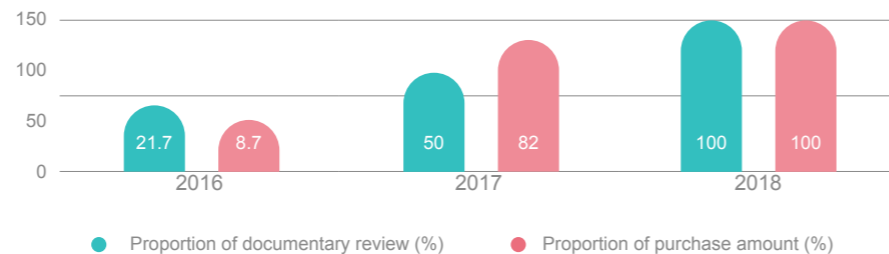
#### Report Summary

#### Appendix

### Review of suppliers' self-assessment documents

For more control over suppliers' sustainability risk exposure, Taishin requires all tier 1 major suppliers to complete self-assessment questionnaires and sets goals to complete documentary review for all tier 1 major suppliers in 3 years (2016-2018). By 2018, Taishin had completed documentary review for 100% of tier 1 major suppliers. Taishin also conducted CSR training and human rights survey for all suppliers it engaged with in 2018 as a means to promote sustainability awareness. Through these exercises, suppliers were made aware of Taishin's emphasis and requirements on issues such as business ethics, integrity, environmental protection, workers' rights, charity and risk management. CSR courses were organized in 2018 to train suppliers on Taishin's Supplier Management Regulations, Supplier Principles and supplier sustainability management procedures. Each course had a duration of about 30 minutes, and a total of 225 suppliers (100%) had completed their training during the year.

Documentary review of tier 1 major suppliers



### Supplier Human Rights Management

To control human rights supervision and improve supplier management, Taishin has designed a supplier human rights risk questionnaire based on Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Global Compact, ISO 26000, International Labour Organization, Social Accountability 8000, Code of Conduct of Responsible Business Alliance (RBA), and ISO 27001-Information Security System requirements pertaining to financial industries to serve this purpose. A total of 225 suppliers were surveyed in 2018, and 100% of questionnaires were recovered. There were 10 invalid responses, and analysis was performed on the 215 valid responses. To assure basic human rights, suppliers that scored below 80 were defined as high-risk suppliers, and the analysis showed high-risk suppliers representing 7.9% of total suppliers. Failure to pass ISO 27001 - Information Security System certification and absence of human rights policy were the most common risk issues. Risks presented by Taishin suppliers in this respect mainly involve: failure to pass certification for ISO 27001 - Information Security System, absence of statistics on disabling injuries, absence in hiring indigenous people/persons with disability, and absence of human rights policy. Although the percentage of high-risk suppliers has decreased from 18.5% in 2017 to 7.9% this year, we remain dedicated in our efforts to communicate with suppliers, and expect to convene our first supplier conference in 2019 where we will exchange experience with suppliers and convey our attention to human rights issues in greater depth, and invite them to join our cause.

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

6-1 Low-carbon Operations

6-2 Sustainable Supply Chain Management

6-3 Green Purchase

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

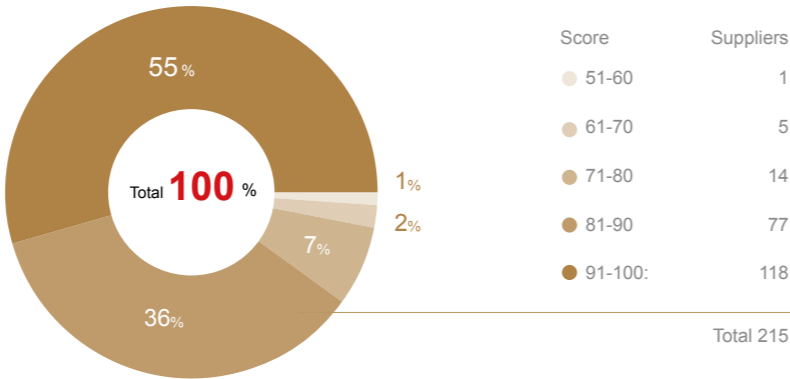
Appendix

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

## Human rights risk assessment

- ✓ Human rights policy
- ✓ Management system and practices
- ✓ Workplace diversity
- ✓ Management performance
- ✓ Health and safety
- ✓ Information protection

Results of suppliers risk assessment



## 6-3 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 3 consecutive years (2016-2018). A total of 19 items were listed for green purchase in 2018, 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 TWD 41,936,044.

### Amount of green purchase

Year	2014	2015	2016	2017	2018
Amount of green purchase (TWD)	11,497,447	15,407,329	6,312,153	20,216,524	41,936,044

Note 1: Purchase of energy-efficient vehicle and green building materials in 2017 had increased compared to previous years.

Note 2: Increase in items of green purchase in 2018 shows our practice in green purchase policies.

## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

**VII. Social Impacts**

7-1 Social Impacts

7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



# Social Impacts

7-1 Social Impacts

7-2 Fellow Support

7-3 Social Involvement

# 7-1 Social Impacts

## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

7-1 Social Impacts

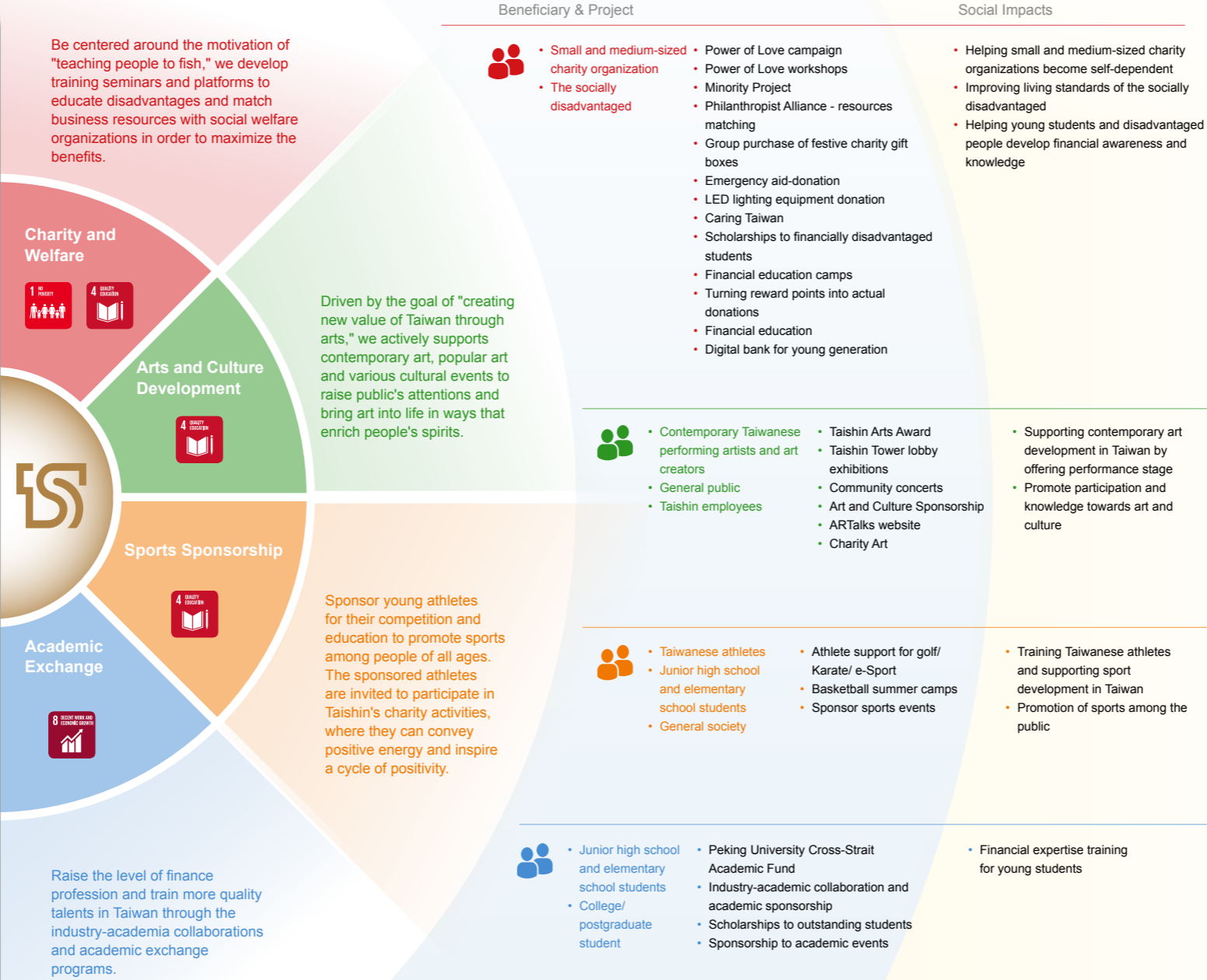
7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



## The Four Focus of Social Welfare

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

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

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

##### 7-1 Social Impacts

##### 7-2 Fellow Support

##### 7-3 Social Involvement

#### VIII. Stakeholder Engagement

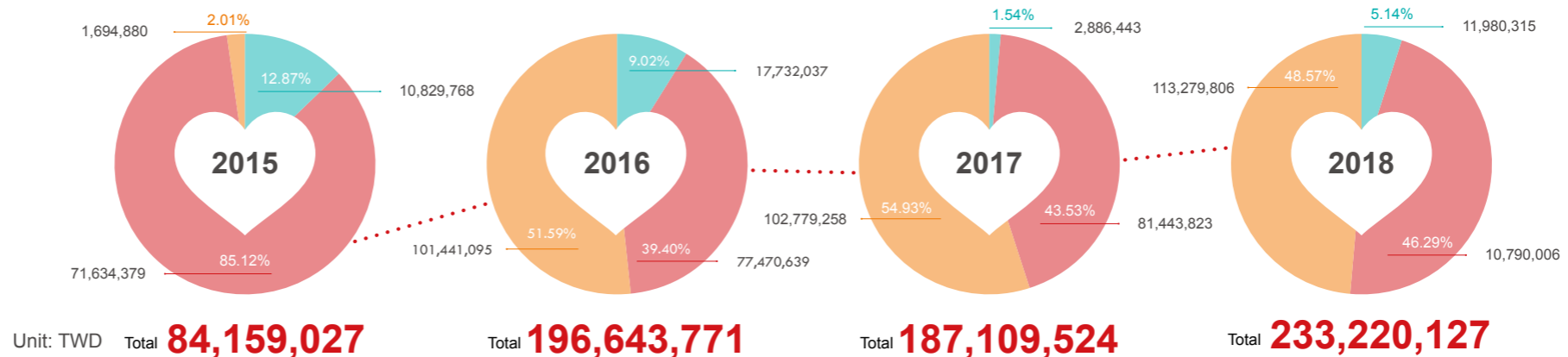
#### Report Summary

#### Appendix

To more effectively measure the size of resources invested and the level of output yields, Taishin adopted the London Benchmarking Group (LBG) model and utilized quantitative measurements to measure the level of resources invested into social engagement causes, the size of yield generated, the overall outcome and long-term influence on the society. Taishin continues to invest resources into solving the society's problems. In 2018, the organization contributed 25% higher resources compared to 2017 in various forms including: donated amounts and resources to small and medium-sized charity organizations, sponsorship for arts and cultural performance, and support to sport events, which benefited a larger number of people and organizations.

#### Driver of contribution

Taishin has been associating its core business functions with social engagement initiatives since 2016. In 2018, the organization invested 10% additional resources into commercial initiatives compared to 2017, including the issuance of Organic Co-branded Card in June 2018 where reward credits are directed towards supporting organic farming in Taiwan. In addition to promoting the use of mobile statements, Taishin has also been funding the replacement of energy-efficient lighting for financially disadvantaged families and inviting customers to participate in charity programs. In the future, Taishin will continue to support related projects and direct corporate resources toward charity themes for greater social influence.



Taishin makes timely donation of cash and supplies to people and organizations in need.

Taishin offers assistance to the parties in need through four main focuses.

**Charity:** Taishin organizes campaigns, programs, volunteer counseling and competency courses that help people develop self-dependency in a systematic manner. Meanwhile, Taishin attracts social engagement from the general public by exerting influence as a corporate entity, and matches donors to those in need more efficient use of the society's resources.

**Arts and culture:** Taishin contributes on several levels including: sponsoring of performance and exhibition funding, introduction of world-recognized award selecting system, and development of digital/physical platform. These efforts are intended to increase the visibility of artists. Taishin also sponsors world-class exhibitions/performances and arranges charity viewing where possible to promote art and culture appreciation in Taiwan.

**Sport sponsorship:** Taishin contributes resources and coordinates with customers to support local athletes. By sponsoring sport events, we aim to promote sport activities among specific groups.

**Academic development:** Taishin provides tuition assistance to students from financially disadvantaged families.

Taishin associates core business activities with social initiatives, for example: The organization utilizes financial expertise to provide investment education for the socially disadvantaged. Taishin's service network is being utilized to facilitate circulation of social resources with customers' help. Corporate resources are being committed into organizing design courses and internship opportunities, and training financial talents.

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

##### 7-1 Social Impacts

##### 7-2 Fellow Support

##### 7-3 Social Involvement

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

Taishin had increased its level of commitment in 2018 from cash, in-kind and time contribution. It is worth noting that participation of employee volunteer has grown significantly year after year due to the internal programs such charity organization sponsorship, department volunteer events, one-day volunteer activity, volunteer leave and etc.. Participation rate in 2018 was more than 40% higher than the previous year, which indicated that employees have not only accepted voluntary service as part of their roles, but actually enjoy in sharing experiences.

Unit: TWD

Form of Contribution	2015	2016	2017	2018
Cash	\$ 72,543,256	\$ 186,325,054	\$ 169,007,536	\$ 211,360,407
Time	1,346,630	1,053,668	6,381,720	8,979,814
In-kind	776,440	495,000	3,587,400	3,714,800
Management costs	9,492,701	8,770,049	8,132,868	9,165,106
Total	\$ 84,159,027	\$ 196,643,771	\$ 187,109,524	\$ 233,220,127

To more effectively help small and medium-sized charity organizations grow and become self-dependent, Taishin expanded the scope of its training courses in 2018, introducing a new "Digital Influence of NPOs" workshop in addition to the existing Power of Love Workshop that aims to bring training resources into remote areas. Taishin has long been supporting the ideals and practices of small and medium-sized charity organizations, for which it has been favorably recognized among the general public and is reflected in the continuous growth of recurring donations. In terms of sport sponsorship, Taishin extended its support to e-sports for the first time during the year, and contributed corporate resources to sponsor the Taiwanese gamers in international competitions.

### Execution outcomes

	Benefits		2017	2018
Charity and Welfare	Commercial	Employee volunteering hours	10,260	14,437
		Digital banking members	240,000	500,000
		Percentage recurring donations from Power of Love donors	23	40
	Social	Organizations donated by Power of Love	127	144
		Organizations participating in workshops	215	302

Art and Culture Development	Commercial	Media value (TWD)	15,892,500	17,463,600
		Participants to employee art courses	6,875	6,810
	Social	Participants of sponsored/organized activities	888,323	630,926
		Sessions of sponsored/organized activities	59	60

Sports Sponsorship	Commercial	Brand exposure	🔥 Improved	🔥 Improved
	Social	Sponsored athletes	4	28
		Participants of sponsored/organized activities	860,096	410,688

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


## 7-2 Fellow Support

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

	Employees	Suppliers/ Community	Customers
Volunteer service	●	●	
Gathering of supply	●	●	●
Goods donation	●	●	●
Professional skill	●	●	
Public spending	●	●	●


### Employees

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




**Leave**

Volunteers who participate in charity events outside office hours may receive one day of "Volunteer Leave" for every six hours of volunteer service performed. Each employee may apply for up to 5 days of volunteer leave per year.




**Training**

The Company organizes full-day volunteer training on a yearly basis, during which charity organizations are invited to share and arrange training sessions such as orientation for the visually impaired and aging experience. These training sessions enable volunteers to feel and understand the needs of the assisted subjects on a more personal level.




**One-day volunteer**

Taishin Charity Foundation organizes charity sales, workshops and volunteer activities, and invites employees through the Intranet to participate in one-day volunteer events. The foundation also encourages Taishin employees to sponsor and visit small and medium-sized charity organizations personally, whereas employees have mobilized among them to attract more people into performing volunteer service.



**Commendation**

Taishin commends active volunteers during quarterly morning conferences, and invites participants to share their thoughts. The organization also holds Volunteer of The Year to recognize top-performing volunteers on a yearly basis. Winners are treated to banquets to receive gratitude personally from the Chairman.



**Reward**

Volunteers are treated from time to time to various events such as film screening, art/culture appreciation, VIP night, and meal gathering as commendations for their selfless acts.

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

7-1 Social Impacts

7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
  - 7-1 Social Impacts
  - 7-2 Fellow Support
  - 7-3 Social Involvement
- VIII. Stakeholder Engagement
- Report Summary
- Appendix

## We successfully increased volunteering hours in 2018:



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

Taishin founded a Stress Relief Workshop and hired visually impaired masseurs and masseuses. Employees only need to donate TWD 25 to enjoy a 15-minute massage session, and this donation is entirely handed over to Taishin Charity Foundation to support small and medium-sized charity organizations. Meanwhile, employees have responded actively to the charity sales organized by Taishin Charity Foundation at Taishin Tower and Neihu Building or voluntarily organized group purchases on their own to help charity organizations. A total of **10** group purchases were made in 2018 to purchase **TWD 1,185,338** in goods.

## ★ Case Study

### • Volunteer service

20 employees from Kaohsiung nearby branches organized a gathering with "Kaohsiung City Association for Employment of Persons with Disabilities" to join persons with disability in planting vanilla.



### • Public spending

The Retail Banking Non Performing Asset Recovery Division began arranging group purchase for mini-buns 5 years ago. This year, the division head purchased mini-buns in gift boxes and distributed them to division managers. More than 2,000 mini-buns totaling TWD 60,640 were purchased from "Mind Farm," which was two times the volume of the previous year.



### • Professional skill

Taishin Bank Songde Branch and "Taipei Orphan Welfare Foundation" jointly organized the "Young Banker Officer - Fantasy Farm" program, which used games to guide 20 disadvantaged children towards learning the importance of money management, resource allocation and risk planning, as well as the proper investment awareness.

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

##### 7-1 Social Impacts

##### 7-2 Fellow Support

##### 7-3 Social Involvement

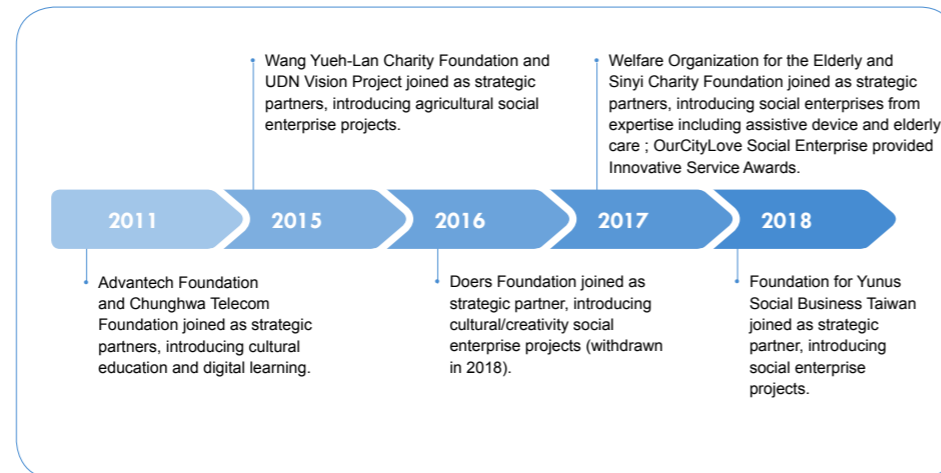
#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

### Suppliers/Community

Taishin Charity Foundation has long been executing its "Power of Love" and inviting suppliers, businesses, concerned non-profit organizations and experts into joining strategic partnership or the Philanthropist Alliance. With increasing support from suppliers and the community, Taishin is able to expand the influence and beneficiaries of its charity efforts. Taishin's long-time commitment has been well-recognized by the public; in 2018, Taishin saw the size of its strategic partners increase to **8** while Philanthropist Alliance also expanded to **95** members. Ongoing support and participation from the public have enabled Taishin to expand its reach from 4 beneficiary groups in one aspect of public welfare to 10 beneficiary groups distributed among 5 aspects of public welfare, and contribute not only in the form of charity, but through other aspects including cultural education, digital learning, social enterprise and elder-friendly community as well. Apart from elders, children, persons with disability and the socially disadvantaged, Taishin's influence now reaches additional beneficiaries including educators, residents in remote locations, agricultural social enterprises, rehabilitation social enterprises, charity social enterprises, and elder-friendly communities.



Through the use of a charity cloud platform, Taishin sources contribution from suppliers and the community, and enables businesses to make more efficient use of exiting resources. In 2018, the matching of supplies benefited **105** charity organizations in total. In addition to matching resources, Taishin Charity Foundation has also made multiple attempts to connect suppliers and community residents with charity organizations for meaningful interactions. "Charity Art," for example, is a program that invites partnered artists to decorate the local community, whereas during the "Leaders Summit," representatives from non-profit organizations were invited to share their own experiences while advertising agencies and students from School of Continuing Education, Chinese Culture University, were invited to assist charity organizations with packaging design and integrated marketing.

### ★ Case Study

#### • United Daily News

Taishin uses the "UDN Shopping" platform to source supplies for the Power of Love campaign. In 2018, UDN Shopping offered 3 slots to the charity organizations referred by Taishin; under this arrangement, consumers may purchase on webpage the supplies needed by charity organizations, and have them delivered to the respective charity organizations through UDN.

#### • Ogilvy One

Ogilvy One has been a long-time participant of Taishin's Philanthropist Alliance, and became a voluntary instructor for the "Marketing Workshop" since 2014. Through this workshop, Ogilvy One not only shared its professional marketing techniques and experiences with charity organizations, but also introduced them to digital marketing trends, especially on how to run and manage their own media.



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

##### 7-1 Social Impacts

##### 7-2 Fellow Support

##### 7-3 Social Involvement

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

#### • J. Walter Thompson (JWT)

JWT assists charity organizations in optimizing product package. In 2018, JWT helped Smile Angel Bakery (an affiliated merchant of Taichung City Welfare for The Disabled Association) improve packaging for nougat gift boxes, which were later purchased (totaling TWD 270,000) as Taishin's Mid-autumn gifts for customers, and recommended as VIP birthday gift for Taishin's Infinite Card holders. These efforts were intended to help the charity organization secure stable revenues.



#### • Mitake

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

#### • Nantou County Youth Karate Team

Nantou County Youth Karate Team joined the Philanthropist Alliance of Taishin Charity Foundation, and was led personally by coach Tai-Chi Huang to visit charity organizations in Nantou during summer breaks, where they spread Taishin's "Power of Love." In 2018, the team visited "Rehoboth Welfare Foundation" in Taichung, where they gave back to the society and contributed to the cycle of decency.



### Customers

Driven by the motivation to "give back to the society," Taishin Bank plans and executes charity efforts on a long-term basis, and actively creates opportunities for customers to participate in the good cause. Through innovative use of campaigns, platforms and products, the Bank aims to make charity participation simple for the customers. For example, customers can turn reward points into actual donations using the Internet, or join the pact to raise food and medical resources for stray animals through facial recognition. Simply by converting into mobile statement, customers can help disadvantaged families raise money to install LED lighting equipment, and the campaign was awarded the Grand Award and Special Award in the 2018 "Buying Power--New Product and Service of Social Innovation Purchase Reward Program" by the Small and Medium Enterprise Administration, Ministry of Economic Affairs, making Taishin the only bank to win the Grand Award. By applying creativity, Taishin involves its customers in more efficient exchange of resources and maximizes positive influences.

### ★ Case Study

#### • Charity golf tournaments

Since 2011, Taishin has been hosting charity golf tournaments and inviting customers and renowned local and foreign golfers to contribute to good cause as they tee off.

Nearly **TWD 2 million** of donation were raised during the 2018 tournament, and will be entirely donated to Taishin Charity Foundation.



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

##### 7-1 Social Impacts

##### 7-2 Fellow Support

##### 7-3 Social Involvement

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix

#### • 3-part Stray Dog Sponsorship program

Richart has been running a 3-part Stray Dog Sponsorship program since 2016. From "Adoption" in the first year to "Rescue" in the second year, the program used different themes to promote the public's understanding towards stray animals. In collaboration with digital marketing partner "SugarFun Creative" and world-renowned film director Hsin-Yin Sung, Richart released a video clip for its 2<sup>nd</sup> "Stray Animals SOS!" campaign that won the 2018 Red Dot Award: Brands & Communication Design. The international jury panel acknowledged Richart for utilizing a diverse range of digital tools to support the communication and for engaging online celebrities in charitable cause. Utilizing online influence, the program inspired a greater number of people into helping stray animals and learning the cause of abandonment in the first place, so that actions can be taken to encourage adoption and reduce the number of abandoned animals. Many customers left messages over the social network to express their support for Richart's charity involvement, and some have even committed to advocate for stray animals in their own way. Towards the end of 2018, Richart launched its 3<sup>rd</sup> "Stray Animal Smile Pact" campaign that invited the general public to sign the pact through smiles captured via facial recognition technology and raise the food and medical resources needed to take care of stray animals. Through events of different themes, Richart has attracted attention from more than **1 million** people to the issue of stray animals, and guided the general public towards caring for stray animals from a number of perspectives.

#### • Credit card reward points for donation

Taishin Bank's credit card reward website has been associated with PayEasy, an online shopping website, to provide exclusive redemption service. In addition to the broad variety of products, Taishin cardholders may also choose to redeem reward points for donation. For every 1,000 points redeemed, Taishin Bank donates TWD 60 to partnered charity organizations. The platform currently has 29 partnered charity

organizations and receives **nearly 1,000** requests to convert approximately **1 million** reward points into donation per month.



#### • Cotton Field Co-branded Card

In June 2018, Taishin Bank collaborated with Cotton Field Organic on the issuance of Cotton Field Co-brand Card, and used it as a means to support organic farming in Taiwan. For every purchase made by Cotton Field Co-brand Card holder at Cotton Field Organic, Taishin contributes a fixed percentage of the transaction to a designated foundation, where the money is used to subsidize organic farmers for various purposes including organic certification and transformation. By increasing the size of organic farmers, Taishin hopes to improve the quality of food produced in Taiwan. By December 2018, the Bank had contributed nearly **TWD 100,000** to the foundation. The Bank also plans to issue the card on a larger scale in 2019 and TWD 2 million of contributions for the entire year.

#### • LED lighting equipment donation

To promote the use of digital bank statements, Taishin has taken an unique approach that involves the Bank, credit card customers and financially disadvantaged families at the same time, unlike the unilateral donation commonly adopted by other financial institutions. In 2018, the Bank collaborated with Taiwan's first Type B enterprise - "DOMI Earth" to help one family in energy poverty upgrade to energy-saving lighting equipment for every 1,000 credit card holders who convert from printed credit card statements into digital bank statements. The program received overwhelming support from more than **200,000** cardholders in a year, which eventually helped **more than 100** families in energy poverty install energy-saving lighting equipment. This innovative platform won Taishin Bank the Grand Award and the Special Award in the 2018 "Buying Power--New Product and Service of Social Innovation Purchase Reward Program" organized by the Small and Medium Enterprise Administration, Ministry of Economic Affairs, and made Taishin Bank the only banking institution to win in this award. Simply by converting into digital bank statements, cardholders are able to contribute to the environment and charity at the same time, and Taishin invites all cardholders to participate in creating the cycle of positivity.

# 7-3 Social Involvement

## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

7-1 Social Impacts

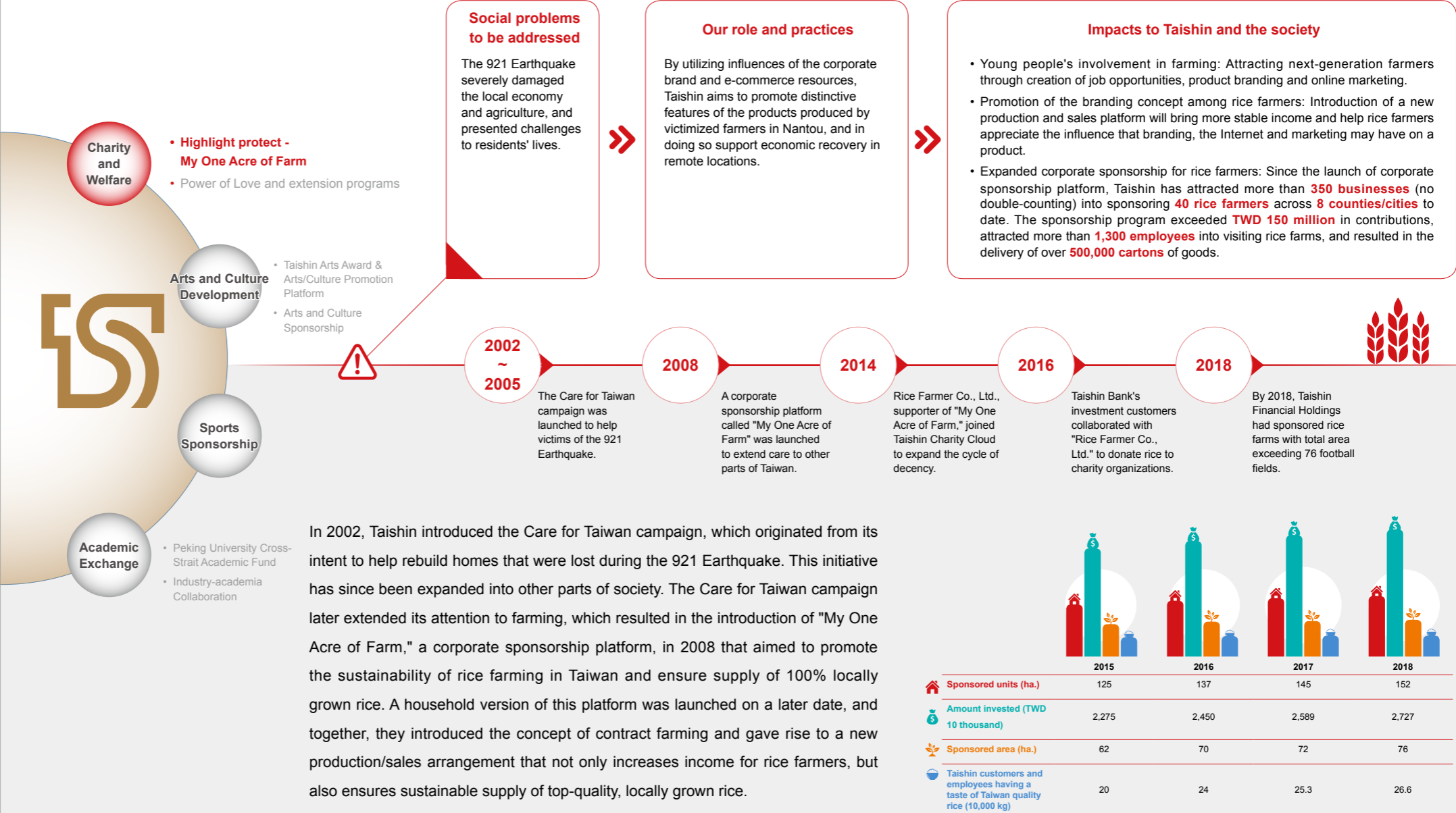
7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



# Taishin Holdings

## Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

## VII. Social Impacts

7-1 Social Impacts

7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

##### 7-1 Social Impacts

##### 7-2 Fellow Support

##### 7-3 Social Involvement

#### VIII. Stakeholder Engagement

#### Report Summary






#### Appendix

from charity funds; furthermore, the process of explaining and promoting proposals to the public helps each organization raise public awareness and develop the ability to convince contributors of their cause, and ultimately builds healthy relationship with the society. Taishin constantly expands its attention to cover broader issues and wider range of people. Taishin has been expanding the scope and beneficiaries of its charity focus in recent years, and invited many strategic partners to join its cause in light of the uprise of social enterprises. By 2018, Taishin had supported 3 categories of "social enterprise," namely: agriculture, charity and rehabilitation.

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

This campaign emphasizes on "applying innovative thinking and technology in charity," and assisting charity organizations with up-to-date marketing information. In addition to hosting training workshops, Taishin also organized "Weiguang Seminar Locomotive" in 2018 and made 6 nationwide tours to cater for small-size charity organizations in remote locations. During the voting period in November 2018, several charity organizations were seen using online broadcast, LINE, Facebook or celebrity videos to promote awareness, which indicates that small and medium-sized charity organizations have adapted to using online tools for promotional purpose.

### 5 Categories and 10 Targets

					
5 Categories	Charity and Welfare	Culture and Education	Digital Learning	Social Enterprise	Senior Community
10 Targets	<ul style="list-style-type: none"> <li>Elder Care</li> <li>Child Welfare</li> <li>Disabled People</li> <li>Vulnerable Groups</li> </ul>	<ul style="list-style-type: none"> <li>Culture and Education (Schools, culture and education units)</li> </ul>	<ul style="list-style-type: none"> <li>Digital Learning</li> </ul>	Social enterprise: <ul style="list-style-type: none"> <li>Agriculture</li> <li>Rehabilitation</li> <li>Charity</li> </ul>	<ul style="list-style-type: none"> <li>Senior Community (Elders)</li> </ul>
Strategic partners	1. Wang Yueh-Lan Charity Foundation 2. Our City Love Social Enterprise	Advantech Foundation	Chunghwa Telecom Foundation	1. United Daily News 2. Welfare Organization for the Elderly, Taiwan 3. Foundation for Yunus Social Business Taiwan	Sinyi Charity Foundation

Note: Charity and Welfare is co-organized by Taishin Charity Foundation and Wang Yueh-Lan Charity Foundation.

Project	Beneficiaries	Event Details	Results in 2018
Financial Education Camp	Disadvantaged students of elementary school and above	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"> <li>6 sessions were held</li> <li>154 participants</li> </ul>
Group purchase of festive charity gift boxes	Sheltered workshops, small and medium charity organizations	Since 2013, the Bank has been inviting other subsidiaries of Taishin Holdings into making group purchases of charity gift boxes during Mid-autumn Festival, and giving them to Taishin Bank's customers and business partners.	<ul style="list-style-type: none"> <li>Mid-autumn gift boxes were purchased from 23 charity organizations</li> <li>Total amount: TWD 1,175,438</li> </ul>
Charity Art	Small and medium-sized charity organizations	The "Charity Art" program was first introduced in 2014 as a means to associate art with charity efforts.	<ul style="list-style-type: none"> <li>Mid-autumn gift boxes were purchased from 23 charity organizations</li> <li>Total amount: TWD 1,175,438</li> <li>29 sessions were held</li> <li>70 participating charity organizations</li> <li>More than 3,000 people had benefited</li> <li>Total amount: TWD 2,451,540</li> </ul>
Power of Love Workshop	Small and medium-sized charity organization	Taishin has been inviting professionals and businesses from different areas of expertise since 2015 to share their knowledge and help social workers develop professional capacity. Events such as marketing, media communication, charity travel which help them know more about marketing.	<ul style="list-style-type: none"> <li>7 workshops were held</li> <li>More than 175 participants from 115 organizations</li> </ul>
Minority Project	Small and medium-sized charity organizations	Since 2015, Taishin Bank has been touring around the island and visiting remote townships to deliver training courses for small and medium charity organizations that did not win funding. In 2018, coorganized "Digital Influence of NPOs" workshops with Taiwan NPO Information Platform and help them be seen by the public.	<ul style="list-style-type: none"> <li>6 sessions of "Digital Influence of NPOs" were held</li> <li>More than 187 charity organizations had benefited from the workshop</li> </ul>
Campus Charity	Social enterprises and small and medium-sized charity organizations	Taishin has been actively bringing charity programs onto campus since 2015. In 2018, 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. Furthermore, the Bank coordinates with Kang Chiao International School and Rotaract Silicon Club to mobilize a greater number of young people into charity activities.	<ul style="list-style-type: none"> <li>2 charity organizations had benefited</li> </ul>
Philanthropist Alliance - matching of the right resources	Small and medium-sized charity organizations	Taishin Charity Foundation has implemented a "Philanthropist Alliance" system that actively refers charity organizations to a broad range of resources and expertise offered by businesses and professionals.	<ul style="list-style-type: none"> <li>105 charity organizations had benefited</li> <li>Total donation of TWD 2,000,000</li> </ul>

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

### VII. Social Impacts

7-1 Social Impacts

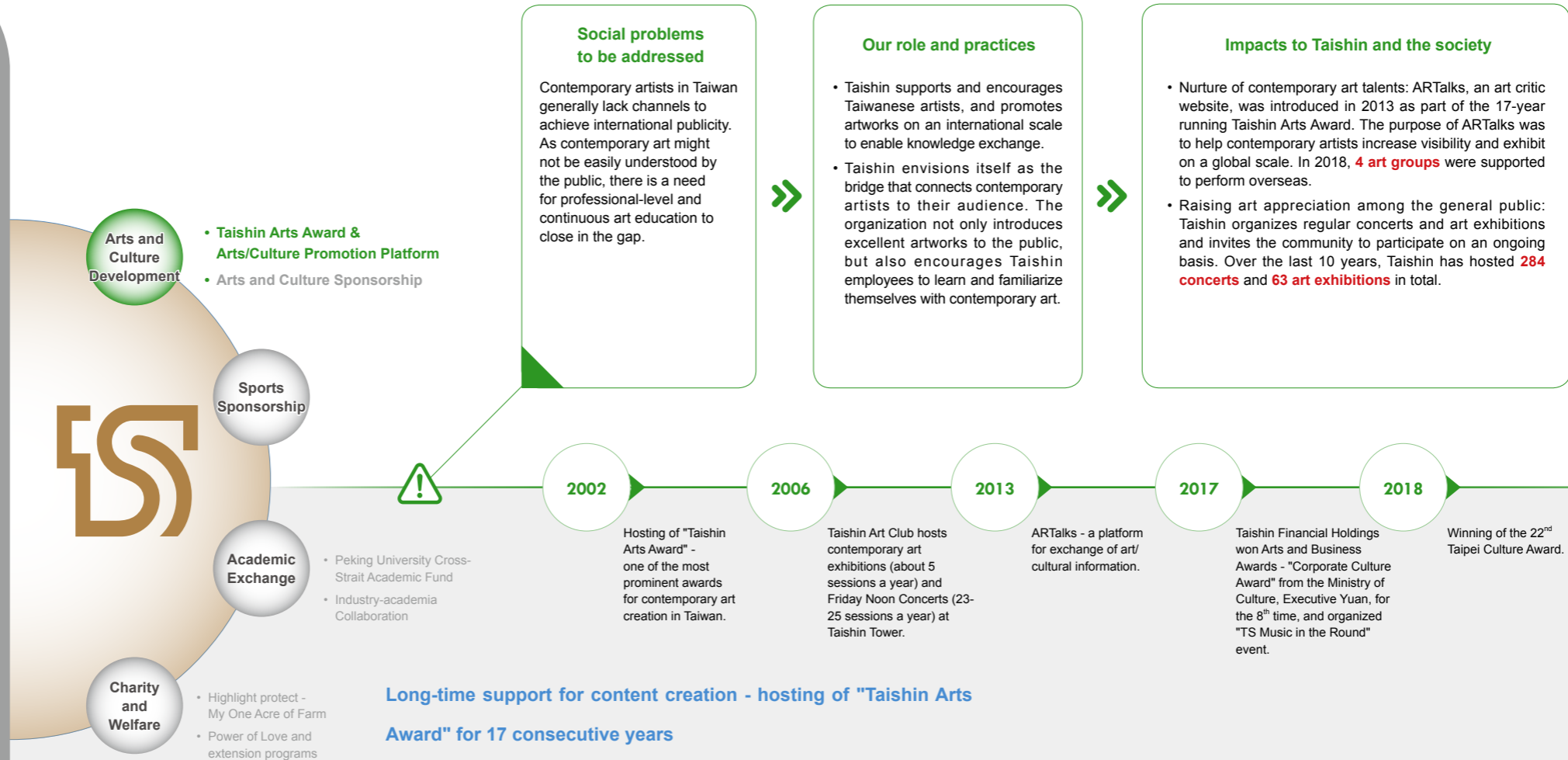
7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



### Long-time support for content creation - hosting of "Taishin Arts Award" for 17 consecutive years

Taishin established "Taishin Bank Foundation for Arts and Culture" in 2001 as a way to support "contemporary art development in Taiwan." "Taishin Arts Award" was later organized to encourage and support the growth of visual art, performance art, and other forms of art. The award adopts an active nomination system where 9 "Nominators" are assigned to view new productions or art exhibitions in Taiwan per year, from which they write

critiques a year and announce a list of nominees with supporting reasons on a quarterly basis. From the 100+ productions/exhibitions nominated in 2018, the jury conducted a series of review and selection before concluding winners for the three main prizes totaling TWD 3.5 million.

Over the last 17 years, Taishin Arts Award has commended 55 winners and paid more than TWD 46 million in prizes. In addition to offering prizes, the foundation has also been active in promoting artworks nominated for the award.

# Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

7-1 Social Impacts

7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix

ARTalks, the critics platform founded in 2013, has accumulated more than 1.8 million visits to date, whereas the 14-year running Arts Award Exhibition accumulated a total audience of 300,000. The Arts Award Exhibition became an online event during its 15th and 16th year, and the event webpage accumulated nearly 90,000 visits to date.

The Arts Award also hosts other related events such as seminars, extended performance/exhibition etc during the yearly finals. More than **TWD 230 million** have been spend on awards, prizes and related events since the Arts Award was first organized. Taishin Bank Foundation for Arts and Culture won Taipei City Government's "22<sup>nd</sup> Taipei Culture Award" in 2018 for "having made long-term and extraordinary contribution in promoting appreciation and participation of artistic and cultural activities among citizens." The award was presented personally by Mayor Wen-je Ko during the award ceremony, who praised "Taishin Arts Award" as the most important and internationally connected contemporary art award in Taiwan. This accomplishment inspired solely by the "private sector" serves as a reminder to what the government can do to support artists.

## Interview with juries of the 22<sup>nd</sup> Taipei Culture Award

Taishin Arts Award has been renowned for its rigorous design and practices, from observation, nomination, selection to the exhibition of nominated works. Its process enables creations to be viewed by a broader audience, and the best creator to be chosen by a panel of international juries. Creators need more critique, introspection and feedback, and introducing international critique opens up new directions for domestic creations, while at the same time enables the public to learn how artists' creations are being perceived and recognized in the world. To this end, the robust design of Taishin Arts Award affirms and honors creators at the highest possible level.

Mr. Chin-Cheng Chen, jury of the 22<sup>nd</sup> Taipei Culture Award



### Taishin Arts Award

"Taishin Arts Award" was introduced back in 2002 as a means to encourage visual, performance and various types of artistic creation in Taiwan, and has since become one of the most prominent awards for contemporary art creation in Taiwan. The 2018 event offered a total prize of TWD 3.5 million over three categories, namely: "Annual Grand Prize," "Performing Arts Award" and "Visual Arts Award."

Taishin Arts Award continued the "Nominee Subsidy Program" that it has introduced since 2017 and invited nominated artists/teams to apply for the subsidy for their creations. Between 2017 and 2018, the program paid TWD 2.4 million in subsidies to finance 24 nominated artists in various activities such as tour performance of existing works, creation of new works, music/video publication, field collection etc.



Outcomes of Taishin Arts Award	2016	2017	2018
Cumulative number of winners	49	52	55
	<ul style="list-style-type: none"><li>Total visitors: 10,265</li><li>A total of 22 institutions, 15 teachers and 1,662 students had completed their offsite teaching at the Taishin Arts Award exhibition.</li></ul>	<ul style="list-style-type: none"><li>A dedicated website was developed in place of physical exhibition; the website received 57,267 visits.</li></ul>	<ul style="list-style-type: none"><li>A dedicated website was developed in place of physical exhibition; the website received 31,860 visits.</li></ul>



### Feedbacks from winning artists

Taishin Arts Award has been evolving and making adjustments every year to allow both established as well as emerging artists to be seen in the selection process of the Awards for their works!

Bulareyaung Pagarlava – The 16<sup>th</sup> Taishin Arts Award - Performing Arts Award winner



### Feedbacks from the Award Jury Committee

To me, the thing that distinguishes Taishin from other foundations is that Taishin has developed a credible method for observing art development and choosing the winner of the year in Taiwan. An award is not just about the prizes, but the ideas and spirits conveyed by the work of art as well, and Taishin Arts Award helps spread this idea!

Mali Wu—Chairperson of the Final Selection Jury, 15<sup>th</sup> Taishin Arts Award

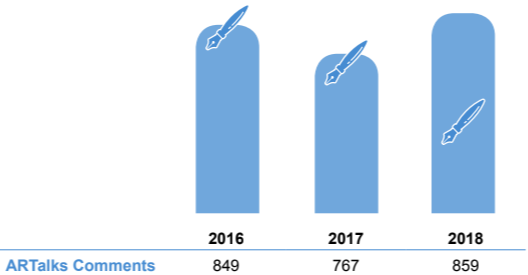
# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
  - VI. Green Operation
  - VII. Social Impacts
    - 7-1 Social Impacts
    - 7-2 Fellow Support
    - 7-3 Social Involvement
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix



## ARTalks website

ARTalks first came online in 2013. The website gives the public access to details of the annual selection process of the Taishin Arts Award, along with comments and over a hundred reviews from nine nominators, exhibition and performance information as well as insights and perspectives from experts and other online users. Meanwhile, users are also free to raise discussions, post replies and make recommendations. By the end of 2018, 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 much wider audience, extending artistic discussions from elites to the general public!



## Expanding overseas interaction and sponsoring Taiwanese artists to the global stage

Taishin Arts Award not only commends Taiwanese artists for their professional creations, but also serves as a platform for connecting local creators with the rest of the world. The Arts Award invites international prominent and organizers to participate in the final selection in Taiwan each year, which provides opportunities to connect Taiwanese artists/exhibition venues with the rest of the world. Mr. Keng Sen Ong, Director of Singapore International Festival of Arts, was a jury member for the 15<sup>th</sup> Taishin Arts Award held in 2017. Upon returning to Singapore, Ong began cooperating with Taishin Bank Foundation for Arts and Culture to host a "Taishin Arts Award Theme" during "The Curators Academy 2018," where 7 previous Taishin Arts Award winners including Ming-Liang Tsai, Kuan-Hsiang Liu, Ya-Li Huang, and Che-Yu Hsu were invited to introduce the latest creations by Taiwanese contemporary artists in the form of seminar, live performance and film screening. The event was a successful attempt at raising global visibility of Taiwanese artists!

The foundation continued to finance award shortlisted or winning teams in overseas exhibition and performance in 2018, including: "Isle of Dreams" by La Cie MaxMind at George Town Festival (Malaysia), "Dear John" by M.O.V.E. Theatre at Shantou University MIDI Festival (China) and 2019 Huayi - Chinese Festival of Arts (Singapore), "Infinity Minus One" by YiLab

at LiveWorks Festival (Sydney, Australia), and "Café Lumière" by Shakespeare's Wild Sisters Group at Kanazawa and Mie (Japan).

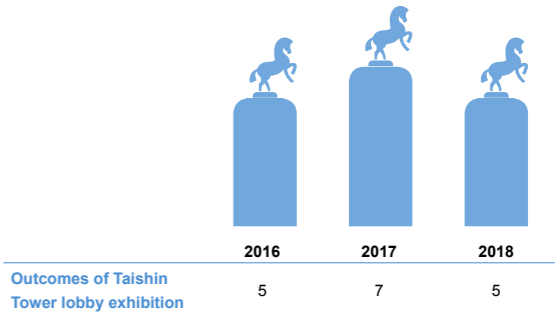
## Arts and culture promotion platform

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



## Taishin Tower lobby exhibition

The first floor lobby of Taishin Tower has been used regularly as an exhibition space for contemporary art since 2006. By the end of 2018, a total of 63 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.



# Taishin Holdings

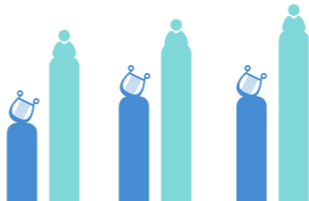
- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
  - VI. Green Operation
  - VII. Social Impacts
    - 7-1 Social Impacts
    - 7-2 Fellow Support
    - 7-3 Social Involvement
  - VIII. Stakeholder Engagement
- Report Summary
- Appendix



## Friday Noon Concerts

"Friday Noon Concert" first began in 2006. It features performances of locally and globally renowned musicians, and is intended to relieve the stressful lifestyles of local residents through music. Friday Noon Concert averages 23-24 performances per year, and for over a decade, the event has accumulated 309 performances in total and built up loyal audience who visit regularly from all over the Greater Taipei Area. More than 6,000 participants each year.

In 2018, the concert opened itself to a greater diversity of audience including trainees of the Institute of Diplomacy and International Affairs, nearby elementary school students and nursing home residents in an attempt to enhance Taishin's interaction with the local community.



	2016	2017	2018
Session	24	25	25
Participants	6,735	6,810	6,875



## Employee arts courses

"Employee arts courses" have been introduced with themes ranging from arts appreciation, theatrical performance, parental activities, to film appreciations. A total of 20 arts courses were organized in 2018 to a total participant count of 566. These arts courses help Taishin employees develop cultural literacy, whereas exposure to contemporary arts and aesthetics also inspires creative thinking.



	2016	2017	2018
Session	15	12	20
Participants	605	536	566

## Employees' feedback



The instructors were able to explain clearly the creation process through simple interactive activities, and participants were able to appreciate how a creator adjusts inspirations and materializes them into something that can be presented to the audience. This course got me into thinking the elements or creative ideas that I can apply to work or life. I benefited a lot from this course, despite it being a very different field of expertise.

Chih-Wen Chen (Taishin Bank Treasury Division) / participation in "The Creative Process" workshop hosted by Artistic Director Wen-Tai Kuo of Riverbed Theatre



I appreciate the thoughtfulness of the organizer for enabling us to grow our perceptions during lunch hours. More importantly, the professional tour guide has done an outstanding job of explaining Pan-Youn Wang's paintings in just over 1 hour. I appreciate this type of event, and will take part in it whenever I have the chance.

Huei-Ping Chen (Taishin Bank Personal Banking Planning Division) / participation in Taishin Art Bus to "By the Passing of a Thousand Sails - The Paintings of Wang Pan-young"



# Taishin Holdings

## Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

## About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

## VII. Social Impacts

7-1 Social Impacts

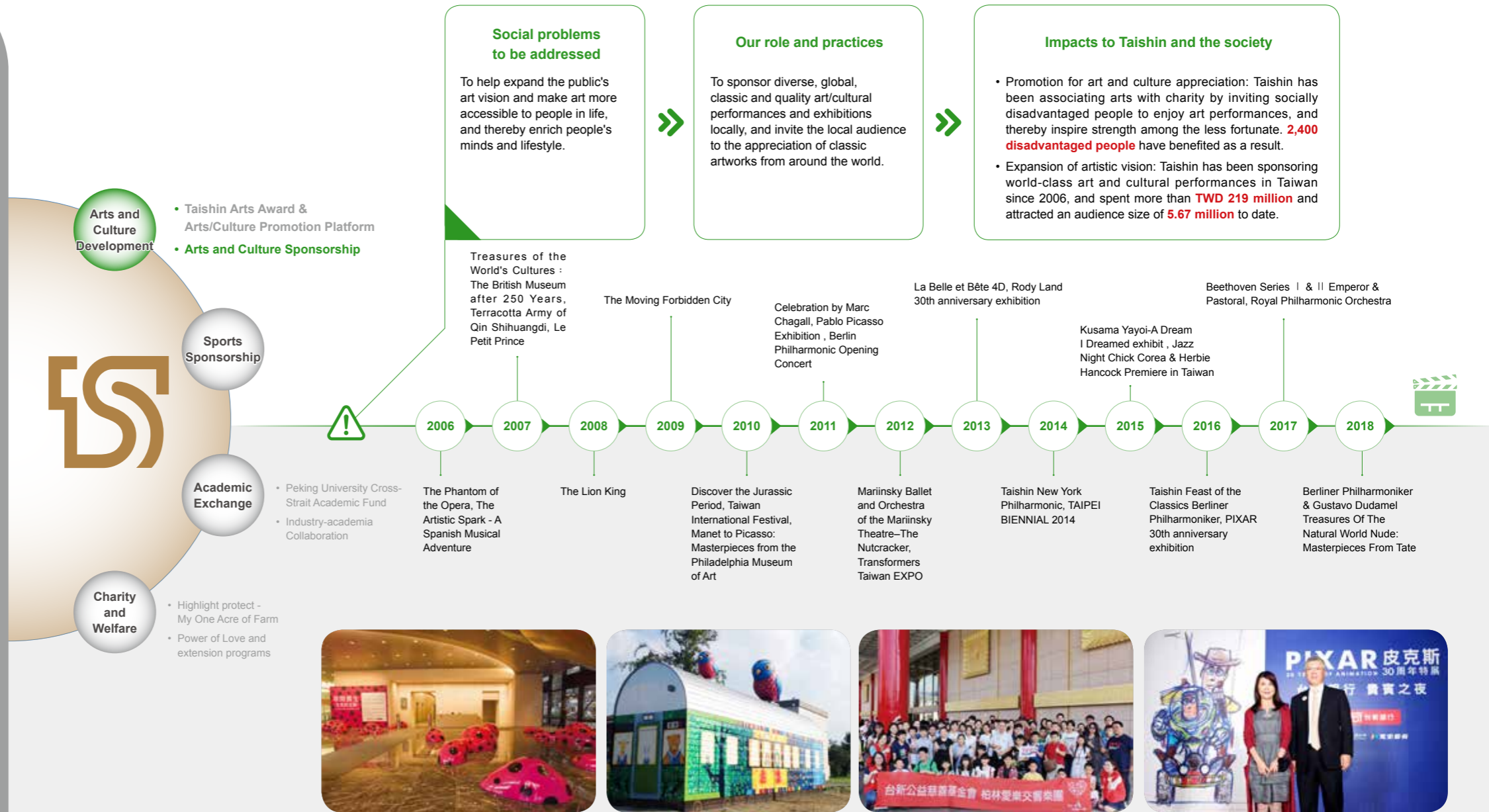
7-2 Fellow Support

7-3 Social Involvement

## VIII. Stakeholder Engagement

Report Summary

Appendix



## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

7-1 Social Impacts

7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

##### 7-1 Social Impacts

##### 7-2 Fellow Support

##### 7-3 Social Involvement

#### VIII. Stakeholder Engagement

#### Report Summary

#### Appendix



### Karate

In the aftermath of the 921 Earthquake, Taishin introduced its "Caring Taiwan" campaign and invited customers to donate small sums/invoices through PayEasy, an online platform, as well as Taishin's sponsorship and scholarship. Between 2005 and the end of 2018, a cumulative sum more than **TWD 85 millions** was raised to fund Nantou County Youth Karate Team.



### Female Golf

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



### Basketball

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



### Baseball

Taishin contributed to professional baseball development in Taiwan by sponsoring The Golden Glove Award of CPBL in 2018.



### Road running

Taishin became a named sponsor for Taiwan's largest women's running and the family-friendly Go! Go! A Go! Running in 2018, which attracted participation from more than **20,000 people**. Meanwhile, Taishin volunteers were invited to accompany charity organizations to the sport events.



### e-Sport

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



## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

### VII. Social Impacts

7-1 Social Impacts

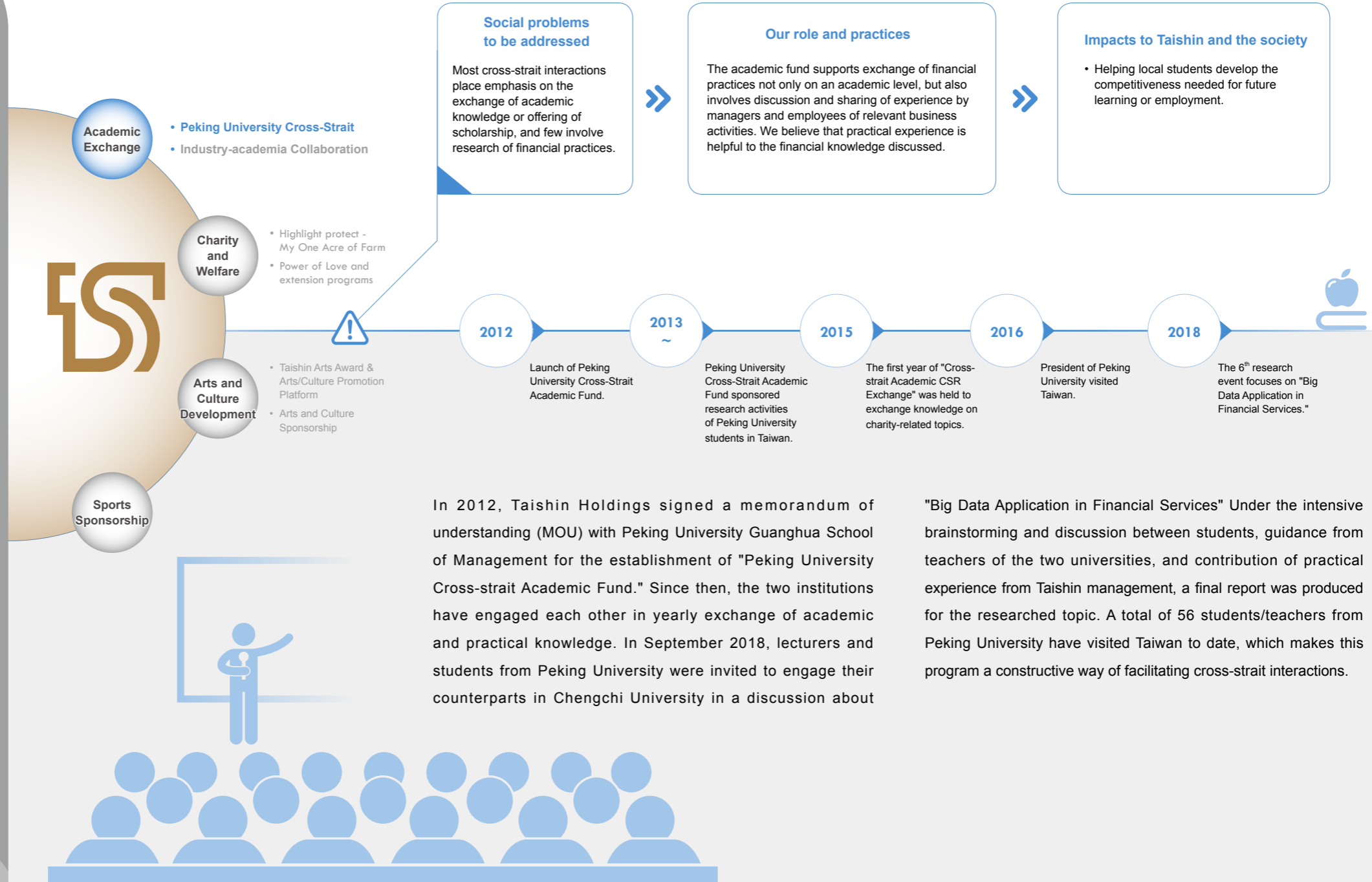
7-2 Fellow Support

7-3 Social Involvement

### VIII. Stakeholder Engagement

Report Summary

Appendix



## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

### About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

### VII. Social Impacts

7-1 Social Impacts

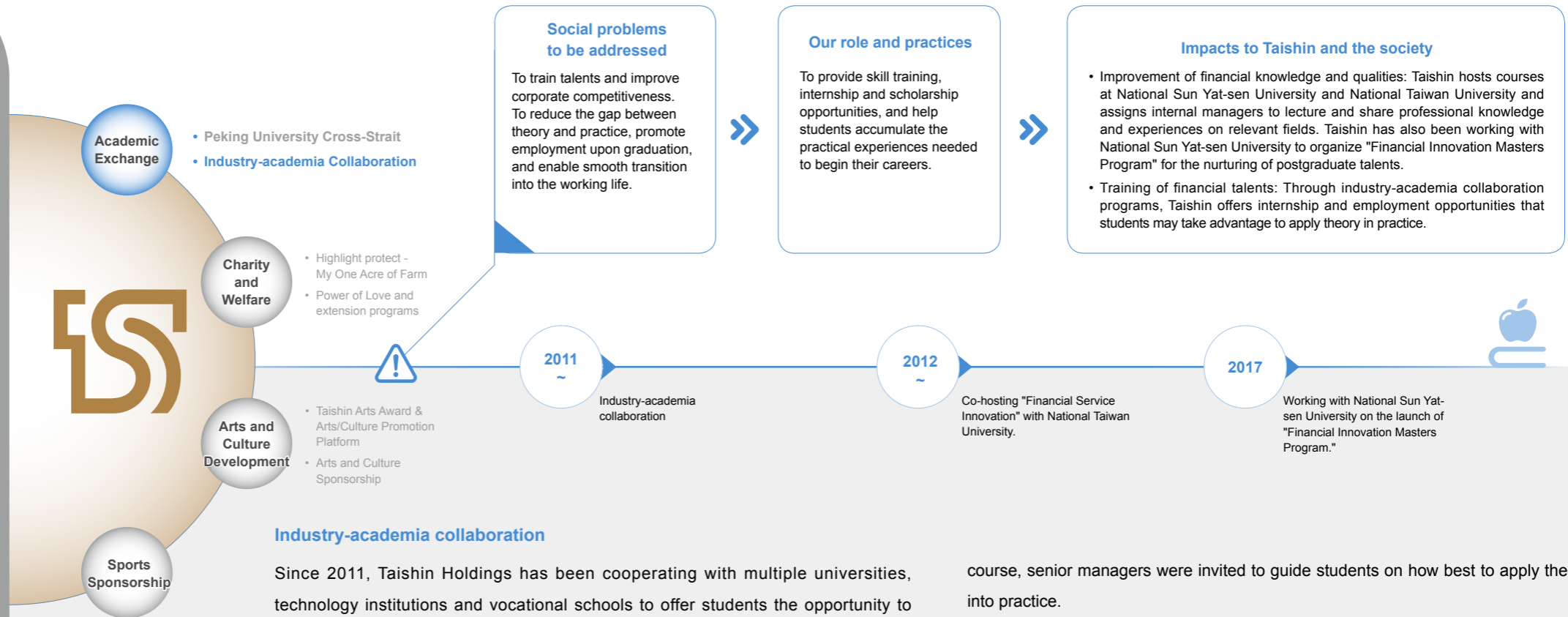
7-2 Fellow Support

7-3 Social Involvement

VIII. Stakeholder Engagement

Report Summary

Appendix



### 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 2018, a total of **415 students** had gained internship experience and professional knowledge through this model, while **300 positions** were created through industry-academia collaboration and internship programs. Given the uprise of financial technologies, Taishin has even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and FinTech development.

Taishin has been hosting courses on "Financial Service Innovation" since 2012, during which Taishin managers were invited to serve the role of facilitator. At the end of each

course, senior managers were invited to guide students on how best to apply theories into practice.

### Nurture Finance Talents

As part of its mission to contribute to society and nurture talents, Taishin offers scholarships to financially disadvantaged students at National Taiwan University and National Chengchi University. A sum of TWD 100,000 was provided in 2018 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 **29 postgraduate students** to the study that will prove relevant to the future innovations of the banking industry.

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

### VIII. Stakeholder Engagement

8-1 Gathering of Sustainability Issues

8-2 Identification and Communication with Stakeholders

8-3 Determining Material Topics and Boundaries

8-4 Response to Specific Issues

Report Summary

Appendix



# Stakeholder Engagement

8-1 Gathering of Sustainability Issues





8-2 Identification and Communication with Stakeholders

8-3 Determining Material Topics and Boundaries

8-4 Response to Specific Issues

# 8-1 Gathering of Sustainability Issues

Taishin has identified 16 sustainability issues that are relevant to the 2018 report. These issues were gathered from diverse sources including GRI, ISO 26000, CDP and DJSI (two of the world's most prominent sustainability surveys), local regulations, signed initiatives, benchmark international peers, and stakeholders. These issues were confirmed by CSR Team meetings.

Source	Explanation	
GRI Standards	33 topics	By analyzing a total of 33 topics across GRI 200, 300 and 400 series, Taishin was able to shortlist the items that pertained to its op-erations.
GRI G4 - Financial Services Sector	10 aspects	Enhancement indicators or supplement indica-tors across the 10 aspects of GRI G4 - Financial Ser-vices Sector were taken into reference.
ISO 26000	7 areas	The 7 areas of ISO 26000, namely organizational gov-ernance, human rights, labor practices, the environ-ment, fair operation practices, consumer issues, and community involvement and development, have been incorporated.
CDP Survey	14 question sets	The 14 question sets of the 2018 CDP sur-vey were used to disclose performance with re-spect to climate change management.
DJSI Banking Sector Survey	24 question sets	The 24 question sets of the 2018 DJSI banking sector survey was used to disclose sustainability performance in economic, environmental and social aspects.
Rules Govern-ing the Preparation and Filing of Corpo-rate Social Respon-sibility Re-ports by TWSE Listed Companies	2 indicators	Enhanced disclosure on 2 additional indicators applica-ble to the finance/insurance industry, according to Arti-cle 4 of Taiwan Stock Exchange Corporation "Rules Gov-erning the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies."
Signed Initiatives	3 supports	Support for CDP, TCFD and Stewardship Princi-ples for Institutional Investors
Benchmark	5 peers	Related analyses by 5 prominent local and foreign finan-cial peers were taken into consideration to moni-tor prevailing trends local and abroad
Issues of concern for stakeholders	7 categoreis of stakeholders	Survey Taishin's 7 main stakeholders (customers, em-ployees, investors/shareholders, the competent author-ity, supplier, community and media) for their expecta-tions and issues of concern.
Conclusion	16 項永續議題	<div><div><div>Governance</div><div></div><div><ul style="list-style-type: none"><li>• Corporate Governance</li><li>• Business Integrity</li><li>• Risk Management</li><li>• Legal Compliance</li><li>• Information Security</li></ul></div></div><div><div>Economy</div><div></div><div><ul style="list-style-type: none"><li>• Business Performance</li><li>• FinTech/Innovation</li><li>• Service Quality and Customer Satisfac-tion</li></ul></div></div><div><div>Environment</div><div></div><div><ul style="list-style-type: none"><li>• Green Finance</li><li>• Green Operation Management</li><li>• Supplier Sustainability Management</li></ul></div></div><div><div>Society</div><div></div><div><ul style="list-style-type: none"><li>• Human Resource Management</li><li>• Human Rights and Gender Equality</li><li>• Occupational Health and Safety</li><li>• Financial Inclusion</li><li>• Social Involvement</li></ul></div></div></div>

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

8-1 Gathering of Sustainability Issues

8-2 Identification and Communication with Stakeholders

8-3 Determining Material Topics and Boundaries

8-4 Response to Specific Issues

Report Summary

Appendix



## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

#### VIII. Stakeholder Engagement

##### 8-1 Gathering of Sustainability Issues

##### 8-2 Identification and Communication with Stakeholders

##### 8-3 Determining Material Topics and Boundaries

##### 8-4 Response to Specific Issues




#### Report Summary

#### Appendix

## 8-2 Identification and Communication with Stakeholders

Taishin adopts the stakeholder engagement approach recommended by AA1000SES:2015, and uses quantitative data of "dependency, responsibility, influence, diverse perspective and tension" to rank stakeholders by significance. The result indicated customers as Taishin's most significant stakeholder, which was followed by employees, investors/shareholders, the

competent authority, suppliers, the community and the media in descending order for a total of 7 categories. Each stakeholder group presents different meaning and significance to Taishin, which is why we have established open communication channels and taken the initiative to respond to issues that stakeholders are most concerned with as a mutually beneficial solution.

Stake-holders	Signifi-cance to Taishin	Main Commu-nica-tion Channels	Main Con-cerned Is-sues	Correspond-ing contents	Communi-cati-on results
 Customers	Builds produc-tive relationship and earns trust; accomplish-ing suc-cess as customers' smart partner	<ul style="list-style-type: none"> <li>Immediately:Customer service hotline/email/fax branch service opinion forms (Voice of Customer)</li> <li>Quarterly:Branch service telephone surveys</li> <li>Annually:Customer satisfaction and loyalty surveys</li> <li>Irregularly:email, message, App, website mobile bank, ATM, events and seminars</li> </ul>	<ul style="list-style-type: none"> <li>Information Security</li> <li>Business Integrity</li> <li>Service Quality and Customer Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Plans to improve its digital forensics capacity over the next three years and construct an information security monitoring center</li> <li>Has Ethical Corporate Management Best Practice Principles in place to prohibit improper interests</li> <li>Engages a third-party institution to survey customers via phone and the Internet</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction rate: <b>85.5%</b></li> </ul>
 Employees	Having a sta-ble and competi-tive work force is key to success in a highly competi-tive business; employ-ees are also an important capi-tal to the compa-ny	<ul style="list-style-type: none"> <li>Immediately:Employee relation mailbox and phone, HR Representatives</li> <li>Quarterly: Taishin Morning Meetings, labor-management meetings</li> <li>Semiyearly:Re-training of new recruits</li> <li>Annually:Employee opinion surveys for certain divisions</li> <li>Biennially: Employee opinion surveys</li> </ul>	<ul style="list-style-type: none"> <li>Business Integrity</li> <li>Information Security</li> <li>FinTech/ Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Has Employee Code of Conduct in place that outline employees' duties to report the abovementioned misconducts.</li> <li>Established Information Security Department to oversee related plans and policies.</li> <li>Performs digital transformation, group optimization and talent structure reviews to define the requirements of digital talents.</li> </ul>	<ul style="list-style-type: none"> <li>Engagement rate: <b>85%</b> (Biennially ; and the next survey is scheduled in 2019)</li> </ul>
 Shareholders / investors / rating agencies/ analysts	Investors' / shareholders' trust and support provide the foundation for the business survival and growth, which Taishin returns with exceptional governance	<ul style="list-style-type: none"> <li>Immediately: IR email/hotline</li> <li>Monthly: Market Observation Post System</li> <li>Quarterly: Investor seminars, Roadshow/IR Conference</li> <li>Annually: Shareholders meeting</li> <li>Irregularly : Website, physical mail and replies</li> </ul>	<ul style="list-style-type: none"> <li>Business Integrity</li> <li>Corporate Governance</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Has integrity and governance rules in place to support the integrity and culture of the organization.</li> <li>Conducts internal assessments once a year and external assessments once every three years according to the " Regulations of the Board Performance Evaluation."</li> <li>Implements procedures specifically to identify, manage, and respond to emerging risks and to facilitate ongoing observation of the effectiveness of the risk control and mitigation measures</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and DJSI Emerging Markets in 2018.</li> </ul>

## Taishin Holdings

### Contents

#### Message from the Chairman

#### Message from the President (Chairman of CSR Committee)

#### About Taishin

#### I. Sustainability Plans

#### II. Sustainable Governance

#### III. Superior Service

#### IV. Sustainable Finance

#### V. Friendly Workplace

#### VI. Green Operation

#### VII. Social Impacts

### VIII. Stakeholder Engagement

#### 8-1 Gathering of Sustainability Issues





#### 8-2 Identification and Communication with Stakeholders

#### 8-3 Determining Material Topics and Boundaries

#### 8-4 Response to Specific Issues

#### Report Summary

#### Appendix

Stake-holders	Signifi-cance to Taishin	Main Commu-nica-tion Channels	Main Con-cerned Is-sues	Correspond-ing contents	Communi-cati-on results
 Compe-tent au-thorities	Government pol-icy and supervi-sory intensity di-rectly af-fect the ways business operate and grow; Taishin adopts the princi-ple of deliver-ing top-notch performance under strict compli-ance with rele-vant laws	<ul style="list-style-type: none"> <li>Irregular:Policy seminars and conferences, Supervision and inspection exercises, Phone, e-mail or physical mail and reply</li> </ul>	<ul style="list-style-type: none"> <li>Business Integrity</li> <li>Corporate Governance</li> <li>Legal Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Has zero tolerance to employees who commit major violation against work ethics, and report incident and assist the competent authority in various investigations.</li> <li>All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."</li> </ul> Developed a compliance risk management and monitoring system which covers the identification, assessment, control, measurement, monitoring and independent reporting of compliance risks.	<ul style="list-style-type: none"> <li>No major penalties in 2018</li> </ul>
 Suppliers	High-quality materials, equipment and stable work-ing relation-ships are help-ful for maintain-ing business op-erations and build-ing a sustaina-ble supply chain	<ul style="list-style-type: none"> <li>Immediately (contract renewed or newly):Supplier Commitment Statement</li> <li>Annually: human rights risk questionnaire and education Supplier self-assessment questionnaire</li> <li>Irregularly: business seminars, price negotiation meetings</li> </ul>	<ul style="list-style-type: none"> <li>Information Security</li> <li>Business Integrity</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Has a set of "Information Service Outsourcing Guidelines" in place that outlines the standard operating procedures and rules concerning outsourcing of information service</li> <li>Has "Supplier Management Regulations" and "Taishin Bank Procurement and Supplier Management Guidelines"</li> <li>Implements business continuity measures (BCM) as part of its banking service to ensure proper response and thereby maintain key operations and ensure fast recovery.</li> </ul>	<ul style="list-style-type: none"> <li><b>100</b>% of Taishin's suppliers have signed their commitment to sustainability in March 2019.</li> </ul>
 Commu-nity	Opin-ions of the community and gen-eral public pro-vide business-es with the mo-tivation to direct attention to-direct public in-terest and ca-ter for the bene-fits of the com-munity and lo-cal residents	<ul style="list-style-type: none"> <li>Twice a week: Friday Noon Concerts</li> <li>Monthly: e-newsletter of Taishin Charity Foundation</li> <li>Annually:Christmas / Lunar new year festivals, Taishin Aart Award Power of Love campaign</li> <li>Irregularly:community investment seminars financial education camps, Taishin Volunteer events, activities related to charity/ arts/ sports/ academic etc.</li> </ul>	<ul style="list-style-type: none"> <li>Social Involvement</li> <li>Service Quality and Customer Satisfaction</li> <li>Business Integrity</li> </ul>	<ul style="list-style-type: none"> <li>Focus on charity and welfare, arts and culture, sports sponsorship and academic exchange</li> <li>Holds "Taishin Service Role Model" to inspire staff and fully embrace our service culture.</li> <li>Has Ethical Corporate Management Best Practice Principles in place to prohibit improper interests</li> </ul>	<ul style="list-style-type: none"> <li>Brand preference and recognition : <b>85</b>%</li> </ul>
 Media	Conveying cor-rect infor-mation to the general pub-lic helps main-tain posi-tive corpo-rate image	<ul style="list-style-type: none"> <li>Irregularly: Press conference or seminar, Spokesperson policy, Media gathering</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Business Integrity</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Publishs press releases or statements on major issues</li> </ul>	<ul style="list-style-type: none"> <li>Communicates important information in a timely manner, reducing damage to the Company because of incorrect information</li> </ul>

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

8-1 Gathering of Sustainability Issues

8-2 Identification and Communication with Stakeholders

8-3 Determining Material Topics and Boundaries

8-4 Response to Specific Issues

Report Summary

Appendix

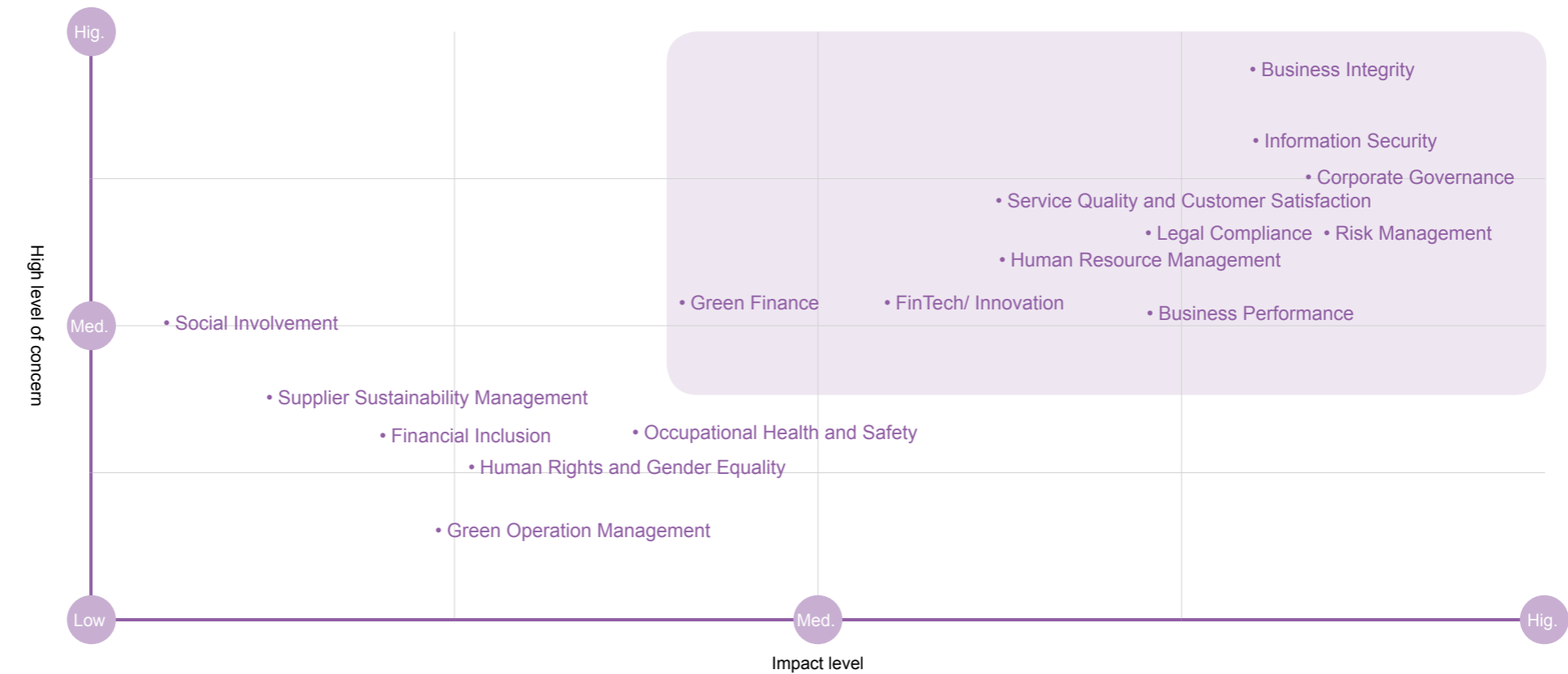
# 8-3 Determining Material Topics and Boundaries


The materiality matrix uses degree of impact and level of concern as quantitative parameters for the two axis. Degree of impact was determined by the business unit through a series of discussions; these discussions also covered the relevance and impact boundary of each sustainability issue on business operations. Level of concern was determined through survey; stakeholders from 7 categories had participated in the survey, and a total of 383 effective responses were received. To eliminate bias from using only one methodology, Taishin had



plotted its matrix using 2 different approaches: average level of concern and high level of concern, and found no significant difference between them. Results of the preliminary analyses were presented to the CSR Committee, and after a series of discussion, the committee was able to determine Taishin's 10 material issues for 2018 that correspond to 12 topics of the GRI guidelines.

Step	Explanation	
Impact Survey	7 teams	The business unit was divided into 7 teams, and each of them was assigned to discuss how each sustainability issue may impact the Company. Scores were assigned based on consensus.
Operation-related Survey	7 operational indicators	Attempts were made to establish causality between each sustainability issue and revenue, cost, brand, reputation, innovation, employee and the society, and thereby determine financial and non-financial connection.
Confirmation of operational boundaries	3 stages	Taishin also established operational boundaries based on life cycle, and allocated stakeholders into one of 3 stages: upstream (suppliers), midstream (Taishin) and downstream. This classification enabled the Company to locate the potential impact of each issue.
Questionnaires	383 questionnaires	Questionnaires were issued to all 7 stakeholder categories; a total of 383 effective responses were recovered and analyzed by category.
Matrix	2 methodologies	Meanwhile, the Company calculated stakeholders' average level of concern and high level of concern, and performed scatter analysis and comparison on a 2-dimensional matrix to eliminate bias caused by using a single method.
Approval from the Committee	6 Executive Committee Members	6 Executive Committee Members of the CSR Committee discussed with the senior management about the results and implications of the scatter analysis.
Confirmation of Material issues	10 material issues	From the 16 sustainability issues, 10 were determined to be material to Taishin's operations in 2018. Performance and management approach of these sustainability issues were then disclosed in this report.
Corresponding to 12 GRI topics	12 topics	The 10 issues deemed material to Taishin's operations in 2018 could be corresponded to 12 topic-specific disclosures of the GRI guidelines.

Materiality Matrix



Aspect	Issues	Corresponding to GRI Topic Specific Standard Disclosures
 Governance	Corporate Governance	Anti-corruption, Anti-competitive Behavior 、 Environmental Compliance, Diversity and Equal Opportunity, Marketing and Labeling, Customer Privacy, Socioeconomic Compliance
	Business Integrity	
	Risk Management	
	Legal Compliance	
	Information Security	

Aspect	Issues	Corresponding to GRI Topic Specific Standard Disclosures
 Economy	Business Performance	Economic Performance
	FinTech/ Innovation	Marketing and Labeling
	Service Quality and Customer Satisfaction	Marketing and Labeling, Customer Privacy
 Environment	Green Finance	Economic Performance
 Society	Green Operation Management	Market Presence, Employment, Labor/Management Relations, Training and Education, Diversity and Equal Opportunity

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

8-1 Gathering of Sustainability Issues

8-2 Identification and Communication with Stakeholders

8-3 Determining Material Topics and Boundaries

8-4 Response to Specific Issues

Report Summary

Appendix

## Taishin Holdings

### Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

### VIII. Stakeholder Engagement

8-1 Gathering of Sustainability Issues

8-2 Identification and Communication with Stakeholders

8-3 Determining Material Topics and Boundaries

8-4 Response to Specific Issues

Report Summary

Appendix

## 8-4 Response to Specific Issues

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

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Investor	(1) Taishin Financial Holdings' statement with regards to CHB investments (2) Progress of provisional civil injunction	Whole year, 2018	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	(3) Progress of civil litigation (4) Progress of complaints made to Control Yuan and subsequent investigations		Communication methods include telephone, email, press conference, seminar and press release. Any wrongly reported facts will be clarified by the PR department

#### • 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.

#### • 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.



# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement
    - 8-1 Gathering of Sustainability Issues
    - 8-2 Identification and Communication with Stakeholders
    - 8-3 Determining Material Topics and Boundaries
    - 8-4 Response to Specific Issues
- Report Summary
- Appendix

• 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 24<sup>th</sup> 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 Supreme Court nullified verdicts made by the Taiwan High Court on the affirmation of the effectiveness of the contract and on the distribution of litigation costs, and ordered a retrial on May 23<sup>rd</sup>, 2019.

• Progress of complaints made to Control Yuan and subsequent investigations

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

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



Specific Issue # 2: Response to the Xinzhuang financial advisor incident

Stakeholder Type	Concerned Topic	Time of Query	Taishin's Response
Competent authority, Investor, customers, media,	(1) Emergency responses (2) Protection of customers' interests (3) Prevention and future management	Q4 in 2018	Reporting of extraordinary event, e-mail/physical mail, customer service call

• Emergency responses

Upon discovering the embezzlement of customers' funds involving a Taishin Bank financial advisor, the Bank not only initiated an investigation and resolved the issue in a pro-active manner at the earliest time possible, but also reported the incident to the competent authority and filed a police report at the same time. Meanwhile, Taishin Bank made commitments to protect customers' rightful interests, review internal procedures and enhance real-time control to prevent similar occurrence in the future. Taishin Bank is cooperating fully with the law enforcement department to investigate the misconduct of this particular financial advisor. The employee in question has already been subjected to the most severe disciplinary action and will be charged for additional legal responsibilities as well.

• Protection of customers' interests

Taishin Bank had completed account verification with all customers managed by the employee on December 4, 2018, which they all confirmed details to be correct. Furthermore, no dispute from any other customers of that particular branch was received since then. As for the 7 customers who had their funds embezzled, Taishin Bank has verified the account balances and signed settlement agreements with 6 of those customers, and repaid the discrepant balance on behalf of the employee on December 14, 2018. Settlement with the final customer is still undergoing negotiation.

• Prevention and future management

For enhanced operational risk management, Taishin Bank issued a bank-wide reminder on December 5, 2018 that all cash, regardless of amount, must be handed over to customers directly and can not be delivered by other employees of the Bank. In addition, for cash withdrawals amounting to TWD 1 million (or equivalent foreign currency) or above by an authorized third party, bank employees are required to call the customer for confirmation before executing the transaction. Customers who visit branches in person shall be guided to execute transactions personally over counter, and can not have their requests submitted through another employee. Furthermore, a change of policy was announced on January 4, 2019 that all customers visiting branches in person are required to submit service requests personally over counter, regardless of the transaction amount or type of service involved (including subscription/conversion/redemption), and thereby prevent bank employees from handling customers' funds.

# Report Summary

Presenting the CSR performance of Taishin Financial Holding Co., Ltd. ("Taishin FHC" or "Taishin"), this 2018 Corporate Social Responsibility Report ("the CSR Report") is verified in accordance with the AA1000AS (2008) Type II moderate level by British Standards Institution Taiwan Branch (BSI Taiwan). The reporting period, scope, contact information, and other relevant information are highlighted below:



Taishin FHC has implemented a set of "Corporate Social Responsibility Reporting Guidelines" to manage its reporting procedures and methods. The report is prepared by a dedicated CSR Reporting Team assembled under the CSR Committee; the reporting team consists of 60 representatives from various departments and subsidiaries, who go through procedures from planning, analyzing, data gathering, report preparation, and validation.

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

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

The CSR Report is the sixth (2018) 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 2018. 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: 2018/07

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

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

## Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President (Chairman of CSR Committee)
- About Taishin
  - I. Sustainability Plans
  - II. Sustainable Governance
  - III. Superior Service
  - IV. Sustainable Finance
  - V. Friendly Workplace
  - VI. Green Operation
  - VII. Social Impacts
  - VIII. Stakeholder Engagement

### Report Summary

### Appendix



# Appendix

## GRI Standards

Core option	GRI Number	GRI Title	Number of disclosure	Version	Title of disclosure	Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
Core	GRI 102	General Standard Disclosures	102-1	2016	Name of the organization	Company Profile	⊙			4
Core		General Standard Disclosures	102-2	2016	Activities, brands, products, and services	Company Profile	⊙			4
Core		General Standard Disclosures	102-3	2016	Location of headquarters	Company Profile	⊙			4
Core		General Standard Disclosures	102-4	2016	Location of operations	Company Profile	⊙			4
Core		General Standard Disclosures	102-5	2016	Ownership and legal form	Company Profile	⊙			4
Core		General Standard Disclosures	102-6	2016	Markets served	Company Profile	⊙			4
Core		General Standard Disclosures	102-7	2016	Scale of the organization	Company Profile	⊙			4
Core		General Standard Disclosures	102-8	2016	Information on employees and other workers	Company Profile, Diversified Recruitment	⊙			4 69
Core		General Standard Disclosures	102-9	2016	Supply chain	Sustainable Supply Chain Management	⊙			95
Core		General Standard Disclosures	102-10	2016	Significant changes to the organization and its supply chain	Company Profile Sustainable Supply Chain Management	⊙			4 95
Core		General Standard Disclosures	102-11	2016	Precautionary Principle or approach	Analysis of Risk and Opportunity	⊙			9
Core		General Standard Disclosures	102-12	2016	External initiatives	Membership in Associations	⊙			10
Core		General Standard Disclosures	102-13	2016	Membership of associations	Membership in Associations	⊙			10
Core		General Standard Disclosures	102-14	2016	Statement from senior decision-maker	Message from the Chairman Message from the President	⊙			1 2
		General Standard Disclosures	102-15	2016	Key impacts, risks, and opportunities	Analysis of Risk and Opportunity		⊙		9
Core		General Standard Disclosures	102-16	2016	Values, principles, standards, and norms of behavior	Legal Compliance	⊙			38
		General Standard Disclosures	102-17	2016	Mechanisms for advice and concerns about ethics	Business Integrity Business Integrity		⊙		26
Core		General Standard Disclosures	102-18	2016	Governance structure	Governance Framework and Composition	⊙			21
		General Standard Disclosures	102-19	2016	Delegating authority	CSR Committee		⊙		15
		General Standard Disclosures	102-20	2016	Executive-level responsibility for economic, environmental, and social topics	CSR Committee		⊙		15
		General Standard Disclosures	102-21	2016	Consulting stakeholders on economic, environmental, and social topics	CSR Committee Stakeholder Engagement		⊙		15 122
		General Standard Disclosures	102-22	2016	Composition of the highest governance body and its committees	Governance Framework and Composition		⊙		21
		General Standard Disclosures	102-23	2016	Chair of the highest governance body	Governance Framework and Composition		⊙		21
		General Standard Disclosures	102-24	2016	Nominating and selecting the highest governance body	Governance Framework and Composition		⊙		23
		General Standard Disclosures	102-25	2016	Conflicts of interest	Governance Framework and Composition		⊙		24
		General Standard Disclosures	102-26	2016	Role of highest governance body in setting purpose, values, and strategy	CSR Committee		⊙		15
		General Standard Disclosures	102-27	2016	Collective knowledge of highest governance body	Governance Framework and Composition		⊙		23
		General Standard Disclosures	102-28	2016	Evaluating the highest governance body's performance	Governance Framework and Composition		⊙		24
		General Standard Disclosures	102-29	2016	Identifying and managing economic, environmental, and social impacts	CSR Committee Risk Management and Internal Control		⊙		15 28
		General Standard Disclosures	102-30	2016	Effectiveness of risk management processes	CSR Committee Risk Management and Internal Control		⊙		15 29
		General Standard Disclosures	102-31	2016	Review of economic, environmental, and social topics	CSR Committee		⊙		15
		General Standard Disclosures	102-32	2016	Highest governance body's role in sustainability reporting	CSR Committee		⊙		15
		General Standard Disclosures	102-33	2016	Communicating critical concerns	CSR Committee Stakeholder Engagement		⊙		15 122
		General Standard Disclosures	102-34	2016	Nature and total number of critical concerns	CSR Committee Stakeholder Engagement		⊙		15 122
		General Standard Disclosures	102-35	2016	Remuneration policies	Governance Framework and Composition		⊙		25
		General Standard Disclosures	102-36	2016	Process for determining remuneration	Governance Framework and Composition		⊙		25
		General Standard Disclosures	102-37	2016	Stakeholders' involvement in remuneration	Stakeholder Engagement	⊙			122
Core		General Standard Disclosures	102-40	2016	List of stakeholder groups	Stakeholder Engagement	⊙			122

## Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

Appendix

•GRI Standards

• GRI Financial Services Sector Supplement

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

• ISO 26000 Social Responsibility Guidance

• Report Assurance Statement



# Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement

Report Summary

- Appendix
- GRI Standards
  - GRI Financial Services Sector Supplement
  - Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
  - ISO 26000 Social Responsibility Guidance
  - Report Assurance Statement

Core option	GRI Number	GRI Title	Number of disclosure	Version	Title of disclosure	Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
Core	GRI 102	General Standard Disclosures	102-41	2016	Collective bargaining agreements		⊙			Taishin has no labor unit so it is no need to sign collective bargaining agreements.  Taishin convenes quarterly labor-management meetings to ensure open communication with employees.
Core		General Standard Disclosures	102-42	2016	Identifying and selecting stakeholders	Stakeholder Engagement	⊙		122	
Core		General Standard Disclosures	102-43	2016	Approach to stakeholder engagement	Stakeholder Engagement	⊙		122	
Core		General Standard Disclosures	102-44	2016	Key topics and concerns raised	Stakeholder Engagement	⊙		126	
Core		General Standard Disclosures	102-45	2016	Entities included in the consolidated financial statements		⊙			Please refer to 2018 Financial Statements on Taishin Website.
Core		General Standard Disclosures	102-46	2016	Defining report content and topic Boundaries	Report Summary Stakeholder Engagement	⊙		128 122	
Core		General Standard Disclosures	102-47	2016	List of material topics	Stakeholder Engagement	⊙		125	
Core		General Standard Disclosures	102-48	2016	Restatements of information		⊙		-	No such circumstances.
Core		General Standard Disclosures	102-49	2016	Changes in reporting	Stakeholder Engagement	⊙		125	
Core		General Standard Disclosures	102-50	2016	Reporting period	Report Summary	⊙		128	
Core		General Standard Disclosures	102-51	2016	Date of most recent report	Report Summary	⊙		128	
Core		General Standard Disclosures	102-52	2016	Reporting cycle	Report Summary	⊙		128	
Core		General Standard Disclosures	102-53	2016	Contact point for questions regarding the report	Report Summary	⊙		128	
Core		General Standard Disclosures	102-54	2016	Claims of reporting in accordance with the GRI Standards	Report Summary	⊙		128	
Core		General Standard Disclosures	102-55	2016	GRI content index	GRI Standards	⊙		129	
Core		General Standard Disclosures	102-56	2016	External assurance	Report Assurance Statment	⊙		133	
Core	GRI 103	The management approach and its components	103-1	2016	Explanation of the material topic and its Boundary	Value Chain and Value Creation Model Material Topics Management	⊙		120-125	
Core		The management approach and its components	103-2	2016	The management approach and its components	Material Topics Management	⊙		120-125	
Core		The management approach and its components	103-3	2016	Evaluation of the management approach	Material Topics Management	⊙		120-125	
	GRI 201	Economic Performance	201-1	2016	Direct economic value generated and distributed	Operating Financial Performance		⊙	10	
			201-2	2016	Financial implications and other risks and opportunities due to climate change	TCFD Framework Implementation		⊙	57-60	
			201-3	2016	Defined benefit plan obligations and other retirement plans			⊙	-	Taishin makes monthly pension contributions equivalent to a certain percentage of employees' gross salaries. Contributions are made to the Labor Pension Supervisory Committee and are deposited into separate accounts held under Bank of Taiwan. Taishin contributes 0.05%~0.15% of its monthly revenues to the welfare fund, whereas employees contribute 0.5% of their monthly gross salaries.
			201-4	2016	Financial assistance received from government		⊙		-	No government subsidy of any kind was received.
							⊙		-	Taishin operates mainly in Taiwan; the executive management comprises entirely of Taiwanese residents.
	GRI 202	Market Presence	202-2	2016	Ratios of standard entry level wage by gender compared to local minimum wage		⊙		-	
	GRI 203	Indirect Economic Impacts	203-1	2016	Infrastructure investments and services supported	Social Impacts		⊙	100-119	
			203-2	2016	Significant indirect economic impacts	FinTech Digital Innovation Financial Inclusion Social Impacts		⊙	52 52 66 100	
	GRI 205	Anti-corruption	205-2	2016	Communication and training about anti-corruption policies and procedures	Business Integrity Business Integrity		⊙	26	As of Dec.31 in 2018, the number of ACAMS licenses obtained by Taishin was 144.
			205-3	2016	Confirmed incidents of corruption and actions taken		⊙		-	There had been no incident of corruption.
	GRI 206	Anti-competitive Behavior	206-1	2016	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		⊙		-	No such circumstances.

Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement

Report Summary

- Appendix
- GRI Standards
  - GRI Financial Services Sector Supplement
  - Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
  - ISO 26000 Social Responsibility Guidance
  - Report Assurance Statement

Core option	GRI Number	GRI Title	Number of disclosure	Version	Title of disclosure	Chapter	Comply with Core Options	Voluntary Disclosure	Page	Notes
	GRI 302	Energy	302-1	2016	Materials used by weight or volume	Low-carbon Operations		⊙	92	ISO50001・ISO14064-1
			302-3	2016	Recycled input materials used	Low-carbon Operations		⊙	92	
			302-4	2016	Reduction of energy consumption	Low-carbon Operations		⊙	92	
			302-5	2016	Reductions in energy requirements of products and services	Low-carbon Operations		⊙	92	
	GRI 303	Water	303-5	2018	Water withdrawal by source	Low-carbon Operations		⊙	93	
	GRI 305	Emissions	305-1	2016	Direct (Scope 1) GHG emissions	Low-carbon Operations		⊙	92	ISO14064-1
			305-2	2016	Energy indirect (Scope 2) GHG emissions	Low-carbon Operations		⊙	92	ISO14064-1
			305-3	2016	Other indirect (Scope 3) GHG emissions	Low-carbon Operations		⊙	92	
			305-4	2016	GHG emissions intensity	Low-carbon Operations		⊙	92	
			305-5	2016	Reduction of GHG emissions	Low-carbon Operations		⊙	92	
			305-6						-	
	GRI 306	Effluents	306-2	2016	Waste by type and disposal method	Low-carbon Operations		⊙	94	
	GRI 307	Environmental Compliance	307-1	2016	Non-compliance with environmental laws and regulations		⊙		-	There had been no penalties imposed in relation to the environment.
	GRI 308	Supplier	308-2	2016	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain Management		⊙	96-97	
	GRI 401	Employment	401-1	2016	New employee hires and employee turnover	Diversified Recruitment	⊙		69-71	
			401-2	2016	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Remuneration, Benefits & Employee Care	⊙		75	
			401-3	2016	Parental leave	Human Rights and Gender Equality		⊙	83	
	GRI 402	Labor/Management Relations	402-1	2016	Minimum notice periods regarding operational changes		⊙		-	Comply with relevant regulations.
	GRI 403	Training and Education	403-4	2018	Health and safety topics covered in formal agreements with trade unions	Employee Health and Safety		⊙	84	
			403-9	2018	Work-related injuries	Employee Health and Safety		⊙	85	
	GRI 404	Training and Education	404-1	2016	Average hours of training per year per employee	Talent Development	⊙		72	
			404-2	2016	Programs for upgrading employee skills and transition assistance programs	Talent Development	⊙		73-74	
			404-3	2016	Percentage of employees receiving regular performance and career development reviews	Remuneration, Benefits & Employee Care	⊙		76	
	GRI 405	Diversity and Equal Opportunity	405-1	2016	Diversity of governance bodies and employees	Governance Framework and Composition Diversified Recruitment	⊙		21 70	
			405-2	2016	Ratio of basic salary and remuneration of women to men	Remuneration, Benefits & Employee Care	⊙		75	
	GRI 406	Non-discrimination	406-1	2016	Incidents of discrimination and corrective actions taken			⊙	-	No such circumstances.
	GRI 407	Freedom of Association and Collective Bargaining	407-1	2016	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			⊙	-	No such circumstances.
	GRI 408	Child Labor	408-1	2016	Operations and suppliers at significant risk for incidents of child labor			⊙	-	No such circumstances.
	GRI 409	Forced or Compulsory Labor	409-1	2016	Operations and suppliers at significant risk for incidents of forced or compulsory labor			⊙	-	No such circumstances.
	GRI 411	Rights of Indigenous People	411-1	2016	Incidents of violations involving rights of indigenous peoples			⊙	-	No such circumstances.
	GRI 412	Human Rights Assessment	412-2	2016	Employee training on human rights policies or procedures	Human Rights and Gender Equality		⊙	80	
	GRI 414	Supplier Socail Assessment	414-2	2016	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain Management		⊙	96-97	
	GRI 415	Public Policy	415-1	2016	Negative social impacts in the supply chain and actions taken			⊙	-	The company is politically neutral. It offers no donations to any political party, individual, or government agency.
	GRI 417	Marketing and Labeling	417-1	2016	Requirements for product and service information and labeling		⊙		-	All products and services offered are subject to information disclosure as required by the authority and regulations.
			417-2	2016	Incidents of non-compliance concerning product and service information and labeling		⊙		-	No such circumstances.
			417-3	2016	Incidents of non-compliance concerning marketing communications		⊙		-	No such circumstances.
	GRI 418	Customer Privacy	418-1	2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protection of Privacy	⊙		51	
	GRI 419	Socioeconomic Compliance	419-1	2016	Non-compliance with laws and regulations in the social and economic area		⊙		-	No material penalty.



GRI Financial Services Sector Supplement

Indicator	Chapter	Page
<b>Product Portfolio</b>		
FS1 Policies with specific environmental and social components applied to business lines	CSR Committee	15
FS2 Procedures for assessing and screening environmental and social risks in business lines	Responsible investments and products	60
FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Responsible investments and products	60
FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Responsible investments and products	60
FS5 Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Responsible Investments and Products	60
	Sustainable Supply Chain Management	95
FS6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	Operating Financial Performance	10
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Financial Inclusion	66
FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Green Credit Action	64
<b>Community</b>		
FS14 Initiatives to improve access to financial services for disadvantaged people	Financial Inclusion	66
<b>Product and Service Labeling</b>		
FS15 Policies for the fair design and sale of financial products and services	Trusted Service and Customer Relations	44
FS16 Initiatives to enhance financial literacy by type of beneficiary	Financial Inclusion	66

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

Indicator	Content	Chapter	Page
Article 4-3	Listed companies within the financial and insurance industry shall disclose their management approaches, topic-specific disclosures and their reporting requirements for major topic on sustainable finance. Their reporting requirements shall include, at least, products and services designed by individual operating units to create benefits for the society or environment.	Responsible Investments and Products	60
		Green Credit Actions	64
Article 4-4	A listed company under Article 2 shall disclose the number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	iversified Recruitment	69
		Remuneration, Benefits & Employee Care	75

ISO 26000 Social Responsibility Guidance

	Core subject	Chapter	Page
Organizational governance	Decision-making processes and structures	CSR Committee	15
		Material Topics Management	16
Human rights	Due diligence	Human Rights and Gender Equality	80
	Human rights risk situations	Human Rights and Gender Equality	80
	Avoidance of complicity	Governance Framework and Composition	24
	Resolving grievances	Labor-Management Relations	78
	Discrimination and vulnerable groups	Human Rights and Gender Equality	80
	Civil and political rights	Human Rights and Gender Equality	80
	Economic, social and cultural rights	Human Rights and Gender Equality	80
	Fundamental principles and rights at work	Human Rights and Gender Equality	80
Labor practices	Employment and employment relationships	Diversified Recruitment	69
	Conditions of work and social protection	Labor-Management Relations	78
		Human Rights and Gender Equality	80
	Social dialogue	Labor-Management Relations	78
		Material Topics Management	16
	Health and safety at work	Employee Health and Safety	84
Environment	Human development and training in the workplace	Talent Development	72
	Prevention of pollution	Low-carbon Operations	90
	Sustainable resource use	Low-carbon Operations	90
	Climate change mitigation and adaptation	Low-carbon Operations	90
	Protection of the environment, biodiversity and restoration of natural habitats	Low-carbon Operations	90
Fair operating practices	Anti-corruption	Business Integrity	26
	Responsible political involvement	No political involvement in 2018.	
	Fair competition	Business Integrity	26
	Promoting social responsibility in the value chain	Value Chain and Value Creation Model	5
Consumer issues	Respect for property rights	Digital Innovation	52
	Fair marketing, factual and unbiased information and fair contractual practices	Trusted Service and Customer Relations	44
	Protecting consumers' Health and safety	Financial Inclusion	66
	Sustainable consumption	Financial Inclusion	66
	Consumer service, support, and complaint and dispute resolution	Trusted Service and Customer Relations	44
	Consumer data protection and privacy	Protection of Privacy	50
	Access to essential services	Trusted Service and Customer Relations	44
	Education and awareness	Trusted Service and Customer Relations	44
Community involvement	Community involvement	Social Involvement	108
	Education and culture	Fellow Support	103
	Employment creation and skills development	Talent Development	72
	Technology development and access	FinTech	52
		Digital Innovation	52
	Wealth and income creation	Sustainable Supply Chain Management	95
	Health	Employee Health and Safety	84
	Social investment	Social Impacts	100

Taishin Holdings

- Contents
- Message from the Chairman
- Message from the President  
(Chairman of CSR Committee)
- About Taishin
- I. Sustainability Plans
- II. Sustainable Governance
- III. Superior Service
- IV. Sustainable Finance
- V. Friendly Workplace
- VI. Green Operation
- VII. Social Impacts
- VIII. Stakeholder Engagement

Report Summary

- Appendix
- GRI Standards
  - GRI Financial Services Sector Supplement
  - Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
  - ISO 26000 Social Responsibility Guidance
  - Report Assurance Statement



Report Assurance Statement

Taishin Holdings

Contents

Message from the Chairman

Message from the President  
(Chairman of CSR Committee)

About Taishin

I. Sustainability Plans

II. Sustainable Governance

III. Superior Service

IV. Sustainable Finance

V. Friendly Workplace

VI. Green Operation

VII. Social Impacts

VIII. Stakeholder Engagement

Report Summary

- Appendix
- GRI Standards
  - GRI Financial Services Sector Supplement
  - Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
  - ISO 26000 Social Responsibility Guidance
  - Report Assurance Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

Taishin Financial Holding Co., Ltd 2018 Corporate Social Responsibility Report

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

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

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

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

Scope

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

1. The assurance scope is consistent with the description of Taishin Financial Holding Co., Ltd 2018 Corporate Social Responsibility Report

2. The evaluation of the nature and extent of the Taishin FHC's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 Assurance Standard (2008) with 2018 Addendum sustainability assurance engagement.

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

Opinion Statement

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

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Taishin FHC's description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a review of issues raised by external parties that could be relevant to Taishin FHC's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on Taishin FHC's approach to stakeholder engagement. Moreover, we had sampled one external stakeholders to conduct interview
- interview with 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 organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

Conclusions

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

Inclusivity

In this report, it reflects that Taishin FHC has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so

that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Taishin FHC's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among organization. However, the future report should be further enhanced by the following areas:

- Strengthening the responses and actions for UN Sustainable Development Goals (SDGs) as well as further planning the goals based on the Target of SDGs.
- Encouraging to consider international and domestic peers' practices to develop the relevant CSR strategies.
- According to organization's sustainable development strategies and stakeholders expectations to develop CSR (environmental and social) programmes and medium and long term targets.

Materiality

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

- Encouraging to adopt more specific performance mechanisms for evaluating the effectiveness of the management approach, such as SMART(Specific, Measurable, Attainable, Result-based, Time-based)

Responsiveness

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

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

Impact

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

Performance information

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

GRI Sustainability Reporting Standards (GRI Standards)

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

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

Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:



Peter Pu  
Managing Director BSI Taiwan  
2019-05-20

Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.  
BSI Taiwan is a subsidiary of British Standards Institution.





**Taishin Holdings**

No.118, Sec.4, Ren-ai Rd., Da-an Dist., Taipei City 106, Taiwan R.O.C.  
Tel: 886-2-2326-8888 <https://www.taishinholdings.com.tw/english/>



Official website



CSR