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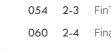
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The 2020 pandemic has changed both the global economy and its industrial structure, affecting human life worldwide and accelerating the adoption of new technologies. Additionally, the environmental issues caused by extreme weather and climate change have been ever-present. Throughout all this turbulence, Taishin has upheld its core corporate values of Integrity, Commitment, Innovation, and Collaboration (ICIC), and it has remained dedicated to the promotion of sustainable development. We pledge to make valuable contributions to ESG issues through our steadfast commitment to sustainability and our goal of creating long-term value for all stakeholders.

For continuous and active implementation, Taishin FHC complies with a sustainable strategy framework that focuses on "Sustainable Governance, Economic Prosperity, Green Environment, and Inclusive Society." In 2020, we were listed on the Dow Jones Sustainability World and Emerging Markets Indices for the third consecutive year, and we were also included on CDP's "A List" for climate change, the highest rating for a company in Taiwan. Our ESG performance has been rated "AA-Leader" in 2020 by MSCI ESG Research, and we were named by Vigeo Eiris as one of the Best EM Performers for the 2nd consecutive year. Taishin was also included in the "TWSE Corporate Governance 100 Index," the "Taiwan High Compensation 100 Index," the "FTSE4Good TIP Taiwan ESG Index," and the "FTSE4Good Emerging Index." Taishin was honored with 110 domestic and international awards in 2020 for its corporate social responsibility, wealth management, FinTech, innovative products, and quality service. Its performance has received wide acclaim in all sectors.

In response to issues arising from climate change affecting the financial services industry, Taishin FHC focused on international trends, ensured governance and leadership support for enhanced disclosure, revised risk assessment procedures, and used scenario and financial analysis to counter the effects of climate change. To minimize the impact on the environment and society, we have continuously integrated a broader scope of topics, specifications, and standards for promoting sustainable finance. We incorporated the Task Force on Climate-related Financial Disclosures (TCFD) in 2018, and the following year became a TCFD signatory and supporter to improve our ability to respond to the physical and transition risks of climate change. We established the "Environmental and Social Risk Management Sector Guidelines" and voluntarily complied with the United Nations Principles for Responsible Banking in 2020 to promote more responsible financial services and regulations under sustainable development. We also voluntarily complied with the United Nations Principles for Responsible Investment and included ESG in our investment and financing evaluations. In turn, we encouraged investees to focus on environmental protection, corporate social responsibility, and corporate governance.



Beyond the impacts of the COVID-19 pandemic, the global financial market has in recent years experienced rapid change due to the advancements of FinTech technologies including AI, 5G, and big data. Throughout this field, Taishin continues to focus on expanding the market and leveraging AI, big data, and digital financial technologies to enhance operational efficiency. We provide our customers with a high-quality service and experience, and we have partnered with several startups to expand our financial offerings. The Richart financial ecosphere, launched in 2020, combines financial services and life settings, and it continues to optimize the customer experience by expanding cross-sector collaboration with merchants and adding more services for general applications. Our strategy for employees is to actively cultivate the talent required for digital transformation and sustainable finance, including employees that specialize in data analysis, information technology, UI, and UX. We believe that a solid foundation of human resources is the key to sustainable development.

Taishin has continued to exert its social influence in promoting an inclusive society. To comply with pandemic prevention policies in 2020 while continuing to support social welfare organizations and promote art and culture, the Taishin Charity Foundation and the Taishin Bank Foundation for Arts and Culture canceled all activities that required physical attendance and converted their format into online live broadcasts. Founded 19 years ago, Taishin Bank Foundation for Arts and Culture won the "Social Inclusion Award" in the Taiwan Corporate Sustainability Awards in 2020. The Taishin Charity Foundation introduced the social impact management system and received its certificate from Social Value International in 2020. It became the first foundation in the world to pass the verification for the social return on investment (SROI) report based on the public welfare voting and fundraising platform. We ranked first globally in the calculated SROI among similar fundraising platforms. Taishin has increased its contribution to sports and recently became the title sponsor of the "Formosa Taishin Dreamers," a professional basketball team. We have also contributed a continuous stream of resources to academic exchanges.

We shall continue to focus on areas where we can create the greatest social impact. We shall help our shareholders, customers, employees, and communities create a future of significance and value. We shall build smooth internal and external communication channels based on integrity, thereby attaining sustainable economic and social results alongside sustainable value.

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Corporations are indispensable components in the combined global effort to achieve Sustainable Development Goals (SDGs). As a responsible investor, we at Taishin play a key role in leading society towards these goals. Taishin FHC has enhanced its core competencies for sustainable governance, sustainable finance, climate change strategies, FinTech, and digital innovation, and we continue to respond to the SDGs with actions for sustainable development. In addition to promoting corporate sustainability, we publish our CSR report annually to enhance communication with stakeholders. The 2020 CSR Report was prepared based on the disclosure framework of the Sustainability Accounting Standards Boards (SASB) to respond to the demand of foreign companies and investors for ESG information.

COVID-19 has challenged companies' risk management and emergency response capabilities. Soon after the beginning of the pandemic, Taishin implemented its "Business Continuity Plan" and guickly established a pandemic prevention team that included managers from the risk management, finance, investment, strategy, and information technology divisions. They used social media to facilitate effective communication and rapid decision making regarding the procurement of supplies, the execution of pandemic prevention measures, personnel health management, and response mechanisms. The internal bandemic prevention reporting system was launched within two days of the pandemic prevention team's creation, and we implemented differentiated management for different areas, based on the local severity of the pandemic, to minimize the pandemic's impact on the Company. We have established the best possible pandemic prevention mechanisms and have used them to manage our business operations to ensure maximum efficiency and productivity. We successfully overcame all challenges in 2020 and our operational performance was comparable to that of the previous year.

In 2020, the CSR Committee finalized plans for the six CSR teams dealing with material issues, enhancement of risk culture awareness, real estate analyses for corporate banking under the Task Force on Climate-related Financial Disclosures framework, establishment of the "Environmental and Social Risk Management Sector Guidelines," adoption of the Equator Principles, and the ISO 45001 Occupational Safety Management System.

As for governance, we established a Nomination Committee in 2020 to strengthen the mechanisms for the selection of Directors and Independent Directors, to ensure diversity and professionalism of the Board of Directors, and to improve the structure and effectiveness of the Company. We also continued to raise the risk awareness of all employees; in 2020, the number of proposals for mitigating risks exceeded 1,000, representing a 17.3% increase over the previous year, and we have built an information security control center for the entire bank to optimize the information security protection network and ensure the safety of customer transactions. Regarding the environment, we assessed the climate sensitivity of our counterparties and identified the physical and transition risks of major investments and financing positions. After signing the Equator Principles, Taishin Bank has continued to develop a more comprehensive and systematic "project financing" credit system. Taishin Securities and Taishin Securities Investment Trust both signed the "Stewardship Principles for Institutional Investors" and regularly disclose their stewardship actions and reports. Taishin Securities has continued to support financing for ESG-related industries and has helped 13 companies, all of which met ESG standards, complete fundraising in the capital market in 2020 worth NT\$1.485 billion (a value which accounted for 39.24% of the total annual underwriting). Taishin continues to be a responsible investment institution empowering sustainable finance.

In terms of our contributions to society, we make good use of micro-finance products and digital services to help those living in remote areas, small and medium-sized enterprises, and disadvantaged groups access convenient and much-needed financial services. The number of online account transactions grew by 36% in 2020. We make our employees' health a priority and to that end organized nationwide touring health examinations and physician consulting services in 2020. In terms of talent recruitment, in 2020 we established cooperation contracts with 70 colleges and universities and recruited 445 graduates and 378 interns. We also organized "Digital Financial Seminars" to train digital financial talents with interdisciplinary skills and forward-looking perspectives that are crucial in the finance industry. We have continued to intensify our support for social welfare, art, cultural development, sports sponsorship, and academic exchanges by connecting stakeholders to expand their social influence. We have organized the "Power of Love" campaign for 11 consecutive years; the campaign has benefited 1.141 small and medium-sized charitable organizations and the total value of accumulated donations exceeds NT\$230 million

President of Taishin FHC

The Financial Examination Bureau launched the "Corporate Governance 3.0 Sustainable Development Roadmap" and the "Green Finance Action Plan 2.0" in 2020 to promote corporate sustainability and strengthen the development of sustainable finance. Taishin FHC will continue to promote and improve the ESG financial ecosystem based on the spirit of dedication and innovation to effect a positive cycle of sustainability and increase the international competitiveness of the capital market. In the face of future challenges, we will bring the consolidated powers of all partners in our value chain and fulfill our commitments and actions to all stakeholders as we pursue stable financial sustainability.

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# **Product and Service**

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

	Date as of December 31, 2020					
Con	Company Profile					
Headquarter address	No.118, Sec.4, Ren-ai Rd., Taipei City106, Taiwan					
Capitial Amount (NT\$ thousand)	117,115,662					
Total Assets (NT\$ thousand)	2,196,059,206					
Permanent employees	9,334					
Industry	Financial services					
Stock code	2887					

# Global Layout

To advance its international business objectives and competitiveness, Taishin FHC has targeted Asia and the Pan-Pacific region in recent years and actively expanded its overseas footprint. We also supported the government's New Southbound Policy and Taiwanese businesses' demand for financial services and business opportunities. We have identified the ASEAN countries as key targets for development. Taishin Bank submitted an application to State Bank of Vietnam for the establishment of a branch in Long An Province, and the preparation for the establishment of the branch is currently underway. We received permission from the Central Bank of Thailand in August and December 2020 to set up the Bangkok Representative Office and we received the official license for the establishment of a branch in Labuan, Malaysia and the Marketing Office in Kuala Lumpur from the Labuan Offshore Financial Services Authority (LOFSA). We will continue to make steps of expansion in the ASEAN market. In addition, to provide convenient financial services to customers in Greater China, Taishin FHC has set up financial leasing companies in Nanjing through its subsidiary Taishin Venture Capital, and established branches in Dongguan, Suzhou, Shanghai, Chongging, and Wuhan, increasing the number of service locations to 22 cities across China. Taishin Bank Representative Office in Shanghai was also established in August 2020. Presently, Taishin Bank operates branches in Hong Kong, Singapore, Tokyo, and Brisbane, and has representative offices in Ho Chi Minh City and Yangon. We will continue to develop overseas markets to provide Taishin's high-quality financial services in overseas locations. We seek to create a high-guality integrated financial institution for Asia Pacific and continue market expansion.



## Main Business

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

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# **Creating Sustainable Value**

# **Capital Input**

Financial	<ul> <li>Total equity at the beginning of the year: NT\$179 billion</li> <li>Deposits and remittances and funds borrowed from the Central Bank and other banks at the beginning of the year NT\$1.4875 trillion</li> </ul>	<ul> <li>Securities sold under repurchase agreements, bonds, payable and other borrowings at the beginning of the year: NT\$188.1 billion</li> <li>Capital at the beginning of the year: NT\$114.6 billion</li> </ul>	
Manufactured	<ul> <li>Number of service sites at the beginning of the year: 154</li> <li>Number of ATMs at the beginning of the year: 3,681</li> </ul>	<ul> <li>Net property and equipment at the beginning of the year: NT\$19.1 billion</li> <li>Digital platforms (Internet, mobile, and other transaction and trading platforms)</li> </ul>	
Intellectual	<ul> <li>Annual employee study subsidies: NT\$1,728,479</li> <li>Total number of patents at the beginning of the year: 19</li> </ul>	<ul> <li>Number of financial licenses obtained at the beginning of the year: 24,664</li> <li>Annual financial licenses examination subsidies: NT\$2,990,605</li> </ul>	Sustainable Governance
ogger Natural	<ul> <li>Average water usage intensity per person (m<sup>3</sup>): 12.99</li> <li>Average energy consumption intensity per person (kWh): 3,760.28</li> <li>Annual greenhouse gas emissions (tC02e): 20,201</li> </ul>	<ul> <li>Replacement of air conditioner units: NT\$7,470 thousand</li> <li>Manpower investment and cost of energy, greenhouse gas management, and environmental management systems: NT\$2,478 thousand</li> </ul>	Inclusive Society Taishin's Four Major Values Economic Prosperity
Human	<ul> <li>Number of employees at the beginning of the year: 9,195 59.2% female, 40.8% male, 27.4% under 30 years old</li> <li>Employee education and training expenses: NT\$52,646,000</li> </ul>	• Total employee training: 657,877 hours	Green Environment
Social and Relationship	<ul> <li>Average annual employee benefit expenses: NT\$12,841,686 thousand</li> <li>Average annual volunteer service: 13,650 hours (average amount from 2017 to 2019)</li> </ul>	<ul> <li>Average annual resources committed to social engagement: NT\$238,770 thousand (average amount from 2017 to 2019)</li> <li>Maintained 80% customer satisfaction for 4 consecutive years</li> </ul>	

	Operation Strategy	Value Creation
Sustainable Governance	<ul> <li>Create paradigm for sustainable governance</li> <li>Improve risk management performance</li> </ul>	<ul> <li>The results of Taishin FHC's Board and functional committee performance evaluation were "exceeded target"</li> <li>The average attendance rate of Directors of the Board meetings was 97.32%</li> <li>1,002 risk management proposals were filed in 2020, a 17.3% increase from the previous year</li> <li>The unit legal compliance evaluation qualification rate was 100%</li> <li>Zero system hacks that impacted operations</li> <li>Introduced digital forensics</li> </ul>
Economic prosperity	<ul> <li>Power value-added services</li> <li>Develop sustainable finance</li> <li>Expand business operations</li> <li>Digital innovations in financial services</li> </ul>	<ul> <li>83.9% customer satisfaction and Net Promoter Score (NPS) of 29.4 in retail banking</li> <li>83.14% customer satisfaction and Net Promoter Score (NPS) of 34.8 in securities</li> <li>100% in case closure in Taishin Bank's procedures for customer complaints within the deadline</li> <li>Added 21 utility model patents</li> <li>Actively promoted cross-industry alliances to create win-win and business opportunities</li> <li>Optimize new types of financial services through digital transformation</li> </ul>
Green environment	<ul> <li>Improve environmental protection performance</li> <li>Build a sustainable supply chain</li> <li>Support international environ- mental protection initiatives</li> </ul>	<ul> <li>Compliance with the "Principles for Responsible Investment" (PRI) and the "Principles for Responsible Banking" (PRB)</li> <li>Established the "Environmental and Social Risk Management Guidelines for Sectors"</li> <li>Promote paperless operations and reduced annual paper consumption by 1,470,241 pieces of paper</li> <li>Green procurement amount increased by 37.44% compared to prior year</li> <li>More than 7,000 customers were engaged to purchase electric motors</li> <li>Worked with DOMI Earth, Taiwan's first B Corporation in promoting digital bank statements and accumulated more than 1 million cardholders to switch to digital bank statement as of the end of 2020</li> </ul>
Inclusive society	<ul> <li>Develop talents and take care of employees</li> <li>Intensify cooperation with suppliers in charity projects</li> <li>Improve public welfare to maximize overall social value</li> </ul>	<ul> <li>Introduced new types of payment into merchants and commercial districts in remote areas</li> <li>Used banking services, digital financial services, and insurance products to support specific disadvantaged groups</li> <li>Signed cooperation programs with 70 colleges and universities</li> <li>Selected as a constituent stock of the "Taiwan High Compensation 100 Index" for 7 consecutive years</li> <li>The 83% overall employee commitment was 8% higher than the average of Asia Pacific banks</li> <li>Accumulated 15,670 volunteer service hours</li> <li>Made 310 matches between social welfare organizations and resources</li> <li>Taishin encouraged 1 million card holders for 1.2 million donations totaling NT\$1.6 billion</li> </ul>

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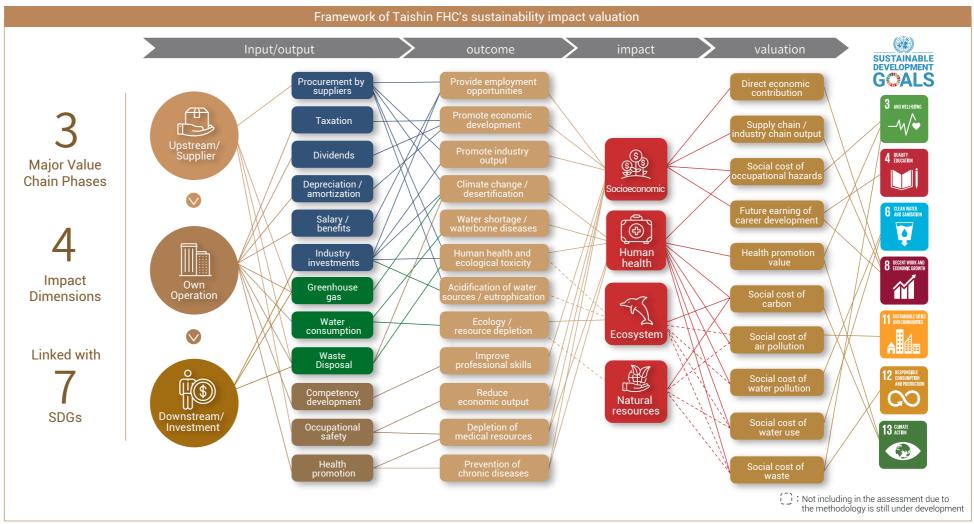
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# Sustainability Impact Valuation

Taishin FHC has adopted the profit & loss viewpoint for implementing corporate sustainability. We integrated the Triple Bottom Line (TBL) management philosophy that takes into account the economic, environmental, and social impact and worked with academic institutions to jointly develop the "Sustainability Impact Valuation" model, which uses the impact pathway approach to map out the externalities of value chain activities on the environment and society. We monetized the impact to describe the potential impact on human well-being and the socio-economic, and demonstrated the substantive values created by company operations for stakeholders. In 2020, Taishin FHC created NT\$1,047.3 billion of net positive impact<sup>(note1)</sup>. The downstream investments of the value chain accounted for the highest proportion with 95%. Taishin shall continue to enhance the sustainability impact management framework, increase the effectiveness of sustainability investment, empower sustainability in the industry chain, and create more substantive value for the society.

Note 1: Net Positive Impact = Positive Impact - Negative Impact



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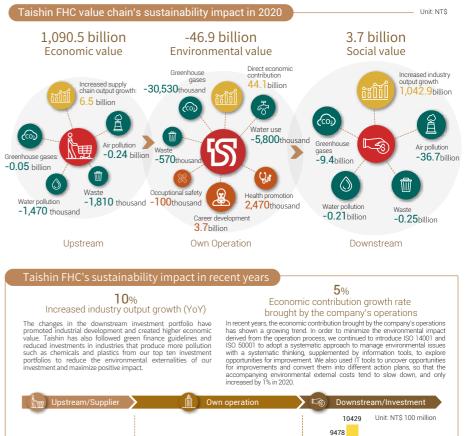
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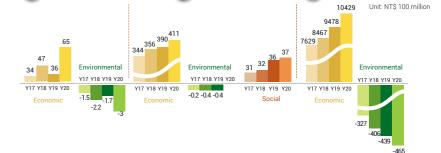
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oundary	(Scope	Operation	Externalities	Methodology description	References	
	Economic	Procurement by suppliers	Powering industrial	We used the input-output analysis approach		
	Leonomic	Industry investments	development	to assess the indirect economic values created by procurement and investment activities in the mutual dependent	Directorate-General of Budget, Accounting	
nstream/		Procurement by suppliers		relationships among industries in the industry chain. Then, the external costs of per-unit pollutant from our own operations is applied to assessand evaluated the	and Statistics (2015) Directorate-General of Budget, Accounting and Statistics (2017)	
Upstream/ Downstream	Environmental	Industry investments	Social cost of carbon Damage to human health	Is applied to assessing two devaluted the impact on the environment brought by the greenhouse gas emissions, water pollution (COD), waste disposal (incineration) and air pollution (PM2.5, NOx, SOx, NMHC, and Pb) generated by the supply chain. The upstream/downstream social externalities are not included in this evaluation as it is difficult to obtain such activity data.	and Statistics (2017) Bureau of Energy (2012) US EPA (2016) UNEP/SETAC (2017) PWC UK (2015)	Greenhour -0.05
	Economic	Financial income and expenditures	Direct economic contribution	To evaluate the social and economic benefits created by the operational activities for the stakeholders, we also considered salaries (employees), dividends(shareholders/ investors), taxes(government), depreciation (suppliers), and other expenses as positive economic value in addition to revenue.	Taishin FHC annual report	Wate -1,4
		Greenhouse gas emissions		Our assessment included both damage to human health and potential social cost from water use, greenhouse gas emissions, waste incineration and disposal to landfill, but excluded degradation of ecosystem	UNEP/SETAC (2017)	
Own Operation	Environmental	Water consumption	Social cost of carbon Damage to human health			Th pro val
		quality and resource depletion.	USEtox (2017)	rec suo po		
		Employee career development	Increased future earning	Because social externalities involve a variety of aspects, and many methodologies have		inv
	Social	Occupational safety	Social cost of occupational hazards	not been fully developed, we only considered the social costs of occupational hazards, the economic benefits of employees'	idered Chun-Chieh Ho (2005) zards, Chieh-Hsien Li (2009)	
		Health promotion	Prevention of risks of diseases	career development, and the use of health promotion activities to reduce employees' health risks.	10 (2000)	

The external impact of the finance industry is concentrated in downstream products and services. We use investment financing and credit extension to improve industrial development and increase economic value. When faced with sustainability issues, we continue to consider how to meet requirements for both expansion and sustainability investment. We began introducing the Green Finance Principles, Equator Principles (EPs), and Principles for Responsible Investment (PRI) in 2018 to include the three major categories of ESG sustainability factors into investment and financing evaluation principles and create positive effects for stakeholders.





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# Awards & Honors

# Won over **110** international and domestic awards in **2020**

Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets for 3 consecutive years Ranked on Carbon Disclosure Project A List for climate change

# Corporate Social Responsibility

- Platinum Award in Taiwan Top 50 Corporate Sustainability Report Award, Social Inclusion Award and Growth through Innovation Award – TAISE(Taiwan Institute for Sustainable Energy)
- Asia's Best Workplace Reporting Gold Award and Asia's Best Sustainability Report (Stand-alone) Bronze Award – CSRWorks International
- Best Companies To Work For In Asia HR Asia Magazine
- BSI Sustainable and Resilient Navigator Award BSI (British Standard Institution)
- Ranked top 50 in 2020 "Excellence in Corporate Social Responsibility" Common Wealth

# FinTech

- Best Private Bank for Big Data Analytics and Al in Asia The Banker and PWM Operating Model Master in Taiwan – IDC (International Data Corporation)
- The Innovators of Payments, The Innovators of Cash Management Global Finance
- Operating Model Master in Taiwan-The Asian Banker
- Highly Commended Best Use of Machine Learning and Highly Commended
- Excellence in Omni Channel Integration RBI (Retail Banker International)

# Wealth Management

- Best Private Bank for customer service in Asia The Banker and PWM
- Outstanding Wealth Management Technology Initiative-Back Office and Highly Commended Achievement Outstanding Private Bank in North Asia – Private Banker International (PBI)
- Best Private Bank, Winner for Best Customer Experience in Alternative Wealth Management, Winner for Excellence in Net – Gen Customer Satisfaction, Highly Acclaimed for Best Private Bank for Customer Experience, Highly Acclaimed for Best Private Bank Al & Big Data and Outstanding Innovation Program – The Digital Banker
- Best Wealth Management Experience of Digital Initiatives The Asset
- Best Wealth Management, Best Service and Best Video Marketing Wealth Magazine

# **Innovative Products & Superior Services**

- Global Winner of Best Online Product Offerings and Best Consumer Digital Bank in Asia/Pacific Global Finance
- Best Digital Bank in Taiwan Asiamoney
- Best Retail Bank in Taiwan, Excellence in Loan Origination and Highly Commended Best Loyalty/Rewards Programme – RBI (Retail Banker International)
- Taiwan Domestic Initiative of the Year for M&A Portal, Innovative Deal of the Year in Taiwan, Domestic Retail Bank of the Year, Strategic Partnership of the Year, New Consumer Lending Product of the Year and Mobile Banking & Payment Initiative of the Year—Asian Banking & Finance
- Best Bank in Digital Financial Services First Prize—Global Views
- Critics' Choice Award, Best Management Innovation Gold Award and Best Management Innovation Bronze Award -Business Next

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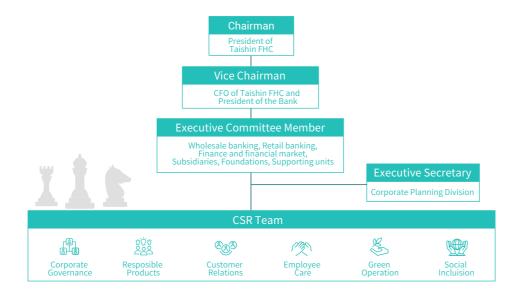
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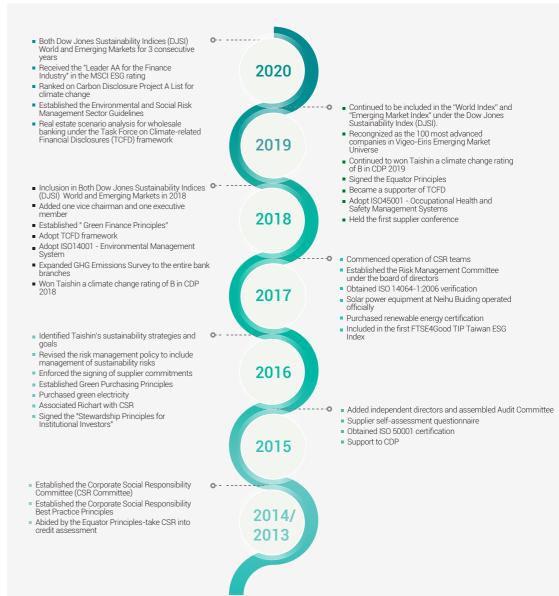
# **CSR Committee Operations**

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

The CSR Committee should meet at least twice a year and may hold a meeting at any time if necessary. In 2020, the CSR Committee convened 3 meetings with issues including plans from the six functional CSR team in 2021, material matrix, enhancement of risk culture awareness, real estate analysis for corporate banking under the Task Force on Climate-related Financial Disclosures (TCFD) framework, establishment of the "Environmental and Social Risk Management Guidelines for Individual Industries", adoption of the Equator Principles, and the ISO 45001 Occupational Safety Management System. The Committee has also reported the implementation results of CSR programs and major plans to the Board of Directors since 2018. 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.



# **CSR Milestone**



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# Sustainability Performance for Achieving SDGs



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	Sustainability		Indica	tors and Goals		
Strategy	Topics in 2020	Key Performance Indicator	Achievement in 2020	Short-term(1-2 years)	Medium-term(2-3 years)	Long-term(3-5years)
		Corporate governance evaluation ranking	Maintain exceptional performance	Maintain exceptional performance	Top 5%	Enhance performance of the Board of Directors and functional
	Corporate Governance	Board of Director performance valuation	$\checkmark$	Score 80% or above in internal performance evaluations	Maintain good performance in internal and external evaluations	committee and create long-term value for shareholders, businesses, customers and employees
		Directors attendance rate	✓	Maintain above 90%	Maintain above 90%	
	Business Integrity	Integrity course completion rate	$\checkmark$	100%	100%	100%
	Risk	Group's capital adequacy ratio	✓	≧ 100%	≧ 100%	≧ 100%
	Management and Internal	Department compliance assessment pass rate	✓	100%	100%	100%
	Control	Risk Management Committee members' attendance rate	✓	Above 90%	Above 90%	Above 90%
Sustainable Governance	Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	AML/CFT education completion rate	~	100%	100%	100%
		Hacker attacks that caused operational or business impact	$\checkmark$	No incidence	No incidence	No incidence
	Information and Transaction Security	Annual hours of external information security education of information security professionals	$\checkmark$	15 hrs	20 hrs	30 hrs
		Customer complaints about the leakage of personal or sensitive data due to phishing	$\checkmark$	No case	No case	No case
	Business Continuity and Technology Risk Management	Frequency of performing business continuity drills	✓	At least once a year	At least once a year	At least once a year
		Market share of credit card transaction value	✓	Top 5	Top 3	Top 3
	Business	Market share of digital banking accounts	✓	Top 1	Top 1	Top 1
	Performance	Market share of ACH business	$\checkmark$	Top 3	Top 3	Top 3
		Market share of Factoring	$\checkmark$	Top 3	Top 3	Top 3
	Quatamar	Retail banking customer satisfaction	✓	Covered NPS survey outcomes	1% improvement over the previous year	Achieve 88% of the desired target
	Customer Relationship Management	Securities customer satisfaction	✓	Covered NPS survey outcomes	0.5% improvement over the previous year	Achieve 90% of the desired target
Economic		Percentage of banking customers' complaints resolved within timeframe	$\checkmark$	>95%	>95%	>95%
Prosperity	Privacy Protection	Personal information protection education completion rate	~	100%	100%	100%
		Numbers of Cross-industry collaboration partners	$\checkmark$	5	8	15
	FinTech/ Digital Innovation	Digital transformation	✓	Adopt new technologies and optimize operating procedures for improved efficiency	Undergo total digital transformation	Undertake ongoing optimizations for the development of digital competitiveness

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Strategy	Topics in 2020	Key Performance Indicator	Achievement in 2020	Short-term(1-2 years)	Medium-term(2-3 years)	Long-term(3-5years)		
	Sustainable	Green Finance Business Development	~	Introduce the Equator Principles mechanism and draw up "Environmental and Social Risk Management Sector Guidelines"	Develop and implement the industry- specific environmental and social risk management mechanisms	Green financial products (such as green finance funds) are offered; The proportion of green financial services (such as green investment) are increased		
	Finance	TCFD Implementation	~	Conduct full implementation and make assessments of climate-sensitive industries	Carried out financial impacts analysis on climate change	Execute the analysis for other sensitive industries; Management and climate strategies are adjusted on the basis of the analyzed results; Climate governance mechanisms can be optimized		
		Scope 1 & 2 Greenhouse Gas Emissions (note) Note: Base year 2018=25,030 t CO2e	$\checkmark$	24,529 (2% reduction)	24,279 (3% reduction)	23,778 (5% reduction)		
		Intensity target	$\checkmark$	1%	2%	3%		
		Renewable energy promotion results	$\checkmark$	Annual increase of 5,000 kWh	Annual increase of 10,000 kWh	Annual increase of 15,000 kWh		
Green	Strategy	Strategy	TCFD Implementation	~	Conduct full implementation and make assessments of climate-sensitive industries	Carried out financial impacts analysis on climate change	Execute the analysis for other sensitive industries; Management and climate strategies are adjusted on the basis of the analyzed results; Climate governance mechanisms can be optimized	
environment	Green Operation Management	Scope 1 & 2 Greenhouse Gas Emissions (note) Note: Base year 2018 =25,030 t CO2e	$\checkmark$	24,529 (2% reduction)	24,279 (3% reduction)	23,778 (5% reduction)		
		Purchased Electricity Note: Base year 2018 =44,864,147 kWh	$\checkmark$	43,966,864 (2% reduction)	43,518,222 (3% reduction)	42,620,939 (5% reduction)		
		Water usage Note: Base year 2018 =14.65 kiloliter/per person	$\checkmark$	14.36 (2% reduction)	14.21 (3% reduction)	13.92 (5% reduction)		
		Waste intesity Note: Base year 2018 =0.0758ton/ per person	$\checkmark$	0.0743 (2% reduction)	0.0735 (3% reduction)	0.0720 (5% reduction)		
		Coverage rate of ISO 14064-1 GHG inventory	$\checkmark$	100%	100%	100%		
		Coverage and certification rate of ISO14001	✓	Bank-wide coverage	Bank-wide certification	Group-wide certification		
		Supplier Commitment Statement signing rate	✓	100%	100%	100%		
	Supplier Sustainable Management	Regular audits of major suppliers	✓	Coverage of document review for tier 1 major suppliers - 10%	Coverage of document review for tier 1 and tier 2 major suppliers - 20%	Coverage of on-site review for tier 1 major suppliers -10%		
	5	Green procurement amount	$\checkmark$	5% increase	10% increase	20% increase		
	Financial	Richart usage	<ul> <li>✓</li> </ul>	10% growth	5% growth	Maintain growth		
	Inclusion	Number of online transactions	✓ 36% growth	10% growth	5% growth	5% growth		
Inclusive Society	Talent	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		
	Development	Retention rate of top talents	✓	92%	92%	92%		
		Project implementation rate of Succession Development Program	✓	100%	100%	100%		

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Strategy	Topics in 2020	Key Performance Indicator	Achievement in 2020	Short-term(1-2 years)	Medium-term(2-3 years)	Long-term(3-5years)		
	Remuneration, Benefits & Employee Care	Offering of competitive compensation package	✓	To be selected in TWSE's "Taiwan High Compensation 100 Index"	To be selected in TWSE's "Taiwan High Compensation 100 Index"	To be selected in TWSE's "Taiwan High Compensation 100 Index"		
	Labor- Management Relations	Employee opinion survey execution rate	~	100%	100%	100%		
	Human Rights and Gender	Human rights training completion rate	✓	100%	100%	100%		
	Equality	Case of discrimination or sexual harassment	1	0	0	0		
Inclusive Society			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	$\checkmark$	0	0	0		
	Occupational Health and Safety	Improved health management for high-risk groups	✓	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%		
,		Infectious disease	✓	100% employee health anomaly and contact history reported	Published 30 health education contents for emerging communicable diseases	Continuous implementation of workplace vaccination for influenza or emerging communicable diseases		
		Corporate volunteering hours	✓	12,000	12,000	Enforcement of the volunteer system		
		Support for charity organizations	✓	Host Power of Love workshops	Expand the scope of training courses across Taiwan	Cooperated with the charity organizations supported, we will combine local resources to assist more small local groups.		
	Social	Art activities which supported organization participate in	✓	Twice a year	Twice a year	Twice a year		
	Involvement	Expansion of Taishin Arts Award	~	Integration of database and event website. Organize a 20th anniversary exhibition. A film production for the 20th anniversary of the Award. Collaborate with the Taipei Performing Arts Center for the opening programs.	The pandemic has drastically impacted art exhibitions and performances. Entering the post-pandemic era, the Foundation will continue organizing the Taishin Arts Award while endeavoring in assisting the recovery and exchange of art exhibitions and performances.	Create a separate program that reviews and exhibits art in complement with the Arts Award		

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# Sustainability Topic Management

2020	vility Potential risks Potential opportunities		Management approach			
Sustainability Topic	Potential fisks	Potential opportunities	Policy	Commitment	Action	
Corporate Governance	An unhealthy corporate governance system cannot be used to ensure effective internal control. Internal moral hazards and fraudulent behavior could severely affect the business performance of the Company, damage shareholders' rights and interests, and undermine the sustainability of the Company.	An effective corporate governance system must assist the Board of Directors and executive officers to achieve business objectives while maximizing benefits for the Company and stakeholders. It must also help transform the corporate management structure and provide effective supervision mechanisms to make good use of resources and improve efficiency.	Establishment of "Corporate Governance Principles" and assembly of "Audit Committee", "Remuneration Committee" , "Risk Management Committee and "Nomination 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.	
Business Integrity	A company's failure to operate with integrity will affect its reputation and lead to a loss of customers and talents, which in turn affects the company's market value.	The establishment and implementation of an ethical management culture will help build stakeholders' trust in the Company, increase the market share, enhance customer loyalty, attract talents, and increase the market value.	Established the "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", "Corporate Governance Best Practice Principles", and "Corporate Social Responsibility Best Practice Principles".	To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture. 'Integrity' has been included as part of the board's regular performance.	Prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encour-age and protect whistleblowers.	
Risk Management and Internal Control	Risks and profits always go hand in hand. A company without risk management and internal control, business operations will go beyond the company's risk appetite, or the company would suffer from idle capital due to excessive caution.	By implementing internal control mechanisms and making good use of risk management tools, we can create a sound operation system that balances risks and rewards, uses resources effectively, and increases shareholder value.	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.	
Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	Failure to implement AML/CFT will result in penalties by the competent authority, increased transactional costs, and affect the reputation of the business which will cause the loss of customers.	Effective controls can help create a stable financial order, strengthen international cooperation, and fulfill the responsibilities as international citizens. They can help prevent the aforementioned risks and improve business reputation.	Establish a "AML and CFT Policy", while each relevant subsidiary company sets relevant execution standards for its own industry oriented by risk management to implement the prevention of AML and CFT.	In order to AML, combat crime, so that fulfill the responsibility of stabilize financial order, promote transparency of financial flows, and connect international cooperation, strengthen various systems for AML and CFT, enhance employees' awareness of AML, uphold the core values of sustainable management with citizenship.	The Board of Directors of Taishin FHC holds the highest authority and responsibility in AML and CFT. The Board establishes compliance and risk management cultures and regularly reviews the organization's AML/CFT practices. And continue to promote related education and trainings.	
Information and Transaction Security	The information system may be exposed to sever cyber attacks or ransomware threats, which may lead to leaks or tampering of confidential information or interruption of business operations, resulting in financial losses and business reputation losses.	With adequate control, the information system can provide customers and employees with a safer and more convenient life and work experience and create an excellent digital life environment.	Establishment of "Cybersecurity Policy" and "Internet Security Management Guidelines." Assembly of an "Information Security Committee" with defined protection goals that regularly discusses information security-related issues and improvement measure	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	
Business Continuity and Technology Risk Management	Risks are inherently uncertain. If we fail to make plans to ensure business resilience, we can no longer provide services when incidents occur. When the risks are severe, they may even affect the stability of the entire financial market.	In the event of an emergency, we must maintain the operations of important businesses and restore normal operation as quickly as possible to reduce the impact and business interruption time caused by the emergency, protect customer and shareholder equity, reduce the impact of risks, and increase competitiveness.	Implement business continuity measures as part of our banking service to ensure proper response and thereby maintain key operations and ensure fast recovery.	Minimize impact and service downtime in order to protect customers' and shareholders' interests and strengthen our competitiveness.	Have Business Continuity Plan, Information System Recovery Plan, and Contingency Funding Plan. Also, conduct related tests and drills.	
Customer Relationship Management	<ol> <li>Failure to provide services based on customer experience may result in customer complaints that damage the Company's brand image.</li> <li>The Company's failure to establish a corporate culture based on fair customer treatment or employees' failure to abide by consumer protection regulations may increase the cost of violation of laws and loss of business reputation.</li> </ol>	<ol> <li>Pay attention to customer experience, meet market demands, and provide diverse communication and communication channels to improve customer satisfaction and loyalty.</li> <li>When the policies and strategies for fair customer treatment are formulated and implemented, the management can perform supervisory duities and the employees can follow the rules and regulations to create a good corporate culture, sustainable development, and improved competitiveness through top-down process.</li> </ol>	Establishment of "Fair Treatment of Customers Policy", "Fair Treatment of Customers Strategy", "Taishin Bank Consumer Dispute Resolution System", "Taishin Bank VOC Implementation Guidelines" and "Taishin Bank Frontline Service Quality Examination Guidelines".	Not only provide a diverse range of localized and customized service, but also pay close attention to customers' voice while delivering highly value-added services that make us the trusted smart partner.	Invest extensively in training to improve service quality to satisfy customer demand and increase customer satisfaction.	

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2020 Sustainability	Potential risks	Potential opportunities		Management approach	
Topic	POLEIILIAITISKS	Potential opportunities	Policy	Commitment	Action
Privacy Protection	Failure to implement privacy protection will result in penalties by the competent authority and damaged business reputation which will cause the loss of customers.	The implementation of personal data protection management will increase customers' trust leading to the growth of the number of customers and enhance customer loyalty.	Establish personal information protection regulations and review the appropriateness of the regulations based on changes in legislation. Establish suitable management mechanisms based on the results of risk assessments.	Continue to execute training programs that are aimed at helping employees understand related regulatory requirements and assist employees fully understand the scope of accountability, related mechanisms, procedures, and measures for personal information protection.	Engage certified public accountants to perform a special audit on personal information protection.
FinTech / Digital Innovation	Insufficient products and experience will cause the Company to lose customers and competitiveness. Lack of innovation will confine the Bank to markets with intense competition and reduce the Bank's profitability.	Create excellent customer experiences, increase customer loyalty, and gain new competitive advantages. Innovation can also access new markets for financial services and increase revenue.	Monitor FinTech development trends, create a digital banking environment, and train new technical talents in response to the new coming future.	Optimize the digital service experience based on a customer-centric approach. Commit efforts into improving digital capacity and provide financial services that are integrated into customers' lifestyles.	Develop innovative services and optimize processes through new technologies to provide more considerate services attuned to customers' actual needs. Incorporate the convenience of FinTech into daily lives to provide rapid and suitable financial service experience.
Sustainable Finance	<ol> <li>The government's accelerated development programs may increase the cost of compliance.</li> <li>If counterparties are high carbon emitters and pollutions producers who fail to implement improvements, the transactions would damage the Company's reputation.</li> </ol>	Accelerated ESG industry development increases investment and financing opportunities.	Establishment of "Green Finance Principles", which incorporated environmental and social risk assessments into financing and investment decisions. The Principles also support the United Nations Framework Convention on Climate Change, the government's renewable energy policies and related industries.	Support environmentally friendly and green industries and avoid direct cooperation with controversial companies.	Follow Green Finance Principles, review and evaluate whether the investee is an industry the Company can actively support or one that should be avoided. Continue to monitor the financing conditions of the investment target after the transaction.
Climate Change Strategy	The government's accelerated development programs may increase the cost of compliance. Increased climate change risks for collateral and borrowers may increase default rate or decrease the value of collateral.	Accelerated development of low-carbon economy industries or those that benefit from extreme climate change may increase investment and financing opportunities.	<ol> <li>Taishin FHC incorporated climate change risk management into our risk management policy.</li> <li>We formulated the "Green Finance Principles" to actively support environmental protection industries and enterprises and those focused on mitigating climate change in business operations.</li> </ol>	<ol> <li>We supported the Task Force on Climate- related Financial Disclosures (TCFD) and became one of its signatory supporters.</li> <li>Continue to support the Carbon Disclosure Project (CDP).</li> </ol>	<ol> <li>Actively introduce the opportunities under the TCFD's recommended framework, and propose mitigation measures.</li> <li>Conduct scenario analysis or continuous attention and management for climate- sensitive industries.</li> </ol>
Green Operation	Failure to reduce energy use and carbon emissions or violation of environmental laws and regulations will result in penalties from government agencies and create irreversible damage to the environment.	The Company shall raise employees' awareness of environmental protection and energy conservation and voluntarily participate in energy-saving activities to reduce energy expenses and the carbon footprint of our services.	Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.	To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.	Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.
Supplier Sustainability Management	The failure of suppliers to fulfill corporate social responsibility may lead to disputes on labor rights and environmental sustainability that affect transactions, disrupt services, and damage Taishin's corporate image.	Use Taishin's influence to encourage suppliers to improve their corporate social responsibility, create a high-quality corporate culture in the supply chain, reduce risks, and create close and positive connections.	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.	Add the "Supplier Commitment Statement" to every procurement contract as an invitation for supply chain partners to join us in fulfilling corporate social responsibilities.	Provide corporate social responsibility training for all suppliers. Perform annual supplier assessment and request improvement from suppliers based on the outcome of assessment.
Financial Inclusion	When providing financial products and services to diverse groups, we must continuously monitor and strengthen the management of compliance, information security, and other risks. If we fail to implement adequate control and affect customers' rights and interests or violate laws and regulations, the Company may be penalized by the competent authorities, which would severely damage the Company's reputation and lead to loss of customers.	We use FinTech to provide more convenient and necessary financial products and services to different groups. We expand our products and services and increase the number of customers to improve the Company's operational health and enhance the Company's image and competitiveness.	Introduce the ESG concept into financial services and make services more accessible to provide suitable and friendly financial products and services for different groups and establish an equal and perfect financial environment.	Use FinTech to continuously optimize services and promote inclusive financial products to expand the accessibility and usability of financial services.	<ol> <li>Use the Richart app to provide simple, convenient, and easy-to-understand financial services to the younger generations who have fewer financial resources. Encourage them to develop investment and wealth management habits by allocate their income and expenditures.</li> <li>Continue to strengthen the app and the service items and functions of the online platform to optimize customer experience and help customers access financial services without spatial and tempoal restrictions.</li> </ol>

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Topic	Potential fisks		Policy	Commitment	Action	
Talent Development	Failure to recruit a diverse range of talents will reduce the possibilities of diverse development of the organization. It may also lead to loss of talents and gaps between employees' capabilities and the needs of the organization, which will reduce the Company's overall competitiveness.	Diverse talents can spark ideas in the organization and contribute diverse ideas and viewpoints to create more possibilities for creative expansion of the organizational performance. Provide various and open learning resources to reduce the gap between talents and the functions required by the organization. Provide employees with the necessary support for making full use of their potential and increase employee productivity.	Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.	Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.	Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.	
Remuneration, Benefits & Employee Care	Loss of talents and recruiting competitiveness will prevent us from motivating employee growth and weaken employees' commitment to work and motivation.	Attract and retain talents, increase employees' sense of belonging, and create a positive corporate culture to increase employees' motivation and satisfaction so that employees and the competitiveness can grow together.	Participate in regular market salary surveys and provide fair and incentive compensation in accordance with "Salary and Bonus Payment Policy" and "Performance Assessment and Bonus Policy".	Evaluate employees' performance using robust compensation and performance standards for better human resource management.	Adjust salary on a yearly basis to reward employees with market-competitive salary and improved welfare/care measures. Utilize a combination of different long-term incentive tools connected to performance to attract, retain, and motivate talents.	
Labor Management Relations	Loss of talents, decrease in employee's sense of belonging to the organization, and increase in labor disputes.	Understand employees and adjust the Company's measures as time progresses to enhance their sense of belonging to the Company, reduce employee turnover, and minimize labor disputes.	Use multiple communication channels, including regular employee opinion surveys, ad hoc employee opinion surveys, an employee mailbox, and focus group interviews to provide employees with opportunities to fully express their views, which the management takes to heart to maintain good relations with employees.	All workers, regardless of seniority, position or rank, have the opportunity to fully express their views and they will not be labeled for their views.	Carry out periodical employee opinion surveys and draw up improvement action plans based on the survey results.	
Human Rights and Gender Equality	Human rights and gender equality issues can lead to employee grievances and disrupt workplace harmony. They can also generate negative feedback from different stakeholders or lead to penalties by competent authorities.	Comply with human rights regulations to provide employees with a safer workplace. Let employees work and facilitate their long-term development in the Company without worries. These measures can also prevent negative feedback from external stakeholders or penalties from competent authorities.	Announcement of "Prohibition against Workplace Sexual Harassment" and "Taishin Human Rights Protection Statement" as means to protect workers' human rights. 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. Taishin engages physicians to provide onsite services and provide health seminars for pregnant employees or employees with newborns.	
Occupational Health and Safety	An increase in the number workplace safety and health incidents would affect the Company's image. Uncertainty about workplace safety and health would reduce the employees' trust in the Company. An increase in the employees' injury and illness rate would affect attendance and employee productivity, increase personnel expenses, and affect employees' future quality of life.	The Company shall actively identify workplace hazards and continue, promote occupational safety and health training and professional medical health management, create a healthy and friendly workplace, improve employees' health knowledge, and help them make use of the knowledge in daily lives. We also protect employees and reduce the injury and disease rate of employees to reduce personnel expenses.	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 provided with timely physical and mental health services and professional assistance.	Continuous implementation of the occupational safety and health management as well as health promotion and management. Organize safety and health training for new employees, health check-ups, onsite medical services, and prevention of communicable diseases. Regularly assess issues relating to occupational safety and health risks.	
Social Involvement	The inability to implement adequate management will result in ineffective distribution of resources. The political views and perspectives of the recipients of financial support may affect social opinion.	Social investments with adequate management and execution will help increase engagement with external entities, strengthen the positive image of the Company, and fulfill corporate social responsibilities.	Taishin upholds the philosophy of a "human- oriented approach" and "teaching people to fish" as we focus on local needs and work hard to promote social welfare, arts and cultural development, sports, and academic activities.	We care for the underprivileged, match them with resources, empower education, eliminate inequality, and use quality education and promotion of arts and cultural performances to promote physical and mental health, and improve the health and welfare of all ethnic groups.	We adopted the methodology of the London Benchmark Group (LBG) to assess the input and output with quantitative data in order to assess Taishin's resources committed to social engagement, benefits, and long-term impacts on the society.	

The business performance refers to the results of the management of sustainability topics. Please refer to the "Business Performance" 📎 for details.

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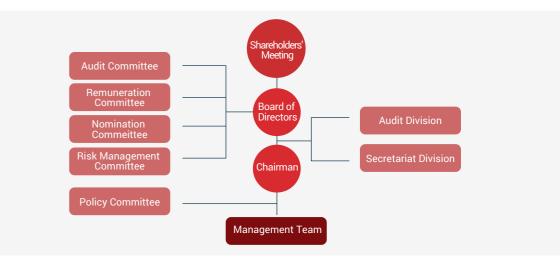
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# **1-1** Corporate Governance

## **Governance Framework**

Taishin upholds its corporate values of "Integrity, Commitment, Innovation, and Collaboration" and integrated resources from multiple dimensions to ensure the Company's operation efficiency and reduce operational risks. We established a Nomination Committee in 2020 to strengthen the mechanisms for the selection of Directors and Independent Directors, ensure diversity and professionalism of the Board of Directors, and effectively improve corporate governance. In terms of corporate governance, Taishin has maintained good performance in the "Corporate Governance Evaluation" organized by Taiwan Stock Exchange Corporation and has been selected as a constituent of the "Taiwan High Compensation 100 Index" since June 2015. Taishin FHC have also been selected as a composition of Dow Jones Sustainability Index (DJSI) in both World and Emerging Markets, which are closely monitored by global investors, for three consecutive years since 2018. We have also been recognized as the 100 most advanced companies in Vigeo's Emerging Markets Universe by Vigeo Eiris for two consecutive years. These external accreditations have secured Taishin's place among the world's benchmark companies in terms of corporate governance performance. Taishin FHC believes that a robust corporate governance framework combined with an efficient board makes the foundation for sound corporate governance. A strong framework not only improves corporate governance and risk management performance, but also enables the management full control over the Company's business strategies, goals and execution, and enhances its ability to lead the Company through changes in the economic cycle and competitive environment.





# Main Responsibilities and Operations of Functional Committees

Commitee	Operations in 2020	Main Responsibilities
Audit Committee	<ul> <li>Convener : Chang, Min-Yu (Independent Director)</li> <li>Meetings : 12 times</li> <li>Averaged attendance rate : 100%</li> </ul>	<ul> <li>Establishment and amendment of Asset Acquisition and Disposal Procedures and the internal control system; review on the effectiveness of internal control system.</li> <li>Fundraising, offering, or private placement of equity securities, and major transaction of assets or derivatives.</li> <li>Appointment, dismissal and remuneration of financial statement auditor; appointment and dismissal of financial, accounting and internal auditing officers.</li> <li>Review of annual and semi-annual financial reports.</li> <li>Matters involving directors' personal interests</li> </ul>
Remuneration Committee	<ul> <li>Convener : Lin, Yi-Fu (Independent Director)</li> <li>Meetings : 3 times</li> <li>Averaged attendance rate : 100%</li> </ul>	<ul> <li>Establishing and periodically reviewing the performance assessments for directors and managerial officers and the policies, systems, standards, and structure for their compensation.</li> <li>Periodically evaluating and formulating directors' and managerial officers' compensation.</li> </ul>
Risk Management Committee	<ul> <li>Convener : Chang, Min-Yu (Independent Director)</li> <li>Meetings : 5 times</li> <li>Averaged attendance rate : 100%</li> </ul>	<ul> <li>Review of the risk management policies.</li> <li>Review of the annual risk appetite/ limit.</li> <li>Review of the regular integrated risk management reports.</li> <li>Review of material risk management issues issues raised by Taishin FHC or by the authority.</li> </ul>
Nomination Commeittee	<ul> <li>Convener : Director Wang, Chu-Chan</li> <li>Meetings : 2 times</li> <li>Averaged attendance rate : 100%</li> </ul>	<ul> <li>To recommended a list of director candidates for nomination to the Board.</li> <li>To establish and to review the continuing education programs for directors.</li> <li>To examine the Regulation of the Board Performance Evaluation and to evaluate the Regulation of the Board Performance Evaluation's implementation results.</li> <li>To examine the Company's Ethical Corporate Management Best Practice Principles and to evaluate the Ethical Corporate Management Best Practice Principles' implementation results.</li> </ul>

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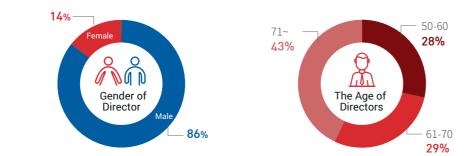
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# Composition and Functionality of the Board of Directors

#### Composition of the Board of Directors

Taishin FHC elects its board members according to the "Taishin FHC Director Election Policy." Taking the diversity into account, composition of the board of directors is not limited by gender, age, ethnicity and nationality, also takes into consideration of their knowledge and skills. The board of directors serves a term of 3 years. The current board was elected in June 2018 and comprises 7 members (1), including 3 independent directors (1) of whom was female and a certified public accountant). As at December 2020, members of the current board averaged 11.42 years in service. Three of the directors are independent directors, accounting for 42.85% of all directors.

Board members exhibit <u>diverse backgrounds</u> 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 Chairman does not hold any concurrent position as senior manager. Directors' independence is one of the ways through which the Company enforces sustainable governance.



Title	Name	Number of public listed companies in which the Director serves concurrently as a director (Note1)	Independence of Directors (Note2)	GICS Level 1
Chairman	<ul><li>Representative of Chia Hao Co., Ltd.</li><li>Wu, Tong-Liang</li></ul>	0	V	<ul><li>Financials</li><li>Materials</li></ul>
Director	<ul><li>Representative of TASCO Chemical Co., td.</li><li>Wu, Cheng-Ching</li></ul>	0	V	<ul><li>Financials</li><li>Industrials</li></ul>
Director	<ul><li>Representative of Hsiang- Chao Co., Ltd.</li><li>Kuo, Jui-Sung</li></ul>	2	V	<ul><li>Financials</li><li>IT</li></ul>
Director	<ul><li>Representative of Santo Arder Co., Ltd.</li><li>Wang, Chu-Chan</li></ul>	1	V	<ul><li>Financials</li><li>Health Care</li></ul>
Independent Director	Lin, Yi-Fu	3	V	Financials
Independent Director	Chang, Min-Yu	2	V	<ul><li>Financials</li><li>Telecom Services</li></ul>
Independent Director	<ul> <li>Kuan, Kuo-Lin</li> </ul>	0	V	Financials

Note1: Taishin FHC and Taishin Bank are calculated as one company. The number published in the 2018-2019 CSR Report indicated the number of all companies in which the Director serves concurrently as a director, as the number in 2020 one is the number of public listed companies in which the Director serves as a director.

Note: The Company reviews the independence of Directors in accordance with the independence criteria defined in domestic laws (Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) and discloses the results in the Annual Report. The Company also implements the following independence review criteria (i.e., Directors must meet at least 4 of the 9 following indicators and meet at least 2 of the first 3 indicators):

- 1.The Director has not been employed as a senior executive of the Company at any time during the past year.
- 2. The Director or his/her family member did not accept any compensation from the Company or any of its subsidiaries exceeding US\$60,000 in current fiscal year unless otherwise permitted by the US SEC 4200 clause.
- 3. The Director's family members have not been employed by the Company as senior executives.

4. The Director is not a consultant of the Company or the management team and has no conflict of interest with consultants of the Company.

- 5. The Director has no conflict of interest in the Company's main customers or suppliers.
- 6. The Director has not entered into any service contract with other companies or their executives.
- The Director has no conflict of interest in non-profit organizations whose main sources of revenue are donations from the Company.
   The Director has not been employed and has not served as a partner of the Company's external auditor at any time during the past

three years.

9. The Director has no conflict of interest with the independent operations of the Board of Directors.

# 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.

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#### Directors' Education

To enhance corporate governance, Taishin not only invites the industry's elites to undertake director position, but also devotes significant attention to directors' education and training. All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies," and average about 11.07 hours of continuing education each in 2020. 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.

#### Courses completed by Directors in 2020

Course	Number of Directors in attendance	Number	Total participation hours
Reflections and Outlook of Anti-Money Laundering Risk Management	7	3	21
Financial Consumer Protection Act and the Principle of Fair Customer Treatment Seminar	7	3	21
"Corporate Governance 3.0 - Sustainable Development Roadmap" Summit	2	3	6
2021 Global Economic Prospect and Industry Trends	1	3	3
The Role of Institutional Investors in Improving Corporate Governance	1	3	3
Corporate Social Responsibility and Sustainable Development	1	3	3
2020 Insider Trading Prevention and Insider Equity Trading Education Seminar	1	3	3
Post-Pandemic Corporate Transformation and Supply Chain Adjustments - Perspective of Taxes/Changes in the 5G Era	1	3	3
Corporate Governance Seminar - FinTech Series (1 <sup>st</sup> Session)	1	3	3
Exploring Data Analysis E-Course	1	2.5	2.5
Digital Financial Risk Management and Compliance Practices E-Course	1	3	3
RegTech Implementation and Future Prospects	1	3	3
Labor Incident Act (Accounting Services Industry)	1	3	3
Total	26	38.5	77.5
Average training hours per Director		11.0	70

We plan continuing education for Directors based on the economic and environmental conditions of the current year and shall continue to organize courses on corporate governance, risk management, business, commerce, accounting, law, anti-money laundering, countering terrorism financing or corporate social responsibility to strengthen the professionalism and capabilities of Directors and grasp the latest management trends. The Company's Nomination Committee referenced the Group's policies, plans, and other topics to plan the Directors' continuing education courses for the year.



#### Performance of the Board of Directors

Taishin held 16 Board of Directors meetings in 2020, and averaged an attendance rate of 97.32%. According to the "<u>Regulations of the Board Performance Evaluation</u>," Sincluding performance evaluation of functional committees, the organization is required to conduct internal assessments at least once a year and external assessments involving outside experts at least once every three years. The internal assessment has been implemented since 2016 and the latest round was completed in 2020. The external assessment has been implemented since 2018 and the latest round was completed in April 2021. The assessment results have been disclosed in the Annual Report (data based on information from the most recent round prior to the publication date of the Annual Report) and the "<u>Corporate Governance</u>" section So on the Company's website. We have established an objective evaluation system to enhance the performance of Directors.

#### Self-assessment

Directors	Board of Directors	Functional Committees
<ul> <li>Familiarity with the goals and missions of the Company</li> <li>Awareness of the duties of Directors</li> <li>Participation in the Company's operations</li> <li>Management of internal relations and communication</li> <li>Directors' expertise and continuing education</li> <li>Internal control</li> </ul>	<ul> <li>Participation in the Company's operations</li> <li>Improvement of the quality of the Board of Directors' decision making Board composition and structure</li> <li>Election and continuing education of Directors</li> <li>Internal control</li> </ul>	<ul> <li>Participation in the Company's operations</li> <li>Knowledge of the duties of the functional committee</li> <li>Improvement of the quality of functional committee's decisions</li> <li>Composition and election of the Functional Committees</li> <li>Internal control</li> </ul>

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#### **Remuneration Policy of Senior Executives**

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

Taishin FHC has adopted a long-term incentive program for managers since 2012 that includes a deferral and clawback mechanism. 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	Content	Weight (%)	Description
Managerial capabilities	Practice enterprise core value	50	Including recognizing and practicing core values (i.e., Integrity, Commitment, Innovation, and Collaboration) and demonstrating Leadership.
Ø	Financial indicators		Including profitability, growth rate, market leadership, return on equity, etc.
Target accomplishment and organizational performance.	Non-financial comprehensive indicators	50	Including risk management, asset quality and process innovation and control, corporate image, talent management and development, etc.
•••••	The United Nation	ns' Sustain	able Development Goals (SDGs) are ess strategies (e.g., internal and external

Others incorporated into the business strategies (e.g., internal and external audits, compliance, energy conservation and carbon reduction, and other corporate governance and environmental initiatives) and taken into account when the Company conducts performance evaluations and gives remuneration packages.

# Executive members'shareholding position and compensation percentage

						Unit:NT\$ thousand
Position	Nome	Sharehold sha		Deee colory	Average compensation	Market value of
Position	Name	Common shares	Preferred shares	Base salary	(number of executive members)	shares / Average salary of manager
President	Welch Lin	5,010	-	58,828	4.902	13.45
	Other executive members (Note 1)		308	30,020	4,902	1.49

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 2020.

Note 2: The stock market value is calculated based on the average stock market value of the 30 business days before the end of 2020; the market value of common shares is calculated at NT\$13.16, and the market value of preferred shares is calculated at NT\$52.54.

# Membership in Associations

Taishin FHC and its subsidiaries participated in activities of approximately 27 domestic and foreign trade organizations in 2020 to communicate and cooperate with other companies and promote the stable development of the finance industry. In terms of promoting the development of the finance industry, Taishin Bank has joined many domestic and foreign organizations and played key roles in organizations such as the Bankers Association of the Republic of China, Chinese National Association of Industry and Commerce, and the "Fin & Tech Innovation Village" of the Taiwan Academy of Banking and Finance. In terms of international organizations, we participated in the Asia Financial Cooperation Association, Asian Bankers Association, and Cross-Strait CEO Summit. In terms of corporate sustainable development, Taishin has actively participated in activities of the Center for Corporate Sustainability to support sustainable development. In addition, Taishin Securities, Taishin Venture Capital Investment, Taishin Securities Investment Trust, and Taishin Securities Investment Advisory also served as directors or members of trade associations in the Republic of China. Taishin's total membership fees paid in 2020 amounted to NT\$6,850,975 with the highest amounts paid to the Bankers Association of the Republic of China (NT\$2,241,100 in fees), Asia Financial Cooperation Association (NT\$1,090,675 in fees), and the Chinese National Association of Industry and Commerce (NT\$650.000 in fees).

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# **1-2** Business Integrity

# **Business Integrity Policy**

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



Taishin has <u>Ethical Corporate Management Best Practice Principles</u> 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.

In addition, Taishin established the "Employee Code of Conduct" to which specifies employees' responsibilities and obligations for reporting any violation described above. All Taishin employees review and sign a statement of compliance with the standards. Current employees read the statement online each quarter to ensure that they understand related contents. In the event of a violation, severe penalties shall be imposed in accordance with regulations to implement compliance risk management.

# Enforcement of Business Integrity

# Training and Education

In 2020, internal corporate integrity courses received 36,758 enrollments and delivered 46,475.49 hours of training in total. 100% of employees had completed their training during the year.

All new employees are required to complete courses on corporate ethics, anti-corruption and anti-bribery, held on a monthly basis, in order to promote more in-depth understanding of the Company's behavior guidelines. In 2020, the above courses received 5,587 enrollments and delivered 3,820.75 hours of training in total. 100% of new employees had completed their training during the year.

All staff

Ŵ

New

employees

Through mandatory courses and regular Intranet publications, the Company communicates with employees on a quarterly basis to enhance compliance awareness. In 2020, internal corporate integrity courses received 36,758 enrollments and delivered 46,475.49 hours of training to the above employees. 100% of the above employees had completed their training during the year.

# Training in previous years

Year	2016	2017	2018	2019	2020
Course enrollments	12,316	13,286	21,746	13,764	36,758
Total training hours	7,121.24	7,438.46	30,265.35	31,060.22	46,475.49

Note: Due to regulatory requirements in 2018, the number of attendees and total training hours in 2018 increased substantially. Starting from 2020, Taishin Bank holds large-scale training courses for the entire Company every year to strengthen the fair customer treatment awareness and to enforce requirements. Relevant units within the Company also hold short but intensive training courses for their businesses each quarter to instill the concept of fair customer treatment in employee conduct.

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#### Supervision

The Company established the "Taishin FHC Employee Reward and Discipline Guidelines". In the event an employee violates internal or external regulations or the "Employee Code of Conduct", the Company will deliver the penalty case to the Staff Conduct Review and Staff Performance Appraisal Committee of Taishin FHC for review. For employees found to have violated professional ethics in investigations, the Company maintains a zero-tolerance policy and shall dismiss them based on a resolution of the Personnel Review Committee and actively notify the competent authority. The audits in 2020 were intensified for internal high-risk violations (e.g., monetary transactions with customers and failure to implement the signing of contracts and identity verification) and the review standards were also intensified. As a result, the number of cases had increased and 14 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.



#### Employee violation cases

Case category/	20	)18	2019		2020				
count (Note1)	Number of cases		Number of cases	Closed cases	Number of cases	Closed cases	Description/improvements		
Rules on business ethics	3	3	0	0	0	0	We continue to promote the Employee Code of Conduct through differe channels and strengthen training on professional ethics and operation regulations for new employees. No violations have occurred for tw consecutive years.		
Avoidance of conflicting interests	6	6	5	5	6	6	We establish clear boundaries and penalties for violations in transactio with customers. We use the HR website to publish reminders at regul intervals. We also strengthen the mechanisms for monitoring cash flo between sales personnel, their related accounts, and their customer and include them as key review points for the daily exception report f supervisors of all levels.		
Personal information protection	14	14	14	14	18	18	We establish clear boundaries and penalties for violations involvi customer information. We regularly share information on penalti imposed by the competent authorities in compliance awarene campaigns and instruct the units and supervisors of violators to enhan supervision.		
Information integrity <sup>(Note2)</sup>	7	7	19	19	11	11	After continuous training on the importance of KYC procedure supervision, and enhancement of automatic inspection mechanisms i the sources of funds in transactions, the number of violations in 2020 h dropped significantly.		
Protection of business secrets	2	2	3	3	2	2	We continue to use all channels to specify the importance of maintain the confidentiality of trade secrets. We establish punitive measur for failure to implement password retention and use the HR website publish reminders at regular intervals. We also include them as key revie points for the daily exception report for supervisors of all levels.		
Fair trade	0	0	0	0	2	2	We continue to emphasize the importance of compliance with finance consumer protection regulations and fair customer treatment principl to related business units.		
Anti- discrimination	0	0	0	0	0	0	We continue to use different channels to communicate anti-discriminati regulations and no violations have occurred for three consecutive year		
Sexual harrasment	0	0	0	0	1	1	Staff Conduct Review and Staff Performance Appraisal Committee h reviewed and decided to terminate the employment of violators in relat cases and we will continue to use different channels to communicate t regulations on sexual harassment prevention, complaints, and penalties.		
Others <sup>(Note3)</sup>	16	16	9	9	15	15	As the subsidiary Taishin Securities enhanced key business audits a elevated the standards for the penalties for discrepancies in the condu of securities service personnel, the number of cases in 2020 increas substantially. We have increased the supervisory responsibilities of dire supervisors in 2021 and we will continue to strengthen the manageme of related business operations to increase employees' risk awareness.		
Total <sup>(Note4)</sup>	48	48	50	50	55	55	Where the violation is minor, the employee shall be given a verbal or written warning. The decision on the penalty shall be announced on the Company's internal website as a warning.		

Note1: The case category is mainly determined by the main violation which is used to calculate the number of cases.
2. The number of violations of "information integrity" in 2019 increased from previous years mainly due to the elevated criteria for determining risks and the increased audit frequency. After continuous training and supervision, the number of violations in 2020 has dropped significantly.
3. The increase in the number of violations of the "Others" category in 2020 was mainly due to the subsidiary Taishin Securities' enhanced key business audits and elevated standards for the penalties for discrepancies in employee conduct. We have increased the supervisory responsibilities of direct supervisors in 2021 and we will continue to strengthen the management of related business operations to increase employees' risk awareness

All cases from 2018 to 2020 were closed in the same year.

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# Information Transparency

Channel Summary description Financial information and other material announcements are posted onto the Market Observation Post System in a timely manner. The Market Observation Post System (MOPS) Taishin organizes analyst meetings % on a quarterly basis and s shareholders' meeting on an annual basis. Analyst meeting and shareholders' meeting The Company occasionally participates in domestic and foreign investor conferences and roadshows to update investors on the Company's latest operations and financial ۲<u>ج</u> results. The COVID-19 pandemic in 2020 affected domestic and foreign business travel and physical meetings. Taishin has Investor conferences adopted video conferences and telephone conferences and roadshows to enhance communication with investors and update financial results. Financial and non-financial information is posted on to the website of the financial holding company in a timely manner (



Contact

- The Investor Relations section & provides investors with updates regarding corporate governance, shareholder services, major announcement, financial data, analyst meeting briefings and broadcasts, financial statements, and annual reports.
- The CSR section & demonstrates sustainable ideals and practices.

The website contains a "Contact Us" page & available in Chinese and English which provides customers, investors, employees, suppliers, other communities, and the media communication channels to present their opinions.

# **Risk Management and** 1-3 **Internal Control**

# **Risk Management System**

#### **Operations of Risk Management Committee**

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

Day-to-day risk management is spearheaded by the Chief Risk Officer (CRO) and executed through the CRO Office. The CRO Office communicates with corresponding units of the 3 lines of defense to enforce risk management within the organization. The averaged attendance rate of Risk Management Committee is 100% in 2020.



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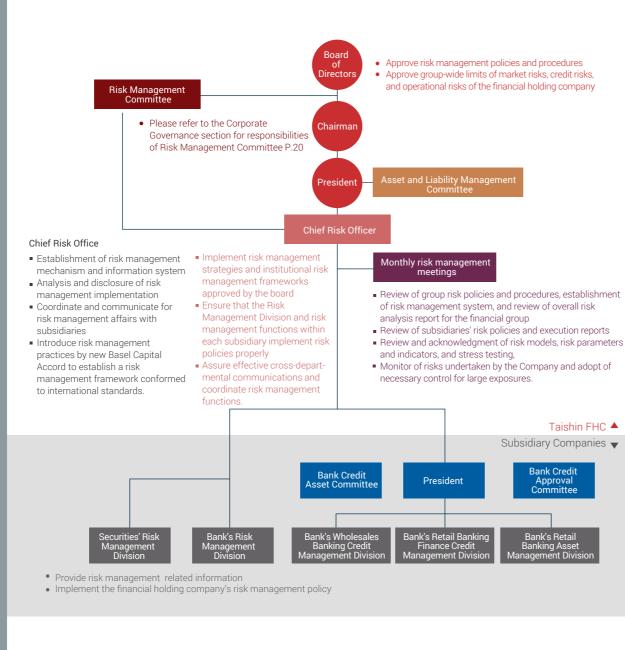
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# Risk Management Policy

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



The Company shall include mandatory and voluntary stress test results into the capital adequacy plan and implement quarterly stress tests on risks and scenarios in the overall and individual business environment. We shall also report the results to the Board of Directors and the annual stress test results shall be reported to the competent authority and disclosed on the website. We also incorporated the results of the stress tests into our long-term strategies. We adjusted asset allocation and continued to increase profitability and capital utilization to enhance the overall financial structure and capital adequacy ratio of Taishin FHC.



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#### Risk Management Measures

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

#### Product risk management

Taishin Bank has established the product review panel or related review mechanisms for financial investment products or new financial products. The review panel evaluates the nature of the product structure conditions, risk classification and suitability, documentation and information disclosure, compliance with laws and regulations, risk management, operation management and internal control, customer rights protection, and other aspects within the scope of review stipulated by the Bank and the competent authority based on the attributes and characteristics of each product. It also reviews the integrity and reasonableness of the products. New complex high-risk products must be reviewed by the review panel and reported to the Board of Directors.

Capital

Management

Authorized Capital

Economic Capital

Monitoring by

Board of Directors

Corporate Governance

Risk Management

Risk Appetite

Policies

Business

Development

Capital (RAROC

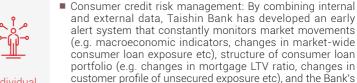
Risk-adjusted

Return on



#### Credit risk management

Credit risk management: Taishin Bank continues to enforce risk management on four main aspects: "compliance," "early alert," "credit tool refinement" and "pre-event/postevent/interim management." This approach ensures the growth of its credit portfolio amidst changes in the market environment.



Individual customers

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.

performance relative to the overall market.

- Taishin joined the Equator Principles Association in November 2019 and has established operating regulations that meet the Equator Principles to fulfill its obligations as a member. We have created comprehensive assessment and compliance mechanisms for project financing and strengthened the environment, social, and governance risk assessments of transaction counterparties. We also created a checklist for Ioan applications from sensitive industries and adopted enhanced KYC to control risks.
- Taishin Bank simplified loan procedures for the relief loans in response to COVID-19 (severe pneumonia with novel pathogens) and promptly notified related departments to follow the new regulations of the Central Bank for real estate mortgage operations.
- In response to risk management for business expansion, the Company added risk tolerance limits for international syndicated loans as well as internal control mechanisms for material unpublished information of loan applicants. We also amended the regulations for the appraisal of overseas real estate, loans for unsold properties, credit ratings, and industry-specific regulations to control all loan risks.



# Corporate customers

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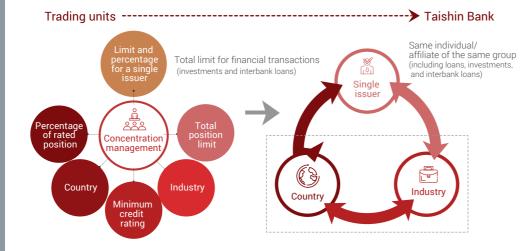
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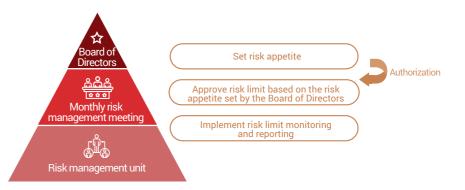
#### Management of credit risks in financial transactions

Credit risks refer to cases where a borrower or trading counter-party fails to meet the obligations stated in the original contract because of the deterioration of his/her/ its financial structure or other factors (such as a dispute between him/her/it and a transaction counterparty), which results in a risk of losses from default. The Company manages credit risks in financial transactions in cases where the issuer, guarantor, or transaction counterparty of a financial transaction defaults or suffers credit downgrade. The Board of Directors of Taishin Bank sets the risk appetite for credit risks in financial transactions. The Board of Directors of other subsidiaries sets the credit risk limits for financial transactions. The Risk Management Committee (or corresponding organization in a subsidiary) sets the credit risk limit for various types of financial transactions based on the credit risk appetite approved by the Board of Directors. The risk management unit of the subsidiary is responsible for monitoring and reporting day-to-day credit risk exposure. If the credit risk limit is exceeded, the subsidiary must report to the corresponding management level based on the "Financial Transaction Credit Risk Management Guidelines" of each subsidiary and take related response measures.

#### Market risk management

Market risks refer to potential losses derived from balance sheet and off-balance sheet positions due to changes in market prices (e.g., changes in market interest rates, exchange rates, stock prices, credit spreads, and commodity prices). Subsidiaries that are affected by market risks in the Company's financial transactions and investment positions in its main business operations must establish regulations for market risk management based on the scale and characteristics of their operations in accordance with the "Market Risk Limit Management Guidelines" of Taishin FHC. The Board of Directors of a subsidiary shall set the market risk appetite, which represents the maximum risk that each subsidiary is willing to take to achieve specific profitability objectives. The Risk Management Committee (or corresponding organization in a subsidiary) sets the market risk limit based on the market risk appetite approved by the Board of Directors to ensure that each subsidiary bears risks commensurate to the returns. The risk management unit of the subsidiary is responsible for monitoring and reporting day-to-day market risk exposure. If the credit risk limit is exceeded, the subsidiary must report to the corresponding management level based on their respective market risk limit management guidelines and take related response measures.





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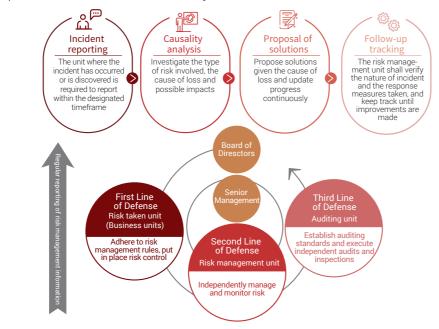
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# Risk incident reporting channel

In the event of a risk incident or discovery of potential risks, the unit must report immediately and clarify the reasons of occurrence, potential losses, and impact as guickly as possible. It must also formulate improvement plans. It must continue to follow up on improvement measures till the improvement is completed. Taishin has adopted three lines of defense to implement continuous management of related risks in business activities, formulate overall policies, and establish management systems. We also ensure effective control of and response to risks with the internal audit system.



The Company implements monitoring and reporting mechanisms for potential risks including: 1. The Company pays close attention to industry news/reports/presentations/evaluations and holds meetings from time to time for discussions. If potential risks are identified in assessments, the Company conducts in-depth studies and assigns units to take charge of the implementation. We also follow up on the improvements in related meetings

2. The Company regularly tracks leading indicators of major economies to determine the current economic conditions. We make decisions before the economy enters the next round in the cycle to avoid potential risks caused by fluctuations in the economy. 3.We analyze the potential risks of customer complaints for new systems or specific campaigns for all units to propose preventive measures. We also implement improvements and reviews of customer complaints and dynamic assessments of results in meetings.

4.When an employee discovers that repairs are required for the office environment or equipment, he/she must report the need to the general affairs unit first. After an evaluation, the unit that requires the repairs shall fill out an repairs form for the general affairs unit to process and implement continuous tracking

5. When faced with information security risks that may affect customer interests or normal operations, the supervisor responsible for information security must also be notified when the incident is reported to internal or external entities

Regarding the potential risks in the business operation, Taishin FHC encourages all employees to report and give suggestions at any time. Currently, the Bank has a platform offered for all employees to raise their hands at any time in the face of any problems or potential risks with work, environment and clients. If the existing process may cause any potential risks or have opportunities to reduce risks when employees are providing services, executing business or conducting various transaction or operating processes, the platform is offered as an open system to accept the proposals.

# Internal Audit

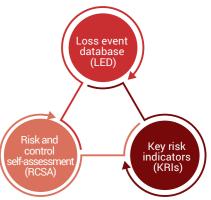
Taishin has an internal audit system in place and an Audit Division that reports directly to the Board of Directors in regard to its audit practices. Apart from the Chief Auditor and the Vice Chief Auditor, the Audit Division also has 6 full-time audit personnel who are responsible for audit of the Company and its subsidiaries' business and operational practices, management of subsidiaries, supervising internal control self-audits, evaluating internal audit practices of subsidiaries, coordination of financial examination, tracking, management and reporting of identified defects, and consultation from other units. The audits on the Company and subsidiaries in 2020 showed that there were no discrepancies or irregularities with material impact in the systems of the Company and subsidiaries. The audit opinions proposed and the improvement measures formulated by the inspected units were included as items to be tracked in routine audits to follow up on the improvements of the audited units.



# Establish the Culture of Risk Sensitivity

#### Establishment of measures for creating a corporate risk sensitivity culture

A culture of risk awareness is an important foundation for Taishin's sustainable development. In addition to introducing the loss event database (LED), key risk indicators (KRIs), risk and control self-assessment (RCSA), and regular reporting to senior management and the Board of Directors. we continue to expand risk education and training to embed the culture of risk awareness in our operations and increase the risk awareness of all employees.



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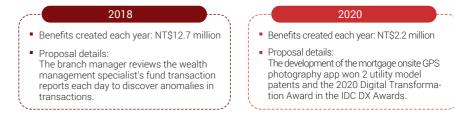
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Taishin uses the creative reform proposal platform to encourage employees to come up with improvement proposals during work. The managers of business units lead employees on business process management (BPM) projects each year to review all end-to-end procedures between customers and the Bank through the Company's strategic development and process improvement strategies. They seek to identify opportunities for optimization and risk management points in business and operation processes to implement prevention measures and monitor risks. These measures help the Company focus on the risk awareness culture and increase the number of proposals. The number of risk proposals increased to 1,002 in 2020 which was 17.3% growth from the previous year. We organize the process improvement proposal contest each year. The "best risk management" award is given to the best proposals of the year (including creative reforms and BPM projects). We encourage employees to establish risk control points in the processes to address operational risks and credit risks, propose specific recommendations, establish more efficient and adequate risk management, and enhance the culture of risk awareness.



#### Best risk management proposals in recent years

Year	2016	2017	2018	2019	2020
Proposals (cases)	230	308	343	854	1,002
Percentage to total case count (%)	2.80	2.43	2.44	8.11	8.23
Annualized benefits (NT\$million)	10	11	62	38	30



Note: Due to COVID-19, the Company supported government policies (relief loans and redemption of the Triple Stimulus Voucher) and the 2019 and 2020 "best risk management proposals" were combined for evaluation.

#### Training and Results

In 2020, Taishin FHC organized 240 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 2020, Taishin continually improved employees' risk management awareness by introducing courses on emerging risks and TCFD that conform with the latest legal requirements and environmental changes.

#### Risk management training in recent years

Risk management	2016		2017		2018		2019		2020	
training	Compulsory	Optional								
Course count	6	185	6	274	4	266	3	221	3	237
Enrollments	14,374	16,937	24,264	28,463	17,499	18,885	18,637	14,349	18,122	16,837
	7,617	21,707	29,549	28,415	27,210	21,283	28,826	18,618	31,572	18,276
Completion rate (%)	98.04	97.05	99.27	97.67	99.53	99.30	99.61	99.89	99.95	99.94
No. of failed participants	64	91	54	121	74	76	94	51	12	28

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

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

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# Management of Emerging Risks

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

#### Risk identification process

	1: Identification	2: Assessment	3: Integration	4: Observation
worksheet	IC has designed assessment s based on documents by local and foreign institutions.	Subsidiaries are required to assess impacts of emerging risks and devise response measure based on the state of their business activities	es reports impacts and mitigation measures.	Impacts and mitigation measures of identified risks are monitored on an ongoing basis.
Risl	k topic/ WEF risk category	Impact on operations and businesses	Mitigation and response measures	Opportunities
[Data theft risks] ■Technologic	<ul> <li>The number of cyber-attacks in Taiwan's finance industry has increased. Hackers use new techniques and exploit system vulnerabilities and gain access to steal or tamper with data from sources that are not easily traced.</li> <li>Criminals use social engineering to target financial consumers. They send phishing emails or SMS (smishing) that appear to be authentic to steal assets and personal information.</li> </ul>	<ul> <li>Personal mobile devices have become increasingly popular among all age groups. Due to the pandemic, the finance industry has invested heavily in promoting digital communication channels, which also provided criminals with more opportunities for criminal activities.</li> <li>A successful attack by a hacker with any of these activities may damage customer interests and the reputation of the Bank, and may result in a warning from the competent authority.</li> </ul>	<ul> <li>Taishin Bank continues to monitor global information security incidents and system vulnerabilities to enhance system security standards. We organize education and training to strengthen employees' information security awareness and reduce related information security risks.</li> <li>We remind customers of making prudent judgments and not to click on links from unknown sources. They must also regularly review their own assets and notify the Bank and the 165 anti-fraud line of the National Police Agency in the event of an anomaly for assistance in investigations.</li> </ul>	<ul> <li>We have won the trust of new customers with new and strong information security measures and gained recognition in the market among numerous digital financial service brands.</li> <li>We have converted passive actions to active actions by reviewing procedures regularly to protect both Taishin and customers. We have helped the public understand the convenience and security of Taishin network services, increased the loyalty of Taishin customers, and attracted more potential customers.</li> </ul>
[Challenges in the post- pandemic era] ■Societal	meant that companies still face the threat of the virus.	<ul> <li>The old operating model requires accelerated adjustments and we must increase investments in remote office software and hardware.</li> <li>The extended recovery period required for economic activities means continuous pressure on personal or corporate borrowers for repayment of loans.</li> </ul>	<ul> <li>Continue to monitor changes in the development of the pandemic and implement disease prevention measures with flexibility.</li> <li>Encourage customers to make use of digital services such as ATMs or apps to reduce the possibility of infections while monitoring account conditions and maintaining uninterrupted services.</li> <li>Fulfill corporate social responsibilities and help people or companies who experience difficulties in repaying loans due to the economic challenges cause by the pandemic. Where necessary, provide relief loan repayment options.</li> </ul>	<ul> <li>Embracing the new normal after the pandemic:</li> <li>Provide new industries with potential for profitability such as online shopping, online meal orders, car purchases, and medical services with appropriate financial products.</li> <li>Continue to improve the remote backup plan and restore normal operations before competitors when the next wave of the pandemic hits.</li> <li>Use opportunities to review the borrowers and transaction counterparties and review supplier management to enhance the health of our operations.</li> </ul>
[Increased difficulties in predicting international political development] • Geopolitical	<ul> <li>Political tension between major countries or the special cross-strait relations may affect the economy and increase uncertainties in predicting international political development which may create risks for business operations.</li> <li>The United States and China may remain competitive and they may also opt for cooperation or confrontation. Their relationship may lead to the redistribution of the global industry chain, cause upheavals in geopolitics, and affect the flow of funding across the globe.</li> </ul>	<ul> <li>The tariff and trade war between the two countries has affected export corporate customers who must face increased cost, reduced purchase orders, and reduced profitability. They may need to consider suspending business operations, adjustments, and reorganization.</li> <li>The tension between the United States and China cannot be easily eliminated. The risks of political and economic black swans persist and increase the difficulties for the Company's research team to make judgments.</li> </ul>	<ul> <li>Continue to monitor credit risks in Mainland China and strengthen the management of financial statements with exposure in Mainland China to avoid excessive concentration of assets. Pay close attention to the quality of credit and investments.</li> <li>Participate in external political seminars or forums and increase cross-sector communication opportunities to enhance the Company's judgments in political environments.</li> </ul>	<ul> <li>COVID-19 has created a new global economic and trade order. By observing the suspension of production in foreign countries as a result of the pandemic, we can monitor whether purchase orders have flowed back to Taiwan and identify opportunities for expanding the domestic demand.</li> <li>Refine the depth of studies conducted by the investment advisory team to provide customers with more accurate predictions and grasp market opportunities.</li> </ul>

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# Legal Compliance

Compliance Risk Management

## Framework of the compliance system

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

#### **Compliance Practices**

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

#### Compliance risk management system

Taishin Bank has developed a compliance risk management and monitoring system in accordance with Article 34-1 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" (last revised in 2018) that covers the identification, assessment, control, measurement, monitoring and independent reporting of compliance risks. The Legal Compliance Division assesses the compliance risks and effective of the current control measures to find out if risks remaining accord with the risk appetite and make plan for the weakness.

Taishin Bank also has the reporting system of compliance risk incidents to ensure timely notification and record of compliance risk alerts. Through the system, the improvement status would be tracked and reported to top management based on the risk level. The Legal Compliance Division submits the implement reports of compliance system to the Board of Director on a regular base that facilitate better control of overall compliance risk by the corporate governance level.

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

# Training and Rating System

#### Compliance rating system

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

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#### Whistleblower system

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

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



#### Compliance training

In 2020, the compliance training courses were focused on the following topics: protection of financial consumers' rights, fair treatment of customers policy, protection of personal information, transactions other than the credit extension with the related persons, internal control and audit system, antimoney laundering, and the most recent amendments to finance-related laws and regulations.

#### New recruits

Voor		Online	course		Classroom course			
rear	Enrollments	Completion rate(%)	Coverage rate(%)	Total hours	Enrollments	Completion rate(%)	Coverage rate(%)	Total hours
2016	7,920	100	100	2,012	2,296	100	100	3,823
2017	8,030	100	100	2,039	2,162	100	100	3,600
2018	6,452	100	100	1,344	3,138	100	100	5,073
2019	6,886	100	100	1,855	3,005	100	100	5,002
2020	2,321	100	100	4,609	1,445	100	100	2,890

Note 1: The orientation covers basic compliance concepts.

Note 2: For the data on online courses and classroom courses for new recruits, "enrollments" has been replaced with number of persons. Note 3: In response to COVID-19, the physical training course for new employees in 2020 was shortened from two days to one day. Certain physical courses have been converted to online courses, and multiple online courses have been integrated into one course. The total number of participants and hours have thus been changed.

#### On-the-job staff

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

Year	Enrollments	Coverage rate (%)	Completion rate (%)	Total hours
2017	87,586	100	99.99	97,073
2018	91,254	100	99.98	109,753
2019	111,009	100	99.88	127,754
2020	137,385	100	99.99	140,695

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

#### Compliance officers

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

Year	Pre-job courses		On-job-training courses	
	Enrollments	Total hours	Enrollments	Total hours
2017	201	6,030	-	-
2018	28	840	154	2,310
2019	44	1,314	184	2,791
2020	54	1,620	183	2,745

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

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Taishin Bank w	as	
fined NT\$8 mill	lion by	
fined NT\$8 mill the Financial St Commission, through Letter No. Financial- Supervisory-Ba Holding-10802 dated May 19, for the fault cat allowing custor purchase an in linked policy wi from a loan ag	anking- 223742 2020, used by mer to vestment- ith funds	8 N
policy and mor		

. . . . . .

If a customer has taken out a loan with Taishin Bank prior to purchasing an insurance product, customer services must use audio recordings to verify the source of the paid premiums with the customer before accepting the purchase.
 The information of a customer who has taken out a loan before subscribing to insurance products must be reviewed by a

supervisor.Strengthen declaration on the purpose for funds.



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

#### Management of AML and CFT

#### Policy and Authority

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



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

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



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#### Customer Due Diligence Procedure

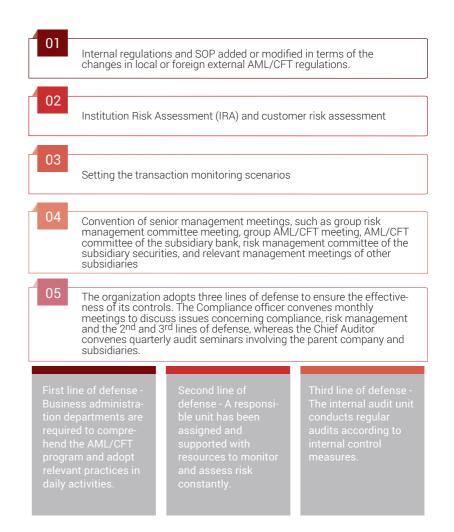
identified by a foreign dovernment or interna-

tional organization



After establishing business relationship

#### Five Actions and Three Lines of Defense



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#### Results in AML and CFT

The Company continued to include anti-money laundering and counter terrorism financing training for corporate governance courses for the Directors of Taishin FHC in 2020 for the purpose of enhancing the awareness of the management and general employees for anti-money laundering and counter terrorism financing. The Group also provided significant amounts of training for the Group's AML/CFT officers/personnel with 840 total training hours. The training provided by the Group for Taishin FHC and subsidiaries including Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, and Taishin D. A. Leasing included physical, online e-learning, and external education courses. Total training hours amounted to 14,980 hours and employees registered 16,430 attendances in such courses. The course contents encompassed reflections and outlook of anti-money laundering risk management, compliance and audit education, anti-proliferation of weapons of mass destruction, customer risk review, system operations, due care in business operations, suspicious transaction patterns, cases, and reporting, and explanation of common errors with more than 100 courses. The 2020 AML and CFT training completion rate was 100%.

#### ♦ AML and CFT training in 2020

	Number of participants	Hours	Coverage rate (%)	Completion rate (%)
Directors of Taishin FHC	7	21	100	100
Group AML officers/personnel	25	840	100	100
All employees	16,430	14,980	100	100

Note: As the employees of the Group changed many times in the year, the number of participants is used for calculations.



The Investigation Bureau investigated the significant increase in cases of suspected money laundering reported by Taishin Bank based on incentives (as shown in the table below). Taishin Bank discovered online banking fraud patterns and provided the Investigation Bureau with information for issuing notices to all financial institutions as reference at the end of 2020. The actions demonstrated Taishin Bank's hard work in AML/CFT operations.

	2018	2019	2020
Number of feedback incentive cases of the Investigation Bureau	31	72	111

Note: The cases in 2020 were mostly taxation cases and they occurred because the Company had adjusted the system parameters for the cash flow of taxes paid by companies/individuals and enhanced comparisons.

## 1-5 Information and Transaction Security

#### Information Security Management Mechanisms

Taishin FHC established the "Cybersecurity Policy" and "Internet Security Management Guidelines" to provide continuous and effective guidance for information security protection. We also established the "Information Security Committee" with members composed of the Directors, President, and Chief Information Officer of Taishin FHC with IT/cybersecurity expertise as well as the President and level 1 supervisors of Taishin Bank. The Committee convenes quarterly meetings to discuss information security issues and improvement measures. In the first half of each year, a report on the overall information security governance conditions and an annual security management plan is submitted to the Board of Directors and the implementation results of the annual plan are reported to the members of the Board of Directors in the second half of the year. Trends in information security are reported to members of the Board of Directors in the first and second halves of the year. The Company also obtains the information security governance strategies provided by the members of the Board of Directors in the second half of the year.

The Information Security Department is composed of professionals in the sector and is responsible for planning and supervising the implementation of information security strategies of Taishin Bank. The information security contact persons of each unit have formed an information security team to improve the business operations of the organization, manage information security risks, and improve the overall information security capacity. The Information Security Department is also responsible for the information security management system, internal/external issues, and stakeholders' requirements. It also evaluates and manages issues with related departments and adopts a risk-based approach to build an advanced information security system that meet FinTech development trends.

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

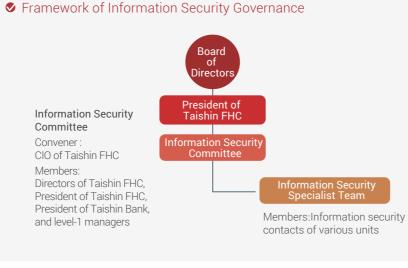
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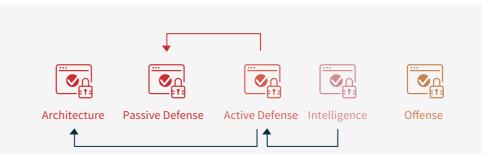
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#### Upgraded security protection

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

Taishin Bank implements a security assessment of the computer information system each year in accordance with regulations. The assessment items include the review of the IT framework, network activities, compliance, and security settings which are assessed to analyze the overall information security risks of the Bank, uncover potential information security threats and vulnerabilities for improvement, and improve the network and IT system security. We have also purchased the information security insurance to prevent additional losses, reduce the losses from information security incidents in the system, and protect company assets and interests.



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.

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 2020, there had been no occurrence of information security-related or extraordinary incident that had to be reported to the local financial competent authority, and neither was there any compliance-related defect. During the past five years, no major security incidents affecting customers occurred, such as operational attacks or business impacts caused by systems being hacked, nor were any customer's personal or sensitive information leaked through phishing. In addition, Taishin's network security management mechanism is running 24/7 year round to prevent hacking attacks.

#### Enhancement of Transaction Security

The rampant use of Internet fraud and fraud apps by hackers for watering hole attacks, spear phishing attacks, and ransomware attacks in recent years have severely damaged the interests of customers of banks worldwide. Taishin Bank has established multiple information security protection measures for the information system, internal and external network environments, and transaction websites and has established a Security Operation Center (SOC) for the entire Bank in 2020, to monitor the information security systems for abnormalities and analyze intelligence on all types of security threats. The Center will be used to optimize Taishin Bank's information security network and we shall continue to enhance information security and protect customer transaction security.

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#### Transaction security protocols



real-time payment notification

system, and other transaction

SMS, transaction detection

verification protocols.





Use biometrics/account and

password, and one-time passwords

Mobile devices

services to reduce significant numbers of fraudulent websites and apps to protect consumers' transaction security.

# Information Security Awareness and External Party Management

#### Education and Drills

continue to enhance their information security awareness

General information security training	Professional information security training	Social engineering drills
All employees of the Bank receive at least <b>3</b> hours of "information security awareness training" courses and evaluations each year. The contents include regulations, social engineering, basic information security awareness, customer personal information protection, and case studies of information security incidents which help enhance information security. The training coverage rate and completion rate in 2020 were both 100%. The Information Security Department issues information security notices to all employees of the Bank based on current events involving information security to	<ul> <li>All employees of dedicated information security units have completed at least 15 hours of external training based on the requirements for their operations to enhance their professional information security skills.</li> <li>Information security vontacts of all units are invited to attend professional information security training courses provided by external professionals to strengthen the information security capabilities of all units.</li> </ul>	4-6 social engineering drills such as simulated phishing email tests are implemented for employees of the Bank on an irregular basis each year. The test results are analyzed to identify employees with insufficient information security incidents to enhance training and reduce the risks of potential vulnerabilities.

#### 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.

#### No violations of information security regulations at the Bank in the past three years.

	2018	2019	2020
Number of violations of information security regulations or cyber security incidents	0	0	0
Number of data leaks	0	0	0
Number of customers and employees affected by leaks of company information	0	0	0
Fines for information security or network security incidents	0	0	0

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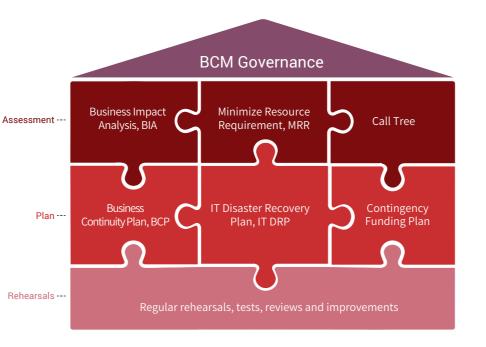
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### 1-6 Business Continuity and Technology Risk Management

#### Management System

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



#### Impact Assessment

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

#### **Responses and Recovery Plans**

#### Business Continuity Plan

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

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Business Impact Analysis is used to determine the target time for recovery, tolerable data loss time and recovery priorities, and to assess in advance the minimum resource requirements.



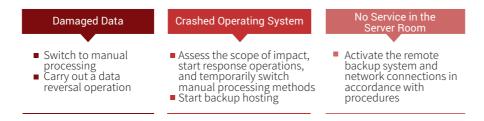
usiness Impact Analysis (BIA)

Minimum Resource Requirements (MRR) refers to the assessment of the backup resources required to recover operations to an acceptable minimum level. MRR includes staff, office space and facilities, computer equipment, software, applications, systems communication equipment, computer networks, important documentation, electronic files, paper files, means of transportation, stationery, etc. MRR should be sufficient to continue operations for a period of time.

In principle, at least one drill is held every year and if necessary, drills may be conducted twice a year. For details, please see page "Drills and tests" on page 42 of this report. X

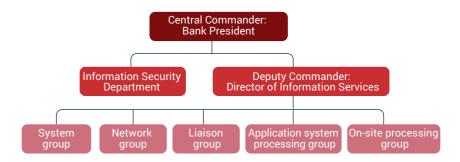
#### Information System Recovery Plan

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

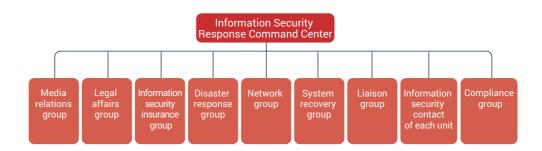


In addition, Taishin Bank has a business continuity team for IT operations and a computer security incident response team to safeguard business continuity and deploy information security incident response capabilities in real time, collect dynamic intelligence on IT threats worldwide, and analyze vulnerability to threats. If a threat occurs, a security threat alert is issued immediately, and an emergency response action for security incidents is taken based on the threat levels. We also plan to complete the introduction of digital forensic procedures in 2020. When information security incidents occur, we will follow digital forensic operation standards to collect and retain digital evidence, which can strengthen the integrity and usability of evidence, bolster analysis, processing, and evidence collection, evidence strength, and the legal effect of evidence in the event of an incident.

#### Taishin Bank Information Business Continuity Team



#### Security Incident Response Team



#### Contingency Funding Plan

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

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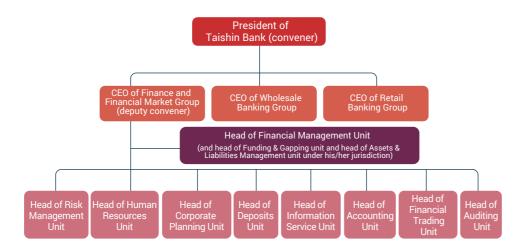
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#### Taishin Bank Emergency Response Team

of Closure



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

Process	Authorized Unit/Description			
Activate the Emergency Response Team	<ol> <li>The head of the Financial Management Unit notifies the relevant response unit of the Emergency Response Team to conduct a meeting by telephone.</li> <li>After the activation of the Emergency Response Team, the convener will notify the Chairman immediately.</li> </ol>			
Assignment of duties	If the Emergency Response Team decides to activate the Contingency Funding Plan, each authorized unit must discharge its duties as assigned by the Emergency Response Team.			
Daily meetings	<ol> <li>The relevant Authorized Units hold daily meetings → implementation → report results.</li> <li>The convener reports on the progress and efficacy of the Contingency Funding Plan to the Chairman as needed.</li> </ol>			
Notification	A decision to close a case will be communicated only after agreement from the convener.			

Also, the head of the Financial Management Unit will notify the heads of authorized units by email

#### Drills and Tests



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## 1-7 Business Performance

Taishin FHC complies with government policies, laws and "risk management" principles to maximize efforts and growth momentum in all business activities. We 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. We strengthen the information technology infrastructure and develop new products and services to increase customer base and engagement, complete the cross-industry business territory of Taishin Holdings, and enlarge the business scale of subsidiaries to enhance profitability.

Taishin FHC's net profit after tax for the 2020 fiscal year was NT\$14.5 billion and the EPS after tax was NT\$1.17. The return on equity for ordinary shares was 9.05% and the net worth of each ordinary share as of the end of the year was NT\$13.22. Despite the challenges of the epidemic in 2020, the hard work of all subsidiaries resulted in an overall performance comparable to that of the previous year. The net income from interest and net income from service fees continued to grow. The growth rate was 10.6% and 3.9%, respectively. In terms of deposit and loan business performance at the subsidiary Taishin Bank, the total loan balance grew by 11.9% while total loan balance grew by 9.0%. The NTD and foreign-currency loans grew by 9.6% and 6.1%, respectively. Personal loans continued to perform well and the growth rate was 13.6%. In terms of credit card businesses, the number of partner merchants was close to 154,000 and we continue to occupy the top spot in the market with an annual growth rate of 6.5%. The number of valid cards exceeded 4 million with an annual growth rate of 5.9%. The credit card spending amount was slightly lower than the previous year due to the epidemic but the Bank's performance remained higher than the average performance in the market. Powered by the sales of mutual funds, the net service fee income from our wealth management businesses increased by 4.5%. The business performance of the subsidiary Taishin Securities benefited from the continuous growth in the securities market. Its brokerage business market share and transaction volume continued to grow and the net income from service fees grew by 42.8%.

#### **Operating Financial Performance**

#### **Financial Performance**

Year	2016	2017	2018	2019	2020	Unit
Total assets	1,576,985,727	1,677,520,316	1,786,893,517	2,030,941,331	2,196,059,206	NT\$ thousand
Total equity	148,875,634	155,322,109	174,517,953	179,017,737	186,109,382	NT\$ thousand
Return on common shareholders' equity	9.58	9.61	9.06	9.54	9.05	%
Debt/ Equity ratio	959.26	980.03	923.90	1034.49	1079.98	%
Debt/ Asset ratio	90.56	90.74	90.23	91.19	91.53	%
Net profit rate	31.51	34.58	32.53	33.19	32.82	%
Return on assets	0.74	0.80	0.75	0.76	0.69	%
Earnings per share	1.00	1.06	1.05	1.16	1.17	NT\$
Cash dividend per common share	0.52	0.54	0.51	0.56	0.55	NT\$
Stock dividend per common share	0.43	0.44	0.21	0.23	0.45	NT\$
Net Income	11,392,433	13,070,166	12,930,133	14,485,931	14,488,827	NT\$ thousand
Group's capital adequacy ratio	128.48	124.87	127.09	118.91	130.04	%
Revenue per employee	4,423	4,469	4,267	4,555	4,528	NT\$ thousand
Profit per employee	1,394	1,545	1,388	1,512	1,486	NT\$ thousand
Employee benefits	11,312,362	12,163,656	12,374,008	13,987,394	14,467,600	NT\$ thousand

#### Leverage Ratio

				UTIL. NTŞ LIDUSATIU
Component	2017	2018	2019	2020
(Basel III) Tier 1 Capital	125,176,902	140,262,561	151,927,880	\$160,776,638
(Basel III) Underlying Exposure (Exposure of Balance Sheet)	1,739,520,467	1,847,485,561	2,057,794,466	\$2,210,027,371
(Basel III) Leverage ratio	7.20%	7.59%	7.38%	7.27%

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#### Tax Policy

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

#### Taishin Tax Policy

The Board of Directors passed the "Tax Governance Policy" in 2021, and we implement the following principles through the policy:

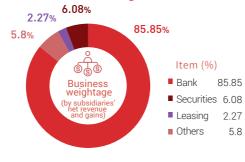
Tax compliance	Adhere to the tax laws of each country; correctly calculate according to laws and pay taxes as scheduled.
Transaction	Do not use tax structures intended for tax avoidance (without commercial substance), do not transfer value created to low tax jurisdictions, or use secrecy jurisdictions (known as tax havens) to avoid taxes. Make advance tax analysis to avoid double taxation, reduce tax costs, and cost a choreholder value. Companying in the transmission double taxation, reduce tax costs, the taxes of the tax taxes of the tax costs.



Z)	Communication	Maintain sound communication with tax authorities of each country.
	Pre-analysis	Evaluate impacts of changes in laws, new regulations or and the Company's major business decisions.
ŝ1)	Information Transparency	Properly disclosing tax related information for enhancement of the transparency of corporate information.
	Talent Development	Pay attention to changes in laws and regulations in various countries, and continuously train talents to enhance the tax professional.

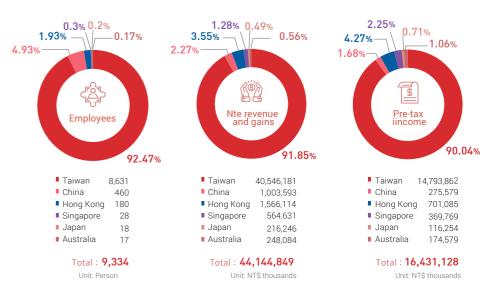
#### **Revenue and Gains**

2020 net revenue and gains of subsidiaries





2020 the numbers of employees, net revenue and gains and income before income tax weight by country



- Taishin Bank (includes Taishin Real-Estate Management, Xia-An Life Insurance Agency and Taishin D.A. Finance), Taishin Securities (includes Taishin Capital and Taishin Securities Venture Capital), Taishin Securities Investment Advisory, Taishin Securities Taiwan Investment Trust (includes Credidi), Taishin Asset Management and Taishin Venture Capital Investment
- China Taishin Financial Leasing
- Hong Kong Taishin Bank, Hong Kong branch
- Singapore Taishin Bank, Singapore branch
  - Japan Taishin Bank, Tokyo branch
  - Australia Taishin Bank, Brisbane branch

Please see "Main Business" on page 4 for main business of the subsidiaries.



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Amounts of income tax paid by Ta	aishin FHC by country for 2019 and 2020:
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2019

6.75% \_\_

2020

**4.92%** <sup>-</sup> **4.76%** ¬

0% 0% 0.03%

Income

tax paid

.38%	Taiwan	910,805	Country/ Region	Effective tax rate%	Statutory tax rate%
	China	67,652	Taiwan	11.06	17
	<ul><li>Hong Kong</li><li>Singapore</li></ul>	0	China	24.91	25
	Japan	337	Hong Kong	0.00	16.50
	<ul> <li>Australia</li> </ul>	23,830	Singapore	16.66	17
	Total : <b>1,0</b>	02,624	Japan	31.73	23.40
<b>90.84%</b> Unit: NT\$ thou:		thousands	Australia	32.98	30

1.08% 0.58% 2% \1.74%		Country/ Region	Income tax payable	Effective tax rate%	Statutory tax rate%
	Taiwan 1,989,172	Taiwan	2,012,314	10.88	17
	China 108,966	China	135,265	24.05	25
	<ul> <li>Hong Kong 112,559</li> <li>Singapore 24,602</li> </ul>	Hong Kong	6,823	17.59	16.50
_ <u>=</u>	Japan 13,209	Singapore	70,335	17.57	17
tax paid	Australia 39,725	Japan	17,322	20.16	23.20
	Total : <b>2,288,233</b>	Australia	35,720	31.06	30
86.93%	Unit: NT\$ thousands	Total	2,277,779	-	-

		Unit: NT\$ thousands
	2019	2020
Pre-tax income	16,273,574	16,431,128
Income tax expense	1,787,643	1,942,301
Effective tax rate (%)	10.98	11.82
Income tax paid	1,002,624	2,288,233
Cash tax rate (%) (Note)	6.16	13.93

Note: In year 2019, the Group's cash tax rate was lower than the effective tax rate mainly because the financial accounting standards and tax laws recognize certain transactions at different timing, which created temporary difference.

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

Cause of difference	Pro-forma tax ef	fect (NT\$ thousands )	Description
	2019	2020	
<ul> <li>Tax law of single jurisdiction</li> <li>Difference between Taiwan's statutory tax rate and average effective tax rate of industry peers</li> </ul>	947,122	956,292	<ul> <li>Global average effective tax rate of peer industries was 25.82% in 2019 and 2020, 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 20% in 2019 and 2020, respectively.</li> </ul>
<ul> <li>Difference from tax-exempt income in Taiwan</li> </ul>	1,623,398	1,575,205	Furthermore, the Group's pre-tax income included tax-exempt OBU income,
<ul> <li>Difference from other adjustments under Taiwan tax laws</li> </ul>	-156,326	-231,280	ceased to be imposed securities trading income, unrealized share of profit of associates accounted for using equity method, and other items subject to adjustment according to
Total	2,414,194	2,300,217	the tax laws of Taiwan.

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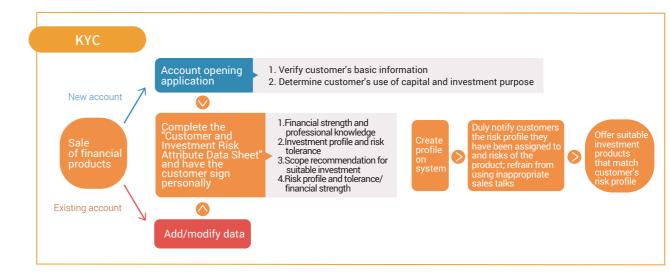
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### 2-1 Customer Relationship Management

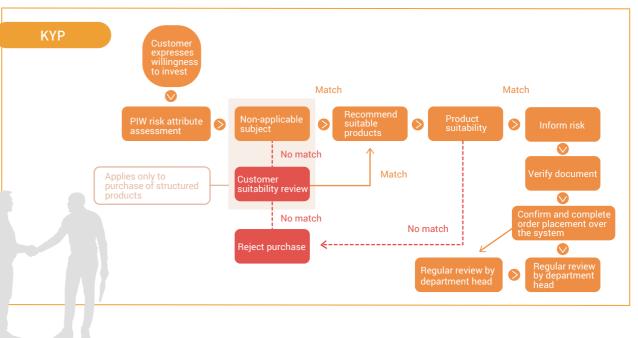
Driven by brand values of "Sincerity" and "Professionalism," Taishin not only provides a diverse range of localized and personalized customer service, but also pays close attention to customers' voice and constantly strives for innovation while delivering highly value-added services that make it the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



#### Policy of Customer Relationship Management

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

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



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

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

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

#### Employee Training

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

Target	Course	Frequency	Training coverage rate (%)	Training completion rate (%)	Total hours	Number of participants
a ڪ	Providing the best services (orientation camp)	Average 2 times each month	100	100	1,959.37	1,579
Mandatory courses for new recruits	Service etiquette (new employees) * 2020 courses included standard service procedures and professional image as well as 35 principles for providing the best services	Average 2 times each month	100	100	1,494.83	2,196
Mandatory courses for supervisors	Superior services	Three sessions each year	100	100	572	143

Training coverage rate: Number of participants / total number of employees in the category Training completion rate: Actual training participants / number of employees that required training

#### **Customer Relationship Maintenance**

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

Driven by the 3S service spirit of Simple, Sincere and Superior, Taishin keeps promoting our service culture. "Taishin Service Role Model" 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.

#### Gathering of Service Opinions

strategy and is key to enhancing customer

satisfaction and relations.



#### **Onsite Inspections For Branches**

Taishin Bank assigns employees with professional certifications as mystery customers to audit branch services by telephone or onsite visits. Audit items included basic etiquette, active service, response, professional knowledge, environment, and manners. The audit results are used as the basis for internal improvements and management.

#### **Branch Service Opinion Forms**

"Service opinion forms" have been placed at branches nationwide for customers to express their opinions. Once completed, customers may either mail them or drop them inside the branch's opinion box; the management will then respond to customers' suggestions and devise action plans for improvement. An electronic questionnaire is made available to customers through QR codes scannable by a mobile phone or tablet for easy completion.

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#### Strengthen Customer Satisfaction

#### Retail banking customer satisfaction

An impartial and independent third party was appointed to perform Taishin Bank's personal consumer finance customer satisfaction survey. Six groups of customers including wealth management, credit card, and digital finance customer groups were surveyed in 2020 and 1,706 effective samples were obtained. Each survey was conducted by professional market research interviewers through telephone interviews or online questionnaires. To ensure the representativeness of the samples, we select samples from different customer groups.

The customer satisfaction rate in 2020 was 83.9%, which was 1.5% lower than the target value. Based on the analysis, we learned that although the satisfaction rate of digital finance customers exceeded the target in 2020, the satisfaction rate of the wealth management customer group had fallen due to fluctuations in the financial market caused by the pandemic. To meet customer expectations for products and services, Taishin executed key action plans for important businesses such as digital finance and wealth management. They included big data model analysis, mobile banking system optimization, and regular reports on investment performance by wealth management specialists.

We also incorporated the Net Promoter Score (NPS) in 2019 gauge the customers' willingness to recommend the Bank and its products to others and effectively quantify customer loyalty. The Net Promoter Score for 2020 was 29.4 (a positive value means that there were more people who recommended the company than critics) which was higher than the score of 13.6 in 2019. Taishin will continue to convert the 36% of customers who were neutral to promoters to increase the Net Promoter Score.

Customer satisfaction of retail	2017		2018		2019		2020		2021
banking services	Actuals	Target	Actuals	Target	Actuals	Target	Actuals		Target
Customer satisfaction (%)	81.9	85.0	83.9	85.5	87.4	86.5	85.4	83.9	87.0 <sup>(note 2)</sup>
Sample size <sup>(Note1)</sup>		2,304		1,707		2,520		1,706	1,620
Coverage rate (%)		0.5		0.3		0.3		0.3	-

Note 1: The number of effective samples was calculated based on the number in the surveyed customer group. As the number of surveyed customers increased in 2017 and 2019, there were more effective samples. Taishin Bank conducted quarterly branch service satisfaction surveys on "service attitude", "waiting time", "speed for processing business" and "clear answers to questions" to monitor and obtain customer feedback after receiving services at branches. The satisfaction rate for the whole year was 93.3%, which was a slight increase of 2.3% compared to the previous year. The score in previous years has been maintained steadily above 90%.



#### Branch Service Satisfaction

	2015	2016	2017	2018	2019	2020
Satisfaction (%)	92.3	92.4	92.3	92.9	91.0	93.3

#### Intensification of wholesale banking customer services

In terms of wholesale banking, Taishin Bank provides comprehensive services for wholesale banking customers and continues to focus on small and medium enterprises. To improve efficiency and expand the scope of services, Taishin Bank established the "Small and Medium Enterprises Special Loan" to provide small and medium enterprises with rapid loan review process with dedicated personnel, special projects, and special reviews. These measures have effectively improved service performance and customer satisfaction. We also use due diligence (DD) credit investigation and post-loan alert system control and management mechanisms to ensure loan quality and fulfill the Bank's social responsibility.

Note 2: The default satisfaction rate target is based on the adjusted question types in the questionnaire which is determined by the key business of the current year (e.g., digital finance). The impact of the pandemic in 2020 resulted in downward revisions of the target and actual values. Taishin Bank responded adequately to the pandemic in 2021 and a target value higher than market standards was thus established.

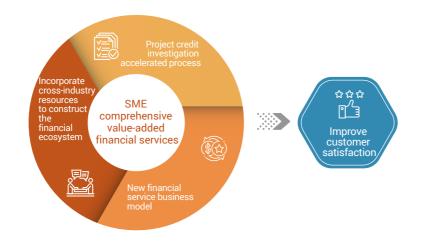
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In 2021, Taishin Bank will continue to support the key industries targeted by the government, learn more about the characteristics of local communities, and implement a intensive regional development strategy. We will also expand our cooperation with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to integrate business applications and set up application programming interface (API) financial connection services to continuously optimize the credit review process and operational efficiency. Taishin Bank will build an ecosystem for small and medium enterprises and provide a full range of value-added financial services to SMEs to increase customer satisfaction.



#### Securities customer satisfaction

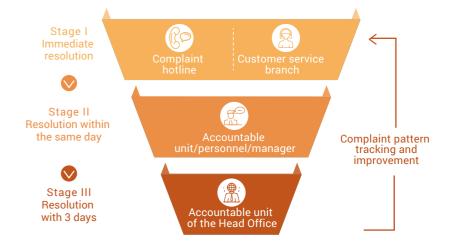
Taishin Securities is committed to improving the customer experience and continuous optimization of services. The satisfaction rate was 83.14% in 2020 which fell from the rate in 2019 but comprehensive plans have been created for items that require improvements (e.g., the official website). In addition to overall revision and a focus on user-friendly interface design and additional business contents and market information, we also implemented multiple system optimizations and services for the online platform with the aim of providing a better user experience and improving the satisfaction rate. In addition, the Net Promoter Score (NPS) of Taishin Securities in 2020 was 34.8 with promoters and neutrals accounting for 90% of all responses, which was higher than the results from the 2019 survey.

#### **Customer Grievance System**

#### **Complaint Procedure**

#### Grievance system for retail banking customers

Taishin Bank has established multiple channels to implement the principle of fair treatment and protection of customer complaints, so that customer feedback can be effectively communicated and processed. These channels include 24-hour customer service hotline, head office customer feedback hotline 0800-079-885, branch service feedback form, online feedback on the official website, or the feedback email of the head office, etc. Each unit of Taishin Bank has a contact window for processing customer complaints to adequately address customer complaints, resolve customer issues, and respond to customer requests. In the event that the unit is unable to reach a consensus with the customer after processing a case, or if the customer presents his or her case through an external agent, Taishin Bank will process the case through a dedicated customer complaint processing manuals which provide the procedures and deadlines for processing complaints in order to protect the rights and interests of customers who have filed complaints.



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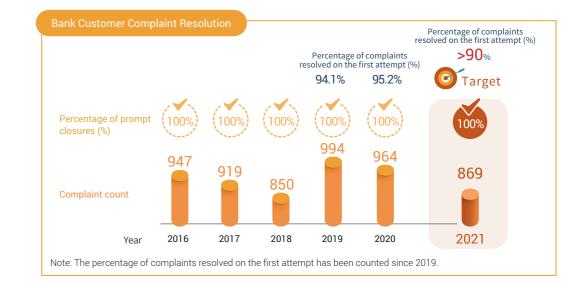
Taishin Bank Head Office has a unit that specializes in handling financial consumer disputes and settling customers' complaints. It adopts systematic process and tracking to ensure that customers' queries are proper addressed in a timely manner.

The unit responsible for customer complaints at the head office has set up contact persons for each unit as the bridge for communication between the head office and business units. We integrate the spirit of fair treatment into the routine operating procedures of our employees through customer complaint management mechanisms for prevention, early warning, and post-hoc improvements. Before a new product or event is launched, we review and improve the implementation of fair treatment in advance to protect customer interests. In addition, we analyze the root cause after a customer complaint, and provide recommendations for improvement to help the unit prevent the recurrence of the same complaint through training, system improvement, or process optimization.

The head office prioritizes customer satisfaction when processing complaints and aims to resolve the customer's problem once and for all. Each week, the head office reviews cases that have not been resolved with customers when they are closed, considers whether there are other ways to resolve the case or the need for continuous communication, and reports the results to the Director. The head office reports the increase or decrease in the number of customer complaints, the reasons for the occurrence, the content of the violation of fair treatment cases, and the follow-up improvements to the Fair Customer Treatment and Consumption Review Committee and the Board of Directors each quarter.

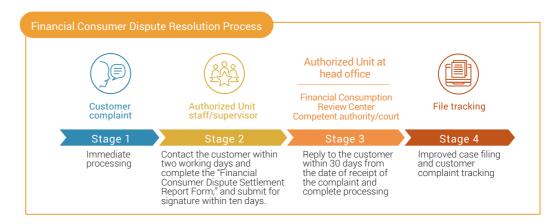
#### • Grievance system for wholesale banking customers

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



#### • Grievance system for securities customers

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



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## **2-2** Privacy Protection

#### **Protection Policy of Personal Information**

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

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

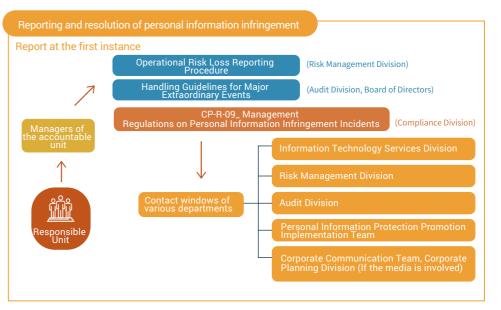
Tra	aining for protection of personal information	in 2020	
Target	Courses	Coverage rate (%)	Completion rate (%)
New recruits complete training within x months after onboard)	<ul> <li>Online course on personal information protection</li> <li>Classroom/online courses on information security</li> <li>Compliance and behavior guidelines</li> </ul>	100	100
General employees	<ul> <li>Personal information protection reminder publications</li> <li>Online course on information security and personal information protection (Note: The coverage rate equals the completion rate for this online course.)</li> <li>Classroom course on personal information protection</li> </ul>	100	100
دی ersonal information management ontacts of various units	Personal information infringement response drills	100	100

#### Personal Information Protection Measures

With regards to the handling of personal information incidents and employees' crisis awareness, Taishin has implemented "Management Regulations on Personal Information Misuse Incidents" to facilitate effective emergency response should an incident arise. If a personal information incident occurs, employees are required to report immediately to the line manager and complete risk assessment and incident classification within the given timeframe. Depending on the severity of the incident, an emergency response team may be assembled to execute response, coordination, communication and investigation in relation to the incident. In 2020, Taishin received no penalty from the authority for violation of personal information.

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

#### Reporting and Resolution of Personal Information Infringement



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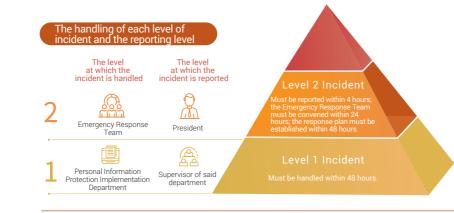
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#### Level 1 incident is characterized by any of the following conditions:

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

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

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

Taishin places great emphasis on the protection of personal information. To enhance security management practices, Taishin Bank engaged certified public accountants to perform a special audit on personal information protection in 2020 for which the CPAs issued a statement claiming that the design and implementation of the internal control system for personal information protection are effective.

#### Information Security Measures for e-Commerce Services



We monitor the percentage of users whose customer data is used for secondary purposes

- Taishin has incorporated strict management approaches for 100% monitoring and protecting customer personal data which contains the use for primary and secondary purposes.
- In 2020, we conducted marketing contacts for secondary purposes with 5.51 million customers, which accounted for approximately 80.3% of our total customers. The scope of use is fully complied with the purposes agreed with customers (we only use the customer data that the customers agree for the purposes on the notification of the provided products and services, or agree with "Consent to Clients Data Cross-referencing"; and all the customers can go through a written "Declaration of not Accepting Marketing Information" to request discontinuing using their data at any time.).

#### Grievance Mechanism of Personal Information

Taishin attaches great importance to the protection of personal information, and customers can raise questions or file complaints through different channels. If the results of an investigation confirm a violation of personal information, we will take disciplinary actions (e.g., downgrading of performance evaluation, withholding of bonuses, and internal penalties). We shall also propose specific system and process improvements to address the root cause of the complaint and avoid the recurrence of similar situations. The cases are compiled and submitted to the Fair Customer Treatment and Consumption Review Committee and the Board of Directors each quarter. The management department unit shall continue to monitor improvements to ensure implementation.

#### Sank customer complaints of personal information protection

Year	cust com	omer pliant	Accountable	countable Type of customer complaint					
TCal	External agency	Customer feedback	case count	Leakage of personal information	Theft of personal information	Loss of personal information	Inappropriate use of personal information	Others	
2017	1	1	0	0	0	0	0	0	
2018	3	0	0	0	0	0	0	0	
2019	1	4	0	0	0	0	0	0	
2020	15	4	0	0	0	0	0	0	

Note 1: In 2020, there were 19 cases in which the customer expressed concern over personal information protection issues through Taishin or the competent authority. After investigations, we confirmed that the issues claimed by the customers did not occur or that the complaint was filed due to the customers' misunderstanding. The customers did not file other objections after we provided an explanation. There were thus no accountable cases.

Note 2: According to the classification of accountable cases, Taishin Bank did not violate related personal information protection regulations and was thus not subject to claims of responsibilities by external agencies. Therefore, the accountable case count was 0.

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# 2-3 FinTech/ Digital Innovation

#### **Promoting FinTech**

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

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



#### $\overset{\mathcal{R}}{\hookrightarrow}$ ]. Customer: Providing the best customer-centric digital service experience

Taishin Bank continues to listen to customers' voices and actively embraces the idea of an open platform by providing smart customer services for people's lives. We provide comprehensive 24-hour nonstop AI services and announced our plan for becoming Taiwan's first financial institution to adopt AI-based intelligent customer service with Google Assistant in 2019. The technology helps the public obtain financial consulting services online. In addition, Taishin has also introduced several biometric functions, including fingerprint recognition and face recognition. In 2019, we launched services titled "Withdrawal by Face Swipe" and "Payment by Face Swipe", bringing face recognition technology closer to people's daily lives. Taishin Bank's big data team created the i-Analytics platform in 2020 which uses automatic AI analysis to modularize data processing procedures and automatic execution to produce big data insights. It not only provides detailed insights on customer demand for providing wealth management plans and services that are more suitable for consumers, but also significantly reduces analysis time and manpower investment. The platform received wide acclaim from the jury of the Business Next Future Commerce Awards and won the Jury Award of the Year and Best Management Innovation Gold Award.

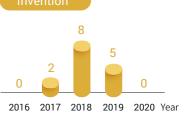
### 2. Synergy: Using Digital Technology to Improve Operational Synergy

Taishin is the first bank to apply Robotic Process Automation (RPA) to the account opening process, thus simplifying routine and repetitive manual procedures and greatly improving the efficiency of the account opening process. The introduction of RPA will help us to move up one level in satisfying the immediate needs of users and create a better user experience. In the future, RPA mechanisms will be gradually rolled out across other Taishin's processes to improve productivity and precision and provide high-quality financial services.are more suitable for consumers, but also significantly reduces analysis time and manpower investment. The platform received wide acclaim from the jury of the Business Next Future Commerce Awards and won the Jury Award of the Year and Best Management Innovation Gold Award.

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

With regard to blockchain applications, Taishin Bank understands the trend that consumers expect ease of "cross-border, cross-platform, cross-scenario, integrated on/offline virtual" transactions In 2019, we appounded our collaboration with the Asiana Credit Card Company, the largest financial group in South Korea. We jointly launched the "GLOBAL LOYALTY NETWORK (GLN) for HANA MEMBERS" for cross-border payments. Currently we are the only bank in Taiwan to have obtained cross-border payment services for Alipay. WeChat, and HANA Members, and we will continue to expand our service options for crossborder payments in the future and enlarge the geographical reach of those services, as part of our ongoing efforts to spread and improve electronic payment in Taiwan. Taishin closely monitors developments in artificial intelligence technology. Our research scope includes conventional financial services such as wealth management, risk control, and credit issuing but also aims to raise the level of financial knowledge in artificial intelligence and stimulate more innovative applications. In terms of artificial intelligence applications, Taishin continues to pay close attention to the developments of artificial intelligence technologies. The scope of our research covers traditional financial services such as financial management, risk control, and credit. We use the results to enhance our knowledge of using artificial intelligence in financial applications and create more innovative applications. We also actively applied for patents for finance technologies and added 21 utility model patents in 2020. We have been ranked among the top financial institutions in Taiwan in recent years in terms of the number of patents for finance technologies.





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

Taishin Bank has actively cooperated with startup companies to expand its services. We integrated financial services into the different settings based on the needs of the general public to increase convenience. Our active participation in the competent authority's open banking policy has accelerated the cooperation between external partners and the Bank. They will become future sources of automated revenue for the Bank and increase the efficiency of internal development of new services. We provide customers with an integrated service experience based on the principle of "the customer's perspective", and provide differentiated services to enhance customer loyalty. Taishin Bank created the first mechanism for converting credit card bonus points to LINE points in 2019 to create a model case study for connecting finance and the social media ecosystem for exchanging and using points. The mechanism connected people's online and offline shopping behaviors and meet people's behavioral patterns for rapid consumption. Taishin also actively sought long-term cross-industry collaboration partners and participated in the FinTechSpace project, Fin & Tech Innovation Village, and National Chengchi University International Industry-Academia Alliance to build cross-industry collaboration between the industry, government, academia, and FinTech companies and create new business opportunities. Taishin created the first life and finance ecosystem "Richart Life" on August 5, 2020. The ecosystem spans across department stores, retailers, online shopping, telecommunications, and transportation industries with 22 heavyweight partners to provide people with discounts for a wide variety of products and services, satisfy their everyday demand, and create a life and finance ecosystem.

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

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

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



#### Patent Acquisition

(Patent category)	Patent conceptualization
Utility model	Automatic inward fund transfer procedures for automated service equipment
Utility model	Foreign currency cash exchange and cash pickup at designated branches
Utility model	Face-swipe cash withdrawal procedures
Utility model	Personalized financial services through the communication software LINE
Utility model	New account activity notifications and transaction details
Utility model	Fund transfer by mobile phone number
Utility model	Electronic document file conversion
Utility model	Customer investment portfolio analysis and management system
Utility model	ACH bank code conversion mechanisms
Utility model	Car loan app - functional page design
Utility model	Introduction of electronic invoices into the accounting system
Utility model	Program code comparison MD5
Utility model	Mortgage app - functional page design
Utility model	Credit loan app - functional page design
Utility model	Car loan app - image definitions
Utility model	Car loan app - GPS positioning
Utility model	Provide rapid passage transaction framework for web users
Utility model	Corporate online banking NTD batch verification mechanisms
Utility model	Five-step identity verification procedures
Utility model	Mortgage app - GPS positioning
Utility model	Application for identifying potential investment banking business opportunities

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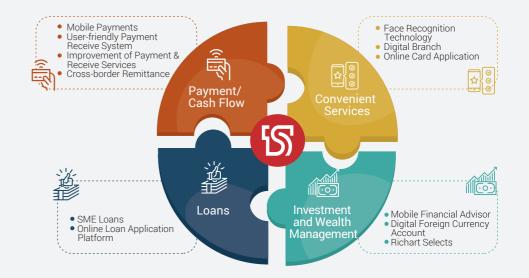
#### **Digital Innovation**

#### Digital innovation in multiple scenarios

Our research and development and launch of innovative products cover mobile banking, new payments, wealth management, credit cards, loans, and wholesale banking. We have also successfully launched the Richart Digital Bank as a first in the industry. Taishin Bank has an outstanding performance in the field of digital financial innovation. In 2019, we won first prize at the second "Best FinTech Service Bank Awards" organized by Global Views Monthly. In five out of eight assessment items, we scored number one. The Richart Digital Bank won nearly 20 domestic and foreign awards in 2019, after winning first prize in the Most Popular Brands category of the prestigious National Brand Yushan Awards in 2017. With regard to digital products, our new payment service "pay+" solves the issue of cash flow in member management and integration of electronic payment services for retail stores. This service was awarded the "Operating Model Master in Taiwan" by International Data Information (IDC). Furthermore, Taishin is committed to creating a friendlier financial environment. Our "Facial Recognition Application Service" not only won the Critics' Choice Award at the Innovative Business Awards of Business Next Magazine, but also was crowned regional champion at the 2019 Gartner Eve on Innovation Awards for Financial Services in Asia Pacific. In terms of cross-industry collaboration in 2020, we worked with AMIS Technologies Co., Ltd. and became the first bank in Taiwan to reduce blockchain payment time to 1 second in real transactions. We also worked with the National Development Council in the MyData pilot program for people to directly authorize the use of information in MyData to apply for financial services such as credit card applications, credit loans, vehicle loans, and mortgage on Taishin Bank's website. Furthermore, we launched "Richart Life app" in August, 2020. Offering variety of online services, discounts, and management of coupons, vouchers and coffee pre-order through Taishin Bank's business partners including department stores, convenience stores, taxi calling, video and meal ordering platforms. Engaging users with more instantaneous, flexible and practical points gain and burn scenarios through our cooperation with convenience stores. More than meeting people's daily life needs, we expect to enhance people's experience of financial service by the innovative ecosystem we build.

In terms of small and medium enterprises, Taishin became first bank to launch the "instant insurance application" business with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan in 2020. It uses API connection technologies to provide new automatic services for SME loans. The application won the "Best API Initiative, Application or Program" in the Asia Pacific Transaction Finance Awards of the international institution Asian Banker, and the "Bronze Medal for Best Management Innovation" in the Future Commerce Awards of Business Next.





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	Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
ONTENT lessage from the Chairman lessage from the President	Sections	Mobile Payments	<ul> <li>Continue to introduce pay+ payment service modules for department store and convenience store systems.Consumers can pair credit card numbers to a merchant's app and make purchases without carrying their credit card.</li> <li>VISA debit cards can be paired with Apple Pay, Google Pay, Samsung Pay, Garmin Pay, Fitbit Pay, and Hami Pay. People without a credit card may also use international payment tools.</li> <li>We developed electronic voucher services to help business apps provide value storage wallet functions and presale services for merchant members. These functions help them connect B2B2C services.</li> <li>We provide the LINK PAY payment platform which can be used by merchants to expand consumption, replace face-to-face and fax transactions, and create a rapid and secure transaction environment. In the era of new retail, the platform helps merchants.</li> </ul>	<ul> <li>Have assisted more than 20 merchants to achieve digital payment transformation.</li> <li>The international payment promotion rate grew by 70% compared to the previous year</li> <li>Improving customer loyalty is reflected in the thousands of new Taishin card users who have paired their cards to merchants' systems. The number and size of the transactions have gone up significantly.</li> <li>We helped merchants such as FamilyMart and PX Mart complete app function services for value storage wallets.</li> <li>By 2020, 782 merchants have activated LINK PAY transactions which was a 50% increase from 2019. The LINK PAY platform has successfully helped merchants complete their digital transformation, expand application settings, and increase product performance. We also added UnionPay transactions to increase the reach and intensity of transactions and services.</li> </ul>
chairman of CSR Committee) bout Taishin usbainable Development	Revment/	User-friendly Payment Receive	<ul> <li>We led the industry by launching the Taishin mobile payment app that simultaneously supports 11 domestic and foreign wallet applications and contactless credit card payments. Merchants can use their own mobile phones to scan and collect payment with sensors.</li> <li>To increase payment collection efficiency for commercial districts and vendors, we provided international QR code for merchants so that consumers can scan the code and pay. This application ensures both convenience in transactions and sanitation to facilitate flexible payment, convenience, cleanliness, and security.</li> </ul>	<ul> <li>We launched the Taishin mobile payment app in 2018 and successfully expanded the use of the app to Shidong Market, Huannan Market, Kenting, Pingxi, and Raohe and Dongdamen Night Markets in 2019. It is also used in the 101 Simple Urban event and post offices and it has been used by more than 5,000 accounts as of 2020. We upgraded the payment collection function of the Taishin mobile payment app in 2021 and added the credit card sensing payment collection function which was the first such application in the industry.</li> <li>To continue to improve the loyalty of merchants, we will expand the services to more small and medium merchants.</li> </ul>
Sustainable Governance Superior Service	Payment/ Cash Flow	Improvement of Payment & Receive Services	<ul> <li>The Global Digital Corporate Banking (GB2B) launched an innovative smart transfer functionality, reducing the costs and thresholds for customers to convert their systems and increasing their willingness to convert. This smart payment mechanism also automatically selects the most suitable payment channel for the customer, improving payment efficiency and stability, while satisfying the different needs of different customer groups.</li> <li>The innovative application services and business models of Taishin iHub created APIs for multiple payment services and products. It is equipped with a comprehensive API management platform that is directly connected to corporate customers and the Bank to provide companies with more rapid financial operations and create more business opportunities in financial applications.</li> </ul>	<ul> <li>The innovative GB2B smart transfer and smart payment service has already attracted several large corporate customers, who have successfully applied and started using it. We have thus seized new business opportunities among cash flow customers.</li> <li>Several wholesale banking customers and the Bank have begun collaboration through the API connection model on iHub to strengthen business relations and expand products. We will continue to develop a more diversified financial ecosystem through this model.</li> </ul>
<ul> <li>2-1 Customer Relationship Management</li> <li>2-2 Privacy Protection</li> <li>2-3 FinTech/ Digital Innovation</li> <li>2-4 Financial Inclusion</li> </ul>		Cross-border Remittance Membership and Points	<ul> <li>We led the industry in providing the "no designation required", "12 hours from 9am to 9pm", and "foreign currency and NTD exchange" foreign currency inward remittance online transaction services on the Richart app. The functions allow customers using digital services to be free of business hour constraints and rapidly deposit payments into their accounts to save time and effort.</li> <li>The Richart Life app binds membership of partnered business to offer point accumulation on both platforms for each payment.</li> <li>Points can be used through payment which creates convenient and smooth burn points and payment scenario in the community.</li> </ul>	<ul> <li>More than 90% of the customers automatically assigned by the system have used the Richart app to complete foreign currency inward remittances.</li> <li>We have gradually promoted the app in other digital channels (e.g., retail banking services, mobile banking, and wholesale online banking) to help customers in all channels experience the convenience of online payments.</li> <li>Points can be used to offset payments in FamilyMart and 7-ELEVEN. Users can use points to pay at nearly 10,000 convenience stores across Taiwan.</li> </ul>
I. Sustinable Finance	Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
Friendly Workplace Green Operation . Social Impact akeholder Engagement	ta ta ta ta ta ta ta ta ta ta ta ta ta t	Face Recognition Technology	<ul> <li>We led the industry in the "withdrawal, deposit, and fund transfer by face swipe" services. After customers complete settings use the ATM to withdraw, deposit, and transfer funds without using an ATM card. This function resolves the pain point in the u cards in cases when customers forget to bring bank cards or when the bank cards are used illegally for withdrawals. In Oct Taishin took the lead in the industry once again by providing the "beauty filter" in the face swipe ATM service. The function inc core facial recognition technologies and beauty algorithms so that the filter can provide customers with heartwarming services introduced the "facial recognition velocoming services" so that when registered VIP customers enter the bran wealth management specialist and branch manager would receive a system notification that the VIP customer has arrived. The allows wealth management specialists and branch managers provide VIP customers complete settings in the Richart Life app use their faces to make payments at designated merchants without using cash, card, or mobile phone for payments. It re customers' issue of having to find the payment tool with something in their hands or when they don't have time. The facial recognation for the "face swipe payment" won the 2020 Taiwan Corporate Sustainability Award in 2020.</li> </ul>	<ul> <li>ise of bank ober 2020, corporates rivices and the average monthly transfer by face swipe services have been adopted by an increasing number customers and the average monthly transaction volume in 2020 grew by 65 times from the previous year.</li> <li>Taishin's facial recognition technology application for the "face swipe payment" won the 2020 Taiwan Corpora Sustainability Award in 2020, demonstrating Taishin's commitment to its corporate social responsibility in the process service innovation.</li> </ul>
pendix	Convenient Services	Digital Branch	<ul> <li>We introduced a trial of the Video Teller Machine (VTM) and to provide people with real-time video and remote bank clerk ser service allows people to conduct face-to-face financial consultation and deposit accounting opening services (real-time collection). The VTM services are available from 9am to 10pm seven days a week to provide people with more convenien services.</li> <li>Used AI to develop "Rose, SmartRobot" which can accurately respond to questions, no matter asking by voice or text.</li> </ul>	<ul> <li>bank card trifinancial</li> <li>The smart customer service chatbot can currently respond to more than 98% of customer questions. It provides high accuracy and convenience and resolves customer questions within 24 hours. The scope of its services encompasses the official platform and main social media platforms. People can enjoy financial services outside business hours and the number of uses of the smart customer service chatbot has increased by more than 20% in the past year.</li> </ul>
		Online Card Application	<ul> <li>Customers can upload files by mobile phones to apply for a credit card.</li> <li>In combination with the friDay app, this is the first such one-stop platform service (for applying for co-branded cards, opening account, and pairing consumption) and it meets customer needs in their 020 digital life.</li> </ul>	<ul> <li>It shortens processing time and reduces paperwork. To date, the cumulative cost savings have already exceeded NT\$ 4. million</li> <li>Issued about 66,000 new cards in 2020, with an activated card rate of more than 75%.</li> </ul>
		Convenient		

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Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
7	Mobile Financial Advisor	<ul> <li>Using the Financial Advisor APP, sales representatives are able to access customers' asset allocation and market trends data and record conversation details, and therefore provide more suitable investment recommendations to customers.</li> </ul>	Served nearly 2.032 customers in 2020, saving approximately 1,427 paper reference materials.
Investment and Wealth Management	Digital Foreign Currency Account	<ul> <li>Richart digital bank launched the first digital finance foreign currency account in Taiwan in 2018. Users can open accounts on their mobile phones without time or spatial constraints.</li> <li>Richart provides foreign exchange discounts and supports conversion in different currencies. It also became the first app on the market to actively specify low exchange rates in recent periods to help customers monitor exchange rates.</li> <li>We also incorporated the digital counters of Taishin Bank branches across Taiwan to provide rapid exchange services and provide customers with comprehensive online and offline experience.</li> </ul>	The compound growth rate of foreign currency accounts reached 10%.
	Richart Selects	<ul> <li>Users can purchase Richart investment portfolios on the Richart digital bank with only NT\$1,000. Professional teams can provide customers with customized investment portfolios to help monitor the market and notify investors to provide recommendations for adjustments.</li> </ul>	The compound growth rate of purchasing amounts reached 10%.

Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
	SME Loan	<ul> <li>We led the industry in cooperating with the SME Credit Guarantee Fund of Taiwan for the introduction of APIs for the exchange of credit information and insurance information to increase information consistency and expedite customer loan applications. The APIs effectively help SMEs quickly obtain loans.</li> </ul>	<ul> <li>Taishin received the "Bronze Medal for Best Management Innovation" in the Future Commerce Awards of Business Next in 2020.</li> <li>Taishin won the "Best API Initiative, Application or Program" in the Asia Pacific Transaction Finance Awards of the international institution Asian Banker in 2020.</li> <li>Taishin Bank became the first bank that can exchange credit information and insurance information with the SME Credit Guarantee Fund of Taiwan in real-time.</li> <li>The API connection rate with the SME Credit Guarantee Fund was 97%.</li> </ul>
Loans	Online Loan Application Platform	<ul> <li>Mortgage Ø: 24-hour online loan application and <u>6 major mortgage calculation functions</u> Ø for swift mortgage recommendations.</li> <li>Auto loan Ø: New online guarantor and supplementary document functions to expedite applications.</li> <li>Credit loan Ø: Added one-stop online loan application Ø and identity verification functions for salary accounts. Customers can use mobile phones to obtain information on loan limits and interest rates and quickly gain access to funds.</li> <li>Development of <u>standardized products for micro enterprises</u> Ø: We have expanded our online applications to include micro enterprises and significantly reduce the application process and shorten the processing time. The improvements help more companies obtain funding quicker, and make the best use of business opportunities.</li> </ul>	<ul> <li>The number of online mortgage applicants and loan amounts had increased by four times compared to the previous year.</li> <li>The car loan online application reduced processing time by 50%.</li> <li>The one-stop online credit loan application takes only 10 minutes and is 50% faster than regular applications.</li> <li>Micro enterprises can obtain loans in just one day after they prepare all documents.</li> </ul>



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#### **Richart Digital Bank**

Taishin Bank launched the digital brand Richart in 2016 to target the digital generation and young people and provide brand-new integrated services. Richart aims to be different from a bank. The brand image of the cute dog with the red bow tie is especially popular with young people. The app's simple and streamlined design interface and customer experience have been key to its success. In 2017 and 2018, this app won the "Red Dot Design Award" for two consecutive years. In 2019 and 2020, it won the "Global Finance Asia Pacific and World's Best Digital Bank Awards" for two consecutive years. From the UIUX (i.e., user interface and user experience) to social issues such as stray animals and open banking. Richart has expanded financial services beyond traditional realms and bravely broke away from traditions to be the bank least resembling a bank



In online word-of-mouth monitoring and third-party market surveys. Richart has been more favorably rated by young users when compared with many other digital financial brands. The main reason is that Richart truly understands young people's needs for financial services, and adopts a 100% customer experience and mobile app as its core value to integrate its six major products including "saving, payments, wealth management, loans, insurance, and foreign currency". The Richart app is as simple as a mobile game and helps young people overcome financial barriers with ease. Richart also uses creative marketing and bilateral communication models on social media platforms (Facebook fanpage, LINE official account, and Instagram official accounts) to increase young people's preferences and understanding for financial services and become a part of young people's lives. For example, Richart launched the "RichCan" function in September 2020 which uses the piggy bank and education simulation game concept to rapidly and easily separate accounts in the Richart app and satisfy fund management requirements for different settings. Users can set customized names for each subsidiary account for more intuitive and flexible applications and it helps people reach their savings goals. The age of people with access to digital financial services has continuously decreased in recent years. In April 2020, Richart led the market by launching the "online account opening services for minors" so that individuals between the age of 7 and 20 who have their national identity cards are no longer confined by time and spatial restrictions but can apply online. Richart launched the "SplitTogether" function at the end of 2020 in response to the increased popularity of group buying and the bank's role in financial services for group buying. The function is integrated with the LINE social media platform. Users can add the "SplitTogether" account into their friend groups and launch group buys at any time. It helps the group leaders automatically set up and compile purchase orders. Group members only need to tap with their fingers to be part of the group. The function is also connected to Richart fund transfer functions so that group members can transfer funds with one click and complete payments with ease.

Taishin Bank introduced Pepper, AI customer services, video customer services, and smart watch applications. It also became the first bank to apply robotic process automation (RPA) for the account opening process. We used optical character recognition (OCR) technology to enable customers to automatically enter their credentials, and used biometric fingerprint recognition and facial recognition for quick login. The simple and easy-to-understand design has been well received by customers and offers a high degree of security. Richart's chatbot intelligent customer service is able to respond to more than 95% of the questions with high accuracy and convenience. Users only require LINE or Facebook access to resolve their issues 24 hours a day. We also use registered name certification mechanisms for rapid settings and specific inquiry functions to meet the immediate needs of users. Richart collects information from user recommendations and experience and continues to combine the latest technology to integrate online and offline user behavior, big data analysis, and design thinking to create better and smoother services and user experiences for users.

#### Awards in 2020



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## 2-4 Financial Inclusion

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

	Micro-finance products	Micro-finance services	Quality of the products and service delivery
	Clients	Clients	Clients
Usage of financial services	<ul> <li>Micro businesses</li> <li>Start-up industries</li> <li>Financially disadvantaged</li> <li>Seniors and people with disabilities</li> <li>Young adults</li> <li>Local peasants</li> </ul>	<ul> <li>Social welfare groups</li> <li>People in remote rural areas</li> <li>Financially disadvantaged</li> <li>Socially disadvantaged</li> </ul>	<ul> <li>All consumers</li> <li>Young adults</li> <li>Children</li> </ul>
Access of financial services		Clients <ul> <li>People with disabilities</li> <li>Seniors</li> </ul>	

#### **Micro-finance Products**

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

#### Usage of financial services

Clients	Products	Description
Micro	Micro Ioan	<ul> <li>Micro-size businesses are often characterized by relatively small-scale operations and lack of collaterals that make it difficult for obtaining business loans. Taishin Bank has been working closely with Small and Medium Enterprise Credit Guarantee Fund to extend credit services to micro businesses that have potential strength but short of the collateral needed to acquire the capital.</li> <li>Taishin introduced the digital loan application system in 2018 to accelerate review procedures. We launched the "FAST rapid loan" program in 2019 and added online loan application functions. In 2020, we integrated online loan applications system and constructed end-to-end procedures to provide small and micro enterprises with convenient channels for obtaining the funds they need for operations. We gradually provided exclusive plans for e-commerce and franchisees to help prevent funding shortages.</li> </ul>
businesses	E-payment/ mobile collection	<ul> <li>Taishin Bank cooperates with offshore digital payment institutions to provide small and micro enterprises in famous commercial districts and night markets with scanning and payment services. They help small and micro enterprises reduce the cost of card readers and fees when they use convenient financial services, and provide integrated cash flow services for payment collection and account verification.</li> <li>We led the industry by launching the Taishin mobile payment app that supports 11 domestic and foreign wallet applications. Merchants can use their own mobile phones or tablet to complete the code scanning and payment transactions and reduce expenditures for credit card equipment while satisfying the mobile payment needs for small and micro merchants or one-person operations.</li> </ul>
Start-up industries	Investment in startup enterprises	<ul> <li>Taishin Venture Capital Investment uses funding to provide startups with substantive support:</li> <li>The investment portfolio categories as of the end of 2020 included startups with 58.9%, growth stage with 37.3%, maturity with 1.8%, and stock exchange listing with 2.0%.</li> <li>Investments in 2020 mainly included new solar power plants, FinTech, and point exchange platforms. We plan to add network information, biomedicine, and other startups in 2021.</li> </ul>
Financially disadvantaged	Micro insurance	<ul> <li>To offer basic protections for financially disadvantages, micro insurance provides coverage in areas that the government's social insurance and social welfare programs could not reach. Through the launch of micro insurance, we encourage the financially disadvantaged to arrange commercial insurance within their capacity and seek coverage not only to reduce financial macts in the event of an accident, but also to care for family members.</li> <li>Micro insurance products can be individual or group basis; the main features are low insurance amount, low premium, and easy to understand</li> </ul>
Seniors and	Retirement trust	Demands for elderly nursing, retirement, children's education and care for people with disabilities have arisen as a result of low fertility rate and aging population, our Bank has responded by offering professional trust services and "specific purpose" services that are custom-tailored to customers' specific needs.
people with disabilities	Reverse mortgage for seniors	<ul> <li>The Bank introduced "Reverse mortgage for seniors" that provides assurance to seniors by allowing them to draw monthly financial support from the houses they own.</li> </ul>
Young	Digital banking	Young people in the past often consider banking products and services to be out of reach. Taishin launched the Richart digital bank to combine user experience with FinTech and integrate "savings, payment, wealth management, loan, insurance, time deposit, and foreign currency" products to streamline procedures and reduce the investment threshold. It resolves the inability of young people to start wealth management due to insufficient financial resources.
adults	Charity credit card	Taishin launched Fu Jen Catholic University Affinity Card that contributes 0.3% of every dollar spent to the university's faculty construction fund as a support. In the future we also plan to work with the University's Hospital to provide hospital-related benefits.
Local peasants	Charity credit card	To support the development of organic agriculture and peasant's organic product economy, our Bank issued a co- branded card with Cotton Fields. When cardholders spend in Cotton Field Organic stores, a 0.6% of the purchase amount is contributed to Taiwan's organic agriculture-related foundations to cover organic certification or transition-to-organic periods.

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#### Product performance

Category	Product/Year	2016	2017	2018	2019	2020
Microloan	Number of new small business loan customers	1,475	1,141	1,036 <sup>(note1)</sup>	1,393	3,862
	Allocation of new small business loans (NT\$thousand)	4,329,296	4,519,524	4,904,848	5,564,147	6,537,438
Start-up investment	Start-up investment (NT\$thousand)	138,448	109,816	154,357	223,281	162,942
Insurance	Number of microinsurance applications	73	85	80	96	114
	Number of online insurance applications (note 2)	-	-	32	3,774	4,324
Trust	Sales of retirement trust (NT\$thousand)	36,900	451,382	111,643	1,450,728	3,282,646
Digital Banking	Number of digital banking accounts(note 3)	-	-	773,000	1,793,000	2,368,000

Note 1: Correction for 2018 annual number Note 2: The statistics only disclosed for 2018-2020 since the business started in Nov. 2018 Note 3: The statistics only disclosed for 2018-2020 since the digital accounts was calculated since 2018

#### Micro financial services

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

#### ♥ Usage of financial services

Clients	Products	Description
Social Welfare Group	Credit Card	<ul> <li>Promoting public welfare purchase and donations</li> <li>By integrating the resources of Taishin Charity Foundation, Taishin Bank has its purchase with charitable products as birthday gifts for Infinite Card holders.</li> <li>Also we send out credit card statements, publications or EDMs to encourage cardholders to make donations using credit card.</li> <li>By converting reward points from credit card spending to donate to charity groups on Taishin's donation platform</li> </ul>
People in Remote Rural Areas	ePayment or Mobile Payment	<ul> <li>New payment tools in our financial services</li> <li>Starting from 2017, we have continued to introduce new types of payment (i.e., mobile payment and cross-border payment) into merchants and commercial districts in remote areas to help businesses expand and enhance the income, and ensure that their income is not reduced due to the reduction of tourists from Mainland China. We also introduced new payment and related financial services through cross-industry alliances in 2020 (e.g., comprehensive card readers and kiosks) to gradually facilitate the upgrade and transformation of traditional markets.</li> <li>Diversity of online services</li> <li>Taishin Bank delivers online services such as credit card, loan application etc. via internet/mobile banking or APPs, and offers diverse payment options including convenient stores, ACH etc. that free customers from restrictions of locations and banking hours. The number of Taishin online users has been rising and the YOY growth in all accounts was 19.8% in 2020.</li> </ul>

Clients	Products	Description
People in Remote Rural Areas	ATM	<ul> <li>Enhanced diverse services for ATMs</li> <li>In addition to general banking services, Taishin Bank offers a wide range of services such as bill payment, charity donations, policy loans/repayment, inter-bank deposits, and inter-bank cardless withdrawals. The number of ATMs also ranks among the highest in the finance industry, and customers in remote areas can access nearby ATMs to obtain financial services.</li> <li>We launched the Virtual Teller Machine (VTM) in 2018 which incorporated remote video interaction services so that people can enjoy convenient financial services without the constraints of business hours of traditional branches and are not required to take the time to visit branches.</li> </ul>
Financially Disadantaged	Credit Card	<ul> <li>Partnering with customers for charity</li> <li>Taishin Bank partnered with DOMI Earth, Taiwan's first B Corporation, to install energy-saving lighting equipment free of charge for one energy-deprived household for every 1,000 cardholders that switch into digital/mobile monthly statements since 2018. Taishin Bank became the first bank to connect banking, credit card customers, and energy-deprived households to create an interactive platform to deliver positive energy. Since the start of the activity, more than one million cardholders have helped lit up hundreds of energy-deprived households across Taiwan.</li> </ul>
Socially Disadvantaged	Micro Loan	<ul> <li>Communicating individual repayment plans</li> <li>Since Jan. 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 renegotiation affordable settlement solutions, Taishin Bank enables disadvantaged borrowers to start afresh and become contributing in ways that not only reduce social problems, but also strengthen their commitments to installments.</li> <li>Disaster-relief programs for affected households</li> <li>For victims of various disaster (e.g., Typhoon Morakot, Kaohsiung gas explosion incident, Tainan Earthquake, and Hualien Earthquake), Taishin offers relief in the forms of extension and grace period for interest rate reduction and payment postponement. We also provide individuals affected by disasters with suitable interest rate reduction or favorable repayment methods for other financial products and debt restructuring based on their conditions. In addition, we provide relief financing programs to mortgage customers affected by disasters with suitable interest rate reductions or favorable repayment period, and a grace period up to 6 months to help affected families rebuild their homes.</li> <li>During the COVID-19, the Bank also actively supported government policies and provided customers with labor or small and medium enterprise who faced economic difficulties with relief programs (including loans for new customers and extension programs for old customers) to provide full support to customers that were affected.</li> </ul>
	Multi- language ATMs	Taishin has noted the increase in the number of international tourists and foreign workers in Taiwan in recent years. To support the needs of new immigrants for financial services, we started the ATM remodeling project in September 2020. In addition to the existing Chinese and English versions, we also provide services in multiple languages including Japanese, Korean, Thai, Vietnamese, and Indonesian to help tourists, migrant workers, and new immigrants complete their transactions in the language they are familiar with, and provide international tourists with a friendlier financial services.
	·	

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#### Access of financial services

Clients	Products	)	Descriptio	n						
People with	Barrier-free ATM	and vi aim to People	<ul> <li>By setting up height-adjusted ATMs and blindness-friendly ATMs to serve movement and visually impaired customers, or having user manual printed in Braille for visually im aim to provide convenient financial services.</li> <li>People with disabilities are entitled 3 interbank cash withdrawal privileges each month handling charge.</li> </ul>							
Disabilities	Online Banking	"Website Accessibility Specification Version 2.0" for Class A certification mark in 2018 And the								
Seniors	Branch Services		talling a service bell at the front door of all bran customers to complete transactions when cus							
Servic	e statistic	S								
Servio	e Bell at Entra	nce	Accessible Ramp	Tactile Tile						
2016 20	17 2018 2019	101	73 73 77 77 70 77 2016 2017 2018 2019 2020	29 29 29 29 2016 2017 2018 2019 2020						
Wheelc	hair-accessible	ATM 136	Blindness-friendly ATM	Reading Glasses at Counter						
30	2017 2018 2019		5 5 <sup>16</sup> 15 15 2016 2017 2018 2019 2020	100 101 101 101 101 100 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0						

\*The number of ATMs includes outlets other than branches.

#### Quality of the Products and Service Delivery

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

#### Financial education and training

Clients	Service	Description
Children	Financial Education or	Taishin Bank is committed to promoting wealth management education for children and developed the "Young Banker Officer - YBO Fantasy Farm" board game aimed to help children acquire investment skills by playing games. We organized the first YBO volunteer camp in 2020 to provide professional volunteer training programs for training 38 YBO volunteers. We arranged for them to provide services in charity organizations to teach children from disadvantaged groups how to play wealth management board games and group games, convert love into real action, and support volunteer activities.
Young adults	Seminars	<ul> <li>By organizing campus investment seminars and participated in college workshops as guest speaker throughout the year. The proper investment perspectives were also brought by simple life cases and references for college students to learn easily.</li> </ul>

Clients	Financial Education and Training	2017	2018	2019	2020
Children	Children financial education or camp	3	8	1	2
Young adults	Campus financial seminars	33	33	31	0
	Total (sessions)	36	41	32	2

\*Campus finanacial seminars in 2020 were cancelled due to COVID-19.

#### Financial service quality

No. of Branches

(Clients)	Service	C	Description
All Customers	Service quality and dispute resolution mechanism	•	In addition to providing high-quality financial service and products based on the needs of various types of customers, Taishin has implemented the Fair Treatment of Customers Policy and has established a customer dispute resolution mechanism to maintain the quality of financial services we adhere to. Regarding the service quality mechanism and dispute resolution mechanism, please see chapter "2-1 Customer Relationship Management"

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# 3-1 Sustainable Policies and Actions

#### Support of Initiatives and Policy Establishment

2020

2019

2018

Taishin supports the Sustainable Development Goals (SDGs) of the United Nations as well as Taiwan's major policies for Nuclear-free Homeland, energy transformation, and environmental conservation. We actively extend loans to green energy industries, including renewable energy, energysaving technology, and environmental protection industries with the aim of encouraging companies to pursue lowcarbon economic development and sustainable development by directing capital to green energy technologies.

- Taishin FHC established the "Environmental and Social Risk Management Sector Guidelines"
- Taishin FHC complied with the "Principles for Responsible Investment (PRI)" and the "Principles for Responsible Banking (PRB)"
- Taishin Bank adopted the Equator Principles (EPs) and became a signatory
  - Taishin FHC expanded the applicable scope of the "Green Finance Principles"
  - Taishin Bank established the "Stewardship Principles for Institutional Investors"
  - Taishin FHC became a supporter of the Task Force on Climate-related Financial Disclosure (TCFD)

Taishin FHC developed the "Green Finance Principles"

- Taishin Securities published the "Stewardship Policy for Institutional Investors"
- Taishin Securities Investment Trust published the "Statement of Compliance with Stewardship Principles for Institutional Investors"
- Taishin Bank supported the government's "5+2 Industrial Innovation Plan" and provided loans to 7 key startup industries

#### The Development of Related Rules for Principles of Responsible Investment

To fulfill requirements for responsible investment, Taishin FHC actively complies with the six major principles of Principles for Responsible Investment (PRI) initiated from United Nations as the basis for operations and disclosure to ensure that investees implement environmental protection, corporate social responsibility, and corporate governance.

Taishin Bank established the "<u>Stewardship Principles for Institutional Investors</u>" in accordance with the PRI to create voting policies for the management. Taishin Bank discloses its participation and <u>votes in the shareholders' meeting of investees</u> and <u>the Stewardship Report</u> each year. Taishin FHC continues to monitor news regarding investees as well as their financial performance, environmental protection practices, social responsibility, labor rights, and corporate governance issues. We also engage them in dialogue and interactions through appropriate channels.

Taishin Securities Investment Trust Spublished the Statement of Compliance with Stewardship Principles for Institutional Investors in 2016 and Taishin Securities also established the "Stewardship Policy" in 2018. They disclose their stewardship implementation status to customers or beneficiaries on a regular or ad hoc basis (e.g., participation in votes of shareholders' meetings of investees and the Stewardship Report). They also continue to pay close attention to the communication and management of investees and disclosure of stewardship reports.

#### The Establishment of Green Finance Principles

Taishin FHC established the "Green Finance Principles" in 2018 in accordance with important international norms such as the exclusion list of the International Finance Corporation (IFC) and the UN Global Compact. The Principles apply to all subsidiaries and business operations of the Group. They specify the targets that should be supported or avoided, and emphasized that ESG risk management must be included in transaction reviews and post-transaction management. Taishin and its subsidiaries have adjusted related business rules or procedures in accordance with the Green Finance Principles including adjustments of 13 rules for retail banking, wholesale banking, securities, venture capital, and investment trust, and 17 business review procedures based on business requirements.

We continued to carry out Taishin's "Green Finance Principles" implementation through out the entire group in 2020 and made 100% of transaction activities and financial products for all subsidiaries to include ESG risk assessments. In addition to following the global principles and Taishin's own specifications, the drug industry, illegal weapons manufacturing and gambling industry are listed as the relevant industries that refuse to undertake or should be declined by customer attributes according to the high risk factor assessment results. The total number of assessments using the "Green Finance Assessment Worksheet" or similar methods reached total of 6,218 cases in 2020 which included 100% of our financial products and services. Among these cases, 92 cases were not approved or approved with conditions (e.g., cases where a company violates regulations, industries that should be avoided, or integrity issues in the management). A total of 3 cases were declined after comprehensive review and the main reason was that they were deemed as having higher risks after comprehensive review.

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#### Signed and Adopted the Equator Principles

Taishin Bank has implemented reviews on new, existing credit cases requesting for limit increase or change of terms loan applications based on the Equator Principles (EPs) since 2015. When the Bank reviews an application that meets requirements for project financing, the Bank is required to investigate and disclose environmental and social risks of the applicant or the place of the project as the basis for evaluating the application. Taishin Bank officially signed the Equator Principles 📎 and joined the Equator Principles Association  $\bigotimes$  in 2019. The Wholesale Credit Administration Division established a specific team and appointed an external professional institution to serve as a consultant for interviews and reviews of the credit extension process. We formulated the "Guidelines for Loan Applications Applicable to the Equator Principles" and the "Environmental and Social Risk Assessment Form " for evaluating cases. The evaluation of financing projects based on Equator Principles include risk ratings for environmental sensitivity, ecology, environmental pollution, communities, labor, regulations, and management mechanisms. We also implement the Principles through multiple rounds of education and awareness campaigns for the business and review units.

## The Announcement of Environmental and Social Risk Management Sector Guidelines

Taishin FHC conducted a comprehensive evaluation of the environmental and social risk ratings of the industries in investment and loans and identified five major industries including the "Manufacture of Basic Metals", "Power Supply", "Chemical Materials Manufacturing", "Manufacture of Electronic Parts and Components", and "Manufacture of Electric Equipment" in 2019. Taishin then announced the "Environmental and Social Risk Management Sector Guidelines" (hereinafter referred to as the "Guidelines") in 2020. The contents of the Guidelines were an expansion of the "Green Finance Principles" established in 2018 and included Taishin FHC's expectations and requirements on human rights protection and climate change. We identified significant environmental and social risks by industry-specific and provided an assessment framework with best practices to to evaluate the structures. By understanding the appropriateness of our partner's management of major environmental and social issues to improve our decision-making foundation

#### Responsible Investment and Lending

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

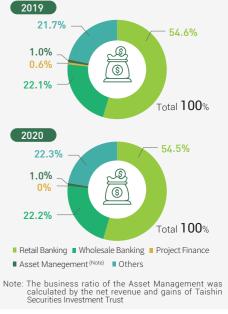
In 2020, retail banking has the highest ratio at 54.5% of Taishin FHC's consolidated net revenue and gains, followed by 22.2% in wholesale banking business. The proportion of net revenue and gains of both project finance and asset management are less than 1%; among the others with 22.3%, which consisted of a number of subcategories including long-term investment income, securities, and leasing. We will then state these ESG products by four major categories "Investment/Wholesale Banking", "Retail Banking", "Project Finance" and "Asset Management" with the descriptions of the products and the proportions one by one.

#### Investment and Wholesale Banking Business

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

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

### Proportion of individual business items in net revenue



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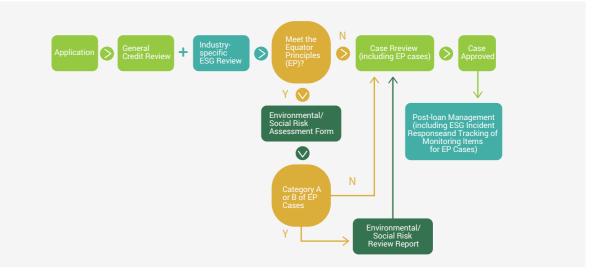
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The Bank has been adopting the spirit of Equator Principles since Oct., 2015. All new loan applications and all existing lending cases requesting for limit increase or change of terms are required to complete a "Project Finance Application Social/Environmental Risk Investigation and Disclosure Worksheet" (also known as "CSR Worksheet") to verify if it is in line with the project finance. Taishin Bank needs to investigate and make sure the disclosure on environmental and social risk details, including environmental pollution, not correct use of raw materials, false advertising, and violation against labor laws/regulations with penalty records or major announcements. .In the first half of 2019, the "ESG Checklist for Corporate Banking Credit Application Cases" was formulated with the sensitive industries, to step up the review of social and environmental issues in specific industries. After joining the Equator Principles Association and adapting the Equator Principles (EP) in 2019, Taishin Bank has assessed all loan application cases for compliance with the Equator Principles. If the project is assessed as level A or level B that meets the EP, a separate environmental and social risk report from an independent third party must be provided for review by the dedicared department. If the loan is approved, the check items to be monitored must be reviewed regularly. If not meet the requirements then the improvement plan shall be provided by clients, or the Bank may ask to pay off the loan.

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

#### Process of wholesale banking loan



According to reviews, there were 274 cases of penalties and punishment for violations of the Labor Standards Act, Occupational Safety and Health Act, Act of Gender Equality in Employment, or other human rights issues by applied clients in the past three years. By thotoughly consideration the violation of laws and overall risks, 125 cases agreed to be approved while 148 cases were approved with condition, but 1 case was rejected. Most of the clients have been fined or penalized with only slightly violated the above regulations but already made improvements or continuously improving. Taishin will keep an eye on these clients and review the improvement status as the main factor of consideration for renew the loan terms when the credit limit expires.

2020 Statistics	Approved	Approved with Condition	Rejected
Penalties and sanctions for violations of the Labor Standards Act, Occupational Safety and Health Act, or Act of Gender Equality in Employment	125	148	1
		274 0	Cases in Total

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For Wholesale Banking loans, we 100% process KYC (Know Your Customer) and DD (Due Diligence) as well as control and monitoring mechanisms of the post-loan early warning system. All the cases are in the process of engaging clients regarding ESG risk and opportunity assessment with the credit report. In terms of financial planning consulting services for corporate clients, Taishin Securities made the internal guidelines that all contact industries, businesses or clients must comply with Taishin FHC's Green Finance Principles. Furthermore, a service contract should be only signed after a submitted case being approved by providing Green Finance Evaluation worksheet, Environmental and Social Risk Management Evaluation for specific industries. So does the underwirter's assessment report must include the ESG risks that the clients might be faced to in integrated evaluation process along with its legal representative credit report, attorney opinions.

Products and Services	Taishin's Actions
Loans on Green Energy and Environmental Protection Industries	The balance of loans for key start-up industries in 2020 was NT\$181.6 billion. Taishin Bank has 2,597 loan cases in green energy and environmental protection industries (34% growth rate) and the loan balance reached NT\$ 92.31 billion (2% increase) which accounted for approximately 8% of the Bank's total loan outstanding. The projects included for solar PV power plants and other green energy industries, and the additional incentives are offered to encourage with better performance. In terms of the corporate loan performance on solar power plants, 13,833,980 MWH of renewable energy can be generated in 2020. Based on the latest emission factor of 0.509 ton/MWh, approximately 7,041,496 tons of greenhouse gas emissions (GHG) could be mitigated. We will watch the industry trend and government initiatives on green energy development to support more fundraising needs to help transition for sustainable industries.
Underwriting and Investment on Green Bonds	The Bank vigorously invested on green bonds related to energy and environment, including by holding energy and the environment related green bonds, the green bonds issued by the financial industry and the enterprises will be promoted actively.
Investment on ESG or Sustainability Index Constituent Stocks	We understand the importance of selecting investment targets for long-term investment, therefore, the sustainable companies related to the well-known indices and evaluation of the outstanding shares are selected as the investment targets.
Fundraising for Sustainable Industry	Keep supporting the fundraising in ESG related industries is always Taishin's mission. In 2020, Taishin Securities assisted 13 companies to complete fundraising in capital marketand as a total of NT\$1.485 billion, which accounted for 39.24% of the total annual underwriting and was a 23% incease from 2019. All the clients will be carefully assessed whether any major environmental pollution or human rights violations occurred, and if any being found then the improvements shall be needed before keeping on assisting for public offering and fundraising. Since 2010 to year of 2020, none of the clients assisted by Taishin Securities for public offering or fundraising was involved in the major pollution or human rights violations.
Project Finance	Please check the same Chapter "Project Finance"
Loans on Sustainable Infrastructure	In terms of sustainable infrastructure, Taishin Bank offers lending business on renewable energy supply, environmental pollution remediation, and public transportation with ESG related loans.

#### Solution Disclosure of investment and wholesale banking business with ESG theme

Unit: NT\$ million Loans on Green Participated Government's 5+2 Industries Energy and Innovation Program including green 90,308 7.37 92.314 8.13 Environmental technology, circular economy and new Protection Industries agriculture/bio-medical technology. (note) Underwriting and Invested and underwritten on green bonds 4,425 2.43 8,924 3.66 Investment on Green issued by the banking industry and the Bonds enterprises. Investment on ESG or Holding stocks issued by corporates with 2.718 98.94 3.475 94.74 Sustainability Index outstanding sustainability performance. Constituent Stocks Fundraising for Sustainable Provided fundraising assistance as well as 3.441 16.15 1.484 39.24 the green energy industry assessment Industry Promote the ESG loan business in the supply Loans on Sustainable of renewable energy, remediation for sewage, 3,794 51.26 23,929 87.14 Infrastructure waste disposal, public transportation. Total 104.486 7.28 130.126 9.07

Note: The monetary value(NT\$ million): Green technology (28,768), Circular economy (56,939), New agriculture/Bio-medical technology (6,607)

#### Retail Banking Business

In terms of Retail Banking for Sustainable Finance, The major ESG-related products and services include "online consumer lending" and "investment products that meet the spirit of ESG such as funds, stocks and offshore ETF", etc. 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 check 100% customers, with no exceptions, develop full understanding of customers' financial status, with no exceptions. With regards to personal planning and consulting services, all investment products recommended by financial advisors have been reviewed in accordance with product management principles prior to being launched. Information from independent, third-party sources such as Bloomberg, Morningstar etc. is also referenced to perform ESG assessments on the products evaluation.

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#### Process for retail consumer lending



In response to the enhancement on personal green consumption awareness, Taishin Bank has been working with partners to promote the concept of shared scooters since 2018. In 2019, we continued to promote rent-don't-buy to reduce air pollution and carbon emissions. In the end of 2020, more than 200,000 cardholders have joined this ecofriendly green energy initiative. In addition, through collaboration with Gogoro in 2019, our Bank cardholders were successfully encouraged to purchase about 7,000 electric vehicles resulting in a total purchasing amount of NT\$600 million. As environment issues and climate change are more increasingly valued, plus the development in digital technology is accelerating, the Bank has gradually expanded its service channels for consumer lending to online services. The online business categories offered include home loans, car loans and also the unsecured loans. The Bank provides customers with "funds/stocks and foreign ETFs that meet ESG spirit", and requires reviews based on the assessment procedures in the CSR Worksheet when introducing or providing wealth management products in order to provide investors with financial products that meet ESG values or have positive effects on environmental or ecological development. Funds, stocks, foreign bonds or ETFs, and OTC structured products. From 2019-2020, 6 products were decided not to be submitted or approved due to being involved in the businesses of tobacco, alcoholic beverage and gambling, which were listed in controversial industries, or being ranked behind on S&P Global ESG Score and MSCI ESG rating; and 1 product which was listed in non-active support industries, was decided to be approved with limited quota and add instructions to demonstrate the implementation of the Company's sustainable development in the product documentation.

#### Seview process of new financial products for retail customers



#### Disclosure of retail banking business with ESG theme

		Unit: NT\$ million			
ESG Product Name	Description	2019		2020	
		ESG Monetary Value		ESG Monetary Value	%
Low Carbon Transportation	Covered the charge for electric scooter sharing, purchase of electric motors and vehicles for carbon reduction	683	0.2	1,385	0.4
Retail Online Consumer Lending	Through digital technologies, we have online consumer lending available, thereby enabling	22,242	28.10	23,803	29.08
ESG Funds/ Stocks and Foreign ETFs	The investment products meet the ESG spirit are provided, such as green energy or water resources	1,034	0.95	1,313	1.07
Total		23,959	4.20	26,501	4.66

Note: "Low Carbon Transportation" category is the new added statistics for ESG product in 2020.

#### **Project Finance**

Taishin Bank has been adopting the spirit of Equator Principles since 2015. All new loan applications and all existing credit cases requesting for limit increase or change of terms are required to complete a "Project Finance Application Social/Environmental Risk Investigation and Disclosure Worksheet" (also known as "CSR Worksheet") to verify if it is in line with the project finance. Later in Nov. 2019, Taishin Bank officially announced being the signatory of Equator Principles and initiated the Task force by Wholesale Credit Administration Division and also cooperated with the independent advisory institution to complete standards for inspection process and related documents for Project Finance. Taishin Bank established the "Guidelines for Loan Applications Applicable to the Equator Principles" and generated the "Environmental and Social Risk Assessment Form" to evaluate the items on environmental sensitive, ecology, environmental pollution, society, labors, regulatory and management mechanisms to give scores on each risk and made into levels. In the meantime the sufficient training sessions are delivered to business and review units in order to do reliable implementation.

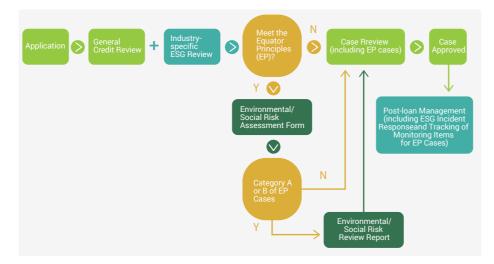
All loan applications must be assessed for compliance with the Equator Principles, and if listed in Level A or B then additionally, the independent third-party's environmental and social evaluation report need to be provided for review by responsible unit; If the cases are approved, rountine review for items should be tracked and monitored, for those clients who do not meet the requirements of monitoring condition, the improvement plan should be provided or the Bank can request clients to pay up the loan.

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

#### Review process of project finance



In 2020, only 1 case was with Project Finance of Equator Principles and the application loan amount is approximately NT\$1.62 billion with level C after the evaluation; However, the case was approved with conditions. And in 2020, there is no Project Finance case rejected which is involved in any controversial ESG issues or negative news.

#### Sector Secto



#### Asset Management

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

In recent years, ESG has generated a new opportunity in "environmental sustainability and corporate sustainability". A company that meets ESG qualifications is a necessary requirement for being included in the investment target of large-scale institutional investors or international benchmark indices. In 2021, TSIT launched the "ESG Emerging Markets Bond Fund" that focuses on emerging corporate bonds. We used a screening mechanism to incorporate ESG investment decisions and connect with global trends. The fund targeted investment on renewable energy and natural gas, but made no investment on companies with high pollution, human rights violations, or poor ESG performance. Since "Taishin ESG Emerging Marktes Bond Fund" was launched in January, 2021, the scale of assets amounted to approximately NT\$9.5 billion in the end of February, which was a record high for IPOs of TSIT.

#### Process of sorting investment targets with SRI rule by TSIT)



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#### Solution Disclosure of asset management business with ESG theme

				Unit: NT	\$ million
ESG Product Name	Description	2019		2020	
		ESG Monetary Value	%	ESG Monetary Value	%
ESG Fund Portfolio	Compliant with SRI investment (including public and private equity funds, discretionary agency operations, etc.)	27,601	21.30	39,181	21.95

## **3-2** Climate Risks and Resilience

In response to heightened levels of uncertainties in climate change risks and global economic impact, Taishin FHC publicly supports TCFD and focuses on implementation inside the Company and transaction counterparties. We take direct actual actions and signed up for the CDP as an institutional investor. We require companies to disclose environmental management information and led by example to fill out climate change questionnaires. We became one of the first financial holding companies included in the first CDP A List of the exclusive questionnaire evaluation for financial institutions in 2020.

Become a TCFD supporter and strengthen the relationship between Taishin and investors and between stakeholders and the public. We look forward to making better decisions for our businesses in the future to support the creation Commitment of a sustainable low-carbon economy. We gradually incorporated the climate change financial disclosures into the £333 boundaries of Taishin's operations and customers of financial products and services in accordance with the TCFD framework and values. We used the transformation and real risk matrix evaluation to select transaction counterparmplementation ties that are sensitive to climate change. We support CDP as an institutional investor and respond to the questionnaire each vear Action \* ല് Included in the CDP A List for climate guestionnaire disclosure in 2020. Performance

#### **Climate Change Governance**

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

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

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

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#### **Climate Change Strategies**

Climate Risk/Opportunity Identification and Measurement: Taishin understands that climate change brings physical and transitional risks and opportunities. With a view to its climate change strategy, Taishin has inventoried the risks and opportunities brought about by climate change to its own operations, personnel, customers, suppliers, products and services, and reputational goodwill. Through the matrix analysis of the probability and impact intensity of risks and opportunities. 9 possible risks and 11 potential opportunities brought about by climate change are identified. Among them, the short-, medium-, and long-term exposures are assessed according to the probability and impact intensity indicators to understand whether strategies should be adjusted, with several risks that need to be paid attention to.

The result of 2018 analysis showed some potential top risks and opportunities in below (please check full list in 2018 CSR Report > P.58-59):

No	Description of the Risk	Fi	inancial Impact	Response Measures
1	Adopting Green Finance Principles involves additional assessment and classification to be performed on new loans or financing with limit increase, which may deter new customers	Opera	tion cost increased	Impose additional requirements such as in-depth KYC and checks for critical cases, system checklist amendment, and training courses arrangement
2	Employees may be required to perform duty during typhoon leave, which incurs additional personnel cost		ues decreased tion cost increased	ake adequate budget for personnel costs and reinforce the notification and reminders on performing duty during typhoon leave
3	Absence of products or services that address the climate change may effect negative corporate image and media coverage about Taishin's ignorance for environment protection	Revenues decreased Operation cost increased Asset value decreased		Monitoring social trends, peer action and media coverage might be needed at all times
4	Climate change issues may lead to more frequent, natural disasters and cause damage to customer's equipment of collaterals, and affect the Bank's debt entitlement	Asset	value decreased	Apply more rigorous view or reduce TLV for real estate properly collateral located in areas those are more susceptible to disaster, and have business personnel monitor borrowers' financial/business position on a constant basis
No	Description of the Opportunity		Financial Impact	Response Measures
1	Participation in renewable energy projects helps t raise the lending business volume and increase t gains from the interest differences	to he	Revenues increased	Fund-using units need to provide a fund overview to the fund management unit on a regular basis
2	Supporting the government's green industry polic and issuing green bank debentures expand the B green finance portfolio, which increases financing amount and improves interest spread	ank's	Revenues increased	Fund-using units need to provide a fund overview to the fund management unit on a regular basis
3	By providing digital products/services and ATM carbon emission level can be reduced by the tr the physical branches of the customers	ls, the ips to	Operation cost reduced	BPM process optimization

In 2020 we reviewed the relevant risks and opportunities, and found there were no significant changes except for one risk and one opportunity added:

#### Desciption of the ris

The stock market closed trading due to typhoon days will cause revenues decreased. The Company should consider gradually expand overseas market strategically to minimize the risk. Respond to the government's promotion on green transportation, low-carbon products and services are actively supported in order to increase revenues as well as brand image enhancement. On the other hand, the Company can deliver government's ideas or facilitate the communications with customers, meanwhile, organize green transportation services and campaigns would also be helpful.

Climate Sensitivity Identification and Evaluation of Transaction Counterparties: The climate

risks of financial institutions are mainly derived from clients. Taishin FHC monitors the potential indirect negative impact on the Company's profitability due to potential threats of future climate change risks. We identified the climate sensitivity of transaction counterparties by three factors of risk exposure, hazards, and vulnerability. The quantified measurements were adopted to calculate all data with weighted scoring for ranking to identify the transaction counterparties with the highest sensitivity. The investment GHG emissions will be estimated when the transaction counterparties are ranked high level of sensitivity and then being measured if the major financial impact will be caused for Taishin FHC. In the first half of 2021, the Company is executing the meansurement to figure out if the investment strategy is necessary for adjustment or the risk level is still acceptable. In response to the damage caused by long-term physical risks of longer than 10 years, Taishin will keep strong adaptability to avoid the negative impacts on current and future operations.

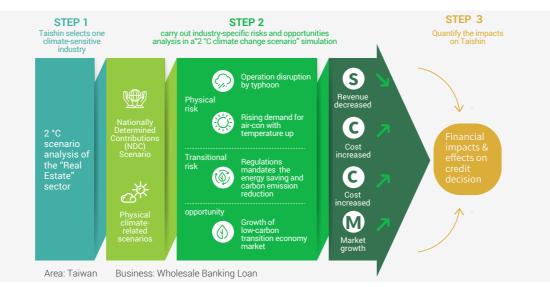
Target Confirmation	To identify transaction counterparties with high climate sensitivity to reduce the negative impact on the Company
Mode Establishment	To identify the transaction counterparties by three factors of risk exposure, hazards, and vulnerability in order to figure out the ratings of physical and transformational risk.
Data Entry	To sum up the investment and loan balances to understand the level of financial exposure
Weighted Scoring	To provide weighted scoring for individual item of physical risks and transformation risks
Conclusion Finalized	To identify high level sensitive clients by the sensitivity rankings of transaction counterpaties
GHG Emissions of Investment	To estimate the investment GHG emissions of high sensitivity clients due to Taishin's investments.
Financial Impact	To use scenario analyses to estimate the potential losses on Taishin caused by specific transaction counterparties
Strategy Adjustment	To identify transaction counterparties with high climate sensitivity to reduce the negative impact on the Company

**Strengthen the Decision Making by the Result of Scenario Analysis:** Taking consideration for the risk identification as one of the major results, clients may suffer damage to their collateral due to natural disasters which would affect the bank's creditor rights. To understand the possible financial impact, we first took "real estate" as the target of this scenario analysis and quantitative assessment. In the context of a 2° C warming status at the end of this century, we analyzed the industry-specific climate risks of the objects financed by Taishin, integrated the consideration of the industry's climate sensitivity, and the scale of risk exposure to simulate various degrees of financial impacts on Taishin under this scenario.

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Taishin analyzed real estate credit issuance patterns and the business behavior for real estate sector, and we identified the physical (ex: typhoons or temperature keeps rising etc.) and transitional risks (ex: regulation keeps sticter) that the industry may face in Taiwan under the "2° C climate change scenario" and the impact's pathways, including the impact to real estate clients directly or to Wholesale Banking real estate industry credit business due to changes in Taiwan's real estate industry. According to the domestic data availability for each risk item, then we referenced from IPCC's GHG Emission scenario (RCP2.6) for physical risk as well as referenced from Nationally Determined Contribution (NDC) scenario commitment for transitional risk. Based on the scenarios, we then assessed the impacts of these scales of impacts on our credit decision-making and our own financial side, figured out approximately maximum NT\$76 million credit loss might be added expected the end of 2030 and considered not a significant financial impact. Taishin will take reference from this analysis process and its outcomes under the "2 ° C climate change scenario" simulation to keep watching or adjust its decision-making process step by step regarding certain products to include climate considerations, and to strengthen its future climate management strategies and governance structures. In response to the damage caused by long-term physical risks of longer than 10 years, Taishin will keep strong adaptability to avoid the negative impacts on current and future operations.



In addition, the Bank has been initiated the calculations on carbon emissions in investments and financing sectors (such as electricity generation, commercial real estate, etc.) in 2021. In near future, Taishin will aim for SBT (Science-based Target) commitment and then seek for further management and adaption on climate risks.

#### Management of Risk and Opportunities

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

#### Climate change risk management process



Through regular interviews with the company and review of financial statements. Taishin V.C. will research the relationship between the company operation and climate change. Furthermore, Taishin V.C. use this correlation as the basis for reinvestment. Taishin V.C. will focus on innovative start-up with environment-friendly technology patents or business models.

#### Performance Indicators and Targets

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

Performance	Goal							
Indicator	Short-term Medium-term (to 2022)		Long-term (to 2025)					
Greenhouse Gas Emissions <sup>(note)</sup>	Please see " <u>Sustainab</u>	ility Topics Managemer	nt-Cliamte Change" 📎					
Sustainable Finance Business Development	ntroduce the Equator Principles mechanism and draw up industry- specific environmental and social risk management guidelines	The industry-specific environmental and social risk management mechanisms need to be developed and implemented	Green financial products (such as green financial funds) are offered; The proportion of green financial services (such as green investment) are increased					
TCFD Implementation	Conduct full implementation and make assessments of climate-sensitive industries	Carried out financial impacts analysis on climate change	environmental and social risk management mechanisms need to be developed and implemented					

Note: The base year was 2018.

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# **4-1** Talent Development

#### **Recruitment Channels and Methods**

People are the key that supports business growth, and through the use of four main channels including industry-academia collaboration, overseas recruitment, and substitute military service/ R&D substitute service, Taishin recruits suitable and topquality talents from the market to meet the plans and requirements of its business units. Taishin recruited a total of 1,892 employees in 2020. Taishin has been able to maintain new recruits at approximately 24% 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.

	Methods	Performance in 2020
Industry academi collaborat	a Launched a series of recruitment projects for	Cooperated with 70 universities Organized 13 campus talent recruitment exhibitions and seminars (including online seminars). Due to COVID-19, the campus talent recruitment and face-to-face seminars in the 1st half of the year were suspended; in the 2nd half of the year, as the number of cases in Taiwan remained low, face-to-face seminars were resumed while maintaining pandemic prevention measures. Brought nearly 445 fresh graduates and 378 interns into the organization.
Recruitment Channels Oversea talent recruitme	recruited talents from USA, Japan, China	Organized 1 career seminar for foreign students 2 employment matchmaking sessions for foreign students 43% of overseas MA
Substitu service		We currently employ 19 substitute servicemen for industry development and R&D (including 8 to be discharged this year)

Full-time new recruits	2,335	2,366	2,452	1,892
Year	2017	2018	2019	2020
🛉 Male	1,087	1,047	1,126	853
🛉 Female	1,248	1,319	1,326	1,039
Age 30 and below	1,263	1,274	1,477	1,108
Age 31-50	1,001	1,025	927	745
Age 51 and above	71	67	48	39
Middle and top management position	13	18	9	5
Junior management position	71	61	58	53
Non-managerial	2,251	2,287	2,385	1,834

				Unit: NT\$
	2017	2018	2019	2020
Annual average recruitment expenses per employee	5,549	4,859	4,385	5,662

Note: Average recruitment expenses per employee = recruitment expenses for the entire year/number of new employees

#### **Diversified Recruitment**

Taishin FHC values and recruits talents, and actively recruits professionals from different regions, genders, nationalities, languages, and ethnicities. As of the end of 2020, Taishin FHC and subsidiaries employed 9,334 full-time staff and 498 part-time staff, totaling 9,832 employees. Female employees totaled 5,545, representing 59% of the employee base. Female managers totaled 589 and accounted for 47% of managerial positions. As the figures have shown, Taishin does not allow gender discrimination in the recruitment or promotion of employees. In terms of diverse employment of disadvantaged groups, ethnicities, and nationalities, Taishin meets legal requirements, appoints sufficient number of people with disabilities, and provides a barrier-free work environment for people with disabilities. We set up overseas operations in 7 foreign countries. Taishin makes it a priority to hire workers locally for overseas operations. In 2020, overseas operations hired a total of 711 workers, in which 91% of employees and 72% of managers were locals. Taishin continues to implement local management. In addition, our employees come from 12 nationalities/regions. We actively blend multiple cultures into the organization and incorporate them as part of our competitive advantage.

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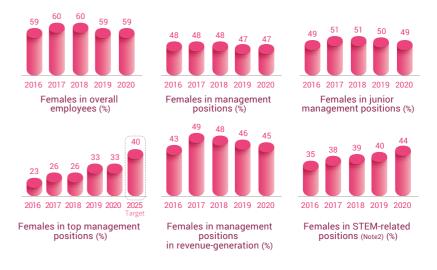
S Employee structure- permanent and non-permanent employees by region and gender

Data as	Permanent -						
of December 31, 2020			Contractor		Part-	Total	
Region	Female	Male	Female	Male	Female	Male	
Taiwan	5,217	3,406	24	62	304	106	9,119
Overseas	328	383	-	-	2	-	713
Total	9,334			498			9,832

Note: Refers to the current employee size as at Dec.31, 2020. Non-permanent employees are contractors, part-timers and interns.



#### Proportion of female employees (Note1)



Note1: The percentage of females among the managerial role 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. Note2: Females in STEM-related positions includes technical writer, computer programmers, business operation analyst and etc.

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

		Permanent Employee									Proportion of
Region	Position	Position Female				М	ale		Total	permanent	
		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		employees (%)
Taiwan	Non-managerial role	,	2,996	292	4,662	815	1,748	259	2,822	7,484	80.2
Idiwdii	Managerial role	2	400	153	555	2	411	171	584	1,139	12.2
Т	aiwan-total	1,376	3,396	445	5,217	817	2,159	430	3,406	8,623	92.4
Overease	Non-managerial role	156	132	6	294	132	165	1	298	592	6.3
Overseas	Managerial role	3	26	5	34	11	62	12	85	119	1.3
0	verseas-total	159	158	11	328	143	227	13	383	711	7.6
	Total	1,535	3,554	456	5,545	960	2,386	443	3,789	9,334	100.0
	rtion of permanent mployees (%)	16.4	38.1	4.9	59.4	10.3	25.6	4.7	40.6	100.0	100.0

Note 1: Refers to the current employee size as at Dec.31, 2020. Non-managerial roles do not take managerial responsibilities. Note 2: 86.5% of employees are non-managerial while 13.5% of employees are managerial.

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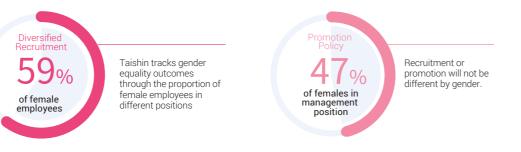
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Employees of minority groups in previous years are as below.									
			Č,		Ċ				
Year No. of disable	2016 86	2017 89	2018 96	2019	2020 96				
C employees	00	69	90		90				
No. of countries/ regions	10	12	12	13	12				
Nationalities/ regionalities of employees	Taiwan, China, Hong Kong, Macau, Japan, Singapore, Myanmar, Vietnam, USA, Australia	Taiwan, China, Hong Kong, Macau, Japan, Malaysia, Singapore, Myanmar, Vietnam, Italy, USA, Australia	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, Indonesia, Italy, New Zealand, Australia	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, Indonesia, Italy, New Zealand, Australia, USA	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, Italy, New Zealand, Australia, USA				

#### Top three regions for employee distribution

Year	Pe	rcentage of	all employe	es	Percentage of managerial positions			
Nationaities/ regionalities	2017	2018	2019	2020	2017	2018	2019	2020
Taiwan	94.5%	94.4%	93.4%	93.7%	96.3%	96.2%	94.9%	95.0%
China	4.2%	4.1%	4.9%	4.6%	2.7%	3.0%	4.1%	4.0%
Hong Kong	1.0%	1.1%	1.3%	1.2%	0.6%	0.4%	0.6%	0.6%
Others	0.3%	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%	0.4%



#### Talent Development

#### Well-defined Career Plans

To help our employees' development, Taishin conducts annual Management by Objective (MBO) and Individual Development Plan (IDP) to help employees identify their future career path. Employees may choose and plan their career paths through means such as training, job rotation, mentoring, meeting participation and project involvement with close guidance from supervisors. The percentage of open managerial positions filled by internal candidates at Taishin is close to 70% and the retention rate of outstanding staff is over 90% in 2020. It shows Taishin provides ample opportunities and resources for employees to develop their own career plans.

Year	2017	2018	2019	2020
Internal Replacement Rate (%)	67	67	72	70
🛉 Male	57	47	56	56
🛉 Female	43	53	44	44
<30 years old	1	1	4	1
30-50 years old	93	89	81	89
>50 years old	6	10	15	10
Middle and top management position	23	26	23	17
Junior management position	77	74	77	83

#### Career Development Learning Program

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

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#### 1. Industry-academia Collaboration

#### Searly Win - Workplace Experience Program

Through campus promotion among excellent students in their Bachelor's senior year up to their Master's second year, we have promoted the concept of "With Graduation, Work Begins" and helped students transition into the financial workplace through practical experience and training in advance, familiarizing them with more financial knowledge and office life, and also providing rich training courses, such as Taishin's organization culture, professional image and service etiquette, Fintech Digital 3.0, and more. 93 of those interns transitioned into formal employees with us in 2020.



#### Financial Innovation Masters Program

To enhance the quality of our financial professional workforce and to build a talent supply chain, we have worked with National Sun Yat-sen University since 2017 in a jointly developed "Financial Innovation Masters Program," which provides internship opportunities and rich training resources during winter and summer breaks at our company to bring students closer to the world of finance. Altogether, 53 graduate students have been trained to date, of which 24 students have completed their training and joined Taishin.

#### Micro courses on FinTech and service innovation

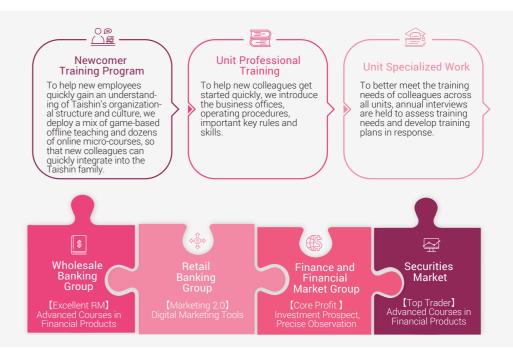
We began a partnership with the College of Management, National Sun Yat-Sen University in the "College of Management Micro Courses - Financial Services and FinTech Information Case Study Courses" in 2020 to recruit outstanding analysts and improve the employer brand. We invited the Customer Group Management Division and IT Service Division to help support the courses and provide internship opportunities to students with outstanding performances in the courses. The program helps facilitate close exchanges between the academia and the industry and helps us achieve technical innovation and talent cultivation. We have jointly trained 25 students.

#### Financial Service Innovation Practices

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

It has been very popular since its launch. The number of electives has been on the increase year after year. This year, 73 students are taking this elective. In 2020, students were specially invited to a tour around the head office and Financial Innovative Lab to experience our digital services and the convenience brought by our new financial technologies.

#### 2. Comprehensive Financial Talent Training



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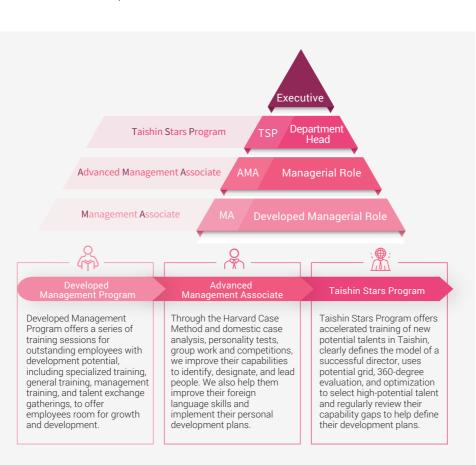
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#### 3. Succession Program

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



#### 4. Diversified Talents

To help develop employees' capabilities within and outside their areas of expertise, Taishin has been maintaining a learning platform called "Taishin University", offered by universities 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 NT\$ 10,000 per year that staff can spend independently on foreign language training, computer courses, or license examination fee subsidies. The points can also be spent on lectures by famous experts, artistic and cultural activities, language training, and themed courses on any area in life, all in order to offer our staff sufficient resources to expand their knowledge and broaden their horizons.

The learning account system accumulated more than 3.7 million credits in 2020. This increase was mainly attributed to the introduction of "Life Cycle" course series that were relevant to employees' needs. The course series introduced different themes for employees of different age group on a monthly basis. Such as to enhance competitiveness among 20-30 years old freshmen, we plan "Presentation and Communication" seminars. To support married employees, 30-40 years old, to balance work and family, we offer seminars on "Work-Life Balance." To assist 50-60 year old employees that are preparing to retire to plan for their lives after retirement, we hold "Wealth Management and Retirement" seminars.



#### Performance of "Learning Account" system

61.3

61.4

83.9 53.6

50.2 36.8

54.7

69.7

60.7

8.076

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#### Learning Effectiveness and Results

#### 1. Staff Training Hours

Year	2016	2017	2018	2019	2020
Average Training Hours per Employee <sup>(Note1)</sup>	51.5	65.6	71.4	71.6	61.4
Total Training Hours	412,762	537,030	645,126	657,877	572,748 <sup>(Note3)</sup>
Average Training Expenses per Employee (Note1)	4,366	5,555	6,553 <sup>(Note2)</sup>	5,726	4881.6
Total Training Expenses (NT\$ thousand)	34,672	47,534	59,250	52,646	45,565

Note 1: Total training hours/ total training expenses divided by numbers of permanent employees equals average training hours / average training expenses.

Note 2: Due to promote the improvement of employees' anti-money laundering knowledge and skills and subsidize employees to obtain internationally recognized anti-money laundering qualification certification (CAMS), the training cost was higher than other years. Note 3: Both the number of hours and expenses for the training programs have decreased in 2020 as a result of the pandemic.

	Category	Number of mandatory course hours	Number of optional course hours	Total hours
	Legal	21,254.54	10,047.04	31,301.58
Managerial	Management	8,798.38	1,636.23	10,434.61
	Professional	301,64.25	2,468.23	32,632.48
	General knowledge	6,395.42	2,141.74	8,537.16
	Legal	138,621.71	42,746.94	181,368.65
Non-	Management	5,962.63	811.94	6,774.57
managerial role	Professional	187,815.27	16,026.59	203,841.86
	General knowledge	81,164.42	16,692.96	97,857.38

Year	Total Training Hours	No. of Permanent Employee	Average Trair Hours in 201
Male	232,280.54	3,789	
Female	340,467.75	5,545	
Age 30 and below	209,263.89	2,495	
Age 31-50	318,366.35	5,940	
Age 51 and above	45,118.05	899	
Top management position	2,023.71	55	
Middle management position	10,659.95	195	
Junior management position	70,222.17	1,008	

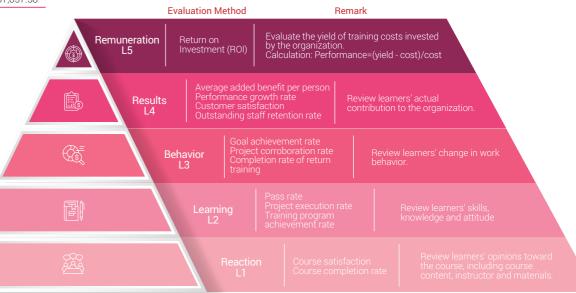
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Non-managerial

#### 2. Highlighted Training Projects

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

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



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Project name	Project goal	Operational benefit	Applicable target/number of people	Kirkpatrick Model training performance evaluation
Advanced Management Associate (AMA) training project	We designed a three-year AMA training program to create a talent pool for level 2 managers of Taishin FHC and create an interactive network between managers.	Taishin has always paid close attention to talent development because we firmly believe that talents are the key to long-term development of the financial services industry. The AMA program is a career development program that helps accelerate elite talent growth. The AMA training program includes a comprehensive and systematic training system to support the growth and expansion of the organization. We use course and project execution to build solid professional skills within three years to accelerate the development of the mindset of professional managers. 19 members of the AMA program graduated in 2020 and 12 were promoted to level 2 managers. The promotion rate was 63%.	25 group-level managers of Taishin FHC received recommendations from division heads	Results L4 : Internal promotion rate 63% Behavior L3 : Project pass rate 76% Learning L2 : Course completion rate 100% Reaction L1 : Course satisfaction 98.2%
TMP blended learning	To ensure that employees can effectively learn and make use of their skills, we adopted a systematic training framework to strengthen management competencies and help the Company meet performance targets. We create a more flexible and autonomous learning environment for attendees with the O20 learning model and blended learning. We increase access to knowledge outside of the classroom and provide opportunities for repetitive learning to enhance learning outcomes.	<ul> <li>Blended learning has gained more attention and has been viewed as an effective way to improve and enhance student learning and employee competitiveness in the field of digital learning.</li> <li>Taishin's management courses were completely revised and updated in 2020. We removed the traditional classroom course model and adopted blended learning to integrate online and offline learning and effectively increase the course completion rate.</li> <li>The new manager test pass rate was 100% and the 2020 retention rate was 100%</li> </ul>	54 new group managers	Results L4 : Manager retention rate 100% Behavior L3 : Test pass rate 100% Learning L2 : Course completion rate 96% Reaction L1 : Significant increase in learning results after the course Before learning: 3.79 After learning: 4.37
Digital Insurance Course	We have designed the "Digital Insurance" course to strengthen the insurance professional skills of employees and meet requirements for modern learning. We provide comprehensive training on international trends, taxation, and investment markets to enhance the professional skills of insurance agents.	<ul> <li>We launched Taishin Bank's "Mobile Insurance" platform services in 2020 to provide a brand-new experience and appearance for financial services.</li> <li>For every NT\$1 invested in the Digital Insurance Course, we created revenue of NT\$139.05 in insurance commissions and service fees.</li> </ul>	A total of 3,394 insurance salespersons	Remuneration L5 : ROI 139.05 Results L4 : Number of insured enrolled by telemarketing 90% increase from 2019 Behavior L3 : Insurance license Effectiveness 100% Learning L2 : Test pass rate 100% Reaction L1 : Course completion rate 100%
Bilingual skill enhancement program	We designed English learning programs such as the "Wednesday English Day" and "TOEIC Friday questions" to support the "Bilingual Nation 2030" policy. We integrated English learning resources to strengthen employees' English skills, create an environment for learning English, and strengthen employees' soft power in English listening, speaking, reading, and writing skills.	<ul> <li>We launched the "Wednesday English Day: Connect with the World" newsletter in 2020</li> <li>We launched the "TOEIC Friday questions" English test activity in 2020.</li> <li>We registered 9,702 enrollments in 2020 and the activity satisfaction rate is 95%.</li> </ul>	9,702 enrollments of Taishin employees	Behavior L3:Test score Average score 85 points Learning L2:Number of enrollments 9,702 Reaction L1:Project satisfaction Satisfaction rate reached 95%
Comprehensive wealth management specialist training	We enhance the professional knowledge and skills of our wealth management specialists through systematic course designs. We reinforce the principle of fair treatment of customers to meet requirements in the legal compliance risk control system, help employees enhance their functions, and increase their approval of the Company.	<ul> <li>For every NT\$1 invested in the comprehensive wealth management specialist training, we created NT\$3195.92 in operating revenue.</li> <li>The AUM from NT\$1,657,145 million in 2019 to NT\$1,785,245 million in 2020; the growth rate was 7.73%</li> <li>The number of level 1 to level 2 customer complaints dropped from 121 cases in 2019 to 82 cases in 2020 and the reduction was 32.23%.</li> <li>The external customer satisfaction rate in 2020 was 80.79%. The Bank was awarded the "Best Domestic Bank in Wealth Management Award" and "Best Domestic Bank in Services Award" by Wealth Magazine.</li> </ul>	A total of 901 wealth management specialists	Remuneration L5 : ROI NT\$3195.92 Results L4 : External customer satisfaction rate 80.79% Behavior L3 : Refresher training completion rate 100% Learning L2 : Test pass rate 100% Reaction L1 : Course satisfaction 96%

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Project name	Project goal	Operational benefit	Applicable target/ number of people	Kirkpatrick Model training performance evaluation
Digital finance talent development	We provide an online + offline blended learning model in the field of digital finance to encourage and guide employees to use technology tools related to digital finance. We have developed a comprehensive digital finance talent training program to help enhance the digital capabilities of employees and develop digital finance talents with interdisciplinary thinking and vision needed by the financial industry.	<ul> <li>We organized the "Digital Finance Course Seminars" with the aim of helping employees develop new digital concepts. The courses were provided via live broadcasts so that employees could learn by themselves without geographical limitations and we could prevent diseases and provide training at the same time.</li> <li>We organized the "Google Analytics (GA) certification course" with the Institute for Information Industry for the first time and the certification pass rate was 95%.</li> </ul>	179 enrollments of Taishin employees	Behavior L3 : Certification pass rate 95% Learning L2 : Test pass rate 95% Reaction L1 : Course satisfaction 92%
Management associate training program	After we announce the selection of suitable talents for the management associate program, we plan systematic training based on the needs for competency development to build the basic management skills of potential talents in advance. We assign project tasks which must be completed along with the complete passage in the courses before employees can be included in the talent pool. We therefore set the following project objectives: 1. Average satisfaction rate higher than the average score of 95 points 2. Post-course test score of higher than 90 points 3. Project passage rate of higher than 90% 4. Project talent retention rate higher than the FHC retention rate of 94%	To develop the competencies of future managers, we select instructors with the highest ratings for all open courses and the average course satisfaction rate was 97 points. We also made good use of blended learning, platform exchanges, post-course tests, assignments, and missions to extend the learning curve to behaviors in the workplace. The final project pass rate was 91% and the retention rate of project talents was 98%.	144 candidates were recommended for the MA program in 2020 and 131 candidates were qualified	Results L4 : Retention rate 98% Behavior L3 : Project pass rate 91% Learning L2 : Average post-course test score 98 Reaction L1 : Average course satisfaction 97
Division head intensified management course	The intensified management course is a course designed specifically for mid-level to senior executives. We use interactive learning and exchange of ideas to create bonds between employees from different departments.	<ul> <li>In response to the new requirement for business sharpness in management competencies, we sharpened the managers' concepts of business models through case studies and extensive group discussions. We help them learn to apply the concepts in their work and to build networks to increase inter- department collaboration.</li> <li>In the inter-department collaboration in the 360-degree feedback evaluation items, the peer review score was higher than the previous year and the division head retention rate was 100%</li> </ul>	42 division heads in Taishin FHC	Results L4 : Retention rate 100% division head retention rate Behavior L3 : 360 evaluation In the inter-department collaboration in the 360-degree feedback evaluation items, the peer review score increased from 3.82 to 4.05 Learning L2 : Course completion rate 100% Reaction L1 : Course satisfaction 99.4

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## 4-2 Remuneration, Benefits & **Employee Care**

#### **Remuneration Policy**

Taishin conducts annual salary surveys to measure itself against top-performing financial institutions local and abroad. The Company has designed a fair and incentive compensation system complete with competitive salary and welfare packages to reward its employees. Taishin has been a composition of "Taiwan High Compensation 100 Index" for 7 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 2020, male managers' remunerations averaged 106% of those of female managers, whereas male staff's remunerations averaged 102% of those of female staff. There was no significant difference in terms of salary between the two genders.

#### Salary ratio in 2020

Policy

Compensation ratio (female: male)				
Base salary	Full salary (including other cash incentives)			
100:102	100:102			
100:105	100:106			
100:104	100:107			
	Base salary 100:102 100:105			

106% 102% of male/female of male/female general managers' remunerations employees' remunerations

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

Annual salary adjustments are determined by job evaluation, which takes into account the diversity of expertise required to accomplish each role and the proficiency of skills that employees have demonstrated. Average salary adjustment in 2020 was 3.5%; more than 80% of employees had their salaries adjusted during the year, some as high as 15%. This indicates that employees are treated fairly while top-performing talents are properly rewarded. Each year, Taishin pays out year-end bonuses based on company performance and individual performance as a means of profit-sharing, thereby rewarding employees for their contributions.

Taishin employed a total of 7,476 full-time, non-managerial staff in 2020 (up 4.4% compared to 2019), with average salary of NT\$ 1,239,000 (up 1.8% compared to 2019) and median salary of NT\$ 992,000 (up 2.1% compared to 2019).

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	2017	2018	2019	2020
Average Salary Adjustment (%)	3.0	3.5	3.5	3.5

#### Employee stock purchase plan



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 2020, a total of 25,653 appreciation rights were issued while about 304 employees applied the plan.



Taishin FHC commenced the employee stock ownership plan in September 2015 to share the results of business success with employees and jointly make contributions to the retirement fund. Employees set aside fixed amounts based on their rank and the Company contributes an additional 100% of the same amount to the employee's account as incentives. Beginning in May 2020, we have allowed employees to set aside unlimited voluntary contribution based on their own financial requirements. By the end of 2020, 85% of the Unlimited voluntary contribution based on their own infancial requirements. By the end of 2020, 85% of the employees have participated in the scheme, and the Company has contributed a total of NT\$480 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.



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 151,301,500 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.



Taishin FHC 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 FHC and subsidiaries were entitled to this program. Taishin made a cash issue of Class E preferred shares in 2016 and 2018, during which it also reserved 15% in both years, totally 120,000,000 shares for subscription by employees only, and more than 15,000 employees of Taishin FHC and subsidiaries were entitled to this program.

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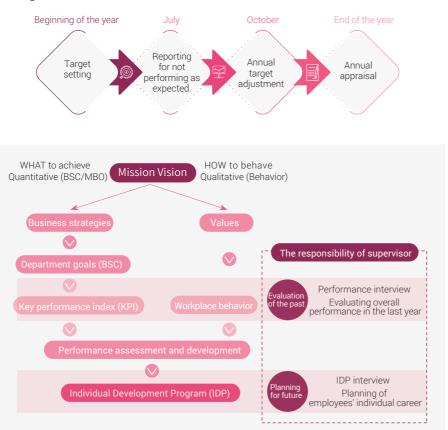
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#### Performance Management

#### Management Method

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



All full-time employees who have passed probation are required to undergo annual appraisal, 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 System



#### Improvement System

assessment indicators and an improvement schedule.

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

#### Duration of 253 Daily Management Performance Improvement When a supervisor The Supervisor is required to observe the employees discovers no-as-expacted performance, the supervisor and check the processe and is required to engage the schedule of improvement employee immediately in a plan, while offering performance interview to quidance or correction as find the cause of deemed appropriate. under-performance, and outline improvement plans,

#### At the Ethe Imp t

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.

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#### **Attrition Analysis**

The turnover rate in 2020 was 10.1% which was a 1.7% decrease from 2019. Taishin regularly work with professional consulting companies on employee opinion surveys to learn about employees' views on management measures and issues of concerns to be prioritized. We also implement improvements based on the results of the survey and provide a comprehensive remuneration, benefits, and employee care measures to attract and retain talents, create a positive corporate culture, increase employees' sense of belonging. The Company uses transparent and fair promotion and performance evaluation mechanisms to motivate employees and increase satisfaction to reduce the turnover rate. To learn more about the opinions of employees who have left the Company, after an employee submits an application for resignation, the unit supervisor conducts interviews, and HR also analyzes the causes of attrition for subsequent improvements to the talent retention system.

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

	Permanent employee attrition									
Location		Fen	nale		Male					
	Age 30 and below Age 31-50 Age 51 a above		Age 51 and above	Female-total	Age 30 and below	Age 31-50	Age 51 and above	Male-total		
Taiwan	244	208	6	458	150	180	4	334		
Overseas	24	11	1	36	22	23	2	47		
Total	268	219	7	494	172	203	6	381		
Turnover rate (%)	3.1%	2.5%	0.1%	5.7%	2.0%	2.3%	0.1%	4.4%		

	Total	Turnover rate (%)
Taiwan	792	9.1%
Overseas	83	1.0%
Total	875	10.1%
Turnover rate (%)	10.1%	

#### Turnover rate in previous years

Year	2017		201	2018		2019		2020	
	Voluntary	Total	Voluntary	Total	Voluntary	Total	Voluntary	Total	
Turnover rate (%)	11.1	14.8	12.2	16.7	11.8	16.1	10.1	13.3	
Male (%)	5.2	6.6	4.8	6.8	4.9	6.8	4.4	6.1	
Female (%)	5.9	8.1	7.4	10.0	6.9	9.3	5.7	7.1	
Age 30 and below (%)	5.1	7.6	5.1	8.3	5.3	8.3	5.1	6.9	
Age 31-50	5.6	6.6	6.7	7.4	6.1	7.1	4.9	5.7	
Age 51 and above (%)	0.1	0.6	0.4	1.1	0.4	0.7	0.2	0.6	

Note1 : Refers to cumulative resigned permanent employees between Jan. 1 and Dec.31, 2020.
 Note2 : Turnover rate = cumulative number of resigned permanent employees in the current year/current permanent employees as at Dec.31, 2020. 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, 2020 was 8,658.
 Note3 : Total turnover rate does not include sales representatives

#### **Employee Benefits & Care**

#### **Employee** Care

Driven by the organization's service spirit of devotion, attention, empathy, sincerity and passion, Taishin provides employees with benefits that are superior to those required under the Labor Standards Act, and has designed a series of benefit plans that take care of employees from their first day on board to retirement, addressing their needs and the needs of their family members at different stages of life cycle.

For more comprehensive disclosure about employee welfare and benefits, please visit Taishin Holdings' talent recruitment website.

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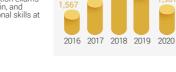
# Highlights of Benefits







Learning





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Industry Originality

employees to take children's

Son/Daughter 's lives. Every

wedding leaves so that they can

Vedding Leav

Taishin cares for employees as well

as their family members, and allows

take part in the big moments of their

employee is entitled to one fully paid

day of children's wedding leave from

the first day onboard. Couples who

apply to take leave on the same day

are both Táishin employees may

To provide employees with a secure work environment, Taishin provides family support mechanisms that are superior to regulatory requirements (including maternity leave, paternity leave, family care leave, and flexible work hours) so that employees can concentrate on their work and take care of their families.

- We provide female employees who are giving birth with 60 days of paid leave which is superior to the 8 weeks specified in regulations.
- We provide employees whose spouse is giving birth with 6 days of paid leave which is superior to the 5 days specified in regulations.
- We provide paid miscarriage leave for less than 3 months of pregnancy to help employees take care of their physical health.

Flexible work hours

The Company provides comprehensive remote work equipment and corresponding system resources (mobile office VPN, and electronic signature system) for use by employees based on the nature of their work and business requirements while complying with all regulations and risk management requirements. In the event of special conditions, employees can process work remotely at home which increases work hour flexibility. 1.The company has planned up to five flexible shift types for employees to organize their time better. They can determine their own attendance time and they can leave work after working for eight full hours. These plans can help employees balance their family life or avoid peak traffic to reduce commuting time.

- Employees with children under the age of three may request to reduce daily work by one hour each day or adjust their work hours so that they have more time for their children.
- 3.In addition, we provide different shifts in different departments for employees to choose with flexibility. To provide employees with more care, we provide showering facilities for employees who work late to freshen up and rest, and allow employees to have adequate rest after hard work. We also provide contracted taxis for employees who leave work after 10 p.m. to ensure that they return home safely.
- 4.The Company provides comprehensive remote work equipment and corresponding system resources (mobile office VPN, and electronic signature system) for use by employees based on the nature of their work and business requirements while complying with all regulations and risk management requirements. In the event of special conditions, employees can process work remotely at home which increases work hour flexibility.

### 2. Domestic and international on-job training subsidies:

- To support development of top talents, Taishin provides qualified employees with subsidies amounting up to NTS 20,000 per semester as an encouragement for undertaking ongoing education outside work hours. Furthermore, the Company selects senior managers to undergo EMBA courses organized by renowned overseas institutions from time to time, which helps broaden managers' global perspectives and establish local connections.
- A total of 101 employees has been subsidized with subsidies amounting over NT\$ 9 million from 2016 to 2020.



2016 2017 2018 2019 2020

Taishin adopts a "Volunteer Leave" system that grants employees one full

day of annual leave for six cumulative hours of volunteer service, subject

to a maximum of five days per year. The system was introduced to

reward volunteers for their selfless acts.

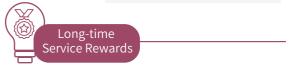
2016 2017 2018 2019 2020

#### Taishin offers comprehensive incentives to encourage employees in acquiring finance-related certifications, and hence raise the level of professional knowledge across its talent base. In 2017, the "Certified Financial Planner (CFP)" course was launched. By offering complete learning guidance and incentives, these courses are intended to help employees acquire their certification and build professionalism in Taishin's brand.

3. Subsidy for financial

certification exams:





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



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#### Maternity Protection Benefits

Taishin pays close attention to maternity and child labor protection. We strictly prohibit the hiring of child labor under the age of 16 and we provide related benefits and systems for different stages from prenatal, pregnancy, postpartum, and parenting care for female employees. They are explained in the table below.

#### Female employees

Female employees can take one day of menstrual leave each month to rest at home.

#### Pregnant employees

- We provide prenatal care, postpartum care, labor and health insurance, group insurance, and childcare benefits for different stages of pregnancy.
- We provide services for maternity clothes for pregnant female employees to provide mothers-to-be with comfortable clothes.
- Female employees are entitled to 40 hours of paid prenatal check-up leave and 60 days of maternity leave, which are superior to regulatory requirements. The Company may provide up to 9 months of tocolysis leave based on the health conditions of the mother and the doctor's instructions to help employees adjust their physical and mental conditions.
- If an employee suffers a miscarriage, the Company provides miscarriage leave of at least 5 days and up to 4 weeks.
- 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.

#### Postpartum care and childcare

- We have set up nursery rooms at Ren'ai, Neihu and Jianbei offices to provide mothers with a comfortable nursing environment.
- Taishin provides family care leave and paternity leave superior to regulatory requirements and provides all employees with the right to apply for childcare leave without pay and eight standard in accordance with laws
- without pay and reinstatement in accordance with laws.
   We have signed special contracts with postpartum nursing institutions.
- Taishin engages physicians to provide onsite services and provide health seminars for pregnant employees or employees with newborns.
- We set up children's education scholarships to reward outstanding performance of employees' children. We provided NT\$4,372,500 in subsidies for children's education in 2020.
- We have signed special contracts with infant daycare institutions.

#### S Number of permanant employees on parental leave and retention rate

		2018			2019			2020		
Item	Female	Male	Total	Female	Male	Total	Female	Male	Total	
No. of employees subject to reinstatement	99	9	108	101	8	109	75	11	86	
No. of actual reinstated employees	64	7	71	63	5	68	50	2	52	
Reinstatement rate % <sup>(Note 1)</sup>	64.6	77.8	65.7	62.4	62.5	62.4	66.7	18.2	60.5	
No. of employees retained after 1 year (Note 2)	64	2	66	53	5	58	57	3	60	
Retention rate % <sup>(Note 3)</sup>	85.3	33.3	81.5	82.8	71.4	81.7	90.5	60.0	88.2	

Note 1: Reinstatement rate = No. of actual reinstated employees / No. of employees subject to reinstatement during the year. Note 2: No. of employees retained after 1 year = No. of employees reinstated in the previous year and have worked for one full year since then. Note3: Retention rate-No. of employees retained after 1 year/ No. of employees reinstated in the previous year

Year	2016	2017	2018	2019	2020
Numbers of Taishin births	222	293	274	252	223
Employees at the end of the year	8,099	8,801	9,041	9,195	9,334
Crude birth rate of Taishin (%)	2.74	3.33	3.03	2.74	2.39
Crude birth rate of Taiwan (%) (Department of Statistics, Ministry of the Interior )	0.9	0.8	0.8	0.8	0.7

\*Crude birth rate within the organization was 2.39% in 2020, which far exceeded Taiwan's crude birth rate of 0.7% (Note: the crude birth rate of Taiwan was sourced from the Department of Statistics, Ministry of the Interior).



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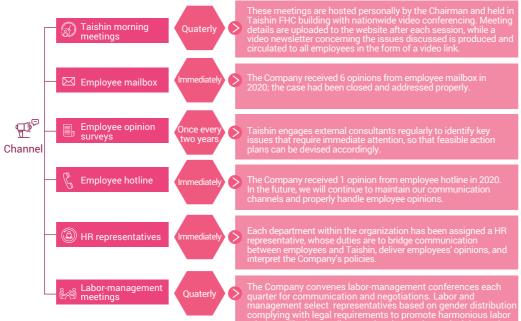
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# 4-3 Labor Management Relations

#### Labor Management Communication Channels

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

#### Summary and Method of Response



The Company convenes labor-management conferences each quarter for communication and negotiations. Labor and management select representatives based on gender distribution complying with legal requirements to promote harmonious labor relations. The issues discussed and agreed upon by labor and management in 2020 include the implementation of two-week, eight-week, and four-week variable work hours, transfer of rest days, overtime and compensatory leave, night work for women, flexible work hours, suspension of employees due to special cases, and the implementation of pandemic prevention and response measures (including pandemic prevention leave, separated work hours for groups of employees, off-site backup, and extension of marriage leave) in accordance with the work calendar announced by the competent authority and the Company's business operation requirements.

#### **Employee Opinion Survey**

Taishin FHC 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 organizationwide employee surveys once every two years; the last two surveys were conducted in 2015, 2017, and 2019. The next survey is scheduled in 2021. For every other year, a survey is conducted for different business groups or specific groups of people, such as the Retail & Wealth Management Channel Division in 2016, the Wholesale Banking Group in 2018 and the Information Technology Services Division in 2020.



#### Key Outcomes from the Employee Opinion Survey

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

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- Actively promote work-life balance measures and create a friendly and inclusive working environment to optimize the employee experience.
- Understand the needs of employees, review their overall welfare, carefully design benefits items that are relevant to different employees at different stages in their lives, to strengthen the connection between our employees and our company.

Monitor the connection between our future talent strategy and the actual work experience of our current staff, within the context of our overall business strategy. Develop valuebased employment propositions to attract, retain, and motivate organizational talent.

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

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

#### Trend of Employee Engagement in Recent Years

	Object	All employees of Taishin
e ال	Торіс	19 dimensions from engagement to teamwork, performance management, customer focus, talent management, health and well-being, innovation and more.
8 - - -	Participation rate (%)	94
	Engagement rate (%)	83
2019		
Taishin Employee Opinion		<ol> <li>Compared with the results of the employee opinion survey of 2017, the overall acceptance of Taishin is a positive signal showing the deepening advantages of our corporate culture that understands customers and challenges convention.</li> </ol>
Survey	Results	<ol> <li>Our staff's willingness to recommend Taishin to a new level, which is a significant 6% increase from the positive feedback in the 2017 employee opinion survey.</li> <li>Up to 80% of employees believe that Taishin is a diverse and integrating</li> </ol>

- workplace.
- 4. Taishin continues to strengthen its core value of innovation. When it comes to innovation, our staff's recognition is significantly better than our peers in Taiwan's financial industry, with a positive feedback of 11%.

#### Employee opinion survey - all employees

Year	2015		2017		2019		
Target		All employees		All employees		All employees	
Participation rate (%)	8	85		94		94	
Engagement rate (%)	8	82		84		33	
Engagement by gender(%)	Male	Female	Male	Female	Male	Female	
	83	81	85	83	85	82	

#### Employee opinion surveys - individual business units

Year	2016		2018		2020		
Target	Retail & Wealth Management Channel Division		Wholesale Banking Group		Information Technology Services Division		
Participation rate (%)	9	94		94		96	
Engagement rate (%)	8	81		82		9	
Engagement by gender(%)	Male	Female	Male	Female	Male	Female	
	82	80	82	82	78	80	

All employees in 2019							
Dimension	All employees	Male	Female				
Engaged	90	91	89				
Enabled	78	80	77				
Energized	81	84	79				
Engagement	83	85	82				

All employees in 2019							
Dimension	All employees	High-level manager	Mid-level manager	Entry-level manager	Non- management employees		
Engaged	90	95	98	95	89		
Enabled	78	86	83	81	78		
Energized	81	91	92	86	81		
Engagement	83	90	91	87	82		



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# 4-4 Human Rights and Gender Equality

#### Human Rights Policy in Taishin

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

In addition, we adopt communication, protection and supervision practices to secure the rights of all stakeholders, which provide the foundation of corporate ethics within Taishin.

Taishin actively enforces human rights protection for employees. Not only has the Company made a series of public announcements over its intranet and Internet websites about protection of workers' human rights and prohibition against workplace sexual harassment, the organization has also included worker and human rights-related issues as part of the ethics training for new employees. The announcements and training form part of Taishin's ethics foundation. Taishin encountered no incident of human rights violation in 2020.

#### Four Main Policies



#### Work Rights

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

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#### Equal Treatment in the Workplace

For the purpose of creating a fair, safe and enjoyable workplace, Taishin treats employees equally and prohibits all forms of discrimination (such as ethnicity, gender, sexual orientation, age, disability etc.) in its recruitment, compensation, promotion, reward and disciplinary decisions. All forms of sexual harassment and intimidation are strictly prohibited in the workplace. Taishin and all its subsidiaries have published "Employee Code of Conduct." "Sexual Harassment Prevention, Reporting and Disciplinary Policy" and "Sexual Harassment Prevention, Reporting and Investigation Guidelines" over their intranet and Internet websites. Employees can make appeals through the dedicated line (886-2-5576-3567), for cases that concern sexual discrimination or harassment, a "Sexual Harassment Prevention and Complaints Review Committee" will be assembled according to laws to conduct investigation in the utmost fairness and discretion, in a manner that protects victim's privacy and prevents witnesses from being retaliated. If a violation is established to be true, the case in question will be referred to Staff Conduct Review and Staff Performance Appraisal Committee and resolved based on the outcome of the investigation in accordance with Employee Disciplinary Guidelines, and hence ensures employees' rights to fair treatment in the workplace. In 2020, a complaint case of a customer's sexual harassment by the employee was received. Staff Conduct Review and Performance Appraisal Committee has reviewed and decided to terminate the employment of the violator in this case. The Company will continue to deliver the essences of regulations on sexual harassment prevention, complaints, and penalties in different channels.

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



#### Protection of Maternity and Child Labor

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

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#### Human Rights Risk Assessment

Procedure for Human Rights Issue



#### Identification of Human Rights Factors

Issues	Target	Source of Risk	Method of Evaluation	Level of Risk (occurrence / Impact)	Management Mechanism
Health and Safety	All employees (including dispatched employees and foreign employees)	<ul> <li>Emerging infectious diseases</li> <li>Working place</li> <li>While performing duties</li> </ul>	TOCC survey Health Check-up Ergonomics evaluation (Ergonomic hazard prevention program) Abnormal Workload-induced Disease Prevention Program	Medium	<ul> <li>Establish an online reporting system for each unit to report the health and risk exposure status of personnel each day.</li> <li>Offer online courses on human hazard risk prevention to strengthen employees' awareness of disease prevention.</li> <li>During on-site service visits, healthcare professionals adjust posture and provide health education for those at risk.</li> </ul>
Employment Dispute	All employees (including dispatched employees and foreign employees)	<ul> <li>Inappropriate communication/ management of the supervisor</li> <li>Difference of understanding between employer and employees</li> </ul>	HR representatives Internal/external communications	Medium	<ul> <li>Promote labor laws and rules that our supervisors should know, to strengthen their understanding of the law to reduce management disputes.</li> <li>The internal communication channels are clearly laid out in the Employee Code of Conduct. If employees have any labor-management issues, they can seek support from the human resources unit.</li> </ul>
Work Overtime	All employees (including dispatched employees and foreign employees)	<ul> <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>	*Attendance management monitoring monthly	Medium	<ul> <li>Set up regular reminder function on our system to remind employees that need to work overtime to apply for overtime work.</li> <li>An anomalous report function alerts supervisors so they can pay attention to employees' overtime pattern.</li> </ul>

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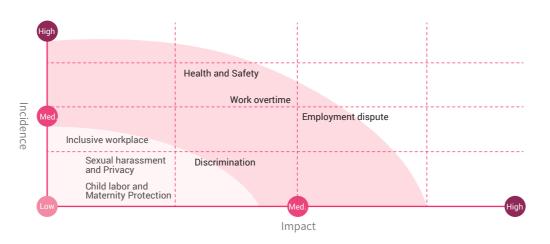
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lssues	Target	Source of Risk	Method of Evaluation	Level of Risk (occurrence / Impact)	Management Mechanism
Discrimination	All employees (including dispatched employees and foreign employees)	<ul> <li>During recruitment and interviews</li> <li>During performance management/ appraisal</li> <li>Interaction between employees</li> </ul>	*Internal/external communications *Prevention of Illegal Infringement at Work - potential workplace	Low	The prohibition of discriminatory behavior is clearly stipulated in the Employee Code of Conduct.
Sexual Harassment	All employees (including dispatched employees and foreign employees)	<ul> <li>During recruitment and interviews</li> <li>During performance management/ appraisal</li> <li>Interaction between employees</li> </ul>	at Work - potential workplace violence risk evaluation form	Low	<ul> <li>In the Employee Code of Conduct, harassment is prohibited. Breaches will be dealt with in accordance with company rules.</li> <li>We have rules in place for the prevention and control of sexual harassment in accordance with the law. When a case of sexual harassment occurs, we offer immediate support in accordance with the needs of the party concerned and actively investigate and handle the matter in accordance with the law.</li> </ul>
Inclusive Workplace	Employees with disabilities Aborigines	<ul> <li>During employee recruitment and interview</li> </ul>	Monthly employment ratio control	Low	<ul> <li>During the onboarding process, employees are requested to actively report their indigenous status, so they may enjoy indigenous festival leave in accordance with the law.</li> </ul>
Privacy	All employees (including dispatched employees and foreign employees)	<ul> <li>During recruitment and interviews</li> <li>Personal information management</li> </ul>	Internal/external communications Internal audit	Low	<ul> <li>Implemented annual "Information Security Awareness and Personal Data Protection" course for all Taishin FHC employees.</li> <li>Remind employees repeatedly of the importance of personal data protection during quarterly legal affairs training.</li> </ul>
Child Labor	Candidates	During recruitment and interviews	Employment control	Low	In accordance with international conventions and labor law, the employment of workers under the age of 16 is strictly prohibited.
Maternity Protection	Female employees of childbearing age	<ul> <li>Workload and shift arrangement</li> </ul>	*Employees who take maternity leave / maternity leave through the attendance system •Physicians stationed on-site to provide medical evaluation *Taishin working guide for maternity protection	Low	<ul> <li>In accordance with internal and external norms, we offer menstrual leave, pregnancy check-up leave, maternity leave, co-parenting leave, and maternal protection leave, as well as maternity leave pay exceeding the requirements of the law, so that employees who give birth or have an abortion can maintain stable income during their leave.</li> <li>Breastfeeding and breast milk collection time in accordance with the law, and provide well-appointed breastfeeding spaces and facilities for our employees to use.</li> </ul>

#### Human rights risk assessment results





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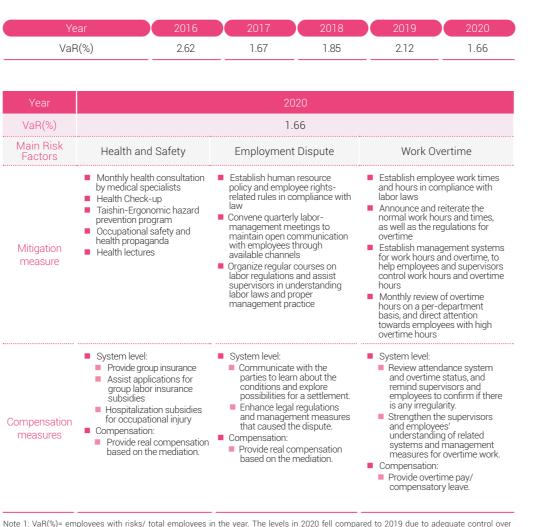
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#### Human rights risk value

overtime work

assesses risks based on 40 hours of overtime and above per month



Note 2: In an attempt to detect excess stress and prevent overtime working in advance, Taishin has adopted a more robust calculation that

# 4-5 Occupational Health and Safety



#### Functionality of the Committee

Taishin Bank has created the "Occupational Safety and Health Committee" which consists of 15 members, including 5 labor representatives. Labor representatives account for one-third of all committee members and meetings are scheduled each quarter. Important decisions include the continuous implementation of the ISO 45001 Occupational Safety and Health Management System, creation of an pandemic prevention section for responding to COVID-19, completion of workplace health management consultation, emergency medical service courses, safety and health training status, and implementation of operational environment monitoring.

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

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

Between 2015 and 2020, there had been no major work accident or any death or disability of employee caused by occupational hazard. Taishin has designed its 2021 safety and health training courses to address accidents that exhibited the highest frequency/lost work days in 2020. Through these courses, the organization aims to minimize both the severity and frequency of work accidents.

Taishin has an audit system that actively identifies problems and tracks the effectiveness of various measures taken to ensure safety of the workplace. By constantly making improvements, we take steps toward accomplishing our vision of a hazard-free workplace. The main defects discovered in 2020 were "Absence of certified Occupational Safety and Health Officer" and "Absence of certified First-aid Personnel."

The Company has since assigned employees to training and exams with progress followed up continuously. Certifications for the above personnel have been obtained to date.

Year	2017	2018	2019	2020
Internal Audit (times)	8	7	8	7
External Audit (times)	1	2	0	5

#### Occupational injuries

Year	2016	2017	2018	2019	2020
Male injured	0	0	1	1	0
Female injured	0	0	0	0	0
Deaths	0	0	0	0	0
Work day lost	0	0	36	61	0
Injury rate (%)	0	0	0.01	0.01	0
Absence rate (%)	0.58	0.40	0.43	0.41	0.46
Ratio of day lost(%)	0	0	0.40	0.67	0

#### 1. No permanent staff was diagnosed with occupational illness in 2020.

 In 2020, in response to the pandemic prevention measures for COVID-19, employees with cough and respiratory symptoms will be asked to seek medical attention as quickly as possible and recuperate before returning to work after recovery. This has resulted in a slight increase in the absentee rate.

The Company has continuously implemented the following health promotion activities, prevention and employee support measures in recent years, including: (1) Organization of digital health course; (2)Continue to provide on-site inquiry services with doctors; (3)Expand the administration of government-funded vaccination and continue to organize private-funded vaccination: (4) Touring health check-up services.

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

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

#### Safe Work Environment Measures

#### Safe and Healthy Work Environment



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



- Taishin complies with Occupational Safety and Health Act and conducts indoor CO2 and luminance measurements once every six months. A total of 107 workplaces were monitored and measured in 2020 to ensure that work activities were not exposed to excessive levels of risk.
- Taishin follows the indoor air quality management law promulgated by the Environmental Protection Department of the Executive Yuan to complete the air quality inspection and reporting of the head office.
- Taishin performs indoor air quality inspections once every two years to test the presence of formaldehyde (HCHO) and particulate matters smaller than 10 µm (PM10).
- Taishin also measures temperature and humidity at large server rooms. Alcohol thermometers are placed at branch server rooms to monitor changes in temperature and humidity.
- Renovation contractors are instructed to duly comply with the Noise Control Act and Noise Control Act Enforcement Rules throughout the construction period, and take constant care of protecting the work site and surrounding environment.



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- By applying ergonomics knowledge, Taishin aims to prevent employees from suffering occupational injuries and illnesses (such as muscle/bone injuries, ergonomic hazards etc) due to prolonged exposure to ill-designed work environment, repetitive actions, incorrect posture, and improper work hours.
- Customized subjects (such as service counters) are produced according to schematics; the sizes of which are designed based on business and ergonomic requirements.
- Taishin also purchases office equipment and supplies that feature ergonomic design wherever possible
- Online lectures on ergonomic hazard prevention are available.
- Taishin acquired its Taiwan iSport certification in 2016, and engaged professionals to perform fitness tests for employees for 4 consecutive years since 2017. A total of 417 people had participated in the tests so far.
- Workplace Certification Taishin was certified "AED Equipped" by the Ministry of Health and Welfare since 2018, which has been part of its promise of delivering a safe and friendly work environment for Taishin employees.
  - Won the first prize in the health activity category of "CHR Health Corporate Citizen" in the 2019 CommonHealth Magazine.
  - Awarded the "Epidemic Prevention Model Enterprise Silver Award" from the Centers for Disease Control, Ministry of Health and Welfare in 2020



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



- With the company of employee safety and health manager, physicians and professional nurses have assessed the workplace of Taishin Bank employees. During their visits, they offered advices to the employer regarding employees' safety, as well as steps that can be taken to improve the current workplace and equipment layout.
- Certified by ISO 45001 Occupational health and safety system in 2020.

Injury rate = total injuries/total work hours

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#### Training and Education

To prevent occupational hazards and ensure worker safety and health in the workplace, we assigned employees to take part in related courses organized by the Occupational Safety and Health Administration, Department of Labor, and Bankers' Association in 2020 and completed the refresher training for fire safety management personnel of the entire Bank. We enhanced the professional skills, compliance, and risk management skills of occupational safety management personnel.

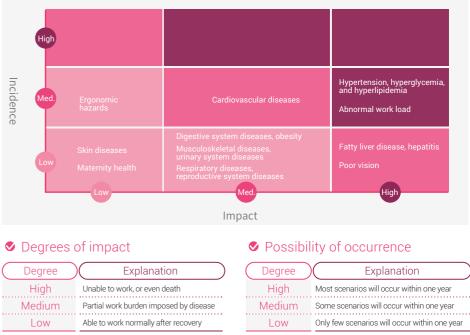


Furthermore, to enhance employees' awareness towards occupational safety and hazard prevention, the occupational safety and health courses has been held annually since 2018. The courses cover a broad range of topics including: overview of operational safety and health laws, emergency response, fire safety and first-aid drills. A total of 14,034.75 training hours were completed in 2020, representing 100% completion rate. These courses helped enhance knowledge among occupational safety and health officers and employees, and conformed with the organization's goals toward hazard-free workplace.

#### **Employees' Health**

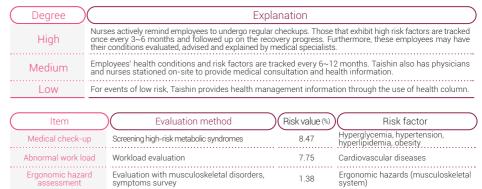
Taishin is committed to providing a hazard-free workplace for the protection of employees' health and safety. We evaluate employees' health risks based on health checkup results, Framingham Risk Score for Hard Coronary Heart Disease, the four workplace health promotion programs (ergonomics, maternity,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

According to the health risk matrix, triple H and abnormal work load are high-risk factors that affect employee health. Medium-high-risk factors include cardiovascular diseases, fatty liver disease, hepatitis, and poor vision. Other health risk factors were classified as medium-low risks. Taishin has formulated different mitigation measures based on the risk values for voluntary management and active tracing to protect employees from health hazards at the workplace.



Value at risk = possibility X impact

#### Risk level and measures



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

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

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

2020 Health service statistics						
Servi	ces	Irregularity percentage (%)	Related risk factors			
Management of personr metabolic syndrome <sup>(Not</sup> of health check-ups	el with high risks of <sup>e 1)</sup> based on the results	8.47	Hyperglycemia, hypertension, obesity, hyperlipidemia			
Abnormal work load prev	vention	7.75	Abnormal work load, cardiovascular diseases			
Ergonomic hazard preve	ntion	1.38	Ergonomic hazards (musculoskeletal system)			
Maternity health protect	on	0.00 <sup>(Note 2)</sup>	Maternity health			
Prevention of illegal infri	ngement at work	0.00 <sup>(Note 2)</sup>	Unlawful infringement in the workplace			
	Gastrointestinal tract	3.05	Digestive system diseases			
	Fatty liver disease, hepatitis	7.22	Digestive system diseases			
	Urinary system	2.01	Urinary system diseases			
	Endocrine system	1.00	Immune system diseases, cancer			
	Respiratory system	1.99	Respiratory system diseases			
Health promotion, preventive health	Reproductive system	0.72	Reproductive system diseases			
education	Musculoskeletal system (sports injuries, scoliosis, etc.)	3.21	Musculoskeletal system, bruises due to accident			
	Skin	0.63	Bruises due to accident			
	Eyes	6.06	Poor vision			
	Cardiovascular system	2.92	Cardiovascular diseases, hypertension, abnormal work load			

I.Personnel with high risks of metabolic syndrome based on the results of health check-ups include those with obesity and hyperglycemia, hypertension, or hyperlipidemia. Triple H: Hypertension, hyperglycemia, and hyperlipidemia.
 2.There were no cases of illegal infringement or hazards to maternity health protection in 2020
 3.The rate of abnormalities in health check-ups may vary each year due to the difference in the recipients of the Bank's health

check-ups. 4.The service rate was 100%.

Establish the following health management and mitigation measures based on the health risk matrix and work with the Ministry of Labor to promote work and life balance. Organize a series of health promotion or soft power courses with topics including psychological pressure alleviation, exercise, diet, and maternity health. Invite professional lecturers from different fields to provide health education and share their experience:

#### Occupational safety and health risks assessed by workplace doctors of occupational medicine in 2020

Торіс	Related mitigation measures	Number of health seminars	Number of participants
Triple H (hypertension, hyperglycemia, and hyperlipidemia), cardiovascular diseases, obesity, digestive system diseases	<ul> <li>Organize fitness test activities with the medical team</li> <li>Set up a fitness center and encourage employees to participate in sports club organized by the Company</li> <li>Organize a series of health courses to convey knowledge on healthy diet and exercising. Provide digital health education materials such as "My Plate: Smart Eating with Nutrients", "The 531 Principle for Exercise and Weight Loss", and "Grand Strategy for Influenza Prevention"</li> <li>Provide online courses such as "Learn about Influenza Prevention", "Sit at the Office and Make Your Tummy Slim", and "Slim Down with Ease with Correct Sequence in Meal"</li> <li>We organized the second "Taishin Weight Loss Competition" in 2020 and provided healthy diet education and sports instructions to taught employees to eat smart and exercise. In 2020, the event attracted the participation of 1,142 employees who collectively lost 2,964.2kg of weight and 2,838.5cm of waistline.</li> </ul>	12	2,165
Reproductive system diseases and maternity health	<ul> <li>Organize maternity health seminars (newborn children and common breastfeeding conditions, infant allergy care and breastfeeding, breastfeeding and infant emotional development)</li> <li>Online courses on "Workplace Maternity Health Protection" to providepregnant employees and those who have given birth with guidance for the identification of work hazards, and assign medical specialists to propose preventive measures for potential workplace hazards</li> <li>Supporting the public health center with cervical cancer and breast cancer screening</li> </ul>	4	61
Ergonomic hazards (musculoskeletal system)	<ul> <li>Taishin "Ergonomic Hazard Prevention Plan"</li> <li>Provided "Taishin Stress Relief House" massage services which were used 22,851 times in 2020.</li> <li>Provided the online course "Understanding Back Pain in the Workplace" and "Prevention and Treatment of Workplace Lower Back Injury"</li> </ul>	8	347
Psychological stress	<ul> <li>Provided the "Employee Assistance Program": Taishin works with Teacher Chang Foundation to provide employees with psychological counseling. The service was used 3 times in 2017, 4 times in 2018, 1 time in 2019, and 0 times in 2020.</li> <li>In 2020, onsite physician services were provided to 15 employees for physical and mental stress counseling.</li> <li>Taishin "Abnormal workload-induced epidemic prevention program"</li> <li>Taishin "Prevention of Illegal Infringement at Work" and "Statement of Prohibition Against Workplace Violence"</li> <li>"Taishin Stress Relief House" services</li> <li>Provided the online course "Psychological and Mental Transformation Plan — On Emotional Quotient (EQ)", "Say Goodbye to Stress — Stress Management"</li> <li>Organize stress relief handicraft and health seminars.</li> </ul>	7	269

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#### Health management focus in 2020

#### New health management focus

Given the increasing abnormalities found in employees' urine tests in 2018, Taishin introduced new health seminars in 2019 to address: urinary tract and kidney care. Meanwhile, employees will be reminded to reduce intake of processed beverages and drink more water. Those who exhibit undesirable test results will be given consultation and have health conditions followed up by occupational health nurses. In response to the global COVID-19 pandemic in 2021, we implemented disease prevention and health education measures such as providing digital health education contents, employee risk exposure surveys, temperature monitoring, off-site office work, and separated attendance for office work during the epidemic prevention period.

#### More frequent service by contracted physicians -

We hosted 39 site visits by healthcare professionals. As the Company's work activities 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. Due to the COVID-19 pandemic, we changed the counseling services to telephone counseling during the pandemic prevention period and used the telephone to take care of the physical and mental health of employees. We also implemented a series of health education, personal hygiene guidance, counseling, and health promotion measures.

#### Weight Loss Competition

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

#### Lifestyle and healthcare

- Taishin organizes more frequent and more comprehensive health checkups than what the laws require for its employees. We have organized round-the-nation health check-up tours with a health check-up vehicle and medical teams for all bank employees in all buildings every 2 years since 2018. We provide employees with convenient health check-up services and provide health consultation and health education based on the results of health check-up reports. We hope to help employees understand their physical conditions and focus more on preventing instead of treating illness. Employees may consult with physicians after health checkups. Taishin also has professional nurses available to analyze abnormal health findings for all employees. Information on "Smart Diet" by the Health Promotion Administration is being disseminated through monthly column.e-newsletters and nonperiodic health seminars, including advices on low-sugar, low-salt and low-fat diet, and important notes on care for chronic illnesses. Taishin has medical specialists available to help employees adjust work posture, and thereby minimize muscle ache and protect vision against ergonomic hazards. Tasihin has organized the "Taishin Weight Loss Competition" since 2018 and provided healthy diet education and sports instructions to taught employees to eat smart and exercise. In 2020, the event attracted the participation of 1,142 employees who collectively lost 2,964.2kg of weight and 2,838.5cm of waistline. The results were satisfying. The Company subsidizes employees' involvement in various sport clubs including aerobics and table tennis. Badminton and hiking events are organized on a regular basis. Taishin has also signed discount deals with third-party gym operators as a means to encourage regular exercising habits. operators as a means to encourage regular exercising habits. Taishin has promoted first-aid skills since 2017, including the introduction of cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training courses. The Company held 1 first-aid course in 2017, 8 first-aid courses in 2018, 7 first-aid courses in 2019, and 5 first-aid courses in 2020 due to the pandemic which reduced the number of face-to-face courses. The availability of AED equipment has been registered on Taiwan Public AED Registry %, and the Company has been certified as AED Equipped for 3 consecutive years since 2018. These courses have enhanced employees' first-aid knowledge, and provided assurance to customers' safety. Since 2017, our company has offered an influenza vaccination service every year. In addition to long-term active collaboration with the government's various epidemic prevention work andpolicies, the Taiwan Centers of Disease Control anti-epidemic physicians were invited to share knowledge on influenza and the prevention of travel-related infectious diseases, to enhance employees' knowledge and awareness. In addition, the company regularly organizes anti-epidemic health seminars and issues influenza and health education announcements, reminds staff to wash their hands, wear masks, and observe other preventive measures. We have also produced epidemic prevention videos for our expanded employee health management web pages to offer all staff comprehensive health protection, to build a safe and healthy working environment, to create the ultimate safety net against influenza In response to the global COVID-19 pandemic, Taishin launched remote office and work from home measures and implemented the following pandemic prevention measures 1. Advanced broadcast of pandemic prevention information: The Bank has issued to pandemic prevention announcements before opening for business and conducted a thorough survey on employees' travel history in disease-stricken areas and contact history. On the day before we commenced business operations, we have implemented access control (e.g., requiring pandemic prevention measures such as face masks, body temperature measurements, and hand sanitation). 2. Cancellation of group gatherings: Cancellation of group gatherings and large events of such as group worshiping and spring parties to avoid group gatherings. 3. Prepare all pandemic prevention materials and equipment: We equipped each unit with forehead thermometers, alcohol disinfectants, and medical masks. and we set up infrared thermal imaging thermometers in the Taishin Tower and Neihu Building. 4. Access control: We set up access control from the commencement of work by requiring employees to wear a mask, take body temperature, and disinfect their hands when entering the office. We also advise employees with fever or respiratory symptoms to seek medical attention and take time off to rest. 5. Immediate pandemic prevention information zone: We created an "Online Pandemic Prevention Section" to implement daily routine pandemic prevention notification mechanisms and provide updates on the latest development of the epidemic, announcements of epidemic prevention measures (including employee travel restrictions), and pandemic prevention and health education information. 6. The Company offers pandemic prevention leave with better conditions than regulatory requirements. 7. We extended marriage leave and family reunion leave for employees assigned overseas and the deadlines for using family reunion flight tickets. 8. We extended the medical check-up implementation period. 9. We implemented separated attendance for personnel in Taishin Tower. 10. Face-to-face meetings with more than 10 participants can only be convened with the approval of a senior officer.
  - We organized self-paid and company-subsidized influenza vaccination in 2020 for 518 participants. We also expanded the influenza vaccination at the end of January 2021 for 770 participants. Taishin FHC has been a certified influenza prevention and healthy workplace since 2017, and has been awarded the "Epidemic Prevention Award" for four consecutive years as well as the "Epidemic Prevention Model Enterprise Silver Award" in 2020.

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# 5-1 Green Operation Management

#### **Environmental Sustainability Policy**

#### **Environmental Goals**

The challenges brought about by climate change are now the focus of worldwide attention. Mitigation and adjustment have become important issues for the sustainable operation of businesses. As part of the financial industry, Taishin's environmental impact comes mainly from electricity consumption and greenhouse gas emissions from its office buildings and operating bases. No violations of environmental law or regulations in 2020. In support of the government's green policies and the goal of the "Paris Agreement" to control global temperature rise within 2°C, Taishin adopted ISO 50001 and implemented regular energy review, measurement and monitoring to raise the efficiency of energy usage. Taishin has also set its goals to "save energy by at least 1% per year" over the next 5 years. In 2017, Taishin collaborated with the Bureau of Energy, Ministry of Economic Affairs, to create an "Intelligent Energy Performance Management Information System," and became the first pilot company for this particular project. By introducing information tools, energy management personnel will have the means to explore areas of improvement and develop feasible solutions. For more details about our environmental goals, please refer to "Sustainability Topics Management."

#### Concrete Commitments

With global warming causing extreme global climate changes, reducing greenhouse gas emissions has become the most important issue for the citizens of our planet. Taishin introduced ISO 14001 - Environmental Management System to Neihu Building and Taishin Tower in 2018 and evaluated environmental impacts from all aspects of the corporate value chain. These findings have enabled Taishin to execute various action plans aimed at achieving effective control and improvement of environmental performance. Moreover, Taishin has also implemented an "Environmental Sustainability Policy." While continuing to pursue business excellence, we also take into account the importance of environment." We implement various energy conservation and CO2 emission measures in our operations and improve our energy performance to prevent our business operations from affecting the natural environment, our aim being to achieve a symbiosis between our enterprise and nature.

#### Our commitments:

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.

To keep campaigning for energy saving and carbon reducing measures and to have all Taishin employees join the energy saving and carbon reducing activities.



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#### Management Model

When faced with potential risks of climate change, Taishin ensures regular reviews of and compliance with related regulations and actively supports the government's green energy policies. In terms of promoting renewable energy, Taishin installed the first set of solar power generation equipment in Neihu Building at the end of 2016. Tainan Yongfu Building became Taishin's first solar energy branch in 2020 and we continued to expand the installation plans to other sites. We also supported the domestic renewable energy certificate system of the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs in 2017 and became one of the first role-model companies to purchase renewable energy certificates. In terms of management systems, Taishin completed the implementation of greenhouse gas survey at Taishin Tower and Neihu Building in 2016 (covering 31.6% of employees) and later expanded it to the whole group in 2019 (covering 100% of employees) to ensure more robust control and monitoring of greenhouse gas emissions.

Furthermore, to ensure ongoing enhancement of energy performance, Taishin intensified 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. We adopted ISO 14064-1:2018 inventory standards for greenhouse gas emissions in 2020. The greenhouse gas inventory categories focused on direct emissions and indirect emissions related to the organization. CO2, N2O, CH4, SF6, HFCs, PFCs and NF3 are included to provide more detailed information on greenhouse gas quantification. With regards to the use of resources, we took the initiative in eliminating the use of paper, water conservation, and implementing waste management to minimize the environmental impact of our business operations.

ISO 14064-1:2006 verification Certified ISO 14001 Enhanced ISO 50001 Expanded GHG survey to the whole Purchase of renewable energy group certification Certified ISO 50001 Continual support to the CDP initiative Continual support to the CDP Supported TCFD initiative 2019 2020 Implemented ISO Introduced GHG survey Adopted ISO 14001 14064-1:2018 Purchased green energy Expanded GHG survey to the Installed solar power verification entire bank branches Certified ISO 50001 equipment Certified ISO 14001 Continual support to the CDP initiative

#### **Energy Conservation & Carbon Reduction**

Electricity is the main form of energy used by Taishin, whereas gasoline by corporate vehicles presents the second largest use of energy. In 2020, Taishin purchased 37,757,066.24 kWh(=135 GJ) of electricity, 134,332 liters of gasoline (=4386.06 GJ), and 0 liters of diesel fuel, consuming total energy of 4521.06 (GJ). During the year, 21,009.6 kWh of electricity generated from solar power was sold directly to Taiwan Power Company. Thus, Scope 1 emission totaled 1,033 tonnes CO2e while Scope 2 emission totaled 19,168 tonnes CO2e in 2020. Scope 1 and Scope 2 emission intensity were calculated at 2.011 tonnes CO2e per person.

#### GHG emission status and intensity

Scope	Unit	2016	2017	2018	2019	2020
Scope 1	tCO2e	1,660	1,559	1,271	1,052	1,033
Scope 2	tCO2e	21,822	21,366	23,759	19,186	19,168
Scope 1& 2	tCO2e	23,483	22,925	25,030	20,238	20,201
Intensity	tCO2e/ per person	2.706	2.448	2.589	2.189	2.011
Scope 3 (Business trips)	tCO2e (kilometers)	Taxi: 67.41 Employee commuting: 5,688.91	Taxi: 47.30 (315,509) High- speed rail: 35.20 (1,035,171) Airplane: 34.45 (421,397)	Taxi: 50.96 (339,525) High- speed rail: 67.05 (1,972,008) Airplane: 117.8 (1,425,163)	Taxi: 53.4 (352,833) High- speed rail: 146.4 (1,925,261) Airplane: 134.5 (1,713,358)	Taxi: 55.06 (360,072) High-speed rail: 73.64 (1,937,874) Airplane: 11.6 (118,616)
Other indirect emission: product usage	tCO2e	-	-	-	-	4,022,368.3

Note1: Survey was completed based on ISO 14064-1 standard from 2016 to 2019 and based on ISO 14064-1:2018 standard in 2020

Note 2: A location-based disclosure of scope 2 GHG emission was adopted from 2016 to 2019; a market-based disclosure of scope 2 GHG emission was adopted in 2020. GHG emission from power usage was calculated based on the latest coefficient announced by the Bureau of Energy, Ministry of Economic Affairs, before the report was published.

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

Note 4: The indirect emission survey of water dispenser and ATM were completed from 2020.

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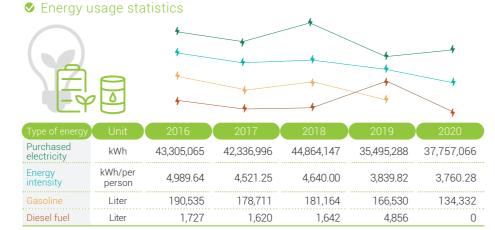
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#### Energy Policy

In response to the global low-carbon trend and responding to domestic energy conservation and CO2 emission reduction policies, Taishin has actively invested in its renewable energy since 2016. The solar power system installed at Neihu Building generated 21009.6 kWh of power in 2020, which saved approximately 10.69 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 2020. These measures were estimated to have 0.8% power saving in Taishin Tower and 1.04% 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 "Energy Heat Value Chart" published by Bureau of Energy, Ministry of Economic Affairs. Electricity Consumption is 860kcal. For car fuel, heat value was calculated based on 7,800kcal/L (gasoline) and 8,400kcal/L (diesel fuel), and 4.186 kJ/kcal. Cumulative electricity generated from solar power system in 2020 is 21,009.6 kWh.

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

#### **Green Actions**

Start Year	Actions	Current Status	Annual Power Saving Benefits (kWh)	Annual Carbon Reduction (tCO2e)
2020	Adjustment of ice-water tempature settings for air conditioning unit in Neihu Building		162,891	82.9910
2020	Replacement of ai conditioners (9 ones) in branches	Completed	72,981	37.147
	Cooling water tower in the server room (new project)	Completed	111,784	59.58
2019	Replacement of air conditioners (5 ones) in branches	Completed	97,823	52.139
	Replacement of air conditioning system in some branches	Completed	26,156	13.941
2018	Replacement of LED lighting on the lobby floor	Completed	78,192	43.32
	Replacement of LED lighting on certain floors	Completed	36,506	19.28
	Adjustment of control settings for air conditioning unit	Continuing	23,702	12.54
0017	Addition of heat shield to the curtail wall at server room	Completed	25,000	13.2
2017	Replacement of heat dissipation material for the cooling water tower	Completed	32,832	17.11
	Replacement of air conditioner unit at server room	Completed	4,320	2.28
	Replacement of UPS-3 (uninterrupted power supply)	Completed	10,368	5.48
2016	Change of operating mode for air conditioning unit	Continuing	194,360	101.26

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

#### **Resource Utilization**

#### **Reduce Waste**

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

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#### Acation Plans and Results

#### 1.Paperless Promotion

Based on its digital development strategy, Taishin is committed to reducing paper consumption during its operational processes through creative innovation proposals and business process management (BPM) improvements. We plan to use three major channels including system upgrade and optimization, paperless business processes, and electronic invoicing to help us move toward a paperless office. In terms of optimization measures in recent years, we changed written applications to online applications, and changed mailed notifications to push notifications and electronic file transfers. In terms of operations, we use API to connect information of government authorities or other companies to reduce manual paperwork and inquiries. These measures have saved a lot of paper, reduced processing time, and increased overall operational efficiency. In 2020, our projects included digitalization of account opening at branches, transaction statements, video records of corporate banking loan applications, online account opening for Taishin Securities, etc. We promoted paperless operations and reduced annual paper consumption by 1,470,241 pieces of paper which reduced life cycle carbon emissions by approximately 31 tons (calculated based on the emissions of primary wood pulp photocopy paper of 4.24kg CO2e/kg specified in the Environmental Protection Administration's Environment Resource Database, with the weight of each sheet of paper calculated as 5g).



In addition, Taishin implemented a bank-wide "taxi sharing system" in 2008 as a means to encourage taxi ride-sharing for energy reduction. In 2018, the "Taxi Claim System" was implemented for online apply and approval process. Futhermore, the mobile apps was adopted to complete payments and increasing sharing rides online. The system was launched as a pilot program for employees in General Affairs Department in 2018, implemented to the group-wide in 2019 and fully placed online in 2020.

#### 2.Water Resources

Taishin sources its water entirely from Taiwan Water Corporation and does not use groundwater or water from other sources. All domestic sewage is disposed through the sewage system in accordance with related regulations. In addition to the continuous promotion of water conservation, the Company enhances daily equipment inspections and uses dual-mode water-saving toilets with water efficiency certification and water-saving faucets to protect limited water resources. Taishin consumed 130,446 kiloliters of water in 2020, averaging 12.99 kiloliters per person. In addition to reducing unnecessary expenditures, we also increase employees' awareness of cherishing the environment and resources.

#### Solution Water usage and intensity



#### Waste Management

As part of the organization's waste management practices, Taishin encourages employees to bring their own bottles, 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 non-recyclable waste produced in 2020 was 747.88 tons. Taishin recycles iron, aluminum can, PET bottle, paper and hard drive; since 2019, additional categories such as fluorescent light, battery and toner have been added to the recycled list to facilitate reuse and renewal, and thereby reduce impact of waste on the environment.

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Note : The total waste weight in 2016 is based on the total amount of wastes in Neihu Building and Taishin Tower, and is estimated based on the proportion of employees in the two largest buildings accounting for the entire group. The total weight from 2017 to 2020 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.

#### Solution Waste treatment methods and volume in 2020

Туре	Nature	ltem	Treatment Method	Treatment after Recycling	Neihu Building	Taishin Tower	Jianpei Building	Total	
Non- recyclable (ton)		Domestic waste	Collected by supplier	Incineration	96	145	36	277	
		PET	n cans Recycled by	Sold to wholesaler	1,845	1,823	241	3,909	
		Iron cans			840	644	83	1,567	
		Aluminum cans			85	-	25	110	
	m	Paper		21,155	30,891	5,732	57,778		
Recyclable (kg)	General waste	waste	Outsourced documents	Water Destruction (destruction of important documents)	Employees are assigned to supervise the destruction; destroyed materials are recycled and reused by the service provider		75,	910	
		IT equipment (hard disks)	Recycled by supplier	Once data is erased, the IT Division will make random checks for any omissions		2,0	92		

Note1: Recycling of outsourced documents and IT equipment - hard disks were based on the Bank's own estimates

Note2: Domestic waste in Neihu Building and Jianpei Building were calculated based on the contracts with cleaning company; domestic waste in Taishin Tower was calculated based on the cleaning cost per month.

## 5-2 Sustainable Supplier Management

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



#### **Supplier Management Policies**

#### Management Policies

Taishin cooperates with over 400 suppliers every year on projects including software and hardware procurement and building decoration. Besides cost and quality considerations, suppliers' contributions to our corporate social responsibility are also an important point of consideration for selection. To strengthen suppliers' efforts to fulfill their corporate social responsibilities, Taishin FHC is taking a systematic approach and has formulated"Supplier Management Regulations" which include mechanisms such as evaluations and service satisfaction surveys. Suppliers also sign a "commitment statement" to jointlymove forward with sustainable development. The "Supplier Satisfaction Monthly Evaluation Form" is used for audits and annual supplier evaluations. This comprehensive management system helps us move ahead with sustainable development.

#### Management Methods



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#### 1.Human Rights Policy

To control human rights supervision and improve supplier management, Taishin has designed a supplier human rights risk assessment 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.



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 in 2018 had signed the Supplier Commitment Statement. As of March 2019, 100% of Taishin's suppliers have signed their commitment statement to sustainability. To understand the efforts made by suppliers on related issues, Taishin developed a guestionnaire to survey major suppliers on this topic in 2018 and held supplier conference every year to address human rights and environmental protection. We have stepped up publicity on these issues and have built up a model of diversified communication and experience exchange so that we can serve our suppliers to work together for a sustainable future



#### Supplier Risk Assessment



#### Supplier Evaluation

To implement sustainable supplier management, Taishin follows our "Supplier Maintenance & Management Guidelines" to categorize and manage suppliers based on the content and amount of purchase each year. The self-assessment questionnaire for suppliers was expanded from the Tier1 major suppliers to the Tier2 major suppliers in 2019. After recovering the questionnaires, the Company then performs supplier assessment and requests improvement from suppliers based on the outcome of assessment to ensure risk reduction. Suppliers with rating of C will be contacted by phone and be visited if necessary. They will be required to attend the supplier conference. Suppliers with rating of D will have purchase orders suspended until improvements are made and their rating changed back to C.

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#### Types and percentage of major suppliers in 2016-2020

						Unit : %
Year	IT/ telecommunication	Equipment/ construction	Cards/printing	Services	Marketing activities	General affairs
2020	40	14	6	16	20	4
2019	52.6	14.5	6.6	16.3	9.9	0.1
2018	40	30	12.5	17.5	0	0
2017	39	28	11	22	0	0
2016	46	19	9	22	4	0

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

#### Supplier Assessment in 2016-2020



#### Suppliers Human Rights Risk Assessment

We implemented human rights risk assessment on all 298 suppliers in 2020. We use risk assessment survey, past disputes, and methods for handling violations to confirm the risks of suppliers. According to the results of the survey, approximately 10.3% of the suppliers are high-risk suppliers (approximately 5% are Tier 1 suppliers); for major suppliers with high risks, we shall conduct phone interviews and onsite visits based on the mitigation measures for addressing human rights issues of suppliers. We shall also regularly follow up on the improvement status and assess restrictions for future tenders. At the same time, we will continue to conduct trainings through supplier conference will establish more diverse ways on sharing and communication, actively promote Taishin's advocacy on human rights issues and expect to drive suppliers to work with us for better improvement.

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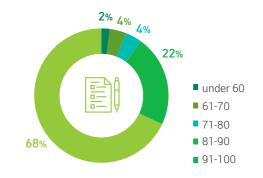
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#### Results of supplier human rights risk assessment in 2020



Taishin convened supplier conferences each year from 2019 to 2020 for supplier corporate social responsibility training and sharing information on market trends. We also use the opportunity to communicate related policies and the importance of occupational safety, human rights, environmental protection, and information security issues to Taishin. We hope that our suppliers can set short, medium, and long-term goals for continual improvement, and influence their business partners to jointly pursue corporate sustainability and fulfill their duty as corporate citizens.



7.92%

Failure to obtain ISO 27001 Information

Failure to appoint indigenous peoples

Security System certification

Failure to compile related data on

or people with disabilities

10.3%

7.9%

High risk

Risk incident

#### Supplier human rights risk mitigation measures

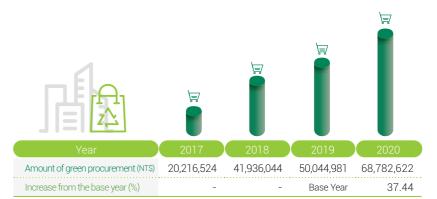
			Human rights risk mitigation measures		
	Human rights		Major suppliers	Suppliers ranked level 2 and below	
Higher than 80 points	Qualified supplier	Priority purchase	None	None	
60-80 points	High-risk suppliers: Purchases can be made	Adjustments must be made in accordance with the Company's requirements	Telephone communication	Rigorous oversight	
Lower than High-risk suppliers: No 60 points purchases will be made		First questionnaire response: One warning	Telephone communication		
	Not the first questionnaire response: No purchase will be made until the supplier's score in the following year increases to at least 60 points or until the supplier formulates its human rights policy again and submits it to the Company.	1.Site survey 2.Mandatory participation in the training in the supplier conference of the current year	Rigorous oversight		

Note: The supplier's rating shall be based on the annual procurement amount.

#### **Green Procurement**

Taishin is an active supporter of green procurement, 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. Taishin received Performance Excellence Commendation from Taipei City Government Department of Environmental Protection in 5 consecutive years (2016-2020). Green purchases amounted to a total of NT\$68,782,622 in 2020, with an increase of 37.44% compared to the base year (2019). A total of 28 items were listed for green purchase in 2020, including: environment-certified 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.

#### Amount of green procurement in recent years



Note1: In 2018, Taiwan High Speed Rail, which has a CO2 emission reduction label, was added to the statistics items, which led to an increased purchase amount when compared with the preceding year.

Note2: Taken 2019 as the base year and green procurement tems in 2020 as the base year of implementation of our green procurement policy.



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# 6-1 Social Involvement

### Four Focus of Social Involvement

Taishin FHC 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 FHC targets the needs of local residents and society and fulfills them by committing to its "people value" and contributing its professional capacity as a financial institution. In the meantime, stakeholders are invited to participate in our social engagement efforts.

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

To more effectively measure the size of resources invested and the level of output yields, Taishin adopted the London Benchmarking Group (LBG) model and utilized quantitative measurements to measure the level of resources invested into social engagement causes, the size of yield generated, the overall outcome and longterm influence on the society. In 2020, Taishin also adopted the Social Return on Investment (SROI) to provide insight of the social value into the long-term campaign, Power of Love, (please check details on P.112) and expects to expand its social influence.

4	Charity and Welfare	BBBB Arts and Culture Development	Sports Sponsorship	Academic Exchange
Focus	Be centered around the motivation of "teaching people to fish," we develop training seminars and platforms to educate disadvantages and match business resources with social welfare organizations in order to maximize the benefits.	Driven by the goal of "creating new value of Taiwan through arts," we actively supports contemporary arts, popular arts and various cultural events to raise public's attentions and bring art into life in ways that enrich people's spirits.	Sponsor young athletes for their competition and education to promote sports among people of all ages. The sponsored athletes are invited to participate in Taishin's charity activites, where they can convey positive energy and inspire a cycle of positivity.	Raise the level of finance profession and train more quality talents in Taiwan through the industry- academia collaborations and academic exchange programs.
Motivation	We use the platform service and e-commerce concept of the finance industry to improve the capabilities of social welfare organizations and support the development of industries in remote areas. We also combine credit card donations and reward point donations to expand the social influence of charity in the finance industry.	We sponsors art and cultural talents to improve the people's art and cultural appreciation. We help Taishin customers and employees who love arts and culture to acquaint themselves with modern art, strengthen relations with current customers, and develop potential customers. We also strengthen our employer's brand by helping employees take part in art and cultural activities.	We sponsor sporting events and activities and help customers make small donations to support athletes in remote areas to improve Taishin's public welfare brand image and recognition. We also embedded the spirit of sportsmanship into the organization and obtained certifications for corporate sponsorship of sports.	In an environment of rapid changes, the finance industry needs professional and interdisciplinary innovative tech talents. We use scholarships, financial education, academic activities, and industry- academic activities, and industry- academic activities and develop new FinTech applications.
Beneficiary	Small and medium-sized charity organization The socially disadvantaged	Contemporary Taiwanese performing art groups and art creators General public Taishin employees	Taiwanese athletes Junior high school and elementary school students General society	College/postgraduate student
Project	<ul> <li>Power of Love campaign</li> <li>Power of Love workshops</li> <li>Minority Project</li> <li>Philanthropist Alliance - resources matching</li> <li>Group purchase of festive charity gift boxes</li> <li>Emergency aid-donation</li> <li>LED lighting equipment donation</li> <li>Caring Taiwan</li> <li>Scholarships to financially disadvantaged students</li> <li>Financial education camps</li> <li>Turning reward points into actual donations</li> <li>Financial education</li> <li>Digital bank for young generation</li> </ul>	<ul> <li>Taishin Arts Award</li> <li>Taishin Tower lobby exhibitions</li> <li>Community concerts</li> <li>Art performance and exhibition sponsorship</li> <li>ARTalks website</li> <li>Charity Art</li> <li>Sponsor the film appreciation program for rural schools</li> <li>Theater restoration</li> </ul>	<ul> <li>Athlete support</li> <li>Basketball summer camps</li> <li>Professional basketball team sponsorship</li> <li>Sponsor sports events</li> </ul>	<ul> <li>Peking University Cross-Strait Academic Fund</li> <li>Co-op with Taiwan University on the "Financial Service Innovation" lecture</li> <li>Co-op with Sun Yat-sen University on the "Financial Innovation Masters Program"</li> <li>Industry-academia Collaboration</li> <li>Scholarships to outstanding students</li> <li>Sposorship to academic events</li> </ul>
Social Impact	<ul> <li>Helping small and medium-sized charity organizations become self-dependent</li> <li>Improving living standards of the socially disadvantaged</li> <li>Helping young students and disadvantaged people develop financial awareness and knowledge</li> </ul>	<ul> <li>Supporting contemporary art development in Taiwan by offering performance stage</li> <li>Promote participation and knowledge towards art and culture</li> </ul>	<ul> <li>Training Taiwanese athletes and supporting sport development in Taiwan</li> <li>Promotion of sports among the public</li> </ul>	<ul> <li>Financial expertise training for young students</li> </ul>

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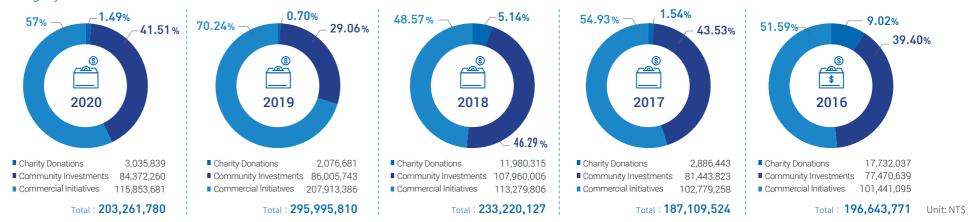
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Due to pandemic in 2020, some promotion plans were rescheduled, causing the overall investment in 2020 decresed by 30% comparing to 2019, mainly on the commercial initiatives.

A Charity Donation: Taishin makes timely donation of cash and supplies to people and organizations in need.

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

- In terms of charity, Taishin organizes campaigns, programs, volunteer courseling and competency courses that help people develop self-dependency in a systematic manner. Meanwhile, Taishin attracts social engagement from the general public by exerting influence as a corporate entity, and matches donors to those in need more efficient use of the society's resources
- In terms of arts and culture; Taishin contributes on several levels including: sponsopring of performance and exhibition funding, introduction of world-recognized award selecting system, and development of digital/physical platform. These efforts are intended to increase the visibility of artists. Taishin also sponsors world-class exhibitions/performances and arranges charity viewing where possible to promote art and culture appreciation in Taiwan. Taishin also sponsors world-class exhibitions/performances and arranges charity viewing where possible to promote art and culture appreciation in Taiwan.
- In terms of sport sponsorship, Taishin contributes resources and coordinates with customers to support local athletes. By sponsoring sport events, we aim to promote sport activities among specific groups
- In terms of academic exchange, Taishin provides tuition assistance to students from financially disadvantaged families.

Commercial Initiative: Taishin associates core business activities with social initiatives

- Utilizes financial expertise to create financial games and courses in order to establish wealth management concepts for the socially disadvantaged children and youths. In 2020, the first YBO volunteer camp was organized to expand social influence.
   Combines business platforms, products and activity mechanisms to effectively increase customers' willingness to participate in public welfare, promoting the circulation of social resources and expanding project influence.
- Combines business platforms, products and activity mechanisms to effectively increase customers' willingness to participate in public welfare, promoting the circulation of social resources and expanding project influence.
  Use FinTech to create the digital bank which reduces the financial and investment barriers of the economically disadvantaged young people, and then change their savings and consumption habits, start to learn financial management, and face financial
- Use Fin Lech to create the digital bank which reduces the financial and in services with a more active and open attitude
- Corporate resources are being committed into organizing courses and providing internship opportunities to train financial talents.

### Type of contribution

51					Unit: NT\$
Type of Contribution	2016	2017	2018	2019	2020
Cash	186,325,054	169,007,536	211,360,407	275,676,630	180,320,083
Time	1,053,668	6,381,720	8,979,814	10,903,530	12,396,702
In-kind	495,000	3,587,400	3,714,800	976,600	585,421
Management Cost	8,770,049	8,132,868	9,165,106	8,439,050	9,959,574
Total	196,643,771	187,109,524	233,220,127	295,995,810	203,261,780

Due to the pandemic in 2020, some promotion plans were rescheduled, which caused the decreased of cash contribution. Volunteer hours converted to commercial values were growing stably through the internal programs such as charity organization sponsorship, department volunteer events, one-day volunteer activity and etc. In terms of charity and welfare, 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 nearly 46% of recurring donations in 2020. With regard to the sports sponsorship, Taishin title-sponsored a professional basketball team, "Formosa Taishin Dreamers" for the first time in 2020 to strengthen its support for basketball.

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Charity and	Welfare	2017	2018	2019	2020
	Employee volunteering hours	10,260	14,437	16,253	15,670
Commercial	Number of digital banking accounts (Note1)	-	773,000	1,793,000	2,368,000
	Percentage recurring donations from Power of Love donors (%)	23	40	38	46
Social	Orgainzations donated by Power of Love	127	144	165	170
Social	Organizations participating in workshops (Note2)	215	302	444	24

1	and C Base Art and C Develop	Culture Sports	2017	2018	<u>2019</u>	2020
		Media value (NT\$)	15,892,500	17,463,600	30,778,000	3,428,000
		Brand exposure	Improved	Improved	Improved	Improved
		Customer participants of art/culture activities	3,105	21,732	24,407	2,228
C	ommercial	Participants to employee art courses	536	566	885	508
		Number of customers using Richart Life data services (New)	NA	NA	NA	3,050
		Number of new card applications (New)	NA	NA	NA	110
		Participants of sponsored/organized activities	1,748,419	1,041,614	6,702,046	281,956
	Social	Sessions of sponsored/organized activities	66	70	79	99
		Sponsored athletes	4	28	28	5

Acaden Exchar		<u>2017</u>	<u>2018</u>	<u>2019</u>	2020
Commorpial	Interns turned as permanent employees	96	115	80	92
Commercial	Number of financial service optimization cases	4	6	8	8
Social	Sessions of sponsored/organized financial seminars	41	44	38	5
Social	Students benefited from industry-academia collaborations	419	507	530	541

Note1: The statistics only disclosed for 2018-2020 since the digital banking accounts was calculated since 2018. Note2: In response to the pandemic, some workshops were changed to online format, only face-to-face ones were calculated.

### 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		•	
Profession skill	al	•	
Charity consumpti	on	•	



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

Volunteer participation mechanism



Volunteers are treated from time to

time to various events such as film

night, and meal gathering as

screening, art/culture appreciation, VIP

commendations for their selfless acts.

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.

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### We successfully increased volunteering contributions in 2020



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

Taishin founded a Stress Relief Workshop and hired visually impaired masseurs and masseuses. Employees only need to donate NT\$ 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 14 group purchases were made in 2020 to purchase NT\$ 1,410,449 in goods.

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### Volunteer Services

Volunteers from the northern region, team from Retail & Wealth Management Channel Division of Taishin Bank look children with disabilities from Happy Mount Home to National Science Education Center for a field trip in October 2020. The intention of the trip is to help children in wheelchairs to also have the opportunity to enjoy outdoor activities.

### Corporate Volunteering Trip

Vice President Chi-Ing Sheng of Taishin Bank's Wealth Management Product Division led nearly 70 volunteers and their family members to the "Taoyuan City Happiness Foundation Home" in August 2020. The volunteers danced, exercised, and made dumplings with the children. Guan Miao Noodles, rice, and other food materials were also donated by the volunteers to provide care during the pandemic. Chairman Thomas Wu of Taishin FHC and Taishin Charity Foundation and his wife Sylvia Peng also showed great support when it comes to the employees' initiatives in organizing public welfare activities organized by the employees.

### Volunteer Training

The volunteer training camp was organized in the Yuan Hall on the second floor of Taishin Tower on July 18. The event was planned and organized by Taishin Charity Foundation and Human Resources Division. In addition to arranging volunteers to organize events and share tips on getting more votes, we also invited social welfare organizations (Reindeer Home in Taoyuan City) to share their management experience. We also organized a series of exciting courses (Food Bank Overview/Shing Yi Foundation; Artemisia Argyi Packet DIY/Kaohsiung City Employment Support Association for People with Disabilities; Life Experience of the Blind/Shouaixin Life Care Association for the Blind). 52 volunteers attended the event including 36 employees and 16 family members. The educational event was successfully concluded. The volunteers and family members learned more about the plans and execution of Taishin volunteer activities after they took part in the event.



### 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.

Ongoing support and participation from the public have enabled Taishin to have 11 groups in 7 main areas. In addition to the original social welfare, we also added culture and education, digital learning, social enterprises, and elderly communities. The main groups originally consisted of elderly care, children's welfare, people with disabilities, and disadvantaged groups and have been expanded to include culture and education institutions, rural areas, local creative social enterprises, social enterprises, communities for all ages, rehabilitation and selfsufficiency, art and cultural performances, and public welfare communication.

	Wang Yueh-Lar Foundation and Project joined a partners, introd social enterpris	l UDN Vision s strategic ucing agricultural	Welfare Organizati and Sinyi Charity F strategic partners, enterprises from e assistive device ar project withdrawn	ioundation joined as introducing social xpertise including id (elderly care		Project changing the social enterprise to enterprise
2011	2015	2016	2017	2018	2019	2020
Advantech Foundation and Chunghwa Telecom Foundation joined as strategic partners, introducing cultural education and digital learning.		Doers Foundation strategic partner, cultural/creativity enterprise project 2018)	introducing social	Foundation for Yunu Business Taiwan joi strategic partner, int social enterprise pro	ned as roducing	BiG Future Foundation and the Center for Media and Social Impact at National Central University joined as strategic partners, introducing art and cultural performance and public welfare communication awards

Taishin made use of the charity cloud platform idea and organized the participation of suppliers and communities to ensure more effective use of existing resources of enterprises. We made 310 matches between social welfare organizations and resources in 2020. In addition, the Charity Foundation also connected suppliers with community and social welfare organizations many times. For instance, we invited social welfare organizations to take part in related arts and cultural activities sponsored by Taishin Bank or the Corporate Charity Angels in the "Arts for Charity" program. The main visual theme of 11th "Power of Love" voting campaign was created by children of Happy Mount Home, which has adopted diverse range of treatment courses to help people with moderate and severe disabilities develop art and creation. Although the children did not receive professional training, they demonstrated talent for painting. By working with Taishin Bank, we have improved the image of Happy Mount Home and made children's artworks more interactive by instilling fun and vibrancy into the works. The 10th "Power of Love" campaign in 2020 received a certification for social return on investments (SROI) of 5.33 from the Social Value International in the United Kingdom. It meant that every NT\$1 invested by Taishin Charity Foundation in the 10th "Power of Love" campaign generated NT\$5.33 of social value. The report was the first certified SROI report for a public welfare voting and fundraising platform in the world and the Foundation was the institution with the highest SROI among similar fundraising platforms across the world.

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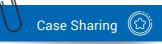
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### Mitake

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 2020, the team visited a chrity organization in Yunlin, where they gave back to the society and contributed to the cycle of decency.

### Nan Liu Enterprise Co., Ltd.

Nan Liu Enterprise joined the Philanthropist Alliance of Taishin Charity Foundation and donated 2,000 boxes, totaling 100,000 face masks, to the Charity Foundation as pandemic prevention supplies for social welfare organization in the "Power of Love" campaign. They were donated to social welfare organizations which participated in the 11th edition of the campaign.

### Yuan Workshop Company Ltd.

We organized hand-made soap workshops and invited the founder Jung-Yuan Chiang to serve as an instructor of the workshop to share his unique way of running a hand-made soap brand with the attendees from social welfare organizations.

## 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 digital bank statement, customers can help disadvantaged families raise money to install LED lighting equipment, and the campaign was awarded in "Buying Power--New Product and Service of Social Innovation Purchase Reward Program" by the Small and Medium Enterprise Administration, Ministry of Economic Affairs for 3 consecutive years. By applying creativity, Taishin involves its customers in more efficient exchange of resources and expand positive influences.



### Wealth Management Customers [Charity Golf Tournaments]

Since 2011, Taishin has been hosting charity golf tournaments and inviting customers and renowned local and foreign golfers to contribute to good cause as they tee off. Nearly NT\$ 2.44 million of donations were raised during the 2020 tournament, and entirely donated to Taishin Charity Foundation. For more details, please refer to <code>[Sports Sponsorship – Female golf]</code> .

### Digital Bank Customers [Stray Dog Sponsorship Program]

Richart launched the Stray Dog Sponsorship program in 2016 with chronological themes of "Support", "Rescue", "Stay Animal Smile Pact", and "Nurturing" each year. Our mission is to help the society and customers learn more and pay more attention to the issue of stray animals. At the end of 2020, Richart launched the fifth edition with the theme of "Life Education" as we turned our attention to the source of the gentle yet steadfast power in "Life Education". We helped people understand where stray animals come from, the difficulties they encounter, and how to understand and care for animals. We also learned about the body language of stray animals, how to respect each other, and the value of coexistence for life. We hope to plant the seed of animal protection in the minds of everyone. Education may not offer immediate improvements for the current state of stray animals but it can plant seeds for a brighter future which is the start of the change. People can visit the event website for interactive games and experience the different stages in the lives of cats and dogs comparing to human's. The game helps players understand the themes of life education between animals and humans. People can sign up on website to help stray animals and raise funds for necessary supplies.

Richart has been supporting stray animals for the past five years. Many customers have left messages on the Foundation's social media to show their support of Richart's public welfare activities. Richart sets different activity themes every year, attracking more than 1 million visits regarding on the issue of stray animals, and inspires the public to care for stray animals from a different perspective. After five years of hard work, we have formed a virtuous cycle of attention, support, and nurturing. The impact of life education will continue to be expanded.

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### Credit Card Holders

### [Credit Card Donations]

In recent years, Taishin Bank has taken initiative to supported charity and devote promotional resources delivering social welfare orgnaization's tenet to enormous cardholders. Fundraising campaign is identified by good deeds and the information spreading. Furthermore, we also strived for third-party's resources to conduct the "Credit Card Charity Donation Campaign" evoking cardholders' willingness to make donations. In 2020, Taishin encouraged 1 million card holders to donate approximately 1.2 million donations totaling NT\$1.6 billion (increase of NT\$100million compared to 2019). Taishin Bank will incessantly promote this concept which become an opportunity for these disadvantaged groups be seen by the public.

### [Reward Points for Donation]

Taishin cardholders can transform credit card bonus points into donations and take part in the Reward Points for Donation campaign. Every 1,000 bonus points can be converted into NT\$60 in donations. We currently work with 40 public welfare institutions. In 2020, 10,099,000 bonus points were converted into donations totaling NT\$605,940.

### [Cotton Field Co-branded Card]

In June 2018, Taishin Bank collaborated with Cotton Field Organic for the issuance of the Cotton Field Co-branded Card, and used it as a means to support organic farming in Taiwan. For every purchase made by a Cotton Field Co-branded Cardholders at Cotton Field Organic, Taishin contributes a fixed percentage of the transaction to a designated foundation, where the money is used to subsidize organic farmers for various purposes including organic certification and transformation. By increasing the size of organic farmers, Taishin hopes to improve the quality of food produced in Taiwan. The Bank had contributed nearly NT\$1.2 million to foundations till 2020. We continue to invite cardholders who recognize the importance of environmental protection and public welfare to join. The total amount donations till 2021 is expected to reach NT\$2 million.

### [Promotion of Digital Bank Statements Statements with Social Enterprises to Help Energy Disadvantaged Families]

To promote the use of digital bank statements, Taishin has taken a unique approach distinct from one-way donations commonly adopted by financial Institutions by creating the first mechanism that linked the Bank, credit card customers and energy disadvantaged families. Since 2018, we have partnered with DOMI Earth, Taiwan's first B Corporation, to install energy-saving lighting equipment free of charge for one energy-deprived household for every 1,000 cardholders that switch into digital bank statements. As of 2020, more than one million cardholders have responded enthusiastically to help hundreds of vulnerable families install energy-saving lighting equipment. To date, the subscription rate of Taishin Bank's digital statements has more than doubled (from 21% to 56%), which had made us a leader among peers in the Taiwanese market. We transferred the saved resources from solving the pain points of our enterprise (reducing paper, printing, postage) to energy-poor households (converting to energy-saving lamps for long-term energy savings). This innovative and effective project achieves the benefits of reducing energy use, CO2 emissions, and social inequality all at once.

This innovative platform won Taishin Bank awards in the "Buying Power - New Product and Service of Social Innovation Purchase Reward Program" organized by the Small and Medium Enterprise Administration, Ministry of Economic Affairs for three consecutive years. We also won the Social Inclusion Award presented by the Taiwan Institute for Sustainable Energy (TAISE) in 2019. By adopting digital bank statements, cardholders can help support the environment and charity, and Taishin invites all cardholders to participate in creating a virtuous cycle of positive energy.



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# Social Involvement

# [Highlight project - My One Acre of Farm]

[Power of Love and Extension Programs]

Social problems to be addressed	Our role and practices	Impacts to Taishin and the society
The 921 Earthquake severely damaged the local economy and agriculture, and presented challenges to residents' lives	By utilizing influences of the corporate brand and e-commerce resources, Taishin aims to promote distinctive features of the products produced by victimized farmers in Nantou, and in doing so support economic recovery in remote locations.	<ul> <li>Young people's involvement in farming: Attracting next-generation farmers through creation of job opportunities, product branding and online marketing</li> <li>Promotion of the branding concept among rice farmers: Introduction of a new production and sales platform will bring more stable income and help rice farmers appreciate the influence that branding, the Internet and marketing may have on a product</li> <li>Expanded corporate sponsorship for rice farmers: Since the launch of corporate sponsorship platform, Taishin has attracted more than 350 businesses (no double-counting) into sponsoring 35 rice farmers across 8 counties/cities to date. The sponsorship program exceeded NT\$150 million in contributions, attracted more than 13,000 employees into visiting rice farms, and resulted in the delivery of over 500,000 cartons of goods.</li> </ul>

### Event highlights (from 2002 to date)

2002-2005	2008	2014	2016	2020
The Caring Taiwan campaign was launched to help victims of the 921 Earthquake	A corporate sponsorship platform called "My One Acre of Farm" was launched to extend care to other parts of Taiwan	Rice Farmer Co., Ltd., supporter of "My One Acre of Farm," joined Taishin Charity Cloud to expand the cycle of decency	Taishin Bank's investment customers collaborated with "Rice Farmer Co., Ltd." to donate rice to charity organizations	Taishin FHC has supported rice farming in an area larger than 85 football fields in 2020

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



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# (Highlight project - My One Acre of Farm) Charity and Welfare (Power of Love and Extension Programs)

# Involvement

Social problems to be addressed	Our role and practices	Impacts to Taishin and the society
Charity organizations in Taiwan have grown in two different extremes where small and medium-sized charity organizations lack the funding, resources and awareness to promote their presence or raise resources.	Through the use of charity funds, volunteers, promotion and training courses, Taishin takes systematic steps to improve the management, marketing capacity and visibility of the charity organizations in need. Taishin has also mobilized business partners to form a Philanthropist Alliance and established an online platform called "Taishin Charity Cloud" that specializes in	<ul> <li>Mobilizing businesses into online charity: The program attracted participation from a total of 130 businesses in 2020 (strategic partners: 9; Philanthropist Alliance: 124). Taishin also exerted influence to encourage business owners in making charity contributions using Internet technology, such as: "Dream Chaser" by Amway Hope Marker Charity Foundation, "Dream Wheel" by Shin Kong Life Foundation, "Spread Conscience Award" by Aurora Yung-tai Chen Public Trust, "Community Home" by Sinyi Realty Public Housing Action Plan, "Charity Concert" by Wan Hai Charity Foundation, and "Power of Real Food" by Carrefour Cultural and Educational Foundation</li> </ul>
	matching resource providers with those in need, and thereby enable efficient exchange of resources. (Please refer to p.110 - Fellow Support)	<ul> <li>Helping charity organizations attract corporate donations: Taishin uses various platforms and training courses to help charity organizations raise resources from the public. A total of 267 charity organizations had benefited (through charity funds, course participation, donation etc) from the program in 2020.</li> </ul>

### Highlights (from 2010 to date)

2010	2011	2014	2015	2018	2019	2020
Launched "Power of Love" the first large-scale onlin charity event		Extension programs and workshops were undertaken to broaden the scope of care	A "Philanthropist Alliance" was formed to facilitate exchange between charity organizations	Overall award winning rate exceeded 50%, indicating support and recognition from the public	Public funds and donated organizations hit record highs.	Received a certification for social return on investments (SROI) of 5.33 from the Social Value International in the United Kingdom
"Power of Love" 🗞 is Taiwan's first large-sca	le online charity program organized by	Taishin Charity				Amounts spo

Foundation. The program incorporates innovative thinking and modern technology for charity purpose, and has been available since 2010. The program invites non-profit organizations to submit charity proposals onto a website, where the public may vote to decide how Taishin Charity Foundation should allocate its donations. It uses a combination of Facebook account and mobile number for identification, and thereby ensures fairness of the voting process. The winning organizations are required to submit project execution reports onto the event website for public scrutiny, while organizations that fail to win the vote are still invited to participate in workshops and resource matching services. Through this annual event, small and medium sized charity organizations are able to receive real support from charity funds; furthermore, the process of explaining and promoting proposals to the public helps each organization raise public awareness and develop the ability to convince contributors of their cause, and ultimately builds healthy relationship with the society. Taishin constantly expands its attention to cover broader issues and wider range of people. Taishin has been expanding the scope and beneficiaries of its charity focus in recent years, and invited many strategic partners to join its cause in light of the uprise of social enterprises. In terms of "social enterprises", in 2020 we supported local creative social enterprises (previously classified as agricultural social enterprises) and social welfare awards to expand our support for social enterprises. We also added rehabilitation and self-sufficiency (previously classified as rehabilitation social enterprise awards for social enterprises), art and cultural performances, and public welfare communication.



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### 7 Categories and 11 Targets

	Strategic partners	Target groups		
Charity and Welfare	<ol> <li>Wang Yueh-Lan Charity Foundation</li> <li>OurCityLove Social Enterprise</li> </ol>	Elder Care Disabled People Child Welfare Vulnerable Groups		
Culture and Education	Advantech Foundation	Culture and Education (Schools, culture and education units)		
Digital Learning	Chunghwa Telecom Foundation	Digital learning in rural areas		
Social Enterpirse	1.United Daily News 2. Foundation for Yunus Social Business Taiwan	Social enterprise -Local -Charity		
Rehabilitation and self-sufficiency	Welfare Organization for the Elderly, Taiwan, R.O.C.			
Art and cultural performances	BiG Future Foundation	Children and youths' welfare People with disabilities Performance groups		
Public welfare performances	Center for Media and Social Impact, National Central University	20 to 35-year-old students interested in public welfare films or communication		

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 assists charity organizations with the latest marketing information. Due to the COVID-19 pandemic in 2020, the Minority Project courses are held online instead, including 6 online workshops, 6 live broadcast courses, and 1 face-to-face seminar.

Project	Beneficiaries	Event Details	Results in 2020
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 FHC into making group purchases of charity gift boxes during Dragon Boat Festival and Mid-autumn Festival, and giving them to Taishin Bank's customers and business partners. To support the government's pandemic prevention policies in 2020, we purchased gift boxes for festivities, adjusted the monthly booth sales promotion activities to group purchases by individual departments, and encouraged employees to make purchases.	<ul> <li>Gift boxes were purchased from 32 charity organizations</li> <li>Total amount: NT\$ 1,410,449</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. For art and cultural institutions, we routinely provide tickets for art and cultural events to social welfare organizations so that they can enjoy national-level performances. We help the recipients of services experience art and culture and enjoy physical and mental relaxation. We also work with artists to help social welfare organizations transform the packaging of their products, paint the external walls of their institutions, organize exhibitions, and provide a variety of resources as support.	<ul> <li>8 sessions were held</li> <li>We gifted 1,363 tickets of art and cultural events</li> <li>39 participating charity organizations</li> </ul>
Power of Love Workshop	Small and medium- sized charity organization	Taishin has been inviting professionals and businesses from different areas of expertise since 2015 to share their knowledge and help social workers develop professional capacity. In 2020, an employee of Taishin's Wholesale Banking Group introduced the Yuan soap and we organized the 'Hand-made soap experience workshop'. We invited the founder Jung-Yuan Chiang to share his secrets on running a brand and visited the Yuan Farm to see the raw materials. The workshop benefited the representatives of social welfare organizations who praised the event.	<ul> <li>1 face-to-face workshop</li> <li>24 participating charity 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 response to the pandemic in 2020, the courses were changed to online courses and we continued to empower small and medium-sized charity organizations. The courses included introduction and experience sharing by organizations that specialize in making proposals, media marketing, and advertisement and media courses. We invited experts to serve as public welfare instructors to help social welfare organizations learn skills for marketing themselves. It was also the first attempt to use social media live broadcast for courses which improves interactions with students. The events received high acclaim.	<ul> <li>6 serial videos</li> <li>6 live broadcast courses</li> </ul>
Campus Charity	Social enterprises and smail and medium- sized charity organizations	Taishin has been actively bringing charity programs onto campus since 2015. In 2020, we worked with the world's first online learning gaming platform "PaGamO" to support the younger generation. We invited students from junior high school and elementary school to public welfare Q&A missions to learn how to help the disadvantaged and deliver social care. We also continued our partnership with Kang Chiao International School and organized high school students for long-term volunteer services and learning at social welfare organizations. We spared no effort in supporting public welfare. We worked with the "Small Good Deed Public Welfare Service Team" and used the innovative marketing skills of college students to help sell public welfare products for social welfare organizations during Mid- Autumn Festival.	<ul> <li>Nearly 30,000 students completed the campaign missions</li> <li>We worked with 2 social welfare organizations in long-term volunteer services</li> <li>We helped 5 social welfare organizations sell Mid- Autumn Festival products</li> </ul>



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### Long-term support for content creation - hosting of "Taishin Arts Award" for 19 consecutive years

Taishin established "Taishin Bank Foundation for Arts and Culture" in 2001 as a way to support "contemporary arts development in Taiwan." "Taishin Arts Award" was later organized to encourage and support the growth of visual arts, performing arts and other forms of art. The award adopts an active nomination system where 9 "Nominators" are assigned to view new productions or art exhibitions in Taiwan per year, from which they write more than 100 critiques a year and announce a list of nominees with supporting reasons on a quarterly basis. From the 100+ productions/exhibitions nominated in 2020, the jury conducted a series of review and selection before concluding winners for the three main prizes totaling NT\$3.5 million.

In the past 19 years, the Taishin Arts Award has been presented to 61 winners and total rewards amounted to nearly NT\$50 million. In addition to the rewards, the Foundation is also committed to promoting arts and extended works. We created the ARTalks website in 2013 which has accumulated more than 2.8 million visits to date, whereas the 14-year running Arts Award Exhibition has accumulated 300,000 visitors. The 15th Arts Award Exhibition became an online event and the event webpage attracked over 200,000 visits each year for four consecutive years.



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Stakeholder Engagement Appendix The 18<sup>th</sup> Taishin Arts Award continued with pandemic prevention measures amid the economic recovery in 2020. In arts, we stay strong.

As the world is fighting against the COVID-19 in 2020, candidates of 18th Taishin Arts Award were announced and the awards were unveiled. Many in person activities were suspended for the Arts Award due to the pandemic. However, 17 selected works including the "Fruit Fortunetelling" on "Taishin Arts Award" website and the "My Winner" voting contest which was created to show support to "View a Performance on the Company - Performing Arts Revitalization Coupon" lottery affected by the pandemic were all taken by storm on in Internet. The "My Winner" voting, number of visitors on the Arts Award website, and the number of viewers of the award ceremony doubled in 2020, which reflected a significant increase in the public's participation in online art award ceremonies. Due to the pandemic, the jury this year was composed entirely of domestic members instead of international members for the first time. The seven members reviewed the finalists' works in several rounds of discussions from the artistic value of the works to the innovation in inspiration and format, energy and interactions with the viewer, and the use of environment and space. How the works reflect the relationship between art and the society nowadays was also taken as part of the consideration regarding the final winners of the three grand awards.

The award ceremony was held in the afternoon on June 6, and the winners of the three grand awards were announced onsite. I-Hsuen Chen won the Visual Arts Award with "Commissioned - I-Hsuen Chen Solo Exhibition". Shih-Wei Wang won the Performing Arts Award with "Masses". The Against Again Troupe won the Annual Grand Prize for "White Clear Song". Simon Cheng, Chairman of the Taishin Bank Foundation for Arts and Culture, stated in his opening remarks that "The awards are not an ending but an inevitable support in the entire artistic process. After a year of observation and accumulation of artistic achievements, we seek to inspire more people to pay attention and that is the essence of the Arts Award." Many performances and exhibitions were canceled this year due to the pandemic. As many artists are facing a lot of ordeals, Taishin Arts Award aims to encourage the public with a message -In arts we stay strong and arts is crucial to our lives.

### 18th Taishin Arts Award ceremony - Speech by the chairman of the jury

"We live in an age of awakening," stated Mr. Ming-Chuan Huang, winner of the first Taishin Arts Award and the chairman of the jury this year. Mr. Ming-Chuan Huang stated in his remarks made on behalf of the jury "The most profound goal of artistic creation is not the contest itself, but we must use competition to demonstrate its significance... The performance from the previous year was surprisingly consistent in terms of the contents. Tracing back to perhaps 70 years ago, interactions between people, families, communities, the society, and even the ancient history, including the past and present, hold value for studies on specific issues and tremendous energy for the creation of Arts." All of above help the jury see "the new attitude of a generation". Mr. Huang believed that the attitude is one that "no longer views serious topics with a strictly serious attitude, never adopts an absolute view, and uses realistic methods leaving the audience with immense space for imagination and interpretation."



- Scene at the 18<sup>th</sup> Taishin Arts Award ceremony

Taishin Arts Award

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

Taishin Arts Award continued the "Finalist Subsidy Program" that it has introduced since 2017 and invited artists/teams to apply for the subsidy fo their creations. So far, the program paid NTS 4.4. million in subsidies to finance 48 nominated artists in various activities such as tour performance o existing works, creation of new works, music/video publication, field collection etc.

# 18<sup>th</sup> Taishi

### 18<sup>th</sup> Taishin Arts Award

Year	2018	2019	2020
Number of cumulative winners	55	58	61
Number of finalists	16	15	17
Website visits	31,860	37,722	80,909
Number of nominee ubsidy	11	11	13

### 18th Taishin Arts Award ceremony media observation

Mun-Lee Lin, Chairman of the National Culture and Arts Foundation stated that culture is like the face of a person. Each country has its own unique culture or artistic uniqueness. Taiwan is a democratic and free country which has always had a rich and diverse culture in terms of its traditions and achievements accumulated over the years. Taiwan has never been inferior to any country. Mun-Lee Lin's observation and explanation summed up what Taishin has strove to accomplish in the past 18 years. We sought to support contemporary art in Taiwan and create results and value. Indeed, it is the energy given by companies back to the society and a precious source of soft power for Taiwan. -Katy Hsiu Chih Chien, President (Artco Monthly & Investment)

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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 2020, the website had accumulated more than 2.1 million visits. A new "Column of Arts, Body and Soul" section was created on the website during the year; featuring fun Q&As and artists' articles, the section was introduced to engage a much wider audience, extending artistic discussions from elites to the general public!

ARTalks - Website



### ARTalks website created influence in contemporary Taiwanese art - media review

The influence of the Taishin Arts Award in contemporary Taiwanese art is shown in the award presentation as well as the contemporary art review system established in the review platform "ARTalks", and the Award has had direct impact on the commonly adopted format of the contemporary art review platform. The art system developed based on the Taishin Arts Award cannot be easily replicated by other awards.

- Hsi Chen, Shawn Wang (Art Emperor)

### Promote diversified links between art exhibitions and sponsor the restoration and repairs of important theaters in Taiwan

In addition to the Taishin Arts Award, the Foundation also continues to support arts and cultural activities, including the sponsorship for the "Fun with Films and Art" film appreciation program for rural schools for six consecutive years. We worked with the Children's Culture and Arts Foundation, Graduate Institute of Children's Literature of National Taitung University, and EPSON to provide film screenings in 62 schools in rural areas in nine counties and cities. We also used a graphic creation contest to cultivate children's creative and diverse appreciation of films, and record their experience and feedback through reading and writing. The Foundation also sponsored the "2020 Kuandu Arts Festival" hosted by Taipei National University of the Arts. The President of the School of Music, Shien-Ta Su, served as the Artistic Director. The Festival invited seven orchestras including important government and private orchestras as well as the TNUA Orchestra for the first time and planned a concert to celebrate Beethoven's 250th birthday. The event also hosted performances of traditional and classical music as well as diverse creations in theater and dances. The program "Piano Solo Storytelling Spirits", a collaboration between Hong Kong and Taiwanese artists in the "Taiwan Arts Festival" in Hong Kong, was adjusted to two performances of a simultaneous video concert played by the pianist Chun-Chieh Yen in Taiwan and the director Sylvia Chang at the Hong Kong Cultural Centre. With the support of the foundation's venue and manpower, the concert became the first stage performance in Hong Kong with simultaneous performances in Hong Kong and Taiwan.



The "Guling Street Avant-garde Theatre", known as the birthplace of many important theatrical creations in Taiwan, was restored as a "historical building" by Taipei City Government over a period of two and a half years. However, the restoration led to long-term disuse and lack of maintenance of the internal equipment which created difficulties in future maintenance. Body Phase Studio is the operator of the venue and an important theater troupe in Taiwan, was committed to the restoration and operations of the theater and began a fundraising campaign. It restored and repaired the hardware equipment in the theater and restarted operations during the trial operation period from October 2020 to March 2021. Taishin Bank Foundation for Arts and Culture contributed NT\$500,000 to support the refurbishment and reconstruction of the hardware equipment of the theater and support the creation and development of contemporary Taiwanese theater.

### The Foundation created an art and culture promotion platform for online art and cultural activities during the pandemic

In addition to the support for professional artists, the Foundation is also committed to art promotion activities for the public, including art installation in the lobby on the first floor of Taishin Tower and Friday Noon Concerts in the multi-functional "Yuan Hall" on the second floor every other week. The events have been held for 15 years and have been well received by the audience. The Foundation regularly organizes arts and cultural courses for employees and also free art and cultural seminars and film appreciation for the public. It also sponsors a wide variety of high-quality art exhibitions and performances.

In response to the spread of the COVID-19 in 2020, the Foundation cooperates with the government's disease prevention regulations and canceled all face-to-face exhibitions and performances in the first half of the year (January to June), and switched to short online music appreciation and screening of documentaries. Taishin worked with the architectural team "seed spacelab" during the Taishin Arts Award promotional period and created pandemic prevention corridors that were both useful and artistic so that Taishin employees, customers, and the public have the opportunity to experience art and release their stress by viewing high-quality performances.

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Taishin Bank Foundation for Arts and Culture received the "2019 Taiwan Corporate Sustainability Award" organized by Taiwan Institute for Sustainable Energy in the "Social Inclusion" category. The award recognized Taishin's brand image for supporting arts events since its establishment 19 years ago.



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

Due to the CUVID-19 in 2020, we set up pandemic prevention corridors in the lobby on the first floor which meant that the scheduled exhibitions must be suspended. The Foundation worked with the architectural team "seed spacelab" during the Taishin Arts Award promotional period from May to June and created pandemic prevention corridors for combating the pandemic and providing information on the Atta Award

Year	2017	2018	2019	2020
Exhibition	7	5	5	1 (Note)

Note: Exhibitions were cancelled due to the COVID-19 epidemic in 2020



# Measures for responding to the COVID-19 in 2020 – Transforming the pandemic prevention corridors on the first floor of Taishin Tower into an art gallery

Due to the COVID-19 in 2020, the Foundation set up red queue barriers and added pandemic prevention corridors in the lobby on the first floor of Taishin Tower. People entering and exiting the building must line up to measure their temperature and use alcohol to sanitize their hands. These measures prevented the implementation of scheduled exhibitions. However, the Foundation worked with the young architectural team "seed spacelab" during the promotional period for the 18th Taishin Arts Award for production in confined areas. The team implemented limited refurbishment in response to the current state of the pandemic prevention barriers to meet requirements for the functions of the barriers, security of the movement of people, and decorations for the space, and created an art gallery with information on the Arts Award. The retractable barriers fused metal, fiber, and wood layers in horizontal and vertical extensions, and transformed the rational, cold, and isolated tension, allowing the branches and flowers to display organic life force regardless of whether they are flourishing or withered. We help people see the sensibilities and hope as they go about their routine tasks such as putting on their face masks, spraying alcohol, and having their temperature measured.

Looking up at the interlocking supports and strips of cloths, the withered and flourishing branches and flowers circle around each other as they climbed up between the lines. The ascent makes the rigid red dragon art appear to be full of life and symbolizes the perseverance of life that has survived the wintry destruction. Life continues on after the wildfire has burned out. We also hope that the seeds of art can continue to grow and prosper in Taishin Tower in these difficult times.

- Cynthia Wu (DFUN Interior Design Magazine 2020 summer edition)

### 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 14 years, the event has accumulated 346 performances in total and built up loyal audience who visit regularly from all over the Greater Taipei Area.

Due to the COVID-19 in 2020, the lunch concerts were suspended in February and changed to online concerts from April to June. The online music appreciation events which lasted nine weeks received wide acclaim from the audience. We resumed the Friday concerts every other week from July to December.

Year	2017	2018	2019
Concerts	25	25	24
Participants	6,810	6,875	6,048
2020			
Concerts	music a	ns of short c ppreciation rson perform	
Participants		online views Idience at the	e venue

# Measures for responding to the COVID-19 in 2020 – Taishin's online concert program

Due to the COVID-19 epidemic in 2020, the lunch concerts were suspended in February and changed to online concerts from April to June. The online music appreciation events which lasted nine weeks. We produced small yet intricate "Second Venue Concert" to be played on the Facebook page and YouTube channel of the Foundation. The musicians included the pianist Yi-Chih Lu, Chung-Hua Weng, Taiwan Bamboo Orchestra, MIT Saxophone Ensemble, and Vincent Hsu and Afro-Cuban Jazz Band. The adoption of

online viewing significantly increased the number of the audience (approximately 27 thousand viewers viewed nine concerts online). We also worked with Taishin Charity Foundation to help social welfare organizations and people with disabilities who have difficulties traveling outside to enjoy the performance of professional musicians.

Taishin Bank Foundation for Arts and Culture Facebook fanpage https://www.facebook.com/TAISHINART

Thank you for producing such great programs at great cost over the past few weeks. This is a great achievement.

An excellent experience that replenished my energy.

It was awesome! It's like going back to countless lunchtime concerts at Taishin.

 Audience responses to the "online music appreciation" on the Taishin Facebook fanpage





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### Employee Arts Courses

"Employee arts courses" have been introduced with themes ranging from arts appreciation, theatrical performance, parental activities, to film appreciations.

Courses in the first half of the year were suspended due to the impact of the COVID-19 in 2020. We resumed courses from July to December and organized 11 sessions for 508 participants. The art and cultural courses included the annual grand exhibition of the Museum of Contemporary Art, Taipei 'Perforated City', the Vivian Maier, Street Photographer exhibition, the 'Tomás Saraceno Cosmic Resonance' special exhibition at Winsing Art Place, National Faichung Theater architectural guide + Cloud Gate Tsung-Lung Cheng's Sounding Light', "LIMA Bulareyaung Dance Company's Five-Year Anniversary" Art' exhibition at the Museum of National Taipei University of Education.

Year	2017	2018	2019	2020 (July to December)
Sessions	12	20	16	11
Participants	536	566	885	508





### Employee feedback

I participated in the employee arts and cultural event organized by Taishin Bank Foundation for Arts and Culture and visited the "Perforated City" exhibition at the Museum of Contemporary Art, Taipei. I was pleased that the curator of the exhibition, Dr. Hai-Ming Huang, personally provided us with a tour and helped us learn about the artistic works, and understand the interpretation of each artist for the perforated city. Art is not an exclusive part of certain groups but is always there in our lives.

---Yi Huang (Account Management Group, Accounting Department, Performance Management Division) / Participation in the "Perforated City" exhibition at the Museum of Contemporary Art, Taipei

Art is the best way to calm the senses. Art is a broad field and everyone views art from a different perspective. They thus have different experiences but art provides people with plenty of room for imagination, relaxation, and spiritual enrichment.

---Yu-Han Chiu, Specialist (Telemarketing Department, Payment Division) / Participation in the guided architectural tour of National Taichung Theater & Tsung-Lung Chen's "Sounding Light" performance by Cloud Gate.

Modern people use digital cameras to maintain records of life and it is truly convenient. Vivian Maier used analog photography to record life. The methods were not only costly but it was also impossible to view the results immediately. In an era without digital cameras, she used her free time to take photos of images in her life, and let people in the future view her sophisticated photography skills, the natural way of life, and image composition techniques without any pretense. I could learn a lot about selfies, street photography, composition, photography skills, and snapshots from her works and her boundless imagination is astounding.

---Yi-Chien Wu, Deputy Manager (Finance Application Group, Finance System Department, Information Technology Services Division) visited in the "Vivian Maier Street Photographer Exhibition".



### Measures for responding to the COVID-19 pandemic in 2020 -Giloo Documentaries: View Arts and Cultural Documentaries at Home

Although the Foundation temporarily suspended employee arts courses from January to June, the Foundation still encouraged Taishin employees to experience art and cultural activities as they spend more time at home to prevent the spread of the disease. We worked with the "Giloo" documentaries platform and allowed employees to register and obtain free subscription serial numbers so that they can stay at home and view documentaries from across the world selected for international film festivals online.

The "RBG" documentary provided a rational view of Justice Ruth Bader Ginsburg including her romantic, family, and work life to create a comprehensive introduction of Justice Ruth Bader Ginsburg. I wish to thank the Taishin Bank Foundation for Arts and Culture for providing me with the opportunity to view great documentaries on such a wonderful platform.

---Yi-Ting Chien (Strategic Planning Group, First Asset Management Department, Retail Banking Asset Management Division)

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Social Involvement	Arts and Culture	【Taishin Arts Award & Arts/Culture Promotion Platform】 【Arts and Culture Sponsorship】						
	Social problems to be addressed To help expand the public's art vision and make art more accessi- ble to people in life, and thereby enrich people's minds and lifestyle.	Our role and practices To sponsor diverse, global, classic and quality art/cultural performances and exhibitions locally, and invite the local audience to the appreciation of classic artworks from around the world.	<ul> <li>Promotion for art and culture appreciation: Taishin has been associating arts with charity by inviting socially disadvantaged people to enjoy art performances, and thereby inspire strength among the less fortunate. 2,500 disadvantaged people have benefited as a result</li> <li>Expansion of artistic vision: Taishin has been sponsoring world-class art and cultural performances in Taiwan since 2006, and spent more than NT\$243 million and attracted an audience size of 5.73 million to date.</li> </ul>					

### Event highlights (from 2006 to date)

▶ 6888

2006	200	7 2008	2009	201	0	2011	2012
<ul> <li>The Phantom of the Opera</li> <li>The Artistic Spark - A Spanish Musical Adventure</li> </ul>	<ul> <li>Treasures of the World Cultures : The British Museum after 250 Yea</li> <li>Terracotta Army of Qir Shihuangdi</li> <li>Le Petit Prince</li> </ul>	ars,	The Moving Forbidden City	<ul> <li>Discover the Jurassic Period</li> <li>Taiwan International Festival</li> <li>Manet to Picasso: Masterpieces from th Philadelphia Museun</li> </ul>	Chagall • Pablo Picass • Berlin Philha Opening Cor	so Exhibition rmonic	Mariinsky Ballet and Orchestra of the Mariinsky Theatre–The Nutcracker Transformers Taiwan EXPO
1	•	•		Art			
2020	2019	2018	2017	2016	2015	2014	2013
2020 • NTCH Summer Jazz	2019 • Mariinsky Theatre	2018 • Berliner Philharmoni-	2017 • Beethoven Series	2016 • Taishin Feast of	2015 • Kusama Yayoi-A	2014 • Taishin New Yo	2013 • La Belle et Bête 4D

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Social Involvement	Sports Sponsorship		
	Social problems to be addressed	Our role and practices	Impacts to Taishin and the society
	<ul> <li>Training of Taiwanese athletes requires more resources</li> <li>Encouraging sport participation from women and children</li> </ul>	<ul> <li>Taishin sponsors athletes and encourages the public to support local sport talents</li> <li>Sponsorship for sport competitions and events</li> </ul>	<ul> <li>Supporting athletes' careers in global competition: By offering sponsorship and subsidizing costs, Taishin encourages local athletes to participate actively in international competitions</li> <li>Improving athletes' living condition: Taishin has been raising small-sum donations in the form of cash and invoice through the PayEasy platform, one of its affiliated enterprises, since 2005. These donations are being spent to improve living conditions of the Nantou Youth Karate Team.</li> <li>Promoting sport and game participation among women and children: organized YBO Basketball Camp, where children learn teamwork through sports</li> </ul>

### Event highlights (from 2005 to date)

Since 2005	2011	2013	2014	2017	2018-19	2020
Sponsorship for the Nantou Youth Karate Team	Sponsorship for women's golf	Sponsorship for The Color Run	Sponsorship for TLPGA Tour	Sponsorship for Summer Universiade, HBL and Asia Professional Baseball Championship	Title sponsor "Taishin Women Run" and sponsor e-sport competitions	Title sponsor professional basketball team, "Formosa Taishin Dreamers"

Taishin has long devoted attention to sport development. We began sponsoring karate in 2005 and women's golf in 2011, and extended our reach to basketball and baseball in 2017, including the Summer Universiade held in Taipei. Taishin became the title sponsor of the largest women half marathon and youth basketball events in Taiwan for three consecutive years since 2018. Taishin also sponsored a professional basketball team for the first time in 2020 and sponsored the "Formosa Taishin Dreamers" as a named sponsor. Driven by the same strategy to inspire a virtuous cycle for public welfare, Taishin has chosen to associate sports with its charity efforts as much as possible to attain a broader and deeper connection with the audience. Taishin has been certified for Taiwan iSports for 3 consecutive years in 2016, 2018, and 2020 (each certification is valid for two years).



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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 2020, a cumulative sum more than NT\$96.8 millions was raised to fund Nantou Youth Karate Team. Female Golf

#### golfers since 2011; Taishin was the golfers since 2011; Taishin was the including Ya-Ni Tseng, Pei-Ying Tsai, Pei-Yun Chien and Chia-Yen Wu.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 9 charity golf tournaments have been organized until today, and thanks to the participation of over 485 people, more than NT\$18.94 million in donation have been raised. Taishin has spent more than NT\$100 million in the sponsorship of golfers until now

Basketball

Taisfin made its inst 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 2018, Taishin barticipated in the support of Qualifiers for FIBA Basketball World Cup and the William Jones Cup. We supported community basketball by sponsoring the local basketball championships in 2019 and to strengthen the support for basketball, Taishin title-sponsored a professional basketball team, the "Formosa Taishin Dreamers", for the first time in 2020and ntegrated basketball games into Taishin's unique ecosystem product — Richart Life app — to create a basketball life ecosystem. More than NT\$10 million have been contributed to date.

# Road running

Taishin became a named sponsor for Taiwan's largest women half marathonn from more than 20,000 people. Meanwhile, Taishin volunteers were invited to accompany charity organizations to the sport events.

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 $\mathbf{S}$ Academic Exchange Social Involvement

### [Industry-academia Collaboration]

Social problems to be addressed	Our role and practices	Impacts to Taishin and the society
Social problems to be addressed To train talents and improve corporate competitiveness. To reduce the gap between theory and practice, promote employ- ment upon graduation, and enable smooth transition into the working life.	Our role and practices To provide skill training, internship and scholarship opportunities, and help students accumulate the practical experiences needed to begin their careers.	<ul> <li>Improvement of financial knowledge and qualities: Taishin hosts courses at National Sun Yat-sen University and National Taiwan University and assigns internal managers to lecture and share professional knowledge and experiences on relevant fields. Taish has also been working with National Sun Yat-sen University to organize "Financial Innovation Masters Program" for the nurturin of postgraduate talents.</li> <li>Training of financial talents: Through industry-academia collabor tion programs, Taishin offers internship and employment opportunities that students may take advantage to apply theory practice.</li> </ul>

### Event highlights (from 2011 to date)

2011	Since 2012	Since 2017	Since 2020
Industry-academia collaboration	Co-hosting "Financial Service Innovation" with National Taiwan University	Working with Sun Yat-sen University on the launch of "Financial Innovation Masters Program."	Planning to co-op with Graduate Institute of Finance in Cheng Kung University on the "Industrial Master Program".

Since 2011, Taishin FHC 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 2020, 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" in National Taiwan University since 2012, during which Taishin managers were invited to serve the role of facilitator. At the end of each course, senior managers were invited to guide students on how best to apply theories into practice.

### Nurture Finance Talents

As part of its mission to contribute to society and nurture talents, Taishin offers scholarships to financially disadvantaged students at National Taiwan University and National Chengchi University. A sum of NT\$100,000 was provided in 2020 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 53 postgraduate students to the study that will prove relevant to the future innovations of the banking industry. In 2020, Taishin started to co-op with Graduate Institute of Finance in Cheng Kung University on the "Industrial Master Program", to nurture talents in school and fulfill talent pool in Taishin via the industry-academia collaboration.

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# **Step 1: Stakeholder Identification and Communication**

Taishin adopts the stakeholder engagement approach recommended by AA1000SES:2015, and uses quantitative data of "dependency, responsibility, influence, diverse perspective and tension", which identified 7 types of stakeholders whom are significance to Taishin. We've evaluated each stakeholder's degree of influence on Taishin as weightage reference while prioritizing the topic rankings. In order to learn the true voices of our stakeholders, Taishin has not only enabled multiple communication channels, but also engaged stakeholders through departments that worked closest with them. Through monitoring topics that concerned the stakeholders, the stakeholders' feedbacks served as important motives for internal growth.

Stakeholders	Significance to Taishin	Communication Channels/ Frequency	Main Concerned Topics	Corresponding Contents	Communication Resluts
Customers	Builds productive relationship and earns trust; accomplishing success as customers' smart partner	<ul> <li>Immediatelycustomer service hotline/email/fax,branch service opinion forms, voc platform, website, and banking apps</li> <li>Quarterly:branch service telephone surveys</li> <li>Annually:customer satisfaction and loyalty surveys</li> <li>Ad hoc: email, message, App, ATM, events and seminars</li> </ul>	<ul> <li>Information and Transaction Security</li> <li>Privacy Protection</li> <li>Business Integrity</li> </ul>	<ul> <li>Plans to improve its digital forensics capacity over the next 3 years and construct an information security monitoring center</li> <li>Implementes "Management Regulations on Personal Information Misuse Incidents" and received no penalty from the authority for violation of personal information in 2020.</li> <li>Implement "Ethical Corporate Management Best Practice Principles" and "Employee Code of Conduct" to supports integrity and culture of the organization.</li> </ul>	Customer satisfaction rate: 83.9%
Employees	Having a stable and competitive work force is key to success in a highly competitive business; employees are also an important capital to the company	<ul> <li>Immediately:employee relation mailbox and phone, HR Representatives</li> <li>Quarterly:Taishin Morning Meetings, labor- management meetings</li> <li>Annually:employee opinion surveys for certain divisions</li> <li>Biennially:employee opinion surveys</li> </ul>	<ul> <li>Remuneration, Benefits &amp; Employee Care</li> <li>Labor- Management Relations</li> <li>Occupational Health and Safety</li> </ul>	<ul> <li>Conducts market-wide salary surveys and reviews employees' compensation on a yearly basis. Taishin has been a composition of "Taiwan High Compensation 100 Index" for 6 consecutive years since 2014.</li> <li>Established a diverse range of communication channels for employees.</li> <li>Organize health promotion events for high-risk groups and increase the participation.</li> </ul>	Engagement rate: 83%
Shareholders / Investors / Rating agencies/ Analysts	Investors' / shareholders' trust and support provides the foundation for the business survival and growth, which Taishin returns with exceptional governance	<ul> <li>Immediately:IR email/hotline, website</li> <li>Monthly: Market Observation Post System</li> <li>Quarterly:Analyst meetings</li> <li>Annually:shareholders meeting</li> <li>Ad hoc:roadshows/Investor Conferences, Physical mails and replies</li> </ul>	<ul> <li>Business Performance</li> <li>Information and Transaction Security</li> <li>Risk Management and Internal Control</li> </ul>	<ul> <li>Recorded a net after-tax profit of NT\$145 billion in 2020, after-tax earnings per share of NT\$1.17, a return on shareholders' equity of 9.05%, and a net share value of NT\$13.22 at the end of the year.</li> <li>Plans to improve its digital forensics capacity over the next 3 years and construct an information security monitoring center</li> <li>Reviews the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report.</li> </ul>	Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets for 3 consecutive years since 2018.

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Stakeholders	Significance to Taishin	Communication Channales/ Frequency	Main Concerned Topics	Corresponding Contents	Communication Resluts
Competent authorities	Government policy and supervisory intensity directly affect the ways business operate and grow; Taishin adopts the principle of delivering top- notch performance under strict compliance with relevant laws	<ul> <li>Immediately:phone, e-mail or physical mail and reply</li> <li>Ad hoc:policy seminars and conferences, supervision and inspection exercises</li> </ul>	<ul> <li>Corporate Governance</li> <li>Business Integrity</li> <li>Risk Management and Internal Control</li> </ul>	<ul> <li>All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies."</li> <li>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>Reviews the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report.</li> </ul>	The evaluation results of the Board of Directors and its functional committees were all"Above Target" (The internal assessments are conducted at least once a year and external assessments involving outside experts at least once every three years and the latest external one was completed in April 2021.
Suppliers	High-quality materials, equipment and stable working relationships are helpful for maintaining business operations and building a sustainable supply chain	<ul> <li>Immediately (contract renewed or newly) : Supplier Commitment Statement</li> <li>Annually: human rights risk assessment and education, supplier self-assessment</li> <li>Ad hoc: business seminars, price negotiation meetings</li> </ul>	<ul> <li>Business Integrity</li> <li>Business Performance</li> <li>Sustainable Supplier Managementt</li> </ul>	<ul> <li>Implement "Ethical Corporate Management Best Practice Principles".</li> <li>Recorded a net after-tax profit of NT\$145 billion in 2020.</li> <li>Implement the mechanism of supplier management and organize supplier conferences regularly.</li> </ul>	Held supplier conference in 2020 to address human rights and environmental protection.
Community	Opinions of the community and general public provide businesses with the motivation to direct attention towards public interest and cater for the benefits of the community and local residents	<ul> <li>Twice a week:Friday Noon Concerts</li> <li>Monthly:e-newsletter fo Taishin Charity Foundation</li> <li>Annually:Christmas / Lunar new year festivals,Taishin Art Award,Power of Love campaign</li> <li>Ad hoc: community investment seminars,financial education camps, Taishin volunteer events, activities related to charity/ arts/ sports/ academic etc.</li> </ul>	<ul> <li>Social Involvement</li> <li>Business Integrity</li> <li>FinTech/ Digital Innovation</li> </ul>	<ul> <li>Focus on charity and welfare, arts and culture, sports sponsorship and academic exchange</li> <li>Implement "Ethical Corporate Management Best Practice Principles".</li> <li>Actively build the cross-industry alliances to support core businesses and cooperate with FinTech.</li> </ul>	Brand preference and recognition :93%
Media	Conveying correct information to the general public helps maintain positive corporate image	<ul> <li>Immediately: press conference, seminar, press release and spokesperson policy</li> <li>Ad hoc: media gathering</li> </ul>	<ul> <li>FinTech/ Digital Innovation</li> <li>Talent Development</li> <li>Business Performance</li> </ul>	<ul> <li>Publishs press releases or statements on major issues</li> </ul>	Communicates important information in a timely manner, reducing damage to the Company because of incorrect information

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# Step 2: Measurement of impact and level of concern

### - 40 managers to conduct the impact survey

Taishin has compiled a list of 21 sustainability topics by through the collection and benchmark analysis of sustainability topics. A total of 40 level 1 executives from different business units, subsidiaries, and the two major foundations rated the environmental, social, and governance impacts of the sustainability topics for Taishin to understand the impact of each sustainability topic on Taishin FHC's internal operations and the degree of impact on the external environment, economy, and society.

### -7 focus group discussions on the survey for gauging the level of concern –

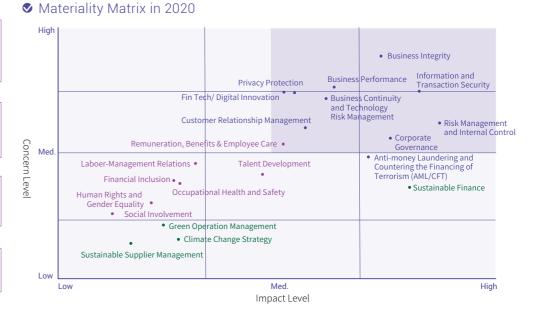
Taishin organized 7 sessions of focus group discussions for different types of stakeholders to learn about the main topics of concern to stakeholders. The interviewees mainly included the units responsible for intensified interactions with different stakeholders and they rated the level of concern for each sustainability topic. The representatives registered 40 attendances in the seminars.

### ☐ 31 topic reports used as the basis for rationality analysis

We generated matrix results and conducted a rationality analysis with reference to 14 reports on international sustainability trends and 17 reports on domestic and international financial industry sustainability. Our goal was to reduce bias caused by lack of awareness and to ensure the reasonableness of the 2020 topic rankings.

### - 10 material topics approved by the CSR Committee

The CSR Committee consists of 6 executive members and senior executives of relevant functional teams reviewed and discussed the materiality matrix and finalized 10 material topics for 2020.



Sustainability Topics	Corresponding to GRI Topic Specific Standard	[	External Impact	t		Internal	Impact		Chapter	
	Disclosures	Environment	Society	Economy	Policy	Profitability	Brand	Future Performance		
Corporate Governance	(102)Governance			✓	$\checkmark$	✓	$\checkmark$	$\checkmark$	Corporate Governance 🗞	
Business Integrity	(102)Governance, (205)Anti-corruption, (419)Socioeconomic Compliance		$\checkmark$	$\checkmark$	$\checkmark$		$\checkmark$	$\checkmark$	Business Integrity	
Risk Management and Internal Control	(201)Economic Performance			$\checkmark$	$\checkmark$		$\checkmark$	$\checkmark$	Risk Management and Internal Control	
Information and Transaction Security	(418)Customer Privacy			$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	Information and Transaction Security 📎	
Business Continuity and Technology Risk Management	(203)Indirect Economic Impacts			$\checkmark$	$\checkmark$		$\checkmark$	$\checkmark$	Business Continuity and Technology Risk Management 📎	
Business Performance	(201)Economic Performance			$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	Business Performance	
Customer Relationship Management	(416)Customer Health and Safety		✓		✓	$\checkmark$	<b>~</b>	$\checkmark$	Customer Relationship Management 📎	
FinTech/ Digital Innovation	(203)Indirect Economic Impacts	$\checkmark$	✓	$\checkmark$	✓	$\checkmark$	$\checkmark$	$\checkmark$	FinTech/ Digital Innovation 🗞	
Privacy Protection	(418)Customer Privacy		$\checkmark$		$\checkmark$		$\checkmark$	$\checkmark$	Privacy Protection 📎	
Remuneration, Benefits & Employee Care	(201)Economic Performance,(401)Employment < (405)Diversity and Equal Opportunity		✓	✓	✓		✓	✓	Remuneration, Benefits & Employee Care	

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# Step 3: Boundaries of material topics and management strategies

Taishin referenced the GRI Standards and focused on the 10 material topics. We also provided a comprehensive explanation of the boundaries, risks and opportunities, and management strategies of all 21 sustainability topics. We continue to disclose our commitments and implement management. The boundaries of the value chain start from upstream procurement to the development of Taishin's own operations, products, and services, sales, and end-user usage. We clarify the location of the impact based on the methods including direct, facilitated, and business relations. In addition, we also assign related departments to verify the possible risks and opportunities of the 21 sustainability topics on Taishin. By establishing policies, embracing accountability, and active actions, we use the management strategies to avoid, mitigate, and transfer the impact of risks, and identify Taishin's opportunities to develop future business opportunities. The short, medium, and long-term goals for the 21 sustainability topics have been presented in the "Sustainability Performance for Achieving SDGs." of this report.

	Value chain boundaries									
2020 sustainability topics	Procurement	Operations	R&D	Marketing	Sales	Customer use				
Corporate Governance		•								
Business Integrity		•			•					
Risk Management and Internal Control		•		•						
Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)		•			•	<b>A</b>				
Information and Transaction Security		•	•		•					
Business Continuity and Technology Risk Management		•	•							
Business Performance		•	•	•	•					
Climate Change Strategy		•	•		•	<b>A</b>				
Sustainable Finance		•	•		•	<b>A</b>				
Green Operation Management		۲								
Sustainable Supplier Management		٠								
Customer Relationship Management		•		•	•	<b>A</b>				
Privacy Protection		•	•	•	•	<b>A</b>				
Fin Tech/ Digital Innovation		٠	•	•	•	<b>A</b>				
Financial Inclusion		•	•	•	•	<b>A</b>				
Talent Development		•	•							
Remuneration, Benefits & Employee Care		•								
Laboer-Management Relations		•								
Human Rights and Gender Equality		•								
Occupational Health and Safety		•								
Social Involvement		•								

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# **Response to specific issues**

### Chang Hwa Bank (CHB) Investment

Stakeholder type	Concerned issue	Time of query	Taishin's response
Investor	<ol> <li>Our statement with regards to CHB investments</li> <li>Our approaches to safeguarding shareholders' rights, and</li> </ol>	Whole year, 2020	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	progress report		Communication methods include telephone, email, press conference, seminar and press release. Any wrongly reported facts will be clarified by the PR department

### Our statement with regards to CHB investments

On July 22, 2005, Taishin Financial Holdings ("Taishin", "Taishin FHC") participated in an open bid for 1.4 billion shares of preferred stock issued by Chang Hwa Bank ("CHB"). Apart from local bidders (including Mega Financial Holdings, Fubon Financial Holdings and Taishin), a foreign institution (i.e. Temasek Holdings from Singapore) also contended for the bid. The bid was won by Taishin for a sum of TWD36.568 billion, and, with the approval of the FSC, the company acquired a 22.55% ownership interest in CHB, making it the largest shareholder. The Ministry of Finance had previously announced on July 5, 2005, and had issued an official correspondence through CHB on July 21, 2005, addressing "all bidders of the 2005 CHB cash issue" and informing them of the Ministry's commitment to transfer control of CHB to the winning bidder. The correspondence reads: "Until such time as the Ministry of Finance sells its shares, it shall maintain its policy to support the largest shareholder in acquiring control over the bank, provided that the winning bidder remains the largest shareholder." The correspondence was evidence of the Ministry's intent to support the winning bidder in acquiring more than 50% of director and supervisor seats in CHB. During CHB's board elections held in 2005, 2008, and 2011, the Ministry of Finance kept its promise and supported Taishin acquire a majority of seats at the board.

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

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

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### Our approaches to safeguarding shareholders' rights, and progress report

- 2014: Taishin filed a civil lawsuit and provisional injunction against the Ministry of Finance and filed a complaint to the Control Yuan.
- 2015: In its investigation report, the Control Yuan pointed out variously that the Ministry of Finance failed to consider the continuity and consistency of the government's governance and actions; that it failed to maintain the harmonious co-governance of government and private shareholders (thereby failing in its duty protect the best interests of all CBH shareholders); and that, ahead of the 2014 reelection of CHB's directors, it failed to engage sufficiently in negotiations to communicate and coordinate with CHB's shareholders. These failings caused controversy and damaged the government's image of integrity.
- 2016: The Taiwan Taipei District Court confirmed in its judgment that a contractual relationship exists, considering that"as long as the Taishin Financial Holdings is the largest shareholders of CHB, the Ministry of Finance must not interfere the representatives appointed by Taishin Financial Holdings from being elected as the majority on the Board of Directors of CHB."
- 2017: The Taiwan High Court declared the existence of the contractual relationship, requiring that "as long as the shares held by Ministry of Finance in CHB remain unsold, and as long as Taishin Financial Holdings remain the largest shareholders of CHB, the Ministry of Finance must support that the representatives appointed by Taishin Financial Holdings to become elected as the majority of the ordinary members on the Board of Directors of CHB". The Ministry of Finance refused to accept the judgment and appealed to the Supreme Court.
- 2019: The Supreme Court reversed Taiwan High court's judgment that confirming there is a contract existing between MOF and the Company and the responsibility for total litigation expenses, and remanded the case to Taiwan High court; in its judgment, the supreme court opined that whether a contract between two parties is a voting agreement, and whether a contract running for 13 years to date has violated public policy or morals both remain open question.
- 2020: The judgment of Taiwan High Court (first retrial) confirmed the existence of the contractual relationship stipulating that "before the Ministry of Finance sells its shares in Chang Hwa Bank and as long as Taishin Financial Holdings remains the largest shareholder of Chang Hwa Bank, the Ministry of Finance shall support (including, without limitation, that it may not prevent) the representatives designated by Taishin Financial Holdings to be elected to four general director seats of Chang Hwa Bank". The parties have filed appeals against parts of the judgment to which they object and the case is currently being heard by the Supreme Court.

Below is the detailed info from our site, you can click "Issues" on Taishin FHC official website



### Conduct Enhancement Program for Financial Advisors

Stakeholder type	Concerned issue	Time of query	Taishin's response	)
Competent authority, Investor, Customers, Media	How the prevent improper conduct by financial advisors in the future?	2019-2020	Reporting to competent authority, e-mail/ physical mail, customer service call	

# Regarding the behavioral enhancement plan for financial advisors, Taishin added the following to the measures taken in 2019:

- I.Building up the KYE mechanism (Know Your Employee): Took precautions by keeping track of employees' mental and physical conditions on a regular basis.
- II.Extending the scope of training: Organized 117 bank-wide training courses for 7,302 operation managers and clerks from November 2020 to January 2021.
- III.Strengthening real-time risk monitoring on the system side: Added two more reports to the original two reports:
- 1.Monitoring reports: Strengthened the early detection of abnormal transactions through the system; and
- 2.Recording of transaction processes: Created a spot check system to monitor the operating procedures and transaction processes.
- IV.Increasing customers' self-protection awareness: Played promotional videos in customer seminars and sent e-newsletters periodically to facilitate communication with customers about their self-protection awareness; allowed customers to download statements from mobile or online banking at any time to avoid the risk of inconsistency in information.

More details please see 2019 CSR Report P. 131

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### Taishin FHC merges Prudential Life Insurance

Stakeholder type	Concerned issue	Time of query	Taishin's response	)
Competent authority, customers, shareholders, media	<ol> <li>Taishin FHC's motive for the merger</li> <li>Impact of the merger and future development</li> </ol>	From August 2020 till present	Response of the competent authority, material information announcements, press releases, press conferences	

### Taishin FHC's motive for the merger

Prudential Life Insurance is a high-quality insurance company with more than 30 years of development in Taiwan. It ranks fourth among foreign insurance companies in Taiwan in terms of total assets, and implements rigorous management. It has performed well in financial structure, insurance policy maintenance rate, sales service quality, and corporate social responsibility, and it is the only life insurance company to be recognized as a model insurance company eight times by the FSC.

Prudential Life Insurance has always been one of Taishin's key partners and the parties have achieved significant results in their Bancassurance partnership. The conclusion of the transaction will help enhance Taishin's presence in the finance industry, and the integration of the three major businesses including banking, securities, and insurance will help Taishin provide more diverse financial products and high-quality services to customers. After Prudential Life Insurance joins Taishin, its high-quality team will be supported by a stronger platform. The interests of the policyholders will remain unaffected and they will receive more innovative and diverse financial products and services.

### Impact of the merger and future development

After the acquisition of Prudential Life Insurance, Taishin FHC can use the existing resources of Prudential Life insurance to actively develop and design personal insurance products that meet the needs of consumers. Taishin Bank will also be able to satisfy consumer demand for one-stop shopping, and the personal insurance products provided by Prudential Life Insurance can be sold through Taishin Bank's channels and resources, thereby increasing marketing channels. In conclusion, Taishin FHC's acquisition of Prudential Life Insurance will create synergy for Taishin FHC, increase efficiency, reduce cost, and increase benefits for consumers. The acquisition will support the development of the overall economy.

Although Taishin FHC Group did not have an insurance subsidiary, we have achieved significant results in our long-term Bancassurance operations. After incorporating Prudential Life insurance, we will continue to uphold our long-term development ideals and plan insurance businesses to provide customers of the Group with more diverse and comprehensive financial products and services, and increase customer loyalty to Taishin FHC. Prudential Life Insurance's product design team will also develop customized products suitable for customers and keep customer assets within the Group to create better business performance for Taishin FHC.

Prudential Life Insurance is a healthy company with a high-quality team and a comprehensive range of products. We believe that Prudential Life Insurance will create greater benefits for the companies of the Group, shareholders, employees, and customers after it joins Taishin FHC.

### Response measures for the SMS fraud incident

Stake	holder type	Concerned issue	Time of query)	Taishin's response
au	mpetent thority, ners, media	Taishin's emergency response measures	2021 Q1	Customer service telephone number, official website announcements, online banking SMS and push notifications, reports to competent authorities

### Description of the incident:

The fraud ring spoofed the Bank's online banking website with phishing SMS to obtain the customer's online banking account password and SMS OTP to bind a mobile phone and transfer funds illegally.

### Response measures:

- Use website announcements, SMS, and push notifications to alert customers of the Bank of such fraud.
- Strengthen mobile phone binding mechanisms for online banking and require customers to use bank cards or call customer service to bind mobile phones.
- Use bots to search for fraudulent phishing websites and immediately notify information security companies to remove them. Notify the Financial Information Sharing and Analysis Center (F-ISAC) and police units to implement prevention and blocking measures.

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preparation, and validation.

toward fulfilling its corporate

social responsibility through

Environmental data is bounded by

service locations in Taiwan.

the total financial group.

Presenting the CSR performance of Taishin Financial Holding Co., Ltd. ("Taishin FHC" or "Taishin"), this 2020 Corporate Social Responsibility Report ("the CSR Report") is verified in accordance with the AA1000AS v3 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:



The report has also been

Council (IIRC).

structured based on the IR

framework stipulated by the

International Integrated Reporting

publication: June 2020.

Tel:+886-2-23268888 #2306, #2315

Fax:+886-2-37076680

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### **GRI Standard**

re Option	Number		Discosure Item	Version	General Standard Disclosures	Chapter	Core Option	Disclosure		Note
Core		General Disclosures	102-1	2016	Name of the organization	Product and Service	•		4	
Core		General Disclosures	102-2	2016	Activities, brands, products, and services	Product and Service	٠		4	
Core		General Disclosures	102-3	2016	Location of headquarters	Product and Service	•		4	
Core		General Disclosures	102-4	2016	Location of operations	Product and Service	•		4	
Core		General Disclosures	102-5	2016	Ownership and legal form	Product and Service	•		4	Please refer to 2020 Annual Report P.28 for the structure of shareholders
Core		General Disclosures	102-6	2016	Markets served	Product and Service	•		4	
Core		General Disclosures	102-7	2016	Scale of the organization	Product and Service	•		4	
Core		General Disclosures	102-8	2016	Information on employees and other workers	Product and Service Diversified Recruiment	•		4 74-76	
Core		General Disclosures	102-9	2016	Supply chain	Sustainable Supplier Management	•		103-106	
Core		General Disclosures	102-10	2016	Significant changes to the organization and its supply chain	Response to Specific Issues	•		132	
Core		General Disclosures	102-11	2016	Precautionary Principle or approach	Management of Emerging Risks	•		32	
Core		General Disclosures	102-12	2016	External initiatives	CSR Milestone Membership in Associations	•		11 23	
Core		General Disclosures	102-13	2016	Membership of associations	Membership in Associations	•		23	
Core		General Disclosures	102-14	2016	Statement from senior decision-maker	Message from the Chairman Message from the President	•		1 2	
		General Disclosures	102-15	2016	Key impacts, risks, and opportunities	Management of Emerging Risks Climate Risks and Resilience		•	32 70-72	
Core		General Disclosures	102-16	2016	Values, principles, standards, and norms of behavior	Buiness Integrity	•		24-26	
		General Disclosures	102-17	2016	Mechanisms for advice and concerns about ethics	Business Integrity		•	24-26	
Core	GRI 102	General Disclosures	102-18	2016	Governance structure	CSR Committee Operations Governance Framework Climate Change Governance	•		11 20 70	
		General Disclosures	102-19	2016	Delegating authority	CSR Committee Operations Management of Risk and Opportunities		•	11 72	
		General Disclosures	102-20	2016	Executive-level responsibility for economic, environmental, and social topics	CSR Committee Operations Climate Change Governance		•	11 70	
		General Disclosures	102-21	2016	Consulting stakeholders on economic, environmental, and social topics	CSR Committee Operations Stakeholder Engagement Cimate Change Strategies		•	11 128-131 71	
		General Disclosures	102-22	2016	Composition of the highest governance body and its committees	Governance Framework		•	20	
		General Disclosures	102-23	2016	Chair of the highest governance body	Governance Framework		•	20	
		General Disclosures	102-24	2016	Nominating and selecting the highest governance body	Composition of the Board of Directors		•	21-22	
		General Disclosures	102-25	2016	Conflicts of interest	Composition of the Board of Directors		•	21-22	
		General Disclosures	102-26	2016	Role of highest governance body in setting purpose, values, and strategy	CSR Committee Operations Climate Risks and Resilience		•	11 70-72	
		General Disclosures	102-27	2016	Collective knowledge of highest governance body	CSR Committee Operations Composition of the Board of Directors Climate Risks and Resilience		•	11 21-22 70-72	
		General Disclosures	102-28	2016	Evaluating the highest governance body's performance	Composition of the Board of Directors		•	21-22	
		General Disclosures	102-29	2016	Identifying and managing economic, environmental, and social impacts	CSR Committee Operations Risk Management and Internal Control Climate Risks and Resilience Stakeholder Engagement		٠	11 26-35 70-72 128-131	
		General Disclosures	102-30	2016	Effectiveness of risk management processes	CSR Committee Operations Risk Management and Internal Control Management of Risk and Opportunities Sustanable Policies and Actions		•	11 26-35 72 64-70	
		General Disclosures	102-31	2016	Review of economic, environmental, and social topics	CSR Committee Operations Sustanable Policies and Actions		•	11-18 64-70	

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Core Option	GRI Number	GRI Title	Number of Discosure Item	Version	General Standard Disclosures	Chapter	Comply with Core Option	Voluntary Disclosure	Page	Note
		General Disclosures	102-32	2016	Highest governance body's role in sustainability reporting	CSR Committee Operations		•	11	
		General Disclosures	102-33	2016	Communicating critical concerns	CSR Committee Operations Stakeholder Engagement		•	11 128-129	
		General Disclosures	102-34	2016	Nature and total number of critical concerns	CSR Committee Operations Stakeholder Engagement		•	11 128-131	
		General Disclosures	102-35	2016	Remuneration policies	Remuneration Policy of Senior Executives		٠	23	
		General Disclosures	102-36	2016	Process for determining remuneration	Remuneration Policy of Senior Executives		٠	23	
Core		General Disclosures	102-40	2016	List of stakeholder groups	Stakeholder Engagement	•		128-129	
Core		General Disclosures	102-41	2016	Collective bargaining agreements		٠			Taishin has no labor unit so it is no need to sign collecti bargaining agreements. Taishin convenes quarterly labo management meetings to ensure open communication with employees.
Core		General Disclosures	102-42	2016	Identifying and selecting stakeholders	Stakeholder Engagement			128-131	
Core		General Disclosures	102-43	2016	Approach to stakeholder engagement	Stakeholder Engagement	•		128-131	
Core		General Disclosures	102-44	2016	Key topics and concerns raised	Stakeholder Engagement			128-131	
Core		General Disclosures	102-45	2016	Entities included in the consolidated financial statements	Product and Service	•		4	Please refer to 2020 Financial Statement on Taishin FH website
Core		General Disclosures	102-46	2016	Defining report content and topic Boundaries	Report Summary Stakeholder Engagement	٠		134 128-131	
Core		General Disclosures	102-47	2016	List of material topics	Stakeholder Engagement	•		130-131	
Core		General Disclosures	102-48	2016	Restatements of information					No such circumstances.
Core		General Disclosures	102-49	2016	Changes in reporting	Stakeholder Engagement			131	
Core		General Disclosures	102-50	2016	Reporting period	Report Summary			134	
Core		General Disclosures	102-51	2016	Date of most recent report	Report Summary	-		134	
Core		General Disclosures	102-52	2016	Reporting cycle	Report Summary	•		134	
Core		General Disclosures	102-53	2016	Contact point for questions regarding the report	Report Summary	•		134	
Core		General Disclosures	102-54	2016	Claims of reporting in accordance with the GRI Standards	Report Summary			134	
Core		General Disclosures	102-55	2016	GRI content index	GRI Standard			135-137	
Core		General Disclosures	102-56	2016	External assurance	Report Assurance Statement	•		140	
Core	GRI 103	Management Approach	103-1	2016	Explanation of the material topic and its Boundary	Create Sustainable Value Sustainability Topic Management	•		5-6 16-18	
Core	GRI 103	Management Approach	103-2	2016	The management approach and its components	Sustainability Topic Management			16-18	
Core		Management Approach	103-3	2016	Evaluation of the management approach	Sustainability Topic Management	•		13-15	
			201-1	2016	Direct economic value generated and distributed	Operating Financial Performance			43	
			201-2	2016	Financial implications and other risks and opportunities due to climate change	Climate Risks and Resilience		•	70-72	
	GRI 201	Economic Performance	201-3	2016	Defined benefit plan obligations and other retirement plans			٠		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% o its monthly revenues to the welfare fund, whereas employe contribute 0.5% of their monthly gross salaries.
			201-4	2016	Financial assistance received from government		٠			No government subsidy of any kind was received
	GRI 202	Market Presence	202-2	2016	Proportion of senior management hired from the local community	Diversified Recruitment	٠			Taishin operates mainly in Taiwan; the executive management comprises entirely of Taiwanese residents.
		Indirect Economic	203-1	2016	Infrastructure investments and services supported	Financial Inclusion Social Impacts		٠		
	GRI 203	Indirect Economic Impacts		2016	Significant indirect economic impacts	FinTech/Digital Innovation Financial Inclusion Social Impacts	•			
	GRI 205	Anti-corruption	205-2	2016	Communication and training about anti-corruption policies and procedures	Enforcement of Business Integrity		٠		
		•	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		٠			No such circumstances

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		Number of Discosure Item				Comply with Core Option	Voluntary Disclosure		
		302-1	2016	Energy consumption within the organization	Energy Conservation & Carbon Reduction		•	100-101	ISO 50001 \ ISO 14064-1:2006
GRI 302	Faarmu	302-3	2016	Energy intensity	Energy Conservation & Carbon Reduction		٠	100-101	
GRI 302	Energy	302-4	2016	Reduction of energy consumption	Energy Conservation & Carbon Reduction		•	100-101	
		302-5	2016	Reductions in energy requirements of products and services	Resource Utilization		۲	101-103	
GRI 303	Water and Effluents	303-5	2018	Water consumption	Resource Utilization		•	101-103	
		305-1	2016	Direct (Scope 1) GHG emissions	Performance Indicators and Targets Energy Conservation & Carbon Reduction		٠	72 100-101	ISO 14064-1:2006
GRI 305	Emissions	305-2	2016	Energy indirect (Scope 2) GHG emissions	Performance Indicators and Targets Energy Conservation & Carbon Reduction		•	72 100-101	ISO 14064-1:2006
011 303	EIIII33i0II3	305-3	2016	Other indirect (Scope 3) GHG emissions	Energy Conservation & Carbon Reduction		•	100-101	
		305-4	2016	GHG emissions intensity	Energy Conservation & Carbon Reduction			100-101	
		305-5	2016	Reduction of GHG emissions	Energy Conservation & Carbon Reduction			100-101	
 GRI 306	Effluents	306-2	2016	Waste by type and disposal method	Resource Utilization		٠	101-103	
 GRI 307	Environmental Compliance	307-1	2016	Non-compliance with environmental laws and regulations		٠			There had been no penalties imposin relation to the environment.
GRI 308	Supplier	308-2	2016	Negative environmental impacts in the supply chain and actions taken	Sustainable Supplier Management Supplier Risk Assessment		•	103-104 104-106	
		401-1	2016	New employee hires and employee turnover	Recruitment Channel and Methods Performance Management	٠		74	
GRI 401	Employment	401-2	2016	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefit & Care	•		83	
 		401-3	2016	Parental leave	Employee Benefits & Care Human Rights Policy in Taishin		•	84-86	
GRI 402	Labor/Management Relations	402-1	2016	Minimum notice periods regarding operational changes		•			Comply with relevant regulations
GRI 403	Occupational Health and Safety	403-9	2018	Work-related injuries	Occupational Health and Safety		۲	93-34	
 		404-1	2016	Average hours of training per year per employee	Talent Development	•		76-81	
GRI 404	Training and Education	404-2	2016	Programs for upgrading employee skills and transition assistance programs	Talent Development	•		76-81	
		404-3	2016	Percentage of employees receiving regular performance and career development reviews	Performance Management	٠		83	
GRI 405	Diversity and Equal Opportunity	405-1	2016	Diversity of governance bodies and employees	Diversifier Recruitment	•		74-76	
 		405-2	2016	Ratio of basic salary and remuneration of women to men	Remuneration Policy	•		82	
 GRI 406	Non-discrimination	406-1	2016	Incidents of discrimination and corrective actions taken					No such circumstances
 GRI 407	Freedom of Association and Collective Bargaining	407-1	2016	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			•		No such circumstances
 GRI 408	Child Labor	408-1	2016	Operations and suppliers at significant risk for incidents of child labor	Human Rights Policy in Taishin		•	89	No such circumstances
 GRI 409	Forced or Compulsory LaborPresence	409-1	2016	Operations and suppliers at significant risk for incidents of forced or compulsory labor			•		No such circumstances
 GRI 411	Rights of Indigenous People	411-1	2016	Incidents of violations involving rights of indigenous peoples					No such circumstances
 GRI 412	Human Rights Assessment	412-2	2016	Employee training on human rights policies or procedures	Human Rights and Gender Equality		•	89-93	
GRI 414	Supplier Socail AssessmentAssessment	414-2	2016	Negative social impacts in the supply chain and actions taken	Supplier Risk Assessment		•	104-106	
 GRI 415	Public Policy	415-1	2016	Political contributions			٠		The company is politically neutral. offers no donations to any political party, individual, or government agency.
001.125		417-1	2016	Requirements for product and service information and labeling			٠		All products and services offered are subject o information disclosu as required by the authority and regulations.
GRI 417	Marketing and Labeling	417-2	2016	Incidents of non-compliance concerning product and service information and labeling		٠			No such circumstances
 		417-3	2016	Incidents of non-compliance concerning marketing communications		٠			No such circumstances
 GRI 418	Customer Privacy	418-1	2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Grievance Mechanism of Personal Information	•		53	
GRI 419	Socioeconomic Compliance	419-1	2016	Non-compliance with laws and regulations in the social and economic area	Legal Compliance	•		33	

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Number of Disclosure Item	Version	Indicator	Chapter	Page
Product Portfoli	0			
FS1	G4	Policies with specific environmental and social components applied to business lines	CSR Committee Operations Governance Framework Climate Risks and Resilience	11 20 70-72
FS2	G4	Procedures for assessing and screening environmental and social risks in business lines	Sustainable Policies and Actions	64-70
FS3	G4	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Sustainable Policies and Actions	64-70
FS4	G4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Sustainable Policies and Actions	64-70
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Article 4-4 (	The number of full-time employees in non-managerial roles, the average and median salary of full-time employees in non-managerial roles, and the difference from the previous year.	Diversified Recruitment Remuneration Policy	74-76 82
Article 4-4 (	Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and indicators and targets used to assess and manage climate-related issues.	Climate Risks and Resilience Risk Management System	70-72 26-32

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Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	Sustainable Policies and Actions	64-70
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Systemic Risk Management	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	Risk Management Policy	27

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Report Assurance Statement

## **Report Assurance Statement**





### INDEPENDENT ASSURANCE OPINION STATEMENT

Taishin Financial Holding Co., Ltd 2020 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 EHC 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 2020 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 AS v3 sustainability assurance engagement.
- This statement was prepared in English and translated into Chinese for reference only.

#### **Opinion Statement**

We conclude that the Taishin Financial Holding Co., Ltd 2020 Corporate Social Responsibility Report provides a fair view of the Taishin FHC CSR programmes and performances during 2020. 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 2020 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 assurors in accordance with the AA1000AS v3. 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 v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

#### Methodology

- Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities: - a top level review of issues raised by external parties that could be relevant to Taishin FHC's policies to
  - provide a check on the appropriateness of statements made in the report - discussion with managers on Taishin FHC's approach to stakeholder engagement. Moreover, we had
  - sampled two external stakeholders to conduct interview - interview with 15 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

- Continuously pay attention to the Sustainable Development Goals (SDGs) and Taiwan's Sustainable Development Goals, and evolve the sustainable development strategy associated with corporate level, which may respond to show the external inclusiveness.

#### 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

#### Responsiveness

Taishin EHC has implemented the practice to respond to the expectations and percentions 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:

- Considering international and domestic sustainable long-term strategic planning and prospects (such as SDGs & Taiwan's National Greenhouse Gas Reduction Target), so as to construct ambitiously corporate mid-term and long-term goals.

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 Taishin Financial Holding Co., Ltd 2020 Corporate Social Responsibility Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmatio

#### 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

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 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.





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

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.O

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No.118, Sec.4, Ren-ai Rd., Da-an Dist., Taipei City 106, Taiwan R.O.C. Tel:886-2-2326-8888



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