

# CSR REPORT *2018*

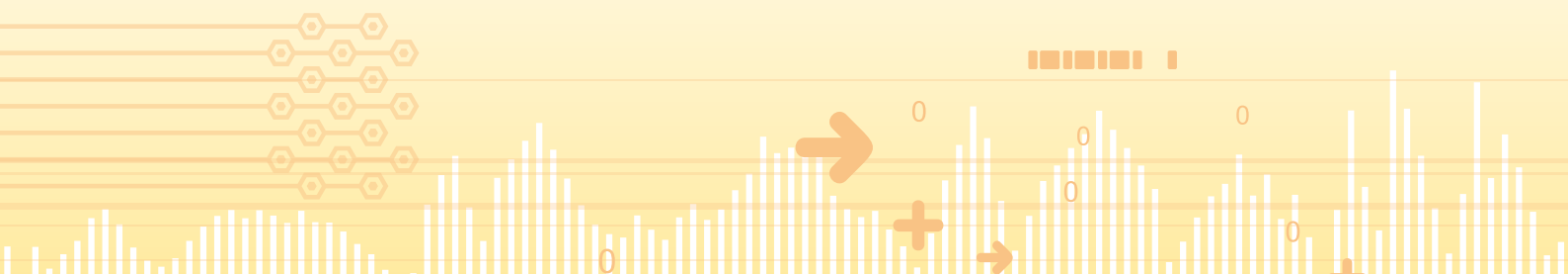
Doing Good While Doing Well



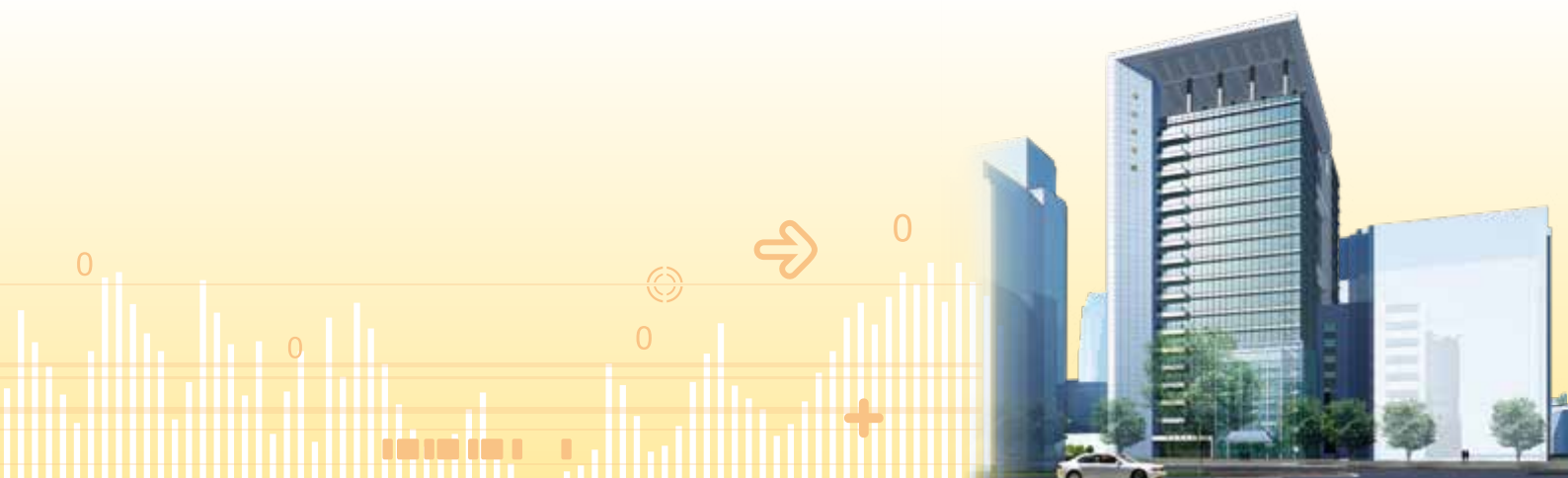
Proactive • Agile • Innovative

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# Report Overview

Besides being devoted to creating earnings to give back to shareholders and consolidating corporate governance, TCFHC also continues to fulfill social responsibilities for the environment (E), society (S), and corporate governance (G). Since the release of its first Corporate Social Responsibility Report in 2011, this marks the eighth consecutive year that TCFHC releases the Corporate Social Responsibility Report. The hope is that the report will reinforce the communication with stakeholders and the general public and that more people that care about us get to know the efforts made by TCFHC in fulfilling corporate social responsibilities and in creating value for sustainable management.

## Reporting Period

In the 2018 Corporate Social Responsibility Report, TCFHC mainly discloses its accomplishments in economy, environment, and society throughout 2018 (from January 1, 2018 to December 31, 2018). Some of the information is retroactive to related performance prior to 2018 in order to present complete differences and changes in the data.

## Scope and Boundaries

This report covers TCFHC and its seven subsidiaries (TCB, TC Securities, Taiwan Cooperative Bills, Co-Operative Assets

Management, Taiwan Cooperative Securities Investment Trust, Taiwan Cooperative Venture Capital, and BPC TCB Life). The scope disclosed accounts for 91.33% of the consolidated net income of TCFHC and covers operating activities in Taiwan. In terms of environmental protection, the issues covered include water, electricity, and oil consumption data and descriptions in the head office of TCFHC and the domestic offices and branches of TCB. Related financial figures in the report are calculated in New Taiwan Dollar and are verified by CPAs.

## Report Compilation Principles

This report follows the core items of the standards of the Global Reporting Initiatives (GRI) (the GRI Standards) and refers to the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and the Supplementary Guide for the Financial Sector as its composition basis and framework. The report will be released on the Company's website continuously on a yearly basis (<http://www.tcfhc.com.tw>). It was previously released in July 2018 and this year, it was released in July 2019.





### External Certification of Report

Limited assurance was provided by PwC Taiwan regarding this report in compliance with the ROC Assurance Guidelines Communique 1 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”. Refer to the appendix for the CPA Limited Assurance Report. This report was published after the review and approval by the Board of Directors of TCFHC.



### Feedback

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# Message from the Chairman

Over the long term, our group has been adhering to its management beliefs in being “spontaneous, flexible, and innovative” while pursuing sustainable management and values the rights of its shareholders, employees, customers, and other stakeholders. Corporate social responsibilities are fulfilled through substantial accomplishments. In 2018, there were unfavorable factors such as the US-China trade disputes, the uncertainty associated with Brexit, and increased turmoil on the financial market, among others. Nevertheless, TCFHC managed to reach new heights in profitability performance. The consolidated after-tax earnings came to NT\$ 16.016 billion, a growth of NT\$1.304 billion and 8.86% from 2017. The earnings per share after tax was NT\$1.24 and return on equity and return on assets were 7.66% and 0.46%, respectively. Along with the outstanding business performance is our recognition of sustainable development as the core objective of the corporate management and devotion to complying with the 17 sustainable development goals (SDGs) of the United Nations in order to make the best of the influence that TCFHC has on respective sustainability issues and demonstrate our commitment to working together with all stakeholders in creating co-prosperity and shared benefits in society.

Optimal corporate governance is the cornerstone for corporate sustainable management. TCFHC continues to advance its corporate governance, reinforce risk management, create sound compliance and internal control systems, establish the Board of Directors Performance Evaluation Guidelines, and sign the Stewardship Principles for Institutional Investors and the Principles for Treating Customers Fairly in order to fulfill the new corporate governance blueprint (2018-2020) announced by the Financial Supervisory Commission. This year marks the fifth year in a row that TCFHC ranks Top 20% in the corporate governance evaluation among TWSE/GSTM Listed Companies, the third year as winner of the Best Corporate Social Responsibility Award of the Excellence Magazine, and the fourth year to be included as a component in the FTSE4Good TIP Taiwan ESG Index and the FTSE4Good Index Series, showing

that the performance of the Group in sustainable management and in fulfilling environmental (E), social (S), and corporate governance (G) has been widely trusted and recognized by domestic and international investors alike.

For effective integration of resources throughout the Group, we officially formed a cross-departmental Corporate Social Responsibility Committee in the first half of 2019 to take charge of defining the corporate social responsibility development directions throughout the Group. The essence of environmental (E), social (S), and corporate governance (G) is included as part of the operational strategy and a task force is in place to enforce the short-term, mid-term, and long-term goals of respective strategies in an effort to consolidate corporate social responsibilities. We fully support the new economic and industrial policies of the government in helping small-to-medium-sized enterprises and five plus two innovative industries. We offer various financing and loans to help with industrial transformations and developments. The essence of the Equator Principles is followed in the financing business. Corporate customers are asked to take seriously the impacts of corporate management on the environment and the society and invest funds in prioritized venture businesses and sectors that have to do with green energy and environmental protection to continue leading them towards low-carbon economy, helping the government accomplish its goal of a nuclear-free homeland and energy transformation by 2025 and making the best of its influence in the financial sector.

To make environmental protection a reality, we also start with the internal operation. Environmental sustainability management policy has been implemented throughout the Group over the long term. There are solar panels installed on the rooftop of the headquarters building. Office and public area energy-saving management is promoted. Resources are recycled and operating procedures are provided in electronic copies. The Supplier Corporate Social Responsibility Regulations are also specified in the tender information and contract terms and conditions. Collaborative suppliers are asked to follow the Corporate Social Responsibility Regulations. For the short term, the ISO 50001 Energy Management System and the ISO 14064 Greenhouse Gas Emissions Inventories and Verification have been introduced to the headquarters building. The hope is that by introducing substantial feasible proposals and goals on reduction, the energy utilization efficiency may be enhanced over the long term and the undesirable impacts on the environment may be accordingly reduced.

TCFHC constantly offers various friendly financial services and innovative financial instruments. In 2015, it took the lead by introducing the commercial reverse mortgage in the industry - “Bagful of Happiness”. In 2018, it proceeded to introduce the innovative trust for elderly care, the first in the industry to



combine four aspects within one trust, i.e., leases, construction funds, advance payment collection, and elderly care, in one. The trust mechanism is combined with developers and operators of outstanding elderly care facilities to provide one-stop integrated trust service and to enhance the quality of life for the elderly. We will continue to pay attention to the impacts brought about by changes in society and introduce multiple inclusive financial instruments and services in order to fulfill the long-term goals of Financial Inclusion. We have also been honored as such by the Best Trust Finance Award in Taiwan Banking and Finance Best Practice Awards. TCFHC values its employees, too, as they are the most important assets of the Company. Sound salary and welfare systems and educational trainings are planned throughout the Group. Salaries are spontaneously raised for employees and so are their child birth subsidies. The physical and mental health of employees and their workplace are closely monitored. The multi-purpose recreational center is available within the Company where employees can work out, play basketball and badminton, and engage themselves in various types of club events to relieve pressure and to take a rest. Applicable measures to promote gender equality are prepared. There is the medical room with a long-term resident. Health checkups and workshops are organized periodically. The employee healthcare programs are promoted. The friendly quality workplace has made the Company selected as a component of the Taiwan High Compensation 100 Index and the Taiwan Employment Creation 99 Index for four years in a row.

For years, we have been adhering to the belief that “whatever is taken from society should be used in society.” Therefore, we continue to make donations through charity groups and care for the disadvantaged and children in outlying areas. We work with non-governmental organizations and hold a series of events to care for caregivers in families. Our employees volunteered to work with customers and clients in charity events and built long-term care coffee shops in communities where resources and assistance are provided as part of long-term care. In the support for physical education throughout the nation, we also spare no efforts. We sponsor various types of sports in an effort to promote them. We spontaneously provide budget and resources needed for developing outstanding players and we take a step further to help sports take root. Each year, we organize baseball, table tennis, and badminton camps to help inspire young students and make contributions for physical education in Taiwan. It is our hope that we can maximize our influence in society as a corporation.

In the future, we will continue to focus on sustainable development trends in the international society and make sure that the corporate operational strategies follow the UN SDGs to address the expectations of stakeholders. The Company’s management performance in the three aspects, namely, economy, environment, and society, is reviewed on a yearly basis in order to address respective sustainable development issues in depth. The hope is that corporate social responsibilities are internalized as the DNA of TCFHC and it will be a role model as outstanding corporate citizen, fulfilling the sustainability goal of co-prosperity in society.

Chairman **Paul C.D. Lei**



# 2018 CSR Performance



FTSE4Good

## Selected as Component of FTSE4Good Emerging Index

It is the fourth consecutive year that TCFHC is selected as a component of the FTSE4Good Emerging Index - an investment-oriented ESG (environment, society, corporate governance) index that combines financial index screening.



### Taiwan Corporate Sustainability Report Award

TCFHC wins the Silver Award in Taiwan Institute for Sustainable Energy's Taiwan Corporate Sustainability Report Awards for the financial and insurance industry.



### Best Corporate Social Responsibility Award

TCFHC wins the Best Corporate Social Responsibility Award of the Excellence Magazine for the second time.



### Taiwan Banking and Finance Best Practice Award

TCB and Taiwan Cooperative Bills won, respectively, the Best Trust Finance Award and the Best Bills Finance Award of the 9th Taiwan Outstanding Financial Sales Professional Award.



## Selected as Component of the FTSE4Good TIP Taiwan ESG Index

It is the fourth consecutive year that TCFHC is selected as a component of the FTSE4Good TIP Taiwan ESG Index that combines the investment-oriented ESG (environment, society, corporate governance) index.



### 2018 Life Insurance Company of the Year for Taiwan

BPC TCB Life was named the 2018 Life Insurance Company of the Year for Taiwan by the Asset Magazine.



### Outstanding Life Insurance Company with Enhanced Coverage for Nationals

BPC TCB Life was awarded by the Financial Supervisory Commission for the 16th time the outstanding life insurance company with its enhanced insurance coverage for nationals.



### Class A Bank in SME Loans

TCB has been awarded by the Financial Supervisory Commission for the fifth consecutive year as Class A Bank among financial institutions for its SME Loans.



## Corporate Governance or Economy



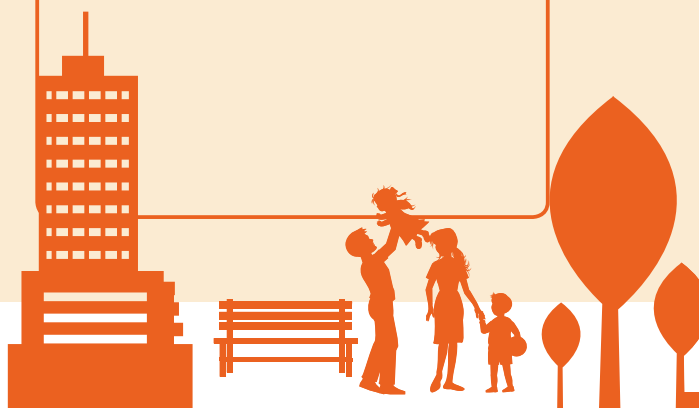
- Profitability reached new heights. The after-tax net profit reached NT\$16.016 billion in 2018, a growth of 8.86% from the previous year; the earnings per share after tax is NT\$1.24.
- It is within the Top 20% in the corporate governance evaluation among TWSE Listed Companies for the fifth consecutive year.
- It has been selected to be a component of Taiwan Stock Exchange Corporation's Taiwan Corporate Governance 100 Index for the fourth consecutive year.
- TCB, BPC TCB Life and TC Securities have all signed the Stewardship Principles for Institutional Investors promulgated by Taiwan Stock Exchange Corporation.
- The Board of Directors Performance Evaluation Guidelines are established to enhance the operating efficacy of the Board of Directors.
- The five plus two innovative industries loans are promoted, with the balance reaching NT\$440 billion, ranking No. 1 among local banks.



## Environment



- The head office of TCFHC received the Silver-class Green Building Certificates.
- Assistance is provided to develop the green energy industry with preferred financing proposals available. The balance of loans as of the end of 2018 totaled NT\$116 billion. TCB is awarded the Special Award for the Green Technology Industry by the Financial Supervisory Commission.
- TCB promoted the electronic combined statement; over 840 thousand copies in total were issued throughout 2018; the penetration rate increased by 47.63% from the previous year.





#### Best Service Innovation Award for e-Money Services

TCB wins the Best Service Innovation Award for e-Money Services from Financial Information Service Co., Ltd.



#### Outstanding Performance Award in Total Number of ACH Payment Collection Transactions

TCB wins the Outstanding Performance Award in the total number of ACH payment collection transactions from the Taiwan Clearing House.



#### First Securities Firm to Get Data Privacy Protection Symbol

Taiwan Cooperative Securities is qualified under the Taiwan personal information protection and management system (TPIPAS) and becomes the first securities and futures business to become a member of the data privacy protection symbol (dp.mark) organization.



#### Outstanding Bank in Giving Loans to Innovative Industries and Creative Businesses

TCB is awarded by the Financial Supervisory Commission as an outstanding bank in giving loans to innovative industries and creative businesses.



#### Financial Institution with Outstanding Accomplishment in Credit Guaranteed Financing to Small-to-Medium-sized Enterprises

TCB wins the Outstanding Performance Award in Direct Insurance, the Promotion Award in Facilitating Policies, the Assistance to Regional Development Award, and the Credit Insurance Partnership Award from the Ministry of Economic Affairs.



#### Financial Institution with Outstanding Performance in Organizing Micro Start-up Loans

TCB has been supporting the Micro Start-up Loan policy for ten consecutive years and has rendered outstanding accomplishments in boosting national economic developments and increasing jobs. It received the Thank-you Certificate from the Ministry of Labor.



#### Special Award for Green Technology Industry

TCB's effort in supporting transformation of the green energy industry is recognized by the Financial Supervisory Commission with the Special Award for Green Technology Industry.



## Society



- TCFHC has been selected as a component of the Taiwan High Compensation 100 Index for four years in a row.
- TCFHC has been selected as a component of the Taiwan Employment Creation 99 Index for the fourth time.
- TCB received the Outstanding Bank Award presented by the Executive Yuan for its 0206 Hualien Earthquake Financing Guaranteed Loan.
- TCB released a charity credit card to help care for disadvantaged populations in outlying areas. As of the end of 2018, the donations had reached NT\$ 17.99 million.
- For 28 consecutive years, baseball, table tennis, and badminton camps have been organized in an effort to promote physical education among young students so that they like sports.
- TCB received the Award for Being Passionate about Visiting Campuses and Communities to Communicate Financial Knowledge from the Financial Supervisory Commission; throughout 2018, a total of 20 such sessions were held.
- TCFHC received the Gratitude Certificate for the Economically Disadvantaged Youth Part-time Employment Program from the Youth Development Administration, Ministry of Education.
- TCB received the Gold Quality Award in both sponsorship and promotion of physical education from the Sports Administration, Ministry of Education for ten years in a row.







2018 CSR Performance

# Corporate Social Responsibility Management

1

Corporate Social Responsibility Committee  
Material Issues and Stakeholder Engagement

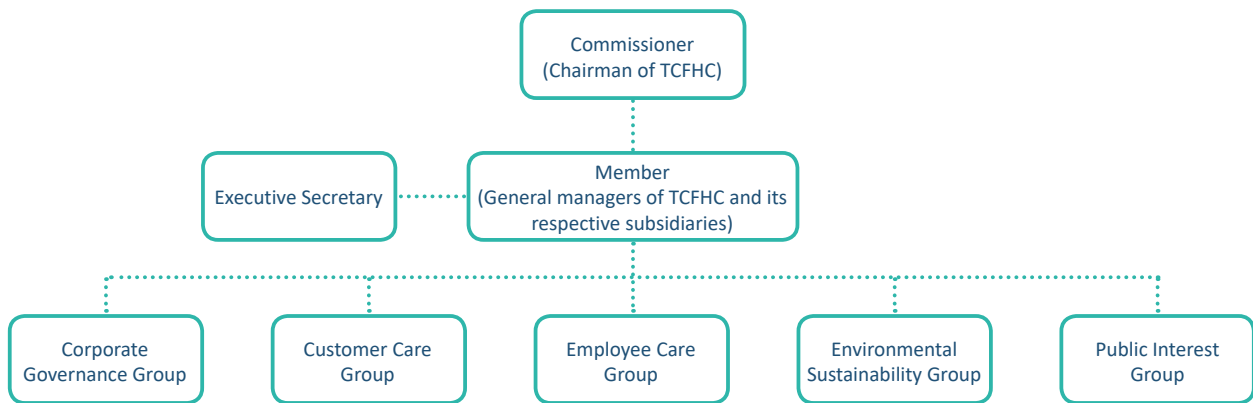
# Corporate Social Responsibility Committee

The core values of corporate social responsibilities (CSRs) lie in creating profits for enterprises and being responsible for the interest of shareholders while at the same time taking care of the rights of stakeholders such as customers, employees, suppliers, society, and environment. TCFHC is deeply aware that corporate social responsibility is intricately connected with the operation of a company. Also, it is our duty to leverage our industry’s core competencies and implement CSR, dedicate towards promotion of operational performance, protect the rights of customers, and create value for shareholders.

In the first half of 2019, the Company formed the Corporate Social Responsibility Committee to centrally take charge of defining the developmental directions for corporate social responsibilities throughout the Group. Under the Committee are the corporate governance, customer care, employee care, environmental sustainability, and public interest groups to be responsible for establishing the short-term, mid-term, and long-term goals regarding corporate social responsibilities and the annual action plan. The Administration Department

serves as the unit to enforce corporate social responsibilities, to take charge of reviewing related rules about corporate social responsibilities and the implementation status, and to prepare the annual report. It consists of more than 40 members that perform tasks according to their mission or project-based assignment.

Related issues and policies of TCFHC’s corporate social responsibilities include human resources, legal affairs, audits, risk management, general affairs units, and subsidiaries. Evaluation is performed for issues within the scope of operation that might concern or affect stakeholders. Meanwhile, division of labor is implemented in domains such as corporate governance, customer care, employee care, environmental protection, and social participation, integrating CSRs as part of its financial management policy in order to fulfill its corporate sustainable management responsibilities and values and to periodically report to the Board of Directors CSR implementation accomplishments.



## Responsibilities of each group

- |  |   |  |  |   |
|--|---|--|--|---|
| <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Ethical Management</li> <li>• Risk Management</li> <li>• Compliance</li> <li>• Internal Audit</li> <li>• Shareholders’ Equity</li> <li>• Transparency of Information</li> </ul> | <ul style="list-style-type: none"> <li>• Protection of Customers’ Rights</li> <li>• Maintenance of Customer Relations</li> <li>• Financial Inclusion</li> <li>• Sustainability Instruments</li> </ul> | <ul style="list-style-type: none"> <li>• Protection of Employee Rights</li> <li>• Employee Remuneration and Benefits</li> <li>• Employer-employee Relations</li> <li>• Continuing Education and Training</li> <li>• Workplace Safety and Health</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental Protection</li> <li>• Corporate Carbon Reduction Management</li> <li>• Resource and Waste Management</li> </ul> | <ul style="list-style-type: none"> <li>• Social Care</li> <li>• Community Involvement</li> <li>• Supporting Sports</li> </ul> |
|--|---|--|--|---|

## Material Issues and Stakeholder Engagement

### Identifying the Stakeholder

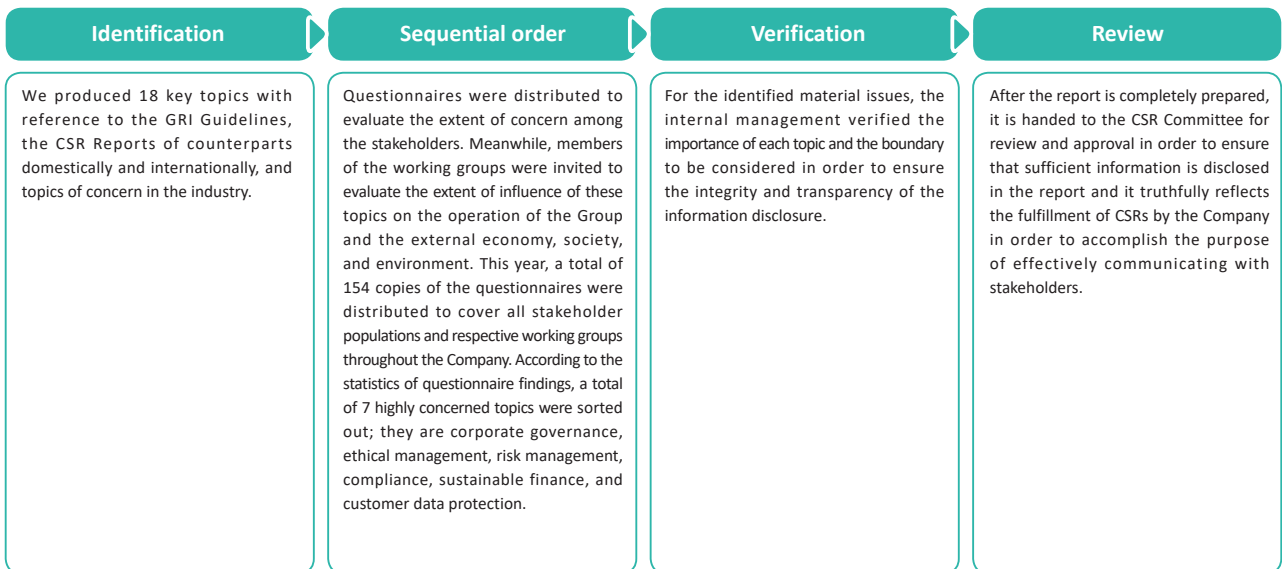
In light of the interaction and extent of influence between stakeholders and the Company, TCFHC discusses them internally and identifies the eight major stakeholder populations; they are employees, shareholders and investors, customers, suppliers, communities, governments and competent authorities, the media, academic/consulting units/industry societies and associations. The importance of each of the stakeholder populations is described as follows.

Stakeholder Category	Importance to TCFHC
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• The important assets of an enterprise.</li> <li>• Making the employees happy is one of the core goals of the corporate manpower policy.</li> <li>• Sound compensation and treatment and welfare policies will be adopted to attract and recruit outstanding talent.</li> <li>• Meanwhile, a sound workplace and smooth communication channel will be established to promote harmonious employer-employee relations and to hold employees together.</li> </ul>
 <b>Shareholder/Investor</b>	<ul style="list-style-type: none"> <li>• Ethical management to create sound corporate governance.</li> <li>• Information transparency helps shareholders and investors understand the corporate operation status.</li> <li>• Sound compliance mechanism assisted with perfect risk control.</li> </ul>
 <b>Customer</b>	<ul style="list-style-type: none"> <li>• Assistance to corporate customers in raising funds by providing them with financial information and consultation channels.</li> <li>• Diversified financial instruments and service quality.</li> <li>• Fulfillment of the responsibility to protect customer information and devotion to enhancing customer satisfaction.</li> </ul>
 <b>Supplier</b>	<ul style="list-style-type: none"> <li>• Energy conservation and carbon reduction, green procurement, fulfillment of responsibility to protect the environment.</li> <li>• Whether the service provided by the supplier reflects the CSR idea.</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Sending love in cold winter, promoting charity events, helping communities in outlying areas.</li> <li>• Devotion of budget in support of sports events to promote physical education as a facilitator in helping older and younger players enhance their sporting skills.</li> </ul>
 <b>Government and Competent Authority</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations and cooperation during supervision and inspections by competent authorities by providing related information.</li> <li>• Cooperation in government policy by enforcing related tasks.</li> <li>• The Group and its respective subsidiaries have been strictly complying with laws and regulations.</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>• Internal and external channels for disclosing information to help enhance information transparency.</li> <li>• Corporate image and reputation.</li> </ul>
 <b>Academic/Consulting Unit/ Industry Society and Association</b>	<ul style="list-style-type: none"> <li>• Keeping timely track of the variation in the laws and regulations of competent authorities to ensure operating activities meeting requirements.</li> <li>• Exchange of opinions through seminars organized by academic or consulting units.</li> </ul>

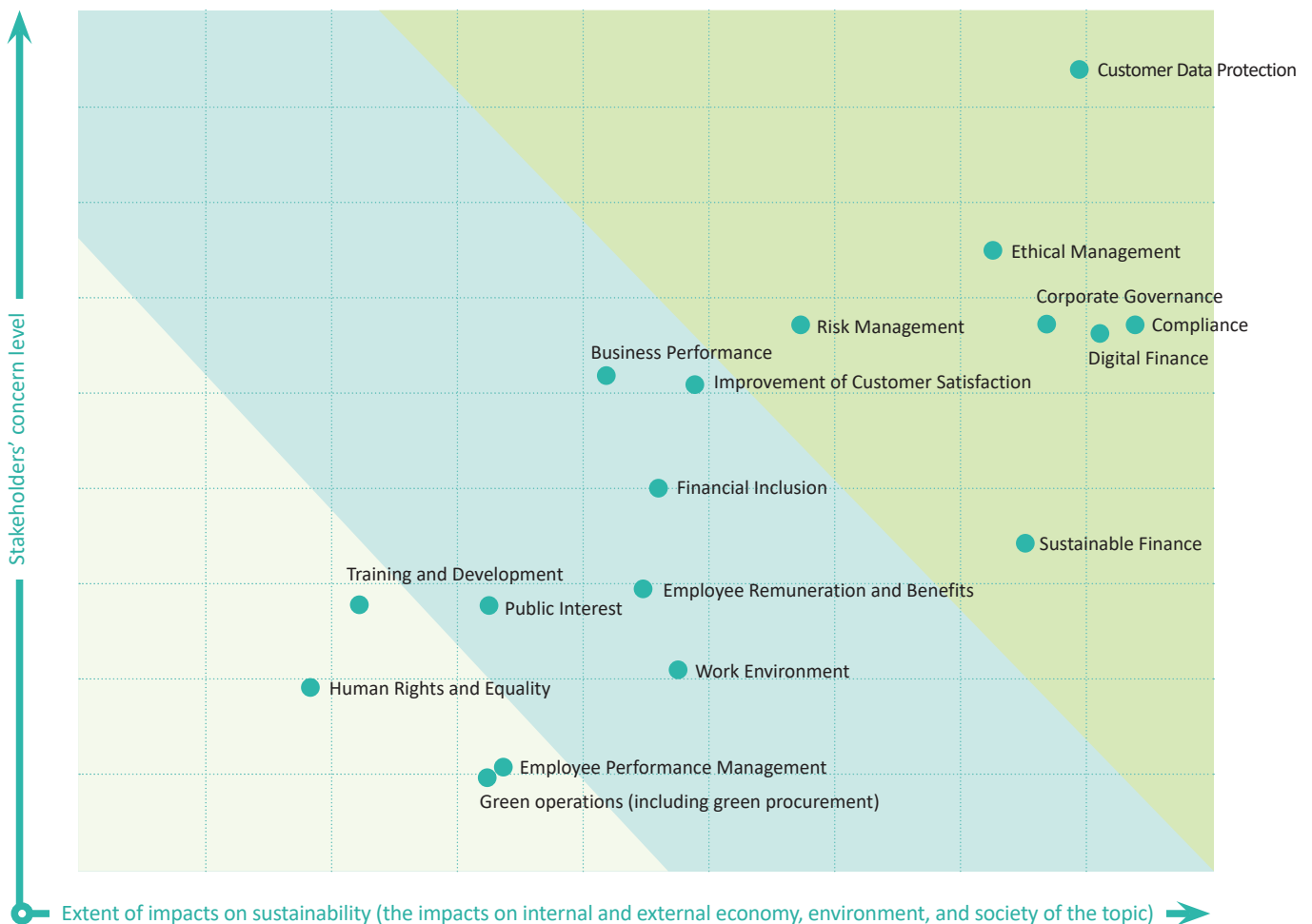


### Analysis of Important Issues
















































In 2018, TCFHC followed the framework of GRI Guidelines and started off with the four major principles, namely, traces of sustainability, significance, integrity, and inclusiveness of stakeholders while evaluating the topics of concern for the above-mentioned major stakeholders and their impacts on the economy, the society, and the environment. The process flow for evaluating material issues is as follows.






### Significant Topics Matrix







TCFHC defines its management approach for the identified important topics and ensures that the impacts on the operation itself and respective stakeholders of the aspects covered by the topics are effectively managed. For the corresponding GRI Guidelines, the scope of impacts, and the corresponding chapters for the respective topics, details are provided in the table below.





Material issue									
			Corporate Governance	Ethical Management	Risk Management	Compliance	Sustainable Finance	Digital Finance	Customer Data Protection
Corresponding GRI guidelines			GRI102	GRI205	GRI102	GRI 307 GRI 419	FS1, FS2 FS3, GRI203	FS8	GRI418
Internal	TCFHC and its respective subsidiaries								
	Employees								
Scope of influence	External	Shareholder/ Investor							
		Customer							
		Supplier							
		Community							
	Government and Competent Authority								
	Media								
	Academic/ Consulting Unit/ Industry Society and Association								
	Corresponding Section and Page No.			p.9 p.21~23	p.25	p.26~27	p.28~29	p.31~33	p.34~35

Meanwhile, TCFHC proactively responds to the sustainable development goals of the United Nations with its proactive action plans in order to fulfill its responsibilities and duties as a citizen on Earth. The corresponding SDGs of respective important topics are listed as follows.

Category	Material issue	Significance to TCFHC	Corresponding detailed goals of SDGs
 Economy/ Governance	Corporate Governance	The composition and operation of the Board of Directors and respective functional committees and the overall development strategies	<ul style="list-style-type: none"> <li>SDG 16.6 Develop effective, responsible, and transparent systems at all levels</li> </ul>
	Ethical Management	Create corporate culture and health development of ethical management	<ul style="list-style-type: none"> <li>SDG 16.5 Significantly reduce various types of corruption and bribery</li> <li>SDG 16.6 Develop effective, responsible, and transparent systems at all levels</li> <li>SDG 16a Strengthen applicable national systems through international collaboration, for example, in order to form capabilities at all levels, particularly in developing countries, so that violence may be prevented and terrorism and crimes may be fought against</li> </ul>
	Risk Management	Risk management frameworks and management methods, internal control and audit systems in all aspects	<ul style="list-style-type: none"> <li>SDG 8.10 Strengthen the capabilities of local financial institutions to provide all people with more extensive banking, insurance, and financial services.</li> <li>SDG 16.5 Significantly reduce various types of corruption and bribery.</li> </ul>
	Compliance	Compliance and anti-money laundering systems in all aspects	<ul style="list-style-type: none"> <li>SDG 8.5 Realize employment with comprehensive productivity by 2030 so that all men and women have a decent job, including young people and those with disabilities and same payment for the same work.</li> <li>SDG 12.4 Properly handle waste and chemicals in an environmentally friendly way during the life cycle of chemicals and waste in accordance with the international framework agreed upon by 2020 to significantly reduce the quantities released to air, water, and soil and to reduce the undesirable impacts they have on the human health and the environment.</li> <li>SDG 16.b. Promote and consolidate non-discriminatory laws and policies in order to realize sustainable development.</li> </ul>
 Environment	Sustainable Finance	The Company designs and provides commodities with environmental/social benefits. The Company has investment policies covering the environment/society in place and invests with environmental/social benefits.	<ul style="list-style-type: none"> <li>SDG 2.3 Have the productivity of agricultural villages and the income of small-scale staple producers doubled by 2030, particularly women, aboriginals, family-based farmers, herders and fishermen, including ensuring safe and fair land, production resources, knowledge, financial service, market, value increment opportunities, and non-agricultural job opportunities for them</li> <li>SDG 7.a Improve international cooperation by 2030 in order to enhance the channel for obtaining clean energy and technologies, including renewable energy, energy efficiency, more advanced and cleaner fossil fuel technologies, and advance energy infrastructure construction and investment in clean energy technologies</li> <li>SDG 13.3 Improve education, enhance awareness, and boost the capabilities of people and institutions in risk reduction, adaptation, reduction of impacts, and early warning of climate change</li> </ul>
 Society	Digital Finance	Financial services provided in response to the digital era	<ul style="list-style-type: none"> <li>SDG 9.3 Increase the channels available for small-scale businesses to obtain financial services, particularly in developing countries, including affordable loans, and combine them in the value chain and the market</li> </ul>
	Customer Data Protection	Customer privacy, information, and network safety management strategies	<ul style="list-style-type: none"> <li>SDG 16 Promote a peaceful and tolerant society in order to consolidate sustainable development. Provide everyone with judicial channels. Create effective, responsible, and tolerant systems at all levels</li> </ul>

## Topics of concern for stakeholders and engagement means and channels

Stakeholder	Topic of Concern	Engagement Means and Channels	Frequency of Communication
 <b>Employees</b>	Compliance Digital Finance Customer Data Protection	<ol style="list-style-type: none"> <li>1. Form a corporate union, sign the Group Contract, hold periodic employer-employee meetings and Employee Welfare Committee and Occupational Safety and Health Committee meetings.</li> <li>2. Prepare e-learning courses to strengthen employees' professional skills while at the same time encouraging employees to proactively take part in various external professional training courses and seminars and absorb new knowledge.</li> <li>3. Set up the Employee Feedback Section to facilitate two-way communication between the employer and the employees.</li> <li>4. Set up the exclusive section for employees to file complaints and the hotline to report sexual harassment.</li> <li>5. Set up the mailbox and telephone on the official website to facilitate reporting of violations of the Ethical Corporate Management Best Practice Principles.</li> <li>6. Periodically hold employee physical checkups and educational training and workshops on the prevention against disasters, occupational hazards, and labor safety and health.</li> </ol>	Periodically/ From time to time
 <b>Shareholder/ Investor</b>	Corporate Governance Ethical Management Risk Management Compliance Sustainable Finance Digital Finance Customer Data Protection	<ol style="list-style-type: none"> <li>1. Hold the shareholders' meeting and investor seminar on a yearly basis.</li> <li>2. Release business performance on a monthly basis.</li> <li>3. Periodically announce the management overview, financial information, and update of the Company on the exclusive section for investors of the Chinese and English websites of TCFHC.</li> <li>4. Periodically/From time to time disclose matters to be announced on the Market Observation Post System.</li> <li>5. Set up the exclusive section for stakeholders on the official website with the contact window's telephone and email in order to address inquiries from the shareholders and investors in real time.</li> <li>6. Set up the feedback form for stakeholders in the exclusive section for Corporate Social Responsibilities on the official website.</li> </ol>	Periodically/ From time to time
 <b>Customer</b>	Ethical Management Digital Finance Customer Data Protection	<ol style="list-style-type: none"> <li>1. Form the Bank 3.0 Response Group to develop various types of digital financial instruments.</li> <li>2. Provide customers with related product information on the official website and provide them with the channels to obtain financial information, and conduct two-way communication and business inquiries.</li> <li>3. Set up the 24-hour toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>4. Establish customer data confidentiality measures to fulfill the confidentiality obligation towards customers' personal information and place them on the homepage of the official website, disclosed in the ways designated by the competent authority or made extensively known to customers.</li> <li>5. Maintain customer relationship by holding investment and wealth management workshops and workshops in industrial areas.</li> </ol>	Periodically/ From time to time
 <b>Supplier</b>	Ethical Management Risk Management Compliance Digital Finance	<ol style="list-style-type: none"> <li>1. The Procurement Rules of the Company stipulate that it may be specified in tender documents that products with a permit to use the environmental protection label approved by the government with identical or similar efficacy may be prioritized in the purchase.</li> <li>2. Products with the green building symbol are adopted as construction and remodeling materials and energy-saving products with high energy efficiency are purchased for respective equipment; meanwhile, consumable suppliers are asked to help with the recycling of waste toner cartridges and ink cartridges.</li> </ol>	Periodically/ From time to time

Stakeholder	Topic of Concern	Engagement Means and Channels	Frequency of Communication
 <p><b>Community</b></p>	Sustainable Finance Digital Finance Customer Data Protection	<ol style="list-style-type: none"> <li>1. The campaign to send love in wintertime and sports camps during summer vacation are organized each year.</li> <li>2. Take part annually in charity and academic events as well as charity marathons and hold public interest-oriented donations and beach clean-ups.</li> <li>3. Various types of sports are included in the annual TCFHC Cup and various physical education events are sponsored. Meanwhile, resources are devoted to developing table tennis, baseball, and badminton national players to demonstrate its support of physical education events.</li> <li>4. Issue the charity passport over the long term to encourage involvement by employees in public interest events.</li> <li>5. Establish the energy saving measures as part of the long-term environmental protection policy to answer to the government's effort in energy conservation and carbon reduction.</li> </ol>	Yearly/From time to time
 <p><b>Government and Competent Authority</b></p>	Corporate Governance Ethical Management Risk Management Compliance	<ol style="list-style-type: none"> <li>1. Compliance with laws and regulations and cooperation during supervision and inspections by competent authorities by providing related information.</li> <li>2. Comply with the policies of the competent authority and take part in the various meetings it holds.</li> <li>3. The Group and respective subsidiaries take part in organizations such as the banking, bills, securities, Life Insurance and Securities Investment Trust &amp; Consulting Associations.</li> </ol>	Yearly/From time to time
 <p><b>Media</b></p>	Corporate Governance Ethical Management Digital Finance Customer Data Protection	<ol style="list-style-type: none"> <li>1. Periodically hold investor conferences to enhance the transparency of the financial operation data.</li> <li>2. Hold press conferences and release products and event promoting materials from time to time.</li> <li>3. Arrange spokespersons to be interviewed and provide related scripts as needed by the media from time to time in order to help prepare topics to be covered in news.</li> </ol>	Periodically/From time to time
 <p><b>Academic/ Consulting Unit/ Industry Society and Association</b></p>	Corporate Governance Ethical Management Risk Management Compliance Customer Data Protection	<ol style="list-style-type: none"> <li>1. Take part in policy and academic seminars from time to time to engage in opinion exchange and to keep track of the developmental trends in the financial sector.</li> <li>2. Take part in meetings and forums that are held periodically by societies and associations in order to keep track of regulatory changes in the competent authority and to ensure compliance in operation.</li> </ol>	Yearly/From time to time







2018 CSR Performance

# Corporate Governance



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# 2



## About TCFHC

TCFHC was officially established on December 1, 2011 and under it are: Seven subsidiaries, i.e., TCB, TC Securities, Taiwan Cooperative Bills, Co-Operative Assets Management, Taiwan Cooperative Securities Investment Trust, Taiwan Cooperative Venture Capital, and BPC TCB Life. Despite the diversified fields, their operational performance has been highly recognized and rated. It is the financial holding group with the most branches and distribution sites.

### Take Root in Taiwan, Deploy throughout Asia, and Keep the World in Perspective

TCFHC has developing into a regional financial institution as its core operational goal. Currently, the overseas operating sites of the Group are available in Europe, the United States, Australia, Southeast Asia, and Mainland China. The Phnom Penh branch of TCB has the Veng Sreng and the Sihanouk Ville sub-branches that became officially operative on November 2, 2018 and November 7, 2018. Along with the asset management subsidiary's leasing company in Mainland China and the branch office in Dongguan, there are up to 24 overseas operating sites of the Group.

To go with the government's New Southbound Policy, TCB has set up 11 sites in target countries of the New Southbound Policy, namely Sydney and Melbourne Australia, Manila Offshore Banking Philippines, Phnom Penh Cambodia and

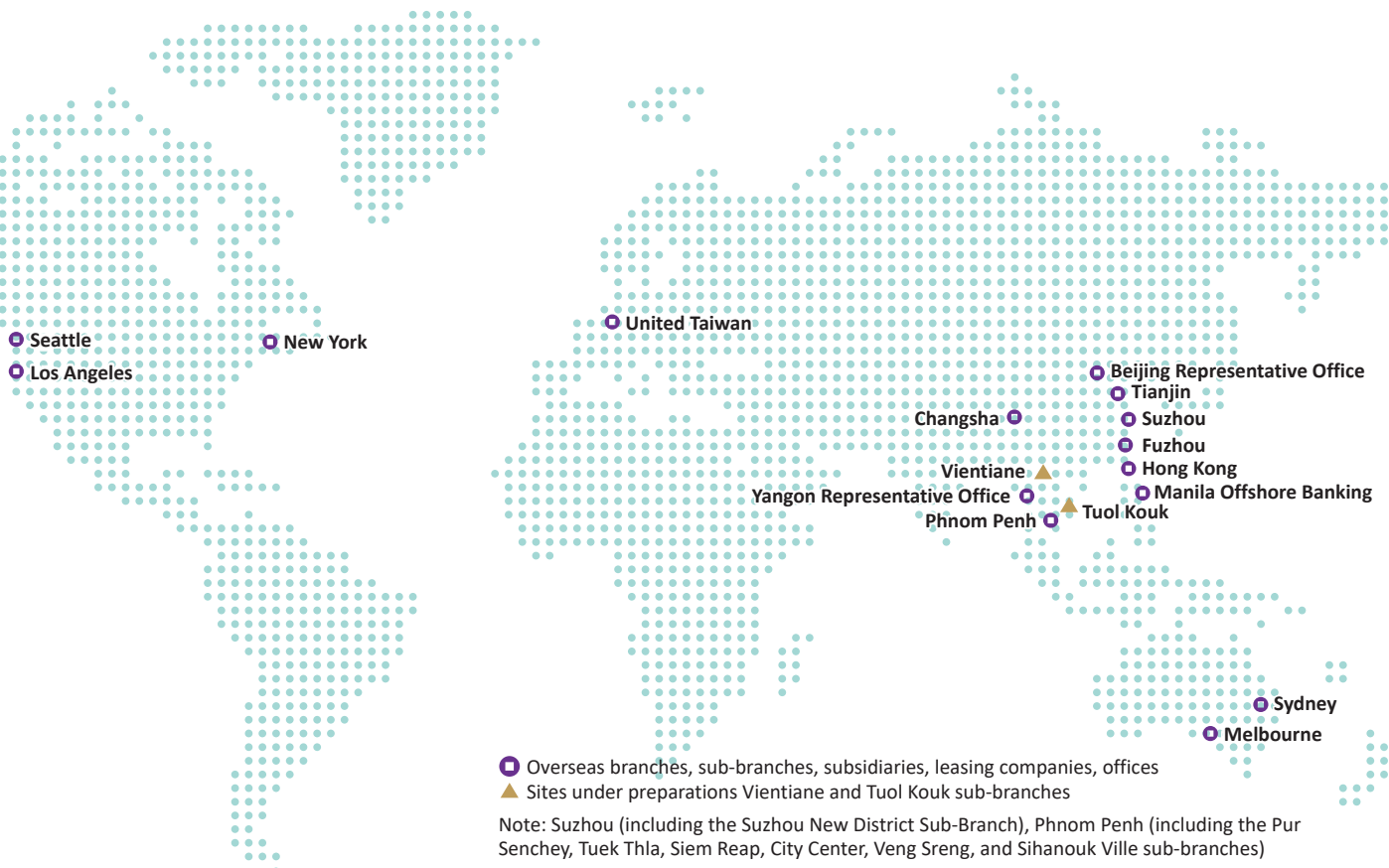
6 sub-branches (in Tuek Thla, Pur Senchey, Siem Reap, City Center, Veng Sreng, and Sihanouk Ville) and the Yangon Representative Office in Myanmar.

For 2019, the sub-branch in Tuol Kouk under the Phnom Penh (Cambodia) and the Vientiane (Laos) branch were planned and were approved by the Financial Supervisory Commission on February 22, 2019. At the end of December 2018, the balance of the overseas loans to countries covered in the New Southbound Policy organized by TCB came to US\$1.258 billion, a growth of 45.77% from the end of 2017. In the future, proactive efforts will still be devoted to the overseas niche market. A global service network will be created and the international financing landscape will be expanded to keep track of business development opportunities and to enhance the overall profitability.

#### Profile of Taiwan Cooperative Financial Holding Co., Ltd.

Establishment Date	December 1, 2011
Headquarters	Taiwan
Core Values	Proactive. Agile. Innovative.
Number of Employees	9,051 people
Total Assets	NT\$3,508,288 million
Paid-in Capital	NT\$125,687.85 million

Data date: December 31, 2018.



## Business Performance

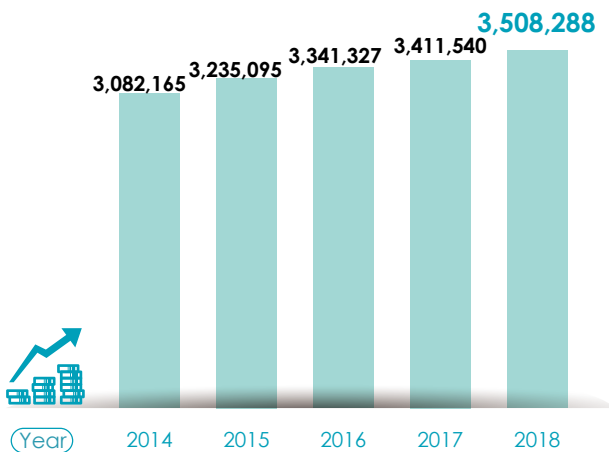
Since the beginning of its establishment, TCFHC has been proactively integrating resources available throughout the Group and planning a centralized management platform so that the best efficacy may be fulfilled with the various resources such as manpower, finance, software and hardware as well as business information and to demonstrate economies of scale. TCFHC provides customers with omnipresent financial services through cross brand/sector collaborations and advanced service quality; the hope is that the business performance can be further enhanced. Under the wholehearted efforts of all staff, the consolidated after-tax net profit reached NT\$16.016 billion in 2018, a growth of NT\$1.304 billion and 8.86% from 2017, and the after-tax earnings per share was NT\$1.24, setting a new record high since establishment of TCFHC. The return on equity (ROE) and the return on assets were 7.66% and 0.46%, respectively.

### Development Strategy

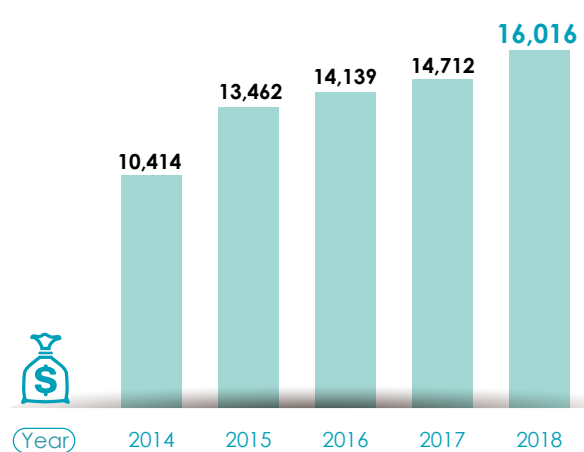
Developmental strategies of the Company in 2019 will primarily be to innovate on financial services, make the best of synergistic effects of shared marketing, take advantage of the value of resources, optimize capital management, and enhance overseas profits and increase competitive advantages while seeking talent transformation, consolidating internal control and compliance, and strengthening corporate governance so that growth may be pursued on the basis of stability for the ultimate goal of creating maximum value for shareholders.

### Financial performance over the past five years

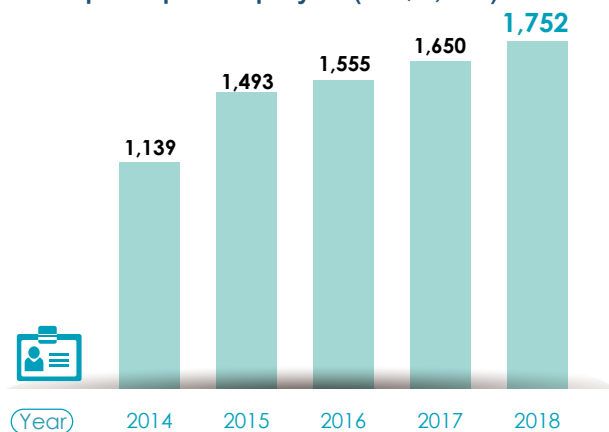
#### Total assets (NT\$ million)



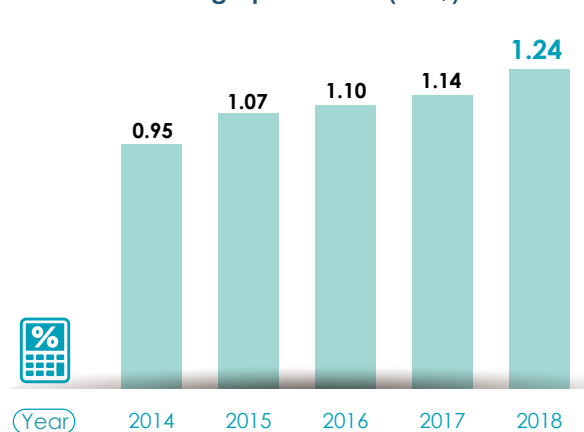
#### After-tax earnings per share (NT\$million)



#### Mean profit per employee (NT\$1,000)



#### After-tax earnings per share (NT\$)





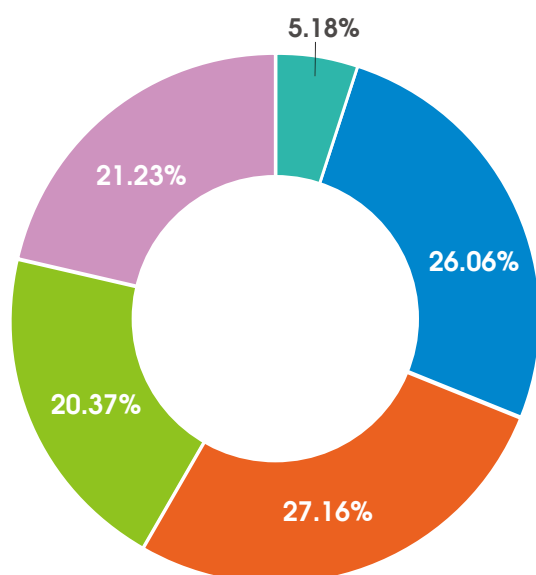
## Operations and profitability

Unit: NTD, %

	Year	2018	2017
<b>Operations Overview</b>	Total Assets (NT\$ million)	3,508,288	3,411,540
	Total Liabilities (NT\$ million)	3,295,814	3,206,044
	Equity (NT\$ million)	212,474	205,496
	Net worth per share (NT\$)	16.57	16.48
	After-tax earnings per share (NT\$million)	16,016	14,712
	Average revenue per employee (NT\$1,000)	5,128	5,228
	Average profit per employee (NT\$1,000)	1,752	1,650
	Employee welfare (NT\$1,000)	16,334,966	15,758,217
<b>Profitability</b>	Return on assets (% , after tax)	0.46	0.44
	Return on equity (% , after tax)	7.66	7.28
	Net income ratio (%)	34.17	31.55
	After-tax earnings per share (NT\$) (Note 1)	1.24	1.14
<b>Distribution of dividend/ tax value/donation</b>	Cash dividend per share (NT\$)	0.75	0.75
	Stock dividend per share (NT\$)	0.3	0.3
	Income tax paid in the current period (NT\$ 1,000)	2,756,805	1,639,607
	Donation (NT\$1,000)	291,764	286,342

Note 1. When the earnings per share is calculated, impacts from bonus shares issued have been included as part of retroactive adjustments.

Note 2. The financial information from the table above is excerpted from the 2018 consolidated financial statement of the Company and its subsidiaries.



### Shareholding Structure of Taiwan Cooperative Financial Holding Co., Ltd.

As of the end of April 23, 2019, the largest shareholder of TCFHC has been the Ministry of Finance, holding 26.06% of the Company's shares. The others are individual (27.16%), other institutions (20.37%), foreign institutions and foreigners (21.23%) and financial institutions (5.18%).

■ Government agency
 ■ Individual
 ■ Other institutions
 ■ Foreign institutions and foreigners
 ■ Financial institutions

Note: The statistics as of the book closure starting date on April 23, 2019.

## Business performance of respective subsidiaries of TCFHC in 2018

	Business Performance	Primary product/service
<b>Taiwan Cooperative Bank, Ltd.</b> <a href="https://www.tcb-bank.com.tw">https://www.tcb-bank.com.tw</a>	Loans and deposits continue to be in a leading position. There has been progress in overseas expansions and wealth management business. The After-tax earnings reached NT\$14.768 billion, the best over the past few years.	Deposits, loans, foreign exchange, overseas and offshore banking, investment, trust, credit cards, e-banking, wealth management.
<b>Taiwan Cooperative Securities Co., Ltd.</b> <a href="https://www.tcfhc-sec.com.tw">https://www.tcfhc-sec.com.tw</a>	The after-tax net losses throughout the year were NT\$99 million and quality of assets continued to remain at an outstanding level.	Underwriting of securities, spontaneous/entrusted trading of securities on the stock exchange market, spontaneous/entrusted purchasing of securities at operating sites, margin trading and short selling, futures exchange supporting service.
<b>Taiwan Cooperative Bills Finance Corporation, Ltd.</b> <a href="http://www.tcb-bills.com.tw">http://www.tcb-bills.com.tw</a>	The consolidated after-tax earnings throughout the year reached NT\$464 million and quality of assets continued to remain at an outstanding level.	Notes, bonds, endorsement.
<b>Co-Operative Assets Management Co., Ltd.</b> <a href="http://www.coamc.com.tw">http://www.coamc.com.tw</a>	The consolidated after-tax earnings throughout the year reached NT\$303 million and quality of assets continued to remain at an outstanding level.	Acquisition and disposal of non-performing loans, bidding foreclosures, and rental of movable properties.
<b>Taiwan Cooperative Securities Investment Trust Co., Ltd.</b> <a href="http://www.tcb-am.com.tw">http://www.tcb-am.com.tw</a>	The consolidated after-tax earnings throughout the year reached NT\$6 million and quality of assets continued to remain at an outstanding level.	Discretionary investment, securities investment trust.
<b>Taiwan Cooperative Venture Capital Co., Ltd.</b> <a href="http://www.tcfhc.com.tw">http://www.tcfhc.com.tw</a>	The consolidated after-tax earnings throughout the year reached NT\$16 million and quality of assets continued to remain at an outstanding level.	Long-term equity investment for corporate customers.
<b>BNP Paribas Cardif TCB Life Insurance Co., Ltd.</b> <a href="http://www.tcb-life.com.tw">http://www.tcb-life.com.tw</a>	The consolidated after-tax earnings throughout the year reached NT\$800 million and quality of assets continued to remain at an outstanding level.	Life insurance, personal injury insurance, health insurance, annuity insurance, investment-linked insurance.

## Ratio of profitability portfolio of respective subsidiaries

Unit: NT\$ million

Company Name	Accumulated after-tax earnings of 2018	
	Amount	Weight (%)
Taiwan Cooperative Bank, Ltd.	14,768	92.21%
Co-Operative Assets Management Co., Ltd.	303	1.89%
Taiwan Cooperative Bills Finance Corporation, Ltd.	464	2.90%
Taiwan Cooperative Securities Co., Ltd.	(99)	-0.62%
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	800	4.99%
Taiwan Cooperative Securities Investment Trust Co., Ltd.	6	0.04%
Taiwan Cooperative Venture Capital Co., Ltd.	16	0.10%
Others (Note)	(242)	-1.51%
Total	16,016	100.00%

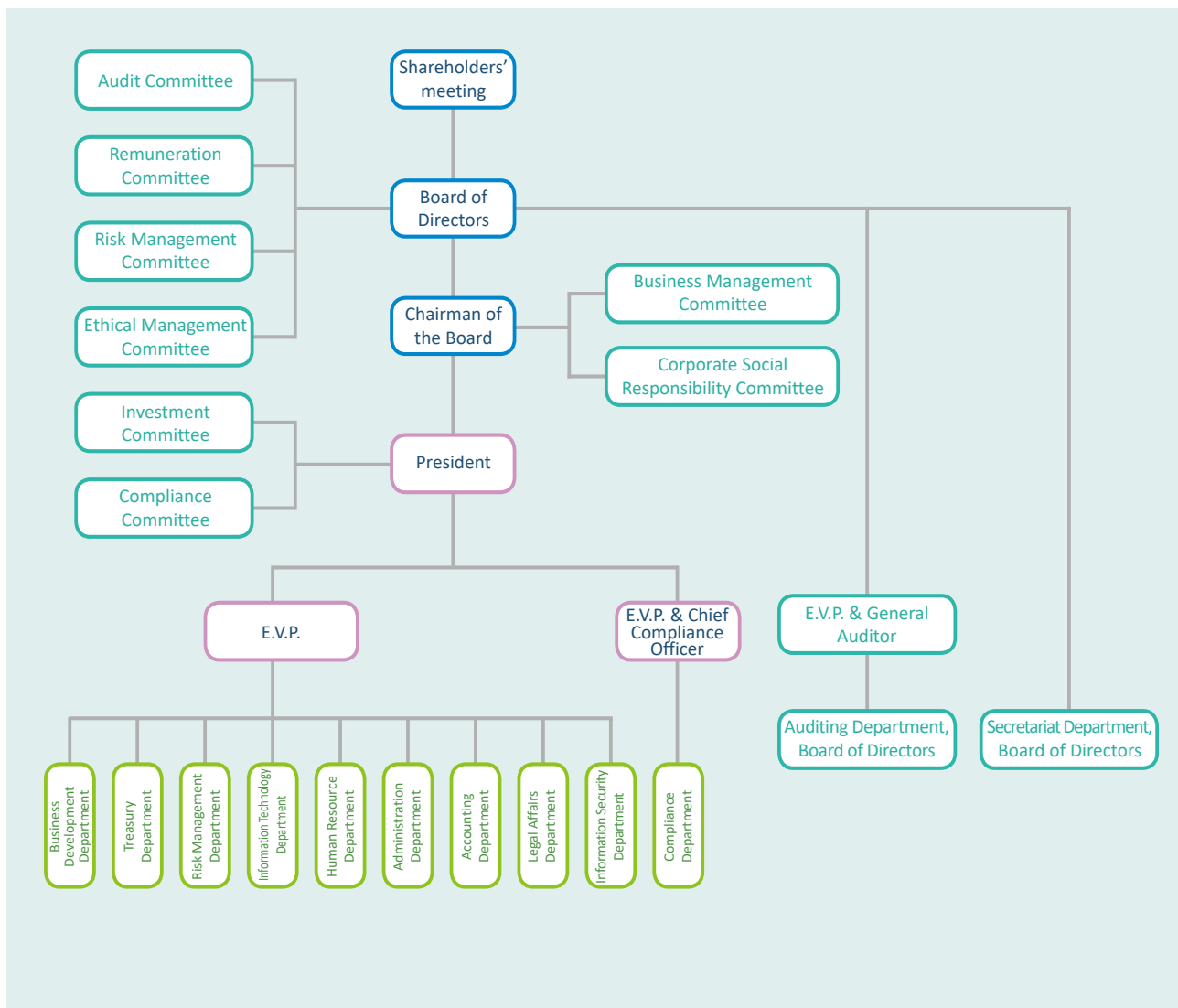
Note: Others primarily refer to the overhead of financial holding entities, other net expenses and losses and profits from income tax.

## Corporate Governance

In order to perfect its corporate governance framework, strengthen the functions of its Board of Directors, protect the rights of shareholders, value the equities of stakeholders, enhance information transparency, and fulfill its corporate social responsibilities, as is required by the domestic supervisors, TCFHC has gradually prepared the Corporate Governance Best Practice Principles, the Rules Governing the Scope of Powers of Independent Directors, the Ethical Corporate Management Best Practice Principles, the Corporate Social Responsibility Best Practice Principles, and the Board of Directors Performance Evaluation Guidelines and set up functional committees under the Board of Directors to help the Board fulfill its supervisory duties and to strengthen management. Moreover, efforts are made to consolidate risk management, compliance, and the internal control and audit system in order to become a benchmark enterprise for quality corporate governance.

In response to the implementation of the new corporate governance blueprint by the Financial Supervisory Commission, the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies were referred to while the Company's Corporate Governance Best Practice Principles were revised in 2019 with the establishment of the highest-ranking supervisor in charge of handling corporate governance-related affairs in order to strength the corporate governance framework.

### Governance framework



## Participate in societies and associations

TCFHC proactively takes part in domestic and overseas societies and associations. Besides taking part in related operations, advice is provided on practical operations in order to exchange opinions with counterparts through the said communication platforms and to jointly enhance financial professionalism and industrial image. Chairman Paul C.D. Lei is also the chairman of the Trust Association of R.O.C., the vice chairman of the ROC-USA Business Council, and the standing

director of the Bankers Association of the Republic of China and the Taipei Bankers Association. The heads and high-ranking officers of respective subsidiaries also serve important positions in various societies or associations reflective of the nature of their business in order to work together for the development of the financial industry in Taiwan. The Group took part in a total of 33 societies and associations throughout 2018 (the following table shows the primary ones).

Company Name	Name of organization
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	Bankers Association of the Republic of China Taipei Bankers Association
Taiwan Cooperative Bank, Ltd.	Taipei Bankers Association The Institute of Internal Auditors, R.O.C. Asian Bankers Association (ABA)
Taiwan Cooperative Bills Finance Corporation, Ltd.	R.O.C. Bills Finance Association
Taiwan Cooperative Securities Co., Ltd.	Securities Investment Trust & Consulting Association of the R.O.C. Chinese National Futures Association Taiwan Securities Association
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Life Insurance Association of the R.O.C.
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Securities Investment Trust & Consulting Association of the R.O.C.
Co-Operative Assets Management Co., Ltd.	Chinese Association of Real Estate Brokers Taipei Leasing Association, R.O.C.
Taiwan Cooperative Venture Capital Co., Ltd.	Taiwan Venture Capital Association

## Credit Rating

According to the credit rating reports released by the Taiwan Ratings Corporation and the Standard & Poor's (S&P) in 2019, TCFHC remained "twAA-/twA-1+" in domestic long-term and short-term credit rating and "BBB/A-2" in international long-term and short-term credit rating. The prospect remains "stable", indicating that the Group is optimally stable and of

potential on the financial market and has prudent growth strategies and capital management measures. In the future, efforts will continue to be devoted to risk control and internal capital management, substantially putting corporate governance into action.

Company Name	Rating agency	Rating outcome		Rating prospect
		Long-term credit rating	Short-term credit rating	
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	Standard & Poor's	BBB	A-2	Stable
	Taiwan Ratings Corporation	twAA-	twA-1+	Stable

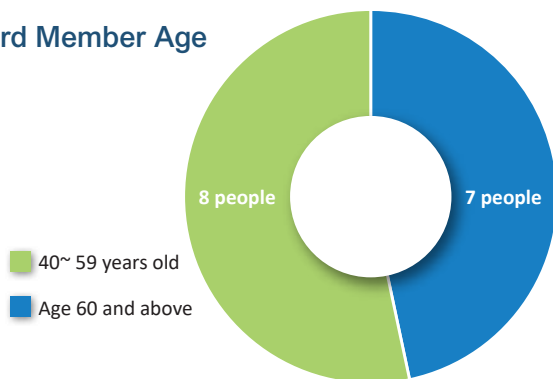
Note: For the definition of credit rating, please visit the websites of Standard & Poor's (<http://www.standardandpoors.com>) and Taiwan Ratings Corporation (<http://www.taiwanratings.com>).

## Board of Directors Structure and Operation

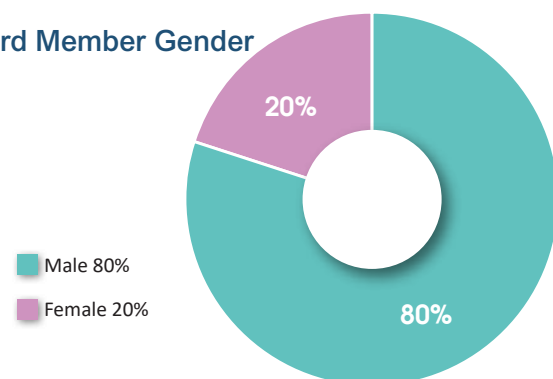
The Board of Directors of TCFHC consists of 15 members, including 3 independent directors. The independent directors are elected following the candidate nomination system by shareholders from the list of candidates for independent directors. The composition of the Board of Directors is diversified, including 12 male directors and 3 female directors. Among them, 8 are aged 40~59 and 7 are aged 60 and older. They have different professional backgrounds such as finance, accounting, auditing, law, and information.

In terms of operation, members of the Board of Directors exercise their functions as required for the scope of their responsibilities, review the Company's budget and makes a decision, discuss the Company's financial reports and operational status, and supervise internal audit and compliance tasks in accordance with the Taiwan Cooperative Financial Holding Co., Ltd. Board of Directors Rules of Procedure established according to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and the Company's Articles of Incorporation, in order to effectively control and supervise the overall operation of the Company. In 2018, the Board of Directors met a total of 16 times.

### Board Member Age



### Board Member Gender



## Avoidance of conflicting interests

The Company's Board of Directors Rules of Procedure stipulate that if a director, or a corporate entity that the director represents, is considered an interested party in the discussed agenda, a full disclosure is required during the current Board of Directors meeting. The director shall recuse himself/herself from all discussions and voting if it is in conflict against the company's interests. In which case, the director shall not exercise voting rights on behalf of other directors. In

honor of the principle for avoiding conflicting interests and the essence of high self-discipline, when any of the prior conditions exists for respective directors regarding matters discussed in meetings, they will excuse themselves and not take part in the discussion and voting and they will not exercise the voting right on behalf of any other director.

## Board of Directors Performance Evaluation

In order to consolidate corporate governance and enhance the operational efficiency of the Board of Directors, TCFHC established the Board of Directors Performance Evaluation Guidelines and evaluation covers the performance of the Board of Directors, the functional committees, and respective members. The results include "above standard", "on standard", and "room for improvement" and are reported to the Board of Directors on a yearly basis and disclosed in the annual report and on the official website of the Company. Meanwhile, they serve as the reference while members are being elected for the Board of Directors. The evaluation result for the Board of Directors of TCFHC was above standard in 2018, which is sufficient to show the accomplishments of the Company in reinforcing the efficacy of the Board of Directors.

Meanwhile, to perfect the corporate governance mechanism, TCFHC sets the authorization over an external independent professional institution or external team of experts and scholars once every three years to perform the Board of Directors performance evaluation as its mid-term corporate governance goal in order to serve as reference while the Company examines its current system.

## Continuing Education for the Board Directors

In order to reinforce the professional knowledge and skills of the directors and to enhance the corporate governance accomplishments, besides proactively taking part in the courses and seminars organized by respective professional institutions as required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, experts and scholars in related fields will be invited to give lectures. There is the "Compliance and AML/CFT Educational Training and Case Sharing for Directors, Supervisors, and high-ranking officers", for example. In 2018, all directors of the Company had an overall number of 155 hours accumulated from continuing education. The continuing education covers anti-money laundering, risk management, internal control, corporate governance, and corporate social responsibilities, among others.

## Liability Insurance for Directors and Supervisors

Starting on September 1, 2013, TCFHC has been purchasing liability insurance for directors and supervisors and important employees covering the compensation liabilities expected of them while they perform duties during their term in office in the Company and respective subsidiaries and periodically discusses contents of the insurance policy each year. Important contents such as the insured amount, scope of underwriting, and the premium of the insurance are reported to the Board of Directors. And, starting on September 1, 2018, the insured amount was increased to US\$30 million in order to reduce the risks for directors and supervisors and for the Company as part of the effort to create a sound corporate governance mechanism.

## Functional Committee

To make the best of the functions of the Board of Directors and to strengthen the independence of Board directors, for the election of independent directors of the Company, the candidate nomination system is adopted and the Scope of Responsibilities and Rules for Independent Directors are established. Under the Board of Directors are the Audit Committee, the Remuneration Committee, and the Ethical Management Committee, consisting of all independent

directors. They discuss important matters such as the financial reports provided by the directors and managers and remuneration and ethical management policies. Meanwhile, to reinforce corporate governance and to enhance operational efficacy, there are specialized committees such as the Risk Management Committee, the Business Management Committee, and the Investment Committee.

## Main responsibilities and operations of respective committees in 2018

	Main responsibility	Operation
<b>Remuneration Committee</b> Founded in 2011	Primarily stipulates and reviews regularly the compensation policies, systems, standards and structures of performance evaluations and remunerations for the Company's directors and managers in order to normalize the remuneration system.	<ul style="list-style-type: none"> <li>All independent directors serve as the members and the Committee meets at least twice a year and may meet at anytime deemed necessary.</li> <li>In 2018, the Committee met a total of 6 times.</li> <li>The attendance was 100% on average.</li> </ul>
<b>Audit Committee</b> Founded in 2014	Supervises the company in the fair presentation of financial statements, the appointment and dismissal of and independence and performance of certified public accountants, effective implementation of internal control, compliance with laws and regulations, and control of existing and potential risks.	<ul style="list-style-type: none"> <li>All independent directors serve as the members and the convener serves as the chairperson of each meeting. The Committee meets at least once a quarter and may meet at anytime deemed necessary.</li> <li>In 2018, the Committee met a total of 13 times.</li> <li>The attendance was 97.44% on average.</li> </ul>
<b>Ethical Management Committee</b> Founded in 2016	Takes charge of establishing or revising ethical management policies, periodically reports to the Board of Directors the implementation status of ethical management policies, and discusses improvement measures while fulfilling the Company's commitment to ethical management.	<ul style="list-style-type: none"> <li>All independent directors serve as the members and the Committee shall meet at least once a year and may meet at anytime deemed necessary.</li> <li>In 2018, the Company held a total of 2 meetings.</li> <li>The attendance was 100% on average.</li> </ul>
<b>Business Management Committee</b> Founded in 2011	It is established in order to reinforce the Company's management policies, supervise over the cooperation among respective subsidiaries in the Group's mid-term to long-term development strategies, and effectively manage and integrate resources and operations among respective subsidiaries.	<ul style="list-style-type: none"> <li>The Chairman of the Company's Board of Directors serves as the chair of the Committee and its members include the President, Executive Vice Presidents, and chairmen and general managers of respective subsidiaries and other appropriate candidates assigned by the Chairman.</li> <li>In 2018, the Committee met a total of 12 times.</li> <li>The attendance was 97.32% on average.</li> </ul>
<b>Investment Committee</b> Founded in 2014	Reviews investment, disposal, and strategic planning of the Company in long-term stock option-invested businesses and takes charge of reviewing the Company's long-term stock option-related investments, strategic alliance, and capital planning.	<ul style="list-style-type: none"> <li>The President of the Company serves as the chair, and the Executive Vice Presidents, the Chief Compliance Officer, and the heads of the Business Department, the Treasury Department, the Risk Management Department, the Compliance Department, and the Legal Affairs Department as well as other people designated by the Chairman serve as the members.</li> <li>In 2018, the Committee met once in total.</li> <li>The attendance was 100% on average.</li> </ul>
<b>Risk Management Committee</b> Founded in 2011	Reviews and establishes risk management policies, indicators, and capital adequacy planning of the Company and its respective subsidiaries and also reviews and approves various types of risk limits and risk management control measures and monitors the conditions of various risks and operating procedures, coordinates, and supervises risk management-related matters of respective subsidiaries.	<ul style="list-style-type: none"> <li>The Chairman of the Company's Board of Directors serves as the chair of the Committee and its members include the President, Executive Vice Presidents, unit heads, and chairmen and presidents of respective subsidiaries and other appropriate staff assigned by the Chairman. The Committee meets on a quarterly basis and may hold the emergency meeting whenever it is deemed necessary.</li> <li>In 2018, the Committee met a total of 4 times.</li> <li>The attendance was 98.46% on average.</li> </ul>

## Ethical Management

In order to normalize the corporate governance system, TCFHC has the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Ethical Management Operating Procedure and Behavioral Guide in place to specifically govern the compliance with the Company Act, the Securities and Exchange Act, and applicable laws and regulations governing TWSE and TPEX listing of directors, managers, employees, assignees, and people with substantial control capabilities in order to consolidate ethical management.

Meanwhile, the Ethical Management Committee is established under the Board of Directors, with all independent directors as its members, to take charge of preparing and supervising the implementation of ethical management policies and protection proposals, planning the reporting system and ensuring effective implementation, and periodically reporting compliance to the Board of Directors. Ethical management educational training is organized each year to cover compliance with laws and regulations on ethical management, the protection for the reporters through the reporting measures and the reporting system, and internal control, etc. For the 2018 communication meetings organized for directors and

high-ranking managers by the Group, a headcount of 31 people participated in it. In addition, there were 18 sessions in total of educational training on Ethical Corporate Management Best Practice Principles for new hires and current employees, with a headcount of 1,132 participants and 2,124 hours in total.

There are the Code of Conduct and Employee Service and Behavior Regulation Guidelines in place at TCFHC and each of its subsidiaries to specifically govern staff of the Company over matters they should pay attention to while performing tasks and define effective disciplinary systems so that the ethical management policy is linked to employee performance valuation to help prevent against frauds and major negligence among employees. The Auditing Department of the board of Directors also submits periodical reports to the Audit Committee and the Board of Directors on violations of ethical management and corrections of the deficiencies each year in order to urge discussions and improvements at related units and to ensure that the Company's ethical management policy can be thoroughly put into action. There were no violations of ethical management throughout 2018 in the Company.



19 sessions

A headcount of  
2,435 people  
21,683 hours

### Directors and supervisors

Course title	No. of sessions	Course duration	Attendance
Communication of Ethical Corporate Management Best Practice Principles	1	1	31

### Employees

Course title	No. of sessions	Course duration	Attendance
Education and communication of Ethical Corporate Management Best Practice Principles	12	12.5	1,520
Overview of reporting laws and regulations and systems	3	3	442
Protection for reporters through the reporting system	3	3	442

### Reporting Mechanism

There are reporting measures in place in the Company. The Auditing Department of the board of Directors handles the reports in compliance with the Operating Guidelines for Handling Reported Cases. In cases of any concern of crimes, frauds, or violations of applicable financial laws and regulations or any behavior in violation of the Company's Ethical Corporate Management Best Practice Principles of staff in the Company and each of its subsidiaries, reporting may be done through email or by phone. Meanwhile, it is specified that the status of the reporter shall be kept confidential; information sufficient to disclose the status may not be disclosed; this is to ensure the rights of the reporter or the employee assisting in the investigation so that he/she will not be treated unfairly or be exposed to undesirable disposal.

Reporting telephone and mailbox are available on the official website of TCFHC and the Ethical Management Committee is responsible for handling the reports by reviewing reported matters in order to strengthen the channels available for internal and external reports. There is also the exclusive section for announcing staff in violation of ethical management on the internal website of the Company where details and management of violations are disclosed. A total of one case was handled in 2018 yet no violation was found during investigation.

#### Reporting Email and Telephone of the Ethical Management Committee

Whistleblowing Email: 5134@tcfhc.com.tw

Whistleblowing Hotline: 02-21738888 Ext. 5022 and 5025



# Risk Management and Audit System

## Risk Management

In order to enhance the rights of shareholders and capital value, the Company secures the optimal balance between risks and benefits through spontaneous risk management so that distribution of resources is more efficient; it helps strengthen the core values, stabilize the management belief, balance risks and profits, and pursue maximum value for shareholders.

## Risk Management Policy

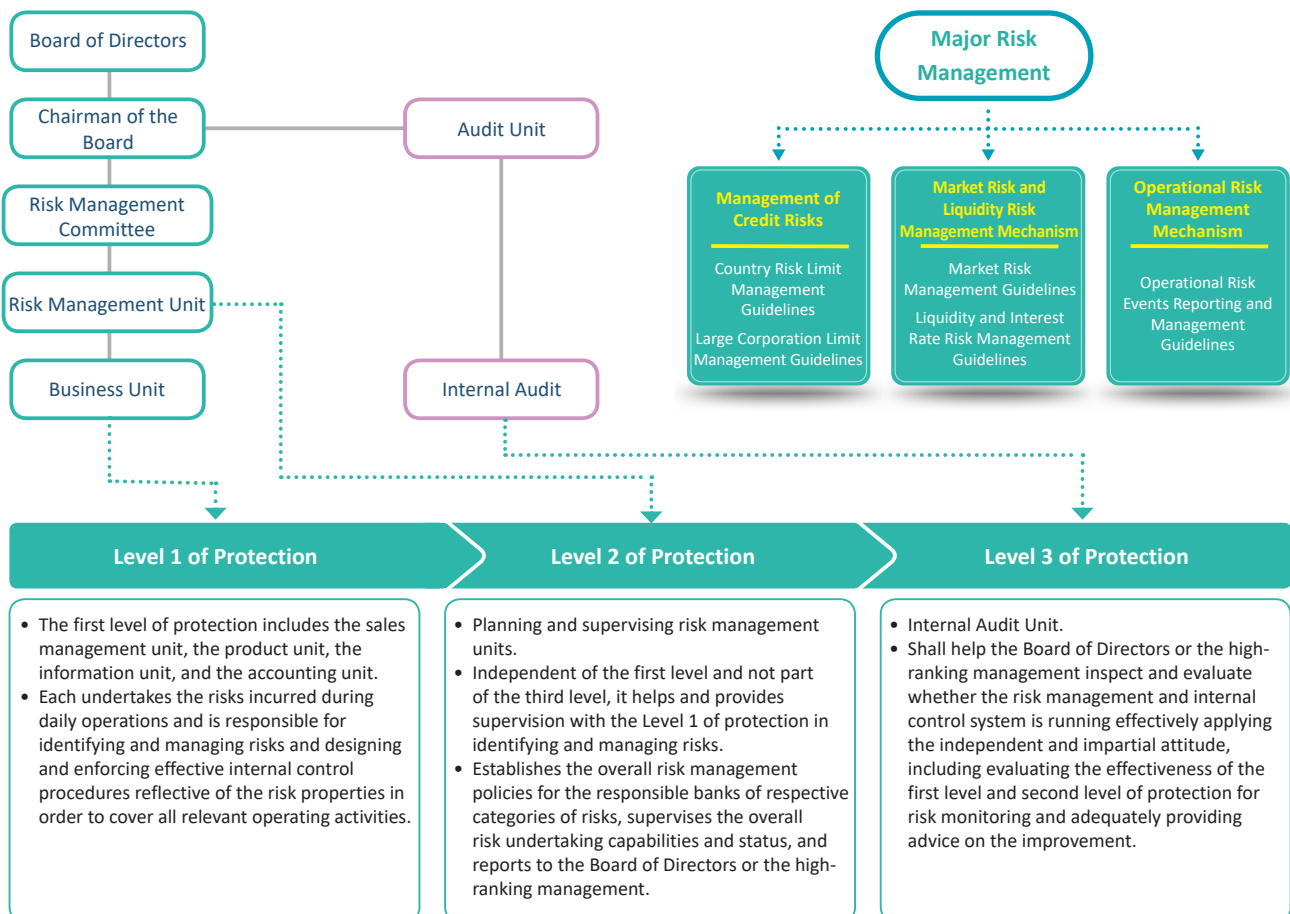
To normalize management and development and to ensure capital adequacy for the purpose of legitimizing risks and rewards, TCFHC establishes the Risk Management Policy and Guidelines. The Company and its subsidiaries, shall comply with the Risk Management Policy and Guidelines by establishing appropriate capital adequacy evaluation procedures and capital structure management taking into consideration the management strategy, business development, and risk appetite and include major risks involved in various operations as part of the management and establishing respective risk management procedures to effectively identify, measure, supervise, and control respective risks.

The risk management framework includes: The Board of Directors, high-ranking management, Risk Management Committee, Risk Management Department, and the risk management units or responsible staff at each of the subsidiaries. Respective subsidiaries of the Group establish their independent risk management units according to their operational scale and risk nature. The Board of Directors is the highest decision-making authority for risk management throughout the Group.

The high-ranking management and the Risk Management Committee follow the risk management policies approved by the Board of Directors, supervise over the fulfillment of the risk management procedure, and ensure the effective implementation of the risk management system.

The Company's risk management organization follows a three levels of protection model. Each level has its defined organization, responsibilities, and functions in order to ensure effective operation of the risk management mechanism as a whole.

## Risk Management Framework



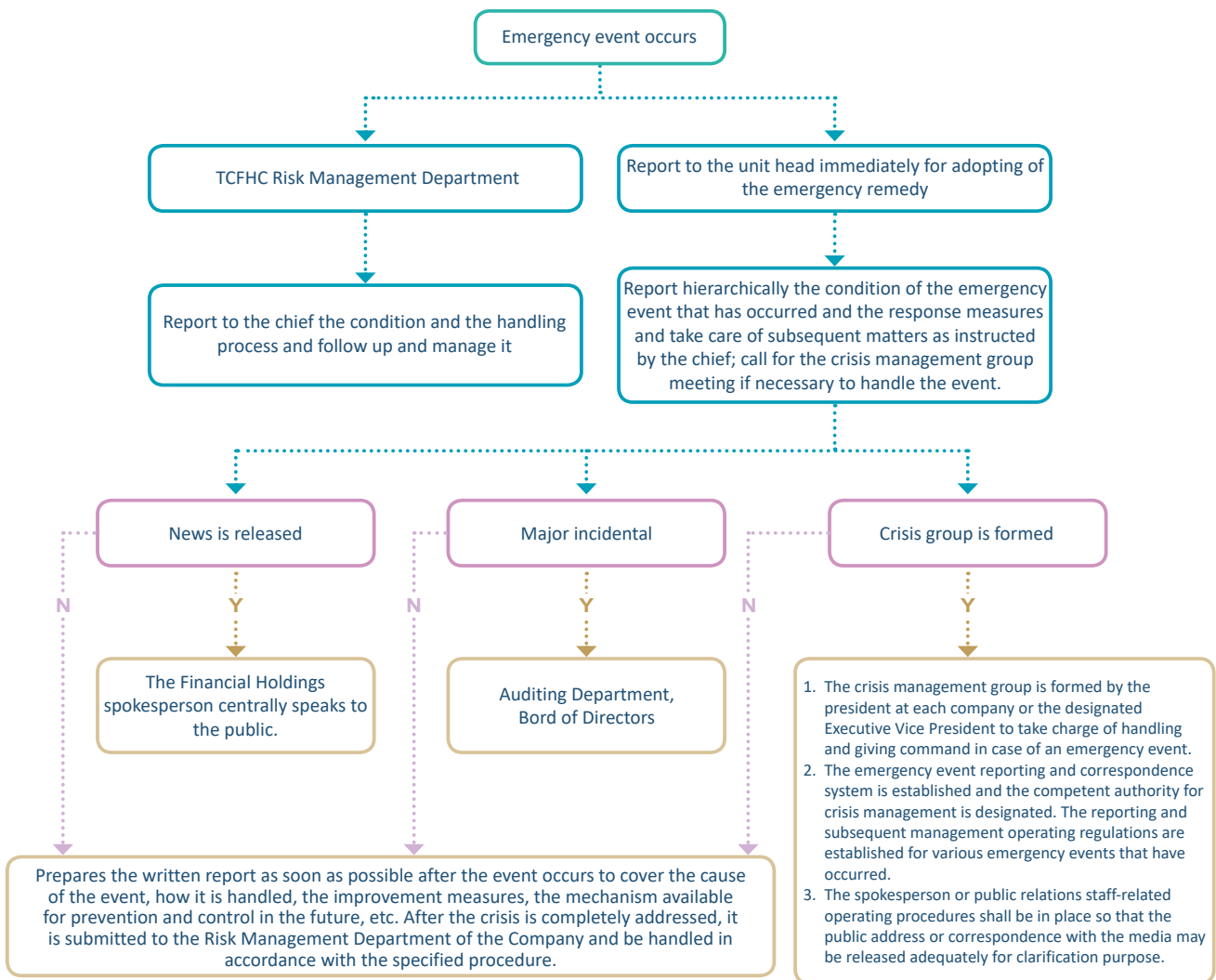


### Continuous Operation and Response Mechanism

In order to handle emergency events throughout the Group in real time and effectively, to quickly address events or restore operation, the Company has established the Regulations Governing Emergency and Crisis Management and there is the crisis management group in place to take charge of the

management and command when an emergency event occurs. In case of an emergency event, besides adopting various crisis response measures, explanations and clarifications are provided to the public in accordance with the Group's emergency event reporting and spokesperson system in order to ensure the rights of customers, to stabilize corporate operation, and to secure the financial order.

### Operating Procedure for Emergency and Crisis Management



### Audit System

The Company follows the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries promulgated by the Financial Supervisory Commission and created the general audit system to centrally take care of audit operations. The Auditing Department of the board of Directors is established and reflective of the Company's investment scale and operational condition, management demand, and other applicable regulatory requirements, a suitable number of competent full-time internal audit personnel are assigned to perform audits in an impartial, independent, objective, and just stance and help the Board of Directors and the management

inspect and evaluate whether the internal control system is functioning effectively and to adequately provide advice on the improvement so that it may be reasonably ensured that the internal control system can be continuously and effectively enforced and so can the corporate social responsibilities of the Company.

For cases with penalties from the Financial Supervisory Commission, TCFHC has its Auditing Department of the board of Directors to provide the Board of Directors with a report and the internal audit department is responsible for following up on the subsequent improvement and implementation in order to fully consolidate the internal control and internal audit system.

Cases with an annual penalty of over NT\$1 million are disclosed in this report. In 2018, the Auditing Department of the board of Directors already completed the various annual audits and all the inspection opinions about respective units (including subsidiaries) are being followed up on their improvement until improvement is fulfilled. They have exercised quite some benefits on the overall operation, organization, and establishment of systems of the Company and its subsidiaries.

#### Follow-up and response regarding cases with penalties from the competent authority of the Financial Holding Group in 2018

Improvements made for the violations of the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties, the Regulations for Extending Loans by Insurance Enterprises to Interested Parties, the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises, and the Precautions for Insurance Enterprises to

**Organize E-Commerce by BPC TCB Life:**

1. The handling department has asked stakeholders to provide information from the Joint Credit Information Center each year for the time being.
2. Phone interview files are to be verified mutually by the sender and the recipient on a daily basis in order to prevent against omission. For phone interview abnormalities, details of respective tasks have been included as part of the international procedural documentation management.
3. The handling department has confirmed through the system and verified manually to avoid manned or systematic omissions.
4. With regard to the failure to create a related sound filtration system and control mechanism for the email, improvement measures have been submitted to the Financial Supervisory Commission with records on file.
5. The system configuration has been completed and the underwritten size of counterparts is included in the calculation.

## Status of Internal Audits



## Compliance

In order to reinforce the compliance system throughout the Group and to maintain an effective and adequate internal control system, the Company's Regulatory Compliance System and Implementation Rules are established in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The Chief Compliance Officer serves as the general compliance supervisor to centrally take charge of compliance affairs and supervising over the implementation. The Implementation Rules of Internal Audit and Internal Control System of Taiwan Cooperative Financial Holding Co., Ltd. Compliance Committee are also in place to plan, supervise, and coordinate over the implementation of compliance and AML/CFT tasks.

The Company assigns a specialist to collect information online on changes made to laws and regulations relevant to operations and penalties applied to counterparts on a daily basis and send it to respective units and subsidiaries of the Company in order to adequately modify internal regulations or adopt response measures and regulatory variation and control are followed up each month. The subsidiaries supervise their overseas sub-branches to jointly comply the laws and regulations in their country. The Company and its respective subsidiaries hold compliance self-evaluations once every six months and report the implementation status of the system to the Board of Directors and the Audit Committee of the Company.

The Company holds the Group Compliance System Seminar once every six months and respective subsidiaries are asked to report on important tasks and compliance with applicable laws and regulations regarding the implementation of the compliance system. In addition, the reporting mechanism is in place. In cases of major violations of laws or regulations or downgraded ratings of the Company and respective subsidiaries, they shall be reported to applicable units of the Company and its subsidiaries immediately and the directors and supervisors at respective companies shall be informed in real time. Compliance matters shall be submitted to the Board of Directors.

In addition, in order to boost legal knowledge of bank clerks, TCB started to organize eight sessions of financial regulatory affairs circuit workshops and three sessions of compliance system seminars in northern, central, and southern parts of Taiwan throughout 2018. A total of 1,443 colleagues complete the regulatory communication and case discussion courses. Meanwhile, respective units were assisted in holding two compliance self-evaluations in order to strengthen the awareness about compliance and intellectual basis among all staff.

## Anti-Money Laundering and Counter Terrorism Financing

In order to effectively consolidate the corporate AML/CTF mechanism, TCFHC established the Anti-Money Laundering and Counter Terrorism Financing Plan that specifically governs the principles for identifying, evaluating, and managing money laundering and terrorism financing risks to be followed by the Company and its subsidiaries (including subsidiaries and overseas branches). Meanwhile, there is the Taiwan Cooperative Financial Holding Co., Ltd. AML and CTF Task Force in place where the Chief Compliance Officer serves as the convener to take charge of supervising and coordinating the implementation of AML and CTF tasks of respective subsidiaries and submitting the operational status of the task force on a quarterly basis to the Company's Board of Directors. Respective subsidiaries also continue to optimize the AML and CTF computer system with the hope to monitor the activities by connecting databases to ensure effective risk control over money laundering and terrorism financing.

In response to the evaluation performed by the Asia/Pacific Group on Money Laundering (APG) visiting Taiwan in 2018, TCB not only set up the responsible supervisor, the responsible unit, and the supervisory officer but also introduced the information technology system to strengthen customer due diligence and monitor transactions, among other risk control capabilities,

and continued to provide related in-service training for employees. Different courses reflective of respective operational properties were planned in order to enrich the first-line staff in their professional AML and CTF capabilities. Meanwhile, in order to encourage employees to obtain the Certified Anti-Money Laundering Specialist (CAMS) License, sponsorship for membership and certification is available. As of the end of 2018, a total of 2,503 obtained the license. The subsidies totaled over NT\$63 million. The Group also continued to provide internal educational training for directors and supervisors, high-ranking officers, and employees on anti-money laundering and counter terrorism financing in order to boost the professional knowledge and skills of all employees. A headcount of 13,069 people in total completed the training. The total number of training hours reached 30,915.

### Directors, supervisors, and high-ranking officers

Course title	Total attendance	Total course duration
Compliance and AML/CF Educational Training and Case Sharing	104	208

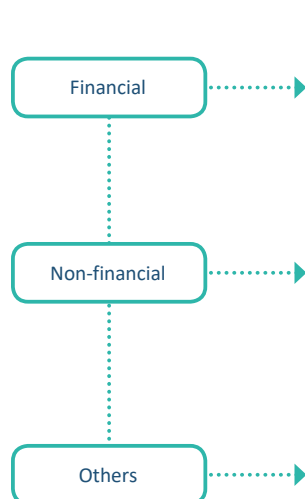
### Employees

Course title	Total attendance	Total course duration
Anti-Money Laundering and Counter Terrorism Financing Training	12,965	30,707
Compliance System Seminar	2,410	87,965
Financial and Legal Affairs Circuit Workshop	322	7,728

## Information Disclosure

TCFHC values the rights of shareholders and stakeholders and continues to reinforce the time-effectiveness and transparency in the disclosure of financial and non-financial information. There is a specialist to periodically update information on corporate governance, financial information, and material information on the Chinese and English websites and the sections devoted for investors, stakeholders, and on corporate social responsibilities are in place. Meanwhile, the above-mentioned material information is released concurrently on the Market Observation Post System. In addition, there are the complete spokesperson system and the investor relations section to hopefully provide stakeholders with diversified information acquisition and communication channels through the above-mentioned channels established.

### Nature of Information



### Information Acquisition and Communication Channels

- The financial reports are released on a quarterly basis, and unaudited profits and losses are released each month.
- The General Shareholders' Meeting and the Investors Conference are held each year, with material information disclosure on the Market Observation Post System and the website of the Company.
- Materials such as the Chinese and the English Handbook for the Shareholders' Meeting, annual reports, and annual financial statements are provided.

- The exclusive section for investors is set up on the Company's website with the responsible contact and telephone and email message services are available.
- The Corporate Social Responsibility Report is prepared each year and there is the exclusive section for corporate social responsibilities on the official website to disclose substantial action taken by the Company in fulfilling its corporate social responsibilities.
- Spontaneous participation in the corporate governance evaluation, organization of credit ratings, and release of annual reports take place on a yearly basis.

- The media public relations management mechanism is in place with a full-time unit and a specialist for communicating regarding, replying, and releasing news scripts.
- The spokesperson system is consolidated to provide stakeholders with channels to communicate and file complaints.
- There is the Employee Suggestion Mailbox on the corporate portal, which is the window for employees to file complaints. A specialist is assigned to handle employee issues confidentially and quickly in order to smooth communications between the employer and the employees.



# 2018 CSR Performance Customer Care

# 3

Sustainable Finance  
Digital Finance  
Rights of Customers  
Financial Inclusion





## Sustainable Finance

Over the past few years, as global warming and natural disasters worsen and with the release and promotion of the UN SDGs and the rapid evolution and transformation on the international financial market, the idea about responsible investment has gradually taken prominence. It is found in the “PwC Private Equity Responsible Investment Survey 2019” that “responsible investment” has become an important factor to be considered for private equity and investors, including the ESG issues in the environment, society, and governance. The United Nations also prepared related principles for the corporate social responsibilities of financial institutions, such as the Equator Principles, the sustainable insurance principles, and the responsible investment principles, among others.

TCFHC is aware of the opportunities and challenges brought about by climate change and spontaneously integrates issues about sustainable development as part of its operational strategies. In response to the government’s Green Finance Action Plan, green finance is being developed and the “Five Plus Two Innovative Industries” are proactively promoted to help the green industry get the funds and to transform jointly with enterprises towards sustainable economic developments. The Stewardship Principles for Institutional Investors are signed to consolidate proactivism among the shareholders and to hopefully exercise the positive influence of the financial sector and fulfill corporate social responsibilities.

### Equator Principles

In order to fulfill its social responsibilities and its commitment to environmental protection, TCB, with reference to the Equator Principles, requires that its business unit should inquire with the Environmental Protection Administration about whether there have been records of penalties imposed to the specific enterprise for the past year when processing loan applications from private enterprises and document the findings in the credit investigation report. If an enterprise is noted with any penalty, the loan staff shall determine of the enterprise has fulfilled its social responsibilities in terms of environmental protection and ethical management, among others, according to professional judgment and explain reasons for undertaking the case to serve as reference for the reviewers while reviewing the case. Meanwhile, the database of the Joint Credit Information Center is used to inquire about whether a loan client has set aside pension fund according to the old retirement system or has been delinquent in paying wages; if so, the loan client is asked to explain the reasons. If there are no legitimate reasons. New loan cases or increased loan cases will not be undertaken. For extensions of loans, current outstanding balance shall be gradually or be collected in a lump sum; this is meant to urge fulfillment of corporate social responsibilities.

In addition, we revised the Loan Agreement to reinforce the supervision over compliance of regulatory requirements by the loan client for environmental protection and labor. If a loan client is found with violations, TCB may assert that the Loan Agreement is considered as the due and further

appropriation of fundings will be suspended or the utilization will be discontinued.

### The Principles for Responsible Investment

According to the statistics of the Global Sustainable Investment Alliance (GSIA), the global sustainable investment scale has exceeded US\$30 trillion in 2018 and has become a future trend. Among them, responsible investment is regarded as a core issue of the investment process. To build a solid basis for investment decisions, TCFHC established investment policies and related handling procedures. Relevant operation procedures of investment such as analysis, decision-making, execution, changes, and review, have been incorporated into the internal control system. Stewardship activities are also adopted to consider issues on the investee company’s shareholder structure, management strategy, financial report, business performance, industry overview, related news reports, environmental protection policies, social responsibilities, labor rights and corporate governance as a reference for investment evaluation. The international ESG database is also used to examine the ESG indicator of the investee company. If the investee company is potentially in serious violation of the Corporate Governance Best-Practice Principles, or may impair long term value of TCB’s Capital Providers on certain issues, the Company will contact the management team of the investee company for updates as needed, and may join other investors with similar views in expressing their concerns.

TCB, BPC TCB Life, TC Securities, and TCSIT have signed the “Statement of Compliance with Stewardship Principles for Institutional Investors” and will be participating in corporate governance through attending shareholders’ meetings, exercising voting rights, or dialog and interaction with the management of the invested company as appropriate. Every year, TCFHC discloses its stewardship activities on its website or annual report including compliance with this Statement, reasons for failure to comply with certain principles, participation and voting in shareholders’ meetings of investee business, and other material information. To exercise the influence of institutional investors.



## Green Financing

In response to international development trends, domestic authorities actively promote green finance and encourage the financial industry to develop various innovative financial services and commodities, including green financing and green securitization. TCB has long been concerned with environmental sustainability issues. In response to the governmental policy of “Five Plus Two Innovative Industries”, TCB utilizes core financial functions to obtain the fund required for the sustainable development of key industries such as the “Green Energy Technology”, “New Agriculture”, and “Circular Economy”. By the end of 2018, TCB had loaned NT\$439.5 billion to the “Five Plus Two Innovative Industries”, of which, the green energy technology industry took up NT\$116.5 billion, which accounted for the largest in the market. We have spared no effort in assisting the promotion of financing of the cultural and creative industry. The Financial Supervisory Commission affirmed our efforts by awarding TCB with Excellent Performances in “Innovation of Emerging Industries”, “Loaning to the Cultural and Creative Industry”, and the Special Award in “Green Energy Technology Industry”.



Wellington L. Koo, Chairperson of Financial Supervisory Commission, presented the Excellent Performance Awards in “SME Loans”, “Innovation of Emerging Industries”, and “Loaning to the Cultural and Creative Industry”, and the Special Awards for the “Green Energy Technology Industry”. Shih-Ching Chen, President of TCB, received the award on behalf of TCB.

The subsidiaries of the Group are also committed to promoting a green economy, which includes economic activities such as green industries, green technologies, and green investments. TCB invests funds in relevant eco-friendly industries to improve our financial structure and take concrete actions to maintain the overall sustainable development of the environment.

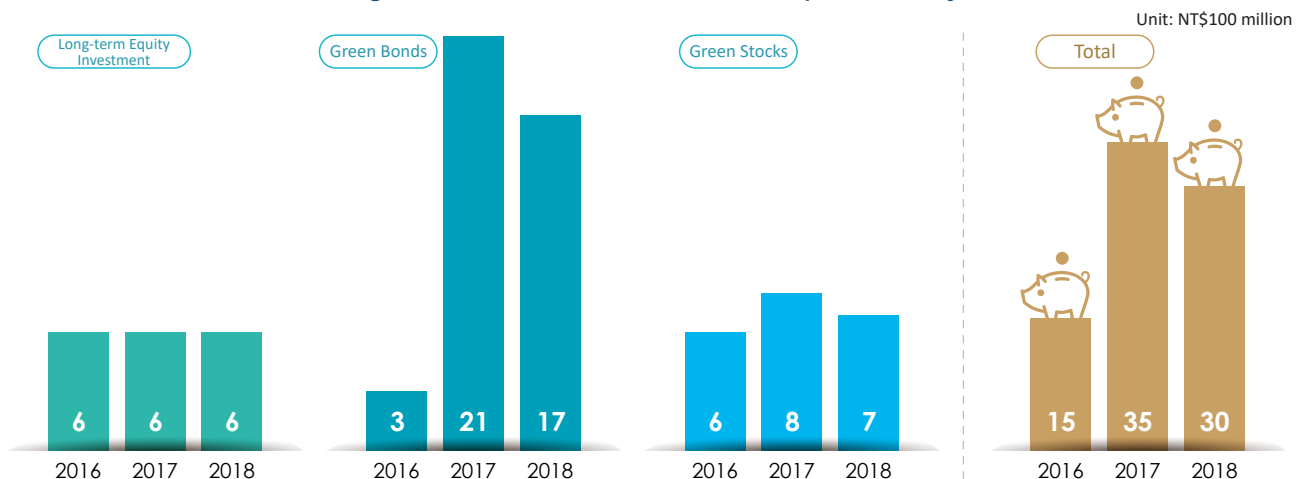
## Issue Charity Credit Cards

To fulfill corporate social responsibility, TCB has issued the “Child Welfare League Foundation Card” and “Cardiac Children’s Foundation Card” that contributes a certain percentage of the cardholder’s spendings towards these foundations that support domestic underprivileged children and families. We hope that the build-up of small donations can go a long way to help children grow up healthily, receive education, improve economic distress in families, and bring positive energy into society.

Furthermore, TCB also cooperated with Lugang Mazu Temple to issue the “Lugang Mazu Temple Card”. It allocates 0.3% of cardholder’s spendings towards the temple for public welfare purposes. We hope to promote the spirit of Mazu’s compassion with our cardholders and integrate good deeds and charity into every corner of society. By the end of 2018, cumulated contributions exceeded NT\$17 million.



## TCB’s green investment balance in the past three years



Note: Green investment refers to investments in stocks and bonds of companies who emphasize the environment and sustainable (or green) development, and companies in the field of renewable energy, or green basic infrastructure.

## Protect our Homeland

With compassion, TCB takes the initiative to care and assist in rebuilding the homes of those who were affected by natural disasters. TCB provides the public and enterprises with urgently needed funds for resettlement and construction in the hopes of completing post-disaster reconstruction works as soon as possible. Other than cooperating with the government to handle Policy Emergency Financing for Natural Hazards, TCB also provides various reconstruction and revitalization loans to help the affected households return to their everyday lives as soon as possible.

BPC TCB Life launched the “Ching Yi Hsiang Tai” policy loan services. If the policyholder encounters the six major events such as marriage, childbirth, funeral, a major illness, unemployment, or studying abroad, they can enjoy a loan of NT\$2 million at a 30-day zero interest rate. TCB also actively cooperates with government policies to provide policyholders in disaster areas with a three-month 0% interest rate, a grace period of 3 months, and free application for re-issuance of policy slips.

## Debt Negotiation

To fulfill corporate social responsibility, TCB assists financially weak individuals to restore their credit rating and regain a normal economic life by providing the “debt workout mechanism”. It helps underprivileged card slaves to revive their financial situation by creating a customized debt repayment plan according to their debt-paying ability, which reduces the burden on the debtor, helps them resume their economic life, and reduces family and social issues.

TCB also provides a mechanism for re-negotiation. When the debtor is unable to continue repayment due to unemployment or salary reduction, TCB provides the “change repayment plan” to reduce the monthly payment and the burden. If other necessary expenses such as an illness, accident, or child-rearing expenses occur that causes the debtor’s inability to continue fulfilling their obligations, TCB provides a “Consistency Plan” to solve the debtor’s heavy burden and regain their pace and confidence. Also, TCB provides the “Consumer Debt Extension by Financially Weak Borrowers” plan to assist financially weak borrowers with difficulties repaying their unsecured consumer debt. After debtors have settled down, TCB will discuss the debtors’ repayment plan with the financial institution with regards to debtors’ debt-paying ability to increase their willingness to repay their debts.

Co-Operative Assets Management actively assists debtors in handling non-performing loans and assets in compliance with government policies of implementing debt negotiation and reducing debtor’s burdens. Through the settlement of the agreement, the timetable for repayment of principal and interests are re-negotiated to meet the debtor’s expected cash flow or debt may be relieved partially to reduce the debtor’s burden, increase their willingness to repay their debts, and enable the debtor to break free and start fresh. In 2018, COAMC and debtors reached a total of 341 reconciliations after settlements of debt and agreements of settlement.



## Digital Finance

TCFHC actively keeps tabs on digital financial development trends. In response to the government's policy of "Creating Digital Financial Environment 3.0", we have used Fintech, biometrics, big data analysis, mobile payment, and digital experience to integrate virtual and real channels and provide customers of the Group with innovative digital financial services.

### Mobile financial services

As the proportion of online banking and mobile online banking transactions increases, TCB continues to optimize the online and mobile trading platform, using big data analysis to keep tabs on customers needs, and launching the dedicated mobile payment platform "TCB E Pay", intelligent customer services, and Robo-Advisor to provide customers with fingerprint/face recognition services for quick logins and online services such as credit card applications, finance management, financial information, online queuing system, intelligent customer services, spending deductions, money transfers, tax payments and other payment services.

TCB also established the "AI Social Media Management System" based on artificial intelligence. It provides customers with personalized and everyday financial services on our Facebook Fanpage and Line account so that we can instantly interact and advertise to our customers. This way, we can attract new users, increase customer stickiness, and meet the diverse payment needs of customers.



The number of transactions made via TCB Mobile Banking App increased by 1,445,550 (79%) in 2018 compared to the same period of the previous year.

### Number of online banking transactions in the past three years



To meet the insurance needs of customers, BPC TCB Life continues to optimize the BPC TCB Life app, providing instant and fast information to the general public and online policyholder of BPC TCB Life. Customers can check their insurance policy and change services at any time. To provide customers with more convenient digital services, Taiwan Cooperative Securities has optimized the "TCB E-Securities" platform, launched face recognition and fingerprint identification functions, and added the function of electronic trading of securities, and online subscription of monthly e-statements. Customers can enjoy 24-hour services through simple operational processes.

### Digital Branch

Since the establishment of the first flagship digital branch in the department of business of the new head office building in 2017, TCB has successfully established 18 digital branches in northern, central, and southern Taiwan to provide customers with various digital financial experiences. TCB also established the "digital banking service area", providing a variety of digital devices such as iPad, public computers, advertising displays, digital photo frames, LCD TV walls, Pepper (robot), Virtual





Teller Machines (VTM), and other e-convenient services to gradually guide customers to transfer their transactions to online operations, so that they can enjoy more convenient and smart financial services.

TCB also completed the digital trajectory collection platform in 2018 to provide customers with personalized financial services. It is used to collect customers browsing patterns on the digital channel, analyze and understand the potential demands and spending preferences of digital users, and integrate them into structured data of a data warehouse (including system data such as deposits, loans, and credit cards). The push tools can then be used for real-time interactive marketing to recommend suitable products.

### Blockchain Confirmation

TCB also actively participates in the related planning and application of “Financial Blockchain Confirmation Services” of the blockchain research and application development committee of the Financial Information Service Co., Ltd. By using the unquestionable and immutable technical features of blockchain’s decentralized books to digitize bank confirmation operations, it is ensured that data sources are correct and records of transaction trajectories are complete, which greatly reduces the operating costs of accounting firms and financial institutions. It can also improve the transparency of corporate financial statements, protect the rights of investors, and reduce human error and fraud. When it was launched in December 2018, a total of 84 confirmations were completed. TCB also cooperates with TAIWAN-CA. Inc. on the “Proof of Concept of Blockchain Asset Conversion Accelerator” project to provide a platform that connects funds of banks, securities, and investment trusts as well as stock financing and conversions. The settlement and delivery time of clients conducting cross-regional investments will not be affected, and clients can keep tabs on the current status of stock or fund trading at any time.

### Innovative financial experiences

TCB and the “Startup Group” came together to showcase the unmanned self-service vending machines at the “2018 FinTech Taipei” Exhibition to let more consumers get a feel



Wu-Shung Yan, Executive Vice President of TCB, received the “Best Service Innovation Award” for e-Money Services award by the Financial Information Service Co., Ltd. on behalf of the Bank.

for innovative financial services. Customers can use Taiwan Pay QR Code to experience non-cash payments and new vending machines. In 2018, TCB was awarded the “Best Service Innovation Award” for e-Money Services by the Financial Information Service Co., Ltd.

### Cross-industry alliance

TCB is engaged in cross-border electronic payment services, providing diverse acquiring integrated services to assist Taiwan’s specialty stores through the three engines: “Cross-Border Cash Inbound Online Services”, “Cross-Border Cash Inbound O2O Offline Acquiring Services”, and “Cross-Border Cash Outbound Services” to capture cross-border business opportunities. In 2015, TCB cooperated with Alipay of Ant Financial Services Group to launch a cross-border collection and payment platform, providing convenient collection mechanisms for online stores and academic institutions in Taiwan. In 2017, the official TCB O2O (Online To Offline) Integrated Services was launched. Chinese tourists visiting TCB appointed stores could use their Alipay mobile wallet to scan QR codes and make payments. They can also order Taiwan’s well-known souvenirs online after they have left so that stores can easily control cross-border online and offline business opportunities. TCB is the first state-owned bank in Taiwan to obtain cross-border outbound service approvals by authorities. Customers can manage their cross-border cash outbound services through the electronic payment service platform of the Financial Information Company.

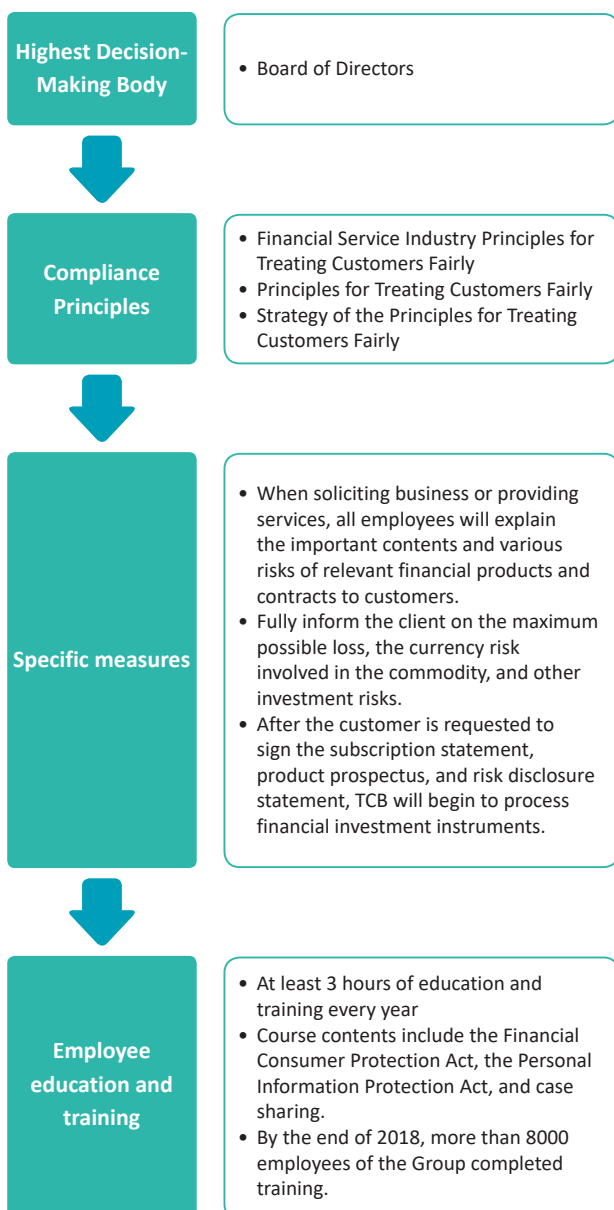
In response to the global trend of e-commerce and the healthcare cloud policy of the Ministry of Health and Welfare, TCB provides various e-cash flow services to medical institutions on the principle of “convenience, diverse, and electronization”. The public can make appointments online and check the clinic status through the mobile online banking app healthcare payment section. They can also use the online banking certification, national payment ID+Account or IC ATM Card along with the mobile ATM app and the mobile card reader to pay medical expenses online. In 2018, TCB continued to optimize the electronic healthcare payment platform. Through connecting with the “electronic tax payment platform” of the Financial Information Corporation, TCB became the first collecting bank in Taiwan that enables credit card payment of medical handling fees at a fixed rate. These services are currently provided in over 200 medical institutions in Taiwan. TCB will continue to provide innovative services for healthcare payment in the hopes of building a perfect domestic healthcare payment environment. We have also cooperated with domestic well-known life insurance companies such as BPC TCB Life, Union Insurance Co., Ltd., Tokio Marine Nawa Insurance Co., Ltd., and Taiwan Fire & Marine Insurance Co., Ltd., to provide mobile payment services and a variety of warm and user-friendly payment methods to the public.

## Rights of Customers

TCFHC is not only committed to becoming a one-stop-shop that provides diverse and e-finance services to customers, but also attaches importance to customer privacy protection. The Group has established the “Customer Information Confidentiality Measures for Taiwan Cooperative Financial Holding Co., Ltd. and its Subsidiaries” and the “Customer Privacy Protection Declaration”, regulating the collection, storage, safekeeping, classification, purpose, and scope of customer information of companies in the Group, which should be carried out within the scope of the regulations to ensure the confidentiality of customer information. Every year, TCB strengthens its employees’ professional knowledge of the Personal Information Protection Act and the Financial Consumer Protection Act through regulatory awareness promotion, case studies, and consumer response simulation training. We actively implement the Group’s Principles for Treating Customers Fairly and consumer protection to enhance consumers’ confidence in the financial service industry.

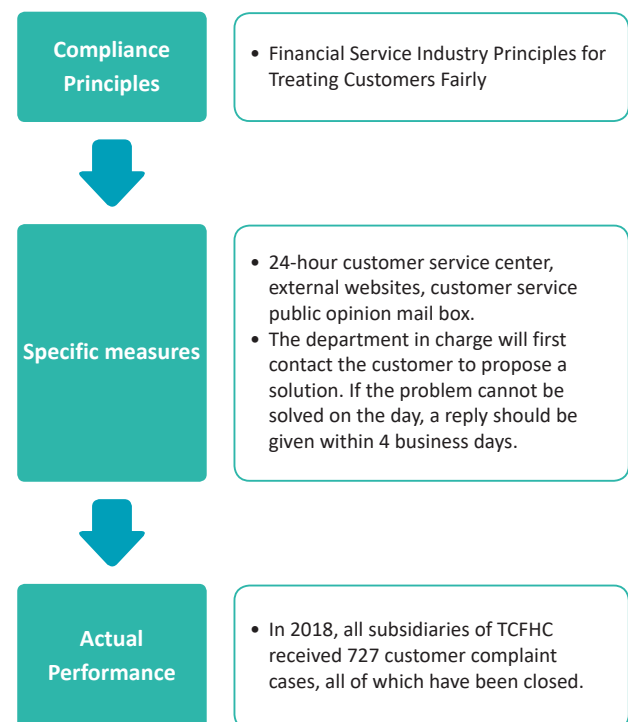
### Treat Clients Fairly

To implement financial consumer protection, TCFHC promotes the corporate culture of fair treatment from top to bottom.



### Maintenance of the clients’ rights and interests

Under the principle of timeliness and confidentiality, competent units shall urge assigned staffs of the Company and subsidiaries to actively deal, improve, and help customers overcome all difficulties through communicating in good faith, so that they can receive satisfying answers.



## Personal Information Protection and Information Security

To fulfill customer information protection and management responsibilities, the Company follows relevant laws, establishes internal measures, and implements personal information protection and information security through the information security management system, external certifications, and education and training.

<b>Compliance with Laws and Measures</b>	<ul style="list-style-type: none"> <li>Financial Holding Company Act - Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company</li> <li>Personal Information Protection Act</li> <li>Customer Information Confidentiality Measures for Taiwan Cooperative Financial Holding Co., Ltd. and its Subsidiaries</li> </ul>
<b>Specific measures</b>	<ul style="list-style-type: none"> <li>Personal Information Inventory</li> <li>Audit of Personal Information File Registry</li> <li>Security for Documents Involving Personal Information and Risk Management Assessment</li> <li>Response Notifications and Preventions of Personal Information Breach</li> <li>Self-Assessment of Personal Information Protection Management</li> </ul>
<b>Information Security Management System</b>	<ul style="list-style-type: none"> <li>Network firewall and web application firewall</li> <li>Intrusion detection and prevention systems</li> <li>Scanning system of web, network, and code vulnerability</li> </ul>
<b>Performances</b>	<ul style="list-style-type: none"> <li>In 2018, there were no events in which TCFHC's information assets were improperly used, leaked, tampered with, or damaged.</li> </ul>
<b>External Certifications</b>	<ul style="list-style-type: none"> <li>ISO 27001 Information Security Management System (ISMS)</li> <li>BS 10012: 2009 Certification for Personal Information Management System</li> <li>Passed the Taiwan Personal Information Protection and Administration System (TPIPAS) verification - Data Privacy Protection Mark (dp.mark)</li> <li>ISO 20000: 2011 IT Service Management (ITMS)</li> </ul>

Training and education	Course title	Course duration	Attendance
<b>IT Security</b>	Information security cognition and regulatory awareness promotion	9	8,001
	Training and education of information security and social engineering	3	54
<b>Personal Information Protection</b>	Promotion of the personal information protection system	6	666



Taiwan Cooperative Bank was awarded the ISO 27001 Information security management system certification



BPC TCB Life was awarded the ISO 27001 Information security management system certification



Taiwan Cooperative Securities was awarded the Taiwan Personal Information Protection and Administration System (TPIPAS) verification



BPC TCB Life was awarded the BS 10012 Personal Information Management System verification

## Strict product review in shelving procedures

Before non-discretionary money trust products are launched by TCB, products are carefully examined by the Product Review Panel before being placed on the shelves. The suitability of products to the financial consumer is assessed according to its characteristics to reduce investment risks. And, according to the requirements of authorities, products are also submitted to the Company's compliance and legal department for reviews to ensure they contain no inappropriate content, misrepresentations, or matters that would be misleading to consumers or in violation of relevant laws, regulations, and self-regulatory rules. Only then will the appropriate financial management products and marketing activities be promoted to different customer groups. Newly developed derivative financial products must be reviewed by the "New Derivative Financial Product Review Group of TCB" on the nature of goods, business strategies, business policies, risk control, internal control, accounting methods, protection of customer rights and interests, legal compliance, and legal documents. In 2018, TCB has convened 18 Product Review Panel meetings and reviewed 101 domestic funds and 96 offshore fund products.

The product development of BPC TCB Life follows the relevant laws and regulations of the competent authority and the Company's internal control regulations. In addition to conducting actuarial testing, risk assessment, and listing preparations, products also go through rigorous design and development processes. Relevant product meetings are held to ensure pre-marketing operations are fully executed. Products shall also be reported for the approval or recordation with the competent authority. After products are listed, the relevant contents will be checked regularly on whether it complies with the latest laws to ensure that the products comply with regulations, protects the rights of consumers, and maintains the Company's sustainable operation. In 2018, BPC TCB Life convened a total of 17 Insurance Product Review Panel meetings, completed reviews for 24 new products that have obtained approval from competent authorities, and directly modified or partially changed 109 products.

Taiwan Cooperative Securities Investment Trust formulated the "Procedures for Fund Raising and Issuance Management". According to the "Regulations Governing Securities Investment Trust Funds" and the "Regulations Governing the Public Offering of Securities Investment Trust Funds by Securities Investment Trust Enterprises", the pre-operation assessments are established from the new funds and submitted to the Board for approval. Then, after approvals of public offering is received from the application (report) authority, new fund-raising activities are conducted. After approval is received from the reporting authority, a new fund will be established. The same procedure applies to the revision of fund contract products. The fund trust contract will be revised after being approved by the application (report) authority. The shelving procedures are all in compliance with the regulations. In 2018, Taiwan Cooperative Securities Investment Trust has convened 12 Product Review Panel meetings and completed reviews of 2 products, which have obtained approval from the competent authorities.

## Actively Prevent Financial Fraud

The "165 Anti-Fraud Hotline" of the Criminal Investigation

Bureau, NPA, MOI has become a well-known representative of "anti-fraud" in society. To prevent clients from being deceived, TCB promotes relevant fraud prevention information and announces preventive measures for international wire transfer fraud on the official website, ATM, and automated service areas to remind the public to pay more attention. At the same time, a 24-hour customer service center is also set up to deal with watchlisted accounts and joint defense control notifications to effectively assist the police force with preventing the spread of financial crime and reduce continual customer damages. In 2018, we successfully blocked 119 fraud cases (including internet fraud), amounting to NT\$35.58 million. TCB was awarded the enthusiastic policing medal by the Taipei and Taichung City Government.



## Taiwan Cooperative Bank successfully blocked consumer fraud

	Cases	Amount
Withdrawal and transfer of cash at branch counters	15	NT\$18.8 million
Online transaction	104	NT\$16.78 million

## Improvement of Customer Satisfaction

To provide better services and understand the competitiveness in financial services and customer expectations, TCB conducts customer satisfaction surveys in wealth management products, services, and personnel every quarter. Contents and standards of services are then adjusted based on the survey results so that service qualities are continually improved and TCB can continue to work towards the goal of providing clients with a sound financial plan. The customer satisfaction surveys for financial services in 2018 was over 90% in each quarter. Taiwan Cooperative Securities continues to seek customer opinions through sales personnel from time to time to understand customer needs and improve customer satisfaction by knowing and solving customer issues through phone calls or staff visits. Furthermore, policyholders are asked to rate their satisfaction with the various inquiry or operation services provided by the 0800 customer service so that BPC TCB Life can understand customer's satisfaction with the service. The satisfaction level of each survey is above 95%.



## Financial Inclusion

According to the “World Bank” survey, there are still 2 billion people in the world who have not obtained banking services. “Financial Inclusion” is also regarded as the new blue ocean of the financial industry. TCB has long been concerned with disadvantaged groups in rural areas and fulfilling corporate social responsibilities. By actively using the core functions of finance, we consider product value and service method from the customers’ perspective. We develop quality, innovative financial products and launch friendly financial products and services so that all social classes and groups can enjoy their basic rights to equal and reasonable financial services.

### Friendly financial services

TCB has established a friendly financial service area on the official website ([http://www.tcb-bank.com.tw/open\\_info/Pages/friendly.aspx](http://www.tcb-bank.com.tw/open_info/Pages/friendly.aspx)) that provides online banking and an eATM accessible website. It assists the disabled in checking their account balances, transaction details, making designated fund transfers, changing their passwords, checking the foreign exchange rate, making payments, and handling various services at special offer. In May 2018, TCB obtained the “AA-Accessibility Website” mark of verification by the National Communications Commission (NCC).



Accessibility Mark 2.0

TCB is also actively creating a friendly physical financial service environment by establishing wheelchair ramps, tactile paving, ring for service, and accessible ATMs at all branches in Taiwan, making it more convenient for people with physical and mental disabilities. Among them, there are 852 accessible ATMs for wheelchair users and 9 voice ATMs for the visually impaired, which are located at Chang-an branch, National Taiwan University Hospital, Chaoyang University of Technology, and other universities.

Exchange rate boards and various fee announcements are placed in each business unit to provide real-time information to the public. Special service counters are also set up to give priority to the disabled. Our service personnel will guide them to the counter to handle their various needs. People with disabilities can enjoy three cross-bank withdrawals without paying handling fees every month. Each disabled person can apply for one account, which can be applied at any friendly financial service area or business unit at any time.

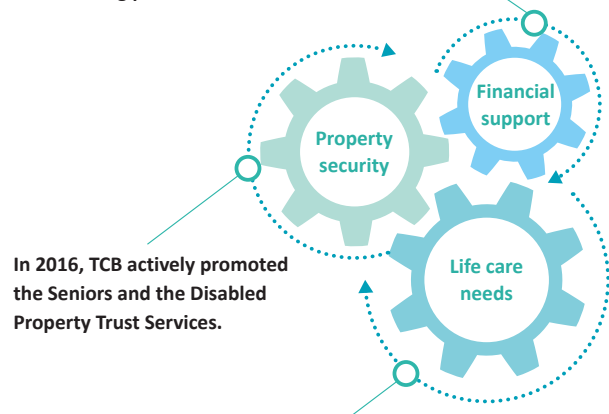
### Products for the aging population

TCB has long been concerned with the retirement needs of the aging population. Once again, TCB leads the industry by being the first to use innovative trust planning to launch the innovative retirement trust services with the four aspects: “trust of leases, construction trust fund, trust for advanced payment collection, and retirement trust”. By using the trust mechanism combined with the development of excellent nursing care facilities and operators, from the construction of the long-term care facility to the operation of the organization and the property security of the occupants, we provide one-stop trust integration services. TCB was awarded the “Best Trust Award” of the Taiwan Banking and Finance Best Practice Award.



Taiwan Cooperative Bank was awarded the “Best Trust Finance Award” of the Taiwan Banking and Finance Best Practice Awards. Su, Jain-Rong, Minister of Finance, presented the trophy to Chairman, Paul C.D. Lei, recognizing TCB’s innovative retirement trust.

In 2015, the first commercial “reverse mortgage” financing plan was launched in Taiwan.



In 2016, TCB actively promoted the Seniors and the Disabled Property Trust Services.

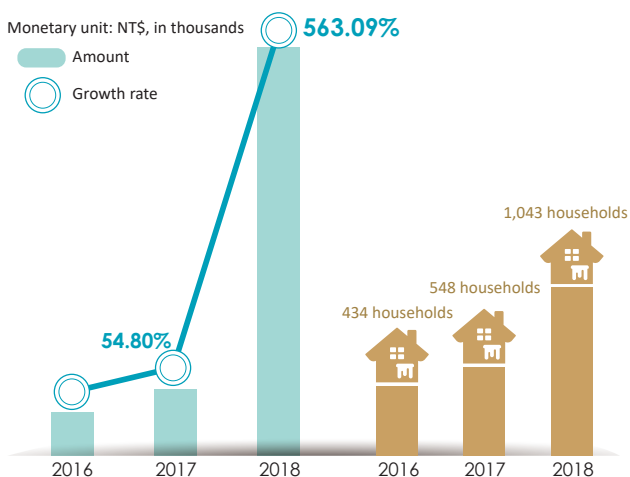
In 2018, the trust mechanism was combined with the retirement and long-term care industry to improve the quality of life for seniors.



Furthermore, TCB has launched hybrid products consisting of “annuity insurance, long-term care, and life long healthcare”, and the “Healthy Living Life” insurance project consisting of Seniors and the Property Trust of Seniors and the Disabled, Seniors Long-Term Care Insurance Trust, and reverse mortgage products to meet customer’s one-time planning of retirement funds, long-term needs, and life long healthcare protection. By the end of 2018, TCB’s retirement and insurance trust services reached NT\$3,179,287,000, of which 1,043 households were for Seniors and the Disabled Property Trust Services, with a capacity of NT\$2,905,176,000 and an annual growth rate of 563.09%. TCB received excellent performance appraisals in “Property Trust of Seniors and the Disabled” by the trust industry.



### Property Trust of Seniors and the Disabled in the past three years



The innovative services proposed by TCB for senior citizens received its first Best Practice Awards as early as 2016. These services assist seniors in the activation of their real-estate and provide funds needed for their old-age retirement. TCB launched the first commercial-type reverse mortgage loan - “Bagful of Happiness” and was awarded the “Best Consumer Finance Special Award” of the Taiwan Banking and Finance Best Practice Award”. Since the start of this project, the number of loans and credit approved ranked TCB first in the domestic

market. By the end of 2018, 3,069 loans were approved, accumulating a credit amount of NT\$16.948 billion. For micro movies on reverse mortgage, please refer to the Bank’s subsidiary’s official website:

<http://www.tcb-bank.com.tw>



### Stable social development

To cooperative with government policies and various economic construction goals, TCB assists enterprises in obtaining working capital, improving their corporate financial structure, and encouraging enterprises to engage in innovation or research development, which will enhance their competitiveness and promote industrial upgrade. In terms of SME loans and emerging industry loans, loan balances reached NT\$624.1 billion and NT\$439.5 billion respectively, with contributions ranking the highest among all banks. For three consecutive years, TCB was awarded the “financing to SMEs” Award by the Financial Supervisory Commission.

In terms of personal loans, we continue to handle business start-up loans to assist young entrepreneurs, women, and middle-aged people in obtaining venture capital. Handle student loans to encourage students to further their studies. Handle youth housing loans to help youths with their housing needs. As of December 31, 2018, TCB has approved 24,438 housing loans; the loan balance was NT\$76.509 billion.

To help micro-entrepreneurs turn their life around, TCB has long been handling the “Micro/Women Start-up Loan” and the “Loan for Start-up Assistance for the Unemployed of Employment Insurance” with the Ministry of Labor to help the unemployed of employment insurance, women, middle-aged people, and offshore island residents develop micro-enterprises, create a friendly entrepreneurial environment, enhance national economic development, and promote employment.



In 2018, with outstanding performances in the three indicators - the number of cases, case approval rate, and the maximum approved credit of NT\$1 million - TCB was ranked first among financial institutions. This year, the Ministry of Labor held the model of micro-entrepreneurs selection. A total of 10 outstanding entrepreneurs were selected. Five of which were sponsored by TCB. As the financing bank, TCB was praised by the Ministry of Labor for our outstanding contributions in handling micro-loans. In 2018, the total policy loan balance of TCB reached NT\$1,221.423 billion.

### TCB Statistics of Policy Loan Balance

Unit: 100 million NTD

Item	Loan balance
SME Loans	6,240.96
Cultural and Creative Industry Loans	349.63
Emerging Industry Loans	4,394.88
Other corporate loans in support of government policies	93.16
Preferential Housing Loans for Youths by the Ministry of Finance	765.09
Other personal loans in support of government policies	370.51
<b>Total loan</b>	<b>12,214.23</b>

Data date: December 31, 2018.

Mao, Executive Vice President of an international company, was paralyzed due to a sudden car accident that cost him his job. At 40 years old, he was on his way to the peak of his career, but because of this sudden change, he lost his courage. But as he contemplated, he realized that he should not lose faith in himself. After all, he was a person with expertise in information technology. Why not use it to help those in need. As a frequent customer of TCB, he knew that he could apply for the Micro Start-up Loan of the Ministry of Labor through TCB. So, he applied for it and through that fund, he developed unique database maintenance and consulting services. Many hospitals and clinics are currently his clients. Mao is particularly grateful to TCB for lending him a hand by providing the financial services he needed most. And, it was this capital that helped his business grow steadily and allowed him to regain his fighting spirit. He hopes his relentless efforts will carry forward into his second career.

### SME seminar

TCB actively responded to the government's promotion of Taiwanese companies returning to Taiwan by holding seven "National Enterprise Tour Seminar" industrial zone seminars in provinces of Taiwan. Experts in various fields of the "5+2 Industrial Innovation Plan" were invited to give speeches on the development trends in industries such as solar photovoltaic, new agricultural economics, and biopharmaceuticals. Over 600 entrepreneurs participated in the event and about 800 participants.



### Promotion of financial literacy

TCB actively participates in the "Promotion Events of Financial Knowledge on Campus and the Community" of the Financial Supervisory Commission. Internal professional financial lecturers will visit regional primary and secondary schools to promote basic financial knowledge. We hope that financial education will take root through the participation of activities, the broadcast of short films, explanations from the lecturer, and interactive Q&A, so that young people and the public can receive consumer finance knowledge, establish a correct concept of money, develop a responsible attitude, and raise the level of financial literacy of our people. In 2018, TCB held 20 promotion events and was awarded the "Enthusiastic Participation in Promotion Events of Financial Knowledge on Campus and the Community" by the Financial Supervisory Commission.



Taiwan Cooperative Bills cares about education in rural areas, supports the "Exchange Activities held at Ming Chuan, Namaxia District", handles the promotion of financial knowledge, and teaches children of aboriginal tribes the correct concept of money in an entertaining and educational way.





# 2018 CSR Performance Employee Care

- Employee Composition and Diversity
- Employee Remuneration and Benefits
- Training and Development
- Work Environment
- Employee Performance Management
- Human Rights and Equality

4





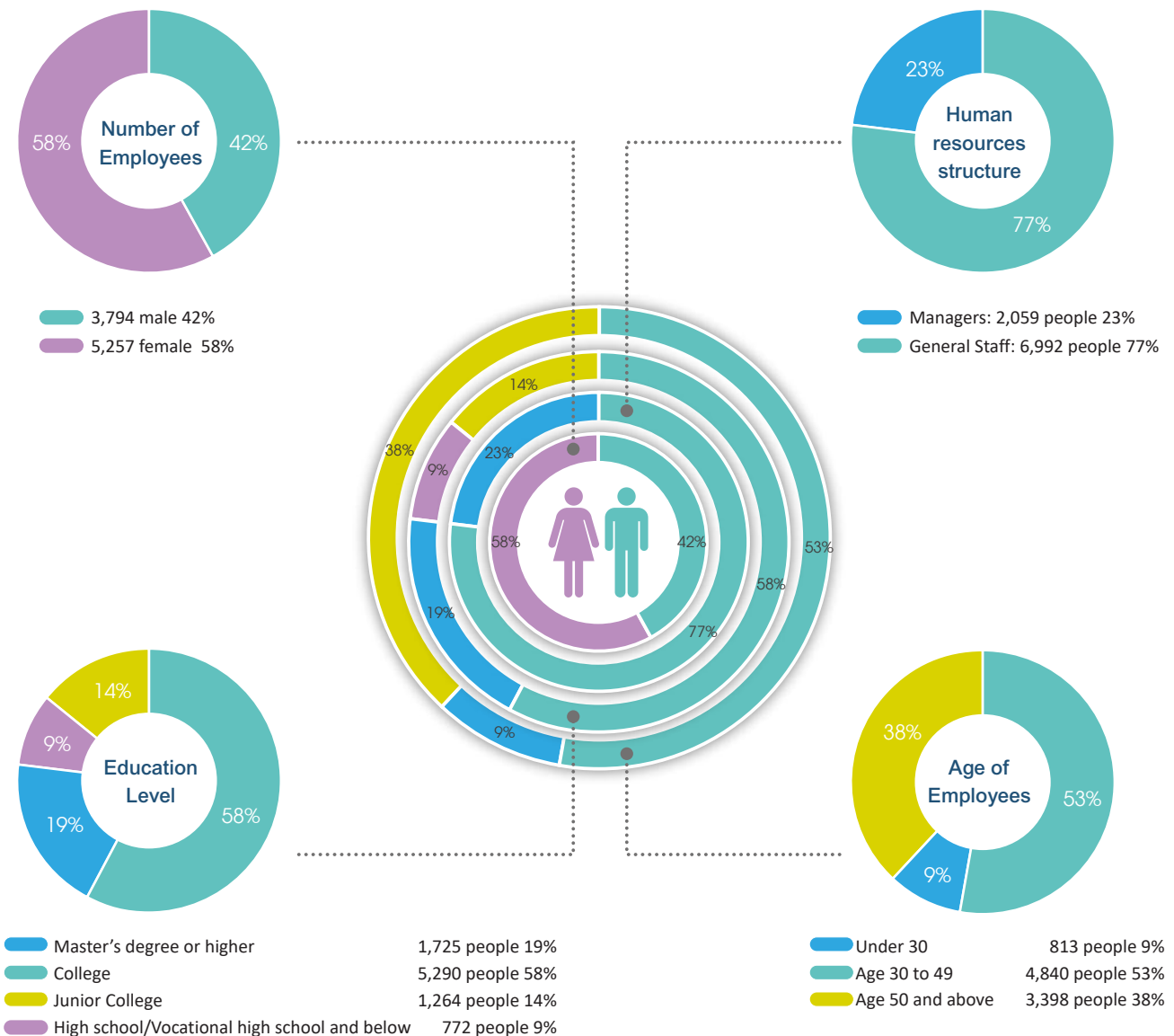
Employees are important assets of the Company. TCFHC has long attached importance to talent cultivation and development. We spare no efforts when it comes to safeguarding employees' rights and interests, planning employee benefits, cultivating professional competence, shaping a good working environment, and establishing a

smooth communication channel. We are convinced employees who are physically and mentally healthy can provide better service quality and create better business performances for the Company. Therefore, we take care of the daily lives of each of our employees through various management systems and welfare measures.





## Employee Composition and Diversity

By the end of 2018, our Company and subsidiaries had 9,051 full-time employees, which consists of 58% women and 42% men. All operating activities of the Group are applied








in accordance with the law. The relevant human resources structure are as follows:






## 2018 Work Location


Company Name	Locations in Taiwan		Overseas Region		Total
					
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	6	11	0	0	17
Taiwan Cooperative Bank, Ltd.	4,580	3,322	190	167	8,259
Taiwan Cooperative Securities Co., Ltd.	257	130	0	0	387
Taiwan Cooperative Bills Finance Corporation, Ltd.	24	35	0	0	59
Co-Operative Assets Management Co., Ltd.	22	31	0	0	53
Taiwan Cooperative Securities Investment Trust Co., Ltd.	29	19	0	0	48
Taiwan Cooperative Venture Capital Co., Ltd.	4	6	0	0	10
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	145	73	0	0	218
<b>Total</b>	<b>5,067</b>	<b>3,627</b>	<b>190</b>	<b>167</b>	<b>9,051</b>

## New Employees in 2018

Company Name	Gender Breakdown		Age Breakdown			Distribution Area Breakdown		Total
								
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	2	3	1	4	5	0	5	
Taiwan Cooperative Bank, Ltd.	375	396	495	273	3	707	64	771
Taiwan Cooperative Securities Co., Ltd.	25	14	3	30	6	39	0	39
Taiwan Cooperative Bills Finance Corporation, Ltd.	2	5	2	4	1	7	0	7
Co-Operative Assets Management Co., Ltd.	7	2	4	3	2	9	0	9
Taiwan Cooperative Securities Investment Trust Co., Ltd.	7	6	1	10	2	13	0	13
Taiwan Cooperative Venture Capital Co., Ltd.	1	3	1	2	1	4	0	4
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	57	35	21	64	7	92	0	92

 Female  
 Male

 Under 30  
 Age 30 to 49  
 Age 50 and above

 Taiwan  
 Overseas Region



## 2018 Employee's Education Level

Company Name	Education Level				Total
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	9	8			17
Taiwan Cooperative Bank, Ltd.	1,534	4,877	1,134	714	8,259
Taiwan Cooperative Securities Co., Ltd.	77	188	93	29	387
Taiwan Cooperative Bills Finance Corporation, Ltd.	15	33	5	6	59
Co-Operative Assets Management Co., Ltd.	12	38	2	1	53
Taiwan Cooperative Securities Investment Trust Co., Ltd.	22	21	5		48
Taiwan Cooperative Venture Capital Co., Ltd.	7	3			10
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	49	122	25	22	218
<b>Total</b>	<b>1,725</b>	<b>5,290</b>	<b>1,264</b>	<b>772</b>	<b>9,051</b>

■ Master's degree or higher
 ■ College
 ■ Junior College
 ■ High school/Vocational high school and below

## Table of Managers and General Staff Human Resource Structure

## Managers

Company Name	Female		Subtotal	Male		Subtotal
	Under 30	Age 30 to 49		Under 30	Age 30 to 49	
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)		2	2		1	1
Taiwan Cooperative Bank, Ltd.	214	817	1,031	156	759	915
Taiwan Cooperative Securities Co., Ltd.	7	4	11	4	17	21
Taiwan Cooperative Bills Finance Corporation, Ltd.	5	5	10	3	12	15
Co-Operative Assets Management Co., Ltd.	4		4	5	6	11
Taiwan Cooperative Securities Investment Trust Co., Ltd.	4	4	8	5	3	8
Taiwan Cooperative Venture Capital Co., Ltd.	1		1	1	4	5
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	3	3	6	5	5	10
<b>Total</b>	<b>238</b>	<b>835</b>	<b>1,073</b>	<b>179</b>	<b>807</b>	<b>986</b>

■ Under 30

■ Age 30 to 49

■ Age 50 and above

## General staff

Company Name	Female			Subtotal	Male			Subtotal
	Under 30	Age 30 to 49	Age 50 and above		Under 30	Age 30 to 49	Age 50 and above	
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	1	3		4	3	7		10
Taiwan Cooperative Bank, Ltd.	460	2,462	817	3,739	300	1,441	833	2,574
Taiwan Cooperative Securities Co., Ltd.	12	185	49	246	4	89	16	109
Taiwan Cooperative Bills Finance Corporation, Ltd.	1	11	2	14	1	10	9	20
Co-Operative Assets Management Co., Ltd.	7	10	2	19		18	1	19
Taiwan Cooperative Securities Investment Trust Co., Ltd.	1	19	1	21		10	1	11
Taiwan Cooperative Venture Capital Co., Ltd.	2	1		3		1		1
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	14	116	9	139	11	46	6	63
<b>Total</b>	<b>497</b>	<b>2,805</b>	<b>883</b>	<b>4,185</b>	<b>316</b>	<b>1,618</b>	<b>873</b>	<b>2,807</b>

■ Under 30

■ Age 30 to 49

■ Age 50 and above

## Employee Remuneration and Benefits

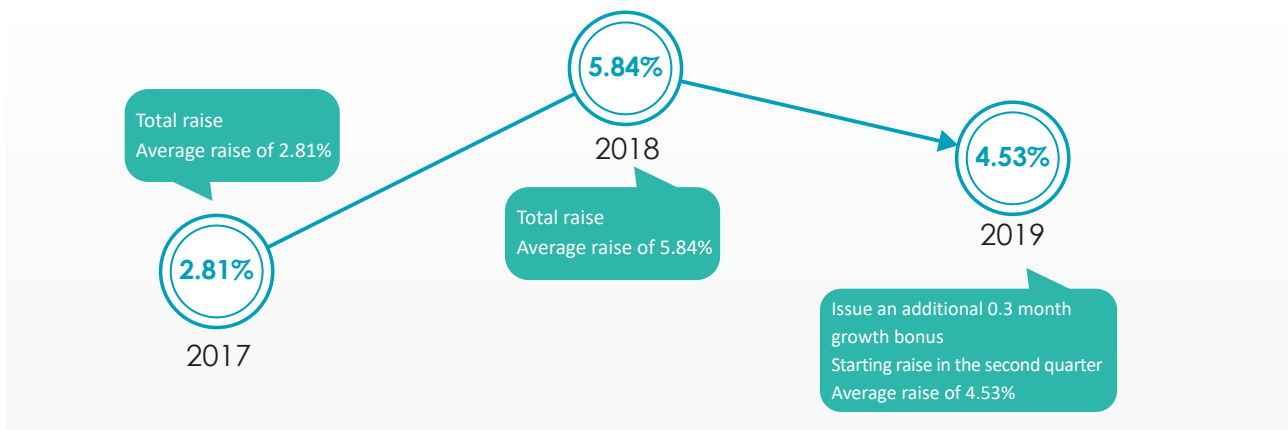
A comprehensive salary and welfare system is an important factor in the recruiting and retaining of outstanding talents. The salary conditions of the “Employee Salary Standards” and “Allocation Standards of Performance Bonus and Employee Remuneration” established by the subsidiaries of the Group are higher than the minimum basic salary stipulated by law. We can assist employees in the improvement of their professional skills and self-growth through establishing a comprehensive compensation and performance management system, education and training, and employee development planning. Every year, employees are upgraded, promoted, and given a raise according to their ranks and professional performances and are provided with various types of education and training.

Based on the business philosophy of taking care of employees’ lives and stabilizing talents, TCFHC has conducted employee salary adjustment projects for two consecutive years. In 2018, the average raise given to employees of the Group reached 5.84%. To encourage employees to save and improve employee cohesiveness, we plan to execute the employee stock ownership trust in 2020. We also attach importance to

gender equality. The rules for hiring employees include no unequal treatment or discrimination regardless of race, age, nationality, ancestry, sex, birthplace, or religion. TCFHC has been selected to be included as a constituent of the “Taiwan High Compensation 100 Index”. This index is the world’s first corporate social responsibility index that encourages companies to pay attention to employee compensation.



### Average raise in the past three years



### Equal pay for men and women

The Company’s employment policy is based on the principle of fairness and impartiality. Personnel is hired based on their ability, knowledge, experience, ethics, and work attitude. There is no discriminatory treatment for the appointment, salary and welfare, assessment, and promotion due to gender or personal sexual orientations. The positions, grades, and salary of recruits are discussed based on their abilities, experience, qualifications, and nature of work as well as taking into account the principles of internal fairness. We also take the Company’s long-term business interests and financial status into consideration by handling the raise, salary bonus, and employee remuneration according to the results of the employees’ performance assessment.



## 2018 Salary Ratio Table of Managers and General Staff

Company Name		Percentage of Salary		Percentage of Return	
		Female	Male	Female	Male
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	Managers	100%	114.20%	100%	114.20%
	General staff	100%	130.52%	100%	130.52%
Taiwan Cooperative Bank, Ltd.	Managers	100%	101.88%	100%	101.88%
	General staff	100%	99.15%	100%	99.15%
Taiwan Cooperative Securities Co., Ltd.	Managers	100%	179.94%	100%	186.09%
	General staff	100%	53.96%	100%	50.84%
Taiwan Cooperative Bills Finance Corporation, Ltd.	Managers	100%	193%	100%	202%
	General staff	100%	137%	100%	145%
Co-Operative Assets Management Co., Ltd.	Managers	100%	133%	100%	142%
	General staff	100%	125%	100%	140%
Taiwan Cooperative Securities Investment Trust Co., Ltd.	Managers	100%	121%	100%	127%
	General staff	100%	151%	100%	146%
Taiwan Cooperative Venture Capital Co., Ltd.	Managers	100%	828.64%	100%	930.84%
	General staff	100%	68.80%	100%	64.51%
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Managers	100%	121.58%	100%	122.69%
	General staff	100%	107.27%	100%	109.33%

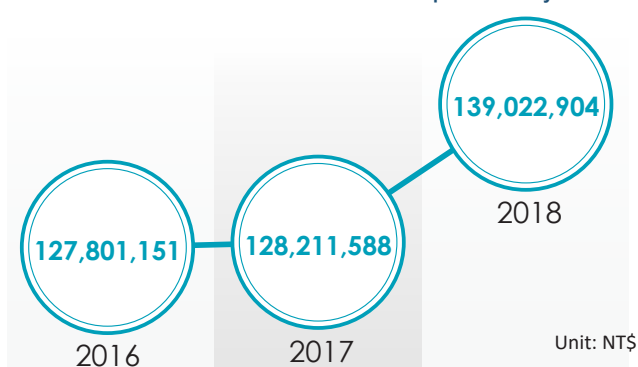
## 2018 Comparison of the salary of junior staff to the basic salary stipulated by law

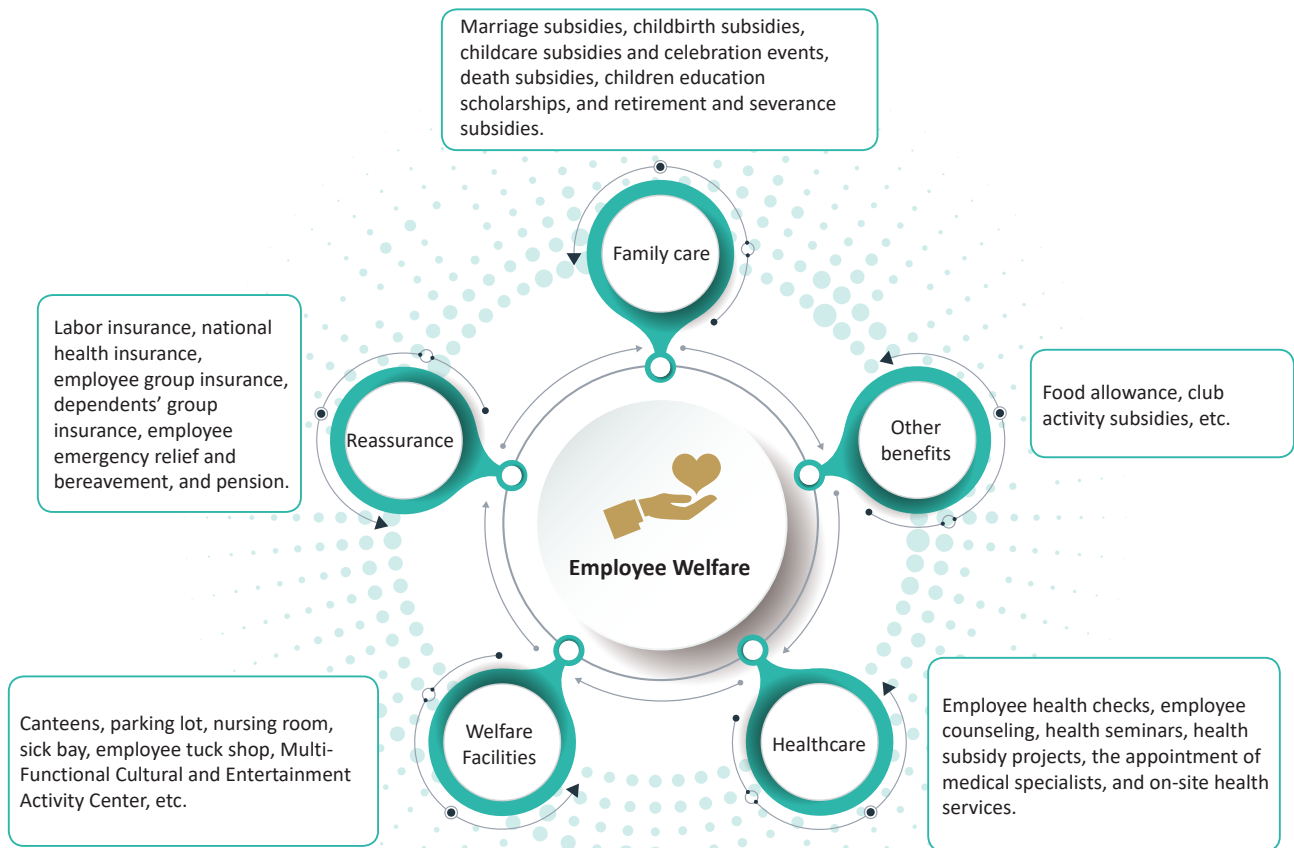
Company Name	Female	Male	Basic Salary Stipulated by Law
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	246.06%	317.96%	100%
Taiwan Cooperative Bank, Ltd.	182.27%	182.02%	100%
Taiwan Cooperative Securities Co., Ltd.	152.93%	150.17%	100%
Taiwan Cooperative Bills Finance Corporation, Ltd.	195%	174%	100%
Co-Operative Assets Management Co., Ltd.	127%	173%	100%
Taiwan Cooperative Securities Investment Trust Co., Ltd.	193%	311%	100%
Taiwan Cooperative Venture Capital Co., Ltd.	553.48%	380.79%	100%
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	120.45%	177.27%	100%

## Diversified employee benefits

In addition to actively responding to the government's policy of improving labor wages and establishing a fair and competitive compensation and welfare system, the Company also attaches great importance to the physical and mental health and well-being of our employees. The Group provides employees with diverse welfare measures. All companies of the Group will set up or plan an employee welfare committee to promote various welfare measures, safeguard employee's quality of life, and create harmonious employer-employee relations. In 2018, the total amount of welfare fund contributed exceeded NT\$139 million.

## Contributions of welfare funds in the past three years





## Number of non-managerial staff, average salary and employee welfare expenses, and differences from the previous year

Unit: People; NT\$1,000

2018 Number of general staff	2017 Number of general staff	2018 Average expenses	2017 Average expenses	Difference
7,929	7,889	1,335	1,358	-23,000

Note 1: The above data includes Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC), Taiwan Cooperative Bank, Ltd., Taiwan Cooperative Securities Co., Ltd., and BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Note 2: The contents of salary expenses are defined by the "Directions for Reporting Operations of Full-Time Non-Managerial Staff Salary and Applicable Q&A" issued by the Taiwan Stock Exchange.

Note 3: According to the Q&A defined by "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" (2019.1.14), "non-managerial" (not managers) staff are determined by the scope of "manager" and are added and reported according to Order No. Taiwan-Finance-Securities (III) 920001301 issued on March 27, 2003. In terms of practical operation, it should be consistent with the scope of report of internal personnel (manager) and disclosed in the annual report of the shareholders' meeting (manager) by each company, and adopted consistently in the previous period.

Note 4: The average salary is reduced mainly due to the early retirement scheme and employment of new junior-level employees in 2018.

## Insurance and Retirement System

To enhance the well-being of employees, insurances such as labor insurance, national health insurance, and employee group injury insurance are applied for employees according to law, so that employees of the Group will receive the care and benefits they deserve in the course of their official duties. If any accidents occur during their execution of official duties that caused death or disability, employees can receive considerable medical claims, and dependents can also take out casualty and hospital insurance. For the retirement protection of employees, the Group has established employee retirement standards in

accordance with the "Labor Standards Act" and the "Labor Pension Act", which pays a monthly labor pension of 6% of the employee's salary per month to the personal pension account.

TCFHC is committed to the protection of employees' rights and interests, and improving employee cohesion, as to reduce the employee turnover rate. TCFHC was selected by the Taiwan Stock Exchange Corporation as a constituent of the "Taiwan Employment Creation 99 Index", which shows recognition towards the Group's assistance in reducing unemployment rates. The overview of resignations in the Group in 2018 is as follows:

## 2018 Overview of resignations in the Group

Company Name	Number of employees at the end of 2018 (A)	Number of resignations in 2018 (B)	2018 Turnover rate (C=B/A)	Gender Breakdown		Age Breakdown			Distribution Area Breakdown	
				Female	Male	Under 30	Age 30 to 49	Age 50 and above	Taiwan	Overseas Region
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	17	0	-	0	0	0	0	0	0	0
Taiwan Cooperative Bank, Ltd.	8,259	222	2.69%	122	100	65	157	0	188	34
Taiwan Cooperative Securities Co., Ltd.	387	38	9.82%	18	20	2	29	7	38	0
Taiwan Cooperative Bills Finance Corporation, Ltd.	59	8	13.6%	1	7	3	3	2	8	0
Co-Operative Assets Management Co., Ltd.	53	5	9.43%	1	4	1	3	1	5	0
Taiwan Cooperative Securities Investment Trust Co., Ltd.	48	13	27.08%	8	5	1	10	2	13	0
Taiwan Cooperative Venture Capital Co., Ltd.	10	1	10.00%	0	1	0	1	0	1	0
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	218	34	15.59	27	7	2	28	4	34	0

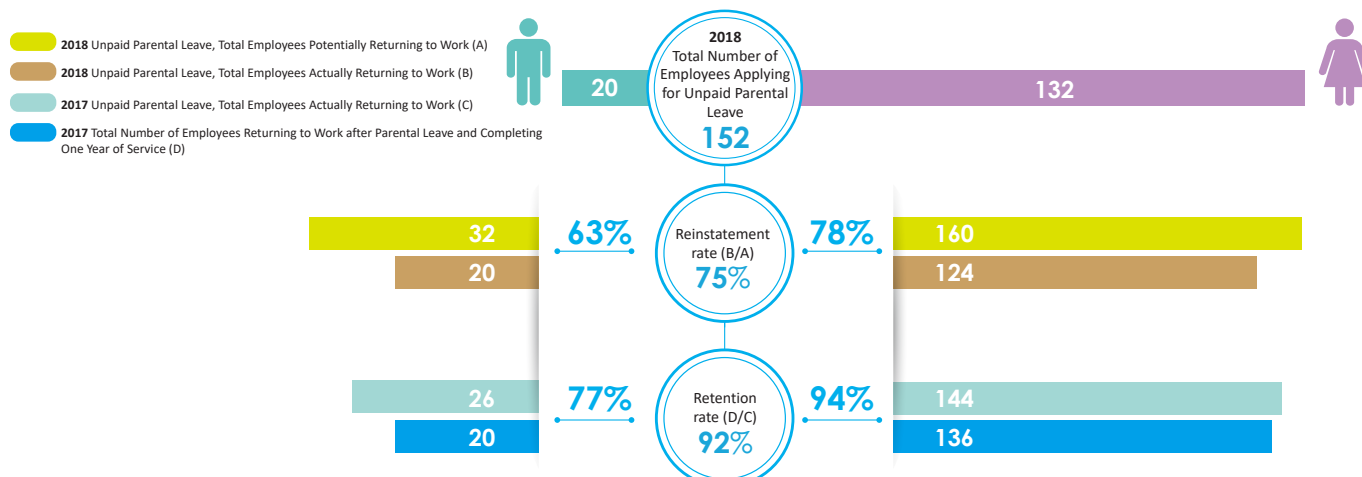
Note: Due to the special nature of the job of telemarketers of BNP Paribas Cardif TCB Life Insurance Co., Ltd., they are not listed in the statistics of this table.

## Complete Leave and Attendance Policy

TCFHC implements a complete leave system, providing various types of leaves that are superior to that stipulated in the Labor Standards Act. We implement gender equality in recruitments, interviews, and allow employees to apply for maternity leave, paternity leave, leave to attend prenatal appointments, menstrual leave, family care leave, and the "Measure for Unpaid Parental Leave" in accordance with the Act of Gender Equality in Employment. We have also established an E-platform that allows employees to check and apply for leave at any time. The system will automatically generate a special leave schedule every quarter to remind

employees to take pre-set leaves and adjust their working hours in a timely manner, finding a balance between work and family. Take the unpaid parental leave as an example, in 2018, a total of 152 employees applied for unpaid parental leave, and the reinstatement rate was 75% while the retention rate was 92%. The "maternity pension" is also provided to encourage employees to procreate. From having one to three children, the subsidy is NT\$60,000, NT\$80,000, and NT\$100,000 respectively. The maximum subsidy amount is NT\$110,000 if employee benefits are added.

## 2018 Overview of Employee Unpaid Parental Leave for Raising Children



Note: This form shows the actual number of reinstatements including those who are reinstated in advance.

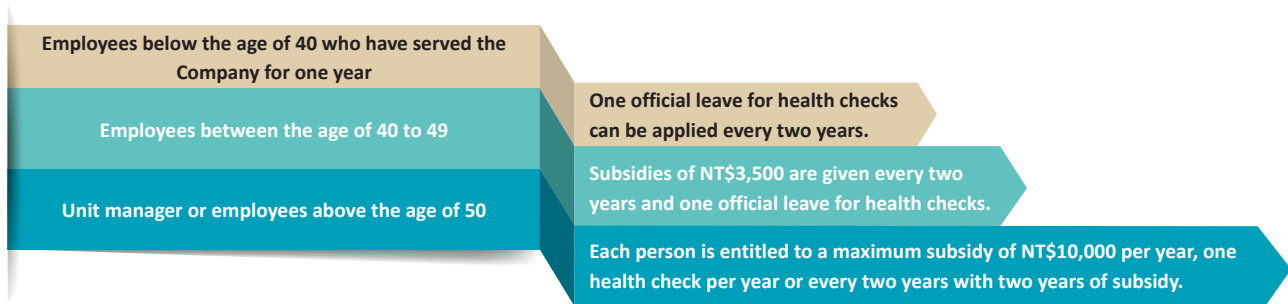


## Employee health check-up

To actively protect the physical and mental health of employees, we have strengthened employee's autonomous health management and commissioned professional physical examination institutions to handle regular employee health checks. We keep tabs on each employee's health through the organizer's professional skills, rich experience in health checks, and sophisticated medical examination equipment, enabling employees to obtain the right information on prevention, health care and treatment of diseases. TCFHC implements regulations that are superior to the "Labor Health Protection Regulations (employees under the age of 40 should have health checks every five years)" by conducting health checks on employees of the Group every three years. Employees can have their health checked at their work location during office

hours, thus encouraging them to keep track of their health status. This regulation is highly praised by our employees. The previous health check was held in 2016. 6,595 health checks were conducted; total expenses were NT\$7,848,050. The next health check will be held in 2019.

Employees may also choose to go to other physical examination institutions for health checks. The relevant subsidies are listed in the chart below. By the end of 2018, 962 employees applied for health check subsidies; total expenses were NT\$6,635,561. Special offers on health check subsidy are also provided below. By the end of 2018, about 962 people applied for the health check subsidy; total expenses were NT\$6,635,561.



The regular health checks provided to employees under the age of 65 are superior to the law, and unit managers will have annual subsidies and one official leave for hospital health checks.



Every three years, TCFHC cooperates with hospitals in all provinces to provide general health checks to all employees. TCFHC takes the initiative to notify employees with abnormal results to return for hospital re-examinations. The inspection provided by the Bank is also superior to that stipulated in the regulations, which includes abdominal ultrasound and carcinoembryonic antigen to help employees in early screening and treatment of diseases. In 2016, a total of 6,595 employees participated in general health checks; total expenses were NT\$7,848,050. We have already planned to allocate NT\$10,520,400 to employee health checks in 2019.

## Established Canteens

TCFHC puts a lot of effort into the healthy meals provided to our employees. We have set up canteens at several Taiwan Cooperative Bank branches and the Head Office of TCFHC that provides excellent group meals chosen by our employees. The ingredients of our canteens are regularly inspected on pesticide residue standards and hygienic status. We also launch dishes for special festivals and group purchases during the Spring Festival to show our appreciation for their hard work.



## Dinner Party for Retired Personnel

A happy company is a place where employees can work from start to retirement and be able to lead a happy life after retirement. In addition to providing pension to employees and keeping in contact with retired personnel, TCFHC holds regular dinner parties in northern, central, and southern Taiwan to thank retired personnel for their years of contribution to TCFHC. We also take the initiative to care about the lives of retirees, reminding all seniors to pay attention to their physical health and arrange regular health checks so that everyone can feel the warmth of being a part of our big family.

## Established the Multi-Functional Cultural and Entertainment Activity Center

TCFHC is committed to becoming a company that brings happiness to its employees. In addition to establishing a comprehensive salary and welfare system and adhering to the concept of caring for the physical and mental health of employees, the “Multi-Functional Cultural and Entertainment Activity Center” was opened in 2018 to provide a multi-purpose court, gym, yoga, and dance classrooms. Employees can sweat to their heart’s content while enhancing employee relations and team chemistry. Work efficiency and competitive advantages can be improved through the establishment of exercise habits in the workplace, thereby achieving the goals of corporate sustainability. By the end of June 2019, yoga, pilates, body combat, and fitness classes were opened with more than 2,800 participants.



# Training and Development

Talents are the cornerstones and most important assets of the Company. Excellent talent resources are opportunities for the Company to innovate continuously and operate sustainably. In addition to planning learning courses and giving appropriate counseling and internships to recruits according to their abilities and proposed future job, we also strengthen employee’s professional abilities by arranging various education and training, visits, seminars, and on-the-job training hosted by domestic and international well-known institutions to enhance the Company’s competitiveness.

## Diverse learning channels

To strengthen the training of functional competencies and enhance employees’ absorption of professional knowledge and information on new financial products, TCB holds on-the-job workshops and sends employees to participate in language enrichment courses or external education training and seminars. In 2018, the objectives of the Group’s training program was successfully achieved. 122,328 people participated in the training, with a total number of 648,192 training hours and total expenses were NT\$46.75 million. We



Organize internal education and training - enthusiastic participation from employees

also established an e-learning platform that provides various learning courses. 170 courses are divided into 23 categories according to business segments. Courses are added in accordance with regulatory updates and business conditions, such as the “Principles for Treating Customers Fairly”, “Anti-Money Laundering and Countering Terrorism Financing”, and “Information Security Awareness and Legal Advocacy”. A total of 517,412 people have registered for courses.

To encourage employees to display the flexible and innovative corporate culture of BPC TCB Life, we have set up the “Guidelines for Selection of Best Proposal of TCB”. The person putting forward the proposal will receive a bonus after their proposal is reviewed and approved by all department managers. A dedicated manager will be appointed to the project to counsel employees on the implementation of the project, train their execution capabilities, and improve their innovative growth and development capabilities.

To continue promoting lifelong learning to employees, TCB actively encourages employees to continue education by providing credit fee subsidies to those who study at graduate schools, universities, or junior colleges. We also provide relevant subsidies or bonuses to employees who register to take part in financial professional certification exams, CAMS Certification Exams, and Foreign Language Proficiency Exams, acting as resources for the independent learning and growth of employees.

## 2018 Implementation of Education and Training



The average training hours per employee is **71.62** hours.

Total training expenses were NT\$ **46,749,112**.

### Employee OJT subsidy expense

Credit Fees of Graduate Schools, Universities, and Junior Colleges	1,064,260
Financial Professional Certifications and Foreign Language Proficiency Exam Fees	17,886,332

## Talent Cultivation and Recruitment

Talents are important driving forces for corporate sustainability. TCFHC's long-term goal is to attract and retain diverse talents. We attach great importance to the career development plan of employees. From pre-employment training of recruits to the professional training of employees, TCFHC helps employees to adapt to environmental changes and the rapid growth of the organization. We hope that through the internal rotation mechanism, employees can have diverse learning opportunities and become an all-round financial talent. In recent years, in response to the needs of

diversification and transformation of financial services and the continued expansion of overseas markets, TCFHC has recruited talents through multiple channels to strengthen labor capital and enhance the Company's overall competitiveness. According to the results of the “Survey on the Employment Willingness of Graduates of the Finance and Insurance Department in Taiwan” conducted by Risk Management, Insurance & Finance Foundation in 2019, the century-old company, TCFHC won the award for being the “Most Desirable Financial Holdings to Work For” by graduates of the Finance and Insurance Department.



## Establish employee transfer and rotation mechanism

In response to the fierce competition in the financial industry and the need for cross-industrial operations, the Company has established a “Rules for Group Personnel Exchange and Part-Time Jobs” to enable the sharing of human resources of each company. Each subsidiary has established transparent and institutionalized transfer and rotation systems based on the human resource allocation of each unit, employee's willingness, and continuity of work. We encourage employees to develop comprehensively and achieve self-realization in the pursuit of excellence.

## Industry-Academia Collaboration

To cultivate financial industry professionals, Taiwan Cooperative Bank established the “Guidelines for Industry-Academia Cooperation Program Application for Finance Student Internships” in 2017, providing professional internship training opportunities to students of cooperated schools. We provide a series of financial related courses lasting twelve to eighteen weeks that are taught by senior staff of the Bank, who will impart their practical experiences through a combination of theory and practice, thereby enhancing students' professional skills and strengthen employment competitiveness. By the end of 2018, a total of 93 students from 3 schools had participated in the internship, with a total return rate of 80%. We held one corporate visit and eight seminars that received affirmations from many school teachers and students. Furthermore, those who performed well and passed the interview during the internship can become a formal employee of the Company and will be given a complete newcomer development program.



### Campus Recruitment

In recent years, TCB has been actively recruiting from campus. In addition to cooperating with several colleges and universities, we have also participated in major campus recruitment fairs and briefings to help young people become more aware of our century-old company. It is our first time holding seminars on the recruitment of talents at schools such as National Taiwan University, National Chengchi University, National Tsing Hua University, National Cheng Kung University, and National Taipei University. Chairman, Paul C.D. Lei, personally led employees to campuses to analyze the future development trend of the financial industry to graduates. He also communicated with students to let them get a better understanding of TCB, then recruit graduates and those between jobs who are interested in the banking industry to join our big, happy corporate family. We will also continue to recruit international high-quality Graduate Associate (GA) talents to

enrich our international financial talent pool, accelerate the expansion of overseas markets, and strengthen our global layout.

### Online Insurance Camp and Competition of Colleges and Universities in Taiwan

To let the new blood in the field of insurance understand the trend and application of digital insurance, BPC TCB Life cooperates with School of Management at National Central University to co-organize the “Fintech Camp” and “Fintech Proposal Selection Competition” to communicate with the younger generation and let them experience the operations of the online insurance platform and stimulate innovative ideas, such as optimizing customer experience, strategic alliance, and social media marketing. We hope to work together with the academic community to cultivate future talents with important skills in digital finance through the combination of theory and practice.



## Work Environment

To maintain workplace safety, TCB has set up labor safety dedicated units, the “Occupational Safety and Health Management Plan”, implemented safety and health training, hired nurses to help protect employees’ physical and mental health, strengthened healthcare measures, actively hosted occupational safety and health events, and implemented safety and health automated inspections to establish a quality work environment. Safety regulations on business premises are strengthened in accordance with the “Financial Institutions Crime Prevention Environment Assessment Form and New Standards” to ensure the safety of personnel and property. The occupational safety and health training for employees and recruits are in accordance with the “Safety and health education and training for managers of occupational safety and health affairs” by the Bankers Association of The Republic of China.



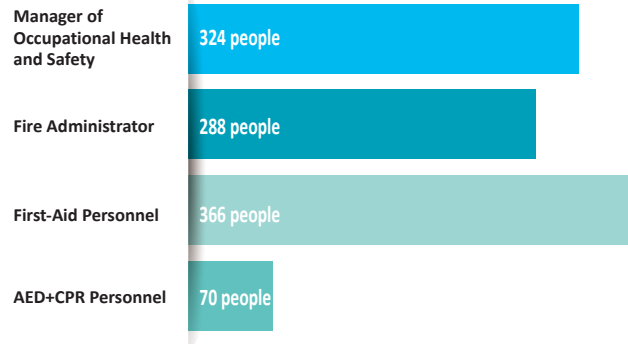
Note: Three hours of on-the-job training should be held every three years according to the rules of Occupational Health and Safety training.

To protect employees' safety and health and prevent occupational disasters, a "Safety and Health Work Code of Conduct" has been established and approved by competent authorities that clearly defines the various operating standards and emergency handling principles of Occupational Health and Safety. All business units shall set up Occupational Health and Safety managers, emergency personnel and fire administrators in accordance with regulations to maintain the safety and health of business units and create a safe working environment. To update employees' knowledge on Occupational Health and Safety, every two to three years, we send relevant certified personnel for re-training and continue carrying out the automatic inspection plan. We also promote training in the Bank every year to enhance employees' awareness of Occupational Health and Safety to build a zero disaster workplace.

To ensure the safety of employees in performing their duties, TCFHC, TCB, Co-Operative Assets Management, TC Securities, Taiwan Cooperative Bills, Taiwan Cooperative Securities Investment Trust, and Taiwan Cooperative Venture Capital has enrolled employees in the group accident insurance with coverages of

## Number of personnel obtaining Occupational Health and Safety related certifications

### Type of Certification



up to NT\$10 million. In the event of service-incurred death or disability, the employee can obtain claims from the insurance company. BPC TCB Life also plans group insurance for employees. If an accident occurs that causes injuries or disabilities, relevant medical or claims can be obtained. TCFHC cares about employees. Not only do we take care of employees' life in the workplace, but we also focus on making their families feel secure.

## 2018 Overview of work-related injury leave in the Company and subsidiaries

Company Name	Number of work-related injury leave		Number of work-related injury leave days		Injury rate		Number of people on sick leave		Number of sick leave days		Absence rate		Percentage of days lost	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC)	1	0	2	0	5.88	0	0	0	0	0	-	-	11.76	-
Taiwan Cooperative Bank, Ltd.	13	12	156	141	0.16	0.15	236	137	2,451.5	1,757.6	252.57	183.91	15.11	13.66
Taiwan Cooperative Securities Co., Ltd.	0	1	0	1	0	0.258	25	17	123.9	52.5	255.412	110.309	-	0.258
Taiwan Cooperative Bills Finance Corporation, Ltd.	0	1	0	1	0	1.69	2	0	11.13	0	150.92	13.56	-	1.69
Co-Operative Assets Management Co., Ltd.	0	1	0	12	-	1.89	0	1	0	12	-	181.13	-	22.64
Taiwan Cooperative Securities Investment Trust Co., Ltd.	0	0	0	0	0	0	1	6	1.5	14	25	233.33	0	0
Taiwan Cooperative Venture Capital Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	-	-
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	0	0	0	0	0	0	163	67	597.5	343	2,193	1,259	-	-

Explanation: 1. Total work hours = Total employees x work hours per day x number of working days per year

2. Total number of work days = Total number of employees x number of work days in a year;

3. Absentee rate is calculated according to the GRI Standards of 200,000 working hours

## Accident Safety Drills

TCFHC thinks highly of workplace safety and holds regular workshops on workplace safety and health, fire, and disaster prevention, including occupational disasters and traffic safety courses. We also established emergency response plans and notification measures to minimize risks. Each business unit holds regular accident safety drills, and alarm and warning tests every year to maintain the safety of employees. The drill achievement rate in 2018 was 100%.





## Occupational Safety and Health Committee

To protect the safety and health of employees and prevent occupational disasters from happening, Taiwan Cooperative Bank has set up an "Occupational Safety and Health Committee" in accordance with the "Occupational Safety and Health Act" and "Regulations on the Management of Occupational Safety and Health". The Committee consists of 11 members made up of employers, trade unions, and unit managers. Four of whom are labor representatives, accounting for 36%. The committee meets once every three months. By the end of 2018, four meetings were held and 86 motions were discussed, including various health management and health promotion reports. The Committee pays attention to employee's health and environmental safety issues and conducts regular tracking of the implementation of meeting resolutions, which greatly benefits the strengthening of occupational safety and health management.

## Healthy Workplace

To provide employees with a healthy and comfortable working environment, Taiwan Cooperative Bank has stationed six doctors and full-time registered nurses at the head office. They also perform on-the-spot health services to provide emergency medical treatment and counseling to employees. Furthermore, the Group analyzes the results of employees' health checks. On-site and video interviews with medical staffs

are held to conduct follow-ups and medical counseling to assist employees in improving their health. To assist our employees in taking care of both work and family, we also set up nursing room facilities and equipment in the workplace. In 2018, they were used by 506 people.



Nursing room, AED (Automated External Defibrillators)



### Medical Specialists

- The Bank appoints two medical specialists to the head office to perform on-site health services so that employees can receive professional medical consultations during working hours.



### Full-Time Registered Nurses

- Healthcare information and health consultation services are provided from time to time to check the top ten abnormalities of employee diseases and health checks. We also set up an infirmary, upload-pressurized fully automatic blood pressure monitor, ultrasonic height and weight analyzer, and AED (Automated External Defibrillators) to provide emergency medical and nursing places for employees.
- In 2018, 96 on-site health services were held in all provinces in Taiwan, which provided services to 1,933 people in 288 hours. After analyzing the results of the 2016 employee health check, the doctors were asked to give on-site and video interviews to conduct follow-ups, give medical counseling, and other health improvement measures.



### Health Seminar

An external counseling psychologist is hired every year to teach courses on “Awareness of how stress affects us”, “Communication and coordination - How to deal with the adverse effects of negative emotions”, and “Cultivate emotional resistance and positive communication”. We also cooperate with county mental health centers and the Teacher Chang Foundation to provide employees with individual counseling services and maintain a balance between physical and mental health.



A total of 356 people participated in the “Communication and coordination - how to deal with the adverse effects of negative emotions” and the “Cultivate emotional resistance and positive communication” course held in all provinces of Taiwan.



A total of 387 people participated in the “Awareness of how stress affects us”, “Psychologists talk about relaxation from five aspects”, and “Management of good workplace relationships from psychological tests” courses.

Courses are held three times a year, three hours per course. A total of 743 people participated.



### Influenza Vaccination

To encourage employees to receive vaccines at medical institutions to strengthen their immune system and avoid outbreaks, the budget for 2018 was NT\$4.069 million. Flu vaccine stalls are also stationed in the head office building.

### Established a Remote Video Visitation System

Taiwan Cooperative Bank has specially established the “Remote Video Visitation System” to provide a fair health consultation channel to employees of all branches of the Bank. Every month, distinguished doctors use video calls to conduct health consultations to employees in remote northern districts, and central and southern areas in Taiwan to achieve the benefits of “employees’ mental and physical health while creating business performance”.







Flu vaccine



Health Services



### Physical and mental health measures

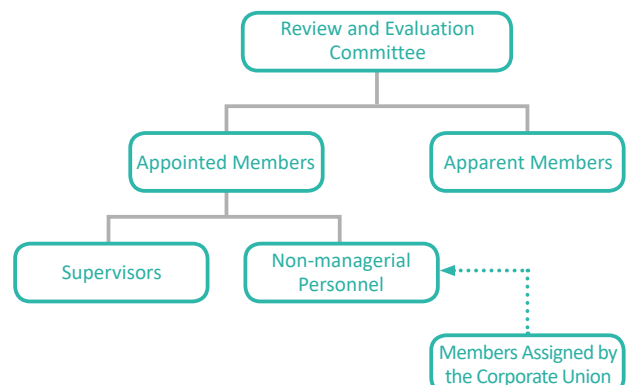
Item	Specific measures	Result
 <p><b>Plan to Prevent Ailments Induced by Exceptional Workload</b></p>	To prevent employees from high-risk groups such as those who “work shifts, work at night, or work for long hours” from illness due to overwork, we have hired occupational doctors and registered nurses to conduct interviews and health counseling in accordance with the results of employees’ health checks, overwork self-evaluation, and overtime hours.	<ul style="list-style-type: none"> <li>We hope to reduce the risk of employee illness through holding annual health and sanitation seminars, and physical and mental health protection measures.</li> <li>By the end of 2018, 55 employees are classified as low-risk level, especially those who are autonomously managed. 39 employees are classified as medium-risk level.</li> </ul>
 <p><b>Ergonomic Hazards Prevention Plan</b></p>	In 2018, we established the Ergonomic Hazards Prevention Plan through the annual “employees’ self-reported musculoskeletal symptoms” questionnaire to understand employees’ physical and mental conditions.	<ul style="list-style-type: none"> <li>In 2018, 232 employees were suspected of having a health hazard. We have called to express our solicitude, understand the cause of symptoms, and give suggestions for improvement. We have also held a lecture on “Office Syndrome - Relaxation Massage” with 62 participants.</li> </ul>
 <p><b>Female Employee Health Protection Plan</b></p>	Pregnant employees and their managers should complete the “Maternity Health Risk Assessment Form” to conduct risk assessments of relevant work hazards. Occupational Health and Safety personnel, medical specialists, full-time registered nurses, and unit managers will conduct interviews and guidance.	In 2018, 56 pregnant employees were subjected to hazard control and work suitability adjustments. Employees without health hazards shall receive health guidance and protection measures from medical specialists and registered nurses.
 <p><b>Plans to Prevent Sufferings of Illegal Infringement During the Execution of Duties</b></p>	TCB established the “Plans to Prevent Sufferings from Illegal Infringement During the Execution of Duties” to proclaim the Bank’s “zero tolerance” stance on illegal infringement and workplace violence. Our grievance handling process is transparent.	In 2018, there were no cases of employees being illegally infringed.

## Employee Performance Management

The Group’s companies have established the “Standards for Staff Evaluation and Management”, “Standards for Staff Evaluation”, and the “Employee Rewards and Discipline Guideline” in order to guarantee employees’ rights and interests. These serve to establish a fair evaluation and rewards and discipline system to safeguard employees’ rights and interests as well as enforcing group discipline. This system is used every year. The annual evaluation results will act as the basis for employee performance bonus and employee compensation. We also established the “Review and Evaluation Committee” where employees act as committee members to fight for employee rights. At the same time, managers at all levels are required to pay more attention to and care for their employees’ working and living conditions. They should provide counseling and make records if necessary.

TCFHC Group is committed to combining the employee performance evaluation system with corporate social responsibility policies. For example, in response to the energy conservation and carbon reduction policy, Taiwan Cooperative

Bank implements energy conservation measures, integrates reduction of water, electricity, and oil expenditures as an item for management performance evaluation, and links them with employees’ performance bonus. BNP Paribas Cardif TCB Life Insurance Co., Ltd. launched a public welfare passport to encourage employees to earn points through participating in social welfare events.



## Human Rights and Equality

Employees of TCFHC will not be discriminated against due to gender differences during recruitment, appointment, evaluation, and promotion. We support and respect international labor standards, including the International Labor Office Tripartite Declaration of Principles, The OECD Guidelines for Multinational Enterprises, the UN Universal Declaration of Human Rights, and the local labor laws and regulations as well as Act of Gender Equality in Employment at all operating locations. Various human resource management policies and procedures have been established to protect the rights and interests of employees. In 2018, the Group did not have any operating activities involving child labor, discrimination, violation of freedom of association, or any forced or compulsory labor.

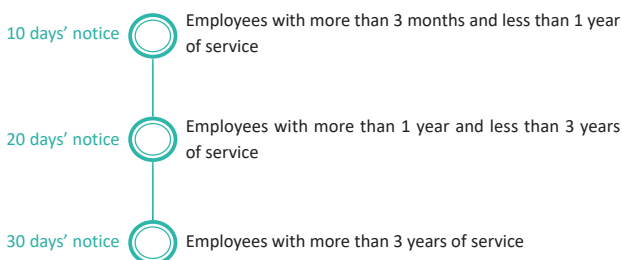




## Complete Labor and Management Communication Channels

TCFHC has always adhered to the concept of “employer-employee harmony creates win-win situations” and promotes employer-employee relations. Employees can make recommendations to the Company through trade unions, employee welfare committees, and employer-employee meetings. All companies in the Group have built an “Employee Feedback Section” and a “message board” so that employees can communicate their issues directly with the managerial level or improve their work efficiency through the suggestion box and receive assistance and responses. All cases are handled by dedicated personnel in a confidential, fair, reasonable and expeditious manner to protect the rights and interests of the complainants. Employees are also assigned as committee members of the “employer-employee meeting”, “Review and Evaluation Committee”, and “Personnel Review Committee” to fight for employee rights.

All companies of TCFHC Group have clearly stated the minimum notice period for important work changes in the Work Rules in accordance with the Labor Standards Act, which includes business suspension, transfer of business ownership, operating losses, business contractions, change of the nature of business, or a particular worker is clearly not able to perform satisfactorily the duties required of the position held. According to the employees’ job tenure, a length of 10 to 30 days notice is given by the Company to terminate a labor contract.



To promote the harmony of employer-employee relations and cultivate employee cohesion, subsidiary companies such as Taiwan Cooperative Bank and the Taiwan Cooperative Securities actively promotes the care for employees’ rights and interests by signing a “Group Agreement”. In 2018, there were 8,017 corporate union members and sponsored members, accounting for 99.1% of total employees. Even employees that are not part of the union are protected by the mutual agreement between employers and employees. They have the rights to salary adjustments and year-end bonuses.

Companies within the Group have set up “Measures of Prevention, Correction, Complaint, Investigation, and Punishment of Sexual Harassment at Workplace” or related regulations to prevent the occurrence of sexual harassment and to protect the rights of victims. Any conducts of sexual harassment from employees in the workplace are strictly

prohibited, and violators will be disciplined depending on the seriousness of the incident. In addition to posting advertisements on “free of sexual harassment”, the Group also established a grievance channel (including dedicated line, dedicated fax line), and arranges regular education and training to enable employees to work at ease in an environment free from sexual harassment. We have also planned and managed the contents of training courses to improve the ability of the managerial level to communicate with employees. The course focuses on internal management, handling of grievance cases, and urges unit managers to accept employees’ suggestions and understand how they are feeling. In 2018, the number of cases of sexual harassment received within the Group was zero.



The Company’s grievance channel for reporting sexual harassment is as follows:

Dedicated line: 02-21738888 Ext. 3011

Dedicated Fax Line: 02-27715796

E-mail: [tch@tcfhc.com.tw](mailto:tch@tcfhc.com.tw)







2018 CSR Performance

# Environmental Sustainability



# 5

GHG and Energy Management  
Water Conservation and Waste Reduction  
Green Procurement and Supplier Management



In response to the global climate change and the impact of the greenhouse effect on the environment, TCFHC established energy-saving and carbon-reduction measures, placed solar photovoltaic panels on the roof of the headquarter building and promoted energy conservation, recycling, and paperless operations in offices and public areas. The “Supplier Corporate Social Responsibility Code” is also specified in the Tender Instructions and Terms of Contract, requiring our suppliers to abide by the Terms of the CSR and strive to maintain the environmental sustainability.

### Green building

In the early stage of its construction, TCB head office building was designed in accordance with four main principles: “employee care, environmental protection, energy conservation, and friendly community.” It introduced various environmental protection and energy conservation design of green buildings to realize eco-friendliness and the philosophy of common good for employees and local residents. TCB head office building occupies approx. 32,000 Taiwanese ping, with building coverage ratio at merely 43.33% and green coverage ratio reaching 74.26%. Over 2000 ping of green open space is set in the surrounding areas of the base. By connecting green plazas, green platforms and green patios with a green corridor, and forming a connection with Dunzhong Park at the North, an eco-corridor is created. Furthermore, large trees, shrubs and a diversity of all-season herbaceous plants are grown in the surrounding areas of the base, thus transforming a two-dimensional green plaza design into a three-dimensional ecological green space. The public space on the first floor is also purposed for a public art gallery, which organizes various art and cultural events on a non-

periodic basis to offer a recreational art and cultural space for local residents, customers and employees. In 2018, the building obtained Green Building Silver Certificate.



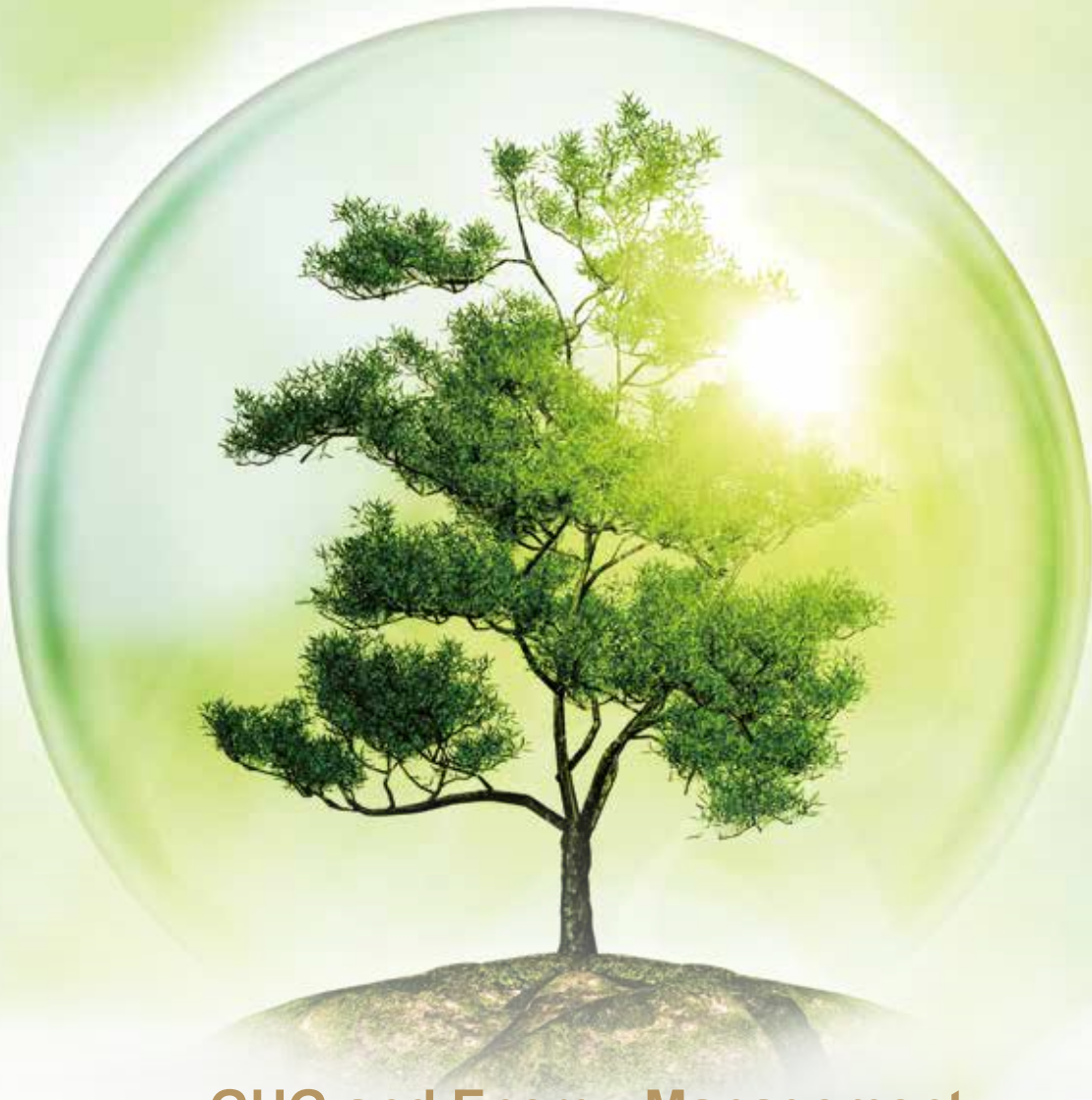
### Green operations

Through daily operational management measures, TCFHC achieves the effects of energy conservation and carbon reduction. Resources needed in operations including water, electricity and fuel are regularly measured. Regarding recycling, waste is sorted and managed. Regarding paper reduction, customers are encouraged to use electronic transactions, while internal meetings adopt the methods of paperless electronic proceeding and video conferencing, thereby improving energy efficiency and reducing waste. Also, by connecting with the suppliers through green procurement, we support the government agenda of environmental sustainability.



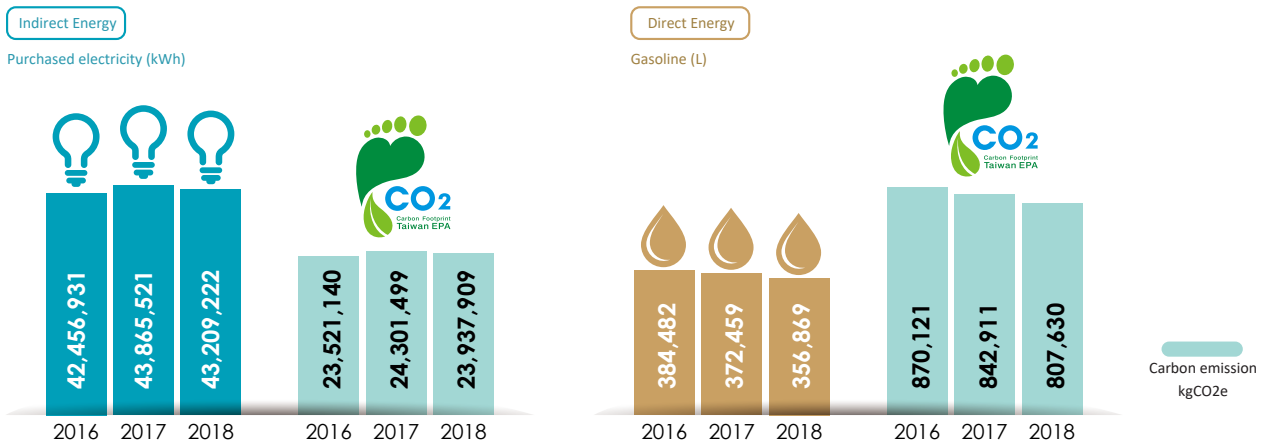
The head office of TCB received EEWB certification by the Construction and Planning Agency Ministry of the Interior





## GHG and Energy Management

In order to effectively slow down climate change's impact on the environment, TCB is dedicated to realizing green operations by promoting energy management and implementing measures of energy conservation and carbon reduction, thus fulfilling our duties as a global citizen. In order to truly grasp the sources and characteristics of Green House Gas (GHG) emissions, the Head Office Building has introduced the ISO 50001 Energy management systems and operated ISO14064 GHG inventories for the short term, in the hope of proposing specific and viable reduction measures and targets in order to achieve long-term energy efficiency, and thereby slow down the impact on the environment.



Note: Reference source of CO<sub>2</sub> equivalent emission coefficient: Environmental Protection Administration greenhouse gas emission coefficient management table (6.0.4 version, June 27 2019)

## Energy Conservation & Carbon Reduction

TCB has long been promoting energy conservation and carbon reduction to achieve the goal of GHG reduction. Each unit established its energy conservation promotion taskforce convened by the unit supervisor. Each unit also appoints general affairs officer as the energy manager, who is in charge of air conditioning control, lighting and faucet switch, conducting online reports on a quarterly basis, and regularly reviewing, tracking and analyzing the adopted energy

conservation measures to draw up relevant improvement measures. In addition, we take the opportunities in our internal meetings or activities to promote the concepts and methods of energy conservation. We also dispatch delegates to conferences related to energy conservation, and post banners and reminder signs with energy-saving slogans so as to develop our entire staff's habit of energy conservation. TCB's energy conservation and carbon reduction measures are as follows:






TCB posts various energy conservation slogans in office spaces to remind employees of environmental protection anytime.

## Water Conservation and Waste Reduction

### Waste management

To realize waste management, TCFHC is committed to its “3R” policies — “reduce, recycle, and reuse.” In doing so, we use and recycle resources in a sustainable manner to reduce pollutions and damages to the environment. TCB even established its waste reduction policy in 2018. Using 2019 as

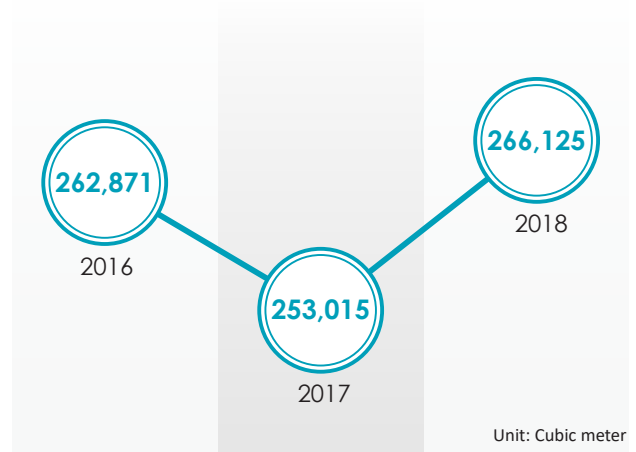
the baseline year, the goal is to reduce 1% waste every year. Meanwhile, employees are encouraged to implement waste sorting and recycling, and make adjustments to the goals and relevant measures based on the actual implementation. Below are the specific measures:

Item	Specific measures
 <p>Reduce</p>	<ul style="list-style-type: none"> <li>• Promotes paperless meetings, electronic operating procedures, and digitized services and trainings. In 2018, we saved a total of 13,842,385 sheets of paper and 69.21 tonnes of pulp, which were equivalent to 1,661 trees.</li> <li>• Supports the prohibition of disposable and melamine tableware, for which the Taipei City Government has awarded certificates as recognition.</li> <li>• Encourages customers to support energy conservation and carbon reduction by using electronic transactions and applying for electronic statements.</li> </ul>
 <p>Recycle</p>	<ul style="list-style-type: none"> <li>• Sets up garbage sorting and recycling bins at each floor for our employees to classify and recycle papers, plastics, metals, used batteries, discs, etc. Used consumables (carbon and ink cartridges) are sent to the suppliers for recycling.</li> <li>• Food waste bins are installed in staff cafeterias, thus realizing the spirit of waste sorting and reduction and reducing the load of clean-up and incineration.</li> </ul>
 <p>Reuse</p>	<ul style="list-style-type: none"> <li>• Purchases recycled or eco-friendly papers and equipment with environmental protection labels such as FSC or PEFC.</li> <li>• Official letter envelopes and paper boxes circulated within TCB are also used repeatedly to achieve effective resource reuse.</li> <li>• Documents are printed (or photocopied) double-sided using recycled papers to reduce paper waste.</li> </ul>

### Water Resource Management

In the early stage of the construction of the TCB head office building, four indicators, namely the greening index, the base water retention index, the water resource index, and the sewage and garbage improvement, were listed as the main design considerations in order to achieve an energy-saving, resource-saving and low-pollution building. Uses water-saving devices for water facilities in the building, such as automatic faucets and horticultural sprinklers with timer. Uses equipment with water-saving labels when replacing old ones. TCFHC also utilizes the occasion of meetings to promote water conservation among employees, and posts water-saving slogans to achieve the end of water conservation. Water for operating purposes comes 100% from the Taiwan Water Corporation, and is for the use of employees and some consumers only. Wastewater generated from everyday use is discharged via sewers to sewage treatment plants for treatment, without causing hazards to the environment. The water usage in 2018 amounted to 266,125 cubic meters, slightly up 13,110 from 2017; this was mainly due to the increase in volume of operation and the relocation of TCB office building.

### Water consumption in the last three years





## Green Procurement and Supplier Management

### Green Procurement

TCB complies with the policy of green national life and consumption promoted by the Environmental Protection Administration, and prioritizes purchase of products with certifications of energy efficiency, environmental protection, water efficiency certification, and green building material recognized by government, as well as with high energy efficiency. All subsidiaries' procurement regulations stipulate that prioritized procurements may include eco-friendly products which "have obtained usage permits and environmental protection labels recognized by the government"; whose "production and use processes of products or raw materials and disposal of waste meet the criteria of recycled materials, recyclability, low pollution or energy conservation"; or "other products that increase social benefits or reduces social costs and have same or similar performances." The amount of green procurements in 2018 was NT\$4.5 million.

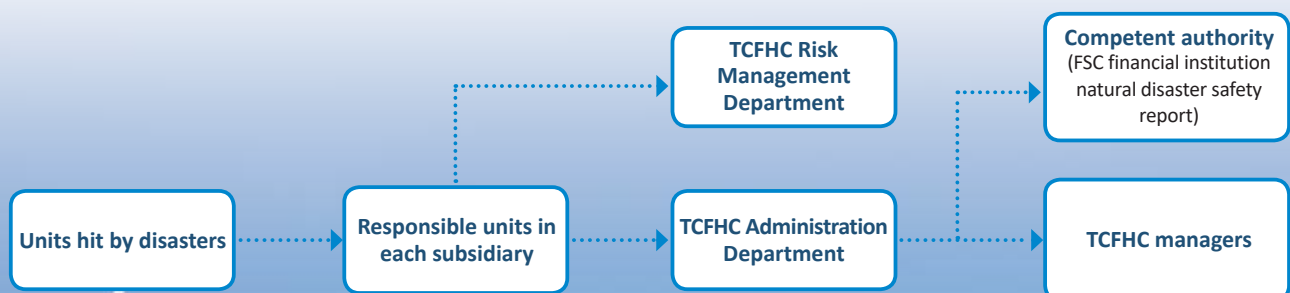
### Supplier management

Regarding supplier management, our procurement regulations stipulate that supplier tender documents may prioritize in purchasing products with environmental protection labels recognized by the government. In addition, in our procurement document, the Tender Guidelines and Agreement Clause, we specify supplier CSR clauses, which requires suppliers to comply with laws and regulations related to national environment in terms of environmental protection (no records of government penalties on pollution sources), safety and health. This is to prevent any form of pollution and human rights infringement during production or service processes. TCB may terminate or rescind the agreements with those who violate the specified regulations and cause significant impact on the environment and society, in order to realize corporate social responsibility.

### Natural disaster response mechanism

Typhoons and earthquakes of various scales and intensities strike Taiwan every year. In order to prevent such natural disasters from affecting normal operations of its widely distributed branches, TCFHC has established the Operating Procedure for Emergency and Crisis Management, Regulations Governing Emergency and Crisis Management, and Security Protection Drill Plan. Every year, operating units implement drills to be recorded, in order to prepare for relevant tasks before, during, and after strikes of typhoons, and in doing so prevent impacts on operation, reduce property losses, and ensure personnel safety.

A unit hit by natural disasters shall immediately report damages to the responsible unit of the subsidiary to which the unit belongs. The responsible unit shall conduct reports to the parent company in report form by 10 a.m. of the same day, so as to grasp the causes of the incident and keep track of the status of emergency response and thus facilitate follow-up management. In addition, each subsidiary has established the Guidelines for Procedure of Emergency Incident Reporting and for Standard Operating Procedure of Public Statement, and the Implementation Rules for Dispatching Staff on Duty and for Response during Natural Disasters. When a disaster occurs, units hit by the disaster shall immediately conduct reports and report the details in official letter to each supervising department within two days. For a major contingency, reports shall also be conducted via telephone and a report form shall be faxed to the Department of Auditing, Board of Directors. Furthermore, the details shall be reported in official letter to the Department of Auditing, Board of Directors in order to report to the competent authority.





# 2018 CSR Performance Public Interest

# 6

**Social Care**  
**Supporting Sports**



## Social Care

While promoting economic development, TCFHC also takes social responsibility and actively integrate its resources to continually organize charity activities and participate in arts and cultural events and academic conferences. These specific actions bring us in line with 5 of the United Nations Sustainable Development Goals (SDGs), including No Poverty (SDG 1), Zero Hunger (SDG 2), Good Health and Well-being (SDG 3), Quality Education (SDG 4), Decent Work and Economic Growth (SDG 8). We hope that our every effort will contribute to creating the greatest benefit for the land in which we live. TCB won the Best Corporate Social Responsibility Award in the 2018 Best Bank Rating Survey by Excellence magazine.

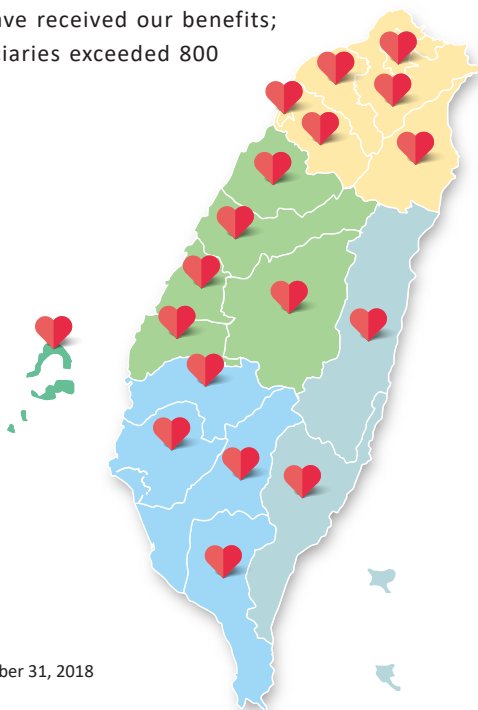


TCB Chairman Paul C. D. Lei receives the Best Corporate Social Responsibility Award from Wellington L. Koo, Chairman of the Financial Supervisory Commission (FSC).

### Charity

#### Social care in winter

Committed to social care, TCB continues to organize TCB Social Care in Winter. Through TCB branches around Taiwan, we find people with insufficient resources or in urgent need of supports. The scope of our support includes children and youth growth, physical and mental disability supports, elderly needs, and medical aids. Meanwhile, our local customers also joined us in our practical efforts to contribute to the care for those in need. We hope our small contributions will inspire more attention to disadvantaged groups in remote areas in pursuit of a secure and healthy society. A total of 20 social welfare organizations and schools from 13 counties and cities have received our benefits; total beneficiaries exceeded 800 individuals.



Data date: December 31, 2018

#### Organizing charity road running events

To encourage members of the public to run for health and at the same time contribute to charity by donating uniform invoices, TCFHC and the National Taxation Bureau of the Central Area co-organized the 2018 Ministry of Finance Uniform Invoice Cup of Road Running –Taichung. The event has collected over 310,000 invoices, all of which has been donated to social welfare organizations in central areas. The entire body of TCB employees, in particular, participated with enthusiasm and voluntarily donated over 140,000 uniform invoices, thus realizing TCFHC employees' charitable spirit with practical supports.





## Participating in charity fairs

TCFHC has supported the Financial Services Charity Festival organized by the Taiwan Financial Services Roundtable for six consecutive years. The main themes of the event are financial knowledge promotion and philanthropy. We interact with the participating crowds by means of fun educational activities to develop the public's correct concepts of financial knowledge and inspire concerns for socially disadvantaged groups.



## Supporting Food (goods) banks

TCB supports the Financial Supervisory Commission's promotion of corporate social responsibility by participating in the joint material donation charity event, Love from Financial Industry – the Food (goods) Bank for four consecutive years. Through local county/city governments, we donate food and goods to around 3,000 families and elders in remote areas to help disadvantaged households suffering from economic difficulties or emergency disasters overcome hardships of life.



## Making various donations

Based on its social responsibility, TCB continues to make various donations and support activities initiated by charity organizations. In 2018, we have donated to the Taiwan Lung Foundation and the Penghu Country Government Charity Allowance to make a small contribution to the social welfare for disadvantaged groups.



## Caring disadvantaged children in remote areas

TCFHC always takes social responsibilities. Subsidiary TCB continues to conduct various donations to support activities initiated by charity organizations. In 2018, TCB has donated to charity organizations including the Andrew Charity Association, Pearl S. Buck Foundation, Slow-Flying Angel Care Association, Eden Social Welfare Foundation, Taipei Orphan Welfare Foundation, and White Kite Children's Home. In doing so, we continue to let disadvantaged groups feel the warmth of social care and the positive energy of love.

Supporting economically disadvantaged schoolchildren in Hualien and Taitung, TC Securities made donations to Taiwan Tsaidie Baseball Industry Incubation Association to foster young baseball talents and offer advice to the schoolwork of children from disadvantaged families in the hoping of ameliorating their life. In addition, Co-Operative Assets Management Co., Ltd. (COAMC) donated to Kaohsiung Flying Service Welfare Association to provide care for children and youths from disadvantaged families and offer them alternative learning approaches.



## Emergency social care

In 2018, the strong earthquake in Hualien wreaked havoc in Eastern Taiwan. TCFHC not only donated funds to assist with the reconstruction, but also offered various natural disaster loans to farmers and fishers, agricultural and fishery enterprises, and other individuals and enterprises who were in urgent need of funds to relocate and reconstruct, thereby assisting victims in rebuilding their homes and bringing their lives back to normality as soon as possible. TCB was awarded the Excellent Bank Award by the Executive Yuan for its 0206 Hualien Earthquake Financing Guarantee Project Loan.

BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPC TCB Life) has offered various major natural disaster policy holder services such as interest-free policy loans, premium deferment and free policy re-issuance. In addition, through the fundraising activity Watching Hope, BPCTLI invited collaborating channel the Land Bank of Taiwan to sell policies for charitable purposes; total donations have reached NT\$29,500, which were used to assist Zhongzheng Elementary School in rebuilding its campus.



TCB has long been fulfilling its corporate social responsibilities with empathy for others' suffering. When the Hualien Earthquake occurred, Chairman Lei immediately assigned relevant personnel to relocate the first session of Leaders Meeting & Financial Management Inspiration Workshop in Hualien, and invited more than 200 employees to offer warm assistance at the Mennonite Christian Hospital. The Chairman offered NT\$300,000 to help the Mennonite Christian Hospital repair damaged facilities, and in doing so hoped to inspire more supports from the public to help people in Hualien rebuild their homes and overcome the trauma.

In supporting the image solicitation activity "Hualien is Backed" organized by the General Association of Chinese Culture, TCFHC encouraged all employees to visit Hualien again to record the beauty in Hualien's natural and human geography through the lens and thereby allow the Taiwanese people and international friends to reacquaint with, fall in love with, and support Hualien.



## Supporting the disabled

Based on benevolence, Taiwan Cooperative Securities Investment Trust has made donations to the Kanner Foundation of Taiwan and the Music Foundation for the Blind in Taipei to serve as funds necessary for the subjects in daily life and education, which demonstrated our specific actions of care for the socially disadvantaged groups and thereby fulfilled our corporate social responsibility.

Co-Operative Assets Management donated funds to the Mingxin Child Development Center, New Taipei City to purchase teaching equipment and materials. Through the creativity and training of special education, COAMC hopes to help developmentally

retarded and physically and mentally disabled children develop their potentials in order to bring them back to normal elementary schools or training institutions as soon as possible.





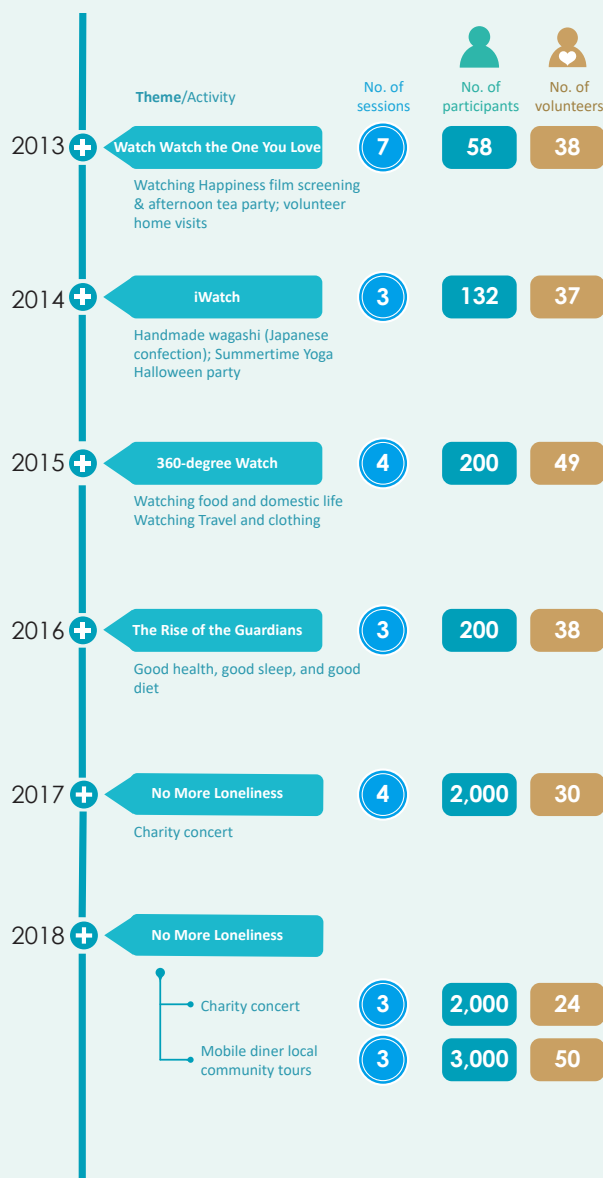


## Caring family carers

The Taiwan Association of Family Caregivers (T AFC) points out that millions of family caregivers in Taiwan are under tremendous pressure without channels to give vent to such pressure. In the long run, such a situation tends to increase the alienation between carers and care receivers and society, thus leading to physical and mental health hazards.

Paying due attention to the needs of these “invisible patients”, BPC TCB Life has been promoting various supporting services for caregivers under the theme “watch” in collaboration with the Taiwan Association of Family Caregivers since 2013. Care activities include Guarding Happiness Donation and respite activities along with the Care Café. We also call on our employees to act as one-day volunteers to accompany and express care for family caregivers and help them temporarily relax from the pressure of care.

With the support from BPC TCB Life, T AFC created Care Café, which offers consultancy on long-term care, and launched the Respite Coffee Sachet, which allows caregivers to enjoy a free cup of Respite Coffee without having to leave home. Such services as based on a collaborative model helped T AFC win the International Family Carer Service Innovation Award from the International Alliance of Carer Organizations (IACO), thus making Taiwan the sole Asian winner of this award.



### Guarding Happiness Donation

In 2014, we launched Guarding Happiness Donation, in which BPC TCB Life donated NT\$300 to the T AFC for every mortgage/life insurance policy dealt. In doing so, BPC TCB Life incorporated charity into mortgage/life insurance products to provide family caregivers with more substantial resources. We invited our collaborating distributors to join our donation activities for family caregivers. BPC TCB Life also established the iWatch QR code donation platform to invite the public to contribute to charity simply by using a mobile phone, in the hope of helping T AFC provide caregivers with more resources through charity funds and supplies collected from the public, policy holders, sales channels and BPC TCB Life so as to secure safe and sound families for the caregivers. As of the end of 2018, the total amount of donations has reached NT\$1,605 million, which has benefited over 34,851 families.

## The Rise of the Guardians

Both domestic and international researches have proved that “respite” is beneficial to family care on various counts. It can reduce physical burden and mental pressure, improve sociability, and also indirectly slow down the deterioration of the care receivers. We support the respite services promoted by the TAFC, established the Rise of the Guardians, and initiated a series of in-depth surveys as well as promoted relevant caregiving activities and lectures, in which many experts, academics and civil groups are invited to assist caregivers in resolving various issues in everyday life and care, thus comprehensively taking care of the health, diet, and sleep of caregivers.

## The Respite Academy

BPC TCB Life provides long-term assistance to TAFC in its promotion of various services including respite stress relief courses, caregiver support organizations, and counseling. In 2016, we paid particular attention to the issue of the caregiver’s rest. By allocating mortgage/life insurance premium incomes to establish the Respite Academy and the Care Café, and planning professional stress relief courses, we encouraged caregivers to go outdoors to socialize. We also assisted with arrangements of substitute caregivers to allow caregivers sufficient rests.

## Care Café

We look forward to seeing more family caregivers gain access to long-term care information, respite activities and family caregiver supports within local communities. Using the Guarding Happiness Donation Fund, we created Care Café, which offers free Respite Coffee to family caregivers, and established Local Long-term Care News, which organizes stress relief activities for various types of family caregivers.



No More Loneliness press conference

## Respite Coffee Mobile Diner tour

In order to promote the Care Café to every corner of local communities, our Respite Coffee Mobile Diner incorporates relevant activities of county and city governments at all levels, and invites street performers to perform in a lively manner in local communities to promote respite coffee and long-term care services information. In doing so, we awaken public attention to family care issues, and call for donations to support families receiving long-term care and support caregivers who have dreams to pursue.

## No More Loneliness Concert

BPC TCB Life invited musician Chen Chien-ning to support care issues by composing the charity single “Love is not Lonely” and going on a charity concert tour covering northern, central and southern Taiwan, to which family caregivers and their families were invited. Through these events, which received wide and enthusiastic responses, we encouraged caregivers to keep positive thinking on work and pursue love and dreams. A total of 8 events have been held from 2017 to 2018; 4,000 individuals have participated.



## Supporting education, academic researches and arts & cultural academia

### Participating in the establishment of charity education funds

To help students from disadvantaged families complete their studies and provide them with financial education courses, TCB supports FSC's promotion of charity events jointly organized by finance-related institutions. By donating to the Charity Fund for Financial Services Industry Education established by the Taiwan Financial Services Roundtable, TCB encourages more students to focus on their studies and promotes finance-related knowledge. Financial associations, various finance-related units, and financial institutions have all participated with enthusiasm. Total donations amounted to NT\$120 million, out of which NT\$80 million were allocated for scholarships and grants for disadvantaged college students, thus relieving their economic burden, helping them concentrate on their academic work, and bettering their life through education. NT\$20 million were allocated for the student financial knowledge education fund. By acquainting the students with correct financial knowledge, we hope to help them improve the economic condition of their families.



### Rewarding academic researches

Since 1954, TCB has established research scholarships, which encouraged college students to conduct researches in economic and financial subjects, and is one of the research scholarships in Taiwan with the longest histories. Those who pass the reviews of research papers and relevant eligibility will be awarded certificates and prize monies. In addition, the applicants' award-winning credentials can serve as a reference for TCFHC employment. With the universalization of higher education in Taiwan, the scope of eligible subjects has expanded to include master's and doctoral students. Also, the prize monies have been continually raised. In 2018, a total of 13 excellent students received the scholarship, and the cumulative number of recipients reached 769; the total prize money has exceeded NT\$7.8 million, which made a considerable contribution to academic researches in economic and financial subjects in Taiwan.



### Offering scholarships and student grants

To make contributions to the society, encourage students to focus on their studies, and assist with the development of schools, ever since 1997, TCB has been donating scholarships and grants to students in high school and above collecting tuition and miscellaneous fees or university funds on their behalf. In 2018, we donated a total of NT\$38.39 million to 20-plus high schools, universities and colleges, including the National Yang Ming University.

In the future, TCB will continue its commitment to the cultivation of arts and culture and support more international academic forums as well as academic researches, and offer scholarships and student grants, thereby enriching Taiwanese spiritual life. Through relevant academic researches and arts and cultural exhibitions, TCB also hopes to sow the seeds of culture and beauty in the mind of the public, which will continue to grow and eventually blossom into beautiful flowers of culture on the Taiwanese soil.





## Organizing the Elderly Care Trends Forum

As Taiwan is becoming an extremely aged society, planning for the health, life, family and finance of the elderly has become an important issue for the Taiwanese people as a whole. In response to such trend, TCB and Commercial Times co-organized the 2018 Elderly Care Trends Forum, in which experts from the industry, government and academia were invited to offer relevant explanations regarding the four major issues – elderly care trends, elderly health, elderly finance, and elderly slow-paced life, so that the elders can properly plan and use their pension funds to improve their life quality in retirement. Over 400 individuals participated on the day of the event.



### 2018 Elderly Care Trends Forum highlights

<https://youtu.be/pRTpWopJH0w>



## Supporting the Disadvantaged Youth Part-time Employment Program

To fulfill its corporate social responsibility, TCB actively participated in the Economically Disadvantaged Youth Part-time Employment Program organized by the Youth Development Administration, Ministry of Education by offering 50 part-time positions to disadvantaged youths on an annual basis. TCB also provides extracurricular part-time employment opportunities to youths from economically disadvantaged families to help them gain working experiences and learn to become economically independent during their studies, thus improving the competitiveness of their career developments. Since 2011, TCB has received a certificate of appreciation for its contribution to the Economically Disadvantaged Youth Part-time Employment Program from the Youth Development Administration, Ministry of Education every year.



For its long-term support for the Economically Disadvantaged Youth Part-time Employment Program, TCB received a certificate of appreciation from the Youth Development Administration, Ministry of Education.

## Sponsoring academic, arts and cultural activities

TCB actively participates in various academic conferences to improve the development of financial academic researches in Taiwan. In 2018, TCB participated in events including the Chung-Hua Financial and Economic Forum organized by the Chung-Hua Institution for Economic Research and the 2018 Annual Conference of the Institute of Internal Auditors - Chinese Taiwan. TCB also sponsored charity concerts organized by the Taipei Kuan-yin-Line Psychological and Social Service Association and the 2018 Taiwan Lantern Festival. Furthermore, TCB supported arts and cultural exhibitions related to South Taipei Fun Carnival, and the image solicitation activity “Hualien is Backed” organized by the NGO General Association of Chinese Culture. These efforts show TCB’s commitment to promoting quality arts and culture and good leisure activities to improve Taiwanese artistic and cultural taste and leisure life quality.

In the future, TCB will continue its commitment to the cultivation of arts and culture; support more international academic forums as well as academic researches; and offer scholarships and student grants, thereby enriching Taiwanese spiritual life. Through relevant academic researches and arts and cultural exhibitions, TCB also hopes to sow the seeds of culture and beauty in the mind of the public, which will continue to grow and eventually blossom into beautiful flowers of culture on the Taiwanese soil.



## Supporting Sports

Having been cultivating sports talents from elementary schools to colleges in counties and cities around Taiwan for many years, TCB has developed countless outstanding, top-ranking sports players in the world: TCB Badminton Team's Tai Tzu-ying, CHOU Tien Chen, Wang Tzu-wei, Hsueh Hsuan-yi, and LEE Jhe-huei; TCB Table Tennis Team's Chuang Chih-yuan, Chen Chien-an, Lin Yun-Ju, and Cheng I-ching; TCB Baseball Team's early-period stars Kuo Yuen-chih (a.k.a. Genji Kaku), Kuo Tai-yuan, Li Juming, as well as recent and current stars Chen Chin-feng, Peng Cheng-min, Kao Chih-kang, Chih-sheng Lin, Lamigo Monkeys' Chen Yu-xun, Lin Han, and Yang Xian-xian.



### Comprehensive team training resources guarantee player living quality




TCB provides comprehensive training resources and knowledge and skills transmission. Every year, TCB allocates budgets for the operation of its three sports teams to provide comprehensive living care for players so that they can fully concentrate on trainings and competitions, feeling TCB's commitment to sports talent development. In addition, the three teams are coached by experienced professional coaches. Furthermore, TCB offers spacious training venues or gymnasiums by using its own offices or via rental to allow players to practice without having to share venues with other users. In addition, TCB also offers players accommodation at the employee training center. The TCB Baseball Team has its own shuttle buses to pick up players to practice venues or game venues. The TCB Table Tennis Team and Badminton Team are offered travel allowances for domestic and international competitions.

TCB has established a comprehensive system of remuneration, promotion and reward. Full-time players on the teams are treated as TCB employees, who are not only remunerated with fixed monthly salaries but also offered different amounts of nutrition bonus based on their performance. During team training, players can also take professional financial education courses. They can also choose to become a bank employee after retirement, thus securing funds for life after leaving professional sports. Retired players have all performed well in their new careers. TCB sports teams have undoubtedly become teams that assemble excellent players as well as families that can take best care of our national athletes.



## The 2018 TCB teams expenses

Unit: NT\$1,000

Item	No. of coaches & players	Team budget (note 1)	Player salary & bonus (note 2)	Total
 Baseball	35	\$ 18,600	\$ 16,748	\$ 35,348
 Table Tennis	70	\$ 18,946	\$ 19,206	\$ 38,152
 Badminton	66	\$ 18,874	\$ 13,877	\$ 32,751
<b>Total</b>	<b>171</b>	<b>\$ 56,420</b>	<b>\$ 49,831</b>	<b>\$ 106,251</b>

Note: 1. Team budget includes expenses of cooperative education and player training and nutrition.

Note: 2. Player salary bonuses include those received by coaches.

## Organizing sports camps and cooperative education

TCB not only uses its corporate resources to foster national athletes so that they can shine on the international stage of sports, but also expands the scope of talent development to children by organizing free baseball, table tennis and badminton camps for schoolchildren during summer vacation every year so that the future pillars of our country can develop interest in sports and physical strength.

The content of sports camp courses includes trainings in basic skills of ball sports, explanation of rules, player etiquettes, group competitions, and demonstrations by national athletes. Prize-giving quizzes are also conducted during class breaks to instill students with the correct understanding of money through fun games. Prize lotteries are also offered at the end of the events. Many participating students even took pictures with or solicited autographs from the TCB players. Such unforgettable childhood memory also inspires the students' interest in developing their careers in ball sports.

In addition, in order to allow school to join us in promoting baseball and show supports for baseball at the elementary school level, TCB Baseball Team used the occasion of the sports camps held in July to give away baseball equipment to and offer one-day training for elementary schools in Chiayi which have established baseball teams.





Founded in 1992, TCB's sports camps have been organized every year with the assistances from the Ministry of Finance and other government units. Players on the three teams and students participating in cooperative education programs organize the camps around various places in Taiwan in rotation, and act as sports mentors for over 50,000 schoolchildren to develop potential future talents. In addition, in order to stably operate player development for the long term, TCB even expanded the scope of player fostering to campuses. TCB not only funds many school teams and offers them sports equipment, but also conducts cooperative education with schools with potentials. Many team players will also spare time to visit campuses and offer students advice on sports skills to develop more national athletic talents.






### Students' feedback

This year's baseball camp was so much fun. I've been looking forward to the camp since June. At the start of the day, I put on my jersey and cap and entered the baseball park with my friends. The park looked so incredibly huge to me! We practiced base running in the beginning, then moved on to practice catch & throw. During this practice, my partner threw the ball so high that I had to use my full strength to jump and catch it. But since it was too high, we still lost the ball, so the coach gave us another ball for replacement. On the second day, we practiced catch. The coach threw a ball to me, but I let it fly over me. I quickly picked up the ball and passed it to the coach. Shame I didn't catch it. It was so much fun today, and I hope tomorrow will be even better!



Thank you to TCB for organizing such health-promoting activity. The coaches and staff were so devoted to taking care of and offering guidance to the children. Thank you all!

### 2018 TCB sports camps

Item	Time	Venue	No. of participants	Co-organizer(s)
 Baseball	08/01-08/03	Kaohsiung Chengcing Lake Baseball Stadium	397	Education Bureau, Kaohsiung City Government
 Table Tennis	08/08-08/10	Chiayi City East District Stadium	239	Chiayi City Government Chiayi City Athletic Association Table Tennis Committee
 Badminton	07/18~07/20	National Experimental High School at Hsinchu Science Park, Hsinchu City	308	Hsinchu City Badminton Committee National Experimental High School at Hsinchu Science Park

Total no. of participants in 2018 TCB sports camps: 944

## Organizing various ball sports competitions and sponsoring various sports events

Sponsoring ball sports teams and organizing sports camps are two of the social welfare activities TCB is committed to annually. Apart from existing sponsorship plans and sports camps, TCB also takes specific actions to sponsor major sports events in Taiwan. In 2018, TCB sponsored the Chinese Taipei Open (badminton) and the ITTF Chinese Taipei Junior & Cadet Open (table tennis), thus making our contribution to the promotion of various sports competitions. In addition, TCB organized various ball sports competitions in 2018, such as the Cheng Shin Maxxis TCFHC National Table Tennis Tournament, TCB Badminton Invitational, and TCB Soft Ball Invitational. Through these events, we called on institutions and customers that have a relationship with TCB for a long time to join us in playing ball sports, and hope in doing so to make participants love sports and develop good habits of exercise.

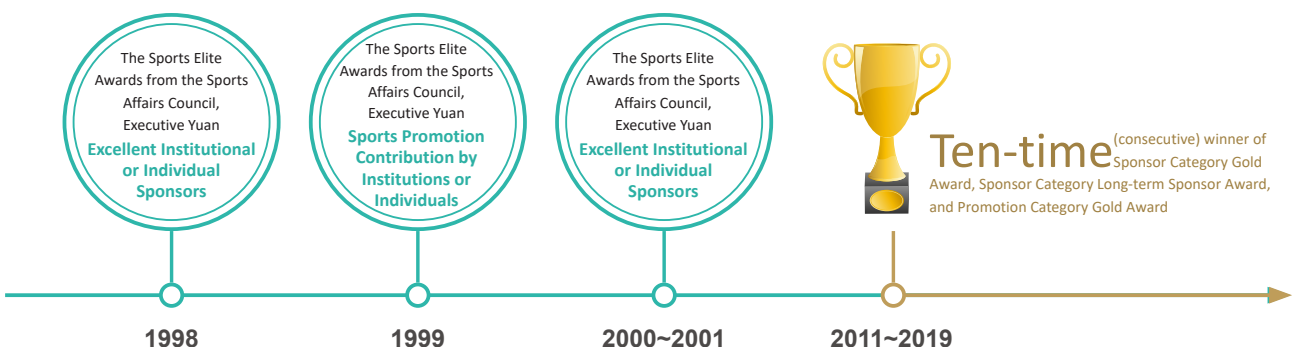


## Awards and recognition

For the long-term support, sponsorship and promotion of sports activities and the cultivation of countless national athletes who have brought home international honors for our country, TCB was awarded the Sponsor Category Gold Award, Sponsor Category Long-term Sponsor Award and Promotion Category Gold Award at Sports Activist Awards by the Sports Administration, Ministry of Education in 2018. TCB has won the Sports Activist Awards for ten consecutive years, which serves as the greatest encouragement for TCB's effort in cultivating sports talents and promoting sports in Taiwan.



Chairman Paul C.D. Lei received a trophy from Premier William Lai as a recognition for TCB's long-term support of Taiwanese sports and for its development of excellent athletes who have won international honors for Taiwan.







# Appendix

## GRI Index

Items for enhanced disclosures as specified  
in the Rules Governing the Preparation and  
Filing of Corporate Social Responsibility  
Reports by TWSE Listed Companies

Summary of Assurance Items

## GRI Index

GRI Standards (Version 2016)	Disclosure category	Corresponding Section	Page(s)	Supplementary explanations
<b>General Disclosures</b>				
GRI 102: General Disclosures	102-1 Name of the organization	About TCFHC	17	
	102-2 Activities, brand, products, and services	About TCFHC	17	
	102-3 Location of headquarters	About TCFHC	17	
	102-4 Location of operations	About TCFHC	17	
	102-5 Ownership and legal form	About TCFHC	17	
	102-6 Markets served	About TCFHC	17	
	102-7 Scale of the organization	About TCFHC	17	
	102-8 Information on employees and other workers	Employee Composition and Diversity	43-44	
	102-9 Supply chain	Green Procurement and Supplier Management	65	
	102-10 Significant changes to the organization and its supply chain	--	--	No major changes in 2018
	102-11 Precautionary Principle or approach	Risk Management and Audit System	26	
	102-12 External initiatives	Sustainable Finance	31	
	102-13. Membership of associations	Corporate Governance	22	
	102-14. Statement from senior decision-maker	Message from the Chairman	4-5	
	102-16 Values, principles, standards and norms of behavior	Message from the Chairman Corporate Governance Ethical Management Risk Management and Audit System Compliance Information Disclosure	4-5, 21-29	
	102-18 Governance structure	Corporate Social Responsibility Committee Corporate Governance	9, 21	
	102-40 List of stakeholder groups	Material Issues and Stakeholder Engagement	14-15	
	102-41 Collective bargaining agreements	Human Rights and Equality	59	
	102-42 Identifying and selecting stakeholders	Material Issues and Stakeholder Engagement	10	
	102-43 Approach to stakeholder engagement	Material Issues and Stakeholder Engagement	10, 14-15	
102-44 Key topics and concerns raised	Material Issues and Stakeholder Engagement	11-15		
102-45 Entities included in the consolidated financial statements	Report Overview	2		
102-46 Defining report content and topic Boundaries	Report Overview	2		
102-47 List of material topics	Material Issues and Stakeholder Engagement	11		

GRI Standards (Version 2016)	Disclosure category	Corresponding Section	Page(s)	Supplementary explanations
	102-48 Restatements of information	--	--	Information in the previous period has not been revised
	102-49 Changes in reporting	--	--	No major changes
	102-50 Reporting period	Report Overview	2	
	102-51 Date of most recent report	Report Overview	3	
	102-52 Reporting cycle	Report Overview	3	
	102-53 Contact point for questions regarding the report	Report Overview	3	
	102-54 Claims of reporting in accordance with the GRI Standards	Report Overview	2-3	
	102-55 GRI content index	Appendix	81-84	
	102-56 External assurance	Appendix	79-80	

## Material issue

## Corporate Governance

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Corporate Social Responsibility Committee Corporate Governance	9, 21	
	103-2 The management approach and its components	Corporate Social Responsibility Committee Corporate Governance	9, 21, 23-24	
	103-3 Evaluation of the management approach	Corporate Social Responsibility Committee Corporate Governance	9, 23	
GRI 102: General Disclosures	102-18 Governance structure	Corporate Social Responsibility Committee Corporate Governance	9, 21	

## Ethical Management

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Ethical Management		
	103-2 The management approach and its components	Ethical Management	25	
	103-3 Evaluation of the management approach	Ethical Management		
GRI 102: General Disclosures	102-16 Values, principles, standards and norms of behavior	Message from the Chairman Corporate Governance Ethical Management Risk Management and Audit System Compliance Information Disclosure	4-5, 21-29	
GRI 205: Anti- corruption	205-2 Communication and training about anti-corruption policies and procedures	Ethical Management	25	

## Risk Management

GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Risk Management and Audit System		
	103-2 The management approach and its components	Risk Management and Audit System	26-27	
	103-3 Evaluation of the management approach	Risk Management and Audit System		

GRI Standards (Version 2016)	Disclosure category	Corresponding Section	Page(s)	Supplementary explanations
GRI 102: General Disclosures	102-11 Precautionary Principle or approach	Risk Management and Audit System	26	
<b>Compliance</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Compliance Information Disclosure	28-29	
	103-2 The management approach and its components	Compliance Information Disclosure		
	103-3 Evaluation of the management approach	Compliance Information Disclosure		
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in social and economic area	Compliance	28	
<b>Digital Finance</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Digital Finance	34-35	
	103-2 The management approach and its components	Digital Finance		
	103-3 Evaluation of the management approach	Digital Finance		
<b>Customer Data Protection</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Rights of Customers	36	
	103-2 The management approach and its components	Rights of Customers	36-38	
	103-3 Evaluation of the management approach	Rights of Customers		
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	--	--	No proved complaints of customer privacy infringement or customer data loss
<b>Sustainable Finance</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Sustainable Finance	31	
	103-2 The management approach and its components	Sustainable Finance	31-33	
	103-3 Evaluation of the management approach	Sustainable Finance		
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	Sustainable Finance	31	
Financial Services Sector Disclosure: Product portfolio	FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Sustainable Finance	32, 33	
	FS 8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Sustainable Finance	32	
<b>Other Issues</b>				
<b>GRI 200: Economy</b>				
GRI 201: Economic Performance	201-1. Direct economic value generated and distributed	Business Performance	18-19	
	201-3 Defining benefit plan obligations and other retirement plans	Employee Remuneration and Benefits	48	



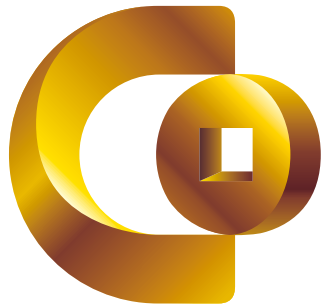
GRI Standards (Version 2016)	Disclosure category	Corresponding Section	Page(s)	Supplementary explanations
<b>GRI 300: Environment</b>				
GRI 302: Energy	302-1 Energy consumption within the organization	GHG and Energy Management	62	
	302-5 Reductions in energy requirements of products and services	GHG and Energy Management	63	
GRI 303: Water and Effluents	303-1 Interactions with water as a shared source	Water Conservation and Waste Reduction	64	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	GHG and Energy Management	62	
	305-2 Energy indirect (Scope 2) GHG emissions	GHG and Energy Management	62	
	305-5 Reduction of GHG emissions	GHG and Energy Management	63	
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Green Procurement and Supplier Management	65	
	308-2 Negative environmental impacts in the supply chain and actions taken	GHG and Energy Management	65	
<b>GRI 400: Society</b>				
GRI 401: Employment	401-1 New employees hired and turnover	Employee Composition and Diversity Employee Remuneration and Benefits	44, 49	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Remuneration and Benefits Training and Development	48-51	
	401-3 Parental leave	Employee Remuneration and Benefits	49	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Work Environment	55	
	403-2 Hazard identification, risk assessment, and incident investigation	Work Environment	54	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Training and Development	52	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Corporate Governance Employee Composition and Diversity	23, 43	
GRI 412: Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	Human Rights and Equality	58	
GRI 413: Local Communities	413-1 Operations with community engagement, impact assessments, and development programs	Public Interest	66-77	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Green Procurement and Supplier Management	65	

## Items for enhanced disclosures as specified in the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Article	Disclosure category	Page(s)
Article 4, Paragraph 3	The management approaches, topic-specific disclosures and reporting requirements for major topic on sustainable finance, including, at least, products and services designed by individual operating units to create benefits for the society or environment.	31-33
Article 4, Paragraph 4	The number of full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	48

### Summary of Assurance Items

No.	Information assured	Page(s)	Applicable standard
1	In 2018, COAMC and debtors reached a total of 341 reconciliations after settlements of debt and agreements of settlement.	33	Total cases of reconciliations after settlements of debt and agreements of settlement in accordance with Co-Operative Asset Management Co., Ltd. Guidelines for Non-Performing Loans in 2018.
2	The number of transactions made via TCB Mobile Banking App increased by 1,445,550 (79%) in 2018 compared to the same period of the previous year.	34	<ol style="list-style-type: none"> <li>The difference between 2018 and 2017 in terms of number of transactions made via TCB Mobile Banking App according to TCB system statistics. (Note) Note: Number of transactions, excluding those of TCB E-pay.</li> <li>The above difference divided by the number of transactions made via TCB Mobile Banking App in 2017.</li> </ol>
3	In 2018, TCB has convened 18 Product Review Panel meetings and reviewed 101 domestic funds and 96 offshore fund products.	38	Total no. of Product Review Panel meetings convened by TCB and the total no. of products reviewed in accordance with the internal operational regulation, the Taiwan Cooperative Bank Regulations Governing the Organization of Financial Product Review Panel for the Implementation of Trust Investment.
4	In 2018, Taiwan Cooperative Securities Investment Trust has convened 12 Product Review Panel meetings and completed reviews of 2 products, which have obtained approval from the competent authorities.	38	The total number of Product Review Panel meetings convened by Taiwan Cooperative Securities Investment Trust and the total number of completed reviews that have obtained approval from competent authorities in accordance with internal operating procedures including "Procedures for Fund Raising and Issuance Management" and "Operating Procedures for the Formulation and Amendment of Fund Trust Agreement and Prospectus."
5	In 2018, BPC TCB Life convened a total of 17 Insurance Product Review Panel meetings, completed reviews for 24 new products that have obtained approval from competent authorities, and directly modified or partially changed 109 products.	38	The total number of Insurance Product Review Panel meetings convened by BPC TCB Life and the total number of completed reviews that have obtained approval from competent authorities in accordance with the internal operating procedure "Procedure for Product Design."
6	As of December 31, 2018, TCB has approved 24,438 housing loans; the loan balance was NT\$76.509 billion.	40	No. of cases fulfilling the requirements for TCB's Preferential Housing Loans for Youths as of the end of 2018, and the total loan balance as of December 31, 2018.
7	Total no. of participating students in 2018 TCB sports camps: 944.	76	Total no. of participants in 2018 TCB sports camps.



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