



CSR Report 2019

Doing Good While Doing Well

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Report Overview

Reporting Principles

This report adopts the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and the GRI Standards and Financial Services Sector Disclosures of the Global Reporting Initiative (GRI) as its main framework, and follows the core items of the GRI standards.

Reporting Period

In the 2019 Corporate Social Responsibility (CSR) Report, Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) mainly discloses its accomplishments in economy, environment, society, and corporate governance throughout 2019 (from January 1, 2019 to December 31, 2019). Some of the information is retroactive to related performance prior to 2019 or to the latest information of 2020 in order to present complete differences and changes in the data.

Boundaries and Scope of the Report

This report covers TCFHC and its seven subsidiaries (Taiwan Cooperative Bank (TCB), Taiwan Cooperative Securities (TCS), Taiwan Cooperative Bills Finance Corporation (TCBF), Co-operative Assets Management Company (CAM), Taiwan Cooperative Securities Investment Trust Company (TCSIT), Taiwan Cooperative Venture Capital Company (TCVC), and BNP Paribas Cardif TCB Life Insurance Company (BPC TCB Life). The scope of this report covers operating activities in Taiwan. The chapter on environmental sustainability covers issues including water, electricity, and oil consumption collected in the head office of TCFHC and the domestic offices and branches of TCB.

Basis for Information Calculation

Various information and statistical data in this report originate from the results of self-performed calculations and surveys. The financial data in the Business Performance section of this report are partially derived from consolidated financial statements certified by a CPA. All financial data in this report are expressed in New Taiwan Dollars (NTD). Data and information were collected, measured, and calculated according to regulations. International standards are used where no regulations apply. If there are no international standards available, industry or applicable standards are used.

Publication

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 2019 and this year, it was released in August 2020.

Report External Assurance

Limited assurance for part of the information in this report was provided by PwC Taiwan in compliance with the ROC Assurance Guidelines Communiqué 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

Fulfilling Corporate Social Responsibility

Embracing a Future of Sustainable Innovation

Taiwan Cooperative Financing Holding (TCFHC) Group started by dealing mainly in the banking business about a century ago, and has gradually developed a full range of financial services while keeping pace with the socioeconomic development of Taiwan to support industries and satisfy public needs for various financial services. In addition to promoting corporate sustainable operations, we hope to positively influence the society; this is also the corporate social responsibility (CSR) that TCFHC has upheld and valued for many years. Our continuous reporting of CSR purports to help our stakeholders understand how TCFHC fulfills social responsibilities by leveraging our corporate influences.

With bank as the core business, through active innovation and business expansion, TCFHC works closely with industries, classes and ethnic groups in society to fulfill our corporate social responsibilities. Based on this, TCFHC established a Corporate Social Responsible Committee in 2019 to integrate resources within the group under existing CSR operations, and focus on issues of corporate governance, customer care, employee care, environmental sustainability, and social welfare. In these 5 important areas, we set short-, mid-, and long-term sustainability goals to implement and promote corporate social responsibilities.

Looking back at the political and economic tumult of 2019, it is not difficult to see that the overall business environment remains full of variables and uncertainties, including structural adjustments to the global industry chain caused by U.S.-China trade disputes, slow economic growth of emerging markets, and constant geopolitical conflicts. In addition, the sudden outbreak of COVID-19 pandemic has also impacted the increasingly vulnerable global economic environment, casting doubt upon politics and economy around the world. Despite these relentless difficulties, TCFHC still delivered outstanding business performance in 2019, hitting a record high of NT\$17.612 billion in consolidated after-tax profit, an increase of NT\$1.596 billion from 2018. With an existing robust business foundation, TCFHC will continue to strengthen its core businesses, commit to technological innovation, expand the business of its subsidiaries, and continuously pursue growth to create sustainable value for shareholders, customers, and employees.

This exceptional business performance also reflects TCFHC's adaptability to social change. In addition to keeping abreast of current trends and understanding customer needs to expand business, we utilize our financial abilities to fulfill corporate social responsibility. For example, TCB responded to the COVID-19 pandemic and government policies by offering various support and relief measures, such as bailout loan package, debt relief, and loan extension, as to help businesses and individuals during this difficult period. Moreover, TCB has established an innovation lab (CoLAB) in response to the arrival of the digital banking era. With this, we encourage employees to explore ideas about digital banking, develop more pertinent digital banking services or products, and combine digital banking and mobile banking services with artificial intelligence and big data applications to optimize user experiences and continuously provide innovative financial services. With the goal of becoming the number one brand of "LOHAS and elder care" to meet the needs of an aging society, TCFHC has launched a series of financial instruments, including reverse mortgage products, property trust, LOHAS credit card, and even nursing home-integrated trust for senior citizens, quasi-discretionary investment-linked policies such as TCB Life Mandate TCB SITE USD S&P Target Risk Moderate Index Account, and TCB US Short Duration High Yield Bond Fund, which features fixed income collection during old age for independent senior living. All in all, we provide seniors with comprehensive long-term care by leveraging our financial expertise.

While fulfilling our corporate social responsibility, TCFHC is also willing to provide more substantive care for employees with outstanding business performances. In 2019, the average raise given to employees of the Group reached 4.53%, marking the third consecutive year of pay raise. In addition, TCFHC updated the Human Rights Policy, declaring our resolve to protect basic human rights, comply with laws, and work together with employees to build a friendly workplace that embraces diversity, fairness, health, safety, and privacy protection.

Amidst the rise in environmental awareness as global warming intensifies, TCFHC takes the lead in starting from itself to reduce of energy consumption and carbon emission. In 2019, the Company introduced ISO 14064-1 Greenhouse gases and ISO 50001 Energy management System, obtaining relevant certifications. We also actively included a clause in tender information and contract terms and conditions that request suppliers to comply with laws and regulations relevant to environmental protection, safety or health issues, etc., thus asking them to collectively fulfill social responsibilities and contributes to environment sustainability.

In the future, TCFHC will continue to actively fulfill our corporate social responsibility through cooperation and mutual benefit with the society, and do our best for the overall society and our innovative development and sustainable operation.

Chairman **Paul C.D. Lei**

Awards and Acknowledgments



Jul

TCFHC was the first to be rated as the Best Cooperative Bank Taiwan 2020 and Best Corporate Governance Bank Taiwan 2020 by International Business Magazine.

Jun

TCB received the Award of Excellence in SME Loan Performance by Bank, Special Award for Balancing Regional Development, Special Award for e-Commerce Financing, Award of Excellence in Bank Lending to New Southbound Policy-Targeted Countries, Award of Excellence in Bank Lending to Five Plus Two Innovative Industries, Special Award for Green Technology Industry, Special Award for Biotechnology and Pharmaceutical Industry, and Special Award for New Agricultural Industry.

TCB received the Award for Being Passionate about Visiting Campuses and Communities to Communicate Financial Knowledge.

TCFHC was selected as a component of FTSE4Good Emerging Index for the sixth time.

TCFHC was recognized among the top 5% of companies in the 6th Corporate Governance Evaluation for the first time.

Taiwan Cooperative Securities was named "The region's best local currency bond individuals in research, sales and trading" for 2020.

TCB was ranked fourth in the 2019 Central Government Bond Dealers Performance Evaluation.

TCFHC was selected as a component of the Taiwan High Compensation 100 Index for the sixth consecutive year.



FTSE4Good

Apr

TCFHC was selected as a constituent of FTSE4Good TIP Taiwan ESG Index for the sixth time.



FTSE Russell

Mar

TCB's electronic Financial Collection Service (eFCS) received the Debit Order Service Award.

BPC TCB Life was given an excellence rating as "Most Desired Life Insurance Company" in terms of "Back-end Support" during the 2020 Insurance Dragon and Phoenix Awards.

BPC TCB Life was recognized by the Financial Supervisory Commission as a company with outstanding performance in enhanced insurance coverage for nationals.

Feb

TCFHC won the award for being the "Most Desirable Financial Holding Company to Work For" by graduates of finance and insurance during the 2020 Insurance Dragon and Phoenix Awards.

Jan

TCB obtained ISO 14064-1 Greenhouse gases and ISO 50001 Energy management certification.

Taiwan Cooperative Securities was selected as an excellent market maker of Central Government Bonds in the second half of 2019.

BPC TCB Life received the Badge of Accredited Healthy Workplace: Smokefree & health promotion.



Dec

TCFHC was selected as a constituent of FTSE4Good TIP Taiwan ESG Index for the fifth time.

Taiwan Cooperative Securities won the award for being an Excellent Personal Information Manager.

Nov

TCFHC won the Gold Award for Corporate Sustainability Report in the financial and insurance industry from the Taiwan Corporate Sustainability Awards.

TCB was rated as unit with outstanding performance in Anti-Money Laundering and Counter Terrorism Financing Activities and in the 3rd Round of Mutual Evaluation by the Asia/Pacific Group on Money Laundering (APG).

TCB obtained the Personal Information Management System (PIMS) certification and received the information security award by BSI.

TCB's Table Tennis Team was the champion in the adult group for both men and women during the National President's Tournament.

TCFHC received the Taiwan iSports Certification by the Sports Administration.

TCB won the Best Service Innovation Award for e-Money Services - Open API Service and Best Promotion Excellence Award for e-Money Services-Cross-Border Service from Financial Information Service Co., Ltd.



Oct

TCFHC received a certificate of appreciation for the Economically Independent Youth Part-time Employment Program from the Youth Development Administration, Ministry of Education.

Taiwan Cooperative Securities was rated as the second best Taiwan Stock ETF Market Maker in the 2019 Securities Broker ETP Trading and Market Maker Competition.



Sep

TCB's electronic Financial Collection Service (eFCS) received the Payment Processing Service Promotion Award.

TCFHC was selected as a component of FTSE4Good Emerging Index for the fifth time.

TCB received a certificate of appreciation from the Ministry of Labor for offering the Micro/Women Start-up Loan and Loan for Start-up Assistance for the Unemployed of Employment Insurance.

TCB won the Sponsor Category Gold Award, Sponsor Category Long-term Sponsor Award, and Promotion Category Gold Award at the Sports Activist Awards for the 11th consecutive time.



Aug

TCB received the Benchmark Insurance Company for Pay Raise Award.

BPC TCB Life was rated as an outstanding insurance company for the 19th consecutive time.

BPC TCB Life received the Award of Excellence in Charity and Care Project in the Taiwan Insurance Excellence Award for the second consecutive time.

TCFHC was voted as a Happy Enterprise in the Financial Holding Category during the 2019 Happy Business Awards - Service Industry Poll.

BPC TCB Life received the Best Social Responsibility Award during the 21st Faith, Hope & Love Awards of Insurance.

TCB received the Excellent Breastfeeding Room Certification by the Taipei City Government Department of Health.



Jul

TCB received the Best Silver Friendliness Award in the 2019 Wealth Management Bank Evaluation.

TCB was recognized as a bank with excellent performance in the Evaluation for Trust of Senior Citizens and Persons with Disabilities by Trust Enterprises.

TCFHC was selected as a constituent of the Taiwan Employment Creation 99 Index for the fifth time.

TCFHC was selected as a constituent of the TWSE CG 100 Index for the fifth consecutive year.

TCB was rated as having the Best Corporate Social Responsibility and Best Financial Products in the 2019 Excellent Bank Rating.

Taiwan Cooperative Securities was selected as an excellent market maker of Central Government Bonds in the first half of 2019.

Jun

Taiwan Cooperative Securities was listed among the top 6 securities brokers that adhered to the Principles for Treating Customers Fairly in 2018.

TCFHC was selected as a component of the Taiwan High Compensation 100 Index for the fifth consecutive year.



May

BPC TCB Life was recognized as one of the Innovation ambassadors by BNP Paribas Cardif in 2019.

Apr

TCB was recognized by the Financial Supervisory Commission for lending to small-to-medium-sized enterprises and five plus two innovative industries.

TCB was rated as a Class A Financial Institution for its SME Loans and also received the Award of Excellence in Extending Loans to Five Plus Two Innovative Industries and a Special Award for Green Technology Industry among Taiwanese banks.

TCB received the Award for Being Passionate about Visiting Campuses and Communities to Communicate Financial Knowledge.

TCFHC was selected as a component of FTSE4Good TIP Taiwan ESG Index for the fourth time.

TCFHC was selected as a component of FTSE4Good Emerging Index for the fourth time.



Mar

TCB won the Credit Guarantee Partnership Award, Outstanding Performance Award in Direct Guarantee, Promotion Award in Facilitating Policies, and Assistance to Regional Development Award from the Small & Medium Enterprise Credit Guarantee Fund of Taiwan.

TCB's electronic Financial Collection Service (eFCS) received the Payment Processing Service Promotion Award.

For the first time, TCFHC won the award for being the "Most Desirable Financial Holdings to Work For" by graduates of finance and insurance during the 2019 Insurance Dragon and Phoenix Award.



2019 CSR Major Accomplishments



● Corporate Governance

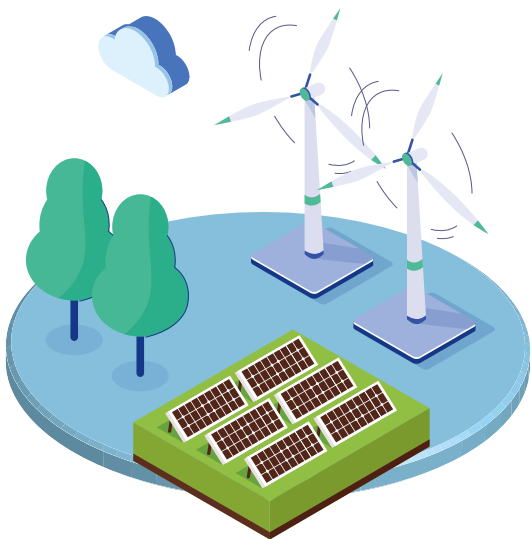
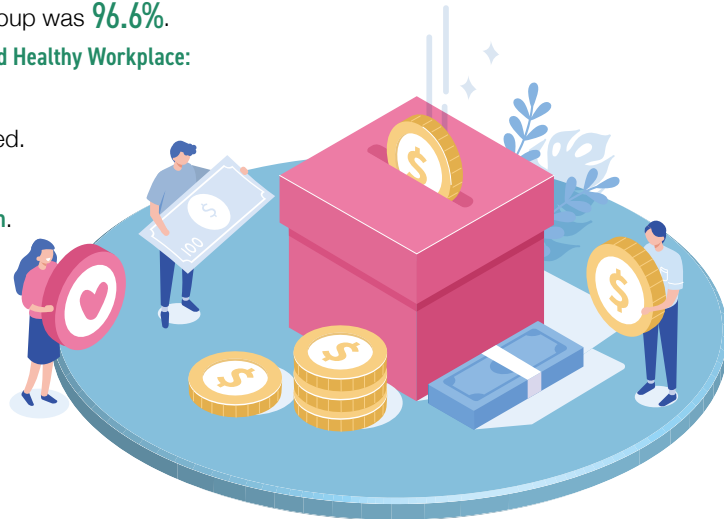
- We were recognized among the **top 5%** in the 6th Corporate **Governance Evaluation**.
- The actual **attendance rate** of all directors of the Board **averaged 93%**.
- We held a total of **26 training sessions** related to ethical management with a **training rate of 100%**.
- We launched the Legal Compliance Enhancement Program.
- **3,486** employees obtained the **Certified Anti-Money Laundering Specialist (CAMS)** certification.
- **15,683** people within the Group completed **anti-money laundering training**, totaling over **846 hours** of training received.

● Customer Care

- We established an **Urban Renewal and Risky/Old Building Reconstruction Promotion Taskforce**, and approved **NT\$45.026 billion** to finance 49 urban renewal and risky/old building construction projects.
- Loans to "**Five Plus Two Innovative Industries**" totaled **NT\$462.1 billion**.
- The completion rate for TCFHC Group's **Personal Information Protection System** training reached **100%**.
- TCFHC Group organized **information security training** for employees, **achieving a training rate of 100%**.
- **Satisfaction** with all of our sales channels was above **90%**.
- We completed setting up our Ximen Branch as a bilingual demonstration branch.
- **100** of our **patent applications** have been approved by the Intellectual Property Office, Ministry of Economic Affairs.
- We processed **1,492** applications for **Preferential Housing Loans** for Youths that totaled NT\$6.679 billion. 23,997 loans have been approved, amounting to NT\$72.64 billion.
- We processed **137** applications for Loans for Youth Entrepreneurs that totaled NT\$127.83 million.
- We processed 109 applications for Micro/Women Start-up Loans that totaled NT\$**72.7 million**.
- **Small and medium enterprise** accounts totaled **33,307**, with loan balance amounting to NT\$667.832 billion.
- **2,582** new beneficiaries were added to the Property Trust of Seniors and the Disabled.
- We approved 1,610 applications for Bagful of Happiness loans, totaling a credit balance of **NT\$9.557 billion**—a NT\$2.223 billion increase from the end of 2018.

● Employee Care

- TCB completed operations relevant to employee share ownership trust.
- Our **child birth subsidies** reached **NT\$13.32 million**.
- **Turnover rate** among Group employees was **2%**.
- **Reinstatement rate after parental leave** in the Group was **96.6%**.
- BPC TCB Life received the **Badge of Accredited Healthy Workplace: Smokefree & health promotion**.
- The Group's **Human Rights Policy** was approved.
- **97.9%** of TCB and Taiwan Cooperative Securities employees are **members of the union**.
- TCB received the **Excellent Breastfeeding Room Certification**.



● Environmental Sustainability

- We issued **NT\$1 billion** in green bonds.
- We reduced **514,710 kgCO₂e** emitted from business activities, which was equivalent to the annual carbon sequestration of **1.32 Daan Park**.
- We completed the **Supplier Management Policy** and **Undertaking on Environmental Sustainability Clauses**.
- Buildings A and B of the TCB Head Office obtained **ISO 14064-1** Greenhouse Gases and **ISO 50001** Energy management external certification.
- We organized a Baisha Bay beach clean-up with participation by about **300 people** from the Group.

● Public Interest

- We have granted more than **NT\$25.64 million in scholarships** ever since the establishment of TCFHC in 2011.
- Since its foundation in 1968, TCFHC Group has **granted more than NT\$8 million in prize money** (as of 2019).
- We have granted more than NT\$100 million in funding to support **table tennis, badminton, and baseball teams**.
- Ever since its establishment in 2011, TCFHC has organized a **total of 66** sports events, such as sports camps, TCB Cup Softball Invitational, Cheng Shin Maxxis TCFHC National Table Tennis Tournament, and TCB Cup Badminton Invitational.
- TCFHC and its subsidiaries have donated a total of **NT\$11.666 million** to **130 social welfare institutions**.
- We have donated more than **NT\$13 million** through mortgage and life insurances, launched close to **100** Respite Academy courses, provided more than **12,000** cups of Respite Coffee, and held 7 Annual Family Caregiver Forums.



Corporate Social Responsibility Management

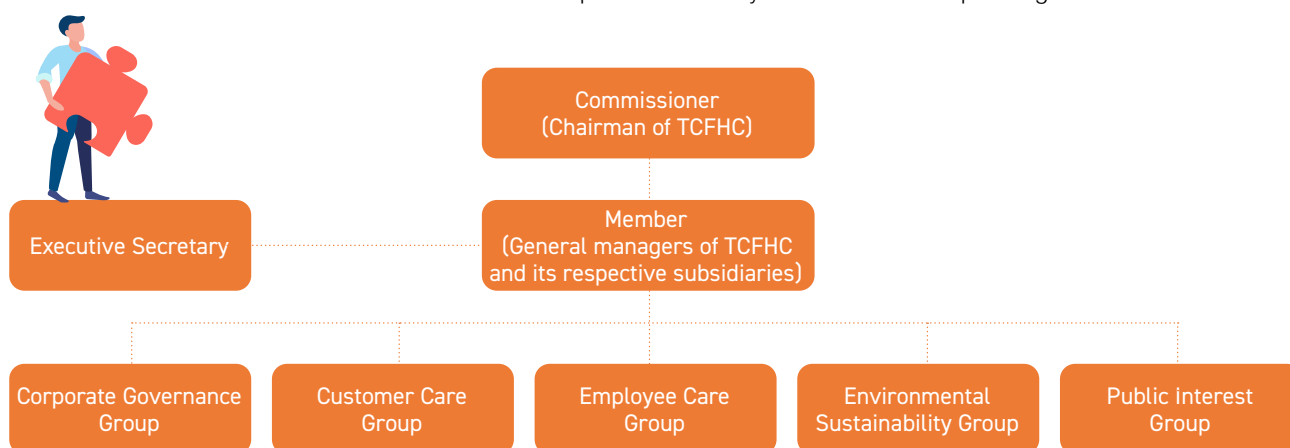


Corporate operations rely on a great quantity of environmental and social resources. Therefore, an enterprise's sustainable operations exerts the most direct and critical influence on environmental sustainability and social prosperity. Considered from another viewpoint, co-existing with the environment and society is also the key to long-term corporate development. For this reason, enterprises should construct a systematic and organized framework for sustainable management, formulate CSR development directions, and continue to engage with key stakeholders to prepare for any environmental, economic, and social changes and challenges lying ahead, thereby cultivating sustainable resilience.

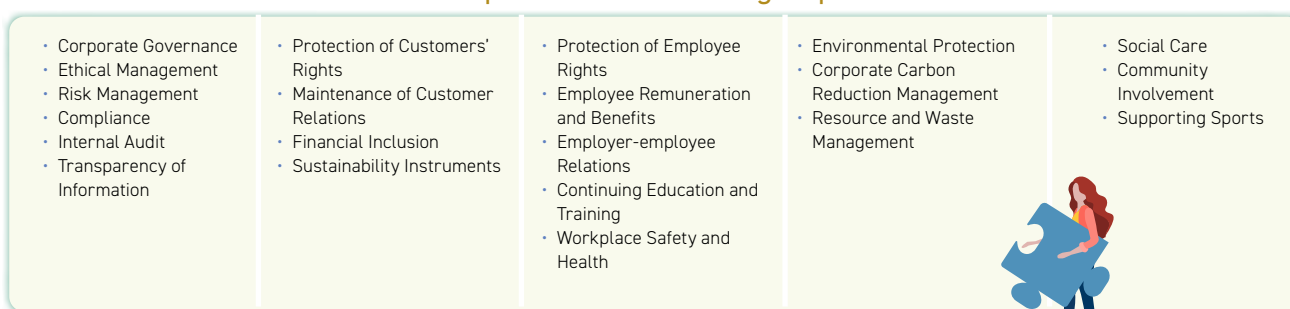
Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) is the highest CSR-governing body operating under Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries (collectively referred to as "TCFHC" or "we"). TCFHC's CSR Committee is composed of top management, with the Chairman of TCFHC serving as the head and Presidents of various subsidiaries as members. It comprises five taskforces involved in corporate governance, customer care, employee care, environmental sustainability, and public interest. The CSR Committee is responsible for drafting CSR-related rules and planning CSR development goals of TCFHC to collate and compile annual CSR reports. The CSR Committee regularly reports and presents CSR implementation outcomes to the Board of Directors. Thus, we hope to effectively promote the CSR development of TCFHC through a top-down approach to sustainable management.

The CSR Committee has convened two meetings throughout 2019, during which members reviewed the direction of the Company's CSR development. Moreover, for the first time, short/mid/long-term CSR goals were established for the five dimensions of corporate governance, customer care, employee care, environmental sustainability, and public interest. The goals have been reviewed and confirmed in Q3 2019, and the implementation outcomes for the year were reviewed in Q4. Such outcomes are used as reference for the future improvement of key sustainable development goals.



Responsibilities of each group



» CSR Strategies











Material Issues and Stakeholder Engagement

Identifying Stakeholders

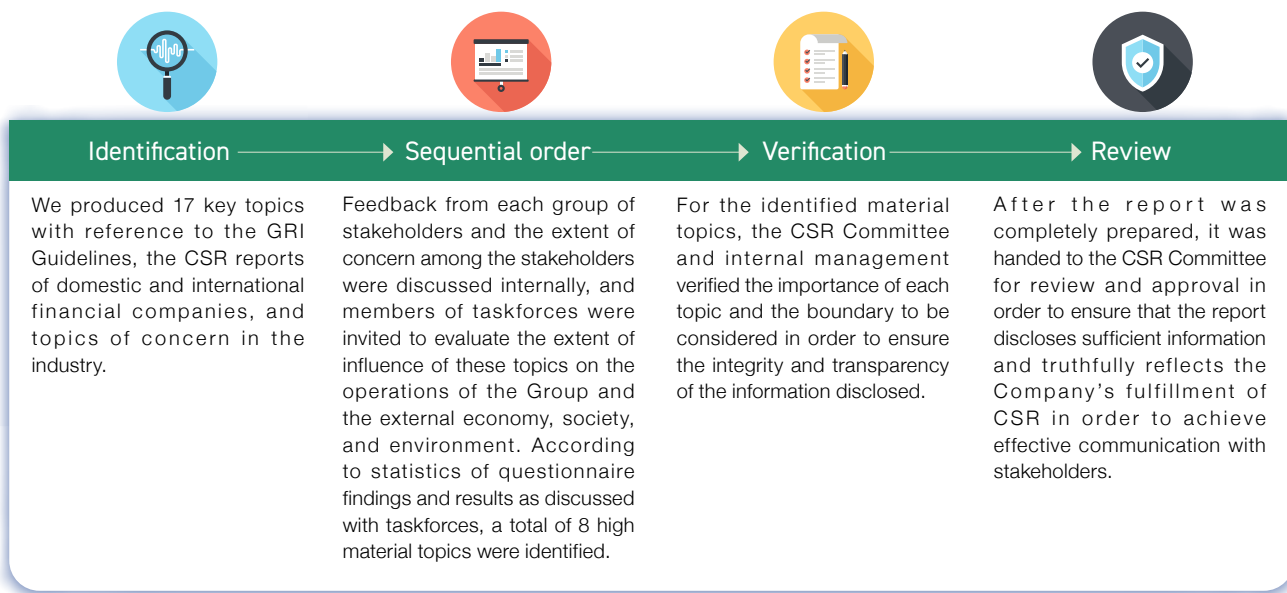
The purpose of sustainable development is to promote harmonious development amid the environment, employees, and society, while creating profits for stakeholders and enhancing services for customers. Therefore, the first step toward sustainable management is identifying stakeholders inside and outside TCFHC before proceeding to understand issues that are of concern to stakeholders.

Considering the interaction and extent of influence between stakeholders and the Company, TCFHC identified eight major groups of stakeholders, i.e., employees, shareholders and investors, customers, suppliers, communities, the government and competent authorities, the media, academic/consultancy units/industry societies and associations. The importance of each of the stakeholder groups is described as follows:

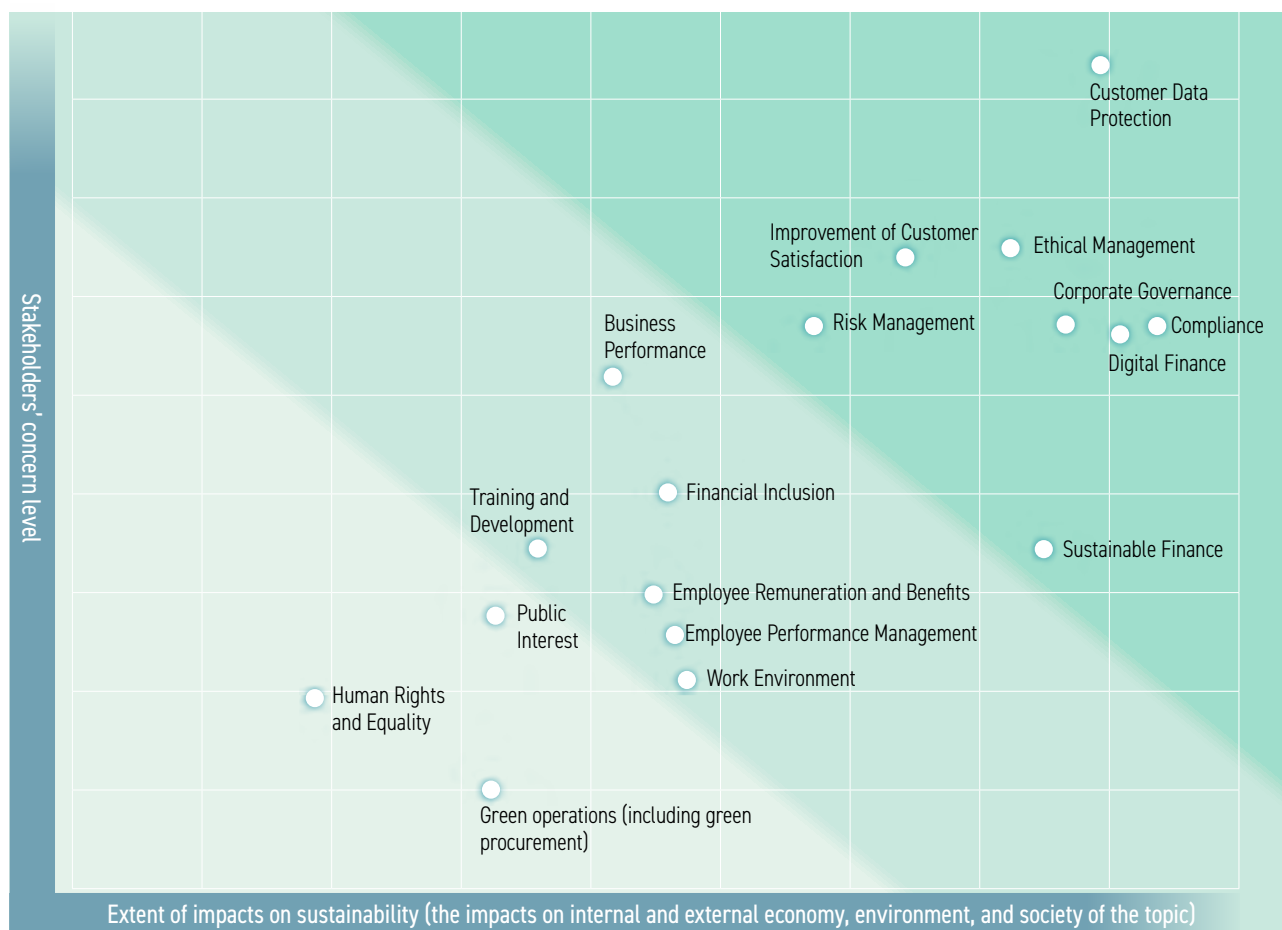
Stakeholder Category	Importance to TCFHC
 Employees	<ul style="list-style-type: none"> • Employees are important assets of an enterprise. • Taking care of employees is a key factor to realizing social care. • Developing sound compensation and benefit policies facilitates recruitment of outstanding talent to create corporate sustainability. • Employee cohesion and their physical and mental fitness are foundations for robust development. Establishment of a sound workplace and smooth communication channels can promote harmonious employer-employee relations and hold employees close together.
 Shareholders/Investors	<ul style="list-style-type: none"> • They support steady business operations. • They influence the direction of business development. • The business performance of TCFHC is closely related to the rights and interests of shareholders and investors.
 Customers	<ul style="list-style-type: none"> • They uphold the Company's sustainable development. • Implementing customer care is tantamount to creating positive social influence through core business activities. • Customer satisfaction surveys are adopted to improve service quality and reinforce service contents.
 Suppliers	<ul style="list-style-type: none"> • They are a part of TCFHC's sustainable operation value chain. • Supplier quality and compliance is complementary to the robust development of TCFHC. • Cooperation between TCFHC and suppliers strengthens the depth and breadth of sustainable development.
 Communities	<ul style="list-style-type: none"> • A company needs to give back to the society it profits from. Development should be accompanied by paying continuous attention to vulnerable groups in society and promoting social equality and prosperity.
 Government and Competent Authorities	<ul style="list-style-type: none"> • They are the agencies that manage financial institutions and regulate the development of financial institutions. • An understanding of policies and goals implemented by competent authorities ensures proper response to governmental policies and promotes the development of the whole society. • Compliance with applicable laws is a prerequisite for development.
 Media	<ul style="list-style-type: none"> • Media impacts corporate image and reputation. • It increases transparency of information disclosure.
 Academic/Consultancy Units/Industry Societies and Associations	<ul style="list-style-type: none"> • They assist TCFHC in keeping abreast of regulatory changes to maintain sustainable competitiveness. • We can participate in seminars organized by academic or consultancy units to exchange opinions that facilitate development.

Identification of Material Topics

Following the GRI Guidelines, and in reference to topics that are of concern to benchmark firms in Taiwan and abroad, we adopt four major principles, i.e., sustainability dynamics, materiality, integrity, and inclusiveness of stakeholders, and evaluate the extent to which economy, environment, and society are of concern to stakeholders and their impact on sustainability, identifying topics that have been material to TCFHC in 2019. Subsequently, these material topics were linked to the corresponding Sustainable Development Goals of the United Nations. The process by which material topics were identified is as follows:



Significant Topics Matrix



TCFHC defines its management approach for the identified important topics and ensures that the impact on operations and respective stakeholders caused to some extent by these topics are effectively managed through policy implementation, resource input, and performance management. For the corresponding GRI Guidelines, significance for TCFHC, risk management strategy, scope of impacts, and the corresponding chapters for the respective topics, details are provided in the table below:

» List of Material Topics

Dimension	Material Topic	GRI Topics/ Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies	Significance for TCFHC	Topic Management Strategy	Scope of Influence		Corresponding Section and Page No.
					Internal	External	
Corporate Governance	Corporate Governance	GRI 102-1 Governance structure	The composition and operation of the Board of Directors and respective functional committees and the overall development strategies	Governance rules established in accordance with laws, regulations, and business practices such as corporate governance framework, Articles of Incorporation, and Corporate Governance Best Practice Principles are combined to establish an effective corporate governance system and operations.	● TCFHC and Subsidiaries ○ Employees	● Shareholders/Investors ○ Customers ○ Suppliers ○ Communities ● Government and Competent Authorities ● Media ● Academic/Consultancy Units and Industry Societies and Associations	Corporate Governance P.40
	Risk Management	GRI 102-11 Precautionary Principle or approach	Risk management frameworks, management methods, internal control, and audit systems in all aspects	The best balance between risk and benefit is obtained through risk management policies and implementation to ensure efficient resource allocation, thereby enhancing shareholder equity and capital value. Risk management and business strategies are integrated to ensure consistency between risk management goals and business goals and ensure the effective operation of risk control mechanisms.	● TCFHC and Subsidiaries ○ Employees	● Shareholders/Investors ● Customers ● Suppliers ○ Communities ● Government and Competent Authorities ○ Media ● Academic/Consultancy Units and Industry Societies and Associations	Risk Management and Audit System P.45
	Ethical Management	GRI 102-16 Values, principles, standards and norms of behavior GRI 205 Anti-corruption	Establishment of an ethical corporate culture and internal control mechanisms	Ethical Corporate Management Best Practice Principles and Ethical Management Procedures and Code of Conduct are established to provide rules and basis for ethical governance. The Ethical Management Committee, under the Board of Directors, is the unit responsible for formulating, supervising, and implementing ethical management policies.	● TCFHC and Subsidiaries ● Employees	● Shareholders/Investors ● Customers ● Suppliers ○ Communities ● Government and Competent Authorities ● Media ● Academic/Consultancy Units and Industry Societies and Associations	Ethical Management P.43
	Compliance	GRI 307 Environmental Compliance GRI 419 Socioeconomic Compliance	Compliance and anti-money laundering system	Clear regulations and mechanisms for legal compliance are established to ensure that all companies can effectively enforce various legal regulations to avoid the occurrence of and damage due to illegal conducts as much as possible, and to effectively prevent money laundering and terrorism financing.	● TCFHC and Subsidiaries ● Employees	● Shareholders/Investors ● Customers ● Suppliers ● Communities ● Government and Competent Authorities ● Media ● Academic/Consultancy Units and Industry Societies and Associations	Compliance, Anti-Money Laundering and Counter Terrorism Financing P.49



Dimension	Material Topic	GRI Topics/ Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies	Significance for TCFHC	Topic Management Strategy	Scope of Influence		Corresponding Section and Page No.
					Internal	External	
Environment/Society	Sustainable Finance	Items for enhanced disclosures as specified in Item 3, Article 4 of the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies	Response to and promotion of financial services provided for sustainable development	The Company upholds the spirit of responsible investment and pays attention to ESG issues. Economic industries are guided through diverse businesses and functions to pay more attention to environmental and social responsibilities so that more people are able to receive fair and safe treatment during financial operations. Impact on the environment, resources, and human rights is reduced, and in turn, goals of sustainable development and fulfillment of social responsibilities are achieved.	<ul style="list-style-type: none"> TCFHC and Subsidiaries Employees 	<ul style="list-style-type: none"> Shareholders/Investors Customers Suppliers Communities Government and Competent Authorities Media Academic/Consultancy Units and Industry Societies and Associations 	Sustainable Finance P.55-62
	Digital Finance	Items for enhanced disclosures as specified in Item 3, Article 4 of the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies	Financial services provided in response to the digital era	Digital technologies are a development trend. They are used to optimize existing services and accomplish breakthroughs that can meet the needs of customers for various financial services and enhance customer experience.	<ul style="list-style-type: none"> TCFHC and Subsidiaries Employees 	<ul style="list-style-type: none"> Shareholders/Investors Customers Suppliers Communities Government and Competent Authorities Media Academic/Consultancy Units and Industry Societies and Associations 	Digital Finance P.62
Society	Protection of Customer Rights and Higher Customer Satisfaction	GRI 418 Customer Privacy	Customer privacy, systematic management and analysis of customer feedback regarding TCFHC services, and enhancement of customer service experience and quality	Well-rounded customer data protection measures are adopted and laws and regulations are complied with to ensure that each company is able to offer financial services or products that ensure protection of customer rights and interests, concurrently fulfilling the needs of customers and protecting their rights.	<ul style="list-style-type: none"> TCFHC and Subsidiaries Employees 	<ul style="list-style-type: none"> Shareholders/Investors Customers Suppliers Communities Government and Competent Authorities Media Academic/Consultancy Units and Industry Societies and Associations 	Protection of Customer Rights and Higher Customer Satisfaction P.66
	IT Security	GRI 418 Customer Privacy	Information and network safety management strategies	Information security policies are established to facilitate the adoption of protective measures and crisis management measures in order to ensure the accuracy, confidentiality, integrity, and usability of information in operations.	<ul style="list-style-type: none"> TCFHC and Subsidiaries Employees 	<ul style="list-style-type: none"> Shareholders/Investors Customers Suppliers Communities Government and Competent Authorities Media Academic/Consultancy Units and Industry Societies and Associations 	Information Security P.52

Likewise, TCFHC proceeds to take actions in response to the SDGs of the United Nations. By linking the material topics identified to details of each SDG, we fulfill our responsibilities and duties as a global citizen to pursue the vision of sustainable development. The SDGs are detailed as follows:

Corporate Governance

» Corporate Governance



SDG 16.6 Develop effective, responsible, and transparent institutions at all levels.

» Risk Management



SDG 8.10 Strengthen the capabilities of local financial institutions to encourage and to expand access to banking, insurance and financial services for all.



SDG 16.5 Substantially reduce corruption and bribery in all its forms.

» Ethical Management



SDG 16.5 Substantially reduce corruption and bribery in all its forms.

SDG 16.6 Develop effective, responsible, and transparent institutions at all levels.

SDG 16.a. Strengthen relevant national institutions, including through international cooperation, for building capacities at all levels, in particular in developing countries, for preventing violence and combating terrorism and crime.

» Compliance



SDG 8.5 By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



SDG 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.



SDG 16.b. Promote and enforce non-discriminatory laws and policies for sustainable development.



Environment/Society

» Sustainable Finance



SDG 2.3 By 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.



SDG 7.a. By 2030 enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies.

SDG 13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Society

» Digital Finance



SDG 9.3 Increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services including affordable credit and their integration into value chains and markets.

» IT Security



SDG 16.6 Develop effective, accountable and transparent institutions at all levels




» Protection of Customer Rights and Higher Customer Satisfaction








SDG 8.10 Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all.

Stakeholder Communication Channels







After topics that are material to TCFHC in 2019 were identified and confirmed, we have established engagement means and channels corresponding to each stakeholder in order to ensure continuous communication with stakeholders, and collect their opinions and feedback. Communication frequency and outcomes are detailed below. In addition, when the CSR report is presented to the Board of Directors every year, the outcomes of communication with stakeholders are also reported.










Stakeholder	Issues of High Concern	Specific Contact Person and Contact Method	Engagement Channels	Communication Frequency and Outcomes in 2019
 Employees	Compliance Digital Finance IT Security	Contact Person: Head Chen of Human Resources Department Contact Channel: 02-21738888 ext. 3011	<ul style="list-style-type: none"> Form a corporate union, sign a collective bargaining agreement, and hold periodic employer-employee meetings and Employee Welfare Committee/Occupational Safety and Health Committee meetings. Set up the Employee Feedback Section to facilitate two-way communication between employer and employees. Set up an exclusive section for employees to file complaints and a hotline to report sexual harassment. Set up a complaint mailbox and telephone on the official website. Periodically hold employee physical checkups and educational training and workshops on the prevention against disasters, occupational hazards, and labor safety and health. 	<ul style="list-style-type: none"> Subsidiaries of the Group have held 4 employer-employee meetings. We have organized lectures on occupational health and safety. 10,479 people in total completed the training. The total number of training hours reached 31,437.
 Shareholders Investors	Corporate Governance Ethical Management Risk Management Compliance Sustainable Finance Digital Finance IT Security Protection of Customer Rights and Higher Customer Satisfaction	Spokesperson Name: Chun-Lung Chou Title: E.V.P. Telephone: (02)2173-8888 Email: spokesman@tcfhc.com.tw Deputy Spokesperson: Name: Tso-Cheng Su Title: E.V.P. Telephone: (02)2173-8888 Email: spokesman@tcfhc.com.tw Share Administration Agency Name: Yuanta Securities Co., Ltd. Address: B1F, No. 210, Section 3, Chengde Rd., Datong Dist., Taipei City Telephone: (02)2586-5859	<ul style="list-style-type: none"> Convene yearly general shareholders' meetings. Convene quarterly investor seminars. Release business performance on a monthly basis. Periodically announce the management overview, financial information, and updates of the Company on the Investor Relations section of the Chinese and English websites of TCFHC. Disclose matters to be announced on the Market Observation Post System periodically/from time to time. Set up an exclusive section for stakeholders on the official website with the contact person's telephone and email in order to address inquiries from shareholders and investors in real time. Set up a feedback form for stakeholders in the CSR section on the official website. 	<ul style="list-style-type: none"> One shareholders' meeting and four investor seminars were held. 159 entries of material information were published.
 Customers	Ethical Management Digital Finance IT Security Protection of Customer Rights and Higher Customer Satisfaction	Taiwan Cooperative Financial Holding Co., Ltd. Telephone: (02)2173-8888 Website: http://www.tcfhc.com.tw Taiwan Cooperative Bank, Ltd. Telephone: 0800-033-175 or (04)2227-3131 Website: https://www.tcb-bank.com.tw Taiwan Cooperative Securities Co., Ltd. Telephone: (02)2752-8000 Website: http://www.tcfhc-sec.com.tw Taiwan Cooperative Bills Finance Corporation, Ltd. Telephone: (02)2522-1656 Website: http://www.tcb-bills.com.tw Co-Operative Assets Management Co., Ltd. Telephone: (02)2382-0868 Website: http://www.coamc.com.tw Taiwan Cooperative Securities Investment Trust Co., Ltd. Telephone: (02)2181-5999 Website: http://www.tcb-am.com.tw Taiwan Cooperative Venture Capital Co., Ltd. Telephone: (02)2395-2115 Website: http://www.tcfhc-vc.com.tw BNP Paribas Cardif TCB Life Insurance Co., Ltd. Telephone: 0800-033-133 Website: http://my.tcb-life.com.tw	<ul style="list-style-type: none"> Provide customers with related product information on the official website, giving them access to financial information, two-way communication, and business inquiries. Set up a 24/7 toll-free customer service hotline, customer service email, and the complaint channel. Establish customer data confidentiality measures to fulfill the confidentiality obligation towards customers' personal information, and place these on the homepage of the official website, disclosed in the ways designated by the competent authority or made extensively known to customers. Maintain customer relationship by holding investment and wealth management workshops and lectures in industrial areas. 	<ul style="list-style-type: none"> Bankwide customer satisfaction toward TCB was 93%. Customer satisfaction toward TCB wealth management was 94.12%. Satisfaction toward customer service calls of TCS was 100%. Satisfaction toward customer service of BPC TCB Life was 99%.

Stakeholder	Issues of High Concern	Specific Contact Person and Contact Method	Engagement Channels	Communication Frequency and Outcomes in 2019
 Suppliers	Ethical Management Risk Management Compliance Digital Finance	Whistleblowing Hotline: 02-21738888 ext. 5022 Head Ko of Auditing Department 02-21738888 ext. 5025 Officer Shao of Auditing Department Whistleblowing Email: 5134@tcfhc.com.tw	<ul style="list-style-type: none"> Suppliers must sign the Undertaking on Environmental Sustainability Clauses as of 2020. 	<ul style="list-style-type: none"> We formulated and completed the Supplier Management Policy and Undertaking on Environmental Sustainability Clauses in 2019.
 Communities	Sustainable Finance Digital Finance IT Security		<ul style="list-style-type: none"> The campaign to send love in wintertime and sports camps during summer vacation are organized each year. We participate in charity and academic events as well as charity marathons every year, and hold public interest-oriented donations and beach clean-ups. Various types of sports are included in the annual TCB Cup and various athletic events are sponsored. Meanwhile, resources are devoted to cultivate table tennis, baseball, and badminton national players to demonstrate its support of athletic events. The charity passport has been issued over the long term to encourage involvement by employees in public interest events. Energy saving measures have long been established to answer to the government's effort in energy conservation and carbon reduction. 	<ul style="list-style-type: none"> A donation of NT\$2 million was made to 20 social welfare organizations and schools from 12 counties and cities; total beneficiaries exceeded 3,000 individuals. TCFHC implements social care in four dimensions, i.e., Joyful Learning, Healthy Living, Tranquil Community, and Nursing and Care. Two TCB Cup tournaments were held, providing support to 175 Taiwanese athletes. Refer to Implementation of 2019 CSR Strategies and Goals for details on energy conservation and carbon reduction accomplishments.
 Government and Competent Authorities	Corporate Governance Ethical Management Risk Management Compliance	Contact Unit: Administration Department of Taiwan Cooperative Financial Holding Co., Ltd. Address: No. 225, Sec. 2, Chang'an E. Rd., Taipei City Telephone: +886-2-21738888 Fax: +886-2-27313677 Website: www.tcfhc.com.tw E-mail: pr@tcfhc.com.tw	<ul style="list-style-type: none"> Compliance with laws and regulations and provision of relevant information in cooperation with supervision and inspections by competent authorities. Compliance with policies of the competent authorities and participation in the various meetings held by these. 	<ul style="list-style-type: none"> TCFHC was selected as a constituent of the TWSE CG 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and TWSE RAFI Taiwan High Compensation 100 Index. Declaration for the Stewardship Principles for Institutional Investors was timely signed and filed.
 Media	Corporate Governance Ethical Management Digital Finance IT Security Protection of Customer Rights and Higher Customer Satisfaction		<ul style="list-style-type: none"> Hold investor conferences periodically to enhance the transparency of the financial operation data. Hold press conferences and release product and event promoting materials from time to time. Invite media as needed, arrange interviews by spokespersons, and provide related press releases. 	<ul style="list-style-type: none"> Four investor conferences were held. Visit the press center on the TCFHC website for press releases.
 Academic/Consultancy Units and Industry Societies and Associations	Corporate Governance Ethical Management Risk Management Compliance IT Security Protection of Customer Rights and Higher Customer Satisfaction		<ul style="list-style-type: none"> Organize policy and academic seminars from time to time to keep track of trends in the financial sector through opinion exchange. Participate in meetings and forums that are held periodically by societies and associations in order to keep track of regulatory changes by competent authorities and to ensure compliance by operations every year. 	<ul style="list-style-type: none"> TCFHC is part of 35 societies and associations in total.











Implementation of 2019 CSR Strategies and Goals







» Corporate Governance





Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
 Corporate Governance	<ul style="list-style-type: none"> Organize the Board of Directors Performance Evaluation. Achieve 80% or more in actual attendance rate of all directors of the Board. Become selected as a component of corporate governance- and compensation-related indexes. 	<ul style="list-style-type: none"> Board performance was evaluated as "Excellent" and results were reported to the Board of Directors. Actual attendance rate of all directors of the Board was 93%. A Corporate Governance Evaluation Promotion Taskforce was established. TCFHC was selected as a constituent of TWSE CG 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and TWSE RAFI Taiwan High Compensation 100 Index. 	 Completed	<ul style="list-style-type: none"> Continue to organize the Board of Directors Performance Evaluation. Achieve average attendance rate of 80% or more among all directors at Board meetings for the year and among all independent directors at meetings of each functional committee (Audit Committee, Remuneration Committee, and Ethical Management Committee) for the year. Continue to vie for top 5% ranking among TWSE-listed companies in the Corporate Governance Evaluation. Continue to be selected as a constituent of TWSE CG 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and TWSE RAFI Taiwan High Compensation 100 Index. Promote the adoption of the candidate nomination system in director elections. 	<ul style="list-style-type: none"> Continue to organize the Board of Directors Performance Evaluation. Promote measures for integrating Board Performance Evaluation results and the director remuneration review mechanism. Continue to keep track of the development of regulations relevant to corporate governance, refine the corporate governance system, and improve corporate governance performance. Remain among the top 5% in the Corporate Governance Evaluation. Continue to be selected as a constituent of TWSE CG 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and TWSE RAFI Taiwan High Compensation 100 Index.
 Ethical Management	<ul style="list-style-type: none"> Report compliance status of Ethical Corporate Management Best Practice Principles at least once every year to the Board of Directors. Enforce ethical management policies and train all employees on related issues until a training rate of 100% is achieved. 	<ul style="list-style-type: none"> The Company and subsidiaries have reported their compliance status with the Ethical Corporate Management Best Practice Principles to their respective Board of Directors. The Company has organized one training session for directors, supervisors, and executive managers, and two training sessions for department heads and employees ranked below in each unit. The training rate of all employees in the Group was 100%. 	 Completed	<ul style="list-style-type: none"> The Company and subsidiaries report compliance status of the Ethical Corporate Management Best Practice Principles to their respective Board of Directors at least once a year. Continue to hold at least one training session related to ethical management issues for all employees, achieving a completion rate of 100%. 	<ul style="list-style-type: none"> Enforce ethical management policies, continue to deepen ethical corporate culture, and make corporate development sustainable. Continue to hold at least one training session related to ethical management issues for all employees, achieving a completion rate of 100%.
 Risk Management	<ul style="list-style-type: none"> The target capital adequacy ratio of the Group is set to 110%. Use the risk management information system of TCFHC to develop a risk information inquiry function. Set up a credit risk exposure integration system to consolidate information on credit risk exposure and establish a database containing information on credit history. 	<ul style="list-style-type: none"> Capital adequacy ratio was 115%. The development and launch of TCFHC risk information summary system's inquiry function was completed. System integration testing was completed and the system was launched in July 2020. 	 Completed	<ul style="list-style-type: none"> Complete testing and launch of credit risk exposure integration system. Review and solidify the reasonableness of credit limits relevant to the Group and credit limits self-defined by subsidiaries in order to enhance the effectiveness of credit limit management. 	<ul style="list-style-type: none"> Supervise the risk management optimization process by each subsidiary and monitor their compliance with risk laws and credit limits in order to maximize effectiveness of the second-line defense. Keep track of emerging risks, actively prepare for risks resulting from extreme climate, and develop mitigation measures and formulate response policies in order to control and manage risks more efficiently and effectively. Align with financial supervision trends, assist the banking subsidiary in adherence to capital requirements for domestic systemically important banks (D-SIBs) and supervise their progress, and improve risk management mechanisms.

Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
 Compliance	<ul style="list-style-type: none"> Formulate the Legal Compliance Enhancement Program for the Group. 	<ul style="list-style-type: none"> Enhance the organizational framework of legal compliance. Adoption a group-wide reporting mechanism. Enhance compliance evaluation items. Strengthen supervision and implementation of subsidiaries' regulatory changes. Increase content and frequency of on-site inspections. 	 Completed	<ul style="list-style-type: none"> Enhance compliance evaluation items and increase the effectiveness of on-site inspections. Raise the Group employee's AML/CFT awareness and increase the number of accredited Group employees Strengthen efficiency of compliance by overseas branches. 	<ul style="list-style-type: none"> Conduct on-site inspections at least twice a year for each subsidiary of the Group, provide counseling on potential compliance risks, and collect opinions within the inspected company for better bilateral interaction, thereby achieving synergy by counseling and supervising subsidiaries' implementation status of their legal compliance system. Have 95% of personnel responsible for money laundering prevention become accredited in the mid/long-term. Optimize subsidiaries' anti-money laundering system, improve the Group's control over risks of money laundering and terrorism financing, and conduct a money laundering/terrorism financing risk assessment within the institution once a year. Continue to conduct hierarchical management of overseas branches of the banking subsidiary. Shape a legal compliance culture, improve the Group's legal compliance functionality, establish a top-down compliance system and a bottom-up feedback mechanism, and coordinate the planning of matters related to the compliance system by TCFHC and each subsidiary.
	<ul style="list-style-type: none"> Supervise the banking subsidiary's implementation of hierarchical management for compliance risks of overseas branches to facilitate focus on risks and differentiated management. 	<ul style="list-style-type: none"> Hold compliance meetings with offshore units. Provide on-site counseling on compliance, anti-money laundering and counter terrorism financing for overseas branches. Strengthen the overseas unit management system and establish Guidelines for Management of Overseas Branches' Compliance Risk-Oriented Classification. 	 Completed		
 Internal Audit	<ul style="list-style-type: none"> Besides meeting statutory requirements on audit frequency and times ^[Note], include each unit's self-audit results in project audits in order to reasonably ensure that the Group's internal control system can be effectively implemented continuously. <p>Note: The banking subsidiary began adopting a risk-oriented internal audit system in 2019.</p>	<ul style="list-style-type: none"> Internal audit units of the Company and subsidiaries have conducted audits in accordance with their 2019 audit plan. A project audit has been conducted on each unit's results from self-audits of their internal control system, and an audit report was submitted to the Auditing Department of TCFHC before January 22, 2020. 	 Completed	<ul style="list-style-type: none"> The Company and subsidiaries will include results of self-audits conducted by their units in the project audit scheduled in the audit plan. 	<ul style="list-style-type: none"> The Auditing Department will organize a general audit and project audit of the Company at least once a year. Conduct project audits of subsidiaries at least once every 6 months, and evaluate the internal auditing performance of subsidiaries' audit units at least once a year. Initiate one to two reinforcement project audit(s) in accordance with subsidiaries' business risk characteristics. To implement the whistleblower protection system, the Group has adopted a whistleblowing system, which involves supervising each subsidiary's adoption of the whistleblowing system and reporting the Company's implementation status regarding reported cases to the Ethical Management Committee at least once a year.
 Information Transparency	Periodically disclose financial/Non-financial information and announce material information from time to time.	Financial/Non-financial information was periodically disclosed on the Market Observation Post System (MOPS) and TCFHC website for reference by investors. In 2019, 159 entries of material information were published on the MOPS.	 Completed	<ul style="list-style-type: none"> Continue to organize quarterly investor seminars and actively participate in overseas road shows. 	<ul style="list-style-type: none"> Continue to attach importance to communication and interaction with professional investors, shareholders, etc.
	Provide shareholders with channels for two-way communication.	The Company organized quarterly investor seminars to disclose information on financial businesses. In one of the seminars, an invitation was extended for participation in an overseas road show.	 Completed	<ul style="list-style-type: none"> Commit to disclosing the Group's ESG operational effectiveness, such as through issuance of ESG funds, selection of ESG underlying investments, and establishing business relations with vendors who also place importance on ESG issues; and announce the aforementioned practices on the Company's website. 	<ul style="list-style-type: none"> Continue to organize quarterly investor seminars and actively participate in overseas road shows organized by securities brokers for institutional investors. Develop a user-friendly Investor Relations page, and simultaneously disclose information in Chinese and English.
	Disclose the Group's ESG information.	ESG practices relevant to the Group have been disclosed on TCFHC website.	 Completed		<ul style="list-style-type: none"> Continue to value and disclose the Group's ESG operational effectiveness, and address issues of concern to institutional investors.






» Customer Care







Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
 Urban Renewal Issues	Aim to approve NT\$37 billion to finance 47 urban renewal and risky/old building construction projects.	A total of NT\$45.026 billion was approved to finance 49 urban renewal and risky/old building construction projects; 104.26% of the projects were approved, and 121.69% of the targeted amount was reached.	 Completed	<ul style="list-style-type: none"> TCB aims to approve NT\$41.1 billion to finance 53 urban renewal and risky/old building construction projects. 	<ul style="list-style-type: none"> Continue to address demands for financing urban renewal by businesses, assist communities to reconstruct old buildings, and annually increase the target number of urban renewal and risky/old building projects and financing amount by 10% compared to the previous year.
 Green Finance	Evaluate three offshore wind farm financing projects.	The evaluation of three offshore wind farm financing projects (Ørsted, wpd Taiwan, and CIP) was completed. The total installed capacity of renewable energy from approved financing projects reached 1,772 MW.	 Completed	<ul style="list-style-type: none"> TCB aims to approve NT\$485 billion in Loans to Five Plus Two Innovative Industries. TCB aims to continue promoting green financing and expects to achieve 1,813 MW(1.8 GW) in total installed capacity of renewable energy from approved financing projects by the end of 2020. 	<ul style="list-style-type: none"> TCB aims to increase Loans to Five Plus Two Innovative Industries by NT\$10 billion each year, achieving a balance of NT\$535 billion by 2025. Continue to support renewable energy, strive to mitigate environmental impact, provide offshore wind farm industries with access to financing, and join efforts to promote the sustainable development of Taiwan's renewable energy economy, expecting to achieve 2,500 MW (2.5 GW) in total installed capacity of renewable energy from approved financing projects by the end of 2025.
	Process applications for green consumption loans with a target amount of NT\$400 million.	NT\$410 million in loans were processed, achieving 102.5% of the targeted amount.	 Completed	<ul style="list-style-type: none"> TCB aims to process a total of NT\$500 million in green consumption loans in 2020. 	<ul style="list-style-type: none"> Annually increase the number and balance of green consumption loans approved by 10% compared with the previous year.
	TCB aims to invest a total of NT\$56 billion in green energy firms.	TCB has invested a total of NT\$62.5 billion in green energy firms, achieving 111.61% of the target.	 Completed	<ul style="list-style-type: none"> TCB plans to invest a total of NT\$57 billion in green energy firms in support of government policies and to promote the development of environmental sustainability. 	<ul style="list-style-type: none"> TCB plans to invest a total of NT\$67 billion in green energy firms by the end of 2025 in support of government policies and to promote the development of environmental sustainability.
	TCB will evaluate the issuance of green bonds.	NT\$1 billion in green bonds have been issued.	 Completed		
	Plan to issue eco-friendly credit cards in 2020 that promote environmental protection and carbon reduction.	A LOHAS Credit Card will be issued by TCB; the credit card will use eco-friendly certified materials, incorporate EasyCard functions, and provide purchase benefits when the card is used to take public transport and make purchases at organic stores and vegetarian restaurants.	 Completed	<ul style="list-style-type: none"> We aim to protect the Earth's environment by having TCB issue eco-friendly credit cards; more than 5,000 cards are expected to be issued. 	<ul style="list-style-type: none"> TCB will issue eco-friendly credit cards; more than 30,000 cards are expected to be issued. TCB will address environmental sustainability and green finance issues through credit cards and plans to have its credit cards obtain carbon neutrality certification by 2025.
 Responsible Investment	<ul style="list-style-type: none"> Achieve 80% in electronic voting rate during participation in the shareholders' meetings of TWSE or TPEx-listed investee companies by TCB, TCS, and TCSIT, in order to urge these companies to strengthen their corporate governance and fulfill the stewardship duties of institutional investors. Achieve 50% in attendance rate by BPC TCB Life in the shareholders' meetings of TWSE or TPEx-listed investee companies. 	<ul style="list-style-type: none"> The electronic voting rate during participation in the shareholders' meetings of TWSE or TPEx-listed investee companies by TCB was approximately 90%. The electronic voting rate during participation in the shareholders' meetings of TWSE or TPEx-listed investee companies by TCS was 100%. In 2019, TCSIT participated in 85% of voting during shareholders' meetings of its domestic TWSE or TPEx-listed investee companies in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies. The attendance rate of BPC TCB Life in the shareholders' meetings of TWSE or TPEx-listed investee companies was 100%. 	 Completed	<ul style="list-style-type: none"> Achieve 90% in electronic voting rate during participation in the shareholders' meetings of TWSE or TPEx-listed investee companies by TCB, TCS, and TCSIT, in order to fulfill the stewardship duties of institutional investors. BPC TCB Life's Stewardship Principles for Institutional Investors: Achieve 70% in attendance rate of insurance companies in the shareholders' meetings of TWSE or TPEx-listed investee companies. 	<ul style="list-style-type: none"> TCB, TCS, and TCSIT will continue to keep track of the corporate governance of investee companies, and achieve 95% in electronic voting during participation in the shareholders' meetings of TWSE or TPEx-listed investee companies, in order to urge investee companies to strengthen their corporate governance and fulfill the stewardship duties of institutional investors. The attendance rate of BPC TCB Life in the shareholders' meetings of TWSE or TPEx-listed investee companies was 90%.






Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
 Protection of Customers' Rights and Personal Information	TCB and BPC TCB Life aim to complete the review of the new BS10012:2017 system version.	TCB and BPC TCB Life have obtained BS10012:2017 certification.	 Completed	<ul style="list-style-type: none"> TCB and BPC TCB Life aim to pass the secondary review of the BS10012:2017 system. TCS obtained certification for the Data Privacy Protection Mark (dp.mark) Taiwan Personal Information Protection and Management System (TPIPAS) in December 2018; this subsidiary plans to pass the external update verification of TPIPAS' dp.mark before December 2020. 	<ul style="list-style-type: none"> TCB and BPC TCB Life will continue to seek BS10012 certification to achieve the goal of personal information protection. TCS will maintain the validity of TPIPAS' dp.mark
	TCS will pass the external verification of TPIPAS' dp.mark.	TCS has passed the mid-term verification by TPIPAS.	 Completed		
	Achieve 100% completion rate for each subsidiary's Personal Information Protection System training.	Each subsidiary has completed Personal Information Protection System training, achieving a completion rate of 100%.	 Completed	<ul style="list-style-type: none"> Group subsidiaries will continue organizing Personal Information Protection System training and achieving 100% completion rate. 	<ul style="list-style-type: none"> Enhance training courses every year in accordance with laws and regulations relevant to personal information protection. Group subsidiaries will continue organizing Personal Information Protection System training and achieving 100% completion rate.
	<ul style="list-style-type: none"> TCB aims to achieve personal computer malware infection rate of ≤3%. Conduct a phishing attack social engineering drill for all employees of the Group; TCB and TCS will set the target of email open rate to less than 3%. TCB and BPC TCB Life will seek to renew ISO 27001 certification. 	<ul style="list-style-type: none"> TCB will seek to achieve computer malware infection rate below the target. TCB, TCS, TCBF, TCSIT, TCVC, BPC TCB Life, and CAM have completed phishing attack social engineering drills. TCB and TCS both achieved the targeted e-mail open rate. TCB and BPC TCB Life have renewed ISO 27001 certification in 2019. 	 Completed	<ul style="list-style-type: none"> The banking subsidiary will achieve computer malware infection rate of ≤2%. Conduct a phishing attack social engineering drill for all employees of the Group; the banking subsidiary and TCS will set the target of e-mail open rate below 3%. TCB and BPC TCB Life will seek to renew ISO 27001 certification. BPC TCB Life will achieve 100% of inspection rate for e-commerce-personal information protection. 	<ul style="list-style-type: none"> The banking subsidiary will achieve computer malware infection rate of ≤1%. Annually conduct phishing attack social engineering drill for all employees of the Group; the banking subsidiary and TCS will set the target of e-mail open rate below 2%. TCB and BPC TCB Life will continue to maintain the ISO 27001 certification mechanism. BPC TCB Life to evaluate the feasibility of deploying the ISO 22301 system and continue to push for enhancement of future risk management and business continuity management.
	TCB, TCS, TCBF, CAM, BPC TCB Life, TCSIT, and TCVC will organize information security training for employees and achieve 100% completion rate.	TCFHC Group has organized information security training for employees, achieving a completion rate of 100%.	 Completed	<ul style="list-style-type: none"> TCB, TCS, TCBF, CAM, BPC TCB Life, and TCSIT will organize information security training for employees every year and achieve 100% completion rate. 	<ul style="list-style-type: none"> The Company will organize information security awareness courses for employees every year and ensure they pass course evaluations. Courses will explain common issues relevant to information security, such as concepts of information security threats and protection, and information security regulatory requirements. The purpose of these courses is to strengthen employees' knowledge and understanding of information security, and meet requirements and laws imposed by the competent authority (e.g., Cyber Security Management Act and Personal Information Protection Act). TCB, TCS, TCBF, CAM, BPC TCB Life, and TCSIT will organize information security training for employees every year and achieve 100% completion rate; all employees (100%) will pass information security evaluations.





Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
 Maintenance of Customer Relations Improvement of Customer Satisfaction	Achieve satisfaction rate of 90% or more toward all our sales channels.	<ul style="list-style-type: none"> Satisfaction in TCB's service performance evaluation was 93%. Bankwide customer satisfaction toward TCB's wealth management was 94.12%. Satisfaction toward customer service calls of TCS was 100%. Satisfaction toward customer service of BPC TCB Life was 99%. 	 Completed	<ul style="list-style-type: none"> Achieve satisfaction rate of 90% or more toward all our sales channels. Conduct customer satisfaction survey through TCB's service performance evaluation. Conduct bankwide customer satisfaction survey of TCB's wealth management. Conduct customer satisfaction survey of TCS' customer service. Conduct customer satisfaction survey of BPC TCB Life's customer service. 	<ul style="list-style-type: none"> Continue to improve service quality and raise satisfaction toward all sales channels to 93% or more over the years. Conduct customer satisfaction survey through TCB's service performance evaluation. Conduct bankwide customer satisfaction survey of TCB's wealth management. Conduct customer satisfaction survey of TCS' customer service. Conduct customer satisfaction survey of BPC TCB Life's customer service.
 Maintenance of Customer Relations Fair Customer Treatment	<ul style="list-style-type: none"> TCB, TCS, TCBF, BPC TCB Life, and TCSIT will compile an annual summary showing their implementation status of the Principles for Treating Customers Fairly, and report it to the Board of Directors. TCB, TCS, TCBF, BPC TCB Life, and TCSIT will organize training on the Principles for Treating Customers Fairly and achieve 100% completion rate. 	<ul style="list-style-type: none"> TCB, TCS, TCBF, BPC TCB Life, and TCSIT have compiled a summary detailing their implementation status of the Principles for Treating Customers Fairly, and reported it to the Board of Directors in 2019. TCB, TCS, TCBF, BPC TCB Life, and TCSIT will organize training on the Principles for Treating Customers Fairly and achieve 100% completion rate. 	 Completed	<ul style="list-style-type: none"> TCB, TCS, TCBF, BPC TCB Life, and TCSIT will compile a summary showing their implementation status of the Principles for Treating Customers Fairly, and report it to the Board of Directors. TCB, TCS, TCBF, BPC TCB Life, and TCSIT will organize online training on the Principles for Treating Customers Fairly and achieve 100% completion rate. 	<ul style="list-style-type: none"> Continue to build a corporate culture that centers on fair customer treatment, fortify financial consumers' trust in the Company, compile an annual summary detailing the implementation status of the Principles for Treating Customers Fairly, and report it to the Board of Directors. Achieve a completion rate of 100% in online training on the Principles for Treating Customers Fairly.











Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
 Digital Finance Policies, Goals, and Plans	Achieve a utilization rate of 90% for electronic channels of TCB.	Utilization rate of electronic channels was 91%, reaching 101.11% of the target.	 Completed	<ul style="list-style-type: none"> Increase utilization rate to 93% for electronic channels of TCB. 	<ul style="list-style-type: none"> Utilization rate of TCB's electronic channels is expected to increase to 96% by 2025.
	TCB aims to promote open banking-related services in response to governmental policies and plans of Financial Information Service Co., Ltd., and adopt a progressive three-stage approach to the open API; the gradual opening of first-stage online operations is expected to occur from the end of September 2019.	Sign cooperation agreements with third-party service providers to provide account inquiries and inquiries related to exchange and interest rates.	 Completed (Stage 1)	<ul style="list-style-type: none"> TCB plans to build an API management platform and find suitable third-party service providers to implement financial inclusion and extend reach to potential customers. 	<ul style="list-style-type: none"> Dynamically adjust TCB services in response to digital trends, enhance customer experience with open banking, and build an ecosystem for TCB in order to achieve the goal of digital transformation.
	Target number of merchants to which TCB's Taiwan Pay QR Code service will be expanded: ATM card merchants: 12,269. Credit card merchants: 4,890.	<ul style="list-style-type: none"> ATM card merchants: 12,776; achievement rate was 104.13% Credit card merchants: 6,390; achievement rate was 130.67%. 	 Completed	Target number of merchants to which TCB's Taiwan Pay QR Code service will be expanded: <ul style="list-style-type: none"> ATM card merchants: 14,000. Credit card merchants: 6,000. 	Target number of merchants to which TCB's Taiwan Pay QR Code service will be expanded by 2025: ATM card merchants: 19,000. Credit card merchants: 9,000.
	TCS will add new account functions in the trading system, increase app use for online account opening, and provide better online services for customers.	<ul style="list-style-type: none"> A new setting has been added to the online account opening system, allowing for linking of authorized debit for securities requiring advanced payment collection. New account functions have been completed and include a real-time inventory, credit day trading profit and loss calculation, calculation of initial profit and loss of stocks, and maintenance rate inquiry. Futures trading and account functions for mobile platforms have been completed. TCB AP Trade Simulation Platform was completed. 	 Completed	<ul style="list-style-type: none"> In response to the new securities trading system, TCS will develop a continuous trading system with its respective VR to prepare customers for the new system and enable early adaptation. Plan to provide customers with different service functions, such as online bidding auctions, online credit account opening, online application for loans for any purpose, and systematic investment plan in stocks. Evaluate the establishment of a broker mobile system to increase the digitization of brokers and help brokers develop their business. Introduce TCB digital savings account verification and linking of settlement accounts for online account opening, and engage in cross utilization of customers' information. 	<ul style="list-style-type: none"> Add new account functions in the trading system, increase app use for online account opening, and provide better online services for customers.








Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Digital Finance Digital Finance Patents	<ul style="list-style-type: none"> TCB's Bank 3.0 Strategic Taskforce incorporates a Finance Patent Division responsible for matters relevant to FinTech patents in order to periodically track the progress of various patent applications. Plan to submit 120 patent applications to the Intellectual Property Office, Ministry of Economic Affairs. 	<ul style="list-style-type: none"> TCB has submitted 121 patent applications to the Intellectual Property Office, Ministry of Economic Affairs with an achievement rate of 100.83%. 100 of TCB's patent applications have been approved by the Intellectual Property Office, Ministry of Economic Affairs. 	 Completed	<ul style="list-style-type: none"> TCB will apply for patents with respect to mobile platforms, big data, AI, blockchain, security control mechanisms, and biometric recognition in response to FinTech trends. TCB will submit a total of 150 patent applications to the Intellectual Property Office, Ministry of Economic Affairs. TCB will establish an innovation lab—Co LAB—to accelerate the output of various financial innovations and gradually foster an innovative culture TCB plans to design optimal short/mid/long-term innovation activities, thereby strengthening its innovative culture. 	<ul style="list-style-type: none"> Plan to organize FinTech patent seminars and encourage employees to boldly participate, and simultaneously continue to examine and evaluate the feasibility of patent applications submitted by various units. Follow TCB's patent incentive guidelines, encourage employees to come up with innovative ideas, and submit as much as 300 patent applications to the Intellectual Property Office, Ministry of Economic Affairs in order to secure TCB's intellectual property rights. Review innovation governance, increase the number of FinTech patents, and complete the development of the innovation management system to produce creative output and forge close ties with industries, government agencies, and academia.
Digital Finance Investment in Chatbot	TCB's chatbot is expected to be used up to 300,000 times throughout the year.	The chatbot was used 304,000 times with an achievement rate of 101.33%.	 Completed	<ul style="list-style-type: none"> Users of TCB's chatbot are expected to increase by 10% from 2019. 	<ul style="list-style-type: none"> Address the mid/long-term trends of artificial intelligence (AI) and continue to improve chatbot system functions, thereby strengthening the benefits of the chatbot so that by 2025, users will grow by 35% compared to 2020.
Digital Finance App Promotion Goal	TCB expects to attract 780,000 users of mobile banking by the end of 2019.	The number of mobile banking users was 880,000 with an achievement rate of 112.82%.	 Completed	<ul style="list-style-type: none"> TCB expects to increase mobile banking users by 10% in 2020, reaching 950,000 users in total. 	<ul style="list-style-type: none"> TCB continues to optimize its mobile banking processes to improve its digital banking services and accumulate 1.8 million users in total by 2025.
Digital Finance Linking of Credit Card to Taiwan Pay	The target number of TCB credit cards linked to Taiwan Pay is 22,385.	50,281 TCB credit cards have been linked to Taiwan Pay; achievement rate was 224.62%.	 Completed	<ul style="list-style-type: none"> The target number of TCB credit cards linked to Bank Taiwan Pay is 50,000. 	<ul style="list-style-type: none"> The target number of TCB credit cards linked to Bank Taiwan Pay is expected to exceed 150,000 by 2025.
Digital Finance Linking of ATM Card/Account to Taiwan Pay	The target number of TCB ATM cards/accounts linked to Taiwan Pay is 330,000.	346,900 cards/accounts have been linked in total; achievement rate was 105.12%.	 Completed	<ul style="list-style-type: none"> The target number of TCB ATM cards/accounts linked to Taiwan Pay is 400,000. 	<ul style="list-style-type: none"> The target number of TCB ATM cards/accounts linked to Taiwan Pay is expected to exceed 600,000 before the end of 2025.
Digital Finance Improvement of Foreign Exchange Online Functions	TCB continues to optimize the foreign exchange functions of its mobile banking service by enhancing electronic transactions and providing better online services. TCB plans to develop a variety of functions such as mobile app push notification that sends exchange rate alerts, 24/7 online foreign exchange transactions, and digital banking accounts.	<ul style="list-style-type: none"> Exchange rate alert, 24/7 online foreign exchange transactions, and digital banking accounts have been launched. Digital FCY savings accounts have been launched. 	 Completed	<ul style="list-style-type: none"> TCB expects to increase the use of foreign exchange transactions on its digital service platform by 5%. TCB plans to launch its digital FCY savings accounts in 2020 and attract 3,000 new account users. 	<ul style="list-style-type: none"> Continue to improve digital platform service functions in line with innovations of the financial market. Expect to increase the use of foreign exchange transactions on the digital service platform by 5% every year. The number of digital FCY savings account users will increase by 5% every year.





Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Digital Finance Online Loan Application	<ul style="list-style-type: none"> By the end of 2019, TCB expects to launch services that allow individuals to apply for mortgage and personal loans online and develop a mobile banking app for mortgage/personal loan application in order to attract younger customers. Receive 6,000 online applications for personal loans and home loan increase through TCB's mobile banking. 	<ul style="list-style-type: none"> The mobile banking app for mortgage/personal loan application has undergone tendering and procurement; the app is expected to be launched by the end of January 2020. 6,278 online applications for mortgage/personal loans were received; achievement rate was 104.63%. 	 Ongoing	<ul style="list-style-type: none"> Receive 1,000 personal loan and mortgage applications through TCB's mobile banking in 2020. TCB aims to receive a total of 7,200 online applications for personal loans and home loan increase. 	<ul style="list-style-type: none"> Continue to optimize operating system functions relevant to online personal loan/mortgage applications, accelerate application processing procedures, and increase public intention to use electronic services. Annually increase the number and amount of loans by 5% compared with the previous year.
Digital Finance Online Insurance Purchase	Achieve 7,200 online applications for purchasing life insurance of BPC TCB Life.	7,884 applications were received; achievement rate was 109.5%.	 Completed	<ul style="list-style-type: none"> BPC TCB Life plans to introduce campaigns on seasonal travel and current affairs, and aims to achieve 7,800 online applications for purchasing life insurance. 	<ul style="list-style-type: none"> BPC TCB Life will follow e-commerce laws and regulations and launch products and optimal operation methods as needed to achieve 10,000 online insurance applications.
Digital Finance Mobile Insurance Application	TCB plans to develop a Mobile Insurance Application System.	This system is expected to be completed and launched by the end of August 2020.	 Ongoing	<ul style="list-style-type: none"> TCB's Mobile Insurance Application System has undergone tendering and is expected to be developed and launched 10 months after signing of contract. 	<ul style="list-style-type: none"> The Mobile Insurance Application System will be interfaced with five insurance companies within 5 years of its launch, which will account for 55% of life insurance companies that have signed agreements with TCB.
Financial Inclusion Bilingual Branches	Set up one bilingual demonstration branch.	We completed setting up our Ximen Branch as a bilingual demonstration branch, where a bilingual environment and consultancy services are provided.	 Completed	<ul style="list-style-type: none"> TCB will introduce one bilingual demonstration branch in northern, central, and southern Taiwan, respectively. 	<ul style="list-style-type: none"> TCB will gradually complete the setting up of first-line service counters with bilingual environment in each of its branches and provide bilingual consultancy services. TCB plans to complete establishment of 10 bilingual branches by 2025.
Financial Inclusion Loans for Youth Entrepreneurs, Micro/Women Start-up Loans, and Loans for Agricultural and Fishery Industries	<ul style="list-style-type: none"> Loans for Youth Entrepreneurs, Micro/Women Start-up Loans: We plan to process 55 youth entrepreneur loan applications totaling NT\$75.51 million and 85 Micro/Women Start-up Loan applications totaling NT\$51.50 million. Composite Loans for Farmers: Accelerate construction in farming communities and expand the scale of farming and fishing businesses to increase farmers' income, advancing economic prosperity in farming communities. We plan to process 256 applications totaling NT\$1.665 billion. 	<ul style="list-style-type: none"> Loans for Youth Entrepreneurs, Micro/Women Start-up Loans: In total, 137 youth entrepreneur applications, totaling NT\$127.83 million, were processed; and 109 Micro/Women Start-up Loan applications, totaling NT\$72.70 million, were processed as of the end of December 2019. For the youth entrepreneur loans, 169.29% of the target was achieved; and 141.17% of the target was achieved for the Micro/Women Start-up Loans. Composite Loans for Farmers: A total of 170 applications totaling NT\$1.91 billion were processed by the end of December 2019; achievement rate was 114.71%. 	 Completed	<ul style="list-style-type: none"> TCB's Preferential Housing Loans for Youths: We plan to process 1,813 applications totaling NT\$8.243 billion. TCB Loans for Youth Entrepreneurs, Micro/Women Start-up Loans: We plan to process 60 youth entrepreneur applications totaling NT\$80 million and 90 Micro/Women Start-up Loan applications totaling NT\$54 million. TCB Loans for Exchange Students: We plan to process 50 applications totaling NT\$26 million. TCB Composite Loans for Farmers: We plan to process 270 applications totaling NT\$1.7 billion. 	<ul style="list-style-type: none"> As a means to fulfilling corporate social responsibility, TCB will continue to process loan applications and help those in need to access funds. TCB's Preferential Housing Loans for Youths: Annually increase the number and amount of loans by 3% compared with the previous year. TCB Loans for Youth Entrepreneurs, Micro/Women Start-up Loans: Annually increase the number and amount of loans by 3% compared with the previous year. TCB Loans for Exchange Students: Annually increase the number and amount of loans by 3% compared with the previous year. TCB Composite Loans for Farmers: Annually increase the amount of new loans by 3% compared with previous year.

Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Financial Inclusion Loans for Small-to-Medium-sized Enterprises (SMEs), Biotechnology and Pharmaceutical Industries or Long-term Care Industries	<ul style="list-style-type: none"> Assist SMEs to obtain working capital and aim to approve NT\$629 billion in loans We expect to approve 45 new loans for the year for biotechnology and pharmaceutical industries or long-term care industries. 	<ul style="list-style-type: none"> Loans were approved to 33,307 SMEs and amounted to NT\$667.832 billion; achievement rate was 106.17%. 68 new loans for biotechnology and pharmaceutical industries or long-term care industries were approved for the year; achievement rate was 151.11%. 	 Completed	<ul style="list-style-type: none"> TCB aims to approve NT\$10 billion more in loans for SMEs compared to the previous year. TCB aims to process 60 new loans for the year for biotechnology and pharmaceutical industries or long-term care industries. TCB aims to assist local SMEs with overseas investments; it plans to process more than 10 guarantees for the overseas credit guarantee fund, approving a cumulative amount of US\$3.5 million in loans. 	<ul style="list-style-type: none"> With reference to the estimated economic growth rate for the current year, TCB aims to increase loans for SMEs from NT\$10 billion to 15 billion in the current year. TCB aims to process more than 250 new loans for biotechnology and pharmaceutical industries or long-term care industries. TCB aims to process 40 applications for overseas credit guarantees totaling US\$14 million in loans.
Financial Inclusion Number One Brand of "LOHAS and Elder Care"	Add 1,170 new beneficiaries to the Property Trust of Seniors and the Disabled.	In 2019, 2,582 new beneficiaries were added to the Property Trust of Seniors and the Disabled. The principal of the trust property amounted to NT\$3.93 billion.	 Completed	<ul style="list-style-type: none"> TCB will add 1,300 new beneficiaries to the Property Trust of Seniors and the Disabled. 	<ul style="list-style-type: none"> TCB will continuously adhere to its beliefs of "Proactive, Agile, Innovative", actively cooperate with the government's elderly care policies, and provide the best financial products and services for senior citizens in order to fulfill its social responsibilities. TCB plans to cover 2,000 beneficiaries by 2025.
	Add NT\$1.2 billion in approved limit for Bagful of Happiness loans in 2019.	A total of NT\$9.557 billion in loans were approved as of the end of December 2019, which was a NT\$2.223 billion increase from 2018. Achievement rate was 185.25%.	 Completed	<ul style="list-style-type: none"> TCB plans to increase its approved limit for Bagful of Happiness loans by NT\$1 billion in 2020. 	<ul style="list-style-type: none"> TCB will continue to implement and promote its Bagful of Happiness loans. Pursuant to the government's long-term care policies, TCB will create a loan environment that is friendly to elderly people, and aim to increase the approved limit for the reverse mortgages and Bagful of Happiness loans by NT\$1 billion.
	Meet the demands of an aging society, including funds for nursing care after retirement and needs for long-term nursing care as a result of disease or accident; and launch long-term care insurance and annuity insurance.	<ul style="list-style-type: none"> We continued to launch products for the aging population and provide Taiwanese citizens with premium retirement plans and relevant healthcare plans. New contracts for annuity insurance and long-term care insurance totaled NT\$14.745 billion. BPC TCB Life established a page on its official website that provides information on products for an aging society. The webpage is accessible to customers at all times. 	 Completed	<ul style="list-style-type: none"> Pursuant to policies of the competent authority, BPC TCB Life continues to develop two to three types of products for senior citizens, protection-oriented products, or retirement-oriented products. 	<ul style="list-style-type: none"> BPC TCB Life will continue to provide innovative or diverse insurance products related to retirement, bridge the gap in customer protection, and replace products as needed to meet the needs of aging customers. BPC TCB Life plans to launch 10 products, including one spillover insurance policy, for elderly customers. Organize charity events to impart correct insurance planning concepts.

» Employee Care




Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Employee Remuneration and Benefits	The annual pay increase conducted by TCB is set to an average of 2.5%.	4.53% pay increase was achieved in 2019.	 Completed	<ul style="list-style-type: none"> The pay increase conducted by TCB is set to an average of 2.5%. 	<ul style="list-style-type: none"> The pay increase conducted by TCB is set to an average of 2.5%.
	<ul style="list-style-type: none"> TCB plans to implement employee stock ownership trust plans. At least 90% of employees are eligible for the employee stock ownership trust plan implemented by TCB. 	Operations relevant to the employee stock ownership trust were completed (it was implemented on January 1, 2020 and 93.97% of employees were eligible).	 Completed	<ul style="list-style-type: none"> TCB will implement the employee stock ownership trust, which will improve employee cohesion and enhance business performance. 	<ul style="list-style-type: none"> TCB will continue to implement the employee stock ownership trust plan and ensure that at least 90% of employees are eligible.
	Keep providing at least NT\$10 million in child birth subsidies every year and adjust relevant subsidy measures as needed.	Our child birth subsidies reached NT\$13.328 million.	 Completed	<ul style="list-style-type: none"> Continue providing child birth subsidies to encourage child birth among employees. 	<ul style="list-style-type: none"> Continue to process child birth subsidies and maintain annual subsidy expenses at a minimum of NT\$10 million.
	TCB will continue organizing reunions for retired employees once a year and continue to provide benefits and services for retired employees.	A retired employees' reunion was organized in northern, central, and southern Taiwan, respectively, and a Networking Center for Retired Employees was established.	 Completed	<ul style="list-style-type: none"> TCB will continue providing benefits and services for retired employees. 	<ul style="list-style-type: none"> TCB will continue organizing reunions for retired employees once a year. TCB will continue setting up a Networking Center for Retired Employees in northern, central, and southern Taiwan, respectively, where employees can interact with each other and engage in networking after retirement.
Training and Development Talent Recruitment and Retention	TCB actively retains talented employees, maintaining new talent retention rate at 80% or more.	The new talent retention rate was 93.5%.	 Completed	<ul style="list-style-type: none"> TCB will retain 80% of new employees. 	<ul style="list-style-type: none"> TCB will maintain new employee retention rate at 80% or more.
	TCFHC will promote a happy workplace and keep employee resignation rate below 5%.	Resignation rate among Group employees was 2%.	 Completed	<ul style="list-style-type: none"> Achieve resignation rate below 5% among Group employees. 	<ul style="list-style-type: none"> Keep resignation rate among Group employees below 5%.
	TCFHC plans to provide employees with diverse care and assistance, and uphold promotion, assessment and welfare measures so that reinstatement rate of employees after unpaid child care leave exceeds 80%.	Reinstatement rate after maternal/parental leave in the Group was 96.6%.	 Completed	<ul style="list-style-type: none"> Achieve reinstatement rate after maternal/parental leave in the Group above 80%. 	<ul style="list-style-type: none"> Keep reinstatement after maternal/parental leave in the Group above 85%.
Training and Development - Industry-Academia Collaboration	TCB provides internship opportunities, with the expectation that 70% of interns will return to work for the company.	72% of interns returned to work for TCB.	 Completed	<ul style="list-style-type: none"> TCB will continue providing internship opportunities and achieve a return rate of 70%. 	<ul style="list-style-type: none"> TCB will continue providing internship opportunities for undergraduates and achieve a return rate of 80% or more.








Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Training and Development- Talent Cultivation and Management Reform	Every year, TCB periodically selects people to include in the overseas talent pool. TCB plans to collect information on more than 100 talents for its overseas talent database.	TCB has held the 13th overseas talent pool selection, accumulating a total of 116 people in its overseas talent database.	 Completed	<ul style="list-style-type: none"> Expand overseas talent database to include more than 100 people. 	<ul style="list-style-type: none"> TCB will continue organizing overseas talent pool selection events and cultivate at least 15 talents for the pool; TCB will send these talents overseas as needed, and send at least 10 more talents every year.
	TCB plans to organize a Training Seminar for New Managers to help new managers to improve their management skills and industrial competency.	TCB has completed and established the Phase-1 Training Seminar for New Managers in August 2019.	 Completed	<ul style="list-style-type: none"> TCB will train at least 25 managers VP & General Manager every year. 	<ul style="list-style-type: none"> TCB will keep organizing Training Seminar for New Managers every year, training at least 25 managers.
	Campus Recruitment and Career Fairs in five higher education institutions organized by TCB, with 500 people attending the Career Fairs.	Campus Recruitment and Career Fairs in five higher education institutions organized by TCB, with 522 people attending the Career Fairs.	 Completed	<ul style="list-style-type: none"> TCB plans to organize Campus Recruitment and Career Fairs in seven higher education institutions, with 700 people attending the Career Fair. 	<ul style="list-style-type: none"> TCB aims to organize Campus Recruitment and Career Fairs in nine higher education institutions every year, and the total number of attendees at the Career Fair will be kept at least 900.
Work Environment - Healthy Workplace	TCB aims to obtain Breastfeeding Room Certification for its new head office.	<ul style="list-style-type: none"> TCB obtained the Excellent Breastfeeding Room Certification from Department of Health, Taipei City Government. 	 Completed	Subsidiaries of the Group aim to receive the Badge of Accredited Healthy Workplace: Smokefree & health promotion from the Health Promotion Administration.	Subsidiaries of the Group have received the Badge of Accredited Healthy Workplace: Smokefree & health promotion from the Health Promotion Administration.
	TCB aims to organize TCB Health Lectures to improve employees' knowledge on health.	<ul style="list-style-type: none"> TCB has organized lectures in northern, central, and southern Taiwan, completing seven series of TCB Health Lectures. In total, 1,080 people attended the lectures. The total number of hours was 3,240. The topic was Prevention of Chronic Cerebrovascular/ Cardiovascular Disease and Metabolic Syndrome. 	 Completed	TCB plans to organize 10 more series of TCB Health Lectures.	TCB will organize at least 12 series of TCB Health Lectures every year.
	A medical institution will be commissioned every 3 years to provide general health examination for employees across Taiwan.	<ul style="list-style-type: none"> In 2019, each subsidiary has complied with the requirement to have a medical institution provide general health examination for employees or have employees visit a hospital themselves to receive health examination once every 3 years. 	 Completed	Employee health exams will include low-dose spiral CT scan.	Provide an employee health examination plan every 3 years, and include low-dose spiral CT scan in the original health exams planned.
Work Environment Workplace Safety	TCB aims to organize lectures on occupational safety to raise the self-protection awareness of business departments.	<ul style="list-style-type: none"> TCB has organized occupational safety lectures in northern, central, and southern Taiwan. There were 1,128 participants in total. TCS has completed online training courses on the Prevention of Illegal Infringement During the Execution of Duties. 	 Completed	TCB plans to organize lectures on Safety Maintenance and Occupational Health and Safety in northern, central, and southern Taiwan during the first and second half of the year. There will be 1,000 participants and 3,000 hours of training in total.	TCB plans to continue organizing lectures on Safety Maintenance and Occupational Health and Safety in northern, central, and southern Taiwan during the first and second half of every year. There will be at least 1,200 participants and 3,600 hours of training in total.

Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Human Rights and Equality Employer-Employee Relations	Over 90% of employees will be covered by the collective bargaining agreement through their union membership.	<ul style="list-style-type: none"> 98.6% of employees of TCB and TCS have joined a union. 	 Completed	Over 90% of employees will be covered by the collective bargaining agreement through their union membership.	Over 95% of employees of TCB and TCS will continue to be union members.
Human Rights and Equality Labor-Management Harmony	Ensure open communication between employer and employees and hold labor-management meetings regularly.	<ul style="list-style-type: none"> Subsidiaries of the Group have convened four labor-management meetings respectively, showing the commitment toward promotion of labor-management cooperation and stronger labor-management relations. 	 Completed	Subsidiaries of the Group will convene four labor-management meetings respectively.	Subsidiaries of the Group will keep convening at least four labor-management meetings respectively every year, ensure open communication between employer and employees, and promote labor-management cooperation and stronger labor-management relations.
Human Rights and Equality Labor-Management Harmony	<ul style="list-style-type: none"> The Group aims to establish promotion, performance evaluation, and reward systems that are open and transparent and pay attention to equality in the workplace. The Group plans to establish a Human Rights Policy. 	<ul style="list-style-type: none"> Subsidiaries of the Group have established promotion, performance evaluation, and reward systems that are open and transparent and continued to pay attention to equality in the workplace. The Board of Directors has reviewed and approved the Human Rights Policy. 	 Completed	Establish an open and transparent promotion system and pay attention to equality in the workplace.	Subsidiaries of the Group will establish promotion, performance evaluation, and reward systems that are open and transparent and continue to pay attention to equality in the workplace.
	Hire employees with physical and mental disabilities to exceed the 1% standard stipulated by the competent authority.	<ul style="list-style-type: none"> 110 employees with physical and mental disabilities have been hired, making up 1.18% of our workforce, which exceeds the competent authority's quota. 	 Completed	Hire employees with physical and mental disabilities so that they make up more than 1% of our workforce.	Keep the percentage of employees with physical and mental disabilities at more than 1%.









» Environmental Sustainability

Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Environmental Protection	<ul style="list-style-type: none"> Achieve EEWH certification for one location. Set up a solar power generation system in one location. 100% of outsourced works in building renovation projects should involve using eco-friendly construction materials. 	<ul style="list-style-type: none"> EEWH (Silver) certification has been obtained, achieving 100% of the target. A solar power generation system has been established, achieving 100% of the target. Before the end of the year, we expect that 100% of outsourced works in building renovation projects will involve using eco-friendly construction materials. 	 Completed	<ul style="list-style-type: none"> Achieve EEWH certification for six locations in total by 2025. Set up a solar power generation system in six locations in total by 2025. 100% of outsourced works in building renovation projects should involve using eco-friendly construction materials. 	
The Group's Vegetarian Day	<ul style="list-style-type: none"> Dedicate every 1st of a Chinese calendar month as the Group's Vegetarian Day. 	<ul style="list-style-type: none"> TCFHC has sent out letters notifying all subsidiaries to do so. The employee canteen in the head office has organized one Vegetarian Day event, catering to 110 people in total. Through this event, 85.80 kgCO₂e was reduced. 	 Completed	<ul style="list-style-type: none"> Dedicate every 1st of a Chinese calendar month as the Group's Vegetarian Day. 	<ul style="list-style-type: none"> In addition to every 1st of a Chinese calendar month, as of 2021, every 15th of a Chinese calendar month will also be set as Vegetarian Day.

Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Supplier Corporate Social Responsibility and Undertaking on Environmental Sustainability Clauses	<ul style="list-style-type: none"> Formulate a Supplier Management Policy. Request partnering suppliers to fulfill corporate social responsibility and work together to pursue environmental sustainability. Formulate Undertaking on Environmental Sustainability Clauses. 	<ul style="list-style-type: none"> The Supplier Management Policy and Undertaking on Environmental Sustainability Clauses have been formulated. 	 Completed	<ul style="list-style-type: none"> Implement the Supplier Management Policy. Have the winning tenderers for the year sign the Undertaking on Environmental Sustainability Clauses. 	<ul style="list-style-type: none"> Continue to implement the Supplier Management Policy. Have the winning tenderers for the year sign the Undertaking on Environmental Sustainability Clauses.
Green Procurement	<p>Taiwan Cooperative Bank, Ltd.</p> <ul style="list-style-type: none"> Purchase IT equipment with eco-friendly certification and allocate 1.5% of budget for such procurement. For large air conditioners, choose energy-saving ones that use eco-friendly refrigerants, and allocate 20% of budget for such procurement. For wall-mounted and window air conditioners, use ones with inverter technology and energy-saving labels, and allocate 5% of budget for such procurement. Purchase more than 50,000 kg of eco-friendly paper for office use. 100% of outsourced works should involve replacing lighting equipment with LED lights. 	<p>Achievement status of TCB in 2019:</p> <ul style="list-style-type: none"> IT equipment purchased totaled NT\$9.585 million; achievement rate was 107%. Large air conditioners purchased totaled NT\$5.3901 million; achievement rate was 150%. Wall-mounted and window air conditioners purchased totaled NT\$1.3594 million; achievement rate was 429%. Among office consumables, there were 63,425 kg of eco-friendly paper in total; the purchase amount was NT\$2.75 million, achieving 127% of the target, which equates to 1,522 trees. 100% of lighting equipment has been replaced with LED lights before the end of 2019. 	 Completed	<p>The goals for 2020 are as follows:</p> <ul style="list-style-type: none"> Allocate 3% of budget to purchase IT equipment with eco-friendly certification. Allocate 20% of budget to purchase large air conditioners that use energy-saving technology and eco-friendly refrigerants. Allocate 5% of budget to purchase wall-mounted and window air conditioners with inverter technology and energy-saving labels. Increase purchase of eco-friendly paper for office use by 2% every year, with 2020 as the base year. 100% of outsourced works will involve replacing lighting equipment with LED lights. 	
Reduction of carbon emissions due to business activities	<ul style="list-style-type: none"> Reduce carbon emissions due to business activities. 	<p>TCB reduced a total of 514,710 kgCO₂e in 2019. The achievement status is as follows:</p> <ul style="list-style-type: none"> Employees took high speed rail instead of driving when going on business trips. Approx. 166,962 kgCO₂e were reduced, which is equivalent to the annual carbon sequestration of 0.43 Daan Parks. The head office has purchased 20 electric scooters to replace fuel-powered scooters. 53 official vehicles with high-efficiency and low fuel consumption were rented and replaced for use by branch employees. 145 video conferences were held (excluding overseas video conferences). Compared to traveling by high speed rail, video conferencing enabled us to reduce 347,748 kgCO₂e, which is equivalent to the annual carbon sequestration of 0.89 Daan Parks. 	 Completed	<ul style="list-style-type: none"> Reduce carbon emissions due to business activities by 2% every year with 2020 as the base year. 	

Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
Incorporation of ISO 14064-1 Greenhouse gases verification	TCB will incorporate ISO 14064-1 Greenhouse gases certification by the end of 2019, obtain a verification statement, and continue to obtain external verification in the future.	<ul style="list-style-type: none"> Buildings A and B of the TCB Head Office have been certified by the British Standards Institution (BSI). 	 Completed	<ul style="list-style-type: none"> The TCB Head Office will complete the incorporation of ISO 14064-1 Greenhouse gases verification. 	<ul style="list-style-type: none"> The head office of all subsidiaries under TCFHC must continue to seek ISO 14064-1 certification.
Conservation of various basic energy sources (water, electricity, fuel)	Taiwan Cooperative Bank, Ltd. <ul style="list-style-type: none"> Reduce water consumption by 10,000 KL. Reduce power consumption by 500,000 kWh. Reduce fuel consumption by 10,000 L. 	Statistical data for 2019 <ul style="list-style-type: none"> Water consumed: 263,857 KL Electricity consumed: 43,768,210 kWh Fuel consumed: 340,516 L 	 Completed	Implementation status of saving various basic energy sources as compared to the base year 2019 is as follows: <ul style="list-style-type: none"> Reduce water consumption by at least 10,000 KL. Reduce power consumption by at least 500,000 kWh. Reduce fuel consumption by at least 10,000 L. 	
Rainwater recovery system	Install water meter to facilitate measurement.	Water meter has been installed; 20.7 KL of rainwater was recycled.	 Completed	Calculate annual total volume of rainwater recycled with 2020 as baseline.	Set goals with 2020 as the base year.
Incorporation of ISO 50001 Energy management verification	TCB will incorporate ISO 50001 Energy management certification by the end of the year; the certificate should be valid for 3 years. After obtaining certification in the first year, TCB must apply for re-verification every year for the next two years in order to keep the certification valid.	Buildings A and B of the TCB Head Office have been certified by the British Standards Institution (BSI) in 2019.	 Completed	<ul style="list-style-type: none"> Head offices of all subsidiaries under TCFHC must incorporate ISO 50001 Energy management verification. Continue to seek ISO 50001 Energy management certification for the head office building of TCB. Work stations of TCB's IT Department in northern, central, and southern Taiwan will incorporate ISO 50001 Energy management verification. 	<ul style="list-style-type: none"> The head office of all subsidiaries under TCFHC must continue to seek ISO 50001 Energy management certification. The head office of TCB will complete the incorporation of ISO 50001 Energy management verification.
Purchase of green power	Assess the feasibility of purchasing green power.	Feasibility evaluation related to purchasing of green power has been completed.	 Completed	Purchase 10 renewable energy certificates.	Purchase 300 renewable energy certificates in total by 2025.
Resource recycling and reuse	Taiwan Cooperative Bank, Ltd. <ul style="list-style-type: none"> Recycle 70,000 kg of resources. Implement waste reduction and resource recycling, classification, and reuse. 	TCB recycled a total of 134,249 kg of resources, achieving 192% of the target.	 Completed	Recycle 1% more resources every year, with 2020 as the base year.	
Waste management	TCB will commission vendors to provide and calculate the total waste produced annually by each unit.	The head office building of TCB produced 24,980 kg of waste in total.	 Completed	Keep reducing at least 2% of waste each year as compared to the base year of 2020.	

» Public Interest

Dimension	Goal	Implementation of Strategies	Progress	2020 Goal	Medium/Long-Term Goal (2021-2025)
 Joyful Learning	<ul style="list-style-type: none"> Reward academic researches, sponsor school activities, and support children from disadvantaged families. Provide scholarships to students of partnering schools. 	<ul style="list-style-type: none"> We have awarded more than NT\$25.64 million in scholarships since the establishment of TCFHC in 2011 to the end of 2019. Between 1968 and 2019, TCFHC Group has provided more than NT\$8 million in prize money. TCS has donated NT\$10,000 to NTU Securities Research Society and NT\$3,000 to the Department of Educational Technology, Tamkang University. We have organized three investment seminars in northern, central, and southern Taiwan; approx. 996 people attended these seminars. TCB has created more scholarship application opportunities as a form of encouragement for well-performing students. This involved amending the Research Scholarship Establishment Regulations to lower the grade threshold. The amendment was reviewed and approved by the 7th Board of Directors in the 1st meeting on November 25, 2019 and was enforced on December 16. 	 Completed	<ul style="list-style-type: none"> Reward academic researches and sponsor school activities, encouraging college and university students or above to engage in financial research and diversified development. Provide scholarships to students of partnering schools. Cooperate with customers and suppliers to organize lectures and provide courses for the general public that cover independent senior living and other concepts. 	<ul style="list-style-type: none"> Provide more than NT\$9.2 million in total as of 2025 to fund academic researches and sponsor school activities, and increase the allocation of resources for studies related to FinTech development. Award NT\$43.65 million in scholarships between 2021 and 2025. Plan TCFHC Lectures once every 6 months, providing courses for the general public that cover independent senior living and other concepts, and organize a total of 11 lectures by the end of 2025.
 Healthy Living	<ul style="list-style-type: none"> Support table tennis, badminton, and baseball teams. Encourage citizens to exercise and promote sports competitions. Organize cooperative education programs to cultivate talented athletes. 	<ul style="list-style-type: none"> We provided NT\$100 million in funding to support table tennis, badminton, and baseball teams. Ever since its establishment in 2011 and up to 2019, TCFHC has organized a total of 66 sports events, such as sports camps, TCB Cup Softball Invitational, Cheng Shin Maxxis TCFHC National Table Tennis Tournament, and TCB Cup Badminton Invitational. As of the end of 2019, 6 table tennis and badminton teams and 14 schools, respectively, participated in the cooperative education program, totaling 20 institutions. 	 Completed	<ul style="list-style-type: none"> Support table tennis, badminton, and baseball teams. Encourage citizens to exercise and promote sports competitions. Utilize the professional resources of sport teams to plan and establish the Sports Train event. 	<ul style="list-style-type: none"> Continue to support table tennis, badminton, and baseball teams. Ever since its establishment in 2011 and up to 2025, TCFHC will have organized a total of 96 sports events, such as sports camps, TCB Cup Softball Invitational, Cheng Shin Maxxis TCFHC National Table Tennis Tournament, and TCB Cup Badminton Invitational. Organize a total of 36 sessions of the Sports Train event by 2025 to promote national sports spirit.
 Tranquil Community	<ul style="list-style-type: none"> Assist vulnerable groups or families requiring emergency assistance in various counties and cities. 	<ul style="list-style-type: none"> TCFHC and its subsidiaries have made donations to 130 social welfare institutions as of the end of 2019. 	 Completed	<ul style="list-style-type: none"> Assist vulnerable groups or families requiring emergency assistance in various counties and cities. 	<ul style="list-style-type: none"> Make donations to a total of 302 social welfare institutions by 2025. Donate a total of NT\$26.816 million by 2025.
 Nursing and Care	<ul style="list-style-type: none"> Donate NT\$300 to the Taiwan Association of Family Caregivers (TAFC) for every mortgage/life insurance policy purchased to support the association in organizing innovative support services for family caregivers. Allocate a budget of NT\$5 million every year to organize charity events for promoting information on long-term care and caregiver support services. 	<ul style="list-style-type: none"> In total, we have donated more than NT\$13 million through our mortgage/life insurance policies. We have allocated a budget of more than NT\$35 million and supported the competent authority in the organization of 15 carnival events to promote long-term care information. 	 Completed	<ul style="list-style-type: none"> Donate NT\$300 to the Taiwan Association of Family Caregivers (TAFC) for every mortgage/life insurance policy purchased to support the association in organizing innovative support services for family caregivers. Allocate a budget of approx. NT\$5 million every year to organize charity events for promoting information on long-term care and caregiver support services. Train branch tellers to become "Long-Term Care Seed Tellers" who are able to deliver information on long-term care to customers. 	<ul style="list-style-type: none"> By 2025, we expect to donate NT\$25 million, launch 220 Respite Academy courses, provide more than 30,000 cups of Respite Coffee, and hold 13 Annual Family Caregiver Forums. By 2025, we will also actively introduce and improve 2 to 3 innovative caregiver services with reference to experiences of other nations such as Europe, United States, and Japan. By 2025, we plan to host 28 charity concerts, 20 volunteering events, 20 sessions of live-stream charity sales, and support the competent authority in the organization of 30 carnival events to promote long-term care information. By 2025, we aim to cultivate 1,000 "Long-Term Care Seed Tellers", thereby increasing the service value of TCB branches.

1 Corporate Governance



TAIWAN
COOPERATIVE
HOLDINGS

1.1 About TCFHC

Taiwan Cooperative Financial Holding Co., Ltd. (hereinafter referred to as the “Company” or “TCFHC”) was established on December 1, 2011. The Company currently has 7 subsidiaries, which are Taiwan Cooperative Bank, Ltd. (TCB), Taiwan Cooperative Securities Co., Ltd. (TCS), Co-Operative Asset Management Co., Ltd. (CAM), Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF), BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPC TCB Life), Taiwan Cooperative Securities Investment Trust Co., Ltd. (TCSIT), and Taiwan Cooperative Venture Capital Co., Ltd. (TCVC). TCFHC is a financial holding group with financial expertise in a broad range of areas, including banking, insurance, securities, bills, investment trust, asset management, and venture capital investment.

» Profile of Taiwan Cooperative Financial Holding Co., Ltd. (As at the end of December 31, 2019)

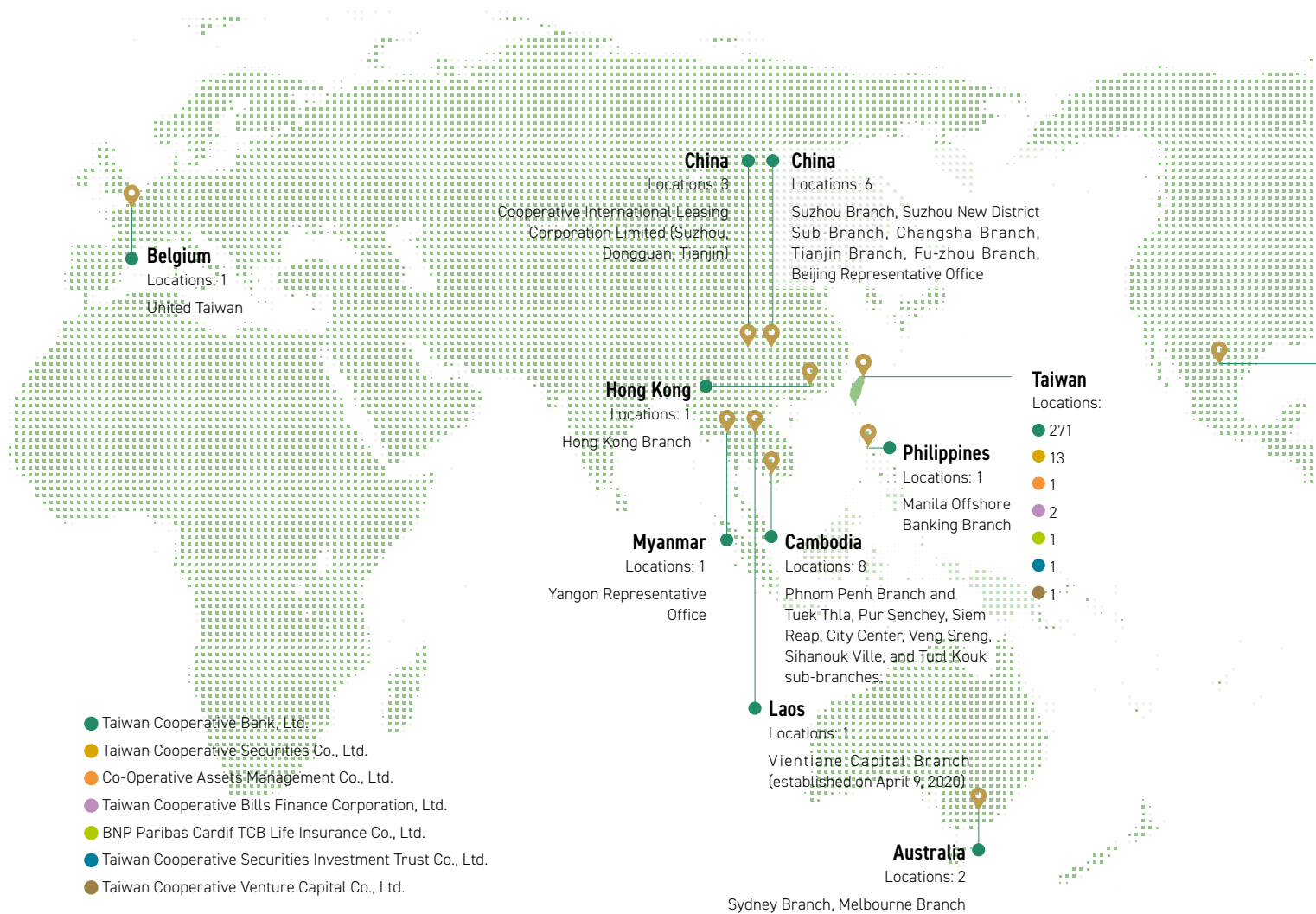
Establishment Date	▶ December 1, 2011
Headquarters	▶ Taipei, Taiwan
Core Values	▶ Proactive. Agile. Innovative.
Number of Employees	▶ 9,351 people
Total Assets	▶ NT\$3,739,488.56 million
Paid-in Capital	▶ NT\$129,458.48 million

1.1.1 Business Locations

Operating as Taiwan Cooperative Bank since the reorganization of Taiwan Industrial Bank in October 1946, TCB is the Company's core business focus. TCB has been in charge of developing national economic infrastructure and guiding cooperatives and farmers' and fishermen's associations. Following privatization and merging with the Farmers Bank of China, TCB deployed group services and businesses, forming the financial holding company with the highest number of business locations throughout Taiwan. In response to the opening of the economic market and the financial needs of such, the Company has gradually developed a diverse range of services, founded professional financial companies, deployed numerous business locations domestically and abroad, built a global service network, and adopted a resource integration business model to provide a comprehensive range of financial services, striving toward becoming a financial institution with presence in all of Asia.



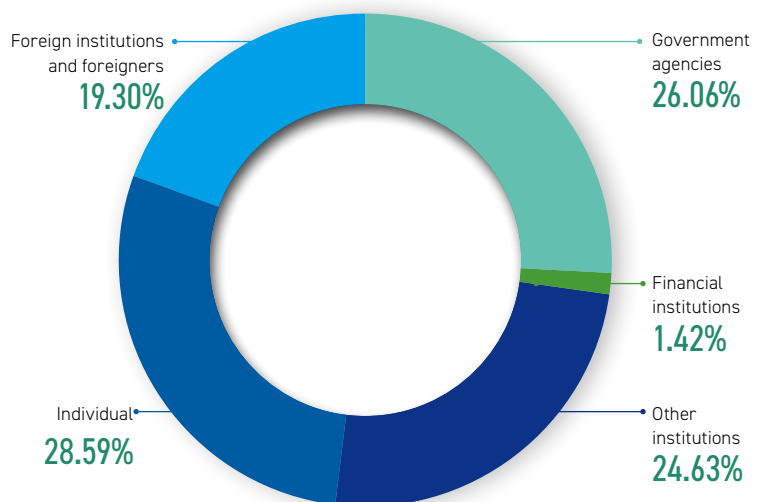
» Locations of TCFHC Subsidiaries



1.1.2 Shareholding Structure

The Company is a financial holding company established in accordance with the Financial Holding Company Act and the Company Act. Matters pertaining to corporate governance and business management are carried out in accordance with regulatory requirements and the Company's Articles of Incorporation. The Ministry of Finance is the Company's largest shareholder (holding 26.06% of shares). Other major shareholders include Chunghwa Post Co., Ltd., Taiwan Tobacco and Liquor Corporation, and National Farmers' Association, R.O.C., among other domestic and foreign enterprises and institutions, reflecting a stable shareholding structure. The Company convenes General Shareholders' Meetings each year to report our business overview and discuss matters relating to financial statements, earnings distribution, and regulatory amendments.

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



Note: The statistics as of the book closure starting date on April 26, 2019.

1.1.3 Operations and profitability

Through the Group's cross-business integration and cross-marketing, the Company taps into the synergy of financial management and services, and has continued to present remarkable performance on overall operations for many years in a row. In 2019, the Company's consolidated net income after tax amounted to NT\$17.612 billion, after-tax earnings per share (EPS) were NT\$1.33, and return on assets (ROA) and return on equity (ROE) after tax reached 0.49% and 8.02%, respectively. The Group's subsidiaries have also delivered stable business performance, with TCB—the largest of its subsidiaries—reporting a consolidated net income after tax and EPS of NT\$16.005 billion and NT\$1.65, respectively in 2019, continuing to maximize business value for shareholders, employees, and customers.

» Operations and profitability

	2017	2018	2019
Operations Overview	Total Assets (NT\$ million)	3,411,540	3,508,288
	Total Liabilities (NT\$ million)	3,206,044	3,295,814
	Equity (NT\$ million)	205,496	212,474
	Net worth per share (NT\$)	16.48	16.57
	After-tax earnings per share (NT\$million)	14,712	16,016
	Average revenue per employee (NT\$thousand)	5,228	5,128
	Average profit per employee (NT\$thousand)	1,650	1,752
Profitability	Employee welfare (NT\$thousand)	15,758,217	16,334,966
	Return on assets (% , after tax)	0.44	0.46
	Return on equity (% , after tax)	7.28	7.66
	Net income ratio (%)	31.55	34.17
Distribution of dividend/ tax value/ donation	After-tax earnings per share (NT\$) ^(Note)	1.11	1.21
	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\$thousand)	1,639,607	2,754,908
	Donation (NT\$thousand)	286,342	291,764

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



» Business performance of respective subsidiaries of TCFHC in 2019

Subsidiaries	Primary product/service	After-tax earnings per share (NT\$million)
TCB www.tcb-bank.com.tw	Deposits, loans, foreign exchange, overseas and offshore banking, investment, trust, credit cards, e-banking, wealth management.	16,005
TCSC www.tcfhc-sec.com.tw	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.	322
CAM www.coamc.com.tw	Acquisition and disposal of non-performing loans, bidding foreclosures, and rental of movable properties.	242
TCBF www.tcb-bills.com.tw	Notes, bonds, endorsement.	474
BPC TCB Life my.tcb-life.com.tw	Life insurance, personal injury insurance, health insurance, annuity insurance, investment-linked insurance.	749
TCSIT www.tcb-am.com.tw	Discretionary investment, securities investment trust.	40
TCVC www.tcfhc-vc.com.tw	Long-term equity investment for corporate customers.	68

1.1.4 Credit Rating

According to credit rating reports issued rating agencies in Taiwan and overseas, the Company and its rated subsidiaries have obtained excellent credit ratings. The prospect of credit ratings remains “stable”, indicating that the Group is optimally stable on the financial market, exceedingly capable of managing its business, and worthy of trust by customers and investors.

» Credit Ratings of TCFHC and Subsidiaries

Company Name	Rating Agency	Long-term credit rating	Short-term credit rating	Rating prospect	Date Announced
TCFHC	Taiwan Ratings Corporation	twAA-	twA-1+	Stable	2020.1.16
	Standard & Poor's	BBB	A-2	Stable	2020.1.16
TCB	Taiwan Ratings Corporation	twAA+	twA-1+	Stable	2020.3.23
	Standard & Poor's	A	A-1	Stable	2020.1.16
TCSC	Taiwan Ratings Corporation	twAA-	twA-1+	Stable	2020.1.16
	Fitch Ratings	AA+(tw)	F1+(tw)	Stable	2019.10.31
CAM	Taiwan Ratings Corporation	twA+	twA-1	Stable	2020.1.6
TCBF	Fitch Ratings	AA+(tw)	F1+(tw)	Stable	2020.3.5
BPC TCB Life	Taiwan Ratings Corporation	twAA-		Stable	2019.12.30

Note: For the definition of credit ratings, visit the websites of Taiwan Ratings (www.taiwanratings.com), Standard & Poor's (www.standardandpoors.com), and Fitch Ratings (www.fitchratings.com).

1.1.5 Participation in societies and associations

The Company and its subsidiaries operate finance-related businesses. Externally, we also participate in industry associations and domestic/international advocacy organizations with whom we communicate, engage, and cooperate to enhance corporate governance, promote innovation and growth, and collectively build a sound market environment for the financial industry.

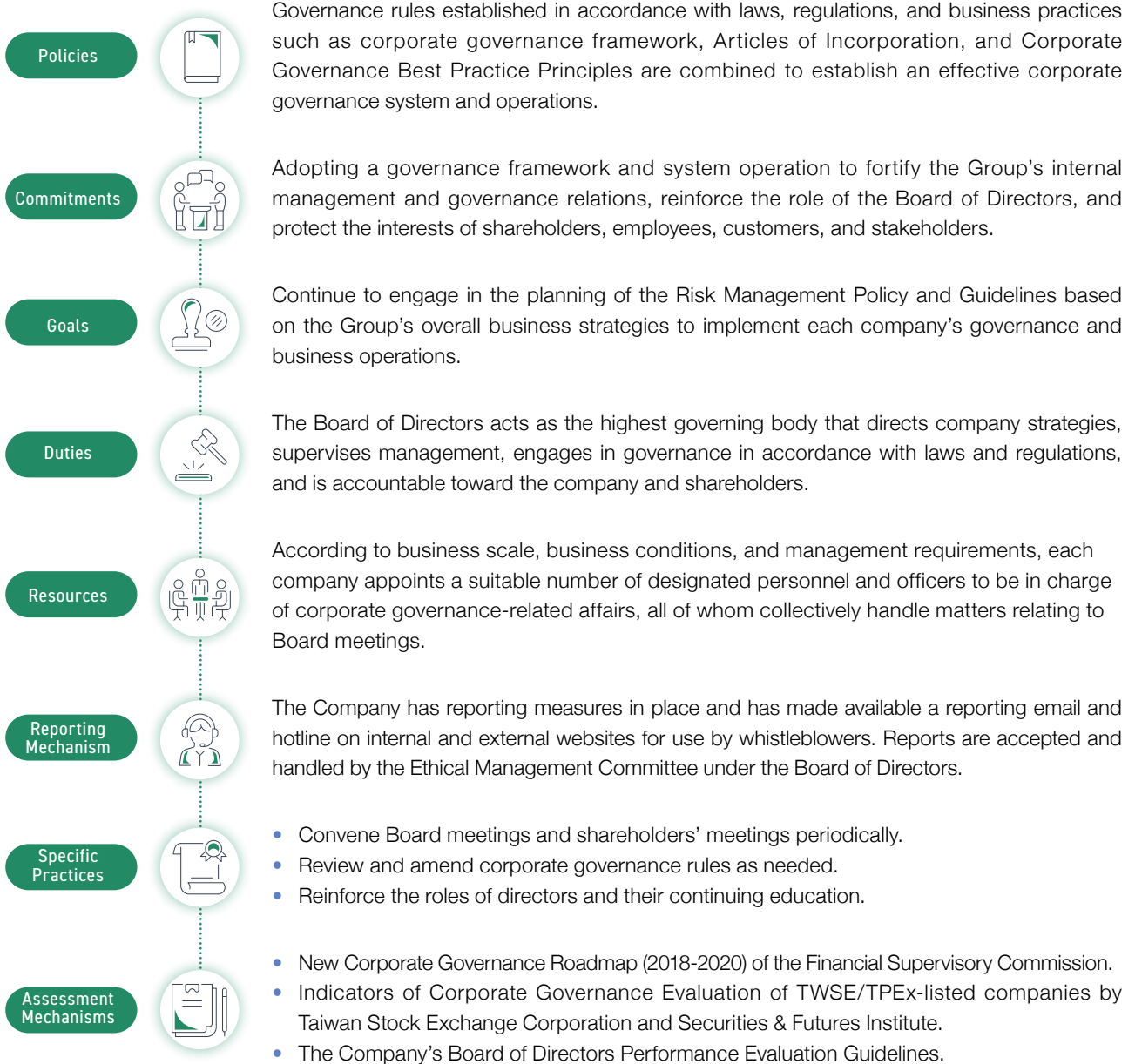
» Societies and Associations with Participation by TCFHC and Subsidiaries

TCFHC	<ul style="list-style-type: none"> • Bankers Association of the Republic of China • Taipei Bankers Association
TCB	<ul style="list-style-type: none"> • Bankers Association of the Republic of China • Taipei Bankers Association • ROC – USA Business Council • Chunghwa Financial Research and Development Association (CHFRDA) • Corporate Operation Association of China • National Association of Small & Medium Enterprises, R.O.C. • Taiwan Management Institute • Banking Education Association of Taiwan • Mainland China Financial Research Association • Turnaround Management Association-Taiwan • Bills Finance Association, R.O.C. • Taiwan Securities Association, R.O.C. • APEC Financial Institution Member, SME MoU Member • Asia Bankers Association(ABA) • Asia Development Bank(ADB) • Factors Chain International(FCI) • Financial Planning Association of Taiwan • Trust Association of R.O.C. • Securities Investment Trust & Consulting Association of the R.O.C. • Co-Operative League of the Republic of China • Asia Pacific Loan Market Association (APLMA) • Taiwan Financial Services Roundtable
TCS	<ul style="list-style-type: none"> • Taiwan Securities Association • Chinese National Futures Association • Securities Investment Trust & Consulting Association of the R.O.C.
CAM	<ul style="list-style-type: none"> • Chinese Association of Real Estate Brokers • Taipei Leasing Association, R.O.C.
TCBF	<ul style="list-style-type: none"> • Taiwan Securities Association, R.O.C. • Bills Finance Association, R.O.C.
BPC TCB Life	<ul style="list-style-type: none"> • Life Insurance Association of the R.O.C. • Taiwan Financial Services Roundtable
TCSIT	<ul style="list-style-type: none"> • Securities Investment Trust & Consulting Association of the R.O.C.
TCVC	<ul style="list-style-type: none"> • Taiwan Venture Capital Association



1.2 Corporate Governance

» Management Approach Toward Corporate Governance

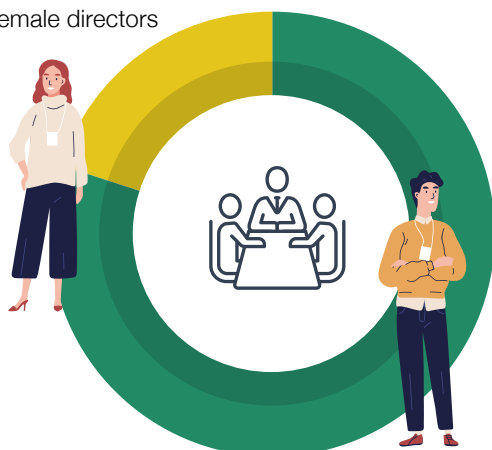


1.2.1 Corporate Governance Office

To implement effective corporate governance and operations and promote an upright corporate organization and culture, the Company has established a clear corporate governance framework, in which the Board of Directors is the highest governing body in compliance with Articles of Incorporation, Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Corporate Social Responsibility Best Practice Principles.

In 2019, the Company has held 12 Board meetings and 2 special Board meetings; the actual attendance rate of all directors of the Board was 93%. Due to our excellent and effective corporate governance, the Company was ranked among the top 5% in the 6th (2019) Corporate Governance Evaluation of TWSE/TPEX-listed companies, and in July 2019, it was selected as a constituent in the TWSE CG 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and TWSE RAFI Taiwan High Compensation 100 Index, as well as in the UK's FTSE4Good Emerging Index for the fifth time.

3 female directors



Note: The Board of Directors consists of 15 directors, 3 of which are independent directors.

12 male directors

Directors representing government agencies

Senior civil servants, professional managers, practitioners, and college professors

Directors and independent directors representing private companies

Experts experienced in business management or academic research

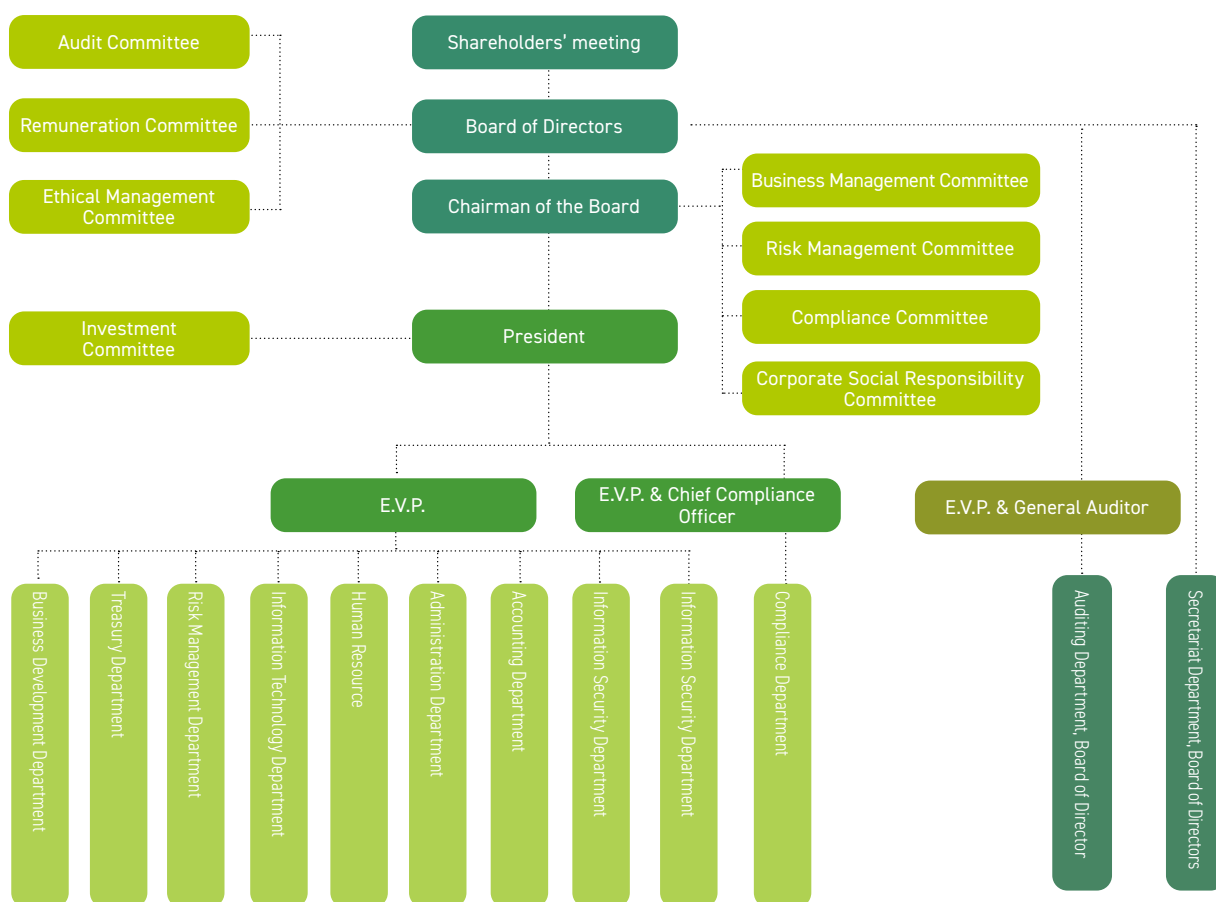
Director expertise

Commercial, legal, financial, accounting or banking domain

Duties and power

Review and approval of business policies and plans; review and approval of the budget and final accounts; review and approval of major policies; and review and approval of matters relevant to company operations, capital and shares, appointment and dismissal of key personnel, and shareholders' meetings.

» Governance framework



1.2.2 Functional Committees

To leverage the roles and strengthen independence of Board of Directors, the Company has established three functional committees under the Board of Directors: Audit Committee, Remuneration Committee, and Ethical Management Committee. In addition, special committees have been established under the Chairman to enhance corporate governance and improve risk management and legal compliance systems.

» Responsibilities and Operations of TCFHC Functional Committees

Functional Committees	Main responsibility	Operation
Audit Committee (established in 2014)	Supervises and reviews the Company's financial statements, the appointment, dismissal, 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"> The committee is composed entirely of independent directors, with no less than three members. At least one member shall have expertise in accounting or finance. The committee convenes a meeting at least once a quarter, and holds meetings whenever deemed necessary. A total of 13 meetings was convened in 2019 and average in-person attendance was 100%.
Remuneration Committee (established in 2011)	Formulates and regularly inspects the director and manager performance assessments and the remuneration policy, system, standards, and structure; and regularly assesses and establishes remuneration to directors and managers.	<ul style="list-style-type: none"> Members of the committee are appointed by the Board of Directors; there must be no fewer than three members. The committee convenes a meeting at least twice a year, and holds meetings whenever deemed necessary. A total of 10 meetings was convened in 2019 and average in-person attendance was 100%.
Ethical Management Committee (established in 2016)	Bears responsibility for formulating ethical management policies, assists with incorporating integrity and ethical values in the Company's business strategy, verifies anti-corruption measures related to ethical management, plans a whistleblowing system and ensures its effective implementation, implements and coordinates training on ethical policy awareness, and periodically reports supervision and implementation status to the Board of Directors.	<ul style="list-style-type: none"> The committee is composed entirely of independent directors, with no less than three members. The committee convenes a meeting at least once a year, and hold meetings whenever deemed necessary. A total of 1 meeting was convened in 2019 and average in-person attendance was 100%.

1.2.3 Continuing Education for the Board Directors

To continuously reinforce the roles of the Board of Directors and in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, the Company arranges continuing education for all directors and asks them to participate in events organized by external organizations such as the Ministry of Finance, Central Bank, and Securities & Futures Institute or attend financial courses, seminars, and conferences organized by the Company. Continuing education for directors is aimed at reinforcing their roles, promoting experience sharing, and refining their professionalism and competency to achieve more effective corporate governance. In 2019, all directors of the Company completed 173 hours of training encompassing corporate governance, FinTech, information security, anti-money laundering, risk management, and internal auditing. Information on the courses completed by the directors, the date of attendance, and hours of training completed can be checked on Market Observation Post System.



Market Observation Post System

1.2.4 Director Performance Evaluation

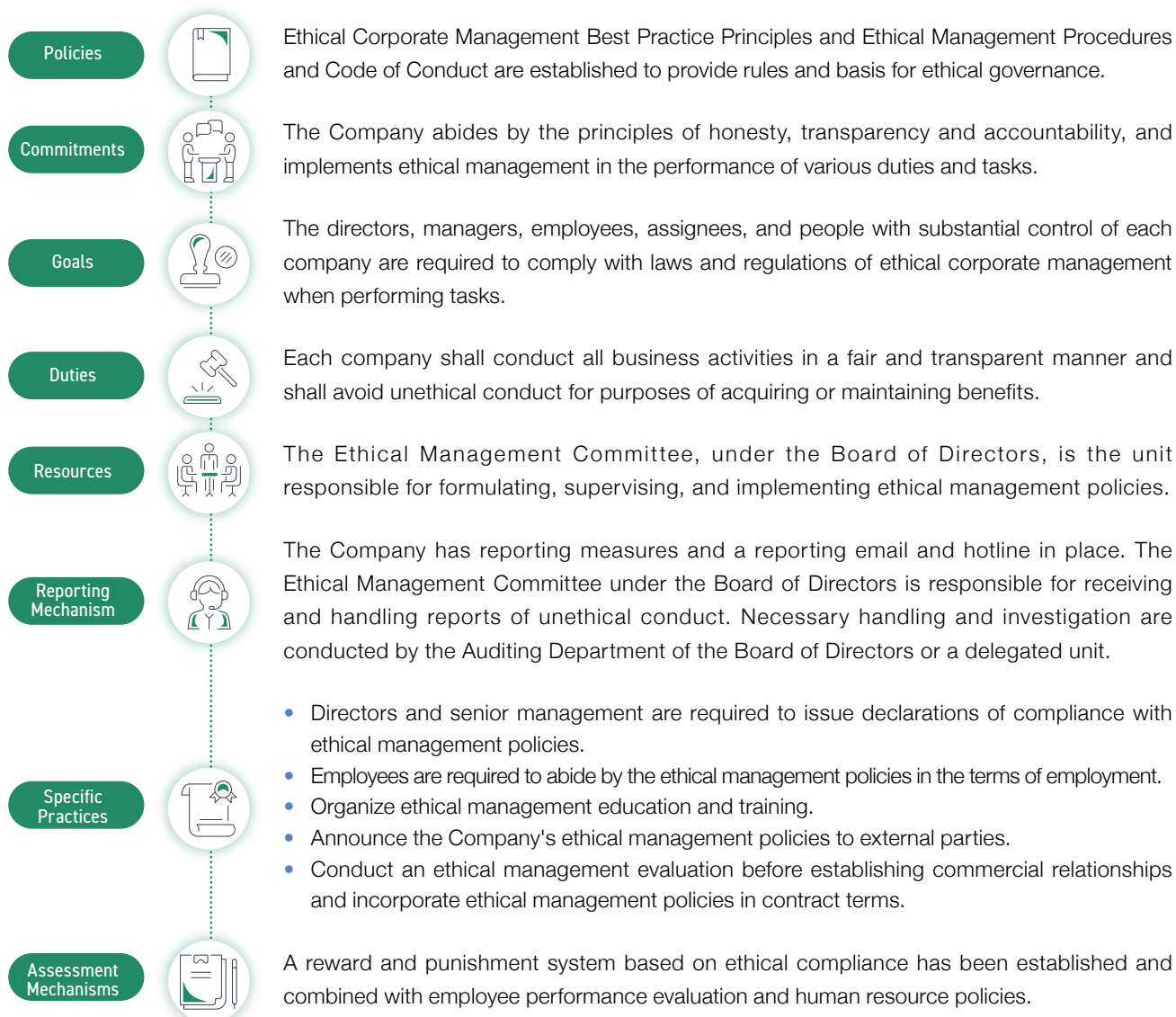
According to the Board of Directors Performance Evaluation Guidelines amended and approved by the Company in 2019, Board performance evaluation shall include an internal evaluation conducted at least once a year. Evaluation shall be carried out by departments involved in meetings of the Board of Directors and functional committees. Since 2018, an external Board performance evaluation shall be performed by external professional and independent agencies or a team of specialists at least once every three years. The result of the evaluation is classified into five different grades, i.e., "very bad", "bad", "medium", "good", and "very good" and is used as the basis for director election or nomination and for determining individual remuneration to directors. The scope of evaluation for 2019 included the Board, individual members of the Board, and functional committees. Evaluation methods were internal self-assessment and director/member self-assessment. The evaluation results were all "good".

» 2019 TCFHC Board of Directors Performance Evaluation



1.3 Ethical Management

» Ethical Management Approach



1.3.1 Promoting Ethical Management

Ethical management is fundamental to corporate sustainability. It is also a necessary to fulfill corporate governance. To effectively implement ethical management, the Company abides by the Financial Holding Company Act, Company Act, Securities and Exchange Act, Business Entity Accounting Act, Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and other laws of business conduct, and has established its Ethical Corporate Management Best Practice Principles, Ethical Management Procedures and Code of Conduct, and other company regulations with reference to the Anti-Corruption Act, the Government Procurement Act, and the Act on Recusal of Public Servants Due to Conflicts of Interest. Internal and external regulations help all members and employees of the organization to comply with the principles of ethical management and implement them in performance of their daily duties and tasks, thereby improving governance mechanisms and business development.

For this reason, the Company established an Ethical Management Committee under the Board of Directors. The committee is composed entirely of independent directors who shall take charge of preparing ethical management policies, supervising their implementation, planning a whistleblowing system, and ensuring effective implementation. Each year, the committee, along with all subsidiaries of TCFHC Group, is required to report to the Board of Directors about compliance with the Ethical Corporate Management Best Practice Principles. In 2019, each company has reported the 2018 compliance status to the respective Board of Directors, and the 2019 compliance status was also reported to the respective Board of Directors in 2020. The Company makes timely announcements of ethical management policies in the Company's internal rules, annual reports, official website, and in other promotional materials, as well as during external events, such as product launches and investor conferences, in order to ensure that suppliers, customers, and other business-related institutions and personnel are aware of the Company's principles and rules with respect to ethical management.

In the Employee Service and Behavior Regulation Guidelines and Supplier Management Policy, the Company and its subsidiaries have included the value and rules of ethical corporate management, mandating that employees shall not directly or indirectly provide, undertake, request, or accept any illicit interests, or engage in any other unethical conduct that violates good faith, laws, or fiduciary duties in business conduct or task performance to obtain or maintain illicit interests. In addition, ethical management evaluation is conducted before establishing commercial relationships to avoid commercial dealings with unethical operators. Ethical management policies are also included in contract terms. The Company and subsidiaries did not report any violations of ethical management throughout 2019.

1.3.2 Reporting Regulations

To reinforce the prevention of illegal acts and improve the Company's ethical management, the Company has amended and approved the Reporting Regulations in February 2020, which stipulate that anyone who discovers that personnel of the Company or subsidiaries directly or indirectly provide, undertake, request, or accept any illicit interests; engage in any other unethical conduct that violates good faith, laws, or fiduciary duties in task performance; or commit any crime, corruption, or potential legal violation, can report them to the Ethical Management Committee by using the reporting mailbox or hotline provided on the official website. Investigation shall be conducted by the Auditing Department of the Board of Directors or a delegated unit, depending on the position and parties involved in the reported case.

All handling and investigation process and results pertaining to the reported case shall be documented and kept in record. The records shall then be submitted to the Ethical Management Committee for filing as reference and presented to the Board of Directors. Moreover, identities of whistleblowers must be kept confidential, and these shall be protected from any loss of rights that they are entitled to or adverse treatments of any kind. Moreover, if a report is verified to be true, the perpetrator and all parties involved shall be dealt with by the Company or subsidiary in accordance with applicable punishment regulations and shall be dismissed or removed from office if the event concerned is material. Details and management of violations shall be disclosed on the internal website of the Company. The whistleblower may be rewarded; the amount of reward shall depend on the seriousness of the event concerned.



TCFHC's Unethical Conduct Reporting Channels

Whistleblowing Email: 5134@tcfhc.com.tw

Whistleblowing Hotline: 02-21738888 ext. 5022 or 5025

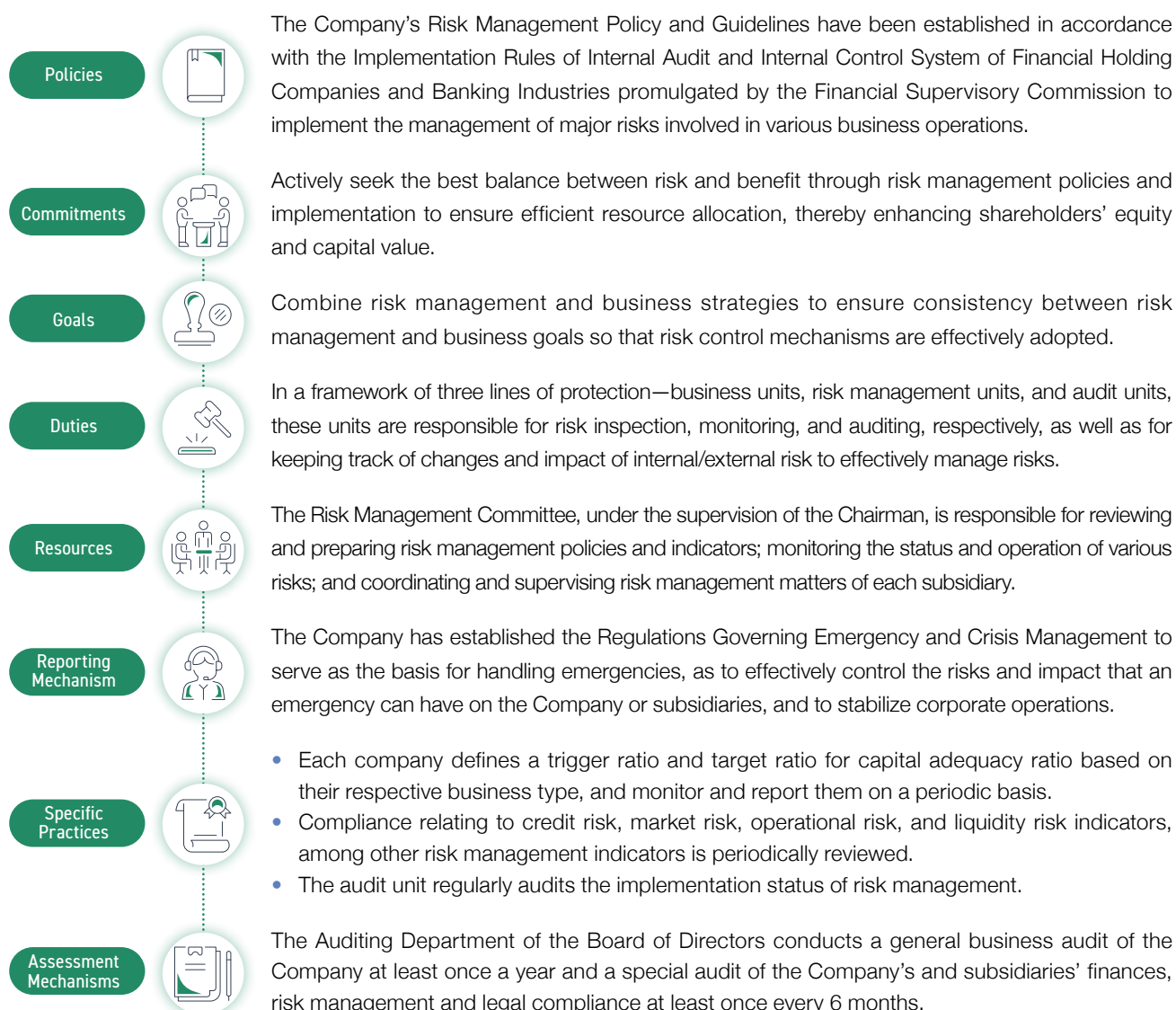
Receiving Unit: Ethical Management Committee

1.3.3 Training and education

Each year, the Company and subsidiaries provide education and training relevant to ethical corporate management to ensure that everyone working for the Group understands the importance of ethical management and complies with ethical management policies and applicable rules. All employees are required to undergo training. In 2019, the Group organized 26 sessions of training on ethical corporate management for directors, supervisors, managers, and employees. In total, 29.95 hours of training were imparted, and training completion rate was 100%.

1.4 Risk Management and Audit System

» Risk Management Approach



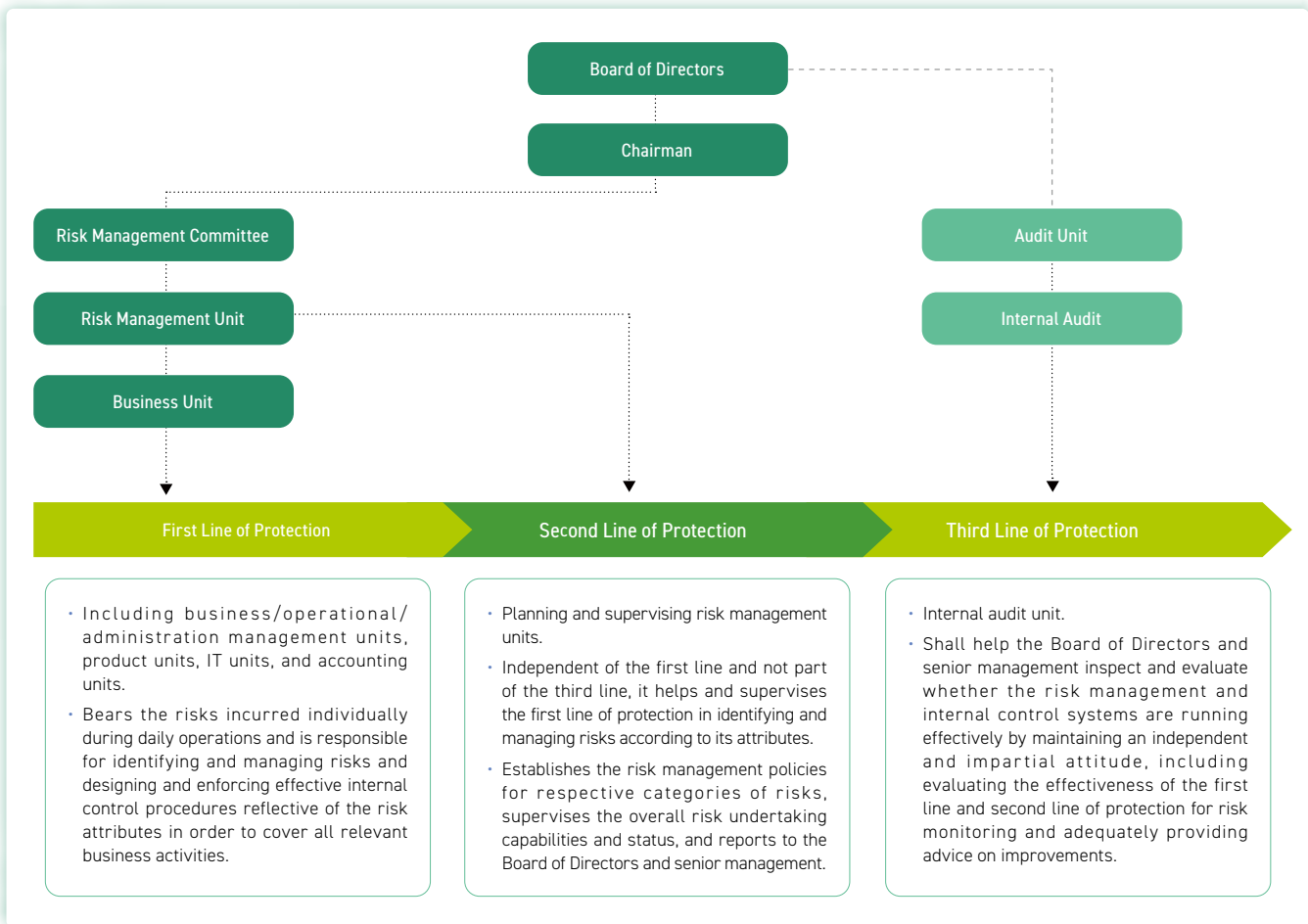
1.4.1 Risk Management

The Company has planned and constructed a risk management organizational structure to link the risk management units (second line of protection) and business units (first line of protection) of the Company and subsidiaries according to the three lines of protection in the internal control system proposed by the Financial Supervisory Commission. The Board of Directors is the highest governing body and the ultimate decision-maker in the Group's risk management framework, and the Risk Management Committee is composed of the Chairman, President, Executive Vice Presidents, Department Heads,

and Presidents of all subsidiaries. In addition, an independent audit unit under the Board of Directors was established to form the third line of protection, and along with internal audits of each subsidiary, it ensures the effective implementation of risk identification, measurement, monitoring, and control.

Matters under risk management by the Company and subsidiaries mainly include credit risks, market risks, operational risks, and liquidity risks. Risk management methods include an authorization mechanism, limit management, indicator monitoring, and risk reporting. All subsidiaries must also establish risk indicators and control operating procedures based on the nature of their products, business scale, and risk attributes. Their implementation of risk management shall be periodically examined by an audit unit. In December 2019, the Group's capital adequacy ratio was 115%, which meets the target ratio (110%) and trigger ratio (105%) approved by the Board of Directors. Each subsidiary's internal audit unit has also conducted audits by following the 2019 audit plan.

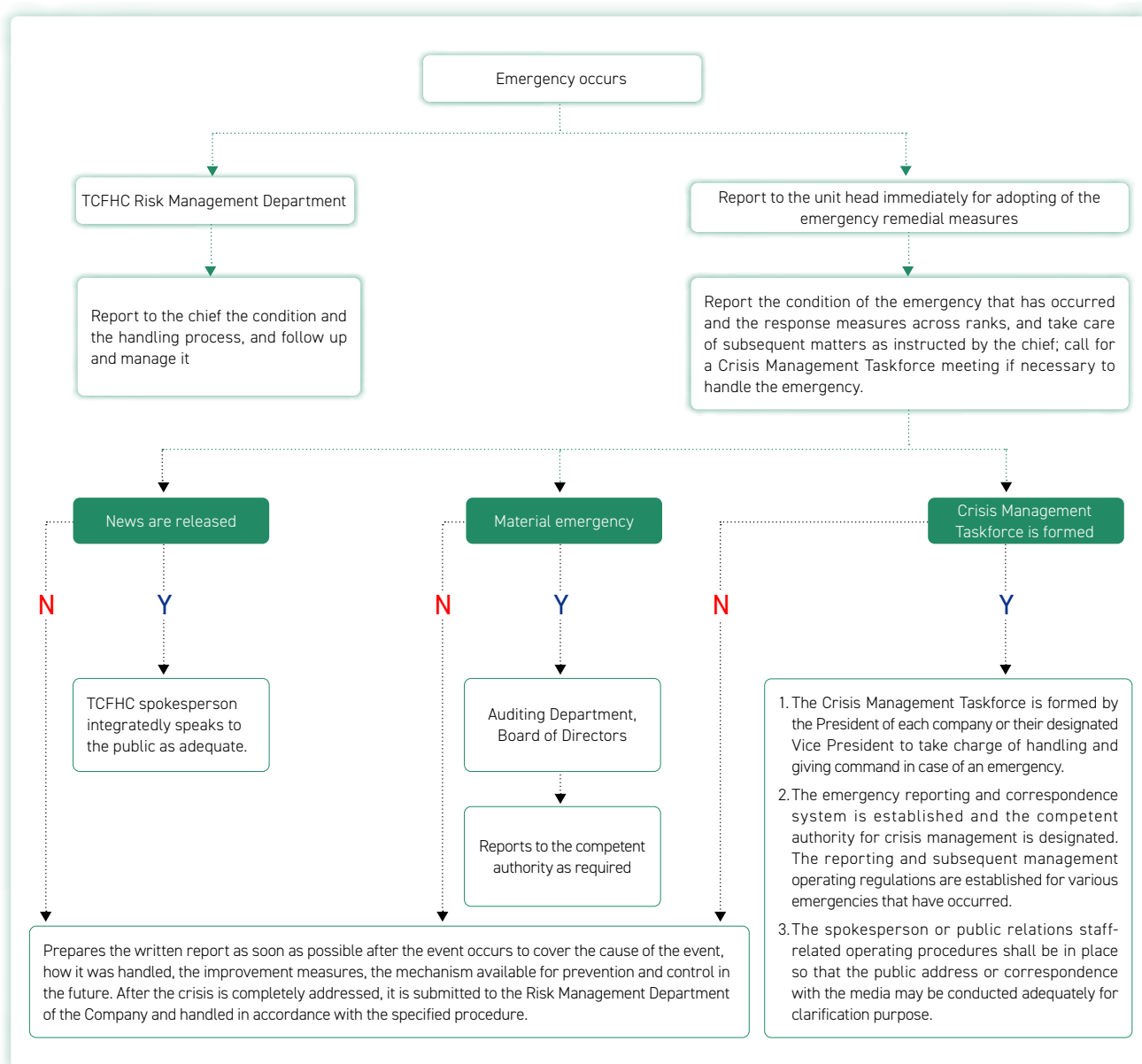
After the above audit report was reviewed and approved by Chief Chen, a letter requesting improvement has been sent to the inspected units. Improvement actions by subsidiaries are supervised by department heads of the Company. Additionally, the Audit Committee was also appointed to review and present the summary conclusion on the audit to the competent authority. To enhance the effectiveness of risk management, the Company has completed the development and deployment of the TCFHC risk information summary system's inquiry function in October 2019. The credit risk exposure integration system was also launched in July 2020.



1.4.2 Response to Emergencies

In order to handle risk of emergencies throughout the Group in real time and effectively, and to quickly mitigate events or restore operations, the Company has established the Regulations Governing Emergency and Crisis Management. In the event of emergency, the Group's emergency reporting and correspondence system will be activated. There is also a Crisis Management Taskforce to take charge of handling and giving command in case of an emergency. As needed, explanations are provided to the public in accordance with the spokesperson system. The supervisor of the crisis management unit shall review the cause of the event, how it was handled, and improvement measures, and submit a written report after the event.

» Operating Procedure for Emergency and Crisis Management



1.4.3 Climate Change Risks

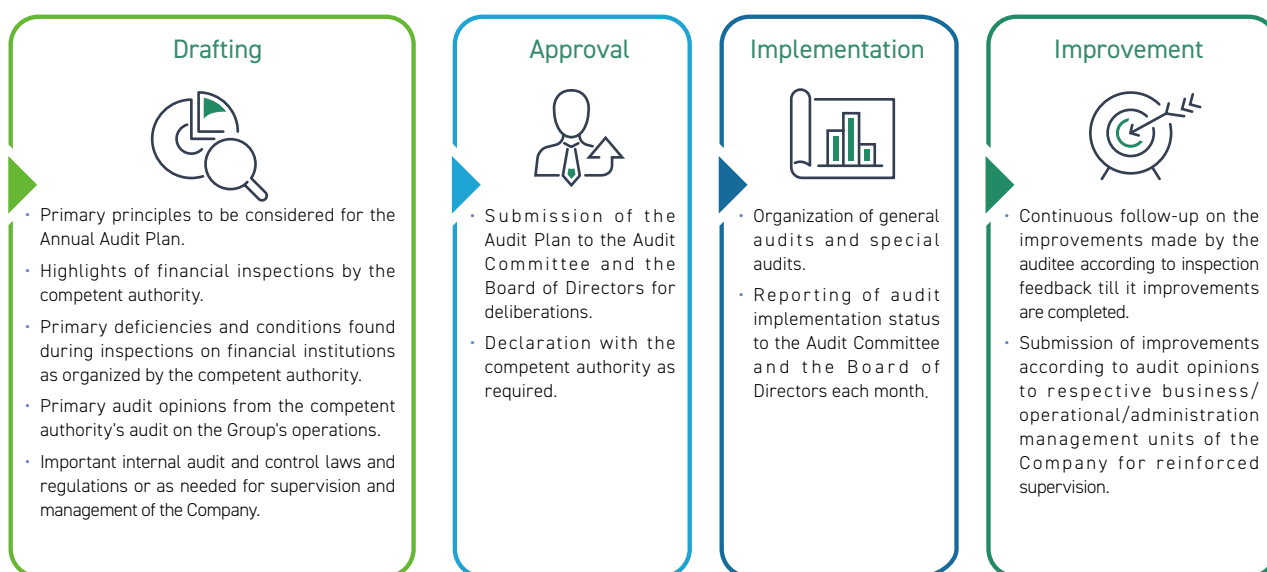
The risks of abnormal weather and climate change resulting from global warming are one of the major risks facing financial institutions. The Company has included climate change issues in its business risk assessment and implemented relevant measures and strategies by identifying climate change risks and opportunities. We hope to achieve the purpose of sustainable corporate operations by reducing risks and keeping abreast of business opportunities. See the section “Environmental Sustainability” for details on climate change risk strategies, control, and assessment.

1.4.4 Organization and Functioning of Internal Audit

For a complete risk management through implementation of internal auditing, the Company not only has a set of Audit Guidelines in place but also follows the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries promulgated by the Financial Supervisory Commission to create a general audit system for overseeing audit operations. There is also an Auditing Department under the Board of Directors. Reflective of the Company's investment scale and operational condition, management needs, and other applicable regulatory requirements, an adequate number of competent full-time internal auditors are assigned to perform the internal auditing operations of the Company and subsidiaries.

The Auditing Department of the Board of Directors performs audits in an impartial and independent manner, and assists the Board and management to audit and evaluate whether the internal control system is functioning effectively and to provide advice on improvements as needed. Should there any instances of penalties from the Financial Supervisory Commission, the Auditing Department of the Board of Directors shall provide the Board of Directors with a report and the internal audit department shall be responsible for following up on the subsequent improvements and implementation in order to ensure that the internal control and audit system are implemented. In 2019, the Auditing Department of the Board of Directors has completed the various annual audits. All audit opinions for various units (including subsidiaries) have included a follow up on improvements to concretely promote the efficiency of the Group's overall business and risk control.

» Status of Internal Audits



1.4.5 Information Transparency and Disclosure

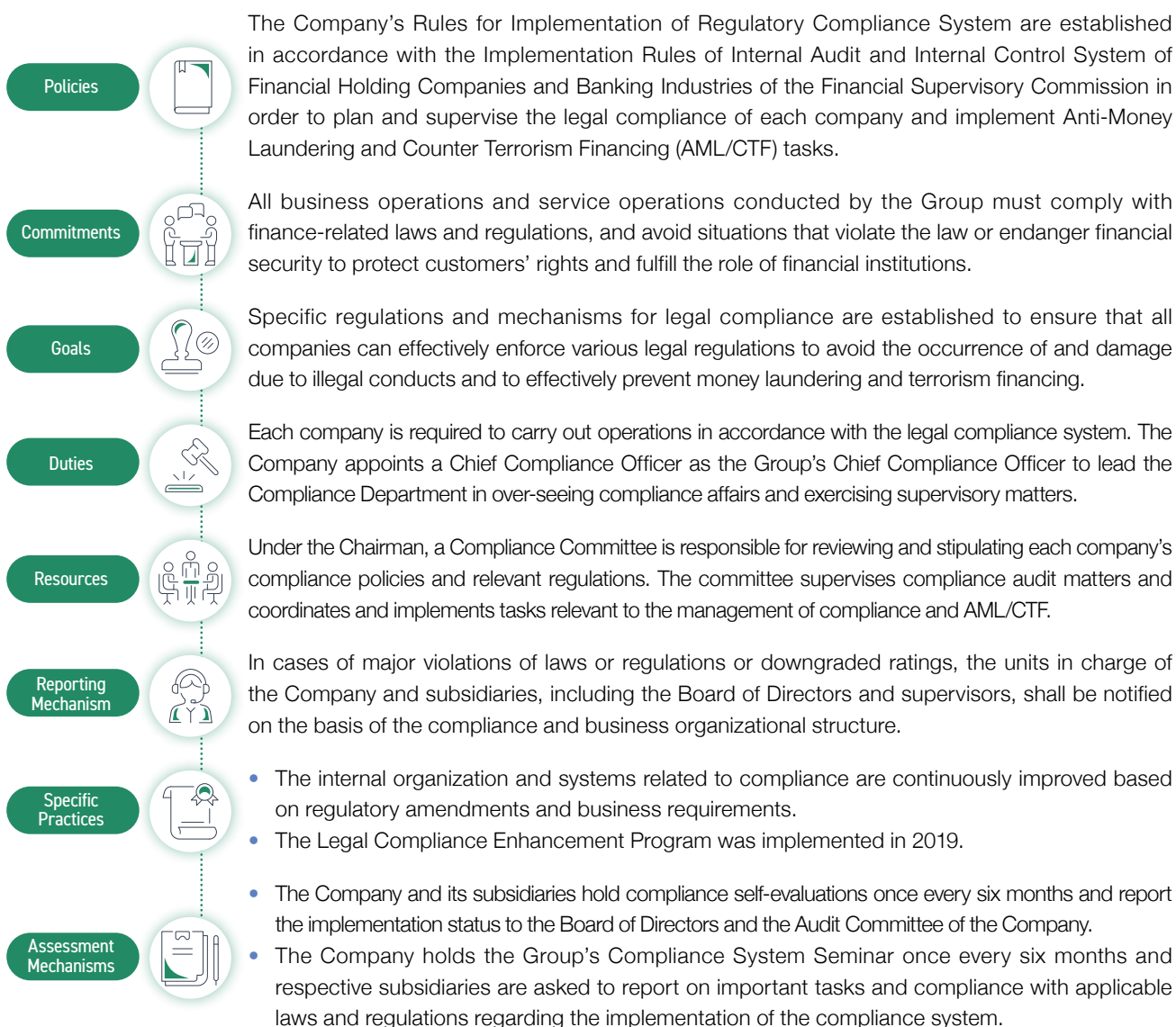
The Company values the rights of shareholders and stakeholders, and continues to reinforce time-effectiveness and transparency in the disclosure of financial and non-financial information. Information is disclosed on the official website or relevant websites and events, such as the Investor Relations, Stakeholders, and CSR sections on the Chinese and English websites. Personnel is appointed to periodically update information on corporate governance, financial information, and material information in both English and Chinese. Material information is also posted on the Market Observation Post System. In total, 159 entries of material information were posted in 2019.

The Company organizes investor conferences every year to disclose financial and business information. In 2019, we were invited to attend an overseas investor conference in Singapore. Related information is provided on the Company's website. In addition, the Company has also established a spokesperson system and the Investor Relations section to provide stakeholders with diversified communication channels through which they can acquire information.

Nature of Information	Information	Communication Channel
Financial	<ul style="list-style-type: none"> Quarterly financial statements Chinese and English versions of the Handbook for the Shareholders' Meeting, annual reports, and annual financial statements 	<ul style="list-style-type: none"> General Shareholders' Meetings Investor conferences Market Observation Post System and corporate website
Non-financial	<ul style="list-style-type: none"> Corporate Social Responsibility Reports Annual reports 	<ul style="list-style-type: none"> Investor Relations section on corporate website CSR section on corporate website Participation in Corporate Governance Evaluation
Other	<ul style="list-style-type: none"> Other Information 	<ul style="list-style-type: none"> Media and public relations management mechanism, full-time dedicated unit and personnel for communication and response, and press releases Spokesperson system Employee Feedback Section

1.5 Legal Compliance, Anti-Money Laundering and Counter Terrorism Financing

» Legal Compliance Management Approach



1.5.1 Legal Compliance Operations

As part of the financial industry, the Company must enforce a compliance policy in which relevant organizational frameworks, regulations, and rules are established to equip the Company with abilities to address regulatory or market changes at any time, supervise its compliance practices and status, and avoid violation of law. After the regulatory amendment in 2019, the Company has increased the requirements on ranks involved in the Compliance Committee. Meetings are chaired by the Company's Chairman and attended by committee members, including the President, Chief Compliance Officer, and presidents of each subsidiary. The committee is responsible for supervising the various compliance tasks undertaken within the Group. In addition, regulatory changes and legal incidents are monitored by dedicated personnel at all times. These situations are then informed to relevant units and all subsidiaries so they can examine and revise their internal systems as needed and inform employees of such changes. Furthermore, regulatory change and control situations must be followed up on a monthly basis.

Regarding compliance audits by supervisory agencies such as the Ministry of Finance, any sanctions shall be immediately reported to relevant units for subsequent handling and improvements to avoid recurrence or to ensure damage control. In 2019, the Company has installed a mechanism—the internal real-time consistency reporting line, which requires all subsidiaries to take the following action when being audited by the competent authority of finance: From the beginning of the audit to the completion of the initial draft, the Company's Compliance Department shall be notified of compliance-related audit matters in order to achieve gradual prevention.

» Sanctions against TCFHC and Subsidiaries and Improvement Actions in 2019




Company Name	Laws Violated	Reason for Sanction	Subsequent Improvement	Fine
Taiwan Cooperative Bank, Ltd.	Paragraph 5, Article 7 of the Money Laundering Control Act	Procedures for customer identity verification and continuous monitoring of accounts or transactions were not implemented during operations relevant to deposit and remittance in the New Site Industries Inc. case.	1. Verification when remitter is not the fund provider: Transaction patterns by remitter who is not the actual fund provider are included in the monitoring of suspicious money laundering transactions. 2. Strengthening verification of abnormal transactions suspected of money laundering: A letter was issued on June 26, 2019 to each branch to establish new rules and strengthen verification processes for suspicious money laundering transactions.	NT\$500,000
Taiwan Cooperative Securities Co., Ltd.	Paragraph 5, Article 7 of the Money Laundering Control Act	Customer due diligence and name check operations were not implemented.	1. Re-review of active or inactive customers with different risk levels has been conducted in batches until the end of December 2019. Customers whose information was not re-reviewed by a given deadline will be suspended from purchasing rights to control risks. 2. After the inquiry system of Taiwan Depository & Clearing Corporation is adopted, such system can be used to automatically compare the Company's customer name list to recent news events on a daily basis to avoid similar occurrences. 3. Business/Operational/Administration management units have formulated precautions with respect to checking of names of foreign natural person customers in the operating process and included name checking as an item of monthly random business inspections.	NT\$500,000
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Paragraph 1, Article 149 and Paragraph 4, Article 171-1 of the Insurance Act	Trading conditions were not fully disclosed in transactions with stakeholders, and whether there were other more favorable similar counterparties was not properly checked.	On March 31 and May 31 of 2019, supplementary agreements corresponding to the Insurance Operation Outsourcing Agreement and Actuarial Pricing and Valuation Outsourcing Agreement were signed, and the unspecified trading conditions were provided in the said supplementary agreements.	NT\$600,000

1.5.2 Improvement of Legal Compliance

To reinforce the implementation of compliance by the Group's companies, TCFHC launched the Legal Compliance Enhancement Program in 2019. Contents are as follows:

Legal Compliance Enhancement Program		
Dimension	Improvements in 2019	
 Improving the organizational framework of legal compliance	The rank of the members attending the Compliance Committee was raised from "the Company's Executive Vice President, Chief Compliance Officer, and heads of handling departments" to "the Company's President, Chief Compliance Officer, and Presidents of Subsidiaries". In addition, committee meetings are to be chaired by the Chairman. Amendments to the Compliance Committee Establishment Regulations were completed.	
 Reinforcing the adoption of the Group's reporting mechanism	A new mechanism—the internal real-time consistency reporting line—was added, requiring all subsidiaries to take the following actions when being audited by external inspection agencies: From the beginning of the audit to the completion of the initial draft, the Company's Compliance Department shall be notified of compliance-related audit matters.	
 Improving compliance evaluation items	Compliance evaluation scoring items were comprehensively reviewed and scoring intervals were fully adjusted. Amendment to the Company's Guidelines for Compliance System Evaluation were reviewed and approved by the President.	
 Strengthening supervision and organization of subsidiaries' regulatory changes	The Control Sheet of Regulatory Changes used monthly by subsidiaries is now completed electronically, and employees from the Company's Compliance Department are tasked with reviewing their respective subsidiaries on a monthly basis.	
 Increasing the content and frequency of on-site audits	Frequency of on-site audits has been adjusted from once a year to once every six months, as to step up audit efforts.	

Moreover, TCFHC has reinforced the supervision of TCB's overseas branches in 2019 to enhance the effectiveness of compliance. The following practices were adopted:

Overseas Compliance Enhancement Program		
	Compliance meetings with offshore units	Two quarterly meetings are held, amounting to a total of eight meetings throughout the year. The purpose of these meetings is to carry out supervision on the implementation of compliance and AML/CTF by business units overseas.
	On-site counseling on compliance, anti-money laundering and counter terrorism financing	Overseas branch compliance risk-oriented management principles are adopted to assist branches to further improve their operations and mechanisms relevant to compliance, anti-money laundering, and counter terrorism financing. In 2019, we conducted on-site compliance testing on our Hong Kong Branch, and on-site counseling on AML/CTF was provided to our Hong Kong Branch, Tianjin Branch, Changsha Branch, and Phnom Penh Branch.
	Strengthening overseas unit management system	The Company has introduced the Guidelines for Management of Overseas Branches' Compliance Risk-Oriented Classification. Risk-oriented classification management was performed on 12 overseas branches by TCB for the first time, and different levels of reinforcement and management measures were implemented according to each classification. <ul style="list-style-type: none"> Overseas branches with moderate risk level (7 branches): We have completed project spot checks on regulatory compliance documents by each branch. Overseas branches with high risk level (5 branches): We have completed on-site testing of compliance by our Suzhou Branch, Fuzhou Branch, Tianjin Branch, and Hong Kong Branch, and their improvement status according to test results is followed-up on a monthly basis. A third-party company was commissioned to audit the New York Branch, and audits related to AML/CTF, IT/information security, and institutional banking services were completed.

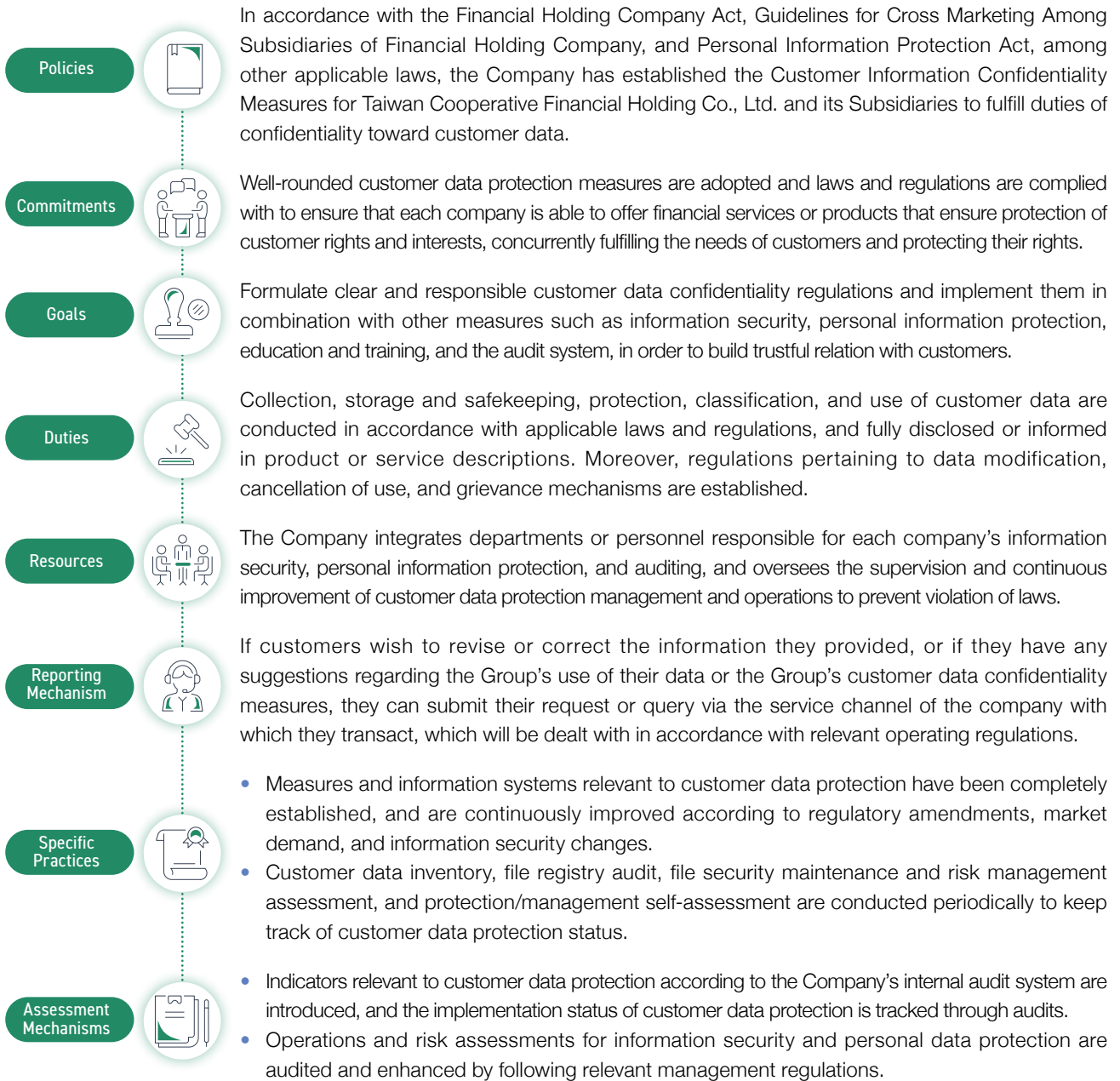
1.5.3 Anti-Money Laundering and Counter Terrorism Financing

Anti-money laundering and counter terrorism financing (AML/CTF) are an important compliance task that serves to prevent illegal activities and avoid endangering the Company's operational security and order in the financial system. In order to effectively implement AML/CTF actions, TCFHC has established the General Anti-Money Laundering and Counter Terrorism Financing Plan that specifically governs the principles for identifying, evaluating, and managing money laundering and terrorism financing risks. Meanwhile, a TCFHC Group AML/CTF Taskforce has been established, with the Chief Compliance Officer as the convener, to supervise and coordinate the implementation of AML/CTF tasks of subsidiaries. The taskforce shall submit its operating status on a quarterly basis to the Company's Board of Directors. Subsidiaries also continue to optimize the AML/CTF information system with the hope of monitoring activities through database integration and analysis to ensure effective control over money laundering and terrorism financing risks.

To encourage employees to obtain the Certified Anti-Money Laundering Specialist (CAMS) credentials, the Company offers subsidies for membership and certification. As of the end of 2019, a total of 3,486 employees had obtained the license. The subsidies provided amounted to over NT\$63 million. Each year, TCFHC also provides its directors, supervisors, senior management, and employees with AML/CTF-related education and training, such as briefings on the 3rd Round of APG Mutual Evaluation results and financial institutions. Such training is expected to raise awareness on compliance and to enhance professional expertise. In 2019, a total of 15,683 people throughout the Group completed training, totaling over 846 hours of training received. TCB was also recognized as a unit with exceptional performance in AML/CTF operations and participation in the 3rd Round of APG Mutual Evaluation by the Financial Supervisory Commission.

1.6 IT Security

» Customer Data Protection Management Approach



1.6.1 IT Security

Information security is fundamental to corporate operations in the digital era. Particularly, since the Group provides financial services and possesses relevant information on transactions with customers, our requirements for information security are naturally higher. Therefore, to reinforce information security management and information protection, each company has stipulated information security policies to implement protective measures and crisis management for ensuring the accuracy, confidentiality, integrity, and availability of information, such as by installing information security management systems and introducing a firewall, anti-virus and intrusion detection system, and vulnerability scanners, among other information security tools. Through these, we provide stable and safe financial information services, converting information security into a promoter of financial services for greater added value.

The Information Security Joint Protection Meeting set up by TCFHC in 2019 composed of members from the Information Security Department of TCFHC and its subsidiaries to facilitate a more systematic preparation of information security plans, reporting of information security status, and announcement of precautions. TCB has also established an independent Information Security

Management Taskforce, which periodically reviews and promotes information security operations, builds a consistent information security governance system and information security management mechanisms, and improves the overall level of information security. Given the ever-changing IT environment, existing information security tasks revolve around building an information security governance platform, strengthening information security protection mechanisms, and raising awareness on the risks of information security. Two lines of protection—information security governance and protection—are constructed to perfect the Group's information security management policy, implement overseas and domestic network security compliance, and utilize special information security techniques to cast a dense network for protection of information security.

With respect to the implementation of information security, all companies in the Group will undergo periodic or non-scheduled information security audits from internal or external bodies, such as the Financial Supervisory Commission and other competent authorities, certified public accountants (CPAs), ISO 27001-certifying institutions, and Taiwan Stock Exchange Corporation, Securities & Futures Institute, Financial Information Service Co., Ltd., Taipei Exchange, and Taiwan Depository & Clearing Corporation, among other relevant units. Internal audits are conducted by the audit units of the Company and subsidiaries. Opinions or deficiencies mentioned during the audits are not only listed as matters requiring improvements by the companies, for which improvement proposals shall be submitted, but are also continuously tracked to review the improvement progress, thereby effectively promoting the maintenance of information security. In 2019, both TCB and BPC TCB Life have passed the re-evaluation for the Information Security Management System (ISO 27001) certification by BSI, thus maintaining the validity of its international credentials. TCB was also awarded the information security award by BSI.

To raise awareness and capability in information security protection, the Group also requires all of its employees to partake in information security education and training every year. In 2019, all employees (100%) completed training, and each subsidiary also organized and completed phishing attack social engineering drills. Key matters of information security implemented and completed in 2019 included the e-mail open rate of less than 3% for both TCB and TCS. TCB also achieved a personal computer malware infection rate below the target of 3%.

1.6.2 Personal Data Protection

Financial businesses operated by each of the Group's companies involve large volumes of personal data that must be protected and managed, and used in a reasonable and safe manner. Therefore, the Company has established the Security and Maintenance Plan for the Protection of Personal Data Files and Guidelines on Disposal of Personal Data Following Business Termination to improve matters relating to the planning, management measures, safety audits, documentation, and continuous improvement mechanisms for personal data protection. Concurrently, each subsidiary has prepared personal data protection management policies or guidelines on use of personal data and other rules to fulfill the demands for various financial practices and implement personal data protection and management.

To effectively promote personal data protection and management, the Company has a Personal Data Protection and Management Taskforce, with the Chief Compliance Officer acting as the convener responsible for convening meetings at least once a year and for implementing, coordinating, and supervising affairs relevant to personal data protection and management. Pursuant to the Company's policies or regulations, each subsidiary has set up organizations or work plans for operating personal data protection and management to facilitate carrying out tasks related to personal data protection and management, such as handling the identification of personal data files, risk assessment of personal data files, and self-assessment of personal data protection and management. Annual personal data inventory and personal data risk identification were completed in 2019.

Regarding the implementation of personal data protection and management, each of the Group's companies cooperates with tasks relating to information security or internal control auditing, and receives or conducts internal and external audits annually to keep track of their progress in personal data protection and management and to make improvements accordingly. In 2019, TCB and BPC TCB Life obtained the BS 10012: 2017 (Personal Information Management System) certification, and TCS also passed the mid-term verification by Taiwan Personal Information Protection & Administration System (TPIPAS).

With respect to education and training on personal data protection, each of the Group's subsidiaries regularly reports back on progress in training. Training courses must cover internal and external regulations relevant to personal data protection. In 2019, training completion rate was 100%. Furthermore, TCB has organized the Personal Data Protection System Introductory Class in different areas of Taiwan; a person is appointed by each unit across TCB to attend the class on behalf of the unit. In addition, awareness on the Personal Information Protection Act was also incorporated in existing training courses offered by various business/operational/administration management units.

2 Customer Care



TAIWAN
COOPERATIVE
HOLDINGS

2.1 Sustainable Finance

2.1.1 Responsible Investment and Financing

The Principles for Responsible Investment (PRI) were proposed by the United Nations. The main concept behind these is to integrate environmental, social, and governance (ESG) issues into investment strategies to implement social sustainable development through investment decision-making. Adopting the essence of the PRI, TCFHC Group incorporates ESG issues or related indicators and trends in procedures relevant to investment policies, analysis, and implementation. In addition, an internal control system is adopted to establish a constructive foundation for making investment decisions, thereby fulfilling our inherent social responsibility as a financial institution.

TCFHC Group actively takes actions in line with the Stewardship Principles. According to the Stewardship Principles for Institutional Investors promulgated by Taiwan Stock Exchange Corporation, we consider ESG and other corporate sustainable operation factors from the perspective of institutional investors to enhance investment value and increase long-term benefits to fund providers. Moreover, the Company continues to closely monitor the business activities of its investee companies and participate in corporate governance by attending shareholders' meetings, exercising voting rights, or engaging in dialogue and interaction with the directors or managers of the investee companies, in order to leverage our influence as institutional investor. Subsidiaries under TCFHC, including TCB, TCS, BPC TCB Life, and TCSIT, have all signed the Declaration of Compliance with Stewardship Principles for Institutional Investors, and announce their fulfillment status every year. In 2019, the target electronic voting rate for shareholders' meetings of investee companies was above 80%, and all subsidiaries achieved this target.

» Implementation of responsible investment by subsidiaries of TCFHC in 2019

Taiwan Cooperative Bank, Ltd.

- FTSE4Good TIP Taiwan ESG Index, Taiwan Sustainability Index (TWNSI), TWSE RA Taiwan Employment Creation 99 Index, TWSE RAFI Taiwan High Compensation 100 Index, and TWSE CG 100 Index were included for consideration as a constituent of TCB's domestic stock investment. As at the end of 2019, the market value of investments in the aforementioned enterprises accounted for close to 80% of TCB's domestic stock investment position.
- TCB continues to monitor and participate in the governance of investee companies by voting in the shareholders' meetings of 93 investee companies. Electronic voting rate reached 97.85%. In addition, TCB has attended investor conferences of two companies; delegated personnel to attend the shareholders' meetings of three companies; and engaged in dialogue and interaction with the management of 7 investee companies.

Taiwan Cooperative Securities Co., Ltd.

- TCS adopts environmental protection, social responsibility, and corporate governance as options for underlying bond investments; continues to keep tabs on the actions of bond-issuing companies that are counseled by the Company; and offers advice to such companies when appropriate to elevate their long-term ESG value.
- The electronic voting rate in the shareholders' meetings of 29 TWSE or TPEX-listed investee companies was 100%.

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

- Industries with stable debt-paying ability and positive return on investment are selected according to investment management procedures. Furthermore, industries chosen as underlying investments must fulfill duties in environmental protection, ethical management, and social responsibility (e.g., must not invest in tobacco industries). When selecting underlying investments, BPC TCB Life must examine whether the industry implements AML/CTF, and the Investment Committee decides whether to continue to hold, dispose of, or reduce its investment position when an industry chosen as underlying investment violates rules regarding AML/CTF.
- The attendance rate in the shareholders' meetings of TWSE or TPEX-listed companies was 100%.

Taiwan Cooperative Securities Investment Trust Co., Ltd.

- The TCB 6 Year ESG EM Bond Fund issued in 2019 amounted to NT\$6.327 billion. The TCB 6 Year ESG Senior Emerging Market Bond Fund issued in 2020 amounted to NT\$1.742 billion.
- Of the TWSE and TPEX-listed domestic investee companies that are subject to the Regulations Governing the Administration of Shareholder Services of Public Companies, voting rate in their shareholders' meetings reached 85%.



Furthermore, regarding responsible financing and lending operations, TCB has also voluntarily adhered to the Equator Principles (EPs) adopted by financial institutions worldwide. When processing loan applications, TCB evaluates borrowers to determine whether they have fulfilled their duties in environmental protection, ethical management, and social responsibility. TCB also determines whether they have been penalized for environmental pollution, whether they still owe employees' pension or salary, or whether they have violated laws and regulations and thus endangered public interest. If borrowers violate the Equator Principles for no reasonable cause, processing of new/loan increase applications will not be accepted, limits on existing loans will be reduced, loan terms will be shortened, or loan amounts will be deemed as due entirely or partially. These conditions will be clearly stipulated in the loan agreement to reinforce our supervision of the responsibilities of borrowers.

2.1.2 Green Finance

Management Approach: To address the international trend of green financing and support major policies concerning energy transformation and emission reduction in Taiwan, in recent years, TCFHC has continued to keep track of environmental issues and assist with the development of renewable energy industries or green consumption by promoting a green economy through the operations of our subsidiaries.

To effectively implement green financing, TCB has established the Guidelines for Renewable Energy Generator Loans, Notices for Solar Generator Loans, and Notices for Biomass Generator Loans, as to offer renewable energy industries with financing services for installing/purchasing machinery and sourcing working capital for covering capital expenditures. In addition, Loans to Five Plus Two Innovative Industries are also a focus of TCB's business operations. Meanwhile, employees are encouraged to take green financing-related courses that can improve their expertise in green financing and abilities to evaluate relevant proposals. TCFHC Group implements green financing by taking the following actions:

Green Financing

5+2 Industrial Innovation Plan:

Loan balance amounted to **NT\$462.2 billion** as at the end of December 2019.
Loan balance for each industry is as follows:

Green Technology Industry	134.8 billion	Smart Machinery	109.3 billion
Asia Silicon Valley	131.9 billion	New Agriculture	26.8 billion
Biotechnology and Pharmaceutical	38.9 billion	Circular Economy	179.7 billion
National Defense Technology	171.0 billion		

Promotion of offshore wind farms:

In 2019, TCB evaluated three offshore wind farm financing proposals and participated in the **NT\$25 billion** syndicated green loan facility (revolving credit) for the **offshore wind farm project off the coast of Changhua County**.

Green Lifestyle



Special loans for replacement of large diesel-fueled cars:

TCB introduced this special loan offer to facilitate replacing old diesel-fueled cars and improving the air in the environment. As at the end of December 2019, four applications have been processed, amounting to NT\$32 million in loans.

Special loan offers for the franchisor Gogoro:

Coupled with the government's efforts to build a low-carbon sustainable homeland, TCB introduced special loan offers to assist Gogoro, a franchisor, in acquiring funds for its business.



Green consumption loans:

TCB assists consumers with purchasing products made by green industries by processing applications for green consumption loans. Through awareness-raising campaigns, TCB encourages branches to process a target total of NT\$400 million in mortgage lump-sum payment applications for buildings made with green construction materials. As at the end of December 2019, TCB has processed **NT\$410 million** in green consumption loans.

TCB Mobility and Innovation Fund:

TCSIT launched an exchange-traded fund (ETF) investing in industries related to innovative concepts such as AI mobility and Internet of Vehicles (IoV), including investments in electric vehicles, unmanned vehicles, and sharing economy. In 2019, the fund totaled **NT\$608 million**.

Green Investment



TCVC:

Amount invested in renewable energy industries included **NT\$34.2 million** in solar power, **NT\$52.096 million** in electric vehicles, and **NT\$36 million** in other renewable energy industries.

Taiwan Cooperative Bank:

Amount invested in green energy businesses totaled **NT\$62.5 billion**, and the 2019 Phase-2 General Bank Debentures totaling **NT\$1 billion** in face value were issued to cover loans for green investment plans.

2.1.3 Social Banking

The Company upholds the spirit of responsible investment and pays attention to ESG issues. As a financial institution, TCFHC adopts diverse operations to lead the economic industry to place greater emphasis on environmental and social responsibilities so that more people are able to obtain fair and safe treatment during financial operations; impact on the environment, resources, and human rights is reduced; and the goal of sustainable development and fulfillment of social responsibilities are in turn achieved.

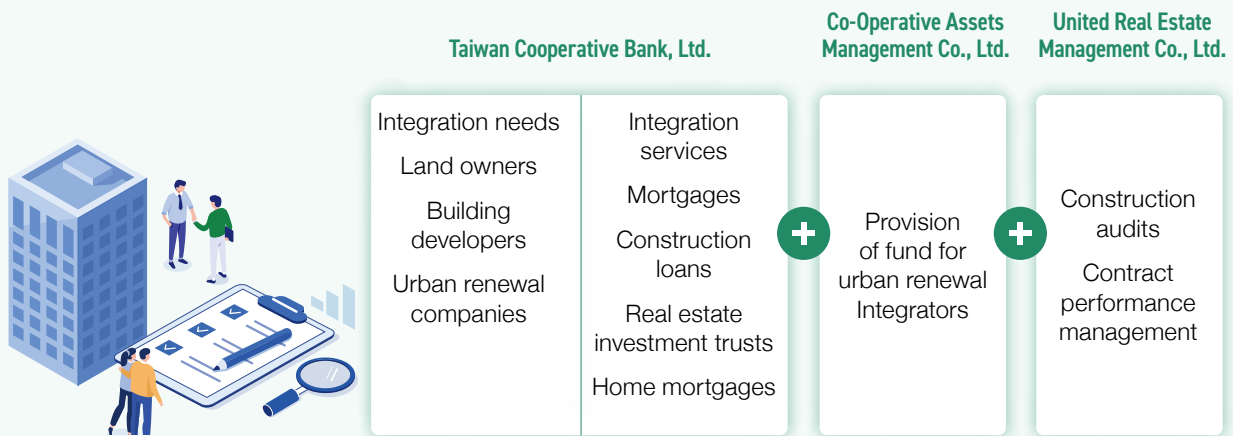
Promoting Urban Renewal

Living safely and securely is fundamental to social sustainability. Since 2004, TCFHC has offered urban renewal financing services and cultivated them over the long term. In addition to being a leader in the financial industry, the Company also continuously supports governmental policies that promote urban renewal and reconstruction of risky/old buildings. By utilizing the Group's resources to offer comprehensive financing and management planning services, the Company uses this opportunity to improve the quality of life of disadvantaged individuals, revitalize urban development, and create benefits for society.

To facilitate the implementation of urban renewal operations, TCB established the Urban Renewal and Risky/Old Building Reconstruction Promotion Taskforce in 2019 to offer one-stop services for meeting the various demands of land owners, building developers, and urban renewal companies.

As needed for the urban renewal project, assistance is provided by CAM or United Real Estate Management Co., Ltd., an investee company of TCFHC, in the form of fund acquisition for parties involved in urban development integration and other services such as construction audit and contract performance management.

Urban Renewal and Risky/Old Building Reconstruction Promotion Taskforce Offers One-Stop Services



The TCB website also offers information on loans and trusts for urban renewal projects. To help employees better understand laws and regulations relevant to urban renewal and risky/old building reconstruction, TCB organizes the Urban Renewal and Risky/Old Building Reconstruction Lectures. In 2019, three lectures were organized and attended by 481 participants in total to continuously improve the quality of urban renewal and risky/old building reconstruction services. TCB approved NT\$45.026 billion to finance 49 urban renewal and risky/old building reconstruction projects in 2019.

In 2019, the Ministry of Finance called for government-owned banks to form a business cooperation platform. In this platform, TCB is responsible for integrating asset management companies to invest in urban renewal projects. Specifically, a Joint Taskforce for Urban Renewal Promotion made up of CAM, Mega AMC, First Financial Assets Management, Hua Nan Assets Management, and Taiwan Asset Management Corporation was formed to collectively assist the government in implementing government-led urban renewal projects. 13 meetings were held in 2019 to discuss how responsibilities will be shared with respect to technology, funds, management and task division, and to establish a cooperation mechanism for the benefit of the public.

Syndicated Loans for the Government-Led Urban Renewal Project for Tachen Evacuees in Unit 2

This urban renewal site is located in Yonghe District, New Taipei City—the most densely populated in Taiwan. In 1955, the government leased the land to Tachen evacuees who were relocated to Taiwan. After decades of sales, leases, and additional construction, the public and private property rights to these lands and residential buildings have become extremely complicated; narrow alleys and lanes were formed within communities; and public facilities became inadequate. With the government's proactive assistance, TCB was delegated to coordinate and provide explanations to each household in the area. In over a year, TCB finally succeeded in integrating close to one hectare of land and more than 200 households. Following years of local operations, TCB has gained the trust of neighboring residents, which is the main reason why this urban project was successful. This urban project is expected to be completed in 2020. Apart from improving the crowded environment and opening more public spaces in surrounding areas, this project will also offer a community activity center, public day care center, and elderly care center to further reinforce the local amenities and improve the quality of life for neighboring residents.

Handling of Debt Negotiation

Economic and industrial transformation in the rapidly changing social environment have caused a number of people to experience financial struggles. Pursuant to the Law of Consumer Bankruptcy Proceedings, TCB has established a number

of solutions and measures for clearing consumer debts, which include offering people who find difficulties in meeting repayments with the option of applying for debt pre-negotiation under the Law of Consumer Bankruptcy Proceedings to assist them in consolidating all of their debts; and customizing debt repayment plans based on their actual debt-paying abilities to effectively help them to alleviate their financial burden while repaying debts, readjust their lifestyle, and reduce familial and social problems. In 2019, TCB processed 614 applications for debt pre-negotiation and 390 contracts were signed. Since the launch of this service in 2008 to 2019, TCB has processed a total of 15,309 applications, signing 9,115 agreements in total. Roughly 75% of debtors have performed.

If borrowers fail to perform according to debt negotiation or debt pre-negotiation agreements because of unemployment or pay cut, debtors can also apply for change of repayment terms in debt negotiation/debt pre-negotiation agreement. For those who failed to service previously negotiated debts but are still willing to make repayments or if other necessary expenses are incurred due to illness, accident, or child-rearing, thereby rendering debtors unable to continue fulfilling their obligations, TCB provides a personal negotiation consistency plan that grants the debtor a second opportunity for debt negotiation to solve debt problems and help debtors regain their pace and confidence in life.

Borrowers who failed to perform according to debt pre-negotiation agreements can also apply for rectification, liquidation, or pre-mediation with the court. In 2019, TCB has assisted in processing 54, 36, and 63 applications for rectification, liquidation, and pre-mediation, respectively, totaling 153 applications. All of these borrowers are continuously fulfilling their obligations. Among those who settled their debts in 2019, 21 of them settled through rectification, 34 through liquidation, and 2 through pre-mediation (including one pre-mediation established in 2018). For the financially disadvantaged, such as low-income borrowers who have difficulties repaying their unsecured debts for 3 months or longer, borrowers with major illness, moderately disabled borrowers, victims of major natural disasters, and borrowers who have been involuntarily unemployed for 3 months or longer, TCB also offers unsecured debt extension for financially disadvantaged borrowers to help them to settle down and successfully repay their debts.

To comply with government policies of implementing debt negotiation and reducing debtors' burdens, CAM actively assists debtors in handling non-performing loans through debt settlement negotiation and by renegotiating a timetable for repayment of principal and interests that is in line with the debtor's asset allocation or reducing part of the debt to increase their willingness to repay their debts and break free from them. In 2019, CAM and debtors reached a total of 306 debt settlements and settlement negotiations.

Issue Charity Credit Cards

Using financial products or services to create benefits for the society is a policy and goal continuously promoted by TCFHC. For years, TCB has actively cooperated with various charity groups and issued charity-focused credit cards. Specifically, TCB pays a fixed amount of what the cardholder spends straight to a charity group, not only helping the cardholder to support a charitable cause but also providing more care and resources to socially disadvantaged groups.

» TCB-Issued Charity Credit Cards



Care Card

Cumulative Rebate Amount:
NT\$7.7995 million
Cooperating charity group:
Child Welfare League
Foundation



Huizhong Foundation Card

Cumulative Rebate Amount:
NT\$1.1535 million
Cooperating charity group:
Huizhong Medical Relief
Foundation



Cardiac Children's Foundation Card

Cumulative Rebate Amount:
NT\$2.7873 million
Cooperating charity group:
Cardiac Children's Foundation
Taiwan






Lugang Mazu Temple Card

Cumulative Rebate Amount:
NT\$10.1307 million
Cooperating charity group:
Lugang Mazu Temple

COVID-19 Relief Measures

To reduce the drastic socioeconomic impact of the COVID-19 pandemic, TCB has introduced a wide range of loans as part of the governmental relief solutions adopted by various ministerial agencies. These loans are available to SMEs, health care and insurance industries, tourism and travel industries, land/sea/air transportation industries, agricultural/forestry/fishery/animal industries, individuals, etc. In addition, TCB has also offered relief measures for its existing customers, such as interest or credit card payment relief, extension of loan payment period, and interest rate reduction. For first-line employees who process bailout loan applications, TCB provides administrative rewards and bonuses as a way of encouraging them to help every member of the public during this difficult period.

Relief Measures by TCB in Response to the COVID-19 Pandemic and Outcomes

Relief Counterparty	Relief Measure	Relief Outcome
 Corporate Bodies	<ul style="list-style-type: none"> Based on relief measures introduced by ministerial agencies of the government. Up to NT\$1 million in loans for SMEs affected by COVID-19. 	<ul style="list-style-type: none"> TCB has approved 2,420 applications, totaling NT\$44.86 billion, for COVID-19 bailout loan packages in response to ministerial policies. TCB has approved 11,845 applications, totaling NT\$36.386 billion, for bailout loan packages. TCB has approved a total of 14,265 loan applications, totaling NT\$81.246 billion.
 Individuals	<ul style="list-style-type: none"> People who have difficulties repaying personal loans due to COVID-19 can apply for extension of principal or interest payment; payment of fines and overdue interests are exempted during the extension period. Existing mortgage borrowers can also apply for a grace period or extension of loan period. People in need of loans can contact TCB for application; a variety of loan programs is offered, including loans for franchisors, personal loans for small businesses, Loans for Youth Entrepreneurs, personal loans for healthcare workers, online applications for home loan increase and personal loans, etc. 	<ul style="list-style-type: none"> TCB has approved 49,456 applications, totaling NT\$4.945 billion, for worker bailout loan packages organized by the Ministry of Labor. TCB has approved 1,676 applications, totaling NT\$15.893 billion, for extension of existing loan payment from individuals. TCB has approved 20 new loan applications, totaling NT\$58 million. TCB has approved 867 applications, totaling NT\$596 million, for small business loans.
 Credit Card Users	<ul style="list-style-type: none"> Credit card holders whose payment is not overdue but have difficulty paying credit card bills due to COVID-19 can apply for a grace period for credit card payment; fines and revolving interests incurred during the extension period are waived. TCB has reduced the revolving interest rate to 0.75% for revolving credit balance below NT\$10 million. 	<ul style="list-style-type: none"> Revolving interest exempted totaled NT\$2,488,346. Payment extension: 383 applications were processed, totaling NT\$42.2 million.

As at end of May 2020.

2.1.4 Number One Brand of "LOHAS and Elder Care"

Management Approach: The arrival of an aging society is accompanied by growing demand for financial services and products designed specifically for senior citizens. In recent years, TCFHC has endeavored to establish itself as the number one brand of "LOHAS and elder care". By developing and integrating the various businesses of the Group, the Company continues to introduce diverse financial products that meet the needs of elderly financial consumers. Given the government's vigorous efforts to promote the long-term healthcare industry, TCB has included this industry as part of its investment allocation to exert a more profound influence on the society and industry. As at the end of 2019, TCB has invested roughly NT\$144 million in the long-term healthcare industry.

Seniors and the Disabled Property Trust Services

TCB offers a comprehensive asset plan for senior citizens. To date, TCB has successively introduced discretionary trust agreements and family trust services, one-stop services accomplished through trust mechanisms, and trust products designed according to different financial plans and beneficiaries.

LOHAS credit card

TCB has created credit cards specifically for the elderly population and introduced a number of special offers for senior citizens that would allow them to live a rich and fulfilling life during old age.



Insurance

BPC TCB Life has introduced insurance products planned based on the needs of elderly people, offering customers a greater variety of options. In total, there are 29,805 insurance contracts and over NT\$14.82 billion in premiums.

Bagful of Happiness loans

By using their own property as collateral, senior citizens are able to collect monthly living allowances from TCB for as long as they live. Through this service, the quality of life of elderly people can be secured. As of December 31, 2019, TCB has processed 1,610 applications for Bagful of Happiness loans, approving a total loan balance of NT\$9.557 billion.

One-stop services for nursing institutions and elderly people accomplished through trust mechanisms are aimed at taking care of senior citizens comprehensively and promoting the development of long-term care industries in Taiwan. In 2017, TCB was the first to create one-stop services by using trust mechanisms. These services are integrated with other services, including lease trusts, real estate investment trusts, construction trust funds, trusts for advanced payment collection, and retirement trusts. On the one hand, it assists small and medium-sized nursing institutions to invest in the development, construction, and operation of nursing facilities, thereby providing senior citizens with more housing options. On the other hand, it also secures the property and life of senior citizens while promoting business development and public welfare. In 2018, these innovative trust products of TCB also won the Best Trust Finance Award during the 9th Taiwan Banking and Finance Best Practice Awards organized by Taiwan Academy of Banking and Finance.

Four-in-One Trust for Healthy Co-Housing

By integrating existing trust resources and using innovative trust plans, TCB responds to customers' financing and product needs by assisting with the development project of HoChin Cohousing Compound. In other words, TCB integrated the lease trust that HoChin obtained for the land it rented from the Ministry of Education; the construction trust fund that HoChin obtained for the construction funds; the trust for advanced payment collection that HoChin obtained for the fees that senior residents paid in advance to live in the compound; and the retirement trust that HoChin obtained for managing the property of senior residents. One-stop services for nursing institutions and elderly people accomplished through trust mechanisms completely demonstrate how much TCB is concerned about aging issues and its achievements in providing innovative services.

The success of the HoChin Healthy Cohousing one-stop service model has encouraged more nursing care institutions to do the same—build a living environment for local nursing care or an environment where people can enjoy their golden years. This outcome is in alignment with the government's policy of building community-based and localized nursing care institutions in Taiwan. Such innovative service model and expansion strategy not only enable society to provide more housing options for senior citizens, but also promote the concept of property trusts among elderly people so that they can enjoy their golden years.



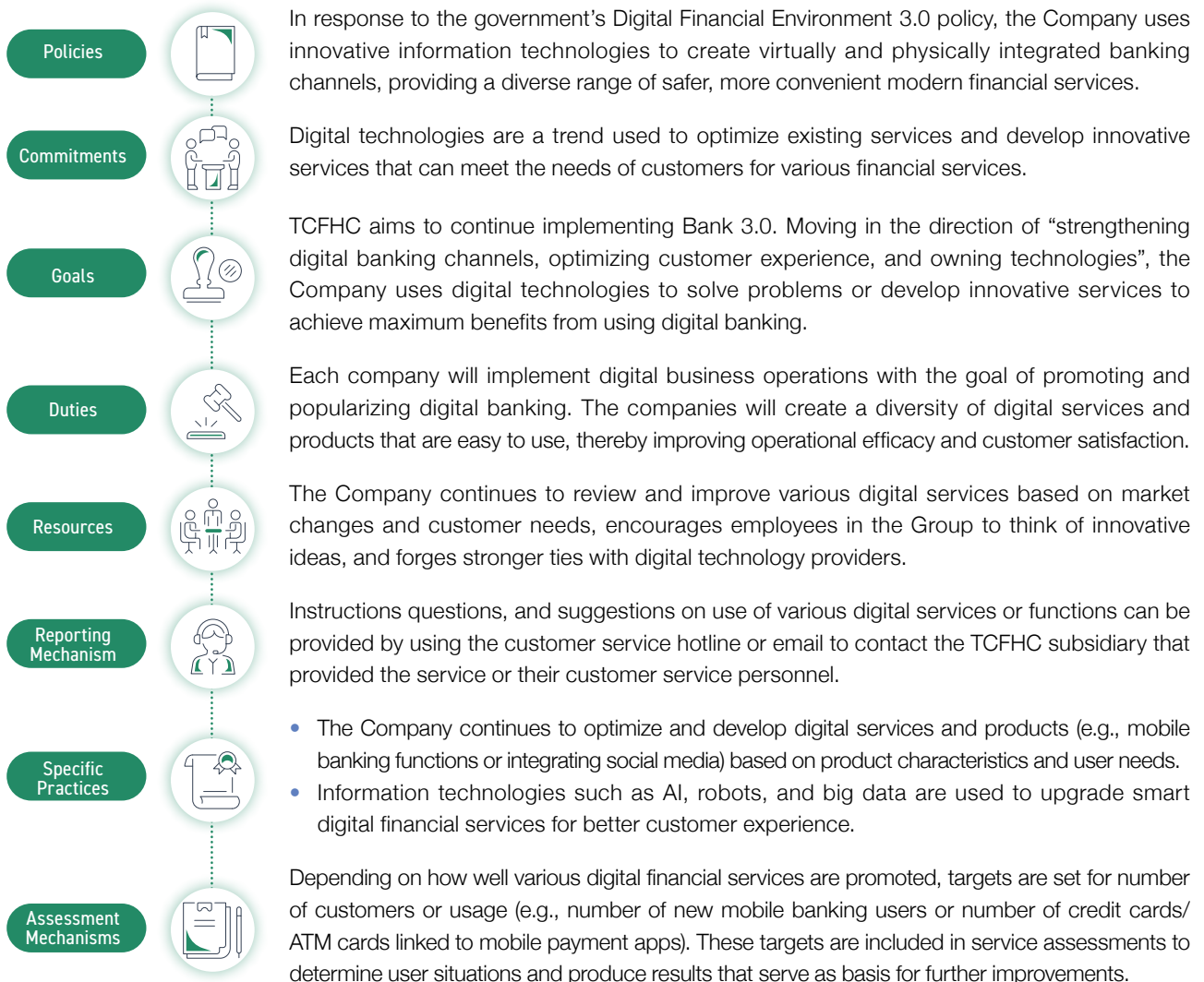
Maximizing proceeds from donations with trust services

In 2006, there were five children in the Wei family from Zhushan Township, Nantou County. The oldest of the five was no more than 10 years-old. The children were taking care of their mother who was admitted into palliative care for cancer. When a social worker took three of the children out for food, the children only ordered a bowl of soy sauce noodles to share. After taking only a few bites, they said they wanted to take the rest back for their mother. The children lived in poverty and their father earned a meager living from odd jobs. At the time, this story about “a bowl of soy sauce noodles” touched the heart of many people and attracted millions of dollars of donation with the purpose of helping the family. To ensure that these donations were truly used on the five children, Mr. Wei, the father, decided to entrust this money to TCB and start a trust property with which funds could be put in a demand deposit or a time-deposit account to cover the living expenses, tuition fees and unexpected medical bills of his five children, without arbitrary expenditures. Since 2006, TCB has continued to make monthly payments as instructed. This ensures that the generous donations from society are put into proper use for the benefits of the five children who can then grow up into successful and independent working adults. This outcome is also exactly the value that financial services can bring to society.



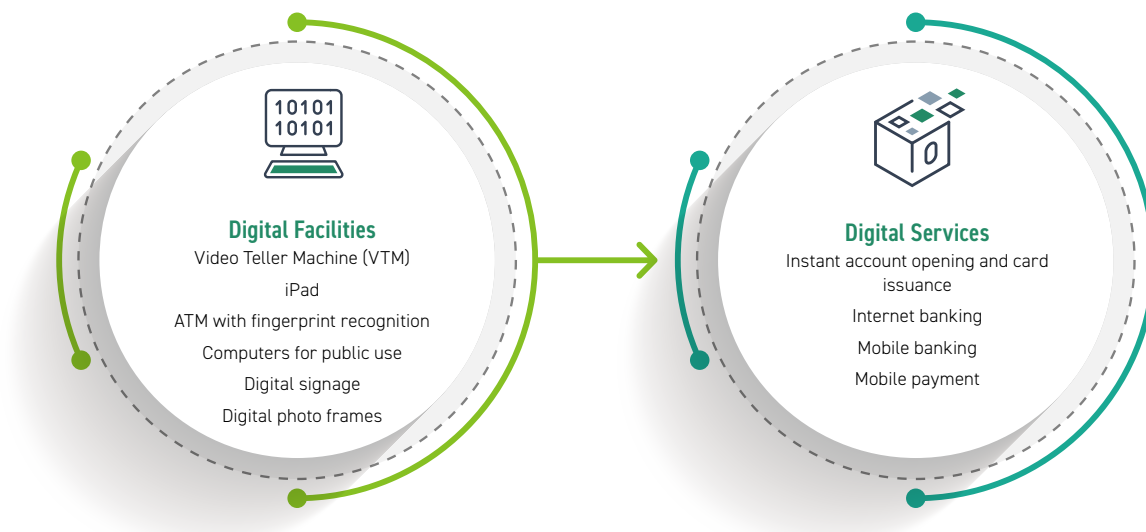
2.2 Digital Finance

» Digital Finance Management Approach



2.2.1 Financial service digitization

The shift from traditional counter transactions to digital platforms has become an inevitable market trend. In 2017, TCB established its first flagship digital branch in the Business Department of its new head office in Taipei. Since then, TCB has successively established 19 other digital branches throughout Taiwan, including two flagship digital branches and 17 basic digital branches. Customers are educated and guided on how to make transactions online through the Digital Banking Service section in the digital branches.



Meanwhile, TCB continues to evaluate the effectiveness of its digital branches to stay in line with the development of digital FinTech, make plans to establish 50 more digital branches in 2020, and convert all branches into digital branches within 5 years. As needed by business units, these branches will be customized to accurately reflect the characteristics of customers that visit each individual branch. In addition, the achievements and current status of TCFHC subsidiaries in promoting digital financial services are as follows:

Taiwan Cooperative Bank, Ltd.

- The utilization rate for electronic channels was 91%.
- 6,278 applications for mortgage/personal loans were received online.
- The Mobile Insurance Application System will be completed and launched by the end of August 2020.
- The first stage of Open Banking has been launched. We have cooperated with third-party operators to open access to product information found in Public Information Inquiry, including functions to inquire on NTD, FCY, interest rates, and exchange rates.

Taiwan Cooperative Securities Co., Ltd.

- Percentage of orders placed electronically was 81.70%.
- A new setting has been added to the online account opening system, allowing for linking of automatic payment for advanced collection. New account functions have been completed and include instant inventory, credit day trading profit and loss calculation, preliminary calculation of profit and loss of cash dividends, and maintenance rate inquiry.
- Futures trading and account functions for mobile platforms have been completed.
- TCB AP Trade Simulation Platform has been completed, providing customers a way to familiarize themselves with using the new continuous trading system.

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

- 7,884 insurance policies were purchased online.

2.2.2 Mobile Banking and Mobile Payment

The development of mobile financial services has become an important trend in recent years. In response, TCB offers diverse mobile banking services that are convenient and safe to help customers to complete all financial matters on mobile devices and platforms. In 2019, TCB attracted 880,000 new mobile banking users. With the prevalent use of digital technology, TCB redesigned the homepage and menu interface of its mobile banking app in 2019. Specifically, graphical password settings were added, and biometric recognition and graphical password were integrated in TCB E Pay wallet app. Simply by scanning the code, users can make purchases and pay taxes or fees. Such redesign simplifies the operating process and promotes the use of mobile banking and mobile payment functions.

TCB has also developed the Corporate Mobile Banking System that allows EOI customers who use electronic data exchange systems to approve NTD or FCY exchange on their mobile devices. In addition, the system authenticates user ID with fingerprint recognition, facial recognition, and graphical password, thus allowing for quick login. A Push Notification Service Platform was also established to keep customers informed of various business trends and special offers in real time.

Regarding the mobile payment function, TCB has added a new NFC/QR Code scan withdrawal service for ATM card cloud-based payment, enabling customers to withdraw cash from ATMs that feature NFC/QR Code scan functions. Our Taiwan Pay QR Code collective payment service now counts with 12,776 ATM card merchants, achieving 104.13% of the target. There are also 6,390 credit card merchants. As at the end of 2019, 50,281 of TCB's credit cards and 346,900 of its ATM cards/accounts have been linked to mobile payment apps.

2.2.3 CoLAB and Innovation

In November 2019, TCB launched an innovation lab called CoLAB. The objective of this laboratory is to encourage employees to come up with ideas for digital banking and business innovation, and to act as a platform for different departments to engage and interact with one another and for exploring the possibility of demonstration, verification and commercialization in the future. The lab addresses intelligent technology trends in recent years and adopts applicable information tools and technical breakthroughs to construct smart digital financial services. For example, in terms of AI, TCB has introduced the chatbot service in 2018, providing product query services on its official website. In 2019, TCB launched the LINE account i-Secretary, which uses deep learning algorithms and natural language processing to achieve multiple rounds of dialogue and instant interactions. By March 2020, the i-Secretary has more than 1.92 million friends.



As for robotic process automation (RPA), we adopted the agile development approach, emphasizing the goals of “assisting in the simplification of service processes” and “providing excellent financial service experience for customers” in order to facilitate the acceleration and restructuring of operating processes so that employees can concentrate on works of decisive nature to improve the quality and performance of business strategies. With respect to big data application, TCB has completed building a comprehensive customer database, analyzed behaviors of different customer segments, assisted with target marketing, and used digital footprint collection and interaction to determine customers' browsing patterns on the digital channels and identify the potential demands and spending preferences of digital users in order to achieve real-time interaction with customers, choose products in a customized way, and create personalized experiences.

2.2.4 Patent R&D and Management

With innovation at the core, TCFHC has constantly promoted digital banking over the years, with notable achievements. Particularly given the fact that TCB has developed a number of digital FinTech applications, we have submitted patent

applications to the Intellectual Property Office, Ministry of Economic Affairs to protect our intellectual property rights. By the end of June 2020, 124 of our patents have been approved and these included 10 invention patents, 113 utility patents, and 1 design patent. We still have 13 invention patents and 22 utility patents under review. The Company has established the Guidelines for Rewarding Taiwan Cooperative Bank Employees Who Obtain FinTech Patents to motivate employees to innovate and propose FinTech inventions that will promote the research, development, and implementation of FinTech.

» Number of FinTech patents by TCB that have been approved or are under review

Type of Patent	Approved Patents	Patents Under Review	Total
Mobile platforms	9	3	12
Big data	13	4	17
Artificial intelligence	2	1	3
Blockchain	2	2	4
Security control mechanisms	12	4	16
Biometric recognition	6	1	7
Other	80	20	100
Total	124	35	159

(As at end of June 2020)

To use business resources efficiently and reasonably manage intellectual property risks, the Board of Directors of TCFHC approved the Intellectual Property Management Program in 2020. Integrated with the company's business goals, the program is aimed at encouraging the Company and its subsidiaries to meet business goals, improve their ability to engage in R&D and innovation, ensure that business activities comply with intellectual property laws and regulations, and develop abilities to protect intellectual property and avoid infringing upon the rights of others. All of these will in turn improve the Group's overall profitability and business performance. Additionally, TCB has made plans to obtain Taiwan Intellectual Property Management System (TIPS) certification by the end of 2020.

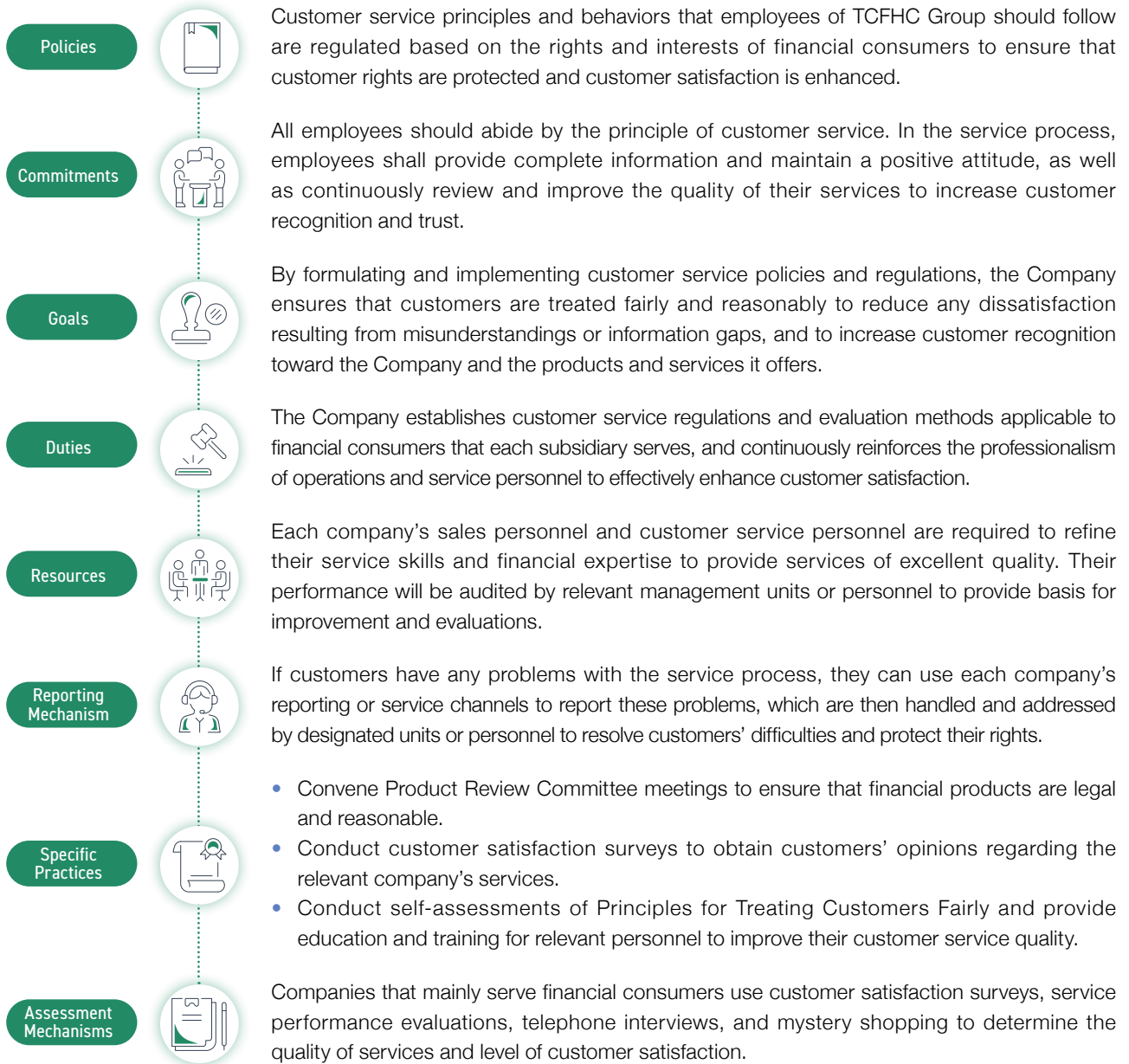
2.2.5 Cultivation of FinTech Talent

The development of FinTech applications must keep pace with the rapidly changing digital technologies to provide innovative financial services. In response, TCB has actively cultivated FinTech specialists in recent years by sending employees to attend external forums, seminars, lectures, and workshops where they can keep abreast of FinTech trends and reinforce their technical skills. Since 2017, TCB has been commissioning Taiwan Academy of Banking and Finance and consultancy agencies to organize internal training courses to cultivate professional FinTech talents who possess cross-disciplinary thinking and a global outlook. These courses cover a wide range of topics on FinTech, including blockchain, AI, big data, robo-advisors, and Internet of Things.

In 2019, TCB collaborated with external professional agencies to design innovative practical courses that combine strategic theories and digital technologies for use in business management and operations. These courses promote abilities to execute strategies, including problem-solving, service planning, and strategic thinking, enabling employees to facilitate positive customer experience. At least 650 employees were trained between December 2019 and the end of June 2020.

2.3 Protection of Customer Rights and Higher Customer Satisfaction

» Management Approach for Higher Customer Satisfaction



2.3.1 Principles for Treating Customers Fairly

Subsidiaries that mainly focus on serving financial consumers, including TCB, TCS, and BPC TCB Life, have established policies and implementation regulations relating to Principles for Treating Customers Fairly in accordance with the Financial Supervisory Commission's Financial Service Industry Principles for Treating Customers Fairly to effectively protect the interests and rights of financial consumers. These policies and regulations require all employees to fulfill ethical and fiduciary duties in product and service sales, advertising and soliciting, protection of the right to complain, professionalism of salespersons, etc., in order to ensure that consumers are treated in a fair and reasonable manner. Each company also conducts audits on a regular basis to determine the implementation status of the Principles for Treating Customers Fairly and makes improvements accordingly. The 2019 evaluation results showed no major deficiencies. Furthermore, the implementation status of the Principles for Treating Customers Fairly as evaluated by the Financial Supervisory Commission in 2018 shows that TCS ranked among the top 20% in the financial industry and top 6 in the securities industry.

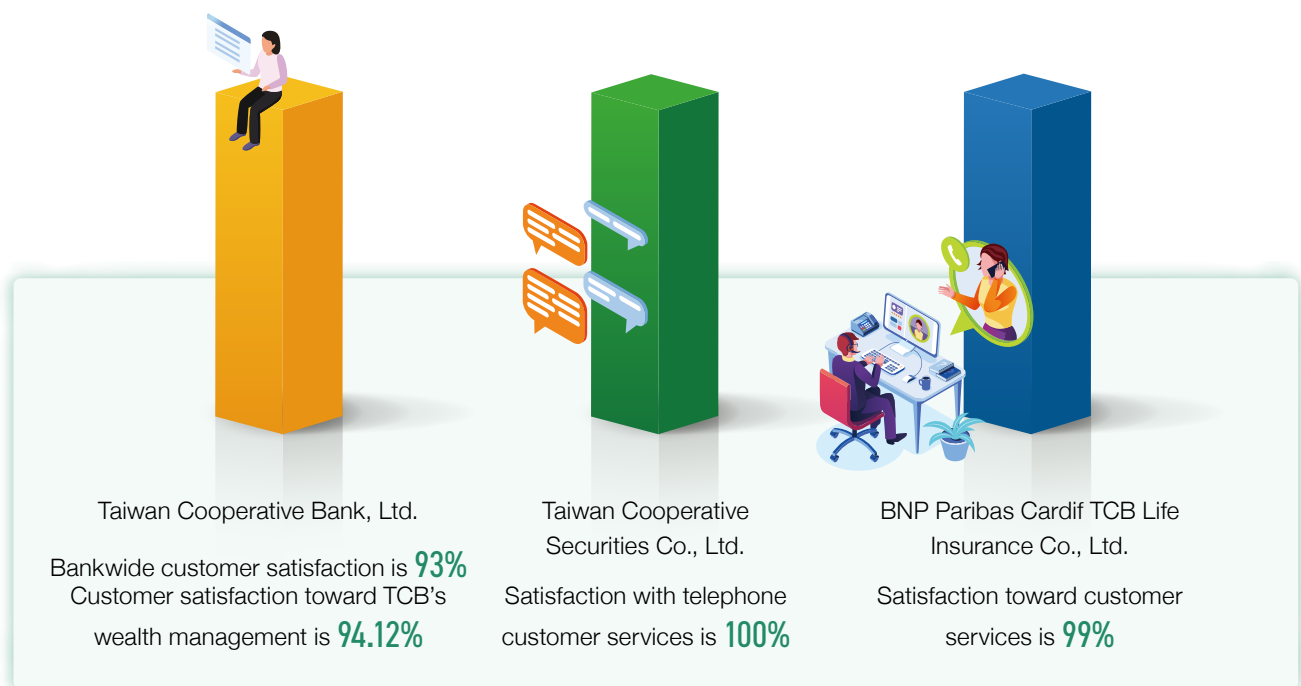
To create a corporate culture of treating customers fairly and accelerate the implementation of fair customer treatment,

TCB established the Consumer Protection and Fair Customer Treatment Promotion Committee in 2019. The committee is responsible for developing fair customer treatment principles, policies and strategies; handling major consumer disputes and making relevant improvements; and reviewing evaluation results and implementation concerning fair customer treatment. In addition, education and training are also important to protect consumers. For instance, BPC TCB Life has included policies, strategies, internal compliance rules, and a code of conduct pertaining to the Principles for Treating Customers Fairly in compliance training courses for all employees and new employee orientation in 2019. Moreover, all employees (100%) from TCB, TCS, TCBF, BPC TCB Life, and TCSIT have completed training on the Principles for Treating Customers Fairly.

TCB has also taken similar measures in response to the Internal Control Principles to Prevent Financial Specialists from Misusing Customers' Funds established by the Bankers Association of the Republic of China. For example, TCB conducts credit audits on its financial specialists every year and asks them to sign TCB's Code of Conduct for Financial Planners before they start working for TCB or performing their duties. The code of conduct covers rules that state that employees may not engage in safekeeping of cash, chops, or passbooks of customers nor in selling of financial products that are not approved by TCB. TCB has also established mechanisms and awareness campaigns corresponding to leaves, rotation, and services of financial specialists. Control over the activities of financial specialists is also reinforced through random office audits or review of customer transactions to avoid fraudulent situations in which financial specialists engage in improper transactions on behalf of customers or private dealings with customers' funds.

2.3.2 Maintenance of Customer Relations

To collect consumers' opinions and suggestions regarding financial products and services, and use them as the basis for improving service quality and customer relations, subsidiaries including TCB, TCS, and BPC TCB Life use telephone and email or conduct on-site audits of business units to determine customer satisfaction.



To effectively communicate with consumers, each company has set up complaint methods in the form of a hotline and email, and announced them on its website so that consumers can make inquiries or file a complaint while being protected by the Personal Information Protection Act. After receiving complaint from a customer, each company or unit will follow the customer complaint operating procedure to handle the case and report handling and improvement measures to the President. This is used as basis for refining customer services. In 2019, customer complaints were received from internal and external sources (e.g., Financial Ombudsman Institution and Financial Supervisory Commission). In total, TCB received 572 cases TCS received 2 cases, and BPC TCB Life received 45 cases and all of these cases have been dealt with and concluded.

An example of a customer complaint received by BPC TCB Life

- Reason for complaint:

In August 2019, the Financial Ombudsman Institution notified the company that an insurance policy holder had purchased a major illness insurance policy via telephone marketing. At the time, the sales representative said that a claim could be filed in case of serious illness and a determined amount could be obtained immediately. The policy holder was unhappy with the claim amount he received, which was far below the amount pitched by the sales representative. Therefore, the complaint was filed for further investigation.

- How it was handled:

Based on a summary of the investigation results and opinions by relevant departments, the claim amount provided was consistent with the amount agreed in the policy terms. However, considering the sales representative's failure to properly relay the content of the insurance policy, which caused the misunderstanding, the company eventually agreed to pay the amount as indicated during the telephone call.

- Improvement measures:

To ensure that salespeople clearly and completely explain the key content of an insurance product during the sales process, the company has reinforced explanations provided when relaying policy content during a standard telephone marketing procedure. The insurance product in question was also retreated for the time being until the content of the product description provided during the sales process is revised and relevant training is completed.

2.3.3 Product review in marketing procedures

One of the major responsibilities of financial service operators is providing products or services suitable to financial consumers and complying with principles of fairness, reasonableness, equality, reciprocity, and integrity when establishing contracts. The subsidiaries of TCFHC develop and design products in a way that ensures the rights of consumers are protected. They plan products that meet the needs of target consumers, and products are reviewed internally 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-imposed regulations. If products must be reported to the competent authority, they are launched only after receiving approval, and appropriate financial management products and marketing campaigns are promoted among different customer groups.

After financial products are marketed, each company must examine whether product content is appropriate and re-review products depending on the sales performance of the financial products, consumers' feedback, and relevant regulatory amendments, as to ensure that their financial products are compliant with laws and meet the needs of consumers. In 2019, TCB convened 15 Product Review Panel meetings and reviewed 53 domestic products and 116 offshore products. TCS convened one Product Review Panel meeting and reviewed one product. In 2019, BPC TCB Life convened a total of 20 Insurance Product Review Panel meetings, completed review for 11 new products that obtained approval from competent authorities, and archived 42 products that were directly modified or partially changed. In 2019, TCSIT convened 12 Product Review Panel meetings and completed review of 5 products that obtained approval from competent authorities.

2.4 Financial Inclusion

The financial industry is integral to social and economic development. However, not all people in the current society are granted equal chance to access suitable financial services or resources. TCFHC hopes to implement financial inclusion to increase the accessibility of financial services. By using finance-related products, environments, and activities that meet the needs of customers, the Company hopes to provide everyone in society with equal and unrestrained access to financial services, thereby fulfilling its social responsibility.

2.4.1 Friendly financial services



Creating a friendly financial environment is the first step toward achieving financial inclusion. TCB has established all types of friendly service equipment or measures at all branches in Taiwan, including wheelchair ramps, tactile paving, service bells, branch concierges, barrier-free service counters, and accessible ATMs to help people with physical/mental disabilities to use various financial services. As at the end of 2019, TCB has installed 1,111 ATMs for the physically and visually impaired in Taiwan, an increase of 416 machines from previous year.








Regarding network environment, TCB has not only obtained the AA-Accessibility Website label by the National Communications Commission (NCC), but also established a friendly financial service section. By using user-friendly Internet banking systems and an eATM with simple functions, TCB provides easy-to-use functions and interfaces for people with visual impairment. Each month, users are also entitled to three fee waivers on interbank cash withdrawals from ATMs. Internet banking and mobile banking can also be used to apply for credit cards, activate credit cards, report missing credit cards, and receive notifications about loan approvals.



To fulfill financial needs of foreign nationals, in 2020, TCB transformed Ximen Branch in Taipei into its first bilingual demonstration branch, where signs, labels, documents and forms, and electronic facilities (e.g., queuing systems and navigation systems) are available in English. There is also an English service counter where a teller who is fluent in English is available to provide services in English. To serve non-English speaking foreign nationals, the English service counter has a multilanguage voice translation machine so that customers from different countries can use our financial services in their native language.

2.4.2 Diverse banking solutions

In society, different people have different financial needs. TCFHC actively develops a wide variety of financial products and services through the subsidiaries' business operations to take care customers from all walks in society. For example, TCB provides loan services to a diverse range of businesses, such as SMEs, small and micro-enterprises, farming and fishing industries, creative industries, or long-term care institutions, as to assist any organizations to obtain funds and develop their business. Regarding retail banking, TCB offers loans to all types of customers including civil servants, corporate employees, military officers, youth entrepreneurs, female/micro-entrepreneurs, and youth first-time home buyers, as to fulfill their personal needs. Our diverse financial solutions have yielded the following outcomes:

Plan Category	 SMEs	 Preferential Housing Loans for Youths	 Loans for Youth Entrepreneurs	 Micro/Women Start-up Loans	 Composite Loans for Farmers
Approved Amount (NT\$)	667.832 billion	6.679 billion	127.83 million	72.7 million	1.91 billion
No. of loan applications approved	33,307	1,492	137	109	170

Note: This table shows the amount and number of loan applications approved in 2019.

TCB actively promotes its diverse financial solutions by establishing incentive measures, keeping track of its monthly performance, and training relevant employees. At the end of 2019, the market share of loans for SMEs was 9.62%, ranking second among all banks in Taiwan. As at December 31, 2019, TCB has approved 23,997 housing loans; the loan balance was NT\$72.64 billion. The market share of the Micro/Women Start-up Loans and Loans for Start-up Assistance for the Unemployed of Employment Insurance was 26.40%, ranking second among all banks in Taiwan. During the Micro-Enterprise Model Award Ceremony and Outcome Exhibition in 2018, the Ministry of Labor elected 10 model examples of micro-entrepreneurs. Five of the winning micro-entrepreneurs had obtained their startup loans from TCB. This achievement shows that TCB spares no effort in promoting its diverse financial solutions.

2.4.3 Lectures and awareness activities

Organizing finance-related lectures and activities creates a good opportunity to communicate market information and banking knowledge to customers or the general public. In response to the efforts of the Ministry of Finance, in 2019, TCB organized the Government-Owned Banks Support SME Development Seminar in New Taipei City. The topic of this seminar was “working together to create new business opportunities for SMEs”. The purpose of this seminar was to help SMEs to keep abreast of future development



trends, create investment momentum, and understand what external resources are available to them, such as governmental funds and credit guarantee funds for SMEs.

Furthermore, TCB has extended its reach to schools, rural areas, charity groups, military units, indigenous and new immigrant groups, and correction facilities, organizing financial awareness activities locally to make financial knowledge widespread and to help members of the society and young students to develop correct financial concepts and spending habits. In 2019, a total of 23 lectures on financial knowledge were held.

3 Employee Care



TAIWAN
COOPERATIVE
HOLDINGS

Employees are fundamental to corporate sustainability. They are also the foundation and enablers through which TCFHC has promoted business development ever since its establishment. To systematically implement talent recruitment, allocation, and cultivation, TCFHC continues to construct effective career management and learning mechanisms centering on the growth and needs of our employees. Through such mechanism, employees can be reasonably compensated and properly cared for. Meanwhile, the Company also values health, safety, and equality among employees, and hopes that employees can tackle any challenges they encounter at work and feel confident and accomplished, which will propel them to advance forward with TCFHC toward a prosperous future.

3.1 Employee Composition

TCFHC has seven subsidiaries, each operating all types of financial services. At the end of 2019, the Group had 9,351 employees, 300 more employees than in 2018. TCB, which is the core business focus of TCFHC, has the largest number of employees, 8,560. The Group has employed a total of 142 employees with physical and mental disabilities and indigenous background. These employees make up 1.52% of the Group's workforce, higher than the 1% statutory requirement.

» Number of TCFHC Group Employees and Age Distribution

Company Name	Age			Total
	Age 30 and below	Age 30-50	Age 50 and above	
Taiwan Cooperative Financial Holding Co., Ltd.	-	3	13	16
Taiwan Cooperative Bank, Ltd.	1,034	4,296	3,230	8,560
Taiwan Cooperative Securities Co., Ltd.	17	271	103	391
Co-Operative Assets Management Co., Ltd.	7	38	9	54
Taiwan Cooperative Bills Finance Corporation, Ltd.	-	31	28	59
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	21	172	19	212
Taiwan Cooperative Securities Investment Trust Co., Ltd.	2	38	8	48
Taiwan Cooperative Venture Capital Co., Ltd.	1	6	4	11
Total	1,082	4,855	3,414	9,351

(As at December 31, 2019)

» Composition of Full-Time TCFHC Group Employees by Gender and Location

Company Name	Gender		Total	Work Location	
	Male	Female		Taiwan	Overseas
Taiwan Cooperative Financial Holding Co., Ltd.	11	5	16	16	0
Taiwan Cooperative Bank, Ltd.	3,565	4,995	8,560	8,171	389
Taiwan Cooperative Securities Co., Ltd.	133	258	391	391	-
Co-Operative Assets Management Co., Ltd.	32	22	54	54	-
Taiwan Cooperative Bills Finance Corporation, Ltd.	35	24	59	59	-
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	74	138	212	212	-
Taiwan Cooperative Securities Investment Trust Co., Ltd.	20	28	48	48	-
Taiwan Cooperative Venture Capital Co., Ltd.	6	5	11	11	-
Total	3,876	5,475	9,351	8,962	389

(Note: Taiwan Cooperative Securities has 3 part-time employees)

3.2 Employee Remuneration and Benefits

Complete remuneration and benefits are necessary for a company's talent development and employee care, both of which are corporate social responsibilities that must be fulfilled. To establish remuneration policies and systems for the Group, TCFHC has set up a Remuneration Committee under the Board of Directors. The committee is in charge of assessing and stipulating compensation policies, systems, standards and structures as well as reviewing remuneration rules such as the Employee Remuneration Standards adopted by each subsidiary to effectively manage the remuneration of the Group's employees.

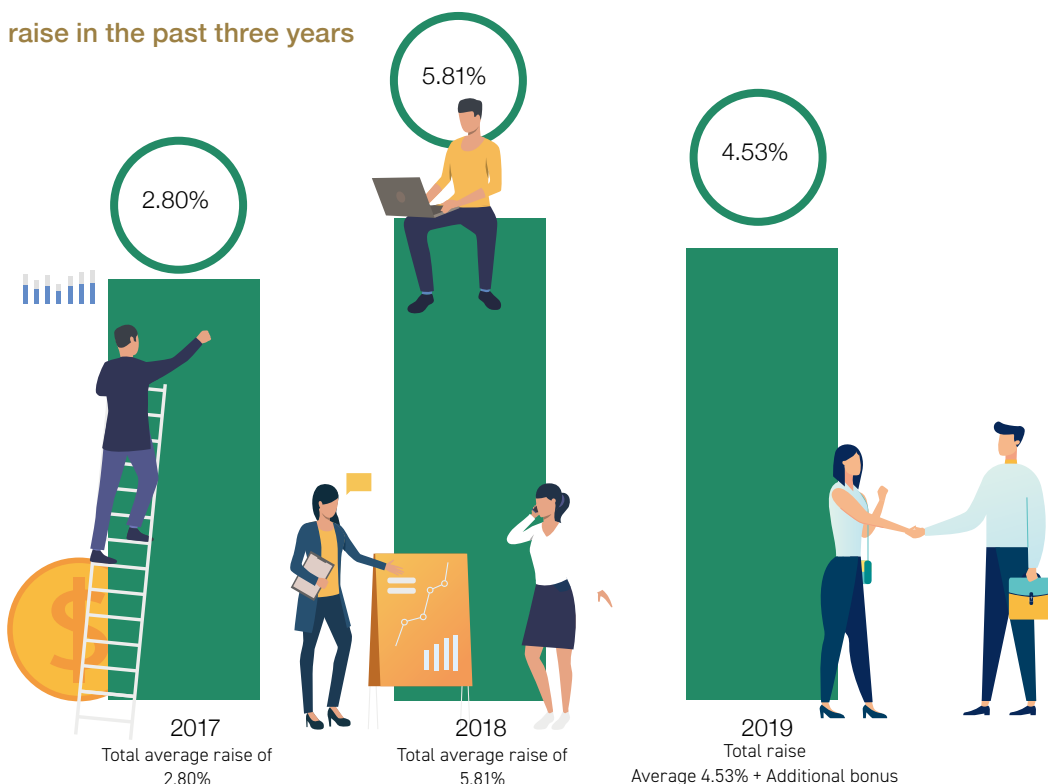
Employee benefits covered by TCFHC Group include family care, reassurance, welfare facilities, and healthcare. We hope to take care of our employees by helping them to support their families, providing reasonable protection for employees, and focusing on their physical and mental health. Since 2020, TCB has established a employee stock ownership trust program. If employees contribute NT\$1,000 of their monthly salary, TCB will contribute NT\$1,000 toward purchasing the stock of TCFHC for its employees. The money can be collected when employees resign or retire. This is equivalent to accumulate additional salary for employees every month. So far, 93.97% of TCB employees have joined this program.

To effectively provide employee benefits, except for TCFHC and Taiwan Cooperative Venture Capital which have fewer employees, the Group's subsidiaries have established an Employee Welfare Committee as required by law. Taiwan Cooperative Securities Investment Trust, which has less than 50 employees, also established an Employee Welfare Committee in 2019 to consolidate employee needs and develop various welfare measures for employees.

3.2.1 Employee Remuneration

In the Articles of Incorporation, TCFHC has stipulated that 0.01% to 0.08% of any profit made by the Company in a year shall be allocated as employee compensation and also distributed to employees of affiliated companies that meet certain criteria. TCFHC has established the Allocation Regulations Governing Performance Bonus and Employee Remuneration to reflect its business performance and achievements in employees' remuneration. TCB has made salary adjustments in the past two years, in addition to annual performance evaluation for job promotions. In 2019, average pay was increased by 4.53% throughout the year. In addition, due to a substantial increase in earnings, another 0.3 of monthly payment was distributed as bonus. Our salary level is in the top three among government-owned banks. TCFHC has been selected as a constituent of Taiwan High Compensation 100 Index for five years (2015-2019) in a row by Taiwan Stock Exchange, fully reflecting how much we value employees' remuneration and our achievements in this regard.

» Average raise in the past three years



» Salary of Full-Time Non-Managerial Employees of TCFHC Group

Year	No. of full-time non-managerial employees	Average salary of full-time non-managerial employees (NTD thousand)	Median salary of full-time non-managerial employees (NTD thousand)
2019	8,103	1,366	1,233
2018	7,929	1,335	NA
Difference	174	31	NA

Note 1: The above data include TCFHC, TCB, Taiwan Cooperative Securities, and BPC TCB Life.

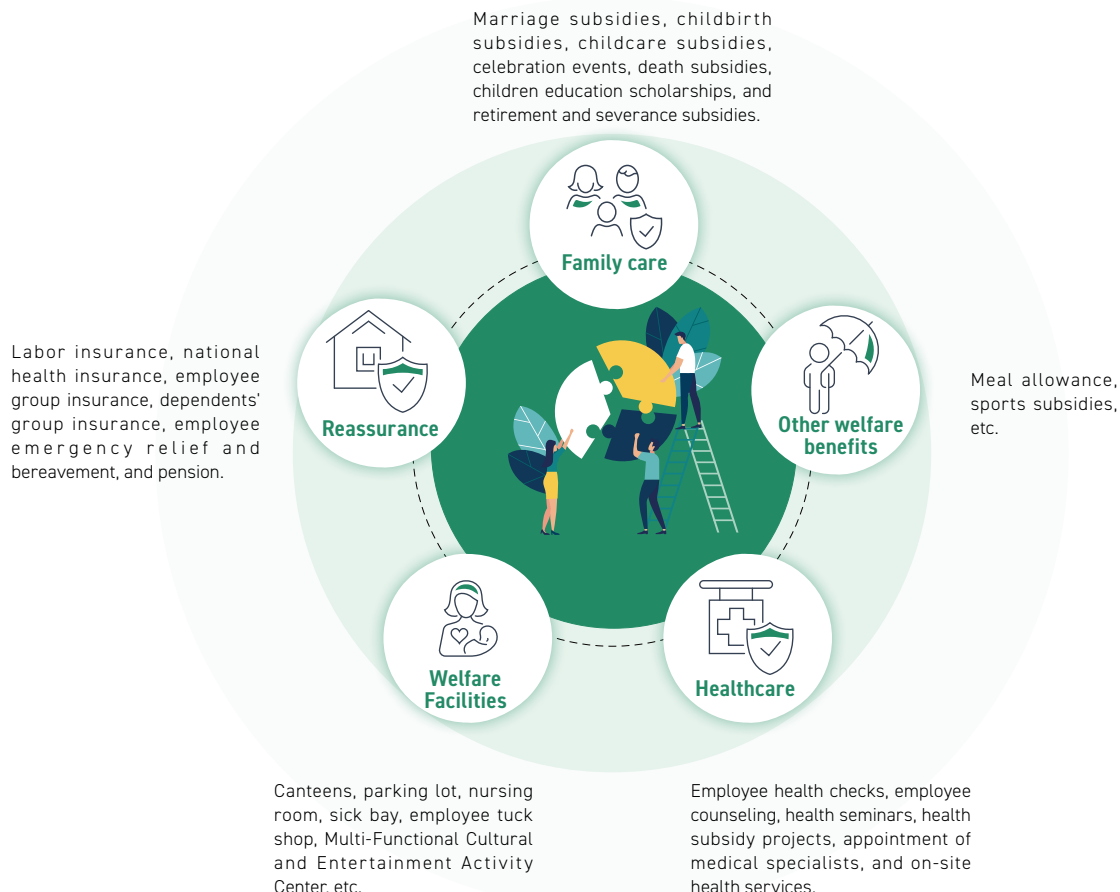
Note 2: The contents of salary expenses are defined by the Directions for Reporting Operations of Full-Time Non-Managerial Staff Salary Declaration and Applicable Q&A issued by Taiwan Stock Exchange.

Note 3: According to the definition in the Q&A for the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies (January 14, 2019), "non-managerial" staff (not managers) are determined by the scope of "manager" and are added and declared according to Order No. Taiwan-Finance-Securities (III) 920001301 issued on March 27, 2003. In terms of practical operations, it should be consistent with the scope of report of internal personnel (managers), disclosed in the annual report of the shareholders' meeting (managers) by each company, and adopted consistently before and after.

3.2.2 Diversified Employee Benefits

Taking care of employees' daily needs allows them to commit to work without worry and give everything they've got. Therefore, to comprehensively care for employees, TCFHC and subsidiaries not only provide the basic protection mandated by law, but also actively offer all types of benefits through the Employee Welfare Committee. These benefits are adjusted as needed to promote the physical and mental health and well-being of employees.

For instance, the Employee Welfare Committee of TCFHC and subsidiaries has held numerous meetings in 2019 to discuss subsidies and allowances for employees, any old office equipment that needs to be replaced, organization of employee activities, and the committee's work plans and budget reviews. We hope that employees can be properly taken care of while they work for TCFHC.






Family care

Family is an employee's major focus in life, which is why TCFHC and subsidiaries extend their care for employees to their family members so that employees can work positively and at ease in the workplace. For example, TCB encourages child birth among employees by respectively offering child birth subsidies of NT\$60,000, NT\$80,000, and NT\$100,000 for the first, second, and third child or further. Combined with subsidies from the Employee Welfare Committee, a child birth subsidy can reach NT\$110,000. In 2019, the Group approved up to NT\$13.328 million in child birth subsidies.

The Employee Welfare Committee of each company also provides marriage subsidies, childbirth subsidies, childcare subsidies and death subsidies, as well as children education scholarships, emergency relief and bereavement, and all types of consolation money to assist employees with family care so that they can commit fully to work. Therefore, at TCFHC Group, a majority of our employees have started building a family and having children. Some even have spouses and children working for the Group, which shows that TCFHC has definitely created an excellent employee care environment.

» Newborns, Children and Spouses of TCFHC Group Employees

		
Babies in 2019 ^(Note 1)	TCFHC second generations in 2015-2019 ^(Note 2)	Couples in 2015-2019 ^(Note 3)
175	57	391

Note 1: Newborns of TCFHC employees

Note 2: Number of TCFHC employees' children working for TCFHC

Note 3: Number of spouses working for TCFHC

In addition, TCFHC has devised a well-rounded leave system, in which all types of leaves are superior to requirements by the Labor Standards Act. These are offered so that employees can enjoy the rights they are entitled to. In accordance with the Act of Gender Equality in Employment, the Company also provides menstrual leave, maternity leave, paternity leave, leave to attend prenatal appointments, family care leave, breastfeeding time during work hours, or unpaid parental leave. By using the Company's internal electronic platform, employees can inquire and apply for leaves at any time. The system automatically generates a paid leave scheduling sheet every 3 months, reminding employees to schedule their leave in advance and adjust work hours as needed, thereby allowing them to strike a balance between work and family life. In 2019, the rate of reinstatement after unpaid parental leave was 96.6% in the Group. This shows our dedication and contribution in helping employees to care for their family and career at the same time.

TCFHC Two Generations

The S.V.P. & General Manager, Mr. Hsu, started working his way up after graduating from National Cheng Chi University major in Banking and was assigned to TCB following the special examination. As time goes by, Mr. Hsu has worked for the company for 31 years, during which he not only experienced every crucial moment of his life but also develop his career and family. His son, Chia-Yu, passed the recruitment examination in 2019, joining the big TCB family. Together, they became a father-son pair and lived up to their name. Having been baptized by the culture of TCFHC, Chia-Yu said he often watched how hard



his father prepared for work at home. Being an open and cordial person, his father would invite his colleagues to travel during holidays, or when TCB organized family day events, Chia-Yu often tagged along, feeling the merriness of being a part of this big family. Therefore, he decided to build a career in finance, with TCFHC as his first choice, and successfully became a member of this happy enterprise. When experiencing difficulties at work, he can even seek help from his father, a senior member of TCFHC. In the eyes of Chia-Yu and his father, TCFHC is not just a workplace, but a big family that has accompanied them through all highs and lows of life.

Couples in TCFHC

The Company has been an active participant of sports activities in Taiwan. We have also cultivated and trained numerous excellent players. Mei-Chen and Wei-Lin have been long-time sports enthusiasts who met each other during a game played by TCFHC's baseball team. Since then, Mei-Chen and Wei-Lin went on several trips together with other colleagues. Slowly, they realized they shared not only the same interests but also the same values in many aspects. They fell in love and got married with the blessings of their colleagues and supervisors, becoming the "couple working for TCFHC". They later gave birth to two "TCFHC babies", building a small family. Mei-Chen and Wei-Lin said that working for TCFHC has its perks, including stable work hours, no overwork, great benefits, a complete proxy system, and the occasional care and support from supervisors, enabling them to work and take care of their family without any worry. They often receive glutinous oil rice or cake from the one-month celebration of other colleagues' babies and feel that everyone is able to accompany their family in the great environment provided by TCFHC. They both agree that TCFHC is an excellent and reliable company partner for employees.



Application for Unpaid Parental Leave and Reinstatement by TCFHC Group Employees

Company Name	2019				2018		
	No. of applicants for unpaid parental leave	No. of employees subject to reinstatement (A)	Actual no. of reinstated employees (B)	Reinstatement rate (B/A)	Actual no. of reinstated employees (C)	Employees who returned from unpaid parental leave and stayed for at least one year (D)	Retention rate (D/C)
Taiwan Cooperative Bank, Ltd.	71	51	50	98.0%	65	61	93.8%
Taiwan Cooperative Securities Co., Ltd.	5	5	6	120%	1	1	100%
Taiwan Cooperative Securities Investment Trust Co., Ltd.	--	--	--	--	1	0	0%
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	3	3	1	33.3%	3	2	66.7%
Total	79	59	57	96.6%	70	64	91.4%

Note 1: BPC TCB Life, Taiwan Cooperative Venture Capital, and COAMC had no applications for unpaid parental leave or reinstatement.

Note 2: Reinstatement rate of Taiwan Cooperative Securities was 120% because employees returned earlier than scheduled.

Reassurance

To provide reasonable protection over the work and life of employees, TCFHC has enrolled its employees in labor insurance, national health insurance, and employee group accident insurance as required by law. This ensures that employees are properly cared for while performing their tasks. The dependents of employees can be included in the group insurance as well. Employee retirement or dismissal is handled in accordance with the Employee Retirement, Casualty and Severance Regulations. Relevant subsidies are also provided by the Employee Welfare Committee.

TCFHC has formulated a retirement system for employees in accordance with the Labor Standards Act and Labor Pension Act. Monthly contributions equal to 6% of employees' insured salaries are paid to their personal pension account, ensuring employees are protected after retirement. We are actively concerned about the life of employees after retirement. TCB holds dinner parties in northern, central, and southern Taiwan and has set up a Networking Center for Retired Employees, providing venues and resources for retired employees to connect with old acquaintances.



Welfare Facilities

Provided that employees are properly taken care of, TCFHC and subsidiaries as well as their respective branches have set up various environmental facilities in different places depending on employees' needs and the availability of office spaces. These facilities include an infirmary, breastfeeding room, employee tuck shop, parking bay, or employee canteens that sell meals of employees' choice. In 2018, TCB opened the Multi-Functional Cultural and Entertainment Activity Center in the head office, where multi-functional sports grounds, gym facilities, and yoga and dance classrooms are provided. Coupled with sports and fitness courses and club activities, the activity center allows employees to partake in stress-relieving and interactive activities, and prepare themselves for a day of hard work. In addition, TCB's new head office obtained the Excellent Breastfeeding Room Certification from Department of Health, Taipei City Government in September 2019. BPC TCB Life received the Badge of Accredited Healthy Workplace: Smokefree & health promotion in 2019. In the future, subsidiaries of the Group plan to obtain both types of Badge of Accredited Healthy Workplace: Smokefree & health promotion between 2020 and 2025.

Healthcare

TCFHC implements regulations that are superior to Ministry of Labor's Occupational Health Protection Regulations by conducting general health checks on employees every three years. Professional medical institutions are commissioned to provide health check services at our business premises. By reviewing the test reports given to them, employees can keep track of their health status and take preventive actions or undergo treatment if necessary. Any employee can also visit other medical institutions to undergo additional health examinations, all of which will be subsidized by the Company. Subsidies are as follows:

Job Position & Age	Years of Service	Health Check	Amount Funded/Subsidized by the Group in 2019
Under 40	1 year	One official leave for health checks can be applied for every two years	NT\$12,523,742
Age 40 to 49	NA	Each person is entitled to a subsidy of NT\$3,500 once every two years	
Age 50 or older	NA	Each person is entitled to a subsidy of up to NT\$3,500 every year	
Unit Supervisors	NA	Each person is entitled to a subsidy of up to NT\$10,000 every year	

Note: One official leave for health checks is provided.

In 2019, the Group allocated and subsidized up to NT\$12,523,742 in health check expenses. Starting from 2020, it plans to provide employees aged 50 or older the option of either magnetic resonance angiography (MRA) or CT lung screening. Subsidies of up to NT\$6,000 will be provided for one exam once every two years. Overseas employees aged 40 and below will receive health check subsidies of NT\$3,500.

3.3 Career Management and Training

Talents are a company's cornerstone and most important assets. TCFHC is deeply aware that the success of every employee is key to achieving sustainable operations and fulfilling social responsibilities. Therefore, the Company pays special attention to employees' career development and learning, and plans all types of training and continuing education courses matching the nature of each subsidiary's businesses and employees' needs, so as to improve the skill sets they need in finance and the workplace; help employees learn and grow at the same time as they commit to work; and bolster their capabilities and competitiveness further. In 2019, the retention rate of new employees in TCB was 93.5% and the employee turnover rate of the Group was less than 2%, which exceeded the predetermined goal (<5% turnover rate). This shows the effectiveness of how we manage and promote employees' careers.

» Percentage of new employees and employees who resigned from TCFHC Group in 2019

		New employees		Employees who resigned	
		No. of people	As a percentage of Group employees	No. of people	As a percentage of Group employees
Gender	Male	348	3.7%	100	1.1%
	Female	444	4.7%	127	1.4%
Age	Age 30 and below	492	2.1%	107	1.1%
	Age 30–50	281	3.0%	99	1.1%
	Age 50 and above	19	0.2%	21	0.2%
Work Location	Taiwan	738	7.9%	182	1.9%
	Overseas	54	0.6%	45	0.5%

3.3.1 Diverse Learning and Training Opportunities

Each year, TCFHC and subsidiaries organize all kinds of internal and external training or learning courses so that while employees dedicate their efforts to work, they can still continue to refine their professional skills. In 2019, TCFHC and subsidiaries successively organized a wide range of training courses of similar natures, including those on AML/CTF, financial crimes and prevention, corporate governance, risk management, laws and regulations, FinTech, information security, and economic/financial trends. Based on the business scope of our subsidiaries, workshops on financial products, workshops for sales personnel, and courses on laws and regulations and case studies were also arranged to keep all employees informed of the trends of various financial products and the market environment.

For various roles and specific positions, each company also arranged training courses for top-level managers, compliance personnel, auditors, accounting supervisors, and information and communication security personnel. For example, in 2019, TCB invited executives, senior managers, or external consultants to give lectures in the Training Seminar for New V.P. & General Manager in order to help new managers learn management skills and develop the competencies to work

in the industry. Furthermore, TCB has also developed a mentoring system, in which a senior officer acts as the mentor helping employees to learn about specific services such as e-banking, deposits, and remittances. This mentoring system facilitates strengthening the effectiveness of on-the-job training.

Given the need for global deployment, overseas expansion, and bilingual branch setup, TCB selects people to include in the overseas talent pool. As at the end of 2019, our overseas talent database contains 116 talents, who are assigned to overseas branches when needed to facilitate the Company's global business expansion and become the key drivers helping TCB to penetrate the international market.



TCB inspirational camp

Since the end of 2018, inspirational camp was first organized by TCB and then extended to other TCFHC subsidiaries and has been one of the biggest annual events held by the Group in recent years. Through group discussions and brainstorming activities, participants are asked to think of innovative ideas about the Group and its subsidiaries, including business expansion, organizational restructuring, system and platform upgrading, image enhancement, and process optimization. The main purpose of these activities is to implement reform within the organization through a bottom-up approach and to form a consensus. Every time the event is held, hundreds of proposals are presented by TCFHC employees for discussion. To date, the Group has collected as much as 1,094 proposals, handed out close to NT\$600,000 in monetary rewards, and numerous proposals have been carried out or are in the process of planning. For example, TCB's Urban Renewal and Risky/Old Building Trust and Financing Platform project has not only been put into action, but it has generated millions in revenue from handling fees. Other proposals such as Group joint procurement, resource sharing platform for research, and education and training joint platform have also promoted the integration of Group resources and magnified the synergy of Group business cooperation.



» Education and Training by TCFHC and its Subsidiaries in 2019

Company Name			Total training hours (hours)	No. of people trained	Average training hours (hours)	Total training expenses (NTD)
Taiwan Cooperative Financial Holding Co., Ltd.	Male	Managerial role	51	5	10	51,000
		Non-managerial role	99	6	17	99,000
	Female	Managerial role	72	8	9	72,000
		Non-managerial role	219	8	27	219,000
		Taiwan Cooperative Bank, Ltd.	Male	Managerial role	4,938	167
Non-managerial role	153,605			3,399	45	6,662,235
Female	Managerial role		5,531	162	34	131,445
	Non-managerial role		213,727	4,832	44	9,470,998
	Taiwan Cooperative Securities Co., Ltd.		Male	Managerial role	609	21
Non-managerial role		1,481		84	18	241,720
Female		Managerial role	311	12	26	122,980
		Non-managerial role	3,521	197	18	575,800
		Co-Operative Assets Management Co., Ltd.	Male	Managerial role	44	3
Non-managerial role	48			3	16	18,870
Female	Managerial role		12	1	12	3,190
	Non-managerial role		31	3	10	9,530
	Taiwan Cooperative Bills Finance Corporation, Ltd.		Male	Managerial role	138	9
Non-managerial role		740		24	31	250,990
Female		Managerial role	142	4	36	42,750
		Non-managerial role	419	18	23	124,870
		BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Male	Managerial role	581	155
Non-managerial role	2,605			797	3	379,601
Female	Managerial role		426	109	4	149,449
	Non-managerial role		4,493	1,415	3	705,414
	Taiwan Cooperative Securities Investment Trust Co., Ltd.		Male	Managerial role	38	7
Non-managerial role		50		11	5	11,500
Female		Managerial role	60	8	8	13,800
		Non-managerial role	107	20	5	24,610

3.3.2 Performance Evaluation

Performance evaluation reflects employees' training and learning outcomes, and provides a basis for subsequent improvements and rewards/disciplinary actions. TCFHC and its subsidiaries have established regulations for employee performance evaluation and conduct evaluations periodically or from time to time depending on the nature of employees' work. Through these evaluations, a fair evaluation, reward, and punishment system can be established to protect the rights of employees and maintain group discipline. Supervisors of all ranks are responsible for providing employees with guidance and caring to determine factors that influence employee performance, thereby helping employees to solve problems and perform well at work. In 2019, 99.5% of employees with managerial roles and 97.2% of employees with non-managerial roles underwent performance evaluation by TCFHC Group in 2019.

TCFHC Group is also committed to combining the employee performance evaluation system with CSR policies. For example, in response to the energy conservation and carbon reduction policy, TCB promotes energy conservation measures, includes reduction of water, electricity, and oil expenditures as a matter for management performance evaluation, and links this with employees' performance bonus. BPC TCB Life launched a public welfare passport that allows employees to earn points and redeem them for gifts. This is to encourage employees to participate in social welfare events.

3.3.3 Talent Recruitment

In response to the needs of diversification and transformation of financial services and the expansion of overseas markets, TCFHC continues to recruit financial experts to strengthen our workforce and enhance the Company's competitiveness. In 2019, campus recruitment activities were expanded, and we participated in recruitment briefings of five higher education institutions in Taiwan to engage in a direct dialogue with students and recruit potential graduates who are interested in working in the financial industry. TCFHC has (2019-2020) won the award for being the "Most Desirable Financial Holding Company to Work For" by graduates of finance and insurance during the Insurance Dragon and Phoenix Award organized by the Risk Management, Insurance & Finance Foundation (RMIM) for two consecutive years.



To effectively attract more young talents and diversify our recruitment channels, TCB has provided internship opportunities through industry-academia collaboration since 2017, including 12 to 18 weeks of courses on finance, during which experience and theory are taught by senior officers of TCFHC to enhance students' professional skills. Interns who perform exceptionally during their internship and pass interviews are eligible to work full time for TCB and undergo a complete orientation. In 2019, 72% of students doing an internship at TCB returned for work. This internship program effectively reduces the training cost that would otherwise be wasted if a new recruit resigns because he/she cannot adapt to work.

3.4 Occupational Safety and Health

TCFHC is deeply aware of the need to create a safe and healthy workplace and a fully equipped working environment so that employees maintain a positive state both mentally and physically and perform their duties with maximum efficiency. Therefore, the Company continues to strive to construct a safe and healthy workplace environment, which can avoid health-related risks and productivity loss while enhancing the overall health of employees and the entire organization to bolster the Company's competitiveness and fulfill our social responsibilities.

3.4.1 Occupational Safety and Health Committee

TCB has set up an Occupational Safety and Health Committee in accordance with the Ministry of Labor's Occupational Safety and Health Act and Regulations on the Management of Occupational Safety and Health. The committee consists of employers and union representatives, with the Executive Vice President serving as the convener. Workers make up 57% of the committee. Committee meetings are held once every 3 months, during which matters relating to management, coordination, and recommendations on occupational safety and health are discussed and arranged to prevent occupational hazards and enhance the safety and health of employees. In 2019, TCB's Occupational Safety and Health Committee discussed 20 proposals to strengthen workplace safety, health, and protection. One of these was the installation of automated external defibrillators (AED) and upload-pressurized fully automatic blood pressure monitors in eight branch buildings, including Ximen, Zhongxing, and Gangdu. In addition, TCB plans to seek ISO 45001 Occupational health and safety certification in 2020.

3.4.2 Occupational Safety Internal Rules

To ensure a safe and healthy workplace, TCFHC and its subsidiaries have established a Safety and Health Work Code of Conduct or Regulations Governing Emergency and Crisis Management to regulate operating standards and emergencies related to occupational safety and health. An occupational hazard network reporting system is used to keep track of employees' health and safety conditions, and relevant handling measures are adopted in response. In 2019, TCFHC Group did not report any deaths as a result of occupational safety incidents.

» Occupational Injuries at TCB in 2019

Gender	Recordable rate of occupational injury	Lost day rate (LDR)
Male	2.23%	5.02%
Female	2.48%	7.43%

3.4.3 Occupational Health and Safety Training

Daily training is required to keep the workplace safe and healthy. For example, TCB adopts its own safety maintenance rules, which stipulate that all business units must organize safety and self-protection drills at least once every four months (two of the drills require participation by all employees). When necessary, police officers from the neighborhood are invited to provide training so that employees are able to respond to any safety incidents in a calm and effective manner. In 2019, TCB completed 810 drills, which totaled 1,620 hours. The drill achievement rate was 100%.

To keep its business premises safe, TCB has assigned certified occupational safety and health supervisors, first-aid personnel, and a fire prevention manager to each business unit to carry out and maintain the safety and health of business units. Re-training of relevant certified personnel is organized to timely update knowledge on occupational health and safety and continue implementing the automatic inspection plan. We also send personnel to conduct on-site inspections of various safety maintenance operations, including security/guard duties, safety maintenance facilities (including alarm system and siren tests, surveillance systems, etc.), occupational safety and health (including on-the-job training on occupational safety and health, no-smoking signs, etc.), and the implementation status of safety drills (including anti-robbery and natural disaster drills). All of TCB's 270 branches in Taiwan have completed inspection as scheduled in 2019.

To prevent occupational hazard and improve employee safety and health, TCB also supervises that all units handle general labor education and training in accordance with occupational safety and health regulations. Given the rule that each person is required to complete at least 3 hours of training every 3 years, coupled with six sessions of occupational safety and health lectures held voluntarily in 2019, 10,479 people participated in training for a total of 31,437 hours, as to strengthen their cognitive capability in occupational safety and health. Because our head office is equipped with AEDs, training on AEDs and CPR is provided by manufacturers. In total, 70 people were trained for a total of 105 hours. Taiwan Cooperative Securities has also completed online training courses on the Prevention of Illegal Infringement During the Execution of Duties. In total, 382 participated and total training amounted to 764 hours.

3.4.4 Creating a Healthy Workplace





The head office of TCB has an infirmary, where a physician is available to provide professional medical advice during office hours. Another physician is employed to provide health services, either on-site or remotely, for employees working in different places. In 2019, on-site/remote health services were provided 119 times amounting to 357 hours in total. In addition, six in-house nurses are hired to provide healthcare information, health promotion methods, and health consultation services from time to time. These services are focused on the top ten abnormalities found in employee diseases and health checks. Four major hazard prevention programs are also carried out in accordance with occupational safety and health regulations.



To take complete care of employees' physical and mental health, TCB occasionally organizes health lectures in various places to increase employees' health knowledge. TCB Health Lectures organized in 2019 were a series of lectures on Prevention of Chronic Cerebrovascular/Cardiovascular Disease and Metabolic Syndrome. Physicians and nutritionists were invited to talk about this topic and share their experiences. TCB organized 7 TCB Health Lectures in northern, central, and southern Taiwan which were attended by 1,080 people. TCB also held mental health courses, inviting professional psychologists to talk about "characteristics of a communicative culture" and "communication by listening to one's heart". The objective of these courses is helping employees to strengthen their mental health and strike a balance between life and work.

To avoid the spread of communicable diseases, TCB has also budgeted NT\$2,437,000 to set up a vaccination station in its head office. Employees are also subsidized to get flu vaccines in hospitals. In response to COVID-19, TCB has established the COVID-19 Prevention and Management Measures and regularly issues the Occupational Safety and Health Academy newsletter, which provides health education and information on coronavirus prevention. Employee access control is reinforced by measuring body temperature every morning and night, wearing face masks, and practicing hygiene. Customers are also required to do the same when accessing business premises. Every month, each business unit will hire professional companies to sterilize the workplace, thereby minimizing the chance of disease spread.

» Four Major Worker Health Protection Plans by TCB

Item	Specific measures
 Plan to Prevent Ailments Induced by Exceptional Workload	<ul style="list-style-type: none"> 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. According to statistical results for 2019, there were 23 low-risk and 32 moderate-risk employees, all of whom were followed up for subsequent care. Health-promotion materials are produced and TCB Health Lectures on "Prevention of Chronic Cerebrovascular/Cardiovascular Disease and Metabolic Syndrome" and "Healthy Eating for a Stronger Heart" are organized to mitigate the risks of disease development.
 Ergonomic Hazards Prevention Plan	<p>In 2019, TCB carried out the Ergonomic Hazards Prevention Plan, which involves the "Employee Musculoskeletal Symptom Self-Assessment" questionnaire survey. This random sampling questionnaire survey was conducted bankwide. Statistical results show that 4.2% of employees reported musculoskeletal discomfort, and 95.8% of employees were not at risk. Through the Occupational Safety and Health Academy newsletter, employees are taught about ergonomic hazards and correct sitting postures to alleviate any musculoskeletal discomfort.</p>
 Female Employee Health Protection Plan	<p>In 2019, 74 pregnant employees (including those who gave birth within less than 1 year) and their respective supervisors underwent a Female Health Protection Risk Identification Assessment. If a pregnant employee is assessed as facing health risk, measures such as interviews, hazard control, risk classification management, and work arrangements are adopted by occupational safety and health personnel, professional physicians, nurses, and the department head. In addition to reminding them about precautions during pregnancy and after giving birth, the Company also informs them about childbirth subsidies and related information.</p>
 Plan to Prevent Sufferings of Illegal Infringement During the Execution of Duties	<p>TCB established the Plan to Prevent Illegal Infringement During the Execution of Duties to proclaim a "zero tolerance" stance on illegal infringement and workplace violence. Our grievance handling process is transparent.</p>

3.5 Human Rights and Equality

Employees are entitled to equal rights and treatment when working for a company. In 2019, the Board of Directors of TCFHC reviewed and approved the Group's Human Rights Policy, which is based on the UN's Universal Declaration of Human Rights, United Nations Global Compact, and International Labour Convention, and clearly stipulates the responsibility to maintain and protect basic human rights and to embody the respect and protection of human rights. In compliance with local labor laws and the Act of Gender Equality in Employment, the Company maintains a fair, diverse and inclusive workplace; provides a safe, healthy, and clean work environment; and avoids differential treatment or any form of discrimination. In 2019, the Group had no operations involving child labor, discrimination, violation of freedom of association, or any forced or compulsory labor.

» Taiwan Cooperative Financial Holding Human Rights Policy

Dimension	Policy
Labor	The Company abides by local labor-related laws and regulations of the place of business and the Act of Gender Equality in Employment; and prohibits operations involving the use of child labor, any form of discrimination, violations of freedom of association, and any forced labor.
Diversity and Fairness	The Company upholds workplace diversity and does not discriminate against any employees nor treat them differently on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disability, astrological sign, blood type, or past membership in any labor union. The Company endeavors to create a harassment-free workplace environment where dignity, safety, and equality are embraced.
Health and Safety	The Company adheres to occupational safety and health-related laws and regulations; continues to improve workplace safety and health; reduces the risks of occupational hazard; and provides employees with a safe, healthy, and clean workplace environment.
Freedom of Assembly and Association	The Company respects employees' freedom of assembly and association, and regularly convenes employer-employee meetings to establish a communication platform for employers and employees that protects and enhances employee rights.
Privacy	The Company protects the privacy of employees, customers, and other stakeholders, and ensures that the collection, handling, and use of personal information are compliant with laws and regulations.
Advocacy	In addition to actively implementing CSR and human rights protection policies and applying the same standards to our partners, including suppliers, the Company endeavors to pay more attention to human rights-related issues and places high value on relevant risk management.

3.5.1 Comprehensive Employer-Employee Communication

Harmonious labor-management relations not only create a positive work environment but also promote corporate growth, development, and sustainable operations. TCFHC also adheres to the concept of "employer-employee harmony creates mutual benefits" and continues to promote stronger employer-employee relations. Employees of TCFHC and subsidiaries can submit suggestions through labor-representative corporate unions, the Employee Welfare Committee, and during labor-management meetings. They can also use the Company's intranet or relevant channels to communicate with our management about any problems they have with the workplace or lodge a complaint about things they consider unfair. The Company's management or department is obligated to help employees handle these suggestions or complaints, and work with them to seek a mutually beneficial outcome.

TCB and Taiwan Cooperative Securities have both set up a corporate union, which has renewed a collective bargaining agreement with the employer in 2019. The purpose and content of this agreement involve jointly improving working conditions with harmony, mutual trust and coordination between both parties, so as to improve work performance and increase benefits, thereby protecting the rights and interests of both parties. Through a series of negotiations between corporate unions and their respective company, TCB and Taiwan Cooperative Securities have established working conditions that are superior to government regulations, making labor-management relations stronger. In doing so, both subsidiaries are considered a model for creating mutual benefits between labor and management.

» Corporate Unions of TCFHC Subsidiaries

Company Name	Total no. of employees	No. of union members	Ratio of employees participating in the union	Date of collective bargaining agreement renewal
Taiwan Cooperative Bank, Ltd.	8,325 ^(Note 1)	8,256	99.2%	November 6, 2019
Taiwan Cooperative Securities Co., Ltd.	386 ^(Note 2)	331	85.8%	December 10, 2019

Note 1: TCB had 8,560 employees by the end of the year. The total no. of employees in this table was 8,325, a difference of 235. This is because 235 employees are not eligible to join a union because they are not local hires of Taiwan.

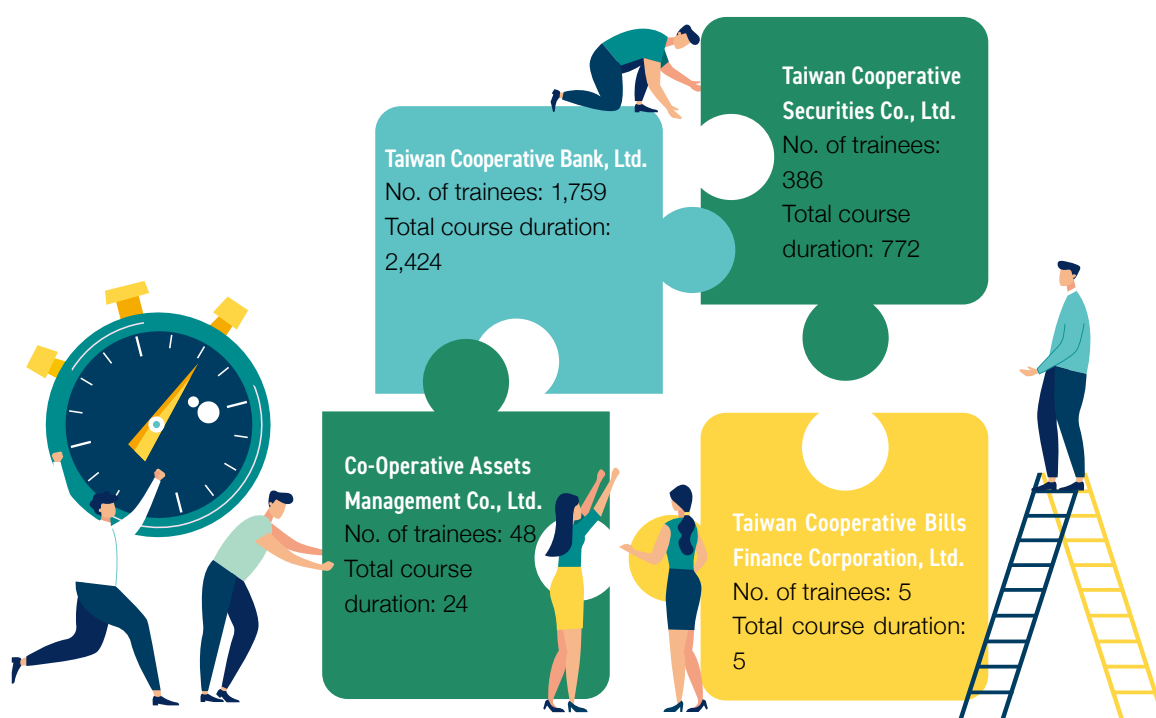
Note 2: Taiwan Cooperative Securities had 391 employees by the end of the year. The total no. of employees in this table was 386, a difference of 5. This is because 5 employees are not eligible to join a union because they are part-time employees.

3.5.2 Diversity, Inclusiveness, and Equality

To protect the rights and interests of employees, TCFHC and its subsidiaries are committed to creating a workplace environment that is dignified, safe, equal, and free from harassment, and does not treat employees differently or discriminate against them on the basis of race, class, language, gender, or age. Each company has established an open, transparent system for promotion, performance evaluation, and reward/punishment; and continues to keep abreast of workplace equality issues to review and adjust relevant systems and rules whenever required.

TCFHC and subsidiaries have set up the Measures of Prevention, Correction, Complaint, Investigation, and Punishment of Sexual Harassment at Workplace or related regulations to prevent sexual harassment in the workplace and to protect the rights of victims. Any sexual harassment by employees in the workplace is strictly prohibited, and violators will be disciplined according to the seriousness of the incident. To effectively prevent and deal with sexual harassment incidents, TCFHC and subsidiaries have established a grievance channel, including dedicated hotline, fax line and email, and arrange regular education and training to raise awareness on gender equality. For supervisors, management training courses focusing on internal management and handling of grievances are provided to improve their ability to communicate with employees. In 2019, TCFHC received one report of sexual harassment or human rights complaint. This case was closed after a meeting was held with the Committee for Handling of Sexual Harassment and the reporter dropped the complaint.

» Gender Equality and Human Rights Education and Training by TCFHC and its Subsidiaries in 2019



4 Environmental Sustainability

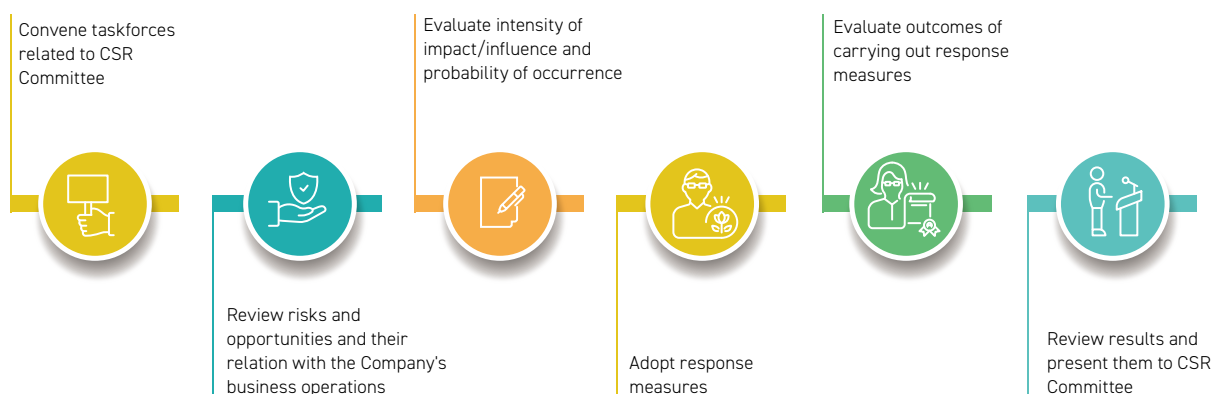


TAIWAN
COOPERATIVE
HOLDINGS

4.1 Climate Change Risks and Opportunities

The World Economic Forum's Global Risk Report indicated that the top two risks most likely to occur in the next ten years are extreme weather events and failure in adapting climate change mitigation. Climate crisis has become the biggest challenge facing global sustainable development. According to reports of the United Nations Environment Programme (UNEP), CO₂ emissions over the past decade have increased annually by 1.5% on average. In ten years from now, the world must reduce 7.6% of carbon emissions every year in order to reach the 1.5°C temperature control goal of the Paris Agreement. Facing the increasingly severe climate changes, TCFHC has included climate change issues in its business risk assessment and implemented relevant measures and strategies to achieve the purpose of sustainable operations by reducing risks and grasping business opportunities.

To prepare for climate change risks and opportunities, TCFHC has an Environmental Sustainability Taskforce under the CSR Committee. The taskforce is responsible for gathering relevant units and focusing on issues related to the Task Force on Climate-related Financial Disclosures (TCFD). By adopting the four core elements of governance, strategy, risk management, and metrics and goals, the taskforce analyzes and identifies potential climate change risks and opportunities. By identifying the effects and impacts that physical and transition risks and opportunities in relation to products, clients, and operations have on corporate operational activities, the taskforce subsequently compiles a risk and opportunity assessment matrix. Based on the matrix analysis results, relevant response measures and strategies are utilized to enhance our resilience against future climate risks and sensitivity toward business opportunities, thereby reinforcing our climate change governance.

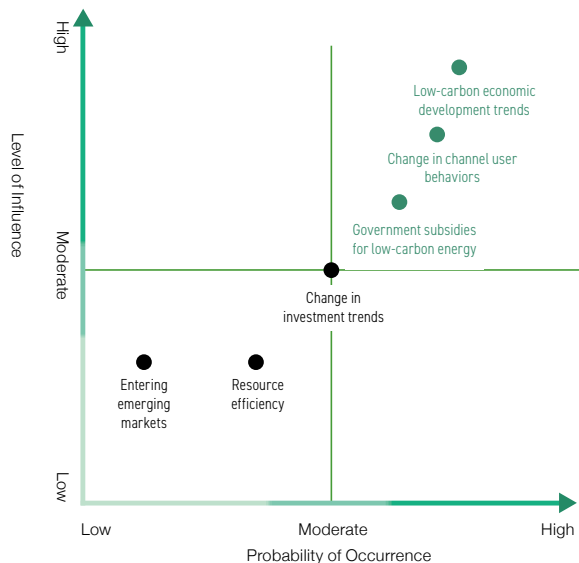


» Management Procedures for Identification of Climate Change Risks and Opportunities

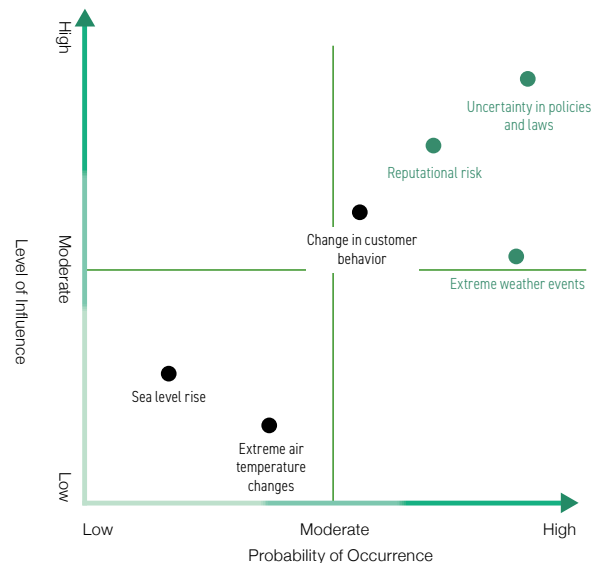
Core Elements	Description	Mechanism
Governance	The CSR Committee, which is supervised by the Board of Directors, is the responsible unit collaborating with various subordinate taskforces to collectively manage and disclose the Company's risks and opportunities of climate change.	<ul style="list-style-type: none"> TCFHC set up its CSR Committee with the Chairman of the Company as the chair. Committee members include the President of the Company and Presidents of each subsidiary. Under the committee are various taskforces responsible for corporate governance, customer care, employee care, environmental sustainability, and social engagement. Through different meetings, the work group taskforces review their operating status and target goal achievement rates and periodically report implementation effectiveness to the CSR Committee. The Environmental Sustainability Taskforce under the CSR Committee is in charge of gathering relevant units to analyze the impacts of climate change on business activities, identify potential risks and opportunities, compile and organize relevant response measures and strategies, and present reports to the CSR Committee.
Strategies	The impacts of potential climate-related risks and opportunities on the Company's service and business operations and response strategies.	<ul style="list-style-type: none"> Physical and transition risks and opportunities are identified based on the type of business and operating status to actively implement environmental protection policies, green procurement and green building strategies; introduce the Equator Principles; and assist the government in promoting green industry policies, including renewable energy, energy sources, technological development, water resource conservation, clean production, or recycling and reuse practices, and greenhouse gas reduction. In response to global climate change and the impact of the greenhouse effect on the environment, TCFHC established energy-saving and carbon-reduction measures, placed solar panels on the rooftop of the head office, 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 Corporate Social Responsibility Clauses and strive to maintain the environmental sustainability.

Core Elements	Description	Mechanism
Risk Management	The tasks of identifying and managing climate change risks and opportunities are divided amongst the subordinate taskforces of the CSR Committee.	<ul style="list-style-type: none"> CSR Committee taskforces manage climate risks and opportunities within the scope of their responsibility and provide regular reports of implementation status. <p>Environmental Sustainability Taskforce:</p> <ul style="list-style-type: none"> Regularly holds review meetings on the physical and transition risks of climate change, invites relevant units to identify, assess, and manage climate-related risks, and present review results to the CSR Committee. Responsible for managing the environmental impact of the Company's business operations and keep track of opportunities arising from climate change, including GHG reduction and use of renewable energy. <p>Customer Care Taskforce:</p> <ul style="list-style-type: none"> Responsible for promoting responsible lending and investment practices in the Group as well as products and services related to green financing, and for introducing the Equator Principles. <p>Corporate Governance Taskforce:</p> <ul style="list-style-type: none"> Responsible for supervision and governance related to climate risks.
Metrics and Targets Goals	Develop and manage metrics of climate-related risks and opportunities and set short/mid/long-term goals.	<ul style="list-style-type: none"> Green building: In 2018, the head office of TCFHC obtained EEWH Silver Label. Green operations: Through daily operational management measures, TCFHC achieves the effective energy conservation and carbon reduction with concrete actions. In addition, by connecting with the suppliers through green procurement, we support the government's perceptionagenda of environmental sustainability. GHG and energy management: We introduced the ISO 50001 Energy management systems and conducted ISO 14064-1 Greenhouse gases inventories to increase our energy efficiency in the long term, which in turn mitigates our environmental impact. Energy Conservation & Carbon Reduction: We have been continuously implementing energy conservation & carbon reduction measuresas follows: <ul style="list-style-type: none"> Waste management: Our goal is to reduce 2% waste every year with 2020 as the base year. Water resource management: During the construction of the TCB head office building, four indicators, i.e., the greening index, the base water retention index, the water resource index, and the sewage and garbage improvement index, were listed as the main design considerations in order to achieve an energy-saving, resource-saving and low-pollution building. Green Financing: In response to the governmental policy of Five Plus Two Innovative Industries, TCB utilizes core financial competencies to foster industries that are key to sustainable development, such as Green Technology, New Agriculture, and Circular Economy. The Financial Supervisory Commission recognized our efforts by awarding TCB the Special Award in Green Energy Technology Industry. Short/Mid/Long-term goals for climate change risks and opportunities are established based on the responsibilities of the CSR Committee taskforces.

» Opportunity Matrix



» Risk Matrix






4.1.1 Climate Change Risks

In 2019, three high-risk factors were identified, including one physical risk and two transition risks, which are extreme weather events (e.g., typhoon and flooding), uncertainty in policies and laws, and reputational risk, respectively. Response measures are described below:

Risks	Impact on Business Activities	Response Measures	Actions in 2019
 <p>Extreme Weather Events</p>	<ul style="list-style-type: none"> Climate change causes damage to buildings, business operations, and information equipment (e.g., business locations and ATM flooding), which can potentially lead to business disruption and increased business costs. Climate change disasters result in drop in the value of collaterals. 	<ul style="list-style-type: none"> Subsidiaries have developed business continuity plans for disaster events such as tropical cyclones, typhoons, and droughts/floods, and included natural disasters as matters for assessment. Uninterruptible power supply (UPS) equipment and backup systems are installed and regularly inspected and maintained. Insurance mechanisms are adopted to transfer unavoidable risks on assets. We support partnering firms who suffer damage to business premises and factories due to natural disasters by providing them with the funds they need for renovation and restoration. 	<ul style="list-style-type: none"> We have established the Regulations Governing Emergency and Crisis Management, Implementation Rules for Dispatching Staff on Duty and for Response during Natural Disasters, and IT Emergency Response Plan, among other disaster response mechanisms. TCB has established the Business Continuity Emergency Response Measures and carries out drills every year between September and November. TCB also performs information system remote back-up drills every year to ensure that normal operations can be maintained when a disaster occurs. TCB's branch ATMs are insured with electronic equipment insurance annually (including add-ons for typhoons, flooding, earthquakes, volcanic eruptions, or tsunami). The insurance company is liable for compensation if an unexpected, unforeseeable accident occurs during the insurance period causing electronic equipment or data storage systems to be destroyed or lost. TCB offers Natural Disaster Reconstruction and Revitalization Loans for businesses and for SMEs. If affected businesses have difficulty difficulties repaying loans as stipulated within six months of the date of disaster occurrence, they are granted a six-month grace period within the scope of the outstanding sum. If there is a loan limit, the loan-use period can be extended by six months according to the original approved loan conditions.
 <p>Uncertainty in Policies and Laws</p>	<ul style="list-style-type: none"> Governmental regulations on industrial activities that may exacerbate climate change restrict the operations of credit borrowers or companies underlying investments, thereby affecting the evaluation of the Group's existing assets. The government has promulgated GHG reduction or other energy conservation and carbon reduction policies, which increase compliance costs. 	<ul style="list-style-type: none"> With reference to the spirit of the Equator Principles, customer fulfillment of environmental protection and social responsibilities is included directly in loan review regulations, and a corresponding system is established for the entire loan process, from handling of customer's loan applications to post-loan management. "Pollution-intensive" and "energy-intensive" businesses are included as industries of high concern for monitoring and customers are guided to pay attention to environmental protection. Our head office building adopts ISO 50001 Energy management system and ISO 14064-1 Greenhouse gases to keep track of its energy usage on a periodic basis, conduct inventories and supervision, and improve energy efficiency. 	<ul style="list-style-type: none"> TCB has reviewed and approved 976 major loan applications by adopting the Equator Principles. TCB has included "pollution-intensive" and "energy-intensive" businesses as industries of high concern, and regularly produces risk analysis reports and presents them to the Risk Management Committee and Board of Directors. In addition, TCB monitors industry upgrade, environmental protection, and transformation in order to adopt responses when necessary. Preparatory meetings, education and training, inventory data sheet review, and checklist confirmation, among other tasks relating to ISO 14064-1 Greenhouse gases verification have been completed. Energy review (inventory of energy-consuming equipment and data collection and analysis), drafting of energy management plans, and internal audits, among other tasks relating to ISO 50001 Energy management systems verification have been completed. Formulation of the Supplier Management Policy and Undertaking on Environmental Sustainability Clauses has been completed.
 <p>Reputational Risk</p>	<ul style="list-style-type: none"> The Group's involvement in climate change-related issues affects investors' perception of the Company's image. Reputational risk is a factor that major international institutional investors consider when deciding whether to invest or withdraw investment in a company. 	<ul style="list-style-type: none"> Online investor conferences are held on a quarterly basis and the business overview of TCFHC Group is voluntarily provided to investors. Information acquisition and communication channels are established for media and institutional investors to increase the Group's information transparency. 	<ul style="list-style-type: none"> As of 2019, the Company holds investor conferences on a quarterly basis, three online conferences, and one overseas conference. There is a section on "Climate Change" in the Environment page of the CSR section on the Company's website. This section discloses response measures and actions taken by the Group in response to climate change risks and opportunities.

4.1.2 Climate Change Opportunities

In 2019, three high-probability factors were identified from six opportunity factors. They were: low-carbon economic development trends, change in channel user behaviors, and government subsidies for low-carbon energy. Strategies for these factors are described below:

Opportunity	Impact on business activities	Response measures	Actions in 2019
 Low-Carbon Economic Development Trends	The development of low-carbon products increases the demand for green products.	<ul style="list-style-type: none"> Loans for low-carbon energy industries are provided. Consumers are assisted to purchase products linked to renewable energy industries, and green consumption loans are offered. The Company is making plans to issue green bonds specifically for loans of green investment projects. The Company issues green finance-related funds. 	<ul style="list-style-type: none"> The Group has approved a total of NT\$173.121 billion in loans for green energy industries and invested NT\$55.491 billion in these industries. The total installed capacity of approved renewable energy financing projects reached 1,772 MW. COAMC has extended a credit limit of NT\$100 million to manufacturers of solar batteries and modules. The Company has processed green consumption loans totaling NT\$410 million. TCB has issued NT\$1 billion worth of green bonds. TCSIT launched two green funds in 2019: <ol style="list-style-type: none"> (1) TCB Mobility and Innovation Fund, which features smart and green energy concepts, valued at NT\$610 million at the end of the year. (2) TCB 6 Year ESG EM Bond Fund, which is Taiwan's first ESG investment fund, valued at NT\$6.328 billion at the end of the year.
 Change in Channel User Behaviors	More and more customers prefer and are using virtual channels, rather than visiting bank branches in person.	<ul style="list-style-type: none"> Digital environment undergoes optimization. Paperless transactions are promoted. 	<ul style="list-style-type: none"> The number of TCB mobile banking users exceeded 880,000, obtaining achieving an annual achievement rate of 112.82%; 346,900 TCB credit cards have been linked to Taiwan Pay; the achievement rate was 105.12%. 6,278 applications for mortgage/personal loans were received online; the short-term achievement rate was 104.63%. Flash sales for purchasing funds via Internet banking are offered on special occasions to provide incentives for using virtual transactions. The mobile banking app for mortgage/personal loan application has undergone tendering and procurement; the app is expected to be launched by the end of the year.
 Government Subsidies for Low-Carbon Energy	<ul style="list-style-type: none"> Old energy sources are gradually being substituted by low-carbon ones (e.g., wind power, solar power, hydropower, etc.). Low-carbon products are being purchased. 	<ul style="list-style-type: none"> In response to policies of eco-friendly lifestyles and consumption across Taiwan, TCB prioritizes procurement of products with government certifications of energy efficiency, environmental protection, and water efficiency to implement green procurement. Use of water, electricity, and oil is reduced and a rainwater harvesting system is adopted to effectively recycle and reuse water resources. Video conferencing equipment is installed to reduce GHG emissions from transportation. 	<ul style="list-style-type: none"> In November 2019, our head office has started using water meters to measure the rainwater harvesting system. For details, see "Green Procurement and Supplier Management". For details, see "Green Operations".

4.2 Green Operations

Apart from actively integrating green concepts in services, TCFHC has put green operations into practice through five dimensions, including carbon reduction management, energy resource management, waste management, green buildings, and green initiatives. We hope to protect the environment and tackle climate change challenges by reducing GHG emissions, reinforcing resource recycling, reducing wastes, obtaining green EEWH labels, and encouraging employees to join green initiatives.

4.2.1 Low-Carbon Management

In response to the SDG 13 Climate action of the United Nations, the Company has not only actively promoted the use of renewable energy in businesses, but in 2019, it also established a cross-company Group Environmental Sustainability Taskforce to carry out GHG inventory operations and pass third-party verifications with even greater impetus. In addition to the original scope of inventory on Buildings A and B of Taiwan Cooperative Bank's head office, three IT work stations in northern, central, and southern Taiwan were established in 2020. We hope to gradually expand the scope of the GHG inventory, set future reduction goals, and implement them accordingly.

» TCFHC Group GHG Emissions

Greenhouse Gas Emissions






Note: These figures are derived from the amount of oil and electricity consumption based on the 2018 carbon emission coefficient published by the Bureau of Energy, Ministry of Economic Affairs. (Unit: kgCO₂e)

TCB engages in low-carbon management by starting from employees' commuting to work, replacing official vehicles and scooters, and holding video conferences. TCB encourages employees to take public transportation instead of riding vehicles when going on business trips. TCB has purchased 20 electric scooters to replace fuel-powered ones, rented 53 fuel-efficient vehicles as company cars, and organized 145 video conferences. Therefore, the Company has reduced about 514,710 kgCO₂e in carbon emissions, which is equivalent to the annual carbon sequestration of 1.32 Da'an Forest Parks.

4.2.2 Energy Resource Management

TCB reduces the consumption of various basic energy sources, including water, electricity, and oil. Buildings A and B of TCB's head office have introduced ISO 50001 Energy management systems and obtained third-party verification. We hope to establish a standardized internal management system by using scientific and data-based approaches to implement energy control.

	2017	2018	2019
Purchased electricity (kWh)	43,865,521	43,209,222	43,768,210
Water consumed (KL)	253,015	266,125	263,857
Oil consumed (L)	372,459	356,869	340,516

Energy resources	Management plan	Achievements and improvement plans
 Water and Effluents	<ul style="list-style-type: none"> A rainwater harvesting recovery system is adopted to effectively recycle and reuse water resources. Water-saving devices are used in water facilities, such as automatic faucets and garden sprinklers with timer. Drip irrigation adopted in place of sprinkler irrigation. The system is switched off automatically on rainy days to achieve water-saving efficiency. Equipment with water-saving label is used. The Company utilizes the occasion of meetings to promote water conservation among employees, and posts water-saving slogans to achieve water conservation. 	<p>Compared to 2018, 2,268 kL of water were saved, achieving 22% of the targetgoal. Each unit failed to achieve the target goal for the following two reasons:</p> <ol style="list-style-type: none"> 1. There were leaks in water pipes and toilets. 2. Air conditioners were used for prolonged periods of time, which increased water consumption. <p>These Each units were was asked to make improvements to jointly achieve the goal of environmental sustainability.</p>
 Oil	<ul style="list-style-type: none"> TCB's head office has purchased electric scooters to replace fuel-powered scooters. Fuel-efficient vehicles were rented and replaced for use by branch employees. Employees needing to make long-distance trips are encouraged to share rides or take public transport. 	<p>Compared to 2018, 16,353 L of petroleum were saved, achieving 164% of the targetgoal.</p>
 Electricity	<ul style="list-style-type: none"> The Company sets air conditioning temperature at 26 to 28°C; cleans and services maintenance for the air conditioning system are regularly conducted to prolong its life and maintain its cooling effect. Office areas (closed to the public) are required to switch off their lights during lunch break for 1.5 hours. Power-consuming equipment, such as elevators, lights, and air conditioners, are managed; LED lamps and T5 maps lanterns with eco-friendly certification are used; and with timers are installed. The time of lighting equipment is set to automatically shut down at 10 p.m. for each building and operating unit. Walking exercises are promoted and employees are encouraged to refrain from taking elevators when moving up or down 3 or fewer floors. Water dispensers are set to energy-saving mode during off-peak periods. 	<p>Compared to 2018, 558,988 kWh of electricity were saved, achieving 0% of the targetgoal. Each unit failed to achieve the target for the following two reasons:</p> <ol style="list-style-type: none"> 1. Air conditioners were used for prolonged periods of time and theirbecause the average air temperature was higher. 2. Business expansion and business activities caused increased power consumption in office areas. <p>These Each units were was asked to make improvements to jointly achieve the goal of environmental sustainability.</p>

Moreover, regarding development of new energy sources, the head office building of TCB installed solar panels in 2019, which generated 27,518 kWh of electricity. The use of solar panels reduced roughly 14,667 kg of CO₂ emissions.

4.2.3 Waste Management

To realize waste management, TCFHC Group is committed to its “3R” policy—reduce, recycle, and reuse. In doing so, we use and recycled resources in a sustainable manner are utilized to reduce pollution and damages to the environment. TCB set its resource recycling goal at the beginning of 2019. During 2019, TCB recycled 134,249 kg of resources.



4.2.4 Green Building

In the early stage of its construction, TCB's head office building was designed in accordance with four main principles: “employee care, environmental protection, energy conservation, and friendly community”. It introduced various EEWB-compliant eco-friendly and energy-saving forms of design to realize eco-friendliness and the philosophy of common good/mutual benefits for employees and local residents. The building obtained EEWB Silver Label by the Ministry of the Interior. In 2019, eco-friendly construction materials were used to renovate the head office building.

4.2.5 Green Initiatives

TCFHC Group Vegetarian Day

Environmental awareness has improved in recent years. Increasingly more data are showing that human consumption of meat significantly impacts our environment. For example, a traditional pig farm generates as much waste as a city with a population of 12,000 then giving rise to the slogan: Be Veg, Go Green, Save the Planet. In response, the Company's employee canteen in TCB's head office building organized a Vegetarian Day in December 2019. 110 people participated in the event and reduced 85.80 kg of CO₂e emissions. In the future, the Group will expand the scale of this event as a way of addressing climate issues and encouraging employees to eat more vegetables and value the importance of their physical health.

4.2.6 Marine Ecology

On Earth Day and in response to the UN's SDG 14 “Conserve and sustainably use the oceans, seas and marine resources for sustainable development”, TCFHC perceives the importance of protecting the marine ecology and relentlessly reducing plastic waste to cherish our green Earth. For this reason, the Chairman of TCFHC, Paul C.D. Lei, joined forces with over 300 employees and their family members from our seven subsidiaries as well as more than 20 foreign nationals from New Zealand and other countries to clean up the Baisha Bay beach, as part of an effort to save the planet. With guidance and explanation by professionals, participants of the beach clean-up were able to obtain a better understanding of how marine waste destructs marine ecology. Through this activity, they were able to realize the harmful effects of marine waste on the marine environment and proceed to use less plastic in everyday life in order to complete the goal of environmental sustainability.



4.3 Green Procurement and Supplier Management

4.3.1 Green Procurement

Procurement plays a key role in corporate business activities. Practicing green procurement can eventually lay a solid foundation for firms to ensure the sustainable development of the environment. TCFHC Group has taken progressive steps in incorporating green procurement practices in its business operations and purchasing products with eco-friendly certification. Procurement achievements, corresponding eco-friendly certifications, and achievement status are summarized below.

Item Procured	Eco-Friendly Certification or Model	Procurement Achievement
IT Equipment	Green Mark certification	Procurement totaled NT\$9.585 million
Large Air Conditioners	Model that uses using eco-friendly refrigerants	Procurement totaled NT\$5.3901 million
Wall-Mounted and Window Air Conditioners	Inverter technology and energy-saving labels	Procurement totaled NT\$1.3594 million
Paper	FSC- and PEFC-certified products or products made from zero-tree felling processes.	63,425 kg
Toilet paper		1,002 bags of toilet rolls were purchased, totaling roughly NT\$667,000 738 boxes of Dandelion eco-friendly paper towels were purchased, totaling roughly NT\$332,000
Lighting Equipment	LED lamps with Energy Label	Lighting equipment was substituted with LED lamps with Energy Label; the achievement rate was 100%.

4.3.2 Supplier Management

TCFHC formulated the Supplier Management Policy and Undertaking on Environmental Sustainability Clauses in 2019, which are applicable to suppliers of TCFHC Group.

Our Supplier Management Policy covers three dimensions, including labor and human rights, ethical corporate management, and environmental sustainability. We hope to implement supplier management and collaborate with members of the Group's value chain to achieve sustainable development. The content of the Supplier Management Policy is summarized in the table below:

Dimension	Policy
Labor and Human Rights	<ol style="list-style-type: none"> Suppliers shall comply with national labor laws, protect employees against infringement of their legal rights, respect internationally recognized basic labor and human rights, and shall not coerce workers to perform work, dismiss workers by force, or engage in matters that endanger the rights of workers. Suppliers shall provide employees with a safe, healthy, and comfortable work environment and comply with occupational safety and health laws and regulations.
Ethical Management	<ol style="list-style-type: none"> Suppliers shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. In the process of engaging in commercial activities, suppliers shall not, whether directly or indirectly, offer, commit to, request, or accept any illegitimate benefits, or be involved in any conducts that would be construed as dishonest, illegal or in breach of trust for the purpose of acquiring or maintaining benefits.
Environmental Sustainability	<ol style="list-style-type: none"> Suppliers shall abide by the principles of protecting natural resources when using raw materials during business operations. They shall prioritize using raw materials that are recycled, reused, or repeatedly used, providing that product quality requirements are fulfilled, in order to reduce any negative effects on the environment and avoid using materials that are harmful to the environment. Suppliers shall establish concrete environmental protection and energy-saving measures. They shall not impact the environment significantly and negatively or violate environmental laws and regulations. They shall effectively implement a corporate culture that embraces the sustainable development of the environment in order to protect the planet, conserve resources, and save energy.

In addition, TCFHC includes an Undertaking on Environmental Sustainability Clauses in the Tender Instructions and Terms of Contract as a means of regulating the corporate social responsibilities of its suppliers. We hope that our suppliers will work with us to commit to environmental sustainability and fulfill corporate social responsibilities, thereby establishing the cornerstone for harmonious coexistence with society and the environment.

5 Public Interest



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Corporate sustainability relies on the support and assistance of the society. With the idea of “Repaying Society” at our core, TCFHC emphasizes commitment to public welfare and corporate responsibility as we promote our financial businesses and economic development, actively integrate the Group’s resources and workforce, and maximize the social influence of the Group.

In response to social structural changes, TCFHC places great importance on the impact of an aging society by providing products and services needed by senior citizens, and engages in a multitude of charity activities to provide the elderly and family caregivers with care and resource support that guarantees a stable and peaceful life for them.

For many years, TCB has supported table tennis, badminton, and baseball teams, helping Taiwan to cultivate a number of outstanding players who have given impressive performances in international sport events. To ensure that players can fully focus on their games in the international arena without having to worry about anything, TCB has developed a complete remuneration, promotion, and rewarding system and also provided comprehensive range of employee benefits that not only cater to all the daily needs of our players but also enable them to bring glory to their country.

Companies taking the lead in social engagement require the recognition and support of their employees. For this reason, TCFHC and its subsidiaries engage in various charity activities that count with participation by teams of supervisors and employees. We also encourage employees to invest in charity activities by using different channels, thereby building a culture in which charity services are provided through a top-down approach. For instance, employees of BPC TCB Life can participate in external charity activities during office hours and apply for a good deeds leave. Furthermore, BPC TCB Life launched a public welfare passport to encourage employees to participate in social welfare events.

» Social Welfare Beliefs of TCFHC Group



Entertainment
Joyful Learning

SDG 4 Quality
Education



Life
Healthy Living

SDG 3 Good Health
and Well-being



Safety
Safe Community

SDG 1 No Poverty
SDG 2 Zero Hunger



Care
Nursing and Care

SDG 17 Sustainable Development
Through Global Partnerships



5.1 Joyful Learning

Education is a process of lasting importance. It is not only crucial to the growth of a country and society, but also the energy fueling the development of business operations. Realizing the importance of talent education, TCFHC has spent years supporting education and academic research, viewing it as a major CSR. Through schools and other major educational channels, the Company provides students with more resources to engage in learning and research, and cooperates with schools to arrange internship opportunities that help students to make the transition from schools into the workforce. Furthermore, TCFHC utilizes the financial expertise of the Group and organizes a diverse range of educational activities to promote financial knowledge and financial planning concepts across different social strata to enhance everyone’s financial knowledge.

5.1.1 Rewarding Learning

To help young students from disadvantaged families complete their studies and learn new financial knowledge, TCB actively participates in the Charity Fund for Financial Services Industry Education, which was established by the Taiwan Financial Services Roundtable with donations by various finance-related units and financial institutions. Through this fund, NT\$100 million are allocated as scholarships to help students from underprivileged or disadvantaged families complete their studies. In addition, financial education courses are organized to impart financial knowledge. The fund has assisted around 8,500 students from 2015 to 2019.

The research scholarships, which were established by TCB to encourage undergraduate, graduate, and PH.D. students to conduct research in economic and financial subjects, have been granted for more than 50 years. Through these scholarships, we hope to encourage students to enrich their knowledge on finance and conduct research. Award-winning credentials can serve as a reference for employment in TCB. In 2019, research scholarships were offered to 11 students. Over NT\$8 million in monetary awards have been provided since 1968 to 2019.



Since 1997, TCB has been donating scholarships and grants to students who excel in both moral character and academic studies or to children of educators. Eligible individuals must be from high schools or above that entrust TCB for collection of tuition and miscellaneous fees or custody of endowment funds, or from county/city governments that entrust TCB for collection of payments or issuance of compensation. These scholarships serve to encourage students to study hard and to facilitate the development of educational institutions. In 2019, scholarships were donated to 24 schools, totaling NT\$1.864 million.

5.1.2 Cultivating Financial Literacy

To impart correct financial knowledge and establish correct financial planning concepts among financial consumers, TCB has participated in the Visiting Campuses and Communities to Communicate Financial Knowledge awareness campaign organized by the Financial Supervisory Commission. Specifically, professional lecturers of TCB are sent to visit different areas, where they will impart financial knowledge to different people, including elementary school students, junior high school students, senior high and vocational high school students, college students, and communities, women's groups,



indigenous people, new immigrants, elderly people, people with physical and mental disabilities, military officers, correction institutions, and social welfare groups. This effort is aimed at creating a friendly financial environment for society. In 2019, 23 lectures were held throughout Taiwan. Our efforts have won the recognition of the Financial Supervisory Commission.

TCB has organized a camp on financial planning for young students, called "Save Small for a Rich Future". 23 youths from Reindeer Children's Home and White Kite Children's Home in Taoyuan City were invited to a series of outdoor activities (tree climbing) and lectures to learn correct financial planning knowledge that will help them to build a better future. Meanwhile, TCB also invited TCB wealth management clients to have their children (46 in total) participate in the "Save Small for a Rich Future" camp to learn how banks operate. Our professional lecturers use edutainment methods to teach children correct financial planning and spending concepts. Through games played in the camp, children can realize what their dreams and life goals are and learn correct financial planning knowledge to achieve future goals.

To encourage continuous learning on financial securities among students, Taiwan Cooperative Securities sponsored the NTU Securities Research Society in organizing the 4th National Stock Analysis Competition, which was aimed at teaching correct investment and financial planning skills, shortening the gap between theory and practice, and providing an interactive platform for investors, securities brokers, and students.

To encourage continuous learning on financial securities among students, Taiwan Cooperative Securities sponsored the NTU Securities Research Society in organizing the 4th National Stock Analysis Competition, which was not only aimed at teaching correct investment and financial planning skills, but also shortening the gap between theory and practice, and providing an interactive platform for investors, securities brokers, and students.

5.1.3 Empowering Disadvantaged Individuals

To assist children of indigenous families living in Taimali, Taitung, Taiwan Cooperative Securities made donations to the Cultural and Educational Foundation for the Reconstruction of Indigenous Tribes in 2019. Through the Art Support Program for Paiwan Indigenous Children, training courses on music, autochthonous language and culture, and English learning are provided, allowing young indigenous students to develop diverse expertise, build confidence, better their understanding of traditional culture, and expand their international perspective through cultural and arts activities.

Taiwan Cooperative Bills Finance donates to the Pingtung County Joint Educational Assistance Program for Poverty Alleviation and Independence to assist students from economically disadvantaged families in rural areas to continue education and accumulate skills. Students under the program are required to attend educational courses and volunteer in community services. The purpose of the program is to reduce situations in which students are forced to drop out of school due to financial problems, promote individual career development, mitigate family difficulties, and increase the motivation and chances to escape poverty in the future.

Upholding the spirit of altruism, Taiwan Cooperative Securities Investment Trust donates to the White Kite Children's Home in Taoyuan, helping socially disadvantaged groups to get what they need in life and at school. This institution not only offers general counseling and education for children, but also emphasizes moral education, as well as martial arts, tai chi, music, dance, and fine arts to cultivate appropriate recreational interests and cultivate humanistic qualities.

5.1.4 Industry-Academia Collaboration

To strengthen care for youths of economically disadvantaged families, since 2011, TCFHC has supported the Economically Independent Youth Part-time Employment Program implemented by the Youth Development Administration, Ministry of Education. Each year, part-time employment opportunities are provided to roughly 50 youths so that young students from economically disadvantaged families are able to gain work experience, study and work in a safe and protected environment, and learn to become economically independent, which not only helps them to alleviate family burden, but also enables young part-time workers to prepare for their future and improve competitiveness for career development.

5.2 Healthy Living

Our long-term commitment to the sports industry is not only a key accomplishment that TCB has reached through its CSR initiatives, but it also shows our pioneering role in the business and financial sector of Taiwan. During the time when Taiwan Industrial Bank was reorganized into Taiwan Cooperative Bank, the Company successively established a table tennis team (1947) and a baseball team (1949), as well as a badminton team in 1992 following the government's implementation of the sports policy. Every year, the Company provides NT\$100 million in funding to foster our three sport teams. Following years of resource investment to train players and provide them with protection, and in combination with various schools' efforts to promote, organize, and sponsor all types of sports events, TCB came to be known as "Cradle of Taiwanese Athletes", and has received gold awards in the Promotion, Sponsor, and Long-Term Sponsorship Categories of the Sports Promoter Awards by the Sports Administration, Ministry of Education for 11 consecutive years.

5.2.1 Cultivating Professional Sport Players

Sports stars trained by TCB have delivered exceptional performances in recent years' international sports events, including Tai Tzu-ying, the world's No. 1 womens' singles badminton player; Chou Tien-chen, the world's second best badminton player in men's singles; table tennis players Chuang Chih-yuan, Chiang Hung-chieh, Chen Chien-an, and Cheng I-ching; and baseball star players Wu Sheng-feng, Lin Chia-yu, and Lin Han. The Company has dedicated years of effort in cultivating these top-ranking players.

From national competitions or schools participating in cooperative education programs, TCB has recruited talented players and provided them with allowances and monetary rewards to alleviate their financial burden. When these players graduate from school, they are granted the chance to work full-time for TCB's teams as professionals. With the training resources given to them, team members can refine their skills and win games, and at the same time receive education on finance. They can even continue working for TCB after ending their athletic careers. All in all, the Company provides comprehensive planning and protection for the career development of its players and concurrently produces a countless pool of professional sports players for society.

TCB fulfills CSR by fully supporting its three sport teams that encompass more than 170 table tennis, badminton, and baseball players, in order to ensure that players can live free of worries, commit fully to weekday training, participate in sports games in Taiwan and overseas, and fight for the glory of their country. For example, in 2019, TCB's baseball team came second in both the National Spring Season Class A Baseball Tournament and Popcorn League. In addition, the Chinese Taipei national baseball team counts with five of TCB's sport players and won first place in the Asian Baseball Championship.



5.2.2 Supporting Physical Education

TCB understands that we must start from the basics and gain continuous access to sufficient resources when supporting sports events. Therefore, in addition to establishing professional sport teams and training them, TCB also collaborates with 6 schools in Taiwan and 14 schools elsewhere through the cooperative education program of its table tennis and badminton teams to provide a wide range of assistance programs such as technical guidance, sports equipment, and monetary rewards. In doing so, sport players of all ages are supported to invest in their desired sport activity and constantly improve their sport skills. In terms of baseball teams in elementary schools, in 2019, TCB purchased sports equipment (e.g., sneakers and apparel) for 9 elementary school baseball teams in Hualien and appointed players from TCB's baseball team to coach these young players, providing them with care and support.







5.2.3 Developing a Sports Culture

TCB has founded a table tennis team, baseball team, and badminton team, all of which have delivered impressive performance in tournaments at home and abroad. However, TCB has never forgotten why it established these sport teams in the first place. In an effort to assist the government with promoting its Sport-for-All policy, we hope to cultivate a sport culture from childhood to inspire children's interest in sports. Therefore, since 1992, TCB has organized table tennis, baseball, and badminton camps during summer vacation. This year marks the 28th year of these activities, with total participation by over 60,000 children. Whenever the camps are held, sports stars from TCB's sport teams will drop everything they're doing and attend these activities in person to teach children the basics, the rules, and etiquette, thus allowing the children to learn, practice, and experience all kinds of sports. In 2019, three-day summer camps were held in Douliu (baseball), Chiayi (badminton), and Taipei (table tennis), and counted with participation by 650 children in total for 2019.

The summer camps offer places where children can be drenched in sweat while pursuing the dream of becoming sports stars. Seeing the hard work of children and their smile of satisfaction is what motivates TCB to continue organizing these camps through the years, which have achieved recognition by many parents and help us realize how important and valuable it is to organize activities.

5.2.4 Promoting Sport Games

While supporting and assisting sports development in Taiwan, TCFHC Group is also active in hosting a number of sports games and in turn encourage Taiwanese players to further improve their sport skills and perform outstandingly in games. In addition to badminton, table tennis, and baseball games which TCFHC Group has spent years promoting, golf games were also sponsored by BPC TCB Life this year to promote the sport culture of Taiwan.

Games	No. of times held	Description
 Cheng Shin Maxxis TCFHC National Table Tennis Tournament	8	To promote table tennis, TCFHC, Cheng Shin Rubber Industry Co., and Chinese Taipei Table Tennis Association jointly organize the Cheng Shin Maxxis TCFHC National Table Tennis Tournament. Held for 8 consecutive years, this tournament has attracted thousands of players from elementary schools to university. In 2019, the number of players who signed up for the tournament broke the record, with a total of 131 teams and more than 1,300 players from all over the Taiwan striving for victory.
 TCB Cup Badminton Invitational	8	The TCB Cup Badminton Invitational, now hosted by TCB for 8 years in a row, counted with participation by 32 teams and over 320 players from renowned companies in Taiwan, including TSMC, China Airlines, EVA Air, and NTU Hospital, in 2019. This tournament provided an opportunity for our business partners to get together and bond with each other through sports.
 TCB Cup Soft Ball Invitational	9	To raise Sport-for-All awareness among the general public and promote physical and mental health, TCB has organized the TCB Cup Soft Ball Invitational for nine years in a row. The tournament is oriented for participation by companies and schools in Hsinchu. No sign-up fee is required, and souvenirs are provided at the end of the tournament. In 2019, 76 sport teams representing TSMC, VIS, UMC, AU Optronics, and ITRI, among other organizations signed up to play in the tournament and were allocated to three different groups: Refreshing Team, Healthy Team, and Happy Team. This tournament provided softball enthusiasts the opportunity to meet friends and enjoy the fun of playing sports together.
 Taiwan Swinging Skirts LPGA Championship	1	The Ladies Professional Golf Association (LPGA) is the leader in women's professional golf, providing a stage for top-ranking female golf players from all over the world to compete for victory. In 2019, BPC TCB Life sponsored the Taiwan Swinging Skirts LPGA Championship, inviting world-class female golfers to play in Taiwan and granting Taiwanese citizens a chance to experience LPGA tournaments in person. By doing so, we hope to not only enable people to enjoy the outstanding skills of female golfers up close, but also promote the development of Taiwanese female golfers.

5.2.5 i-Health for the Old and Young

To fulfill our duty as corporate citizen and improve employees' physical and mental health, COAMC has donated to Yongee Cancer Prevention Health Care Foundation and cooperated with them to organize a series of community health lectures called "i-Health for the Old and Young", also inviting members of the nearby Ministry of Labor and TCB employees from Guanqian Branch. These lectures are meant to promote cancer prevention practices, impart correct medical knowledge, help more people keep track of their own physical status, and implement cancer prevention care.

5.3 Safe Community

Contemporary society is transforming and changing rapidly, which causes increasingly more disadvantaged people to be forgotten, depriving them of care. TCFHC hopes to leverage its corporate power to help disadvantaged groups, thus making social development more balanced and integral. Therefore, TCFHC and its subsidiaries continue to support underprivileged people by using various channels and methods, including donating materials to improve the quality of life of the underprivileged and reduce problems caused by poverty. We provide funds for people in vulnerable groups, such as children living in rural areas and those with physical and mental disabilities, as to support their daily living needs and offer educational support to cultivate the skills they need in everyday life.

We also provide them with better physical and mental care by working with social welfare groups to organize activities. We take care of local farmers and promote development of local farming businesses by purchasing agricultural products planted locally in Taiwan. These are all important ways that TCFHC adopts to contribute to society. Charity activities hosted by TCFHC are all carried out by our employees to embody how TCFHC embeds the concept of social welfare in its corporate culture, thus achieving the corporate philosophy of caring for the underprivileged and being socially responsible.

5.3.1 Response to SDG 1: No Poverty

Adhering to the spirit of being a caring and loving enterprise, TCB continues to organize the TCB Social Care in Winter event. Through the network of our branches in Taiwan, we attempt to identify children, students, and groups who are in urgent need of support and extend our helping hand to them. In 2019, we donated NT\$2 million to 20 charity organizations and schools in 12 counties and cities, benefiting over 3,000 people in total.

Taiwan Cooperative Bills donated to the Charity Relief Program of Lienchiang County Bureau of Health and Welfare, providing immediate or short-term relief for disadvantaged groups, families struggling financially, members of the public who lost their job suddenly or experienced unexpected changes recently, and homeless people. These services include all forms of support that help them to maintain a stable life, such as living support, emergency assistance, medical subsidies, subsidies for traveling to seek medical attention, subsidies for traveling home, and subsidies to buy daily necessities.

5.3.2 Response to SDG 2: Zero Hunger

Since 2015, TCFHC has been participating in Taiwan Futures Exchange's joint charity donation event, Love from Financial Industry—Food/Goods Bank for five consecutive years. Along with other financial institutions and neighboring units, we provide materials to disadvantaged households suffering from economic difficulties or sudden disasters. Through social agencies of local county/city governments, we donate goods to those in need, the majority of whom are not qualified to receive governmental assistance, in order to ensure that disadvantaged people are supported and assisted to overcome difficulties in life.



5.3.3 Supporting Local Agricultural Products

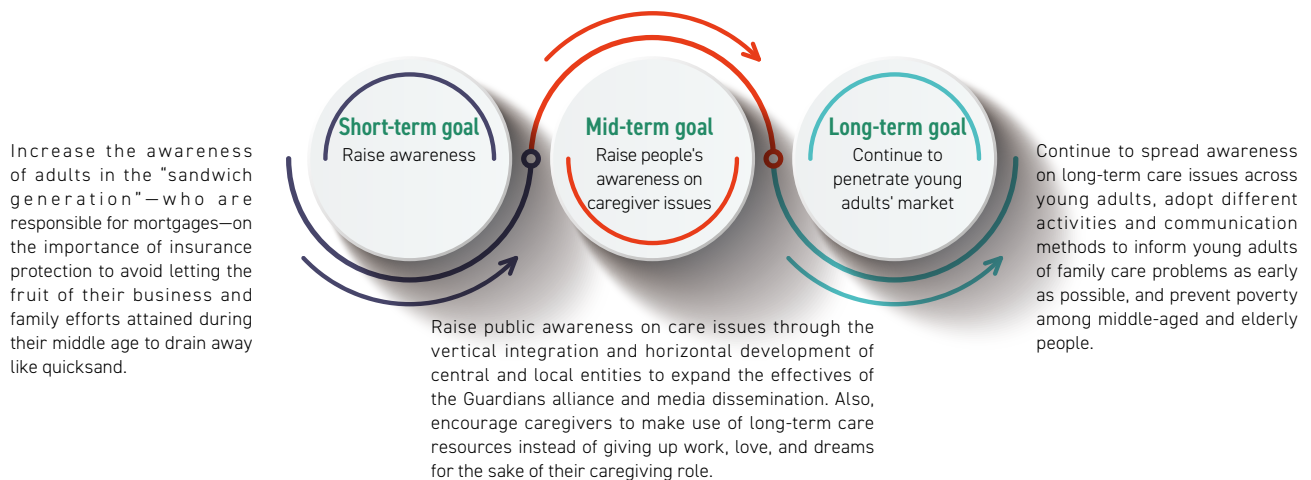
Fluctuating prices of agricultural products severely influence the livelihood of farmers. To comply with government policies for farmers, TCB has utilized corporate resources to help farmers and reward them for their hard work. Specifically, we purchase 500 boxes of fresh guava (roughly 10 tons) from local farmers' associations and distribute them to 270 branches across Taiwan where they are gifted to customers. On the one hand, we can assist farmers with alleviating overproduction problems and show our support for local produce, and on the other hand, our customers can enjoy eating these healthy fruits. In addition, the head office has also launched a group purchasing event for employees, urging employees to join our collective efforts to assist farmers with overproduction problems and support farming products made locally in Taiwan.

5.4 Nursing and Care

Increasing attention is paid to long-term care issues under the social trends of an aging population and declining birth rate. However, in Taiwan's society, elderly adults or physically/mentally handicapped people who are unable to take care of themselves are largely cared for by family members, placing family caregivers under immense pressure, both physically and psychologically. Moreover, these caregivers even experience problems economically, socially, and at work, often neglected by society. Therefore, since 2013, BPC TCB Life and Taiwan Association of Family Caregivers (TAFC) have been working together to introduce various measures and activities that support and care for family caregivers.



» Short/Mid/Long-term goals of BPC TCB life with respect to nursing and care:



In recent years, BPC TCB Life has consistently cooperated with TAFC and other charity groups to provide family caregivers with more support and raise public awareness on long-term care issues. In 2019, BPC TCB Life spent up to NT\$5 million in activity expenses. These efforts earned them the name "innovation ambassadors by BNP Paribas Cardiff", Best Corporate Social Responsibility Award of the Faith, Hope & Love Awards of Insurance, and the Silver Award of Excellence in Charity and Care Project in the Taiwan Insurance Excellence Awards.

» Activities organized by BPC TCB Life for Family Caregivers in 2019

Dimension	Activity	Description
Charitable contribution of core businesses	Guarding Happiness Donation	BPC TCB Life donates NT\$300 to TAFC for every single-premium mortgage/life insurance policy purchased to create market segmentation, consolidate BPC TCB Life's leading position in the mortgage/life insurance market, and enable our sales partners to recognize and feel proud of us. In 2019, NT\$2.31 million were donated, and the total donations amounted to NT\$13 million as at the end of 2019.
	Caregiver-Friendly Workplace	Given the impact of long-term care on work, beginning in 2016, BPC TCB Life provides its employees with not only the statutory required family care leaves, but also family care consolation money, and cooperates with TAFC to launch long-term care preparation courses and care resource linkage services. By creating a workplace that is friendly for family caregivers, we do our best to retain family caregivers so that they will not have to resign for the sake of their caregiving role.
Respite Services for Caregivers	Respite Coffee	To encourage family caregivers to take a break and drink a cup of coffee, we founded the Care Café in 2016, where over 3,000 cups of free "respite coffee" are provided every year on average, and long-term care consultancy services and courses are offered. In doing so, caregivers under constant pressure of taking care of their family members are given the time and space to catch a breath. BPC TCB Life is also the first to provide 10 free cups of respite coffee in one year for customers who apply for insurance claims and/or require long-term care, in order to add the value of services for insurance policy holders and to implement care for family caregivers.
	Guardian Truck	We use a mobile coffee vehicle to bring our "respite coffee" service outdoors, encouraging caregivers to take a break from their long-term caregiving job and enabling more people to understand the purpose of respite coffee and long-term care information. Meanwhile, using the plan and design of "walking into a community to provide proactive services", we invite street artists to perform and attract crowds, hold music concerts to raise awareness on long-term care issues, and urge citizens to donate to TAFC and charity events for caregivers, thus expressing the core concept of "companionship".
	The Respite Academy	To grant caregivers more opportunities to take a break, we organize and encourage family caregivers to participate in a series of volunteering activities such as movie day, yoga classes, cooking classes, and horse riding. We also help caregiver participants to apply for household respite services to give them more chances to rest and relax. Since 2014, roughly 20 activities have been held every year, and as at the end of 2019, more than 3,000 people have participated.
	Charity Concert for Family Caregivers	We asked the musician Chen Chien-ning, who is also a family caregiver himself, to compose the charity single "Love is not Lonely". Music concerts are also held for family caregivers and their families, the general public, and local groups were invited to enjoy a night of relaxation. We have held 11 music concerts between 2017 and 2019, and more than 5,500 people have attended as at the end of 2019.
	Micro-movies on care	A micro-movie series titled "The Mother Who Loves to Lie" and "The Stubborn Daughter" were produced so that more people can understand family caregivers, care about them, and in turn give them more support.
Disseminating care information	International Family Caregiver Forums	With the guidance of the Ministry of Health and Welfare, every year, we invite long-term care experts, including industrial practitioners, government officials, and scholars from different regions to collectively discuss policies, studies, and the current status of long-term care issues, and present research results to provide reference for long-term care policies in the future. These forums have also become an important platform for long-term care communities in Taiwan. Since 2013, about 300 people have participated each year, and by the end of 2019, more than 1,500 people have participated in total.
	Caregiver TV	We planned TV shows such as "Caregivers Are Not Alone", "Caretaking Academy", and "Cooking with Care" so that caregivers who cannot go outdoors and young adults who have not yet encountered care problems can watch these shows online and better understand care problems and response strategies. This is an experimental and innovative online dissemination method in 2019.
Linking Care Partners	Rise of the Guardians	In 2016, BPC TCB Life established "Rise of the Guardians", inviting professional institutions, experts, and private corporate groups from diverse disciplines to contribute their expertise, including to make donations from product sales and host charity lectures, assist with guarding family caregivers, promote our respite coffee services, and raise awareness about long-term care services.
	Charity Markets	In conjunction with charity concerts, since 2018, we have invited cultural and creative market vendors and family caregivers from northern, central, and southern Taiwan to set up charity-sale stalls to sell celebrity-signed bags. While browsing through the market, customers can better understand and start supporting family caregivers.
	Live-Stream Charity Sales	We cooperate with various live-streaming platforms to engage in fund raising, charity sales, and interviews so that more people can obtain a better understanding of care issues through live streams and support family caregivers.
	Charity Bag Design Competition	In 2019, an event with the theme "Carry a Bag of Love" was held, in which through a website and social networks, university and college students were invited to design bags to accompany family caregivers. We successfully collected 397 submissions and mass-produced the winning bags for charity sales, thus granting more people the opportunity to support family caregivers.

Appendix



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» GRI Standards Index

GRI Standards (Version 2016)	Disclosure Category	Corresponding Section	Page(s)	Supplementary Explanations
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GRI 102: General Disclosures	102-1 Name of the organization	1.1 About TCFHC	35	
	102-2 Activities, brands, products, and services	1.1 About TCFHC	35	
	102-3 Location of headquarters	1.1 About TCFHC	35	
	102-4 Location of operations	1.1 About TCFHC	35	
	102-5 Ownership and legal form	1.1 About TCFHC	35	
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	102-7 Scale of the organization	1.1 About TCFHC	37	
	102-8 Information on employees and others workers	3.1 Employee Composition	72	
	102-9 Supply chain	4.3 Green Procurement and Supplier Management	93	
	102-10 Significant changes to the organization and its supply chain		--	No major changes in 2019
	102-11 Precautionary Principle or approach	1.4 Risk Management and Audit System	45	
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	102-13 Membership of associations	1.1 About TCFHC	39	
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	102-16 Values, principles, standards and norms of behavior	1.3 Ethical Management	43	
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	102-43 Approach to stakeholder engagement	Material Issues and Stakeholder Engagement	12	
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	102-45 Entities included in the consolidated financial statements	Report Overview	3	
	102-46 Defining report content and topic Boundaries	Report Overview	3	
	102-47 List of Material Topics	Material Issues and Stakeholder Engagement	12	
	102-48 Restatements of information	Report Overview	--	Information in the previous period has not been revised
	102-49 Changes in reporting	Report Overview	--	No major changes
	102-50 Reporting period	Report Overview	3	
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GRI Standards (Version 2016)	Disclosure Category	Corresponding Section	Page(s)	Supplementary Explanations
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Corporate Governance				
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	103-3 Evaluation of the management approach			
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations		50	
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area		50	
Digital Finance				
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	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
Protection of Customer Rights and Higher Customer Satisfaction & IT Security				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	1.6 IT Security	52-53	
	103-2 The management approach and its components		66-68	
		103-3 Evaluation of the management approach	2.3 Protection of Customer Rights and Higher Customer Satisfaction	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		--	No substantiated complaints concerning breaches of customer privacy and losses of customer data
Sustainable Finance				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	2.1 Sustainable Finance	56-62	
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			

GRI Standards (Version 2016)	Disclosure Category	Corresponding Section	Page(s)	Supplementary Explanations
Other Issues				
GRI 200: Economic Standards				
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	1.1 About TCFHC	35	
	201-2 Financial implications and other risks and opportunities due to climate change	4.1 Climate Change Risks and Opportunities	87	
GRI 300: Environmental Standards				
GRI 302: Energy	302-1 Energy consumption within the organization	4.2 Green Operations	90	
	302-5 Reductions in energy requirements of products and services	4.1 Climate Change Risks and Opportunities	89	
GRI 303: Water and Effluents	303-1 Interactions with water as a shared source	4.2 Green Operations	91	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions		91	
	305-2 Energy indirect (Scope 2) GHG emissions	4.2 Green Operations	91	
	305-5 Reduction of GHG emissions		91	
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	4.2 Green Operations	92	
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	4.2 Green Operations	93	
GRI 400: Social Standards				
GRI 401: Employment	401-1 New employee hires and employee turnover	3.3 Career Management and Training	78	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2 Employee Remuneration and Benefits	73	
	401-3 Parental leave	3.2 Employee Remuneration and Benefits	76	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	3.4 Occupational Safety and Health	81	
	403-2 Hazard identification, risk assessment, and incident investigation	3.4 Occupational Safety and Health	81	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	3.3 Career Management and Training	80	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	1.2 Corporate Governance	40	
		3.1 Employee Composition	72	
GRI 412: Human Rights Assessment	412-2 Employee training on human rights policies or procedures	3.5 Human Rights and Equality	84	
GRI 413: Local Communities	413-1 Operations with community engagement, impact assessments, and development programs	Public Interest	94	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	4.2 Green Operations	93	

» G4 Financial Services Sector Disclosure

Sector Specific Indicators	Disclosure Content	Corresponding Section	Page(s)
FS1/DMA	Policies with specific environmental and social components applied to business lines	2.1 Sustainable Finance	55-62
FS 2/DMA	Procedures for assessing and screening environmental and social risks in business lines	2.1 Sustainable Finance	55-62
FS3/DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	2.1 Sustainable Finance	55-62
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	2.1 Sustainable Finance	55-62
		2.4 Financial Inclusion	68

Sector Specific Indicators	Disclosure Content	Corresponding Section	Page(s)
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	2.1 Sustainable Finance	55-62
FS13	Access points in low-populated or economically disadvantaged areas by type	2.4 Financial Inclusion	68
FS14/DMA	Initiatives to improve access to financial services for disadvantaged people	2.4 Financial Inclusion	68
FS15/DMA	Policies for the fair design and sale of financial products and services	2.3 Protection of Customer Rights and Higher Customer Satisfaction	66-68
FS 16	Initiatives to enhance financial literacy by type of beneficiary	2.4 Financial Inclusion	67

» Items for Enhanced Disclosures as Specified in the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Article 4 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies.

Disclosure Content	Corresponding Section
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.	2.1 Sustainable Finance
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.	3.1 Employee Composition
Company's governance status regarding climate-related risks and opportunities; actual and potential climate-related impacts; and how to identify, evaluate, and manage climate-related risks, and use them to evaluate and manage indicators and goals of climate-related issues.	4.1 Climate Change Risks and Opportunities

» General List of Limited Assurance Categories

No.	Object of assurance	Applicable standard	Page(s)
1	In 2019, TCB convened 15 Product Review Panel meetings and reviewed 53 domestic products and 116 offshore products.	Total number of Product Review Panel meetings convened by TCB and the total no. of products reviewed in accordance with the internal operational regulation TCB Regulations Governing the Organization of Financial Product Review Panel for the Implementation of Trustee Investment.	68
2	In 2019, TCSIT convened 12 Product Review Panel meetings and completed review of 5 products that obtained approval from competent authorities.	Total no. of Product Review Panel meetings convened by TCSIT and the total no. of products reviewed 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.	68
3	In 2019, BPC TCB Life convened 20 Insurance Product Review Panel meetings, completed review for 11 new products that obtained approval from competent authorities, and directly modified or partially changed 42 products.	Total no. of Insurance Product Review Panel meetings convened by BPC TCB Life and the total no. of products reviewed in accordance with the internal operating procedure Product Development Procedure.	68
4	As at December 31, 2019, TCB has approved 23,997 housing loans; the loan balance was NT\$72.64 billion.	No. of cases fulfilling the requirements for TCB's Preferential Housing Loans for Youths and the total loan balance as at the end of 2019.	70
5	In 2019, COAMC and debtors reached a total of 306 debt settlements and settlement negotiations.	Total number of conciliation and accord and satisfaction cases in accordance with Co-Operative Asset Management Co., Ltd. Guidelines for Non-Performing Loans in 2019.	59
6	Total no. of participating students in 2019 TCB sports camps: 650.	Total no. of actual participants in 2019 TCB sports camps.	98
7	As at December 31, 2019, TCB has approved 1,610 Bagful of Happiness loans; the loan balance was NT\$9.557 billion.	The total amount of loans approved and total number of applications for "Statistical Data on Commercial Reverse Mortgage Loans by Banks" submitted to the Financial Supervisory Commission, FSC by TCB as at the end of 2019.	61
8	In 2019, 2,582 new beneficiaries were added to the Property Trust of Seniors and the Disabled. The principal of the trust property amounted to NT\$3.93 billion.	Total no. of beneficiaries added to the Seniors and the Disabled Property Trust Services by TCB in 2019 and the balance of trust property principal as shown in the 2019 Q4 Trust Business Statistics Quarterly Report published by the Trust Association of R.O.C. in 2019.	27



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