



# E.SUN FHC CSR REPORT 2013

玉山金控企業社會責任報告書



知福 惜緣 感恩

## About this Report

E.SUN Financial Holding Co., Ltd. has always considered Corporate Social Responsibility (CSR) as its foremost commitment and mission when striving toward sustainable growth. We strive to show a high level of professionalism and integrity in all business endeavors, showing love and care in our services, as well as fulfilling the responsible duties of an upstanding corporation. We believe the key of business operation is to continue to create value, and ultimately, bring about a better world. Through publishing CSR report, E.SUN hopes to make information public and transparent in order for stakeholders and the general public to understand our dedication to fulfilling our corporate social responsibilities, thus deeming ourselves worthy of emulation in this industry.

### The Scope of Report

This report is published annually, mainly reporting on the performance of E.SUN Financial Holding Co., Ltd. (E.SUN FHC) in the economic, social, and environmental aspects in the year of 2013 (2013/1/1~2013/12/31), including growth related comparisons with 2011 and 2012. The report covers the activities and services of E.SUN FHC along with its subsidiary companies (E.SUN Bank, E.SUN Securities, E.SUN Venture Capital and E.SUN Insurance Brokers). All financial numbers are in New Taiwan Dollars and approved by our CPAs. Related statistics are indicated by the general international standards which include part of operation for overseas branches. Also covered in the report are two of our social charity foundations (E.SUN Volunteer and social welfare Foundation and E.SUN Foundation) and their subsidiary companies. Under the environmental protection category, numbers and details on resources such as water, electricity, and oil usages are displayed. So far, we have covered the E.SUN Headquarter Building in Taipei, and expanded to E.SUN L&D Center in the future.

### Reporting Basis

This 2013 E.Sun FHC CSR report has been written in accordance with the guidelines and framework listed in the G4 Global Reporting Initiative (GRI G4), and includes a comparative table of GRI terminology. The content of this report encompasses corporate governance, customer rights, employee welfare, environmental sustainability, and social welfare. Relevant content has been placed on the E.Sun FHC website, and content files are available for download. With regard to external assurance, this company commissioned the British Standards Institution (BSI) to perform a detailed review of this report in accordance with AA 1000 assurance standards and GRI G4, and this review found that the report complies with the AA1000 APS accountability principles of materiality, inclusivity, and responsiveness, and is consistent with the core items of the GRI 4 principles. BSI's independent assurance opinion has been appended to this report.

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### A message from the Chairman

*In 2013, thanks to the dedicated efforts of all E.Sun personnel, as well as to the support of our customers and shareholders, E.Sun achieved outstanding results and had an excellent year. Looking ahead to 2014, growth momentum originally provided by emerging markets will gradually shift to Europe, America, and Japan as their economies recover. As the financial industry comes under increasingly strict regulation, finance will expand into new areas. In particular, the financial industry will take the lead in information technology, such as cloud applications, e-commerce, and Big data, while accelerating the development of services spanning different industries, different countries, and the virtual and bricks-and-mortar domains.*

*In the face of opportunities and risks brought about by changes in the business environment, E.Sun will continue its strategy of "expansion into Asia with roots in Taiwan," take the lead in the industry in committing itself to financial innovation, and focus on achieving major improvement of overall performance. We look forward to becoming an outstanding leading financial brand. In addition, we will continue to improve our brand, service, and business team, and create even more value for all stakeholders.*

*The goal of our corporate operations is to continue to create value, and our ultimate objective is to bring about a better world. In order to achieve our business goals, we require a long-term commitment, and we are consequently systematically dedicating ourselves to effective management. We are paying special attention to such key aspects as our mission, vision, values, development strategies, organization, human resources, understanding customers/markets/trends, and monitoring the economy/society/environment. We want to ensure that the products and services we provide will thoroughly satisfy our customers' functional, emotional, and mental needs, resolve our customers' problems, and thereby contribute to the resolution of society's problems. If we can do this, then we will gradually attain business sustainability.*



*By fulfilling its corporate social responsibilities, E.Sun hopes that "E.Sun people will become first-class citizens of the world, and E.Sun will become a first-rate global corporate citizen." Putting our long-term commitment and systematic methods front and center, we are relying on orderly, goal-oriented, organized planning, in conjunction with the innovative ideas of our financial professionals, to enhance organizational cohesiveness, and encourage social participation expanding our influence. As a consequence, we are actively dedicated to good corporate governance, employee welfare, customer rights, social responsibilities, and environmental sustainability.*

*In the area of corporate governance, we have been awarded the Platinum Award for Excellent Management in Corporate Governance in Asia—the highest honor—for four consecutive years, setting a record for companies in Taiwan. As for employee welfare, we strive to create a happy working environment where like-minded partners can jointly realize their ideals and aspirations. With regard to customer rights, we were also 1st place in the finance and banking category of the "Golden Service Awards" for four consecutive years, which put us at the head of the financial industry in Taiwan. As for social responsibilities, our contributions to in-school education, charity and social concern, art and culture, and the promotion of fitness to express our love and concern for every needy corner of society. With respect to environmental sustainability, we were the first financial holding company in Taiwan to pass the ISO14001 environmental management system and are energetically promoting carbon reduction, fitness, and a healthy lifestyle.*

*This 2013 E.Sun FHC CSR report has been written in accordance with the Global Reporting Initiative (GRI G4) sustainability reporting guidelines; its content focuses on material aspects concerning the influence of organizational objectives and management on society, and it also includes information on key organizational sustainability-related topics. We hope that this report will provide stakeholders with even more relevant, reliable, and easy-to-use information.*

*I would like to thank everyone for their concern and guidance. There are many aspects we need to improve on the path to sustainability, and we hope to work even harder and with greater dedication, together with everyone's efforts, to make the world a better place.*

*Chairman, E.Sun FHC*

*Yung-Jen Huang*



## Corporate governance

- Received the Platinum Award for Excellent Management in Corporate Governance in Asia—the highest honor—for four consecutive years, setting state record for corporations in Taiwan
- Received an A++ grade in the "Assessment of Information Disclosure of Listed/OTC-traded Companies."
- Continuing to improve and perfect our legal compliance, internal controls, and audit system



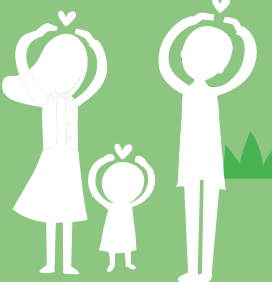
## Customers' rights

- Received 1st place in the finance and banking category of the "Golden Service Awards" for four consecutive years, the best record in the financial industry.
- Awarded 1st place in the financial industry in the "Best Wealth Management Bank Award" and "Best Customer Satisfaction Award" (Business Today Magazine).
- Introduction of the "E.Sun Trade" cross-border cash flow integration platform.



## Employee welfare

- Making E.Sun employees' happy second home.
- Opening a wide range of communication channels, attentively listening to colleagues' recommendations.
- E.Sun's founder established the "E.Sun Employee Family Concern and Outstanding Child Award," which was granted 90 person-times in 2013.





Environmental sustainability

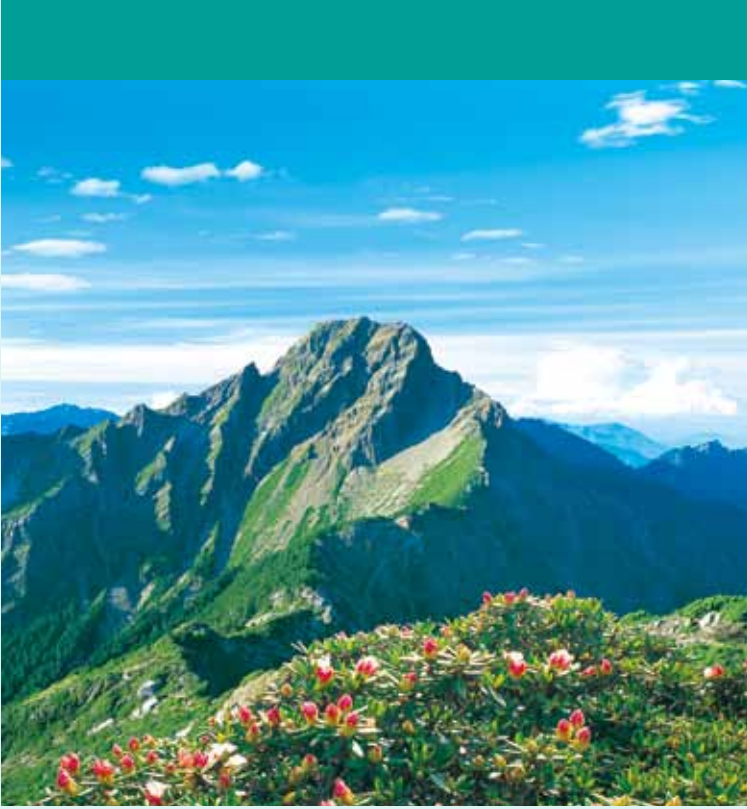
- Granted the EPA's "National Environmental Education Award."
- Introduce the groundbreaking ETC "Environmental Sustainability Account" co-branded card.
- Granted first place for the financial industry in the Green Brand awards.
- Involved in Taiwan black bear conservation and awareness activities.
- Promoted "E.Sun Ubike," and encourage carbon reduction, fitness, and a healthy green lifestyle.



Social responsibilities

- Granted 1st place for the financial industry in the "CSR Award"(Commonwealth magazine) six times, setting a record for the financial industry.
- Issued Asia's first social welfare world card, and initiated the E.Sun Golden Seed Project together with customers.
- Promoted high school baseball in Taiwan by holding the " E.Sun Cup Youth Baseball Tournament" for eight consecutive years.
- E.Sun employees have actively helped underprivileged children attend school with peace of mind through the "Care of Students Project."





## ■ Foundation for sustainable development

## 1. Brand vision

We believe that the greater our vision, the greater our strength. E.Sun has long relied on self-discipline, setting an example, and a consistently sincere and straightforward approach to business to establish a fresh new professional brand and image, and it is determined to create an enterprise that will last for a centuries. Apart from carefully attending to our fiduciary responsibilities, we also believe that only by faithfully discharging our corporate social responsibilities can E.Sun's people become first-class citizens of the world, and E.Sun will become a first-rate global corporate citizen.

- A benchmark for financial and service industry
- E.Sun's people strive to be first-class citizens of the world, and E.Sun endeavors to become a first-rate global corporate citizen
- Taiwan's E.Sun, the world's E.Sun





### **A benchmark for financial and service industry**

An exemplary individual possesses both good character and real talent, and demonstrations all-round achievement in ethical, intellectual, physical, social skills, and aesthetic education. E.Sun seeks to have the best self-discipline and greatest self-demands in the financial industry, consistently upholds a steady and straight business style, and has established a fresh new professional brand and image. Over the course of twenty years, our professional management, optimal service, superlative quality, demanding corporate governance, excellent risk management, and constant attention to our corporate social responsibilities has helped us to boost standards in Taiwan's financial and service industries.

### **E.Sun's people strive to be first-class citizens of the world, and E.Sun endeavors to become a first-rate global corporate citizen**

Apart from their refreshing professionalism in the workplace, E.Sun's employees are also full of warmth and concern. In the spirit of "a smile will inspire even more smiles" and "one simple act of love can inspire others to love," E.Sun's people strive to act as first-class citizens of the world. Because E.Sun believes that the meaning of its existence is to increase human welfare, beyond focusing on its corporate business, it is also actively concerned about social development, environmental protection, its responsibilities to society, and the promotion of art and culture. We feel that only by fulfilling our social responsibilities can we truly contribute to human welfare and act as a first-rate global corporate citizen.

### **Taiwan's E.Sun, the World's E.Sun**

Thanks to the unstinting efforts of E.Sun's management and all employees, E.Sun's brand, service, and team have won the trust and affirmation of customers and society. We will continue our dedicated efforts as we strive to transform E.Sun into one of Asia's distinctive, benchmark banks. We look forward to seeing E.Sun thrive on the international financial stage, letting the world hear Taiwan's voice and see E.Sun's pride.



## 2. Corporate business philosophy

E.Sun named after Yushan—Taiwan's highest mountain. Like our namesake, we aspire to be the best-performing, and most respected financial institution in Taiwan. Since it was founded, E.Sun has made the establishment of institutional systems, cultivation of human resources, and development of information technology the three pillars of its quest for long-term sustainability, and upholds a business philosophy of "expertise, service, and business." Following continuous long-term effort, we are advancing toward our common vision.



### Expertise

A professional team:  
priceless trust

When Taiwan first permitted the establishment of new banks in 1992, E.Sun was the sole approved bank to lack backing from a financial syndicate or government. Instead, E.Sun has relied on a professional management team formed of outstanding managers and other superb individuals to establish a professional navigation system and create a true "banker's bank."



### Service

Warm smiles:  
Memorable service

E.Sun's service begins with a smile, and leaves customers with a feeling of warmth. We listen to our customers, and strive to satisfy customers' needs, exceed our customers' expectations, and win an even greater share of customers' hearts, with the goal of making E.Sun a leading financial industry brand in customers' mind.



### Business

Corporate responsibility:  
Eternal commitment

Toward our employees, we seek to cultivate professional manpower and provide a superior work environment. Toward our customers, we seek to provide optimal service and create the largest possible value. Toward our shareholders, we rely on sincerity and fresh expertise to create outstanding overall performance. Toward society, we hope promote public welfare by boosting economic development.

### 3. Corporate Social Responsibility Committee

In order to fulfill its corporate social responsibilities, E.Sun FHC's board of directors has established a Corporate Social Responsibility Committee, which has the Chairman as its convener. The Committee relies on its five working groups, which deal with corporate governance, social welfare, environmental sustainability, customers' rights, and employee welfare respectively, to integrate resources and boost efficiency. The Committee held 25 working conferences in 2013, and regularly reports CSR strategies and the state of implementation to the board. We are undertaking our corporate social responsibilities with a goal-oriented, systematic, well-organized approach.

E.Sun has long devoted considerable resources to its corporate social responsibilities, and is committed to benefiting its home. Apart from drafting "Corporate Governance Best-Practice Principles" and "Ethical Corporate Management Rules, Operating Procedures, and Action Guide," in 2013 the board approved the "E.Sun FHC Corporate Social Responsibility Best-Practice Principles." We also incorporate CSR-related subject matter in new employee and various professional training classes in order to spread awareness of the CSR concept and encouragement joint fulfillment of E.Sun's CSR vision and commitment.





## 4. Analysis of stakeholder engagements and material issues

Because E.Sun FHC's subsidiaries, which include E.Sun Bank, E.Sun Securities, E.Sun Venture Capital, and E.Sun Insurance Brokers, are involved in a wide range of financial services, stakeholder types and the scope of issues involved are very diverse. In order to promote E.Sun's core CSR mission, the E.Sun FHC Corporate Social Responsibility Committee convenes representatives of departments including the general manager's office, legal department, public relations, human resources, risk management, customer service consumer banking, corporate banking, wealth management, finance, and credit cards to jointly discuss issues and identify related parties. Apart from communicating with the public through the company website questionnaire, annual report, and annual CSR reports, we also rely on diverse channels to understand issues of concern to stakeholders, and analyze material issues.



### 4.1 Collection of material issues

E.Sun FHC has identified seven main types of stakeholders, namely customers, employees, shareholders, community residents, contractors, competent authorities, and the media; 20 major issues of concern to these stakeholders are shown in the following table:

項次	關心的議題	項次	關心的議題
1	Corporate governance	11	Waste management
2	Business integrity	12	Green procurement
3	Brand image	13	Supply chain management
4	Business performance	14	Climate change opportunities
5	Risk management and risk handling	15	Employee relations
6	Customer rights	16	Cultivation of talent
7	Product innovation	17	On-the-job health & safety
8	Ecological protection and environmental	18	International basic human rights
9	Energy management	19	Stakeholder participation
10	Carbon emissions management	20	Social welfare



## 4.2 Identification of material issues

### (I) Analysis of degree of stakeholder concern

#### a. Establishment of channels of communication with stakeholders

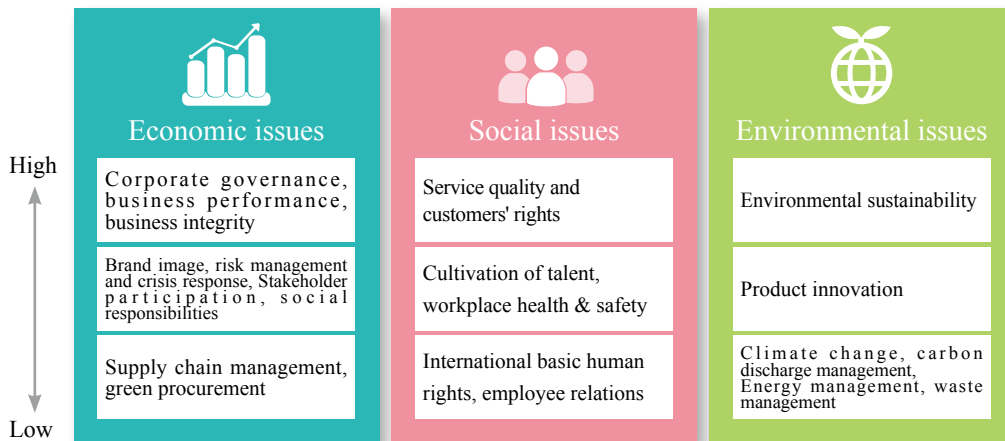
We have established a wide range of channels for communication with stakeholders, and rely on routine interaction to understand all stakeholders' views and issues of concern, which enables us to respond promptly.

Stakeholders		Issues of concern	Communication channel and methods
 <b>Customers</b>	 Financial workshops	<ul style="list-style-type: none"> <li>•Service quality</li> <li>•Data security and privacy</li> <li>•Product risk disclosure</li> <li>•Financial innovation</li> </ul>	<ul style="list-style-type: none"> <li>•Provision of diverse communication channels: 24-hour customer service center service line, website visitor message board, business unit customer opinion board.</li> <li>•Hiring professional consulting companies to perform customer needs, recommendations, and satisfaction surveys in order to collect customers' views.</li> <li>•Promoting two-way communication and financial consulting by holding financial management and investment lectures, and issuing the Smile E.Sun bimonthly, Sunrise quarterly, and various e-bulletins.</li> </ul>
 <b>Employees</b>	 Discussions between management team and personnel	<ul style="list-style-type: none"> <li>•Human rights and gender equality</li> <li>•Compensation &amp; benefits</li> <li>•Cultivation of talent and career development</li> <li>•Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>•E.Sun conducts annual employee opinion surveys, allowing employees to freely express their views and make suggestions.</li> <li>•Establishment of a mentor mailbox providing employees with a direct channel for reflecting their views.</li> <li>•Establishment of a company union, improvement of working conditions, and communication labor-management views.</li> <li>•Establishment of a human resources system platform providing real-time information concerning salaries, benefits, attendance, and education &amp; training.</li> </ul>
 <b>Shareholders</b>	 Shareholders meetings	<ul style="list-style-type: none"> <li>•Business performance and shareholders' equity</li> <li>•Corporate governance</li> <li>•Information transparency</li> <li>•Independence and expertise of directors</li> </ul>	<ul style="list-style-type: none"> <li>•Conducting annual shareholders meetings, quarterly investor conferences, monthly announcements of business performance, and disclosure of important information on the Market Observation Post System and company website.</li> <li>•Occasional participation in foreign and domestic investment organization conferences, investor conferences, and investment forums.</li> <li>•Establishment of stock affairs, public relations, and investor relations department for communication channels.</li> </ul>
 <b>Community</b>	 Communication & interaction with NGO groups	<ul style="list-style-type: none"> <li>• Social responsibilities</li> <li>•Community concern</li> <li>•Art activities</li> <li>•Sporting events</li> </ul>	<ul style="list-style-type: none"> <li>•Participation in forums and workshops held by various NPO/NGO groups, academic groups, and local community associations.</li> <li>•Employing the E.Sun Volunteer &amp; Social Welfare Foundation and E.Sun Foundation as contact windows for communication with community groups.</li> </ul>
 <b>Government agencies</b>	 ISO 50001 energy management	<ul style="list-style-type: none"> <li>• Legal compliance, internal audits, money laundering prevention</li> <li>•Risk and crisis management</li> <li>•Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>•Participation in policy seminars, panel discussions, and public hearings.</li> <li>•Cooperation with the competent authority's oversight and audits, participation in government agency assessments.</li> <li>•Establishment of opportunities for direct interchange via visits to and invitations for visits by the competent authority.</li> <li>•Two-way communication via official documents.</li> </ul>
 <b>Contractors</b>	 Cooperation with UBike	<ul style="list-style-type: none"> <li>• Impartial procurement</li> <li>•Environmental protection, safety, and health management</li> <li>•Contract content and legal standards</li> </ul>	<ul style="list-style-type: none"> <li>•Holding contractor conferences.</li> <li>•Holding technical interchange conferences.</li> <li>•Invitation of contractors to sign human rights and environmental sustainability pledges</li> </ul>
 <b>Media</b>	 Commonwealth Magazine: Cooperation Masters' Forum	<ul style="list-style-type: none"> <li>•Business performance</li> <li>•Corporate governance</li> <li>•Sustainable development strategies</li> </ul>	<ul style="list-style-type: none"> <li>•Establishment of a public relations unit to perform relevant liaison and service duties.</li> <li>•Establishment of a spokesperson, holding of press conferences, and provision of press releases.</li> <li>•Planning of journalist events concerning important issues.</li> </ul>

b. Establishment of an open stakeholder communication platform:

We have established an open communication platform on the E.Sun FHC webpage, and invite stakeholders to participate in a questionnaire survey and provide their feedback and views. This enables us to gauge the level of stakeholder concern with regard to economic, social, and environmental issues, as shown below:

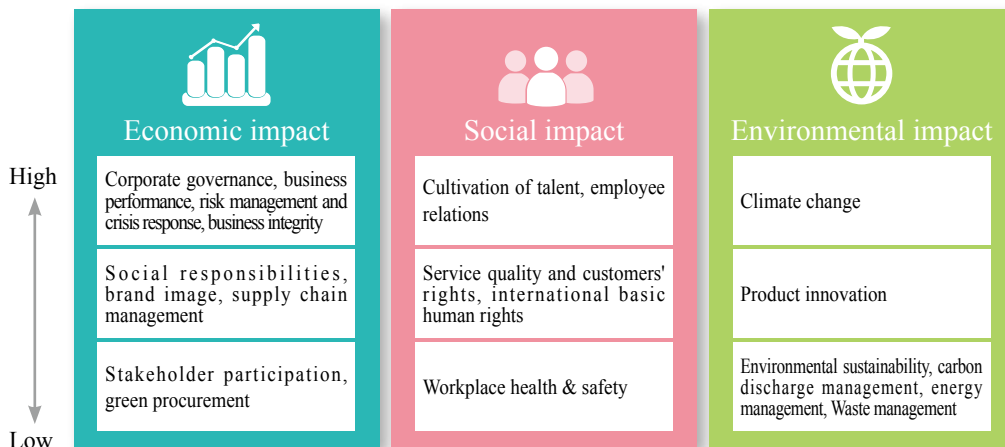
Level of stakeholder concern



(2) Assessment of business impacts

E.Sun discusses CSR issues with experts via participation in numerous external CSR forms. We also held 25 CSR working group conferences and a company-wide annual knowledge sharing conference during the year, which enabled us to identify and assess the effect of business impacts.

Degree of business impacts



### 4.3 Sequential ranking

After analyzing the impact of the foregoing issues on corporate operations, the E.Sun FHC CSR Committee drafted the following importance matrix, which shows that there were 11 important issues during the year. These issues consisted of corporate governance, business integrity, business performance, brand image, risk management and crisis response, service quality and customers' rights, product innovation, employee relations, cultivation of talent, ecological protection and environmental sustainability, and social welfare. The content of our responses to these issues is described in the following sections of this report.

High Business impact and degree of influence	<ul style="list-style-type: none"> <li>• Climate change opportunity</li> <li>• Employee relations</li> </ul>	<ul style="list-style-type: none"> <li>• Brand image</li> <li>• Risk management and crisis response</li> <li>• Cultivation of talent</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Business integrity</li> <li>• Business performance</li> </ul>	
	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• International basic human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Social responsibilities</li> <li>• Product innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Service quality and customers' rights</li> </ul>	
	<ul style="list-style-type: none"> <li>• Carbon discharge management</li> <li>• Energy management</li> <li>• Waste management</li> <li>• Green procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder participation</li> <li>• Workplace health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Ecology conservation and environmental sustainability</li> </ul>	
	Low	Degree of stakeholder concern		High

## 4.4 Material considerations and boundary identification

Please see the following table for the effect of material issues on GRI categories and considerations; see Appendix G4 in this report for explanation of relevant GRI indicators.

Material issue	Report boundary section	GRI category	GRI considerations	GRI indicators	DMA
Corporate governance	Within organization: E.Sun, shareholders Outside organization: government agencies	General indicators Economic aspects	Governance Economic performance	G4-34 EC1~EC2	3 2.2/3.4
Business integrity	Within organization: E.Sun, shareholders Outside organization: customers	General indicators Economic aspects	Business ethics and integrity Economic performance	G4-56 EC1~EC2	3.2 2.2/3.4
Risk management and crisis response	Within organization: E.Sun, shareholders Outside organization: customers	General indicators Supplementary financial industry indicators	Economic performance Products and service impacts	EC2 FS2	3.4
Business performance	Within organization: E.Sun, shareholders Outside organization: media	Economic	Organizational status Economic performance	G4-9 EC1~EC2	2.1 2.2/3.4
Brand image	Within organization: E.Sun, shareholders Outside organization: customers	General indicators Supplementary financial industry indicators	Business ethics and integrity Products and service impacts	G4-56 FS7	3.2 7
Customers' rights	Within organization: E.Sun Outside organization: customers	Society	Product and service markings	PR3 PR5	4.3
Cultivation of talent	Within organization: E.Sun, employees Outside organization: government agency	Society	Training and education Employee diversity and equal opportunity	LA10 LA12	5.4 5.1



## Introduction of E. SUN FHC

## 1. Company Profile

E.Sun FHC was established on January 28, 2002, and has headquarters located in Taipei, Taiwan. Corporate subsidiaries include a bank, securities firm, insurance broker, and venture capital company. As of December 31, 2013, employees numbered 6,937 persons, and total assets amounted to NT\$1.38 trillion. In 2013, E.Sun FHC's net profit after tax was NT\$8.42 billion. Apart from subsidiaries, in order to better fulfill social responsibilities and achieve sustainable development, the company has established the E.Sun Foundation and E.Sun Volunteer & Social Welfare Foundation, and will continue to contribute the strength of E.Sun and its people in line with the volunteer spirit of "Love and Care" and "One simple act of love can inspire others to love."

## 2. Business performance

Responding to rapid changes in the business environment and intensifying competition in the industry, during its third decade, E.Sun will take "expansion into Asia with roots in Taiwan" as the centerpiece of its strategic development. In the wake of outstanding results in 2012, in 2013, E.Sun FHC enjoyed record-breaking net profit after tax of NT\$8.42 billion, and its ROA of 0.64% and ROE of 10.65% were both also its best showings in recent years. Looking ahead to 2014, E.Sun will continue to achieve even better business performance through excellent asset management quality.





## 2.1 Business

Unit NT\$ thousand

Item		2013	2012
Business Operation	Net Revenue	26,747,426	23,348,754
	Net Provision	1,706,522	2,019,962
	Operating Expense	14,826,607	12,992,702
	Tax	1,798,246	1,291,585
	Net Profit	8,416,145	7,044,505
	Net Revenue per employee	3,734	3,605
	Net Profit per employee	1,175	1,088
	Retained Earning	12,093,934	10,112,786
Profitability	ROA,%	0.65	0.60
	ROE,%	10.65	10.07
	Net Profit ratio,%	31.46	30.17
	EPS, NT\$ dollars	1.53	1.21

## 2.2 Net revenue breakdown by subsidiaries

Unit%

Subsidiary	2013	2012
Bank	93.5	93.5
Insurance Brokers	3.3	6.1
Venture Capital	1.9	0.2
Securities	1.3	0.2

## 2.3 Shareholder Breakdown

Type		Ownership(%)
Government and FIs	324,991	5.88
Others institutions	1,207,713	21.86
Individuals	1,326,286	24.01
Foreign Institutions and Individuals	2,665,310	48.25
Total	5,524,300	100

## Donation

Unit NT\$ thousand

Annual Account	2013	2012
Education	31,586	16,119
Charity	46,691	59,752
Sports	5,050	9,000
Arts & Culture	3,295	7,061
Economy Development	71,336	57,693
Total	157,958	149,625

## Dividend

Unit NT\$ dollar

Year	2013	2012
Cash Dividend	0.276	0.30
Stock Dividend	0.892	1.00
Total	1.168	1.30

## Tax & Investment deduction

Unit NT\$ thousand

Year	2013	2012
Tax	1,798,246	1,291,585
Investment deduction	-	-

## 2013 Credit Rating

Type	Rating Agency	Long-Term	Short-ter	Outlook	Effective Date
International Ratings	Moody's	Baa2	P-2	Stable	2013.01
	S&P	BBB-	A-3	Stable	2013.07
Domestic Ratings	TRC	twA	twA-1	Stable	2013.07

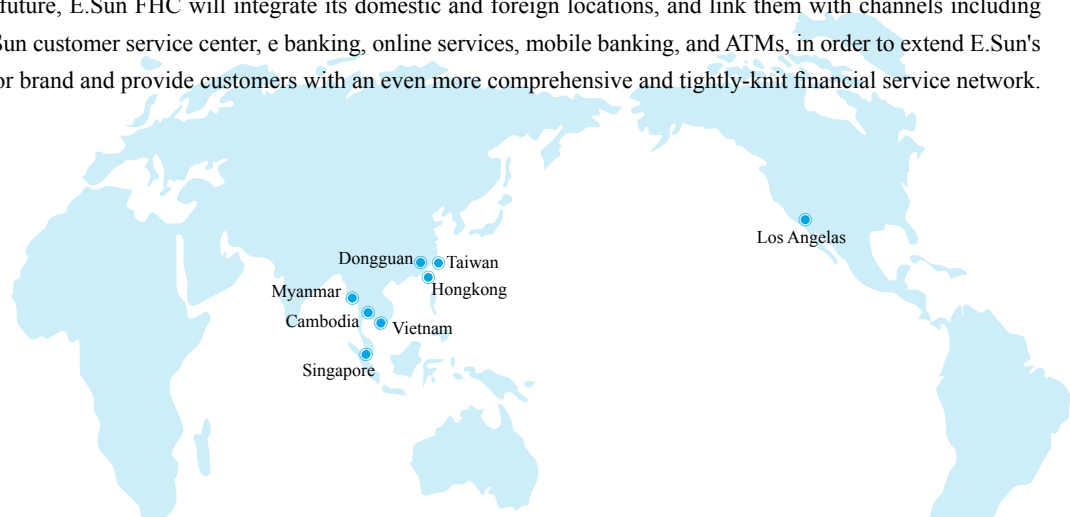
### 3. Service network

With regard to physical channels, the domestic service locations of E.Sun FHC and its subsidiaries include 136 branches of E.Sun Commercial Bank and 21 branches of E.Sun Securities. Among these locations, the Taipei Xinyi Branch's classical style, the Taichung Wealth Management Flagship Branch's melodic music, and the planned Xinban Special District Art Branch will expose customers to art and culture. Ceaseless innovation and improvement are giving our branches distinctive features and providing customers superior service and artistic experiences.

As for overseas service locations, there are four branches of E.Sun Commercial Bank located in Los Angeles, Hong Kong, Singapore, and Dongguan, China, and representative offices in Vietnam and Myanmar. In September 2013, E.Sun Commercial Bank invested in the acquisition of 70% of the equity of Cambodia's Union Commercial Bank PLC (UCB), which currently has five branches in Cambodia.

E.Sun is determined to become one of Asia's distinctive benchmark banks, and is focusing its efforts on a business strategy of "expansion into Asia with roots in Taiwan." In China, apart from establishing a branch in Dongguan and applying to establish second branches in Shanghai, E.Sun is currently applying to establish a subsidiary in Shenzhen's Qianhai Special Zone. Furthermore, E.Sun is taking active steps to upgrade its offices in Vietnam and Myanmar into branches, and applying to establish a Sydney branch in Australia. With a base in Phnom Penh, E.Sun's UCB subsidiary in Cambodia will expand its branches, and continue to establish Asian business locations.

In the future, E.Sun FHC will integrate its domestic and foreign locations, and link them with channels including the E.Sun customer service center, e banking, online services, mobile banking, and ATMs, in order to extend E.Sun's superior brand and provide customers with an even more comprehensive and tightly-knit financial service network.



Taichung Flagship Branch



UCB, Cambodia



Myanmar representative office

## 4. E.SUN's Glory



### Business Operations

- E.SUN FHC received the Platinum Award for Excellence Management in Corporate Governance in Asia in 4 consecutive years. (The Asset, 2010~2013)
- E.SUN Bank received the Rising Star Bank Award (The Asset )
- E.SUN Bank received 1st place in Service Quality Award among the financial industry in 3 consecutive years. (CommonWealth, 2011~2013)
- E.SUN Bank received the SME Credit Guarantee Partner Award in 8 consecutive years.(MOEA, Credit Guarantee Fund, 2006~2013)
- E.SUN Bank received 1st place for Best WM Bank and Best Customer Satisficaiton in 2013 and Best Service award in 2012 (Business Today)
- E.SUN FHC received the CG6007 Advanced Corporate Governance Certificate. (Taiwan Corporate Governance Association, 2012~2014)
- E.SUN FHC received A+ Grade in Information Disclosure and Transparency Ranking for Listed Companies, 5 consecutive years. (Securities and Future Institute, 2009~2013)



### Innovation

- E.SUN Bank received the outstanding award in IT innovation survey (Institute for information industry, 2013)
- E.SUN Securities received Golden Torch Award fo innovation design (OEMCROC, 2013)
- E.SUN Bank received the outstanding award in innovation for FX interbank clearing system (Financial Information Service, 2013)
- E.SUN Bank received the best payment initiatives in Taiwan (Asian Banker, 2013)
- E.SUN Bank received the Best in Treasury and Working Capital- SEM in Taiwan Award (The Asset, 2013)
- E.SUN Bank received the award for supporting young people (MOEA, Credit Guarantee Fund, 2013)





## Social Welfare

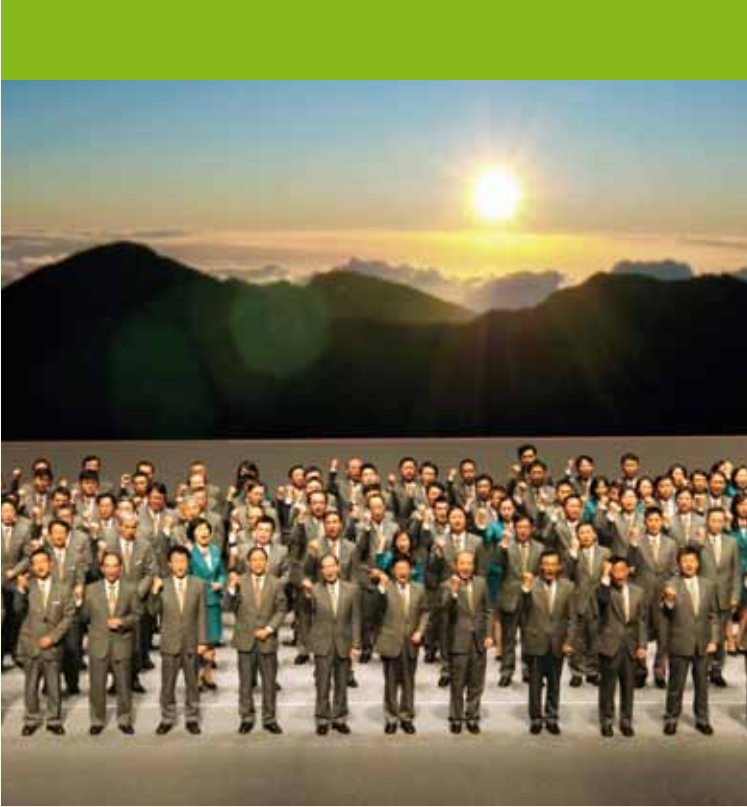
- E.SUN FHC received Corporate Social Responsibility Award, 1st place in financial industry for 6 consecutive years. (CommonWealth)
- E.SUN FHC was recognized as the model of environmental protection in CSR award(Global View magazine, 2013)
- E.SUN FHC received the merit certificate for its CSR report in 2 consecutive years (Industry Development Bureau, Ministry of Economic Affairs, 2011~2012)
- E.SUN FHC's CSR Report was approved by both international verification standards – AA1000 Verification Standard , GRI G3.1 and A+(BSI, 2013).
- E.SUN Bank received the Golden Quality Award for its support to sports. (Sports Affairs Council, Executive Yuan, 2013)



## Environmental Protection

- E.SUN FHC received the best award in financial industry for Green Brand Survey (BusinessNext, 2013)
- E.SUN FHC received the outstanding award in the category of private enterprises in National Environmental Award (Environmental Protection Administration, Executive Yuan, 2013)
- E.SUN Bank received the Merit Certificate for Green Procurement, 43 consecutive years. (Environmental Protection Administration, Executive Yuan, 2010~2013)
- E.SUN Bank received the Merit Certificate for Private Enterprise Green Procurement, 4 consecutive years. (Taipei City Government , 2010~2013)
- E.SUN FHC received the CSR award in Green Policy (BSI, 2013)





## |||. Corporate Governance

**4** Recipient of the Platinum Award for Excellent Management in Corporate Governance in Asia—the highest honor—for 4 consecutive years

**53%** foreign investment ownership—the highest among financial holding companies

Excellent corporate governance is a major pillar of corporate sustainability. E.Sun FHC has used the highest standards to select four experts possessing great expertise and prestige to serve as independent directors, who account for 30% of all directors—which is higher than the proportion prescribed by the Securities and Exchange Act. The Asset magazine, a prominent international magazine, granted E.Sun the Platinum Award for Excellent Management in Corporate Governance in Asia—the highest honor—for 4 consecutive years, making it the only enterprise in Taiwan to receive this honor. E.Sun's business integrity, steady, highly professional management, and precise strategic planning have won investors' support, and E.Sun currently has the highest share of foreign investment ownership among financial holding companies.

Apart from complying with the requirements of the Financial Holding Company Act, Securities and Exchange Act, Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, and Financial Holding Company Governance Best-Practice Principles, E.Sun is also constantly pondering how to establish even more effective systems and procedures. In order to protect shareholders equity and strengthen the functioning of the board of directors, E.Sun is taking tangible steps to enhance corporate governance relationships between the company and its affiliates, further boosting information disclosure and transparency, and improving its internal control and audit system.

As of the end of 2013, E.Sun had been granted 1st place for the financial industry in the "Excellence in Corporate Social Responsibility Award" five times, setting a record for the financial industry and also attaining the highest score ever for the financial industry (9.3) in the corporate governance category. E.Sun received an A+ grade from the Securities & Futures Institute in the Assessment of Information Disclosure of Listed/OTC-traded Companies, and it has obtained advanced certification for seven consecutive years.

E.Sun believes that outstanding corporate governance, must ultimately depend on a superior corporate culture and professional management team. E.Sun consistently implements all facets of corporate governance in an effort to protect investors' rights and enhance business performance and shareholder value.

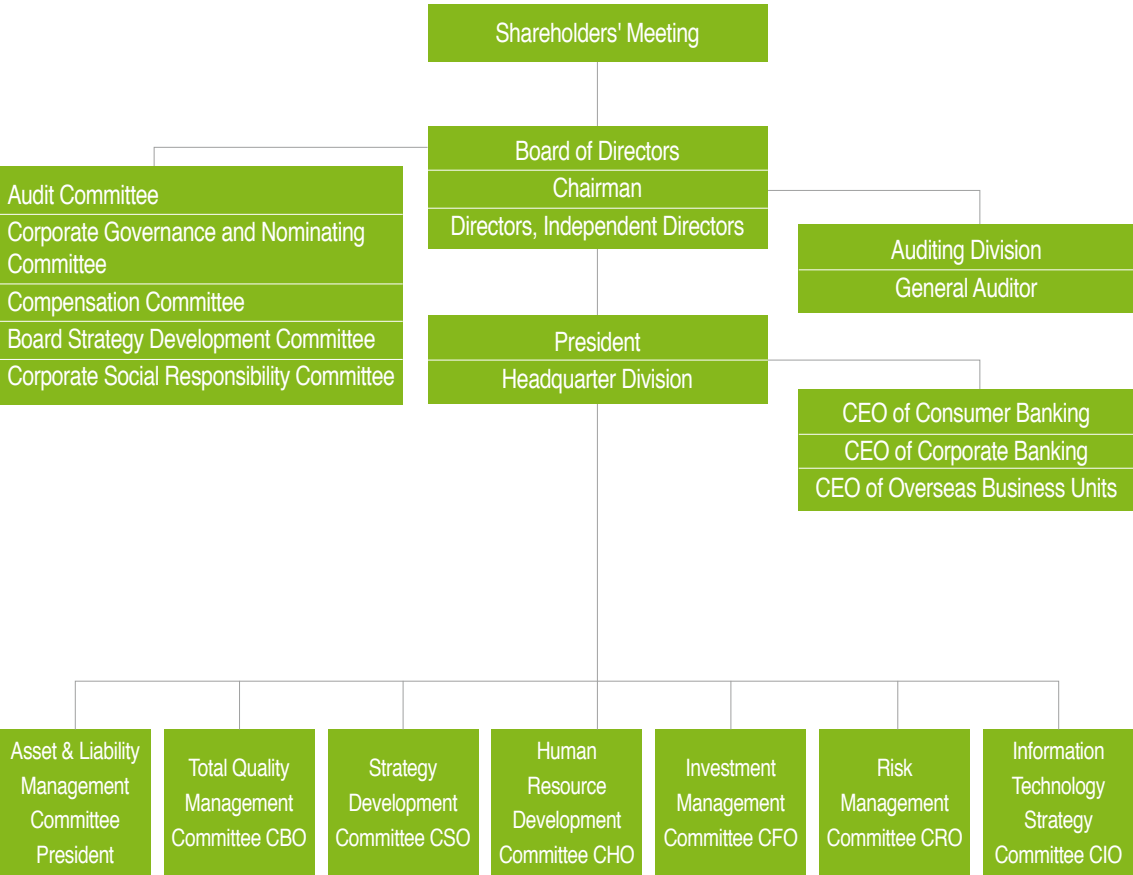


### Corporate governance regulations

- Corporate Governance Best-Practice Principles
- Corporate Social Responsibility Best-Practice Principles
- Corporate Social Responsibility Committee Organizational Rules
- Directors' Performance Assessment Regulations
- Managers' Performance Review Regulations
- Performance Review Regulations for Assigned Subsidiary Directors and Supervisors
- Risk Management Policy and Principles
- Ethical Corporate Management Rules, Operating Procedures, and Action Guide



# 1.Organization Chart





## 1.1 Independence and operations of the board of directors

E.Sun is constantly thinking about how to put the company's organizational operations on a sounder footing, and considers enhancing stakeholder rights, improving the independent directors system, and strengthening the board's functions to be a key approach to improving corporate operations.

### **First to establish an audit committee system**

In 2004, E.Sun selected experts possessing great expertise and prestige to serve as independent directors, and established a quasi audit committee (according to the Securities and Exchange Act, from 2007 onward, there must be at least one auditor or audit committee) as part of a systematic effort to gradually establish an independent director system and audit committee.

### **Increasing the ratio of independent directors**

In order to strengthen the functioning of the board, when a new board was to be established in 2008, four independent directors were selected and an audit committee established. As a result, the percentage of independent directors on the board is higher than the figure prescribed by the Securities and Exchange Act (which states that the number of independent directors may not be less than 2, and independent directors may not account for less than one-fifth of the total number of directors' positions). The current board of directors contains 13 positions, of which independent directors account for four; this implies that independent directors account for more than 30% of the board as a whole. Women account for one directorship, and men for 12 directorships.

### **Strengthening board functions**

In order to strengthen the functions of the board of directors, apart from establishing an audit committee consisting of all independent directors, E.Sun has also established a corporate governance and nomination committee, a compensation committee, a board strategy development committee, and a corporate social responsibility committee in order to ensure that the board can fully exercise its due functions.

### **Diversity and expertise of board members**

E.Sun FHC's board is composed of figures from the financial industry, industrial sector, and academia. Thanks to its members' diversity and expertise in various areas, the board's decisions are thorough and objective, which has enhanced the board's decision-making quality.

### **Directors' liability insurance**

Due to the volatile nature of the economy as a whole and business competition, in order to secure talent and encourage a high level of accountability, E.Sun provides liability insurance for its directors, supervisors, and other key personnel. This serves to reduce any possible legal or financial responsibility or risk they may face, and mitigate unknown risks or damages encountered during the implementation of their duties. This enables such personnel to make effective decisions, exercise their full talents, and work together as a team to create value for the company, shareholders, and employees.

- The average age of the directors is 61.84; the distribution of directors' ages is as shown below:

Age group	Persons
40~49	2
50~59	3
60~69	6
70~79	2

- The following table shows the remuneration of directors (including independent directors) in 2013 and a detailed breakdown. For further information, please refer to this Company's annual report, which is available for downloading on the E.Sun FHC website ([http://www.esunfhc.com.tw/ir/about\\_report.info](http://www.esunfhc.com.tw/ir/about_report.info)) or Market Observation Post System (<http://mops.twse.com.tw/index.htm>).

## Remuneration for Directors

12/31/2013 Units: NT Dollars

Title	Directors' remuneration							
	Compensation (A)		Severance pay (B)		Bonus to directors (C)		Allowances (D)	
	Name	Director's remuneration	This Company	Companies in consolidated financial statements	This Company	Companies in consolidated financial statements	This Company	Companies in consolidated financial statements
Amount	16	17,160	0	0	78,646	91,064	1,845	6,929

- List of Directors: Chairman: Yung-Jen Huang (Representative for E.SUN volunteer & Social Welfare Foundation); Director: E.SUN volunteer & Social Welfare Foundation (Representative Joseph N.C. Huang), E.SUN Foundation (Representative Kuo-Lieh Tseng), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Allcan Investment Co., Ltd. (Representative Chiu-Hsiung Huang), Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hisn-I Lin, Ron-Yuan Investment Co., Ltd. (Representative Chao-Kuo Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu), Shan Meng Investment Co., Ltd. (Representative Wu-lin Duh), Sunlit Transportation Co., Ltd. (Representative Suka Chen).
- Remuneration distributed to directors who are serving for year 2013.

## Remuneration Range Table

Bracket	Name of Directors	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000		
NT\$2,000,000 ~ NT\$5,000,000	Ron-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen), Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh	Ron-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen), Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh
NT\$5,000,000 ~ NT\$10,000,000	E.SUN Volunteer & Social Welfare Foundation (Representative Josphe N.C. Huang),E.SUN Foundation(Representative Kuo-Lieh Tseng), Hsiin Tung Yang Co.,Ltd(Representative Jackson Mai), Allcan Investment Co.,Ltd. (Representative Chiu-Hsiong Huang), Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hsin-I Lin	E.SUN Volunteer & Social Welfare Foundation (Representative Josphe N.C. Huang), , Hsiin Tung Yang Co.,Ltd(Representative Jackson Mai), Allcan Investment Co.,Ltd. (Representative Chiu-Hsiong Huang), Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hsin-I Lin
NT\$10,000,000 ~ NT\$15,000,000	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang)
NT\$15,000,000 ~ NT\$30,000,000		E.SUN Foundation(Representative Kuo-Lieh Tseng)
NT\$30,000,000 ~ NT\$50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total		

The percentage of total profits distributed to directors as a whole as remuneration is based on regulations set forth in Article 36 of the Company's statute. The ratio and the adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 27-1 of the statute. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of compensation

## List of Remuneration of Directors

2013.12.31 Unit NTDollars

Title	Name	Remuneration of Directors and Independent Directors							
		(A) Remuneration		(B) Severance Pay		(C) Bonus to Directors		(D) Allowances	
		This Company	Companies in consolidated financial statements	This Company	Companies in consolidated financial statements	This Company	Companies in consolidated financial statements	This Company	Companies in consolidated financial statements
(Listed)		0	0	0	0	78,646,115	91,063,922	1,845,000	6,929,224
Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang						12,417,807	12,417,807	0	0
Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang						6,208,904	6,208,904	0	0
Representative of E.SUN Foundation Gary K.L. Tseng						6,208,904	6,208,904 12,417,807	0	0
Representative of Hsin Tung Yang Co., Ltd. Jackson Mai						6,208,904	6,208,904	65,000	435,000
Representative of Allcan Investment Co.,Ltd. Chiu-Hsiung Huang						6,208,904	6,208,904	45,000	415,000
Chen –En Ko						6,208,904	6,208,904	675,000	3,353,224
Ji-Ren Lee						6,208,904	6,208,904	335,000	685,000
Jen-Jen Chang Lin						6,208,904	6,208,904	385,000	855,000
Hsin-I Lin						6,208,904	6,208,904	250,000	598,000
Representative of Ron –Yuan Investment Co.,Ltd. Chao-Kuo Chen						4,139,269	4,139,269	40,000	288,000
Representative of Shang Li Car Co.,Ltd. Chien-Li Wu						4,139,269	4,139,269	50,000	300,000
Representative of Shan Meng Investment Co.Ltd., Wu- Lin Duh						4,139,269	4,139,269	0	0
Representative of Sunlit Transportation Co., Ltd. Suka Chen						4,139,269	4,139,269	0	0

- List of Directors:Chairman: Yung-Jen Huang(Representative for E.SUN volunteer & Social Welfare Foundation ), Director: E.SUN volunteer & Social Welfare Foundation(Representative Joseph N.C. Huang), E.SUN Foundation(Representative Gary K.L. Tseng), Hsin Tung Yang Co.,Ltd.(Representative Jackson Mai), Allcan Investment Co., Ltd.(Representative Chiu-Hsiung Huang), Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hisn-I Lin, Ron-Yuan Investment Co., Ltd.(Representative Chao-Kuo Chen), Shang Li Car Co.,Ltd.(Representative Chien-Li Wu), Shan Meng Investment Co.,Ltd.(Representative Wu-Lin Duh), Sunlit Transportation Co.,Ltd.(Representative Suka Chen).
- Remuneration distributed to directors who are serving for year 2013

## Director profiles

Position	Name	Date of Election	Education	Experience	Professional Qualification
Chairman	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	2011.6.28	Department of Cooperative Economics at National ChungHsing University	Chairman of E.SUN FHC	V
Director	Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang	2011.6.28	MBA of the City University of New York, 21 years in Financial Industry	President of E.SUN FHC Chief Strategic Officer	V
Director	Representative of E.SUN Foundation Gary K.L. Tseng	2011.6.28	Master of Public Administration at Harvard University, Director of Banking Bureau, Financial Supervisory Commission	Chairman of E.SUN Bank	V
Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	2011.6.28	Kai-Nan Commercial & Technical High school	Chairman of Hsin Tung Yang Co., Ltd	
Director	Representative of Allcan Investment Co.,Ltd. Chiu-Hsiung Huang	2011.6.28	PhD of Business Administration at Dela Salle University	CPA	
Independent Director	Chen –En Ko	2011.6.28	PhD of Department of Accounting at University of Minnesota, Dean, College of Management, National Taiwan University	Independent Director of E.SUN Bank	V
Independent Director	Chi-Ren Lee	2011.6.28	PhD of Business Administration, University of Illinois, USA	Professor of management at National Taiwan University	V
Independent Director	Jen-Jen Chang Lin	2011.6.28	Master of Mathematics and Statistics of University of Michigan	Independent Director and Managing Director of E. SUN Bank	V
Independent Director	Hsin-I Lin	2011.6.28	Bachelor of Department of Mechanical Engineering, National Cheng-Kung University	Director of Yulon Motors Co.,Ltd and China Motors Co., Ltd.	V
Director	Representative of Ron –Yuan Investment Co.,Ltd. Chao-Kuo Chen	2011.6.28	MBA, UCLA	Chairman of Ron-Yuan Investment Co., Ltd.	
Director	Representative of Shang Li Car Co.,Ltd. Chien-LI Wu	2011.6.28	Chung Jung High school	Chairman of Shang Li Car Co.,Ltd.	
Director	Representative of Shan Meng Investment Co.Ltd., Wu- Lin Duh	2011.6.28	EMBA of National Cheng Kung University, 42years in Financial Industry	Chief Brand Officer, Chairman of E.SUN Securities	V
Director	Representative of Sunlit Transportation Co., Ltd. Suka Chen	2011.6.28	Master of Department of Agricultural Economics at National Taiwan University, 25 years in Financial Industry	SEVP of E.SUN FHC	V

Note: “Professional qualifications” refer to qualifications specified in Article 9, Paragraph 1 of “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.” This company shall have at least four directors meeting these requirements.



## 1.2 Functional committees of the board

Strengthening board functions and the independent directors system are the keys to effective corporate governance. E.Sun FHC's board is composed of figures from the financial industry and the industrial sector, and other experts and specialists, and also contains four independent directors with different professional backgrounds. All members of the board are equipped with professional skills such as decision-making ability, risk management, and management expertise. The board has set up an audit committee comprising all four independent directors, and has also established a corporate governance and nomination committee, a compensation committee, a board strategy development committee, and a corporate social responsibility committee. The four independent directors also serve as key members of these specified functional committees. The board's diverse and talented members, as well as their forward-looking, objective, and thoroughgoing qualities, have enhanced the quality of business decision-making, realized the goals of corporate governance, and fulfilled the company's corporate social responsibilities.

On June 28, 2011, the E.Sun FHC shareholders meeting elected four independent directors. Four independent directors were also assigned for E.Sun Bank on July 7, 2011, and have accounted for more than one-fourth of all board seats, and the company determined Rules Governing the Scope of Powers of Independent Directors. E.Sun hopes that the presence of independent directors will ensure that the board and company will function as fully as possible. In addition, in order to further strengthen corporate governance, the company will ensure that each functional committee operates effectively.

The attendance rates of the various functional committees in 2013 were as follows: Audit committee: 90.6%, corporate governance and nomination committee: 91.6%, compensation committee: 87.5%, board strategy committee: 100%, corporate social responsibility committee: 100%.

According to the rules of procedure for E.Sun FHC board meetings, directors and other institutional representatives should avoid discussion and voting on matters in which they individually, or the institutions which they represent, are interested parties, and which may be injurious to the company's interests, or which the directors believe should be avoided (see attached table). Furthermore, material issues regarding environmental and social risk management shall be submitted to the directors for discussion as part of the important matters prescribed by the competent authority in Article 12 of the rules of procedure.

If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

Motions	Director	Reasons for avoidance	Status of voting
Motion concerning year-end bonus distribution to senior managers	Joseph N.C. Huang Suka Chen	Conflict of Interest	Not involve in discussion and voting
Motion concerning bonus distribution to senior managers	Joseph N.C. Huang Suka Chen	Conflict of Interest	Not involve in discussion and voting
Motion concerning salary adjustment to senior managers	Joseph N.C. Huang Suka Chen	Conflict of Interest	Not involve in discussion and voting
Motion concerning performance evaluation for managers	Joseph N.C. Huang Suka Chen	Conflict of Interest	Not involve in discussion and voting
Nominate for 5th term of Directors(9 persons)	Yung-Jen Huang Joseph N.C.Huang Gary K.L. Tseng Jackson Mai Chiu-Hsiung Huang Chao-Kuo Chen Chien-Li Wu	Conflict of Interest	Not involve in discussion and voting
Nominate for 5th term of Independent Directors (4 persons)	Chen-En Ko Ji-Ren Lee Jen-Jen Chang Lin Hsin-I Lin	Conflict of Interest	Not involve in discussion and voting

Audit Committee	<p>(1) Rules of Audit committee organization have been established. The committee has held 8 times in 2013</p> <p>(2)The committee is compose with all independent directors, the committee has the following main objectives in its work:</p> <ol style="list-style-type: none"> <li>Ensuring the Company's financial statements is in proper form.</li> <li>Selecting (dismissing) certified Public Accountant (CPA),and to verifying CPA's independence and monitoring performance.</li> <li>Ensuring effective implementation of the Company's internal controls.</li> <li>Ensuring Company compliance with related rules and regulations</li> <li>Control the potential risk within the company</li> </ol>
Corporate Governance and Nomination Committee	<p>(1) Rules of Corporate governance and nomination committee organization have been established. The committee has held 3 times in 2013</p> <p>(2) The committee should be composed of 3 directors at least.</p> <ol style="list-style-type: none"> <li>Ensuring the corporate governance structure and mechanisms.</li> <li>To seek out, examine and nominate candidates for board directors.</li> <li>To establish and develop an organizational framework for the board of directors, ensuring the proper formation of the board.</li> <li>To examine or nominate candidates for president and chief auditor.</li> </ol>
Compensation Committee	<ul style="list-style-type: none"> <li>Determined "Compensation Committee Organizational Rules." The Compensation Committee met three times in 2013. Independent directors serve as the convener and chairman, and the committee must meet at least twice each year. The committee's duties include the following matters:       <ol style="list-style-type: none"> <li>Determining and regularly reviewing policies, systems, standards, and structures concerning the performance assessment and salary compensation of this company's directors and managers, banking subsidiary upper managers at the level of vice president and above, and general managers of other subsidiaries (referred to below as subsidiary upper managers).</li> <li>Regular assessment and determination of the salary compensation of this company's directors and managers, and subsidiary upper managers.           <ul style="list-style-type: none"> <li>The compensation committee shall perform the foregoing duties in accordance with the following principles:               <ol style="list-style-type: none"> <li>The performance assessments and salary compensation of directors, managers, and subsidiary upper managers shall reflect the prevailing payment standards in the industry, and shall consider the reasonableness of personal performance, corporate business performance, and linkage with future risk.</li> <li>It shall not induce directors, managers, and subsidiary upper managers to engage in actions exceeding the company's risk appetite in pursuit of salary compensation.</li> <li>The ratios of short-term performance bonuses given to directors, managers, and subsidiary upper managers and some variable salary compensation payment times should be determined in reflection of the industry's characteristics and the nature of the company's business.</li> </ol> </li> </ul> </li> </ol> </li> </ul>
Board Strategy Development Committee	<p>(1) Rules of Board Strategy development committee organization have been established. The committee has held 1 times in 2013</p> <p>(2) The committee meets at least once a year, the chairman is the convener and chairman of this committee with following tasks:</p> <ol style="list-style-type: none"> <li>Convenes meetings regarding the Company's strategic development goals and report to the board of directors.</li> <li>Report to the board of directors on any other important strategic matters that could impact the Company's future development.</li> </ol>
Corporate Social Responsibility Committee	<p>(1) Rule of Corporate Social Responsibility committee organization has been established. The committee has held 1 times in 2013</p> <p>(2) The committee meets at least once a year, the chairman is the convener and choose the committee members with following tasks:</p> <ol style="list-style-type: none"> <li>Set the annual plan and strategies</li> <li>Organize the campaigns</li> <li>Review the performance of annual plan and strategies</li> <li>Establish and review the CSR report</li> <li>Decide media issues relate to CSR</li> <li>Others relate to CSR</li> </ol> <ul style="list-style-type: none"> <li>In order to fulfill the company's social responsibilities, and promote economic, social, and environmental balance and sustainable development, the board drafted and passed the Corporate Social Responsibility Best-Practice Principles, which set forth principles that must be followed when fulfilling corporate social responsibilities in order to comply with the international trend toward balanced development of environmental protection, social concern, and corporate governance.</li> <li>Operating status of the Corporate Social Responsibility Committee: The committee has established five major social responsibility aspects, namely corporate governance, social welfare, environmental sustainability, customers' rights, and employee welfare, and has set up committees to bear responsibility for the promotion of relevant policies. The following is a summary of specific policies and implementation results for each aspect:       <ol style="list-style-type: none"> <li>Realization of corporate governance: E.Sun participates in corporate governance system assessment, and has obtained certification for seven consecutive years. The company has also increased information transparency, and participates in the Information Disclosure Assessment of Listed/OTC-traded Companies, in which it has been awarded a grade of A+ for five consecutive years.</li> <li>Maintenance of social responsibilities: In the "Golden Seed Project," the company had donated 70 E.Sun libraries as of 2013. E.Sun's "Scholarships for Outstanding Students" program provided financial assistance to 8,075 economically underprivileged elementary school students and those who had suffered accidents. E.Sun sponsored High school baseball in Taiwan, and helped young athletes participate more than 3,200 person times.</li> <li>Development of a sustainable environment: E.Sun has established a green lending policy, promotes green procurement, and has passed ISO 14001 environmental management system and ISO 50001 energy management system certification. The company is working with partners to jointly expand the E.Sun YouBike program, and calls on people to conserve energy, promote fitness, and lead a healthy lifestyle, obtaining an enthusiastic public response.</li> <li>Enhancing customers' rights: E.Sun is continuing to improve service quality and maintain customers' rights, and passed in ISO 27001 information security management system certification in 2013.</li> <li>Promoting employee welfare: E.Sun is continuing to perfect the employee benefits system, and has established a cash capital increase employee stock ownership program, which has obtained strong support from company personnel.</li> </ol> </li> </ul>

## Members for functional committees

Member	Audit Committee	Corporate governance and nomination committee	Compensation Committee	Board Strategy development committee	Corporate Social Responsibility committee
Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang		V		V	V
Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang		V		V	V
Representative of E.SUN Foundation Gary K.L. Tseng		V		V	V
Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	V	V	V	V	
Representative of Allcan Investment Co.,Ltd. Chiu-Hsiung Huang	V	V	V	V	
Chen –En Ko	V	V	V	V	
Ji-Ren Lee	V	V	V	V	
Jen-Jen Chang Lin				V	
Hsin-I Lin		V		V	
Representative of Ron –Yuan Investment Co.,Ltd. Chao-Kuo Chen				V	
Representative of Shang Li Car Co.,Ltd. Chien-Li Wu				V	
Representative of Shan Meng Investment Co.Ltd., Wu- Lin Duh				V	V
Representative of Sunlit Transportation Co., Ltd. Suka Chen				V	V

## 2. Business integrity

### Developing a corporate culture of integrity

E.Sun's corporate culture reflects its 3+1 business philosophy and common vision: "reality, capability, responsibility," "teamwork, harmony, happiness," "leadership, excellence, honor," and "contentment, appreciation, and gratitude." This philosophy is not posted on bulletin boards, nor is it used in slogans, but it is deeply imprinted in the heart of every E.Sun employee, and is reflected in their superior service and actions.

### Drafting the E.Sun Service Agreement

The "E.Sun Service Agreement" lays out clear principles for employee behavior, including ethics and personal integrity, individual actions and discipline, service behavior, intellectual property rights, and use of the Internet and e-mail. In general, the pledge charges employees with upholding laws and regulations while performing their duties, and emphasizes that colleagues may not violate the principal of integrity in the course of their work.

During the course of new employee training, legal affairs personnel and the head of the human resources department explain the various terms of the E.Sun Service Agreement. Employees must take regular or occasional tests concerning legal compliance and E.Sun's Service Agreement. In 2013, 18,905 persons completed online tests, and relevant class time totaled 522 hours.

### Incorporation of business integrity in performance reviews

Performance review guidelines provide clear rules concerning internal controls for special services and full-scale service quality management, and seek to protect customers' rights and realize business integrity by covering every link of the customer service process. In order to establish a corporate culture defined by business integrity, E.Sun adds a business integrity clause to its contracts, which provides a reference framework for the establishment of sound business relations.

### Establishment of two-way communication channels

In order to provide effective means of communication between the audit committee and employees, shareholders, and stakeholders, this company has established a special e-mail address (AuditCommittee@email.esunbank.com.tw) announced on the company website, and has also established a spokesperson system, which is also noted on the E.Sun website. Furthermore, in order to ensure legal compliance, strengthen the law-abiding culture, and increase legal, regulatory, and ethical awareness and education, E.Sun has drafted "Legal Compliance Manager System Guidelines" specifying the assignment of duties and powers, legal compliance planning and implementation, and the establishment of communication channels and reporting mechanisms.

### Excerpts from the "E.Sun Service Agreement"

- Employees may not take advantage of their duties lending to its customers or solicit contributions without authorization, and may not engage in transactions or arbitrage with, or borrowing from, E.Sun Bank in another person's name.
- Employees must strictly uphold the principle of avoidance of benefit, and may not take advantage of opportunities provided by their duties to benefit or convenience themselves, a spouse, relative within the third degree of kinship, or other person with whom they have major private interested relationships.
- Employees may not engage in any partiality, nor may they use bribes or other improper methods to secure business.

Online tests taken  
18,905 person times

522 hours of relevant  
classes held



### 3. Investor relations

In line with its professional management philosophy, E.Sun has long striven to maintain investor relations, and values the views of its shareholders and investors. While constantly upholding its core values, E.Sun is also ceaselessly encouraging progress, and seeks to combine a disciplined culture with an entrepreneurial spirit, enabling it to create greater value that can be shared with all shareholders.

#### **Launch of investor relations webpages and organization of briefings for institutional investors, both in Chinese and English**

With regard to external communication channels, E.Sun FHC has also established a Chinese-English investor relations website providing information needed by investors and analysts. In addition, E.Sun also holds quarterly investor conferences to announce the company's business situation, financial status, and development strategies; these conferences were attended by 243 persons in 2013. To help overseas shareholders and investors to stay up to date, an online English-language investor conference is held in the evening of the day each Mandarin investor conference is held, enabling us to stay closely in touch with our global investors.

#### **Participation in domestic and overseas symposiums and roadshows**

In 2013, E.Sun participated in seven domestic and foreign forums and roadshows hosted by securities dealers, including events held in major cities throughout Asia, Europe, and the US. We also took part in 138 conferences with analysts and investors, which enabled shareholders and investors to get a confidence-building better understanding of this company.

#### **Establishment of a spokesperson system**

E.Sun has established a comprehensive spokesperson system unifying external speaking duties and powers, which helps avoid confusion or error when messages are issued. This system ensures that the company can communicate effectively with shareholders and investors, and allows shareholders and investors to receive sufficient information and respond promptly. The investor relations team also regularly sends relevant information to management in order to guide decision-making.

Our continuous improvement of corporate governance and investor relations has earned much praise from investors and other external parties, which helps account for our 53% foreign investment ownership (as of the end of 2013), which is the highest among any financial holding company in Taiwan. In addition, we have been honored with the Platinum Award for Excellent Management in Corporate Governance in Asia by The Asset magazine, and are the sole company in Taiwan to have won this award for four consecutive years (2010-2013).



E.SUN received the Platinum Award for Excellent Management in Corporate Governance in Asia. (The Asset, 2010-2013)

## 4. Risk management

The goal of risk management is to preserve the safety of assets, enhance customer service quality, and increase shareholder value. After experiencing domestic and foreign economic downturns and the European and American debt crises, one of the most important issues facing the financial industry is how to perform effective risk management at a time of increasingly strict international financial oversight and growing need to protect customers' rights. We believe that "no business can be considered beyond risk", and we uphold the highest guiding principles of risk management: safety and liquidity are priorities, followed by profitability and growth potential while emphasis on public welfare throughout the process.

### Goals of risk management

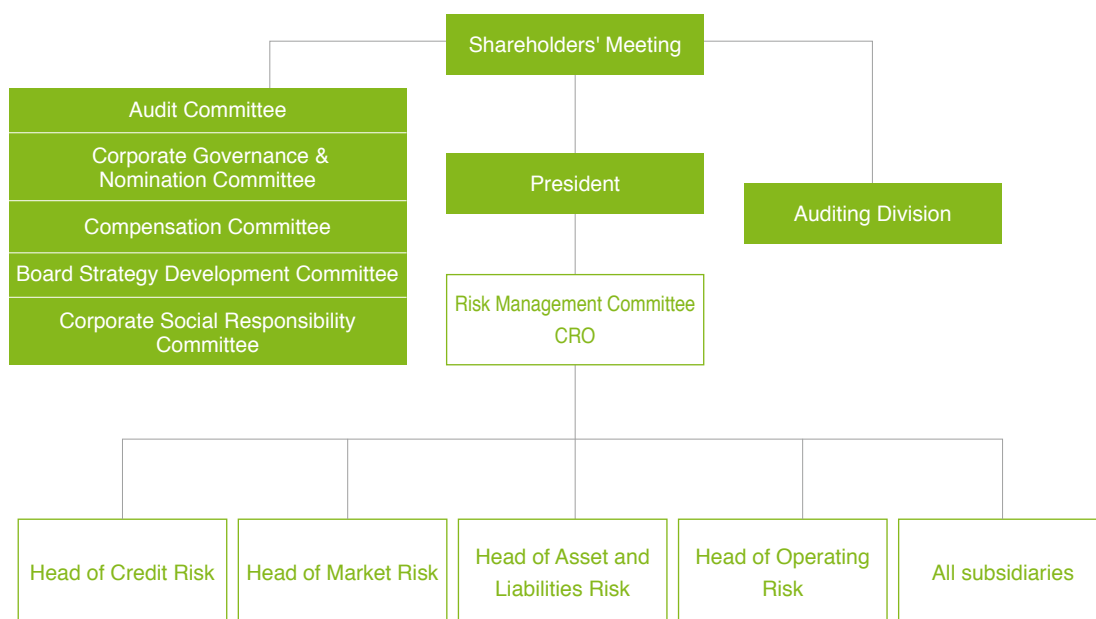
1. Enhancing the company's reputation
2. Establishing a culture of risk awareness
3. Optimizing capital utilization
4. Providing suggestions for strategic management decision-making

### Risk management tasks

1. Open, impartial, transparent information disclosure
2. Examining the appropriateness of the balance of profit to risk
3. Ensuring excellent asset quality
4. Early risk warning and risk avoidance

## 4.1 Risk management organization

E.Sun FHC's board of directors shall review and approve overall risk management policies and major decisions in accordance with the company's overall operating strategy and the business environment. The board is the highest decision-making unit in the risk management system, and bears ultimate responsibility for overall risk management. E.Sun FHC has established an independent, impartial "Risk Management Committee," with the president as its convener and the chief risk officer as its executive secretary. The committee takes responsibility for developing and overseeing the establishment and implementation of the risk management systems of this company and its subsidiaries, and shall promote and supervise the compliance of all business operations with international norms. The Risk Management Committee shall hold meetings on a regular basis and when needed. It shall promote the establishment of risk management systems by E.Sun FHC and all subsidiaries, and shall review whether, in view of business development and changes in the environment, risk management committees and various units facing risks have drafted appropriate risk mitigation strategies addressing specific risk items. The committee shall perform effective management of credit risk, market risk, operating risk, and asset-liability risk, and regularly report the state of risk management implementation to the board, and also disclosing risk management implementation on the annual financial report. Furthermore, in order to increase the risk management consciousness of E.Sun personnel, the committee shall actively promote operational risk management mechanisms and establish operational risk management tools, including operational risks self-assessments, key risk indicators, and collection of loss data.





## 4.2 Risk management mechanisms

### Effectively controlling risks on the basis of the Risk Management Policy and Principles

The guiding principle of risk management that no business can be considered beyond risk as the key to strengthening the constitution of financial firms. Apart from complying with the Risk Management Policy and Principles, E.Sun's risk management system also includes various operating standards intended to cope with major risk types, including credit risk, market risk, operational risk, and asset-liability operational risk. Our risk management mechanisms allow the effective identification, assessment, monitoring, and control of risk, and we have drafted risk limits, early warning indicators, and control procedures for major risk types. As a result, we can control the effect of major risks on the company and report risk to management team. Apart from this, we also use our risk management mechanisms to manage climate change (natural disasters) risks, reputation risk, and legal risk. When reviewing financing cases of project finance, we further examine whether the applicant firm has dependably discharged its environmental and social responsibilities.

### Quarterly stress testing to review risk appetite

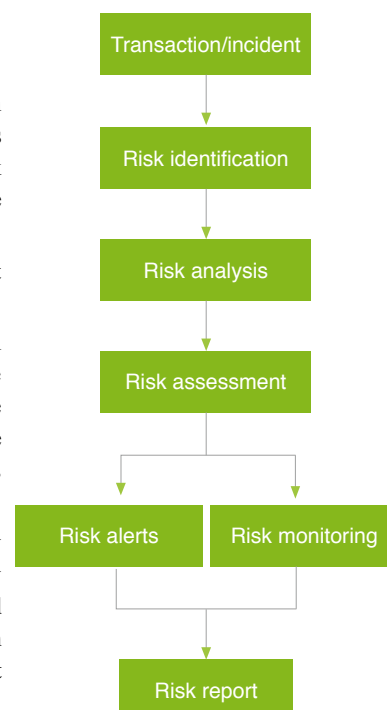
E.Sun FHC's board relies on levels of risk appetite and stress to determine risk limits for individual products and services as a whole, and these risk limits are linked with risk appetite, business decisions, and capital allocation and limits. Risk appetite is not only assessed quantitatively, but is also described qualitatively in risk management communication. At the same time, to keep up with changes in the economy and business environment, quarterly stress testing is performed in order to determine whether risk appetite management mechanisms are appropriate.

### Establishing an enterprise-wide risk management culture

To ensure that the risk management concept is firmly implanted in the minds of all E.Sun personnel, training classes for managers, "hope engineers," and new hires include a class on "risk, processes, and discipline," which lets all employees realize E.Sun FHC's risk management vigilance, determination, and actions, and introduces the scope of risk in the financial industry and the proper attitude to take in everyday tasks.

In 2013, the following actions were taken to boost colleagues' risk management consciousness and risk response thinking in their daily work:

- (1) The company completed collection of application materials for the operational risk capital accrual standard method, submitted a standard method applicability application to the competent authority, and completed on-site inspection of business units, which put the company at the documentary review stage. In addition, risk control self-assessments were performed of 112 processes, and 3,229 operational risk self-assessment questionnaires were filled out, enabling the company to continue monitoring the operational risk situation.
- (2) Responding to changes in domestic laws and risk management approaches, the company chiefly revised internal regulations, including its "Internal Control System," "Country Risk and Financial Institution Risk Management Policy," "Risk Management Policy," and "Guidelines for Determining the Weighed Risk of Derivative Product Transactions," in order to boost the risk management consciousness of company personnel and ensure that risk management mechanisms are on a firm footing.





Safety maintenance exercise Fire safety drill

544 on-site drills  
throughout the year **544**

## 5. Crisis management mechanisms

E.Sun FHC and its subsidiaries have drafted "Emergency Response and Crisis Management Operating Guidelines" and standard operating procedures in order to protect against and respond to emergencies and abnormal events, strengthen response capabilities, and put crisis management on a sound footing. To prevent crises from occurring, we maintain a high level of vigilance at all times, and conduct regular drills and inspections to gauge the effectiveness of protective measures. We have established a crisis management task force and emergency contact personnel, drafted management or response measures addressing emergencies and abnormal events, meticulously plan and systematically implement effective response actions, and perform real-time notification intended to keep a crisis from worsening. We also perform continuous review and improvement, and take active steps to prevent the recurrence of crises.

All units perform quarterly on-site safety maintenance exercises, which are under the general management of our subsidiary E.Sun Commercial Bank. These exercises are intended to address the 12 items of fire safety (fire alarms), theft, robbery, embezzlement, replenishment of cash, destruction of automated equipment, theft from customers, fraudulent acceptance of funds, suspicious persons, intimidation, vandalism, and bank runs. We also conduct exercises paired with police awareness announcements. We conducted a total of 544 on-site drills throughout 2013.

### 5.1 Organization and operations

When an emergency or abnormal event occurs, the president, chief brand officer, chief risk officer, chief auditor, chief compliance officer, legal affairs department, customer service department, and the unit in which the abnormal event occurred will, when necessary, organize an emergency response and crisis management task force ("crisis management task force"); the president shall serve as the task force's convener, and shall assign an executive secretary to bear responsibility for operations.

## 5.2 Duties of the crisis management task force

### Before

Prevention or preparation  
and notification

Oversees the drafting of relevant SOPs by business units, maintains routine vigilance, and take steps to preserve confidentiality. Strives to maintain a high level of safety awareness and crisis consciousness, and works to strengthen response capabilities ensuring the ability to protect against and respond to any potential abnormal event.



### During

Handing and coping  
with the situation

If an emergency or abnormal event occurs, the task force shall draft response or management measures, and shall effectively deal with events in conjunction with the responsible department and personnel. The crisis management task force shall take charge of handling and response measures if an event has serious implications.



### After

Tracking mechanisms

Track the business unit's analysis of the event's cause and review of process management, and revise response or management models when necessary so as to ensure an effective response and minimal handling costs if an abnormal event occurs.

## 5.3 Disaster management

All units at E.Sun shall strengthen their disaster prevention and response capabilities aimed at major disasters preventing business operations, such as natural disasters, war, or disease outbreaks.

All cases in which personnel, property, equipment, systems, or data, etc. may suffer injury, or there is a suspected safety threat, shall be handled in accordance with the Safety Maintenance Operating Standards.

## 5.4 Notification of an emergency or abnormal event

All units shall designate an emergency contact person, who shall be managed by E.Sun Commercial Bank's consumer banking department. These contact persons shall be in charge of liaison matters when an abnormal event occur, and shall answer to the convener. Notification and handling of emergencies and abnormal event shall be implemented in accordance with SOPs.

Supporting the green energy industry: Doing business with 230 green energy firms

# 230



## 6. Lending policy

As of the end of 2013, we were doing business with 230 firms in green industries, which represented an increase of 39 firms compared with the year before.

According to Section 3 of E.Sun Commercial Bank's lending policy, lending should preferentially support green firms involved with alternative energy, water resources, and pollution control. We consequently provide appropriate financing assistance to outstanding companies dedicated to lessening energy consumption, reducing pollution, or acquiring environmental protection facilities.

In line with our White Paper on Green Policy, we are supporting the environmental protection and energy conservation industries through the following measures:

- Lending should support green industries, such as the alternative energy, water resources, and pollution control industries.
- Sound companies striving to lessen energy consumption, reduce pollution, or acquire environmental protection facilities should be given appropriate financing assistance and preferential terms.
- Credit reviews should pay special attention to whether a company's operations have a major negative impact on the environment, or whether that company has violated environmental protection laws or regulations.
- High-pollution enterprises that are not yet in compliance with environmental regulations shall be listed as not eligible for loans. If such companies have already obtained loans, they shall be given assistance in making improvements or not granted additional loans, or their loans shall be gradually recovered.

Furthermore, lending personnel shall determine whether any prospective borrowers comply with environmental protection policies, and shall note the following items, which shall be a basis for credit review:

- When a credit information report is filled out, lending personnel must ask whether the company has any environmental issues that must be noted.
- In the case of a pollution-prone applicant, credit checking personnel must request proof of pollution control measures issued by the competent authority or environmental protection unit, and must ask whether the applicant has been penalized by an environmental protection unit, in which case the personnel must ask what subsequent improvement measures were taken.
- Obtain environmental information (such as land registration transcripts) from government agencies, and determine whether the company generates pollution; this information shall be a basis for credit review.



An A<sup>+</sup> grade for information disclosure  
of a listed/OTC-traded company



## 7. Audit system

To ensure the continued, effective implementation of the internal control and audit system, this company has established a chief auditor system with an audit division subordinate to the board. The independent, impartial audit division performs regular audits of business, finances, accounting, and contracts, and reports audit results to the audit committee and board, realizing the internal control and audit system and helping the board and management to discharge their responsibilities.

The audit division conducts at least one general audit annually, and one special audit of E.Sun FHC's finances, risk management, and legal compliance every six months. One general audit and two special audits were implemented in 2013, and internal audit reports were compiled and submitted to the audit committee for inspection. Audit reports are also submitted to the competent authority within two months of the conclusion of an audit. Items subject to regulatory control by the competent authority are tracked by the relevant service management unit, and are also listed on the internal audit working draft. Such items are examined closely in all general audits and are also focal audit item during special audits, ensuring that internal controls are thoroughly effective.

## 8. Industry organizations

### Participation in industry associations and organizations

In order to promote the development of the domestic financial industry, E.Sun FHC and its subsidiaries actively participate in banking, securities, and investment trust associations, as well as organizations such as the Taiwan Academy of Banking and Finance, Taiwan Financial Service Roundtable, and the Chinese Management Excellence Association. CEO Joseph N.C. Huang is the director of the Taiwan Corporate Governance Association, and E.Sun Bank Chairman Tzeng Kuo-lieh is a director of the Bankers Association of the R.O.C. and a member of the Taiwan Academy of Banking and Finance's training guidance committee. E.Sun Securities Chairman Duh Wu-lin serves as a standing supervisor of the Chinese Management Excellence Association, and provides suggestions concerning practical work as necessary. These individuals are doing their part to improve Taiwan's financial environment as a whole.

### Advanced corporate governance system

E.Sun applies annually for corporate governance assessments from the Taiwan Corporate Governance Association, and has consistently received certification. Apart from maintaining a high level of corporate governance discipline, the company also hopes to make further improvements in corporate governance through professional and objective evaluations, maximizing value for the company, shareholders, and employees. Furthermore, the company produces "corporate governance self-assessment reports," and discloses the resulting information on the Market Observation Post System. With regard to information disclosure, E.Sun FHC was awarded a grade of A+ in the Information Disclosure Assessment of Listed/OTC-traded Companies in 2013, which indicates that it upholds the voluntary disclosure of information, strives to maintain information openness, transparency, and promptness of information, and protects the rights of stakeholders.



## IV. Customer Rights



Service is E.Sun's core value. E.Sun's customer service system is based on a foundation of teamwork, with senior management providing leadership, employees committed to realizing service, and the company as a whole implementing customer service quality requirements and management.

E.Sun's business philosophy can be summed up as "E.S.B.," E represents Expertise, S is Service, and B is Business. We believe the most important responsibility is to cultivate the most professional talents and provide customers optimal service.

### 1. The Total Quality Management concept and culture

E.Sun's ultimate goal is to "ceaselessly improve service quality and pursue profound customer satisfaction." Taking the lead in the industry, E.Sun has adopted an innovative service outlook, established a customer service division, and set up a "Total Quality Management Committee" with the Chief Brand Officer as a convener and a member consisting of the management team. The Committee met twice in 2013, and continued to boost customer relationship management and the company's service experience. All departments of subsidiaries have designated "customer service masters," who serve as service quality seed. We also arrange weekly customer service training sessions, and continue to share service cases among departments in order to help ensure that customers receive a consistently satisfying service experience.



1st place in the Golden Service Awards for four consecutive years, giving us the best record in the financial industry.



The sole company in Taiwan to receive the National Quality Award three times.



The first bank to establish lobby receptionist and customer service masters.





## 2. Innovation in product design

- In order to enhance customer value, E.Sun regularly holds interdepartmental innovation conferences, develops innovative products and service models, and holds seminars addressing innovation-related theories, issues, and cases. Recent seminars have focused on sharing knowledge and information concerning WebATM mobile and online banking. We are committed to providing customers with satisfying products and services, and to introducing the following innovative products and services in 2013:
- "E.Sun Trade" is a groundbreaking cross Taiwan and China platform, which integrating cash flow, logistics, and information flow. E.Sun led the market to launch a simple QR code mobile purchasing service, which can help Taiwanese firms to conveniently buy and sell goods in China while managing cash flow in Taiwan.
- E.Sun led the industry by introducing the "E.Sun Third Party Payment Service," while also jointly creating a superior online shopping environment together with Electronic Commerce platform operators.
- E.Sun's "Mobile Banking App" enables various financial services. This App's pioneering "Ubike station query" function helps customers obtain information about Ubike stations. The "foreign currency price alert and transaction" function enables customers to quickly monitor foreign currency exchange rate trends and conveniently buy or sell foreign currency at good price points. The "instant password OTP for non-predesignated account transfer" allows customers to make even safer and more convenient account transfers. The "hospital and clinic query and registration" function enables customers to make real-time queries concerning nearby hospitals and clinics, the number of people waiting, and also perform immediate online registration. The "online credit card application" function enables customers to conveniently perform paperless online credit card application.



- E.Sun's groundbreaking "E.SUN Ticket pro" lets customers conveniently purchase E.Sun Commercial Bank coupons via i-Bon in 5,000 7-ELEVEN as well as the cloud convenience stores, offering both discount and greater security.
- The "US Dollar Gold Saving Account" provides a new "investment opportunity" for customers interested in foreign currency and gold investments.
- The newest version of E.Sun's "Personal Online Bank" offers salary and employee trust queries in the "Corporate employee area," and thus extends company services to the company's employees as well. The "Transaction query" function allows customers to query their account information in the previous 12 months. The "Application for e-billing activity" has increased the percentage of customers applying for paperless billing. E.Sun also provides online services to save customers time and cost of conducting transactions at a bank, such as "Reserved Periodic Account Transfer" and "Online Application for Proof of Deposit Balance".
- E.Sun's trend-setting "QR code credit card mobile payment" and "NFC smartphone credit card online download service" provide a new experience in integrated virtual/physical credit card transactions.
- The "E.Sun mobile CEO" is the first mobile banking service in Taiwan intended exclusively for corporations. Involving E.Sun's corporate online banking, this service enables customers to use mobile device to immediately authorize payments, and to allow high-security, large-amount, and multiple currency type transactions.
- E.Sun Securities' innovative "A<sup>+</sup> Mobile Transaction APP" provides customers an even wider range of convenient securities transaction services.
- E.Sun Securities' "Mobile certificate" allows convenient transactions in a secure mobile environment without using pc.

E.Sun passes ISO 27001 information security management system certification

# ISO 27001



## 3. Protection of customer rights

E.Sun is dedicated to protecting customers' personal information, and passed ISO 27001 information security management system certification in 2011. We are devoted to maintaining full compliance with international standards, and strive to provide secure, reliable information services in line with our security management spirit of confidentiality, integrity, and availability. In conjunction with Taiwan's newly-implemented Personal Data Protection Act and the overall plans drafted by E.Sun FHC, we have commissioned Deloitte & Touche to perform a full-scale inventory check of our information operations, review all processes, and examine and strengthen the company's existing information system framework and hardware/software specifications, ensuring to meet the highest standards and maintain the security and confidentiality of customer information.

While effectively managing risks through legal compliance, risk control, and internal audits, we protect the rights of customers and subsidiaries through the use of rigorous internal controls and highly user-friendly transaction platforms, which offer customers a secure, stable, and fast transaction environment. We comply with the competent authority's laws and regulations when implementing transactions and account operations, we also pre-transaction planning, during-transaction monitoring, and post-transaction audits in accordance with our thorough, exacting operating procedures. When customers wish to conduct a transaction in person, that person must personally fill out and sign an order form. In the case of telephone transactions, complete recordings are required. When customers place orders over the phone. Customers conducting transactions online must use an e-signature or password to complete the operation. We hope that our dependable risk control system will allow the customers to place orders without concerns.

All E.Sun personnel responsible for transactions (including front, middle, and back office personnel and brokers) are responsible for maintaining strict confidentiality when executing market orders. Except when required by law or formally authorized, all transaction information is kept confidential, preserving customers' information security. To maintain market fairness, no transaction related personnel may use internal information to perform unauthorized transactions for personal gain or to benefit a related party. E.Sun has drafted strict internal control principles, and detailed operating procedures cover all processes from front-office transactions to back-office settlement. Mutual checking is performed, and regular internal audits and special audits confirm the accuracy of customer transactions.

With regard to information openness and full disclosure on the company website, the full disclosure of information facilitates the protection of the rights of shareholders and customers. Apart from performing the prompt announcement of major information as required by the Taiwan



Number of persons honored as exemplary employees in the most recent two years

Year	2013	2012
Persons	74	64

Stock Exchange, E.Sun Securities also announces important basic information concerning the company, important roles, and contact information on the company website, allowing shareholders, customers, and stakeholders to have access to necessary information.

E.Sun's systems are designed in order to meet customer needs and maintain customers' rights. For instance, the salaries and compensation of marketing and sales personnel from wealth management division are not directly bundled with any single transaction. As a result, such personnel, can take a customer's perspective when giving asset allocation recommendations or assisting the customers to reach their life goal. In addition, the staff commonly attends public hearings and participate in the drafting of laws, regulations, and rules by the competent authority or industry association. As a result, employees are knowledgeable in legal and regulatory changes and trends, and can respond or prepare quickly in order to safeguard customers' rights. Apart from presenting basic information concerning product types, the E.Sun website also provides detailed data concerning each product, and offers a trial calculation function helping customers perform asset allocation on their own. All forms are fully disclosed relevant expenses and possible risk, and product information is fully disclosed in product manuals and prospectuses.

The company's website, application forms, bills, DMs, eDMs, handbooks, terms and conditions, advertisements, and public materials are fully disclosed relevant information concerning product and campaign design, as well as fees and expenses. This ensures that customers understand, how the financial products can help them reach their goals. We also create customer value by conducting a variety awareness activities targeting customers with different attributes.

In order to better protect customers' personal information, E.Sun's credit card contain chips preventing forgery; these chips transmit real-time purchase confirmation messages whenever make purchase. We have also developed transaction monitoring systems enabling customers to keep track of each transaction; if anything unusual is detected, E.Sun will immediately notify the customer, ensuring that customers can use credit cards without any concerns .

#### 4. Model Staff

Service is part of E.Sun employees' DNA. E.Sun selects model staff in each department on a quarterly basis in order to encourage all colleagues to provide warm, thoughtful service. This system ensures that the most outstanding employees influence their peers, and work with the teams to generate new customer service value. So far 1,063 personnel have been honored as model staff.



## 5. Customers relationship management

To provide better customer service and maintain excellent customer relationship, E.Sun Commercial Bank has closely linked its branches, online services and products services so as to give outstanding customer experiences. E.Sun has also established a second customer service center with a 24-hour service line, and the dual customer service centers in northern and southern Taiwan has expanded the service range. Furthermore, E.Sun also relies on its branches' monthly reports and opinion comments to compile quarterly reports providing information on each product line. This shares customers' valuable comments and ideas, allowing us to perfect our service processes and achieve even greater customer service satisfaction.

To expand our pool of superior mortgage customers while taking risk management and business efficiency into consideration, we have established a "Collateral Security Review Center" responsible for reviewing collateral-secured loan cases. In order to improve operating procedures and do our best for the Earth by emphasizing the spirit of energy conservation and carbon emissions reduction, we have developed DFS (Digital Filing System) for transmitting loan documents; this system has enhanced review efficiency and met customers' need for timely access to funds.

With regard to the handling of customer suggestions, when customer comments contain valuable recommendations concerning quality service, transaction system, or marketing activities, we will pass the suggestions to the relevant business department, so that we can make respond and improvements aimed at enhancing customer satisfaction.

In order to gather customers' needs and suggestions, and to exceed customers' overall satisfaction, in 2013, E.Sun Bank conducted on the following topics: smartphone user survey. E.Sun ebanking, Personal internet banking and wealth management, obtaining valuable response from more than 7,000 customers. We have also taken advantage of lectures, activities, and MGM projects to conduct customer opinion surveys intended to help us understand customers' needs and continue to improve our service.

Furthermore, in order to cultivate our customer base and promote localization, we held 155

A total balance of NT\$7.526 billion of loan in culture and creative industries

# 7.526



financial management seminars in 2013 aimed at increasing customers' knowledge of financial markets and trends. We further held VIP family camps to teach children correct life and financial concepts, preparing them to be first-rate citizens of the world.

To provide customers even more convenient service, E.Sun has introduced "Internet Cash Registers," which enable customers to run businesses and collect payments simply by posting a link on a blog or website, without any need to pay property rent, stocking fees, account management fees, or technical service charges. We are further making a special effort to support cultural and creative industries; as of the end of December 2013, we had provided a total balance of NT\$7.526 billion in loans to 1,059 firms in related industries.

We began establishing barrier-free ATMs facilitating used by visually-impaired and physically-disabled users during the fourth quarter of 2013. Starting during October 2012, we have responded enthusiastically to the New Taipei government's "Ignite Brilliance" poverty alleviation program by introducing "Family Development Accounts," which encourage families to save on a monthly basis by providing matching contributions. As of the end of December 2013, we had helped 28 households complete debt management plans.

E.Sun Securities has also established a customer service department and customer service task force, has reached out to customers in many ways in order to establish closer relationships. Customers can use hotline (02-5580-5013), online customer service phone (or online calls via the E.Sun Securities website), e-mail, or website messages to communicate and obtain service from dedicated personnel. E.Sun Securities hopes to provide the clearest possible information at once, offer satisfying explanations, and help resolve customers' problems.

To ensure that customers can successfully complete the transactions, E.Sun Securities occasionally holds customer care telephone interviews, and also sends greeting cards on holidays. By actively paying attention to customer transactions and providing information about the upcoming campaigns and activities, We are sure that service is always near at hand.





## V ■ Employee Welfare



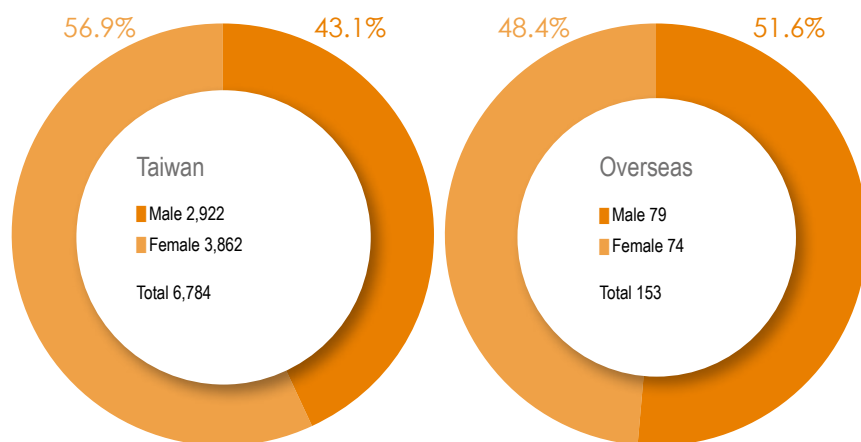


## 1. Human resources

Cultivating competent, promising individuals and establishing outstanding teams is an important source of E.Sun's core competitiveness. Systematic, goal-oriented, methodical cultivation processes ensure that colleagues learn, grow, and gain expertise, accumulate intellectual capital, create a warm and happy working environment, and promote balance between work and family life. We want to ensure that all employees dedicated to E.Sun's development can work with peace of mind and realize their full potential.

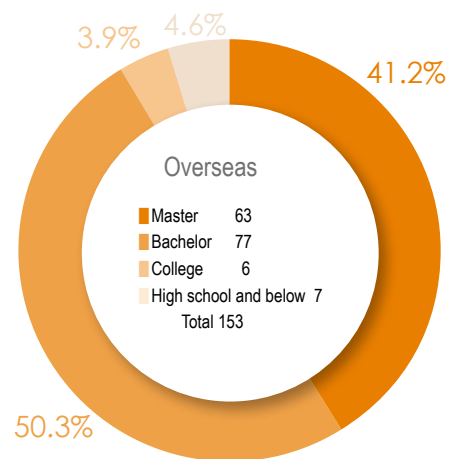
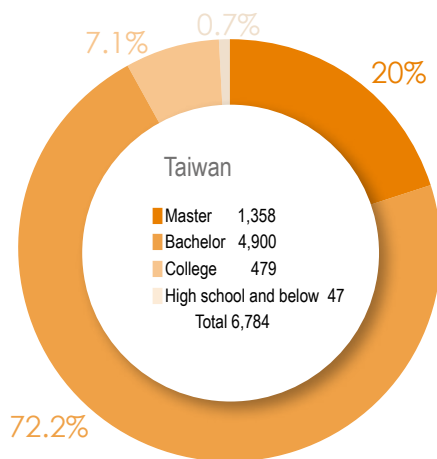
As of the end of 2013, E.Sun FHC and its subsidiaries employed the total of 6,937 persons, who had an average age of 31.7. Further details concerning the company's human resources structure can be obtained from the following tables:

### 1.1 Employees of E.Sun FHC and its subsidiaries

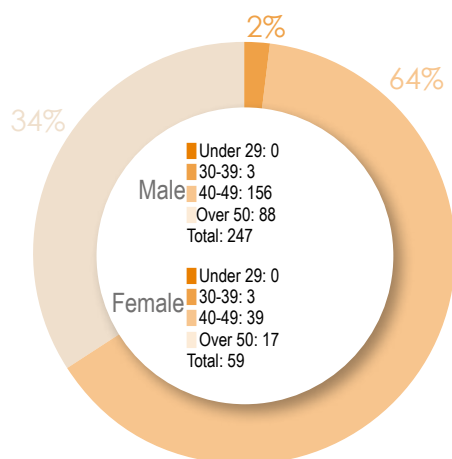


E.Sun FHC and its subsidiaries employ a total of **6,937** whose average age is **31.7**

### 1.2 Educational level

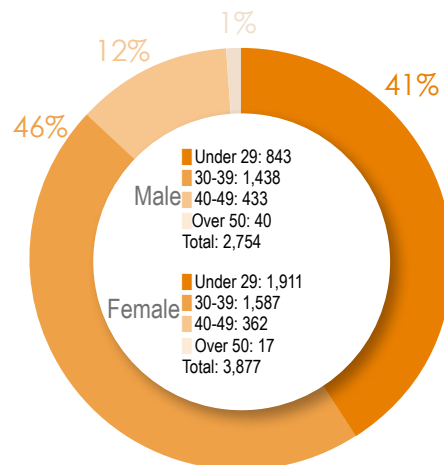


### 1.3 Age/gender distribution of managerial personnel



Note: Persons in this chart consist of unit managers and above; they include 1 disabled individual.

### 1.4 Age/gender distribution of non-managerial personnel



Note: Includes 17 disabled individuals.

## 1.5 Age/gender distribution of new hires

Area	Item	%	Age				Gender		Total
			Under 29	30-39	40-49	Over 50	Male	Female	
Taiwan		15%	886	81	6	1	373	601	974
Overseas		18%	22	1	2	0	10	15	25
Total		15%	908	82	8	1	383	616	999

Note: The total number of employees is based on the average total employees at E.Sun FHC throughout 2013.

## 1.6 Attrition rate

Area	Item	%	Age				Gender		Total
			Under 29	30-39	40-49	Over 50	Male	Female	
Taiwan		7.9%	337	147	17	7	181	327	508
Overseas		6.6%	6	1	1	1	5	4	9
Total		7.9%	343	148	18	8	186	331	517

Note: The total number of employees is based on the average total employees at E.Sun FHC throughout 2013.

## 1.7 Parental leave

Persons on parental leave	Bank		Securities		Insurance broker	
	Male	Female	Male	Female	Male	Female
Persons applying for parental leave in 2013	5	72	1	6	0	0
Persons planning return from parental leave in 2013 (A)	1	48	2	6	0	0
Persons actually returning from parental leave in 2013 (B)	1	38	0	6	0	0
Return rate (B/A)	100%	79%	0	100%	0%	0%
Persons returning from parental leave in 2012 (C)	0	26	0	1	0	1
Persons returning from parental leave in 2012 who worked for a full year in 2013 (D)	0	23	0	1	0	1
Retention rate (D/C)	0	88%	0	100%	0	100%

Note: 1. All employees enjoy the right to take parental leave.

2. There are no records of parental leave at E.Sun FHC or E.Sun VC in 2012 and 2013, and they are consequently omitted from this table.

3. All of the foregoing employees who do not return do so for family or personal reasons.

## 1.8 Occupational injury leave

Gender	Item	Persons taking occupational injury leave	Days of occupational injury leave	Occupational injury rate	Occupational sickness rates	Persons taking sickness leave	Days of sickness leave	Menstrual leave	Days of menstrual leave	Absence rate	Percentage of lost days
Male		40	322.5	0.58	0	311	861.5	0	0	136.7	4.65
Female		56	368.5	0.81	0	798	3,072	31	30.5	400.7	5.31
Total		96	691	1.39	0	1,109	3,933.5	31	30.5	537.4	9.96

Note: 1. Cases of occupational injury leave are chiefly attributable to traffic accidents while going to or from work.

2. Total working hours = 13,860,336 (total persons \* daily working hours \* number of working days)

3. Total number of working days = 1,732,542 (total persons \* number of working days)

4. The absence rate is calculated based on the GRI standard of 200,000 hours.

## 1.9 Status of regular performance management

Area	Taiwan		Overseas	
	Male	Female	Male	Female
Ratio	100%	100%	100%	100%



## 2. Employee relations

### 2.1 An equal working environment

E.Sun has drafted a "Human Rights and Environmental Sustainability Pledge" calling for the protection of human dignity and basic human rights, compliance with relevant labor laws and regulations, 100% protection of employees' lawful rights, no discrimination in employment on the basis of gender, ethnicity, age, marital or family status, implementation of reasonable compensation and employment conditions, and equal opportunity in training and promotion. We prohibit the hiring of underage workers below the age of 16, and eliminate various forms of forced labor and circumstances that violate basic worker rights. Not only does E.Sun implement these principles, it has also invited 87 contractors and vendors to jointly sign and uphold the foregoing agreement.

Furthermore, the E.Sun Service Agreement clearly specifies guidelines for employee behavior, including ethics and personal integrity, individual actions and discipline, service behavior, intellectual property rights, and use of the Internet and e-mail. In general, this agreement explains the rules and regulations that employees should uphold while performing their duties. The company explains the Service Agreement to all new employees, and holds regular or occasional legal compliance tests and employee rules and behavioral guidelines tests. In 2013, 18,905 person-times completed online tests, and relevant class time totaled 522 hours. In the future, we will continue to implement testing and classes, and make adjustments in response to changes in internal guidelines or external laws and regulations.

Any relocation of personnel due to the company's development needs (because of the establishment or moving of business locations) or need for rotation reflecting an employee's career development must comply with the "Five Principles for Relocation," which is based on relevant law. Employees who must be relocated will be given 1-2 weeks to hand over their duties to their successors and prepare for work in a new environment. Notification time must comply with the following requirements if the circumstances stated in articles 11, 13, and 16 of the Labor Standards Act occur:

- (1) Persons who have worked continuously for at least 3 months, but less than 1 year, must receive at least 10 days of prior notice.
- (2) Persons who have worked continuously for at least 1 year, but less than 3 years, must receive at least 20 days of prior notice.
- (3) Persons who were continuously for at least 3 years must receive at least 30 days of prior notice.

E.Sun has implemented a comprehensive leave system. Apart from paid leave, E.Sun has also determined regulations for menstrual leave, family care leave, maternity leave, paternity leave, breastfeeding breaks, and parental leave without pay. Each month, the personnel affairs system automatically produces a statement of persons taking leave in each department for management use. Supervisors regularly pay attention to employees' leave status, and encourage colleagues to balance the demands of work against their family life. In order to maintain safety and boost working efficiency, when overtime is needed, the department manager must give permission, and the manager must be on-site during the overtime period. When overtime occurs, the system will automatically notify the unit executive, who will actively keep watch over employees' working situation. In addition, some departments have set up convenient, private, and safe breastfeeding rooms, and will continue to establish breastfeeding rooms in other units in the future in order to provide a more woman-friendly working environment.

## 2.2 Employee communication

We will always continue to use a wide range of communication channels to carefully listen to our employees' suggestions. We believe that listening to our colleagues' voices is the essence of valuing our employees and interacting with them. We have established multiple channels for reporting problems, including everyday verbal response, online comment areas, and recommendations in experience reports. We rely on numerous methods to collect relevant views and uncover employees' needs, which allows us to constantly make improvements. The following methods are used to communicate with employee:

### (1) Regular employee satisfaction surveys

We conduct annual employee satisfaction surveys in order to gauge the level of our employees' on-the-job satisfaction and gather suggestions concerning E.Sun's development. For instance, a company-wide survey conducted in 2013 had a questionnaire recovery rate of 98.6%. These surveys allow employees to express their views, and relevant suggestions may be used to guide the improvement of the company's systems.

### (2) Organizational health surveys conducted by external consultants

We hire external consultants to conduct anonymous organizational health surveys, which cover such aspects as the working environment and on-the-job culture, leadership methods, and employee participation in corporate development. These surveys can reveal employees' views and needs with regard to the organization, and the consultants' analysis helps to provide an understanding of overall improvement needs.

### (3) Annual knowledge sharing activity

We hold regional knowledge sharing activities on an annual basis in order to communicate and explain future development directions to our employees. We also employ regional joint management mechanisms to ensure that each region can quickly communicate with bank headquarters and convey the thinking of personnel in that region.

### (4) Exchange of views

Comment forms enable E.Sun to listen to employees' views concerning the company's business directions, mentors' management styles, and the future development needs of the company or individual.

### (5) Workplace proposals

We encourage colleagues to make on-the-job improvement recommendations, such as via "new employee training class operating procedure improvement proposal forms" and "crisis management case review proposal forms," etc.



An exercise demonstrating use of an AED automatic cardiac defibrillator



Fire safety drill

### 2.3 Employee safety

To promote employee health and safety, and prevent occupational accidents, E.Sun has established a dedicated unit to bear responsibility for company-wide health and safety. It has also drafted the "Employee Health and Safety Principles," which have been sent to the competent authority for approval, and clearly specify employee health and safety standards and emergency handling principles.

E.Sun has established an employee health and safety committee, with members chiefly consisting of health and safety personnel, health- and safety- technicians, business unit managers, healthcare personnel, and labor union representatives. The committee meets on a quarterly basis to discuss employee health and safety policies at E.Sun.

E.Sun provides regular training to departmental health and safety managers, first aid personnel, and fire prevention management personnel. In addition, general health and safety in-service training is provided to employees on a regular basis in order to enhance health and safety consciousness. At the end of 2013, E.Sun analyzed the chief causes of on-the-job accidents and planned training and awareness measures aimed of the preventing the occurrence of severe occupational accidents and achieve the goal of zero on-the-job accidents.

To protect employees' rights, E.Sun has established a labor-management conference and labor union in accordance with laws and regulations. Labor-management conferences are held regularly on a quarterly basis; labor representatives must comprise more than one-third of the participants, and are able to fully voice their colleagues' recommendations. The issue of relieving employees' stress was discussed at the 2013 conference, and the company subsequent held health lectures, improved the working environment, and took steps to promote employees' physical and mental health.



### 3. A happy second home

#### 3.1 Mentor system

Every new E.Sun employee is assigned a mentor, who provides financial knowledge to the employee, while also imparting life lessons, like a brother or sister. Understanding and caring, mentors help E.Sun employees grow in the workplace, and they selflessly share their accumulated knowledge and life experiences with the newcomers in their care.

#### 3.2 Diverse recreational activities

In order to foster bonding between employees and encourage employees to refresh and revitalize themselves in their non-working hours, E.Sun actively promotes club activities and regular leisure, sports, and travel events. The company has helped establish baseball, badminton, Ping-Pong, dance, and bridge clubs, and assists club members to participate in competitions, at which they have displayed excellent performance. E.Sun provided subsidies of approximately NT\$1.09 million for club activities in 2013, and also held 48 sessions of four fitness classes, which were attended by roughly 1,500 participants, during the year.

Good exercise habits not only benefit the body and mind, but can also increase willpower. After achieving great success at its first "Financial Cup" Ping-Pong and badminton tournament in 2012, E.Sun Commercial Bank was promoted to a higher section in 2013, and again achieved a badminton championship and a second-place finish in Ping-Pong. These excellent results are clearly connected with the company's long-term promotion of exercise, health, and a sound life-work balance.



The employee cafeteria serves **1,300** meals daily

Breastfeeding rooms are used an average of **275** times each month

### 3.3 Establishment of employee cafeteria

Apart from providing employees with a well-lit, spacious dining environment, the employee cafeteria features a menu planned by a certified nutritionist, and offers a wide range of healthy, sanitary meals. Options include buffet dishes, noodle dishes, daily specials, and fresh fruit. Starting in September 2010, every Monday has been a "Vegetable Day." The three employee cafeterias served an average of 1,300 meals daily in 2013.

### 3.4 Sports and leisure centers

In order to promote exercise and fitness, this company has established three recreation centers located at company headquarters and the L&D Center. The recreation centers provide various fitness and exercise facilities, including treadmills, exercise bikes, and weight training equipment. External instructors are hired to teach classes in yoga, aerobics, and popular dance between Monday and Friday. The recreation centers provide E.Sun employees with comfortable places for relaxation and exercise after work, and encourage employees to recharge and re-energize themselves in a healthy, happy work environment. Fitness classes held in 2013 attracted a total of approximately 1,500 participants.

### 3.5 Establishment of breastfeeding rooms

Providing private, comfortable places in which mothers can nurse their infants, E.Sun's breastfeeding rooms contain sinks, storage cabinets, bottle sterilizers, small refrigerators, TVs, and sofas. The company provides bottle cleanser and disinfectant hand cleanser. There are also places where mothers can place photographs of their babies, which lends the rooms a touch of warmth and thoughtfulness. E.Sun's breastfeeding rooms were used an average of 275 times each month in 2013.

E.Sun treasures every employee and all their family members. The company provides female employees who have recently become pregnant with the "E.Sun Smooth Pregnancy–New Mother's Concern Handbook," which contains health care information concerning all stages of pregnancy and explains how to apply for labor insurance, health insurance, group insurance, and various benefits after the child is born.

### 3.6 Passing healthy workplace self-certification, establishing a smoke-free workplace

Motivated by the desire to promote good health, we have drafted a smoke-free environment awareness and implementation plan, hold awareness classes, and make sure that employees are consciousness of the dangers of smoking. As a result, employees have reached a consensus to reject smoking and create a smoke-free workplace. In 2013, we passed the healthy workplace self-certification activity conducted by the Health Promotion Administration, Ministry of Health and Welfare, and received smoke-free healthy workplace certification.



Health classes attended by **4,037** persons      NT\$ **15.17** million provided in subsidies for leisure travel

### 3.7 Climbing Yushan Mountain

Yushan, The highest mountain in Taiwan, for E.Sun's namesake, climbing Yushan holds special meaning for E.Sun employees. E.Sun FHC holds regular climbing trips to Yushan, and professional guides assist employees in arranging physical training before the trip and reaching the peak. Apart from taking a break from the routine with a trip to the high mountains, participants can also challenge themselves and pursue excellence. A total of 160 E.Sun employees reached the summit in 2013.

### 3.8 A healthy workplace

To promote employees' safety and well-being, E.Sun provides annual health checkups to employees in conjunction with medical organizations. The company also offers health classes on such topics as "principles of a healthy diet," "overview and prevention of hypertension, hyperlipidemia and hyperglycemia," "overview and prevention of metabolic syndrome," and "lower back pain and musculoskeletal disorders." These classes have heightened employees' health consciousness and promoted health management. A total of 4,037 employees attended the classes in 2013, accumulating over 8,000 hours of in-class time.

### 3.9 Leisure travel and year-end parties

The families of E.Sun's employees are an important source of strength and support. As a result, E.Sun values interaction with employees' families. Families are always welcome to attend leisure travel activities and year-end banquets. We want family members to understand E.Sun's working environment and the company's personnel. We provided subsidies totaling NT\$15.17 million for leisure travel and year-end parties in 2013, which were attended over 10,000 person-times.

### 3.10 Using publications to create awareness of health and prevention of disease

E.Sun relies on health columns in the magazines Sunrise and Smile to provide information on major diseases and preventive health care from respected physicians, including gynecologists, ophthalmologists, and nose/ear/throat specialists from National Taiwan University Hospital. E.Sun has also established a "notifiable communicable disease announcement and reporting system" able to provide real-time information concerning infectious diseases, allowing employees to take preventive measures and perform notification.



## 4. Cultivation and development

Named after the highest mountain, E.Sun aspires to be the best bank. Human resources are a company's most important asset, and are the key to corporate sustainability. By cultivating capable and promising employees, E.Sun is accumulating human capital, boosting its competitiveness, and building a sturdy foundation for sustainable growth.

### 4.1 L&D center

Employees are E.Sun's most important asset. The cradle of E.Sun's new talent, the L&D Center features an appealing design with an artistic ambience and inviting atmosphere. Every detail of the center reveals E.Sun's dedication to training and cultivating manpower. E.Sun has striven to create a learning environment for all employees, and encourages employees to engage in self-study. Apart from the center's physical environment, a digital learning platform provides a wide array of courses aimed at enhancing employees' professional skills and competitiveness. We want employees to reach the summit of their areas of expertise, and be ready to take on any challenge in the workplace.

The company held a total of 280 internal training classes in 2013, and also sponsored employees' participation in another 828 training classes conducted by professional organizations. Employees attended such classes a total of 46,204 person-times, which implies that each employee attended an average of 6.7 training sessions. The company also offered 287 online classes, and learner participation totaled 174,355 person-times.

Item	Gender	
	Male	Female
Managerial training hours	12,278	2,757
Non-managerial training hours	120,365	119,308
Total training hours	254,707	
Average training hours/person	45.1	31.6
Average training hours/person	37.4	

### 4.2 E.SUN LEAD Program

"Leadership and the transmission of values are the starting point of corporate sustainability; management and talent are the keys to lasting corporate success." The result of careful planning by E.Sun's management team, the E.SUN LEAD Program is intended to purposefully, systematically train leadership talent for now and for the future. The members of the program will lead E.Sun's innovative growth and catalyze a performance leap.

In 2013, 50 management leaders took part in classes on the four major topics of self-leadership, team leadership, service leadership, and change leadership. E.Sun engages prominent professors from National Taiwan University, and top schools of USA and China, world-class consultants, outstanding entrepreneurs, and members of the company's management team to share their knowledge and use varied teaching models—including special lectures, case studies, topical discussions, practical exchanges, on-site visits, case projects, and e-learning—to inspire new thinking among tomorrow's leaders, who will guide E.Sun to success in the highly competitive financial industry.



### 4.3 Cultivating talent with an international perspective

Responding to the company's rapid domestic and foreign growth, financial innovation, and expansion of overseas business locations, E.Sun's personnel have kept up with the times by participating in international financial seminars and overseas visits, which have enabled them to share knowledge, broaden their perspectives, and stay abreast of international financial trends. Realizing that leadership candidates must possess a broad outlook and innovative thinking if they are to lead corporate growth, E.Sun selects key individuals for study abroad at prominent international business institutes for short-term study and long-term continuing education. We have sent personnel to such schools as Oxford University, Wharton School of the University of Pennsylvania, Peking University, and other noted schools in Boston, Singapore, and Hong Kong, where they have strengthened their expertise, management skills, and leadership ability. In 2013, we invited Clayton Christensen, the world's most influential authority on innovation, to give a talk to E.Sun's top managers in Taiwan, which planted the seeds of innovation and strengthened our innovative DNA.

### 4.4 Career development

E.Sun has established a comprehensive training system and career development roadmap in line with its organizational strategies, goals, and individual needs. The training development system includes four major areas of new employee training, professional skills training, management leadership training, and personal development. From new hires to upper managers, E.Sun arranges training classes appropriate for employees at each stage of their career. Apart from professional skills, leadership, and management classes, the topics of self-management and personal growth are taught, and employees can take advantage of classes and lectures to continue their growth and development. In addition to cultivating expertise, E.Sun also strives to train "π-type personnel" with experience in multiple departments and second expertise. E.Sun's career development goal is to create a more flexible talent supply chain and give employees a broader range of career development possibilities.

### 4.5 Innovation competition

According to management guru Peter Drucker: "Innovation is a goal-oriented, discipline activity." The 2013 "E.Sun Innovation Competition" was a four-month activity open to E.Sun employees and managers in all lines of departments and areas of expertise. The competition kicked off with an innovation workshop, which was followed by a preliminary review, second review, and final judging. The activity inspired much innovation at E.Sun, and planted the seeds of future innovations.





## 5. Employee Welfare

### 5.1 Remuneration system

E.Sun is well aware that an excellent compensation system is an essential means of attracting, motivating, and retaining talent. As a result, E.Sun FHC's salaries are higher than the statutory minimum both overseas and in Taiwan. Compensation is determined by such factors as level of education, work experience, and position, and men and women receive the same salaries. The company also provides bonuses and promotion raises on the basis of performance.

### 5.2 Employee welfare

#### **Comprehensive employee benefits**

In accordance with the Employee Welfare Fund Act, the company has established an employee welfare committee, and has instituted various employee welfare measures based on the concept of "work-family balance," including marriage, birth, hospitalization, education, health check-up, funeral, and disability benefits, other subsidies (for Mother's Day, Father's Day, and the New Year's holiday), employee travel, climbing Yushan, and club activities.

#### **Protecting employees with multiple insurance types**

The company purchases various types of insurance for employees, including Labor Insurance, National Health Insurance, Employee Group Insurance, comprehensive business insurance, and other necessary types of insurance.

#### **Employee stock ownership**

Starting at the end of 2013, E.Sun has instituted a cash capital increase employee stock ownership program allowing employees to subscribe to the company's stock at lower-than-market prices. Management hopes to repay employees by allowing all personnel to participate in stock subscription, and the program has won strong support.

#### **Subsidized home loans and consumer loans**

To help employees become homeowners and enjoy happy family lives, all formal employees who have completed their probation periods may apply for loans in accordance with employee subsidized home loan or unsecured consumer loan regulations, and can provide a home belonging to themselves or their spouses as security.

Item	Person-times	Total amount
Child education subsidies	1,313	3,120,000
Marriage subsidies	266	2,341,000
Birth subsidies	326	978,000
Spouse or child medical subsidies	1,117	15,765,934
Yushan climbs	160	1,093,332





E.Sun contributed NT\$ **1.75** million for family concern and outstanding child awards

### 5.3 Childcare measures

E.Sun has engaged in authorized chain daycares to provide childcare service to employees at a discount, which complies with the requirement for gender equality in the workplace.

### 5.4 The E.Sun Award

Apart from subsidies for children's education from the employee welfare committee, founder and Chairman Yung Ren Huang contributed 3,000 shares of E.Sun FHC's stock to establish the E.Sun Award, which provides short-term economic assistance or support to meet the needs of any E.Sun employees who suffer from sickness or injury, family tragedies, or natural disasters, and also offers grants to elementary, junior high school, high school, university, and graduate students who display exceptional scholastic performance or participate and win awards in major domestic or foreign competitions. E.Sun contributed a total of NT\$1.75 million for family concern and outstanding child awards in 2013, and awards were issued to 90 persons.

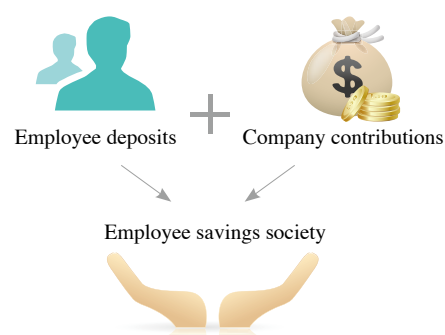
Item \ Year	2013	2012
Outstanding Child award	82	30
Family Concern	8	2

### 5.5 Emergency relief mechanism

E.Sun provides short-term economic support to employees or dependents who suffer from sickness or injury, family tragedies, or natural disasters.

### 5.6 Employee savings society

To encourage employees to plan ahead for a secure retirement, E.Sun has established an employee savings society. All employees who have passed their probationary period may apply to join the society. Society members make monthly deposits in accordance with consumer banking regulations, and the company makes contributions as a form of subsidy every six months, helping employees fulfill their retirement plans. E.Sun made total contributions of NT\$29.3 million during 2013.





## VI. Environmental Sustainability





A company gathers society's resources, and a company's actions are tightly linked with economic development in the social environment. In 2013, E.Sun FHC passed the ISO 14001 environmental management system and ISO 50001 energy management system certification, participated in the "Carbon Disclosure Project" (CDP), which was founded by mainstream international investment institutions, and became a CDP supporter. E.Sun hopes to coexist with a sustainable natural environment. E.Sun FHC was granted the Green Brand Award by Business Next, received the Executive Yuan's National Environmental Education Award for its environmental protection and sustainability projects, and was honored with Global Views Monthly's Corporate Social Responsibility Award and Commonwealth Magazine's "Excellence in Corporate Social Responsibility Award."

### 1. Green management policy

Since it issued the "E.Sun White Paper on Green Policy," E.Sun has constantly striven to fulfill its environmental protection and energy conservation mission. The actions the company is taken have included drafting an environmental protection & energy conservation policy, establishment of an environmental protection & energy conservation culture, implementation of environmental protection & energy conservation measures, and use of in-house education and awareness to make environmental protection and energy conservation an integral part of employees' daily lives and all their everyday activities. We want to set an example by taking the lead in the financial industry, and hope to work with others to create a superior living environment. By fulfilling our corporate social responsibilities, we look forward to making E.Sun people first-class citizens of the world, and making E.Sun a first-rate global corporate citizen.

Passed ISO 14001  
and ISO 50001  
E.SUN Green Policy



Saved 74,131 kWh of power throughout the year

# 74,131

## 2. Building development and energy management

Company headquarters, Dengfeng building, and branches are all located in cities and towns; the company is not engaged in developing any protected zones, natural habitat, or mountain slopes. Future building development will avoid these sensitive areas, and we will continue to use green building materials and green building designs. Responding to the Bureau of Energy's "Voluntary Energy Conservation Promotion Plan," we hope to conserve energy by 5% within three years, and we are cooperating with the Environmental Protection Administration in carrying out the "Green Living Campaign and Credit Card Promotional Event." We encourage employees and customers to conserve energy, reduce carbon dioxide emissions, and cherish the Earth's resources.

E.Sun's promotion of environmental protection focuses on green finance, cherishing the Earth, and environmental sustainability. E.Sun Commercial Bank and E.Sun Securities passed ISO 50001 energy management system certification in 2013, and E.Sun Securities also became the first member of the securities industry to pass ISO 50001 energy management system certification with support from the Bureau of Energy, MOEA. Responding to the Bureau of Energy's promotion of energy conservation, E.Sun Commercial Bank and E.Sun Securities were selected by the Bureau of Energy as "Service Industry Energy Management System" demonstration firms in June 2013, and formally adopted the ISO50001 energy management system.

E.Sun strives to promote energy management, and has posted educational environmental messages in offices and elevators. It has also taken the following actions at its subsidiaries and their departments.

### 2.1 Air conditioning equipment

- (1) As a rule, to reduce energy consumption for cooling, air conditioners are set for ventilation only before 8:00 and after 18:30.
- (2) The indoor temperature in offices with air conditioner thermostats should ideally be set in the range of 26°C-28°C.
- (3) Employees should make appropriate use of wall-mounted electric fans in order to promote ventilation and cooling efficiency.

### 2.2 Lighting

- (1) Facilities largely employee high-power lamps and power-saving light bulbs. Use of halogen light bulbs has been reduced. Existing power-saving lamps have recently been replaced with even more energy-efficient T5 lamps, which reduce energy consumption in the form of waste heat.
- (2) Necessary lighting in business lobbies and offices must be turned off when no one is present.
- (3) Lighting in the headquarters building's parking facility has been replaced with LED bulbs; replacing 390 bulbs will save 74,131 kWh of power annually.



- (4) Lamps used for display purposes, including painting illumination lights, except when external guests are present and it is wished to display the picture, shall be kept turned off. In non-office areas, except for lights needed for the sake of safety, other lights should be kept off during working hours, and all lights should be turned off after working hours.
- (5) At most times, lights in office areas apart from business lobbies should be turned off for 1 hour at noon, and computers that are not being used should also be turned off.
- (6) Sign lamps should be managed to reduce illumination time by 2 hours each day.

### 2.3 Elevators

- (1) In order to conserve energy and reduce carbon emissions, employees working below the third floor should be encouraged to use the stairs.
- (2) The number of in-service elevators should be controlled depending on whether it is currently working hours.
- (3) Company headquarters employs microcomputer-controlled power-saving intelligent elevators to achieve energy conservation and carbon reduction.

### 2.4 Water resource management

- (1) Building water tanks are washed twice annually, and water quality tests are performed at the same time to check whether the pH value and chlorine content comply with national standards.
- (2) With regard to drinking water safety, the 31 floor-mounted and tabletop drinking water machines on various floors of E.Sun's headquarters are inspected and maintained on a monthly basis. In addition, in order to maintain water quality and safety, an analysis and testing organization approved by the central competent authority is hired to perform sampling and testing once every three months and replace filters every six months.
- (3) Bathrooms in the E.Sun's headquarters are fully equipped with water-saving toilets bearing the EPA's mark of approval, and water-saving devices are used extensively on faucets to reduce water flow.
- (4) The company obtains 100% of its water from the Taiwan Water Corporation, and does not use any groundwater or water obtained from other sources. The water in office buildings and branches is solely for use by employees and some customers, and water consumption is no significant impact on water sources. All wastewater is discharged into rivers and the sea via sewer lines.

### Power consumption and carbon emissions data for the most recent two years—E.Sun's headquarters

Item	2013	2012
Total power consumption (kWh)	3,649,400	3,639,400
Bureau of Energy carbon emissions conversion coefficient	0.522	0.532
Carbon emissions (equivalent tons of carbon dioxide)	1,905	1,936

**Notes:**

1. The number of office workers in E.Sun's headquarters office increased by 3% in 2013 compared with the previous year.
2. In 2013, windows were replaced with Low-E energy-saving glass between May and December. Energy consumption increased during the construction period due to the loss of cool air from the building.
3. The emissions factor is based on the carbon dioxide emissions coefficients for power consumption announced by the Bureau of Energy, MOEA in 2012 and 2013.

### Power consumption and carbon emissions data for the most recent two years—Branches throughout Taiwan

Item	2013	2012
Total power consumption (kWh)	17,501,025	16,526,106
Bureau of Energy carbon emissions conversion coefficient	0.522	0.532
Carbon emissions (equivalent tons of carbon dioxide)	9,136	8,792

**Notes:**

1. In 2013, five new branches were added and 14 branches expanded their office area and number of office workers.
2. The emissions factor is based on the carbon dioxide emissions coefficients for power consumption announced by the Bureau of Energy, MOEA in 2012 and 2013.

### General waste and recycling statistics, 2013

General waste	Recycling category		
	Paper	Plastic	Metal (iron/aluminum cans)
128,900kg	2,717kg	183kg	40kg

### Water consumption statistics for the most recent two years

Item	2013	2012	Increase (decrease)
E.Sun's headquarter	19,401	20,199	-3.95%
Other branches	75,904	90,125	-15.8%
Total	95,305	110,324	-13.6%

**Note:**

1. There were 136 branches in 2013 and 132 branches in 2012.
2. The emissions factor is based on the carbon dioxide emissions coefficients for power consumption announced by the Bureau of Energy, MOEA in 2012 and 2013.

### Fuel consumption statistics, 2013

sort	Gasoline	diesel fuel
The total fuel consumption (liters)	5,901.95	449.57
Co2 emissions (metric tons)	12,786.83	1,016.03
Calorific value (Joule)	194.88	14.85

**Note:**

The emissions factors and thermal values for gasoline and diesel fuel are based on the carbon dioxide emissions coefficients for fuel combustion and power announced by the Bureau of Energy, MOEA in 2013: <http://www.moeaboe.gov.tw/oil102/cpknew/A07/A0706/oeH.asp>

### Vertical and horizontal sign and ATM sign

Sign type	Vertical and horizontal signs		ATM sign		
	Season	Summer / April-September	Winter/ October-March	Summer / April-September	Winter/ October-March
Illumination times	General areas	Daily 19:00 - 22:00	Daily 18:00 - 22:00	Daily 19:00 - Next day 05:00	Daily 18:00 - Next day 06:00
	Special areas Industrial parks, mixed industrial/commercial areas, remote areas, residential areas	Daily 19:00 - 20:00	Daily 18:00 - 20:00	Daily 19:00 - Next day 05:00	Daily 18:00 - Next day 06:00



Promotion of digital platform use reduced carbon dioxide emissions by 2,788kg

2,788

### 3. Energy conservation through e-services

Reducing paper consumption through the promotion of e-services:

- (1) Customers are encouraged to use e-services such as telephone and online banking, WebATM, and e-trading, and use of e-billing and e-statements reduces paper consumption and postage costs.
- (2) Customers are encouraged to sign automatic account transfer payment agreements, which will reduce their transportation costs and carbon footprint after no longer needing to make payments in person.
- (3) The establishment of videoconferencing equipment at all bank branches has enabled the use of one-to-one, one-to-many, and many-to-many videoconferencing system. This has boosted working and communication efficiency, reduced unnecessary transportation and time costs, and lessened greenhouse gas emissions due to in-person transportation.
- (4) The company's e-learning platform was used for 350 classics in 2013; these classes were taken approximately 154,391 person-times, which lessened paper and printing costs and reduced CO<sub>2</sub> emissions by 2,788 kg.

### 4. Paperless campaign and resource classification, recycling, and reuse

We strive to use paperless official forms and working documents, including digital employee pay slips and training materials. To reduce consumption of paper and printer ink, we use both sides of paper, and make effective use of printed functions to print on both sides or combine multiple pages on a single sheet whenever possible. These measures have reduced our CO<sub>2</sub> emissions by approximately 21,150 kg annually.

Office trash is classified as general waste, recyclables, and kitchen waste. The building's waste management company gathers waste in a refuse room on floor B3, and notifies a recycling company to perform removal. General waste is taken by an approved waste clearance and disposal company to an incinerator for disposal. Apart from performing waste classification, we also encourage employees and customers to reduce waste production through the use of eco-friendly cups, chopsticks, and bags, etc.

- (1) While ensuring information security, we reuse waste paper used on only one side, and make effective use of printer functions to print on both sides, combine multiple pages on a single sheet, or perform draft-made printing, reducing our consumption of paper and printer ink.
- (2) We will make a shift away from the use of paper official and working documents at an appropriate time. We are prioritizing the storage of computer-generated data as a means of filing information, and do not make print-outs whenever possible. All files (including physical and computer files) that have passed their preservation limit are destroyed in order to conserve storage space.
- (3) We have implemented waste classification and recycling, and make repeated use of all reusable items (such as shopping bags and paper that has been used on one side), enabling us to make effective use of resources.
- (4) We classify and recycle waste information equipment, lamp tubes, and printer cartridges, etc.



The value of our green procurement has increased to NT\$54.63 million

54.63

## 5. Green procurement

E.Sun upholds the principles of green consumption and procurement. Every year, the company purchases large quantities of environmentally-friendly products bearing the Green Mark, Energy Mark, Water Conservation Mark, and Green Building Material Mark. In 2013, we raised green building material use to 45% (compared with a standard of 30%), and we have increased purchases of eco-friendly products from NT\$24.0 million in 2008 to NT\$54.6 million in 2013. We are a leader in green procurement among private companies in Taiwan, and hope that we can promote green production and procurement through increased recycling, repair, and regeneration.

In addition to upholding the principles of green consumption and eco-friendly procurement, E.Sun is responding to the government's promotion of green procurement by participating in the EPA's "Green Procurement Implementation Plan for Private Enterprises and Groups," which calls for the procurement of Green Mark products and type 2 and 3 eco-friendly products. As a result, we have been granted the honor of "Outstanding Green Procurement by a Private Enterprise or Group" by the Taipei City Bureau of Environmental Protection for four consecutive years, and have won the EPA's "Outstanding Green Procurement Unit" as well. These honors have burnished our image, and we further hope that our green procurement efforts will promote the development of the domestic environmental industry and improve the overall state of environmental protection in Taiwan.

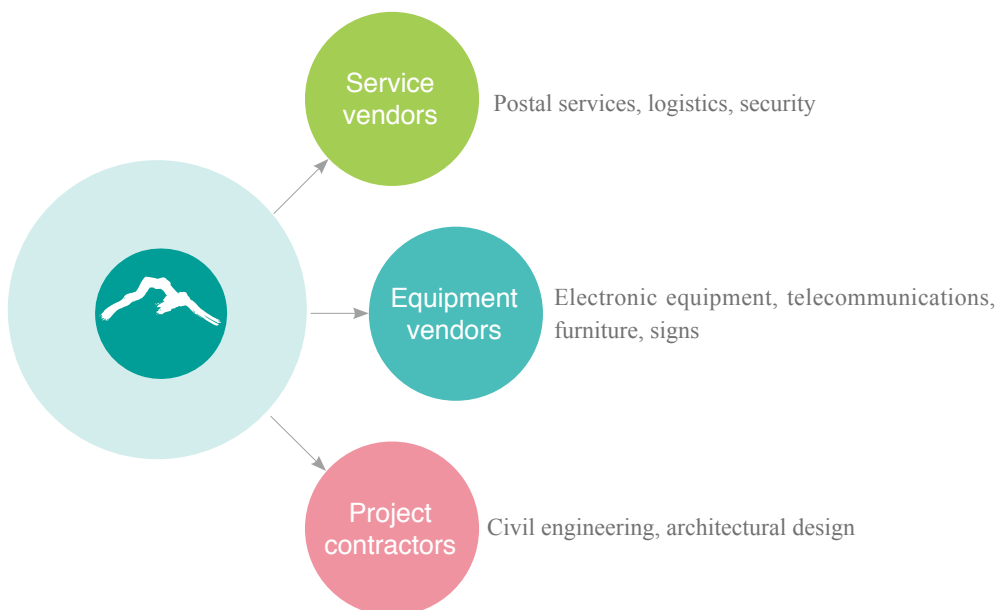
Our chief procurement measures include:

- (1) We preferentially purchase and use building materials, equipment, and apparatus bearing the Green Mark or Green Building Materials Mark and complying with legal requirements.
- (2) We preferentially purchase recovered, recyclable, low pollution, energy-saving products. We refuse to purchase products that are excessively packaged, dangerous to the environment, and cannot be readily decomposed, as well as machinery and equipment with high energy demands.
- (3) In order to facilitate modification, renovation, and redecoration during continued use by our various units, procurement must comply with the principles of standardization and consistency.
- (4) We purchase other products that can increase customer safety and convenience, and fulfill our corporate social responsibilities.
- (5) We rely on the pairing of our procurement and business services to promote environmental protection and the green consumerism concept, and we encourage our business partners to comply with and honor green principles.



## 6. Supply chain management

E.Sun's vendors include service vendors, equipment vendors, and project contractors, and encompass the areas of postal services, logistics, security, electronic equipment, telecommunications, furniture, civil engineering, and architectural design. Our Administrative Affairs Office is responsible for assessing and improving new and old vendors on the basis of their competence, and has specially drafted a "Human Rights and Environmental Sustainability Pledge," with terms covering environmental/health/safety risks, employee management, basic human rights, and ethics guidelines. All partners and vendors are invited to sign this pledge; thus far 87 firms have opted to participate and do their part to maintain environmental sustainability.





## 7. Building a Green Society by Setting a Good Example

### Making Our "Human Rights and Environmental Sustainability Pledge"

E.Sun's "Human Rights and Environmental Sustainability Pledge" sets the goal of environmentally sustainable development, and we encourage business partners to sign and uphold the Pledge.

Article 5 Both parties should establish specific environmental protection and energy conservation policy and measures, and should strive to promote corporate cultures based on environmental sustainability, protect the Earth, cherish resources, and encourage environmental protection and energy conservation.

Article 6 Both parties' corporate management must take great care not to have any major negative impact on the environment or violate environmental protection laws and regulations; all operations should comply with environmental protection policies.

### Holding the "Resource Circulation Charity Sale" activity

Managers and employees at E.Sun's headquarters and the Dengfeng Building took the initiative in holding the "Resource Circulation Charity Sale" activity, which raised a total of NT\$339,812 through the sale of 2,909 donated items, including leather goods, infant clothing, electronics and appliances, books, and audiovisual products. The income from the sale of these goods was used to support the "E.Sun Caring for Children" program, which provides subsidies of NT\$4,000 during each school year (NT\$2,000 for each semester) to elementary school students for use in the payment of school fees, book fees, and other expenses. This charitable program has expanded from schools in central and southern Taiwan to the entire country, and subsidies have been given to more than 8,200 schoolchildren.

### Organizing the "Clean Up the Mountain and Beach Campaign"

E.Sun employees also conducted an ongoing "environmental beach and natural area cleanup" activity from June to August in 2013; more than 5,500 employees and family members took part in this activity, which was conducted in many areas throughout Taiwan. In addition, in consideration of the different climate and conditions in different areas, 25 cleanup teams planned activity methods and routes. Furthermore, since the offshore Penghu islands lack any mountainous terrain, the activity focused on beach cleanup. Beyond obtaining the support of local residents, many vacationing visitors who happened to be at the beaches also pitched in, adding to the general enthusiasm.



# 8,200

Charitable subsidies were provided to over 8,200 schoolchildren



### E.Sun U Bike Ride Around Taiwan

In May 2013, 20 E.Sun employees embarked on a multi-day bicycle ride around the island of Taiwan, and successfully completed this 1000-kilometer journey over the course of 10 days. Apart from engaging in healthy, vigorous exercise, the cyclists also promoted environmental protection and energy conservation, while witnessing Taiwan's sublime beauty.

### Waste classification education and awareness

Every weekend during the 2013 International Children's Folklore & Folkgame Festival, E.Sun hosted a total of 16 environmental activity outings attended by 520,000 persons. The 2013 VIP Family Camp provided environmental protection classes to 64 families.

### Every Monday is "E.Sun Vegetable Day"

Every Monday is "E.Sun Vegetable Day." On this day, an average of 1,300 people at headquarters and the Dengfeng Building eat meatless vegetarian food. This reminds employees to care for their health by eating light food, and allows them to do their part to ease global warming, cherish animals, and protect the Earth's environment. Apart from this, to promote balanced nutrition and healthy eating, the nutritionist managing our employee cafeteria preferentially purchase foodstuffs produced in Taiwan or nearby, and try to obtain suitable quantities of in-season foods. By reducing transport and refrigeration costs, minimizing kitchen waste, and lessening waste of resources during the transport process, we are reducing carbon footprint.

### E.Sun Environmental Awareness and Education Day on the 13th of each month

We have designated the 13th day of each month E.Sun Environmental Awareness and Education Day. On this day, volunteers in each department provide environmental-related information and knowledge to colleagues, and use the company's e-learning platform to regularly issue environmental protection and energy conservation teaching materials. Taking the "4Rs"—Reduce, Recycle, Reuse, and Refuse—as a basis, we are striving to make the concepts of environmental protection, energy conservation, and carbon reduction integral parts of all employees' work and life.

### 2013 Environmental Awareness and Education Day teaching materials



Month	Content
1	Making bicycles good partners for city living!
2	Support the clothing disinfection program: How you can help recycle and reuse clothing.
3	Protecting air quality for good health starts with everyone.
4	Conserving water in everyday life: Attaining the goal of "Water for all; Greater environmental sustainability."
5	Avoiding excess environmental hormones, lessening harm to humans and the environment.
6	Preventing waste by avoiding purchase of excessively packaged products.
7	Cherishing our food—Buying locally: Remaining thankful for our food!
8	E.Sun's 2013 Environmental Target Program: Everyone pitch in to meet our targets.
9	Reducing climate warming: Promoting mindfulness of the need for energy conservation and carbon reduction.
10	Promoting green buildings and realizing environmental concepts.
11	Support organic agriculture: Eat organic fruits and vegetables; Give the next generation a safe future.
12	E.Sun's environmental policies and environmental protection and energy conservation methods.

### The "One Tree a Lifetime" Treeplanting Project

E.Sun has teamed up with National Chungshing University in implementing a six-year treeplanting project at Xinhua Forestry Station in Tainan County. This project has involved the planting of 10,000 seedlings of trees native to Taiwan, and it is hoped it will increase the station's ecological stability and forest health, while protecting the environment by promoting the absorption of CO<sub>2</sub> from the atmosphere.

Apart from finding suitable locations for planting, to ensure that seedlings grow well and help stabilize the ecology, professional personnel must assist with treeplanting work. Apart from the fact that National Chungshing University possessed a suitable location and professional foresters, the choice of National Chungshing University as a partner also reflected E.Sun's desire to allocate resources evenly by providing support to a forestry station in southern Taiwan. National Chungshing University's Xinhua Forestry Station is located in the Xinhua District of Tainan, to the east of the Hutoupi Reservoir Scenic Area. It has an area of 370 hectares, and roughly 90 hectares of the adjacent Hutoupi Reservoir Scenic Area have also been designated the "Xinhua National Botanical Garden." Due to the changing climate and insect infestations, many of the trees planted at the station an early date (around 1960) are dead or in poor condition. This project has sought to remedy this situation by planting seedlings in gaps in the forest, and will improve the forest ecology by changing the distribution of tree species. Other benefits of the project will include enhancement of ecological stability and wood production, sequestration of CO<sub>2</sub> in the atmosphere, protection of water supplies, and realization of water and soil conservation.

#### Six-Year Treeplanting Project

Project period: October 19, 2008 - December 31, 2014

Area: All seedlings are planted in a 5-hectare area of the Xinhua Forestry Station and a 1-hectare area in Xinhua National Botanical Garden.

Species: Trees native to Taiwan are a first choice, and species include Formosan Michelia, Taiwan Zelkova, Machilus zuihoensis, Bishop wood, Taiwan Incense-cedar, Griffith ash, Sweet Gum, Chinese Pistache, Chinese Soapberry, camphor tree, stout camphor tree, and Taiwan ebony. Seedling species are chosen on the basis of individual site needs.

Project overview: The project aims to plant and care for a total of 10,000 seedlings at the Xinhua Forestry Station over a six-year period. The content of the project includes site preparation, seedling handling and planting, and reading and vine removal. After three years of care, seedlings are expected to reach the "establishment period." If a natural disaster or insect infestation kills seedlings during the six-year period, the dead seedlings will be replaced with new ones.

### Issuing the E.Sun ETC Easy Card

Environmental sustainability is E.Sun's long-term pledge and commitment. In order to cherish the Earth, we introduced the "E.Sun ETC Easy Card" with four different card designs in 2013. Apart from card designs featuring a sense of speed and modernity, we were also the first bank in Taiwan to issue a highly-appealing "Doraemon" card design. The card's eTag feature automatically transmits 0.1% of stored value to an environmental sustainability account, where it will be used for environmental protection, energy conservation, and preservation of Taiwan's beautiful natural ecology.



## 8. Actively responding to domestic and foreign environmental protection initiatives

In recent years, the issues of climate change and global warming have received growing attention worldwide, and the greenhouse effect is changing the Earth's landscape and ecology. To set an example in cherishing the earth and protecting the environment, E.Sun participates in many domestic and foreign environmental activities and programs, and seeks to employ tangible actions to promote environmental sustainability.

### **Involvement in Formosan black bear conservation**

In order to combine conservation, fun learning, and cultural education, E.Sun Commercial Bank joined forces with Taipei City Zoo to hold the "Zoolloween" fun activity at the zoo on Halloween 2013. Parents were invited to bring their kids to the zoo, where they learned about conservation and animal adoption, as well as how to prevent the Formosan black bear from facing extinction.

### **Promoting butterfly conservation**

From May to July in 2013, when the flowers were blooming and the air was filled with butterflies, E.Sun co-hosted the "Yangmingshan Butterfly Festival," and invited nature lovers from throughout Taiwan to come enjoy and appreciate the butterflies. Apart from enhancing participants' knowledge at the event, E.Sun also invited the Taiwan Classical Music Society to play a series of pieces connected with butterflies. To encourage people to interact with the community and with nature, E.Sun also invited Lepidopterological Society of Japan to perform tag and release research on Mt. Dadun.

### **Living the Green Life—The New Wholesome Food Movement**

In 2013, E.Sun teamed up with Commonwealth Magazine to launch the "Living the Green Life—The New Wholesome Food Movement," which takes "revolution on the dinner table" as a starting point, reaches out to the central government, local authorities, schools, superior enterprises, and the public, looks at the substance of our food culture from the perspective of the "cherishing food" concept, and attempts to achieve the goals of "valuing resources" and "minimizing waste."





**Promoting E.Sun Ubikes**

E.Sun's Easy Card enjoys the highest market share in Taiwan. In order to fulfill our corporate social responsibilities, we are actively promoting the "E.Sun Ubike smile 123" program, which calls on the public to save energy and reduce carbon dioxide emissions.

**1** Driving less to reduce CO2 emissions

Members are ready to go after 1 beep; Easy, convenient bike rental.

**2** More exercise for better health

Receive a second half-hour free; Extending your enjoyment.

**3** Healthy living, enjoying life

A bicycle is raffled off every Wednesday; Have fun riding in this beautiful city.



**Adopting trails in Yushan National Park**

We have adopted trails in Yushan National Park trail for the fourth consecutive year, and use this opportunity to promote conservation and environmental education. We also encourage employees to actively pitch in and share the hard work of protecting the environment.

**Becoming a member of the Taiwan Beautification Association**

This association's main aim is to let members temper their willpower by cleaning restrooms. E.Sun FHC is the association's 65th branch. For three years, managers have led 60 E.Sun environmental protection volunteers to participate in cleaning restrooms in an effort to encourage public concern for the environment.

**Clean up the World: Clean up the Earth, Protect Taiwan**

E.Sun FHC has joined forces with 7-11 Good Neighbor Foundation to promote the "Clean up the World: Clean up the Earth, Protect Taiwan" activity. On September 27, 2013, 3,500 volunteers from E.Sun's finance business unit and branches embarked on a cleaning campaign at 135 locations nationwide. We hope that our efforts will make the public aware of the need to clean up our environment.

Participation in the "Clean Up the World" activity during the most recent two years

Year	Cleaning locations	Participants
2013	195	3,500 Persons
2012	135	3,118 Persons



### Turning off the lights on the summer solstice

E.Sun also participates in the Society of Wilderness' "turning off the lights on the summer solstice" activity by turning off sign lighting at all branches from eight o'clock to nine o'clock on the evening of the summer solstice—the longest day of the year. Apart from reducing CO2 emissions by 486kg, we also invite employees to join. By encouraging the public to reduce energy consumption through conscious actions at the beginning of summer, when power consumption is high in Taiwan, this activity promotes reflection on our everyday power use habits and need for lighting and electricity.

### Gold FM Radio's "Turn off the lights for the Mid-Autumn Festival"

E.Sun responded to Gold FM's "Turn off the lights for the Mid-Autumn Festival" activity by turning off the lights of all vertical and horizontal signs at all branches from eight o'clock to nine o'clock on the evening of the Mid-Autumn Festival. The activity was intended to raise consciousness of the need to fight global warming, and all employees were encouraged to also turn off their lights for the same one-hour period. It was expected that employees would spend this time outdoors with their families, enjoying the full moon on this clear mid-autumn night.

### Earth Hour

The Earth Hour activity was initiated by the World Wildlife Fund in Sydney, Australia in 1996. At eight o'clock in the evening on the last Saturday in March, many landmark buildings and corporate towers switched off their lights to save power, and residents and businesses were encouraged to participate. This event was intended to increase public consciousness of the problems of global warming and climate change. For the fourth consecutive year, this company took part in this activity by turning off power to horizontal and vertical signs at all branches, and joined one billion people around the world in seeing tomorrow's hope in the starry sky.

### International Car-Free Day

International Car-Free Day was initiated in France, and Taiwan soon followed suit. With strong support from private groups and government encouragement, Car-Free Day provides an opportunity to promote energy conservation and use of eco-friendly, sustainable transportation. This company encouraged employees to come to work using a low-carbon means of transportation, such as mass transit, cycling, walking, or carpooling, and let employees participate in various Car-Free Day activities. Car-Free Day helped employees learn how to lead an eco-friendly lifestyle and embrace environmental consciousness in their daily lives.





## VII. Social Responsibility









Academic education

- E.Sun Golden Seed Project
- E. Sun Scholarship for Outstanding Managerial Talents
- E.Sun Academic Award
- TIP Internship Program
- Speech by international innovation guru Clayton Christensen
- National SAS Data Mining Competition
- Google AdWords Challenge
- Financial Common knowledge carnival




Charitable activities

- Caring for Children
- Blood donation
- Caring for Children in Need
- I love my teachers--Show appreciation to teachers
- Meow-meow Goes to School
- Robot Kitty Future Paradise



Athletic development

- E. Sun Cup National High school Baseball Championship
- E. Sun High school Baseball Camp on Sports Injury Prevention
- E. Sun High school Baseball Pitcher & Catcher Training Camp
- Caring for Baseball Teams in Remote Areas
- Exclusive sponsor of the movie Kano



Arts and culture

- Kuniaki Kuroki's Half Century of Glass Art
- Vienna Boys' Choir Concert
- "Seeing the Painter of Happiness in Midsummer--Renoir" Exhibition
- Dream Mall Open Your Dream Balloon Parade & New Year's Eve Party
- Yilan International Children's Folklore & Folkgame Festival
- E. Sun Easyfee—Looking after communities
- For Mother—Concerts for Moms



## 1. Academic education

### 1.1 E.Sun Golden Seed Project

Today's children are the country's future. Everyone at E.Sun shares the desire to let children enjoy happy learning and growth. In 2013, the company established 10 E. Sun Libraries, donated 20,000 new books, and provided NT\$1.4 million for power costs and reading extension activities. In addition, 500 E.Sun employees personally participated in this program, which benefited 3,000 schoolchildren. As of the end of December 2013, this program had established a cumulative total of 70 E. Sun Libraries at a cost of more than NT\$200 million. More than 3,500 employees had taken part, and over 22,500 schoolchildren had benefited from the program.

As of the end of 2013, seven schools participating in the E.Sun Golden Seed Project were honored with the Ministry of Education's Reading Award, and ten teachers had received recognition as "Reading Promoters." The governments of Tainan, Yunlin County, and New Taipei also embarked on upgrading their elementary school libraries, making it evident that the influence of the E.Sun Golden Seed Project was gradually expanding.

To sustain the long-term improvement of children's' reading, E.Sun continues to provide annual subsidies of NT\$20,000 to each school where a E. Sun Library has been established,

Numbers of schoolchildren benefiting from the E.Sun Golden Seed Project during the most recent two years

Year	New beneficiary schools	Cumulative beneficiary schools	Cumulative beneficiary schoolchildren
2013	10 Schools	70 Schools	22,500 Persons
2012	15 Schools	60 Schools	19,500 Persons

and these funds are to be used for power costs, the purchase of new books, and reading promotion activities. We hope that the power of reading will enable children to overcome shortages of resources and enjoy a brighter future!

#### Project background

It is said that a book holds a house of gold. Reading can help alleviate the effects of poverty and create tangible and intangible wealth. E.Sun's caring volunteers are continuing to help schoolchildren in isolated areas, where schools often lack libraries or have only outdated equipment and facilities, and hope they can enjoy learning environments on a par with those found in urban schools. We want to ensure that children from poor families with access to few resources can enjoy comfortable, inviting reading environments as good as those found in more affluent areas. We hope that the E. Sun Libraries will help children to read and enjoy reading, and we look forward to the golden seeds of knowledge taking root and growing vigorously.

We are drawing on the strengths of E.Sun Commercial Bank, E.Sun's volunteers, E.Sun's employees and family members, and customers to create warm and comfortable libraries. We are also relying on the efforts of school teachers and E.Sun volunteers to encourage children living in remote areas to read in the library, and learn the pleasure of reading. We want children to read happily and grow strong.

#### The E.Sun Library design concept

The overall interior and external design of E. Sun Libraries is intended to create an excellent reading environment. The pictures hung on the walls are carefully selected to match the local scenery, and often depict local cultural features. Interior hardware has a thematic design featuring the five colors of blue, green, yellow, pink, and purple, which symbolize children's colorful dream worlds. Interior spaces include upper-grade and lower-grade reading areas, areas where teachers can lead students in reading, and multifunctional audiovisual and performance areas. The libraries thus contain different learning spaces suitable for different grades and instructional uses.

E.Sun employees have participated more than **3,500** person-times More than **22,500** schoolchildren have benefited



### **Enhancing children's interest in reading**

The E. Sun Library provides an optimal reading environment for children in remote areas. Thanks to the joint effort of teachers and parents, children are able to develop good reading habits. Comments from the children have included: "I love to come here so much!" "I like to go to school even more since we have a library!" "I like the dolls the most, and I also like the little pink chairs. I feel like I am in a fairytale world when I am reading in the library!" and "The wooden floors in the E. Sun Library are so comfortable. I like to read books in the library as soon as I get off school!"

### **Becoming a community reading & learning centers**

Prior to the establishment of E. Sun Libraries, children only used libraries during reading classes. After the completion of E. Sun Libraries, thanks to the improvement of the reading environment, schoolchildren have started actively coming to the library to borrow books. Some schools have even established volunteer teams, organized various activities, or opened the library during weekends to encourage parents to bring their kids to the library to read. As a result, E. Sun Libraries have become reading & learning centers for communities and schoolchildren. The great British writer Shakespeare once said: "Books are the nutrient of the whole world. A life without books is like a life without sunlight; wisdom without books is like a wingless bird." The nurturing of good reading habits requires the long-term commitment of resources, and only through continuous emphasis on reading, can we strengthen our basic education.



Overview of Donations in 2013



Using a loving heart to initiate the E. Sun Golden Seeds Project

The E. Sun World Card, the first premium credit card in Asia that is connected with social welfare, was issued by E. Sun. This card builds a bridge between the two opposite ends of the M-shaped social structure, and VIP customers are invited to sow the golden seeds of knowledge. A total of NT\$28.7 million was raised from the use of the E. Sun World Card by VIP customers in 2013, and provides a source of funding for the construction of E. Sun Libraries at elementary schools in remote areas. Thanks to this project, Taiwan's future is full of hope.



Cumulative donations of World Card customers reach NT\$28.7 million **28.7**



### 1.2 E. Sun Scholarships for Outstanding Managerial Talents

The E. Sun Scholarships for Outstanding Managerial Talents provide scholarships to outstanding graduate students who are economically disadvantaged or face family problems over the course of their study. During August and September every year, E. Sun begins to accept applications from outstanding first-year graduate students in designated departments (no in-service students) of eight universities, namely National Taiwan University, National Chengchi University, National Tsing Hua University, National Chiao Tung University, National Chung Hsing University, National Chung Cheng University, National Cheng Kung University and National Sun Yat-sen University. After a rigorous review process, those who are deemed qualified may receive a NT\$200,000 scholarship every academic year that they continue to meet the award conditions until they earn their master’s degree.

To date, the E. Sun Scholarship for Outstanding Managerial Talents is in its ninth year and has provided a total of NT\$16.1 million in scholarships to 66 outstanding students. These exceptional students have been able to enjoy fair and comprehensive learning resources and environments, and can focus on their research and growth without worry.

Scholarship winners are invited to a yearly award ceremony to share their experience with new recipients. Apart from sharing experience, the students can engage in interchange and learn from each other. In order to cultivate outstanding students on a long-term basis, E. Sun hopes that scholarship recipients will successfully complete their study and enter the workplace, will excel in their own respective fields, and will in turn to contribute their expertise and help even more people.

#### E. Sun Scholarships for Outstanding Managerial Talents during the past two years

Year	Number of recipients	Total amount
2013	16persons	NT\$3.2 million
2012	22persons	NT\$4.4 million





### 1.3 E.Sun Academic Award

In order to actively assist improvement of Taiwan's research standards in the field of management, E. Sun FHC has teamed up with the College of Management, National Taiwan University to set up the E. Sun Academic Award, which aims to build a better academic research environment and cultivate more outstanding scholars in Taiwan.



#### Awarded scholars and works in 2013

Name	Publication	Journal
Prof. Wang Chuan-San	The role of financial reporting quality in mitigating the constraining effect of dividend policy on investment decisions	The accounting review
Prof. Larry Y. Tzeng Prof. Shih Pai-Ta	Revisiting Almost Second-Degree Stochastic Dominance	Management Science

### 1.4 TIP Internship Program

To help students to connect smoothly with the workplace and shorten the gap between academia and industry, E. Sun has participated in the TIP Internship Program since 2011. During the two-month summer break, interns rotate in various departments, and take part in actual operations. We hope that E. Sun will provide students with diverse perspectives and increase their understanding of actual banking operations.

The internship is divided into two stages. The first stage consists of a series of rotating internships in different departments, including the personal finance, corporate finance, wealth management, finance and credit card departments, which gives students a more comprehensive understanding of banking operations. The second stage consists of a focused internship in a single department, allowing students to gain an in-depth understanding of actual banking operations via long-term participation in the department's operations and joint completion of a project report.

Aside from helping students to understand actual operations, the most important thing is for them to establish a correct work ethic and attitude via the instructions of mentors. In order to increase their competitiveness after graduation, students should build up a good career foundation while they are still in school.



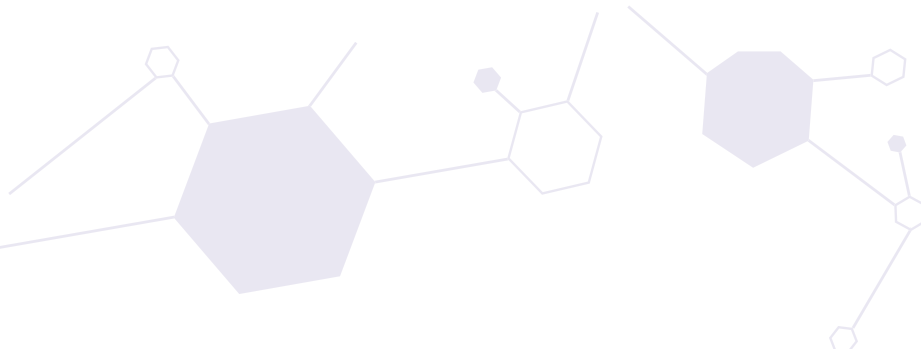


### 1.5 Speech by international innovation guru Clayton Christensen

On October 31, 2013, E. Sun and CommonWealth Magazine jointly held an international master forum at the Taipei International Convention Center, and Clayton Christensen was invited to Taiwan to speak at this event. The topic of Christensen's talk was DNA (Innovation: The Force for New Business Growth). Christensen originally proposed the theory of disruptive innovation, which has had a great impact on the global development of innovation. He is regarded as one of the most influential figures in the business world. There was a full house on the day of forum, and Christensen's talk received rave reviews from the audience. The day after the forum, Christensen was invited to E. Sun to talk on the topic of "How the Financial Industry can Achieve Continuous Innovation and Stable Growth." Apart from a scintillating talk, Christensen also engaged in discussions with E. Sun managers and hope engineer representatives, in which he described new energy for growth and called for innovative DNA to be the force that propels Taiwan and E. Sun forward.

# Innovation

The Force for New Business Growth





### 1.6 National SAS Data Mining Competition

E. Sun Bank teamed up with SAS to hold the 2nd SAS Data Mining Competition, which attracted more than 300 students in 86 teams from colleges and universities throughout Taiwan. After three months of intense competition starting on May 17, 2013, the College of Management at National Taiwan University won first place, followed by the Department of Information and Telecommunications Engineering at Ming Chuan University and the Institute of Business & Management at National Chiao Tung University. The applications of data mining in the financial industry are deep and broad. Aside from utilizing data mining to provide more innovative and effective customer services, E. Sun also invests in the cultivation of talent, which is part of our mission and responsibility as a member of the financial service industry.

### 1.7 Google AdWords Challenge

In 2013, E. Sun and Google held the first Google AdWords Challenge, and provided prize money and internship opportunities to the top three teams. This event attracted over 4,700 college and university students from all over Taiwan after it got underway in June. After three months of training and intense competition, students from National Sun Yat-sen University bagged first and third place, while students from National Pingtung Institute of Commerce took home second place. Responding to marketing innovation and diversity, E. Sun has already introduced a wide range of mobile applications and promotions. We are dedicated to building a fantastic living experience for our customers, and aim to aggressively invest our resources in cultivating digital marketing talent.



## 1.7 Financial Common Knowledge Carnival

E.Sun played an active role in the "Financial Literacy Carnival" held by the Financial Supervisory Commission, Executive Yuan, and helped conduct financial literacy awareness activities at schools and in the community. E.Sun took part in 17 Financial Literacy Carnival events in 2013, and had participated in a cumulative total of more than 300 such events by the end of the year. The company assigned instructors to ensure that correct financial values were instilled.

### Overview of E.Sun's participation in Financial Common Knowledge Carnival in 2013

Month	Activity date	Location	Sponsor
February	2/26	Kaohsiung	Wujia Elementary School
	2/26	Taoyuan County	Lunping Elementary School
March	3/1	Yunlin County	Erlun Elementary School
	3/11	Yunlin County	National Huwei Institute of Agriculture and Commerce
May	5/3	Kaohsiung	Kaohsiung Commercial Vocational School
June	6/7	Kaohsiung	Guanting Elementary School
July	7/12	Taipei	Zhanchi Association
	7/15	Changhua County	Zhangtai Junior High school
	7/21	Changhua County	Huatan Community Development Association, Huatan Township
	7/26	Taipei	Huaxia Women's Foundation
October	10/2	Taipei	Kang-Ning Junior College of Medical Care and Management
	10/8	Taoyuan County	Yuansheng Elementary School
	10/22	Changhua County	Yuandong Elementary School
November	11/6	New Taipei	Sanchong School of Business and Industry
	11/15	New Taipei	Xinbei Vocational High school
	11/20	Changhua County	Taoyuan Elementary School
	11/26	Kaohsiung	Longxing Elementary School



## 2. Charitable Caring

### 2.1 Caring for Children Project

At E. Sun, we believe that children are the hope of the nation, and education is the foundation on which children can realize that hope. The Caring for Children Project was created to provide assistance to schoolchildren who are economically disadvantaged or facing unexpected family problems. We hope this project will enable children to focus their energy on school work without worries and provide timely educational relief to families. This project provides each elementary school student NT\$4,000 per school year (NT\$2,000 for each semester), which can be used to pay for tuition, books, and other expenses. This way, schoolchildren can study with peace of mind, and have a happy childhood and a better future.

#### Results of the Caring for Children during the most recent two years

Year	Donations	Donation amount
2013	5,627 persons	NT\$22,508,000
2012	2,448 persons	NT\$9,792,000

### 2.2 "One simple act of love can inspire others to love" blood donation campaign

E. Sun Financial Holding and the E. Sun Volunteer Foundation regularly hold blood drives entitled "One Simple Act of Love can Inspire Others to Love" in February and August of each year. In collaboration with hospitals and other organizations, such as Kaohsiung Veterans General Hospital, Losheng Hospital, the Rotary Club, and Lions Clubs, the blood drives are held throughout Taiwan. With the help of channels such as the Internet, posters, DMs, and text messages, E. Sun calls on its customers, nearby companies, employees and community residents to donate blood.

For its 2013 blood donation activity, E. Sun teamed up with the Millennium Health Foundation to promote the "Millennium Waist Measurement Day." Apart from encouraging a healthy waistline of less than 80 cm for women and 90 cm for men, E. Sun called on people in Taiwan to measure their waistlines and strive to prevent metabolic syndrome. Thanks to E. Sun employees' enthusiastic participation and the joint efforts of many customers and others, the blood drive was even more productive and meaningful. We pledge to show our continuous love and concern for this land, and look forward to E. Sun volunteers helping even more people in need.

#### Blood donation results during the most recent two years

Year	February	August	Total
2013	1,977 bags	2,050 bags	4,027 bags
2012	2,137 bags	2,097 bags	4,234 bags



### 2.3 Caring for Children in Need—Caring for orphanage children

Thanks to E. Sun volunteers' enthusiastic involvement, the Caring for Children in Need activity continues to be held in every corner of Taiwan. With the planning and coordination of E. Sun volunteers in eight areas, including the Greater Taipei, Taoyuan, Hsinchu, Kaohsiung, and Pingtung areas, volunteers accompanied orphanage children in activities such as professional baseball games, concerts, three-on-three basketball games, and neighborhood clean-up sessions, and provide tutoring as well. E. Sun volunteers in each area hold at least one or two sessions every year, and provide the children warm and joyful experiences and memories.

#### Caring for Children in Need statistics for the most recent two years

Year	Sessions	Participants
2013	16	302 persons
2012	15	293 persons

### 2.4 I love my teachers--Show appreciation to teachers

To show appreciation to teachers, E. Sun has issued Teacher Platinum Card, Teacher Titanium Card, and Teacher Signature Card, and has also specially designed "Teacher's Exclusive Passbook" and "Chip ATM Card." These customized products enable teachers to receive high quality financial services. E. Sun believes that the month of Teachers' Day is the best time to show appreciation to teachers. For that reason, apart from encouraging our colleagues and customers to express their gratitude in words, in 2013 E. Sun also produced 880 large thank-you cards, 5,000 postcards, and 55,000 classic music CDs, which were sent out to teachers to show our appreciation and our respect for their contributions to education.





## 2.5 Meow-meow Goes to School

Our charming and much loved E. Sun Fortune Cat often receives invitations to take part in campus activities. Apart from bringing happiness to students and teachers and showing concern for communities, it also teaches correct financial values and promotes carbon-reduction, wellness, and a healthy lifestyle among community residents.

## 2.6 Robot Kitty Future Paradise

To share wonderful summer memories with our customers, E. Sun has obtained sponsorship rights to the hugely popular Robot Kitty Future Paradise. The enormous 2,300 square meters exhibition area contains a 3D maze, along with Robot Kitty and the Sanrio Family. The full-scale figures and exciting interactive games provided visitors much happy summer entertainment.

### Meow-meow Concert session statistics in 2013

Date	School	Students
2013 / 04/27	Sioufong Elementary School	2,331
2013 / 05/04	Houde Elementary School	1,887
2013 / 11/24	Beixin Elementary School	2,309
2013 / 11/30	Shitai Elementary School	1,482





### 3. Athletic development

In order to support the development of high school baseball and create Taiwan's own Koshien Stadium, E. Sun has established the "E.Sun high school Baseball Development Fund," and contributes its resources to uplift and improve Taiwan's high school baseball, and do its share for Taiwan's baseball development. In collaboration with the Chinese Taipei Baseball Association, E. Sun now plays host to the following four non-profit activities: E.Sun Cup National High school Baseball Championship, E.Sun High school Baseball Camp on Sports Injury Prevention and Rehabilitation, E.Sun High school Baseball Pitcher & Catcher Training Camp, and Caring for Baseball Teams in Remote Areas. With these comprehensive efforts, E.Sun is taking real action to support high school baseball in Taiwan, and hopes to cultivate more baseball players who will make their names on the field and bring new hope to Taiwan's baseball.

#### 3.1 E.Sun Cup National High school Baseball Championship

Baseball is Taiwan's national sport. E. Sun is working with the Chinese Taipei Baseball Association to promote the E.Sun Cup National High school Baseball Championship and select national teams to compete in world/Asian high school baseball championships organized by the IBAF and BAF. Named after Yushan, the highest mountain in Taiwan, the E.Sun Cup National High school Baseball Championship signifies the highest quality of high school baseball. The winning team selected at the 4th E.Sun Cup National High school Baseball Championship took the coveted World Junior Baseball Championship trophy to Taiwan after a 27-year dry spell, showing the first fruits of E.Sun's campaign to build up high school baseball in Taiwan.

E. Sun Cup National High school Baseball Championship statistics during the most recent two years

Year	2013	2012
Number of participating counties/cities	18	17
Number of participants	324	306
Number of games	38	38



### 3.2 E.Sun High school Baseball Camp on Sports Injury Prevention

Although their skills may show significant improvement, baseball players who engage in intense practice throughout the year often experience a wide range of sports injuries. What's worse, many players tend to encounter sports injuries during their high school years and fail to receive necessary treatment.

At E. Sun, we understand the importance and urgency of sports injury prevention for young baseball players. E. Sun has long been involving in sports injury prevention for young baseball players, and hopes that our baseball players will be able to compete in each competition in tip-top physical condition, and win the highest honor for themselves, their team, and their country.

The E.Sun High school Baseball Camp on Sports Injury Prevention and Rehabilitation pools the efforts of E.Sun Commercial Bank, Chinese Taipei Baseball Association, and Chang Gung Memorial Hospital to provide Taiwan's young baseball players better and more timely sports injury prevention, treatment, and care services, including sports injury prevention and the most appropriate and comprehensive post-injury care, so that players can go back to the field as early as possible, and increase their team's ballplaying strength. The E.Sun High school Baseball Camp on Sports Injury Prevention is held during the summer vacation, and includes prevention education, individual check-ups, health data management, and post-injury care and treatment.

### 3.3 E.Sun High school Baseball Pitcher & Catcher Training Camp

In order for high school baseball players to advance to adult and professional baseball, apart from continuous training in basic skills, correct concepts and pitching and catching skills should also be taught to players. Centered on the E.Sun High school Baseball Pitcher & Catcher Training Camp, E. Sun Bank organizes a series of activities, including high school Baseball Pitcher & Catcher Camp, high school Baseball Batter Camp, high school Baseball Coach Camp and high school Baseball Pitcher Camp. Through observation and evaluation conducted by camp instructors, an outstanding player database has been established, and is used for long-term follow-up and provision of needed assistance.





### 3.4 Caring for Baseball Teams in Remote Areas

For a long time, high school baseball training in remote areas, such as Eastern Taiwan and Chiayi, has run into problems due to shortages of funding. As a result, promising players continue to move away to others areas. In order to take care of high school baseball teams in remote areas, and to ensure that teams don't have to worry about a lack of bats, gear, and baseballs, E.Sun Bank teamed up with the Chinese Taipei Baseball Association to launch "Caring for Baseball Teams in Remote Areas." This project provides the most direct assistance to high school baseball teams in remote areas, such as by supplying brand new baseball bats, gloves, protective gear, and practice balls, which allows teams to practice without worrying about shortages of equipment.

Year	Recipient school
2013	National Tainan Marine Fishery Vocational School, New Taipei Municipal Yingge Vocational High school
2012	National Chiayi High school, National Taitung College
2011	Pingtung Private Maihe High school, Yunlin County Mailiao High school, Taichung Municipal Xinshe High school, Hsinchu Municipal Chengde High school
2010	National Dongshi High school, Changhua Arts High school, Hsinchu Yingde High school
2009	National Cheng-Kung Commercial & Aquaculture Vocational High school, Private Maihe High school, National Dongshi High school, Taichung Agricultural High school, Yilan Zhongdao High school
2008	Hualien Experimental Physical Education High school, National Dongshi High school
2007	National Dongshi High school



### 3.5 Exclusive sponsor of the movie Kano

To promote baseball and its connection with Taiwan's never-give-up spirit, E. Sun and Arts Film have teamed up to undertake a national baseball cultivation project. Producers Huang Chih-ming and Wei Teh-sheng and director Ma Chih-hsiang worked together to produce the film "Kano," which records the most moving episode in the history of baseball in Taiwan. The movie is based on the Taiwanese baseball team Kano, which in 1931 became the first team from Taiwan to compete in the finals of Japan's National High school Baseball Championships.

The movie's plot tells the story of how the Kano Baseball Team—a team that had never won a game—overcame great difficulties to play in Japan's lofty National High school Baseball Championships. Kano is not only an inspiring movie, but is also a real episode from history.

E. Sun Financial Holdings is supporting baseball and cultural creativity with tangible actions, and hopes to arouse people's passion for baseball. E. Sun's diligence and vigor in cultivating baseball has set a good example for others, and gotten more businesses and citizens to pay attention to High school baseball. In addition, E. Sun has also shown that it will fulfill its social responsibilities with real actions that contribute to the long-term improvement of the baseball environment, baseball quality, and player development. E. Sun has fostered the development of countless exceptional baseball players, and made this clean and healthy sport a force pushing Taiwan forward.



## 4.Arts and Culture

### 4.1"Seeing the Painter of Happiness in Midsummer--Renoir" Exhibition

Under the sponsorship of E. Sun Bank, paintings of the "Painter of Happiness"—the French impressionist painter Renoir, were displayed in the "Renoir and Painters of the Twentieth Century" Exhibition organized by the National Palace Museum in 2013. To continue its vision of helping children in remote areas, E. Sun specially donated 500 admission tickets to New Taipei City, and invited teachers, students, and parents from the Dagan Art Education Park and 12 schools to visit the Renoir and Painters of the Twentieth Century Exhibition at the National Palace Museum; this project involved 12 trips in five sessions.

The schools that received admission tickets included Taipei Zhongshan Elementary School, Dagan Junior High school, Dagan Elementary School, Banqiao Junior High school, Jimei Elementary School, Zhuwei High school, Jinshan Elementary School, Ruiping Elementary School, Bitou Elementary School, Jioufen Elementary School, Wulai Elementary and Junior High school, and Dafeng Elementary School. These schools performed planning and related teaching during the summer vacation, which ensured that their students knew about Renoir's life and painting style before visiting the exhibition.

### 4.2 Kuniaki Kuroki's Half Century of Glass Art: A Taiwan-Japan Exchange Exhibition

To thank Taiwan for its assistance to the Japanese people during the March 2011 Tohoku Earthquake, the Japanese glass artist Kuniaki Kuroki, who has been working in glass for five decades, teamed up with E. Sun to organize the Kuniaki Kuroki's Half Century of Glass Art: A Taiwan-Japan Exchange Exhibition VIP Night. E.Sun hoped that this event would set a good example for others to follow, and engage in art activities that are beneficial to society, and wanted to transmit important influences will impact Taiwanese society in a positive way.



### 4.3 Vienna Boys' Choir Concert

Under E. Sun's sponsorship, Vienna Boys' Choir, an Austrian national treasure that has more than 500 years of history, arrived in Taiwan for the third time in October 2013. The Vienna Boys' Choir performed its first concert at the Hualien County Bureau of Cultural Affairs Auditorium, and continued its tour by performing at Kaohsiung's Zhidde Hall, Taichung's Chungshan Hall, the Tainan Municipal Cultural Center Auditorium, and Taipei's National Concert Hall. A total of 10,027 persons participated in these events.

The songs performed during the tour included the Blacksmith Polka and Tourist Train Polka, which are performed at the Vienna New Year's Concert, and music from movies including the Jungle Book, Little Mermaid, and the Sound of Music. In addition, the "Friday Afternoon" medley by Edward Britten was played. The climax of the performances consisted of several Strauss family pieces, of which the "Blue Danube" by Johann Strauss II has been acclaimed Austria's second national anthem. E.Sun hopes to use the power of music to promote Eastern and Western culture, fulfill its corporate social responsibilities, and enhance society's artistic and cultural tastes.





#### 4.4 Dream Mall Open Your Dream Balloon Parade & New Year's Eve Party

The Dream Mall Open Your Dream Balloon Parade held on December 14, 2013 was the largest balloon parade in Asia. The number of large balloons in this event grows every year, and the characters portrayed by the balloons have grown increasingly varied. In this annual event, E. Sun's charming and lovable Fortune Cat attracted many people's attention. The two E. Sun Fortune Cats floating in the sky symbolized "gathering wealth from the left and fortune from the right." E. Sun volunteers and five Fortune Cat family members also participated in the parade, promoting distinctive local tourism in Southern Taiwan.

During that evening, E. Sun volunteers and the five Fortune Cats also took part in the New Year's Eve Party, where they led the singing. Brimming with energy and hope, they greeted the new year along with the 600,000 other participants.

#### 4.5 E.Sun Easyfee-Looking after communities

Communities are where households are gathered, and convenience and safety are the two overriding principles of community cash flow management. For this reason, E. Sun has launched its Easyfee service, which it hopes will become a friendly and trustworthy partner for communities. The Easyfee service relies on thoughtful, convenient cash flow management services to facilitate the transparency of community management committees' handling of revenue and expenditures. Getting deeply involved in communities and providing high-quality, localized financial services are among the responsibilities of E. Sun's personnel. With its fresh and professional image, stable and honest business management, and friendly, effective services, E. Sun continues to serve communities and contribute positive energy to Taiwan's social development.



*To Mother  
With Love*

#### 4.6 Yilan International Children's Folklore & Folkgame Festival

In order to promote local culture and regional tourism, for the fourth consecutive year, E. Sun has teamed up with the Yilan County Government in an exclusive arrangement to organize the Yilan International Children's Folklore & Folkgame Festival. Lead by Fortune Cat, 16 Meow-meow Parties for Children were held every Saturday and Sunday from July 6, 2013 to August 25, 2013. A total of 520,000 visitors participated in these event and went home with happy memories.

#### 4.7 For Mother—Concerts for Moms

In May, E.Sun Bank and E. Sun Cultural and Educational Foundation held "For Mother—Concerts for Moms" at Kaohsiung's Zhide Hall on May 8 and Taichung's Chungsing Hall on May 10. The concerts were jointly performed by the E. Sun Chorus, Siwei Elementary School Chorus, Affiliated Elementary School of Tunghai University Chorus, and the Momo Trumpet Ensemble. Through these concerts, E. Sun expressed its concern for mothers and its love for Taiwan. It was our hope that everyone would find happiness and be moved by the beautiful songs. The concerts attracted a total of 2,000 participants.

The songs at the "Concerts for Moms" were mostly Taiwanese folk songs, which praised Mother Earth's glory and the compassion of a mother' love. The songs performed during the concerts included such popular tunes as the Song of Alishan, Springtime Hills, Happy Ranch, Taiwan, The Moon Represents My Heart, Gratifying Heart, My Mother's Name is Taiwan, Mother, You are Truly Great, and We are the World, which were sang in Chinese, Taiwanese, Japanese and English. Showing its concern for this land, E. Sun held a concert on the eve of the Mothers' Day in order to show its appreciation for mothers' contributions to their families. We at E. Sun dedicated this music to mothers everywhere, and hoped to share our happiness with Taiwan's mothers. The concerts used music to remind the audiences of their love for their mothers and wish mothers around the world a healthy and happy Mothers'.



## GRI(Global Reporting Initiative)

G4 Content Index		Disclosure	Reference	Verification	Note
1. Strategy and Analysis					
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	1.1	A Message from the Chairman	✓	
G4-2	Provide a description of key impacts, risks, and opportunities.	1.2	3.4	✓	
2. Organizational Profile					
G4-3	Report the name of the organization.	☉	2.1	✓	
G4-4	Report the primary brands, products, and services.	☉	2.1	✓	
G4-5	Report the location of the organization's headquarters.	☉	2.1	✓	
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	☉	2.1	✓	
G4-7	Report the nature of ownership and legal form.	☉	2.1	✓	
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	☉	2.1	✓	
G4-9	Scale of the reporting organization.	☉	2.1 2.2	✓	
G4-10	a.Report the total number of employees by employment contract and gender. b.Report the total number of permanent employees by employment type and gender. c.Report the total workforce by employees and supervised workers and by gender. d.Report the total workforce by region and gender. e.Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f.Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	☉	5.1	✓	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	☉	5.2 5.5	✓	
G4-12	Describe the organization's supply chain.	☉	6.6	✓	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	☉		✓	No significant change in organization in 2013
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	☉	3.4	✓	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	☉	6	✓	
G4-16	"List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic "	☉	3.8	✓	

☉ Fully Disclose ✓

G4 Content Index		Disclosure	Reference	Verification	Note
<b>3. IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>					
G4-18	a.Explain the process for defining the report content and the Aspect Boundaries. b.Explain how the organization has implemented the Reporting Principles for Defining Report Content.	☉	2.1 3		
G4-19	List all the material Aspects identified in the process for defining report content.	☉	1.4	✓	
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> <li>Report whether the Aspect is material within the organization</li> <li>If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> <li>The list of entities or groups of entities included in G4-17 for which the Aspect is not material or</li> <li>The list of entities or groups of entities included in G4-17 for which the Aspects is material Report any specific limitation regarding the Aspect Boundary within the organization.</li> </ul> </li> </ul>	☉	1.4	✓	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> <li>Report whether the Aspect is material outside of the organization</li> <li>If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified</li> <li>Report any specific limitation regarding the Aspect Boundary outside the</li> </ul>	☉	2	✓	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	☉		✓	None
<b>4. STAKEHOLDER ENGAGEMENT</b>					
G4-24	Provide a list of stakeholder groups engaged by the organization.	☉	1.4	✓	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	☉	1	✓	
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	☉	1.4	✓	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	☉	1.4	✓	
<b>5. REPORT PROFILE</b>					
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	☉	About the report	✓	
G4-29	Date of most recent previous report.	☉	About the report	✓	
G4-30	Reporting cycle.	☉	About the report	✓	
G4-31	Provide the contact point for questions regarding the report or its contents.	☉	About the report	✓	
G4-32	a.Report the 'in accordance' option the organization has chosen. b.Report the GRI Content Index for the chosen option (see tables below). c.Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	☉	the index	✓	
G4-33	a.Report the organization's policy and current practice with regard to seeking external assurance for the report. b.If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c.Report the relationship between the organization and the assurance providers. d.Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	☉	Appendix 5	✓	

☉ Fully Disclose ✓

G4 Content Index		Disclosure	Reference	Verification	Note
<b>6. Governance</b>					
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	☉	3	✓	
G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>• Executive or non-executive</li> <li>• Independence</li> <li>• Tenure on the governance body</li> <li>• Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>• Gender</li> <li>• Membership of under-represented social groups</li> <li>• Competences relating to economic, environmental and social impacts</li> <li>• Stakeholder representation</li> </ul>	☉	3	✓	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> <li>• Whether and how diversity is considered</li> <li>• Whether and how independence is considered</li> <li>• Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>• Whether and how stakeholders (including shareholders) are involved</li> </ul>	☉	3	✓	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> <li>• Cross-board membership</li> <li>• Cross-shareholding with suppliers and other stakeholders</li> <li>• Existence of controlling shareholder</li> <li>• Related party disclosures</li> </ul>	☉	3	✓	
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> <li>• Fixed pay and variable pay: <ul style="list-style-type: none"> <li>– Performance-based pay</li> <li>– Equity-based pay</li> <li>– Bonuses</li> <li>– Deferred or vested shares</li> </ul> </li> <li>• Sign-on bonuses or recruitment incentive payments</li> <li>• Termination payments</li> <li>• Clawbacks</li> <li>• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</li> </ul> b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	☉	3	✓	
<b>7. ETHICS AND INTEGRITY</b>					
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	☉	3	✓	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	☉	3.2	✓	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	☉	3.2	✓	

☉ Fully Disclose ▾

G4 Content Index		Disclosure	Reference	Verification	Note
<b>Economic</b>					
G4-EC1	Direct economic value generated and distributed.	◎	2.2	√	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	◎	3.4	√	
G4-EC3	Coverage of the organization's defined benefit plan obligations.	◎	5.5	√	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	◎		√	The minimum wage of the company is higher than the regulatory requirement
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	◎	5	√	
G4-EC7	Development and impact of infrastructure investments and services provided.	◎	6.5	√	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	◎	7	√	
<b>Environmental</b>					
G4-EN3	Energy consumption within the organization.	◎	6	√	
G4-EN6	Reduction of energy consumption	◎	6	√	
G4-EN15	Direct greenhouse gas (GHG) emission (Scope 1)	◎	6	√	
G4-EN16	Energy indirect greenhouse gas (GHG) emission (Scope 2)	◎	6	√	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	◎	6	√	
G4-EN23	Total weight of waste by type and disposal method.	◎	6	√	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	◎	6	√	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	◎	None	√	
G4-EN31	Total environmental protection expenditures and investments by type.	◎	6	√	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	◎	6	√	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	◎	6	√	
<b>Social: Labor Practices and Decent Work</b>					
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	◎	5	√	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	◎	5.5	√	
G4-LA3	Return to work and retention rates after parental leave, by gender.	◎	5	√	
G4-LA4	Minimum notice periods regarding operational changes, including whether there are specified in collective agreements.	◎	5.2	√	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	◎	5.2	√	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender.	◎	5.1	√	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	◎	5.1	√	
G4-LA9	Average hours of training per year per employee by gender and by employee category.	◎	5.4	√	

◎ Fully Disclose √

G4 Content Index		Disclosure	Reference	Verification	Note
Social: Society					
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	☉	5.4 5.5	✓	
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category.	☉	5.4	✓	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	☉	5.1	✓	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	☉	5.5	✓	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	☉	6	✓	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	☉	6	✓	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	☉		✓	None
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	☉		✓	None
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	☉	3.2	✓	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	☉	3.2/6.6	✓	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	☉	3.2/6.6	✓	
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	☉		✓	All security guards intake 4-hour training course once half a year
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	☉		✓	None
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	☉		✓	All business operations comply with regulations
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	☉	6	✓	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	☉	6	✓	
G4-HR12	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms.	☉		✓	None
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	☉		✓	100% involve
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	☉		✓	Under the company organization structure for subsidiary E.SUN Bank, there are 2 divisions in charge of investigating corruption risk, which accounts 15% of total divisions.
G4-SO4	Communication and training on anti-corruption policies and procedures	☉	3.2	✓	
G4-SO5	Confirmed incidents of corruption and actions taken	☉	3.2	✓	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	☉		✓	None

G4 Content Index		Disclosure	Reference	Verification	Note
Social: Product Responsibility					
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	⊙		✓	None
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	⊙	4.3	✓	
G4-PR5	Results of surveys measuring customer satisfaction.	⊙	4.5	✓	None
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	⊙		✓	None
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	⊙		✓	None
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	⊙		✓	None

## Financial Service Sector Supplement

G4 Content Index		Disclosure	Reference	Verification	Note
Product and Service					
FS1	Policies with specific environmental and social components applied to business lines	⊙	1	✓	
FS2	Procedures for assessing and screening environmental and social risks in business lines	⊙	3.4	✓	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	⊙	3.6	✓	
FS4	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	⊙	6 7	✓	
FS5	Interactions with clients/business partners regarding environmental and social risks and opportunities	⊙	3.6	✓	
FS6	Percentage of the portfolio for business lines by specific region, size and industry	⊙	2	✓	
FS7	Value of products and services designed to deliver a specific social benefit	⊙	7	✓	
FS8	Value of products and services designed to deliver a specific environmental benefit	⊙	6	✓	
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	⊙	3.4	✓	
FS11	Percentage of assets subject to positive and negative environmental or social screening	⊙	6.2	✓	
Social					
FS13	Access points in low-populated or economically disadvantaged areas by type	⊙	4	✓	
FS14	Initiatives to improve access to financial services for disadvantaged people	⊙	4	✓	
FS15	Policies for the fair design and sale of financial products and services	⊙	4	✓	
FS16	Initiatives to enhance financial literacy by type of beneficiary	⊙	7	✓	

## Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

Contents			Reference
Chapter 1	General Guideline	List out the purpose, scope and principles	2
Chapter 2	Corporate Governance	Regulations to implement corporate governance	3
Chapter 3	Environmental Protection	Regulations to improve environmental protection	6
Chapter 4	Social Responsibilities	Regulations to improve social responsibilities	1
Chapter 5	Disclosure	Regulations to enhance information disclosure	About this Report
Chapter 6	Appendix	Regulations to review and improve CSR within the company	1

## ISO 26000 Index

	Core subjects and issues	Related CSR Report Section
Organizational governance	Decision-making processes and structures	1
Human rights	Due diligence	3
	Human rights risk situations	5
	Avoidance of complicity	3
	Resolving grievances	5
	Discrimination and vulnerable groups	5
	Civil and political rights	5
	Economic, social and cultural rights	7
	Fundamental principles and rights at work	5
Labor practices	Employment and employment relationships	5
	Conditions of work and social protection	5
	Social dialogue	5
	Health and safety at work	5
	Human development and training in the workplace	5
The environment	Prevention of pollution	6
	Sustainable resource use	6
	Climate change mitigation and adaptation	6
	Protection of the environment, biodiversity and restoration of natural habitats	6
Fair operating practices	Anti-corruption	3
	Responsible political involvement	3
	Fair competition	3
	Promoting social responsibility in the value chain	1
	Respect for property rights	3
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	4
	Protecting consumers' Health and safety	4
	Sustainable consumption	4
	Consumer service, support, and complaint and dispute resolution	4
	Consumer data protection and privacy	4
	Access to essential services	4
	Education and awareness	4
Community involvement and development	Community involvement	7
	Education and culture	7
	Employment creation and skills development	7
	Technology development and access	7
	Wealth and income creation	7
	Health	7
Social investment	7	



## United Nation Global Compact Comparison Table

Category	10 Principles	Related CSR Report Section
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights;	5
	Make sure that they are not complicit in human rights abuses	5
	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	5
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	5
	The elimination of all forms of forced and compulsory labor;	5
	The effective abolition of child labor.	5
Environment	Businesses should support a precautionary approach to environmental challenges.	6
	Undertake initiatives to promote greater environmental responsibility.	6
	Encourage the development and diffusion of environmentally friendly technologies.	3.6
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	3.2

## INDEPENDENT ASSURANCE OPINION STATEMENT

### INDEPENDENT ASSURANCE OPINION STATEMENT

#### 2013 E.Sun Financial Holding Company LTD. Corporate Social Responsibility Report

The British Standards Institution is independent to E.Sun Financial Holding Company Ltd. (hereafter referred to as E. Sun FHC in this statement) and has no financial interest in the operation of E. Sun FHC other than for the assessment and assurance of this report.

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

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

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

#### Scope

The scope of engagement agreed upon with E. Sun FHC includes the followings:

1. The assurance covers the whole report and focuses on systems and activities during the 2013 calendar year on the E. Sun FHC headquarter and relevant operations at Taiwan, including E. Sun Bank, E. Sun Securities, E. Sun Venture Capital Company and E. Sun Insurance Brokers Company. Furthermore, social information is derived from E. Sun Foundation and E. Sun Volunteer Foundation and the disclosure of environmental aspect in energy and resource data only limit to the building of its headquarter.
2. The evaluation of the nature and extent of the E. Sun FHC's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

#### Opinion Statement

We conclude that the 2013 E. Sun FHC Corporate Social Responsibility Report provides a fair view of the E. Sun FHC CSR programmes and performances during 2013. We believe that the 2013 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate E. Sun FHC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that E. Sun FHC's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI guidelines were fairly stated.

#### Methodology

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

- review of issues raised by external parties that could be relevant to E. Sun FHC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers and staffs on E. Sun FHC's approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 16 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008).

#### Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI G4.0 guidelines is set out below:

### **Inclusivity**

This report has reflected a fact that ESFHC is continuously seeking the engagement of its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the E. Sun FHC's inclusivity issues, however, the future report should be further enhanced by the following areas:

- Continually watch latest CSR development in financial sector to incorporate with the corporate core strategy for future reporting.

### **Materiality**

E. Sun FHC has published sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the E. Sun FHC's material issues, however, the future report should be further enhanced by the following areas:

- Encouraging to include stakeholders' views in various aspects of CSR continuously as the basis to develop corporate social responsible practices.

### **Responsiveness**

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

- Encouraging to work towards a type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns.

### **GRI-reporting**

E. Sun FHC provided us with their self declaration of 'in accordance' with the Guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self declaration covers the E. Sun FHC's social responsibility and sustainability issues, however, the future report will be improved by the following areas:

- Continuously focus on the implementation of sustainability procedures and programs along with the newly developed Standards.

### **Assurance level**

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

### **Responsibility**

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

### **Competency and Independence**

The assurance team was composed of Lead Auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

*For and on behalf of BSI:*



*Peter Pu*  
 Managing Director BSI Taiwan  
 25,08, 2014




**AA1000**  
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