



E.SUN FHC CSR REPORT 2017

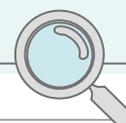




About this Report

■ GRI : 102-1 、 102-32 、 102-45 、 102-48 、 102-49 、 102-50 、 102-51 、 102-52 、 102-53 、 102-54 、 102-56

E.SUN Financial Holding Co., Ltd. (E.SUN FHC) has long been committed to corporate social responsibility and appreciates your attention to the 7th CSR report published by E.SUN FHC. This report has been prepared in accordance with the GRI Standards: Core option. Also, this report is in accordance with ISAE 3000 and the Integrated Reporting Framework. E.SUN FHC is the first financial institution in Taiwan complete GRI Alignment Service, the report was submitted for the GRI Content Index, Materiality Disclosure Service, and SDG Mapping Service. It presents the Company's ongoing efforts and results in three different aspects (economic, environmental and social). The report is available in Chinese and English, and can be downloaded from the "CSR" section of the official website. Through publication of this CSR report, we hope to communicate the ideas and practices that E.SUN has adopted towards achieving sustainability to our stakeholders. By sharing open and transparent information, we hope to learn and grow together, and bring positive influence to the society.



Framework and scope of Report

The CSR report is prepared and published on a yearly basis; this year's report covers the performance of E.SUN FHC and its subsidiaries (namely E.SUN Bank, E.SUN Securities, E.SUN Venture Capital) in the 2017 financial year (from January 1 to December 31, 2017) with respect to economic, social and environmental aspects. In order to present a more comprehensive picture of various projects and campaigns undertaken by the group, the report also discloses activities that occurred prior to January 1, 2017 and after December 31, 2017. The last version was published in June 2017.

Scope of Report

The scope of disclosure focuses on operating activities and services of E.SUN FHC and its subsidiaries (E.SUN Bank, E.SUN Securities, and E.SUN Venture Capital) in Taiwan, which accounts for 99.84% (not including E.SUN Bank's subsidiary, Bank Pro) of E.SUN FHC's net revenue. Statistics in this CSR report have been presented in a manner consistent with common international standards, and cover the performance of some of E.SUN's overseas branches. Disclosures on social welfare and charity cover the two non-profit foundations (namely E.SUN Volunteer and Social Welfare Foundation and E.SUN Foundation) and subsidiaries; whereas disclosures concerning environmental protection (e.g. use of water, electricity, petrol etc) cover E.SUN's Taipei Headquarter Building, Dengfeng Building, Hope Campus, Technology Building, Boai Building, and overseas and domestic operations, and branches located throughout the country. Any special meanings pertaining to the above quantitative indicators are explained in separate footnotes.

Reporting Basis

Organization	Principle
The Global Reporting Initiative, GRI	GRI Standards: core option G4 Financial Services Sector Supplement Guidelines Integrated reporting
International Integrated Reporting Council, IIRC	Integrated reporting (IR)
Taiwan Stock Exchange, TWSE	Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
United Nations, UN	Sustainable Development Goals, SDGs Summary of Global Compact Disclosure
International Organization for Standardization, ISO	ISO 26000 Social Responsibility Guidance

Quality of Information

Data category	Standard	Certifying Organization
Financial data	Statement of Assurance Principles No. 1 "Audit and Review of Non-financial Information" AA1000	Deloitte BSI Taiwan
Environmental data	Annual financial report	Deloitte
Sustainability data	ISO 14064-1 Greenhouse Gas Inventory	SGS Taiwan
	ISO 14064-1 Organizational Greenhouse Gas Inventory Scope 3	
	ISO 14046 Organizational Water Inventory	

Note:
This report is based on the principles of accuracy, balance, clarity, comparability, reliability and timeliness of the GRI Sustainability Reporting Guidelines. The source is provided by E.SUN FHC and its subsidiaries, and all content is approved by the CSR Committee and senior management.

Historical CSR reports



2011 2012 2013 2014 2015 2016

Please inform us of any suggestion you may have with regards to the "Corporate Social Responsibility Report of E.SUN Financial Holding Company."

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Letter from the Chairman & President

■ GRI : 102-14 · 102-15



2017 was a year of changes and challenges in the global political and economic environment. The overall economy maintained stable growth despite the new administration in the United States, elections in Europe, negotiations of Brexit, structural economic reform of China, and geopolitical risks of disputes in Korean Peninsula and the Middle East. Meanwhile, many innovative products and services were created along with FinTech developments, and posed challenges to our expertise and capabilities in information security, personal information protection, and international anti-money laundering.

Faith in Sustainability

E.SUN Bank was founded in 1992, named after the peak of Taiwan Jade Mountain. Beholding the faith "Pure as Jade, Sturdy as Mountain," we are determined to establish the best bank in Taiwan, and make E.SUN best in overall performance and the most respected company. Despite all the changes in technology, market, and customer needs for the past quarter of a century, E.SUN did not only devote into development in the domain of financial service, it also has been always persistent in improving corporate governance, customers rights, care for employees, environment sustainability, social welfare, and moving forward its ultimately vision in sustainability.

Outstanding Overall Performance

E.SUN Bank's overall performance reached new heights in 2017, not only being awarded the Best Bank in Taiwan from both The Asset and Global Finance, but also becoming the first in Taiwan's financial sector to be recognized as the Best Bank in Asia-Pacific by The Asian Banker. In terms of sustainability, E.SUN Bank's business performance continues to gain international recognition. E.SUN Bank was enlisted in the Dow Jones Sustainability Index (DJSI) for the 4th consecutive year, and was once again member of DJSI World. Moreover, MSCI ESG also upgraded rating of E.SUN to AA. E.SUN is the best performing company in both DJSI and MSCI ESG in Taiwan's financial sector.

In terms of financial and business indicators, E.SUN FHC set record high in total assets at NT\$2.07 trillion, and net profit at 14.76 billion. Every main business sector has greatly improved in its performance. With regard to E.SUN Bank's presence in Asia, following the opening of Tokyo Branch, there are currently 25 branches in 9 countries, including the Asia-Pacific financial hub Hong Kong, Singapore, Sydney, and Tokyo, which link to the United States, China, Cambodia, Vietnam, and Myanmar. E.SUN Bank is thus able to provide financial services in Taiwan, Hong Kong, and China, building a complete financial integrated platform in Asia.

	2012	2017	rate of growth
Foreign deposit	1,569	5,327	+240%
Consumer credit loan	426	1,040	+144%
SME lending	1,888	3,284	+74%
Wealth management fee	28.3	76.9	+172%
Active credit cards	2.11 million	3.22 million	+53%
Credit card consumption	1,702	3,190	+87%

(Unit: NT\$ billion)

(2017 business performance key indicators)

Becoming the favorite among employees

Employees are a company's most important asset. We believe that it is necessary to first have satisfied employees in order to have satisfied customers. In recent years, E.SUN has been actively developing human resource engineering, focusing on employees' compensation and benefits system, such as raising the salary of basic level employees, increasing the pay for expertise and variable pay, so that the good become even better and members of E.SUN can create their future with their own hands. E.SUN strives to create a happy, harmonious, and healthy workplace, and thus provides newborn subsidies and allowances and also established a maternity healthcare plan for employees. In 2017, E.SUN headquarters building received the Excellent Breastfeeding Room Certification and AED Certification, in hopes of providing E.SUN employees with a friendly work environment where they can feel at ease.

Category	Year	2015	2016	2017
Non-managerial employee count		7,563	7,947	8,326
Average spending on employee benefits (NT\$ thousand)		990	1,111	1,165

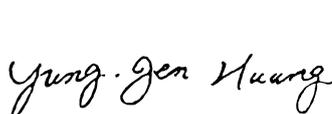
Green finance for environmental sustainability

E.SUN is the first financial institution in Taiwan to both adopt the Equator Principles and issue green bonds. We believe that companies should also be friendly to the environment as they are driving social and economic developments. E.SUN signed the Equator Principles at the end of 2015 to fulfill responsible lending and investment. Establishment and implementation of procedures were completed in 2016, and we further issued green bonds in 2017, the first to complete green bond pricing and issue the highest amount of green bonds in Taiwan. The capital raised from green bonds will be used to substantially improve the environment. Furthermore, E.SUN will continue to invest in green finance to properly manage energy and water resources, and expand the scope of greenhouse gas and water footprint inventories, contributing to a land we deeply love.

Continual progress to meet international standards

While we were investing in sustainable development, we saw the importance of keeping pace with international development, including guidelines for preparing CSR reports, challenges of human rights and climate change issues, and responses. Financial industry-specific issues, such as digital banking innovation, green finance, inclusive finance, and AML/CFT, all require our long-term efforts. E.SUN is actively responding to the UN's 17 SDGs and prioritized 9 SDGs related to financial development and material issues. In the financial industry, we began considering customers' ESG results when assessing investments and loans in 2017. We further offered the second batch of green bonds in 2018, and also became the first financial institution in Taiwan to complete a greenhouse gas inventory for all locations in Taiwan and overseas.

Outlooks on the future, E.SUN will continue to utilize its expertise and influence in the financial industry, and give consideration to social inclusion and environmental sustainability while driving economic development. As such, we will be able to create long-term value for both E.SUN and stakeholders, and together we will be able to create a better future. 🌱



Chairman, E.Sun FHC



President, E.Sun FHC & E.Sun Bank

E.SUN Chronicles

Consolidating E.SUN's banking infrastructure

- 1992 • Establishment of E.SUN Bank.
- 1994 • Establishment of E.SUN Cultural and Educational Foundation.
- 2000 • First overseas branch opened in Los Angeles. • Establishment of E.SUN Securities.
- 2001 • E.SUN Bank was awarded the "National Quality Award".

Launching A new era for E.SUN

- 2002 • Establishment of E.SUN FHC. Hong Kong branch opened. • Establishment of E.SUN Venture Capital. • Founder and Chairman Yung Ren Huang was awarded the "National Quality Award".
- 2003 • Establishment of E.SUN Volunteer Foundation. • Establishment of E.SUN Insurance Brokers. • Establishment of E.SUN Investment Consulting.
- 2004 • Successful purchase and assumption of Kaohsiung Business Bank. (KBB) Domestic service locations reached 116.
- 2006 • E.SUN achieved a milestone by receiving 6 awards at the "Taiwan Banking and Finance Best Practice Awards".
- 2007 • Representative office in Ho Chi Minh City, Vietnam opened.
- 2008 • E.SUN Bank was again awarded the "National Quality Award".
- 2011 • Successful purchase and assumption of Zhunan Credit Cooperative. Domestic service locations increased ten and totaled 132, E.SUN became top 3 among private banks.

Greeting A wonderful future for E.SUN

- 2012 • Singapore branch opened. • Dongguan branch opened, China. • Successful purchase and assumption of Chiayi 4th Credit Cooperative. Domestic service locations increased by four to a total of 136.
- 2013 • Representative office in Yangon, Myanmar opened. • Invested and held 70% equity share of United Cambodia Bank.
- 2014 • E.SUN Bank was awarded the "Golden Service Award" for four consecutive year, making it the 1st in the financial & banking industry. • E.SUN FHC was chosen as constituent stock of the DJSI, and is the first and only financial industry firm in Taiwan to receive this honor. • Founder and Chairman Yung Ren Huang was awarded the new "Special Contribution Award" of the "Taiwan Banking and Finance Best Practice Awards".
- 2015 • Changan subbranch opened, Dongguan, China. • Dong Nai branch opened, Vietna. • E.SUN FHC set the record as the only one financial institution in Taiwan to be chosen both in "DJSI-World" and "DJSI-Emerging Markets". • E.SUN FHC was awarded the "Excellence in Corporate Social Responsibility Award" for a 7th time, making it 1st in the financial industry.
- 2016 • E.SUN China subsidiary and Shenzhen branch opened, the first Taiwanese bank in Southern China Sydney branch in Australia opened. • Yangon Branch in Myanmar opened, the only Taiwanese bank established in Myanmar. • E.SUN Bank awarded Best Bank in Taiwan by three international financial magazines —The Banker, Asiamoney and The Asset, recognizing its long-time dedication to sustainable development and sound business. • E.SUN FHC set the record as the only one financial institution in Taiwan to be listed in "DJSI-Emerging Markets" for three consecutive years.
- 2017 • E.SUN China subsidiary moved into the Excellence Qianhai Yihao building, a move that demonstrates E.SUN's determination for long-term management in China. • E.SUN Bank Tokyo Branch commenced operation, creating a complete Asian financial platform. • E.SUN FHC ranked 1st in the financial industry in the Commonwealth Corporate Citizen Awards for 10 consecutive years. • The Asian Banker gave the awards of Best Bank and Best CEO in the Asia Pacific region respectively to E.SUN Commercial Bank and its President Joseph N. C. Huang. This also marks the first time that these awards were received by a Taiwanese bank and Taiwanese CEO. • E.SUN FHC once again listed in the Dow Jones Sustainability Index (DJSI), setting a record for Taiwan's financial industry.

2017

Sustainable performance and Important Results

Achievement

- E.SUN FHC delivered the best performance in Taiwan's financial sector in major international sustainability evaluations such as **DJSI**, **MSCI**, and **Bloomberg ESG**.
- Added one independent director to the board, making it total of five independent directors, representing **38.5%** of the board members.
- Established the Guidelines for Long-Term Incentives as encouragement for managers and talents.
- Established anti-money laundering system in accordance with international AML standards. **34.43%** of suspicious activity report (SAR) were substantiated, a rate that is higher than industry average.
- Loans to small and medium enterprises amounted to **NT\$328.4 billion**. Market share was ranked first place among private banks.
- E.SUN Bank is the only bank to win the Excellent SME Credit Guarantee Partner Award for the **12th** consecutive year.
- Ranked among the top-performing banks in Financial Supervisory Commission's first 2017 "Performance Evaluation for Trust of Senior Citizens and Persons with Disabilities."
- Built a total of **125** E.SUN libraries to improve the reading environments of children and open a window of knowledge for children.
- E.SUN FHC promoted a series of CSR activities in Southeast Asia, including free clinical services in Myanmar and Cambodia, community housing in Cambodia, and school building projects in Myanmar.
- Offered **NT\$100,000** subsidy for each new born baby of E.SUN's employee.
- Hosted the "Voice of E.SUN" competition, an event for employees to show their talent.



- Issued **US\$60 million** green bonds, making E.SUN Bank the first green bond issuer in Taiwan. The issuance was the biggest and the first to be priced.
- Adopted Equator Principles to evaluate social and environmental impact of project financing. **3** loan deals have been approved in 2017.
- **100%** of E.SUN Bank's branches and subsidiaries have finished ISO14064-1, ISO14064-3 GHG emission and ISO14046 organizational water footprint.
- The first Zero Carbon Credit Card in Taiwan, E.SUN World Card, received Carbon Footprint Labeling Certification and Carbon Neutrality Certification.
- The first in Taiwan's financial sector to receive low-carbon product award from the EPA.
- The first in Taiwan to launch AI financial advisor, E.SUN chatbot i, to realize a more inclusive financial service.
- The first in Taiwan to introduce e-Click Online Card Application: Credit Card Verification Service, making credit card applications easier.
- First to introduce online purchase for travel insurance policies .
- First to introduce online corporate e-Click loan, offering interest rate and line of credit online.
- First in Taiwan to launch the smart financial calculator, i-Instant.

Recognition

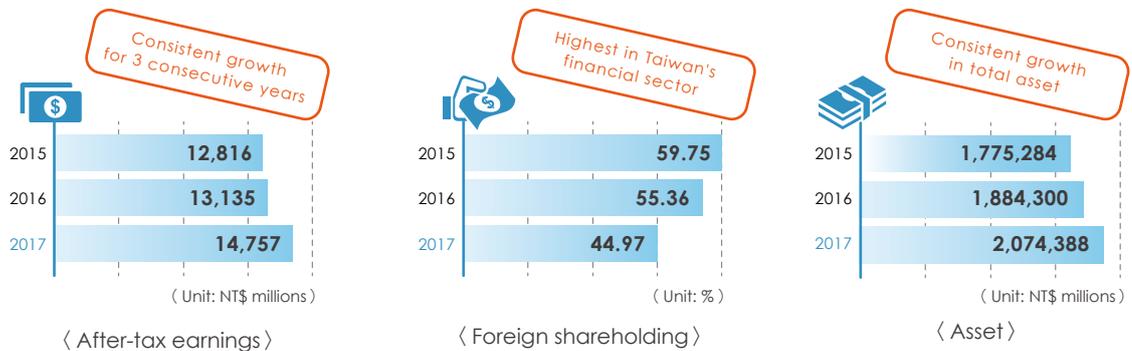


ESG Performance

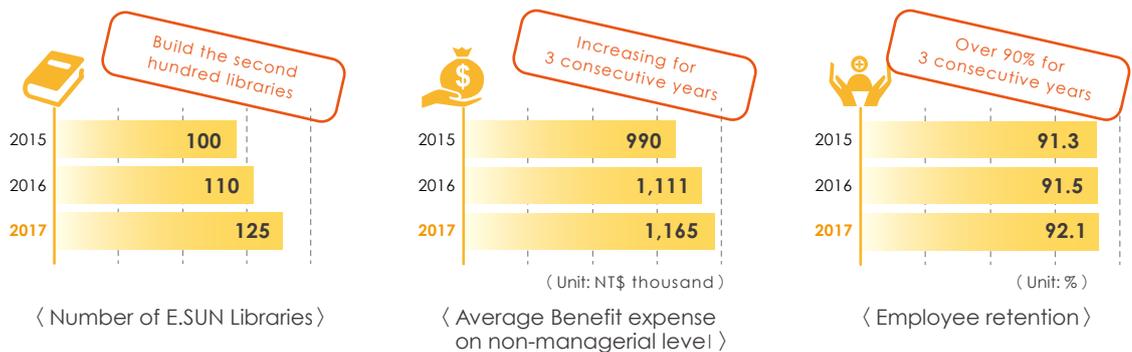
In addition to promoting economic development, E.SUN is committed to fulfilling its corporate social responsibilities by contributing its core competencies in areas such as corporate governance, customer service, employee care, environmental protection, and community involvement. E.SUN delivered an outstanding sustainability performance on economic, social and environmental issues in 2017.



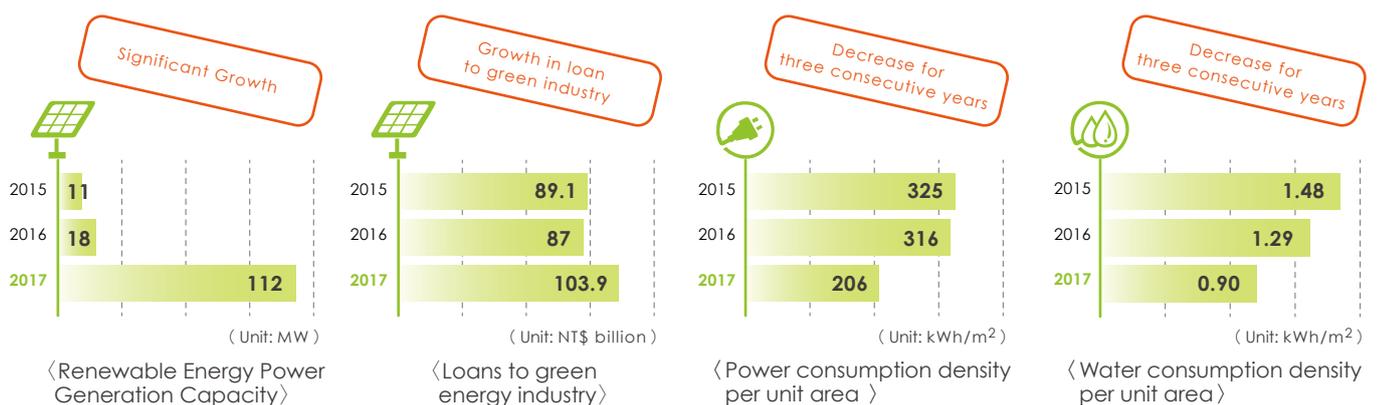
Economy



Social



Environment





Strategy of Sustainable development and the framework of Integrated Report

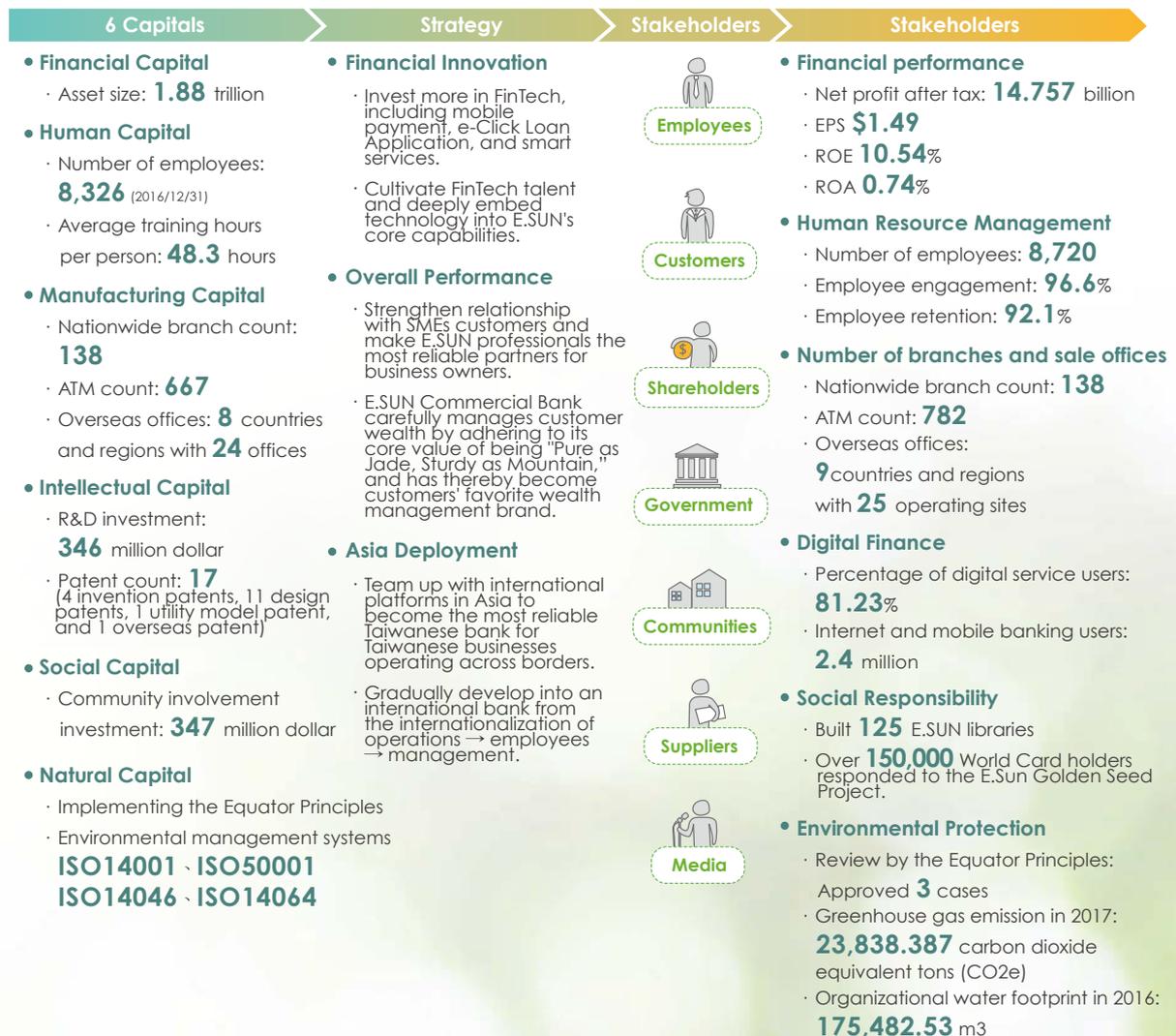
E.SUN follows a **3i** strategy, **Innovation, Integration, and Influence**. It promotes corporate social responsibility on an ongoing basis by making a long term commitment and taking a systematic approach to combine core competencies in financial services. E.SUN makes the commitment to **LOVE: Leading Innovation, Outstanding Governance, Value Co-creation and Environmental Sustainability**, which echo to Sustainable Development Goals (SDGs) and demonstrate that E.SUN should be responsible for employees, shareholders, society, country and whole world. It is the key to achieve sustainable development.



Hence, as it sets out on the path to sustainability, E.SUN makes the commitment to LOVE:

<p>Leading Innovation</p> <ul style="list-style-type: none"> • Customer Equity Group • Community Involvement Group <p>E.SUN continues to rely on innovation to create long term value for itself and its stakeholders. E.SUN invests in innovation of processes, innovation of products and services, innovation of business models, innovation of ecosystems, and innovation of management practices and joins the effort of creating a brighter future.</p>	<p>Outstanding Governance</p> <ul style="list-style-type: none"> • Corporate Governance Group • Employee Care Group <p>"System, People, and Information" are the three keys to sustainable development. E.SUN is committed to adopting international governance standards and building a banker's bank.</p>	<p>Value Co-creation</p> <ul style="list-style-type: none"> • Employee Care Group • Community Involvement Group • Customer Rights Group <p>E.SUN, starting with itself and its employees, combines financial expertise and exercises its core competencies to coordinate internal resources, while taking advantage of cross industry alliances and working with partners to extend its influence to households, customers, suppliers and other enterprises in order to encourage progress in the society.</p>	<p>Environmental Sustainability</p> <ul style="list-style-type: none"> • Environmental Sustainability Group • Customer Rights Group <p>E.SUN invests in the development of green finance and reduce or eliminate the impact caused by industries on the environment by adopting responsible lending and responsible investment policies. E.SUN campaigns for green products, energy efficiency, conservation, environmental education, and local commitment as its contribution to green living and a sustainable environment.</p>
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Strategy and Integrated Reporting Framework:



Stakeholder Engagement

We utilize a number of communication channels to identify issues of concern to our stakeholders. We formulate our management policy and action plans based on the knowledge in order to ensure the needs and expectations of our stakeholders are met.

Identification of Stakeholder

■ GRI : 102-40 、 102-42 、 102-43 、 102-44

To identify E.SUN's stakeholders, a stakeholder meeting was held and a stakeholder questionnaire distributed to gather comments and opinions of different departments in 2017. Assessment of the questionnaire pursuant to the five principles of the AA1000 Stakeholder Engagement Standard, which are influence, tension, responsibility, dependency, and diverse perspectives. The results were reviewed by the CSR Committee. Stakeholders were divided into seven groups by level of importance.



Note:

1. Communities include neighborhoods around the branches and partners in charity work and environmental causes.
2. Suppliers include affiliated vendors and buyers. Classification of suppliers is shown under 3.5 Supplier Management.

We also re-examined the communication channels and created the CSR section on our website (<https://www.esunfhc.com/zh-tw/csr/overview/csr>) to satisfy needs of different stakeholders with better precision. A description of the importance of each stakeholder, channels and frequency of communications, issues of concern and our responses are shown in the table below.

Stakeholders	Importance	Communication channels	Frequency	Issue of concern	Our response (Corresponding chapter)
 Employees	Talent and innovation are the key to competitiveness and the foundation to business sustainability.	Knowledge Sharing Meetings	Annual	Human Resource Management	2.4 Happy Workplace
		IT systems and digital platforms · E.SUN e-HR Portal · Feedback mailboxes, e.g. Letters to Senior Employees · e-Learning platform	non-scheduled	Occupational health and safety	2.4 Happy Workplace
		Morning meetings	Daily	Financial Services and Customer Experience	2.1 Financial Inclusion 2.2 Digital Finance 2.3 Customer Service
		Two-way reporting	non-scheduled	Code of Conducts and Ethics	1.2 Code of Conducts and Ethics
		Employee opinion surveys	Annual	Human Resource Management	2.4 Happy Workplace
		Professional education and training courses	non-scheduled	Human Resource Management	2.4 Happy Workplace
		Corporate union meetings	Quarterly	Occupational health and safety	2.4 Happy Workplace
		Compliance training	Monthly	Code of Conducts and Ethics	1.2 Code of Conducts and Ethics

Stakeholders	Importance	Communication channels	Frequency	Issue of concern	Our response (Corresponding chapter)
 Customers	E.SUN values customer input and focuses on providing an optimal customer experience with the customers at the center and creating value for customers.	E.SUN e-Services <ul style="list-style-type: none"> 24-hour customer service hotline Smart text customer service Internet phone Online visitor message board All branches of E.SUN Bank and subsidiary of E.SUN Securities. 	Daily	Consumer Rights Protection	2.3 Customer Service
		Customer complaint hotline and mailbox	Daily	Service quality management	2.3 Customer Service
		Customer satisfaction surveys	Weekly	Code of Conducts and Ethics	1.2 Code of Conducts and Ethics
		Visits by customer representatives	non-scheduled	Service quality management	2.3 Customer Service
		Financial planning and investment seminars	Weekly	Financial inclusion	2.1 Financial Inclusion
		Smile E.SUN Bimonthly	Every two weeks		
		Sunrise E.SUN Quarterly	Quarterly		
 Shareholders	E.SUN owes its consistent growth to the support of its shareholders and investors.	Shareholders	Annual	Corporate Governance	1.1 Corporate Governance
		Annual reports & E.SUN FHC CSR Report	Annual	Code of Conducts and Ethics	1.2 Code of Conducts and Ethics
		Investor seminars in Chinese/English	Quarterly	Corporate Governance	1.1 Corporate Governance
		Announcement of business performance	Monthly	Code of Conducts and Ethics	1.2 Code of Conducts and Ethics
		Market Observation Post System	Monthly	Corporate Governance	1.1 Corporate Governance 1.3 Risk management
		Visits by customer representatives and conference calls	non-scheduled	Risk management	
		Road shows, domestic/international institutional investor seminars, and investment forums	non-scheduled		
		Board of directors and functional committees	Quarterly		
 Government	The financial services sector is highly regulated. We comply strictly with a rigorous set of policies and regulations.	Government performance evaluation	Annual	Corporate Governance AML/CFT	1.1 Corporate Governance 1.4 AML/CFT
		Policy conferences, forums, and public hearings	non-scheduled	Corporate Governance	1.1 Corporate Governance
		Official letters, meetings, telephone, email, and public information	non-scheduled	Risk management	1.2 Code of Conducts and Ethics 1.3 Risk management
				Consumer Rights Protection	2.3 Customer Service
 Communities	We believe one simple act of love can inspire others to love. We work with charities and environmental organizations to make the world a better place.	Forums, workshops, and charitable or environmental campaigns	non-scheduled	Environmental sustainability and Ecological preservation	3.1 Climate-change risks and opportunities 3.4 Sustainable eco system 3.5 Supplier Management
		E.SUN Volunteer & Social Welfare Foundation and E.SUN Foundation	Weekly	Occupational environment management	3.1 Climate Change Risks and Opportunities 3.3 Sustainable Operating Environment
		Branch officers serve as main contact person.	Monthly	Social Welfare	2.5 Social inclusion
				Green Finance	3.2 Green Finance
		Neighborhood cleanup programs at the branches	Daily	Sustainable eco system	2.5 Social inclusion
 Suppliers	Suppliers are E.SUN's partners in sustainability and growth.	Visits by customer representatives, meetings and email	Every two week	Ethical Management Code of Conducts and Ethics	1.2 Code of Conducts and Ethics
		Website disclosure	non-scheduled	AML/CFT	1.4 AML/CFT
				Social Welfare	2.5 Social inclusion
 Media	Media is one of the key channels through which E.SUN provides and collects information and communicates with stakeholders.	Interviews and press conferences	Quarterly	Corporate Governance	1.1 Corporate Governance
		Questionnaires and surveys	Annual	Code of Conducts and Ethics	1.2 Code of Conducts and Ethics
		Press release	Weekly	Consumer Rights Protection	2.3 Customer Service
		Hotlines and email to specific departments	Daily	Digital Innovation	2.2 Digital Finance

Materiality Analysis

■ GRI : 102-46、102-47、102-49、103-1、103-2、103-3

To better understand the connection between issues of concern for our stakeholders and E.SUN's effort to create long term value, in 2017, we refined the way we analyze important topics according to the four principles of the Global Reporting Initiative, which are materiality, stakeholder inclusiveness, sustainability context, and completeness, and the integrated reporting framework. We apply scientific methods to identification of material issues by following the procedure below.

1. Identification Principles: Sustainability context and stakeholder inclusiveness



- Questionnaires are used to collect issues of concern to stakeholders.
- Material issues faced by other banks in Taiwan and in other countries and sustainability development around the world, such as the 17 SDGs proposed by the UN.
- The CSR task force gathers and summarizes the list of sustainability issues.

2. Prioritization Principles: Materiality and stakeholder inclusiveness



- The process of sustainability issue prioritization by materiality is described as follows.
- The departments' score each issue by the economic, environmental, or social impact on the organization internally or externally (e.g. finance, customer loyalty, corporate image, and reputation, degree of strategic integration, and opportunities and competitiveness) and by the degree of stakeholder concern (e.g. level of significance, expected reactions and actions, and expectation of information transparency).
 - Key representatives of each stakeholder group are invited to complete the CSR Survey for External Stakeholders to provide a broader understanding of the degrees of external stakeholder concern regarding different issues. 216 responses were collected. Response rate was 90%.
 - Internal and external results are summarized in a materiality matrix.

3. Validation Principles: Completeness and stakeholder inclusiveness



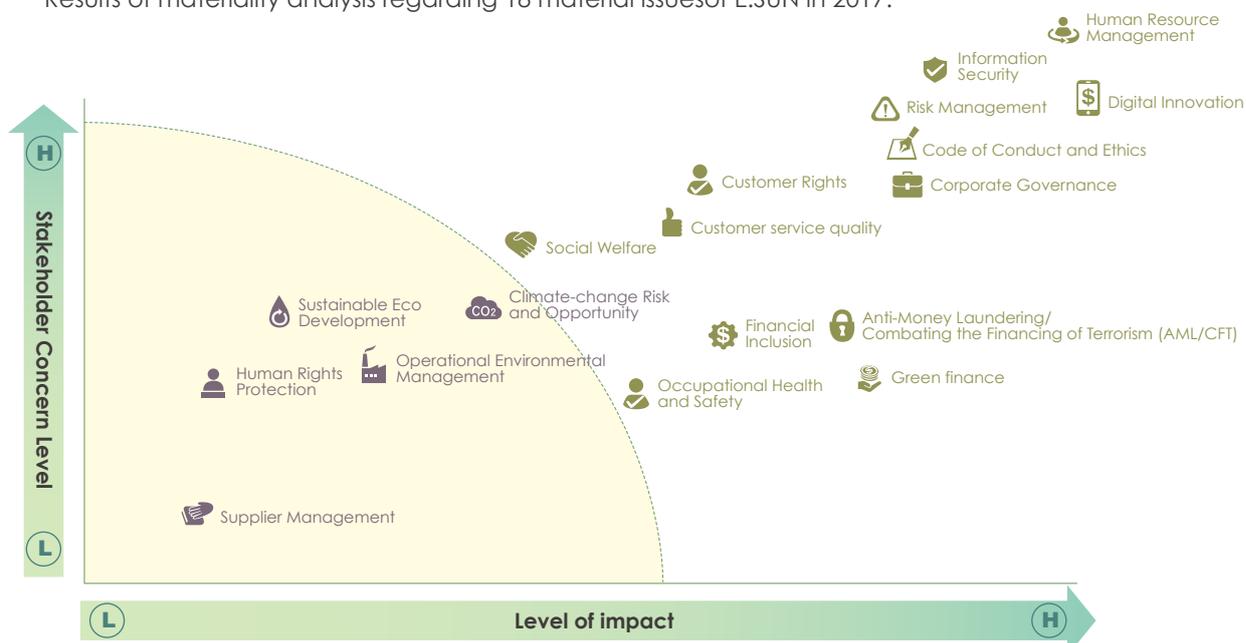
- Preliminary results are examined by the CSR Committee and modified according to views and suggestions of the senior management.
- With the approval of the executive management, the 2017 materiality matrix contains 18 issues, 13 of which are listed as highly material in the current year. They are also made key points in the disclosure herein, which provides details on the strategies for issue response and results. In particular, 5 of the issues are listed as material on an ongoing basis. Any major change in related management policies and performance in the current year will still be provided in the report.

4. Review Principles: Stakeholder inclusiveness and sustainability context



- The channels for stakeholder communication will be strengthened and more stakeholder opinions collected. The materiality matrix will also be examined for reasonableness during the process.

Results of materiality analysis regarding 18 material issues of E.SUN in 2017:



The report describes in detail the real impact of highly material issues on E.SUN's operations. The corresponding GRI material topics, management approach, and explanation of internal/external boundaries of impact are provided in the table below:

1 Governance	Material Issue	Materiality to business	GRI material topic	GRI management approach (Corresponding chapter)	Impact boundary ¹					
					Internal		External			
					E.SUN Bank	Employee	stockholders	customers	Supplier	
					Explanation of Impact					
Corporate Governance	A well established corporate governance system will contribute to the stability and transparency of a company's operations.	General Disclosure (Governance)	1.1 Corporate Governance	●	●	●	●		Corporate governance has a direct impact on E.SUN's operating efficiency as a whole.	Corporate governance generates impact on the rights and long-term value of external stakeholders.
Code of Conduct and Ethics	We believe our dedication to integrity and professionalism is not only the main reason for the continued support and trust of our customers and the general public, but also one of the drivers of operating efficiency.	Anti-corruption	1.2 Code of Conduct and Ethics	●	●	●	●	●	Operating activities are linked to ethical management and compliance at E.SUN, and have a direct impact on operating efficiency and corporate reputation.	Ethical management policy must be properly implemented in order to protect the rights of external stakeholders.
		Anti-competitive behavior	1.2.1 Compliance							
		Socioeconomic compliance								
Environmental compliance										
Risk Management	Effective risk management is the only way to ensure efficient use of financial resources and reduce or prevent operating risks.	General disclosure (strategy)	1.3 Risk Management	●	●	●	●	●	Risk management directly influences corporate reputation, financial results, operating efficiency, and employee career development.	Risk management directly impacts the assets and long-term value of external stakeholders.
Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	Strict compliance with the Money Laundering Control Act prevents money laundering and counters terrorist financing while reducing operating risks and avoid penalty expenses.	General disclosure (strategy)	1.4 AML/ CFT	●	●	●	●	●	A direct impact on E.SUN's overall operating efficiency employee welfare.	Direct impact to external stakeholders asset.
Information Security	We attach a great level of importance to the security of customer's personal information with the most rigorous mechanisms and measures.	General disclosure (strategy)	1.5 Information Security	●	●	●	●	●	A direct impact on E.SUN's overall operating efficiency and employee right .	A direct impact on E.SUN's overall operating efficiency and employee right .

2 society	Material Issue	Materiality to business	GRI material topic	GRI management approach (Corresponding chapter)	Impact boundary ¹					
					Internal		External			
					E.SUN Bank	Employee	stockholders	customers	Supplier	
					Explanation of Impact					
Financial inclusion	Financial inclusion was made a material issue for the first time during the 2016 G20 Hangzhou Summit. The move will have an effect on the development of financial services sectors in many countries. E.SUN tries to adopt international standards in its business strategies. Hence, E.SUN will work actively to achieve financial inclusion, make financial services more widely available, and increase customer satisfaction.	indirect economic impact	2.1 Financial Inclusion	●			●		A company can reduce marginal cost and improve operating efficiency by embracing financial inclusion.	It allows more customers and customers with little access to financial services to enjoy more friendly financial services.
Digital Innovation	Trends in the development of Fintech are prompting financial institutions around the world to invest heavily in mobile networks, cloud computing, big data and other digital technologies. We have been investing in digital finance for years and is committed to become the leader in financial innovation. We work not only to improve efficiency of financial services, but also to make us more competitive in the global market.	indirect economic impact	2.2 Digital Finance	●	●		●		The corporate culture, strategies and organizational structures have to be reformed in response to the progress in digital finance (or Fintech) and talent development.	Digital banking services are changing consumer habits.

2 society

Material Issue	Materiality to business	GRI material topic	GRI management approach (Corresponding chapter)	Impact boundary ¹							
				Internal		External					
				E.SUN Bank	Employee	stockholders	customers	Supplier			
				Explanation of Impact							
Customer Service Quality	We are constantly improving the quality of our customer services and providing services in a more professional and friendly manner. The goal is to create value by differentiation and increase customer satisfaction.	General disclosure (communication with stakeholders)	2.3 Customer Service	●	●		●			A direct impact on E.SUN's overall operating efficiency and employee career development.	A direct impact on customer satisfaction.
Customer Rights	Consumer rights and personal information are safeguarded with the utmost caution so to increase customer satisfaction.	Marketing and labeling	2.3 Customer Service	●	●		●			A direct impact on E.SUN's operating efficiency.	A direct impact on customer satisfaction.
Human Resource Management	We have been investing in providing employee training and satisfying employee needs in various areas for years. It is necessary to encourage employee loyalty for a company to stand out in the fiercely competitive coliseum atmosphere that is the financial services sector.	Market position	2.4.1 Employment Opportunities And Employee Rights 2.4.2 Compensation and Benefits And Employee Assistance Programs	●	●					A well designed human resource management system will be able to improve efficiency and execution in the workforce. It is also the niche on which E.SUN relies to build its core competencies and long term growth.	
		Labor/ Management Relations	2.4.1 Employment Opportunities And Employee Rights								
		Training and education	2.4.3 Education And Training								
		Diversity and Equal Opportunity	2.4.1 Employment Opportunities And Employee Rights								
Occupational Health and Safety	Only by protecting employees' health and providing a safer and more comfortable work environment can E.SUN become a second home for employees.	A direct impact on customer satisfaction	2.4.4 Workplace Safety and Employee Health	●	●					A direct impact on E.SUN's operating efficiency.	
Social Welfare	We believe it is important to give back to the community what we take. We also play an active role in charitable causes and extend our influence in the society so that one simple act of love can inspire others to love.	Local communities	2.5 Social Inclusion	●	●		●			E.SUN combines the goodwill of its employees and its resources to make the world a better place for everyone.	E.SUN works with its customers in charitable campaigns to make a positive difference in society.
		Indirect economic impacts									

3 Environment

Material Issue	Materiality to business	GRI material topic	GRI management approach (Corresponding chapter)	Impact boundary ¹							
				Internal		External					
				E.SUN Bank	Employee	stockholders	customers	Supplier			
				Explanation of Impact							
Green Finance	The financial services sector plays a crucial role in the global transition to a low carbon economy. We have adopted the Equator Principles, and implemented rigorous social and environmental risk assessments and management systems accordingly in order to prevent parties with high environmental or social risks from becoming recipients of loans from E.SUN and to increase our reputation and influence.	indirect economic impact	3.2 Green Finance	●			●			Reducing the negative impact on E.SUN's operating efficiency.	Indirect improvement of environmental or social performance of recipients of loans and investment from E.SUN.

Note:
key stakeholders of the value chain are considered into boundary of impact.

Results, short-term goals, and middle/long-term goals of E.SUN's sustainability practices in 2017:

	Issue	2017			2018	
		Objectives	Results	Completion	Objectives	Medium/Long term goals
Economy	Corporate governance	<ul style="list-style-type: none"> Hold board elections to bring different expertise and diversity into the boardroom; elect reputable independent directors from different backgrounds; and appoint independent directors as conveners of the Audit Committee, the Corporate Governance and Nomination Committee, and the Remuneration Committee. Strengthen the director performance evaluation system, implement Board performance evaluations by external experts, and maintain director attendance rate at 95% and above. Participate in external evaluations to strengthen the Company's corporate governance system. 	<ul style="list-style-type: none"> Completed the Board of Directors election and voluntarily added 1 independent director, to 5 independent directors in total, about 40% of the board. Independent directors have expertise in accounting, auditing, strategy, IT, management, and digital finance; the distribution of directors is based on E.SUN's future business strategy and development and takes into consideration the standard for diversity. Incorporated CSR into business strategies; the board composition was adjusted in 2017 to comprise only directors and two independent directors based on international trends. Organized two director training courses for a total of 6 hours on "Laws, Regulations, and Response Strategies for Anti-Money Laundering and Countering Terrorism Financing" and "Opportunities, Challenges, and Risks in Digital Technologies." On average each director received 9.4 hours of training. Commissioned the Corporate Governance Association in Taiwan to conduct board performance evaluations. With the support of the professional agency, E.SUN obtained a detailed inspection report outlining the operation of the board and its functional committees, in which the E.SUN gained recognition from the Association in all aspects that were evaluated. Continued participating external corporate governance assessment, and was honored as top 5% in TWSE corporate governance assessment. 	☺	<ul style="list-style-type: none"> A comprehensive and systematic approach to publicize important company regulations and management information in English, conducting the evaluation of board effectiveness for certain criteria in a graded or quantified way, continuing to maintain a honest and transparent corporate culture, promoting effective sound management. Reduce paper use by storing Board meeting materials on digital media, and achieve energy conservation, carbon reduction, and environmental protection goals. 	<ul style="list-style-type: none"> Focusing on sustainable development, continue to observe domestic and international regulatory trends and adopt international standard by participating domestic and international evaluations and certificates. Continue to support the capabilities of all functional committees and, in response to future business strategy, bring diversity and professional capabilities into the boardroom.
	Code of Conduct and Ethics	<ul style="list-style-type: none"> Revise E.SUN FHC's internal control system, and improved the performance of the three lines of defense for internal control. Revise E.SUN FHC and E.SUN Bank's Regulations on Regulatory Compliance, and strengthened the compliance management of overseas branches. Continue to observe domestic and international regulatory trends and enable employees to better comply with the regulations. Plans have been made for 500 compliance classes for 10,000 participants and a target pass rate of 99% on the semiannual compliance self assessments. 	<ul style="list-style-type: none"> Completed revising the regulatory compliance policy and guidelines; supervising compliance officers of various departments in Taiwan and overseas for the adoption, establishment and implementation of related internal systems; and establishing a mechanism for immediately notifying the Board of Directors the potential impact of material events. 100% of the 414 participants passed the orientation training for regulatory compliance supervisors, and personnel of regulatory compliance units received at least twice the number of on-the-job training hours required by law, in which over 99% of employees passed the regulatory compliance test. There were a total of 13,093 participants clocking a total of 3,045.5 hours in this year on the job training regarding the relevant regulations, to ensure that employees grasp the latest regulatory trends, understand the important changes in laws and thereby enhancing the overall employee awareness in compliance and risk. Ethical corporate management best practice principles are included in teaching materials for regulatory compliance promotion, as well as new employee and mid-level officer training courses over the years, deepening the corporate culture of honesty and integrity. 	☺	<ul style="list-style-type: none"> Improve the internal reporting (whistleblower) system, create a corporate culture of integrity and transparency, and improve the health of operations, which will improve the performance of corporate governance. Establish regulatory compliance risk management and assessment mechanisms, address vulnerabilities in regulatory compliance management based on operations in Taiwan and overseas, and formulate improvement plans to strengthen regulatory compliance performance reporting and supervision. Adopt a risk-based approach to strengthen the enforcement of regulatory compliance in overseas branches by the headquarters, and increase the density of information transfer. 	<ul style="list-style-type: none"> Establish a robust, effective regulatory compliance risk management and supervision framework for E.SUN Bank from a risk-based approach. Continue to strengthen compliance management systems for overseas branches. With risk based methodology, formulate overall effective management and supervising framework on legal compliance. Achieve a coverage ratio of 99% in compliance training, and have more than 99% of employees pass the compliance self-assessments by 2020.
	Information and Cyber Security	<ul style="list-style-type: none"> Raise security awareness in the workplace and implement online IT security courses and self assessments for all employees. Two information security lectures and training have been planned. Establish a comprehensive information security framework in response to international trends in information security, and increase the availability of information services to 99.86%. 	<ul style="list-style-type: none"> E.SUN formed the information security committee, independent of other departments, to be in charge of information security strategic planning, supervising of information security risks, and consolidation of relevant matters. Strengthen information availability to achieve an availability rate of 99.86%. Conduct a regular online training biannually, and ad hoc training on information security, including 9 conferences for overseas subsidiaries and branches as well as 6 interactive sessions with overseas subsidiaries. Invite external experts to conduct seminars on information security framework and professional technical trainin. Conduct a total of 13 information security lectures and educations training sessions. Expanded the scope of e-mail social engineering drills to branches and subsidiaries in Taiwan and overseas, increased the frequency of drills, and formulated improvement plans after drills to raise employees' security awareness when using e-mail. Established an internal information security assessment and reporting system, monitored the information security operations of each subsidiary, and implemented a standard reporting procedure that allows information security intelligence to be rapidly delivered to each unit for immediate response. 	☺	<ul style="list-style-type: none"> E.SUN Bank plans to designate a Chief of Information Security and form an information security management department, independent of IT and business units. The department will be in charge of the bank's uniform information security management system and deepening exchanges between the various subsidiaries, in order to enhance the overall information security level. Study the Internet safety framework recommended by the National Institute of Standards and Technology (NIST) of US and evaluate the safety level of the current information network framework and prevention capability, building a standard procedure for internal communications and response. Utilize big data and AI to immediately detect and block new or variations of cyberattacks, upgrading conventional passive information security protection to active defense. Study new information security technologies, establish procedures and response plans, and plan practical defense drills to improve information security response capabilities. 	<ul style="list-style-type: none"> A vision to create a rigorous and effective information security protective net for E.SUN and to consolidate the protective frameworks across all overseas businesses by 2020. Nurture talents in information security management and forensics, while enhancing the overall information security awareness of employees in daily business operations. Continue to improve information availability and maintain a SLA information availability rate of 99.99% for the core system in 2020.





Issue	2017			2018	
	Objectives	Results	Completion	Objectives	Medium/Long term goals
Risk management	<ul style="list-style-type: none"> Optimize the risk calculation system for five asset categories and the verification mechanism for financial engineering models in 2018. Design credit risk appetites and limits linked to business units and in-line with the mainstream international framework, and thereby optimize the risk appetite governance framework and mechanisms. Implement the operational risk management system and main management tools in the Company's overseas branches. Risk management and self assessment for 15 types of operating procedures will be sorted out, and 5 training sessions will be organized to more effectively outline operational risks and raise operational risk awareness. 	<ul style="list-style-type: none"> Recognize the main emerging risks and include them under the risk management framework. The main measures and results are as follow: <ol style="list-style-type: none"> Technological Risks: Strengthen the review of application development and online verification, reinforce information security management. Regulatory Risks: Revise money laundering related policies and guidelines in response to money laundering preventive trends. Risk Report Design and Implementation in Overseas Branches and Subsidiaries: Reports were completed in Sydney, Singapore and Vietnam Credit risk: <ol style="list-style-type: none"> Design a risk appetite internal circulation system, and establish risk indicators linked to operational budgets. Furthermore, introduce macro factor models to improve appetite pressure tests and calculation. Participate in the banking association's translation of SACCR and FRTB, and simultaneously adjust internal systems for subsequent computation. Furthermore, strengthen current computational logic to increase the efficiency of data output. Market risk: The Hong Kong Branch adopted the MLC system to improve the management mechanism for client and trader risk exposure, improving the Hong Kong Branch's market risk management capabilities. Operational risk: The Sydney Branch had already adopted the standardized approach, combined with the Los Angeles Branch and Hong Kong Branch, a total of 4 new risk control self-assessment processes added in 2017, with 6 education completed, and 15 procedures reviewed. 	☺	<ul style="list-style-type: none"> Risk Template Design and Implementation in Overseas Branches and Subsidiaries: <ol style="list-style-type: none"> Continue to insert new updates in the overseas branches and subsidiaries risk template and added the Hong Kong Branch risk template. Overseas branches to send back templates on risk information for compilation and analysis on a monthly basis. Credit risk: <ol style="list-style-type: none"> Design the framework to launch risk appetite statement. Complete SACCR and CCP system implementation and trial balance operations. Report and disclose Pillar II and Pillar III according to the competent authority's latest regulations. Market risk: Optimize the risk calculation system for five asset categories and the verification mechanism for financial engineering models. Operational risk: Implement a standardized approach and management mechanisms for operational risk in overseas locations. 	<ul style="list-style-type: none"> Continue to following the philosophy of "no business is risk free" and strengthen risk management mechanisms and the risk management culture in order to ensure effective risk management, discipline and procedures and to make risk management one of the pillars on which E.SUN creates long term value. Integrate the risk information and management platform (ERLC) in the bank by 2020, and build an early warning system for market risks in order to monitor closely changes in financial markets. Risk Template Design and Implementation in Overseas Branches and Subsidiaries: <ol style="list-style-type: none"> Implement a graded management mechanism for overseas branches and subsidiaries. Establish risk indicator warning mechanisms and overseas information feedback mechanisms. Credit risk: Improve RWA data processing and information sharing, and utilize our expertise in risk management laws and experience in operations management to strengthen the connection to management. Market risk: Consolidate transaction information of financial products and financial markets data, in order to build an advanced warning platform for market risks and to stay ahead of market developments. Operational risk: Distributed all procedures of the existing operational risk management system, refined the procedure and strengthen the analytical and management skill.
Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT)	<ul style="list-style-type: none"> Continue to provide training so that employees are better equipped to combat money laundering; and encourage employees in certain departments to obtain CAMS certification with the target of 90% or more of the employees involved in relevant processes having CAMS certification. Establish and strengthen the suspicious transaction monitoring method in our AML system for intellectual property protection. Optimize or establish an anti-money laundering (AML) system for Taiwan and overseas (such as: help overseas branches and subsidiaries establish an automated transaction monitoring and black list scanning function) and improve the suspicious transaction monitoring logic (such as: change settings of system parameters), so as to strengthen the AML capabilities of overseas branches (such as: provide training courses and build a communication platform through instant messaging) and build an integrated AML system for the entire bank. 	<ul style="list-style-type: none"> A total of 52 employees throughout the bank obtained CAMS certification, in which 92% of dedicated personnel obtained the certification. Besides adding a significant number of patterns in the system for suspected money laundering or financing of terrorism, the system can automatically filter the watch list. Number of official letters sent by the Investigation Bureau, Ministry of Justice in recognition of our effort continued to grow compared with previous years. 	☺	<ul style="list-style-type: none"> Bringing AML/CFT compliance and enforcement in line with international standards in response to the APG mutual evaluation, and continue to make improvements. Strengthen the AML management of overseas branches. Dedicated personnel all obtain international or national certifications within six months after assuming their post, and encourage supervisors of business units to pursue further education to obtain certifications. 	<ul style="list-style-type: none"> Reinforce the bank as a whole so it is better equipped to combat money laundering, set the target of 100% of the employees involved in the process having national or international certification, and continue to gain specialized knowledge. Continue to follow international trends in AML supervision, and actively reinforce the AML capabilities of branches in Taiwan and overseas to build a robust integrated AML system worldwide.



Issue	2017			2018	
	Objectives	Results	Completion	Objectives	Medium/Long term goals
Inclusive finance	<ul style="list-style-type: none"> Continue to refine the e-Click Loan Application and be first to offer online loan services for small businesses. 	<ul style="list-style-type: none"> All types of e-Click loans are now available, and we were the first to offer e-Click Mortgage and e-Click Loan Application, providing online trial calculation and loan application services. Support the development of small and medium enterprises (SME) by helping 19,000 SMEs acquire operational capital and assisting them to innovate and upgrade, thereby enhancing the industry's competitiveness. Assisted 7 companies in winning the 2017 "National Award of Outstanding SMEs" and the "Rising Star Award", accounting for 28% of the award winners. Develop the school electronic wallet in collaboration with National Taiwan University and helping underprivileged students to use their bursary directly on their school living expenses. Integrate various innovative frameworks and develop a new generation payment system, creating a win-win situation for underprivileged students and businesses. The first bank in Taiwan to pioneer Internet insurance and first amongst industry peers to roll out the "Insurance Retirement Trust", in addition to providing micro policy services for health and welfare. 	☺	<ul style="list-style-type: none"> Received the A+ certification of accessibility from the National Communications Commission. Continue to improve online services of e-Click loans, and assist SMEs with transformation and upgrade by providing loans. Increase the types of insurances that can be purchased online to satisfy customers' diverse insurance needs, and fulfill our CSR by continuing to promote microinsurance and trust services. 	<ul style="list-style-type: none"> Utilize smart digital platforms and digital technology for customers with different needs to gain access to the most suitable financial products and services through smooth and convenient means, thereby realizing the value of inclusive finance.
Digital innovation	<ul style="list-style-type: none"> Develop innovative payment services and be one of the first banks in Taiwan to support Apple Pay. Work with leading cross-border payment service providers in Japan and Southeast Asia. Continue to make digital services more universally available and easier to use; 83% of customers are expected to use digital services. 	<ul style="list-style-type: none"> E.SUN New Generation Mobile Banking APP has been officially online, optimizing the user experience and significantly increasing usage frequency to 5.8 times/person*month, yearly growth 64.8%. Provided a multi-payment platform as the sole bank connecting its payment service to all four major convenience stores in Taiwan, E.SUN Bank is also connected to multiple well-known brand name distributors, integrating E.SUN Wallet, Jkos, Gamos Pay, and other e-wallet operators to create a win-win situation for customers and merchants. Became the first bank to interface with Apple Pay, Android Pay and Samsung Pay, and also work together with Hami Wallet and e-Health Pay apps to provide customers with convenient and friendly mobile payment options. Established the Innovation Lab, expanded research and development into innovative fields and conduct industry-academia collaboration projects with top universities, and received recognition from 10 awards in Taiwan and overseas for FinTech innovation. 	☺	<ul style="list-style-type: none"> Continue follow advanced technology applications in the financial industry, and continue to develop innovative financial research projects that will drive the development of digital banking in Taiwan. Increase the variety of identification technologies for mobile banking, and use diverse applications to provide customers with a more thoughtful financial experience in daily life. Develop cross-border payment in Asia and expand partners in Japan and the Southeast Asian market. Continue to improve and develop digital financial management functions, use big data database applications and advanced technology applications to provide differentiated services, and thereby increase customer satisfaction. 	<ul style="list-style-type: none"> The target is to become a leading digital banking brand and a technology leader by 2020. Digital Channel Service: Expect to double the number of customers actively using new digital channel services, as internet and mobile banking services in 2020, and increase the ratio of transferring through new digital channel to overall transferring to 80%. Electronic payment: Electronic payment accounts for 52% of all payments within 5 years.
Customer Service Quality	<ul style="list-style-type: none"> Added 2 new digital flagship branches and achieved the goal of opening digital flagship branches in northern, central, and southern Taiwan. New branches are designed in line with latest FinTech developments. The target is to create 25 new digital branches and specialty branches in 2017. 	<ul style="list-style-type: none"> Completed 2 new digital flagship branches in central and southern Taiwan, and 1 new Taiwan Black Bear ecological branch, as well as 20 new digital branches and specialty branches. Service satisfaction: An online satisfaction survey was conducted for new accounts, new debtors, and digital platform users, and satisfaction reached 85% and above. Overall business unit service quality assessment score of 92.42. 	☺	<ul style="list-style-type: none"> Deployed foreign currency ATMs at 138 branches. continued completing new digital branches and specialty branches in 2018. Service satisfaction: continued customer satisfaction survey for new accounts, new debtors, and digital platform users, satisfaction rate target is to keep 85% above. 	<ul style="list-style-type: none"> Provide warm and memorable services with the vision to be an exemplar for the financial industry and a benchmark for the service industry. Develop featured financial service, enhancing markets share in customers' mind, and to be the favorite bank for customers.

Society

Issue	2017			2018	
	Objectives	Results	Completion	Objectives	Medium/Long term goals
Customer Rights	<ul style="list-style-type: none"> (Issue separated from consumer rights and information security om 2018) Actively take care of customers and protect customer's assets. 	<ul style="list-style-type: none"> Establish products, processes, and services based on the principles, policies and strategies for treating customers fairly in order to protect consumer rights. Provide customers with a fair and transparent complaint filing channel in accordance with the E.SUN Bank Consumer Handling Guidelines and E.SUN Securities Consumer Dispute Handling Procedures. Actively took part in anti-fraud efforts and the 138 branches around Taiwan prevented customers from being defrauded out of NT\$11,502,967 in 2017. 	😊	<ul style="list-style-type: none"> In response to the Accessible Web Development Guidelines 2.0 that was newly released, we will complete the accessible design of the personal online banking and WebATM portal in 2018. Strengthen the security of online banking and improve the "Forgot password" identification mechanism. Strengthen customer rights protection and provide descriptions of consumer rights in the questionnaire administered when customers opened a new account. 	<ul style="list-style-type: none"> Provide user-friendly banking services and emphasize the importance of financial consumer protection and rights.
Human Capital Management	<ul style="list-style-type: none"> Continue lower the age of talent cultivation, recruit 500 new employees with expertise in information technology, mathematics and statistics, risk management, financial management, and business administration, provide job rotation opportunities, and plan manager training and mid-level manager training projects. 	<ul style="list-style-type: none"> Continue to lower the age of talent recruitment and cultivation, and implement a recruitment strategy that is focused toward IT, digital, and overseas talents. The percentage of IT/digital talents within the organization had increased from 7.5% to over 10.5%, and overseas talent grew 17% from 590 to over 690 locals. Conducted 3 manager training classes with a total of 518 participants, upgrading management competency. More than 300 management level employees participated in cross job or overseas rotation. 	😊	<ul style="list-style-type: none"> E.SUN particularly welcomes experts with certificates for digital banking, information technology, big data analysis, risk management, and AML, so that it can stay up-to-date with FinTech trends. Plans have been made to recruit 500 outstanding talents who hope to make a career in the financial industry. Accelerate the technological upgrading progress of E.SUN by implementing the new generational technological talent development project in response to the rapid growth of such talent. 	<ul style="list-style-type: none"> E.SUN believes employees should be given the opportunity to shape their future. It is constantly fine-tuning human capital management to encourage good employees to become better; By 2020, the targets are the following. <ul style="list-style-type: none"> 1) Average benefits expense for non-managerial level increase to NT\$ 1.25 million. 2) Talent retention is expected to maintain at 90% and above. 3) Employee engagement rate keeps 90% and above. Widely recruit talent with expertise in different fields, so that diverse talent can all find the right place to show what they are capable of at E.SUN. In prospecting Fin-Tech developing trends, E.SUN pledged to strengthen and increase technology talents, doubling the quality and quantity of technology talents. Continue to strengthen training, job rotation, and learning at E.SUN in response to E.SUN's long-term development strategy, and thereby enhance employees' future competitiveness.
Occupational Health and Human Rights Protection	<ul style="list-style-type: none"> Build a second home for E.SUN employees by planning the E.SUN Childbirth Incentive Program, which will offer a reward of NT\$100,000 for each baby born to an E.SUN employee. Enhance an employee care system that offers more than mandatory benefits. Improve the human rights management system, jointly protect human rights with partners, and expand the scope to key suppliers. 	<ul style="list-style-type: none"> Create a happy workplace and offer a reward of NT\$100,000 for each baby born to an E.SUN employee in response to the government policy to encourage childbirth; a total of 359 babies were born to E.SUN employees in 2017, and NT\$35.9 million was provided to the E.SUN Childbirth Incentive Program. Improved the human rights management system, jointly protected human rights with partners, 100% of new suppliers committed to sign in "Human Rights and Environmental Sustainability Commitment." 	😊	<ul style="list-style-type: none"> Implement "maternity protection" in response to the concern for women's rights in the workplace and maternity care for employees. Optimize the health service system based on the goal to develop an Employee Assistance Program Service System, including healthy diet, exercise and healthcare, stress management, mental health, and providing online counseling. Continue to participate in healthy workplace certifications, excellent exercise enterprise certifications, and excellent breastfeeding room certifications. Apply for the excellent occupational safety and health award. 	<ul style="list-style-type: none"> E.SUN employees are E.SUN's most important asset and one of its primary stakeholders. E.SUN is constantly making the workplace the second home for employees.
Social welfare	<ul style="list-style-type: none"> Plans have been made to build 15 new E.SUN Libraries. The Concern for Schoolchildren Program is expected to make donations to 10,000 students in the coming year. The talent scholarship is expected to be awarded to 15 recipients. The reach of charitable campaigns is expected to be extended to overseas offices. 	<ul style="list-style-type: none"> 15 new E.SUN Libraries were built in 2017 and a total of 125 E.SUN Libraries have been built so far. The Concern for Schoolchildren Program is made donations to 10,590 students. The E.SUN Outstanding Management Talent Scholarship was rewarded to 3 recipients and E.SUN Academic Award was rewarded to 00 recipients. Overseas charity events include: The House Building Project in Cambodia helped local residents rebuild 22 houses, 14 lavatories, and 1 elementary classroom. 	😊	<ul style="list-style-type: none"> Plans have been made to build 12 new E.SUN Libraries. The Concern for Schoolchildren Program is expected to increase its donations by 10% in the coming year. Continue to invest in overseas charity and care events. 	<ul style="list-style-type: none"> Plans have been made to complete 200 E.SUN Libraries before 2025, improve the reading environment in elementary schools in remote areas or with insufficient resources, and improve children's reading ability, spreading more seeds of hope around Taiwan. The E.SUN Academic Award has a 5-year plan that expects to invest a total of NT\$40 million by 2020 to elevate the quality of Taiwan's academic research. Continue to make donations to support remote areas in Taiwan and Southeast Asian countries.

Issue	2017			2018	
	Objectives	Results	Completion	Objectives	Medium/Long term goals
Climate Change Risks and Opportunities		<ul style="list-style-type: none"> Provided 167 hedging transactions with a total of US\$36 million for customers' bulk stock due to the impact of extreme climate. The first financial institution to receive the Carbon Footprint Label and SGS PAS 2060:2014 Specification for the demonstration of carbon neutrality. Signed the TCFD. 	☺	<ul style="list-style-type: none"> Continue to monitor risks brought by extreme climate and assess their potential impact, and then transform them into application opportunities. Continue to provide hedging products needed by customers in response to extreme climate. Continue to give priority to environmental impact when considering the procurement of resources used for overall business plans. 	<ul style="list-style-type: none"> Monitor/Assess the potential impact of extreme climate on overall operations, and make plans to include it in the overall risk appetite mechanism for control.
Green Finance	<ul style="list-style-type: none"> Improve the implementation of responsible lending and investment, assess and adjust the lending and investment policy, and give investment priority to enterprises complying with the DJSI and the GS Sustain Focus List. Continue to support green energy with the goal of loans from Million Rooftop PVs to grow 50% in 2018 compared with 2016. Plans have been made to issue green bonds in 2017. All funds collected will be used on projects that contribute to actual environmental improvements, including development of renewable energy and energy technologies, conservation of water resources, cleaning or recycling/reuse technologies, and greenhouse gas reduction. 	<ul style="list-style-type: none"> 3 loans were approved after internal evaluation based on the Equator Principles in 2017. Green bonds issued in 2017 raised funds in the amount of US\$60 million, in which US\$510 billion was used to finance four renewable energy projects. Calculating with annual power generation of 3,490 GWh, the projects will save 1,291 kilotons of coal, which will reduce carbon emissions by about 1,846 kilotons. The balance of Million Rooftop PVs was NT\$1.19 billion in 2017, up 107% from 2016, with 57 GWh of power generated in total, reaching the target up 50% in 2018. Supporting renewable energy power generating equipment financing, annual power generation capacity in total reaching 112 MW, up 522%, and up 156% exclusively for solar power capacity, meeting the target of double in 2017. Established the E.SUN Bank Sustainable Lending Principles and E.SUN Bank Green Energy Loan Services. 	☺	<ul style="list-style-type: none"> Make the second offering of green bonds in accordance with the Taipei Exchange Directions for Green Bonds; NT\$1.1 is expected to be raised to assist the green energy industry and contribute to environmental sustainability. Plan annual renewable energy power generation capacity to grow 30% from the equipment supported by E.SUN. 	<ul style="list-style-type: none"> Expand the scope of support for renewable energy, and evaluate wind power and bio-mass power. Establish an offshore wind power team, research industry-related information, and develop the expertise for taking on projects. Continue to support green lending for the reduction of energy use, reduce greenhouse gas emission, and water treatment. Targeted renewable energy power generation capacity 200 MW in 2020. In the future, by 2022, E.SUN will extend our experiences and advantages to assist more enterprises with issuing of green bonds and play our part in green finance initiatives. In the future, the issuance and underwriting of green bonds would increase by several times.
Business Environment Management	<ul style="list-style-type: none"> Continue to implement a 100% nationwide ISO14064 inspection for all bank locations and ISO14046 water footprint inspection, gradually expanding the inspection scope to other subsidiaries and overseas locations. Continue to acquire the green building license for newly built bank buildings. Continue to implement energy conservation and carbon reduction measures with the goal of reducing annual emissions by 1% per capita. 	<ul style="list-style-type: none"> The first financial institution to complete the ISO14064 greenhouse gas inventory in 100% of the offices in Taiwan and overseas and achieve certification. The first financial institution to complete the ISO14046 organizational water footprint in 100% of the offices in Taiwan and overseas and achieve certification. The first bank in the financial industry to make a declaration on completing 100% ISO14064 inspection for all domestic and overseas operational locations. The first bank in the financial industry to make a declaration on completing 100% ISO14046 water footprint inspection for all domestic and overseas operational locations. Acquired the green building label for self-constructed Hope Building, and built solar rooftop panels for 4 self-owned branches. Purchased the renewable energy certificate, equaling to 10,000 kWh. Power consumption density per unit area was 206 kWh, 24% lower than last year, and water consumption density per unit area was 0.9 m³, lower 6%, reaching targets of 1% lower annually. Carbon emission per capita was 2.73 metric ton, 2.4% lower than last year, reaching the target. Water emission per capita was 20.12 m³, 0.8% lower than last year, closed to the target. Waste disposal per capita was 92.84 kg, 1.6% lower than last year, reaching the target. 	☺	<ul style="list-style-type: none"> Targeted to lower carbon emission density, power and water consumption density, and waste disposal density by 1%. Construct 6 new more solar rooftop panels for more self-owned branches, and apply for more green building label for 3 more self-owned branches. Acquire renewable energy certificate generated by self-generated power panels, equaling to 13,000 kWh. 	<ul style="list-style-type: none"> Continue to implement environmental related inspections and gradually expand its scope. Continue to acquire green building licenses for new buildings In 2025, carbon emission, power and water consumption, and waste disposal density decrease 10%, and carbon emission decrease 10% furthermore in 2030, comparing to base year 2016.
Supplier Management	<ul style="list-style-type: none"> (annual goals for supplier management will be set starting this year) 	<ul style="list-style-type: none"> Announced the "Letter of Commitment to the Human Rights and Environmental Sustainability Clause" and "E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers." A total procurement value of 447 million NT for green products and raising the use of green building materials to 45%. 		<ul style="list-style-type: none"> To enhance supplier management practices, we introduced the Supplier's CSR Self Assessment Form and, according to the Supplier Onsite Visit Questionnaire, occasionally pay onsite visits to key suppliers and record the results. The purpose of the visits was to verify the status of corporate social responsibility practices by suppliers. The assessment covers economic, environmental, and societal dimensions as well as green management practice. 	<ul style="list-style-type: none"> Specify the terms for working with suppliers in the Directions for Integrating CSR Into System Development, and include green procurement information and periodic assessment records into the system to strengthen supplier management.
Sustainable Ecological Development	<ul style="list-style-type: none"> Continue to issue the co-branded Taiwan Black Bear Card, organize and support animal conservation and environmental sustainability campaigns, and plan a specialty branch that features bear conservation. Continue to work with partners to promote the E.SUN Ubike campaign. It is expected that E.SUN credit cards will be used 2 million more times to participate in the campaign in 2017. 	<ul style="list-style-type: none"> The number of Taiwan Black Bear Credit Cards issued increased by 9%. Invested in 64 environmental sustainability and ecological conservation events with about 15,000 participants. Promoted the E.SUN Ubike campaign with partners. E.SUN credit cards have been used 6.18 million times to participate in the campaign as of the end of 2017. E.SUN World Card and E.SUN ETC EasyCard Joint Credit Card aim to achieve zero carbon emission. E.SUN Bank was the first financial institution to be awarded the Carbon Footprint Labeling Certification by the Taiwan EPA, the Low Carbon Product Award, and the SGS PAS 2060:2014 Carbon Neutrality Certification. E.SUN Bank became the first financial institution in the country to issue a nationally and internationally certified Zero Carbon Credit Card. 	☺	<ul style="list-style-type: none"> Continued to issue the Taiwan Black Bear Credit Card and organize environmental sustainability and animal conservation events. Establish a specialty branch that features Taiwan black bear conservation. Continue to work with partners to promote the E.SUN Ubike campaign. It is expected that E.SUN credit cards will be used 2 million more times to participate in the campaign in 2018. 	<ul style="list-style-type: none"> Continue to promote animal conservation and biodiversity education in Taiwan. Encourage citizens to participate in ecological conservation and preserve environmental sustainability, taking action to show care for Taiwan.

Note : ☺ Exceeding target ☺ Achieving target ☺ Below target

E.SUN FHC's Response to the United Nations (UN) Sustainable Development Goals (SDGs)

In support of the SDGs of the 2030 Agenda proposed by the UN, E.SUN FHC followed the SDG Compass and assessed the SDG risks and opportunities arising from business activities in 2016. We further divided material issues into important aspects in 2017, specifically financial development, customer value, talent cultivation, social inclusion, and environmental sustainability. Among the 17 SDGs in total, we focused on 9 SDGs, including Quality Education, Decent work and Economic Growth, and Industry, Innovation and Infrastructure. The SDGs were integrated into our blueprint for sustainable development strategies, and projects are jointly carried out by the CSR Committee's 5 working groups, adopting a top-down approach to achieving the SDGs. We hope to make the world a better place through the collective efforts of governments, non-government organizations, enterprises and societies around the world.



• 4 Quality Education

[Results]

- E.SUN Golden Seeds Project has built 125 E.SUN libraries.
- Market share 21.5% in 2017.
- Care for school children project has helped 10590 disadvantaged students.

[Goal]

- E.SUN World Card market share 25%.
- 200 libraries before 2025.
- E.SUN Academy Award 5 year plan: 40 million investment before 2020.

• 9 Industry, Innovation and Infrastructure

[Results]

- Creative industries lending loan balance: 55.8 billion.
- Assisted 19 thousand SMEs to acquire financing in 2017. SME loan balance 328.4 billion, highest among private banking sector.
- R&D expense 350 million, 17 patents approved in 2017.

[Goal]

- SME loan balance 360 billion by 2018; assist 22 thousand SMEs to acquire financing before 2020.

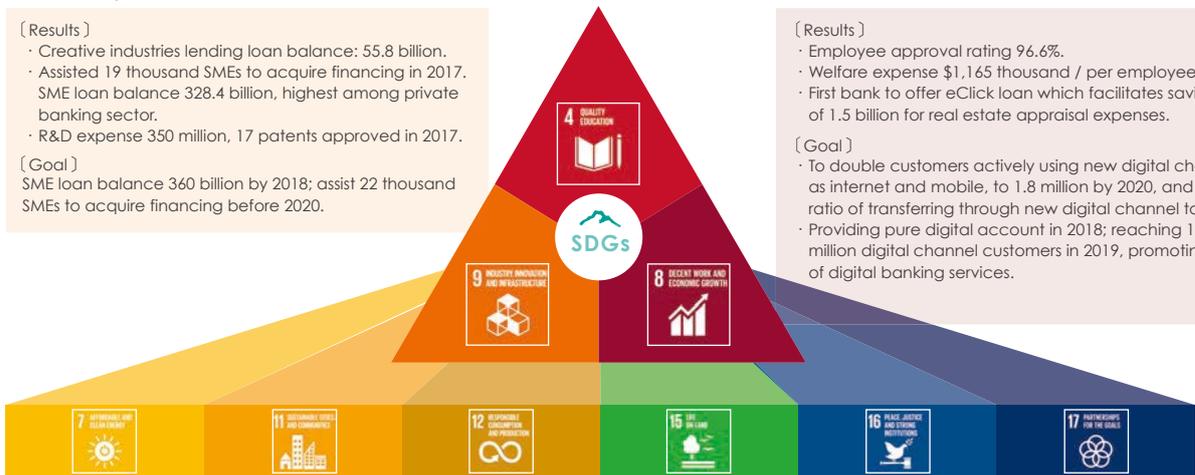
• 8 Decent work and Economic Growth

[Results]

- Employee approval rating 96.6%.
- Welfare expense \$1,165 thousand / per employee.
- First bank to offer eClick loan which facilitates saving of 1.5 billion for real estate appraisal expenses.

[Goal]

- To double customers actively using new digital channel services, as internet and mobile, to 1.8 million by 2020, and increase the ratio of transferring through new digital channel to overall to 80%.
- Providing pure digital account in 2018; reaching 1.25 million digital channel customers in 2019, promoting use of digital banking services.



• 7 Affordable and clean energy

- Loans were approved for the installation of **456** solar power stations; the annual power generated was **57** GWh.
- Loans to the green energy industry amounted to **NT\$10.39 billion**.

• 12 Responsible consumption

- Incorporate ESG into investment analysis and decisions: Incorporate sustainability practices into banking operations, **48%** sustainability bond investments.
- Green procurements made in 2017: **NT\$447 million**.
- Conduct carbon inventory and water inventory management for all locations in Taiwan and overseas.

• 16 Peace, justice and strong institutions

- Ranked among Top **5%** in the Corporate Governance Evaluation by TWSE for the third consecutive year.
- Enforce anti-money laundering: Received 64 official letters sent by the Investigation Bureau in recognition of our effort. Prevent customers from being defrauded out of **NT\$11.5 million**.

• 11 Sustainable cities and communities

- Mortgage amount: **NT\$81.96 billion** helped **18,000** families purchase homes.
- Number of E.SUN Ubike rental locations reached **1,367** with a total of **6.48 million** participants.

• 15 Life on land

- Animal conservation in Taiwan: Taiwan Black Bear Credit Card, Conservation Award.
- Adopted trails in Yushan National Park for **8** consecutive years.
- The tree planting project planted a total of **17,000** trees.

• 17 Partnerships for the goals

- Helping enterprises expand under the New Southbound Policy: Won **1st** place in the New Southbound Policy Targeted Country Lending Plan.
- Provided loans of **US\$15.7 million** to MFIs in Cambodia.

Material Issues	dimensions	SDGs
<ul style="list-style-type: none"> · Corporate Governance · Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) 	Financial Development	4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
<ul style="list-style-type: none"> · Financial Inclusion · Digital Innovation 	Customer Value	4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
<ul style="list-style-type: none"> · HR Management · Employee Health and Workplace Safety 	Talent Development	4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
<ul style="list-style-type: none"> · Human Rights Protection · Social Welfare 	Social Collaboration	4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
<ul style="list-style-type: none"> · Climate Change and Opportunities · Operating Environment Management · Green Finance * Bio-diversity 	Environmental Sustainability	7, 11, 12, 13, 14, 15, 16, 17

Business Overview

Business strategy

■ GRI : 102-1 、 102-2 、 102-3 、 102-4 、 102-6 、 102-7 、 102-10

Vision

We believe our strength is decided by our vision. E.SUN Bank has long remained dedicated to upholding our core values of honesty and integrity. E.SUN has established the E.SUN Foundation and the E.SUN Volunteer & Social Welfare Foundation. The foundations operate under the guidelines of "love and care" and "one simple act of love can inspire others to love". This philosophy enables E.SUN and its employees to make contribution to the community. E.SUN hopes, with these efforts, we are able to have a positive impact to the community and work with stakeholders to create a bright future.

The First Vision, a Benchmark for the Financial and Service Industry

E.SUN insists on integrity, prudent management, and professionalism. Since 1992, E.SUN has raised standards for the financial and service industries in Taiwan through its professional management, superior service, outstanding quality, prudent corporate governance, excellent risk management, and unceasing dedication to its corporate social responsibilities.

The Second Vision, to be an Excellent Corporate Citizen of the World

E.SUN believes that "An act of love can inspire others to love." At E.SUN, we strive to become citizens of the world. We don't only focus on business management; we also participate in environmental protection, social welfare, financial innovation, and the promotion of art and culture. We are convinced that only by fulfilling our social responsibilities can we truly be excellent corporate citizens.

The Third Vision, to Become a World-class Outstanding Enterprise

E.SUN is dedicated to developing its business in Taiwan and Asia. Its achievements in creating a comprehensive financial services platform in Asia are widely recognized by international institutions and customers. E.SUN operates 25 outlets across nine countries or regions, including China, Hong Kong, Japan, Singapore, Vietnam, Cambodia, Myanmar, Australia and the U.S. E.SUN's goal is to become a regional bank in Asia that distinguishes itself through excellence.

• Establishment Date	2002-01-28, E.SUN Bank established on 1992-02-21
• Headquarters	Taipei, Taiwan
• Paid-in Capital	101.855 billion
• Total Asset	2.07 trillion
• Number of employees	8,720
• Subsidiaries	E.SUN Bank - E.SUN China - Union Commercial Bank, Cambodian E.SUN Securities - E.SUN Investment Consulting - E.SUN Venture Capital BankPro e-Services Technology E.SUN Foundation E.SUN Volunteer Foundation
• Sectors	Financial and insurance
• Ticker symbol	2884

(Unit: NT\$ million) As of December 31, 2017

Corporate business philosophy

Named after the highest mountain in Taiwan, we are determined to be the best bank in Taiwan. We aspire to be the best-performing, and most respected financial institution in Taiwan. Since it was founded, E.SUN has made establishment of institutional systems, cultivation of talents, 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.

Expertise

When Taiwan first permitted the establishment of new banks in 1992, E.SUN was the only approved bank without support from conglomerates 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

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

Business

Toward our employees, we seek to cultivate professional talents 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 integrity and fresh expertise to create outstanding overall performance. Toward society, we hope to promote public welfare by boosting economic development.



Service network

As of December, 2017, E.SUN FHC and its subsidiaries have established a number of service channels throughout Taiwan, the physical channels of which comprise 138 branches of E.SUN Commercial Bank and 18 branches of E.SUN Securities. The company is dedicated to making constant improvements and innovations as well as integrating digital technologies with arts and humanities to present our branches in a new light. Examples of our current achievements include the Taipei Branch, a digital flagship branch that combines digital financing with arts and humanities; the New Banqiao branch, an artistic branch that incorporates the aesthetics of arts and humanities; the Xinyi branch, which embodies a classical style; and the Taichung branch, a wealth management flagship branch featuring musical melodies. The objective is to provide E.SUN's customers with high-quality financial services and an arts and culture experience.

With respect to digital channels, E.SUN has placed a long-term focus on financial innovations to provide customers an optimal experience with our financial services. We have integrated multiple channels including online banking, mobile banking, official websites, call centers, and automated service equipment and branches, to offer online to offline and integrated financial services between virtual and physical branches, aiming to create a better lifestyle for customers.

Overseas Expansion

As regards overseas operational sites, E.SUN is determined to become one of Asia's most distinctive banks. Based on our business strategies of establishing strong roots in Taiwan and reaching across the Asian market, we have gradually positioned several service locations overseas. Currently, we have 25 overseas locations operating across 9 different countries and regions, including two subsidiaries in China and Cambodia. E.SUN China subsidiary was established on January, 2016, in which it was not only the first Taiwanese bank upgraded from branch to subsidiary, but also the first Taiwanese bank in southern China. It has four operating sites, including Headquarters, Dongguan Branch, Shenzhen Branch and Dongguan Changan Sub-branch. Furthermore, the Company has seven overseas branches, including Los Angeles, Hong Kong, Singapore, Dong Nai (Vietnam), Sydney (Australia), Yangon (Myanmar) and Tokyo (Japan) which was open on October, 2017. E.SUN will proactively establish Brisbane branch in Australia and Guangzhou branch under E.SUN China subsidiary in 2018.

With the completed overseas expansion, E.SUN will make effort to provide comprehensive cross border financial service and then create optimized value for customers.



Taiwan

- ↑ 138 branches
- ↑ 14 corporate banking centers
- ↑ 16 consumer banking centers
- ↑ 16 wealth management centers
- ↑ 18 securities branches

Overseas

- ↑ 4 operating sites under E.SUN Bank (China), China subsidiary
- ↑ 13 presences under Union Commercial Bank, Cambodian subsidiary
- ↑ Hong Kong Branch
- ↑ Los Angeles Branch
- ↑ Singapore Branch
- ↑ Dong Nai Branch (Vietnam)
- ↑ Sydney Branch
- ↑ Yangon Branch (Myanmar)
- ↑ Tokyo Branch
- ↑ Hanoi City Representative Office (Vietnam)

Virtual channels

- ↑ E.SUN e-Customer Service: customer service hotline
- ↑ Personal Online Banking
- ↑ Corporate Online Banking
- ↑ E.SUN Mobile Banking App
- ↑ E.SUN WebATM
- ↑ ATM
- ↑ E.SUN Securities A+ mobile services

Services and Products

E.SUN Bank

- ↑ Corporate banking, retail banking, wealth management, Financial finance, credit card, digital banking, and insurance brokerage

E.SUN Securities

- ↑ brokerage of domestic and overseas securities, trading, underwriting, and OSU

E.SUN Venture Capital

- ↑ investment in VC stage or OTC companies, advisory for funding raising, M&A, and strategic alliance



Financial performance

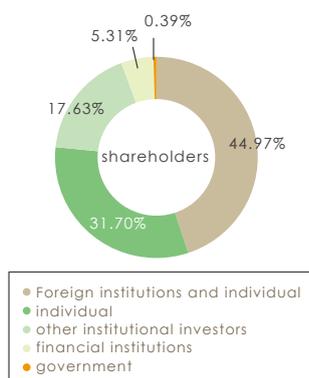
■ GRI : 102-5、102-7、201-1

Business Performance

E.SUN was founded with an expertise-driven management that made a long term commitment to creating value for stakeholders and to listening to the voices of shareholders and investors. The core value of E.SUN focuses on disciplined corporate culture and entrepreneurship, which aims to enhance its tangible and intangible value and then share the result to all stakeholders.

Shareholder rights

E.SUN is a professionally managed financial institution with neither links to the government nor ties to family consortiums. It is furthermore an institution with the highest ratio of foreign shareholding among all financial holdings in Taiwan, and one that places great emphasis on channels for interaction and communication with shareholders and investors.



Note:
as of 2017/12/31



(Dividend payment in past three years)

Note:
Dividend payment in 2017 was distributed by 2016 distributed earnings.

Financial performance

E.SUN FHC delivered outstanding performance in 2017. The net profit was 14.757 billion, a 12.3% growth than that of 2016. Earning per share (EPS), return on equity (ROE), and return on asset (ROA) was 1.49 dollar, 10.54%, and 0.74% respectively. The loan growth remained strong and resilient with a annual growth of 8.2% and coped by the marketing leading 28.8% growth in foreign currency deposit. On asset quality, E.SUN maintained excellent for long time, with NPL at 0.23% and 514.1% coverage ratio.

	Category	2015	2016	2017
Management capabilities	Total assets	1,775,283,931	1,884,300,190	2,074,388,287
	Equity	121,660,898	129,181,358	148,948,431
	Net income	38,489,329	41,064,832	46,107,189
	Net profit attributable to parent company shareholders	12,816,347	13,135,212	14,756,556
Profitability	Return on assets (%)	0.77	0.71	0.74
	ROE (%)	11.23	10.35	10.54
	EPS (NT\$)	1.63	1.50	1.49
Economic value distributed	Employee salaries and benefits	9,057,587	10,184,405	11,228,792
	Dividend to shareholders	9,521,550	11,370,931	11,657,982
	Tax	3,125,729	3,602,654	4,457,455
	Investment in social inclusion	227,364	295,073	347,314
	Expenditures in studies and campaigns of financial industry policies	23,320	19,025	15,727
	Political donations	0	0	0

(Unit: NT\$1,000)

Note:

- Investment in community involvement includes cash donations, contributions of time, donations-in-kind, management expenses. Details are shown in chapter 2.5 Social Inclusion. In addition, details of major plan of investment in community involvement are shown in Appendix V Economic Value Distributed (EVD) Indicators of the CSR Report.
- Major organizations of policy studies and campaigns include: Bankers Association, Trust Association, Securities Association, Corporate Governance Association and other organizations involved in finance related policy studies and campaigns. Details are shown in Appendix V Economic Value Distributed (EVD) Indicators of the CSR Report.
- E.SUN is politically neutral and makes no political donations whatsoever. The cumulative sum of political donations remains 0 over the years.

Business Performance

E.SUN achieved significant and balanced growth across all service categories in 2017, and reported good results in all key service categories.



Growth in Overall Performance

Leadership	The only corporate to win 3 National Quality Award
CSR	The only financial institution to be included in DJSI 4 times
Corporate Banking	Leading brand of SME banking
Wealth Management	Best wealth management in Taiwan and is the fastest growing bank for past 5 years.
Credit Card	Top three issuing bank (World Card ranked 1st in market share)
Consumer Banking	Best consumer banking brand in Taiwan (unsecured personal loan balance ranked 1st in market share)
Bond Underwriting	The biggest Formosa Bond underwriter in Taiwan

Credit Rating

E.SUN's ratings or outlook have been increased by credit rating agencies for four consecutive years. In 2017, S&P and Taiwan Rating simultaneously increased E.SUN's credit ratings. Following the increase in S&P ratings, E.SUN Bank and E.SUN FHC both obtained long-term credit ratings of BBB+ and BBB, respectively. Following the increase in Taiwan Rating, E.SUN Bank and E.SUN FHC received long-term credit ratings of twAA and twAA-, respectively. Credit rating agencies recognize the excellence with which E.SUN manages and plans its business strategies, as well as the level of important E.SUN attaches to credit risk control in order to constantly manage assets of paramount quality.

MOODY'S

台灣信用評等
Taiwan Ratings
An S&P Global Company

STANDARD & POOR'S
RATINGS SERVICES
McGraw Hill Financial

E.SUN Financial Holding Company

Agency	Global long-term rating	Global short-term rating	National long-term rating	National short-term rating	Outlook	Effective Date
Moody's	Baa1	P-2	-	-	Stable	2017.06
Taiwan Rating Company	-	-	twAA-	twA-1+	Stable	2017.05
S&P	BBB	A-3	-	-	Stable	2017.05

E.SUN Bank

Agency	Global long-term rating	Global short-term rating	National long-term rating	National short-term rating	Outlook	Effective Date
Moody's	A3	P-2	-	-	Stable	2017.06
Taiwan Rating Company	-	-	twAA	twA-1+	Stable	2017.05
S&P	BBB+	A-2	-	-	Stable	2017.05





(本章節與SDGs的連結)

Governance

1.1 Corporate Governance

1.2 Code of Conducts and Ethics

1.3 Risk Management

1.4 Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)

1.5 Information Security

Result in 2017

109 employees
obtained ISO27001
Lead Auditor



54 employees
are certified anti-money
laundering specialists
(CAMS)



38.5% of Board of
Directors is Independent
Director



E.SUN builds its corporate governance practices on honesty and integrity and its code of ethics. Integrated various sources to create a consistent internal system and an internal audit procedure, effectively ensuring E.SUN's business activities comply with the regulations and reducing and preventing operational risks. E.SUN strives to create long term value for its employees, customers, shareholders, other companies and the society as a whole.

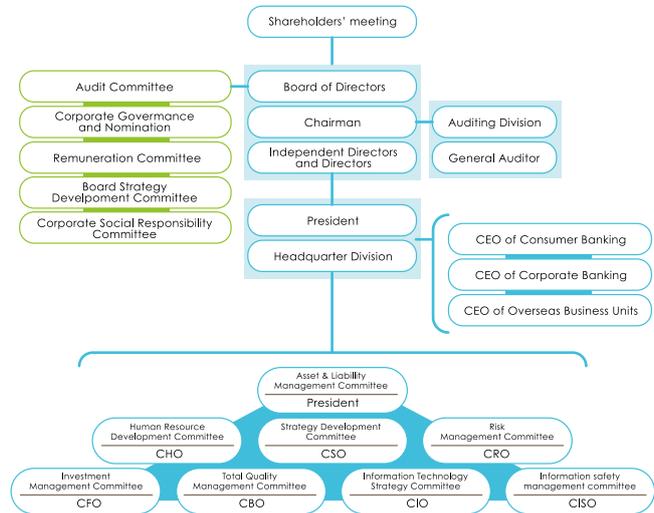


1.1 Corporate Governance



■ GRI : 102-18、102-22、102-23、102-26、102-27、102-29、102-30、102-32、102-33、405-1

E.SUN continues to support the capabilities of the board of directors and management of the management team while dedicating itself to increasing transparency to protect shareholders' rights and fulfill its corporate social responsibility. E.SUN ranked among Top 5% in the Corporate Governance Evaluation by TWSE for the third consecutive year (1st Evaluation to 3rd Evaluation). As an active participant in corporate governance evaluations since 2008, E.SUN has continued to receive the highest rating of excellence in the corporate governance assessment by the Corporate Governance Association in Taiwan. This honor was recognition of E.SUN's commitment to corporate governance as well as the results it achieved. The E.SUN FHC governance framework is shown on the right.



(Governance framework of E.SUN FHC)

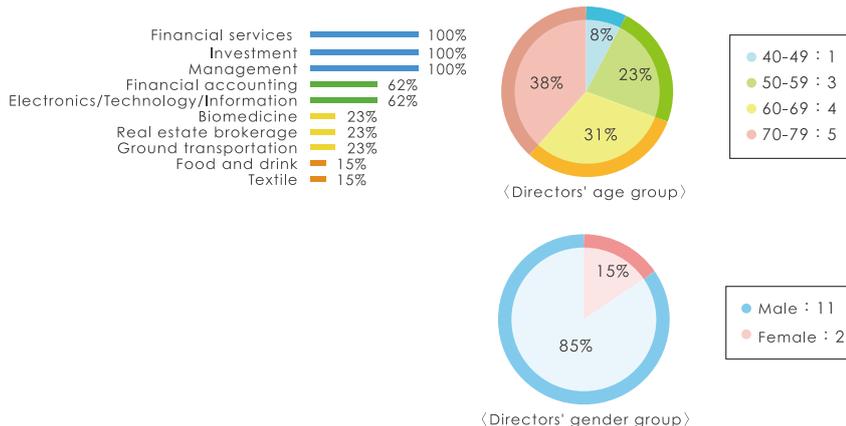
Diverse board members

E.SUN is equipped with a well-designed director election system. All directors are elected through a fair, open and just process that complies with the Articles of Incorporation and the Director Election Rules. Board composition and diversity standards are considered with care so that the board will consist of experts from the financial service sector, the industries and the academia. In 2017, the 6th Directors of the Company were elected at the shareholders' meeting. E.SUN proactively added one independent director. All five independent directors and directors of the board are equipped with the knowledge, skills, literacy and a general skill set necessary to perform their duties. In 2017, E.SUN organized two director training courses, for a total of 6 hours, on "Laws, Regulations, and Response Strategies for AML/ CFT" and "Opportunities, Challenges, and Risks in Digital Technologies."

In addition, directors will be provided with a variety of external courses that help them to gain a better understanding of their fields and fulfill their duties of loyalty and due diligence as business decision makers and leaders. In 2017, each director received on average 9.4 hours of training (recommended by law: 6 hours).

The board currently has 2 female directors and its proportion of female directors is higher than the average among all TWSE/TPEx listed companies. With regards to the proportion of female directors, the level of female involvement in decision-making will be increased in accordance with the principle of diversity in the future to achieve SDG5: empower all women and girls.

10 board meetings were called in 2017, and 99.23% were in person by all members. The board of directors has access to full and transparent information and works as a whole to make plans for the company's future in areas such as organizational development, performance enhancement, business development and risk management through extended discussions and deliberations. The board of directors makes decisions that have a material impact on the company and serves to oversee the management team. Keeping a clear communication channel between the parties will help the board of directors perform their functions. Board diversity:



Directors' background:

Position	Name	Gender	Education, Current Position and Experience	Information on the Independence of External Directors	Practical or academic research experience in finance
Chairman	Yung-Jen Huang	♂	Education: Department of Cooperative Economics at National Chung Hsing University Experiences: Chairman of E.SUN Bank, President of E.SUN Bank	✓	✓
Director	Joseph N.C. Huang	♂	Education : MBA of the City University of New York Current Position: : President of E.SUN FHC and E.SUN Bank, Managing Director of E.SUN Bank Experiences : Chairman of E.SUN Venture Capital	Not Applicable	✓
Director	Gary K.L.Tseng	♂	Education: Master of Public Administration at Harvard University Current Position: Chairman of E.SUN Bank Experiences: Director of Banking Bureau, Financial Supervisory Commission	✓	✓
Independent Director	Chen-En Ko	♂	Education: PhD of Department of Accounting at University of Minnesota Current Position: Dean, College of Management, National Taiwan University Independent director of E.SUN Bank Experiences: Chairman of Taiwan Corporate Governance Association	✓	✓
Independent Director	Ji-Ren Lee	♂	Education: PhD of Business Administration, University of Illinois, USA Current Position: Professor of International Business at National Taiwan University, Independent director of E.SUN Bank Experiences: CEO of EMBA, National Taiwan University	✓	✓
Independent Director	Chen-Chen Chang Lin	♀	Education: Master of Mathematics and Statistics of University of Michigan Current Position: Independent director of E.SUN Bank, Managing Director of E.SUN Bank Experiences: Chairman of Financial Information Service Co., Ltd., Vice President of Engineering Office, Institute for Information Industry	✓	✓
Independent Director	Hsin-I Lin	♂	Education: Bachelor of Department of Mechanical Engineering, National Cheng-Kung University Current Position: Director of Yulon Motor Co.,Ltd., Director of China Motor Co.,Ltd., Independent director of E.SUN Bank, Experiences: Vice President of the Executive Yuan, Minister, Ministry of Economic Affairs Chairman of Industrial Technology Research Institute	✓	✓
Independent Director	Chun-Yao Huang	♂	Education background: PhD, Marketing, London Business School Current positions: Professor, Business Administration, National Taiwan University; Independent Director, E.SUN Commercial Bank Work experience: Program Director and Director, Business Administration, National Taiwan University	✓	✓
Director	Jackson Mai	♂	Education: Kai-Nan Commercial & Technical High School Current Position: Chairman of Hsin Tung Yang Co.,Ltd., Managing Director of E.SUN Bank Experiences: Chairman of Shang Yang Development Co.,Ltd.	✓	
Director	Ron-Chu Chen	♂	Education: Chu Nan Junior High School Current Position: Chairman of Fu Yuan Investment Co.,Ltd., Director of E.SUN Bank Experiences: Chairman of Nien Hsing Textile Co.,Ltd.	✓	
Director	Chien-Li Wu	♂	Education: Chung Jung High School Current Position: Chairman of Shang Li Car Co.,Ltd. Director of E.SUN Bank Experiences: Chairman of Shen Li Investment Co.,Ltd.	✓	
Director	Magi Chen	♀	Education: EMBA, University of Tennessee, Knoxville, Current Position: CFO of E.SUN FHC and E.SUN Bank, Director of E.SUN Bank Experiences: Deputy president of E.SUN FHC and E.SUN Bank	Not Applicable	✓
Director	Mao-Chin Chen	♂	Education background: MSc, Department of Economics, National Taiwan University Current positions: Chief Strategy Officer, E.SUN FHC and E.SUN Bank; Institutional Banking CEO and Director, E.SUN Bank Work experience: President of E.SUN FHC and E.SUN Bank	Not Applicable	✓

Note:

- The Sixth board of directors were elected on June 16, 2017. Board members are appointed for three-year term. Please refer to 2017 annual report for more information on director's nationalities and positions within other companies.
- Please refer to 2016 annual report for more information on director's nationalities and positions within other companies.
 - The director must not have been employed by the company in an executive capacity within the last five years.
 - The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year or any of the past three fiscal years", other than those permitted by SEC Rule 4200 Definitions.
 - The director must not be a "Family Member of an individual who is, or during the past three years was employed by the company or by any parent or subsidiary of the company as an executive officer."
 - The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
 - The director must not be affiliated with a significant customer or supplier of the company.
 - The director must have no personal services contract(s) with the company or a member of the company's senior management.
 - The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
 - The director must not have been a partner or employee of the company's outside auditor during the past three years.
 - The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.
- Joseph N.C. Huang, Magi Chen and Ben Chen are Executive Director, so they are not applicable for the independence of Outside Director.
- Chairman Yung-Jen Huang qualifies as external director since 2015.01.31.
- Achieved the target to have 100% of external directors meeting criteria of independence. External directors account for 75% of the entire board.

Board performance evaluation system

To ensure a functioning board of directors and effective corporate governance, E.SUN has established the Board of Directors Performance Evaluation Policy. The board of directors and functional committees undergo annual evaluations based on their performance in the previous year, and add ESG performance to the evaluation policy. The results will be reviewed by the Corporate Governance and Nomination Committee and then submitted to the board of directors. Assessment forms are completed by directors for themselves (self-assessment) and for other directors (overall performance) at the beginning of each year. The board meeting organizer will consolidate the assessment results and make suggestions for improvement. The results will subsequently be presented for the chairman's review.

For the purpose of ensuring effective performance evaluation of directors and supervisors of subsidiaries, facilitating corporate governance practices and providing a basis for remuneration and director/supervisor nominations, E.SUN has established separately the Directors/Supervisors Performance Evaluation Policy for Subsidiaries. Directors and supervisors appointed to companies in which E.SUN holds directly 100% of the voting shares will have to undergo evaluation according to the rules. Furthermore, E.SUN FHC has also established performance evaluation processes for the functional committees under the board of directors.

E.SUN is the first financial holding company to create objective assessment mechanisms based on indicators such as operational discipline, material decisions and results of the functional committees in order to ensure the committee fulfills their purposes.



The overall evaluation of E.SUN FHC's board of directors covers the five following aspects (49 indicators): Degree of participation in the Company's operations; quality of board decisions; board composition and structure; selection of suitable board directors and continuing professional education; and internal control. Director performance evaluation encompasses the five following aspects (15 indicators): Participation and interaction; role of directors; quality of decisions; professional knowledge; and attendance and personal development. Company business strategy primarily combines three dimensions of Corporate Commitment, Social Engagement, and Environmental Policy.

Review of evaluation for 2017 board of directors, functional committees, and performance of directors:

- i. board of directors and functional committees: the overall functional operation was sound and met requirement for corporate governance. Every committee served its duty and effectively improved capability of the board. The fulfillment rate is 100%, of the 49 of indicators been evaluated.
- ii. The directors: in the performance evaluation, 95.86% are very agree in self-assessment, and 92.31% are very agree in overall assessment. All the results and information has been presented to the board.

Board performance evaluation is conducted by external professional agencies:

The Company's board of directors performance evaluation shall be executed at least once every three years by an external professional independent institution or external expert scholar. In 2017, the Company commissioned the Corporate Governance Association in Taiwan to conduct board performance evaluation, which includes 30 items in 8 aspects: the composition of board of directors, direction, delegation, supervision, communication and discipline, and internal control and risk management. The evaluation was conducted by survey and on-site visit. 78.25% of the items examined are fully-complied, and 18% are partly-complied. The professional agency examines the operation of the board of directors and functional committees. The evaluation committee's guidance and exchange provided the Company with professional and objective medical examination report.

Competent functional committees

To ensure an effective board of directors and refine the quality of board decisions, the Audit Committee, the Corporate Governance and Nomination Committee, the Remuneration Committee, the Board Strategy Development Committee and the Corporate Social Responsibility Committee are created by authority and function under the board of directors and responsible for deliberating proposals and major issues in the economy, the environment and the society as a whole. All functional committees comprise entirely or partially of independent directors to add vision, objectivity and comprehensiveness to various decisions and suggestions made by committees. The design ensures the committees supervise and check the board's decisions and all proposals are submitted to be discussed and resolved by the board. If a conflict of interest exists for a director or the legal person they represent with a specific matter on the agenda, then the director may not take part in the discussion and said agenda should be submitted to be discussed by the board of directors for stakeholders' best interest. Responsibilities and status of functional committees are shown in the table.

Responsibilities and status of functional committees:

Audit Committee	
Responsibilities <ul style="list-style-type: none"> • Fair representation of the financial statements. • Appointment/Dismissal of financial statement auditors, independence and performance. • Effective implementation of internal control. • Compliance with regulations and rules. • Management of existing or potential risks. 	Status <ul style="list-style-type: none"> • Audit Committee is composed of five independent directors (Chen -En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang). Independent director Chen-En Ko is the convener. • Meeting is called once annually, and shall be convened if needed. • 7 meetings were called in 2017, and the average attendance was 100%. • Since 2004, E.SUN has voluntarily established an Audit Committee, which officially replaced the supervisor system in accordance with the Securities and Exchange Act in 2008.
Corporate Governance and Nomination Committee	
Responsibilities <ul style="list-style-type: none"> • Audit Committee is composed of four independent directors (Chen -En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin). • Independent director Chen-En Ko is the convener. • Meetings are called on a quarterly basis and as needed. 	Status <ul style="list-style-type: none"> • The committee is composed of five independent directors (Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang). Independent director Ji-Ren Lee is the convener. • Meetings are called at least twice annually, and shall be convened if needed. • 3 meetings were called in 2017, and the average attendance was 100%. • E.SUN FHC has established Corporate Governance and Nomination Committee since 2007.
Remuneration Committee	
Responsibilities <ul style="list-style-type: none"> • Formulate and regularly review performance of the directors and executives and the remuneration policies, systems, standards and structures. • Regularly review and formulate director and manager remuneration. • Submit remuneration packages to the board of directors for approval and summarize for the committee • members the company's overall level of remuneration. 	Status <ul style="list-style-type: none"> • Audit Committee is composed of five independent directors (Chen -En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang). Independent director Chen-Chen Chang Lin is the convener. • Meetings are called at least twice annually, and shall be convened if needed. • 4 meetings were called in 2017, and the average attendance was 100%. • E.SUN FHC has established Remuneration Committee since 2006.
Board Strategy Development Committee	
Responsibilities <ul style="list-style-type: none"> • Report strategic development goals or other major strategy-related matters that affect the development of the company to the board of directors. 	Status <ul style="list-style-type: none"> • The committee is composed of five independent directors (Chen-En Ko, Ji-Ren Lee, Chen-Chen Chang Lin, Hsin-I Lin, Chun-Yao Huang) and six directors (Yung-Ren Huang, Joseph Huang, Gary Kuo, Jackson Mai, Ron-Chu Chen, and Chien-Li Wu), Chairman is the convener. • Meetings are called at least twice annually, and shall be convened if needed. • 2 meetings were called in 2017, and the average attendance was 100%. • E.SUN FHC has established Remuneration Committee since 2007.
Corporate Social Responsibility Committee	
Responsibilities <ul style="list-style-type: none"> • Stipulate the annual plans and strategic directions of corporate social responsibility (CSR) • Establishment of CSR projects and activity plans • Follow up and review the implementation outcomes of annual plans, strategic directions, projects and activities. • Other decisions related to CSR. 	Status <ul style="list-style-type: none"> • The committee is composed of two independent directors (Ji-Ren Lee and Chun-Yao Huang) and three directors (Yung-Ren Huang, Joseph Huang, and Gary Kuo). Chairman is the convener. The committee features five working groups and shall set up research units according to its needs. • Meeting is called at once annually, in principal. Extraordinary session shall be convened if needed, and the convener or committee assigned by the convener shall be the chair. • 2 meetings were called in 2017, and the average attendance was 100%. • E.SUN FHC has established Remuneration Committee since 2011.

Independence of Directors and Conflicts of Interest Prevention

E.SUN FHC elected five independent directors at shareholders' meeting on June 16, 2017, all board members were appointed for three-year term. About 40% of Board members are independent directors. E.SUN drafted "Rules Governing the Scope of Powers of Independent Directors", the content includes "If an independent director objects to or expresses reservations about the matter, it shall be recorded in the board meeting minutes", "The Company or any Board members shall not interrupt, refuse or circumvent the independent directors from carrying out their duties." and "The independent directors, when carrying out their duties, may request the Board to appoint relevant personnel to professional specialists for assistance as they deem necessary." Above rules not only help independent directors dedicate to their duties and also effectively enhance the function of Board and overall performance of the Company.

To facilitate business development and to take into account of business needs, 3 directors also serve as managers of the company, all of the boards are outside directors. To ensure fairness, the "Stakeholder Transaction Policy" has been created as a means to regulate security of transactions conducted between the company and subsidiaries with stakeholders. The policy requires all transactions to be conducted in confidentiality, fairness, and utmost full faith in the best interest of the company. Furthermore, measures must be taken to prevent conflict of interest and exploitation of illicit gains. According to E.SUN FHC Rules of procedure for meetings of its board of directors, if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Executive Compensation Structure

The performance review system and remuneration framework for executives and managers is screened by the Compensation Committee, following which the board makes a final decision. The performance evaluation and remuneration scheme, based on realizing corporate core value, strong leadership and management competency, encompass financial and business performance, as well as quality management including brand management, human development, innovation and integration, risk management and legal compliance.

Since 2016, E.SUN has forged the link executive managers and key talents to long-term performance of the company, with reference to international corporate governance trends. E.SUN formulates long-term incentive practice, in addition to deferring incentive payment by 3 years, and links future value of stocks as a means of encouraging executive managers and key talents.

E.SUN employees are the main shareholders of the company and to encourage outstanding employees to hold on to E.SUN shares for the long term, annual stock compensation is given to employees as a priority. Bonuses and rewards for managers are given in cash in principle, though payment can be partially delayed or paid in the form of stock in order to ensure profits after accounting for future risk. Bonuses can be reduced, withheld, delayed or recovered in the event of a major risk event affecting the company's business reputation or due to internal management mishap or employee error.

Consideration aspects for performance and remuneration of CEO, executives and managers:

Balancing aspects	Item (weighting)	Description
Core	Realizing core value and management competency	Moral Integrity, sense of identification and commitment are mandatory requirements, in addition to being able to implement management ideals, corporate culture, common vision and strategic goals, in the process showing leadership and management competency.
Index	Financial and business index (50%)	Financial and business performance including profitability, growth, market leadership, asset quality etc.
	Overall management index (50%)	Including brand and comprehensive quality management, human development management and talent cultivation, innovation and integration, risk management, legal compliance and fulfilling of corporate social responsibility etc.
Others	Other special contributions or major negative events should be considered as part of the performance and remuneration assessment.	

Remuneration to Executive Members

Title / Name	Holding Shares in E.SUN FHC ^{Note 2}	Base Salary (A)	Bonus (B)	Profit Sharing (C) ^{Note 3}		Total Remuneration (A+B+C) ^{Note 4}	Holding Shares to Base Salary (A) ^{Note 2}
				Cash	Stock		
President / Joseph N.C. Huang	11,104	7,007	13,205	2,400	-	22,612	29.72
Ratio		31%	58%	11%	-	100%	
Other executives ^{Note 1}	21,752	44,405	34,118	7,097	-	85,620	9.18
Ratio		52%	40%	8%	-	100%	
Total	32,856	51,412	47,323	9,497	-	108,232	11.98
Ratio		47%	44%	9%	-	100%	

Note:

- The other executives include Magi Chen, Ben Chen, Mao-Chin Chen, Jyh-Cheng Wang, Oliver Shieh, Wan-Li Hsieh, L.C. Lin, Wu-Ming Hsieh, Shui-Chin Shen, Jung-Hua Lin, Louis Chang, Cathy Kuo, Bruce Lee, Chien-Hua Cheng, Fion OuYang.
- The aforementioned shares held by the president and executives are self-held shares without pledge and without links to derivative financial products. Values of shares held will be computed based on the 30 business days' average share price (NT\$ 18.75) before the end of 2017.
- Profit sharing (C) payment time will be postponed to September of the following year.
- The 2017 annual remuneration of president was 23 times that of the employee average, or 27 times that of the median employee salary.

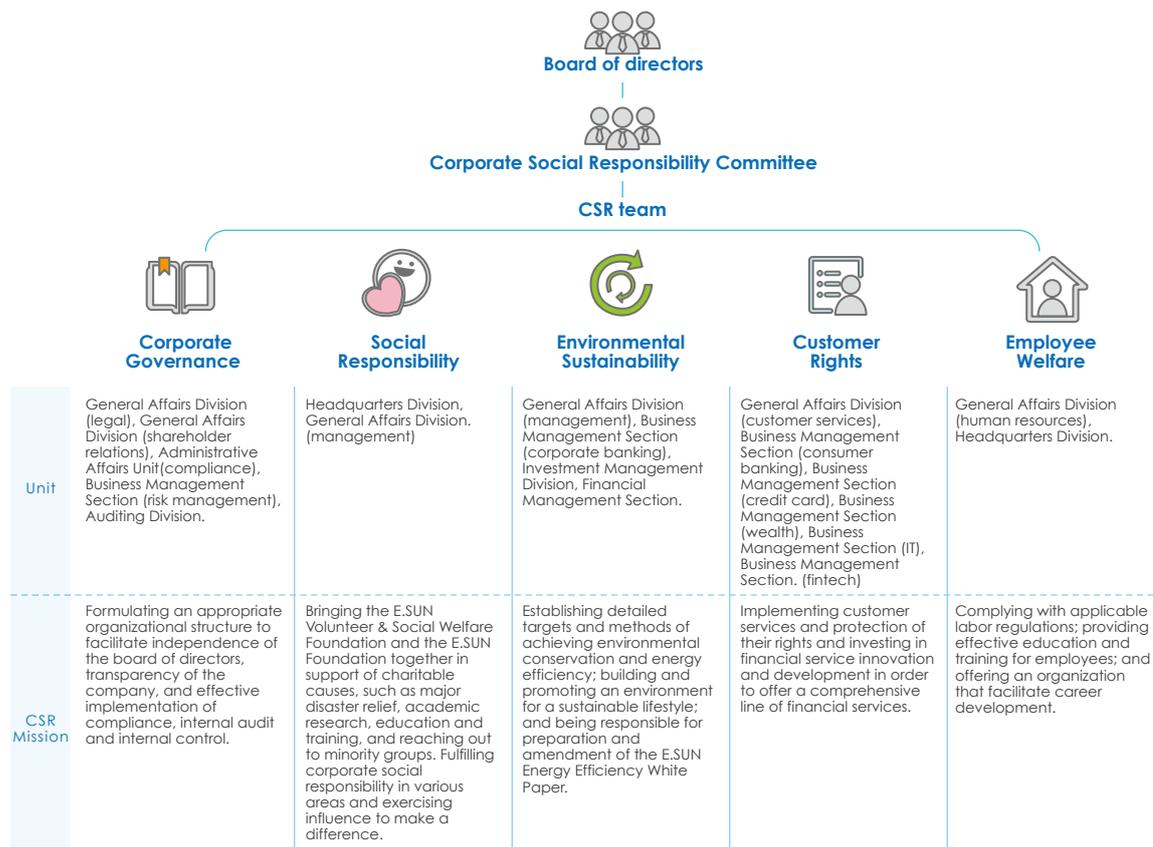
Long term Incentive Reward System

The Board's Compensation Committee agreed on the president's long-term incentive amount in 2017, through the design of phantom stocks linked to E.SUN's share value and emphasizing the condition that the long-term incentive realization is dependent on E.SUN's performance for the next 3 years. The value of the promised phantom stocks accounts for approximately 25% of the annual remuneration. A review on the long-term incentive payment is expected to be conducted in 2020.

CSR governance

E.SUN FHC established a corporate social responsibility committee (CSR Committee) in 2011. The chairman serves as the committee's convener, and there are five dedicated teams to handle the issues of corporate governance, social welfare, environmental sustainability, customer rights, and care for employees. The teams effectively integrate resources and boost efficiency; there were a total of 32 meetings in 2017. In addition, the company reports two times of CSR strategies and implementation results to the board. As a rule, the company employs systematic and well-planned methods to achieve the long-term fulfillment of its corporate social responsibilities. E.SUN incorporates corporate social responsibilities in its business strategies. With reference to international trends, the board composition was adjusted in 2017 to comprise only directors (two of whom were independent directors). Committee members have engaged in a full discussion and provided guidance accordingly.

E.SUN is committed to devoting long-term resources into CSR efforts and executes CSR tasks in accordance with E.SUN Financial Holdings Corporate Social Responsibility Best Practice Principles, Corporate Governance Best Practice Principles, and Ethical Procedures and Code of Conduct. In addition to introducing E.SUN volunteer and CSR courses as part of the training program for new recruits, E.SUN also encourages employees to participate in volunteer works, collectively make our society a better place, and build up our influence to the society.



E.SUN conveys complete corporate information to external parties through an established network of communication channels. The network encompasses a complete and diversified line of channels, including a spokesperson, a public relations department, an investor relations department, a stock affairs department, and an official website. In addition to engaging shareholders and investors effectively, E.SUN also relies on the network to gather comments and opinions from external parties, which will be given to the management to facilitate decision making.





E.SUN FHC's investor communication procedures:

- E.SUN voluntarily discloses its Information through quarterly earning calls and semiannual press conferences. The efforts ensure that potential investors, shareholders, media and other stakeholders are aware of any changes in the company's business outlook, financial conditions and strategies upon occurrence of changes. Moreover, E.SUN always hosts a web-cast earnings call in English in the evening of the same day, right following the earning call in Mandarin. E.SUN abides by principle of fair disclosure and engages investors around the world with an ideal to be transparent to all foreign investors.
- The official E.SUN FHC website features an investor relations section in both Chinese and English. The pages are updated on a regular basis to provide information concerned by its stakeholders, including company profile, material information, historic dividend payout, monthly revenues, details of shareholders meeting, credit ratings, and other disclosures required by law. Contacts of IR are also available to stakeholders to build a two-way communication.
- Business performance, EPS, financial, and material information are disclosed periodically or filed to the competent authority as required.
- The prospectus or annual report is prepared as required to disclose information relating to business decisions and financial/business results.

2017 Investors Communication performance:

- Total number of physical and online Analyst meetings both in Chinese and English version: **8**
- Total number of press conference: **2**
- Total number of overseas roadshow or conference: **5**
- Total number of 1 on 1 meetings: **122**
- FINI shareholders: **44.97%**, the highest in Taiwan financial holding company.
- Actively respond to International ESG survey: **DJSI**、**MSCI**、**CDP**、**Sustainalytics**、**FTSE4Good**
- Upgraded on credit rating or outlook from credit rating companies (Moody's, TRC, S&P) for **4** consecutive years

Participating in labor union

To promote the development of the domestic financial industry, E.SUN FHC and its subsidiaries actively participate in the activities of organizations including the Bankers Association of the R.O.C., Taiwan, Securities Association, Trust Association of R.O.C., Taiwan Academy of Banking and Finance, Taiwan Financial Services Roundtable, Chinese Excellent Management Association. E.SUN FHC President Joseph N.C. Huang is the director of the Taiwan Corporate Governance Association; E.SUN Bank Chairman Gary K.L.Tseng is a director of the Bankers Association of the R.O.C. a member of the Financial Supervisory Commission's financial research and development fund management committee, and a member of the Taiwan Academy of Banking and Finance's board training and guidance committee; and Wang Jyh-Cheng, chief human resource officer at E.SUN Bank, is a supervisor of the Chinese Excellent Management Association. These individuals provide recommendations concerning practical operations at appropriate times, and are striving to do their part to improve the domestic financial environment as a whole.

1.2 Code of Conducts and Ethics



■ GRI : 102-13、102-16、102-17、205-1、205-2、205-3、206-1、415-1

We uphold the core values of integrity and professionalism. The 3+1 business philosophy and common vision are based on "realism, strength, responsibility", "teamwork, harmony, happiness", "leadership, excellence, honor", and "contentment, cherishing relationships, and gratitude", and provide the foundation to E.SUN employees' service values and conducts. Ethics and integrity are made part of every E.SUN employee's DNA through orientation, self-learning, and following examples of the management team. E.SUN aims to build a business of ethics and integrity by strengthening compliance, anti-corruption, anti-money laundering practices.

E.SUN has established the "Ethical Management Principles" (EMP) and "Ethical Procedures and Code of Conduct" (EPCC) and implemented sound corporate governance and risk management. The regulations above, for the purpose of enforcing the ethical management policy, require the directors, managers, employees, and nominees or other entities in which the company has substantive control comply with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflict of Interest, other regulations applicable to TWSE/TPEX listed companies, and laws and regulations governing other business activities or applicable in places where the group operates.

E.SUN directors must adhere to the company's ethical standards when performing their duties. In 2017, E.SUN has developed the Code of Ethical Conduct for Directors, which stipulates that directors shall comply with laws and regulations, avoid conflicts of interest and work for personal gains, fulfill confidentiality responsibility and exercise their duties faithfully and attentively, refrain from engaging in unfair practices and insider trading, and fulfill the obligation to protect and properly use the company assets; 100% of directors have been communicated on the content of this conduct.

E.SUN places a great emphasis on integrity and anti-corruption measures. The company and its subsidiaries and other entities in which the company has substantive control will assess the legitimacy of counterparties and acquire a full understanding of their ethical management practices and compliance with the corporate social responsibility policy before starting a business relationship. E.SUN always explicitly refuses to directly or indirectly provide, promise, request, or accept illegitimate benefits in any form. Contracts always contain explicit provisions on ethical management and corporate social responsibility. The company is also working to extend the corporate culture and the commitment to integrity into its subsidiaries. As its contribution to creating a sound financial market, the subsidiary E.SUN Bank has established the Fair Customer Treatment Policies and Strategies. The policies implement the principles of fairness and reasonableness, equality and mutual benefit, and good faith, and highlight and protect the rights of financial consumers.

E.SUN is politically neutral and makes no political donations whatsoever. E.SUN employees are prohibited to discuss politics or engage in political activities at the office during the work hours. It is also prohibited to display posters, literatures or speeches from political campaigns. Any direct or indirect contributions made by the company and its directors, managers, employees, and nominees and other entities substantively controlled by the company to political parties, political organizations, or individuals shall comply with the Political Donations Act and the Company's internal operating procedures. Contributions shall not be used as a guide to reap commercial benefits or trade advantages.

The Corporate Governance and Nomination Committee is the unit in charge of ethical management practices. The committee is responsible for assisting the board of directors and the management in formulating and supervising implementation of ethical management policies and prevention measures. The committee also reports regularly to the board of directors. The company ensures effective implementation of the ethical management policies. The following is a summary of the state of the Company's implementation of its business integrity policies in 2017:

• **Education and training**

The Company has planned a series of courses such as laws and regulations, auditing, risk management, anti-money laundering, E.SUN General Knowledge on Law, and E.SUN Employee Service Code of Conduct and Behavior Standards for each training class, providing a total of 415 hours of training. In the courses, the concept and practice of three lines of defense are reinforced through case studies in order to enable the employees to work together in prevention of unethical behaviors.

• **Legal compliance training**

Legal compliance team is in charge of promoting the education for all employees. Taking "Implement the value of integrity for business sustainability" as the topic, we compiled our business integrity rules and major internal information processing regulations in 2017, and used videos and case studies to educate colleagues the requirements during the course of business.

• **Annual examinations**

The Company and its subsidiaries conduct annual online examinations for all employees. The scope of examinations includes E.SUN FHC's business integrity rules, and E.SUN FHC's business integrity operating procedures and code of conduct. In 2017, the core issue was on business integrity in commercial activities, the prohibition of conduct violating business integrity and harming the interests of stakeholders, and the duty of maintaining the confidentiality of the Company's intellectual property rights.

Communication Channel

By maintaining open channels of communication, E.SUN enables employees to give feedback to the management and the human resource department through a variety of channels. The company also provides means to report malpractices, and appoints a unit to be the handler of all reported misconduct. Reports involving a director or executive will be submitted to the independent directors. In addition, the company will volunteer to outline its business integrity policy and practice on its website, in the annual report, and in investor seminars and other public events.



• Contact Information for Audit Committee and Independent Directors:
AuditCommittee@email.esunbank.com.tw

Regular Inspection

The Company conducts risk assessment on corruption-related matters in the operating activities held in all of its business locations. The business management units conduct self-assessments and compliance self-assessments in order to ensure effective management. The audit unit performs independent audits to ensure uninterrupted operation of the organization as a whole. The units work together to manage and prevent unethical behaviors. The Company has established the E.SUN Employee Service Code of Conduct and Behavior Standards, incorporating business integrity as part of employees' performance appraisal and the Company's human resource policy. There are clear and effective systems in place to enforce discipline of dishonest conduct. No corruption or anti-competitive behaviors in 2017.

Means to report malpractices and whistleblower protection

The Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethical Procedures and Code of Conduct have stipulated a specific whistleblowing system to actively prevent unethical behaviors and encourage internal and external personnel to report unethical or improper conducts. The Company has appointed its Group Administration Team (Legal Affairs) to be the handler of all reported misconduct who investigates all reported acts of dishonesty involving the Company's employees. The Company has set up Stakeholders page on the company's website to provide an effective communication channel for employees, shareholders, stakeholders, and outsiders. The Company discloses the Audit Committee's (independent directors) personal e-mail address. Reports involving a director or executive are submitted to the independent director. The Company has whistleblower protection mechanisms in place to keep the whistleblower's identity and contents of the report confidential and provide protection against retaliation as a result of reporting the matter.

19 external whistleblowing reports and one internal whistleblowing report were received in 2017 and submitted to the independent directors. This report involved improvements to the Company's operating process and not matters relating to unethical behaviors. Without compromising the whistleblower's identity, the Company has investigated the facts and taken adequate measure accordingly in order to realize an honest and transparent corporate culture.

	2015	2016	2017
Report unethical behaviors from internal personal	3	0	1
Violation of the EMP and EPCC	0	0	0
Report unethical behaviors from external personal	36	26	19
Violation of the EMP and EPCC	0	0	0
Sexual harassment complaint	0	0	0

1.2.1 Compliance



■ GRI : 307-1 、 419-1

E.SUN has always paid close attention to changes in financial policies, laws and regulations by the Financial Supervisor Commission. We strictly abide by applicable laws and regulations as we actively develop and expand our business. As part of E.SUN's regulatory compliance policy, E.SUN has implemented a solid compliance system. The company also provides training to raise awareness of basic knowledge of the law in the workplace.

| Legal compliance |

- E.SUN has the E.SUN FHC Legal Compliance Policy and the E.SUN FHC Legal and Regulatory Compliance System Guidelines in place to provide compliance guidance for its subsidiaries. The Group Compliance Officer guides the Compliance Management Unit in planning, managing, and implementing the compliance system.
- The Group Compliance Officer regularly reports to the executives and the board of directors in order to keep the executives and the board of directors informed of the compliance status.

| Announcement, inquiry, coordination, and communication of regulations |

- Systems are created between the units and between the company and its subsidiaries for clear, adequate announcement, inquiry, coordination, and communication of regulations.
- Work and management regulations are updated promptly to ensure compliance with the laws and regulations. Any update is announced to all units as soon as possible to ensure all business activities comply with the current laws and regulations. Statements of compliance will be issued to accompany all applications of new products or services.
- Meetings of compliance officers are held to announce important compliance issues and to provide a venue for sharing related experiences. Regarding inter-subsidiary issues, the compliance unit, in addition to offering comments, will assist the subsidiaries in communication and coordination in order to ensure consistency within the group.

| Compliance Self-Assessment |

- E.SUN conducts compliance self-assessments every six months in order to examine whether the units have complied with the regulations and completed improvement as required.
- E.SUN FHC and its subsidiaries are required to undergo compliance assessments according to law in order to maintain an effective compliance system. Compliance units will assess compliance practices in their respective organizations in order to make compliance a more integrated part of the business.

| Whistleblower mechanisms-reporting system |

The Company has determined relevant legal compliance procedures. In the case of major violations of laws or regulations, the organization's legal compliance manager shall be notified. In the case of violations of business integrity rules, the executive of the legal compliance management unit shall be notified.

Onsite Compliance Surveys |

To better understand actual compliance practices, the compliance management unit started conducting onsite compliance surveys in 2013, and has completed 81 surveys to effectively conduct campaign, communication, and consulting services on compliance. Since 2017, the compliance management unit has been accompanied by the anti-money laundering department and related business management units on its onsite surveys to understand practices such as personal data protection, anti-money laundering and compliance in key business areas at individual units. Face-to-face discussions will give the units a better understanding of improvement or correction to be made. The compliance management unit also listens to feedback from the units. The approach facilitates interaction and allows the compliance management unit to have a better idea of compliance practices in different units.

Education and training |

To reinforce knowledge of important laws and regulations and improve compliance knowledge and skills in the workplace, E.SUN organized in-class training education and training courses for employees in 2017. They are summarized as follows.

(1) External courses:

3,961 employees completed more than 1,580.5 training hours by attending more than 166 courses offered by the Taiwan Academy of Banking and Finance, the Bankers Association of the R.O.C., the Trust Association of R.O.C., the Corporate Governance Association in Taiwan, the Department of Labor of Taipei City Government, the Securities and Futures Institute, the Taiwan Stock Exchange, the Taipei Exchange, and the Taiwan Securities Association.

(2) Internal courses:

9,132 employees completed more than 3,542 training hours by attending more than 141 professional courses on mid-level officer training course -banking regulations, entry-level training course - overview of banking regulations, the Banking Act and banking operations, study of compliance regulations and deposits/transfers, corporate banking, financial planning, and foreign exchange services.

(3) Others:

Important compliance rules and cases will be announced during morning meetings or training sessions. The compliance management unit regularly provides compliance education materials to each unit to help them raise awareness of compliance during compliance training.

Month	Training Class	Month	Training Class
January	Raising awareness of important AML/CTF notes and regulations	July	Raising awareness of ethical management and material insider information
February	Three lines of defense in the internal control system and case analysis of penalties imposed by the competent authority	August	Raising awareness of the Financial Consumer Protection Act
March	Raising awareness of personal information protection	September	Raising awareness of important AML/CTF regulations
April	Raising awareness of labor laws and human resource management	October	Raising awareness of important trust regulations
May	2017 Compliance Instructions	November	Raising awareness of important stakeholder trading regulations
June	Raising awareness of important banking laws and regulations	December	Raising awareness of important banking laws and regulations

(4) Online tests:

An online compliance e-Learning test is designed for employees working in respective areas. A score of 90 or higher will be a pass. The test was completed by 100% of the test recipients. The results are listed in the table. Employees who failed to reach the threshold or attend the test had reports issued to strengthen their training in compliance in order to improve their understanding and ensure compliance of business activities.

Number of Test Applicants Total Number of Employees	Pass Number of Employees	Fail Number of Employees	Absent Number of Employees	Average Score
7,740	7,723	0	17	97.37

Strengthening compliance with international financial regulations |

Following FATCA of the United States, OECD has stepped up international taxation to prevent tax evasion in other countries. OECD has also established the Common Reporting Standard (CRS), which was implemented in China, Hong Kong Singapore and Japan on January 1, 2017. It is expected to be implemented in Australia on July 1, 2017. In addition to the countries above, more than 90 countries have adopted the standard. The Ministry of Finance announced the Regulations for Financial Institution Joint Declaration and Due Diligence on November, 16, 2017. Financial institutions should begin due diligence in 2019 and exchange information with other countries or regions for the first time in 2020. E.SUN has hired external consultants to help us implement applicable international regulations as further step toward reduced inequalities (SDG 10) and a way to strengthen financial institutions around the world (SDG 17).

Resolution and Recovery Plan

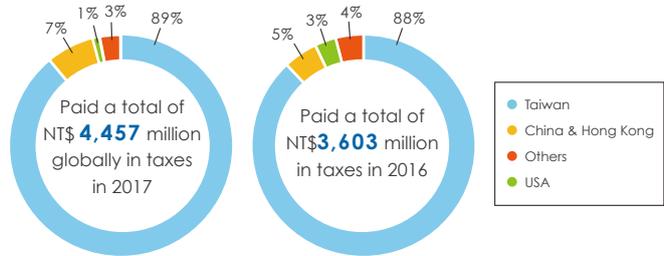
The total assets of the Company's nonbank company in the United State amounted to more than US\$50 billion but less than US\$100 billion, which in accordance with DFA Sec.165 Rule requires us to submit a simplified resolution plan. The Company has submitted a resolution plan report, which was approved at the board meeting on November 2, 2017 and submitted to the FRB and Federal Deposit Insurance Corporation (FDIC) on December 14, 2017. In future, we will assess the subsequent procedures and matters according to the response of U.S. regulatory authorities.

| Tax governance |

E.SUN FHC establishes its tax governance policy in accordance with the principles of realism, strength, and responsibility.

- To fully understand and adhere to local tax regulations; and to calculate correctly the taxes and file tax returns by statutory deadlines. To comply with international tax regulations and ensure transactions are conducted at arm's-length.
To facilitate assessment of the overall impact of changes in local and international taxation laws and the risks and enable a timely decision making process.
- To disclose tax related information regularly to stakeholders via financial statements, annual reports and other public channels to ensure transparency.
- To maintain an open and honest communication channel with the tax authority; to play an active role in tax seminars by providing practical experience and suggestions as a member of the industry; and to offer assistance in improving the tax environment and system.

E.SUN FHC paid a total of NT\$4,457 million globally in taxes in 2017. The taxes fell into categories such as profit-seeking enterprise income taxes and business taxes. Since the company operates primarily in Taiwan, 89% of the taxes were paid in Taiwan. Taxes paid in the last two years are listed as follows.



1.3 Risk Management



■ GRI : 102-11 \ 102-30

An Inherent Risk Management Culture

Risk management is aimed at ensuring asset protection, enhancing customer service quality, and increasing shareholder value. It expects to control potential risks in business activities within the agreed risk tolerance range, and, provided solvency requirements are met, achieve a reasonable balance between risk and return to form the strongest support for business growth. To effectively identify, assess, monitor and control all types of risk, E.SUN has always follow "no services or operations can be considered beyond risk" and we uphold the highest guiding principles of risk management: safety and liquidity first, profitability second, growth next, and always pay attention to the public interest.



Risk Management Policy

E.SUN FHC has established the "Risk Management Policy and Guideline Principles", which provide operation-related regulations for each risk factor, serving as the basis for risk management implementation to improve corporate reputation, reinforce risk culture, optimize capital utilization, and provide strategic management decision.

The scope of risk management encompasses primary risks in every business process, including credit risk, market risk, and operational risk. To respond to a rapidly changing environment, we conduct risk assessment before launching new products and services and constantly monitor changes in the global environment to facilitate continuous refinement of our existing risk management mechanisms in order to convert risk into opportunities.

Please refer to 3.1 Climate Change Risks and Opportunities for details on the identification of climate change risks.

Risk appetite management mechanism

Our Board-level risk appetite management mechanism identifies the types of risks we are willing to take on and the overall risk level within the range of our risk taking capacity. Risk preferences, business decisions, capital allocation, and limits are linked together to specify the risk limits of individual products and overall operations.

Risk appetite is not only measure quantitatively, but also described qualitatively for risk management. Regular and irregular pressure tests are performed based on changes in the macro economic and business environment to examine the risk appetite mechanism.

E.SUN FHC's Risk Management Organizational Framework

The boards of directors take ultimate responsibility for the management of the risks and approve overall risk management policies and important decisions based on the overall business strategies and environment.

To strengthen risk governance communication, coordination, reporting, and recommendation within the board of directors, the Company has established an independent Risk Management Committee with the President as the chair, and the Chief Risk Officer as the executive secretary responsible for reviewing business risk management policies, ensuring compliance with international risk management regulations, promoting and creating risk management systems, and reinforcing the functions and duties of the Risk Management Committee over time.

The Risk Management Committee regularly or irregularly convenes quarterly RMC meeting depending on situation. The Committee reviews the appropriateness of the risk mitigation strategies proposed by the Risk Management Committee or each level risk unit, taking into consideration the company's strategic development and environmental changes. The Committee is responsible for proper management of matters pertaining to credit risk, market risk, operational risk, and asset liability risks, and regular reporting/disclosing of overall risk management implementation status to the board of directors/on annual financial reports.

Risk management units are responsible for defining risk tolerance limits and monitoring indicators to monitor the risks of each unit, and formulating standard operating procedures and submitting risk reports according to business content. Subsidiary risk management units are responsible for directly reporting to the board of directors and to the Risk Management Committee of the E.SUN FHC.



Risk Management Mechanism

Risk management system :



Established the risk management culture:

- **Orientation for new recruits**

Every new recruit will complete risk basic management courses during orientation in order to understand the risk management culture at E.SUN, self-discipline, and the risk profiles of E.SUN's operations.

- **Professional training**

E.SUN's core philosophy is "no business can be considered beyond risk". E.SUN implements risk management of related business in training programs, and continuously discussing and focusing on the general or specific risk issues among all product line. This approach makes each product line keep risk management in mind in their own business activities.

- **Developing middle management**

E.SUN's core philosophy is "no business can be considered beyond risk". E.SUN implements risk management of related business in training programs, and continuously discussing and focusing on the general or specific risk issues among all product line. This approach makes each product line keep risk management in mind in their own business activities.

- **Continuing training for managers**

E.SUN has implemented a series of leadership courses for managers. These courses are designed to help managers respond to external challenges and risks through learning and approach the decision making process from a strategic perspective that encompasses the company as a whole. The risk management culture is also strengthened as a base in the corporate governance practices.

Major risk control mechanisms

Credit risk control mechanisms

With regard to credit risk management goals and development strategies, we comply with the competent authority's legal and regulatory system, and have drafted "Credit Risk Management Guidelines" and internal credit policy and transaction counterparty credit risk control mechanisms as a basis for credit risk management during the course of business development. We continuously monitor and assess domestic and foreign economic and financial trends, and make appropriate revisions to our internal regulations at suitable times. Due to the quickening pace of global climate change in recent years, the Company has adjusted its centralized monitoring of businesses or transaction counterparties with high carbon emissions, which is included in internal regulations. Management is accomplished by determining credit risk limits and transaction counterparty limits, such as credit lines, industry type, country, and business group, all of which must comply with the competent authority's regulations.

Market risk control mechanisms

In order to effectively control the market risk caused by price fluctuations in equity, products, interest rates, and exchange rates, and the mutual linkage between these fluctuations, all financial product transactions must be conducted in accordance with the Company's "Market Risk Management Guidelines." Regular assessment of the transaction value of company's financial products is performed in accordance with regulations, and reports concerning market risk exposure and stress test results are made to the board and E.SUN FHC's Risk Management Committee in order to better control market risk.

Asset and liability risk control mechanisms

In order to avoid possible losses due to inability to liquidate assets or obtain financing so as to fulfill its responsibility to provide funds for the full period, E.SUN FHC and its subsidiaries have drafted "Liquidity Risk Management Guidelines" able to ensure control of asset and liability funds shortage adequacy and have established liquidity early warning indicators for use when observing the state of financial market funds. If any early warning indicators are triggered, funds emergency response mechanisms will be activated, ensuring that this company or a subsidiary will have sufficient liquidity.

Operating risk control mechanisms

The Company has drafted "Operating Risk Management Guidelines" in order to provide consistent guiding principles for the effective identification, assessment, supervision, and control all operating risks that may be encountered, and has established comprehensive operating risk management mechanisms able to monitor changes in operating risk. The auditing unit regularly audits the implementation of operating risk management procedures, which ensures that operating risk management assessment and control procedures are implemented as effectively as possible.

Subsidiary risk control mechanisms

Operating procedures and criteria for each risk level are planned and established in compliance by following with the E.SUN FHC Risk Management Policy and Guideline Principles. The subsidiaries continuously promote risk-based decision-making and create appropriate risk taking mechanism. In addition to complying with the regulations of competent authority, each subsidiary also takes into consideration the changes in the overall economic environment, international financial trends, and the social environment, establishes risk management operational regulations, and executes daily management, measures risk levels, and monitors and reports abnormal events to the FHC and subsidiary risk management department as well as the audit department.

Emerging risks and impact

Emerging Risk	Description of risk	Potential business impact of the risk	Mitigating actions
Emerging Technology and Information Security Risks	<ul style="list-style-type: none"> Cloud data leakage and abnormal data transmission resulting from inappropriate application of emerging technologies. E.SUN's system connections being paralyzed by hackers. 	<ul style="list-style-type: none"> Cloud data leakage and abnormal data transmission will damage the rights and interests of our customers, and will severely impact system operations and our reputation. If a cyberattack causes E.SUN's system to no longer function normally or result in abnormal connections, it will affect customers' rights and interests and severely impact our financial condition and reputation. 	<ul style="list-style-type: none"> Strengthen program validation and structure review before launching any emerging technologies. Strengthen the Company's information security defense to block attacks from hackers. Strengthen information security exercises to raise overall information security awareness, establish information security incident response procedures, and carry out response exercises.
Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)	E.SUN may be unintentionally used by illegal person/group who engage in money laundering or terrorism financing.	If illegal person/group use transactions or products of E.SUN for money laundering or financing terrorism, E.SUN may be penalized by the competent authority or sanctioned by international organizations. In severe cases, there are three potential business impacts. (a) Compliance Cost: the cost to comply with new regulations are getting higher, which include confirmation of customers' identities and continuing review mechanisms, verification of the equity structures of institutional or trust customers and the actual beneficiaries. (b) Penalty and Brand Damage (c) It may limit business development.	<ul style="list-style-type: none"> Regulations: We have established the AML/CFT Policy of E.SUN FHC and Subsidiaries, and verified its compliance with internal/external regulations and requirements of international guidelines. Framework: We have established a risk-based approach to verifying customers' identity and conducting due diligence, and also verified the shareholding structure and beneficial owner of legal entities, organizations or trust customers. Education and training: We regularly and irregularly send personnel to participate in on-the-job AML/CFT training based on operational requirements and regulations, thereby raising the AML awareness of all employees.
Compliance risk	Fail to handle transactions involving the company or one of its subsidiaries or its products or establishment of overseas offices in compliance with the regulations promulgated by the competent authorities.	If the company or one of its subsidiaries and their overseas offices fails to respond quickly and comply with amendments of the applicable laws and regulations when handling transactions, products, or establishment of overseas offices, the company may be subject to penalties imposed by the appropriate competent authority or be ordered to cease business operations. More severe cases may cause material damage to the company's reputation or lead to errors.	<ul style="list-style-type: none"> The company has formed an independent compliance unit to improve compliance performance and regulation. The company requires the departments appoint compliance officers to ensure compliance in respective business areas. To raise compliance awareness in the workplace, the company provides training regularly or as needed for employees according to the demand of its business activities and to regulatory requirements.



(Emerging risk identification process)

2017 Risk Management Performance

Risk Template for Overseas Branches and Subsidiaries

Risk template was designed and introduced into our overseas branches and subsidiaries. The template contains credit, market, operational, and liquidity risks, which are used to facilitate risk control.

Credit Risk Management Mechanism

The credit risk values of risky assets are calculated and provided for each business division to ascertain the risk patterns of its business activities and manage its asset structures. Model verification is regularly performed in order to continue improving model stability and effectiveness. The results are also used to analyze the quality of the assets managed by the credit division.

· **Market Risk Management Mechanism**

To more effectively and comprehensively control the Company's market risks in financial product trading and investment and to monitor customers' trading risks in an ever-changing financial market, we continued to refine our financial product evaluation technique in 2017, improve risk management performance, and strengthen our credit limit monitoring system. With such extensive management system, the potential risks associated with financial product trading can be effectively assessed to reinforce the Company's line of defense in market risk management.

· **Operational Risk Management Mechanism**

In reference to the experience of our Chinese subsidiaries and Sydney bank branches, customization plans were introduced into our branches in Hong Kong and Los Angeles according to the original risk standard act in order to keep the designs of risk self-assessment contents and key risk indicators in line with the status quo of the business development of both these branches. The ultimate goal was to continue to refine the operational risk management mechanism for our overseas branches.

· **Asset Liability Risk Management Mechanism**

In pursuant to the net stable funding ratio (NSFR; a long-term liquidity quantitative indicator) requirements of the Basel Committee on Banking Supervision (BCBS), the Company has developed an NSFR computing platform in 2017, which automates control of the bank's source of income and funds and ratios applicable to the bank. The platform complements the liquidity coverage ratio to facilitate a more comprehensive and efficient management of assets and liabilities.

1.4 Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)



E.SUN is committed to anti-money laundering practices and anti-terrorism financing through active compliance with international regulations and requirements such as the policies and processes announced by the Forty Recommendations of Financial Action Task Force on Money Laundering (FATF). In addition, we reinforce our "know your customer" operations, implement customer due diligence (CDD) regulations, ensure effective name list scanning and suspicious transaction monitoring, and enhance employee awareness on anti-money laundering to fulfill our responsibilities as a social citizen and prevent illegal use of the financial system in bleaching of capital or providing financing to terrorists.

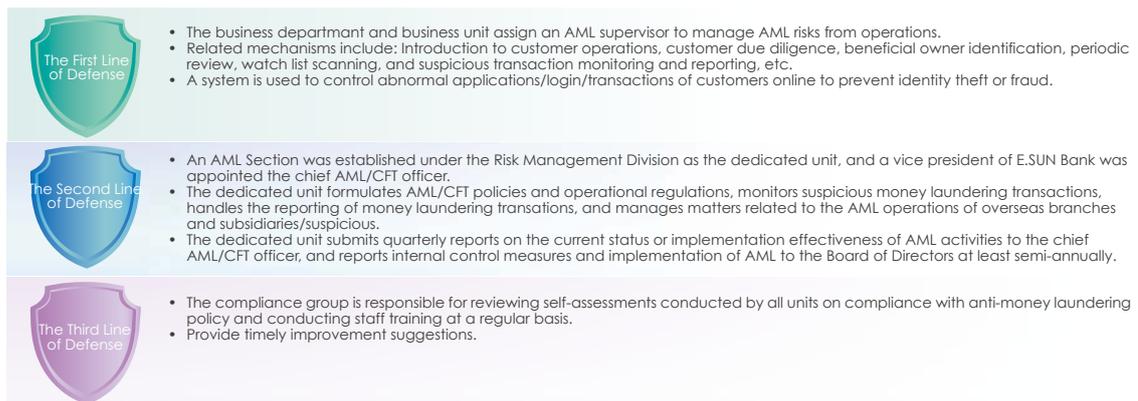
AML/CFT Policy

In compliance with the Money Laundering Control Act and terms Counter Terrorism Financing Act, Regulations Governing Anti-Money Laundering of Financial Institutions and relevant legislation, we established the E.SUN Bank AML/CFT Policy, the Directions Governing Anti-Money Laundering and Counter-Terrorism Financing of E.SUN Bank, and related procedures and operational guidelines, which clearly describe the principles and procedures for customer identity recognition, establishment of business relationship, monitoring and reporting of suspicious transactions, and training to achieve the following objectives:

- To comply with "Money Laundering Control Act" and relevant legislation for the purpose of preventing the Bank from being used for money laundering or terrorist financing.
- To comply with "Money Laundering Control Act" , relevant legislation promulgated by the authorities and applicable practice.
- To assure the adequacy of the scanning, evaluation, and recognition of high-risk name list functions in the system in order to mitigate the risk of being used for money laundering and terrorist financing.
- To strengthen the employees' awareness on detection of money laundering by implementing customer due diligence, appropriate document retention and transaction monitoring.

AML/CFT Mechanism

To effectively execute anti-money laundering plan and implement independent and three lines of defense:



Specific anti-money laundering and anti-terrorism financing practices are as follows:

• **Setting Up of Dedicated Unit**

Suspected suspicious money laundering transactions are unanimously analyzed and investigated by the Anti-Money Laundering Department, which submits reports to the Investigation Bureau of the Ministry of Justice. The dedicated Anti-Money Laundering Department is also responsible for developing related internal policies and processes and inspecting, planning, and assessing the bank's money laundering and terrorism financing risks.

• **Refine anti-money / laundering system**

E.SUN builds and refines an anti-money laundering system in accordance with international anti-money laundering standards including CDD functions, suspicious transaction monitoring logic and parameter settings.

• **A Flourishing Organization**

We have appointed supervisors to each of our domestic and overseas business units who not only supervise internal measures for anti-money laundering and combating terrorism financing but also act as the communication bridge for the Anti-Money Laundering Department.

• **Professional Development**

E.SUN encourages employees to obtain international professional certifications that are approved by the competent authority to improve their professional knowledge and anti-money laundering capabilities. As of the first quarter of 2018, 176 employees of the Company have acquired certifications for Certified Anti-Money Laundering Specialist (CAMS).

• **Strengthen the anti-money laundering management of overseas branches and subsidiaries**

E.SUN effectively manages the implementation status of anti-money laundering practices of its overseas branches through examining the independence and professionalism of overseas heads responsible for anti-money laundering, assisting the development of overseas anti-money laundering system platforms, verifying the adequacy of training. In addition, E.SUN conducts quarterly overseas video conferences to strengthen its communication mechanism.

• **Strengthening Training**

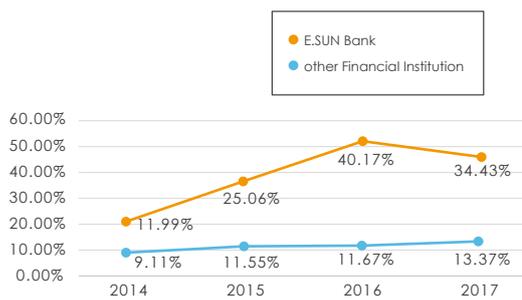
In 2017, 316 personnel have attended a seminar, which was organized by the Academy of Banking and Finance, and passed tests to obtain the legal qualification for personnel of Dedicated Unit and the supervisors.

The Anti-Money Laundering Department plans orientation training courses to inform new recruits of applicable regulations and responsibilities. Training courses for all employees were organized to introduce applicable laws and present real-life case studies and help employees to keep pace with time in terms of expertise and skills.

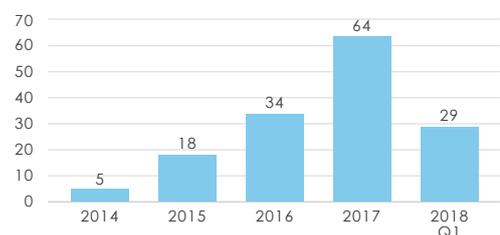


Centralized monitoring of suspected anti-money laundering exhibit significant result

E.SUN Bank's anti-money laundering system was launched in January 2015, and the Anti-Money Laundering Department was established in which dedicated personnel is appointed to conduct analytical investigation on money laundering alerts and to report suspicious activities to the Investigation Bureau of the Ministry of Justice. According to the Investigation Bureau of 2016 and 2017, a significant improvement was observed in the case success rates and the number of official letters sent by the Investigation Bureau in recognition of our effort. (Source: Official letters from the Investigation Bureau of the Ministry of Justice)



(Suspicious activity report(SAR) case success rate)



(Number of official letters sent by the Investigation Bureau in recognition of our effort)

1.5 Information Security

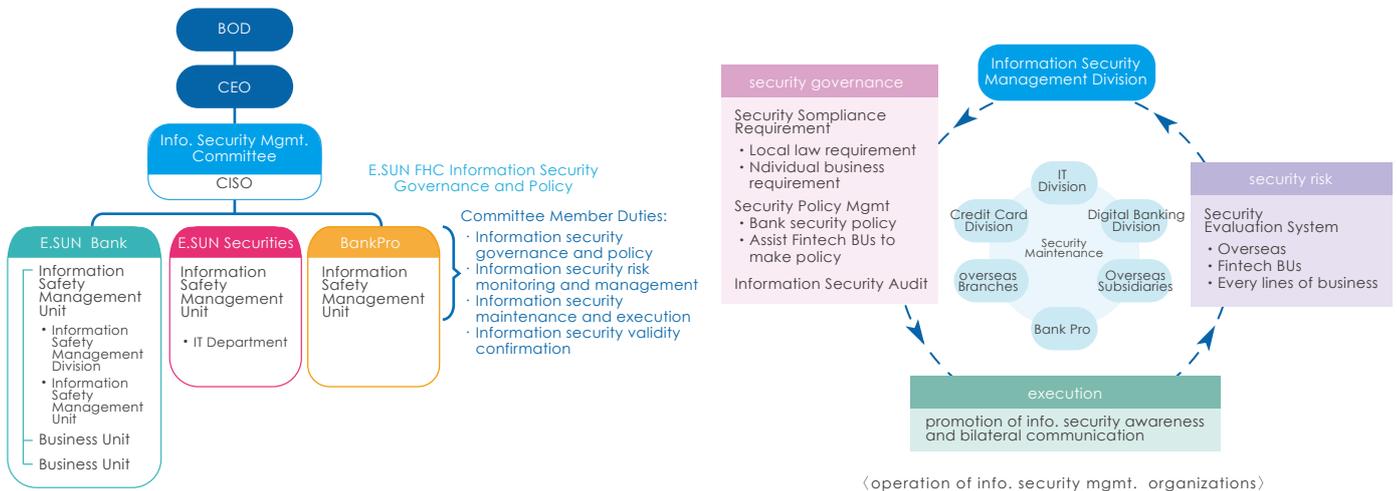


■ GRI : 418-1

E.SUN continues to improve its capability of information security governance and cyber defense. All the information operations not only have to meet standards of international info security, they also need to be compliant with domestic and international relevant laws. In 2017, we adopted a more strict standard to handle customer's complaint about personal data leakage. It has been confirmed that no customer privacy was compromised and there was no leakage of personal data.

Information Security Governance System

To manage information security more effectively, E.SUN FHC established Information Security Management Committee in September, 2017. The Committee inspects the subsidiaries' information security governance policy, supervises the operation of information security management, and regularly reports an overview of information security management to the board of directors. In January 2018, the board passed the organizational rule and established an independent and dedicated information security unit—the Information Security Management Division, which executes information security matters, plans information security operational systems and promotes the execution of various operations in order to keep the bank well-versed in information security protection and to raise employees' awareness of information security.

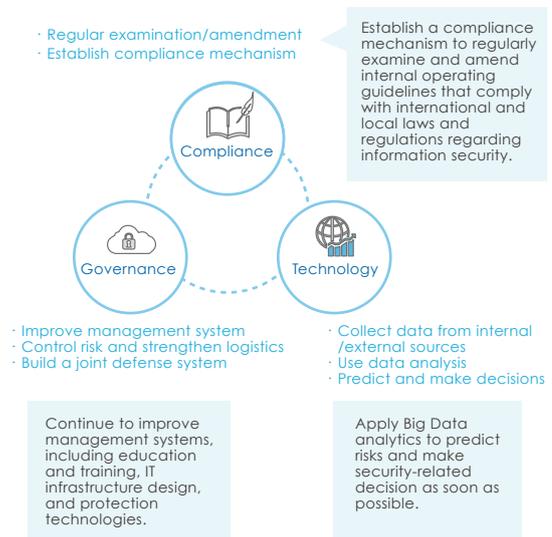


Information Safety Management Mechanisms

E.SUN's strategy for information security is focused on three dimensions of governance, compliance, and technology to provide comprehensive protection of information security at the institutional to technological level and individual to organizational level.

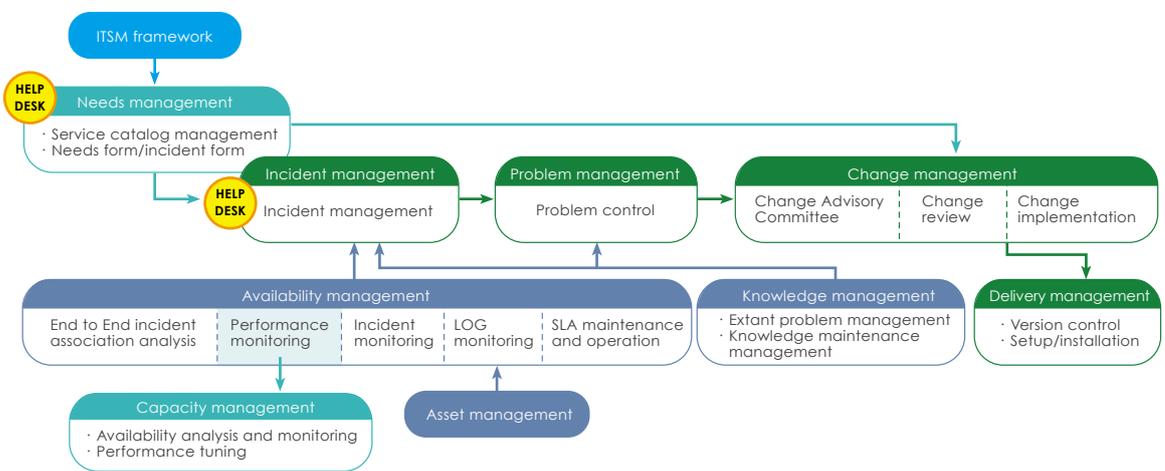
Given the emerging trends in information security, such as the Distributed Denial of Service (DDoS) attack, ransomware, social engineering attacks, bogus websites, E.SUN engages with international IT specialists every year. Through project cooperation, we pay regular attention to information security issues, propose response plans, and conduct drills of different scenarios (DDoS and ATM), thereby enhancing the abilities of handling personnel to respond to, detect, and completely deter attacks at the first instance.

To strengthen information security management, E.SUN not only plans network frameworks with the most rigorous IT requirements, but also regularly commissions external experts to conduct penetration tests. We also took the initiative to install all types of inspection system that facilitates early identification of potential problems for immediate remediation. Regarding program development security, E.SUN has established APP security development operating guidelines according to international security frameworks to implement SSDLC security development. The mobile apps provided by the bank have passed safety tests and obtained the Mobile Application Security (MAS) certification.



Information Service Process Management

E.SUN has developed an effective management practice for information service processes. The entire service process, from service needs analysis to service delivery, is built on the practice of asset management to manage needs, changes, service delivery, incidents, problems, capacity, availability, and knowledge. The ultimate purpose of the management practice for information service processes is to manage risks and impose rigorous control over the service quality of E.SUN.



Personal Information Protection Management

By using the latest ISMS ISO/IEC27001 standards, E.SUN continues to realize the spirit of information security management. As of the end of 2017, 109 of our employees have acquired the ISO27001 Lead Auditor certificate.

In accordance with relevant regulations of personal information protection, E.SUN regularly conducts annual inspection to verify the current situations of its personal information database and complies with the E.SUN FHC and Subsidiary Guidelines for Personal Information Management and Organization to examine and adjust the Personal File Checklist and Overview of Corporate Information Flow, and incorporate them in the scope of this program and the handling method.

Providing customers with a safe and protected banking environment is a bank's responsibility and promise to its customers because a slight negligence may compromise the customers' interests. Therefore, graphical password was incorporated in the Internet banking, corporate Internet banking, and mobile banking systems to protect customers from malicious test passwords during the login procedure. For website encryption protection, an encryption protocol that is better than the industry standard was adopted to ensure user safety. Mobile banking that operates on an iOS system is integrated with the Touch ID biometric technology to further enhance user safety and quality.



Resources for Information Security



(Total training hour about the internal information security in information technology division)



(Information security expenses (NT\$1,000,000))

Information Security Incident

In January 2017, the test area antivirus report by the IT Division confirmed an alert for isolation of infected programs. Further investigation revealed a suspected attack from outside, and a thorough check verified that the virus did not cause damage to the transactions. In addition to promptly activating the response measures and reporting the incident to the competent authority, E.SUN proceeded with damage control by reinforcing IT security controls on the test environment, strengthening the monitoring and management mechanisms, and modifying the infrastructures. The seven measures to enhance and refine the systems in response to this incident were completed in the same month.



(本章節與SDGs的連結)

Society

2.1 Financial Inclusion

2.2 Digital Finance

2.3 Customer service

2.4 Happy Workplace

2.5 Social Inclusion

Result in 2017

E.SUN FHC website has been ranked A+ certification by National Communication Commission

A+ certification



11 innovative designs of New E.SUN mobile banking have been patented by the Intellectual Property Office of the Ministry of Economic Affairs

11 patents



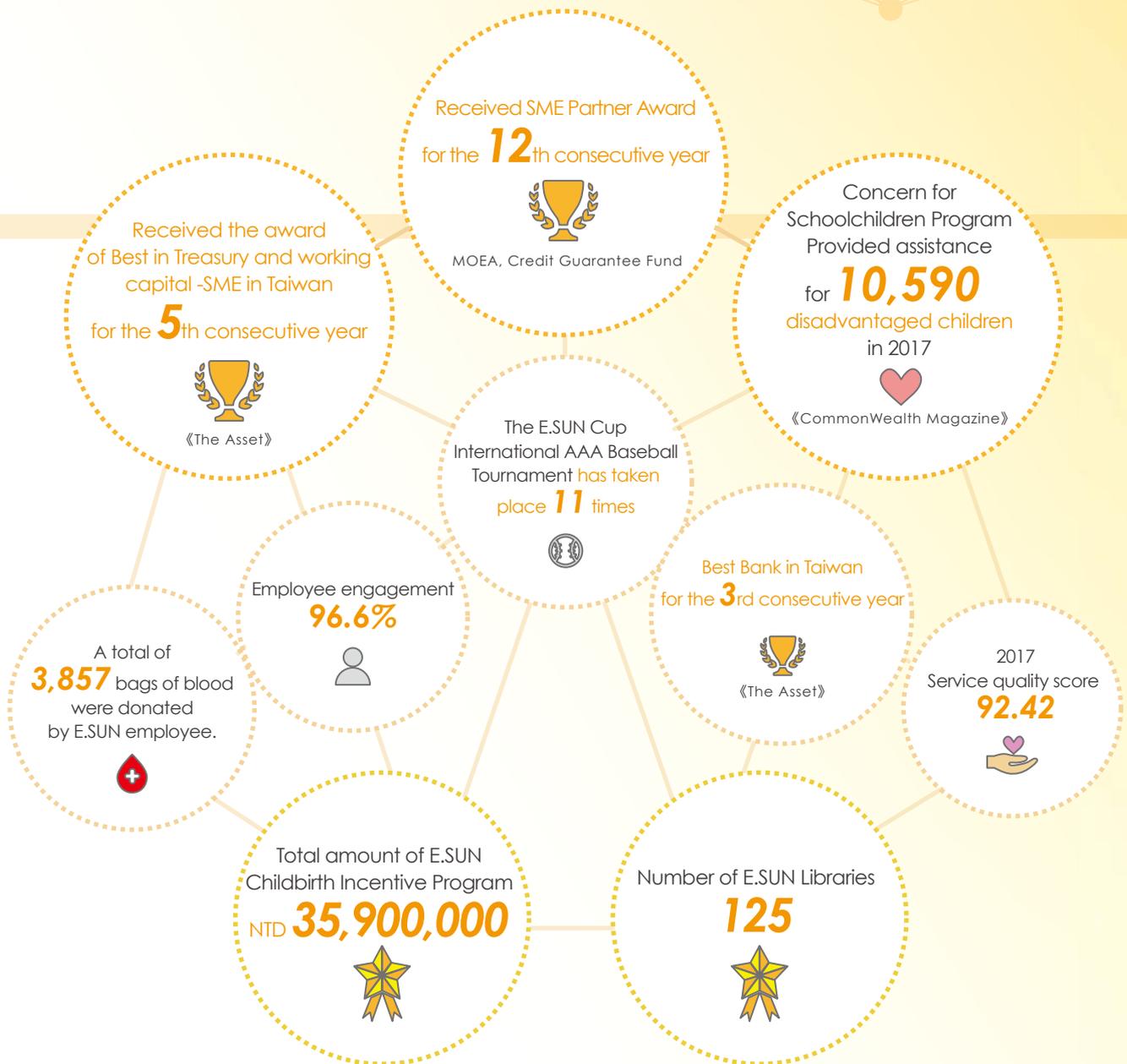
Total amount of prevented fraud:
NTD **11,502,967**



行動支付

E.SUN asserts that corporate social responsibilities are fulfilled by understanding the society's true needs, properly utilizing core financial competencies and financial innovation capabilities, integrating internal and external resources, devising feasible execution plans, and continue to improve these plans so that they form a positive cycle.

With innovative thinking, we actively develop FinTech applications and invest in various social programs to create value for the customers and take actions to contribute to the society.



2.1 Financial Inclusion



■ GRI : 203-1、203-2 ■ GRI G4 : FS5、FS7、FS13、FS14

By leveraging the core competencies of the financial industry, E.SUN Bank creates convenient financial services that are readily available as if on tap. Service threshold for the general public is reduced, enabling individuals or business owners with different backgrounds to access suitable financial services on our open, equal, and diverse foundation. Not only do we take advantage of the universality of digital banking and loans to SMEs to enhance employability and economic development, but we also offer barrier-free financial services and support for disadvantaged groups to fulfill indicators FS13 (access points in low-populated or economically disadvantaged areas by type) and FS14 (initiatives to improve access to financial services for disadvantaged people). By using the strengths of the financial industry, we aim to eliminate poverty and inequality in the society, thereby boosting the robust development of the society and economy.

2.1.1 Supporting industries and promoting steady growth in domestic markets

SMEs are the engine behind economic and social development in Taiwan. E.SUN Bank endeavors to be a reliable business partner for SMEs and provide a line of friendly, secured financial services that will respond to the needs of SMEs as they enter different stages such as growth, innovation, and transformation. In 2017, the awards and achievements of SMEs which were counseled and recommended by E.SUN:



- The 26th National Award of Outstanding Small and Medium Enterprises was awarded to 12 enterprises, **4** of which were counseled and recommended by E.SUN
- The 20th Rising Star Award was awarded to 13 enterprises, **3** of which were counseled and recommended by E.SUN

Project	 Small business loans	 Supporting Cultural and Creative Industry
Purpose	Small businesses are the primary entity of Taiwan's economic structure. By marketing customized products and services, E.SUN's professional team aims to attract new business opportunities with the premise that risks may be controlled and assist small business development to boost the economic development in Taiwan.	Financial support is provided to cultural and creative industries and young entrepreneurs to develop industries that are characteristics of Taiwan and help young entrepreneurs to build their dreams.
Products	Secured loans and personal loans for small businesses.	Small business loans.
Social Benefits	13,018 SMEs and households obtained financing.	4,812 cultural and creative industries and young entrepreneurs obtained financing.
Commercial Benefits	Loan balance 78.44 billion. Annual growth amount 10.48 billion, growth rate 15.42% .	Total loan balance of culture and creative industry reached NTD 55.866 billion, grew by 5.27% year over year and the amount increased by NTD 2.8 billion.

E.SUN Bank has stipulated in its E.SUN Bank Lending Policy that it shall provide financing and counseling services for SMEs to help them improve their business management. E.SUN continues to integrate government resources for promoting the Small and Medium Enterprise Credit Guarantee Fund, SME Innovative Special Loan, and Financial Industry Supporting Creative Industry Project, which have received multiple awards at home and abroad:



2.1.2 e-Click Loan Application provides equal access to financing quotes and creates an opportunity to overcome economic restraints

The launch of e-Click Personal Loan and e-Click Mortgage in 2014 and 2016 has enabled customers to calculate loan amounts and rates and complete applications online. In 2017, E.SUN Bank was the first to introduce the e-Click Small Business Loan Application, providing small business owners loans for capital turnover, to satisfy the financial needs of different customers at each stage of their life with personal loans and mortgage loan online services. The app combines personal loans and mortgage loan services to satisfy the financial needs of different customers at each stage of their life. Integrating public information with a 24-hour online personalized calculation service, E.SUN Bank eliminates the inequality of information acquisition and enables all users to receive personalized quotes like a VIP and access financial services that are readily available as if on tap, thereby creating an opportunity to overcome economic restraints.

Corporate e-Click loan application



According to the 2017 Small and Medium Enterprises White Paper, SMEs as the foundation of Taiwan's economy account for 97.7% of all enterprises in Taiwan. However, previous review processes for corporate financing had rendered these enterprises unable to access the capitals they need to run their business. E.SUN Bank attempts to overcome this inequality by disclosing the credit assessment procedure for small businesses and establishing an open, shared, and equal platform. Business owners need only a unified business number to perform a calculation by completing a 3-step survey. A financing calculator and file saving function can be used according to the type of business registered under the name of a business owner, providing business owners with a wider range of choice for price comparison. Furthermore, the use of a big data model combined with mortgage and personal loan services provides customers with a greater diversity of product choices.

e-Click Mortgage



The E.SUN Chatbot i Personal Financial Advisor introduced in 2017 allows customers to ask questions and receive answers on their preferred social media platform (e.g., Facebook and LINE). By engaging with the E.SUN Chatbot i, customers could access instant personalized home mortgage credit line and rate assessment that benefited from the universality and convenience of mobile phones and social media, which greatly reduce the threshold and cost of accessing financial services. Based on estimations of real estate in the market, the e-Click Mortgage has helped customers save NT\$1.5 billion (Note) in real estate estimation costs as of the end of 2017.

(Note: This amount was estimated by multiplying the total number of calculations performed during this period by the basic fee announced by the Chinese Association of Real Estate Brokers)

e-Click Loan Application



The e-Click Loan Application was introduced in 2017, allowing customers to complete assessments, approvals, and disbursement online. In 2017, the number of submissions and reviews has increased by over 50%, and 25.7% of all loan applications were assessed online, indicating the growing popularity and effectiveness of digital loan services.

2.1.3 Innovative insurance services ensure the health and welfare of all age groups

Insurance and retirement trusts



E.SUN Bank was the first among its peers to combine long-term care insurance and trust products that ensure that the insurance bonus provided serves its function of care for the insured when the insured sustains injuries causing physical disabilities or dementia. In 2017, E.SUN was ranked among the top-performing banks in the Financial Supervisory Commission's 2016 Performance Evaluation for Trust of Senior Citizens and Persons with Disabilities. E.SUN also participated in the Conference on Property Trust of Senior Citizens and Persons with Disabilities, which was held by the trust association and New Taipei City Government. In future, we will continue to commit to planning financial products and services that not only meet the needs of senior citizens but also increase the value of retirement care trusts.

Online insurance enrollment



In light of the digital trends, E.SUN has provided faster and simpler financial services. E.SUN Bank was the first financial institution in Taiwan to receive approval from the Financial Supervisory Commission to launch an online insurance business. Customers can purchase different types of insurance online, including compulsory motorcycle liability insurance, compulsory automobile liability insurance, and travel insurance, to satisfy their diverse insurance needs.

2.1.4 Financially friendly environment for access to virtually and physically integrated barrier-free financial services

Financially friendly pages



(https://ebank.esunbank.com.tw/pure/sib08001/SIB08001_Home.faces) E.SUN Bank website and Internet Banking both provide financially friendly web pages (barrier-free services), which enable visually impaired users to access our website via screen reader software or a braille display and use our financial services online. The E.SUN website conforms to the standards prescribed in Class A+ barrier-free public "interest rate and foreign exchange rate information network." We have received the A+ certification from the National Communications Commission. Our personal online banking service is expected to receive a certification for website accessibility in 2018.



Interest rate and foreign exchange rate information network



Financially friendly internet banking

Friendly financial services for people with physical and mental disabilities



To provide friendly financial services for customers with physical and mental disabilities, our Financial Service Area is equipped with automated equipment that is not more than 120 cm high, which provides streamlined operations for wheelchair customers. The equipment features functional services such as voice instruction and warning indicators (e.g., warning sounds and flash lights) as a reminder for customers to collect their bank card and cash. In February 2017, E.SUN Bank was the first among its peers to introduce Video Teller Machine and Sign Language Service into its Banqiao, Dadun, and Jinhua branches in northern, central, and southern Taiwan. The power of technology is combined with sign language services provided by real person to create convenient service experiences for visually impaired users, thereby achieving the goal of inclusive financing.



2.1.5 Support disadvantaged people by providing care and financial services

| Remote rural areas as defined by the Ministry of Interior |

Loan balance almost NTD 1.2 billion, 1,189 beneficiaries.

| Micro-insurance |

Microinsurance is an insurance policy designed for economically disadvantaged or those with special needs. Micro-premium payments are provided to protect individuals and their families from hardship caused by accidental incidents. E.SUN continues to cooperate with Nan Shan Life Insurance Company and China Life Insurance to promote microinsurance policies that provides disadvantaged groups protection from specific risks. In 2017, the number of microinsurance policies issued increased by 70% from 2016.

| Disadvantaged groups |

- Eight of our customers were victims of the earthquake that had toppled the Weiguan Building in Tainan. They were given interest reduction on their outstanding loan balance (NT\$18.62 million in total) and repayment extension. E.SUN Bank also took the initiative to offer them assistance with applying for insurance claims.
- A total of 4,240 applications have been processed for customers who had difficulty repaying their loans due to accidental incidents. Through claims negotiation, E.SUN Bank has helped these customers to regain their creditability and ensure claims recovery.

| National Taiwan University innovative mobile payment service |

By employing mobile payment services combined with school subsidy programs, E.SUN has introduced a NTU Dining Pass that offers subsidies to disadvantaged students through a de-identified mobile electronic wallet app. The service allows students to pay for their meals on campus by QR code scanning without having to present actual meal vouchers. This service protects disadvantaged students from being tagged and reduces the financial burden of students during the course of their study.



In response to the FinTech White Paper, E.SUN has invested in blockchain research in 2017 and cooperated with startup teams to launch the first trial on combination of mobile payment via blockchain technology with discount service in NTU Dining Pass. Consumers can redeem points issued by e-wallet operators in exchange for meals on campus. The NTU Dining Pass helps school merchants to solicit new customers and helps to practice innovative blockchain technology, thereby creating a financial ecosystem that yields multiple beneficial outcomes.

No. of merchants	32
No. of disadvantaged students helped	176 (registered)
Amount of subsidies distributed/used	> NT\$ 4,000,000



2.1.6 Upgrading banking services in financially underdeveloped countries

E.SUN Bank Yangon Branch is the sole Taiwanese bank in Myanmar that consistently contributes to local economic development and financial environment. In 2017, E.SUN hosted a seminar, Southbound Navigator - Onward to Myanmar, in Taiwan, inviting accountants, foreign trade associations, and Taiwanese companies to discuss issues on tax, laws and regulations, and current financial and business trends with more than 200 Taiwanese businessmen who are interested in starting a business in Myanmar. E.SUN is also an active participant in industry-related associations. The Company has organized seminars in Taiwan and Myanmar to provide useful intelligence for Taiwanese businessmen investing in Myanmar. E.SUN has organized multiple seminars with the banking sector and academic sector in Myanmar to share information on the business practices and risk management methods used by the banking industry. The purpose of these seminars was to expand the scope of exchange with local financial experts. In 2017, 3 sessions of seminar were held and attended by 250 participants.

E.SUN Bank's subsidiary Union Commercial Bank PLC. (UCB) in Cambodia provides balance inquiry service, which is subsequently incorporated with transfer and transfers to time deposit functions in 2017. Dong Nai Branch in Vietnam also began offering Internet banking service in 2017, allowing customers to make balance inquiries and download their bank statements. Using the power of digital technology to upgrade banking services in financially underdeveloped countries is expected to boost local economic development and promote the accessibility and universality of banking services.



2.2 Digital Finance Innovation



■ GRI : 203-1 、 203-2 ■ GRI G4 : FS5 、 FS7 、 FS8

E.SUN is committed to the comprehensive development of digital banking and promotion of Bank 3.0 service. Combined with smart digital platform, scenario-based finance, and inclusive finance strategies, digital financial services that are readily available as if on tap are provided to customers. As of the end of 2017, 40% of the bank's customers complete financial transactions through online banking. This percentage has increased rapidly with the prevalence of mobile phones and FinTech applications. With these digital services, we also promote paper-less operations and reduce the carbon footprint, thereby playing our part in environmental protection.

In support of SDG 8 (Decent Work and Economic Growth), we designed a fair open platform for SMEs in Taiwan so that SMEs can buy and sell products anywhere across the world. In support of GRI 203-1 (infrastructure investments and services supported) and GRI 203-2 (significant indirect economic impacts), we provided digital banking infrastructure and developed consistent digital banking products, respectively, to render equal and impartial financial services. In addition, we provided a wide range of free, zero-threshold, high-quality financial services that facilitate eliminating poverty and inequality in the society, thereby promoting decent work and economic growth in the society. While staying committed to developing innovative financial services, we also pay attention to information security. Please refer to 1.5 Information Security for details.

2.2.1 New version of mobile banking for iOS systems: Creating the best customer experience



Download and experience



Interview on Customer Concerns

According to 12 sessions of interviews with 83 interviewees, we identified the following concerns: Customers tend to forget their account ID and passwords due to seldom usage and the complex combination. Also, they often fail in login due to the tiny space on touch screen.



Innovative Login Authentication Technique

With mobile device certification, customers only need to finish the first time authentication on device to access fast logins afterward through Android lock or iOS Touch ID.



Elevating Customer Experience

Since the new mobile banking iOS App was launched, the number of logins and active customers increased by 200% and 100%, respectively.

Personalized interface for a customized menu

Customers can customize their own main page after login by organizing their preferred accounts information however they want and view the different pieces of information simply by swiping their fingers up and down the screen.

Positive evaluations for our innovation

Since it was launched, the app has received positive ratings and evaluations on various discussion forms. The number of transfers, foreign currency transactions, and push notifications on mobile banking has increased by more than 100%, 150%, and 100%, respectively.

Shortcuts

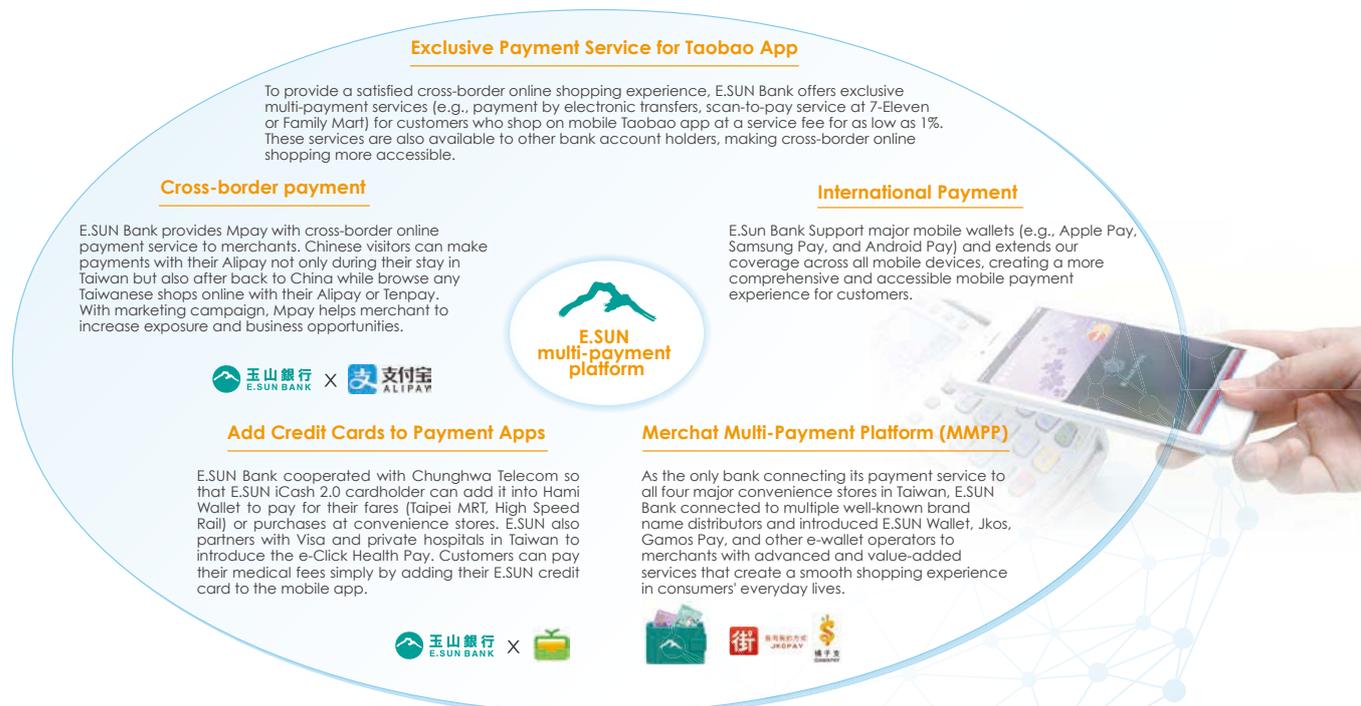
Four most popular functions were selected to place on top of the main page in App so that reduce users route and accelerate the process of using the app. Since the app was launched, the number of transfers made has increased by 100%.

Patented innovative designs

Eleven of our innovative designs have been patented by the Intellectual Property Office of the Ministry of Economic Affairs.

2.2.2 Easy shopping with E.SUN's diverse payment service to attract new merchants and customers and develop new business opportunities

E.SUN Bank has introduced E.SUN Wallet and HCE mobile credit card, becoming the first financial institution in Taiwan to integrate HCE into QR code payment service, thereby allowing customers to complete payments by using their mobile phone. Also, E.SUN has launched Mpay, an O2O mobile QR code payment platform, to offer merchants a payment total solution. In 2017, E.SUN established a common infrastructure and application programming interface (API), Merchant Multi-Payment Platform (MMPP), to successfully assist Taiwanese merchants and electronic wallet operators (e.g., Jkos, and Gama Pay) to access E.SUN's platform service. This access not only reduces merchants' infrastructure cost for incorporating electronic payment and e-wallet operators but also helps these operators to quickly establish their channels through E.SUN Merchant Multi-Payment Platform. By integration service of credit cards, mobile payment, and domestic and foreign payment service in both physical and virtual, E.SUN Bank makes customers to shop easier at anytime and anywhere, helping merchants to develop new customers and new business opportunities.



2.2.3 Financial service upgrade: The first i-Instant Smart Finance Calculator

i-Instant



In response to the increasing prevalence of smart financial planning services, E.SUN is the first among its peers to launch the i-Instant Smart Wealth Management Calculator, a 24-hour online finance calculation service. Data based on the professional analyses of our research team are generated and computed using an artificial intelligence system to perform data analysis, risk analysis, and market analysis. Investment portfolios are customized according to customer needs, and map-based fund search web page is used to identify suitable targets and enable customers to easily maintain a grasp on investment trends.

Financial Intelligent Calculating Service (FICS)



e-Click Online Card Application



E.SUN Bank is the first among its peers to introduce the e-Click Online Card Application, a simple and convenient online credit card application service for cardholders and E.SUN bank customers. E.Sun launched the Citizen Digital Certificate and Credit Card Verification Service in January and August of 2017, respectively. With these services, new customers who do not bank with E.SUN can apply for E.SUN credit cards online without having to waste time filling out paper forms and traveling back and forth to post the forms. E.SUN is devoted to working together with customers to protect the earth and reduce carbon emission.



2.2.4 A big leap in social network financial services: The first artificial intelligence semantic cognition technology in the financial industry

E.SUN Bank's Facebook and LINE have accumulated approximately 4.78 million users, attracting billions of views. The Asset Magazine has rated E.SUN Bank as the Bank with the Best Social Network Experience in Taiwan in recognition of our diverse and innovative social network engagement practice. Based on frequent interactions with customers, E.SUN observed that one aspect of social network most desired by digital customers is obtaining answers and solutions quickly through Q&A. Therefore, artificial intelligence was applied in digital network channels for providing considerate and differentiated services that exceed expectation. Through use of the E.SUN Chatbot i personal financial advisor, E.SUN provides not only graphic information for customers and product information on its official websites, but also an interactive advisory service in which customers could receive answers to their questions immediately as if they are talking to a financial advisor. This chatbot service is a milestone of innovation in social network banking.

E.SUN Chatbot i



- The first artificial intelligence cognitive computing combined with financial product sales advisory service in Asia
- Facebook and LINE dual social media platform service
- Received the Best Innovation in Asia Pacific Award and ranked 2nd place in Gartner Innovative Digital Service award by the Asset
- Engaged in approximately 1.5 million interactive conversations in 7 months after its launch
- Integrated the knowledge and experience of E.SUN front-line employees with innovative technologies, providing approximately 2 to 3 years of teller advisory services
- Integrated wide range of financial services, including foreign exchange rate calculation, home mortgage credit line and rate assessment, and credit card recommendation and online application
- A conversational advisory service offers customers immediate access to information during their spare time, establishing a paradigm in conversational commerce.

2.2.5 Innovation Lab accelerates innovation and fostering of technical specialists



Talent is the key indicator of financial development. In response to the rapid FinTech development, E.SUN Bank created the Innovation Lab in February 2017.

It is equipped with four centers: R&D, commercial operations, consulting, and incubation. There, knowledge in various industrial and academic fields, domestic and foreign, is gathered and introduced into the development of six forward looking areas: blockchains, artificial intelligence, identification technology, electronic payments, big data, and augmented reality(AR)/ virtual reality(VR). Since its inauguration, the Innovation Lab has implemented 13 projects and engaged in close industry-academia cooperation with National Taiwan University, National Tsing Hua University, and National Chiao Tung University.

2.3 Customer service



■ GRI : 102-2、417-1、417-2、417-3

■ GRI G4 : FS15、FS16

Service is the core value of E.SUN and the DNA of every E.SUN employee. E.SUN will always remain committed to providing warm and considerate services for customers. The rise of digital banking has prompted E.SUN to commit to financial innovation and constantly optimize and improve service processes with the hope of providing more thoughtful and diverse financial services that commensurate with the needs of customers. Always believing that there is room for improvement in the quality of services that we provide, E.SUN Bank will continue to improve its expertise and service quality, protect customer assets with care, and increase customer satisfaction and experience.

Dedicated customer service unit

E.SUN listens to its customers and strive to satisfy their needs by providing a diverse range of customer feedback channels. E.SUN is the first in the industry to incorporate innovative customer service concepts in establishing a dedicated Customer Service Division. The Division oversees the bank's service quality, conducts customer satisfaction surveys, and gathers customer feedback to ensure that customers' rights are properly implemented, and regularly reports to the board of directors and business team.

2.3.1 Emphasis on the importance of financial consumer protection and rights

■ GRI : 102-2、417-1、417-2、417-3

■ GRI G4 : FS15、FS16

Emphasis on the importance of financial consumer protection and rights |

E.SUN establishes a core corporate culture of treating customers fairly and develops the E.SUN Bank Fair Customer Treatment Policy and Strategy (approved in the 15th session of the 9th board of directors meeting on March 18, 2016) according to the regulations of the Financial Supervisory Commission. The policy and strategy is aimed at raising employees' awareness of financial consumer protection and applicable laws and regulations. To maintain customers' rights and quickly mediate customers' complaints against the Company in order to keep in harmony with our customers, we have devised E.SUN Bank Consumer Handling Guidelines (approved in the 11th session of the 9th board of directors meeting on August 21, 2015) and E.SUN Securities Consumer Dispute Handling Procedures (approved in the 12th session of the 6th board of directors meeting on August 18, 2015 and amended for the first time in the 26th session of the 6th board of directors meeting on June 15, 2017), providing customers with a fair and transparent complaint filing channel. Thus, the principles of fairness, reasonableness, equality, mutual benefit and integrity are implemented in protecting the interests and rights of financial consumers.

Providing user friendly banking services |

In accordance with Guidelines Governing Friendly Banking Services of the Banking Sector, E.SUN has established barrier-free facilities or services by dedicated personnel to enhance the quality of E.SUN services and ensure that economically disadvantaged groups can enjoy basic rights, equality, and convenient financial services in a friendly financial environment. E.SUN Bank Call Center integrates technological applications this year. E.SUN has launched Taiwan's first VTM Sign Language Service. By verifying their identity with their E.SUN debit card or credit card, customers can engage in real-time video communication with customer service personnel by using sign languages to inquire about credit card services. For example, customers had used the VTM to inquire about exclusive card offers and provided a satisfactory response using sign languages as an expression of gratitude to our employees. E.SUN's VTM sign language service, smart text customer service, and other innovative and accessible financial services are solutions that create heartwarming and care experiences for customers with hearing impairment.



Detailed description of product and service sales |

We implement consumer protection according to the E.SUN Bank Fair Customer Treatment Policy and Strategy. The services and products offered at E.SUN Bank have been subject to regulatory evaluations. E.SUN's website provides a complete description of the basic knowledge regarding each product line. All internal documents and forms provide the terms and conditions concerning applicable costs and risks, as well as detailed information on our products. A calculation function tailored to customer needs is established to facilitate autonomous asset allocation. Our product information is completely disclosed in the product manual and prospectus in order to ensure that consumers are clearly aware of their rights, the potential risks, and how E.SUN utilizes their information to create customer value.

| Over-the-counter protection of customers' rights |

E.SUN is committed to curbing financial fraud. Our Consumer Banking Division collects reports of unusual activities and provides them to each branch for rehearsals of financial fraud incidents twice every year, which aims to enhance tellers' sensitivity, shield customers from fraudulent incidents, and protect their assets.

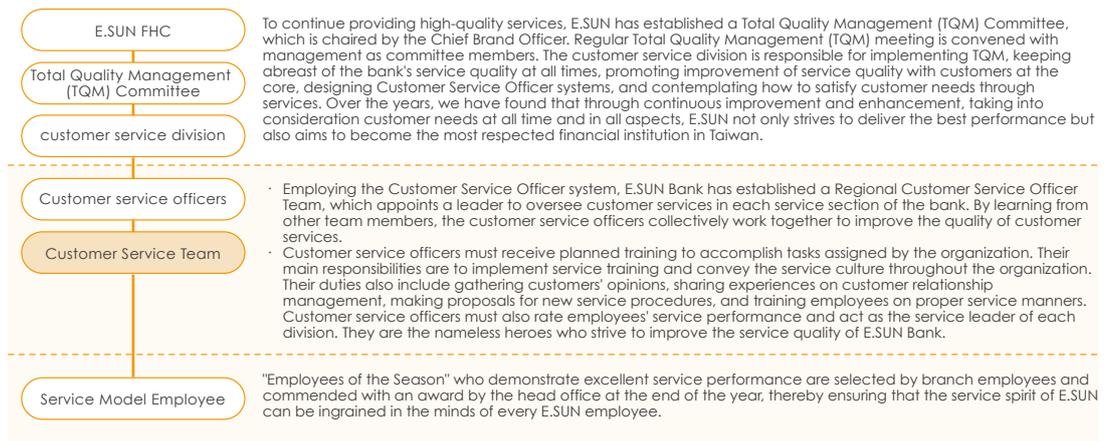
In 2017, 138 branches nationwide have worked with the police to curb criminal activities, successfully preventing financial fraud losses of up to NT\$11,502,967. As a result, E.SUN Bank has received letters from the police authorities and telephone calls from customers to praise the bank's effort in consumer protection.

2.3.2 Customer service quality

■ GRI : 102-44

E.SUN abides by the core value of being "Pure as Jade, Sturdy as Mountain" in providing a comprehensive range of high-quality financial services that commensurate with customer needs. We endeavor to create value for our customers, thereby further contributing to E.SUN's overall performance. Considering the overall trends in environmental development and technological innovation, E.SUN constantly strives to strengthen its technological capability and skills in data analysis for maintaining a grasp on customer needs. Subsequently, we aim to develop market strategies based on our core competencies to provide differentiated services that exceed customers' expectation.

| Customer service framework |



| Service quality management practice |

(1) Complete and continuous customer service training

Complete set of customer service training is organized for every new recruit. The training program accounts for 20% of the overall course. E.SUN allocates a time slot for Customer Service Officers every year to educate and train them on materials provided by the Customer Service Division and share case studies of customer services. Regular video conferences are held to discuss the product and process aspects of each product line. Training is regularly provided to not only enhance employees' expertise in finance but also ensure that the spirit of customer services is implemented in every detail.

(2) Onsite customer experience survey

Since 2015, the Customer Service Division has visited each branch to conduct onsite service quality management and exchange, examine every key contact point between customers and the branch, simultaneously collect customer opinions, and engage with the branch in real time. The purpose of the visits is to ensure that the services and product process designs adopted by E.SUN bank are consistent with customer experience. In 2017, the division visited 138 branches and ranked their performance according to quantitative ratings. Re-inspection was conducted on the bottom ten branches in November. Improvement situations were included in the response to the re-inspection improvement report. We believe that implementing service management will continue to elevate customer experiences at our branches.

(3) Service quality rating

Quantifiable service assessment indicators were designed using the 2017 guidelines for domestic business management performance evaluation. Measurement-oriented includes "Professional ability" and "Customer management" (50% each). Service quality scores are regularly announced to assist each regional customer service officer in improving service quality.

Year	2014	2015	2016	2017
Average service quality score	89.55	91.08	92.01	92.42

| Emphasis on the importance of customer feedback for better service experience |

In recent years, customers choose companies based on their previous experience with the company. The scope of customer experience is greater than that of customer service; it includes the experience and perception of each contact point between the customer and a company or brand. To instantly record and analyze customer feedback, we adopted online questionnaires to conduct Customer Satisfaction Survey and analyzed the completed questionnaires. The results are provided to department heads as reference for optimizing customer rights and products and services to enhance customer satisfaction.

Year	New account customer	New loan application	Digital user
2016	84.62%	91.98%	95.88%
2017	85.43%	93.16%	97.06%

< Customer Satisfaction Survey >

2.3.3 Customer Complaint Filing Mechanism

| Multiple channels to deliver high quality service |

E.SUN Bank always stand on customer side and listen to customer need though varies service channels. Then we can control the SOP and provide timely response.



E.SUN Chatbot | Personal Financial Advisor

To provide customers with 24 hours of heartwarming services, E.SUN Bank has introduced the AI Chatbot technology into its social network platform. The Small-i Robot, personal financial advisor, provides interactive financial product advisory services all year round and has achieved 100% in response rate, which effectively raised the speed and quality of customer services, bringing our customers barrier-free high-quality financial advisory service free of charge.





Smart customer service—Chatbot YU

As we embrace the arrival of the digital age and the vigorous development of artificial intelligence, E.SUN Bank Call Center has integrated artificial intelligence into its smart customer service, making E.SUN Bank the first in Taiwan to offer an innovative service that not only reduces call waiting time and increases service efficiency but is also available all day long. Smart customer service—Chatbot YU offers a full range of financial advisory service and answers questions immediately online. Customers can also seek information from Chatbot YU, such as credit card statements, foreign exchange rate, and weather forecasts. According to the questions raised thus far, approximately 97% of them can be answered directly by Chatbot YU. For difficult and complex questions, customers are directed to customer service personnel. In future, Chatbot YU will continue to learn and develop its database to include in-depth learning, big data analytics, and voice recognition technologies, thereby becoming a personal financial secretary who is favored by each and everyone of E.SUN customers.



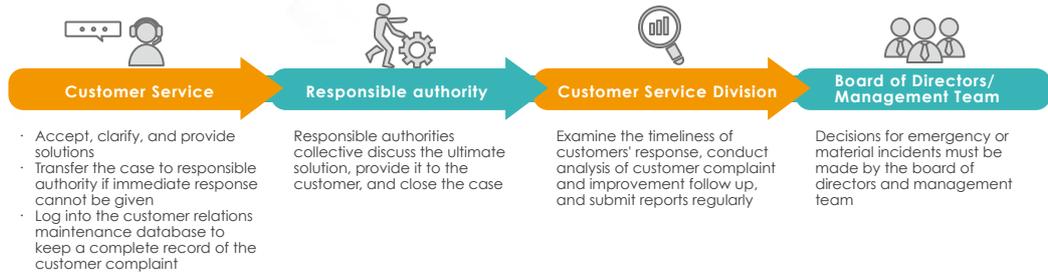
A variety of customer feedback channels

- All 138 branches throughout the country are equipped with a customer suggestion box. These customer suggestion boxes also support QR Code and provide prepaid reply cards.
- The official website has an online "visitor message board" feature and "Smart customer service—Chatbot YU."
- The dual-hub business model enhances the 365 days/ 24hours customer services: 24-hour hotline at 0800-30-1313 and (02)2182-1313.

| Customer complaint handling mechanism |

Relevant handling procedures and regulations have been developed to refine and continuously improve customer relations and service quality (Refer to 2.3.1 Customer Right Protection for details). Attributable customer complaints are properly handled, during which constant contact is maintained with customers. If operating procedures or regulations need to be improved, they are included in the recommended improvement report. A meeting with each business division is convened to develop improvement plans for maintaining customers' rights and enhancing service quality.

• Response to:



• Timeliness for Handling the Incident:



For various business divisions, E.SUN appoints designated personnel to handle customer complaints. The Customer Service Division will coordinate tracking and managing of complaints relevant to the divisions and handle communication. In 2017, E.SUN has received 1,492 customer complaints from different feedback channels and regulatory authorities; most of the complaints was resolved to customer's satisfaction. Our system performs a quarterly analysis to examine whether a specific type of complaint occurs recurrently or abnormally and immediately notifies the head of the responsible department, who then proposes response and improvement plans for reducing the occurrence of similar types of complaint. Compliance with applicable laws and regulations and the successive launch of new services have increased the complexity of service procedures for our employees. Attributable to continuous system and process improvements, 32 customer complaints were filed in 2017, 30 complaints less than those filed last year. Every customer feedback is the force driving us to strive toward high-quality services.

2.4 Happy Workplace

E.SUN strives to make the workplace the second home for employees. E.SUN approaches human resource management from four directions and ensures every employee is given the opportunity to shape their future as long as they are willing.

2.4.1 Equal employment opportunities and employee rights



■ GRI : 102-8、102-41、202-2、401-1、401-2、401-3、405-1、405-2、406-1、408-1、409-1、412-1、412-3

| Human rights management |

In 2016, E.SUN published the "Declaration on Human Rights" on its website and established the due diligence program. The Corporate Social Responsibility Committee is the body that invites managers and employees on all levels in all departments to review human rights issues and identification and evaluation of the recruitment policy on a quarterly basis in order to ensure an effective human rights policy. Potential human rights risks of the subsidiaries and suppliers of E.SUN FHC are examined using questionnaires in order to properly implement human rights policy. In 2017, no major risks and deficiencies in relation to human rights issues and impact assessment were identified in the business activities of all E.SUN business locations.

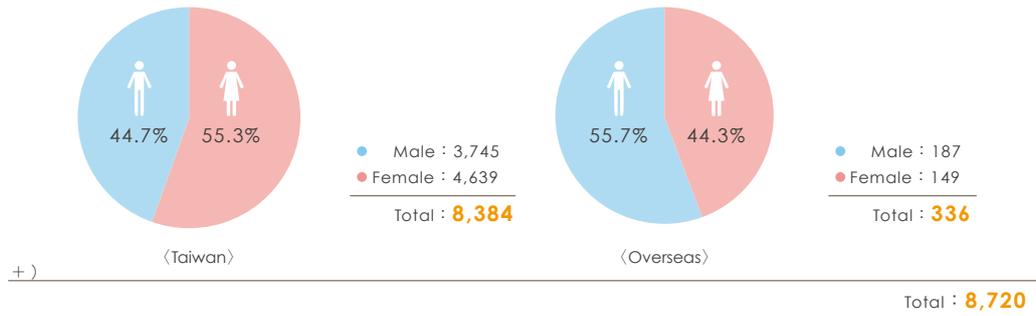


E.SUN Employees-
Commitment to
Human Rights

| Diverse workplace |

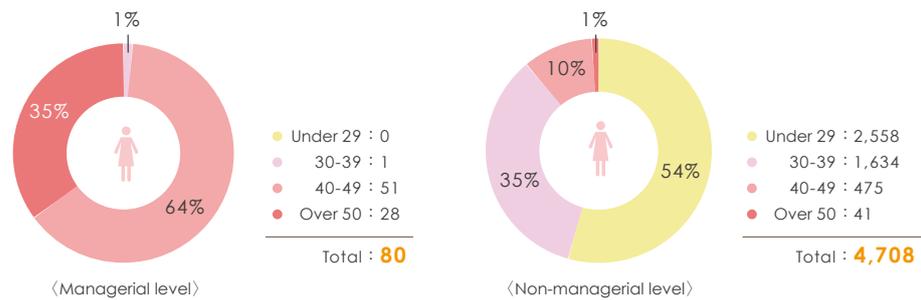
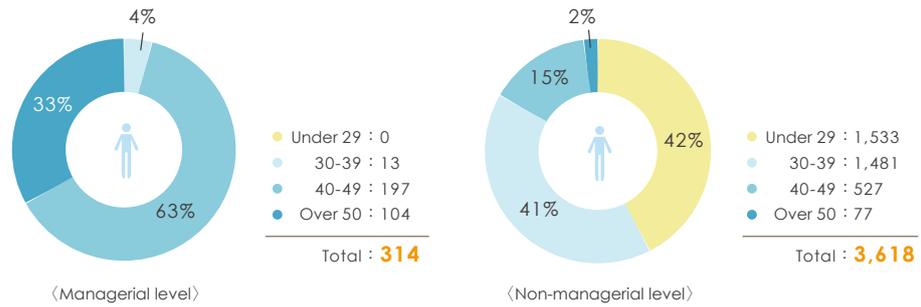
The E.SUN recruitment policy is based on equality and human rights. E.SUN supports diversity in the workplace by offering equal opportunities regardless of gender, race, age, political inclination, marital status, and family conditions.

1. Employees of E.SUN FHC and its subsidiaries:



Note: There was no non-regular employee in 2017. Majority of E.SUN's business operation based in Taiwan in 2017 with local hiring ratio of 100%. The definition of employees is the annual average number of employees in 2017.

2. Age/gender distribution of managerial level and non-managerial level:

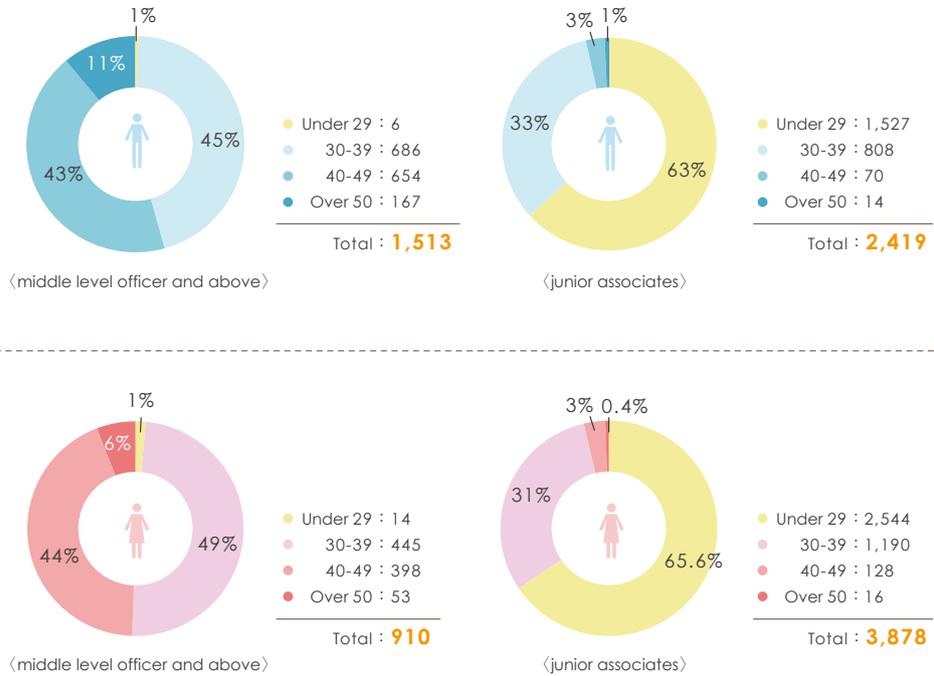


Gender	Managerial level	Non-managerial level	Total
Male	314	3,618	3,932
Female	80	4,708	4,788
Total	394	8,326	8,720

Note: Persons in this chart consist of managers from business units and above, including 1 disabled individual of managerial level who is over 50-year-old, 31 disabled individual of non-managerial level.

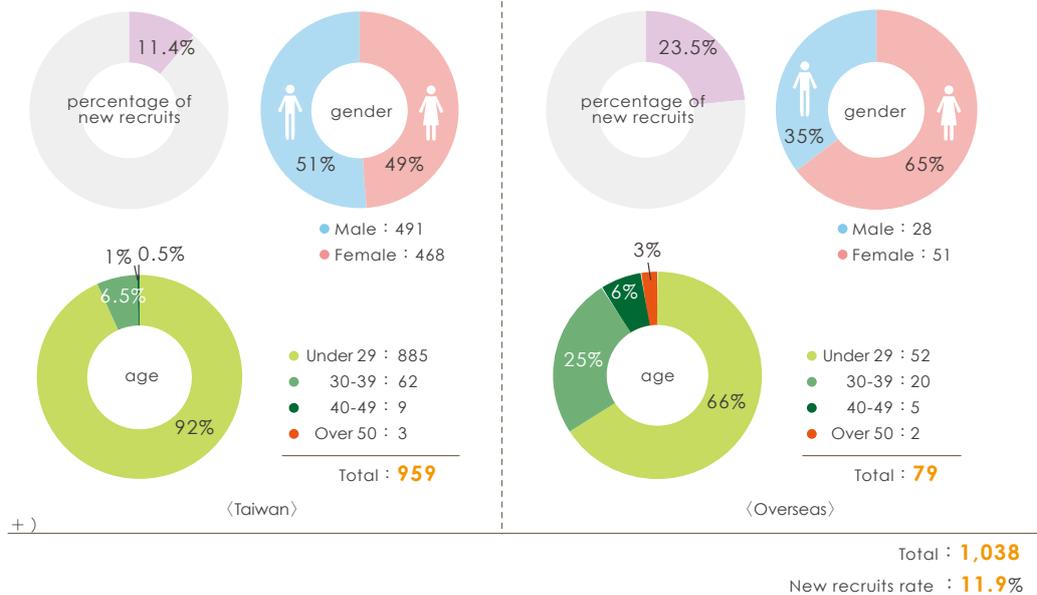


3. Middle level managers and above vs. junior associates (gender/age distribution):



Gender	middle level officer and above	junior associates	Total
Male	1,513	2,419	3,932
Female	910	3,878	4,788
Total	2,423	6,297	8,720

4. New recruits (gender/age distribution):



Note:
ESUN prohibits employment of child labor (below 16), eliminates forced labor in any form, and does not commit any demeanor that jeopardize labor rights. It is clearly stated in employees working rule that no overtime is allowed.

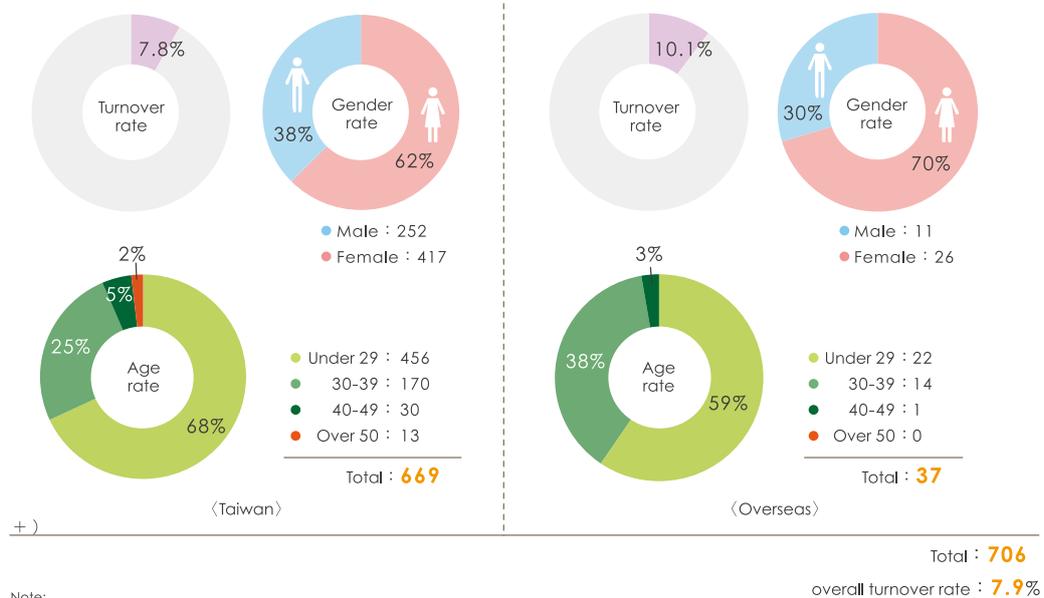
| Employee rights |

E.SUN has established the Statement of Commitment to Human Rights and Environmental Sustainability in accordance with the labor laws, including the Labor Standards Act of the Republic of China and the Act of Gender Equality in Employment, to protect the rights of all employees. The Human Resource Development Committee meets once every quarter to review the organizational structure, employee rights, and actual social involvement in order to ensure equality in terms of remuneration, terms of employment, training and promotion. E.SUN guarantees equal or better treatment for female employees than male employees. No incident of discrimination was reported in 2017.

Any relocation of personnel due to the Company's development needs (because of the establishment or moving of business locations) or need for rotation as part of 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 have worked continuously for at least 3 years must receive at least 30 days of prior notice.

1. Turnover rate:



2. Statistics of Unpaid Parental Leaves and Reinstatements:

E.SUN has made relevant rules for applying parental leaves according to Labor Act, the the rules are stated in the E.SUN Employees Working Rules. A dedicated system is provided for employees to apply online.

	Gender		Total
	Male	Female	
(1) Number of Employees that applied for parental leave in 2017	9	163	172
(2) Number of Employees that planned to return from parental leave in 2017 (A)	11	137	148
(3) Number of Employees that actually returned from parental leave in 2017 (B)	6	117	123
(4) Return rate (B/A)	55%	85%	83%
(5) Number of Employees that returned from parental leave in 2016 (C)	9	106	115
(6) Number of Employees that returned from parental leave in 2016 who worked for one year in 2017 (D)	9	101	110
(7) Retention rate (D/C)	100%	95%	96%

- Note:
1. Total number of employees on parental leave: 1207
 2. Every employees who did not return to work is out of voluntary decision.



3. Absentee rate:

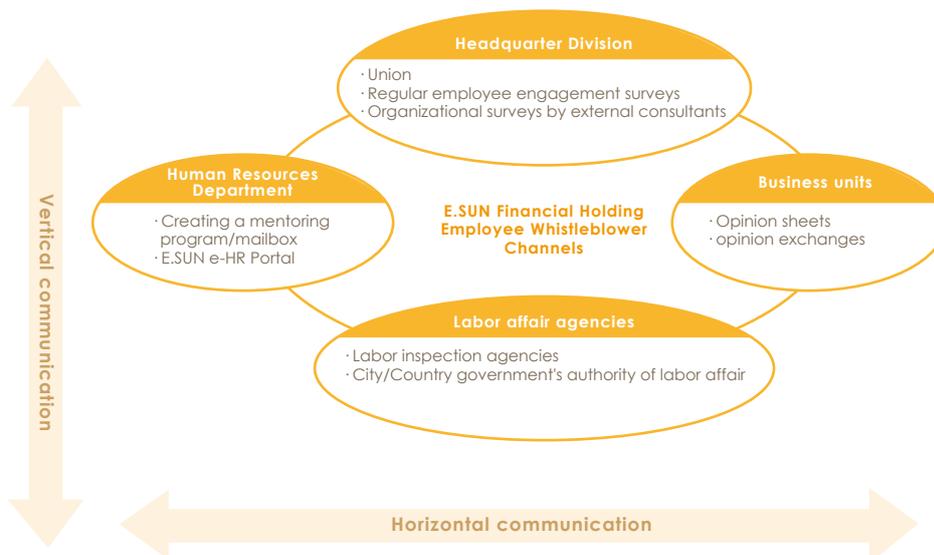
Gender	Number of employees taking occupational injury leave	Number of Days of occupational injury leave	Occupational injury rate (%)	Number of employees taking sickness leave	Number of Days of sickness leave	Number of employees taking menstrual leave	Number of Days of menstrual leave	Number of employees taking personal leave	Number of days of personal leave	Absence rate	Lost workdays rate
Male	49	313.5	2.98	321	1,161	0	0	144	283	0.08	19.1
Female	69	324	4.20	811	4,809	254	406.5	310	682.5	0.29	19.74
Total	118	637.5	7.19	1,132	5,969.5	254	406.5	454	965.5	0.37	38.83

Note

- Occupational injury leaves are defined in Article 6 of the Employee Leave Guidelines. Employees who become disabled, injured or ill due to occupational hazards shall be given occupational injury leaves for medical treatment and rest.
- Total working hours = 17,370,240 (Total number of employees *Daily working hours *Total working days in a year=8720 *8 *249)
Total working days = 2,171,280 (Total number of employees *Total working days in a year= 8720*249)
Total hours for work overtime in 2017 = 614,357
Total hours for annual leave in 2017 = 1,567,690.5 (annual leave 1567564 hours + maternity leave 126.5)
Actual working hours (Total working hours+ work overtime hours- annual leave hours) = 16,416,906
- Last workday rate = Number of occupational injury days *1,000,000 / Total working hours
- Occupational injury rate = (Number of employees on occupational injury leave *1,000,000 / Total working hours)
- Absentee rate in male employees = (Number of occupational injury days taken by male employees + sick days taken by male employees + personal days taken by male employees)/ Total working days
- Absentee rate in female employees = (Number of occupational injury days taken by female employees + sick days taken by female employees + menstrual days taken by female employees + personal days taken by female employees)/ Total working days
- No overseas employee took any occupational injury leave.
- All occupational injuries in 2017 fell into the category of traffic accidents.

Diversified Employee communication

In line with our long term beliefs, we have established a wide range of communication channels to fully listen to our employees' suggestions. We believe that listening to our colleagues' voices is the essence of valuing and interacting with them. Employees can provide feedback through multiple channels below:



Employee engagement surveys:

Employee engagement surveys are completed every year to assess employee satisfaction and collect suggestions for E.SUN's future. A survey was conducted in 2017 to collect feedback from all employees. The response rate has been 90% or higher and the satisfaction rate higher than 96% in the last 4 years. Employee feedback is collected via the use of anonymous questionnaires, and the suggestions have proven useful towards improving E.SUN's internal policies.

		2015	2016	2017
Employee engagement	Total	96.6%	96.6%	96.6%
	Male	96.9%	97.6%	96.7%
	Female	96.3%	95.6%	96.5%
Response rate		94.1%	90.0%	91.7%



2.4.2 Compensation and benefits and employee assistance programs



■ GRI : 201-3、202-1、401-2、405-2、406-1

Remuneration

E.SUN offers fixed salary on the basis of employees' job position, using a salary standard, both at home and abroad, that is superior to the minimum requirement. Salary is based on the job duties employees assume, their specialization, and local price levels, comprehensively taking into consideration the needs of employees at work and in life. The fixed salary structure is examined annually and adjusted according to employee performance and promotion status at 4%–6% on average for the year.

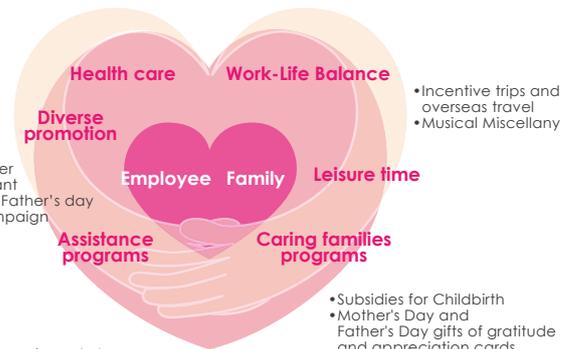
E.SUN offers performance-based salary and upholds the principles of "making good people better". Variable incentives are determined by corporate profitability and department performance and then adjusted for individual performance. The basic salary of female employees is 100% the same as that of their male counterpart, and the basic salary of female managers is 100% the same as that of their male counterpart. This percentage shows that the salary considerations do not differ by gender. Entry-level wage for male and female employees is more than 1.5-times superior to the minimum regulatory requirements of Taiwan. Since 2016, E.SUN has forged the link between top-level managers and key talents and the long-term performance of the company, with reference to international corporate governance trends. In addition to deferring payment by 3 years, E.SUN also discloses future stock values as a means of encouraging top-level managers and key talents.

Employee Benefits

E.SUN works hard to implement benefits that cultivate a happy workplace and team environment. The Employee Welfare Committee, established in accordance with the Employee Welfare Fund Act, provides allowances for employees, and works through Human Resource Development Committee (HRDC) to organize interdepartmental meetings. Employees on all levels are invited to attend and discuss benefit related issues. E.SUN also collects employee feedback through employee communication channels, and continues to develop unique employee assistance programs representing E.SUN's culture.

- Regular health check-ups and tracking
- Fitness seminars and exercise clubs
- Occupational health
- Overseas travel and musical miscellany

- Better family care leave and fraternity leave than those required by law.



- Limited offer for merchant
- Mother's / Father's day selling campaign

- Incentive trips and overseas travel
- Musical Miscellany

- Maternity care in workplace
- Employee Insurance
- Preferred interest rates and savings association for employee
- Mortgage subsidies and consumer loans

- Subsidies for Childbirth
- Mother's Day and Father's Day gifts of gratitude and appreciation cards
- Childcare and facilities
- Children education subsidies

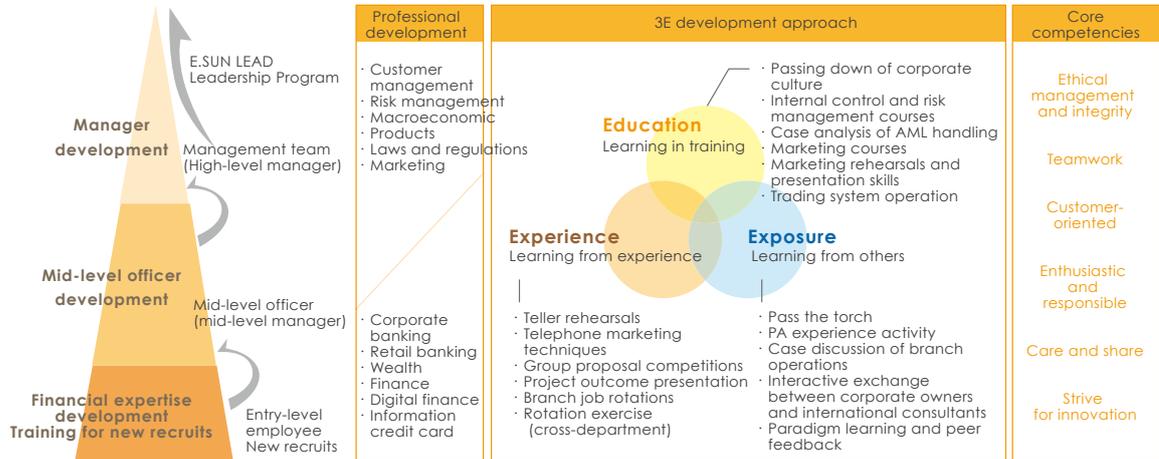
Year	2015	2016	2017
Number of non-managerial staff	7,563	7,947	8,326
Average spending on benefits (Unit: NTD10,000)	99	111.1	116.5

	Number of employees in 2017	Total (unit: New Taiwan Dollar)
Marriage subsidies	322	2,819,000
Birth subsidies	449 people for 453 babies	1,359,000
Child education subsidies	2,124	4,903,000
Spouse or child medical subsidies	1,450	13,692,985
Employee family member leisure travel subsidies	-	4,136,400
Employee family member year-end party subsidies	-	29,683,472
Subsidies for E.SUN children	359 babies	35,900,000

2.4.3 Education and training



■ GRI : 404-1 、 404-2 、 404-3 ■ GRI G4 : FS4



Talent Development is the key foundation for business sustainability. E.SUN adopts a complete talent development system that creates diverse range of learning opportunities for E.SUN employees to expand the scope of their career development. With respect to talent development, E.SUN employs a 360 multidimensional assessment framework and suitability assessment to determine gaps in core, managerial, and professional competencies in order to provide and assist with arranging training courses. In addition, E.SUN integrates the 3E development approach with a diversity of online and offline learning resources and helps employees to develop a second expertise through internal recruitments and interdepartmental work shifts. Through training and practice, talents with a comprehensive range of skills are cultivated, contributing to a complete and flexible talent supply chain.

The training system comprises three focuses: orientation, finance expertise, and leadership management skills. Courses have been arranged to provide employees with the skills they need to succeed, from new recruits to senior management. All employees must receive performance management evaluation, in which 360 competency gap analysis is performed to examine the skills that employees must improve. Furthermore, corresponding physical training and e-learning platform are provided, creating a learning-oriented organization that affords an excellent workplace for continual development.

The Business Partner team under Human Resource Division is responsible for caring dismissed employees, offering a career development consulting service for them. In 2017, E.SUN provided one employee for the consulting.

Education and training

A total of 262 internal training courses were held and employees were sent to 738 seminars hosted by professional training agencies. These courses were attended 89,020 times. On average each employee completed 10.1 courses. In 2017, 96 sessions of training on anti-money laundering, derivatives, and regulatory compliance were held, training a total of 35,234 participants for 117,179.5 hours in total. Each person received on average 13 hours of training on laws and regulations. Excluding training on laws and regulations, the average training duration per person is summarized below:

Note:
In response to digital learning, the hours of online and video training courses calculated exclude the hours of training on laws and regulations. The trainees included those in Taiwan and overseas.

Unit: Hours	Male	Female
Training hours completed by managers	17,361	4,696
Average training hours per person	56.0	58.7
Training hours completed by non-managers	175,541	230,123
Average training hours per person	48.5	48.9
Total training hours	427,722	
Training hours per person	49.1	49.0
Total training hours per person	49.1	

Innovation Challenge

E.SUN hosted the fourth innovation challenge for all E.SUN supervisors and employees nationwide from different departments and with varying expertise. Proposals for submission encompass different types of innovation topics, such as products, processes, marketing, customer management, and business models. The series of activities, questionnaire collection, innovation workshops, and ideas, discussions, and arguments proposed during the preliminary, semi-final, and final rounds of the challenge, not only ignited sparks of innovative ideas but also sowed seeds of innovative creations for E.SUN. The topic of the challenge for 2017 was value proposition and business model. Each team must have someone with expertise in technology. More than 2,000 people participated in the challenge, forming 26 teams, comprising 182 members. This is the fourth time the challenge was held, accumulating 103 proposals in total, 17 of which received resources for further development. To date, 13 proposals have been launched, and 4 proposals are still in the preparatory stage.



2.4.4 Workplace safety and employee health

■ GRI : 403-1、403-4

| Workplace health and safety |

E.SUN has created the Occupational Health and Safety Committee and its bylaws as required by law. The Commissioner of the committee is in charge by head of dept. of general affairs. The committee is responsible for occupational health and safety related matters throughout the bank. The committee consists of representatives of occupational health and safety personnel, occupational health and safety related technicians, heads of business groups, medical professionals, and the union. In particular, union representatives are recommended by the union and account for one third or more of the membership. Moreover, more than 11% of the missions listed in the union's bylaws are health and safety related. Heads of departments will be handle communication and coordination of health and safety issues between the head office and the business units.



Related training in 2017 included "Occupational Safety and Health Supervisor", "First-Aid Personnel" and "Fire Prevention Manager". A total of 408 people underwent initial/refresher training. The completion rates for both refresher and initial training were 100%. To improve the safety and health awareness of employees, safety and health training programs for new recruits and in-service employees are provided, and onsite drills on safety protection are implemented on a periodic basis. Apart from requiring contractors to sign a safety and health statement, E.SUN also conducts safety and health inspections while the work is being performed as part of due diligence. To implement indoor air quality management, 21 branches in Taipei City received the "Indoor Air Quality Self-Management Certificate" in 2017, which was posted at the entrance of each of our branches. According to the Occupational Hazard Statistics Notes announced by the Occupational Safety and Health Administration, a total of 22 persons applied for work-related injury leave in line with the reporting requirements of the Occupational Security Department in 2017, with a total of 74.5 days lost. There were no occupational injuries, permanent disabilities, or workplace fatalities.

| Employee health |

In order to promote health in the workplace, full-time health care personnel at E.SUN plan the annual activities based on employee needs, feedback, and activity outcomes every year. With the help of specialist physicians and vendor resources, we organize a variety of health-related initiatives, such as regular health exams, on-site medical services, employee canteen calorie labeling, health seminars, the Smile E.SUN health management column, the Sunrise health column, and promotion of sports clubs. The topics of 2017 was "Diet and Health" and "Health care and a healthy happy lifestyle." A total of 5,797 people participated in these activities. In 2018, we envision to collaborate with the Taiwan Institute of Psychotherapy to provide our employees with professional counseling services. In-depth psychological counseling helps employees handle the pressures of work, family, and life, and boosts the mental and physical health of our employees. Furthermore, we provide care and follow-up services to the employees who show signs of abnormal or potential risks.



In 2017, E.SUN passed the superior certification of nursing room and AED certification of headquarters and Hope Campus by the Bureau of Health, Taipei City Government. E.SUN also established notifiable communicable disease announcement and reporting system. In addition, E.SUN proactive adopt Certified Sports Company by the Sports Administration of the Ministry of Education. We aim to receive the award two years in a row.

| Friendly workplace |

The Sexual Harassment Prevention, Complaint and Disciplinary Guidelines are established for the purpose of creating a friendly workplace and achieving SDG 5 gender equality. A prevention hotline is made available to prevent sexual harassment from taking place. The mission is to create a friendly workplace and eliminate gender derived hostility in the workplace in order to protect employees and the parties they serve from the threat of sexual harassment. Any offender found to have committed sexual harassment will, depending on circumstances, be subject to appropriate disciplinary actions, such as warnings, demerits, reallocation, demotion, and pay cuts. There were no cases of sexual harassment in the workplace in 2017.

| Maternal health care plan |

In support of the government's policy to promote protective maternal care, members of the Workplace Safety Committee have carefully made plans for necessary health and safety measures. The E.SUN Maternal Health Care Plan has been established to ensure mental and physical health of female employees during pregnancy, after childbirth, and during breastfeeding. E.SUN conducted a questionnaire survey of the maternal health care protection program in 2017, retrieving 350 questionnaires. The results indicated that follow-up care was provided to 11 employees during the maternal care period (i.e., during pregnancy to one year after child birth). The primary risk factor for female employees was stress from work (61.1%). This factor has been included in the 2018 employees assistance program.



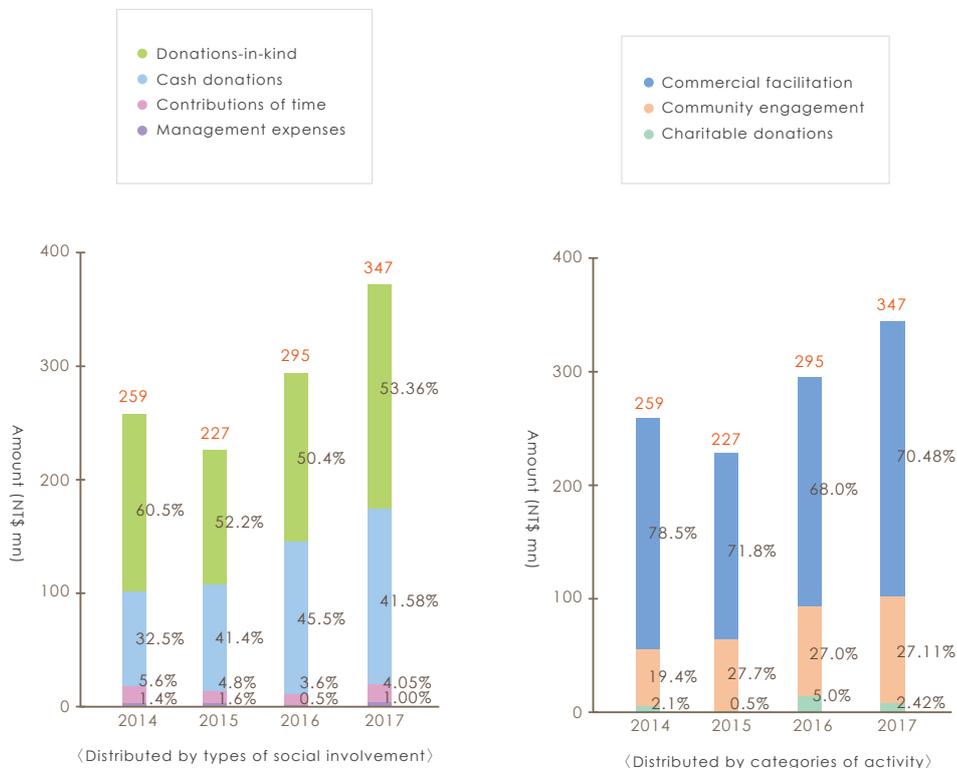
Questionnaire Target Subjects	Responsible units/ employees	Duties	Procedures of improvement plan
1. Female colleagues pregnant or expecting pregnancy 2. Postnatal female colleagues 3. Lactating female colleagues	Nursing personnel	Health risk assessment	Assessment: → Workplace hazard assessment and individual hazard assessment → Hazard control, work adjustments, improvement plans and classifications. → Health advice, educational training and healthcare measures. → Performance assessment and review management.
	Work safety personnel	Workplace hazard assessment	
	On-site physicians	Individual hazard assessment, hazard control, and classification and management measures	
	Unit/department managers	Work adjustments, replacement, and improvements for onsite operations	
	E.SUN female employees	Inform health status changes	

2.5 Social Inclusion



■ GRI : 203-1、203-2、413-1 ■ GRI G4 : FS7

For the purpose effectively quantifying the benefits of community involvement, E.SUN adopted the Corporate Community Investment (CCI) framework by the London Benchmark Group in 2016. The framework not only produces a clearer picture of E.SUN's contributions to the community in terms of manpower, material and financial resources, but also helps us take more factors into consideration when making plans for community activities so that E.SUN employees can donate money, manpower or time as they are able.



Note:
Four types of social involvement include Donations-in-kind, Cash donations, Contributions of time and Management expenses. Three types of activities include commercial facilitation, community engagement and charitable donations. Contributions of time is based on labor work time. The expense amount is equivalent to average labor cost per person per hour within a year. All operating presences of E.SUN have been involved in social involvement.

Result in 2017 :

A- Academic Education



1. E.SUN Golden Seed Project

15 E.SUN Libraries have been built in 2017. Total of 125 E.SUN Libraries have been built since 2007. E.SUN is advancing toward the goal of building another hundred E.SUN Libraries.



2. E.SUN Outstanding Management Talent Scholarship

Number of winners: 9 people, receiving NT\$2.5 million in total.



3. E.SUN Academic Award

3 new winners in 2017, adding winner count to 24



4. E.SUN Campus Hackathon

- number of audience reached: more than 5000
- Number of student participants : 487



5. Google Ignite

- Co-hosted 3 digital marketing career panel
- Number of student participants : up to 5,000
- Number of students attended: 10



6. SAS Big Data Championship

- Number of student participants: 3,000
- Number of teams: 120
- Number of student participants: 465



7. NTU Hope Seed Program

Number of student trainees: More than 25



8. E.SUN summer internship program

- Resumes received: 630
- Applicants interviewed: more than 100
- Number of participants : 32



9. Finance Knowledge Carnival

A total of 13 Finance Education Promotion Activities.



10. International Masters Forum: Hermann Simon

E.SUN FHC has hosted an international master forum each year for six years in a row. In 2017, E.SUN invited Dr. Hermann Simon to share the secret of hidden champion.

B- Community Involvement



1. Concern for Schoolchildren Program

- Light up Hope with Love is a charity sales event that has raised over NT\$3.47 million and 300 E.SUN shares in 2017. All the proceeds were used to fund the Concern for Schoolchildren Program.
- The program provided assistance for 10,590 disadvantaged children in 2017.
- The "Caring for Children in Need" campaign was organized in 9 sessions.
- E.SUN raised a total of NT\$30 million in the Cycling across Taiwan tour in 2017.
- In past four years, a total of 140 E.SUN employees have completed the Cycling across Taiwan tour.



2. Supporting local agricultural - E.SUN Maravi Rice

Since 2014, E.SUN has acquired a total of 140,000 kg of E.SUN Maravi Rice.



3. Love Leads to More Love" Blood Donation Event

A total of 3,857 bags (250cc per bag) of blood were donated.

C- Sports



1. E.SUN Cup International AAA Baseball Tournament

- The E.SUN Cup International AAA Baseball Tournament has taken place 11 times since 2007 and is expected to continue.
- NTD 3 million sponsorship.
- Number of participants from Little League Taichung: 150 in total.



4. Donations to Southeast Asia

- E.SUN FHC and Mackay Memorial Hospital collaborated in providing volunteer medical service in Cambodia and Myanmar. In 2017, 3,271 patients used the service, and 1,374 people were educated.
- Organized the Caring for Cambodia—Habitat for Humanity; 22 houses, 14 public toilets, and 1 elementary school classroom were renovated.
- Three classrooms in the Myanmar Classroom Improvement Program were renovated.

2. E.SUN Junior Baseball Camp

- NT\$1 million were invested in 2017.
- Number of participants: 78 in total.

3. E.SUN Junior Baseball Protection Camp

- NT\$400,000 were invested in 2017.
- Number of seminars/examinations: 20 in total.



4. 2017 U18 World Cup National Juvenile Baseball Competition

\$700 thousand sponsorship to the national team to play in World Cup Tournament.

D- Arts and Humanities



**1. For Mothers
--Mother's Day Music Concerts**

- The concert in 2017 was attended by an audience of 1,900.
- E.SUN has sponsored 19 Mother's Day concerts since 1997, and will continue to provide sponsorships.



2. Vienna Boys' Choir

- 5 concerts took place in 2017 and was attended by 6,000 in total.
- E.SUN has been inviting the Vienna Boys' Choir to perform in Taiwan since 2011, and will continue to organize the concerts.



**3. Mini lanterns at the Taiwan Lantern event
by the Tourism Bureau**

- E.SUN has been sponsoring 5,000 mini zodiac lanterns at the Taiwan Lantern event hosted by the Tourism Bureau for the 15th consecutive year since 2003.



4. Yilan International Children's Folklore and Folkgame Festival

- E.SUN has worked with the government and co-organize 8 Yilan International Children's Folklore & Folkgames Festivals since 2010.
- The event in 2017 was visited by 370,000 people.



**5. Zero Distance
- Dream Come True Project
at National Theater
and National Concert Hall Art**

- E.SUN has organized 5 Zero Distance - Dream Come True Projects since 2015, and is expected to continue.
- A total of 695 children from remote regions participated in the project in 2017.



**6. Supporting the film industry
in Taiwan**

- E.SUN has continued to support the development of creative industries and film industries in Taiwan. In 2017, the Company sponsored the production of the 3D documentary Formosa 3D to highlight the beauty of Taiwan as a reminder for everyone to protect this beautiful land together.



2.5.1 Academic Education Series

| E.SUN Golden Seed Project |

E.SUN continues to build E.SUN libraries and solicit more external resources for schools. In 2017, E.SUN cooperated with the National Library of Public Information for the first time to organize the Picture Book Workshop, inviting reputable artists, picture book authors, and publishers to share their picture books and works with teachers. In total, 80 teachers from senior, junior high, and elementary schools across Taiwan actively participated in this workshop.

| E.SUN Outstanding Management Talent Scholarship |

To encourage outstanding students to become outstanding managers, E.SUN established the E.SUN Outstanding Management Talent Scholarship in 2005 and started using action to nurture the key to Taiwan's future. The rules were amended in 2017 to expand the scope. Students in 105 different programs in 11 different business, science, and law schools are eligible to apply for a NT\$200,000 scholarship for one academic year. In 2016, E.SUN selected 9 top performing students from 4 schools who studied law, corporate management, technology management, finance, IT management, and service science.

Year	Number of recipients	Total
2015	25	NT\$340 million
2016	23	NT\$380 million
2017	16	NT\$250 million

| E.SUN Academic Award |



The E.SUN Academic Award is awarded to professors in the college of management who published papers in the Top 3 international journals within their respective fields of research. 3 new winners were added in 2017. Since its establishment in 2010, the E.SUN Academic Award has been awarded to 24 professors. Scope of the E.SUN Academic Award includes fields such as finance, accounting, marketing, IT management, operations management, and organizational management. Some of the winning professors have broken the record for first paper published by Taiwanese author in an international journal, effectively demonstrating excellent results.

| E.SUN Hackathon |

To encourage exchange between academia and industries and shorten the distance between learning and practical experience, E.SUN held the first E.SUN Hackathon in 2016. It was the first hackathon in Taiwan to be organized by a financial institution and co-organized by Data Science in Taiwan Conference. E.SUN continued to host this event in 2017, hoping that through the use of de-identified bank data and modularized API in an interactive workshop, students could improve their domain knowledge, assemble the necessary components, brainstorm ideas, and enhance their creativity. Thus, the concept of FinTech can be deep-rooted within the school grounds to further strengthen the capacity of Taiwan in FinTech development and build a banking ecosystem as early as possible. More than NT\$1.6 million of resources and over 100 human resources were invested in 2017 (including NT\$540,000 prize money), reaching out to more than 5,000 people. A total of 121 teams entered the competition, comprising 487 students, 70% of which have a background in information science.





| Google Ignite |

E.SUN Bank has been collaborating with Google in the investment of the Google AdWords Challenge since 2013. E.SUN Bank also worked with Google to launch Google Ignite in 2015. E.SUN acts as the main organizer every year, with the hope of using the concept of digital marketing to elevate the competitiveness of young adults in Taiwan and help the country to maintain its digital advantage in the international community. By meeting the needs of the business community, we seek to assist businesses in finding potentially well-rounded talents and help graduates fresh out of college to find their ideal job. Resources worth more than NT\$1.5 million were invested in organizing three sessions of Digital Marketing Career Forum and promoting Google online courses, both of which reached out to more than 5,000 people, and 10 top-performing graduates entered the challenge.

| SAS Big Data Championship |

E.SUN has cooperated with SAS for six consecutive years in hosting competitions to better students' understanding of applied contexts. Through cross-industry cooperation, we hope to raise the awareness of data science in Taiwanese schools. Resources worth more than NT\$900,000 were invested in 2017, mobilizing more than 100 people and reaching out to more than 3,000 people. A total of 120 teams comprising 465 students entered the competition.

| NTU Hope Seed Program |

To help undergraduates plan their career early, this program is a collaboration with the National Taiwan University College of Management for the third year, in which we collectively built a professional domain learning platform to develop the professional competencies required of students for applying their knowledge into practice. By interacting on this learning platform, students learn current industry conditions and future developments and are guided to strengthen their professional competencies and develop a career that best suits their propensity and talent. E-commerce cash flow model and mobile banking platform planning are incorporated in the courses. Students' proposals were tested on actual social network platforms in order to develop students' agility toward financial network communities and their ability to provide feedback on experiences in practice, which are beneficial for industry-academic cooperation and practical applications.

The NTU Hope Seedling Program cultivates 25 students every year, for a total of 75 students over a period of three years. Through industry-academic cooperation and exchange, students learn to develop digital expertise in finance and participate in digital marketing activities. Students participated in planning the Loans to Specific Population web page, which has attracted positive responses from fans. Google and Yahoo keywords, LINE, and other digital channels were used to advertise this web page. Launched in March 2017 and attracting over 15,000 views, this web page provides valuable information that generates positive value for customers.

| E.SUN summer internship program |

E.SUN offered the internship project (TIP) to NTU students in 2011. The comprehensive training modules for MA candidates received much positive feedback from the students. The internship project placed an emphasis on a well rounded approach to financial training that balances breadth and depth. The lessons included courses at the E.SUN headquarters, building financial expertise, and practice cases. In addition, a variety of activities were incorporated into the internship project. Examples included volunteering, art appreciation, and career development discussions. These extracurricular activities were meant to broaden the horizon and encourage the students to acquire different skills. In 2016, following previous success with NTU, E.SUN expanded the project to allow more students to have the opportunity to participate in the practical aspect of banking services and clarify the direction of their own future. A total of 32 students participated in the internship project in 2017.

| Finance Knowledge Carnival |

E.SUN frequently partakes in the Finance Knowledge Carnival hosted by the Financial Supervisory Commission and assisted in promoting the On-Campus and In-Community Finance Education Promotion Activity. Lecturers were invited to inform the public of correct financial knowledge. 13 sessions were held in 2017.

| International Masters Forum - Hermann Simon |

E.SUN FHC has hosted the international master forum for six consecutive years. In 2017, Hermann Simon, the father of Hidden Champions[®], was invited. Using his 30 years of research on the case analyses of 3000 hidden champions around the world, Simon shared his secrets to becoming hidden champions without growing considerably and quickly and how to venture into the global market with unique competitive advantages and continue to innovate, make profits, and develop strategies for exponential growth.



2.5.2 Community involvement series

| Care for Schoolchildren Program |

Year	Number of recipients	Total
2013	5,627	NTD 11,254,000
2014	10,264	NTD 20,528,000
2015	10,480	NTD 20,960,000
2016	10,284	NTD 20,568,000
2017	10,590	NTD 21,180,000

〈Results of Concern for Schoolchildren Program in last 5 years〉

To help children who face financial disadvantage or sudden changes in their circumstances and enable them to focus on study without having to worry about financial support and to provide relief on education expenses for their families, E.SUN operates the Concern for Schoolchildren Program on an ongoing basis. The program provides NT\$2,000 per eligible child per semester to be spent on tuitions and expenses, books, field trips, clothes or miscellaneous expenses. For the past five years, E.SUN has donated 94.49 million, assisting 47,245 disadvantaged children to continue their education under the Care for Schoolchildren Program.

| Reaching out to children in children's homes under Caring for Children in Need |

Year	Number of recipients	Total
2013	16	302
2014	15	369
2015	13	340
2016	9	305
2017	9	320

〈Statistics on Caring for Children in Need in last 5 years〉

To help children who face financial disadvantage or sudden changes in their Dedication of E.SUN volunteers is the engine driving the Caring for Children in Need campaign and organizing events at children's home across the country. For 14 consecutive years, E.SUN volunteers in Greater Taipei, Taoyuan, Taichung, Yunlin and Chiayi, and Kaohsiung have been making plans and coordinating efforts. Examples include taking children from children's care home to professional baseball games, musicals, and 3-on-3 basketball games. E.SUN volunteers also provided after school tutoring. In 2017, a total of 320 E.SUN volunteers participated in the process and held 9 sessions that gave the children a warm and happy experience.

| Supporting local agricultural development - E.SUN Maravi Rice |

E.SUN has been sponsoring E.SUN Maravi Rice for 4 years since 2014. The program supports organic agriculture and industrial transformation and encourages local farmers to adopt organic farming that contributes to food production while maintaining biodiversity. E.SUN has acquired a total of 140,000 kg over four years. In addition to giving Maravi Rice to our employees and major clients as gifts, we also require our employee canteen to comprehensively use Maravi Rice so as to ensure that our employees eat safely and healthily.



The Maravi Rice project is focused on improving the performance and intention of farmers to cultivate Maravi Rice. The project also aims to conduct investigation and conservation of *Aphyocypris kikuchii* and to strengthen the marketing of tribal culture experiences. The land in the area has experienced more than 4 years of organic farming and showed increasing traces of *Aphyocypris kikuchii*, a species endemic to Taiwan, along the trenches. This species can only survive in clean, uncontaminated water. Dragonflies are often found buzzing in the sky, which is also an indication of how pure and clean is the Maravi Rice growing on the land of E.SUN.

The Endemic Species Research Institute began using scientific methods in 2017 to investigate the range of distribution of *Aphyocypris kikuchii* in Nanantian District, the activity zone, and reproduction status. The results will be used as reference for developing relevant conservation mechanisms. E.SUN employees take actions to support organic farming and encourage members of the public to join the environmental effort to conserve the ecosystem and preserve the beauty of Taiwan.

| "Love Leads to More Love" Blood Donation Event |

Year	Total (Unit: 250cc/bag)
2013	4,027
2014	4,636
2015	4,352
2016	4,284
2017	3,857

(Blood drive results in last 4 years)

To alleviate shortage of blood and help those in need, E.SUN Bank and E.SUN Volunteer Foundation have initiated blood drives for 18 consecutive years, specifically during winter and summer vacations when seasonal blood shortages occur. In 2017, we partnered retailing leader Carrefour and CPA firm Deloitte to co-host the event. E.SUN will continue to organize 2 blood drives a year in local communities in order to draw more attention to the cause while achieving SDG 3 health and wellbeing.

| Donations to Southeast Asia |

E.SUN continues to expand its network in Southeast Asia. E.SUN pays attention to managing locally, sharing experience from Taiwan's banking sector, and showing involvement in local communities in order to achieve SDG 17 strengthening the global partnership for sustainable development.

• Overseas volunteer clinics:



In 2017, E.SUN again worked with Mackay Memorial Hospital to organize Overseas Volunteer Clinic in Cambodia for two years in a row. Mackay Memorial Hospital and Taiwan Oral Care Association (TOCA) provide medical professional assistance. In addition, Union Commercial Bank, E.SUN's subsidiary in Cambodia, provided staff who volunteered to act as interpreters and helped with distributing the supplies.

• Donations to Cambodia - Community Housing Project :



E.SUN worked with a social enterprise, ELIV, to establish Donations to Cambodia - Community Housing Project for two years in a row. 19 E.SUN volunteers across different business units visited local families and orphanages in remote areas and helped build homes and other buildings. The volunteers also worked with local children and helped them learn more about their culture and history. E.SUN employees threw themselves into manual labor work and learned to give and grow up.



| Junior Doctor Camp for Children |



To promote health education and help students to develop their talents, E.SUN partnered with New Taipei City Hospital to organize the Junior Doctor Camp for Children, in which E.SUN volunteers accompany 30 students from Jiqing Elementary School, which is a part of the E.SUN Golden Seed Project, and Xinzhuang Ai-Hsin Children's Home to work as junior doctors in the New Taipei City Hospital for a day. The courses included medical education, disease prevention, and CPR and AED. We hope that through this activity, students can learn the expertise and responsibilities required of health care professionals and also understand how important it is to cherish life. At the end of the camp, the hospital superintendent holds a white coat ceremony, marking the end of a fruitful and meaningful summer vacation for the students.

2.5.3 Fitness Development

| E.SUN Cup International AAA Baseball Tournament |



- E.SUN has hosted the E.SUN Cup International AAA Baseball Tournament for 11 years. Many players who participated in the tournament has gone on to pursue their baseball dreams in professional baseball in the United States, Japan and Taiwan.
- In 2017, players selected from the E.SUN Cup International AAA Baseball Tournament flew all the way to Thunder Bay in Canada to compete with 11 other baseball teams from the United States, Cuba, Japan, South Korea, and Australia in the 28th WBSC U18 World Cup National Juvenile Baseball Competition.

| E.SUN Junior Baseball Camp |

The 2017 E.SUN Junior Baseball Camp was hosted in Chiayi County, inviting once again coach Cruz who is commended for his ability in baseball and amateur baseball in Taiwan. Cruz had helped the national team win the U-21 Baseball World Cup in 2014. The E.SUN Junior Baseball Camp spanned 6 days during which 3 training sessions were held. In addition to baseball players, baseball coaches were also invited to learn Cruz's most advanced baseball knowledge and hitting skills.

| Remote Caring Program |

E.SUN and the Chinese Taipei Baseball Association have teamed up to promote the Remote Caring Program. The program supplies new baseball bats and gloves, protective gear and practice balls for junior baseball teams in remote areas. As of 2017, E.SUN has sponsored 23 vocational high school baseball teams, including Silizhongdao High School, National Taitung University Affiliated Physical Education Senior High School, Yuli High School, Lu Shin Senior High School, Dader Industrial and Commercial Vocational High School, Silinanying High School of Commerce and Industry, etc.

| E.SUN Junior Baseball Protection Camp |

E.SUN promotes a comprehensive health plan. It works with the Orthopaedic Surgery Department, the Physical Medicine and Rehabilitation Department and injury prevention physicians of Chang Gung Memorial Hospital on an E.SUN preventive care team. The team toured the country and provided 18 E.SUN Junior Baseball Protection Camps and physical examinations for junior baseball players in 2017. There used to be one preventive care provider available during the E.SUN Cup games. The position was replaced by two certified injury prevention professionals, who were constantly ready to protect the players and provide instant, safe emergency care.



2.5.4 Arts and Humanities Series

| For Mothers- Mother's Day Music Concerts |



E.SUN always holds the For Mother - Mother's Day Music Concert in May when carnations bloom. In 2017, E.SUN hosted two music concerts, one in Zhongli and the other in Pingtung. The concerts were performed by the E.SUN Choir Group, ProArte, Baroque Camerata, Wuhan Elementary School, and Timur Elementary School. The concert, attended by E.SUN employees and customers and their mothers, celebrated a mother's love and gave thanks to all mothers in the world.

| Vienna Boys' Choir |



E.SUN Bank is a long term supporter of arts and culture. It started inviting the Vienna Boys' Choir to perform in Taiwan every year in 2011. The heavenly voices of the Bruckner members of the Vienna Boys Choir were enjoyed by 6,000 in five concerts in Taipei, Taichung, Chiayi, Kaohsiung, and Hualien.



| Yilan International Children's Folklore and Folkgame Festival |

Children's Folklore and Folkgame Festival, hosted by the Yilan municipal government, for eight years in a row. In addition to the land/water game zones, the organizer invited children folk dance groups from Taiwan and other countries to perform at the event. Visitors were able to enjoy a feast of arts and theatres. The event welcomed 370,000 visitors.

| Mini lanterns at the Taiwan Lantern event by the Tourism Bureau |

E.SUN FHC has been sponsoring the mini zodiac lanterns at the Taiwan Lantern event hosted by the Tourism Bureau for 15 consecutive years since 2003. In 2017, E.SUN sponsored the making of mini zodiac lanterns for the lantern event in Yunlin. The theme this year was the Chinese zodiac Rooster. The mini rooster lanterns, called the Happy Rooster, were so cute that they became extremely popular with the local crowd and foreign visitors. We gave every visitor a lantern for free during the event in an effort to convey the profound meaning of traditional folk art.



| Zero Distance- Dream Come True Project at National Theater and National Concert Hall Art |

To facilitate multidimensional learning and development, the E.SUN Foundation has supported the Zero Distance - Dream Come True Project at National Theater and National Concert Hall Art for three years in a row. In May 2017, 357 students from elementary schools in rural areas, including Yuandong Elementary School, Changan Elementary School, Qingshui Elementary School, Tyanliu Elementary School, and Dadu Elementary School, were invited to enjoy a pipe organ promotional concert, An Animal Festival. In December 2017, a group of 338 students from rural junior high schools in Hsinchu were invited to a performance New York Jazz at Christmas Eve where they can enjoy pop, jazz, and musical Christmas songs and spend their Christmas Eve in jazz.



| Cellist Chang's Family Concert |

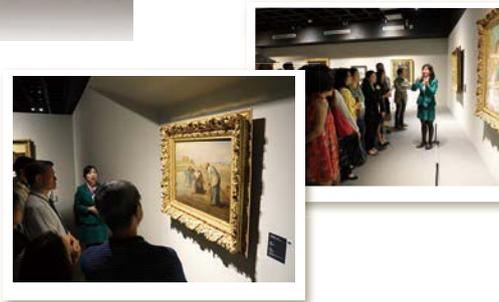


E.SUN has teamed up with renowned cello player Cheng-Chieh Chang for two consecutive years in hosting the Cellist Chang's Family Concert. E.SUN introduced a new theme this year, Beef Noodle v.s. Italian Pasta, using captivating methods to interpret classical music. This concert enabled music lovers and E.SUN customers to associate music with food while immersed in a relaxing atmosphere during this edutainment activity, thereby enriching the everyday lives of families and children.

| A VIP Exhibition in Commemoration of the 30th Anniversary of the Musée d'Orsay |



The 30th Anniversary Musée d'Orsay Exhibition was held in April 2017. E.SUN Bank hosted a VIP night for its VIP customers and employees accompanied by a total of 800 enthusiasts of art and culture. The event was aimed at promoting art and humanities and enriching the everyday lives of our customers and employees.





(本章節與SDGs的連結)

Environment

- 3.1 Climate change risks and opportunities
- 3.2 Green Finance
- 3.3 Sustainable Operating Environment
- 3.4 Sustainable ecosystem
- 3.5 Supplier Management

Result in 2017

The first green bond issuing bank in Taiwan, established the price of green bonds and issued the highest number of green bonds.



Issued the first Zero Carbon Credit Card in Taiwan



The first in Taiwan's financial sector to receive low-carbon product incentives from the EPA



3 loans were approved based on the Equator Principles



Complete **4** solar-powered branches in Taiwan



5 branches received green building label



E.SUN is a signatory of the Equator Principles and Statement of Support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The Company insists on upholding the core values of the company and leverages the expertise and influence of the financial industry to prompt high-risk industries to promote economic development and ensure environmental sustainability.

Winner
Bronze medal
26th Enterprise Environmental Protection Award



8th consecutive year
"Green Procurement"
by the EPA
Outstanding Benchmark Organization



9th consecutive year
"Green Procurement
by Private Enterprises
and Organizations"
by Taipei City Department
of Environmental Protection
Outstanding Benchmark Organization



Lending to green industry
103.9 billion



reduced **20%**
compared with the
number of 2016.



Green procurement
4.47 million



Solar power station loan
456 stations



Water resource industry lending
18 billion



Completed **100%**
ISO 14001 Inventory
and ISO 50001 Inventory on
all presences in Taiwan



Completed **100%**
ISO 14064-1:2006 standard on
all presences in Taiwan
and overseas.



Completed **100%**
ISO 14046:2014
Water Inventory on presences
in Taiwan and overseas





3.1 Climate change risks and opportunities

■ GRI : 201-2

The risks of global warming and abnormal climate change have been rising. The impact of climate change is wide ranging and is already affecting the global ecosystem and economy. In response to climate change, the United Nations adopted 17 Sustainable Development Goals (SDGs) in 2015. In particular, SDG 13 "climate action" explicitly names climate change mitigation and adaptation as the vision and goals of sustainability. It calls on the world and businesses to take urgent action to combat climate change and its disruptions. The expectation is to pursue green economic growth while adhering to environmental conservation.

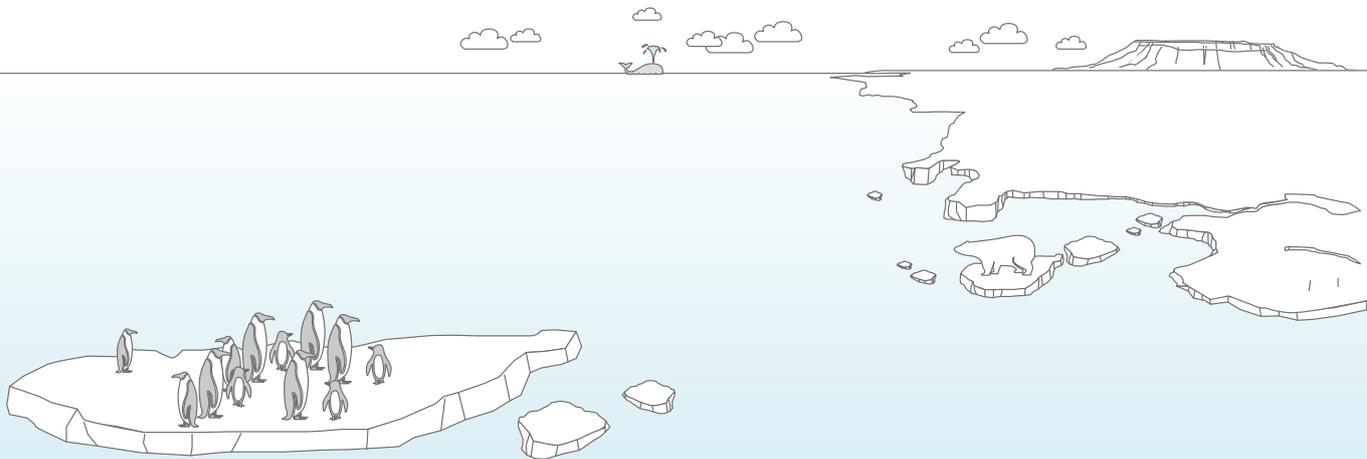
E.SUN understands that the financial services sector plays a crucial role in climate change mitigation and adaptation. We apply the skills and influence of a financial institution and monitor the disastrous impact of climate change and its effect on financial markets and economic development. In addition, we identify risks in financial investment, lending and other business activities in order to facilitate risk management and seek potential opportunities for growth. In 2017, E.SUN implemented environmental accounting system to better measure environmental impact caused by business development and origination activities.

Financial implication of climate change and risk and opportunity

| Climate change risk management |

In light of the issues caused by climate change, the Financial Stability Board (FSB) established the Task Force on Climate-Related Financial Disclosures (TCFD) with the purpose of helping investors make more efficient and effective decisions concerning lending and insurance underwriting while also enabling stakeholders to more thoroughly understand how the financial system is exposed to climate risks. TCFD is comprised of various member organizations from G20 nations, and at present over 100 leading enterprises have publicly declared their support for the TCFD recommendations.

E.SUN officially became a signatory to the TCFD in 2017. In an effort to contend with the impacts of climate change on the company's operations and publish information disclosures specifically pertaining to climate change, E.SUN delivers periodic reports to the Board of Directors and the Financial Holdings Risk Management Committee to ensure that board members and senior management are keenly aware of how climate change is impacting the company. Moreover, E.SUN has developed a robust reporting framework based on the Recommendations of the Task Force on Climate-related Financial Disclosures to provide relevant and reliable information concerning the company's financial fundamentals to investors, financiers, and other stakeholders: Governance, strategy, risk management, and metrics and targets form the four major pillars of guidance for disclosing important climate-related information, ensuring that investors and other stakeholders receive consistent information which meets their needs while enabling E.SUN to work alongside our vendors and partners to promote sustainable environmental development.



1-1 Oversight of Climate-Related Risks and Opportunities by the Board of Directors

Identifying and managing risks:

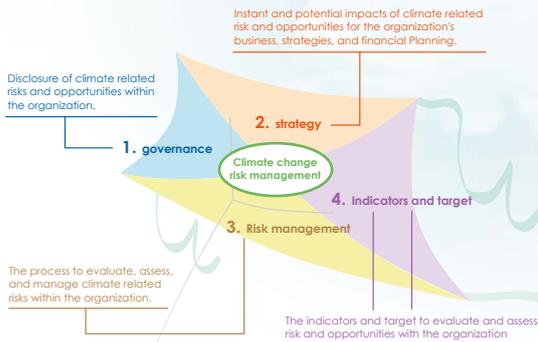
Our risk-oriented internal control system for compliance, risk management, and internal audit is backed by a precise and effective independent self-inspection mechanism which ensures the security and stability of the company's operations and enables the entire organization to fully meet these challenges under a unified, concerted effort.

Environmental risk management:

We have formulated action plans and key metrics which undergo regular review and assessment in order to comprehensively address environmental issues and respond to the effects of extreme climate events.

1-2 Climate-related risks and applications managed and assessed by our management team

E.SUN FHC has established a Corporate Social Responsibility Committee (CSR Committee) as a functional committee subordinate to the Board of Directors. Chaired by the chairman of the board, the CSR Committee is comprised of members from our management team and heads of various business units and is further divided into five working groups (WGs) tasked with handling corporate governance, public welfare, environmental sustainability, customers' interests, and employee care. Each working group holds regular meetings to evaluate their current status with respect to operations and achievement rate of various targets, and WGs present reports on a regular basis to the Board of Directors regarding the company's CSR strategy and implementation performance. The Environmental Sustainability WG under the CSR Committee is responsible for keeping up with the latest trends on international energy and resource development and is dedicated to studying potential impacts on the company's business operations and associated risks and opportunities caused by climate change, formulating response strategies, and working to deeply understand the needs of stakeholders in order to highlight relevant issues that pose risks or opportunities to E.SUN. The Environmental Sustainability WG also works with our other functional committees to jointly plan CSR strategies, procedures, and implementation plans.



3-1 Organizational Procedures for Identifying and Assessing Climate Risks

E.SUN recognizes the dangers posed by global climate change and closely scrutinizes its business procedures in order to determine potential impacts caused by extreme climate change events and whether these events could affect the company's operations.

3-2 Organizational Procedures for Managing Climate-related Risks

After identifying and assessing climate change risks, we develop specific management plans which encompass the aspects of supervision and execution, such as adopting an internal energy management system and greenhouse gas inventory. This enables us to monitor the latest changes and trends in environmental protection and make corresponding adjustments when needed.

3-3 Procedures for Identifying, Assessing, and Managing Climate-related Risks to Achieve Comprehensive and Integrated Risk Management

After meticulously identifying and assessing risks according to standard operating procedures, our business management and back-end operations units formulate action plans to minimize, transfer, or hedge risk and make adjustments to existing procedures. Meanwhile, we continuously monitor and pay close attention to natural disasters caused by extreme climate events, including potential impacts they might have on the company's operations, and initiate relevant response measures accordingly.

2-1 Identifying Short-, Mid-, and Long-term Climate-related Risks and Opportunities

E.SUN analyzes the latest trends and indicators including greenhouse gas (GHG) emissions, the number of reported tropical cyclones, and temperature and rainfall measurements gleaned from the Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC) in order to make forecasts for future climate risks on a short-, mid-, and long-term basis. These projections are then used as a basis for drafting energy conservation plans and introducing energy conservation measures.

2-2 Climate-related Risks and Opportunities with a Material Impact on the Organization's Business, Strategies, and Financial and Tax Planning

We continue to actively implement numerous eco-friendly policies, including adopting green procurement and green building measures, issuing green bonds, and incorporating components of the Equator Principles. Our hope is that, in addition to supporting the government's promotion of green industries, we can do our part to achieve sustainable development by exerting a positive influence in the financial sector. All funds that we raise are used on projects which contribute to actual environmental improvements, including development of renewable energy and energy technologies, conservation of water resources, cleaning or recycling/reuse technologies, and greenhouse gas reduction.

2-3 Potential Impacts of Different Scenarios on the Organization's Business, Strategies, and Financial and Tax Planning

We are committed to identifying climate-related risks and opportunities, making quantitative observations of these impacts, and developing strategic response measures accordingly. This might include, for example, the effects that changes to the climate and environment might have on derivative financial products and fixed assets, conducting scenario-based analysis, identifying key factors responsible for the outcomes of project targets, and calculating the extent to which climate change could impact the financial affairs of the company under different scenarios.

categories	potential risks	impact	opportunity	impact	actions
legal	renewable energy-solar power	operational cost +	product demand +		<ul style="list-style-type: none"> Lending policies are formulated to support green energy industries, and companies focused on lowering energy consumption and reducing pollution is prioritized to receive financing assistance. E.SUN encourages its credit customers to make investments in eco-friendly products and green production systems. Companies in high-polluting or highly controversial industries receive special guidance to make improvements, or we choose to decline to do business with such companies
	Equator Principal	operational cost +	business development +		
	green bond	operational cost +	business development +		
operational	extreme climate	credit risk / operation interruption +	product demand +		<ul style="list-style-type: none"> The frequency of impending extreme weather events is carefully studied, including the extent of potential losses they could cause, and associated response strategies are formulated. Various risk hedging products are formulated and offered to customers, thereby facilitating opportunities for win-win situations. Instructional information on environmental policies is provided on a regular basis, and colleagues are encouraged to take the initiative and lead by example. Green building, green procurement, and carbon offset measures are applied when opening new banking offices, thereby reducing energy consumption and helping to curb global warming.
	natural disaster-typhoon	credit risk / operation interruption +	product demand +		
others	sustainable environment	operational cost +	product demand +		

4-1 Organizational Compliance with Strategic and Risk Management Procedures Used to Assess Climate-related Risks and Opportunities

Climate change is leading to a higher frequency of extreme weather events which can cause instability in the supply of agricultural products or interruptions in various kinds of production facilities (such as when oil refineries are forced to shut down in the U.S. during hurricanes). In turn, this can lead to sudden and extreme fluctuations in the prices of commodity goods. To meet the needs of our customers for a way to hedge against fluctuations in commodity prices, E.SUN offers commodity swaps, a type of derivative instrument, to conveniently shield customers from fluctuations in commodity prices.

4-2 Disclosure of Scope 1, 2, and 3 Emissions and Relevant Risks

SGS, a third-party inspection and testing company, helps E.SUN evaluate GHG inventories which cover Scope 1, 2, and 3 emissions as well as performance changes and trends in the GHG inventory process which may occur due to climate change risks.

4-3 Setting, Managing, and Tracking the Performance of Organizational Targets for Climate-related Risks and Opportunities

E.SUN Bank has been a long-term proponent of achieving the government's greenhouse gas emissions reduction targets, including setting a target for zero carbon emissions. In the wake of our efforts to reduce carbon emissions and taking an inventory of our credit card lifecycle carbon footprint, we purchased carbon offset credits from the Changbin Wind Farm — a source of locally-produced renewable energy in Taiwan — and obtained PAS 2060:2014 Carbon Neutrality Certification from SGS. As a result, our "E.SUN World Card" became the first nationally and internationally certified Zero Carbon Credit Card to be issued in Taiwan.

Furthermore, we are actively working to introduce greater accountability into our head office and 138 nationwide branches by adopting the ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14064-1 Organizational Greenhouse Gas Inventory, ISO 14046 Water Footprint Inventory, and ISO 14064 Greenhouse Gas Inventory System (Scope 3), allowing us to comprehensively assess and manage our carbon emissions and formulate corresponding actions plans to reduce greenhouse gas emissions.

3.2 Green Finance



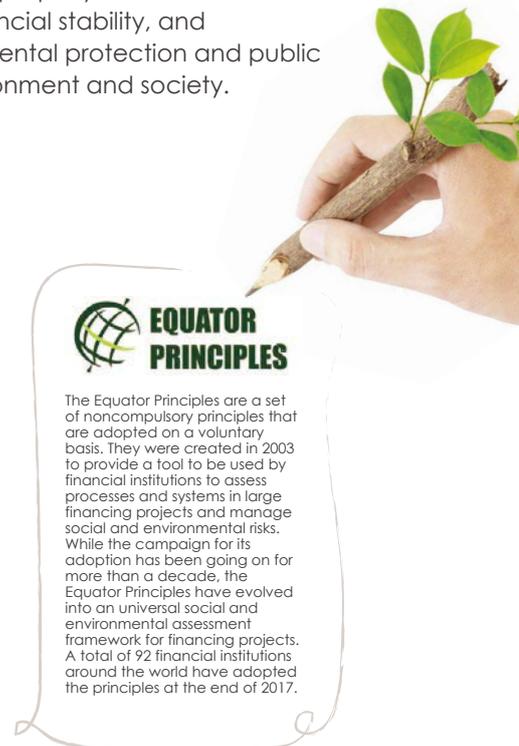
■ GRI : 102-12、203-1、203-2 ■ GRI G4 : FS1、FS2、FS3、FS5、FS9、FS10

In the process of socioeconomic development, the financial industry must play its part as a financial intermediary that fulfills the social responsibilities in the financial supply chain. The assets and resources of a bank stem from the trust and support of the general public in society and, therefore, the major corporate social responsibilities of a financial institution are to properly utilize societal resources, leverage its influence, promote domestic economic and financial stability, and simultaneously raise the awareness of our corporate clients on environmental protection and public welfare to ultimately achieve the sustainable development of the environment and society.

Adopting international standards and the Equator Principles

Following the inclusion of the Equator Principles in the E.SUN Bank Credit Policy in 2014, E.SUN has made specific provisions to support enterprises that pay attention to corporate social responsibility. E.SUN Bank adopted the Equator Principles in December 2015 to ensure loans would not be used to cause material potential risks or adverse impact on the environment or the society. In 2016, E.SUN established an Environmental and Social Risk Task Force and formulated the Equator Principles Project Finance Guidelines. A credit check review and post-loan management system was developed based on the Equator Principles.

E.SUN enforces due diligence rigorously. Regarding industries with a greater impact on the environment or the society, such as those in mining, infrastructures, oil and gas extraction, and energy, E.SUN will handle the loan applications by classifying the risks and help clients implement plans to monitor and improve the environmental impact. E.SUN responds with care to stakeholder attention to credit assets in financing projects. In addition to applying the Equator Principles, E.SUN exercises its strength in risk management and influence in resource allocation and works with clients to pursue sustainability.



► Results of 2017 :

3 EP compliant financing deals were approved according to credit policy and risk appetite of E.SUN. Risk category of the deals were A and B.

Project :	Project L	Project S	Project C
Risk category:	A	B	B
Sector:	energy	energy	energy
Nation:	Vietnam	Australia	Australia
Audited by independent third party*	yes	yes	yes

Note: according to EP, A type represents greater impact to the environment, B type represents limited impact to the environment.

(Number of EP compliant loans : 3)

Green industry lending and investment

To ensure future generations will continue to be able to enjoy nature without pollution, Section 3 of the E.SUN Bank Credit Policy states that lending services shall give support to green industries in alternative energy, water resources and pollution control. It is also promulgated in E.SUN Bank Investment Policy that investment shall be made by the principal of social welfare. E.SUN provides financing as needed for enterprises with a positive outlook and involved in reducing energy consumption or pollution or introducing environmentally friendly measures. Such financing programs include the "Rooftop PV Financing" and the "Green Energy and Industrial Equipment Output Loans". In addition, E.SUN supports government policies and offers "Loans for Machine/Equipment Upgrades" by providing preferred rates for customers looking to purchase and install new and clean energy equipment, pollution control equipment, or energy efficient equipment.

► Results of 2017 :

- E.SUN is the first bank in Taiwan to finish pricing and issued the largest amount of green bonds. Thus far, US\$60 million worth of green bonds have been issued, which accounts for 4.2% of total E.SUN bond issuance. E.SUN also sets out "Green Investment Plan" and "Capital Usage Plan for Green Bond Issuance" to guide the fund raised to renewable energy development, water resources saving, recycling, greenhouse gas elimination, etc. The issuing of green bonds received the Editor's Award from MTN-i, an internationally acclaimed bonds market information platform: Green Bond Initiative.
- As of December 2017, US\$51.37 million of the funds raised from green bond purchase were used to finance four projects on wind power renewable energy development, which is expected to supply 3,490 GWh of power, save 872 kilotons of fuel or 1,291 kilotons of coal, or 576 kilotons of gas, and reduce carbon emissions by 1,846 kilotons, which is equivalent to 186,000 hectares of forest.



No.	Project	Electricity generated	Energy Conservation			Carbon reduction	
		GWh (GWh)	Fue (kL)	Coal (Kilotonne)	Fuel gas (Kilotonne)	Emissions reduced (Kilotonne)	Forest (hectare)
1	M	513	128,275	190	85	271	27,417
2	S	900	225,000	333	148	476	48,091
3	PS	779	194,725	288	129	412	41,620
4	PC	1,298	324,400	480	214	687	69,336
Total		3,490	872,400	1,291	576	1,846	186,464

Note:

- Data published by the Bureau of Energy in 2016 showed an annual electricity emission factor of 0.529 kg CO₂e.
- According to Taipower, every kWh of wind power saves 0.25 L of fuel, 0.37 kg of coal, or 0.165 kg of gas.
- According to the Forestry Bureau, the annual carbon fixation for every hectare of forest is 9.9 tonnes.

- E.SUN acting as an underwriter helped Credit Agricole CIB to issue the first foreign financial institution Green bond in Taiwan, which raised US\$120 million. In the future, E.SUN will continually assists more corporates to issue green bond and does the best for green finance.
- E.SUN Bank Sustainable Lending Principles and E.SUN Bank Green Energy Loan Services have been developed to enhance client corporations' awareness of environmental protection and corporate social responsibility.
- As of end of 2017, loan was approved to more than 200 clients in solar, LED, environmental engineering, energy saving business. The total amount was 8.6 billion.
- As of end of 2017, a total amount of 1.8 billion loan was approved to corporates in water sustainability and recycling business.
- As of end of 2017, there were five participation loans for wind farm development, 290 wind turbines were installed, and the installed capacity was 948.9 MW.
- As of end of 2017, loans have been approved and paid out for the installation of 456 solar power stations; the annual power generated was 57.44 GWh. It helped reduce 30.04 thousand tons of CO₂ emission (equivalent to reduction of 78 Daan Forest Park).

Area	Total	North	Middle	South	East	Penghu
Stations	456	89	22	201	4	140
%	100%	19%	5%	44%	1%	31%

Note:

Data published by the Bureau of Energy in 2016 showed an annual electricity emission factor of 0.529 kg CO₂e.

- E.SUN Bank Investment Policy attaches importance to the corporate social responsibility performance of the investee target. Based on the Principles for Responsible Investment (PRI), ESG issues were incorporated in investment analyses and decision-making processes. As of December 2017, the portfolio invested in DSI composition by E.SUN Bank was 23% of the total equity investment, which is roughly the same as that in 2016. 48% of bonds are invested in DSI composition. This is lower than that in 2016; however, excluding the adjustment to investment strategies in response to the regulations of the competent authority, the total bonds invested in DSI composition remain approximately the same as that in 2016.
- NTD bonds invested in DSI composition increased from 19% to 24%. Furthermore, the number of NTD and foreign currency bonds invested in DSI targets has increased considerably by 10%. E.SUN Bank not only ensures investment security and risk mitigation but also actively invests in targets associated with corporate social responsibility.

金融業首家

玉山世界卡・ETC聯名卡減碳標籤暨碳中和

證儀式



Credit Card and Environmental Sustainability

► Results of 2017 :

• Green industry lending and investment

E.SUN World Card and E.SUN ETC Easy Card were the first credit cards in Taiwan to be certified by EPA with Carbon Footprint Labeling Certification and passed PAS 2050:2011 carbon footprint and water footprint certification. E.SUN again received Carbon Footprint and Carbon Reduction Labeling certifications in April 2017 as well as the SGS PAS 2060:2014 carbon neutrality international certification. This card is the first zero-carbon credit card to receive certifications at both national and international levels. E.SUN strives to continue achieving the goals of zero carbon emission and carbon neutrality and become the first issuer of zero carbon credit cards in Taiwan.

• Environmental sustainability accounts

E.SUN ETC Easy Card has established environmental sustainability accounts, the first one among Taiwan financial sector. Whenever cardholders make a purchase using their card, E.SUN will contribute 0.1% of the transaction value to an environmental sustainability account using the eTag stored value feature, and funds from the accounts are used for environmental protection, energy conservation, and preservation of Taiwan's natural ecology. E.SUN has carbon neutralized 29.5 thousand credit cards in 2017, standing 0.65% of all credit card issued.



• e-bill

E.SUN credit card holders are continuously invited to apply for electronic statements, and the number is increasing. As of December 2017, the number of applicants reached 720,000, which translates to a reduction of 34.56 million papers. We hope to work with our customers in protecting and beautifying the earth. (Note: monthly statements use 4 pieces of paper)

• Green Transport Day

Taipei City Government has designated Friday as Green Transport Day in order to advance toward a sustainable city. In response, E.SUN Bank exclusively offers additional points for customers who travel via public transportation on Fridays. This offer serves to encourage the use of public transport tools and do they part in protecting the environment .

• YouBike Promotion

As a means of encouraging cardholders to use the YouBike service, E.SUN Bank has since 2013 offered the second 30 minute of the YouBike service for free to customers who spend NT\$3,000 or more on their E.SUN credit card. By promoting a healthy green lifestyle, we create an opportunity for customers to ride toward a better future.

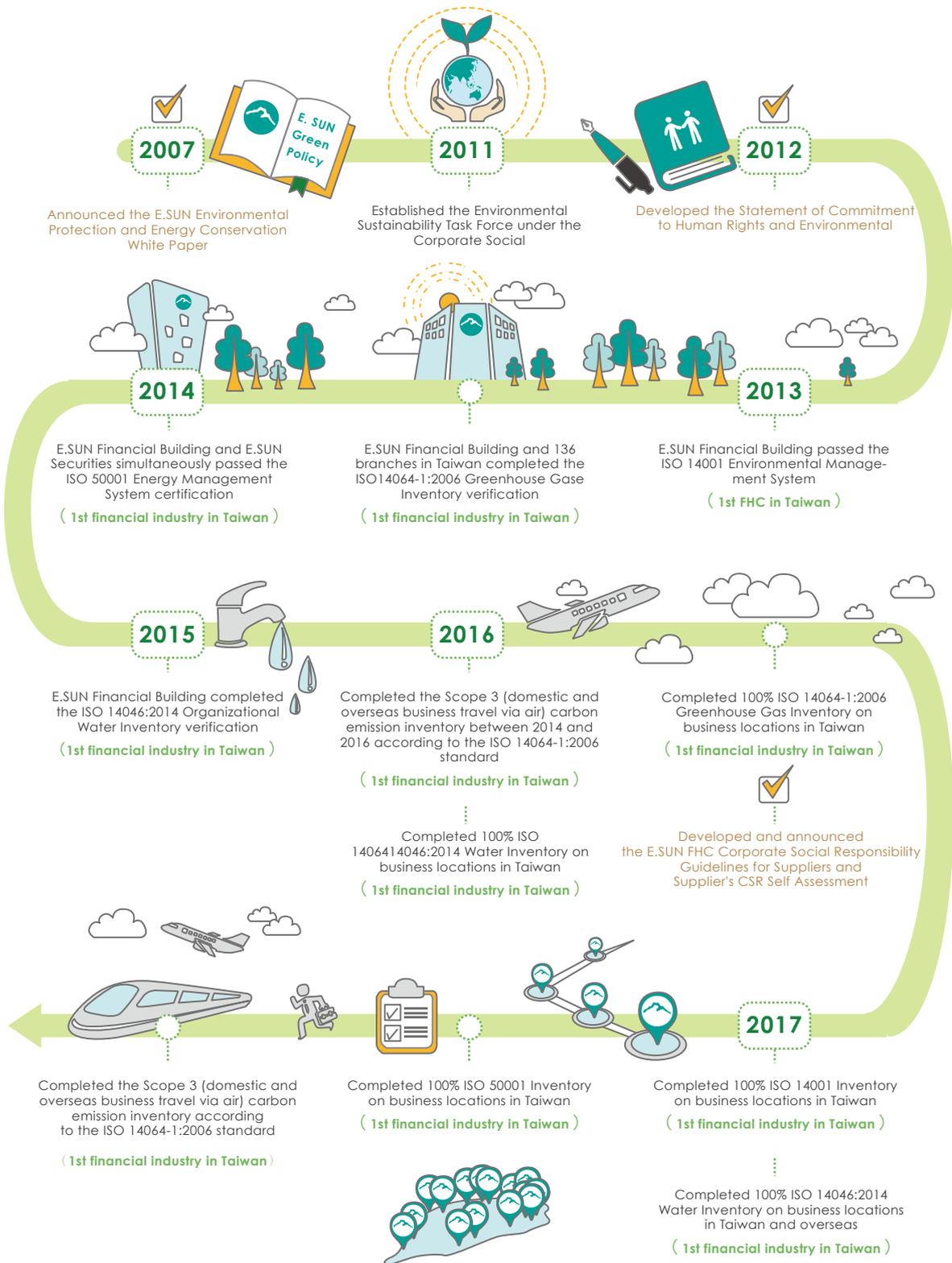




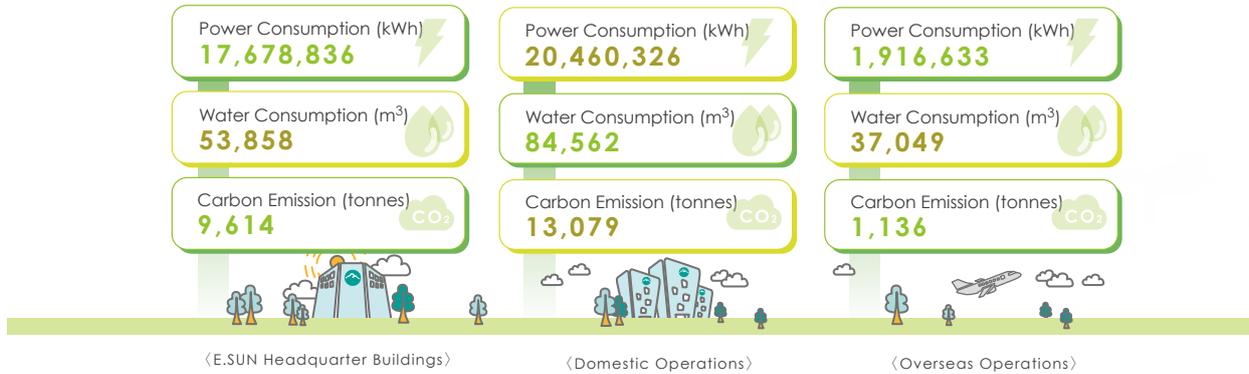
3.3 Sustainable Operating Environment

■ GRI : 102-12

Milestones of operational sustainability



Overview of Environmental Data for 2017



Note:

1. Please refer to this chapter and Appendix 6 for details.
2. All buildings of E.SUN FHC include E.SUN Headquarters Building, Dengfeng Building, Hope Campus, Technology Building and Boai Building.
3. Domestic operations include all branches of E.SUN Bank and E.SUN Securities in Taiwan

Guidelines of operational sustainability management

• Objectives

The earlier 3-year reduction target was reached in 2015. A new sustainability target was set in 2016. In order to reach earlier the reduction target in Taiwan's Intended Nationally Determined Contribution (INDC), the GHG emission reduction by 2030 was set at 50%, the equivalent of a 20% reduction from the level in 2005. 2016 was chosen as the base year. The carbon emission per capita was 2,800kg CO₂e, the water consumption per capita was 18.99 degrees, and the waste per capita was 94.37kg. It is hoped that carbon emission, water consumption and waste will reduce by 1% each, by 10% each by 2025 and by a further 10% each by 2030.

• Policy

Since the release and implementation of the E.SUN Energy Efficiency White Paper - E.SUN Green Policy, E.SUN has been dedicating itself to environmental conservation, which encompasses environmentally friendly and energy efficient policies, support for environmental education, building an environmentally friendly and energy efficient culture and implementing environmentally friendly and energy efficient measures. In addition, the environmental/energy management policy was established with green finance, saving the earth, and environmental sustainability at the core. E.SUN also took the initiative to implement international management systems.

• Execution

The Environmental Sustainability Team under the Corporate Social Responsibility Committee establishes environmental conservation and energy efficiency targets, methods and projects. The team conducts regular reviews and deliver regular reports to the executives. It also promotes energy efficiency and carbon reduction programs to reduce GHG emissions caused by energy consumption.

• Review

E.SUN's largest source of GHG emission is electricity consumption. In order to promote a low carbon environment, internal prices of carbon, water, and electricity were established and made part of the performance indicators for the business units. An energy efficiency and carbon reduction report has to be filed every month and reviews monthly utilities bills, electricity bills, and communication bills. The figures will be compared to the electricity consumption in the same period of the previous year. Any irregular power consumption should be explained and improved. Furthermore, environmental administrators will include sustainability activities and implementation results in the performance evaluation process. It is the mission of each E.SUN employee is to save the earth and achieve environmental sustainability.



3.3.1 GHG inventory

At E.SUN, 88.93% of greenhouse gas emissions are attributed to electricity usage, and 11.07% of emissions are attributed to stationary, mobile (e.g., refrigerant, gas used by company vehicles, and diesel used by power generators) and fugitive emissions (e.g., gas and natural gas). E.SUN attaches importance to the emission of greenhouse gases from operational activities and also pays attention to Scope 3 carbon emissions from business travels in the value chain. Scope 3 inventory and verification are aimed at encouraging employees to work with E.SUN in realizing the corporate vision of environmental sustainability to mitigate the impact of climate changes.

To examine performance of execution and incentive strategies, GHG inventory is performed annually. Since 2013, E.SUN has been actively participating in the Carbon Disclosure Project (CDP) initiated by leading international institution investors and has become a CDP supported corporation that discloses climate change related information. E.SUN FHC volunteered to take the CDP water questionnaire in 2016.

Emission type	Scope 1				Scope 2
	Stationary source emissions	Mobile source emissions	Process emissions	Fugitive emissions	Energy indirect emissions
Volume (t-CO ₂ e/year)	84.0411	2,052.9116	0.0000	501.9182	21,189.5158
Percentage (%)	0.35%	8.62%	0.00%	2.11%	88.93%
Volume (t-CO ₂ e/year)	2,638.8709				21,189.5158
Percentage (%)	11.07%				88.93%

〈 GHG emission of operating sites, domestic and abroad, 2017〉

Note:

- Scope 1 emission mainly includes car fuel, diesel for power generator and natural gas. Scope 2 emission is mainly electricity.
- Gasoline, diesel (stationary source), diesel (mobile source) emission parameter from "EPA GHG emission parameter (version 6.0.3 2017/04)" are 2.36 kg CO₂e/L, 2.615 kg CO₂e/L, and 2.651 kg CO₂e/L respectively. IPCC, AR4 is adopted for GWP.
- No biodiesel is used in the reviewed year.
- Electricity parameter is 0.523 kg CO₂e/kWh by Energy Bureau, MOEA 2016.
- According to ISO 14064-1 Greenhouse gases Part 1: Specification with guidance, emission = activities* emission parameter*GWP
- Reference to refrigerant GWP and IPCC, AR4.
- GHG inventory is performed based on operational control.

Types of GHG	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total emission of 7 GHG
Emission (CO ₂ e/year)	23,241.341	328.233	67.736	161.695	0.000	29.382	0.000	23,828.387
As percentage of total emission	97.54%	1.38%	0.28%	0.68%	0.00%	0.12%	0.00%	100.00%

〈Emission of respective GHG (t-CO₂e)〉

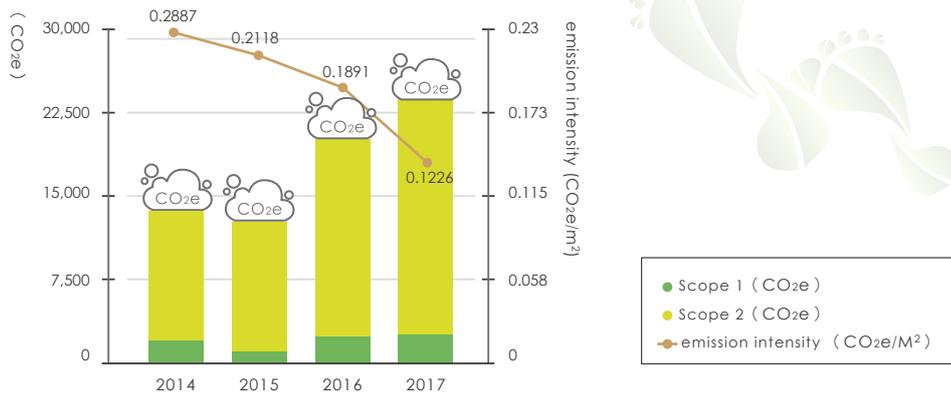
Scope 3	
Emission type	Other indirect emission
Volume (t-CO ₂ e/year)	210.0642
Percentage (%)	100.00%

〈Scope 3 GHG emission〉

Types of GHG	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total emission of 7 GHG
Emission (CO ₂ e/年)	210.064	0.0000	0.0000	0.0000	0.000	0.000	0.000	210.064
As percentage of total emission	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

〈Emission of respective GHG (t-CO₂e)〉



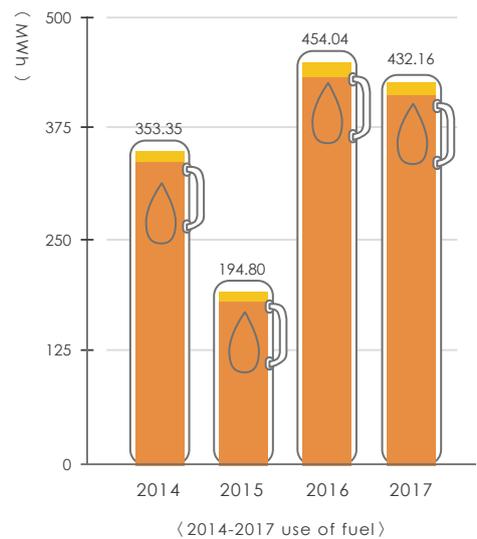
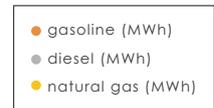
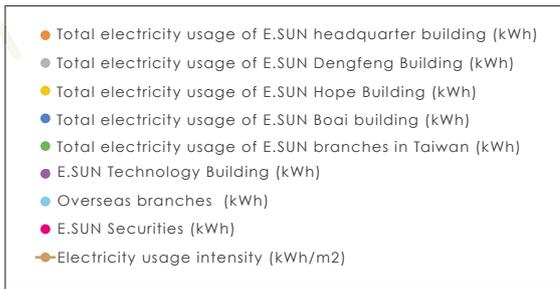


Note:
 1. Scope of emission in 2017 incorporated overseas branches, including the Hope Building, Changhua Branch, and E.SUN Securities; therefore, carbon emissions were greater than those in previous years.
 2. Scope of emission in 2016 incorporated the Dengfeng Building and Boai Building; therefore, carbon emissions were greater than those in previous years.
 3. Scope of emission in 2014 and 2015 included the headquarter building and branches.

3.3.2 Energy management

■ GRI : 302-3

E.SUN mainly uses purchased electricity (non-renewable energy) in operational activities, with occasional use of petroleum, diesel, and gas.



Note:
 1. Hope Campus and Changhua branch are added in 2017.
 2. Boundary of 2016 was expanded to include Summit Campus and Bo-Ai Building.
 3. Boundary of 2014-2015 are headquarters building and branches.

Note:
 1. Boundary of 2017 was expanded to include Hope Campus, Changhua Branch, E.SUN Securities, and overseas branches.
 2. Boundary of 2016 was expanded to include Summit Campus and Bo-Ai Building.
 3. Boundary of 2014-2015 are headquarters building and branches.
 4. Source: Energy Bureau and CDP Conversion of fuel data to MWh.





Measures of Energy Management



Green building

Green construction was made one of the key initiatives since 2015, with priority given to new buildings. As of 2017, 5 branches have acquired green building labels (Changhua, Annan, Taiping, East Tainan, and Shalu Branches) and the Hope Building, which was opened in 2017, also obtained the Gold-Level Green Building Certificate. The Hope Building, opened in 2017, received the Gold-Level Green Building Certificate. In future, we remain dedicated to creating a sustainable world of eco-friendly green buildings that advocate energy conservation, waste reduction, and health promotion.



E.SUN Hope Building



Changhua Branch



Taiping Branch



Shalu Branch



Solar energy branches

After the solar resources of E.SUN branches in Taiwan were assessed, we expect to complete 7 solar-powered branches by the end of 2018. Solar panels will be installed on the rooftops of East Tainan, Jinghua, Annan, Rende, Dali, Taiping, and Shalu Branches. These panels can generate 45,000 kWh of electricity every year. Four solar-powered branches have been completed as of the end of 2017 (East Tainan, Jinghua, Annan, Rende Branches). The total installed capacity was 18.6 kW.



East Tainan Branch



Jin Hua Branch



Annan Branch



Rende Branch



Green electricity

In line with the government's green energy policy, E.SUN has been purchasing green electricity voluntarily for 2 consecutive years since 2016. In 2017, we purchased 10,000 kWh worth of renewable energy certificates from the Bureau of Standards, Metrology, & Inspection, Ministry of Economic Affairs, to promote the development of renewable energy and contribute to environmental protection.



Energy saving lighting

We adjusted the operating time of electronic signage at all branches, specifically in summer, a period of peak demand for electricity usage. We requested our branch offices nationwide to shut off all electronic signage, including vertical and horizontal signs, and display monitors. Over ten thousand lights were turned off, saving approximately 100,000 kWh of electricity. The reduction of carbon emission is equivalent to CO2 absorption of 47 million trees.

(Note: Environmental Protection Administration, Executive Yuan https://ecolife.epa.gov.tw/cooler/check/Co2_Countup.aspx)



Digitization and mobility

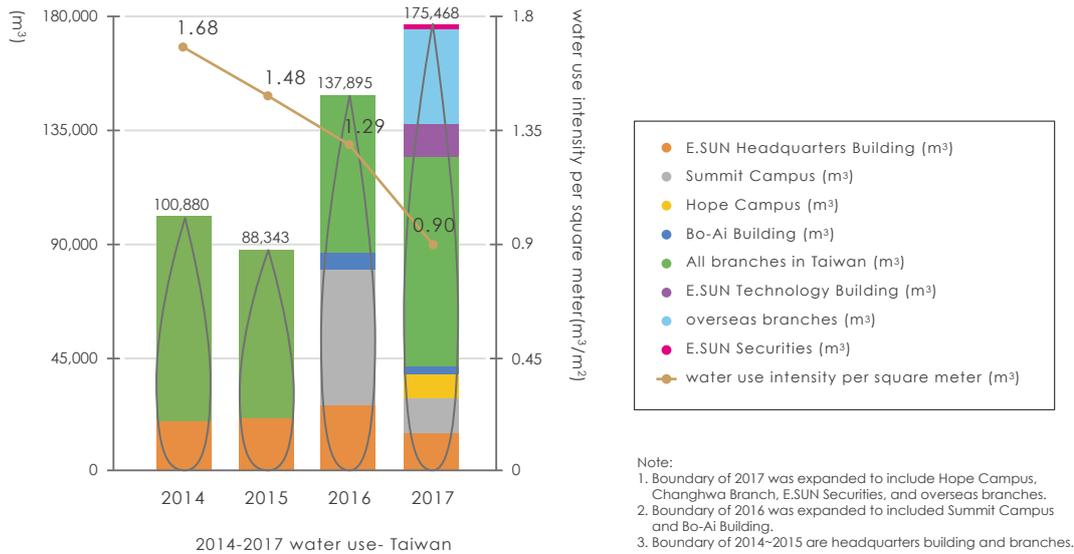
1. Customers are encouraged to use telephone banking services, WebATM, internet banking services, and electronic subscription and to choose electronic statements instead of paper statements.
2. Video conferencing equipment is made available to reduce the cost of time and travel as well as GHG emission incurred during travel. 4,214 sessions were held in 2017. Example: The annual saving by choosing video conferencing is, calculated at a total driving distance of 69,663 km, 13.8 metric tons of CO₂e. E.SUN will continue to encourage the energy saving replacement of overseas travel with video conferencing and telephone meetings for employees in different countries.



Note:
Please refer to the Corporate Social Responsibility Section on our website for more details on daily energy-saving and carbon-reducing measures for everyday applications (e.g., lights, A/C, elevator, and vehicles).

3.3.3 Water Management Measures

E.SUN's water comes 100% from the Taiwan Water Corporation, none of our water comes from groundwater or other sources. Office buildings and operational locations supply water for use by employees and some customers with no overall impact on water sources. Domestic wastewater is discharged via sewers and treated via the sewers.



Water saving measures



Received certificate of ISO 14064 Organizational Water Footprint Inventory by SGS and covers 100% of operation.





1. Support the water conservation policy.
2. Implement environmentally friendly lending to support water resources businesses.
3. Raise awareness of water conservation in and outside the company to encourage employees and more consumers to join the effort to achieve sustainability.



1. E.SUN installs only sanitation equipment with EPA certification for water efficiency in its headquarters building.
2. Water saving devices are installed to reduce the amount of water coming out of faucets.



The Hope Building is equipped with rainwater recycling system. Processed rainwater is used to water plants or as cooling water for air conditions. A flow meter is installed to measure the amount of water recycled. In 2017, approximately 18,485 tons of water was saved.



- Water towers, reservoirs, pipes and connections are checked regularly for leaks.
- Water resource utilization at the headquarters building and branches across the country is monitored regularly, and water saving results from each unit are published regularly for review and discussion. Abnormal utilization will be investigated to ensure the energy efficiency policy is enforced
- Rooftop water towers are cleaned twice a month and the water checked for PH value and chlorine level at the same time.
- Regarding safety and maintenance of daily drinking water, E.SUN headquarters building is equipped with 31 standing and tabletop water fountains, which are subject to regular inspection and maintenance. Sampling and testing are performed by a testing agency approved by the central competent authority every three months. Filters are replaced every six months to ensure the water is safe to drink.

3.3.4 Waste Management

E.SUN headquarter building generates domestic wastes, which are sorted into general waste, recyclables and food waste in order to facilitate implementing waste reduction and resource recycling and reuse. Employees sort their own wastes in the temporary waste storage area. The building management then collects and stores all rubbish in the waste sorting area on Floor B3. General waste is removed by licensed refuse collection operators and taken to incinerators, while recycling companies are notified to collect recyclables.

Year	2014	2015	2016	2017
General waste (kg)	111,950	118,400	127,522	121,400

Year	2014	2015	2016	2017
 Paper (kg)	2,500	2,500	2,580	2,302
 Plastic (kg)	174	168	172	212
 Metal (aluminum/tin cans) (kg)	46	30	31	22
Total resources recycled (kg)	2,720	2,698	2,783	2,536

Waste Management Measure



- As a response to the restrictions on the use of plastic bags imposed by the Environmental Protection Administration in 2017, we banned the use of plastic bags at the fruit collection station in our employee canteen. Employees are encouraged to bring their own reusable grocery bags.
- E.SUN FHC is the first financial institution in Taiwan to comply with the city government's total ban on disposable utensils and melamine tableware. Within just 2 months, 10,000 disposable utensils and melamine tableware used in the employee canteens of the E.SUN headquarter building, Dengfeng Building, and Hope Building were replaced with environmentally friendly utensils. This effort is expected to reduce approximately 600,000 paper containers, which translates to a reduction of 16,320 kg in weight and the height of 5.3 Yushan Mountains if the containers were stacked together (Note: if a paper container weighs 27.2 g and measures 3.5 cm in height, the height of Yushan is 3,952 m). In addition to ensuring the health of 2,500 employees at E.SUN FHC, we also endeavor to reduce waste, protect the earth, and create a healthy and eco-friendly culture.



- We invited customers to help conserve paper by not using print-out statements. All 667 ATMs nationwide an environmental protection promotion channel encouraging employees and customers to get in the habit of conserving energy.
- A total of 1,147 e-Learning sessions were held in 2016. The sessions were attended by 223,150 participants. The estimated saving on paper was 893,000 sheets, roughly the equivalent of 5 metric tons of CO₂e.
- E.SUN enforces paperless processes in the office, electronic payroll, electronic training materials, and double sided printing. Printers should be set to print on both sides or multiple pages on one side to save paper and ink. The electronic document system replaced its paper equivalent in 2016. The change led to a reduction of 46 kg of CO₂e in 2016.
- Credit cardholders are encouraged to opt for electronic statements. 570,000 cardholders have applied for the service. The equivalent paper consumption is 27.36 million sheets, which translate to a saving of 153.22 metric tons of CO₂e.

Note:
According to the EPA Taiwan Carbon Footprint, the carbon emission of one sheet of A4 paper is 0.0056 kg of CO₂.



3-4 Sustainable ecosystem

GRI : 304-3 、 304-4

3.4.1 Taiwan Formosan Bear conservation

The Formosan black bear is Taiwan's sole native bear species. The survival of the black bear not only implies the preservation of this species in Taiwan, but also implies protecting the integrity of Taiwan's forest ecosystems and overall biodiversity. Since 2012, E.SUN FHC has been working with Taiwan black bear conservation and restoration units, including the Taiwan Endemic Species Research Institute, COA, Yushan National Park Administration, Taipei Zoo, and the Taiwan Black Bear Conservation Association to promote a series of black bear conservation activities. Responding to the need for conservation and protection of biodiversity in Taiwan, as well as to encourage people to cherish the Earth, we seek to use our corporate advantages to induce public concern for conservation issues, and take tangible actions to support black bear conservation.



E.SUN Takes Actions to Protect Taiwan Black Bears

Financial Service

Use of our financial core competencies in the conservation of Taiwan black bears fully shows our determination to promote the conservation of Taiwan black bears and encourage more environmentalists in Taiwan to join our initiatives.



Issuance of Taiwan's first credit card combining conservation and environmental concept

E.SUN Bank cooperate with Taipei Zoo to issue Taiwan's CSR credit card, combining conservation and environmental concepts—the "Black Bear Affinity Card." Whenever a transaction is made using this card, 0.2% goes to an animal conservation fund. The first contribution from this fund was a NT\$5 million donation to Taipei Zoo, and was used for black bear conservation, habitat protection, restoration of Taiwan's native species, and environmental education program. Customers who use purchases made with the "Black Bear Affinity Card" to contribute to Taipei Zoo, Taiwan Black Bear Conservation Association, Animal Protection Association of the ROC, and Taiwan Environmental Information Association will also receive triple bonus points.

Environmental Conservation

We used Taiwan black bears as the design for our mascot, the E.SUN Bear, and sponsored the production of the documentary film *The Forest of Taiwan Black Bears*, which aims to improve people's understanding of Taiwan black bears and encourage them to aid in the conservation of animals native to Taiwan.



Sponsored the production of the documentary film: *The Forest of Taiwan Black Bears*

E.SUN sponsored the production of the ecological documentary, the *Forest of Taiwan Black Bears*, providing assistance to director Hsiang-Hsiu Li who has devoted 6 years of her time in recording the traces of Taiwan black bears. Before the film's premier, almost 3,000 employees and their spouses were invited to enjoy the movie together at a total of 13 venues in Taipei, Taichung, and Kaohsiung.

Educational Promotion

E.SUN sponsored the production of the ecological documentary, the Forest of Taiwan Black Bears, providing assistance to director Hsiang-Hsiu Li who has devoted 6 years of her time in recording the traces of Taiwan black bears. Before the film's premier, almost 3,000 employees and their spouses were invited to enjoy the movie together at a total of 13 venues in Taipei, Taichung, and Kaohsiung.



"Bears Love E.SUN: Black Bear Conservation" Seminars- Into aboriginal tribes

E.SUN has collaborated with the Taiwan Black Bear Conservation Association for the third consecutive year in holding a tour of lectures on black bear conservation from 10/17 to 12/29, over a period of 3 months. Lectures were given to the Amis, Taroko, Bunun, and Seediq people. A total of 60 sessions was held over the course of 3 years and attended by more than 3,000 students. Arrangement was made for school teachers and students to visit the Eastern Taiwan Black Bear Education Center in Yuli, Hualien and improve their understanding of the ecological behavior and conservation status of Taiwan black bears. These activities in turn raise people's awareness on Taiwan black bears and conservation issues and strengthen public understanding of biodiversity conservation.



Formosan Bear's nanny story time

For 3 straight years E.SUN partner with Taipei City Zoo to host Formosan Bear's nanny story time, sharing experience with Formosan Bear.



Black Bear Forest Adventure

From December 16-17, 2017, E.SUN teamed up with the Taipei Zoo and the Taiwan Black Bear Conservation Association to hold a 2-day "Black Bear Forest Adventure" event for parents and children. The activities, which included "A Meeting with the Black Bear Ambassador", "Black Bear Forest Conservation Efforts", and "Black Bear Forest Fun Journey", enabled more members of the public to understand the urgent need for protecting the Formosan black bear. We hope the event will encourage more people to join together to protect the Formosan black bear and engage in biological diversity conservation efforts. A total of 80 students participated in the event.



Birthday Party for Formosan Bear "Brown Sugar"

On December 29, 2017, E.SUN joined together with the Taipei Zoo, the Taiwan Black Bear Conservation Association, and teachers and students from Fu-an Junior High School to celebrate the birthday of "Brown Sugar", one of the black bears which lives in the zoo's Temperate Zone Animal Area. The fun and educational activity helped more people learn about the plight of the Formosan black bear and the importance of local wildlife conservation. More than 150 members of the public participated in the event.



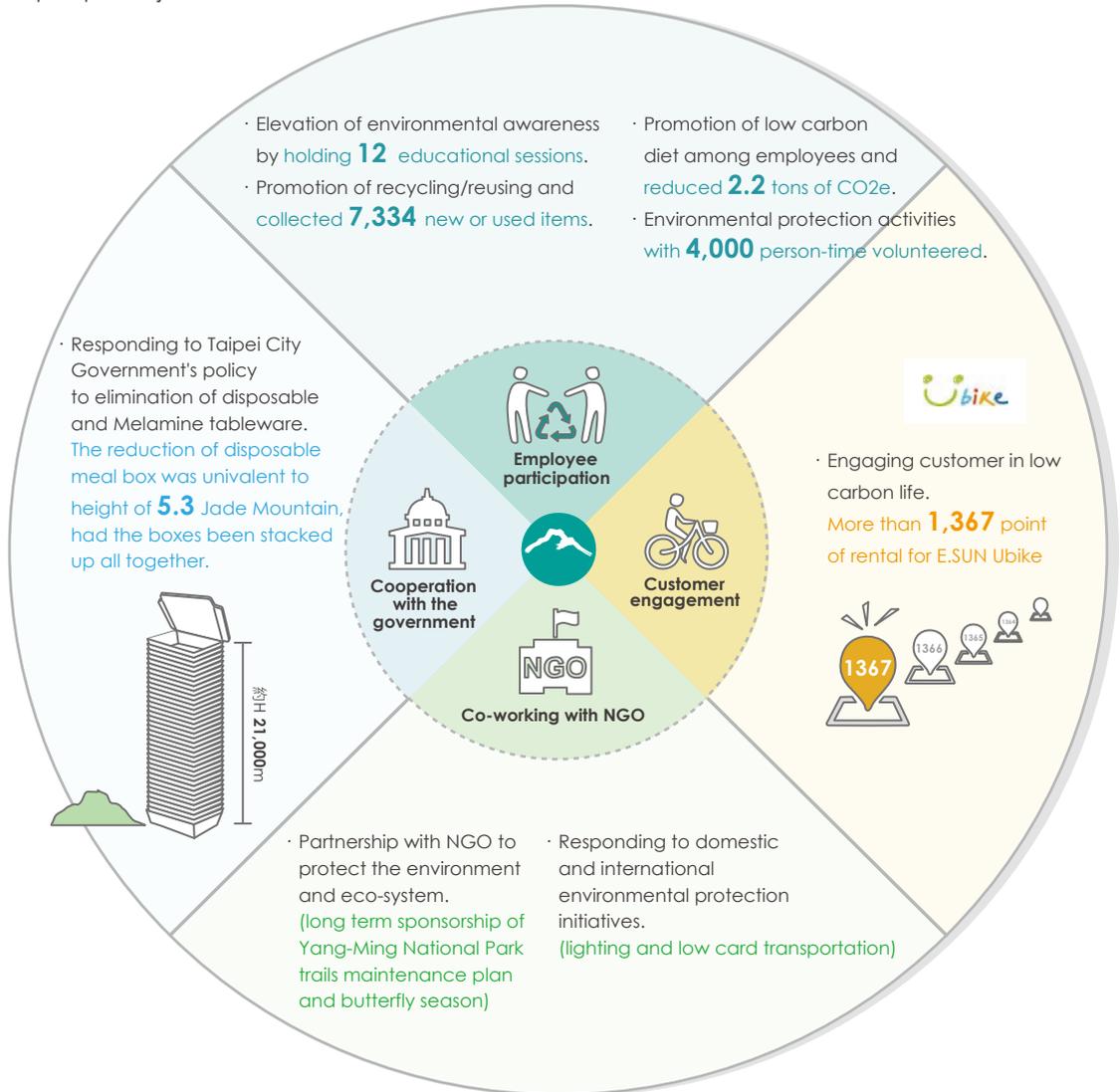
Formosan Bear Conservation Summer Camp

E.SUN also organized a conservation outreach effort focused on the Formosan black bear, titled "Junior Black Bear Protectors", during the VIP Parent-Child Summer Camp. Participants enjoyed a fun and energetic trivia contest while learning about the importance of protecting the Formosan black bear and other conservation knowledge. Nearly 36 families participated in the event.

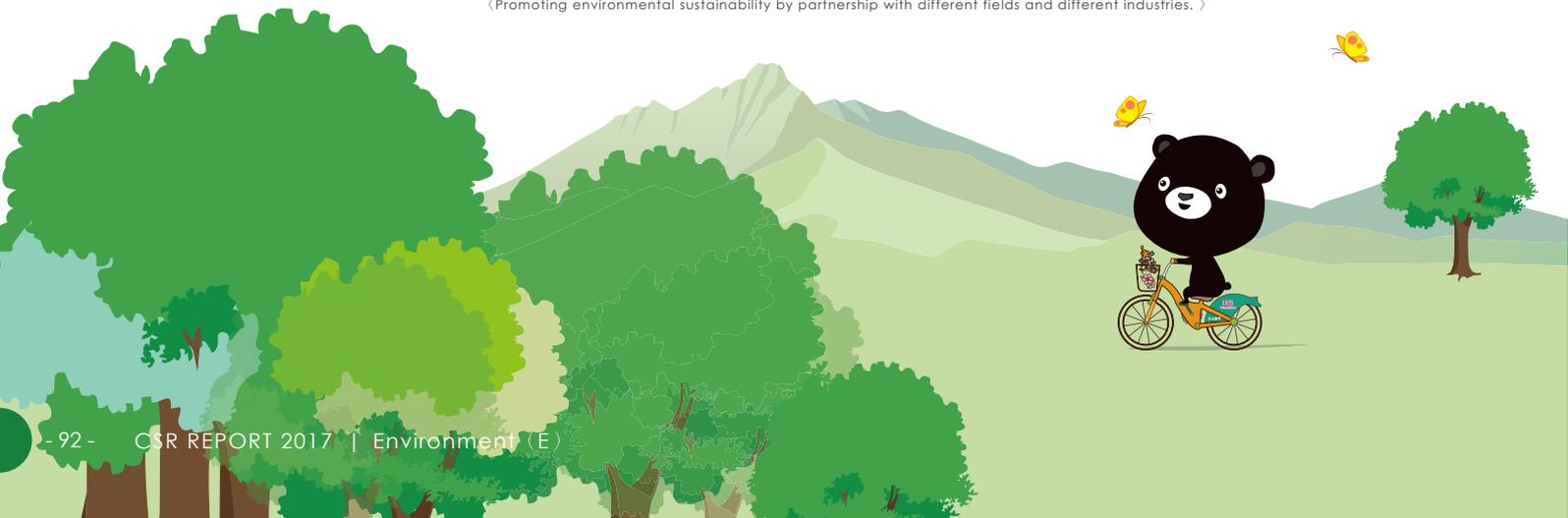
3.4.2 Promoting environmental sustainability

■ GRI G4 : FS4

E.SUN has made a long term commitment to environmental sustainability. Environmental education in the workplace, events and activities, environmentally friendly products, installation of low carbon equipment, and support for environmental conservation programs in Taiwan and overseas all reflect E.SUN's determination to take action and encourage more people to join the effort.



(Promoting environmental sustainability by partnership with different fields and different industries.)





1. First in the Financial Sector! Supporting the city government's total ban on disposable utensils and melamine tableware



In order to cultivate a healthier and more eco-friendly dining environment, E.SUN FHC has actively responded to the Taipei City government's call for a total ban on disposable utensils and melamine tableware by opening three large-scale employee cafeterias in Taiwan (including at the Head Office Building, Dengfeng Building, and Hope Building). As a result of our efforts, we eliminated the use of 10,000 disposable containers and melamine utensils within just two months, leading to an estimated reduction of about 600,000 paper containers weighing roughly 16,320 kg. If these containers were stacked together, they would be about 5.3 times as high as Yushan, Taiwan's tallest mountain!



2. Elevation of employees environmental protection awareness



13th of every month, the environmental volunteers promote knowledge of environmental protection. Some educational material is displayed on e-Learning platform. Besides, 13th is also the cleaning day, when employees would clean the office environment to realize the 4R concept- Reduce, Reuse, Recycle, and Refuse into practice.





E.SUN's actions in environmental sustainability

3. Educated employees on low-carbon diet



E.SUN Vegetables Day on Mondays

Vegetarian meals are served on Mondays in employee canteen. This not only encourages employees to eat more vegetables and consume less meat but also reduces the production of carbon dioxide by the animal husbandry industry. This effort has been supported by 3,174 employees in the E.SUN headquarter, Dengfeng Building, and Hope Building every week, reducing carbon emissions by roughly 2.4 tons CO2e.

Note:
For every person who does not eat meat, 780 g CO2e of carbon emission can be reduced.

Food made from local food ingredients

From E.SUN headquarter building to training center and branches to families, our employee canteens purchase food ingredients from local food producers or neighboring areas, on the premise that a healthy balanced diet is maintained. Adequate quantity of seasonal food ingredients is purchased in order to shorten the carbon footprint by reducing food wastes and resource wastes during the transport and refrigeration process.



4. Encouraged employees to cherish and reuse resources



Resource Circulation and Charity Sale activity

For six years in a row, managers and frontline employees at the E.SUN Financial Building and Dengfeng Building have taken the initiative to hold the "Resource Conservation Charity Sales Event", which includes a silent auction for second-hand items and brand new products to help squeeze more out of existing resources. The theme of the 2017 charity sales event was "Lighting Up Hope with Love". Volunteers and colleagues who participated in the event donated a total of 7,334 brand new and second-hand items. In addition, all proceeds from the charity events were donated to the "Concern for Schoolchildren Program". In 2017, the charity event raised over NT\$3.47 million along with 300 shares of E.SUN stock which will directly help cover the first semester costs of more than 4,500 elementary school students.



13-Book Lovers: Magazine circulation day activity

In order to realize E.SUN's environmental protection spirit, the "13-Book Lovers: Magazine circulation day activity" has been held at the E.SUN Headquarter Building. In order to effectively achieve the goal of resource sharing, we collected the magazines that various departments had subscribed to (or had received as donations), along with employees' own books, magazines, CDs, and DVDs, they were made freely available to employees. We totally collected 2,188 items in 2017, and circulated 1,467 items, for a circulation rate of 67.04%.

5. Environmental protection volunteer activities
Make Taiwan Brighter on Our 25th Anniversary



E.SUN Cycling across Taiwan Tour

In celebration of its 25th anniversary in 2017, E.SUN Bank hosted the events Make Taiwan Brighter and the E.Sun Bicycle Tour of Taiwan in March, encouraging E.Sun volunteers to participate in health walks and cycle across Taiwan in an effort to promote energy conservation and carbon reduction and to protect the beauty of Taiwan. E.Sun Volunteer & Social Welfare Foundation exerted an even greater influence by announcing this year its NT\$30 million investment in the Concern for Schoolchildren Program, helping more underprivileged schoolchildren to study and grow up care-free.





E.SUN's actions in environmental sustainability



"Beautiful Taiwan, Smiling E.SUN" environmental clean-up activity

For three consecutive years, we have independently organized an environmental cleanup activity called "Beautiful Taiwan: Smile E.SUN". Nearly 4,000 colleagues from a total of 208 units in E.SUN FHC, E.SUN Bank, and E.SUN Securities answered the call to take part in the event purely on their own initiative, joining together to help clean up local communities and surrounding streets near E.SUN locations.



Mountain and Beach Cleaning

Between October and November, 2017, a total of 5,274 E.SUN employees and their families took part in the "Mountain and Beach Cleanup" program in various parts of the nation. Sixteen teams worked together to coordinate and plan cleanup routes, and activities were customized in each region to accommodate local climates and environmental conditions. Meanwhile, employees at E.SUN's locations on the outlying island of Penghu joined in the program by organizing a beach cleanup at Aimen Beach.



Let's go!



6. Encouraged customers to lead a green, low-carbon lifestyle



Established an online CSR Game

A fun little game on green lifestyle was introduced on our official website in 2017. In the game, the E.SUN Bear interacts with customers and the general public. The purpose of the game was to advocate a green lifestyle in everyday activities (e.g., dining, clothing, accommodation, and transportation).



Formosan Bear CSR game



Promotion of Ubike

E.SUN's co-branded EasyCard series of credit cards have the highest percentage market share in the nation. In an effort to conserve energy, reduce carbon emissions, and alleviate air pollution, E.SUN teamed up with local city and county governments in Taipei City, New Taipei City, Taichung City, Changhua City, Taoyuan City, and Hsinchu City along with Giant, the renowned bicycle manufacturer, to once again promote the "E.SUN YouBike Smile 123" discounted bicycle rental event. The event, which included 1,367 rental stations, is intended to encourage customers and the general public to ride bicycles for traveling short distances, thereby promoting a healthy "LOHAS" lifestyle which reduces energy consumption, cuts carbon emissions, and enables us to create a better future together.



7. Cooperated with NGO in environmental protection and ecological conservation



Promoting butterfly conservation

E.SUN has co-organized the "Yangmingshan Butterfly Festival" in Yangmingshan National Park for five years in a row. This event promoted butterfly habitat conservation and environmental education, including butterfly ecology exhibitions, guided butterfly-watching tours on Caoshan, talks about butterflies, DIY activities to make butterflies, and butterfly poems. In 2017, we invited students and teachers from Wan-Li Elementary School, a member of the E.SUN Golden Seed Project, and Bethany Children's Home to collectively participate in this year's guided ecological tours.



Adopting trails in Yushan National Park trail

We have adopted and maintained trails in Yushan National Park trail for seven consecutive years, and use this opportunity to promote conservation and environmental education. We encourage E.SUN employees to participate and together do their part to protect the environment.



8. Supported domestic and international advocacy on environmental protection



Lights off for the summer solstice

E.SUN participates in the Society of Wilderness "Lights off for 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, and inviting employees to join in. While relying on tangible actions to reduce energy consumption, this activity also encourages everyone to turn off their 3C products, go outside, personally appreciate the environment, learn how to adapt to a new lifestyle, and reflect on how everyone has the power to change the world.



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. On 2017 International Car Free Day, E.SUN used its website, internal publicity, and Ubike marketing activities to encourage 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 the various Car Free Day activities held in different areas to advocate eco-friendly lifestyles.



Earth Hour

The Earth Hour activity was initiated by the World Wildlife Fund in Sydney, Australia. 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 employees, customers, and nearby residents were encouraged to follow suit. Group action will be needed as we face the threat of global climate change. But as long as we adjust our living habits, and take easy steps in our everyday lives, we can reduce our energy consumption and contribute to environmental protection. For the sixth consecutive year, E.SUN took part in this activity by turning off power to horizontal and vertical signs at all branches one hour early.



Turn off the lights for the Mid-Autumn Festival: Appreciating the Brightness of the Moon

We must all work to protect this beautiful land, and must do our part to reduce global warming. 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. All employees were encouraged to also turn off their household lights for the same one-hour period in this very simple and healthy activity showing our love for the Earth.

3.5 Supplier Management

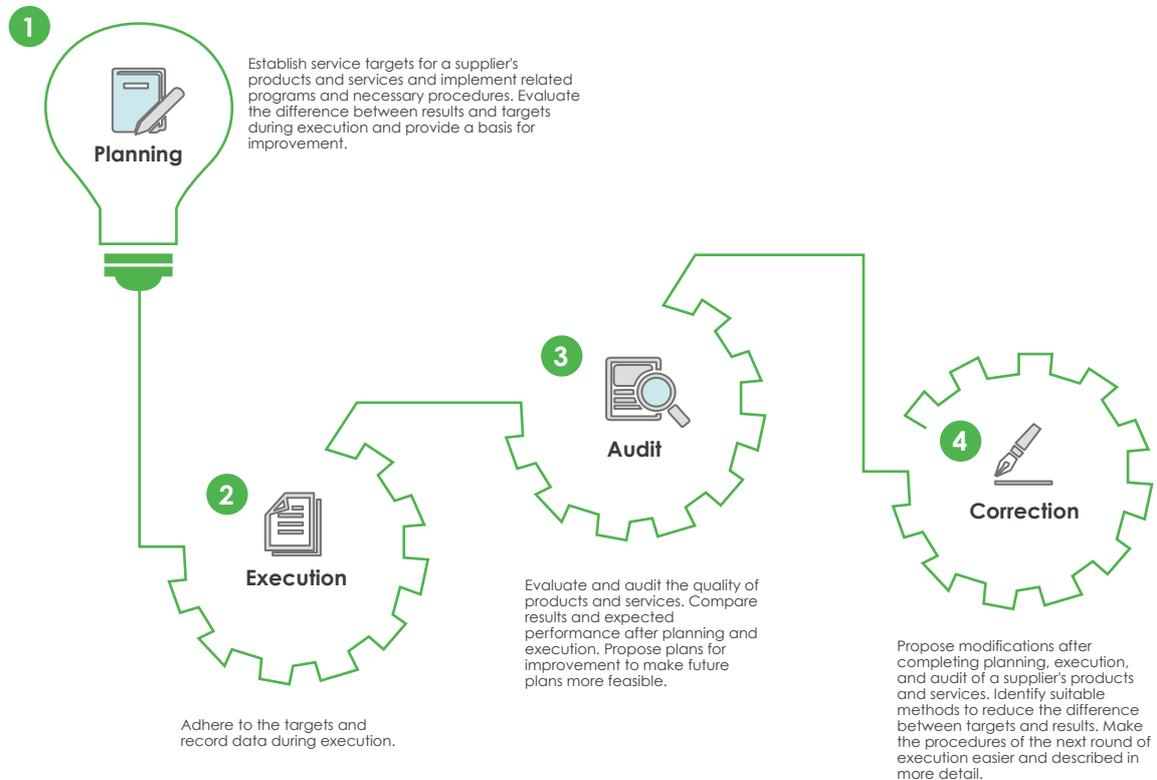


■ GRI : 102-9 、 102-10 、 204-1 、 205-2 、 308-1 、 408-1 、 409-1 、 412-3 、 414-1

E.SUN cooperates with over 1,000 supply chains include service supply chains, equipment supply chains, and project contractors; the service includes postal services, logistics, security, electronic equipment, telecommunications, furniture, civil engineering, and architectural design.

Regarding supplier management, E.SUN follows the E.SUN Bank Administration and Management Regulations and selects qualified suppliers. The Company works only with suppliers that comply with local regulations, have signed the Statement of Commitment to Human Rights and Environmental Sustainability, and adhere to the E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers. The statement clearly specifies E.SUN's requirements and expectations of the supplier regarding environmental health and safety, prohibition of child labor, labor management, elimination of any form of forced labor, absence of damage to basic labor rights, basic human rights, the code of ethics, and ethical management. 100% of added suppliers in 2017 are required to sign the above commitment.

To enhance supplier management practices and guide suppliers to engage in CSR-related tasks, we introduced the Supplier's CSR Self Assessment Form and, according to the Supplier Onsite Visit Questionnaire, occasionally pay onsite visits to key suppliers and record the results. The purpose of the visits was to verify the status of corporate social responsibility practices by suppliers. The assessment covers economic, environmental, and societal dimensions as well as green management practice. Furthermore, 100% of the new suppliers added in 2017 were selected in accordance with these principles. No significant deficiency and changes were discovered.



Supplier training

We require suppliers performing highly dangerous work, including subcontractors in new building projects or branch renovation projects, to comply with the Occupational Safety and Health Act. In addition, responsible persons of said suppliers and E.SUN employees must provide health and safety training for the operators involved and raise awareness against danger in order to reduce injuries in the process. No construction accident related injury or death occurred in 2017.

Green procurement

To reach SDG 12 responsible consumption and production, we support EPA's green living and spending policy and follows the principle of green spending and environmentally friendly procurement. E.SUN has actively purchased environmentally-friendly products, green consumption and procurement, including Green Mark, Energy Mark, Water conservation Mark, and GreenBuilding Material Mark since 2010. We also raised green building material use to 45% (compared with the standard of 30%), as of 2016 the total purchase amount reached NT\$447 million.

Green procurement principle:

- Priorily purchase and use building materials, equipment, and apparatus bearing the Green Mark or Green Building Materials Mark and complying with legal requirements.
- Priorily 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.
- In order to facilitate modification, renovation, and redecoration for units, procurement must be standardization and consistency.
- Purchased products that can enhance customer's safety and fulfill corporate social responsibility.



E.SUN continues to participate in the EPA's Green Procurement Program for Private Enterprises and Organizations. The company purchases EPA approved products and Category 2 or 3 environmentally friendly products. E.SUN has been named an outstanding benchmark organization for "Green Procurement by Private Enterprises and Organizations" by Taipei City Department of Environmental Protection 9 years in a row and an outstanding benchmark organization for "Green Procurement" by the EPA for 8 years in a row. The goal is to facilitate an upgrade of the green industry through green procurement and improve the conditions regarding the environment as a whole.

Meanwhile, we exercise our influence through purchases and sales to raise awareness of environmental conservation and green spending among business partners and encourage them to invest in the development of green products and technology (details of green products shown in 3.4.2 Supporting environmentally friendly products) in order to create opportunities in sustainability together.



First place award in Taiwan Corporate Sustainability Awards.



Bronze medal of the 26th Enterprise Environmental Protection Award by EPA.



9th time winner as benchmark of Green Procurement by the Taipei City Government.



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Appendix

1. Glory and Recognition in 2017



Overall Performance

- E.SUN FHC was included in Dow Jones Sustainability Emerging Market Index for the 4th consecutive year, the only one in Taiwan financial sector.
- E.SUN FHC was included in Dow Jones Sustainability World Index for two times, the only bank in Taiwan.
- E.SUN Bank received Best Managed Bank in Asia Pacific. (The Asian Banker)
- Mr. Joseph Huang, President of E.SUN FHC was chosen as Best CEO Leadership Achievement in Asia Pacific. (The Asian Banker)
- E.SUN Bank received Best Domestic Bank in Taiwan for the 3rd consecutive year. (The Asset)
- E.SUN Bank received Best Bank in Taiwan. (Global Finance)

Digital Innovation

- E.SUN Bank received Technology Project of the Year in Payments in the world. (The Banker)
- E.SUN Bank received the award of Most Innovative Digital Cost Saving Initiative in Asia for the 2nd consecutive year. (Gartner)
- E.SUN Bank received the award of Best E-Bank in Taiwan for the 2nd consecutive year. (The Asset)
- E.SUN Bank received the award of e-solution partner bank in Taiwan for the 3rd consecutive year. (The Asset)
- E.SUN Bank received the award of Best in Treasury and working capital -SME in Taiwan for the 5th consecutive year. (The Asset)
- Mr. Bruce Lee, CDO of E.SUN FHC was chosen as Leadership in Innovation in Taiwan. (The Asian Banker)

Sustainable Development

- E.SUN FHC ranked No.1 in financial institutions (and overall No.2 among large corporate) in the Award of Excellence in Corporate Social Responsibilities 10 times. (CommonWealth Magazine)
- E.SUN FHC received Best CSR Award in Financial for the 2nd consecutive year. (Global Views)
- E.SUN FHC ranked within top 5% of Corporate Governance Evaluation for the 3rd consecutive year. (TWSE)
- E.SUN FHC ranked AA in MSCI ESG Leaders indexes.
- E.SUN FHC received the Platinum Award for Excellence Management in Corporate Governance in Asia for the 8th consecutive year. (The Asset)
- E.SUN FHC ranked No.1 in the financial sector of the Top 10 Most Sustainable Company Award for the 3rd consecutive year. (Taiwan Institute for Sustainable Energy)

2. Comparative table of GRI (Global Reporting Initiative)

★Major issues

GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016		Page	Omission	SDGs
Disclosure	Description			
102-1	Name of the organization	2、23		
102-2	Activities, brands, products, and services	23, 54		
102-3	Location of headquarters	23		
102-4	Location of operations	23		
102-5	Ownership and legal form	24、25		
102-6	Markets served	23、24		
102-7	Scale of the organization	23~25		
102-8	Information on employees and other workers	57		SDG 8
102-9	Supply chain	97		
102-10	Significant changes to the organization and its supply chain	23、24、97		
102-11	Precautionary Principle or approach	39		
102-12	External initiatives	80、83		
102-13	Membership of associations	35		
102-14	Statement from senior decision-maker	4、5		
102-15	Key impacts, risks, and opportunities	4、5		
102-16	Values, principles, standards, and norms of behavior	35		SDG 16
102-17	Mechanisms for advice and concerns about ethics	35		SDG 16
102-18	Governance structure	30		
102-19	Delegating authority	32		
102-20	Executive-level responsibility for economic, environmental, and social topics	32		
102-21	Consulting stakeholders on economic, environmental, and social topics	32		SDG 16
102-22	Composition of the highest governance body and its committees	30、31		SDG 5 SDG 16
102-23	Chair of the highest governance body	30、31		SDG 16
102-24	Nominating and selecting the highest governance body	31、32		SDG 5 SDG 16

GRI 102: General Disclosures 2016		Page	Omission	SDGs
Disclosure	Description			
102-25	Conflicts of interest	33		SDG 16
102-26	Role of highest governance body in setting purpose, values, and strategy	30 、 31		
102-27	Collective knowledge of highest governance body	30		
102-28	Evaluating the highest governance body's performance	32		
102-29	Identifying and managing economic, environmental, and social impacts	30		
102-30	Effectiveness of risk management processes	30 、 39		
102-31	Review of economic, environmental, and social topics	32		
102-32	Highest governance body's role in sustainability reporting	2 、 30		
102-33	Communicating critical concerns	30		
102-34	Nature and total number of critical concerns		The information were not integrated yet and shall be disclosed in the future.	
102-35	Remuneration policies		The information were not integrated yet and shall be disclosed in the future.	
102-36	Process for determining remuneration		The information were not integrated yet and shall be disclosed in the future.	
102-37	Stakeholders' involvement in remuneration		The information were not integrated yet and shall be disclosed in the future.	
102-38	Annual total compensation ratio		The information were not integrated yet and shall be disclosed in the future.	
102-39	Percentage increase in annual total compensation ratio		The information were not integrated yet and shall be disclosed in the future.	
102-40	List of stakeholder groups	12		
102-41	Collective bargaining agreements	57		SDG 8
102-42	Identifying and selecting stakeholders	12		
102-43	Approach to stakeholder engagement	12 、 13		
102-44	Key topics and concerns raised	12 、 13		

GRI 102: General Disclosures 2016		Page	Omission	SDGs
Disclosure	Description			
102-45	Entities included in the consolidated financial statements	2		
102-46	Defining report content and topic Boundaries	14		
102-47	List of material topics	14~16		
102-48	Restatements of information	No restatements of information		
102-49	Changes in reporting	2、14		
102-50	Reporting period	2		
102-51	Date of most recent report	2		
102-52	Reporting cycle	2		
102-53	Contact point for questions regarding the report	2		
102-54	Claims of reporting in accordance with the GRI Standards	2		
102-55	GRI content index	101~109		
102-56	External assurance	2		
GRI 103: Management Approach 2016		Page	Omission	SDGs
Disclosure	Description			
103-1	Explanation of the material topic and its Boundaries	14 GRI management approach apply to material issues of 2017, including Business Performance, Corporate Governance, Code of Conduct and Ethics, Risk Management, Anti-money-Laundering, Social Welfare, Customer Rights And Information Security, Financial Services And Customer Experience, Human Resource Management, Financial Inclusion, Digital Finance, Responsible Lending And Investment. Please refer to appendix 3 for more information.		
103-2	The management approach and its components			
103-3	Evaluation of the management approach			

STANDARD DISCLOSURES PART: Topic-specific Standards			Page	Omission	SDGs
GRI 200: Economic Series 2016					
Series	Disclosure	Description			
★ GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	25		SDG 2 SDG 7 SDG 8 SDG 9
	201-2	Financial implications and other risks and opportunities due to climate change	78		SDG 13
	201-3	Defined benefit plan obligations and other retirement plans	62		
	201-4	Financial assistance received from government		Not applicable (Not a material issue)	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	62		SDG 5 SDG 8
	202-2	Proportion of senior management hired from the local community		Not applicable (Not a material issue)	SDG 8
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services provided supported	48、51、 65、80		SDG 2
	203-2	Significant indirect economic impacts	48、51、 65、80		SDG 1 SDG 10 SDG 3 SDG 17 SDG 8
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		Not applicable (Not a material issue)	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	35~37		SDG 16
	205-2	Communication and training about anti-corruption policies and procedures	35、36、 97		SDG 16
	205-3	Confirmed incidents of corruption and actions taken	35~37		SDG 16
GRI 206: Anti-competi- tive Behavior 2016	206-1	Legal actions for anti-competi- tive behavior, anti-trust, and monopoly practices	35~37		SDG 16

GRI 300: Environmental Series 2016					
Series	Disclosure	Description			SDGs
GRI 301: Materials 2016	301-1	Materials used by weight or volume		Not applicable for financial sector	
	301-2	Recycled input materials used		Not applicable for financial sector	
	301-3	Reclaimed products and their packaging materials		Not applicable for financial sector	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	84		SDG 7 SDG 12 SDG 13
	302-2	Energy consumption outside of the organization		Not applicable (Not a material issue)	
	302-3	Energy intensity	88		SDG 7 SDG 12 SDG 13
	302-4	Reduction of energy consumption		Not applicable (Not a material issue)	
	302-5	Reductions in energy requirements of products and services		Not applicable (Not a material issue)	
GRI 303: Water 2016	303-1	Water withdrawal by source	86		SDG 6
	303-2	Water sources significantly affected by withdrawal of water		Not applicable (Not a material issue)	
	303-3	Water recycled and reused		Not applicable (Not a material issue)	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		All buildings and operating units of E.SUN FHC are located in urban and rural areas. E.SUN did not develop in any protected areas, habitats and slopeland.	
	304-2	Significant impacts of activities, products, and services on biodiversity		All buildings and operating units of E.SUN FHC are located in urban and rural areas. E.SUN did not develop in any protected areas, habitats and slopeland.	
	304-3	Habitats protected or restored		All buildings and operating units of E.SUN FHC are located in urban and rural areas. E.SUN did not develop in any protected areas, habitats and slopeland.	SDG 15
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		All buildings and operating units do not have IUCN Red List species and national conservation list species.	SDG 15

GRI 300: Environmental Series 2016			Page	Omission	SDGs
Series	Disclosure	Description			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	85		SDG 3 SDG 15 SDG 12 SDG13 SDG 14
	305-2	Energy indirect (Scope 2) GHG emissions	85		SDG 3 SDG 15 SDG 12 SDG13 SDG 14
	305-3	Other indirect (Scope 3) GHG emissions	85		SDG 3 SDG 15 SDG 12 SDG13 SDG 14
	305-4	GHG emissions intensity	85		
	305-5	Reduction of GHG emissions		Not applicable (Not a material issue)	
	305-6	Emissions of ozone-depleting substances (ODS)		Not applicable (Not a material issue)	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Not applicable (Not a material issue)	
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination		Not applicable (Not a material issue)	
	306-2	Waste by type and disposal method	89		SDG 3 SDG13 SDG 14 SDG 15
	306-3	Significant spills		Not applicable for financial sector	
	306-4	Transport of hazardous waste		Not applicable for financial sector	
	306-5	Water bodies affected by water discharges and/or runoff		Not applicable for financial sector	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No fine imposed for environmental issue		
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	97		
	308-2	Negative environmental impacts in the supply chain and actions taken		Not applicable (Not a material issue)	

GRI 400: Social Series 2016			Page	Omission	SDGs
Series	Disclosure	Description			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	59 \ 60		SDG 5 SDG 8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	60 \ 62		SDG 8
	401-3	Parental leave	60		SDG 5 SDG 8
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	60		SDG 8
★ GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	64		SDG 8
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	61		SDG 3 SDG 8
	403-3	Workers with high incidence or high risk of diseases related to their occupation		Not applicable (Not a material issue)	
	403-4	Health and safety topics covered in formal agreements with trade unions	64		SDG 8
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	63		SDG 4 SDG 8
	404-2	Programs for upgrading employee skills and transition assistance programs	63		SDG 8
	404-3	Percentage of employees receiving regular performance and career development reviews	63		SDG 5 SDG 8

GRI 400: Social Series 2016			Page	Omission	SDGs
Series	Disclosure	Description			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	30、 57~60		SDG 5 SDG 8
	405-2	Ratio of basic salary and remuneration of women to men	62		SDG 8 SDG 10
GRI 406: Non-discrimi- nation 2016	406-1	Incidents of discrimination and corrective actions taken	57、62		SDG 5 SDG 8 SDG 16
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not applicable (Not a material issue)	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	57、97		SDG 8 SDG 16
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	57、97		SDG 8
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures		Not applicable (Not a material issue)	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples		Not applicable (Not a material issue)	
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	57		
	412-2	Employee training on human rights policies or procedures		Not applicable (Not a material issue)	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	57、97		

GRI 400: Social Series 2016			Page	Omission	SDGs
Series	Disclosure	Description			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	65~75		
	413-2	Operations with significant actual and potential negative impacts on local communities		Not applicable (Not a material issue)	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	97		SDG 5 SDG 8 SDG 16
	414-2	Negative social impacts in the supply chain and actions taken		Not applicable (Not a material issue)	
GRI 415: Public Policy 2016	415-1	Political contributions	25 ~ 35		
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories		Not applicable	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not applicable	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	54		SDG 12 SDG 16
	417-2	Incidents of non-compliance concerning product and service information and labeling	No such situation		
	417-3	Incidents of non-compliance concerning marketing communications	No such situation		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	44		SDG 16
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area		There is no fines imposed by Financial Supervisory Commission (FSC) for violations from E.SUN FHC. E.SUN Bank had weaknesses on conducting financial derivatives on June 1, 2018. The competent authority thus imposed a fine of NT\$ 4 million and restricted E.SUN Bank from conducting new deals of financial derivatives. Improvements have been completed for all weaknesses.	

3.

A. Guidelines and key elements of material issues, 2017:

Material Issues	Management Policy, Evaluation and Its Goals	Related Policies	Performance	Complaint Mechanism
Corporate Governance	The most comprehensive functional committees have been set up, including the Audit Committee, the Corporate Governance & Nomination Committee, the Remuneration Committee, the Board Strategy Committee and the Corporate Social Responsibility Committee, so as to actively strengthen the functions of the Board of Directors, and to seek to create value for employees, shareholders, customers, businesses and society.	"Audit Committee Organizational Regulations", "Board of Directors Performance Evaluation Policy", "Performance Evaluation Policy for Directors and Supervisors Appointed to Subsidiaries", "Rules Governing the Scope of Powers of Independent Directors", "E.Sun Financial Holding Company, Ltd. Corporate Social Responsibility Best Practices Principles", "Corporate Governance Best Practices Principles".	P32~35	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw
Ethical Management	A Corporate Governance and Nomination Committee have been set up, so as to ensure the implementation of ethical corporate management. Through education and training, the dissemination of legal compliance, and regular inspections, the core values of ethics and integrity are internalized into the DNA of each E.Sun person.	"Ethical Corporate Management Principles", "Ethical Corporate Management Operating Procedures and Code of Conduct", "Code of Ethical Conduct for Directors".	P35~37	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw
Risk Management	E.Sun regards the Board of Directors as the highest governing body for risk management. The development of each business adheres to the spirit that "all businesses are not to be placed above risks" and follows the highest guiding principles of risk management: Safety and liquidity first, profitability second, growth next, all of which are to take into account public welfare.	"Risk Management Policy and Guiding Principles", "Credit Risk Management Principles", "Market Risk Management Principles", "Operational Risk Management Principles", "Assets and Liabilities Management Policy", "E.Sun FHC Risk Management Policy and Guiding Principles".	P39~42	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw
Anti-Money Laundering and Anti-terrorism Financing	The Anti-Money Laundering Prevention Department under the Risk Management Division is responsible for formulating anti-money laundering and anti-terrorism financing policies and operational regulations, monitoring suspicious money laundering transactions, handling the bank's reporting of anti-money laundering activities, and managing matters related to the anti-money laundering operations of overseas affiliated entities (including branches and subsidiaries).	The Anti-Money Laundering Prevention Department under the Risk Management Division is responsible for formulating anti-money laundering and anti-terrorism financing policies and operational regulations, monitoring suspicious money laundering transactions, handling the bank's reporting of anti-money laundering activities, and managing matters related to the anti-money laundering operations of overseas affiliated entities (including branches and subsidiaries).	P42、43	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw
Information Security	The Information Security Management Committee is responsible for inspecting each subsidiary's information security governance policy, for supervising the operation of information security management, and for regularly reporting an overview of information security management to the Board of Directors. The Information Security Management Department is responsible for planning the information security operational systems for the bank and for promoting the various implementation operations, in order to ensure the highest degree of protection for customers when using services and for customers' data.	"E.Sun FHC and Subsidiaries Personal Information Management Organization Foundation Principles", "Information Security Governance Policy"	P44、45	[Audit Committee (Independent Directors)] E-Mail: AuditCommittee@email.esunbank.com.tw [Supplier Contact Window Dedicated Line] (02)2175-1313 ext. 1680
Financial Inclusion	The Digital Finance Business Division handles the planning of digital finance policies, operates digital brands and the innovative application of important new digital businesses, so as to aim to create financial services that, just like water and electricity, are convenient and suitable for customer needs, and to allow customers with different needs to obtain the most appropriate financial products and services through smooth and convenient channels, thereby realizing the value of financial inclusion.	"E.Sun Digital Finance Business Division Internal Control Manual", "E.Sun Bank Lending Policy"	P48~51	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313 For other complaint channels, please see p56

Material Issues	Management Policy, Evaluation and Its Goals	Related Policies	Performance	Complaint Mechanism
Digital Innovation	The Digital Finance Business Division handles the planning of digital finance policies, and operates digital brands and the innovative application of important new digital businesses, including developing a digital finance platform, and actively cooperating with the Financial Supervisory Commission to promote "Bank 3.0" online business policy, so as to combine the development of the three aspects of smart finance, scenario-based finance, and inclusive finance, bringing to customers diversified and innovative digital financial services.	"E.Sun Digital Finance Business Division Internal Control Manual", "Digital Finance Business Division Application System Development, Maintenance, and Management Operational Guidelines"	P51~53	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313 For other complaint channels, please see p56
Customer service quality	The Customer Service Division oversees the bank's service quality, conducts customer satisfaction surveys, and gathers customer feedback, and regularly reports to the Board of Directors and the management team, so as to ensure that customers' rights are properly implemented.	"E.Sun Bank Consumer Handling Guidelines", "E.Sun Securities Consumer Dispute Handling Procedures"	P55	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313 For other complaint channels, please see p56
Protecting customers' rights	In coordination with various business and legal regulations, set up relevant departments for protecting customer rights, and provide fair and transparent complaint channels for customers, implementing the principles of fairness, reasonableness, equality, reciprocity and good faith, so as to protect the rights and interests of financial consumers.	"E.Sun Bank Consumer Handling Guidelines", "E.Sun Securities Consumer Dispute Handling Procedures", "E.SUN Bank Fair Customer Treatment Policy and Strategy", "Banking Industry Friendly Financial Service Guidelines"	P54	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313 For other complaint channels, please see p56
Human Resource Management	Through four major aspects, create a "Happy Second Home for E.Sun Persons" as the goal: Diversity, equality and employee rights; compensation, benefits, care and attention; talent cultivation and training development; managing talent under a governance framework of workplace safety and employee health.	"E.Sun Human Rights Letter of Commitment", "Letter of Commitment to the Human Rights and Environmental Sustainability Clause", "E.Sun FHC and Subsidiaries Management Guidelines on Sexual Harassment Prevention, Complaint and Punishment", "E.SUN FHC Ethical Procedures and Code of Conduct" ("EPCC")"	P9、P57~63	E-Mail: hrd@email.esunbank.com.tw [Dedicated Line] (02)2175-1313 ext. 8701
Employee Health and Workplace Safety	In accordance with laws and regulations, E.Sun established the Occupational Safety and Health Committee and set forth the regulations thereof, which Committee will be the dedicated unit responsible for the bank's affairs relating to health and safety.	"Occupational Safety and Health Policy", "E.Sun FHC and Subsidiaries Management Guidelines on Sexual Harassment Prevention, Complaint and Punishment"	P64、65	E-Mail: hrd@email.esunbank.com.tw [Dedicated Line] (02)2175-1313 ext. 8701
Social Inclusion	Bring together the forces of the E.Sun Volunteer Foundation and the E.Sun Cultural & Educational Foundation in support of various important issues in social welfare, such as major disaster relief, academic research, education and training, and reaching out to disadvantaged groups, etc., so as to expand social influence, enabling one act of love to draw out other acts of love.	"E.Sun FHC Corporate Social Responsibility Best Practice Principles"	P65~75	[Dedicated Line] (02)2175-1313 ext. 9300
Green finance	The Environmental Sustainability Group under the Corporate Social Responsibility Committee, using the financial industry's expertise and influence, focuses on the impact of disasters caused by climate change, and on the impact on financial markets or economic development, identifying the operational risks relating to financial product investments, lending business, and other businesses.	"E.Sun Bank Lending Policy", "E.Sun Bank Sustainable Lending Principles", "E.Sun Bank Green Energy Lending Services", "E.Sun Bank Investment Policy"	P80~82	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313 For other complaint channels, please see p56

B. Adjustment of material issues, 2017:

Business performance/removal/business performance has always been a topic of considerable concern to various stakeholders. We will continue to demonstrate high performance. However, we hope that in the future, major issues will be focused on the original purpose and essence of whether the business can be sustainable. Business performance is the result of the efforts made by all units in the bank for a period of time. Therefore, the business performance element will be removed this year.

Issue	Differences between years	Explanation on changes
Information Security	Independent Issues	Under the trend of financial digitalization, the importance of information security correspondingly increases. We must securely protect our customer's personal information and, at the same time, protect customers' rights and interests with the utmost care. Therefore, "Customer Rights and Information Security" was separated into two independent issues this year: "Information Security" and "Customer Rights Protection".
Corporate Governance		
Employee Health and Workplace Safety	Increase in level of materiality and name change	With the goal of creating a "Happy Second Home for E.Sun persons", we provide employees with a healthy, safe, and comfortable workplace. Thus, the issue was listed as highly material and "Workplace Health and Safety" was renamed "Employee Health and Workplace Safety".
Digital Innovation	Name change	We must constantly pursue improvements and innovation in response to the impact and opportunities brought about in the entire financial industry by the trend toward FinTech. Therefore, "Digital Banking" was renamed "Digital Banking Innovation".
Green finance	Name change	The name "Responsible Lending and Investment" was changed to "Green Finance". "Green Finance" refers to environmentally friendly financial products and services. This issue covers the Equator Principles, credit extension and investment in green industries, green bonds, and credit cards in response to environmental protection, zero-carbon credit cards, and Environmental Sustainability accounts. Please refer to 3.2 Green Finance for details.
Ethical Management	Name change	The name "Ethical Management and Compliance" was changed to "Ethical Corporate Management", which covers ethical corporate management, Anti-corruption, Compliance and risk management, etc.
Climate change risks and opportunities	Name change	The name "Climate Change" was changed to "Climate Change Risks and Opportunities". Please refer to 3.1, Climate Change Risks and Opportunities, for details on the financial impact and other risks and opportunities caused by climate changes.
Anti-Money Laundering and Anti-terrorism Financing	Name change	The name "Anti-Money Laundering" was changed to "Anti-Money Laundering and Combating Terrorism Financing". Please refer to 1.4, Anti-Money Laundering and Combating Terrorism Financing, for details.
Customer service quality	Name change	The name "Financial Services and Customer Experience" was changed to "Customer Service Quality". Please refer to 2.3.2, Customer Service Quality, for details.
Sustainable Ecological Development	Name change	The name "Environmental Sustainability and Ecological Conservation" was changed to "Sustainable Ecological Development". Please refer to 3.4, Sustainable Ecological Development, for details.

C. Relevance between SDG's 17 items and material issues of E.SUN FHC, and list of practices in 2017

SDGs	E.SUN Material Issues (● Highly material issues in current year)	Actions in 2017	Corresponding chapters/sections
	<ul style="list-style-type: none"> ● Financial Inclusion 	<ul style="list-style-type: none"> • Small Business lending • Supporting cultural and creative industry 	2.1.1
		e-Click Online loan application, including small business, mortgage and unsecured personal loan	2.1.2
		<ul style="list-style-type: none"> • Retirement trust • Microinsurance 	2.1.3
	<ul style="list-style-type: none"> ● Financial Inclusion ● Social Welfare 	Microinsurance	2.1.3
		National Taiwan University innovative mobile payment service	2.1.5
		E.SUN Maravi	2.5.2
	<ul style="list-style-type: none"> ● Inclusive finance ● Human Resource Management ● Social Welfare ● Workplace Health And Safety 	Retirement trust	2.1.3
		Group insurance	2.4.2
		Employee health	2.4.4
		Workplace health and safety	
		Maternal health care plan	
		Blood donation	2.5.2
	<ul style="list-style-type: none"> ● Human Resource Management ● Social Welfare 	Blood donation	2.4.3
		<ul style="list-style-type: none"> • E.SUN Golden Seed Project • E.SUN Scholarships for Outstanding Managerial Talents • E.SUN Academic Award • E.SUN Hackathon • Google Ignite Project • SAS Data Mining Project Competition • NTU Hope Seed Program • TIP Internship Program • Finance Knowledge Carnival • International Masters Forum 	2.5.1
	<ul style="list-style-type: none"> ● Corporate governance ● Human Resource Management 	Diverse board members	1.1
		<ul style="list-style-type: none"> • Diverse Employee members • Unpaid parental leave 	2.4.1 2.4.2
		Remuneration	2.4.4
		Friendly workplace	
	<ul style="list-style-type: none"> ● Green finance • Business Environment Management • Sustainable Ecological Development 	Green Finance	3.2
		Organizational Water Inventory	3.3
		Mountain and beach cleaning	3.4
	<ul style="list-style-type: none"> ● Green finance • Business Environment Management 	Green Finance	3.2
		Energy management	3.3.2
	<ul style="list-style-type: none"> ● Financial Inclusion ● Green finance ● Digital innovations in financial services ● Human Resource Management ● Social Welfare 	<ul style="list-style-type: none"> • Small Business lending • Supporting cultural and creative industry 	2.1.1
		Upgrading banking services in underdeveloped countries	2.1.6
		Electronic payment	2.2.2
		Established Innovation Lab	2.2.5
		Employee training	2.4.3
		<ul style="list-style-type: none"> • E.SUN Golden Seed Project • E.SUN Scholarships for Outstanding Managerial Talents • E.SUN Academic Award • E.SUN Hackathon • Google Ignite Project • SAS Data Mining Project Competition • NTU Hope Seed Program • TIP Internship Program • Finance Knowledge Carnival • International Masters Forum 	2.5.1
		Responsible lending and investment	3.2

SDGs	E.SUN Material Issues (● Highly material issues in current year)	Actions in 2017	Corresponding chapters/sections
	<ul style="list-style-type: none"> ● Green finance 	Supporting SME in Taiwan	2.1.1
		Upgrading banking services in underdeveloped countries	2.1.6
	<ul style="list-style-type: none"> ● Ethical Management ● Financial Inclusion ● Human Resource Management ● Human Right Protection 	Strengthening compliance with international financial regulations	1.2.1
		e-Click Online loan application	2.1.2
		Financially friendly websites	2.1.4
		Employees' human rights	2.4.1
	<ul style="list-style-type: none"> ● Social Welfare ● Green finance ● Operational Environmental Management ● Sustainable ecosystem 	<ul style="list-style-type: none"> • Overseas voluntary clinic • Donations to Southeast Asia- Cambodia 	2.5.2
		Equator Principle	3.2
		Green Building	3.3
		Promoting E.SUN Youbike	3.4.3
	<ul style="list-style-type: none"> ● Green finance ● Operational Environmental Management ● Supplier Management 	<ul style="list-style-type: none"> • Equator Principle • Zero carbon emission credit card • Environmental sustainability accounts 	3.2
		Green procurement	3.5
	<ul style="list-style-type: none"> ● Green finance ● Climate change risks and opportunities ● Operational Environmental Management ● Sustainable ecosystem 	TCFD signatory	3.1
		<ul style="list-style-type: none"> • Equator Principle • Credit card promotion for environmental sustainability 	3.2
		<ul style="list-style-type: none"> • Guidelines of operational sustainability management • GHG inventory • Energy Management Measures • Water saving measures 	3.3
	<ul style="list-style-type: none"> ● Sustainable ecosystem 	Mountain and beach cleaning	3.4.2
	<ul style="list-style-type: none"> ● Sustainable ecosystem 	Taiwan Formosan Bear conservation	3.4.1
		Mountain and beach cleaning	3.4.2
	<ul style="list-style-type: none"> ● Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) ● Risk management ● Corporate Governance 	<ul style="list-style-type: none"> • Ethical Corporate Management Best Practice Principles • Risk management system • Anti-money Launderings 	1.2 1.3 1.4
	<ul style="list-style-type: none"> ● Financial Inclusion ● Social Inclusion 	Upgrading banking services in underdeveloped countries	2.1.6
		<ul style="list-style-type: none"> • Overseas voluntary clinic • Donations to Southeast Asia-Cambodia 	2.5.2

4. Human Resource Management indicators

Indicator	2015	2016	2017
Percentage of Female	56.54%	55.80%	54.90%
Percentage of female in management level	37.83%	37.40%	37.60%
Percentage of female in junior management level	41.32%	41.10%	40.90%
Percentage of female in top management level	20.00%	19.30%	20.30%
Percentage of female in sales management level	23.24%	26.08%	27.73%

Indicator	2015	2016	2017
Number of disabled employee	29	28	33
Number of aboriginal employee	31	35	32

Indicator	2015	2016	2017	Note
Average training hours	51.9	46.8	49.1	
Average training cost	59,268	53,332	57,299	
Percentage of employee training expenses out of total revenue	0.98%	0.90%	0.88%	
Return on human resources	303%	283%	286%	$\frac{[\text{Total income} - (\text{Total operating expenses} - \text{Total compensation cost})]}{\text{Total compensation cost}}$

Indicator	2015	2016	2017	Note
Turnover rate	8.7%	8.5%	7.9%	Turnover rate includes voluntary leave, dismissal, retirement and death.
Voluntary turnover rate	8.5%	8.4%	7.8%	
Employee engagement rate	97.7%	97.9%	96.6%	

Indicator	2015	2016	2017	Note
Absence rate	0.29	0.31	0.37	Total hours of involuntary absence (occupational injury leaves, sick leaves, and menstrual leaves)/ Total hours of work on the calendar.
Disabling injury frequency, excluding commuting accidents	0.76	0.43	0.52	
Disabling injury frequency, including commuting accidents	2.42	2.17	1.65	
Total on job training hours	8,342 hr	9,626 hr	8,718 hr	
Number of on-the-job training sessions	289	297	291	
Completion rate of workplace safety orientation	100%	100%	100%	
Number of candidates to renew certification	195	244	244	Occupational safety officers, fire safety managers and first aid personnel are required to renew certification every 2 or 3 years. All certificates were valid in 2014, and so no renewal courses were provided. Renewal exams were organized for occupational safety officers in 2015 and for first aid personnel in 2016. Total of 178 employees participated courses in 2017. Training hour is six hours per time.
Number of renewal training hours	1,170 hr	976 hr	2,136 hr	
Number of participants in fitness courses	2,112	3,120	3,420	
Health check-up rate	40%	76%	77%	
Number of participants in fitness seminars	4,280	5,316	5,797	
Number of employees eating in the cafeteria	1,120	1,300	1,300	
Number of employees applied for Child education subsidies	1,555	1,959	2,124	
Child education subsidies (unit: New Taiwan Dollar)	NT\$3,722,000	NT\$4,593,000	NT\$4,903,000	
Subsidies for E.SUN children (unit: New Taiwan Dollar)	-	NT\$41,700,000	NT\$35,900,000	New initiative in 2016
Number of applications for injury/illness payout	30	24	23	
Amount of applications for injury/illness payout	170,241	54,963	146,143	
Ratio of Employees in Labor Union	12.76%	11.26%	11.05%	

5. Economic value distribution indicators

Indicators \ Year	2015	2016	2017
Employee Salaries and Benefits	9,057,587	10,184,405	11,228,792
Employee Salaries	7,656,005	8,566,403	9,458,849
Other employee benefit expense	1,401,582	1,618,002	1,769,943
Distributed Earnings	9,521,550	11,370,931	11,657,982
Cash Dividend	3,173,850	3,419,231	4,645,662
Stock Dividend	6,347,700	7,951,700	7,012,320
Tax	3,125,729	3,602,654	4,457,455
Investment in community involvement	227,364	295,073	347,314
Expenditures in studies and campaigns of financial industry policies	23,320	19,025	15,727
Political donations	0	0	0

(Unit: NT\$ thousand)

Investment in Social Inclusion Activities in 2017

Category	Unit: NT\$ thousand	Note
Supporting SMEs in Taiwan	84,825	Supporting SMEs in Taiwan, and contributing to the Small and Medium Enterprise Credit Guarantee Fund and the Overseas Credit Guarantee Fund.
E.SUN Golden Seed Project	55,417	Supplying regular maintenance for 110 E.SUN Libraries every year, and making donations for 15 new E.SUN Libraries.
Supporting Education in Taiwan	34,604	Training managers of tomorrow, and welcoming 9 new talented trainees in 2016. Donation E.SUN International Center for Business department of National Chengchi University.
Yilan International Children's Folklore and Folkgame Festival	32,287	Supporting progress in arts and culture in Taiwan, organizing world class arts and culture events, and inviting the Vienna Boys' Choir to perform in Taiwan.
Arts and culture - world class arts and culture events	24,583	Supporting Taiwan culture and creative industry, and continuing to sponsor the Yilan International Children's Folklore and Folkgame Festival for the 8th year.
Children Care Program	21,539	Providing assistance for 546 elementary schools and 10,590 study allowances.
2017 International Masters Forum	18,460	Helping innovators in Taiwan become more competitive and adopt international standards. In 2017, E.SUN hold international masters forum which invited Hermann Simon to share the secret of hidden champion.
Promoting environmental education	14,956	Dedicated to Taiwan Formosan Bear conservation, Yang-Ming National Park trails maintenance plan, mountain and beach cleaning and community cleaning activities.
E.SUN Cup International AAA Baseball Tournament	10,489	Hosting 34 E.SUN Cup games, and supplying junior baseball training camps and preventive care camps and donating baseball equipment.
For Mothers~ Mother's Day Music Concerts	10,078	Hosting 2 Mother's Day concerts, where the E.SUN Choir Group performed to express gratitude for all mothers in the world, and receiving 1,900 visitors.

Note:

The equivalent investment in community involvement includes the following: cash input, input in kind, labor input, and administrative expenses.

Payments relevant to studies and campaigns of financial sector

	Payment	Note
2017	15,727	
The Bankers Association of the Republic of China	8,303	Including 66.3% for financial studies and training funds, 31.1% for annual member's funds, and 2.6% for activity engagement expense.
Taiwan Securities Association	3,493	Including annual membership expense 51% and business service expense 49%.
Taipei Exchange	1,206	Business service expense 100%
Trust Association of the Republic of China	995	100% for exam fees for trust service representatives
Chinese National Futures Association	693	Annual membership fees
Taiwan Academy of Banking and Finance	300	Including FinTech Forum Activity expense 100%
R.O.C. Bills Finance Association	250	ongoing membership fees
The Insurance Agency Association of the Republic of China	242	88% for certificate registration and 12% for association memberships
Taiwan Corporate Governance Association	192	Including 97.5% for corporate governance evaluation fees and 2.5% for exam fees
Taiwan Insurance Institute	46	Training registering expense
Others	8	
2016	19,025	
The Bankers Association of the Republic of China	9,417	Including 56% for financial studies and training funds, 35% for annual member's funds, and 5% for billed communication expenses.
Trust Association of the Republic of China	5,138	100% for exam fees for trust service representatives
Taiwan Securities Association	2,506	Including 99% for service fees and 1% for exam fees
Taiwan Corporate Governance Association	1,131	Including 99% for corporate governance evaluation fees and 1% for exam fees
Taiwan Institute for Sustainable Energy	345	Including 81% for sponsoring the foundation and 19% for exam fees
R.O.C. Bills Finance Association	250	ongoing membership fees
The Insurance Agency Association of the Republic of China	159	69% for certificate registration and 31% for association memberships
Taiwan Development & Research Academia of Economic & Technology	71	100% for expenses for filing public safety inspections for buildings
Others	8	
2015	23,320	
Trust Association of the Republic of China	14,834	100% for exam fees for trust service representatives.
The Bankers Association of the Republic of China	7,856	Including 60% for financial studies and training funds, 33% for annual member's funds, and 3% for billed communication expenses.
R.O.C. Bills Finance Association	400	50% for ongoing membership fee and 50% for membership service fee
Taiwan Securities Association	195	85% for service fee and 15% for exam fee
Taipei Exchange	19	Service fee
Others	16	

(Unit: NT\$ thousand)

Note:

The two main issues which E.SUN contributed in study and campaign of financial sector in 2017 are the following.

1. Electronic payment regulation formulation and promotion: The Bankers Association of R.O.C invested about NT\$ 12 million in 2017, and the estimated contribution to E.SUN is about NT\$ 2.4 million, calculated by manpower input ratio.
2. Anti-monetary laundering campaign: The Bankers Association of R.O.C. invested about NT\$ 5 million in 2017, and the estimated contribution to E.SUN is about NT\$ 0.3 million, calculated by manpower input ratio.

6. Low-carbon operations indicators

Type		2014	2015	2016	2017	Note
Scope 1	Carbon Emission (tonne)	2,540	2,712	2,741	2,639	Scope1 emission < Target (7% lower) Meet the grade.
	Carbon Emission per person (tonne / person)	0.3446	0.3427	0.3292	0.3026	
	Data Coverage	100%	100%	100%	100%	
	Emission Target (tonne)	2,462	2,727	2,854	2,842	
Scope 2	Carbon Emission (tonne)	15,243	17,980	20,403	21,190	Scope2 emission = Target (0.2% gap) Meet the grade.
	Carbon Emission per person (tonne / person)	2.0680	2.2719	2.4505	2.4300	
	Data Coverage	100%	100%	100%	100%	
	Emission Target (tonne)	18,010	16,366	18,916	21,155	
Energy	Energy Consumption (MWh)	25,922	30,387	39,164	40,488	· Energy consumption = Target (0.3% gap) Meet the grade · In 2017, We purchased 140MWh · generated 25MWh of Renewable energy · Meet the target 140MWh.
	Energy Consumption per person (MWh / person)	3.5168	3.8397	4.7038	4.6431	
	Data Coverage	100%	100%	100%	100%	
	Consumption Target (MWh)	30,003	27,831	31,969	40,607	
	Purchased or Generated Renewable energy (MWh)	0	0	130	165	
	Costs of energy consumption (TWD)	72,100	70,300	104,800	112,300	
Water	Water Consumption (M ³)	141,495	149,241	168,975	175,468	Water consumption = Target (0.2% gap) Meet the grade
	Water Consumption per person (M ³ / person)	19.1961	18.8578	20.2949	20.1225	
	Data Coverage	100%	100%	100%	100%	
	Consumption Target (M ³)	145,080	151,918	157,010	175,202	
Waste	Waste Disposal (Kg)	688,264	1,006,691	785,735	809,530	Waste = Target (0.6% gap) Meet the grade
	Waste Disposal per person (Kg / person)	93.3746	127.2038	94.3712	92.8360	
	Data Coverage	100%	100%	100%	100%	
	Waste Target	864,584	738,967	1,059,099	814,688	
Business Air Travel (Scope 3)	Travel Distance (km)	1,665,372	2,853,490	2,435,537	2,927,198	Distance < Target Meet the grade
	Distance / Overseas Profit Before Tax(km / NT\$ thousand)	1.5906	2.2035	1.7598	1.3409	
	Data Coverage	100%	100%	100%	100%	
	Distance Target		2,059,844	3,049,599	3,841,602	
Total Employee		7,371	7,914	8,326	8,720	

Note:

- The above data in 2017 has been verified through international standards by third party with 100% coverage, while the data in between 2014 to 2016 has been verified through international standards by third party partly and verified by internal specialists for else.
- Targets were calculated by (employee number in target year) * (expected ratio in target year), except for business air travel, by overseas profit before tax instead of employee number.

7. Comparative table of GRI (Global Reporting Initiative) G4 indicators of financial service sector

Aspect		DMA/GRI	Reference	SDGs	
Material product portfolio	DMA	FS1	Policies with specific environmental and social components applied to business lines.	2.1 Green Finance 3.2 Financial Inclusion	
		FS2	Procedures for assessing and screening environmental and social risks in business lines.	2.1 Financial Inclusion 3.2 Green Finance	
		FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	2.1 Financial Inclusion 3.2 Green Finance	
		FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	2.4.3 Education and training 3.4 Waste Management	
		FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.	2.1 Financial Inclusion 2.2 Digital Finance Innovation 3.2 Green Finance 3.5 Supplier Management	
		FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	2.1 Financial Inclusion 2.2 Digital Finance Innovation	   
		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	3.2 Green Finance	
Audit	DMA	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	2.1 Financial Inclusion 3.2 Green Finance	
Active participation	Category	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	2.1 Green Finance 3.2 Green Finance	
G4 Social—Product and service information, Local community					
G4 -Product responsibility-Product and service information	DMA	FS15	Policies for the fair design and sale of financial products and services.	2.3.1 Protecting customer rights	
		FS16	Initiatives to enhance financial literacy by type of beneficiary.	2.5.1 Academic Education Series	 
G4 -Society-Local community	Category	FS13	Access points in low-populated or economically disadvantaged areas by type.	2.1 Financial Inclusion	 
		FS14	Initiatives to improve access to financial services for disadvantaged people.	2.1 Financial Inclusion	 

8. CSR best-practice principles for listed and OTC traded companies

		Content	Reference
Chapter 1	General Guideline	Discloses the goal, entity applied to, and principals of best practices.	Strategy of Sustainable development and the framework of Integrated Report
Chapter 2	Corporate Governance	Regulate and promote corporate governance.	1.1 Corporate Governance 1.2 Code of Conducts and Ethics
Chapter 3	Environmental Protection	Regulate practices for sustainability.	3.3 Sustainable Operating Environment 3.4 Waste Management
Chapter 4	Social Responsibilities	Regulate practices for social welfare.	2.4 Happy Workplace 2.3 Customer Service 3.5 Supplier Management
Chapter 5	Disclosure	Regulate and enhance disclosure of CSR.	About this Report
Chapter 6	Appendix	Regulate and improve the existing CSR system.	1.1 Corporate Governance

9. Comparative table of ISO 26000 terms

Category	Issue	Reference
Organizational Governance	Decision-making process and structures	Business overview
Human rights	Due diligence for preventing human rights risk	2.4.1 Equal employment opportunities and employee rights
	Human rights risk situations	2.4.1 Equal employment opportunities and employee rights
	Avoidance of complicity	1.2 Ethical Management
	Resolving grievances	2.4.2 Compensation and benefits and employee assistance programs
	Discrimination and vulnerable groups	2.4.1 Equal employment opportunities and employee rights
	Civil and political rights	2.4.1 Equal employment opportunities and employee rights
	Economic, social and cultural rights	2.4. Happy Workplace
	Fundamental principles and rights at work	2.4.1 Equal employment opportunities and employee rights
Labor Practices	Employment and employment relationships	2.4.1 Equal employment opportunities and employee rights
	Working environment and social protection	2.4. Happy Workplace
	Social communication	2.4. Happy Workplace
	Health and safety at work	2.4.4 Workplace safety and employee health
	Human development and training in the workplace	2.4.3 Education and training
Environment	Prevention of pollution	3.3 Sustainable Operating Environment
	Sustainable resource use	3.3 Sustainable Operating Environment
	Climate change mitigation and adaptation	3.1 Climate change risks and opportunities
	Protection of the environment, biodiversity and restoration of natural habitats	3.4 Waste Management

Category	Issue	Reference
Fair Operating Practices	Anti-corruption	1.2 Code of Conducts and Ethics
	Responsible political involvement	1.2 Code of Conducts and Ethics
	Fair competition	1.2 Code of Conducts and Ethics
	Promoting social responsibility in the value chain	Business overview
	Respect for property rights	1.2 Code of Conducts and Ethics
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	2.3.1 Protecting customers' rights
	Protecting consumers' Health and safety	2.3.1 Protecting customers' rights
	Sustainable consumption	2.1 Financial Inclusion 2.2 Digital Finance Innovation
	Consumer service, support, and complaint and dispute resolution	2.3.1 Protecting customers' rights
	Consumer data protection and privacy	1.5 Information Security
	Access to essential services	2.1 Financial Inclusion 2.2 Digital Finance Innovation 2.3.1 Protecting customers' rights
	Educational and awareness	2.3.1 Protecting customers' rights
Community Involvement and Development	Community involvement	2.5.2 Community Involvement Series
	Education and culture	2.5 Social Inclusion
	Employment creation and skills development	2.5.1 Academic Education Series
	Technology development and access	2.5.1 Academic Education Series
	Wealth and income creation	2.5.2 Community involvement series
	Health	2.5.2 Community involvement series
	Social investment	2.5.2 Community involvement series

10. Comparative table of terms in the UN Global Compact

Category	Issue	Reference
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	2.4.1 Equal employment opportunities and employee rights
	Businesses should make sure that they are not complicit in human rights abuses.	3.5 Supplier Management
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	2.4.1 Equal employment opportunities and employee rights
	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	2.4.1 Equal employment opportunities and employee rights
	Businesses should uphold the effective abolition of child labour.	2.4.1 Equal employment opportunities and employee rights
	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	2.4.1 Equal employment opportunities and employee rights
Environment	Businesses should support a precautionary approach to environmental challenges.	3.1 Climate change risks and opportunities
	Businesses should undertake initiatives to promote greater environmental responsibility.	3.3 Sustainable Operating Environment
	Businesses should encourage the development and diffusion of environmentally friendly technologies.	3.2 Green Finance
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	1.2 Code of Conducts and Ethics



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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
E.SUN Financial Holding Company, Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix A) in the Corporate Social Responsibility Report (“the Report”) of E.SUN Financial Holding Co., Ltd. (“the Company”) for the year ended December 31, 2017.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditor's Responsibilities for the Limited Assurance Engagement performed on the Report

We conducted our work on the selected subject matter information (see Appendix A) in the Report in accordance with the International Standard on Assurance Engagements 3000 (revised) (ISAE 3000 (revised)) to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

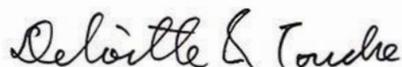
- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report are, in all material respects, not prepared in accordance with the above mentioned reporting criteria.



Deloitte & Touche
Taipei, Taiwan
Republic of China

April 20, 2018

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	Monetary value of significant fines for non-compliance with laws and regulations concerning anti-corruption, anti-money laundering, labor, marketing communication, and noise pollution, etc.	Compliance	Monetary value of fines for non-compliance with laws and regulations concerning anti-corruption, anti-money laundering, labor, marketing communication, and noise pollution, etc. in 2017.
2.	Total number of training hours and participants for compliance training courses.	Compliance	Total number of training hours and participants for compliance training courses in 2017.
3.	Success rate of SAR cases on anti-money laundering and number of recognition letters received from the Investigation Bureau.	Anti-Money Laundering and Anti-terrorism Financing	Success rate of SAR cases on anti-money laundering and number of commendatory letters received from the Investigation Bureau in 2017.
4.	Amount loaned to cultural and creative industries.	Financial Inclusion	Amount loaned to businesses in the cultural and creative industries as of December 31, 2017.
5.	Substantiated complaints concerning breaches of customer privacy.	Customer Complaint Filing Mechanism Information safety	Number of substantiated complaints concerning breaches of customer privacy in 2017.
6.	Size of the non-managerial staff; the average spending on employee benefits in the reporting year and the difference comparing to the previous year.	Compensation and Benefits and Employee Assistance Programs	Total number of the non-managerial staff and the average spending on employee benefits in 2016 and 2017.
7.	New employee hires and employee turnover by age group, gender and region.	Equal Employment Opportunities and Employee Rights	Total number of new employee hires and employee turnover by age group, gender and region in 2017.
8.	Total amount of sponsorship to youth baseball projects.	Social Inclusion	Total monetary value of sponsorship to youth baseball projects in 2017.
9.	Total number of financing projects assessed and approved under Equator Disciplines.	Green Finance	Total number of financing projects approved under Equator Disciplines in 2017.
10.	Total number of solar power stations with loans approved.	Green Finance	Total number of solar power stations with loans approved by the end of 2017.

Notice to Readers

For the convenience of readers, the independent auditor's limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditor's limited assurance report and summary of selected subject matter information shall prevail.

INDEPENDENT ASSURANCE OPINION STATEMENT

E.SUN FHC CSR report 2017

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 verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for E.SUN FHC only for the purposes of verifying its statements relating to its sustainability, 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 scope is consistent with the description of E.SUN FHC CSR report 2017.
 2. The evaluation of the nature and extent of the E.SUN FHC's adherence to all three AA1000 AccountAbility Principles and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS (2008) sustainability assurance engagement.
- This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the E.SUN FHC CSR report 2017 provides a fair view of the E.SUN FHC programmes and performances during 2017. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the E.SUN FHC and the sample taken. We believe that the 2017 economic, social and environmental performance indicators are correctly 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 assurors 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 'in accordance' with the GRI Standards:2016 the Core option 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
- a top level review on E.SUN FHC's approach to stakeholder engagement. Moreover, we had sampled one external stakeholders to conduct interview
- 30 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 extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports

- an assessment of the 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 sustainability performance information as well as the GRI Sustainability Reporting Standards (GRI Standards) are set out below:

Inclusivity

In this report, it reflects that E.SUN FHC has sought the engagement of its stakeholders. The participation of stakeholders has been continuously in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the E.SUN FHC's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among company.

Materiality

The E.SUN FHC publishes sustainability information that enables its stakeholders to make informed judgements about the organization's management and performance. In our professional opinion the report covers the E.SUN FHC's material issues.

Responsiveness

E.SUN FHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the E.SUN FHC is developed and continually provides the opportunity to further enhance the E.SUN FHC's responsiveness to stakeholder concerns. In our professional opinion the report covers the E.SUN FHC's responsiveness issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards:2016 disclosures disclosed in this report, E.SUN FHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within E.SUN FHC CSR Report 2017 are reliable by means of vouching, re-tracking, re-computing and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

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

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 chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering 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
2018-03-27

bsi.



AA1000
Licensed Assurance Provider
000-4

13. Carbon neutralization certificate



聲明書編號 TW18/00134PAS

達成碳中和宣告確證聲明書

玉山金融控股股份有限公司

台北市民生東路三段 117 號

經本公司依據 ISO 14064-3:2006 完成確證並符合下列標準要求

PAS 2060:2014

簽署人

黃世忠

副總裁

日期:2018年05月30日

有效期限:2019年05月29日

版次:1

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聲明書編號 TW18/00134PAS, 接續

台灣檢驗科技股份有限公司 (以下簡稱SGS), 經與玉山金融控股股份有限公司(以下簡稱玉山金控), 台北市民生東路三段117號, 達成雙邊協議, 依據 ISO 14064-3:2006 之要求執行達成碳中和宣告之確證, 確認符合以下標準要求

PAS 2060:2014

角色與責任

玉山金控管理階層確保溫室氣體資訊系統之發展、紀錄維護及文件化程序已符合標準要求, 負責評估、決定及報告溫室氣體排放量資訊, 並提供支持達成碳中和宣告所需之其他資訊給SGS。

SGS 秉持第三方查證單位之準則, 依據 ISO 14064-3: 2006 之要求, 於2018年05月26日期間執行達成碳中和確證活動, 並根據玉山金控適用範圍、目標、準則及達成碳中和宣告, 涵蓋期間自2018年05月24日之確證結果, 提出達成碳中和宣告之認可聲明。

確證範圍

SGS 依據與玉山金控之雙邊協議, 確認玉山金控達成碳中和宣告之符合性, 根據 ISO 14064-3:2006 準則提出上述保證聲明涵蓋內容如下:

- 碳中和宣告模式: 模式三
- 碳中和標的: 2018 年度發行 1,000 本「2017 年企業社會責任報告書」
- 碳足跡量化方法: 行政院環境保護署「產品與服務碳足跡計算指引」
- 總溫室氣體排放量: 21.746 公噸二氧化碳當量
- 碳中和執行期: 2018 年 05 月 24 日
- 碳中和達成宣告日: 2018 年 05 月 26 日
- 碳中和達成宣告報告書: 玉山金融控股股份有限公司碳中和達成宣告報告書(2018/05/23 第二版)

確證準則

遵守下列相關標準要求執行承諾碳中和宣告之確證:

- ISO 14064-3
- PAS 2060:2014
- 行政院環境保護署碳中和實施與宣告指引

確證意見

SGS 以客觀公正之立場, 評估玉山金控達成碳中和宣告之相關內容, 依據確證結果保證其適用範圍、目標及準則之一致性及適切性, 並提出一份合理保證之確證聲明, 無保留意見之列舉。

本次碳中和資訊描述如下：

確證標的	2018 年度發行 1,000 本「2017 年企業社會責任報告書」		
基線碳足跡排放量	21.746 公噸二氧化碳當量		
達成溫室氣體減量	21.746 公噸二氧化碳當量		
抵換 剩餘排放量	抵換額度方案	黃金標準 Gold Standard	
	抵換額度來源	Changbin and Taichung Wind Power	
	抵換額度數量	25.000 公噸二氧化碳當量	
	核可文件編號	GS1-1-TW-472-12-2010-119-198569 - 198593	

SGS採用風險評估方法為基礎，並依據 PAS 2060:2014 所描述之適用方法學執行確證，確認玉山金控承諾碳中和宣告於2018年05月26達成碳中和。

保密性聲明

此聲明及附件可能包含屬於玉山金控之機密資訊，未經玉山金控書面同意，其他個人、團體或公司禁止自行複製或發行。

利益衝突迴避聲明

此聲明及附件內容完全依照主管機關之標準方法與程序等相關規定，秉持公正、誠實進行查證作業，絕無虛偽不實。本公司與受查證單位並無財務投資之關係，且符合主管機關對利益衝突迴避之要求。

確證團隊

上述聲明係確證團隊依據公正之查驗過程，針對玉山金控之碳中和達成宣告所提出之聲明。

本確證意見認可聲明之有效期限為一年。保證期間若有任何資訊之變動或其結果導致無效聲明，玉山金控應於三個月內提出立即矯正措施確保其有效性，或撤回聲明。

備註：本查證聲明遵照 SGS 溫室氣體/碳足跡查證服務條款要求 http://www.sgs.com/terms_and_conditions.htm，聲明書內容由台灣檢驗科技股份有限公司依據碳中和宣告之確證結果進行編製，業經客戶同意後發行。本聲明書非用以解除客戶遵守組織章程、全國或者地方法令，以及任何被發佈國際指南章程之責任；客戶與 SGS 彼此為獨立之個體，客戶非受 SGS 約束，在此 SGS 除客戶之外毋須代表其面對其他組織團體。

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心清如玉。義重如山。

