E.SUN FHC
CSR REPORT 2019

玉山金控 E.SUN FHC

E.SUN team of professionals
Create a bright future with you

About this CSR 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) appreciates your attention to our 9th CSR report. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option, U.N. Sustainable Development Goals (SDGs), GRI Financial Services Sector Supplement, Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, ISO 26000 guidance on social responsibility, UN Global Compact, Industry Standards issued by Sustainability Accounting Standards Board (including Commercial Bank, Consumer Finance, Investment Banking & Brokerage, Mortgage Finance, Asset Management & Custody Activities), and the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies. E.SUN FHC published CSR report in both English and Chinese version every year, and the report can be downloaded from the "CSR" section of E.SNU FHC official website. Through publication of this CSR report, we hope to communicate the ideas and practices that E.SUN has adopted towards achieving sustainability with our stakeholders. We hope to learn and grow together, and bring positive influence to the society.

Scope of report

The CSR report is published every year since 2011. This year's report covers performance in economic, social and environmental aspects in 2019 (from January 1 to December 31, 2019). In order to present a more comprehensive picture of various projects and campaigns undertaken by E.SUN FHC, the report also discloses activities that occurred prior to January 1, 2019 and after December 31, 2019. The last version was published in June 2019.

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 99.8% (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 Culture and Eduacation Foundation) and subsidiaries; whereas disclosures concerning environmental protection (e.g. use of water, electricity, petrol etc) cover E.SUN's Taipei Headquarter Building, Summit Campus, Hope Campus, Technology Building, Boai Building, and overseas and domestic branches. 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
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
SASB (Sustainability Accounting Standards Board)	Commercial bank, Consumer Finance, Mortgage Finance, Asset Management

Standard of Information

Data category	Standard	Certifying Organization
Sustainability data	AA1000 Assurance Standards (2008) and its 2018 appendices (Type 2 moderate-level assurance)	BSI Taiwan
	Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China(GRI Standard)	Deloitte
	Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China(SASB-Commercial Bank)	PwC
Financial data	Annual financial report	Deloitte
Environmental data	ISO 14064-1：2018 Greenhouse Gas Inventory	SGS Taiwan
	ISO 14046：2014 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 sernior management.

Historical CSR reports

2011 2012 2013 2014 2015 2016 2017 2018

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

Chairman, E.SUN FHC

Yung-Gen Huang

President, E.SUN FHC & E.SUN Bank

Joseph Huang

Return to fundamental principles, get ready for new challenges

The coronavirus COVID-19 pandemic has greatly impacted global economic activities and the healthcare system, and is changing the way we live. Whether or not such changes will become the new normal in the future, E.SUN has prepared the best for the worst in the face of the pandemic. In addition to actively supporting epidemic prevention policies and their deployment, we continue to focus on the core values of finance and return to the essence to respond to customer requirements. We have endeavored to make the utmost preparations. E.SUN, therefore, continues to invest in talent cultivation and creates great value for our customers. We keep developing FinTech and building ecosystems with our partners in an effort to find future opportunities for growth from each challenging task. We believe that we will flourish even further when we weather the darkest hours before dawn.

Prudent management, continuous growth

In 2019, international turmoil, such as geopolitical risks and regional economic coopetition,-caused transfers in multinational supply chains. Despite the rapid changes in the external environment, E.SUN maintained steady growth and has received international recognition and awards. E.SUN was awarded the "Most Honored Company in Taiwan" by Institutional Investor for 3 consecutive years and ranked among the Top 5% in the Corporate Governance Evaluation hosted by the TWSE for 5 consecutive years, making E.SUN the number one bank in Taiwan. With respect to sustainability evaluation, E.SUN FHC has been included as a constituent stock of the Dow Jones Sustainability Index (DJSI) for 6 consecutive years and the DJSI World for 4 years, and was ranked 3rd in the world and 1st in the Asia Pacific in the banking industry by Banks Industry Group. Regarding financial indicators, in 2019, E.SUN FHC delivered an after-tax profit of NT$20.105 billion, record-high profit for eight consecutive years. In particular, E.SUN Bank reported a 14.9% increase in after-tax profit and a ROE of 12.07%, the top among subsidiaries of all financial holding companies. Developing cross-border businesses and FinTech has been E.SUN's long-term strategy to stimulate overall business growth, making E.SUN the market leader in terms of foreign currency deposit volume and growth in the nation. On the basis of longstanding stability and sustainability, E.SUN was ranked by The Banker, a British financial magazine, as the first in Taiwan's banking industry in terms of the bank's brand value (US$1.218 billion), and was upgraded to an A rating by the S&P, an international credit rating company. It is the 6th consecutive year that E.SUN Bank's credit ratings or outlook have been increased by international and domestic credit agencies. E.SUN has attained international recognition for its long-term outstanding performance.

Build a healthy, smart, and resilient organization

We believe that there are three mountains to conquer when it comes to corporate business management: overall performance, social responsibilities, and sustainable development. Instead of taking a step-by-step approach as other enterprises did, E.SUN set long-term goals in the beginning. With sustainable development as our ultimate goal, we shoulder social responsibilities and deliver overall performance at the same time for the purpose of building a healthy, smart, and resilient organization. In response to the COVID-19 pandemic, E.SUN immediately collected information, established an emergency response and crisis management team, and launched backup mechanisms to ensure the rights of customers, the health of employees, and the operation of the company. Furthermore, we continue to refine corporate governance by designating corporate governance officers, disclosing information on top-level managers' remuneration, and improving transparency and competencies of the Board of Directors. In terms of sustainable finance, E.SUN has approved the financing of 18 Equator Principles projects in total (with one withdrawn due to non-compliance with the newly formulated policy that bans coal). To meet the funding requirements of offshore wind farm projects, E.SUN issued the third green financial bond. Moreover, E.SUN approved the highest number of Equator Principles projects and issued the most and largest green bonds among domestic banks in Taiwan. E.SUN set target of sustainable financing and investment , by the end of 2020 and 2025, we will increase our volume of ESG financing and sustainable investments under management to over 280 billion and 340 billion in total. For example, E.SUN is the first bank in Taiwan that has ceased to finance coal-fired power generation facilities, and the first to issue zero-carbon credit cards on a widespread basis. In this year's CSR report, for the first time, E. SUN has followed the standards set by the Sustainability Accounting Standards Board (SASB) to disclose the ESG information relating to investors. E.SUN continues to comply with international standards and leverage the influence of the financial industry in building an enterprise that is even more resilient.

As the year 2020 marks the 50th anniversary of Earth Day, E.SUN will go green with its employees, customers, strategic partners, and first-choice media. As this special day reminds us to make a contribution to protecting this land, E.SUN has supported the World Cleanup Day for nine consecutive years in a row. In the first and second half of 2019, we host environmental and beach cleanup called Smile E.SUN. In total, there were 49 coastal cleanups and 12,000 participants with more than 16 tons of trash cleaned up through joint efforts. As to the operating environment, in 2019, carbon emission, water consumption, and waste per unit revenue were reduced by 18.2%, 16.9%, and 40%, respectively, compared to those of in 2016 as the base year. Thus, our goal was achieved. Currently, E.SUN has two server rooms with LEED international certification, 10 office buildings with domestic green building certification, and 15 branches with solar panels on the rooftop with a total installed capacity of 110 kilowatts (kW). E.SUN will continue to renovate existing offices and construct more green buildings and solar-powered branches. E.SUN will make constant efforts to practice business sustainability and environmental sustainability to create a living environment that conforms to a green, healthy, and LOHAS lifestyle.

Talent is a key and leading indicator

To develop more friendly FinTech, E.SUN has been undergoing digital transformation. The key question is: How does the financial industry attract more talent with technological capabilities as well as innovative thinking? Therefore, we have actively created an environment suitable for the development of technological talent. E.SUN is the first financial enterprise that has recruited technology management associates (TMAs) while setting up flexible working hours and vibrant workspace. To initiate industry-academia collaboration programs with more technology talent, we have established AI and FinTech research and development centers with National Chiao Tung University, National Taiwan University, and Academia Sinica. The Artificial Intelligence Open Challenge was held three times to encourage more talent to join the field of AI. We have put in a lot of effort into cultivating talent and taking care of our employees. In 2019, we even achieved the goal of per capita benefit for non-managerial employees ahead of schedule. Since 2020, there has been an increase of NT$3,000 per month in basic salary for rank-and-file employees. With the increase added to the pay raise due to promotion and performance in Q1, the average salary of rank-and-file employees would be increased by over 10%. In addition to tangible remuneration, E.SUN values employee welfare. We are the first in Taiwan to establish the E.SUN Childbirth Incentive Program (through which the company provides an E.SUN employee with an incentive of NT$100,000 for each baby born). In 2019, we began to provide 60 days of maternity leave and 6 days of paternity leave, which are superior to statutory requirements. Moreover, E.SUN has established the employee savings association stock trust and contributes incentive bonuses three times each year to help employees to make the perfect retirement plan. At E.SUN, every employee is given an opportunity to shape their future and thrive with partners who share the same goals and visions and to lead a rich and wonderful life.

Utilize integrative thinking, choose a different path

In 2019, E.SUN was proud to invite Professor Roger Martin, number one of the Top 50 Management Thinkers in the world previously, to Taiwan to share his theory of integrative thinking. He offered suggestions on how enterprises avoid the dilemma of decision-making, and how to find more opportunities in two conflicting ideas in order to combine advantages of the two options and create better solutions. It also corresponds with E. SUN's practice of applying the wisdom and strength of our teams, insisting on differentiating ourselves from peers, and striving to embark on a different path in the complicated, ever-changing environment.

The year 2020 has been a year full of challenges. In the face of the impact brought by the pandemic, as well as changes in technology, laws, and regulations, it is necessary for the financial industry to keep improving. E.SUN FHC will remain brave in the face of the complicated environment, utilize the wisdom of our teams, and take advantage of the power of science and technology. We look forward to implementing integrative thinking and advancing into a better future with everyone.

Sustainable performance and Achievement of 2019

Evaluations of Sustainability

- ☑ Ranked 3rd in the world and 1st in Asia Pacific in banking industry by DJSI.
- ☑ MSCI ESG rating AA for the 3rd consecutive year, best performance in the financial sector of Taiwan.
- ☑ 5th consecutive year Top 5% CG Evaluation.
- ☑ Awarded 1st in the financial industry in CommonWealth magazine's "Corporate Citizenship Award" for 12 consecutive years.
- ☑ Listed on the Annual Honor Board of the CSR Award from Global Views Magazine.
- ☑ Selected as a constituent stock of the TWSE Corporate Governance 100 Index.
- ☑ Selected as component of FISE4Good Emerging Index, TIP Taiwan ESG Index.
- ☑ Selected as a constituent stock of the TWSE RA Taiwan Employment Creation 99 Index.
- ☑ Selected as a constituent stock of the TWSE RAFIR Taiwan High Compensation 100 Index.
- ☑ 5th time winner of the Most Prestigious Sustainability Awards – Top Ten Domestic Corporation in the Taiwan Corporate Sustainability Awards.

Ehm`mbd

- Net profit NT$ **20.1** billion
- ROE **12.07**%
- Market Cap NT$ **320** billion

Dloknxdd

- Employee engagement: **96.93%**
- Average welfare and compensation for non managerial position: NT$ **1,276** thousand

Dmuhqnldms

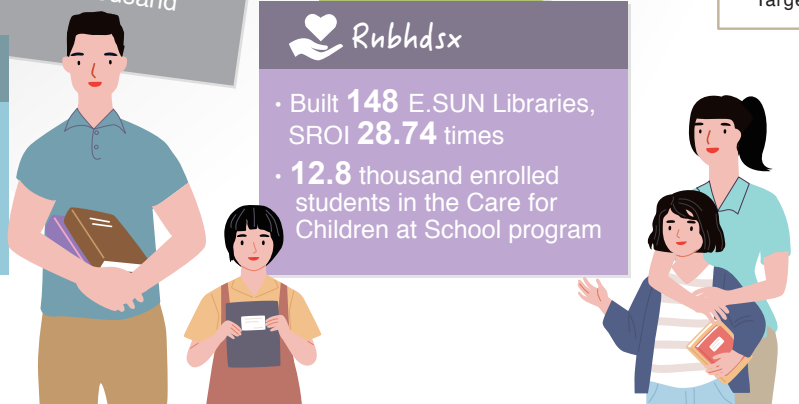
- Issuance of green bond exceeding NT $ **5** billion.
- Carbon neutrality for all credit cards.

Btrsnldq

- Customer satisfaction rate **83.36%**
- Active customers on digital channel: **1.76** million

Rubhdsx

- Built **148** E.SUN Libraries, SROI **28.74** times
- **12.8** thousand enrolled students in the Care for Children at School program



ESG Performance

〔**Economy**〕

	Net Profit (NT$M)	ROE (%)	Total Asset (NT$M)
2017	14,757	10.54	2,074,388
2018	17,068	11.04	2,287,787
2019	20,105	12.07	2,498,358

〔**Society**〕

	Average Benefit expense on non-managerial level (NT$ thousand)	Employee engagement (%)	Number of E.SUN Libraries
2017	1,165	97.1	125
2018	1,195	96.9	137
2019	1,276	96.9	148
Target	1,250 by 2020	Above 95% in 2020	200 by 2025

〔**Environment**〕

	Green project finance (NT$M)	per unit of revenue in water use (Liter/NT$ thousand)	per unit of revenue in carbon emission (kg/$NT thousand)
2017	1,193	4.4836	0.5168
2018	3,338	4.6268	0.4877
2019	6,881	4.4900	0.4605
Target	12,000 by 2025	4.3243 by 2025	0.4509 by 2025

2019 Honors and Recognitions

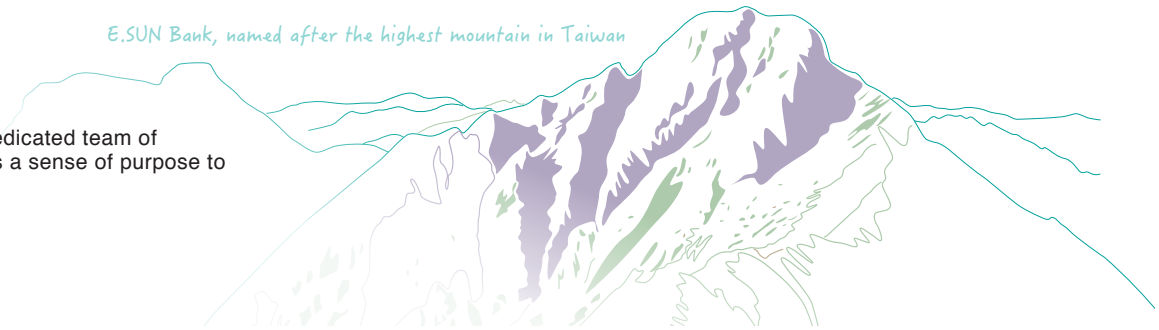
- 6th consecutive year listed in DJSI, 3rd in the world and 1st in Asia Pacific in banking industry, a new record in Taiwan's financial industry.（2014-2019）
- Ranked 1st in Taiwan's banking industry in the "Top 500 Banking Brands" by The Banker .（2019）
- Awarded the "Most Honored Company in Taiwan" by Institutional Investor for 3 consecutive years.（2017-2019）
- Awarded the Best Wealth Manager in Taiwan by the Asset.（2017, 2019）
- 1st place in the Best Wealth Management Bank Award in the Wealth Management Bank Assessment by Business Today.（2017, 2019）
- Awarded the Best SME Bank in Taiwan by Asiamoney.（2017, 2019）
- Awarded the Best SME Bank in Taiwan by The Asian Banker.（2015, 2019）
- 14th time winner of the Credit Guarantee Partner Award by the S&M Enterprise Credit Guarantee Fund of Taiwan, MOEA, a new record in Taiwan's financial industry.（2006-2019）

- Winner of Asia's Most Optimized Bank by IDC.（2019）
- Winner of Omni-Experience Innovator in Taiwan by IDC.（2019）
- Winner of the Inclusive Business Award by Asia Pacific Social Enterprise Summit.（2019）
- Winner of the Best Innovation in Digital Technology in Taiwan by The Asset.（2019）
- Winner of the Best Retail Digital Banking Experience in Taiwan by The Asset.（2019）
- Winner of Digital Innovation Product of the Year by MasterCard.（2019）

- 12th times winner of CSR Award 1st in Financial 《Common Wealth》.（2007-2010、2012-2019）
- Listed on Annual Honor Board of CSR Award by Global Views Magazine, a new record in Taiwan's financial industry.（2019）
- Winner of the top award in the Asia Responsible Entrepreneurship Awards for 2 consecutive years, the best-ever record for an Asian enterprise.（2018-2019）
- Awarded the Best CSR Bank in Taiwan.（2019）
- Winner of the platinum award of "Outstanding Management for an Asian Company" by The Asset for 10 consecutive years, setting a record among Taiwanese companies.（2010-2019）
- Winner of the FHC CSR Gold Award in the Consumer Financial Brands & FHC CSR Award by Wealth Magazine for 6 consecutive years.（2014-2019）
- 5th consecutive year Taiwan Corporate Sustainability Award 1st in Financial 《Taiwan Institute for Sustainable Energy》.（2015-2019）
- 5th consecutive year Top 5% CG Evaluation《Taiwan Stock Exchange》.（2015-2019）

1-Company Information

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



"The Highest Mountain; the Best Bank"

In 1992, Chairman and founder Yung-Jen Huang brought together a dedicated team of like-minded professionals to create a "banker's bank" which possesses a sense of purpose to "operate the best bank" and establish systems run by experts.

1.1 Vision

"An Exemplar for the Financial Industry
A Benchmark for the Service Industry"

The only bank operated by professional managers with no links to the government nor ties to family consortiums. The highest percentage of foreign shareholders and employee shareholders in the financial sector.

"E.SUN employees strive to be first-class citizens of the world.
E.SUN endeavors to become a first-rate global corporate citizen."

One simple act of love can inspire love in others. The best CSR performance in Taiwan's financial industry; included in the DJSI World 6 times.

"Taiwan's E.SUN, the World's E.SUN"

Local development, Asia expansion, and international connection.
As Asia's distinguished bank.

Establishment Date	2002-01-28 E.SUN Bank established on 1992-02-21
Headquarters	Taipei, Taiwan
Paid-in Capital	116.195 billion
Total Asset	2.5 trillion
Number of employees	8,882
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 Culture and Education Foundation E.SUN Volunteer Foundation
Sectors	Financial
TWSE stock code	2884

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.

In 1992, when the regulations in Taiwan were loosened to allow new banks from the private sector to be established, E.SUN was the only new bank that was not affiliated with any financial group or the government. E.SUN's foundations were built by a team of outstanding banking professionals, thus creating a true "banker's bank."

We believe heartwarming service always begins with a smile. Additionally, we listen to customers' needs and strive to exceed their expectations, hence giving customers an unparalleled banking experience. We hope to serve customers with impressive service and win their loyalty. The ultimate goal is to make E.SUN the leading financial brand in Taiwan.

E.SUN engages in its stakeholders in a variety of ways. For employees, E.SUN focuses on cultivating professional talent and building a happy team. For customers, E.SUN provides outstanding quality services to bring more value for customers. For shareholders, E.SUN continues to create outstanding overall performance through the bank's integrity and professionalism. For society, E.SUN makes positive impacts to the community and environment, and moves towards sustainable development.

Value Proposition

"Pure as Jade, Sturdy as Mountain"

We offer warm and attentive services with sincerity, and have become customers' first choice in financial services.
We serve with unwavering commitment the pursuit of business with integrity and high quality, bringing our clients greater benefits and values.

- **High-quality financial service**
  E.SUN invests in talent cultivation to provide services with high quality and professionalism to satisfy customers' needs.
- **Friendly user experience**
  E.SUN focuses on financial innovation and continues to innovate in order to enhance customer experience.
- **A trusted professional team**
  We promise to bring value and earn the trust from customers.

Service network at home and abroad

As of December, 2019, E.SUN FHC and its subsidiaries have established a number of service channels throughout Taiwan, the physical channels of which comprise 139 branches of E.SUN Commercial Bank and 17 branches of E.SUN Securities. With regards to digital channels, E.SUN utilizes a variety of service networks including Internet banking, mobile banking, website, customer service center, automated service equipment and branches to deliver online to offline (O2O), custom-tailored financial services that help improve customers' lifestyles.

E.SUN's international development strategy aims to quickly achieve Asian expansion by targeting both the Chinese and ASEAN markets at the same time and building a cross-border integrated financial platform in Asia. E.SUN currently operates 28 offices in 9 countries and regions, including Taiwan, China, ASEAN states, and other key financial centers in Asia. Business offices are listed below:

Taiwan	Overseas	Digital channels	Services and Products
• 139 branches • 16 corporate banking centers • 16 consumer banking centers • 16 wealth management centers • 17 securities Branches • 814 automated teller machines(ATM) • 146 Foreign Currency ATMs	• 5 operating sites under E.SUN Bank (China), China subsidiary • 14 presences under Union Commercial Bank, Cambodian subsidiary • Hong Kong Branch • Los Angeles Branch • Singapore Branch • Dong Nai Branch (Vietnam) • Sydney Branch • Brisbane Branch • Yangon Branch (Myanmar) • Tokyo Branch • Hanoi City Representative Office (Vietnam)	• E.SUN e-Customer Service: Customer Service Hotline Smart Customer Services Voice over Internet Protocol Internet Bulletin Board, etc. • Personal Online Banking • Corporate Online Banking • E.SUN-i chatbot • Mobile Banking APP • E.SUN Wallet • WebATM • E.SUN Securities A+ internet services E.SUN Securities A+ mobile services	• Banking: Consumer financing, corporate financing, wealth management, trust services, financial products, online banking, mobile financing, and other banking services. • Securities: Brokerage, derivative financial products, credit transactions, fixed revenue products, e-commerce, and other securities services. • Venture capital: Brokerage, derivative financial products, credit transactions, ixed revenue products, e-commerce, and other securities services.

1.2 Business Performance

GRI：102-5、102-7、201-1、415-1

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 with all stakeholders.

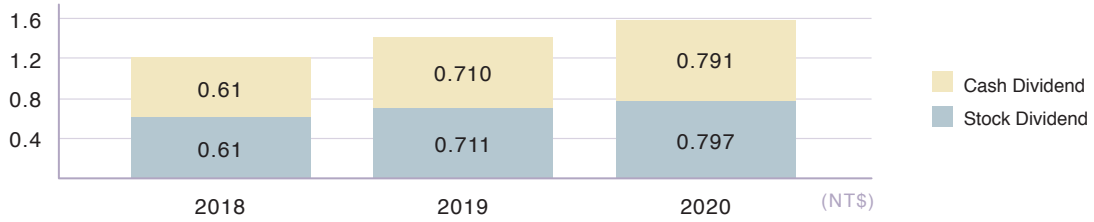
Financial Performance

E.SUN FHC delivered outstanding performance in 2019. The overall profit after tax reached NT$20.105 billion, record-high profit for 8 consecutive years, up 17.8% from 2018. The EPS, ROE, and ROA were NT$1.73, 12.07% and 0.84%, respectively. The growth rate of total loans was 7.9%. Loan growth was achieved while maintaining sound asset quality. The NPL ratio was 0.19%.

	Category	2017	2018	2019
Management capabilities	Total assets	2,074,388,287	2,287,787,032	2,498,358,191
	Book value	148,948,431	160,130,100	173,181,100
	Net revenue	46,107,189	49,429,234	54,522,618
	Net profit attributable to parent company	14,756,556	17,068,493	20,105,129
Profitability	ROA (%)	0.74	0.78	0.84
	ROE (%)	10.54	11.04	12.07
	EPS (NTD)	1.49	1.58	1.73
Economic value distributed	Employee salaries and benefits	11,228,792	11,596,823	12,779,300
	Dividend to shareholder	11,657,982	15,387,867	18,451,766
	Tax	4,457,455	5,349,689	4,714,130
	Investment in social inclusion	347,314	359,465	374,207
	Expenditures in studies and campaigns of financial industry policies	15,727	14,913	19,760
	Political donations	0	0	0

(NT$ thousand)

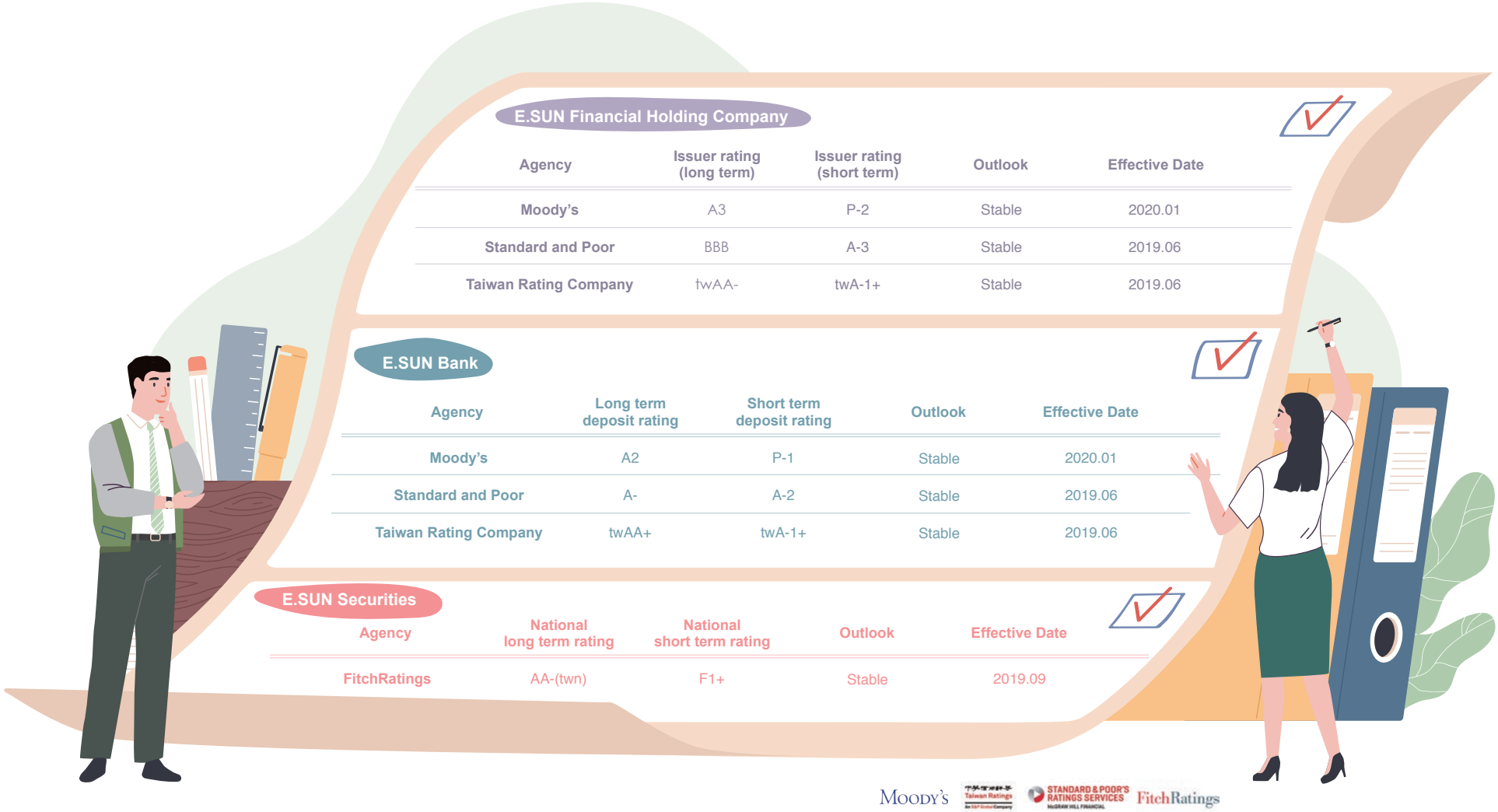
Dividend Distribution



Note: Dividends distributed in 2020 is the retained earnings of 2019.

Credit Rating

E.SUN FHC received a long-term credit rating of A3 from Moody's, which is the best performance among any private sector financial holding company in Taiwan. In 2019, S&P and Taiwan Rating ratings E.SUN. E.SUN Bank receives a long-term credit rating A- from S&P and twAA+ from Taiwan Rating. This is also the 6th consecutive year in which E.SUN Bank's credit ratings or outlook were increased by international and domestic rating agencies. According to analysis from credit agencies, E.SUN has been reporting an above-average loan growth for years. Meanwhile, E.SUN maintains sound asset quality that reflects a robust risk management culture in E.SUN Bank. The profitability of E.SUN has been increasing significantly in recent years. Particularly, its strong growth in non-interest income has promoted a steady increase in its ROA and ROE. With a robust capital level, E.SUN continues to support its business growth with profit and will be fully capable of responding to fluctuations in the financial market.



E.SUN Financial Holding Company

Agency	Issuer rating (long term)	Issuer rating (short term)	Outlook	Effective Date
Moody's	A3	P-2	Stable	2020.01
Standard and Poor	BBB	A-3	Stable	2019.06
Taiwan Rating Company	twAA-	twA-1+	Stable	2019.06

E.SUN Bank

Agency	Long term deposit rating	Short term deposit rating	Outlook	Effective Date
Moody's	A2	P-1	Stable	2020.01
Standard and Poor	A-	A-2	Stable	2019.06
Taiwan Rating Company	twAA+	twA-1+	Stable	2019.06

E.SUN Securities

Agency	National long term rating	National short term rating	Outlook	Effective Date
FitchRatings	AA-(twn)	F1+	Stable	2019.09

2 - Sustainable Development Strategy and Framework

GRI：102-18、102-20、102-26、102-29、102-30、102-31、102-33

2.1 CSR & Practice

E.SUN has been an honest and upstanding company dedicated to integrity and professionalism since its establishment. E.SUN will continue to work toward the three aims of business management, which are overall performance, corporate social responsibility, and sustainable development. In addition to refining its financial business, E.SUN is committed to devoting resources into CSR efforts and executes CSR tasks in accordance with E.SUN Financial Holdings Corporate Social Responsibility Best Practice Principles. E.SUN endeavors to implement corporate governance, develop a sustainable environment, and uphold public interests, and strengthens the disclosure of corporate social responsibility information. Our business philosophy is being positive influences on the society and environment as we strive to achieve continuous business development.

"To be an Excellent Corporate Citizen of the World." — **Vision**

"To become best-performing and most respected bank in Taiwan." — **Commitment**

"Engagement, expertise, and partnership." — **Core Value**

"3i: innovation, integration and influence" — **Rules**

"International framework, Sustainability evaluation, Benchmark learning"— **Improvement**

3i strategy

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 use its financial expertise and combine cross-border and cross-industry resources. We continue to devote resources into corporate governance, public interests, environmental sustainability, customer interest, and employee care and encourage advancement and innovation to keep pace with international trends.

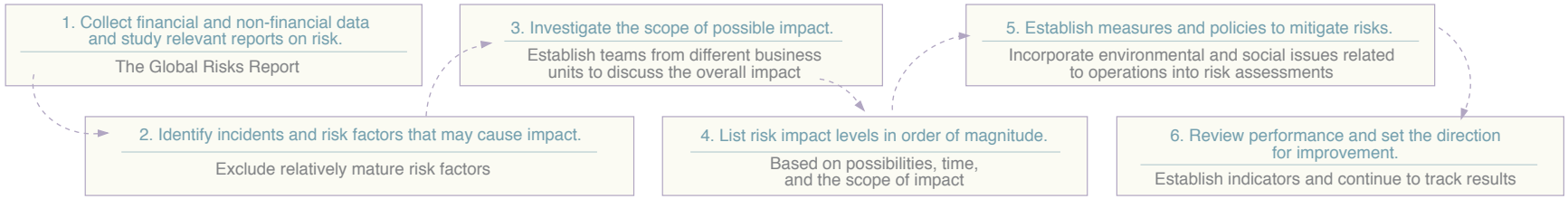
Corporate Social Responsibility Committee (CSR Committee)

The corporate social responsibility committee (CSR Committee) was established in 2011. The Chairman serves as the committee's convener. Five task units operate under the committee, covering: corporate governance, social welfare, environmental sustainability, customer rights, and care for employees. They work to effectively integrate resources and boost efficiency. 40 meetings were convened in 2019. The committee reports implementation of CSR strategies to the board periodically. E.SUN employs systematic and well-planned methods to achieve the long-term fulfillment of its corporate social responsibilities. The committee is composed of directors of the board, including two independent directors. Committee members have sufficient discussion over agenda and provide guidance. E.SUN is devoted to committing long-term resources into CSR and to Taiwan. All the CSR tasks are carried out in accordance with CSR tasks in accordance with "E.SUN Financial Holdings Corporate Social Responsibility Best Practice Principles," "Corporate Governance Best Practice Principles," and "E.SUN FHC Ethical Corporate Management Practice Principles." Courses of E.SUN volunteer and CSR are lectured to new recruits during their training program to nurturing their volunteering spirits in their daily life and to make positive impact to the society.

2.2 Emerging Risk and Opportunity

From raging forest fires in Australia to the speech made by 16-year-old Swedish environmental activist Greta Thunberg at the UN's Climate Action Summit, we are feeling the importance of issues on climate change. We are more surprised, however, by the 2020 risk report from the World Economic Forum that environment-related issues are in the top five in terms of long-term risks. This makes us wonder whether the actions we have taken to protect the Earth are enough. In the future, what more can we do to quickly and effectively mitigate the deterioration of the environment? Risks have been identified through E.SUN's internal process and are described in the following. Relevant tasks related to subsequent mitigation measures and responsive policies will be completed by various task forces.

Emerging Risks Identification Process



Emerging Risk and Mitigating actions

Emerging Risk	Description of risk	Potential business impact of the risk	Mitigating actions
Climate Change	• Extreme weather has caused great damage to property, infrastructure, and life. • Facilitate policies related to the adaptation to climate and mitigate the financial impact on E.SUN, customers, and supply chains. • E.SUN is unable to mitigate the impact brought by climate change, nor to disclose major financial risks.	• E.SUN's business operations come to a halt as a result of weather disasters, such as service disruption caused by damage to an IT maintenance server or a physical branch. • Damage to loan collateral as a result of climate change. • Systematic risk in an industry vulnerable to the effects of environmental change may have a certain degree of impact on its overall credit standing once the risk materializes.	• Strengthen emergency power supply and backup mechanisms for IT systems. Physical branches take precautions when strong typhoons or major storms are announced. • Increase frequency for appraisal of collateral in areas susceptible to floods. The Appraisal Department checks for changes in real estate markets in different regions on a regular basis. • Establish indicators that link to climate factors. Lower relevant risk exposure if the indicators are triggered. • See 2.3 Climate Change Risks for details.
Public Health	• Employees are required to be isolated/ quarantined or exposed to the risk of infection due to communicable and infectious diseases. • Manufacturing shutdowns, impact on tourism, entertainment, and consumption, slowing down of economic growth, and credit risks faced by corporate customers due to disruption of operations.	• Losses caused by cancellation or early termination of contracts due to disease outbreaks. • Disruption of operations caused by isolation or quarantine of employees. • Loss of revenue due to restriction on entry and exit of personnel under disease control.	• Assemble an Emergency Response Team, pay attention to the development of disease outbreaks, and establish a reporting mechanism and protection measures. • Implement health management and backup mechanisms, those in important positions work in separate places to ensure the continuity of corporate operations. • Pay close attention to the operations of industries that are highly sensitive to disease outbreaks. • See 4.3 Risk Management for details.

2.3 Climate Change Risks

GRI：201-2 SASB：FN-CB-410a.2

In 2020, Bank for International Settlements (BIC) announces the “green swan report”, the report indicates that climate change may trigger the “green swan” which may lead to systematic financial crisis unless central banks, regulators and supervisors around the world take appropriate measures. However, current risk management system is not able to assess the crisis relating to climate change. Unlike the black swan, risk of climate change would turn into a complex and unpredictable domino effect in the future that jeopardizes human more than financial crisis.

E.SUN will continue a robust reporting framework based on the Recommendations of the Task Force on Climate-related Financial Disclosures to provide the four major pillars of guidance for disclosing important climate-related information: governance, strategy, risk management, and metrics and targets. Based on the conclusion made previously, collateral that may be damaged because of climate change, and high GHG emission industry are two main risks we put into scenario analysis for further both quantitative and qualitative impact assessment to develop countermeasures. E.SUN leverages our influence in financial industry to guide capital to those industries with lower climate change risk and higher climate change opportunity and contributes to Taiwan’s transformation to low-carbon environment.

Progress on climate change

We find out the factors that make the severest impact to ourselves, and conduct financial impact assessments to establish precautionary measures.

2017	Became the first Taiwanese signatory company of TCFD.
2017.12	Set up a working team to make strategy on climate change and establish a management mechanism for the board.
2018	Conclude the two risk by business review and risk awareness.
2019	Financial assessment on the two risk.
2020	Set up indication on high climate change risk.

Actions on climate change risk management based on TCFD

TCFD core factors			
Governance	**Strategy**	**Risk Management**	**Metrics and Targets**
・Became a signatory to the TCFD. ・Report to the board periodically by CRO. ・Incorporate into the scope of risk manage ment of the bank. ・Set up a climate change working team.	・Information disclosure on climate change and promote efficiency on energy usage. ・Project finance on renewable energy industry.(e.g. offshore wind power) ・Reduce business on higher climate change risk industry.	・Prohibition on coal power loan. ・Set risk exposure limitation on collateral located in flood area with high frequency. ・Purchase insurance on equipment that is easily effected by extreme weather. ・Review on climate change risk in due diligence. (refer 5.3 for more detail)	・Increase self-adaptability. (e.g. solar power branch, LEED engine room) ・Set limitation of impact calculation. ・Assess on financial impact. ・Promote low carbon economy.

Scenario Analysis

This year, E.SUN cooperates with external consultants on Assessment Report 5(AR5) base on Intergovernmental Panel on Climate Change(IPCC). We take Representative Concentration Pathways(RCPs) to define future climate change scenario and choose RCP2.6 and RCP8.5 as the scenarios* where we evaluate the default risk impact of high GHG emission industry and the valuation impact on collateral respectively. Under RCP2.6, we map against our portfolio and concluded that the petrochemical industry, metal products manufacturing industry and transportation industry as the top three climate sensitive industries, and further quantify the financial impact of petrochemical industry on E.SUN. Under RCP8.5, we analyze the high risk area for collateral locations in Taiwan according to the data on Executive Yuan's Disaster Management Information Platform.

Note: RCP2.6、RCP4.5、RCP6 and RCP8.5 are the scenario in AR5 which represent force of radioactive increase 2.6,4.5,6 and 8.5W respectively.

The dilemma of physical risk and transition risk:

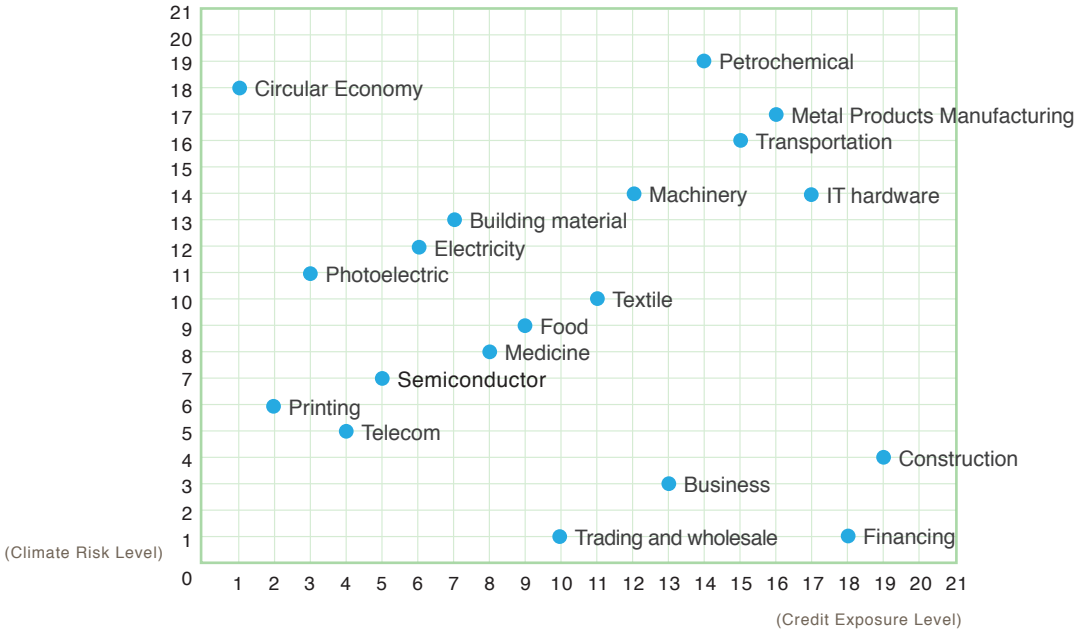
	More transition risk in low carbon economy	2°C	Low control	More physical risk in global warming scenario
Emission Control	Emission decrease greatly	Emission decrease in slow pace	Stable emission	Emission increase greatly
RCP	2.6	4.5	6.0	8.5
Temperature increase in 2100	1.5°C	2°C	3°C	4°C

E.SUN's climate change scenario:

Default risk of high GHG emission company		**Risk of collaterals damage**
Transition risk	**Physical risk**	**Physical risk**
RCP 2.6 Carbon tax could be imposed on high GHG emission company and cause operation difficulty.	RCP 2.6 Frequency and intensity of flood and drought may increase and cause water shortage from unstable distribution of precipitation, and impact the productivity of company.	RCP 8.5 Real estate value may be damaged because of flood, landslide and coastal damage.

E.SUN Bank's industry risk matrix

E.SUN Bank referenced external research reports and ranked industries based on their climate risk level and E.SUN Bank's credit exposure concentration. The industries that are the most sensitive to and highly impacted by climate change were determined to be the petrochemical industry, metal products manufacturing industry, and transportation industry. Main analysis results are shown in the chart below:



Quantitative impact

Risk Description	Financial Impact	Estimation of Financial Impact
Pay for the tax pension for not meeting the requirement	**Operating cost increases**	Based on an estimated tax for extra carbon emission at US$50-100 per metric ton, the overall cost of domestic petrochemical industry will rise in 2030 due to the imposing of carbon tax. (The extra cost accounts for 0.38%-0.75% of total revenue)
Lower productivity for water shortage	**Revenue decreases**	Based on the estimated days of water shortage in RCP 2.6 scenario, the overall revenue of domestic petrochemical industry will decrease by 0.34%-1.36% in 2030 due to the productivity limited by the water usage regulation.

According to the above analysis, the revenue and cost of domestic petrochemical industry may decrease by 1.36% and rise by 0.75% in 2030, respectively, which will affect relevant customers' operation performance. We estimate that, among 662 of our customers in petrochemical industry, credit rating of 96 customers will be downgraded by 1 notch and 4 customers will be downgraded by 2 notches. The total value of loans of downgraded customers is NT$5.1 billlions, and the average default rate of downgraded customers has increased by 0.5 basis points.

Risk of damage to collateral

SASB：FN-MF-450a.2

According to the flood risks in the AR5 scenarios identified by the Disaster Management Information Platform of the Ministry of Science and Technology (MOST), the levels of flood hazards for townships and counties across Taiwan are divided into 5 risk levels. The areas with the highest risk level were compared with the areas where collateral provided by customers are located. There are 7,148 collaterals located at level 5 risk zones, and the total value is $NT 27.8 billion, which accounts for 3.39% of total collaterals loans. In the future, E.SUN would have extra management on collaterals which are located in high risk coastal areas and areas with fragile soil, which are susceptible to the effect of extreme weather events.

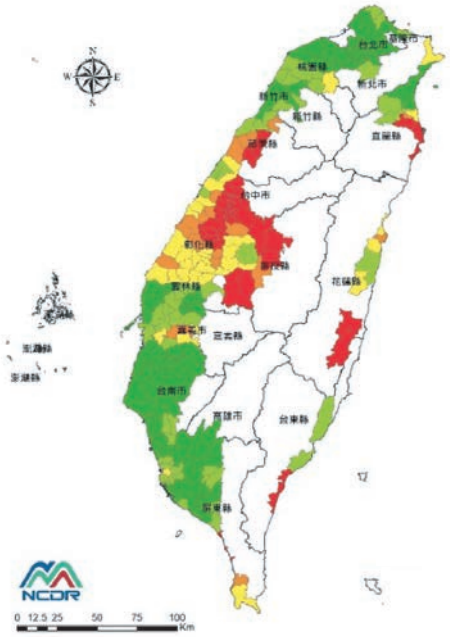
E.SUN established the standards of alert levels and devised corresponding control measures in order to effectively manage the collaterals' risk of loss caused by climate change. When the risk exposure of collaterals reaches moderate-level alert, E.SUN Bank will immediately control the percentages of loan releases by increasing the levels of authorization in an effort to strengthen the front-end lending review and mitigate the risk impact. When the risk exposure of collaterals reaches high-level alert, the Bank will not only adopt the pre-set control measures but evaluate whether to take out residential insurance (such as riders for typhoon and flood) in order to transfer risks and strengthen credit protection.

Risk=Hazard*Vulnerability*Exposure

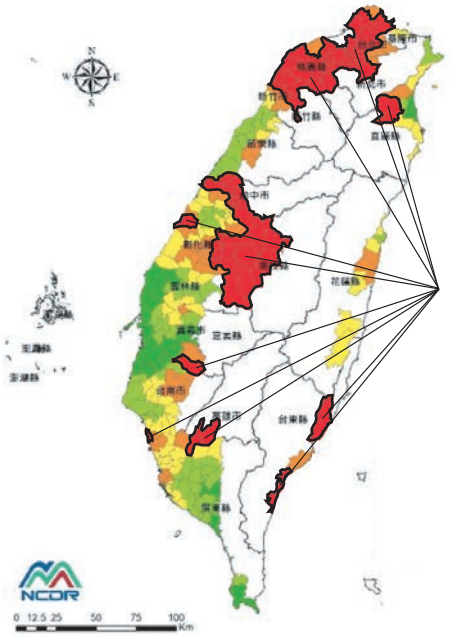
Risk Level:

- Level 1
- Level 2
- Level 3
- Level 4
- Level 5

Hazard level by 20th century end (base period)
probability of precipitation > 600mm in 24 hrs.



Hazard level by 21th century end
probability of precipitation > 600mm in 24 hrs.



The Level 5 risk zones accounts for 3.39% of total collateral loans.

（Data source: Disaster Management Information Platform of the Ministry of Science and Technology (MOST)）

3-Stakeholder Engagement

3.1 Identification of Stakeholder

GRI：102-21、102-40、102-42、102-43、102-44

E.SUN learns about issues that are concerned by stakeholders through various ways of engagement with stakeholders. We formulate our management policy and action plans accordingly to address needs and expectations of stakeholders. CSR committee would compile the information about engagement with stakeholders and report to the board of directors. The information also includes actions and frequency of the engagements. In 2019, a stakeholder meeting was held and a stakeholder questionnaire was distributed to members of CSR committee task units to gather their comments and opinions. Assessment of the questionnaire was made pursuant to the five aspects of the AA1000 Stakeholder Engagement Standard, which are influence, tension, responsibility, dependency, and diverse perspectives. The results were reviewed by CSR Committee. Stakeholders were divided into 8 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 7.3 Supplier Management.

Stakeholders	Materiality	Engagement	Issue of Concern and Our response (Corresponding chapter)
Employee	Talent and innovation are the key to competitiveness and the foundation to business sustainability.	• Daily: Morning meetings • Weekly, Monthly: Weekly report, Compliance training, video conferences • Quarterly: Corporate union meetings • Annual: Employee opinion surveys • Annual: Knowledge Sharing Meetings • Non-scheduled: E.SUN e-HR Portal / Feedback mailboxes, Letters to Senior / Employees e-Learning platform, Two-way report, training courses.	• Code of Conducts and Ethics • Talent cultivation and development • Talent attraction & rentention • FinTech and Innovation • Corporate Governance
Customers	E.SUN values customer input and focuses on providing a optimal customer experience with the customers at the center and creating value for customers.	• Daily: E.SUN e-Services, including 24-hour customer service hotline, Smart text customer service, Internet phone and Online visitor message board. • Daily: Customer complaint hotline and mailbox、E.SUN-i chatbot • Weekly: Customer satisfaction surveys • Every two months: Smile E.SUN • Quarterly: Sunrise E.SUN • Non-scheduled: Visits by customer representatives, Financial planning and investment seminars, Line official account, Facebook official page • Customers Service TEL: 0800-30-1313；886 2 2182 1313	• Service Quality and Customer Experience • FinTech and Innovation • Code of Conducts and Ethics • Information Security
Shareholders	The long term support from shareholders and investors brings more strength to sustain growth of E.SUN.	• Monthly: Announcement of business performance • Monthly: Market Observation Post System • Quartrly: Earnings call in Chinese and English session and financial reports • Quarterly: Board of directors and functional committees • Annual: Shareholder Meeting • Annual: Annual reports & Annual E.SUN FHC CSR Report • Non-scheduled: Visits by investors or host the conference call, disclosure of credit rating • Non-scheduled: Non-deal Road shows, domestic/international institutional nvestor conferences, investment forum, and disclosure of material information • IR E-Mail: ir@esunbank.com.tw	• Corporate Governance • FinTech and Innovation • Code of Conducts and Ethics • Risk Management

Stakeholders	Materiality	Engagement	Issue of Concern and Our response (Corresponding chapter)
Government	Financial services sector is highly regulated. We strictly comply with laws and regulations and work coordinately with government's policies.	• Annual: Government performance evaluation • Non-scheduled: Policy conferences, forums, and public hearings • Official letters, meetings, telephone, email, and public information • Non-scheduled: Financial inspections and project meetings • Compliance TEL: 886 2 2175 1313#8800	• Corporate Governance • Risk Management • Information Security • Service Quality and Customer Experience
Community	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.	• Weekly: Neighborhood cleanup programs at the branches • Annual: Clean-up activities and cycling across Taiwan • Annual: Lights off for the summer solstice, Earth Hour campaign • Non-scheduled: Forums, workshops, and charitable or environmental campaigns • Volunteer TEL: 886 2 2175 1313#9300 E-Mail: volunteer@esunbank.com.tw	• Sustainable Ecological Development • Arts and Humanities • Social Welfare • Academic Education • Climate change risk
Suppliers	Suppliers are E.SUN's partners in sustainability and growth.	• Weekly: Bargaining meetings • Every two weeks: Visits by customer representatives, meetings and email • Non-scheduled: Website disclosure and supplier meetings • General Affairs Division TEL: 886 2 2175 1313#8123	• Supplier Management • Risk Management • Code of Conducts and Ethics • Informaiotn security
Media	Media is one of the key channels through which E.SUN provides and collects information and communicates with stakeholders.	• Daily: Hotlines and email to dedicated departments, hotlines and email to spokesperson • Monthly: Monthly business overview • Annual: Questionnaires and surveys • Non-scheduled: News, media interviews, issue interviews, and press conferences • PR Email: pr@esunbank.com.tw	• Corporate Governance • Code of Conducts and Ethics • FinTech and Innovation
Student	As the development of students is highly related to a country's competitiveness, E.SUN nurtures more talent for Taiwan starting at university campuses.	• Periodically - on-campus recruitment activities. • Annual - industry-academic cooperation. • Annual - E.SUN Outstanding Talent Scholarship, E.SUN Bank ASEAN Scholarship; annual/summer internship programs. • Annual - E.SUN Artificial Intelligence Open Challenge. • TEL: 886 2 2175 1313#8701 • HR E-mail: hrd@esunbank.com.tw	• Education academic • FinTech and Innovation • Code of Conducts and Ethics • Information Security

3.2 Materiality Analysis

GRI：102-31、102-33、102-46、102-47、102-49、103-1、103-2、103-3

E.SUN follows the four principles of GRI Standards, which are materiality, stakeholder inclusiveness, sustainability context, and completeness, and refers to international sustainable development trends. We took a scientific approach to examine material issues of international benchmark companies and peer companies in Taiwan to identify material issues. To produce a report that meets the needs and expectations of our stakeholders, we conducted a survey by distributing two different questionnaires: One questionnaire is focused on the economic, environmental, and social impacts of each issue within or outside of the organization; and the other questionnaire evaluates the degrees of external stakeholder concern. Key representatives of each stakeholder group are invited to complete the CSR Survey for Stakeholders to provide a broader understanding of the degrees of external stakeholder concern regarding different issues. A total of 406 questionnaires were distributed. In 2019, we collected 20 issues from various sources and subsequently identified 18 sustainability issues concerning E.SUN; of which, 14 issues were classified as moderately and highly material. These issues are also key area of disclosure herein and formulation of short/mid/long-term goals.

1. Identification

【Principles】Sustainability context and stakeholder inclusiveness

- 8 key groups:

  Issues of concern for 8 groups of stakeholders were collected from the questionnaire. The CSR task force gathers and summarizes the list of sustainability issues.

- 20 sustainability issues:

  We collected information on the following 20 issues related to sustainability through different channels: stakeholder communication processes, international guidelines, specifications, trends, issues specific to the financial industry, and sustainability investment indices.

2. Prioritization

【Principles】Materiality and stakeholder inclusiveness

- Level of concern based on 390 questionnaires:

  According to the 390 questionnaires distributed to the 8 groups of stakeholders, internal and external results are summarized in a materiality matrix.

- 16 copies of the internal questionnaires for the CSR Committee to evaluate the impact of sustainable development:

  The impact of various issues on sustainable development is evaluated by all task forces of the CSR Committee, who grade factors including revenue, cost, customer satisfaction, brand, and environmental, social, and corporate governance risk assessment related to operations to gain a better understanding of key issues for each factor.

3. Validation

【Principles】Completeness and stakeholder inclusiveness

- 14 material issues:

  The second-stage evaluation results are examined by the CSR task forces and modified according to opinions and suggestions of the management team. The task forces report to the CSR Committee in board meetings upon completion of modification. Among the 20 identified issues related to sustainability, 14 are verified as material, which respectively corresponds to 15 topics and 3 general-disclosure topics covered by the GRI Standards.

  Meanwhile, one aspect in the GRI G4 Guidelines and Financial Services Sector Supplement is also included. Finally, 19 topics in total are confirmed, and response strategies, performance, and management plans are described.

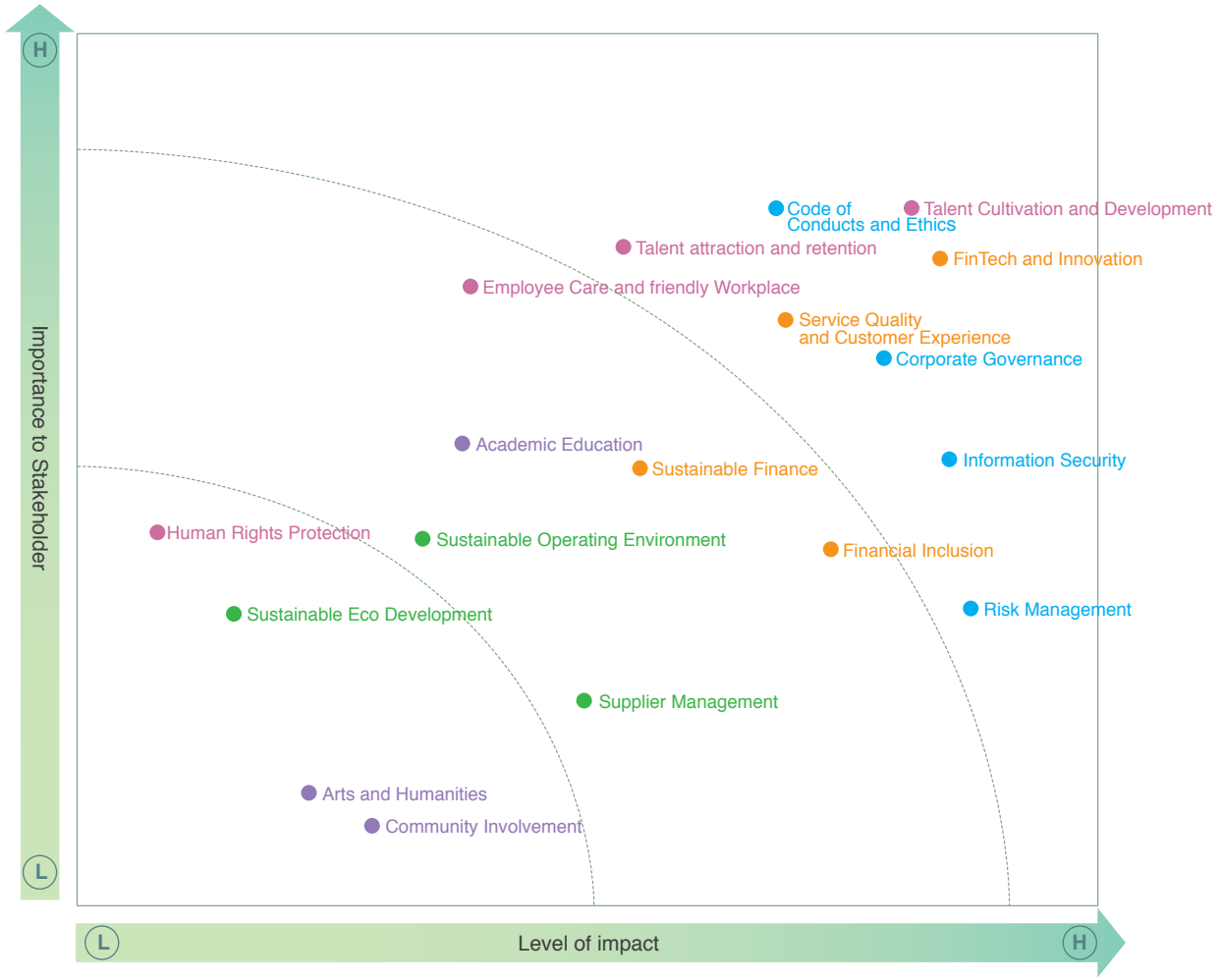
4. Review

【Principles】Stakeholder inclusiveness and sustainability context

- The 9th CSR Report:

  We continue to reinforce engagements with stakeholders and collect their opinions, hence we can examine justification of materiality matrix of the coming year.

Illustration of materiality analysis regarding 18 material issues of E.SUN in 2019:



Managerial Governance
- Corporate Governance
- Risk Management
- Information Security
- Code of Conducts and Ethic

Sustainable Environment
- Supplier Management
- Sustainable Operating Environment
- Sustainable Eco Development

Social Inclusion
- Community Involvement
- Arts and Humanities
- Academic Education

Customer Value
- Sustainable Finance
- FinTech and Innovation
- Service Quality and Customer Experience
- Financial Inclusion

Happy Workplace
- Talent Cultivation and Development
- Talent attraction and retention
- Employee Care and friendly Workplace
- Human Rights Protection

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

Material Topics	GRI Topic	Risk and Opportunity	Management Approach	Boundaries of Impact[1]				
				Internal	External			
				E.SUN	customer	shareholder	supplier	community
Talent cultivation and development	GRI 404 Training and Education	Human capital is the most valuable asset of E.SUN. We are dedicated to long term cultivation of HR. Only by improving skill set of employees, can a organization excel in a intensive cross-industry arena-like competition.	6.1 Talent Cultivation and Development 6.2 Talent Attraction & Retention	Direct				
FinTech and Innovation	GRI 203 Indirect Economic Impact GRI G4 Product Portfolio	E.SUN pays attention to customer needs; it constantly uses big data, AI, blockchain, and other new technologies to integrate innovative services that create better digital lifestyle for customers.	5.1 FinTech and Innovation	Direct	Business			
Code of Conducts and Ethics	GRI 205 Anti-corruption GRI 206 Anti-competitive Behavior GRI 419 Socioeconomic Compliance GRI 307 Environmental Compliance	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.	4.2 Code of Conducts and Ethics	Direct	Direct	Direct	Business	Indirect
Talent attraction & retention	GRI 202 Market Presence GRI 401 Employment	Talent is a key and leading indicator. We believe that the recruitment and stability of quality talent are what allow the enterprise to move forward.	6.2 Talent Attraction & Retention Appendix 7	Direct				
Inforamtion Security	GRI 418 Customer Privacy	We attach a great level of importance to the security of customer's personal information with the most rigorous mechanisms and measures.	4.4 Inforamtion Security	Direct	Business	Business		
Corporate Governance	GRI 102 General Disclosures (Governance)	A well-established corporate governance system will contribute to the stability and transparency of a company's operations.	4.1 Corporate Governance	Direct	Direct	Direct	Direct	Indirect
Service Quality and Customer Experience	GRI 102 General Disclosures (Stakeholder engagement)	We are constantly improving the quality of our customer services, integrating branch operations with virtual channels, and providing software/hardware services in a more professional and friendly manner to increase customer satisfaction.	5.2 Service Quality and Customer Experience	Direct	Business			
Risk Management	GRI 102 General disclosures (Strategy) GRI 207 Tax	Effective risk management is the only way to ensure efficient use of financial resources and reduce or prevent operating risks.	4.3 Risk Management	Direct	Business	Business	Business	
	GRI 419 Socioeconomic Compliance						Indirect	

Material Topics	GRI Topic	Risk and Opportunity	Management Approach	Boundaries of Impact[1]				
				Internal	External			
				E.SUN	customer	shareholder	supplier	community
Financial inclusion	GRI 203 Indirect Economic Impact GRI 413 Local Community Engagement GRI G4 Product Portfolio	E.SUN has long been guided by customer needs, developing inclusive finance, and offering various AI and Fintech applications, and using technology to provide a thoughtful customer experience.	5.4 Financial inclusion	Direct	Business			
Employee Care and Friendly Workplace	GRI 403 Occupational Health and Safety	E.SUN pays attention to employee needs in various areas and creating a friendly working environment, hence enhancing sense of unity among employees.	6.3 Employee Care and Friendly Workplace Appendix 7	Direct				
Sustainable Finance	GRI 203 Indirect Economic Impact GRI G4 Product Portfolio	Financial sector plays a critical role during the transformation to a low-carbon economy. E.SUN have signed Equator Principles, and implemented rigorous social and environmental risk assessments and management systems accordingly. The effort is to prevent high environmental or social risks or potential negative impact from happening due to bank financing.	5.3 Sustainable Finance	Direct	Business			
Education Academic	GRI 203 Indirect Economic Impact GRI 413 Local Community Engagement and Impact Assessments	Talent is the key to the competitiveness of a country. E.SUN hopes to make a contribution to cultivating more outstanding talent through collaborations with prestigious universities nationwide to increase the competitiveness of Taiwan in the future.	8.1 Education Academic	Indirect				Direct
Supplier Management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	Suppliers are E.SUN's long-term partners in promoting environmental sustainability. Through close cooperation, we jointly pursue sustainable development.	7.3 Supplier Management	Direct			Business	
Sustainable Operating Environment	GRI 305 Emissions	We are invariably aware of the importance of environmental sustainability and realize a low-carbon operation through the establishment and inventory of ISO management systems.	7.1 Sustainable Operating Environment Appendix 8	Direct				Indirect

Note: 1.Pursuant to the GRI Standards, describes the boundaries of impact for specific GRI topics as well as the involvement of E.SUN with such impacts. The boundaries of impact should take into account the key stakeholders on the value chain. The involvement of E.SUN with such impact is graded into three degrees of involvement: Whether E.SUN is directly involved in the creation of the impact, whether E.SUN and other units created the impact together, or whether the impact is directly related to other commercial relationships.

Material Issue Development Goals

Material Issues	Strategy	Evaluation and Goals				
		Key Performance Indicators（KPI）	2019 Goals	Status	2020 Goals	2025 Goals
Talent Cultivation and Development	Talent development oriented performance management	Human Capital ROI	Maintain “human capital ROI” above 280%	293.03%	Maintain “human capital ROI” above 280%	Maintain “human capital ROI” above 280%
		Average training hours per employee.	49 hours	49.86 hours	• Each employee receives an average of 50 hours of training. • Establish plans to enhance English proficiency and increase the number of employees obtaining TOEIC certificates.	• Each employee continues to receive more than 50 hours of training on average. • Organize transnational training courses and increase interaction between employees at home and abroad. • Devise overseas talent training programs.
		Number of employees with certified digital ability	1,000	1,021	• For different grades and add AI professional courses. • 1,500 employees obtain internal learning certification related to digital ability.	• Promote overall digital learning passports and establish personal career roadmaps.
FinTech and Innovation	Technology embedded in business to help E.SUN in its digital transformation	Percentage of active customers using mobile banking services	45%	43% (goal not attained)*	The percentage of active customers using digital channels reaches 50% of the overall active customers of the bank.	• The percentage of active customers using digital channels reaches 75% of the overall active customers of the bank. • Develop native digital products with unique features to provide customers with easier and faster digital financial services.
		Percentage of digital loan accounting for unsecured lending	55%	82%		
		Percentage of applicants for e-Click Online Card	50%	61%		
Code of Conducts and Ethics	Internalize the value of code of conducts and ethics into our culture to foster trust of customers and investors to us	• The practice into training programs and tests. • The participation rate of employees	100% employees participate code of conducts training and tests.	• Promote the value of code of conducts and ethics in many training programs • Provide the board of directors with information on “education and training in ethical corporate management and the management of material insider information" during July and August • All employees completed annual online test which encompasses the "E.SUN FHC Ethical Corporate Management Best Practice Principles" and the "E.SUN FHC Ethical Procedures and Code of Conduct.”	• Training and promotion. • 100% employee participation.	• Training and promotion. • 100% employee participation.

Material Issues	Strategy	Evaluation and Goals				
		Key Performance Indicators（KPI）	2019 Goals	Status	2020 Goals	2025 Goals
Talent Attraction & Retention	Build your stage with your own hands	Employee engagement	Maintain at 95% and above	96.9%	• Maintain employee engagement at 95% and above. • Maintain employee retention rate at 90% and above. • Maintain retention rate of high-performing talent at 95% and above.	• Maintain employee engagement at 95% and above. • Maintain employee retention rate at 90% and above. • Maintain retention rate of high-performing talent at 95% and above.
		Employee retention	Maintain at 90% and above	91.5%		
		Retention rate of high-performing talent	Maintain at 95% and above	Maintain at 95% and above		
Information Security	Establish comprehensive corporate governance, cultivate employees' awareness of information security, identify information security risks and weaknesses, and conduct effective enhancement	• Availability rate of core accounting systems • 7/24 uninterrupted services	In 2019, the availability rate of our core accounting systems reached 99.99%. We will continue to refine the systems to achieve the goal of 7/24 seamless services.	Availability rate of core accounting systems reached 99.99%.	Establish E.SUN Security Operation Center (SOC), which accurately identifies information security risk threats. The Dashboard is used to present real-time risk statistics, and spontaneously monitor, control, and manage information security risks.	In 2023, E.SUN FHC and subsidiaries will introduce the information security management system ISO/IEC 27001 to construct a complete framework of information security protection, improve the availability of information services, demonstrate information security resilience, and enhance the maturity of information security management.
Coporate Governance	Continue to strengthen the competencies of the board of directors, enhance the leadership capabilities of the manage-ment team, while ensuring full information disclosure to protect the rights of shareholders	• Competencies of the Board of Directors • Information transparency	Include compliance with ethical conduct as a board performance evaluation indicator.	• Included compliance of ethical conduct into evaluation indicators for board performance. • Designated corporate governance officers. • Promoted measures for the integration of board performance evaluation results and compensation/ remuneration review mechanism.	• Actively obtain certification for the intellectual property management system. • Compile a director handbook, which will be provided to newly elected directors as a guideline to exercise their duties. • Stipulate director diversity and professional requirements, director candidate selection practices, and seminars for newly elected directors in relevant rules and regulations.	Strengthen disclosure of remuneration information of individual directors.
Service Quality and Customer Experience	Bring values to customers through warm, memorable services and quality experience	Customer Satisfaction	83% and above	83.36%	84%	Maintain at 85% and above
		Principles of Treating Customers Fairly	Average 3 hours of lecture per person per year.	An average of 11 hours of teaching per person.	More than 5 hours of lecture per person per year.	More than 5 hours of lecture per person per year

Notes: The calculation of availability statistics does not include scheduled shutdown periods for maintenance.

Material Issues	Strategy	Evaluation and Goals				
		Key Performance Indicators（KPI）	2019 Goals	Status	2020 Goals	2025 Goals
Risk Management	Utilize information technologies and scientific analytical tools for simulation analysis of the potential impact brought by changes in market risk on the Bank.	Market risk concentration analysis report	Manage market risks through a scenario simulation function for five main asset classes.	Completed scenario simulation for interest and foreign exchange.	Continue to build up and improve market risk volatility simulation function in order to perfect ability of managing market risk.	Consolidated domain know-how and experience of system development, and to better manage impact between market volatility and trading/banking book.
	Monitor risks with scientific approaches to enhance risk control efficiency.	Dashboard cases	Establish a credit risk control Dashboard.	Conducted concentration control and asset quality control for overseas branches (those in Singapore, Hong Kong, Australia, Yangon, and Dong Nai) that have introduced risk report mechanisms; established graphical Dashboard.	Assess adoption of loan-to-value method in order to improve management of credit risk of the bank.	Construct a governance framework for credit risk management model.
	Profile operational risks through statistical analysis to improve the width and depth of operational risk manage-ment of all business categories.	Number of analysis reports	Design the analysis report for operational risk management.	Provided all business management units with graphical analysis reports regarding the implementation of operational risk management tools and potential high risk.	Contracted a new operational risk management system to provide optimized management. Platform to strengthen the entire management framework.	Improve operational risk management module, and improve cross-tool information analysis to verify critical risk.
Financial inclusion	Provide customers with digital financial services that are as readily available as water and electricity.	Help SMEs with financing difficulties	Loans to small businesses reach NT$91 billion.	Loans to small businesses reach NT$91.5 billion.	Loans to small businesses reach NT$100 billion.	Loans to small businesses reach NT$120 billion.
Employee Care and Friendly Workplace	Build an employee experience that is led by employee values, making E.SUN the second home for all employees.	Establish a labor system that is superior to statutory requirements	60 days maternity leave and 6 days paternity leave.	Provide 60 days maternity leave and 6 days paternity leave, which are superior to statutory requirements.	Establish a labor system that is superior to statutory requirements.	Continue to improve employee care and health promotion measures to create a happy workplace.
		Employee health exam participation rate	85% and above	97.7%	Employee health exam participation rate 90% and above.	
		Per capita benefit for non-managerial employees	NT$1.22 million	NT$1.276 million	Per capita benefit of NT$1.25 million or above for non-managerial employees.	

Material Issues	Strategy	Evaluation and Goals				
		Key Performance Indicators（KPI）	2019 Goals	Status	2020 Goals	2025 Goals
Sustainable Finance	Support renewable energy, and increase finance for the installation of renewable energy equipment.	Finance the installation of 100-MW renewable energy equipment domestically.	Goal attained	Finance the installation of 1,134-MW renewable energy equipment domestically, including solar power stations (118 MW), and jointly mandated to arrange two loans for offshore wind farms (1,016 MW).	Finance the installation of 1.6 GW renewable energy equipment domestically.	Finance the installation of 2 GW renewable energy equipment domestically.
	Implement responsible credit policies, and encourage investment in ESG industries.	ESG financing and sustainable investments under management.	-	-	ESG financing and sustainable investments under management to over 280	ESG financing and sustainable investments under management to over 340 billion in total.
Education Academic	Create a better learning environment, increase the competitiveness of Taiwan, and cultivate more outstanding talent for the country.	Establish E.SUN libraries in rural elementary schools.	Make a donation to build 12 new libraries.	Established 11 new libraries (goal not attained)*, achieved a cumulative total of 148 libraries.	Make a donation to build 10 new libraries and achieve a cumulative total of 158 libraries.	Complete a total of 200 E.SUN libraries.
Supplier Management	Require important suppliers to sign the "Statement of Commitment to Human Rights and Environmental Sustainability" and to incorporate ISO 20400 Sustainable Procurement — Guidance.	Sign the "Statement of Commitment to Human Rights and Environmental Sustainability".	-	Sign the Statement during a single transaction reaching NT$10 million 100% completed.	• Continue the signing of the "Statement of Commitment to Human Rights and Environmental Sustainability". • Obtain ISO 20400 Sustainable Procurement — Guidance .	Continue the signing of the "Statement of Commitment to Human Rights and Environmental Sustainability"
Sustainable Operating Environment	Adopted strategy with "green finance, love for the planet, and environmental sustainability" as its core, shaped a environmental and energy-saving culture and implemented associated measures.	Monitor and control environmental indicators, carbon emissions, water consumption, and waste.	With 2016 as the base year, water consumption per unit revenue will be reduced by 5%; carbon emission and waste per unit revenue will be reduced by 10%.	Water consumption per unit revenue reduced by 16%; carbon emission per unit revenue reduced by 18%; waste per unit revenue reduced by 40%.	With 2016 as the base year, water consumption per unit revenue will be reduced by 16%; carbon emission per unit revenue will be reduced by 18%; and waste per unit revenue will be reduced by 35%.	With 2016 as the base year, water consumption per unit revenue will be reduced by 20%; carbon emission per unit revenue will be reduced by 25%; and waste per unit revenue will be reduced by 40%.

Note: 1. The percentage of digital and mobile users is disproportionate to the significant increase in new customers in 2019, making the percentage of actual bank customers slightly lower than the target number.
2. Due to the maintenance and renovation of previous E.SUN libraries, and reconstruction of school buildings in targeted schools.

4-Managerial Governance

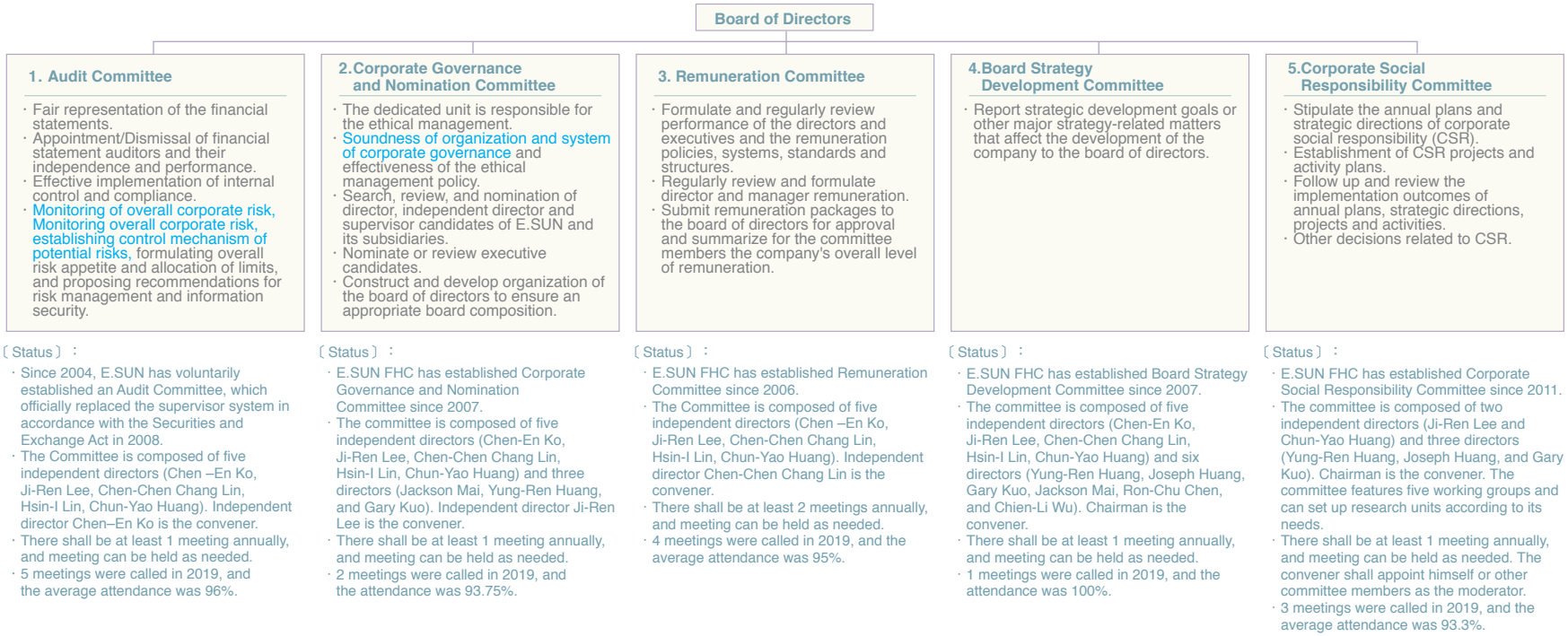
4.1 Corporate Governance

GRI：102-13、102-18、102-19、102-20、102-22、102-23、102-24、102-25、102-26、102-27、102-28、102-29、102-30、102-31、102-32、102-33、102-35、102-36、102-37、405-1

E.SUN continues to strengthen competency of the board of directors, improve management capabilities of the management team, advocate for shareholders' rights by enhancing information transparency, and fulfill its corporate social responsibility. E.SUN ranked among Top 5% in the Corporate Governance Evaluation by TWSE for the 5th consecutive year (1st–5th Evaluation) from 2015 to 2019. As an active participant of corporate governance evaluation certification, E.SUN has since 2008 excelled in the evaluation, which was organized by the Corporate Governance Association in Taiwan, and in 2018, it received the Excellent rating in the CG6011 (2017) Corporate Governance assessment. The honor was recognition of E.SUN's commitment to corporate governance and the results it achieved.

Competent functional committees

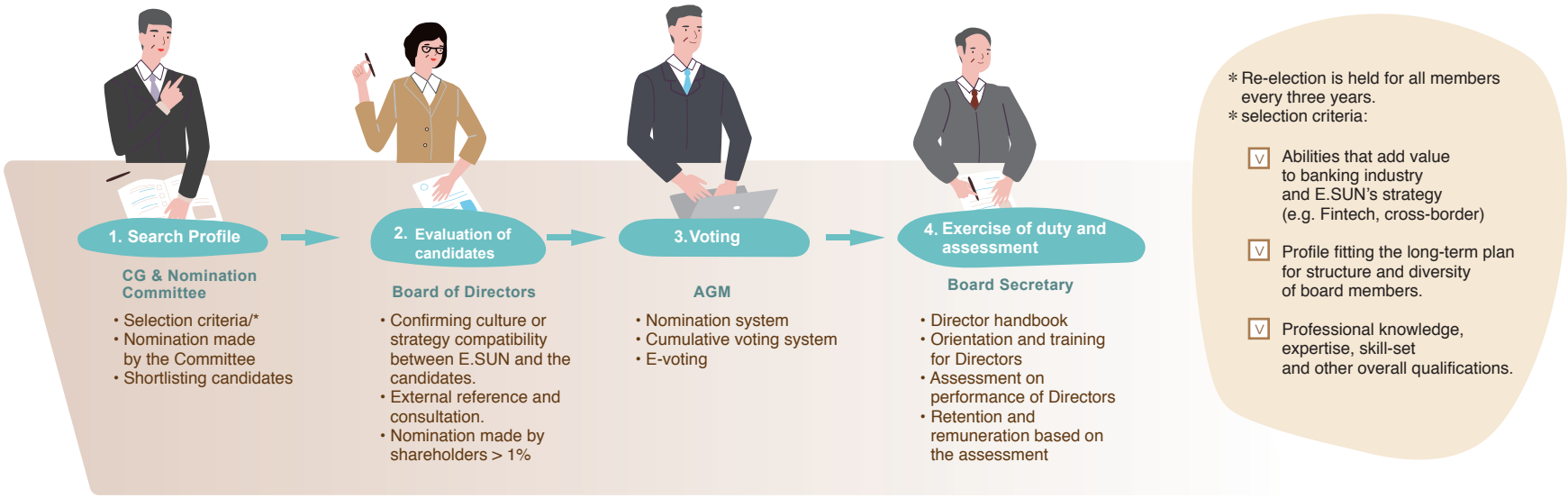
To ensure an effective board of directors and refine the quality of board decisions, the Audit Committee, the Corporate Governance and Nomination Committee, the Remuneration Committee, the Board Strategy Development Committee and the Corporate Social Responsibility Committee are created by authority and function under the board of directors and responsible for deliberating proposals and major issues in the economy, the environment and the society. 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 〉

Structured process of nomination and selection

E.SUN has a well-designed director election system, which is a fair and open process abiding by the Articles of Incorporation and Rules for the Election of Directors. Board composition and diversity standards are considered with care so that the board consists of experts from the financial service sector, industry, and academia. E.SUN has established the Rules for the Election of Directors and made mid- and long-term plans for director structure and diversification according to the company's industry characteristics and future development strategies. The Rules specify the basic qualities, professional knowledge/skills, and overall capabilities required of directors and encourage the referral of excellent external candidates in order to ensure corporate sustainability.



Training for directors

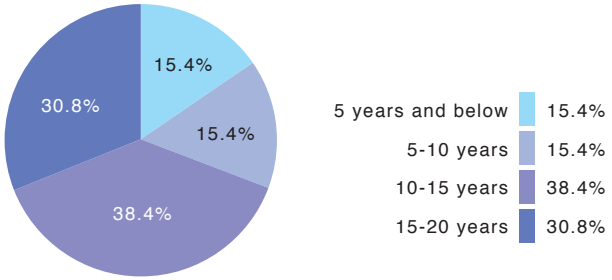
In 2019, each director received an average of 11.73 hours of training (required by law is 6 hours). E.SUN organized three director training courses, for a total of 9 hours, on "A Director's Fiduciary Duty and the Business Judgment Rule," "Workshop on the Financial Consumer Protection Act" and "Global Trends in AML/CFT Efforts and Regulations." Besides, each non-executive director attends once risk management related courses annually, which including risk mangement, information security, AML/CFT. In addition, directors are 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.

Attendance of directors

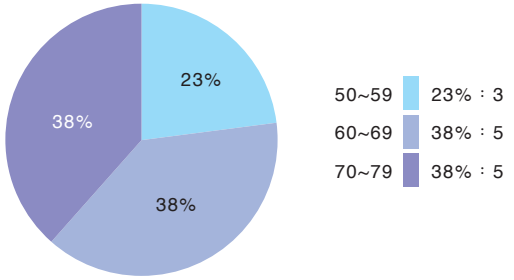
6 board meetings were called in 2019, and 100% were in person by all members. The board of directors has access to full and transparent information and works as a whole to make plans for the company's future in areas such as organizational development, performance enhancement, business development and 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. E.SUN appointed a dedicated Corporate Governance Officer to ensure proper Board procedures and that all applicable laws and regulations are complied with. The Procedures for Handling Director Requests was also established to assist directors with performing their duties, to provide appropriate and timely responses to directors' requests, and to support directors in performing their duties.

Diverse board members

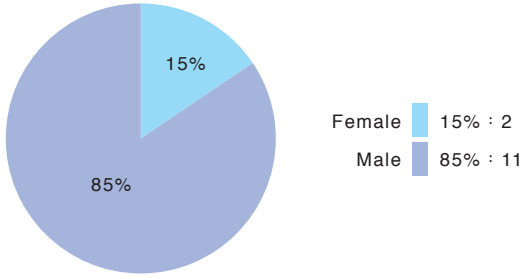
Currently, all five independent directors and directors of the board are equipped with the knowledge, skills, literacy, and skill sets necessary to perform their duties.The board currently has 2 female directors. Its proportion of female directors is higher than the average among all TWSE/TPEx listed companies. 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. Their diversify background information is as following chart:



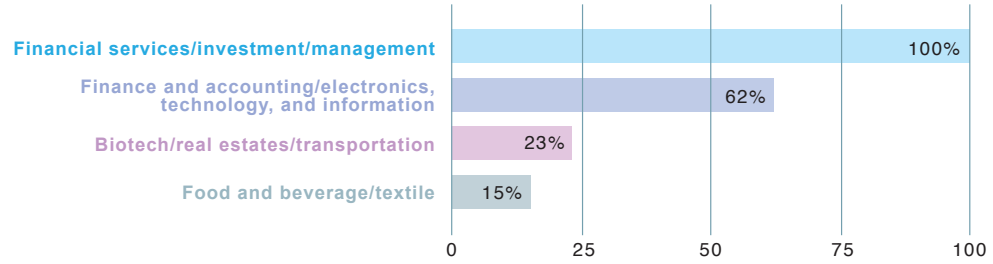
Tenure of Directors
Note: The election of new directors is expected to take place in 2020.



Directors' Age Distribution



Directors' Gender Distribution



Professional Background of Directors

Directors' background:

☆★
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, Director of E.SUN Bank
- Experiences：Chairman of E.SUN Venture Capital

☆★
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: Emeritus Professor of Department of Accounting at 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.

☆★
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 of Ministry of Economic Affairs, Chairman of Industrial Technology Research Institute

☆★
Independent Director＼Chun -Yao Huang
- Education: PhD, Marketing, London Business School
- Current position: Professor, Business Administration, National Taiwan University; Independent Director, E.SUN Commercial Bank
- Experiences: 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 Sunty 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: MBA, 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

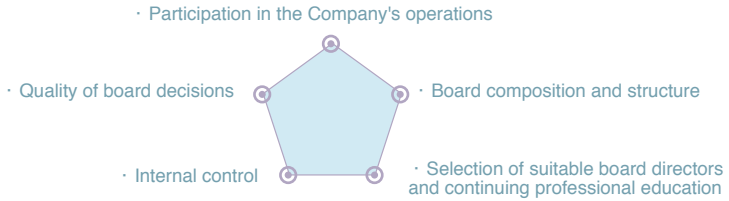
★
Director＼Mao -Chin Chen
- Education: MSc, Department of Economics, National Taiwan University
- Current position: Chief Strategy Officer, E.SUN FHC and E.SUN Bank; Corporate Banking CEO and Director, E.SUN Bank
- Experiences: Deputy president of E.SUN FHC and E.SUN Bank

Note：1. ☆：External Directors who conform with the independence criteria stated in the note 3. ★：Practical or academic research experience in finance.
2. The Sixth board of directors were elected on June 16, 2017. Board members are appointed for three-year term. Please refer to 2019 annual report for more information on director's nationalities and positions at other companies.
3. Extenal directors in accordance with independence adopt the following standard. The director has to meet at least 4 out of the following 9 criteria and at least 2 out of the first 3 criteria. (Please refer to 2019 annual report for more information on regulations and standards in Taiwan.)
（1）The director must not have been employed by the company in an executive capacity within the last five years.
（2）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 US$60,000 during the current fiscal year or any of the past three fiscal years", other than those permitted by SEC Rule 4200 Definitions.
（3）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 comppany as an executive officer."
（4）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.
（5）The director must not be affiliated with a significant customer or supplier of the company.
（6）The director must have no personal services contract(s) with the company or a member of the company's senior management.
（7）The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
（8）The director must not have been a partner or employee of the company's outside auditor during the past three years.
（9）The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent
4. Joseph N.C. Huang, Magi Chen and Mao-Chin Chen are Executive Director, so they are not applicable for the independence of external directors.

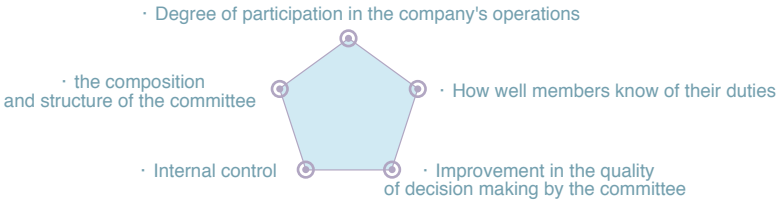
Board performance evaluation system

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. 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.

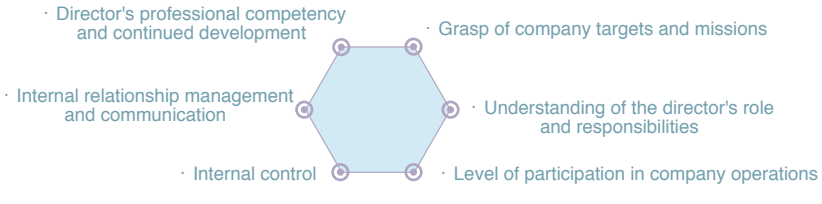
In 2019, the Company's board performance was evaluated based on the evaluation chart on a scale of "excellent," "good," "acceptable," "poor," and "improvement required" as opposed to the original method of "yes" or "no" responses. Considering that directors should comply with the highest ethical standard, the Company specifically included compliance with ethical conduct as a board performance evaluation indicator to ensure self-discipline and compliance by directors every year. The Company's business strategy primarily combines three dimensions of Corporate Commitment, Social Engagement, and Environmental Policy. Related assessment items are provided below:



〈 Board performance evaluation encompasses 5 aspects (47 indicators) 〉



〈 Functional committee performance evaluation encompasses 5 aspects (24 indicators) 〉



〈 Director self and overall performance evaluation encompasses 6 aspects (25 indicators) 〉

The Company completed the 2019 board and functional committee performance evaluation on January 10, 2020. The results are presented below:

（1）The board actively partakes in the company's operations; fulfills its duties to instruct and supervise the company's strategies, major business activities, and risk management practice; and establishes suitable internal control system. According to the evaluation result, 43 items were rated "excellent" and 4 items "good" for a scoring rate of 98.29%

（2）The overall performance was in line with corporate governance principles. The functional committees served their purposes as intended, effectively making the board more effective:

1. Evaluation of audit committee: 22 items "excellent", 2 items "not applicable"
2. Evaluation of remuneration committee: 17 items "excellent", 1 items "good", 1 item "acceptable", 5 items "not applicable"
3. Evaluation of CG & nomination committee: 16 items "excellent", 1 item "good", 7 items "not applicable"
4. Evaluation of strategy committee: 16 items "excellent", 1 item "good", 7 items "not applicable"
5. Evaluation of CSR committee: 16 items "excellent", 1 item "good", 7 items "not applicable"

The Company presented the results of the 2019 director performance evaluation on March 12, 2020, based on self-assessments conducted by the directors and peer reviews:

（1）Self-assessment score: 99.51%
（2）Overall self-assessment score: 99.26%

Board performance evaluation is conducted by external professional agencies:

In 2017, E.SUN commissioned the Corporate Governance Association in Taiwan to conduct board performance evaluation. In addition to a written review of the descriptions for assessment indicators and provision of relevant documents, the Association conducts a 2-day visit at E.SUN to interview the Chairman, President, General Auditor, Chief Financial Officer, Chief Brand Officer, and each functional committee convener. With the support of the professional agency, E.SUN obtained a detailed inspection report outlining the operation of the board and its functional committees as well as reviewers' professional guidance and objective opinions. By TCGA's review, the Board of E.SUN has following features:

（1）Focus on sustainability and long term value for shareholders.
（2）Members with mix of expertise that meet the needs for future operations.
（3）High standard management discipline and professionalism.
（4）Demonstrated respect to directors and created an environment for open discussion.
（5）Clearly stated expectation for a well-established risk management mechanism and honesty on handling problems.

Independence of Directors and Conflicts of Interest Prevention

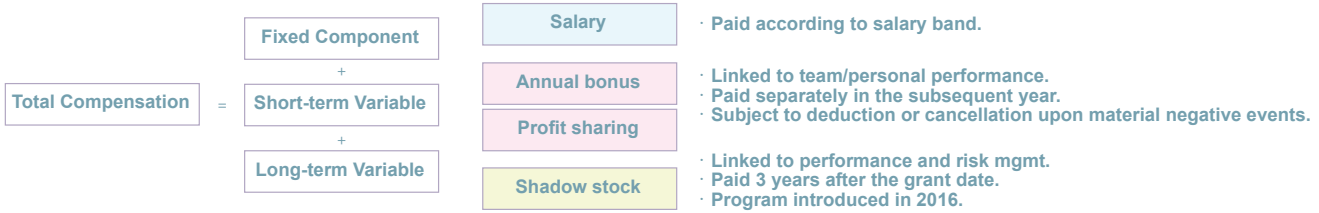
E.SUN FHC has five independent directors and about 38.5% of board members are independent directors. To facilitate business development and to take into account of business needs, 3 directors also serve as managers of the Company. In addition, all of the outside directors comply with independent standard. 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 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's Board of Directors Conference Rules and Audit Committee Charter: if a director or committee member and the corporate entity that the director or member represents, is considered a stakeholder to the discussed agenda, the director or member shall disassociate from all discussions and voting when stating the stakes involved. In which case, the director or member may not exercise voting rights on behalf of other directors or members.

Compensation System

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 , business performance and quality management.



Aspects	Item（weighting）	Description
Core	Practice of core value and leadership	Integrity and commitment are core requirements. Implementation of corporate vision, culture, strategy, leadership and management.
Indicators	Financial and business（50%）	ROE, ROA, business growth, market position, and asset quality, etc.
	Overall management（50%）	Brand and total quality management, HR development, employee's health and well-being, innovation and integration, risk management, compliance, sustainability development, climate change, and ESG, etc.
Others	Special contributions or major negative events are considered	

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 risk adjusted profits. Bonuses can be reduced, withheld, delayed or clawed back in the event of a major risk event affecting the company's business reputation or due to internal management mishap or employee misconduct.

From 2018 to 2019, President received the Responsible Business Leadership Award for incorporating environmental, social, and governance (ESG) into business strategies and implementing the United Nations Sustainable Development Goals (SDGs). Under his leadership, E.SUN FHC was selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) for six years in a row and received an AA rating from MSCI ESG. Moreover, the President was selected as the best CEO in Taiwan by Institutional Investor for 2 consecutive years, the Best CEO in Taiwan by Finance Asia for 3 consecutive years, the Best CEO by Corporate Governance Asia 3 times, the Best CEO in Asia by The Asset for 4 consecutive years, and the 2018 TOP 35th CEO in Taiwan by Harvard Business Review. Under the leadership of the President and the management team, E.SUN FHC has excelled in sustainable development internationally and domestically. In the future, E.SUN will keep striving to create everlasting positive values for Taiwan's society and transform E.SUN into a first-class corporate citizen of the world.

Title/Name	Shares Held in E.SUN FHC Note 2	Base Salary（A）	Bonus（B）	Profit Sharing（C） Note 3		Pension（D）	Total Remuneration	Shares Value to Base Salary（A） Note 2
				Cash	Stock		（A+B+C+D） Note 4	
President / Joseph N.C. Huang	12,623	7,045	18,005	4,580	0	0	29,630	49.27
Ratio（%）	-	24%	61%	15%	0%	0%	100%	-
Other 20 executives Note 1	28,659	64,265	54,101	12,930	0	0	131,296	12.26
Ratio（%）	-	49%	41%	10%	0%	0%	100%	-
Total	41,282	71,310	72,106	17,510	0	0	160,926	15.92
Ratio（%）	-	44%	45%	11%	0%	0%	100%	-

(2019.12.31 Thousand shares; NT$ thousands)

〈Remuneration to Executive Members〉

Note: 1. The other executives include Magi Chen, Mao-Chin Chen, Ben Chen, J.C. Wang, L.C. Lin, Wu-Ming Hsieh, Jung-Hua Lin, Louis Chang, Cathy Kuo, Wan-Li Hsieh, Bruce Lee, Oliver Shieh, Shui-Chin Shen, Pho-Suan Hsu, Yi Hsin Tseng, Fion OuYang, Chih-Kuang Huang, Te-Ming Chung(Promoted on Jan 24, 2019), Mei-Ling Liu(Promoted on Jan 24, 2019), Sheng-Wei Chen(on board on Feb 1, 2019).
2. The shares held by the CEO and executives memebers are without pledge and without links to derivative financial products. Values of shares held were computed based on the 30 business days average share price (NT$27.5) before the end of 2019.
3. Remuneration (C) payment time will be postponed to September of the following year.
4. The 2019 annual remuneration of Joseph N.C. Huang, the President, was 28 times that of the employee average, or 32 times that of the employee median.
5. Compared with 2019, percentage of renumeration increase: employee average +3.8% and employees median +3.1%.

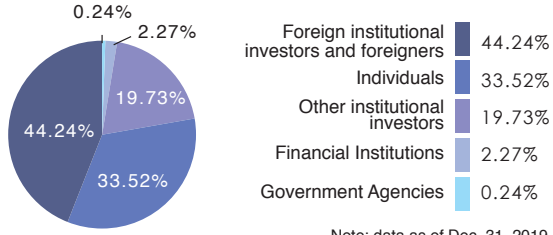
Long term Incentive Reward System

Since 2016, E.SUN has forged the link executive managers and key talents to long-term overall performance of the company, including financial outcome, brand value, talent cultivation, sustainable development and risk management etc., 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.

Individual	Long term incentive practice for excellent employee	· For all employee: Incentives like bonus, educational training, and rotation · For 2 consecutive A+ employee: promotion in advance · For 3 consecutive A+ employee: more non fix-compensation, educational training, and rotation
	Shadow stock for key talents	The shadow stock mechanism is designed to drive key talents to pursue long term performance with 3 years deferred stock that links to overall performance of E.SUN, including financial outcome, brand value, talent cultivation, sustainable development and risk management etc., And E.SUN remain the right to withdraw the stock if there is any attributable breach of code of conduct.
Department	Shadow stock – a long term incentive mechanism for key talents. Long term incentive mechanism for performance	· Marked-up bonus for departments whose has superior performance for 2 years in a roll and is awarded with Summit Award. · Marked-up bonus for departments whose has superior performance for 4 years in a roll and is awarded with Laurel Award. · E.SUN Excellence Contribution Award was established to inspire every departments to exceed their goals in the long run, and to make contribution. Above performance also include financial outcome, brand value, talent cultivation, sustainable development and risk management etc.

Shareholder structure

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.



〈Shareholder structure〉

Note: data as of Dec. 31, 2019

Diverse Communication Channel

E.SUN conveys complete corporate information to external parties, including a spokesperson, a public relations department, an investor relations department, a shareholder affairs department, official website, annual report, and CSR report. In addition to engaging shareholders and investors effectively, E.SUN also gathers comments and opinions from external parties, which will be given to the management to facilitate decision making. E.SUN FHC's investor communication procedures:

1. 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 occur rence of changes. Moreover, E.SUN always hosts an 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.
2. 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. Contacts of IR are also available to stakeholders to build a two-way communication.
3. Business performance, EPS, financial, and material information are disclosed periodically or filed to the competent authority as required.
4. The prospectus or annual report is prepared as required to disclose information relating to business decisions and financial/business results.

• Total number of physical and online Analyst meetings both in Chinese and English version: 8 • Total number of press conference: 2	Total number of 1 on 1 meetings: 175	Actively respond to international ESG survey: DJSI、MSCI、CDP、Sustainalytics、FTSE4Good、ISS ESG
Total number of overseas roadshow or conference: 4	FINI shareholders: 44.24%, the highest among Taiwan financial holding companies.	Upgraded on credit rating or outlook from credit rating companies (Moody's, TRC, S&P) for 6 consecutive years

Contribution to industry development

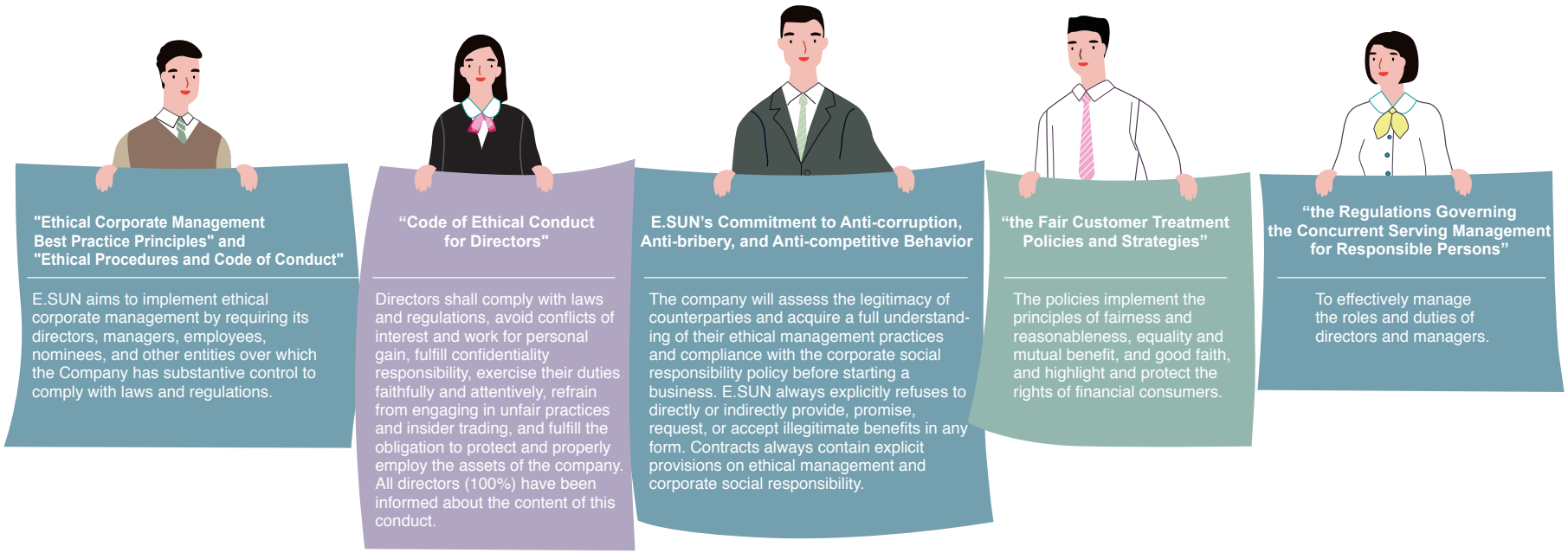
The financial holding company and its subsidiaries actively participate in activities organized by banking association, securities association, trust association, TABF, and TFSR. Ms. Liu Mei-Ling, SEVP of E.SUN Bank, is now the commissioner of e-payment commission, an organization of Taiwan Banking Association. Ms. Liu provides advices for financial innovation topics, such as open banking and e-payment. In addition, Mr. Oliver Hsieh, Chief Risk Officer of E.SUN Bank, is now Vice Commissioner of risk management committee of Taiwan Banking Association. He provides advices relating to financial risk management, climate change risk management, and regulations of capital requirement.

4.2 Code of Conducts and Ethics

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

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.

All E.SUN directors and executive managers have signed the statement of ethical corporate management to declare that they uphold the principles of ethical corporate management while conducting business activities and will actively assist the board of directors in fulfilling its commitment to ethical corporate management and overseeing ethical corporate management compliance in internal management practices and other business activities. All E.SUN employees have signed the "E.SUN Employee Service Code of Conduct and Behavior Standards" to practice ethical management with high standards. Applicable guidelines are as follows:



"Ethical Corporate Management Best Practice Principles" and "Ethical Procedures and Code of Conduct"

E.SUN aims to implement ethical corporate management by requiring its directors, managers, employees, nominees, and other entities over which the Company has substantive control to comply with laws and regulations.

"Code of Ethical Conduct for Directors"

Directors shall comply with laws and regulations, avoid conflicts of interest and work for personal gain, fulfill confidentiality responsibility, exercise their duties faithfully and attentively, refrain from engaging in unfair practices and insider trading, and fulfill the obligation to protect and properly employ the assets of the company. All directors (100%) have been informed about the content of this conduct.

E.SUN's Commitment to Anti-corruption, Anti-bribery, and Anti-competitive Behavior

The company 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. 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 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.

"the Regulations Governing the Concurrent Serving Management for Responsible Persons"

To effectively manage the roles and duties of directors and managers.

Employee performance, remuneration, and ethical corporate management have been made part of the Company's employee assessment and human resource policies. There are clear and effective reward and disciplinary systems in place. The business management units conduct self-assessments and self-evaluation for compliance every six months in order to ensure effective management. The audit unit performs independent audits to ensure the uninterrupted operation of the organization as a whole. All units work together to manage and prevent unethical behavior.

Training System

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 402 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.

The Compliance Department promotes compliance training for all employees. In 2019, the theme of the campaign was "Ethical Corporate Management Best Practice Principles, and Ethical Procedures and Code of Conduct." The Ethical Corporate Management Best Practice Principles and examples of material insider information were introduced to all employees through videos and case studies so that they can pay attention to such issues when performing their duties. The participation rate was 100%.

The Company also provides the board of directors with information on “education and training in ethical corporate management and the management of material insider information" on a regular basis during July and August. All directors (100%) have received the information.

The Company and its subsidiaries have had all employees (100%) complete an online test every year. The test encompasses the "E.SUN FHC Ethical Corporate Management Best Practice Principles" and the "E.SUN FHC Ethical Procedures and Code of Conduct.” The test in 2019 focused on important rules on ethical business activities, the prohibition against unethical behavior and infringement of stakeholders' rights, regulations of personal data protection, and new financially-friendly services. The participation rate was 100%.

Reporting on Breaches

SASB：FN-CB-510a.1、FN-AC-510a.1

1. In 2019, there was zero lawsuit or penalties against E.SUN for misconducts relating to: fraud, insider trading, anti-competitive, anti-trust behavior, or market manipulation.
2. A total of four violations against ethical corporate management occurred in E.SUN Bank in 2019, among which one were in violation of anti-corruption laws. There were four parties involved in the aforementioned ethical corporate management violations, all of which have resigned. Relevant units have been urged to review and improve deficiencies, and to further spread awareness of ethical corporate management.

Case	Type	Description
1	Corruption	A financial consultant used counterfeiting and illegitimately embezzled customer funds.
2	Privacy	A teller arbitrarily inquired personal information filed by others without consent from involved parties.
3	Discipline	A teller appeared in an objectionable venue, thereby damaging corporate image.
4	Discipline	A supervisor took advantage of pending resignation to request employees' assistance in matters outside business scope.

Whistle-blowing system and whistle-blower protection

SASB：FN-CB-510a.2、FN-AC-510a.2

E.SUN Bank has established “the Procedure For Handling Whistleblowing Reports”. Whistleblowing hotlines, email addresses, and mailboxes are set up and announced on the corporate websites. These channels are available to any employees or outsiders wishing to report criminal, corrupt, or illegal conduct. As part of our compliance reporting and consulting mechanism, reporting hotlines have been established for employees to report major violations/penalties and business integrity-related issues.

Among 31 cases filed in 2019, 28 were concerning consumer disputes, 3 cases(case 2, 3 and 4) were breach of ethical corporate management. In addition, one case related to anti-corruption was discovered by the Company. The Compliance Department handles cases immediately after receiving them, and the President appoints an appropriate unit for investigation. Relevant investigation results are reported to the President and provided to the head of the accused person’s department without revealing the identity of the whistleblower. The Company has investigated the facts of the 4 reported cases and has taken appropriate measures accordingly. Case types and subsequent handling are as follows:

Cases	2017	2018	2019
Reports filed	20	22	31
· By the public	19	22	30
· By employees	1	0	1
· Sexual harassment complaints	0	0	0
Confirmed breach of ethical corporate management and code of conduct.	0	0	3

4.2.1 Legal complaince

SASB：FN-CB-510a.1、FN-AC-510a.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.

Mid-term goal

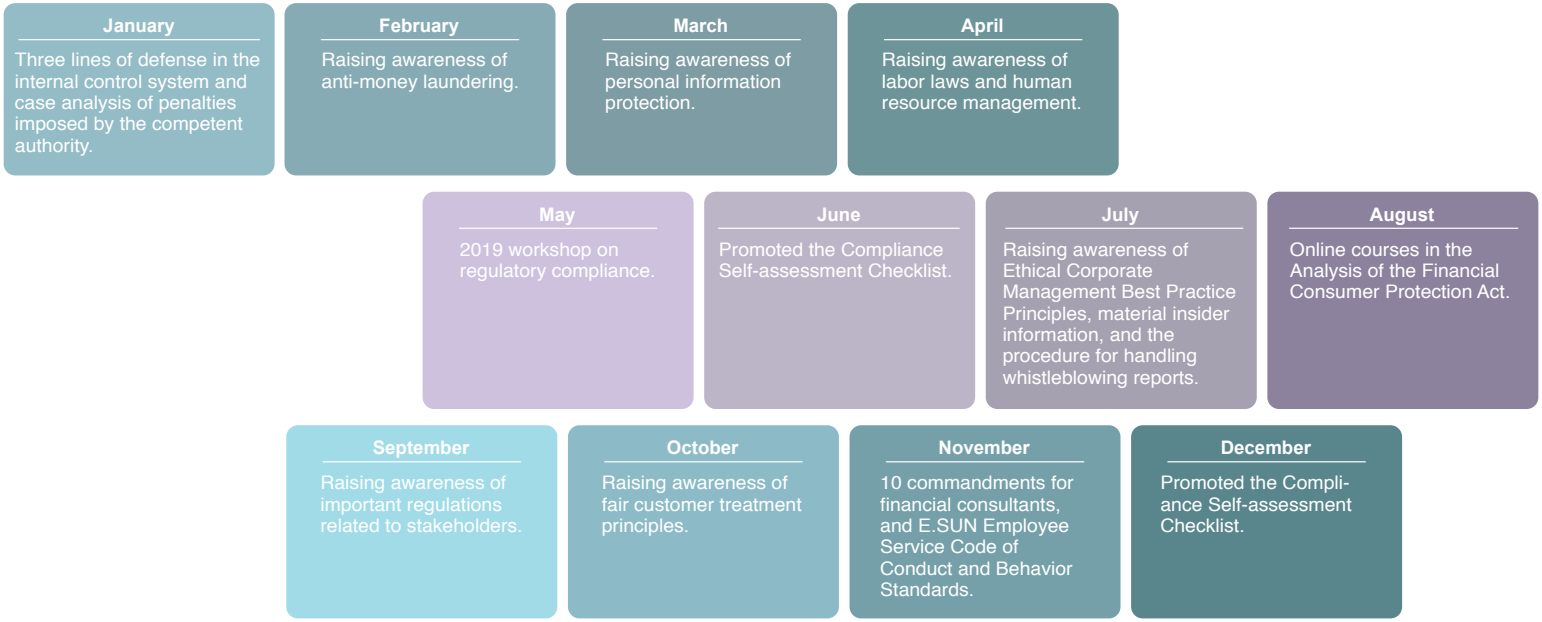
To adopt risk based approach to establish procedures, plans, and mechanisms for risk identification, assessment, control, measurement, monitoring, and independent reporting of legal compliance in order to comprehensively control, monitor, and support compliance matters relevant to individual business units and different departments of overseas and domestic departments, branches, and subsidiaries in different regions.

Long-term goal

To establishe an awareness on legal compliance. Driven by a good compliance culture, all of E.SUN employees voluntarily comply with laws and business regulations, upholds the value of integrity and discipline, and realizes the belief that no business activity shall take precedence over risk control and all services shall comply with laws and regulations.

Action plans	2019 Outcome
1. Compliance Self-Assessment	Two compliance self assessments have been conducted in order to examine whether the units have complied with the regulations and supervised improvements as required.
2. E.SUN regularly reports to the Board of Directors and Audit Committee periodically regarding the implementation state of legal compliance.	Two reports were presented to the Board of Directors and Audit Committee in 2019 in order to keep governance units and top-level managements fully informed of the implementation status of legal compliance.
3. Announcement and inquiry of regulations	E.SUN has established a system that enables announcement and inquiry of regulatory affairs. Compliance management unit provides important regulations via email to legal compliance offers of each unit and posts them on internal website for access by E.SUN employees.
4. Coordination and communication of regulatory affairs	11 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.
5. Examination of internal regulations	Work and management regulations are updated promptly to ensure compliance with the laws and regulations. Any update is announced instantly to all units to ensure that all business activities comply with the current laws and regulations.
6. Compliance assessment for new products (services)	55 new products and services were subjected to the Compliance Assessment Opinion review procedure to ensure that these products comply with laws and internal regulations.
7. Compliance Practice Evaluation	The compliance practices of E.SUN FHC and its subsidiaries are evaluated to increase the validity of legal compliance systems.
8. Onsite Compliance Surveys	E.SUN has conducted 29 on-site compliance surveys. Through the face-to-face discussions, it gave 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.
9. Onsite inspection of compliance situations of overseas branches	E.SUN inspected the branches in Myanmar, Dong-Nai, Hong Kong and the subsidiary in China and Cambodia to understand their practices in the communication of important regulations, compliance education and training, and compliance follow-up matters. Improvements to compliance-related problems are tracked so as to strengthen compliance governance through face-to-face communication.
10. Compliance training and online tests	（1）External courses: 4,368 employees completed 42,263 training hours by attending 536 courses offered by the Taiwan Academy of Banking and Finance, the Corporate Governance Association in Taiwan, and TWSE. （2）Internal courses: 6,048 employees completed 186,611 training hours by attending 98 professional courses on mid-level officer training course - banking regulations, entry-level training course - overview of banking regulations, and study of compliance regulations. （3）Other: Important compliance rules and cases will be announced during morning meetings or training sessions. Compliance education materials are provided on a monthly basis so that individual units can raise awareness of compliance during compliance training or provide online education and training courses.
11. Strengthening compliance with international financial regulations	E.SUN has conducted due diligence on new individual and physical accounts since 2019. It will complete the review of individual high-worth accounts, low-asset accounts, and existing physical accounts by the end of 2019 and 2020. Subsequently, E.SUN will support the Ministry of Finance's plan to exchange information with other countries or regions for the first time in June 2020. E.SUN will continue to pay attention to the intentions of competent authorities and collaborate with external consultants to introduce projects and plans. E.SUN implements applicable international regulations as another step toward realizing SDG 10 (reduced inequalities) and SDG 17 (strengthen global financial institutions).

Monthly Training Class Schedule in 2019:



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 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	passed	failed	absent	Average Score
7,863	7,789	12	62	96.55

Penalties Imposed on E.SUN FHC and its Subsidiaries by the Competent Authority and Improvement Measures Taken in 2019

SASB：FN-CB-510a.1、FN-AC-510a.1

In 2019, there were 2 cases resulting in a total legal proceedings of NT$12.2 million as penalties.

（1）E.SUN Bank was fined NT$200 thousand by the competent authority for having purchased residential fire and basic earthquake insurance policies on behalf of borrowers but failing to disclose its role as the brokering bank and affix its seals due to the late response to the adjustment to relevant laws and regulations in 2017. In reality, however, before the audits conducted by the competent authority, E.SUN had already revised its internal regulations and modified internal processes to ensure that the overall insurance brokering procedure complies with laws and regulations.

（2）E.SUN Bank was fined NT$12 million by the competent authority due to a former financial consultant at the Puqian Branch of E.SUN Bank who had opened fake accounts using customers' names to manipulate payments for personal use. E.SUN promptly contacted involved customers and protected their rights and interests. Subsequently, we reviewed operating procedures that this case had involved, including fraudulent account opening, transfer, withdrawal, and fund redemption. Moreover, we strengthened procedures involving high risks to protect customers' rights and interests through measures such as procedural improvements for opening new saving accounts, confirmations for transfers, in-branch withdrawal procedure, care measures for early termination of time deposits, system and transaction control when financial consultants are on leave, third-party visits to customers of high assets and of long-served financial consultants, enhanced control over sending and returning of statements, and risk status watchlists.

4.3 Risk management

GRI：102-11、102-30

Novel Coronavirus Disease (COVID-19) Prevention Measures

Faced with the emergence of COVID-19 at the beginning of 2020, E.SUN has complied with government prevention measures against the coronavirus, and established the Coronavirus Response Team at the beginning of the outbreak. The Company's President shall be the convener to conduct various measures in accordance with the development of the epidemic to ensure that E.SUN is able to effectively mitigate the impact of the epidemic while maintaining normal operations and providing services to customers.

Convener
President

Executive Secretary
CHO, Chief Brand Officer, Executive Assistant

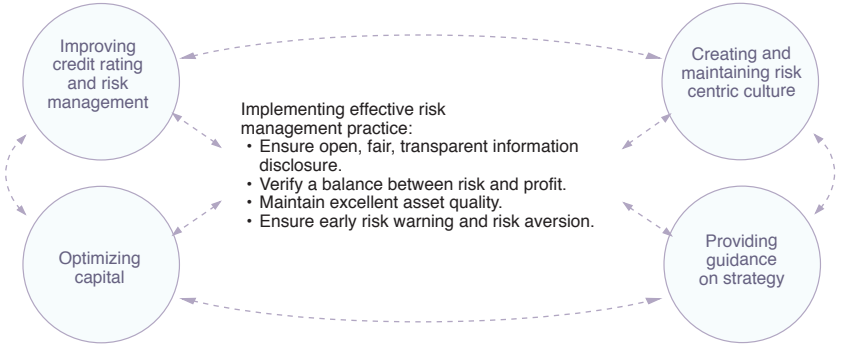
Team Members
Representatives from each unit

〈 Coronavirus Response Team 〉

Responsibilities	• Dynamically monitor the current developments of the epidemic • Evaluate the impact of the epidemic • Devise strategies for various stages • Provide prevention plans		
Epidemic Scenarios	**A: Mild**	There have been confirmed cases worldwide and the spread continues, but no suspected or confirmed cases have been reported by the Company or its subsidiaries.	1. All first-line employees shall wear a mask while health management is conducted upon entry or exit of all offices (disinfection and temperature-taking). 2. Entry into and exit from Taiwan by all employees, and their contact with high-risk personnel, will be managed and reported. Self-health management is required in accordance with laws and regulations. 3. Backup plans will be launched by the head office units. Separate functional groups will work from different sites in response to potential impacts in advance.
	B: Warning	External indicators include a continuous, significant deterioration of the domestic epidemic, or an escalation declared by the Taiwan Centers for Disease Control. Internal indicators include confirmed case(s) of the Bank's employee(s) or their family member(s) living with them, and confirmed case(s) of the customer(s) who have visited the Bank.	1. All people in the head office will work in separate groups from different locations. Some will work from home. 2. Business units will pair up to provide backup to each other.
	C: Severe	Community transmission occurs in Taiwan/the local country of operation, or the epidemic has severely spread across the country.	1. Launch the second and third backup offices. 2. Head office units will be operated on minimum manpower. 3. Launch the Work-from-Home mechanism.

An Inherent Risk Management Culture

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 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.

Additionally, to respond to a rapidly changing environment, we conduct risk management on climate change risks, legal risks, strategic risks, and reputation risks, and perform assessments of risks in environmental, social, and corporate governance issues relevant to our business activities. We also constantly monitor changes in the global environment to facilitate continuous refinement of our existing risk management mechanisms in order to convert risk into opportunities. The scope of risk management includes credit risk, market risk, operational risk, and asset & liability 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.

Risk Management Organization

E.SUN FHC Board of Directors is the highest governing body in risk management mechanism. The board of directors approves overall risk management policies and important decisions based on the overall business strategies and environment and take ultimate responsibility for overall risk management.

E.SUN has established an independent Risk Management Committee (RMC) with the President as the chair, and the Chief Risk Officer is responsible for reviewing business risk management policies, ensuring compliance with international risk management regulations. The RMC convenes quarterly and would make working group meetings, subject to needs for strategic development or environmental changes. RMC reviews the appropriateness of risk mitigation measures proposed by risk management unit at every level. The Committee is responsible for matters pertaining to credit risk, market risk, operational risk, and asset & liability risks. Reports of overall risk management implementation status are made to the board of directors periodically and disclosed on annual report.

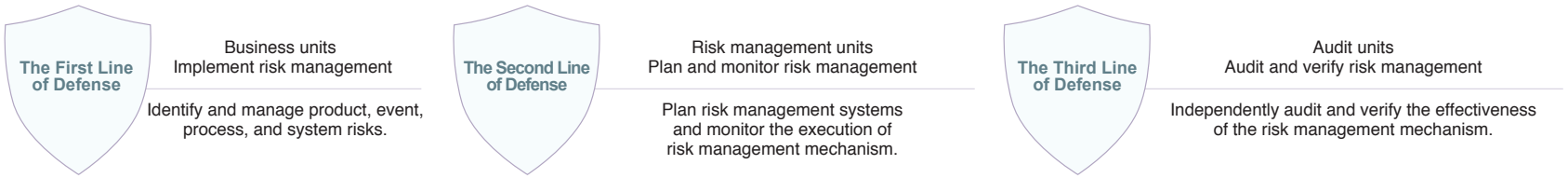
The Risk Management Division is responsible for planning and managing the risks or potential risks generated from practical operations in all product lines, and monitoring the implementation status of the risk management. In combination with the three lines of defense, E.SUN's risk management is able to function independently.

Risk Management Mechanism

Risk appetite

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. On regular and irregular basis stress test are performed based on changes in the macro economic and business environment to examine the risk appetite mechanism.

The three lines of defense in risk management



Established the risk management culture

"Raise risk awareness through trainning"

To raise risk awareness and to systematically extend the risk horizon, E.SUN ensures that every E.SUN employee starts learning about E.SUN's core philosophy regarding risk, discipline and process. E.SUN employees in different departments and at different stages of their careers are also provided with appropriate education and training on risk management.

1. 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.

2. 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 discusses and focuses on the general or specific risk issues among all product lines. This approach makes each product line keep risk management in mind in their own business activities.

3. Developing middle management

E.SUN employees gain a better understanding of the organization and its products once they are familiar with financial expertise, business evelopment, and teamwork. They will thus understand the importance of balancing risk and opportunities of product lines, Further-more, the mid-level manager training program is aimed to help employees better understand risk management of their own business activities and understandthe responsibilities of mid-level managers.

4. 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 actual implementation, formulating strategies that prioritize cross-departmental integration within the group. The risk management culture was ingrained on the basis of corporate governance, making risk awareness an irreplaceable foundation stone.

In addition to courses attended in person, E.SUN is also leveraging digital technologies to organize online education, training or examination. In 2019, a total of 8,367 participants completed relevant risk management courses through e-learning. The pass rate was 97%–100%. The Risk Management Division sends and receives notifications every season to communicate the latest risk management rules, trends or practices. All product lines create promotional materials on an ad hoc basis to facilitate internal education and training for business units.

Moreover, the balance between performance and risk management has been taken into consideration during the development of appraisal rules. The performance appraisal of E.SUN employees consists of three main categories. In particular, the category of "E.SUN Value/Management Practice" assesses the risk management of daily operations, and employees' concept and awareness of risk management and the three lines of defense. Risk management is also included as necessary criteria in the performance appraisal of senior managers. Our reward structure encourages managers and outstanding key talent to improve their risk management, and by doing so deepens the risk culture and awareness.

Improving risk management

Risk Assessment for (New) Product/ Service

Before launching innovative products or services, the development team must list all potential risk, such as market risk, the liquidity risk, the credit risk, operational risk, and emerging risk, to further devise or use existing relevant control mechanisms. The Risk Management Division and the Compliance Department will jointly review the new products and services to ensure that they have complied with internal and external laws and regulations before provided to customers. In the cases of product/service adjustment or refinement where compliance, internal control or risk management is likely to be affected, risk assessment must also be conducted. There has already 318 (New) product/service check list to be reviewed in 2019, include overseas branches.

Active Reporting Mechanism and Exchange Channels

To handle risk management in real time and maximize time efficiency, E.SUN has established various reporting mechanisms and feedback exchange channels to encourage employees to actively report risk events or potential risks found in daily business operations to unit supervisors. Insights and suggestions for risk management can also be proposed through work journals. Statistics show that in 2019, a total of 497 journal contents related to risk management or internal control were proposed, 44 of which were specific suggestions. Every unit conducts quarterly self-assessment of risk management and internal control. The Risk Management Division analyzed over 3,000 self-assessment results from all product lines, compiled the most important and common risk statuses and cases in 2019, and reported them to all managers and mid-level officers in the Bank during the annual banking business conference. At year end, a comprehensive questionnaire survey is conducted to collect feedback of all supervisors and employees. In 2019, a total of 6,916 questionnaires were collected, more than 110 of which were related to risk management. The Chief Risk Officer and the Risk Management Division then fine-tuned the implementation measures in accordance with questionnaire results, reported to the President and the management team, and finally responded to supervisors and employees via teleconferencing, thus achieving the goal of mutual exchange.

Model Risk Management Framework

Model risk management guidelines have been established to effectively identify, evaluate, monitor, and control the potential model risk that the Bank might be prone to, and improve the consistency, stability and transparency of the Bank's model risk management for the sound development of the Bank's technology and business.

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. 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.

Risk Template for Overseas Branches and Subsidiaries

Risk template was designed and introduced into our overseas branches and subsidiaries. The template containing credit, market, operational, and liquidity risks is used to facilitate risk control. In 2019, the risk template was introduced into the Myanmar branch and Tyoko branch. Through risk classification management, we could obtain a comprehensive profile of the risks exposed to our overseas branches and subsidiaries.

Market Risk Management Mechanism

The derivative evaluation model verification mechanism was refined to improve the reasonableness and risk value of financial product evaluation and accuracy of potential risk exposure of financial products and to reduce model risk.

Operational Risk Management Mechanism

The added value of the operational risk tools is analyzed using SAS and Tableau. Sales management departments are periodically provided with analyzed results in visualization for them to monitor the operational risk profiles respectively. The reporting procedure for significant operational risks has been established to improve the handling efficiency and control of significant operational risks, and strengthen our ability to manage potential significant risks.

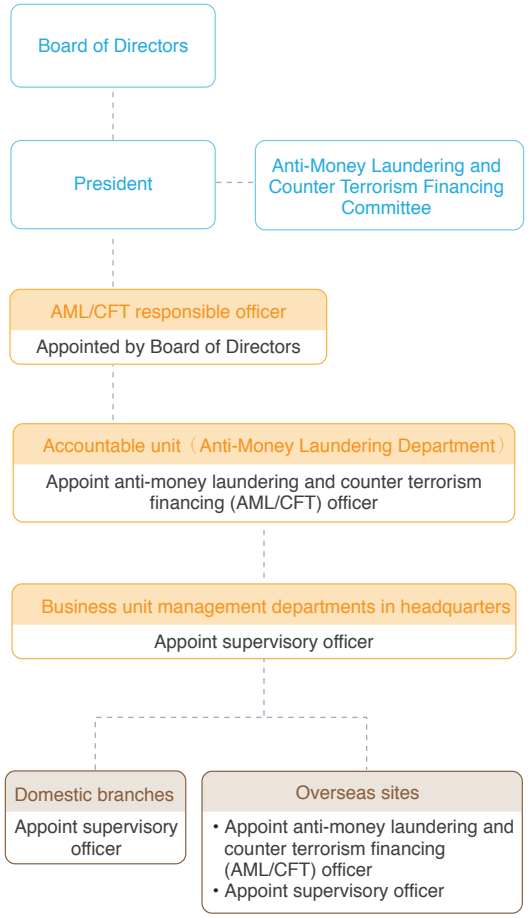
Asset Liability Risk Management Mechanism

Asset liability management system was refined to achieve immediate and comprehensive management of assets and liabilities. The system was improved to quickly ascertain the bank's asset and liability positions and changes in cash flows, liquidity gap, and concentration in order to facilitate early allocation of the bank's asset and liability positions. Market interest rate analysis and asset and liability positions are linked to track the effects of interest rate changes on the Bank's asset and liability positions. E.SUN also simulates the effects of increased new business on the overall asset and liability structure of the bank in order to achieve a balance between liquidity and business volume.

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

The Asia/Pacific Group on Money Laundering (APG) conducted the 3rd Round of on-site evaluations on Taiwan in November 2018. Subsidiary of E.SUN FHC, E.SUN Commercial Bank was one of the representatives from the banking industry to participate in the evaluation. The evaluation result was announced in October 2019. Taiwan received "regular follow-up," which is the best result in the evaluation among members in the Asia-Pacific region. After the evaluation, E.SUN Bank received awards for "Evaluated Institution" and "Excellence in Evaluation" from the Executive Yuan and Financial Supervisory Commission. The awards are affirmation of efforts made by the E.SUN Bank during the evaluation process. E.SUN Bank continues implementing and strengthening various AML/CFT control mechanisms in accordance with standard of international regulations and the action plan of the results of annual Institutional Risk Assessments (IRA). Such mechanisms include the amendments to AML policies and procedures, refining customer due diligence control measures, optimizing AML monitoring and watch-list filtering systems, and providing comprehensive training to strengthen the quality of domestic and overseas AML personnel.

Appointment of a senior manager to serve as AML/CFT responsible officer	Board of directors appoints a dedicated supervisor to serve as AML/CFT responsible officer who is responsible for promoting, coordinating, and supervising the implementation of AML/CFT program at group level. In 2019, the AML/CFT responsible officer reported the annual implementation plans to the board and subsequently reported the progress of the plan and the implementation status of AML/CFT measures semi-annually to the board. In addition, the AML/CFT responsible officer spoke at an AML/CFT conference, which was held collaboratively with the regulator of the overseas branch, and shared E.SUN Bank's preparation experience for APG mutual evaluation with the regulators and local financial institutions.
Establishment of Anti-money Laundering and Counter Financing of Terrorism committee	In order to develop a sound AML/CFT system and manage the resource allocation for AML/CFT program of E.SUN Bank, AML/CFT Committee has been established to execute the implementation, coordination, and operation of AML/CFT mechanisms and to promote an AML/CFT culture. The meeting topics in 2019 included reports on AML/CFT implementation, discussion on money laundering methods, progress report of major projects, and cases of global AML penalties, etc.
Establishment of accountable unit	Anti-Money Laundering department is responsible for formulating and revising the internal AML/CFT policies and procedures, conducting IRA, system development and maintenance, customer risk rating, training, sanction management, overseas sites management, suspicious transaction analysis and investigation, suspicious transaction reporting (STR) to Investigation Bureau of the Ministry of Justice (FIU), and assisting the front-line business units in AML/CFT implementation, in an effort to building up the complete 3 lines of defense structure.
Appointment of supervisory officers	We have appointed supervisory officers to domestic and overseas outlets as well as business unit management departments in headquarters. A supervisory officer not only supervises AML & CFT measures in the unit but also assists and coordinates AML/CFT related works.
Allocation of AML/CFT officers at overseas sites	The AML/CFT officers at each overseas sites are responsible for the implementation of AML/CFT measures. They conduct the regulation gap analysis with the AML department to enhance their internal procedures and formulate procedures for transaction monitoring, name screening, and customer due diligence, etc. In terms of personnel management, overseas sites and headquarters examine the qualification and eligibility of AML/CFT candidates with a qualification review sheet. In addition, quarterly video conferences and irregular meetings are held between overseas sites and headquarters for discussion, and consultation and assistance are provided by headquarters when needed.



〈 Organizational structure of AML and CFT 〉

〔AML/CFT management program and enhancement〕

In recent years, E.SUN Bank has actively expanded overseas location, and the services and products in Taiwan have continuously developed with the rise of international new payment methods. For the trend of international AML governance, Financial Action Task Force on Money Laundering (FATF) also recommends continued vigilance on the rise of new payment methods and the updates of money laundering and fraud methods. E.SUN FHC adheres to competent authorities' rules and conforms to international regulations. The AML/CFT mechanisms of each of our subsidiaries are strengthened according to the policies and procedures of FATF Forty Recommendations. There are 6 dimensions under E.SUN FHC's AML/CFT program and enhancement: Policy and procedures, customer due diligence, watch list filtering, suspicious transaction reporting, IRA, and others. Specific actions taken are described below:

1. Policies and Procedures

In order to comply with the Money Laundering Control Act, Counter Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions, many internal policies and procedures were formulated and revised in 2019, and examples are listed below.

New/Amended Policies and Procedures	Description
AML/CFT Policy of E.SUN Financial Holding Company and its Subsidiaries	Policy of Financial Holding Company for building consistent enterprise-wide AML/CFT principles was amended according to practical operation.
Anti-Money Laundering and Combating the Financing of Terrorism Policy of E.SUN Bank	Based on the policy of Financial Holding Company for building consistent bank-wide AML/CFT principles.
Guideline on the Management of AML/CFT for Overseas Branches and Subsidiaries of E.SUN Bank	Amendment made based on the authority regulation and managerial needs.
Guidelines on Know You Customer and Customer Due Diligence of E.SUN Bank	Clearly regulates the due diligence process for customers and correspondent banking relationship. A standardized template and relevant processes have also been implemented accordingly.
Guidelines on Correspondent Banking and Other Similar Business of E.SUN Bank	
AML & CFT High Risk Occupation/Industry Definition of E.SUN Bank	
Guidelines on Transaction Monitoring Parameter Setting of E.SUN Bank	Regulates the principles for parameter settings, review procedures, and system validation mechanism.
Guidelines on Cash Transaction Report of E.SUN Bank	Complies with Money Laundering Control Act and relevant regulations and prevents customers from utilizing bank services or business for money laundering or providing financing to terrorists. Also, in compliance with domestic AML related laws, regulations, and the guidelines issued by competent authorities.

2. Customer Due Diligence

Measures are adopted to ascertain customer identity, including collecting, updating, and keeping records of customer information. The identity verification procedures include identifying the beneficial owners of entity clients, politically exposed persons (PEPs) and their relatives and close associates. E.SUN adopts the risk based approach (RBA) and requires that enhanced due diligence (EDD) to be conducted for high risk customers by verifying the source of wealth and funds. The business relationships with high risk customers should be approved by senior management and be reviewed annually. Also, for periodic reviews, an online platform has been newly developed in 2019 for updating customer information via internet and mobile banking to improve customer convenience and to increase the effectiveness for periodic review process. Moreover, E.SUN has established the standard template for KYC, CDD and EDD forms as reference for different business units to apply on their business operation respectively.

3. Watch list Filtering

Watch list filtering should be conducted for customers and their associates before E.SUN establishes new business relationships or provides new services to customers. Watch list batch filtering mechanism has been established with determined alert releasing time limit, and the watchlists are updated daily. Group lists information sharing mechanism has been developed for sharing high risk customer and rejected lists among affiliates by adding the lists into the screening system. The watch list screening system has been validated regularly by an effectiveness validation mechanism. Moreover, E.SUN Bank has continuously reviewed the logic and set in the watch list filtering system to strive a better accuracy of matching. Meanwhile, E.SUN FHC keeps an eye on the sanction related information released by FATF, UN and other competent authorities, and relevant indexes concerning country's transparency and corruption, in an effort to regularly update an appropriate country risk list to effectively manage geography risk.

4. Suspicious Transaction Reporting

For transaction monitoring, the scope of monitoring includes customers, employees, and financial institutions that deal with E.SUN. When conducting transactions or establishing a business relationship with the aforementioned parties, dedicated personnel reviews their potential involvement in money laundering or terrorism financing. The review process includes determining whether occupation, industry, source of fund, purpose of transaction and transaction activities are consistent with past activities. The record of investigation process should be kept. After the investigation, the dedicated personnel submit suspicious transaction reports to the Ministry of Justice(FIU) with information of possible money laundering or terrorism financing related customers or transactions. All suspicious transaction reports are filed on a designated computer, where the use of portable devices is prohibited. Every staff in the AML department is required to sign a confidential agreement to ensure that filed information cannot be transferred to an unrelated third party. Moreover, E.SUN continues to enhance the global transaction monitoring mechanisms, including interface with newly released business, to strengthen the manually monitoring in operation procedure, and to formulate periodic review model, etc., in an effort to increase the efficiency of alerts investigations. Meanwhile, E.SUN is actively formulating typologies apart from the template provided by the regulator, including typologies for abnormal transactions between employees and customers, and planning to incorporate AI and decision tree into our transaction monitoring system to increase the efficiency and to manage the relevant risks.

5. Institutional Risk Assessment

E.SUN cooperated with the Association of Certified Anti-Money Laundering Specialists (ACAMS), an internationally renowned AML institution, to introduce a group-wide methodology to implement an institutional AML/CFT risk assessment in the dimensions of geography, customer, products and services, delivery channels. The methodology includes assessments of inherent risk, control measures, and residual risks. E.SUN initiates action plans based on the assessment. The risk assessment report will be submitted to board of directors and the competent authority upon completion.

6. Others

Plans after APG mutual evaluation

Subsidiary of E.SUN FHC, E.SUN Commercial Bank participated in the 3rd round of APG on-site evaluations on Taiwan in 2018. The evaluation team gave a positive evaluation of E.SUN's AML/CFT related measures. APG declared the result for Taiwan's assessment in October 2019, Taiwan in the receipt of "regular follow-up", the best result for the APG mutual evaluation among Asia-Pacific region. E.SUN Bank is honored to be one of the banks representing Taiwan to participate in the evaluation. Nevertheless, the overall AML/CFT environment in Taiwan still warrants continuous improvements in several areas. E.SUN continues to promote projects for strengthening AML/CFT; make reference with international AML laws and regulations; amend the group's domestic and overseas AML policies and procedures; refine customer due diligence control measures; and constantly develop global AML related systems, all for the benefit of AML/CFT in Taiwan's overall financial environment.

Reinforcement of training

To reinforce AML/CFT training and to increase staff awareness of AML, appropriate hours of training and suitable contents on AML/CFT are arranged by categories based on the roles of employees, which include new employees, AML officers at the accountable unit, AML supervisory officers of each unit, board of directors, senior management, legal and compliance personnel, internal auditors, and the front-line staff. During 2019, a series of video conference training has been rolled out for domestic and overseas units to attend. The speakers are the managers from AML Department, and the topics include introduction to AML, Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), identifying the beneficial owner, adverse media, North Korea sanctioned related risks, etc. In addition, E.SUN invited investigators or prosecutors qualified as international evaluation assessors with practical experience to provide training in order for employees to understand the AML and CFT responsibilities and to acquire the relevant expertise. E.SUN Bank has joined the enterprise membership of ACAMS. Benefits include online training as well as access to a forward-looking global news database on AML/CFT, thereby providing additional overseas and domestic training materials, enhancing the depth and breadth of employees' expertise, and shaping the AML/CFT awareness and culture among our units. The above-mentioned training hours in total were 11,146 hours.

Participants	Training content	Training results
· All employees · AML/CFT responsible officer · AML/CFT officers · AML/CFT supervisory officers · Directors and senior management · Regulatory compliance personnel · Internal auditors · Sales · New employees	· AML/CFT video conference training · Basic training · Online test · AML and CFT related seminar · ACAMS database for enterprise member · AML and CFT orientation/on job training · Training and courses arranged for specific purpose and business based on employee's occupation	· 483 personnel have attended the seminar for AML/CFT officers organized by Taiwan Academy of Banking and Finance and have met the regulatory qualification of AML/CFT officers. · 332 employees have acquired certification of Certified Anti-Money Laundering Specialist (CAMS) as of the end of 2019. · All employees met the requirement of regulatory training hours. · All dedicated personnel met regulatory qualification. · Adequate training and courses have been arranged based on employee's occupation. Total training hours: 11,146 hours.

Independent assessment

The chairmen, president, chief auditor and dedicated AML/CFT responsible officer of the respective local subsidiaries shall jointly issue a statement on internal control for AML/CFT, which will be filed via a website designated by the competent financial authority of the Company's host country, the FSC. E.SUN Bank commissioned PricewaterhouseCoopers (PwC) to conduct auditing of AML/CFT-related internal control in 2019, there was no material discrepancy found.

4.4 Information Security

GRI：418- 1

E.SUN continues to improve and strengthen our governance system for information security measures and information security protection. The Information Security Management Division, an independent dedicated information security unit, oversees the entire information security operations of E.SUN FHC. All of our information operations comply with domestic and foreign laws and regulations on information security. Continuing to benchmark against international standards, E.SUN has acquired ISO 27001 certification as it cultivates the area of information security and practices information security in its daily operations.

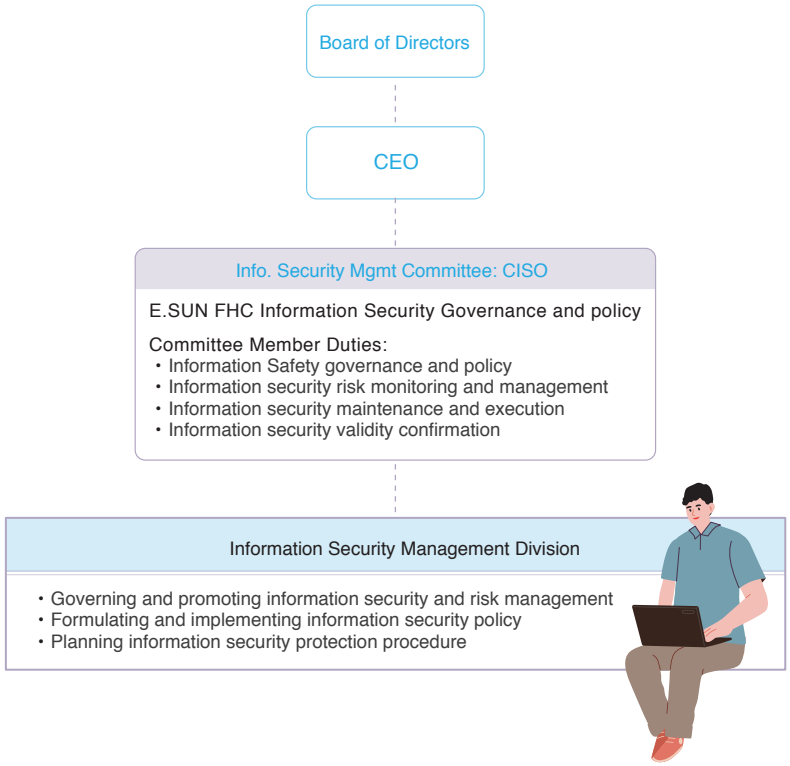
Information Security Governance System

SASB：FN-CB-230a.2

The Board of Directors is responsible for reviewing overall information security policies of E.SUN FHC, as well as important decision-making for issues related to information security. The Board also supervises the implementation of information security by its subsidiaries. Every year, the chairman, president, chief auditor, and the chief officer of the dedicated information security office shall jointly issue a Declaration of Overall Information Security Implementation. The Board of Directors and the senior management shall fulfill their duties of supervision and governance. E.SUN's Board of Directors is comprised of members with information backgrounds. E.SUN Bank has appointed a chief information security officer (CISO) to supervise the overall implementation of information security operations, inspect the effectiveness of information security risk management mechanisms, and report to the Board of Directors with regard to the overall effectiveness of relevant management conducted by the information security management organizations. The CISO is the highest information security officer.

To strengthen information security governance, E.SUN Information Security Management Committee was set up in September 2017. In 2019, the information security management system of information security unit was established to promote and implement information security operations. The Information Security Management Committee is in charge of reviewing E.SUN FHC Information Security Policy, which is applies to all subsidiaries under E.SUN FHC. In addition to reviewing governance policy, The Committee also supervises the execution of information security management and regularly reports to the Board of Directors.

The Information Security Management Division is responsible for FHC's governance, promotion, and risk management of information security. For information security governance, it manages a comprehensive governance system, ensures compliance with regulation, promotes implementation of security procedure, and raises the employees' awareness of information security. The division utilizes technologies to identify information security risks and weaknesses and conducts effective enhancement, making the bank well-versed in information security protection.



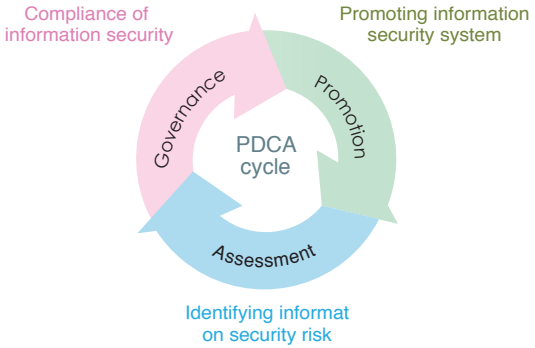
Information Security Management Mechanisms

SASB : FN-CB-230a.2

E.SUN received the ISMS ISO/IEC 27001:2005 certification in July 2013 and the latest ISO/IEC 27001:2013 certification in May 2015. In May 2018, E.SUN completed the three-year review and obtained the PCIDSS certification for its credit card receipt system in 2017, 2018 and 2019.

E.SUN refined and expanded the scope of the information security management system in 2019. It enhanced the depth and breadth of its information security management by standardizing the system from four dimensions: strategy, management, technology, and awareness. The advanced system has effectively responded to fast changes in businesses. E.SUN also hired a third-party international professional institution, British Standards Institution(BSI), to analyze the maturity of its information security, thereby shaping a PDCA culture that continues to improve information security.

In 2019, E.SUN was planning to purchase information security insurance to reduce the risks of business interruption and compensation liability, and the purchase is expected to be completed in the first half of 2020. Concurrently, we will expand the scope of tactics for corporate risk management and incorporate international standards to ensure the highest level of protection for our customers in terms of the use of information services and personal information.



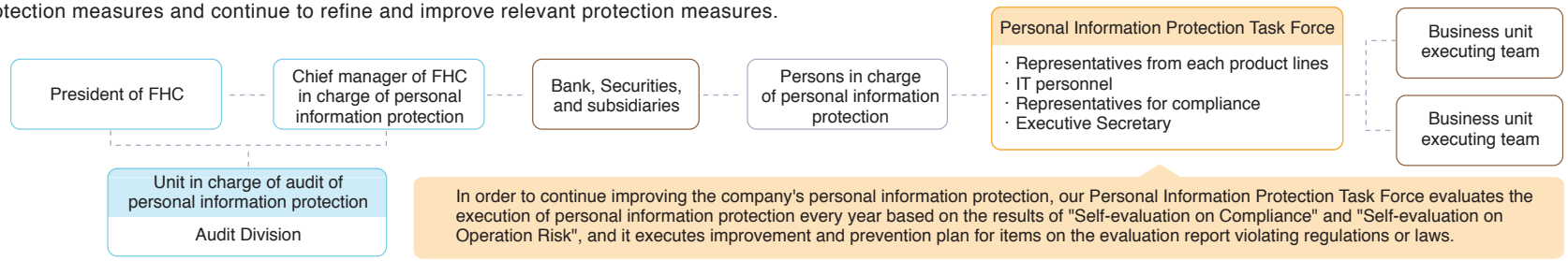
Personal Information Protection Management

SASB : FN-CF-220a.2

In 2012, E.SUN FHC established "E.SUN Financial Holding Co., Ltd. and Subsidiaries Personal Information Management Policy" to protect the rights and personal information of customers. In response to stricter laws and regulations governing personal information protection, the "E.SUN Financial Holding Co., Ltd. and Subsidiaries Principles on Gathering, Processing and Use of Personal Information" was established in 2018. E. SUN regularly examines its management systems and operating procedures in order to comply with laws and regulations and protect information. E.SUN FHC has achieved the international standards for the personal information of BS 10012:2017 for 3 consecutive years.

Our Personal Information Protection Task Force is responsible for establishing personal information protection regulations, which include management measures for collection, handling, and use of personal information. The Company followed "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.

E.SUN FHC expanded the internal risk management scope of personal information in 2019. In addition to management departments in charge of product sales that contact a wide range of customers, the overseas branches and all business management units also conduct personal information inventory to ensure the full implementation of data protection. Moreover, personal information disclosure response drills are conducted annually to strengthen employees' capabilities to handle personal information incidents and verify the adequacy of internal operating procedures. We are thus able to identify the deficiency in our personal information protection measures and continue to refine and improve relevant protection measures.



E.SUN FHC use customers data with the utmost care. In 2019, E.SUN received 23 customer cases relating to personal information; 15 of them came from the Financial Supervisory Commission and 8 collected by E.SUN were from customer feedback channels or business units. After investigating, all cases did not involve in personal information breach. In 2019, the monetary loss caused by personal information incidents was 0. E.SUN will continue to actively respond to customers' feedback and strengthen employee training so as to enhance service quality.

The 2019 audit was conducted by an independent audit department; the current status of retained personal information was also reviewed. The audit results showed that no deficiencies in the use of customer data were found. E.SUN will persevere in our attempts to protect customer information.

Cases of Personal Information	Competent Authority	Collected by E.SUN	Total
Financial services	3	4	7
Personal credit services	3	0	3
Wealth management services	1	1	2
Credit cards services	6	2	8
Corporate credit services	0	1	1
Other	2	0	2
Total	15	8	23

〈 Statistics of the Number of Complaints Related to E.SUN Services and Personal Information 〉

	2016	2017	2018	2019
Number of audited deficiencies in terms of the use of personal information	-	0	2	0

〈Statistics of the Number of Audited Deficiency in Terms of the Use of Personal Information in Recent Years 〉

Customer's data for secondary purposes

SASB : FN-CF-220a.1

1. E.SUN monitors 100% of using customer's data for secondary purposes. It is necessary to evaluate whether processing for another purpose is compatible with the original purpose. The evaluation principles are as follows:

（1）Any link between the original and new purpose.
（2）The context in which the personal data have been collected.
（3）Nature of the personal data, in particular whether special categories of sensitive personal data are processed.
（4）The possible consequences of the intended further processing.
（5）The existence of appropriate safeguards, which may include encryption or pseudonymisation.

2. In 2019, there were 5.08 million customer's data being used for secondary purpose, which accounted for 74.7% of our total customers. The relevant control mechanisms are as follows:

（1）Data Processing: All data used is through remote desktop, and the whole process is recorded for tracking by the cloud side.
（2）Data Output: Before the data is output, the list review will be conducted through the "Global Communication Framework" to exclude customers who are not proper.

Business Continuity Plan

In the event that information service suffers from a sudden major disaster, the Company would take proper contingency measures to minimize the impact on businesses and to resume operation in the shortest time possible. The Company has established a Business Continuity Plan and conducts information system disaster recovery drills twice a year to assure adequate responses to disaster through regular practice. All drill results met relevant requirements in 2019.

After excluding scheduled shutdown periods for maintenance, the availability rate of core accounting systems reached 99.99% in 2019. A total of one abnormal event impacted core accounting systems for approximately 23 minutes in 2019. This event took place early in the morning and was promptly reported to the information personnel by the Bank's customer service. As relevant units immediately corrected the issue in the systems, there were no customer complaints filed during the period of abnormality, resulting in no operational risk loss events. Subsequent corrective and preventive measures have then been proposed. E.SUN Bank aims to provide a continuous online service 24 hours a day, 7 days a week. In 2020, it will continue to optimize system's capacity, providing customers with a convenient service.

IT Infrastructure abnormal incidents in 2019	1
The financial loss caused by such incidents in 2019	TWD: 0

Information security protection and examination analysis

SASB：FN-CB-230a.2

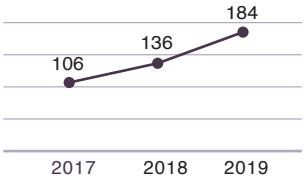
In response to the constantly changing hacking techniques (e.g., distributed denial of service [DDoS], advanced persistent threat [APT], and social engineering attacks), E.SUN has deployed relevant defense mechanisms and commissioned external information security experts to collaborate in penetration tests and attack/defense drills with different scenarios and to examine the effectiveness of the Company's defense and the Company's ability to respond to events.

At each stage of system development and operation, weakness identification and correction are conducted. Moreover, security evaluation of computer system is executed to examine compliance, system framework, internet activity, security setting of internet and server, and security of application program. Through various types of security testing and weakness improving, risk exposure can be reduced and system stability and effectiveness of information security can be ensured.

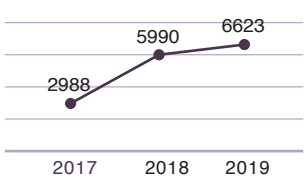
In 2019, E.SUN found a vulnerability on externally developed website through third-party institution's examination, and we actively reported to TWCERT/CC, Banking Bureau, and F-ISAC and completed the improvement before its launch.

Resources for Information Security

E.SUN continuously invests resources in information security-related matters. The expenses spent in 2019 increased by 35.21 from 2018. Resources were invested to improve the infrastructure of security governance and technologies, strengthen information security defense equipment, conduct security intelligence analysis, and provide education and training, thereby comprehensively improving the Bank's management and technological capabilities for information security. Regarding information security training, 144 employees obtained ISO27001 Lead Auditor certification in 2019. All employees in the Company attended information security tests and the passing rate was 100% in 2019. Additionally, for tech-related personnel, a total of 6,623 hours of information security courses were conducted, and 93.8% of those were internal training and 6.2% were external.



〈 Information security expenses (NT$M) 〉



〈 Total training hour about the internal information security in information technology division 〉

Note: Based on monthly departmental training and internal and external information security training courses for technology personnel.

Month	Monthly Information Security Education and Training in 2019	Month	Monthly Information Security Education and Training in 2019
January	Identifying Malicious Websites	July	Distance between Email and Evil
February	Security Issues and Protection related to Wi-Fi Network	August	Identifying Malicious Websites
March	E.SUN Bank Information Security Notices	September	Internet of Things (IoT) Security Threats
April	Attack Methods and Prevention of Social Engineering	October	Security Issues and Protection related to Wi-Fi Network
May	User Security for Mobile Payment	November	Security Instruction for Mobile Payment
June	Prevention of Malicious Software	December	Instruction for Information Security

Information Security Incident

SASB：FN-CB-230a.1、FN-CF-230a.1

For the reporting and handling of information security incidents, the Company stipulates the reporting and handling procedures of information security. The information on security incidents of the entire Bank is recorded by the notification contact of the information technology unit and ranked by event severity. In major incidents of information security, the Information Security Management Division and the "notification contact for major incidents of the FHC/headquarters" must be notified. The Information Security Management Division shall deal with and solve an information security incident within the target handling time. After the incident, the root of cause must be analyzed, and corrective measures must be adopted to prevent any recurrence of incidents. In January 2017, malicious software was detected when the Bank was testing its anti-virus systems. After the system management personnel confirmed and conducted necessary measures, no interruption of business operations and financial losses were reported. Although some abnormalities occurred in 2019, our Information Security Management Division confirmed that the incidents were unrelated to hacker invasion or virus attacks after examining the monitoring data and warning messages of the information security defense system.

A- Information security incidents	2017	2018	2019
Total number of information security incidents	1	0	0
Total number of information security breaches involving customers' personally identifiable information	0	0	0
Total number of customers affected by information security incidents	0	0	0
Financial losses due to information security incidents	0	0	0

B- Data breach incidents	2017	2018	2019
Total number of data breach incidents	0	0	0
The percentage of data breach incidents involving personal information	0%	0%	0%
Total number of account holders affected by data breaches	0	0	0

4.5 Tax Governance

GRI： 207-1、207-2、207-3、207-4

To be an honest and upright corporate citizen, E.SUN FHC formulated tax governance policy and transfer pricing policy to strengthen tax governance

To establish a rigorous tax governance system and develop tax strategies, E.SUN FHC formulated Tax Governance Policy and Transfer Pricing Policy. By complying with the tax laws thoroughly and fulfilling corporate social responsibility, we aim to enhance business value and control tax risks effectively. E.SUN FHC is committed to complying with the spirit of sustainable development when we set up tax strategies, and not using related-party transactions or tax havens to let the profits be generated in the low-tax jurisdictions for tax avoidance. Since tax is an inevitable cost for operating a company, we will make sure that every tax strategy we set up is in accordance with the corporate objectives as well as tax laws. E.SUN FHC will also endeavor to fulfill the social obligations to realize our objective of being the best corporate citizen in the world. The following table shows the main principles of Tax Governance Policy and Transfer Pricing Policy.

Tax Governance policy

Principles	The approach to complying with the principles
Tax compliance	We are committed to complying with the tax laws and spirit, calculating and filing tax on time in the jurisdictions we operate.
Comprehensive decision	We would quickly develop tax strategies in response to the change in local and international tax laws.
Information transparency	Tax-related information is disclosed regularly to stakeholders in financial reports, annual reports and also on official website to ensure information transparency.
Proactive communication	We are committed to maintaining an open communication pipeline with tax authorities and proactively being involved in the tax forums to provide suggestions from the practical viewpoint.
Tax incentives	We are committed to only using tax incentives offered by governments, not using any tax incentives against the spirit of the laws.
Business structure	We are committed to only using business structures and transactions that are in line with commercial substance, not using inappropriate transfer pricing arrangements for tax avoidance.
Risk management	We will set up and adjust tax strategies in accordance with local and global tax trends after evaluating related tax risks.

Transfer Pricing policy

Principles	The approach to complying with the principles
Commercial substance	Every related-party transaction should be in accordance with rational commercial purpose which can reflect economic reality.
Arm's length	Related-party transactions should be assessed by the optimal arm's length method to ensure the transaction terms are similar to the terms of general clients and suppliers.
Tax compliance	Every entity of E.SUN FHC should comply with its tax laws and prepare or file the related-party transaction details and transfer pricing documents on time.

〔Tax governance and management〕

Tax governance policy and transfer pricing policy are both approved by the board of directors. The financial management department is responsible for making an annual tax plan and ensuring tax-related matters will be executed properly. The department is also responsible for reporting the implementation status of tax management to the board of directors every half year.

Tax Governance and Risk Management

1. Based on the policies and the operation strategy, tax compliance and tax analysis are the key issues of tax governance. In the short run, we aim to improve the tax governance of domestic entities, and we will extend to all the entities overseas in the long run.

   （1）Tax compliance：Understanding and complying with tax laws is our duty. E.SUN FHC calculates and files the tax on time in all the tax jurisdictions we operate.
   （2）Tax analysis：We execute the cost-benefit analysis on every tax issue comprehensively and develop tax strategies accordingly. By making proper tax plans in advance, E.SUN FHC can decrease the related tax risks and enhance operation efficiency.

2. We divide the tax risks into two groups：the one from the tax compliance and the other from significant transactions

   （1）Tax compliance risk：We use three lines of defense to control the tax risks. The first line of defense is executed by the financial management department. Self-audit is executed three times a year which ensures that every tax matter is in accord with the internal rules and the tax laws. The second line of defense is executed by the risk management division. The division uses “Key Risk Indicators” to make sure that we file the tax on time. The tolerance of the risks and the frequency of filling the form depend on the type of tax. Once the number of the belated cases are beyond the threshold, the risk management division would ask the responsible department to report the possible plan to decrease the tax risks. The third line of defense is executed by the audit division. The internal tax audit is executed by the audit division twice a year and the division also executes it randomly to make sure that all tax matters follow the rules.
   （2）Significant transaction risk：The financial management department is responsible for understanding the structures of significant transactions in advance, then reports the possible tax burden and risk to the responsible department/management team to make sure the related tax issues are all considered.
   （3）Whistleblower mechanism for tax issues：We have the internal mailbox for reporting the unethical or unlawful behavior related to tax. The financial management department also set the mechanism of reporting illegal issues to the risk management division.

3. Key performance indicators of tax function unit：The performance assessment of every staff working in the tax unit is highly related to the tax plans made at the beginning of the year. The supervisor will assess the accomplishments at the end of the year. The aggressive tax avoidance and evasion behaviors are prohibited and would be a deduction on the year-end assessment.

4. The succession-planning for tax positions: We record every tax-relevant process in working papers and diagrams as well as hold multiple training courses for the staff working in the tax function unit.

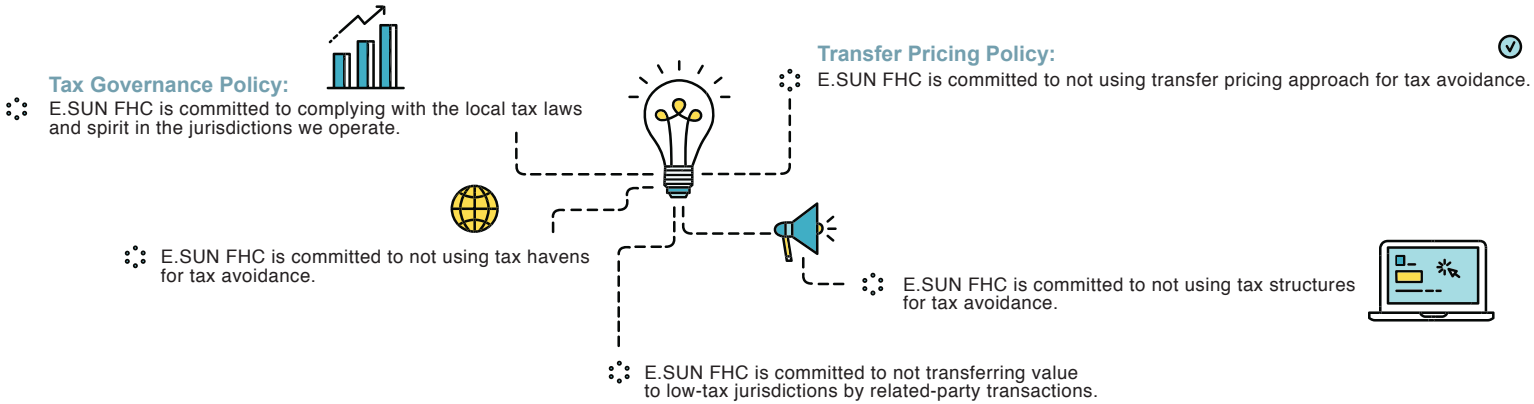
5. Tax transparency：We disclose the tax-related information of every jurisdiction on official website and annual report. In order to make sure that the disclosed information is presented to the public fairly, the amounts we disclosed on the website and annual reports are audited by a certified public accountant.

Related party transactions

All the related party transactions are in line with arm’s length principle. The revenues are mainly generated from unrelated party transactions and we don’t have any third party consignment sales.

Stakeholder engagement related to tax

Item	How we fulfill our responsibilities
Stakeholder engagement	• The tax authority is the one bringing the direct impact to the company. E.SUN FHC always complies with tax laws when we file withholding tax, provisional tax return, annual income tax return, etc. If we have questions about tax, we would proactively contact tax authorities to discuss the proper accounting and tax treatment. We also prepare the supporting documents immediately after we get the letter from tax authorities and cooperate with the authorities when they perform a tax audit. • We are also in contact with indirect stakeholders, such as peers, banker association and academic associations, to enrich our expertise in tax. 1. For the daily tax issue, we would also discuss with peers in the banking industry when we are not sure about the proper tax treatment. The formal forums would be held if there were controversial tax issues or tax law amendments required to discuss. After the discussion, we could give the possible proposal to the government or banker association. E.SUN FHC is one of the members of banker association tax team. The member of the tax team could propose suggestions in the forum annually. Through the forum, we can 2. discuss tax issues with other members to ensure that we accurately convey the idea of financial industry. We also focus on the forums or seminars held by academic associations and proactively attend the forums to understand the latest tax issues and tax trends, such as the 3. changes of international tax, BEPS action plans, etc.
Public advocacy on tax	E.SUN FHC always follows tax laws and cooperates with governments on every tax issue. When we have different opinion, we would discuss it with other representatives in the banker association first. If necessary, the banker association would give suggestions to the related stakeholder on behalf of the banking industry.
Collecting the views and concerns of stakeholders	If E.SUN FHC had different opinions on the new draft act, we would always discuss with the stakeholders, such as tax authorities, peers and banker association, and then propose our suggestions formally on time.



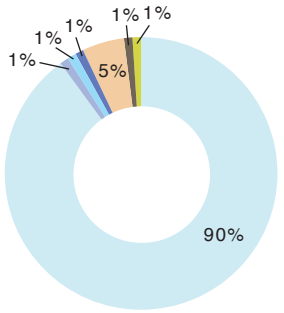
〈Based on the tax governance policy and transfer pricing policy, E.SUN FHC issues five anti-tax avoidance statements below〉

The proportions of net revenue, profit before tax, income tax paid and other financial statistics of E.SUN FHC by tax jurisdiction-2019

Tax jurisdictions	Revenues from unrelated party	Net revenue	Profit before tax	Tax paid	Tax accrued	Cross-jurisdiction revenues from related party transactions	Number of employees	Tangible assets
Taiwan	65,751,296	68,002,632	17,914,094	1,916,512	2,598,922	262,502	8,001-9,000	30,969,300
China	2,068,823	1,186,373	3,102	-	-	1,121	201-300	2,965,157
Cambodia	1,359,031	1,082,727	800,436	18,487	792	9,583	401-500	1,312,131
The United States	1,211,879	543,024	425,509	108,754	119,733	-	1-100	6,421
Hong Kong	4,717,289	3,818,763	3,267,831	622,126	542,319	1,091,866	101-200	44,311
Singapore	1,234,193	523,068	287,572	41,283	54,160	1,516	1-100	22,978
Vietnam	172,106	113,162	52,380	7,804	11,014	3,906	1-100	2,222
Australia	706,569	264,941	163,437	12,136	49,178	-	1-100	35,674
Myanmar	118,205	166,784	103,064	25,202	26,414	161,867	1-100	55,161
Japan	420,011	146,448	52,854	1,504	1,194	25	1-100	35,855

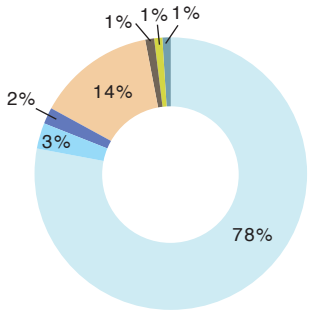
(NT$ thousands; Person)

Note: 1. The amounts of Taiwan consist of E.SUN FHC, E.SUN Bank, E.SUN Securities, E.SUN Venture Capital, E.SUN Investment and BankPro-services Technology.
2. The entities in China and Cambodia are subsidiaries and the rest of the entities in other tax jurisdictions are branches.
3. The amounts of Australia consist of the Sydney branch and the Brisbane branch.
4. The entities of E.SUN FHC belong to the regulated financial industry except that BankPro-services Technology belongs to the information industry.
5. The reconciliation between the tax amount on cash basis and profit/loss is in the table on the next pages.
6. The difference between corporate income tax accrued on profit/loss and the tax due at the statutory tax rate is mainly because of tax-exempt income, loss carryforward and timing difference of filing and accruing the tax per the income tax law in Taiwan.



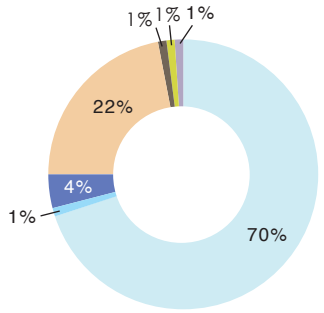
〈 Net revenue - 2019 〉

Taiwan
China
Cambodia
United States
Hong Kong
Vietnam+Myanmar+Japan+Australia
Singapore



〈 Profit before tax - 2019 〉

Taiwan
Cambodia
United States
Hong Kong
China+Vietnam+Myanmar+Japan
Singapore
Australia



〈 Income Tax Paid - 2019 〉

Taiwan
Cambodia
United States
Hong Kong
China+Vietnam+Japan+Australia
Singapore
Myanmar

Income tax expense and income tax paid of E.SUN FHC in 2018 and 2019

		FY2018	FY2019	Average
Earnings before tax		20,337	23,070	21,704
Reported taxes	Current tax	2,768	3,183	3,103
	Deferred tax	487	(233)	
Reported tax rate (%)		16.00%	12.79%	14.29%
Cash taxes paid		3,310	2,754	3,032
Cash tax rate (%)		16.28%	11.94%	13.97%

Note: Reported taxes = Current tax + Deferred tax liabilities - Deferred tax assets

(NT$M; %)

The reconciliation among cash tax rate, reported tax rate and global average effective rate -2018 and 2019

The comparison of tax rates		FY2018	FY2019	Note
Global average effective tax rate -Banking industry		25.82%	25.82%	From SAM's corporate sustainability assessment companion.
Reported tax rate-E.SUN FHC		16.00%	12.79%	According to the interpretative letter 10701031420 issued by the Ministry of Finance in Taiwan on December 28 of 2018, the subsidiaries could recognize the expense if the parent company issue/give their stock as an employee reward to the subsidiaries. Per the letter, E.SUN FHC recognized approximately 380 million tax effects, causing a decrease in the effective tax rate.
Cash tax rate-E.SUN FHC		16.28%	11.94%	
Reconciliation		**The proportions (%) Tax effects ($m)**		
		FY2018	**FY2019**	**Note**
The difference between the global average effective tax rate and reported tax rate	Revenue generated in Taiwan/ Total revenue	86%	90%	The tax rates in Taiwan (20%), Hong Kong (16.5%) and Singapore (17%) are lower than the global averages.
	Tax-exempt income/ Total profit before tax	29% (NT$1,167 million)	31% (NT$1,426 million)	The offshore banking unit income in Taiwan is tax-exempt.
	Timing difference / Total profit before tax	12% (NT$487 million)	5% (NT$233 million)	Timing difference-deferred tax liabilities/deferred tax assets.
The difference between the reported tax rate and cash tax rate		According to the income tax law in Taiwan where the main profit was generated in, the timing of tax filing and payment is 5 months later than the end of the fiscal year, causing the difference between the reported tax rate and cash tax rate.		
Conclusion		1. From the explanations above-mentioned, the tax rates of the jurisdictions where the main revenue was generated are lower than the global averages, especially most of the profit was generated in Taiwan. 2. The timing difference is mainly because of the valuation adjustments of financial instruments and the effect of change in the tax rate.		

5-Customer Value

5.1 FinTech and Innovation

GRI：203-1、203-2、G4　FINANCIAL SERVICES SECTOR: FS5、FS7、FS13、FS14

E.SUN invests in the digital finance infrastructure to create a favorable innovative development environment. Meanwhile, we provided inclusive and impartial financial services by developing digital finance so as to solve poverty problem and facilitate employment and economy development. In addition, while staying committed to developing innovative financial services, we also pay attention to information security. Please refer to 4.4 Information Security for details.

In 2019, E.SUN set up Artificial Intelligence Finance Division, which specializes in the development of artificial intelligence applications. Now, the division has more than 60 projects in progress. To effectively manage massively growing artificial intelligence applications, E.SUN established a dedicated artificial intelligence cloud platform internally to provide an environment for application development and service deployment.

Creating value with artificial intelligence

New innovative services and systems in 2019:

Innovative services and systems	Expected benefits and results
Credit card fraudulent transaction detection	Launched in August 2019, it processes more than 20 million credit card transactions and reduces up to NT$7.5 million in losses due to fraudulent use of credit cards per month on average.
Negotiable instrument identification and verification	Testing verification was conducted in November and December 2019, during which time, 850,000 negotiable instruments were processed, attaining 100% accuracy in amount and up to 99.86% accuracy in date. It is expected to reduce at least 15% of manpower cost after launch.
Watch-listed account detection system	Traditionally, up to 1,400 suspicious names would need to be manually checked per day. Through auto-identification using the machine learning model, only 30 names need to be checked per day. Also, compared to the traditional method, auto-identification is able to successfully uncover more watch-listed account, saving more than 300 working days for the entire bank per month.

1. Credit card fraudulent transaction detection

Traditional detection system consists of about 200 detecting rules. But, as the fraudulent cases become more and more complicated, it is difficult to detect them precisely. Therefore, E.SUN developed the first credit card fraudulent transaction detection system in Taiwan. Compared to traditional system, the accuracy of new system increased by 3 times and false alert decrease by 70%. The system provides customers with instant protection for their consumption.

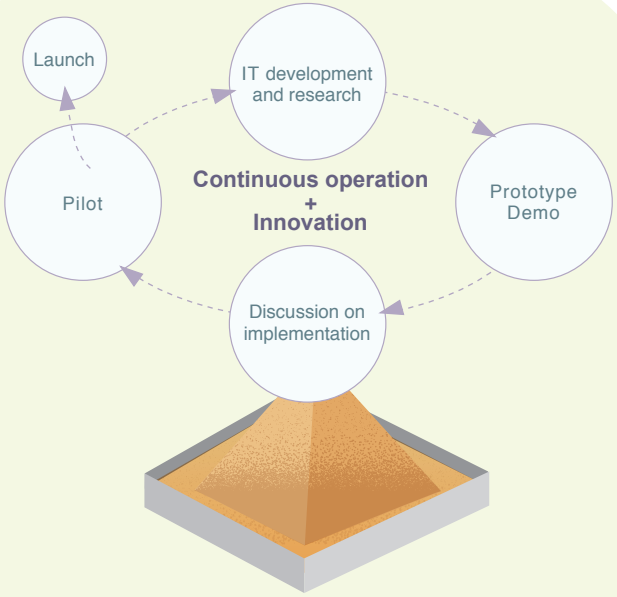
2. Negotiable instrument identification and verification

As identifying and verifying handwriting numbers on negotiable instruments are labor-intensive, E.SUN developed a negotiable instrument identification and verification system using artificial intelligence technology. With this system, manually-checked negotiable instruments reduced by over 70%. Also, E.SUN is planning to expand the technology to similar operation processes so as to enhance operation efficiency.

3. Watch-listed account detection system

As the number of watch-listed account increased significantly in recent years, traditional control measure can no longer work effectively. Therefore, E.SUN established a automatic detection system to identify suspicious accounts using machine learning technology. Compared to the tradition measure, new system delivers up to 40 times the accuracy and saves 300 working days per month.

To provide customers with optimal financial services and to seize the initiative in this era of rapidly developing technologies, we have proposed the E.SUN “innovation sandbox,” where applicable innovative technologies or scenarios are used to conduct prototyping. Once suitable scenarios are found, pilot runs and continual improvements will be conducted, and all projects will be launched when mature. In 2019, we successfully launched Siri and Google Assistant voice services, through which customers are able to check the spot exchange rate or make instant transfers by launching functions through voice commands, thus providing customers with attentive and convenient services.



Seize the future, focus on key technologies

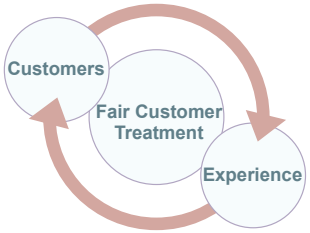
〈 E.SUN innovation sandbox flow chart 〉

Information sharing is a future trend. As financial businesses face the impact of changes in the external environment, it is inevitable that they will have to change, evolve, and look towards the future. E.SUN will continue to be customer-centric, make use of artificial intelligence to uncover valuable content from digital data, and develop more diverse services that pay more attention to the details. We believe that the purposes of financial technologies are to allow customers to obtain financial services more easily and build reliable relationships. Our dream is to bring more diverse values to customers through technology, creating a better environment for society.

5.2 Service Quality and Customer Experience

GRI：102-2、417-1、417-2、417-3 ；GRI G4　FINANCIAL SERVICES SECTOR: FS15、FS16

While developing its business, E.SUN continues to establish a corporate culture that values financial consumer protection and focuses on customer experience. We have also established a culture of treating customers fairly to ensure service quality, implement customer protection, and improve customer communication and interaction. Besides assisting customers in accurately understanding E.SUN's products and services, we also strengthen customer information disclosure, understand and care for customers through diverse communication channels, and continue to refine the customer experience.



Culture of Treating Customer Fairly

SASB：FN-CB-000.A、FN-CB-000.B

As its contribution to protect rights and interests of consumers, E.SUN has established "E.SUN Bank Fair Customer Treatment Policies and Strategies" and "E.SUN Securities Fair Customer Treatment Policies and Strategies". Besides incorporating them into the internal control and audit systems, we also included the principle of treating customers fairly into training courses and regularly conduct advocacy and staff training. To ensure effective implementation of the principle of treating customers fairly, the Customer Service Division manages and supervises the planning and execution of such policies and strategies. We have also set up a Fair Customer Treatment Task Force to regularly track, improve, and manage the implementation status, and report to the board of directors.

Review internal regulations related to the principle of treating customers fairly

Add to checklist for quarterly inspection for business control (quarterly report)

Establish Fair Customer Treatment Policy Promoting Group

The group are set in accordance with the Principle for Financial Service Industries to Treat Clients Fairly and E.SUN Bank Fair Customer Treatment Policy and Strategy

Select outstanding employees from the every unit as members of the task group

Convene regular task group meetings

Increase the frequency of regular reporting to the board of directors and standing board of directors

Monthly reporting to the standing board of directors on fair customer treatment - customer service indicators

Incorporate the principle of treating customers fairly into the training courses

Establish learning certification mechanisms, introduce a bi-weekly opinion exchange mechanism

Launch management mechanism for daily customer complaints

Set up case threshold alarm, and request business units to propose improvement measures

Emphasize the key points in the implementation status and concrete methods, highlighting the Bank's determination in promoting the principle of treating customers fairly

〈 Implement top-down culture of fair customer treatment, improve overall awareness of fair customer treatment 〉

Customer Profile	Personal	Small business	Corporate
Number of checking and savings accounts (in thousand)	4,875.8	167.5	54.6
Value of checking and savings accounts (NT$M)	1,016,027	108,985	519,156
Number of loans accounts (in thousand)	250.5	14.5	6.3
Value of loans (NT$M)	715,213	91,490	388,298

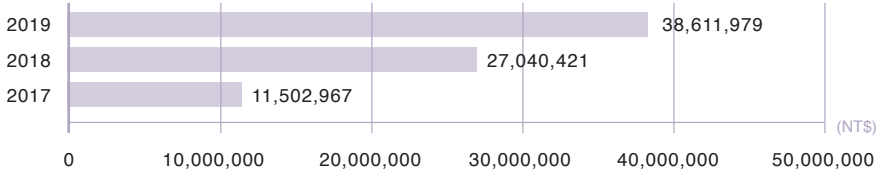
Note: 1. Exclude customers of overseas branches and subsidiaries.
2. Small business: 1) for checking and savings accounts: a company whose registered capital is below NT$10 millions; 2) for loans: a company whose revenue is less than NT$50 millions.
3. The purpose of loans for small business and corporates include capital investment, revolving credit loan, and corporate wealth management.
4. Corporates include private sector companies only. If a small business customer is an affiliate of a group company, then it is considered as a corporate customer.

Training hours 11 hours for each person

Classification of courses related to fair treatment of customers	Number of trained employees	Training hours
Related external training	1,238	11,671
Cultivation and development (basic)	1,820	3,794
Professional training (advanced)	4,684	30,838
Online professional, laws & regulations courses	14,579	43,737
Special course for directors and managers	48	144

〈 Training courses related to Consumer Protection Law 〉

In 2019, E.SUN successfully blocked 154 cases of fraud, which amounted to NT$38.61 million (including transactions in both NTD and foreign currencies), effectively preventing customers from being defrauded and together maintaining the order of the society's financial environment.



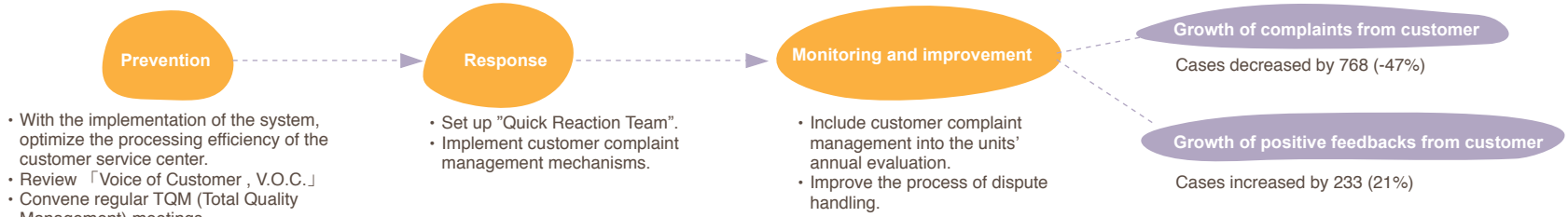
〈 Blocked fraud amount 〉

Implement principles for customer rights protection and customer complaint handling

SASB : FN-CF-270a.4

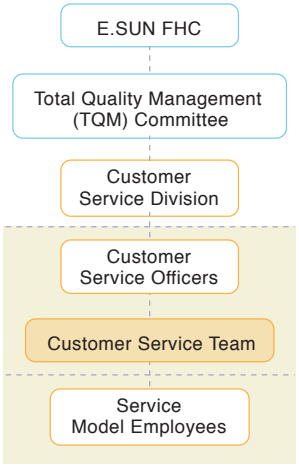
- Safeguarding the rights and interests of customer has always been the core value of E.sun. All services and products of E.SUN are subject to regulatory evaluation. In 2019, 61 new products and services underwent legal compliance assessment, and through the New Products and Services Compliance Assessment Opinion approval process, all products and services are confirmed to be 100% compliant with the principle of treating customers fairly. E.SUN website provides complete basic information of the various products. Complete product information is also disclosed in the product manual and prospectus, and all documents and forms specify the things to be noted, such as fees, risks, and notifications. A trial calculation function based on customer requirements is also provided to help them plan their asset allocation. We ensure that customers can clearly understand their interests and rights, possible risks, and how E.SUN makes use of the customer information. In addition, in 2019, E.SUN reviewed operational processes and strengthened monitoring and rotation mechanism. Internal audit is also conducted when employees are on leave so as to protect rights and interests of customers.

- Customers are the recipients of services and products. The establishment of complaint management system is an imperative mechanism to protect customers' rights; the system also serves as a fair and equitable communication channel between E.Sun bank and customers. Above all else, it presents a perfect opportunity for E.Sun to listen to the voice of the customer. To ensure effective response of customer's suggestions and feedback, E.SUN centrally manages customer feedback and complaints of the various business units. Additionally, E.Sun formulates "E.Sun Bank Fair Customer Treatment Policy and Strategy", "E.Sun bank consumer dispute settlement regulation", E.Sun Securities consumer dispute settlement regulation", and liaises and negotiates with relevant parties. To strengthen the efficiency of customer complaint processing, every business unit appoints dedicated personnel to convene regular monthly meetings on customer complaint management. Three units with the most customer complaints need to analyze the case reasons and propose improvement measures or mechanisms, and the relevant information shall be reported to the board of directors regularly. In 2019, there were 861 customer complaints (including 266 petitions received through Financial Supervisory Commission), a decrease of 768 cases in total customer complaints (a decrease of 78 petitions received through FSC) compared to 2018. In addition, there were 1,104 customer commendations, an increase of 233 cases compared to 2018. To continue to effectively monitor cases and processing quality, E.SUN continues to add novel and improving measures:



Heartwarming customer services

E.SUN has always adhered to the principle of thinking from the customer's perspective. It listens to its customers and understands customer requirements through diverse service channels. E.SUN has established the Total Quality Management (TQM) system to "provide customers with the best services," which has become the practical guideline for E.SUN. In order to deepen E.SUN's service culture, and respond to the trend of consumer experience, we keep up with the times by establishing a customer service management system. With excellent service quality management, we create warm customer services and pleasant customer experiences, providing products and services that better meet customer requirements.



〈Customer management - before service〉

・To continue providing high-quality services, E.SUN has established a Total Quality Management TQM) Committee.
・The customer service division is responsible for implementing TQM, keeping abreast of the bank's service quality at all times, promoting improvement of service quality with customers at the core.
・Employing the Customer Service Officer system, E.SUN has established a Regional Customer Service Officer Team. By learning from other team members, the customer service officers collectively work together to improve the quality of customer services. There were 1,104 customer service officers over the last 3 years.
・"Service Model Employees of the Season" selected every quarter are the service leaders of each division who ensure that the service spirit of E.SUN can be ingrained in the minds of every E.SUN employee. Over the last 3 years, there were 408 model employees.
・In order to provide customers with satisfying services, E.SUN plans its courses in three aspects, namely friendliness, services, and accuracy.
・Over the past 3 years, there were 133 service case studies, which have enabled front-line service staff to duplicate success cases and prevent recurrence of negligent cases.

Due to the severity of COVID-19 and cases of community spread in Canada, no transit flights were allowed to land in Taiwan from the following day onwards. The cabin was filled with people, and the flight to Taipei took 15 hours. Everyone was afraid of being infected and scared to eat the food served ... I was thinking, a human being can live to an age of 100 at most, and considering that I had lived two-thirds of that, I just ate without further thought. Upon arriving at the airport, I was asked to fill in the home quarantine form and specify my home quarantine address and end date. On the count of it, I have to undergo quarantine for 15 days! The car that I booked through the E.SUN Credit Card Center arrived shortly after I exited from the airport, and it took me home in just 35 minutes. E.SUN Bank's financial consultant was concerned that I'll be quarantined alone at my age, and asked me to make a list of food that I need, which she then purchased in advance and left at the guard room. It really warms my heart to receive these food supplies upon arriving at home. E.SUN Bank is attentive to its customers, which I truly respect, and E.SUN is indeed a pillar for its customers!

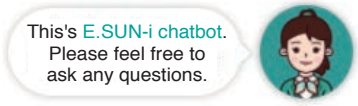
Approach	Action Plan	Outcome
Customer experiences inspection	Customer experiences inspection were conducted at 139 branches, focusing on teller services, operation quality, office environment, and customer satisfaction.	1. Random inspection was conducted in 2016 and 2017. (exclude new branches) 2. In 2018 and 2019, we implemented Focused counseling to 82 branches.
Mystery caller inspection	E.SUN implements mystery caller inspection at all operating units to enhance responsiveness to phone calls.	In 2019, these tests were implemented 3 times. Each test was conducted on 177 units (cover rate of 100%). After the tests were completed, results and items need to be improved were announced.
Regional exchange meeting	E.SUN's branches were grouped into 16 regions based on their location. In each region, customer service officers regularly hold meetings to exchange service experiences.	The unions in 16 regions submitted a "Regional Customer Service Operation Report" every two weeks, and there were more than 350 reports annually.

〈 Customer management - during service 〉

Year	Physical channel		Digital channel		Active Customer Attrition Rate	Customer Complaint Rate	Overall Customer Satisfaction Rate*	Coverage Rate*
	Satisfaction rate	Proportion	Satisfaction rate	Proportion				
2016	90.71%	23%	88.68%	77%	8.02%	0.7%	80.44%	17.38%
2017	91.54%	14%	85.67%	86%	8.30%	0.4%	78.17%	63.08%
2018	91.12%	10%	90.53%	90%	8.07%	0.4%	82.12%	76.19%
2019	93.34%	5%	90.81%	95%	7.38%	0.2%	83.36%	84.80%

〈 Customer Satisfaction - after service 〉

Note: E.SUN's active customers = active customer defined as a customer who has a transaction history with the bank in the recent 6 months or who has more than 250 EUR in the balance of their accounts.
Coverage rate= Number of questionnaires distributed / Number of active customers.
Overall customer satisfaction rate* = (Physical channel customer satisfaction rate* Number of customers being served on physical channel+ Digital channel customer satisfaction rate* Number of customers being served on digital channel) / Number of customers being served + MGM ratio - Active customer attrition rate - Customer complaint rate.



E.SUN develops digital banking based on its experience in physical channel. A customer-oriented approach is adopted at E.SUN Bank's Call Center to enhance the core values of digital banking services for customers— Timeliness, Preciseness, and Comprehensiveness. In 2019, E.SUN-i chatbot was upgraded to a smooth and friendly user interface, and more than 98% of customers got their problems solved by E.SUN-i chatbot.

Timeliness	Together with the E.SUN mobile banking app, repeat authentication is exempted, allowing customers to enjoy financial consultation anytime, anywhere, without undue waiting.
Preciseness	When customers browse on the E.SUN website, E.SUN i-chatbot will make use of a fixed anchor or pop-up invitation to interact and chat with those customers, and answer their queries on the products, which significantly increases willingness to apply by up to 30%. E.SUN i-chatbot will transfer complex or difficult questions to dedicated personnel online, providing a complete digital customer experience through human-machine collaboration.
Comprehensiveness	Link up with businesses such as credit card, loan, deposit, foreign exchange, and digital finance, making it the best navigator for customers on their digital finance journey, and assisting them in obtaining integrated services all at once.

2019 Satisfaction Rate Target: 83% **Satisfaction Rate: 83.36%** **2020 Target: 84%** **2025 Target: higher than 85%**

Friendly Banking Services Measures

- E.SUN provides appropriate friendly financial services to ensure that people with disabilities can enjoy basic rights, equality, and convenient financial services. Annual self-checks are conducted to ensure the effectiveness of the relevant measures.
- Measures Related to Friendly Banking Services:

（1）E.SUN establishes barrier-free facilities in line with regulatory requirements and provides services for assisting people with disabilities.
（2）When providing financial products or services to people with disabilities, E.SUN fully informs them of required and relevant information, and assists them in completing the application forms.
（3）If a witness is required during a service process in accordance with the law, E.SUN respects the choice of the person with disabilities, and conducts a review in a fair, objective, and non-discriminatory manner.
（4）E.SUN renders services in a manner suitable for the needs of people with disabilities.
（5）E.SUN establishes channels for suggestions and feedback to protect the interests and rights of people with disabilities.

5.3 Sustainable Finance

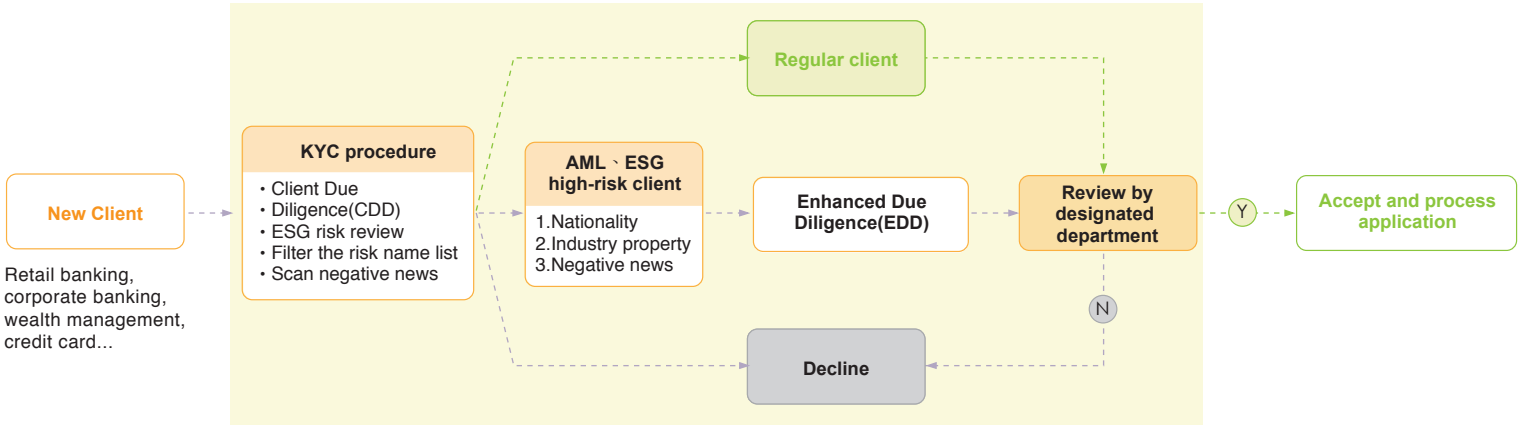
GRI：102-12、203-1、203-2；GRI G4　FINANCIAL SERVICES SECTOR: FS1、FS2、FS3、FS5、FS7、FS8、FS9、FS10

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.

E.SUN supports such goals as SDG8, SDG12, SDG15, and complies with such international regulations as PRI and Equator Principle, and appropriately applies resources to domains which are beneficial to the development of the environment and society. Pertaining to different customer group attributes, E.SUN develops various sustainable financial products that meet customer requirements and global trends.

〔KYC Review process〕

To promote development of sustainable finance and to control potential ESG risks, For corporate customers, E.SUN introduced the Equator Principles into loan review process. In KYC process, every lending case must be scrutinized to check if it relates to pollution, violation of human right, and negative issues, as well as high-risk industries which may harm sustainable development of environment and society, such as tobacco, leather/dye and printing, military firearm, and gambling. Once a case is classified as high-risk profile and its loan application surpasses certain amount, due to potential larger impact on environment and society, E.SUN will disclose relevant risk information on due diligence report and put the customer into cautious list so as to manage lending risk.



〈 A well-established KYC process 〉

5.3.1 Corporate Banking

〔Responsible Lending〕

▮ SASB：FN-CB-410a.2

E.SUN fulfills sustainability responsibilities by carefully selecting its corporate credit counterparts, applying resources in areas that benefit the economy, environment, and society, and establishing various internal policies and regulations for management. E.SUN Bank Sustainable Lending Principles clearly specifies its support for green energy industries, such as alternative energies, water resources, and environmental pollution control. Companies that are committed to reducing energy consumption and pollution or installing environmentally-friendly facilities should be given suitable financing. E.SUN Bank Green Energy Lending Principles and Key Points for Undertaking Project Financing based on Equator Principles are adopted to guide resources to be invested in green energy, and review and monitoring on cases above a certain scale shall be conducted in accordance with the Equator Principles. Include ESG related considerations in lending process, conduct risk assessment on environment and society for each application, and conduct monitoring and due diligence review for ESG high-risk industries or applications, so as to prevent impacting the sustainability of the society and environment.

Be a part of the international effort in banning use of coal

In response to the trend of carbon reduction and energy saving and UN's SDG 13, since the second half of 2019, E.SUN has stopped financing new coal-fired power plant projects and refinancing existing projects. This policy is also applied to E.SUN's 28 overseas operation sites over 9 countries. As of December 2019, E.SUN's outstanding loan balance to coal-fired power plant projects was 0.

〔ESG Sustainable Industries〕

■ SASB：FN-CB-410a.2

E.SUN encourages financing to environmentally and socially friendly industries, such as green energy, clean energy, circular economy, medical, and education. The outstanding loan balance to ESG-friendly industries as of December 2019 was NT$38.53 billion, which accounted for 5.41% of total corporate loan balance (4.42% for 2018). For industries with environmental or social risks, such as pulp/paper making, leather/dye and printing, oil refinery, mining, gambling, military firearm, tobacco, and liquor, E.SUN more strictly manages and controls review process. As of December 2019, the outstanding balance to ESG-unfriendly industries was NT$4.46 billion, which accounted for 0.63% of total corporate loan balance (0.73% for 2018). The sum of loan balance to ESG-friendly and ESG-unfriendly industries was NT$42.99 bn, which accounted for 6.04% of total corporate loan balance, and the number of companies was 1,191, which accounted for 4.79% of total corporate borrowers.

Opportunity	Industry	Outstanding loan balance (NT$M)	Accounts
Environmental	Green energy	6,881	97
	Solar power	735	20
	Bicycle	2,882	56
	LED	2,407	39
	Batteries	1,382	37
	Electric vehicles	148	3
	Circular economy	3,030	200
social	Medical	12,510	386
	Education	8,554	199
Outstanding loan balance Outstanding loan balance by industry (NT$ million):		38,529	1,037
Outstanding Loan Balance/ Total Corporate Loan Balance:		5.41%	4.17%

risk	Industry	Outstanding loan balance (NT$M)	Accounts
Environmental	Leather/dye and printing	61	35
	Oil and gas	918	4
	Oil refinery	2,077	7
	Pulp/paper making	49	36
	Mining	47	10
social	Gambling	34	4
	Military firearm	0	0
	Tobacco and liquor	1,275	58
Outstanding loan balance Outstanding loan balance by industry (NT$ million):		4,461	154
Outstanding Loan Balance/ Total Corporate Loan Balance:		0.63%	0.62%

For companies that fail to propose plan to remedy its social/environmental negative events, they will still be blacklisted even though they are situated in industries unspecified above. If they have existing business relationships with the Bank, no additional new loans will be granted. In 2019, 6 financing applications, including 3 local and 3 overseas applications, were declined due to their high ESG risk. The total application amount rejected was approximately NT$1.83 billion.

Company	A	B	C	D	E	F
Risk	Environment	Social	Environment	Environment	Social	Environment
Reason	Environmental litigation	· Labor rights · labor pension concerns	Environmental and ecological conservation concerns	Coal burning	· Labor strike · labor dispute concerns	· Corporate Governance Concerns · Ecological Destruction

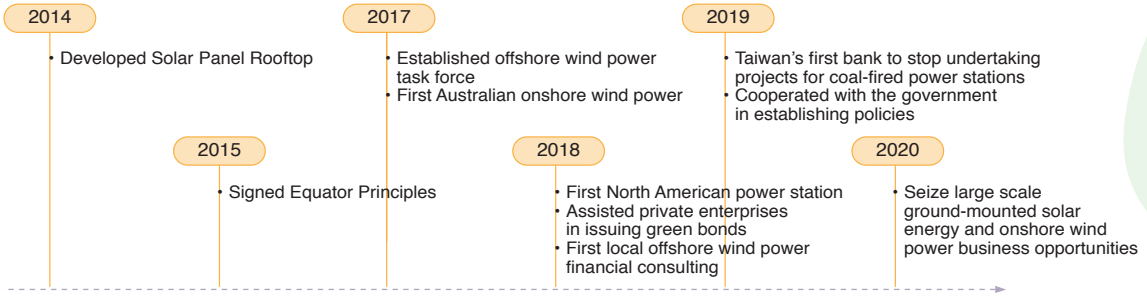
〔Default risk of companies with high carbon emission〕

Risk category	Climate change risks	Management Measures
Transition	Policies and regulations Carbon tax, carbon pricing	For industries that are significantly affected by the GHG emission policy, we strengthened carbon emission related controls and evaluation in the credit check process, in order to understand whether or not targets have carbon emission management mechanisms and pollution control equipment. If any pollution violations are found or reported to an environmental protection institution, the borrower will be required to describe its improvement plans. In the event of severe violations, no additional loans will be granted, or the loans will be gradually recalled.
Physical	Long term Water shortage	For industries with high water consumption, we check if the borrower has water recycling and water conservation equipment, and monitor trends in water resources to evaluate if the effect on the industries worsens.

〔Green Project Finance〕

SASB：FN-CB-410a.2

E.SUN started to develop the Solar Rooftop financing project in 2014, and in recent years, it has actively developed in offshore wind power and ground-type solar power station domains. We truly understand that investing in green energy industry financing is not only in line with global trends and in support of industrial development requirements, but also increases E.SUN's professional capabilities and creates more business opportunities. In the future, E.SUN will continue to put in resources, seize green energy new businesses, make E.SUN a first-class corporate citizen in the world, and play a part in protecting our environment.



Towards a new milestone in green energy:

- V CSR and brand benefits
- V Meet international standards
- V Raise professionalism
- V Seize new business opportunities

Green/ESG Credit Lines	Products/services categories	Outstanding loan balance of green energy project financing (NT$M)	Outstanding loan balance of Total Project Finance (NT$M)
Green energy project financing	• Domestic solar photovoltaic project financing • Domestic offshore wind power project financing • Overseas solar photovoltaic project financing • Overseas offshore wind power project financing	6,881	9,658
Percentage of green / sustainable infrastructure finance vs. total value of infrastructure finance:		71.24%	

Solar photovoltaic

E.SUN incorporates inclusive financing with project financing and provided the Solar Panel Rooftop project in 2014, to encourage small and medium enterprises and regional developers in promoting rooftop solar power stations. In recent years, it has leveraged its project financing evaluation experience to successively invest in ground-mounted and floating solar power plants.As of 2019 （Estimated based on 1,133.8 kWh electricity generated per kW solar power per year in 2018 according to Taiwan Power Company, and electricity emissions factor of 0.533 kg of CO^2 emission per kWh in 2018 according to the Bureau of Energy）

572 installed solar power stations | installed capacity **109** MW | Produced **124** million kWh annually | Annual carbon reduction **65,900** tons

Wind power generation

Taiwan Straits has abundant wind farm resources, and offshore wind power has been listed as a key energy development goal in the country, thereby attracting many major international developers to invest in the Taiwanese market. To enhance the evaluation capabilities of offshore wind power lending projects, E.SUN set up an inter-departmental group in 2017 to study and gain professional knowledge of the offshore wind power industry and supply chain, technologies, and finance, so as to better assess the risk of these industries. Through actual participation in outstanding projects with long-term stable cash flow, we continue to accumulate experience in projects relating to financing and the Equator Principles.

Total wind power generation participation of 2,467 MW
Offshore wind power 1,016MW: Co-organized 2 domestic sites with a total of 1,016MW, and acted as the local financial advisor for one of the sites (640MW).
Onshore wind power 1,451MW: Participation in syndication loan, overseas power plant 1437 MW; bi-lateral loan, domestic power plant 14 MW.

Policy cooperation

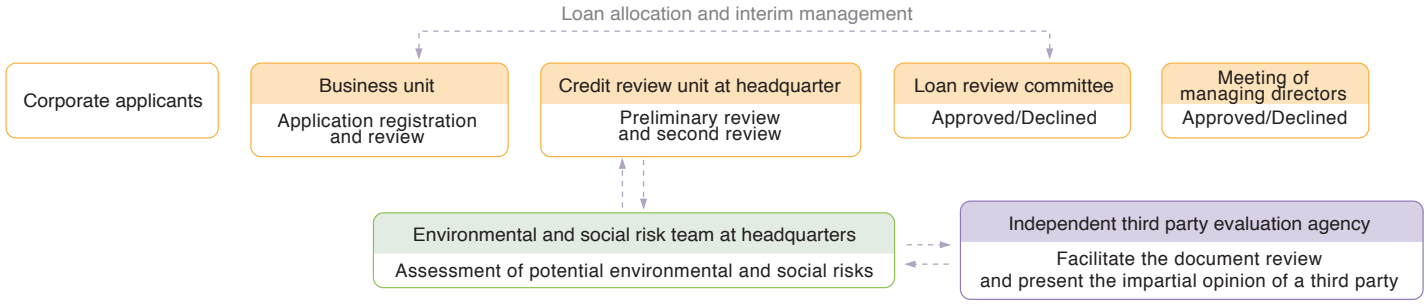
- As a green finance participant, E.SUN provided The Bankers Association of The R.O.C. with professional consultation and asked competent authority for a decrease of risk weight (50-80%) for asset is guaranteed by export credit agency(ECA), which not only reduces consumption of bank's capital but promotes development of green industry.

〔Equator Principles〕

SASB：FN-CB-410a.2

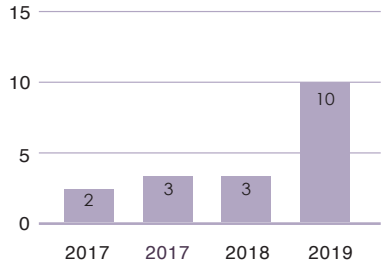
Project finance in electricity, energy, mining, fundamental construction, and oil and natural gas exploring industries may have significant impact on environment and society. Since E.SUN become a bank of Equator Principles in 2015, it has conformed with international standard of The Equator Principles Association. It manages risks of project finance by a classification method, and assists in evaluation on the effectiveness of plans proposed by project developers to monitor and alleviate environmental and social impacts.

- Through the establishment of a task force for Equator Principles, E.SUN evaluates and reviews relevant projects case by case, and continues to accumulate risk management expertise so as to pursue sustainable development.
- Equator Principles IV framework was disclosed in November 2019. E.SUN conforms with latest international trend and pays attention to the impacts caused by projects in climate change, human right, and relevant aspects. Besides, E.SUN also cooperates with third party agency to strengthen risk management ability.



- Outcome in 2019

After considering potential risk of environment and social issue, 10 EP compliant financing deals were approved and 3 deals were declined according to credit policy and risk appetite of E.SUN in 2019.



〈 Equator Principles Projects in Recently Year〉

	A	B	C
Projects	3	6	1

〈 Risk Category〉

	Projects
Electrical energy	8
Infrastructure	2
Oil and gas extraction	0
Mining	0

〈 Industry〉

	Projects
Taiwan	3
Asia Pacific	4
US	3
China	0

〈 Region 〉

Note: As of 2019, there were 18 projects, including 1 coal-fired project, which the Bank is no longer transacting with.

〔ESG engagement〕

In 2019, in addition to the ESG related industries proportion (4.79%, please see 2019 CSR report P.64), E.SUN also notified 3,722 CEOs (49.20% of total 7,565 company's CEO) about the ESG related information. These CEOs are also the E.SUN World Card holders, to whom we send "Sunrise" publications every season to fully engage in ESG interaction and invite cardholders to participate in E.SUN's CSR event. By continuously informing ESG related contents, the CEOs not only integrate ESG aspects in their company business but share the latest ESG concepts to other companies.

〔Responsible Investment〕

SASB：FN-AC-410a.2、FN-IB-410a.3

E.SUN Bank Investment Policy attaches importance to the corporate social responsibility performance of the invested target. Based on the Principles for Responsible Investment (PRI), ESG issues were incorporated in investment analyses and decision-making processes. We referred to the Bloomberg ESG scores. Environmental aspects were based on the ratio of GHG emission to business revenue. Social aspects were based on the ratios of female employees to female supervisors, employee turnover rate, percentage of employees who joined a union, and time lost due to accident. Corporate governance aspects were based on the percentage of independent directors, female directors, average age of directors, board attendance, and board size. The aforementioned factors were combined to form a list of things to be avoided. Regarding industries or enterprises that are potentially controversial (e.g., tobacco, military firearm, gambling, leather, mining, and lumber), investment applications must be subject to due diligence evaluation. We will carry out only those that have been evaluated as posing no adverse effect on the sustainable development of the environment, society, and governance.

2019 Results

- For E.SUN Bank, 95% of bond investments and 99% of equity investments conformed with the Bloomberg ESG standards. Furthermore, the bond portfolio invested in DJSI composition was USD 4.6 billion, growing by 9.8% YOY, and the equity portfolio invested in DJSI composition was NT$2.8 billion, growing by 2.4% YOY. In 2019, the Taiwanese companies listed in DJSI set a new high, showing more and more Taiwanese companies put efforts on corporate social responsibility. Therefore, E.SUN also has more quality investment choices. In addition to investment stability and diversification, E.SUN also follows the principle of responsible investment, and actively invests in companies valuing corporate social responsibility.
- In 2019, 2 bonds belonging to mining companies were declined due to their high ESG risk. As the mining industry is a high energy consumption industry highly damaging to the environment, the applications were declined upon evaluation. The issuance amount of these 2 bonds was US$1.25 billion.
- E.SUN incorporated the funding requirements of offshore wind power financing projects, and made its 3rd green financial bond issuance with an amount of NT$3 billion. Following the issuance of the country's first green bonds in 2017 with a total of 2 New Taiwan Dollar and 1 US Dollar green bonds, the Bank has the highest issuance among Taiwan's domestic banks, in New Taiwan Dollars as well as foreign currencies. Currently, green bonds amount to 15.8% of E.SUN's total bonds issued. The funds raised are lent to industries in renewable energy, greenhouse gas reduction, and water resources conservation, and the estimated benefits generated per year include a reduction of approximately 24,000 tons of carbon emissions.
- E.SUN is committed to becoming the top brand in green bonds, and its efforts over the years have gained unanimous affirmation from domestic and overseas organizations. In 2019, it won The Asset's Best Bond House in Formosa in Taiwan for the fourth consecutive year, and the Outstanding Green Fundraising Award in the 15th Golden Goblet Awards, which further affirm E.SUN's efforts and contributions in green finance.

ESG investment	Product/ Services category	Green bond balance as of 2019 (NT$M)	Aggregate amount of bond issuance (NT$M)
Green bond issuance	• In 2017, issued US$60 m green bonds • In 2018, issued NT$1.1 bn green bonds • In 2019, issued NT$3 bn green bonds The funds raised are lent to industries relating to renewable energy, greenhouse gas reduction, and water resources conservation.	5,915	37,501
Percentage of green/sustainable bond vs. aggregate amount of bond issuance:		15.8%	

- Categories for green bond investment: **Renewable energy** **Emission reduction** **Green building** **Climate change** **Bio-diversity** **Pollution control and prevention**

5.3.2 Retail Banking

〔ESG Engagement〕

E.SUN has identified ESG opportunities and risks and taken related actions by interaction and engagement with customers. The main measures are as follows:

(1) Promote E.SUN World Card and invite VIP to participate the opening ceremony of the Golden Seeds Libraries.
(2) Promote green buildings and provide ESG's positive investment product information.
(3) Gift to customers "Maravi Rice" which has been supporting organic agricultural development.

	Retail Banking	Wealth Management
Percentage of ESG Engagement	17%	77%

〈The proportion of invited customers to interact or participate in 2019〉

Cases

1. To encourage customers to purchase green buildings, if customers' collateral is qualified, E.SUN will provide interest rate reductions after conducting credit evaluations.
2. To encourage customers to apply for Integrity rewards loan, if customers pay back the principle early or the interest on time, E.SUN will provide interest rate reductions in next mnmsg-
3. E.SUN promotes the Bank's World Card, it allocates 0.3% of customer's consumption to build a library for children in elementary schools in rural areas, and E.SUN will notify customers with SMS when every library is completed.

〔Lending〕

▮ SASB: FN-AC-410a.2

Incorporation of ESG

As an effort to promote sustainable finance, E.SUN incorporated ESG into credit consideration for personal lending to better manage potential risks of society, environment and corporate governance. Since April 2018, Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures have been applied to any new individual loan, incremental loan or transfer of loan. All loan application filed by persons who have been sanctioned by government will be declined.

In 2019, 2,988 cases were processed through Enhanced Due Diligence(EDD), among those, 87 cases were declined due to high ESG risk.

	2018 (since April)	2019
EDD	1,644	2,988
Declined (high occupational risk)	95	87

Cases

0- By searching news, E.SUN found a customer had ever engaged in sales of confidential military information, and the lawsuit was in progress; therefore, E.SUN declined the b`rd-
2. During reviewing process, E.SUN found a customer's supplier was suspiciously involved in illegal fundraising activities. After checking the customer's fund flow, E.SUN declined the case.

Identified ESG opportunities, offered consultancy or service

▮ SASB: FN-MF-000.B

E.SUN offers diversified loans, including residential mortgages, commercial mortgages and renovation mortgages to meet customers' needs. E.SUN actively captures ESG opportunities, and is dedicated to introduce resources to areas of environment and sustainability. In 2019, green and ESG based mortgages accounted for 15.09% of the purchase and renovation mortgages balance.

Purchase and renovation mortgages	
Residential mortgage	· Number of accounts: 77,036 · Loan balance: NT$ 322.9 bn
Commercial mortgage	· Number of accounts: 6,748 · Loan balance: NT$ 50 bn
Renovation mortgage	· Loan balance: NT$ 1.5 bn
Total:	· Loan balance: NT$ 374.4 bn

Dimensions	Green and ESG based mortgages	2019	Proportion of total purchase and renovation mortgage balance（%）
Environment	Green building (to promote purchase of certified green building)	· Number of accounts: 70 · Loan balance: NT$ 1.4 bn	15.09%
Society	Care-free mortgage (to make mortgage affordable for youth, mid/low income family, and customers who experienced hardship)	· Number of accounts: 6,113 · Loan balance: NT$ 53 bin	
	Integrity loan (to encourage customer pay back on time/early by offering favorable interest rates)	· Number of accounts: 1,341 · Loan balance: NT$ 2.7 bn	
	Total:	· Number of accounts: 7,453 · Loan balance: NT$ 56.5 bn	

〔Credit Card〕

SASB：FN-CF-000.A、FN-CF-000.B

Since 2015, E.SUN has obtained carbon footprint labels for World Card, ETC Easy Card, and ETC Easy Titanium Card. In 2019, it further expanded its scope to include all series credit cards. All the 1.2 million cards issued in 2019 are certified carbon neutral credit card. Before 2025, all the card circulating will be replaced by carbon neutral cards. Other ESG credit cards, please see table below:

ESG Credit Card	Card		2019 issued cards (in thousand)	propotion
Social benefit	World Card	It's the first VIP credit card that advocates for charity in Asia. 0.3% of consumption amount made with the credit card will be donated to"E.SUN Golden Seeds Project", which has a purpose of building E.SUN Libraries in rural areas. In 2019, donation made to the fund was NT $46.83 m.	550	10%
	Nan Shan Life Co-brand Card	0.1% of consumption was made donation for NanShan Happiness Fund to support community care for disadvantaged patients who fall into economic hardship. In 2019 the donation was NT $7.33 m.		
Environmental Benefit	ETC Easy Card	E.SUN will reserve 0.1% of the auto-top-up amount to a sustainability account.	620	11%
	E.SUN Business Platinum Card	For customers who apply for e-bills, 0.2% of their consumption will be made to support tree planation project.		
	Formosan Bear Conservation Card	0.2% of the consumption is reserved for Taipei City Zoo animal conservation fund. For card holders who donate to the fund, we reward them with triple bonus.		
	Easy Card	We offers the second 30 minute of YouBike service for free to customers who spend NT$3,000 or more on their E.SUN credit card.		
			Total credit cards:	5,820	100%

Note: 1. After Product Carbon Footprint Verification, we purchase carbon rights generated from Taiwan's Changhua offshore renewable energy wind power for carbon offset of card issuance.
2. The total number of active credit cards are 4,173 thousands cards.

〔Wealth Management〕

SASB：FN-AC-410a.2

We incorporate the spirit of ESG in product reviews and private banking membership to protect customer investment interest and sustainable finance

E.SUN has long paid attention to sustainability issues, reviews partners' environmental, social, and governance (ESG) practices, and strictly selects its partners. E.SUN will continue to work with partners to fulfill ESG, launch related financial products, increase the position in ESG wealth management products, and add ESG-conscious funds. Moreover, E.SUN will conduct a rigorous membership review process for private banking, check if there are any major adverse ESG news related to customers, and accomplish sustainable finance.

1. Select quality partners to fulfill ESG:
   Sign the Stewardship Principles for Institutional Investors of the Corporate Governance Center, Taiwan Stock Exchange. A CSR report must be submitted in the review process for product launch, clearly disclosing ESG-related facts or awards.
2. Consider ESG factors into product review process and selection mechanism:
   For products related to investment and wealth management, E.SUN will refer to fair and objective third-party indicators as well as ESG scores, and include these as scoring criteria of the review process. Products must meet relevant evaluation criteria before launch.

As of 2019, there are more than 1,000 ESG compliant wealth management products available, accounting for 16% of our selling amount in all wealth management products. E.SUN not only select for products related to ESG, but also promotes low-carbon economy, green investment, and green living environments, and fulfills corporate social responsibilities. In 2019, two products were declined to be included into our offerings due to potential controversies about tobacco and humanity. In the future, E.SUN will continue to cooperate with partners to implement ESG and offer ESG compliant products. The proportion of ESG theme wealth management product will keep increasing and E.SUN will also include mutual funds featuring an ESG theme into custody. Moreover, for the private banking service, a membership qualification screening is strictly enforced to identify material negativity of an applying client. Consultancy is provided to clients to address our client's ESG related issues, including family wealth heritage, corporate governance, and charitable donations.

Sales proportions related to ESG for each wealth management products in 2019	Retail Banking	Wealth Management
Mutual fund	12%	9%
Bond	59%	63%
ETF	8%	11%
Stock	62%	48%
All wealth management products	13%	16%

Note: Bonds, ETFs and stocks are domiciled offshore.

5.4 Financial Inclusion

GRI：203-1、203-2；GRI G4　　FINANCIAL SERVICES SECTOR: FS1、FS2、FS3、FS5、FS7、FS9、FS10、FS13、FS14

5.4.1 Small business and microfinance institution

〔Helping small business grow strong〕

SASB: FN-CB-240a.1

E.SUN has been supporting SMEs by various financing services under collaborative efforts with SME Credit Guarantee Fund. Through the cooperation with SMEs, industry associations, and private-owned incubators, E.SUN could offer integrated advisory and financing solutions to start-ups, social enterprises, and distinct local businesses. The work help SMEs to strengthen their operation and upgrade. Besides the restless efforts in SMEs, E.SUN is also promoting micro-financing in Cambodia through its subsidiary in the country. It has helped boost local economy and prosperity.

Small-Sized Business

Type of customer	2017	2018	2019
Start-up loan (helped start-ups sustain by quick access to financing)	· Number of accounts: 1,509 · Amount: NT$ 1,506 m	· Number of accounts: 1,480 · Amount: NT$ 1,660 m	· Number of accounts: 1,744 · Amount: NT$ 1,840 m
Distinct local business loan (provided financing exclusive for businesses with local characteristics, balancing the gap between urban and rural)	· Number of accounts: 875 · Amount: NT$ 4,894 m	· Number of accounts: 897 · Total amount: NT$ 5,345 m	· Number of accounts: 953 · Amount: NT$5,577 m
Smile & hope loan (helped social enterprises grow and become financially healthy)	-	-	· Number of accounts: 9 · Amount: NT$ 20 m
Commercial mortgage (Loan for procurement of office and manufacturing facility)	· Number of accounts: 2,822 · Amount: NT$ 23.3 bn	· Number of accounts : 3,245 · Amount: NT$ 26.8 bn	· Number of accounts: 3,712 · Aamount: NT$ 31.0 bn
Working capital loan (working capital for SMEs)	· Number of accounts: 12,008 · Amount: NT$ 55.1 bn	· Number of accounts: 12,506 · Amount: NT$ 59.2 bn	· Number of accounts: 13,269 · Amount: NT$ 60.5 bn
Total Small-Sized Business (excluded some customers would be double counted above)：		· Total number of accounts: 14,541	· Total amount: NT$ 91.49 bn

Microfinance Institution

Type of customer	2017	2018	2019
Cambodia, micro-financing (provided micro-financing with good service quality to fulfill needs of disadvantaged residents in rural)	· Amount: NT$ 470 m	· Amount: NT$ 679 m	· Amount: NT$ 815 m

〔Advising SMEs on awards nominations, keeping SMEs competitive〕

- E.SUN is dedicated to supporting SMEs to grow, to innovate, to upgrade, and to stay competitive. In 2019, E.SUN had a very good award winning result.
  - · The 28th National SME Award: 3 out of the 10 winners were advised and nominated by E.SUN.
  - · The 22nd Rising Star Award: 5 out of the 14 winners were advised and nominated by E.SUN.
- National SME Award and Rising Star Award are given to those company that are running in a decent and prudent way, and have demonstrated their excellence in many aspects, including fulfillment of social responsivity. E.SUN encourages good companies to participate in the evaluation and to make an impact. E.SUN will also support the winner for their financial needs.
  - · In recent 5 years, E.SUN has nominated 46 companies in National SME Award, and 57 companies in Rising Star Award.
  - · In recent 5 years, for the 17 National SME Award winners nominated by E.SUN, they have received NT $2.2 billion and deposit NT $1.1 billion at E.SUN in 2019.
  - · In recent 5 years, for the 22 Rising Star Award winners nominated by E.SUN, they have received NT $4 billion and deposit NT $1.3 billion at E.SUN in 2019.

5.4.2 Group with disadvantage or special identity

〔Providing essential financial services in a friendly environment〕

SASB: FN-CB-240a.3

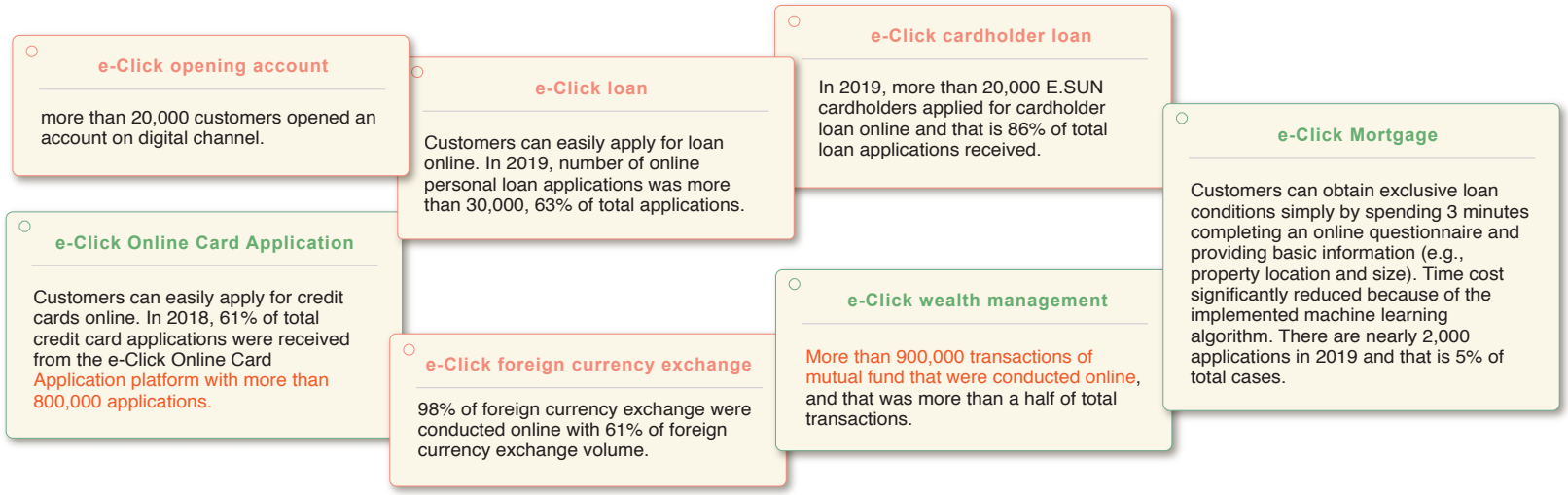
Groups	Functions and services
Remote residency or low income	[physical channel] · ATMs are installed in places, such as railway stations and convenient stores to provide quick and accessible services in remote area. · ATMs are installed in places where there is no other bank's ATM installed within 1 km radius. For example, RT Mart in Taitung City and Chung Jen Junior College of Nursing, JiaYi County. [digital channel] · **Digital account**: E.SUN's digital account allows customers who live in remote residency to complete account opening without physically attending branch. The customers can also enjoy benefits such as FX rate discount or credit card reward. · **E.SUN mobile banking**: card holders and depositor can use the self-service mobile banking app with no additional charge. The service does not only satisfy needs of money transfer, credit card application, FX, loan, wealth management, it also enables easily accessible services for customers who live remotely or busy at work. In 2019, new functions such as QR code scanning and bill payment were added. It greatly helps customers conduct their daily consumption directly through mobile banking. As of 2019, there were 1.87 million downloads, which was 45% increase than that of 2018. · **E.SUN Wallet**: A free credit card app for every E.SUN's credit card holders. In 2019, two features were added to the app, "instant card-link" and "card management". The "instant card-link" feature allows customers to bundle credit cards with Apple Pay or Google Pay, turning their cell phone a ready-to-use credit card. "Card management" allows customers to autonomously select payment types of their credit cards. As of 2019, there have been 680 thousand downloads, a 196% increase than that of 2018. · **Digital voice assistant**: E.SUN has plugged-in mobile banking to Siri and Google voice assistant. The users can not only have their problems solved by simple dialogue, but also finish money transfer or FX rate inquiry. It helps create instant, convenient, and friendly digital finance experience. · **Dialogue services**: Incorporated E.SUN-i chatbot into social media. Customer can have their problems solved through conversation with the chatbot. Customers can also find solutions through E.SUN-i chatbot in online banking or mobile banking.
Mentally or physically handicapped	〔physical channel〕 **2017**: Friendly service for customers with mental or physical disability — · # of Wheelchair friendly ATMs: 685 **2018**: Friendly service for customers with mental or physical disability — · # of Wheelchair friendly ATMs: 698 · # of accessible bathrooms: 117 · # of barrier-free bank counters: 47 · Online banking is certified AA grade by Web Accessibility Standard 2.0 **2019**: Friendly service for customers with mental or physical disability — · # of Wheelchair friendly ATMs: 821 · # of emergency evacuation ramp: 125 · # of accessible bathrooms: 120 · # of barrier-free bank counters: 51 · Friendly mobile banking service section. · **Accessible facilities**: automated facilities installed at every branch are not taller than 120 cm and are equipped with voice recognition, alert sound and lights, and service bell. Responding to regulator's policy guideline to build a friendly branch environment, all customers with disability can apply for waiver of ATM cross-bank withdraw fee charges. Each applicant can apply for one account, and is entitled to 3 withdraws per month. To improve the overall customer experience, the user interface, including text size, button, contrast of color all have been adjusted. This made banking transactions easily to complete for customers at all ages. · **Barrier-free for wheelchair**: there are 120 accessible bathrooms at branches, 51 accessible bank counter, and 821 ATMs that are friendly to wheelchair. It is a 17% increase to 698 ATMs in 2018. · **Service for hearing-impaired**: for hearing-impaired customers who need to apply for loan or card loan, E.SUN offers various ways of notification, including online application and emails. Sign language and other assistive communication are also provided to complete transactions. · **Service for visual-impaired**: visual impaired can use fingerprints, signing symbols to replace their signature for their wealth management or deposit/remittance transactions. It is also optional for customers to complete their transactions by providing a witness or by court notary. · **Trust**: E.SUN is recognized as excellence performance by FSC in the "fiduciary trust for senior citizens and persons with disability". [Digital channel] · Online banking obtained AA grade certification by Web Accessibility Standard 2.0. A banking friendly section was established in 2019. Siri and Google voice assistant are provided. · Customer with disability can understand more about the accessibility services through websites, announcement on branch bulletin, and customer charter. They can also look up locations of accessible ATMs on banking association's website.

Client	Core function and service
Foreigner or immigrant	[Physical channel] Communication: to response to the policy of “Blueprint of bilingual country in 2030” and to meet the need for foreigners, E.SUN is the leading financial institution in Taiwan to set up a bilingual branch in NTU. By the end of 2019, 9 bilingual counters have been set in branches to serve more customers. Automation: 26 CDM (ATM included) have been deployed in 22 railway station convenient stores covering most of stations that foreigners visit frequently. [Digital channel] Convenience: Online banking is equipped with bilingual versions so that foreigners can be satisfied with convenient financial service.

Note: Definition of the clients.
(1) Low income Social Groups: Definition of Ministry of Health and Welfare: A. average of the household income is lower than the announcement standard. B. household asset is lower than the announcement standard.
(2) Remote Area Groups: Definition of Ministry of the Interior: a county’s density of population one fifth lower than the average of the country or off-shore island that is over 7.5 km to the main county. There are 65 counties meet the requirement.
(3) Disadvantaged Social Groups: Definition of Ministry of Health and Welfare: with body structure or function damaged or disable that interferes living and being identified and certificated by the professional team.
(4) Immigrant Groups: Definition of Ministry of the Interior: those foreigners, stateless persons, nationals living in the Mainland China, Hong Kong and Macau married with Taiwanese and those naturalized people with a resident in Taiwan.

〔Creating customer experience value by breaking boundary〕

E.SUN actively develops Fintech and expects digital banking could be a support for inclusive financing. E-click opening an account, e-click foreign currency and e-click wealth management services are provided for better customer experience. Besides, E.SUN’s continuous investment in AI has made us build models in loan business that is more precise by machine learning algorithm. Customers could pre-examine on their loan with customized project in APP so that they can preview the conditions without putting into further information. In 2019, E.SUN cooperates with the top e-commerce platform in Taiwan and launches the e-wallet APP for customized loan conditions. E-click loan is going to be updated to finance in 58 seconds in 2020 that largely reduce traffic cost for customers to communicate to physical branches.



〈 e-Click services (complete all services within 3 minutes) 〉

〔Commitment to offer convenient financial services for all〕

E.SUN is dedicated to provide financial service for all, so we set up customized loan project for those in need to lower their pressure for capital and provide micro-insurance service to ensure customers' basic protection, the number of micro-insurance cases in 2019 increased by more than 50%. On the other hand, E.SUN will constantly plan and provide financial services and products that can protect disadvantaged groups and elderly adults, with the expectation of expanding the scope of our service target.

Low income Social Groups

Project	2017	2018	2019
Residential subsidy for lower income family	· Case: 560 · Amount: NT$ 793 m	· Case: 647 · Amount: NT$ 936 m	· Case: 728 · Amount: NT$ 1,056 m
Debt restructuring for family facing incident	· Case: 2,234 · Amount: NT$ 404 m	· Case: 2,104 · Amount: NT$ 373 m	· Case: 2,158 · Amount: NT$ 352 m
Loans for earthquake disaster victims	· Case: 81 · Amount: NT$ 48 m	· Case: 78 · Amount: NT$ 33 m	· Case: 60 · Amount: NT$ 23 m
Total Low income social groups (excluded some consumers would be double counted above):		· Case: 2,945	· Amount: NT$ 1,431 m

Underserved Groups/Underserved Geographies

Project	2017	2018	2019
Loans for new immigrants	· Case: 2,596 · Amount: NT$ 4,528 m	· Case: 2,878 · Amount: NT$ 5,374 m	· Case: 3,147 · Amount: NT$ 6,826 m
Loans to remote rural areas as defined by the Ministry of Interior	· Case: 1,189 · Amount: NT$ 1,800 m	· Case: 1,848 · Amount: NT$ 1,925 m	· Case: 1,767 · Amount: NT$ 1,946 m
Loan for students	· Case: 332 · Amount: NT$ 257 m	· Case: 317 · Amount: NT$ 232 m	· Case: 305 · Amount: NT$ 216 m
Loan for youngster start-up	· Case: 495 · Amount: NT$ 131 m	· Case: 420 · Amount: NT$ 95 m	· Case: 313 · Amount: NT$ 67m
Total Under-served Groups/ Under-served Geographies (excluded some consumers would be double counted above):		· Cases: 5,514	· Amount: NT$ 9,040 m

Note: definition of immigrants includes overseas citizens, residents in Hong Kong ,Macao and mainland China.

2019 Inclusive finance services

Client	Social value (cases)	Economic value (outstanding)
Small-Sized Business	14,541	91.49 bn
Microfinance Institution	-	0.815 bn
Low income Social Groups	2,945	1.431 bn
Underserved Groups/Underserved Geographies	5,514	9.040 bn
Total:	23,000	102.776 bn

〔Promotion of common financial knowledge〕

SASB：FN-CB-240a.4

Underserved Financial Literacy Initiatives			
Project	**2017**	**2018**	**2019**
Finance awareness activities (campus,community, prison, E.SUN libraries)	· Events: 36 · Participants: 2,210	· Events: 30 · Participants: 1,820	· Events: 26 · Participants: 1,980
E.SUN x PaGamO (Little expert of financing)	-	-	Participants: 77,000
Financial seminar of AML and CFT in Myanmar (AML/CFT Management) (Hosted by CRO and local authority and peer are invited)	-	-	· Events: 1 · Participants: 45
"Navigation to the South" forum in Vietnam (Local business owners are invited)	-	· Events: 1 · Participants: 30	· Events: 1 · Participants: 100

1. Promotion of common financial knowledge

To provide the public easy-to-understand financial knowledge, E.SUN regularly updates the weekly market report and "Fund World" on the website. In addition, we also shares finance concepts on social media so that the public can quickly receive financial information. There are about 8.05 million people browsed the related information in 2019.

2. Cooperation with PaGamO

E.SUN incorporates official elementary and junior high school courses relating wealth management into digital gaming platform to promote learning interest and implant the concept of wealth management. Over 60 thousand elementary school students and 17 thousand junior high school students participate the campaign.

3. Common asset management service

In order to meet the public needs of asset allocation, E.SUN actively introduces innovative digital wealth management services, so that more consumers can gain professional financial advice and convenient financial services. E.SUN uses the efficiency frontier theory proposed by Nobel Prize winner Markowitz to develop "i-Instant Online Finance Calculator", customers simply answer four questions to get personal optimal asset allocation and investment portfolio recommendations. In 2019, there were 32,000 customers received advice from the services.

〔New Southbound financial service〕

1. **CRO Held the AML/CFT Management conference in Myanmar for local authority and peers. There are 25 financial institutions and 45 participants join the conference.**
2. **E.SUN cooperates with National Management Degree College (NMDC) in Myanmar and recruits 6 of 7 interns to join Yangong branch.**
3. **hold the forum of "Navigation to the South" in Vietnam for more than 100 local Taiwan business.**
4. **UCB issues Debit Card and transforms all users to use the new card. With the inquiry function in mobile banking, customers can have comprehensive financial service.**

6-Happy Workplace

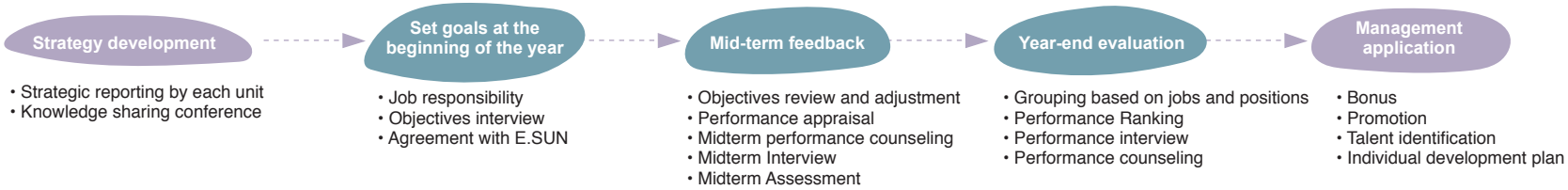
6.1 Talent cultivation and development

GRI：402-1、404-1、404-2、404-3、405-2、406-1：G4　　Financial Service Sector：FS4

"Talent is the leading, key indicator of competitiveness at corporate and national levels."

Talent development-oriented performance compensation system

E.SUN's performance management factors in both equity and talent development so that ambitious employees could pave the way to the future with their bear hands. All of our employees have participated in performance management cycle, in which they define goals for the beginning of the year based on the direction of the bank's strategic development. System support is available for supervisors and employees to examine and adjust their goal achievements. Daily performance records provide instant instructions and feedback that can effectively help E.SUN employees to advance toward their goals. Most importantly, we identify high potential talents through two-way communication and performance interviews and provide them with different development opportunities. Definite requirements and guidance counseling are given to employees who perform below expectation.



Job rotation

1. Job rotation training and internal talent recruitment

E.SUN provides opportunities for diverse development in response to the organization's needs for talent in the future. Employees can rotate across different roles through internal talent recruitment and rotation-based training programs, so that well-performing employees are provided with more job rotation opportunities.

Job rotation training: Making top performers better	
Purpose	Initiated by head office; cultivate management associates and reserve talent as needed.
Target	High-potential employees with performance in the top 30%.

Internal talent recruitment: Build your future with your own hands	
Purpose	Initiated by employees; provide job rotation opportunities according to employees' career plans.
Target	Employees who are willing to engage in interdisciplinary development.

To increase development opportunities for employees, E.SUN has launched the 2*2*2+5 Interdisciplinary Training Program to enable employees to build up a diverse range of capabilities and experiences:

（1）Job rotation: Training across different product lines to expand their profound understanding of financial products.
（2）Head office/branch job rotations: Developing abilities to operate businesses and adopt strategies.
（3）Job rotation at home and abroad: Managing customers with different cultural backgrounds to develop future leaders with international perspectives.
（4）Training in five special scenarios: Acting as project manager (PM) of large regional projects, innovation competitions, projects of different financial holding departments, and major departmental projects to expand their experience in cooperating and interacting with different units, thereby quickly enhancing their vision and capabilities.

2. Appropriate arrangement for job rotation

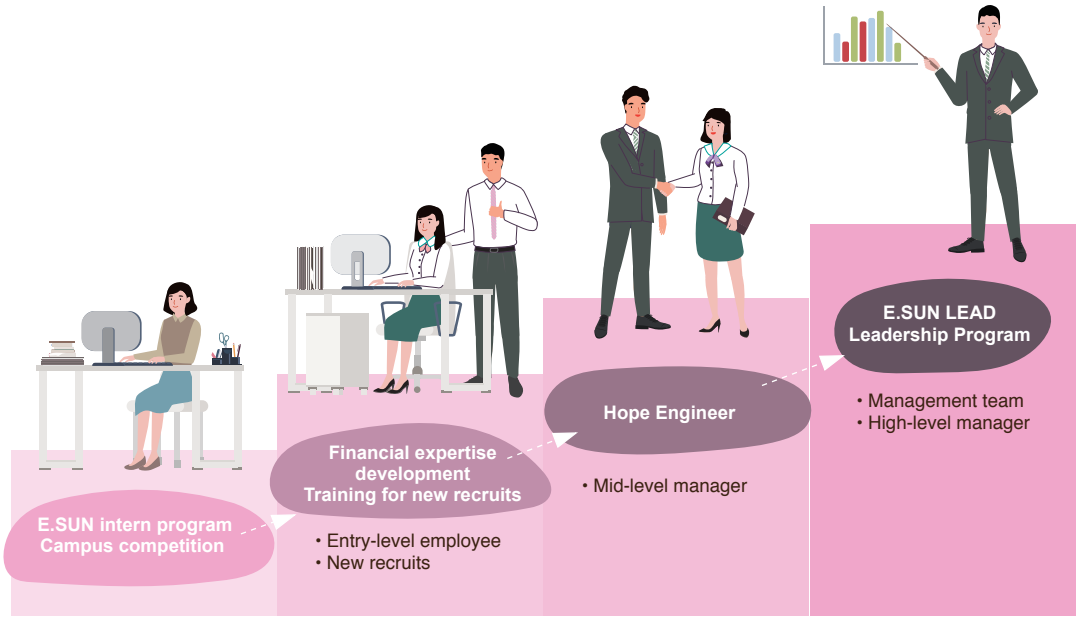
We established the 5 principles of job rotation, which is in compliance with laws and regulations, in response to our business development, as well as the shortest notice period for material operational changes in job rotations for employees' career development. We provide employees with about 2 weeks for hand over and to prepare for working in a new environment. In the event of a situation specified in Article 11, 13 or 16 of the Labor Standards Act, the notice period shall be in accordance with the description of collective bargaining below. 1.Notice shall be given 10 days in advance for employees who have worked at the Company for 3 months or more but less than 1 year. 2.Notice shall be given 20 days in advance for employees who have worked at the Company for 1 year or more but less than 3 years. 3.Notice shall be given 30 days in advance for employees who have worked at the Company for 3 years or more.

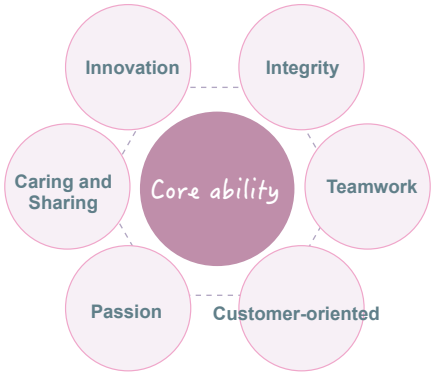
Complete financial specialist training module

1. Employment Training System

E.SUN see talent as the most valuable asset so that we offer the complete talent development system, including orientation, finance expertise, and leadership management skills. In different stage of career path, employees are given different training courses based on the corporate strategy, customer need and professions to cultivate the abilities that meet the need of company, society and personal expectation.

In 2019, a total of 295 internal training courses were held and total 125,388 employees were attended. Besides, the employees were attended 1,067 seminars hosted by professional training agencies. These courses were attended 5,913 times. On average each employee completed 14.4 courses. Each person received on average 49.86 hours of training time. (Please refer to Appendix 7 the table of total training time.)





Customer Management
Risk Management
Macro Management
Products
Regulations
Marketing

Dwodqshrd

Corporate banking
Consumer banking
Wealth management
Treasury
Digital banking
IT and credit card

L`m`fdldms

- Leadership
- Vision planning
- Risk management
- Organization
- Sensitivity
- Cooperation

- Performance management
- Decision making
- Empowerment and authorization
- Coordination
- Talent cultivation
- Planning and execution

- Self-management
- Team management
- Work indication
- Collaboration
- Improvement and solution development

2. Implementing a training program that is based on transformational strategies

In response to new trends in financial technology (FinTech), regulatory technology (RegTech), offshore funds, and overseas expansion in 2019, and issues concerning risk control and compliance derived from the aforementioned opportunities, E.SUN implemented the following three major training programs in 2019 to foster strategic professionals:

Employee Development Programs	Business benefits	Quantitative impact	% of employees that participated in this program
"Digital Transformation Program-Empowering AI Competency" Strategy-based courses are designed to empower employees from various departments with the ability to operate AI, and internal and external FinTech competitions are held to identify potential talent.	• Provide easy-accessing and fast platforms with customers, creating great result in online loans. • Increase the proportion of digital services and reduce operating costs. • Improve the efficiency of case review to effectively control transaction risks • Connected the supply chains of AI and technology talents. • Improve customer experience and satisfaction, which helps receiving several international rewords.	〔Sales Growth〕 1. Average response time of online loan API is 8 seconds. 2. 9.93% of credit card frauds were detected by AI, reducing labor cost by 20%, totaling cumulative loss amount of NT$149,940 thousand. 3. AI negotiable instrument image review and recognition reduced the ratio of manually processed cases by almost 80%, which is equivalent to saving 5,000 hours of human operations in one year. 4. Number of online personal loan applications was 36,428 (51% growth rate compared to 2018); amount of online loans disbursed was NT$15.8 billion. 〔Talent Development〕 1. A total of 1,021 employees obtained internal digital ability learning certifications. 2. A total of 6,280 people participated in digital-related courses in 2019. 3. Technology Team to total E.SUN employees increased from 10.5% in 2018 to 10.7%. 〔Awards & Recognitions〕 The Asset's Best Digital Innovation Award Taiwan and Best Retail Digital Banking Experience in Taiwan; The Asian Banker's Best Payment Bank in Taiwan for four consecutive years; and IDC's Omni-Experience Innovator in Taiwan	68.7%

Employee Development Programs	Business benefits	Quantitative impact	% of employees that participated in this program
"Cross-Border Talent Development Program" This program involves integrating the knowledge and experiences of different departments and supervisors, arranging cross-border professional training, and providing face-to-face interaction between employees in Taiwan and overseas.	• Demonstrates the effectiveness of E.SUN's global presence on overall foreign currency demands. • Strengthen the ability of marketing for cross-border business opportunities and increase profit from overseas operations. • Leveraged the capabilities of our wealth management and corporate banking departments to provide professional services to our customers around the world. • Strengthen local employees sense of identity with E.SUN, and increase their retention rate.	〔Sales Growth〕 1. Profits earned by overseas branches increased from 16.5% in 2018 to 22.2% in 2019, with overseas profits (including OBU) accounting for 49.5%. 2. E.SUN's foreign currency deposits rose from NT$615.5 billion in 2018 to NT$739.1 billion. 3. The growth rate of foreign currency deposits in 2019 was 20.1%. 4. Commission income from Cross-border financial management in Hong Kong grow by 50.8% between 2018 and 2019. 〔Talent Development〕 1. Managers from the Taiwan head office visited China, Hong Kong, Cambodia, and Yangon in 2019 to provide training. Approximately 155 local employees received training. 60 employees from these countries were invited to visit Taiwan and train in Taiwan to enhance exchanges between overseas and domestic units. 2. The number of expats increased by 12% from 2018; the number of financial advisors was double that of 2018. 〔Awards & Recognitions〕 The Asset's Best Cross-Border Payment Risk Solution in Taiwan and Best Green Credit Extension awards; Asiamoney's Best SME Bank in Taiwan; and The Asian Banker's Best Trade Financing Program in Taiwan.	36%
"Three Defense Line Training Module" Courses on risk control and compliance are designed for various training class levels and business activities; employees are encouraged to partake in relevant training programs at external professional institutions.	• Deepen employees' risk control culture and awareness. • Foster the ability to identify and measure business risks. • Understand the application of the latest laws to facilitate voluntary compliance with various regulations. • Protect the interests and rights of financial consumers by effectively upholding the principles of fairness, reasonableness, equality, mutual benefit and integrity.	〔Sales Growth〕 1. In evaluating the expertise of sales personnel, compliance and risk control self-assessments were conducted 1,471 times in total, and zero deficiencies were reported. 2. 859 customer complaints were received in 2019, down 53% compared to the previous year. 〔Talent Development〕 1. There are 3,880 employees who owned bank internal control and internal audit licenses and certifications in the end of 2019. 2. 334 employees acquired certifications for Certified Anti-Money Laundering Specialist (CAMS) and 30 employees acquired certifications for Financial Risk Manager (FRM). 3. 8 overseas branch managers received 5,437 hours of training on AML and legal compliance.	100%

"Digital Transformation Program-Empowering AI Competency"

1. Innovation Workshop

In 2019, 70 E.SUN employees voluntarily signed up to participate in a workshop and competition, discussing how online-only banks are able to stand out in the digital banking market. Participants were encouraged to think out of the box, explore the future trends of online-only banks, and deliberate on the opportunities and challenges in the development of FinTech for E.SUN.

2019 Innovation Workshop

- 08/21 Establishing methods of learning to think
- 09/03 Brainstorming innovative ideas for creating value
- 10/16 Battling the market to create a blue ocean

Design Thinking Workshop

We invited NTU Professor Ji-Ren Lee to plan the workshop, and worked with the D-School of NTU to provide Design Thinking practice courses.

Two-times consulting/group discussions

During the workshop and presentation, two short lectures were held, and Q&A sessions were provided for each group to enable employees to obtain an extensive understanding of products and achieve breakthroughs in the existing red ocean competition.

Simulation of investment exhibition and project proposals

Approximately 100 scholars and E.SUN employees were invited to act as investors in an investment simulation after learning the business models for online-only banks proposed by each group. The top six groups that obtained funding were then invited to present their results in the afternoon.

2. Key Aspects of the Professional Digital Course

From entry-level, mid-level to senior and executive training classes, at least 3 hours of new courses on FinTech and digital development are incorporated in each class, and senior executives such as the CTO and CIO from E.SUN Bank are invited to teach the classes. In addition, tech team members, business analysts from each department and division, and project managers are trained by setting up professional digital training classes (as listed below), and reputable consulting firms and experts in Taiwan are invited to lecture employees on international financial development trends to improve their professional skills. These training courses and business exchanges have promoted the cooperation of different units and tech teams, and initiated the implementation of almost 100 AI projects.

Class	Participants	Total Hours
ABA & ASA Training	106	2,472
BA & SA Training	101	2,424
PM Training	101	1,594
UR Knowledge Construction lecture	352	704
Soft Courses for Tech Team (13 sessions)	567	1,528
Agile Development Training	45	900
Crisis Management Training	89	267
26 sessions in total	1,361	9,889

"Cross-Border Talent Development Program"

1. In Taiwan: Cross-border business courses

In order to help overseas employees to learn professional knowledge and develop the basic skills to carry out administrative works in different departments. Training courses are provided according to their business background and experiences, such as language courses, international etiquette, introductions to foreign countries, and job rotation across different roles. These courses enable employees to learn the status quo of the country they are being sent to, better understand the business content, and strengthen their stamina to work in the overseas branches.

2. Overseas: Arranging exchange activities for employees in Taiwan and overseas to lay a cross-border foundation

Overseas employees and local employees in overseas branches are given assistance to help them better understand the management philosophy and strategic goals of E.SUN and to improve their professionalism and solidarity. Each year, well-performing managers from overseas branches are invited to visit Taiwan. A series of activities such as business reporting, professional training, team building activities, visits to featured branches in Taiwan, and tourist attractions, is organized so that visiting guests can bring their experiences in Taiwan back to E.SUN's overseas branches. In 2019, roughly 60 local employees were invited to visit Taiwan and receive training in Taiwan. Since 2015, E.SUN has been inviting managers and employees from Taiwan to provide lectures in overseas branches and subsidiaries. This not only facilitates establishing consistent training modules and quality for overseas and domestic branches, but also improves the identification and retention of overseas employees. In 2019, managers from Taiwan's head office visited overseas branches to receive training. Approximately 155 local employees underwent the training.

Item	2017	2018	2019
Foreign currency deposit (NT$100 million)	5,127	6,155	7,391
Rank	NO.6	NO.4	NO.3

Experience Sharing

2019 UCB Taiwan Study Trip Reflection
Accounting Dep. / Mrs. Sa Sodalen

The interesting part of every training also has the team building which provide me the spirit of the team and try the best to compete with other team as the one team one goal. I will apply and share my understanding to my team and motivate them to be outstanding staff. I hope that UCB will has good performing and keep moving faster from year to year as our Parent Bank.

2019 UCB Taiwan Study Trip Reflection
Loan Management Dep. / Mr. Hok Sanlong

It has given me lots of new ideas and skills to take back to my personal professional career and teammates. Team's success comes up with team's engagement like a word of "Go alone faster, but Go Together Further".

"Three Defense Line Training Module"

1. Risk awareness

"No business activity shall take precedence over risk control and all services shall comply with laws and regulations."To strengthen the mechanism by which the three lines of defense operate and to adopt the principles of treating customers fairly, all employees should take the online training on the Financial Consumer Protection Act, Compliance and Anti-Money Laundering.

2. Team of customers fair treating principle

Each training level is designed with courses relevant to laws and regulations in order to prevent financial risks and improve customers' shopping experience.

Learning Channels	Type of Training	Participants	Training hours
Internal Course	General training (introductory course)	1,820	3,794
	Statutory training (advance course)	4,684	30,838
External courses	Risk control, compliance, auditing, tax	4,368	42,263
Online courses	Financial Consumer Protection Act and Principles of Fair Customer Treatment	8,490	25,470
	Compliance and Anti-Money Laundering	15,821	31,642
	information security	33,994	33,994
Total		69,177	168,001

〈 Training on three line defense 〉

"2019 Training Outcome"

To systematically track the effectiveness of training programs, E.SUN Bank evaluates all of its training programs by using the Kirkpatrick model to ensure that these programs are in line with the company's business performance.

Level	Index	2016	2017	2018	2019
L5 ROI	Profit contribution, per capita	NT$ 1.449 m	NT$ 1.557 m	NT$ 1.81 m	NT$ 2.28 m
	Human Capital ROI	283%	286%	303%	293%
	Human resource efficiency (profit after tax/personnel expense)	1.27	1.31	1.43	1.58
L4 Result	Reduction in teller transaction	-	18.11%	30.99%	44.09%
	Foreign deposit	NT$ 394.0 bn	NT$ 512.7 bn	NT$ 615.5 bn	NT$ 739.1 bn
	Proportion of profits before tax from overseas branches	9.00%	12.90%	16.50%	22.20%
	Online loan - unsecured personal loan	NT$ 2.35 bn	NT$ 2.45 bn	NT$ 4.71 bn	NT$ 8.55 bn
	Online loan - mortgage	NT$ 1.78 bn	NT$ 3.63 bn	NT$ 5.24 bn	NT$ 6.55 bn
	Customer satisfaction rate	80.44%	78.17%	82.12%	83.36%
	IT-related employee percentage	8.70%	9.30%	10.50%	10.74%
	Retention of high-performing employees	96.40%	96.80%	95.80%	96.40%
L3 Conduct	Attrition rate	8.50%	7.90%	9.50%	8.80%
	Internal vacancy filled	40.82%	34.01%	47.26%	44.30%
	Management ability score of mid-level officers	4.13	4.15	4.16	4.18
	Learning hours on e-Learning platform	185,834 Hours	135,542 Hours	245,520 Hours	226,877 Hours
	Employee engagement	97.90%	97.80%	97.60%	96.93%
	Goal management (in agreement with E.SUN) completion	100%	100%	100%	100%
	Innovation proposals	28	46	34	10
L2 Learning	Rate of acquisition of licenses and certifications required for employee promotion	89.00%	88.70%	82.00%	83.00%
	No. of special licenses and certifications acquired	278	434	567	884
	Completion rate of management training for manager in tech-related department	-	-	100%	100%
	Completion rate for each training course	99.32%	99.61%	99.53%	99.94%
	Completion rate for annual training programs	100%	100%	100%	100%
L1 Feedback	Average satisfaction with each training course	89.40%	94.60%	94.50%	96.22%
	Average satisfaction with each lecturer	89.10%	94.80%	95.20%	96.58%

6.2 Talent attraction and retention

GRI：102-41、201-3、202-1

E.SUN endeavors to recruit outstanding and promising talent. In line with its strategies, E.SUN has adopted campus recruitment and MA/TMA recruitment programs, and signed MOU with major universities and colleges in ASEAN countries to cultivate the idea of Asia expansion and recruit talented professionals from overseas. We are committed to developing a complete salary and welfare system that is aimed at attracting outstanding talent and reducing talent loss to secure talented professionals for enterprises and the driving force to keep moving forward.

Recruiting a Diverse Pool of Professionals

In light of the future tech trend, E.SUN contemplated on the opportunities and challenges in developing financial technologies. Pursuant to its Asia expansion strategies, E.SUN actively cultivates talent in ASEAN regions and recruits finance specialists, cross-border specialists, and digital talent.

Target	Finance Specialists	Cross-Border Specialists	Digital Talent
Goals	Work with schools, establish foundations, create a supply of well-rounded professionals with finance expertise, and provide internship programs that enable learners to quickly learn financial practices.	In support of its Asia expansion and development strategies, E.SUN actively cultivates talent in ASEAN regions to improve the extent to which international learners identify with E.SUN.	Recruit technologists with backgrounds in business management, science, mathematics, and information systems in response to the trend of FinTech development.
Content	1. E.SUN Summer Internship Program 2. NTU Hope Seedling Program 3. Finance Specialist Interns	1. Southeast Asia industry–academic cooperation program 2. ASEAN Talent Scholarship 3. Overseas/domestic talent exchange training 4. Summer Internship for Foreign Students	1. E.SUN Artificial Intelligence Open Challenge 2. Focus on school campuses and cultivate data science teams 3. FinTech interns
Achievement	1. 35 students participated in the summer internship program in 2019; two of them were arranged to intern at overseas branches. In total, 130 interns were trained. 2. 16 students participated in the NTU Hope Seedling Program in 2019; more than 100 students have participated in this program to date. 3. Finance specialist interns entered the workforce in the first half of 2020, and more than 200 top-performing students from colleges and universities joined the internship program.	1. In 2019, the scope of nationality requirement was expanded to include Malaysian NTU interns and Japanese and French finance specialist interns. 2. Career talks are arranged for foreign students studying in Taiwan, such as NTU, National Chengchi University, National Taipei University, and National Cheng Kung University. In 2019, students from the Chinese University of Hong Kong and GMBA were invited to visit E.SUN Bank. 3. 60 overseas employees visited Taiwan in 2019 to receive training.	1. E.SUN held the Artificial Intelligence Open Challenge three times in 2019, attracting 2,587 teams of participants. About 100 participants agreed to leave their contact detail for recruitment purposes. 2. A professional team composed of E.SUN data scientists gave career talks at prestigious universities in Taiwan. In 2019, nearly 20 talks were held, with more than 700 students participating. 3. In 2019, E.SUN collaborated with professors of top universities in Taiwan on AI and machine learning projects.

1. Finance Specialists

In 2015, E.SUN began working with NTU on the Hope Seedling Program, in which courses focusing on consumer banking, wealth management, and digital banking are arranged to fit students' aspirations. In 2019, the scope of ongoing internship programs was expanded to include financial services, the roles of financial advisors, and FinTech, in hopes of working with schools, establishing foundations, creating a supply of well-rounded professionals with finance expertise.

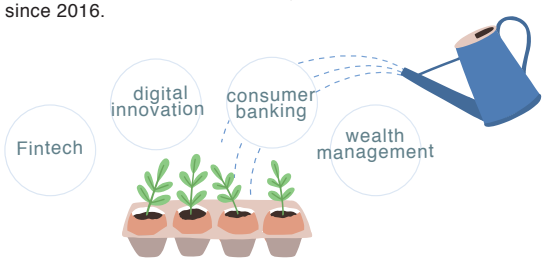
（1）E.SUN Summer Internship Program

This program involves comprehensive training with both depth and width, actual participation in departmental operations, and research and practical exercises on specific topics to obtain an overview of the financial industry to broaden students' perspectives. In 2019, 35 students participated in the summer internship program; all of the students were from prestigious universities in Taiwan and overseas, and two of them were arranged to intern at overseas branches. This program has cultivated more than 130 interns since 2016.

（2）NTU Hope Seedling Program

With the development of the digital banking trend, this program has entered its fifth year of collaboration with the National Taiwan University College of Management. With modularized course designs and practical operations, students are able to closely follow their career plans and learn through case studies, practical exercises, and plan proposals. Guidance and feedback are provided by mentors.

Exchange across different departments → Professional knowledge cultivation → Research on topics → Guidance by mentors



（3）Recruiting More Finance Specialist Interns

The scope of the Ongoing Internship Program was expanded in the second half of 2019 to recruit financial service and financial consultant weekly interns. The program provides professional courses and practical exercises to fully equip students with professional financial knowledge before they enter the workforce. These interns will join the workforce in the first half of 2020. More than 200 students from colleges and universities are expected to join.

2. Cross-Border Specialists

E.SUN actively fosters talent in ASEAN regions and provides financial resources, advice, and support. With the help of its overseas branches, E.SUN Bank entered a cooperative agreement with local colleges and universities in 2018 to provide internship, scholarship, and student exchange programs. In 2019, E.SUN fortified its industry–academic relationships in Taiwan and overseas to increase the extent to which top international learners identify with E.SUN.

- **Local industry–academia cooperation in ASEAN regions:**

  Coorporate with Lạc Hồng University in Vietnam, National Management Degree College in Myanmar, and Paragon International University in Cambodia.
- **Expand the scope of cooperation in E.SUN ASEAN Scholarship**

  Accept applications from NTU, NCCU, NTNU, National Taipei University, NCKU, and NSYSU.
- **Actively organize career talks for international students**

  Career talks are arranged for foreign students studying in Taiwan, such as NTU, National Chengchi University, National Taipei University, and National Cheng Kung University. In 2019, students from the Chinese University of Hong Kong and GMBA were invited to visit E.SUN Bank.
- **Increase opportunities for exchange with new international top-performing employees**

  60 overseas employees visited Taiwan in 2019 to receive training, better understand the value of E.SUN, and improve their identification with the brand, E.SUN.
- **Overseas branch/subsidiary internship program**

  E.SUN engaged in an industry-academic cooperation with the National Management Degree College (NMDC), offering internship programs and scholarships for students this year.
- **Summer Internship for Foreign Students**

  Increasingly more foreign students are working for E.SUN's overseas branches through this internship program.
- **International Financial Service Internship Program**

  An International Financial Service Internship Program was launched at the end of 2019 to recruit Japanese and French interns.

3. Digital Talent

The development of Fintech has blurred the boundary of industries, and the challenges that the banking industry faces are not only the change of management but also the need of talent in time of digitalization. E.SUN is engaging in cooperating and holding tech competition with schools to abstract IT talent with variable backgrounds, like business management, science, technology, mathematics and information.

（1）E.SUN Artificial Intelligence Open Challenge

To fortify E.SUN's tech image, attract skilled technologists to work for E.SUN, and integrate smart brainstorming methods, E.SUN held the Artificial Intelligence Open Challenge three times in 2019. The challenges were focused on common topics of the financial industry such as marketing and risk control issues, and involves using online analytical platforms so that participants could build prediction models by using tools with which they are familiar. Feedback after the challenge shows that 90% of the participants were satisfied with the entire process of the challenge. Therefore, during the award ceremonies for the summer and autumn challenges, a wide range of activities, such as lightning talks, poster presentation, and creativity contests, was organized to promote exchange and interaction among participants, supervisors, and employees. These activities not only provide a reference for E.SUN analysis and modeling but also contribute to the development of financial AI in Taiwan.

T-Brain platform for data analysis and modeling ▶ Participants engage in lightning talks ▶ Poster presentation ▶ Creativity contest

2. Developing a supply chain of FinTech specialists

（1）Focus on school campuses and cultivate information data teams

E.SUN is committed to both FinTech development and talent cultivation. Apart from providing employment opportunities to top-performing students during the recruitment season, in 2019, a professional team composed of E.SUN data scientists gave career talks at prestigious universities in Taiwan (NTU, NCCU, NTHU, NCTU, and NCKU). By working with professors, we invited students to face-to-face interactions, during which E.SUN's practice and experience in FinTech development were promoted, and constructive advice was given to deliniate students' career paths in data science.

（2）FinTech interns

E.SUN is long invested in the development of FinTech. In 2019, E.SUN cooperated with professors of top universities in Taiwan on AI and machine learning projects, providing de-identified information for students to practice with and learn to apply their knowledge in practice. Furthermore, beginning in 2018, E.SUN cooperated with the Department of Information Management of Fu Jen Catholic University on an ongoing internship program. In 2019, more than 10 students participated in the program. We hope to join forces with schools to foster excellent FinTech specialists and strengthen the chain of talent supply.

Retention

1. Salary and compensation

E.SUN offers competitive salaries and bonuses to attract and retain talent. The idea is to set salary based on position and bonus based on performance. A reasonable and competitive remuneration system is based on employees' responsibilities, taking into consideration company and individual business performance and salary survey results. Feedback from employee portals and anonymous questionnaires are distributed in yearly knowledge sharing meetings to collect employees' opinions and suggestions, which are used as the basis for system improvement. Since 2016, E.SUN has forged the link between top-level managers and key talent and the long-term performance of the company, with reference to international corporate governance trends. E.SUN FHC operates primarily in Taiwan. In 2019, the annual salary of female managers/employees was 90% that of their male counterparts.

Level of employee	female/male remuneration	
	base salary	yearly remuneration
Executives	105%	107%
Managers	97%	96%
Non-managers	94%	93%

〈 2019 female/male remuneration 〉

Note: In 2019, average spending on non-managerial staff was NTD 1,057 thousand, which increased 5.49% year over year. More detail please refer to appendix 7.

2. Welfare and employee caring

E.SUN takes care of its employees, values how employees feel, and aims to make E.SUN the second home for employees. Given the trends in the financial environment and technological development, how employees feel is the key to development. From growth by learning and a friendly workplace, E.SUN strives to build a strong cornerstone of human capital and a harmonious happy workplace. Staggered hours, flexible hours, and work-at-home schemes are available to create a friendly workplace. Various wedding/birth and family care benefits are also available. We pay attention to family needs and help employees to achieve work-life balance. E.SUN is committed to taking care of its employees and building a friendly workplace for them. The first-ever E.SUN Childbirth Incentive Program not only benefits employees but also inspires positive energy, thereby expanding its influence within the society. A number of health and recreational programs and bank savings plan is also provided to realize a stable and stress-free life. E.SUN offers a complete and comprehensive benefits plan that provides a good employee experience and makes E.SUN a second home for its employees.

In 2019, average spending on non-managerial staff was NTD 1,276 thousand, which increased NTD80,867 and the total benefit spending grew 6.77% year over year. We endeavor to build a happy and harmonious workplace where employees are completely protected in every stage of their life. More detail please refer to appendix 7.

Marriage/ Pregnancy and child birth

- Wedding subsidies
- Marriage related information forum
- Childbirth subsidies, NT$100,000 in E.SUN Baby Development Fund
- Breastfeeding room, pregnancy clothes
- E.SUN handbook for new mothers
- Nursery Room and maternity clothes Child supplies sharing platform

Learning and growth

- Mentorship program
- Subsidies for professional licenses and certifications
- Career development counseling
- Career change assistance
- Special offers on adult language study
- Library
- Memorial coin for senior employee

Savings insurance

- Labor insurance, health insurance and Group insurance for employees and spouse
- Employee savings and Employee loans
- Employee savings association (employee stock ownership program)
- Housing loans for employees and spouse

Item	2017		2018		2019	
	Number of employees	Amount (NT$)	Number of employees	Amount (NT$)	Number of employees	Amount (NT$)
Outstanding children award	110	807,400	105	911,400	129	1,048,000
Marriage subsidies	322	2,819,000	311	2,862,000	315	2,907,000
Birth subsidies	453	1,359,000	429	1,287,000	354	1,068,000
E.SUN Baby Development Fund	359	35,900,000	314 (315 childbirth)	31,500,000	340 (342 childbirth)	34,200,000
Child education subsidies	2,124	4,903,000	2,100	4,915,000	2,307	5,377,000
Spouse or child medical subsidies	1,450	13,692,985	1,295	14,538,381	1,238	13,162,269

〈Overview of benefits that exceed legal requirements〉

Healthy recreational activities

- Hiking & Cycling activity
- Social club activities (table tennis, aerobics classes and so on)
- Sales and exhibition activities and Special manufacturer discount
- Charity sale
- Employee travel subsidies and accommodations
- E.SUN choir group
- Music concerts (Vienna Boys' Choir, Mayday)
- Health examination/hospital service offers
- Handicraft workshop

Friendly workplace

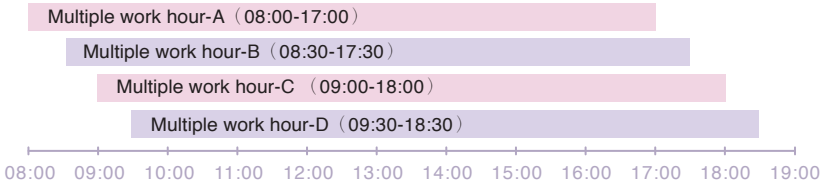
- Gender equality workplace
- Multiple working hours, flexible working hours and work at home
- Employee mess hall, parking lot, gym
- Sustainable & Green workplace

Family care

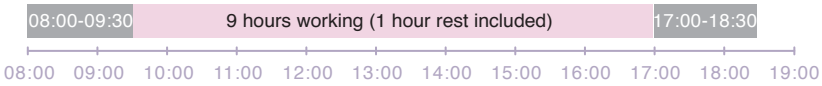
- Day care measures and facilities
- Children's education subsidies and outstanding children's award
- E.Sun family care
- Mother/father's day monetary rewards and cards
- Mother's Day Concert
- Chinese New Year accommodation for employees and spouse
- Special offers on children's English learning activities

3. Flexible work hours

For the purpose of helping employees to achieve a balance between work and family life, E.SUN further improved its work hour system in May 2019 by introducing four work-hour shifts. In total, 113 employees have applied for multiple work hours as of the end of 2019. E.SUN has also stepped up efforts to recruit technologists. In response to employees' work demand, the Digital Finance division launched a pilot test on flexible work hours in March 2020, which allows employees to start work between 08:00 and 09:30 and end their day after 8 hours of work. A total of 169 employees have applied.



〈 Multiple work hour sector 〉

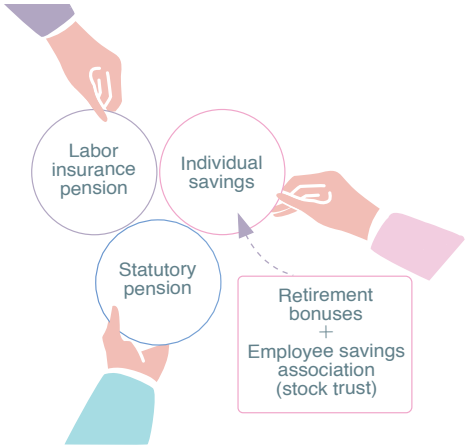


〈flexible work hour sector〉

4. Retirement protection

To promote the sense of identity and encourage employees to start saving for retirement, application for retirement is eligible for employees aged 55 years and have served the Company for 15 years or longer, those who have served the Company for 25 years or longer, and those aged 60 years and have served the Company for 10 years or longer. The Company contributes 2% to 15% of employees' monthly salary as pension every month for employees under the Labor Standard Act, whereas for employees under the Labor Pension Act, we contribute 6% of their monthly salary as required by law. Pension for overseas employees is subject to the local laws and regulations. To reward employees with outstanding performance, retirement bonuses in addition to the statutory pension may be provided according to their work performance or special contributions.

To encourage early retirement planning, E.SUN has established the employee savings association stock trust.
Employees who have passed probation are free to join the association and make monthly contributions.
The Company contributes incentive bonuses three times each year to help employees to make the perfect retirement plan.



〈Three-pillar retirement protection〉

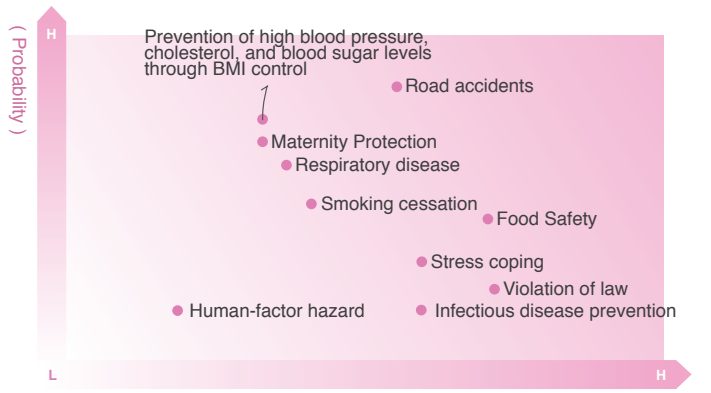
6.3 Employee Care and Friendly Workplace

GRI：102-41、401-2、403-1、403-2、403-3、403-4、403-5、403-6、403-7、403-8、404-2

E.SUN endeavors to build a happy and harmonious workplace that embraces safety and equality. We value the occupational safety and health of the workplace and reduce potential risks. Furthermore, we establish and optimize employee health and workplace safety measures every year to transform E.SUN into a warm and happy enterprise.

OHS Governance

To effectively identify occupational risks, ensure workplace safety, and promote health, E.SUN adopts questionnaires, self inspection methods, and multidimensional communication channels in compliance with occupational safety laws and management practices to analyze the health risk matrix based on key indicators, including the analysis results of four major protection plans, job types, operating environments, and health impacts. The assessment results for 2019 showed that risks of high blood pressure, high cholesterol, high blood sugar, and traffic accidents were the highest primarily because employees work sedentary jobs, lack exercising habits, and frequently work outside of the office. At work, if employees discover a concern for imminent danger, they must immediately stop operations and seek for a safe places provided that the safety of other works is not endangered, and immediately report to their superiors.



〈 Health risk matrix diagram〉

Issue	Impacts	Control measures	Outcome
Road accidents	High	• Road safety awareness courses • Medical aid station • Reduce unnecessary works outside of the office • Set up an intrabank reporting mechanism • Health status follow-up	• Included road safety awareness in compulsory on-the-job training courses. • Significantly reduced the number of injuries (2018: 106 cases / 2019: 97 cases).
Prevention of high blood pressure, cholesterol, and blood sugar levels	High	• Large sports activities (hiking, cycling across Taiwan and table tennis game) • Onsite services provided by doctors of NTUH. • Medical room blood pressure monitoring • Hosting healthy diet seminars • Establishing E.SUN sports center • Medical examination policies superior to statutory requirements • Subsidy to multiple sports club	• Organized E.SUN bicycle tour of Taiwan for seven years in a row. • More than 500 participants in mountain hiking over the past 3 years. • Organized E.SUN cup table tennis games every year; the players were led personally by the president of E.SUN. • 89 sessions of onsite services were provided to 1,003 people in 2019. • 6 sessions of health talks were provided to 341 people in 2019. • 2,385 people received health examination in 2019, resulting in an employee health exam participation rate of 97.7%. • Wide range of sports clubs, including table tennis, badminton, basketball, yoga, aerobics, and softball. • Received a second Sports Enterprise Certification by the Sports Administration.
Maternity Protection	Moderate	• Excellent Breastfeeding Room Certification • Set up simple breastfeeding rooms in branches • E.SUN handbook for new mothers • Lectures to new parents • Survey on nursery room • Baby bottle sterilizer and fridge for breast milk only • Maternity/paternity leave policies that are superior to statutory requirements • Multiple working hour scheme • Comfortable clothes for pregnant women	• 370 maternal health care protection questionnaires were distributed to employees during the maternal care period (i.e., during pregnancy to one year or more than one year after child birth) Provided maternity/paternity leave, and unpaid childcare leave policies that are superior to statutory requirements. The reinstatement and retention rate in 2019 for employees who went on unpaid child care leave was 82%. • Breastfeeding rooms in the E.SUN headquarters building, Technology Building, Human • Resources Development Center, and other large office buildings received the Excellent • Breastfeeding Room Certification from the Department of Health of Taipei City Government. All of our branches are equipped with simple breastfeeding rooms. • Back-to-work assistance programs are provided for employees returning from their maternity eave. Suitable work arrangements and flexible work places are provided as needed.

〈 Specific control measures for moderate/high health risk issues and effectiveness 〉

Employee health

The health care subsidy provided by E.SUN is superior to the regulation, and the enforcement rate is listed as one of the management assessment. The enforcement rate grew to 97.7, and appointed nurses and doctors provided on-site consultation, diet instruction, body adjustment and customized exercise planning and recovery assessment. Over 1,000 employees have been served and over 90% of them are satisfied with the treatment. To build employee society and psychological supportive environment, handicraft workshop, multiple health lecture and psychological consultation are held to promote employees' health awareness.

Healthy Workplace Certification
2018-2019
〈 Health Promotion Administration, MOHW 〉

Excellent Breastfeeding Room Certification（Summit Campus）
2019
〈 Department of Health, Taipei City Government 〉

Automated External Defibrillator Safety Place（headquarter, technology building, Summit Campus）
2019
〈 Department of Health, Taipei City Government 〉

Certificated of sport company
2018-2019
〈 Sports Administration, MOE〉

Maternity Protection

Reduce uncertainties

Establish psychological support and provide pregnancy information

- Information for new fathers is provided in the Health Care Section on the Internet to help new fathers ease into parenting roles.
- Lecture on maternal caring to discuss the importance of breastfeeding, psychological health before and after childbirth, and understanding baby allergy.
- E.SUN handbook for mothers is established to provide information on pre/post-natal care, labor/health insurance policies, group insurance policies, and child care benefits of E.SUN Bank.
- E.SUN provides uniforms designed specifically for pregnant women so that pregnant employees could work in comfortable clothing.

Alleviate physical and mental stress

Childbirth subsidies are superior to statutory requirements

- Complete group insurance policies with 100% coverage for spouses and children are provided.
- Female employees are entitled to 60 days of maternity leave, which is superior to statutory requirements. Their spouse may take 6 days of paternity leave within 30 days before or after child birth to spend time with their family.
- We entered special agreements with postpartum nursing care homes so that mothers could receive proper care after giving birth.
- E.SUN Baby Development Fund, which offers a reward of NT$100,000 for each baby born to an E.SUN employee. In 2019, E.SUN subsidized the birth of 340 babies. E.SUN received 1,350 applications over the course of four years, providing over NT$130 million in subsidy.

Encourage breastfeeding

Breastfeeding-friendly environment where privacy is secured

- E.SUN offers family care leave and childbirth leave, allowing E.SUN employees more flexible time to take care of their families.
- Breastfeeding rooms are access-controlled and managed by dedicated personnel for
- enhanced security.
- Nursery rooms are built in headquarter, technology building and HR development building and certificated by Taipei government. Simplified nursery room is built in all branches.
- Breastfeeding rooms are equipped with a baby bottle sterilizer, bottle cleaner, and fridge for breast milk only.

Balance between work and life

Complete back-to-work assistance and improve family care

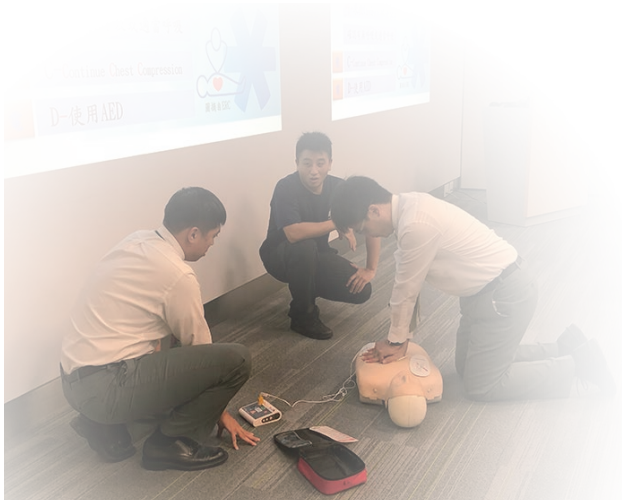
- In 2018, 129 E.SUN outstanding children's monetary awards were issued, and NT$1.04 million in children's education subsidy was provided.
- A multiple working hour system has been implemented, offering flexible start times at 8:30, 9:00, and 9:30.
- Unpaid childcare leave policies that are superior to statutory requirements are provided; the reinstatement and retention rate for employees who went on unpaid child care leave was 82% in 2019.
- Back-to-work assistance programs are provided for employees returning from maternity leave. Suitable work arrangements and flexible work places are provided as needed.
- E.SUN sign contracts with day care centers and institutions that specialized in parent–child activities, and obtain information on better and safer child care institutions.
- The baby supplies sharing platform provides mothers a place to share baby supplies.
- E.SUN family day is welcome to employees' family so that they can have sharing good memory.

Workplace Safety

1. Occupational Safety and Health Committee

E.SUN has established a dedicated occupational safety unit and Occupational Safety and Health Committee (OSHC) to create an equal and safety workplace. The committee is chaired by the head of E.SUN FHC's management departments. The committee establishes Articles of Incorporation and oversees health and safety matters. It is composed of occupational safety and health personnel, technicians involved in occupational safety and health, head of business departments, the representative of HR, health professionals, and union representatives. Union representatives are referred by the union and make up more than one third of the committee. In the articles of union, more than 11% of union tasks involve safety and health issues and include labor condition improvements and promotion of safety, health, and member welfare. Relevant department heads act as communicator and coordinator of safety and health issues to the head office and business departments.

〈 The golden triangle on workplace safety 〉



（1）Installing safety and health equipment and measures

A. We equipped our office buildings with AEDs in headquarter, Summit Campus and technology building and certificated as AED safety place. training of CPR and AED is implemented to enhance the safety protection for employees and customers.
B. We monitor carbon dioxide levels in the bank. 33 of our branches in Taipei City received the Indoor Air Quality Self-Management Certification.

（2）Enhancing the mechanism of safety and health

A. We establish the Labor Safety and Health Automatic Inspection Plan to manage safety and health matters of each department by having occupation safety personnel from each department to conduct safety and health inspection of environmental, facility, personnel, and operating procedures and work methods.
B. Designated occupational safety units complete an occupational safety and health self-management checklist every quarter, and items to be improved are incorporated in subsequent measures of occupational safety committee meetings.

（3）Providing Safety and Health Training

A. Every year, we organize refresher training programs for OSH supervisors, first-aid personnel, and fire-prevention managers.
B. Arrange two-hour safety educations for new recruits and three-hour for existing employees.

2. Workplace safety and sanitary mechanism

Existing occupational safety laws and regulations did not stipulate that E.SUN needs to establish an occupational safety and health management system. Nevertheless, due to our robust effort in providing employees and contractors with a safe and healthy work environment, E.SUN Bank received the ISO 45001 system in 2018, making us the first financial institution in Taiwan to obtain ISO45001 system verification. The scope of the system includes all E.SUN business locations in Taiwan; 91% of E.SUN FHC employees are E.SUN Bank employees, 99.4% of whom are bank tellers and 0.6% are contractors. All E.SUN Bank employees and contractors are included in the occupational safety and health management system. This shows that we are taking action to improve our occupational safety and health management practices and align them with international standards.

6.4 Human Rights Protection

GRI：102-41、406-1、408-1、409-1、412-1、412-2、412-3

To realize its vision of becoming first-class citizens of the world, fulfill social responsibilities, and achieve sustainable development goals, E.SUN FHC holds meetings periodically and formulates E.SUN human rights policies, with due reference to the latest laws and regulations and human rights trends, including the Un Universal Declaration of Human Rights, the United Nations Global Compact, international labor standards, and the Social Responsibility Guidance. Every year, E.SUN reviews our E.SUN Declaration of Human Rights and E.SUN FHC Human Rights Due Diligence Investigation Procedures, regularly monitors and measures issues related to human rights and impacts, and works with all partners to continuously strengthen and improve the management of issues related to human rights, in order to make a contribution to international human rights.

Employees

E.SUN human rights policies are aimed at protecting the human rights of our employees. E.SUN has established the Human Rights Committee, the Disciplinary Panel, and the Gender Equality Committee, among other units, and formulated an Employee Handbook for each of its overseas branches and subsidiaries in accordance with local governmental labor laws to protect the rights of labor workers. In addition, a labor human rights evaluation mechanism for overseas branches will be implemented in 2020 to ensure that human rights policies are implemented in every corner of the company.

Customers

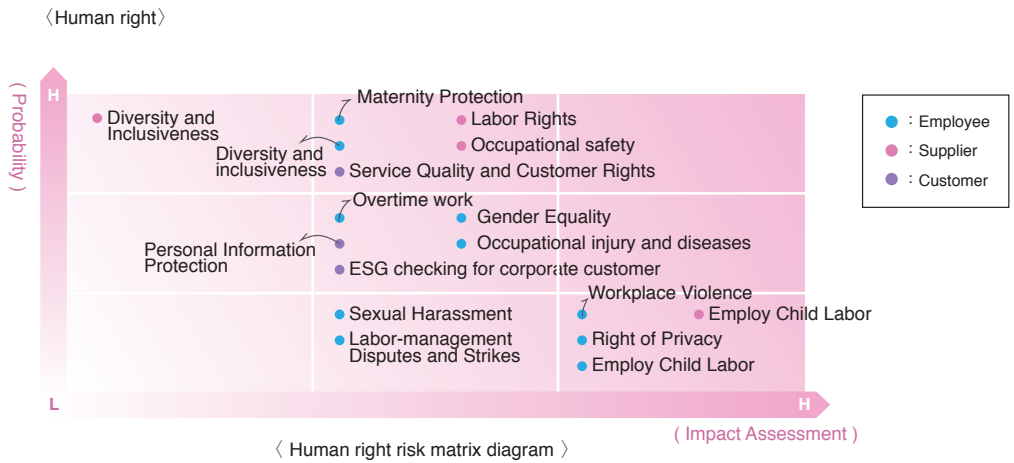
With respect to customers, the Company's Total Quality Management (TQM) Committee carries out tracking and management matters by following the principles of fair customer treatment and ESG policies relevant to credit extension and investment, so as to ensure that all customers can comply with human rights policies during consumer banking, lending, and investing processes.

Suppliers

E.SUN has established the E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers and E.SUN Bank Supplier Management Guidelines, which require suppliers to sign the Statement of Commitment to Human Rights and Environmental Sustainability, regulate their companies through self-assessment and interviews, check the regulations relevant to these guidelines, and comply with basic labor rights, corporate social responsibilities, occupational safety and health management, and environmental protection, among other key aspects.

Human right risk matrix diagram

By examining human rights topics and adopting social trend analysis, data monitoring, and questionnaire surveys, the Corporate Social Responsibility Committee has established a matrix of potential risks to the human rights of all E.SUN FHC employees, suppliers, customers, and investment/credit extension targets; developed human rights risk mitigation and compensation measures based on potential risks; and disclosed human right issues of moderate risk to effectively enforce human rights policies.



〈 Human right risk matrix diagram 〉

Assess impact

Regularly review human rights issues of stakeholders and assess the impact of human rights issues.

Drafting plan

resolution regarding improvement plans during a Corporate Social Responsibility Committee meeting.

Oversee and execution process

Established mechanisms to supervise, track, and evaluate improvement plans. Monitor the effectiveness of improvements made to potential impacts.

Review improvements

Review the evaluation tools and processes and reexamine and adjust practices and commitments related to human rights issues.

〈 Human rights investigation process 〉

Stakeholders	Issue	Risk identfiy	Total	Risk mitigation measures	Possibility of Impact	Total	Impact compensation measures	Total	Outcome
Employees	Working hours	1.48%	7.16%	1. Amend leave and overtime related regulations according to amendments to the Labor Standard Act. 2. Add reminder function to the attendance system. 3. Implement multiple working hour scheme in 2018.	0%	0.30%	1. Provided overtime pay. 2. The supervisors won't get their respective department an excellent performance rating.	100%	1. There were no penalties in relation to working hours in 2019. 2. 113 people adopted the multiple working hour scheme in 2019.
	Occupational injury and diseases	1.09%		1. Included road safety awareness in the annual compulsory on-the-job training course. 2. Hired a health professional every year to conduct interviews on the environment of the office building. 3. Provided lighting and warning signs in staircases and parking lots. 4. Provided 24-hour security at entrances and parking lots to increase safety. 5. Installed electronic surveillance cameras in office buildings.	0.30%		1. Adopted internal occupational hazard reporting process and set up a dedicated unit to implement care and follow-up procedures. 2. Actively provided information on group insurance and labor insurance. 3. Hired health professionals to conduct reinstatement assessments. 4. Provided Employee Assistance Programs (EAP).		1. There were no major occupational hazards in 2019. 2. There were no deficiencies and penalties related to safety and health labor checks in 2019. 3. The first financial institution in Taiwan to receive the ISO 45001 Occupational Safety and Health Management System certification in 2018.
	Diversity and inclusiveness	0.96%		1. Assign special job roles to employees with physical and mental disabilities, and more disables are hired. 2. Provide barrier-free space and equipment. 3. Encourage overseas departments to recruit locals and ensure the diversity of employee nationality. 4. Periodical reviewed and optimized gender-friendly measures.	0%		1. The supervisors won't get their respective department an excellent performance rating. 2. Submit a report to Human Resource Development Council.		1. Hired 18 additional people with physical disabilities. 2. Announced in 2020 that female employees can wear flat shoes.
	Maternity protection	3.63%		1. Childbirth leave and family care leave superior to the regulation and the first childbirth fund. 2. Simplified nursery room with disinfected cooker and breast milk refrigerator. 3. Held consultation services by doctors for mothers. 4. Survey on maternal health and suitable job adjustment. 5. Female employees are not allowed to work after 10 p.m.; travel allowance and accommodation are provided if overtime is required for official businesses.	0%		1. Provided Employee Assistance Programs (EAP). 2. Provided multiple working hour scheme. 3. Contracted child care institutions. 4. Provided flexible unpaid parental leave policies that are superior to statutory requirements.		1. Distributed 370 maternity protection questionnaires; retrieval rate was 100%. 2. Reinstatement and retention rate after unpaid child care leave was 82% in 2019.
	Gender Equality	0.01%		1. Established Guidelines for the Establishment of Gender Equality Committee for E.SUN FHC and its Subsidiaries, and Rules and procedures for Sexual Harassment Prevention, Complaint and Punishment of E.SUN FHC and Its Subsidiaries. 2. Encouraging the promotion of female employees to managerial positions, and indicated that the salary of female E.SUN employees is not defined by gender. 3. Established the Prevention of Illegal Infringement Program.	0%		1. Actively made referrals to Employee Assistance Programs (EAP). 2. Sexual Harassment Complaints Review Committee upholds the principles of objectivity, fairness, and professionalism when conducting investigations, and imposes punishments as deemed appropriate to the review results.		1. The employee completion rate in gender equality and friendly workplace training programs was 97.6%. 2. Sexual harassment reports in 2019: 0
Suppliers	Labor rights	0.76%	2.99%	1. Regularly checked for provisions on human rights and environmental sustainability and sanction announcements. 2. Conducted inventory of supplier self-report and interview questionnaires to determine supplier risk index in the aspects of human rights, occupational safety, and environmental protection. 3. Requested applicable departments to report the number of implementation hours and review results on projects implemented by suppliers.	0%	0%	1. Held supplier communication meetings to raise awareness of corporate social responsibility. 2. Requested high-risk suppliers to provide awareness training on related issues. 3. Adjusted the amount of materials purchased from suppliers or terminated contractual relations, depending on the sanction imposed on a supplier. 4. Periodically interviewed potentially risky suppliers to review their improvement status.	100%	1. 1,259 suppliers (1,186 in Taiwan and 73 overseas) signed the human rights and environmental sustainability agreement and completed supplier self-assessment, for a completion rate of 100%. 100% Tier 1 suppliers completed these actions. 2. 8 self-assessed suppliers exhibited potential risks in labor rights. 3. 3 supplier communication meetings were held in 2019, and roughly 50 suppliers were invited to these meetings.
	Occupational safety	2.23%			0%				

Stakeholders	Issue	Risk identfiy	Total	Risk mitigation measures	Possibility of Impact	Total	Impact compensation measures	Total	Outcome
Customers	service quality and Employee Right	0.011%	7.51%	1. Set Total Quality Management Committee ,TQM. 2. E.SUN services and products have been assessed by laws and regulations to ensure that they comply with the principles of fair customer treatment. All products and services have been checked(100%). 3. Strengthen the three lines of defense in the internal control system. 4. Included customer complaint management in annual departmental performance evaluations to raise the overall service awareness of a department. 5. Carried out fraud prevention rehearsals and training.	0.02%	0.02%	1. Set responsible occupation for customercomplaints and report to the board. 2. Provide a smooth customer complaint handling mechanism. 3. Control of abnormal transactions: E.SUN mobile banking app provides mobile push function to monitor abnormal transactions.	100%	1. There were 861 reports of customer complaints (266 came from the FSC) in 2019; overall, there were 768 fewer customer complaints than the previous year (and 78 fewer reports from FSC) 2. Customer satisfaction was 83.36%.
	Personal Information Protection	6.72%		1. Establish E.Sun Financial Holding Co., Ltd. and Subsidiaries Principles on Gathering, Processing and Use of Personal Information and E.SUN Bank Operating Procedures for Exercising the Rights to Use Personal Information, and handling customer's information in accordance with the Personal Information Protection Act. 2. Establish a cross-department Personal Information Protection Work Group 3. Prohibit the use and retention of customers' deposit slips and bank passport 4. Introduce the data leakage protection (DLP) system 5. Obtain ISO27001 information security management system (ISMS) certification	0%		1. Information Incidents. 2. Establish an Emergency Response and Crisis Management Team in the event of violation of personal information to report significant contingency events to the competent authority and transmit handling results to the Personal Information Protection Executor (PIPE). 3. Regularly conduct personal information leakage drills to strengthen reporting capability and responsiveness. 4. E.Sun Financial Holding Co. Ltd. and Subsidiaries Emergency Response Rules for Personal Information Incidents will be amended this year in line with Principles of Fair Customer Treatment under the Financial Consumer Protection Act.		1. Four training and online tests on information security were held in 2019; 33,994 people participated and passed the tests, and they received 33,994 hours of training in total. 2. Major unforeseen incidents pertaining to customer personal information occurred and were sanctioned by competent authorities or corrected.
	ESG checks for corporate customers	0.79%		【Responsible investment】 1. E.SUN Bank Investment Policy is based on the Principles for Responsible Investment (PRI) and incorporated ESG issues in investment analyses and decision-making processes. By referring to the Bloomberg ESG scores, E.SUN produces a negative list to filter investing targets. For investment targets without ESG scores, E.SUN follows internal evaluation mechanism. For example, information like an issuing plan of green bond or development condition of the country where the investment target locates are taken into consideration. For human rights issue, after reviewing 100% of E.SUN's subsidiaries and companies invested with controlling power, no violation of human rights was found. 2. Industries or enterprises that are potentially controversial must be subject to due diligence evaluation. We will carry out only those that have been evaluated as posing no adverse effect on the sustainable development of the environment, society, and governance. 【Responsible lending】 1. Each credit application must be subject to ESG examination. 2. Cases adopting the Equator Principles (i.e., project financing of US$10 million or above) are managed by following the Equator Principles evaluation process. 3. E.SUN Bank Lending Policy describes the financing require ments and special criteria appropriate to green energy corporations.	0%		【Responsible investment】 1. FX working memo indicates that investment in industries or enterprises that are potentially controversial (e.g., tobacco, alcohol, national defense industries, gambling, and environmentally harmful), investment applications must be subject to due diligence evaluation. We will carry out only those that have been evaluated as posing no adverse effect on the sustainable development of the environment, society, and governance. 2. Investment Management Committee periodically reviews investments that are potentially controversial. Investments found to be associated with issues of major irregularity are retracted immediately. 【Responsible lending】 1. Regarding credit extension targets on which severe penalties were imposed due to human right issues, direct/indirect credit check is conducted to understand the impact of the reported matter on corporate operations, and improvement is requested. 2. Credit extended to such targets is adjusted based on the degree of influence. In severe cases, these targets are asked to settle their debt in advance and are blacklisted.		1. Number of penalties or corrections by competent authority for major labor disputes or infringement of labor rights. 2. Only 0.79% of risk is assumed in controversial industry investments and credit extension, down 0.54% from the previous year.

Employee relations and rights

E.SUN FHC. E.SUN strives for sustainable development by integrating corporate social responsibilities in its main financial businesses. Due to the continuous growth of its strategic operations and organizations in recent years, E.SUN is more focused on the needs of its employees, and establishes projects for improving the human resources. In these projects, we not only seek to cultivate and develop talent but also optimize employee care practices and our work environment. To stay in line with the changes in internal and external environments, E.SUN is committed to building a diverse, equal, and inclusive environment where an open communication channel is made available to protect labor rights. With the goal of constructing a friendly happy workplace, we strive to realize our core business philosophy: Our responsibility to our employees is cultivating professional talent and building a team of happy winners.

1. Diverse equality policies

(1)Equality in employment

E.SUN's talent recruitment policies are based on equal human rights as well as candidates' capabilities and suitability. E.SUN complies with the labor laws of the Republic of China, including the Labor Standard Act, Gender Equality in Employment Act, Employment Service Act, and the local labor laws of various countries. To promote diversity in employee composition, E.SUN does not discriminate against potential candidates based on gender, race, age, political affiliation, marital status, and familial conditions. E.SUN has operating sites in nine countries, in addition to Taiwan, and employs employees from 10 different countries to work for E.SUN FHC. The number of employees with physical disabilities increased from 29 to 47, which is higher than the requirement of the Labor Standard Act. E.SUN strives to eliminate employment discrimination and support equal rights to work. There were no incidents of discrimination in 2019.

(2)Gender Equality

In 2019, a total of 8,483 supervisors and employees participated in E.SUN human rights protection training courses (including offline and online courses) in Taiwan; 98% of our employees received 3,883 hours and 51 minutes of training in total. These courses covered gender equality laws, sexual harassment prevention, and friendly workplace campaigns. By organizing and encouraging employees to participate in training programs on sexual harassment prevention, E.SUN creates a friendly and supportive work environment, where gender equality related concepts are advocated in order to build a happy workplace that embraces gender equality. E.SUN has established the Guidelines for Sexual Harassment Prevention, Correction, Complaints and Punishment and set up hotline and mailbox for sexual harassment complaints.

(3)Maternity protection

E.SUN strives to protect the rights of mothers and female employees by constructing institutions and environments that are friendly for both male and female employees. In 2020, we announced that female employees can wear flat shoes, which shows our effort in creating a gender-friendly workplace.

In 2019, the Legislative Yuan passed a law, stipulating that two persons of the same gender can apply for a marriage certificate with the Household Registration Office. After Taiwan became the first country in Asia to legalize same-sex marriage, several E.SUN employees registered same-sex spouses in their personnel data sheet in 2019. E.SUN takes actions to support and protect the freedom and rights of same-sex marriage, ensures that employees enjoy their due benefits, and insists on creating an equal and legal work environment.

2. Open communication channels

（1） More channels for communication

E.SUN discloses ethical management policies and implementation status on its website, in annual reports, and during investor conferences. Employees can use different channels (e.g., meetings, face-to-face communications, digital platforms, and feedback surveys) to communicate any constructive opinions to executive managements and the Human Resource Division. To continue to strengthen our open communication channels, we set a human resource mailbox in 2020.

（2） Higher involvement in employment engagement survey

Increasing the completion rate of employee engagement questionnaire: Knowledge sharing meetings are held to communicate the overall development strategies to employees. At the end of the meeting, anonymous feedback questionnaires are distributed to collect employees' feedback regarding the long-term development of E.SUN, job satisfaction, identification with the organization, and suggestions for future development. Action plans are compiled to address major proposals or trends. For example, E.SUN officially adopted improvement measures in 2019, including maternity leave and child care benefits, multiple work hour schemes for tech teams, relaxing of seniority requirement for job promotions, and transfer of marketing position.

（3） Higher participation in labor union

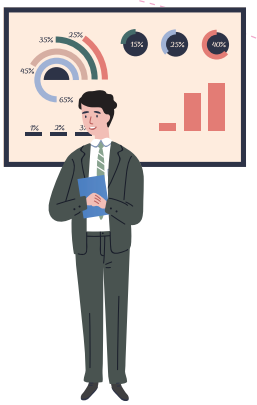
Protecting the rights of employees and improving communication with employers, E.SUN encourage employees to join the labor union, which the ratio of employees joined increased to 12.63% from 10.4% in 2019, and the members come from different departments. Labor-management meetings were held four times in 2019, during which nine issues were discussed, including flexible working hours, female work at night, and maternity and paternity leave practices better than required by law. 100% of employees are covered by the above collective agreements.

Employee communication channels

1. Interaction
- HR meeting
- Aperiodic interaction forum
- Regional business interaction forum
- Manager meeting

2. Formal meeting
- Managing meeting
- Audit committee
- Human resource committee
- Labor committee

3. Survey
- Opinion survey
- Knowledge sharing survey



4. Digital channel
- Working weekly report
- CHRO mailbox
- E-HR billboard
- Stakeholder and corporate
- Governance sector

2019 Employee engagement

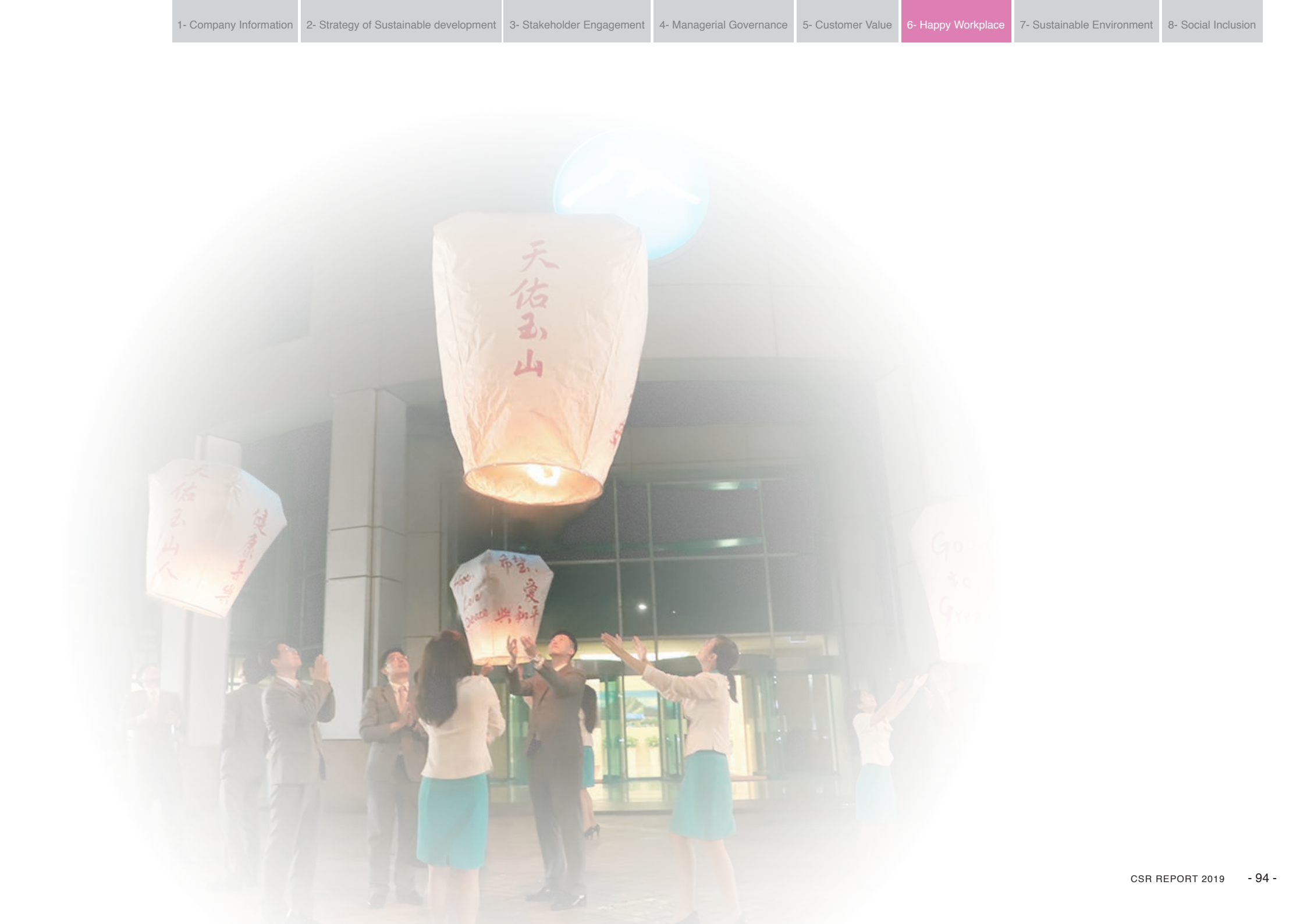
Target	All employees
Purpose	To collect employees' feedback regarding the long-term development of E.SUN and suggestions, and prepare an action plan to address proposals or trends.
Topic	Commitment to organization, career development, remuneration, performance management, satisfaction with human resource systems.
Participation rate	87.2%
Engagement score	96.93%
Survey result	1. Employee engagement presented positive growth. 2. Questionnaire completion rate increased by 87.2%, up 6.3%. 3. Employees' satisfaction with this year's employee care mechanism increased by 8.6%.
Actions	1. establish career path level for IT 2. provide multiple work hour and flexible work hour 3. cancel the rule of wearing heels for female employee

Employee engagement	2017	2018	2019
Total	97.08%	96.95%	96.93%
Male	97.02%	96.65%	96.79%
Female	97.14%	97.23%	97.04%
Response rate	91.7%	80.9%	87.2%

〈History of employee engagement〉

Employee engagement	2018	2019
Manager	98.63%	98.64%
employee	96.05%	95.93%
IT relate	96.17%	94.8%

〈Employee engagement in categories〉

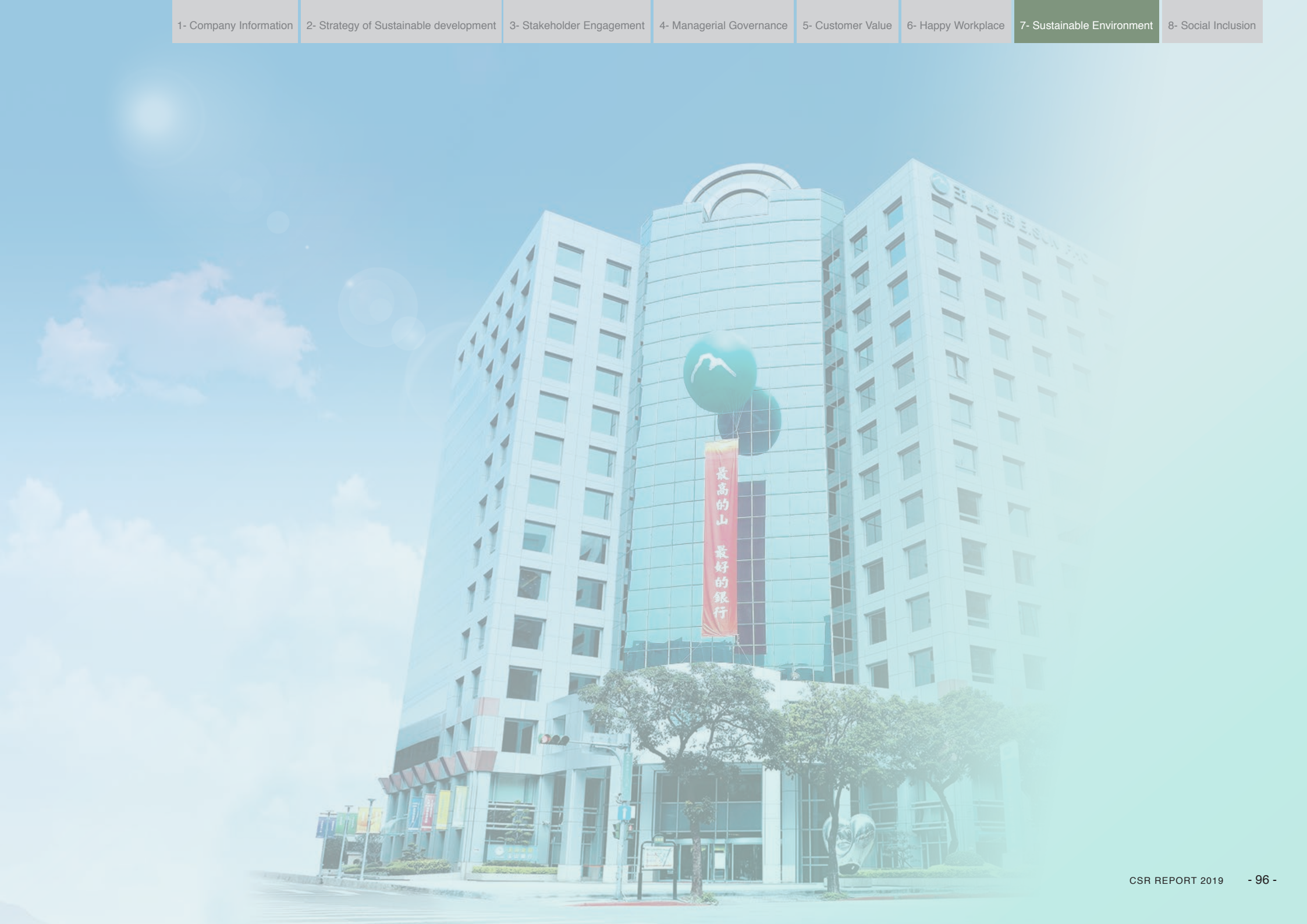

天佑玉山
希望、愛
Love
Peace
與和平

7-Sustainable Environment

7.1 Sustainable Operating Environment

GRI：102-12

- 2007
  - Announced the E.SUN Environmental Protection and Energy Conservation White Paper White Paper.
- 2011
  - Established the Environmental Sustainability Team under the Corporate Social Responsibility Committee.
- 2012
  - Developed the Statement of Commitment to Human Rights and Environmental and ecouraged our business partners to join the statement.
- 2013
  - E.SUN Financial Building passed the ISO 14001 Environmental Management System.（1st FHC in Taiwan）
- 2014
  - E.SUN Financial Building and E.SUN Securities simultaneously passed the ISO 50001 Energy Management System certification.（1st financial industry in Taiwan）
  - E.SUN Financial Building and 136 branches in Taiwan completed the ISO14064-1:2006 Greenhouse Gase Inventory verification.（1st financial industry in Taiwan）
- 2015
  - E.SUN Financial Building completed the ISO 14046:2014 Organizational Water Inventory verification. (1st financial industry in Taiwan）
- 2016
  - Completed the Scope 3 (domestic and overseas business travel via air) carbon emission inventory between 2014 and 2016 according to the ISO 14064-1:2006 standard.（1st financial industry in Taiwan）
  - Completed 100% ISO 14064-1:2006 Greenhouse Gas Inventory on business locations in Taiwan.（1st financial industry in Taiwan）
  - Completed 100% ISO 14046:2014 Water Inventory on business locations in Taiwan.（1st financial industry in Taiwan）
  - Developed and announced the E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers and Supplier's CSR Self Assessment form.
- 2017
  - Completed 100% ISO 14001 Environmental Management System Inventory on business locations in Taiwan.（1st financial industry in Taiwan）
  - Completed 100% ISO 50001 Energy Management Systems Inventory on business locations in Taiwan.（1st financial industry in Taiwan）
  - Completed 100% ISO 14046:2006 Greenhouse Gas Inventory on business locations in Taiwan and overseas.（1st financial industry in Taiwan）
  - Completed 100% ISO 14046:2014 Water Inventory on business locations in Taiwan and overseas.（1st financial industry in Taiwan）
- 2018
  - Dengfeng Building and Hope Building obtained the green building LEED Gold Certification. (the first green server room in Taiwan's financial industry)
  - E.SUN baby essential sharing platform obtained the BS 8001 circular economy certification. (the first bank in Taiwan's financial industry)
- 2019
  - SUN HR Development Center - Dengfeng Building obtained the green building LEED Gold Certification. (the first green training center in Taiwan's financial industry)
  - E. SUN Bank won the 1st National Enterprise Environmental Protection Award - Gold Award under the non-manufacturing group category. (the only award recipient in the financial industry)


最高的山
最好的銀行

〔 Guidelines 〕

- **Target:** Set "per unit of revenue" as a new metric for carbon emission, water use, and waste. Compared with base year 2016, on a per unit of revenue basis, new 2025 target will be 15% lower in water use, and 25% lower in carbon emission and waste.
- **Policy:** We announced 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.

  In line with international projects such as DJSI and CDP, the team sets goals to reduce carbon emissions, water consumption, and waste, and devises implementation plans, which will then be fully executed. An annual inventory check is also conducted to examine goal attainment.

〔 Management action 〕

67.1% of GHG emissions are generated from electricity usage. 7.27% of emissions are from 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). Other indirect emissions (e.g., business travel and waste) account for 25.63% of all emissions. E.SUN conducts GHG inventory to encourage employees to work under a shared vision of environmental sustainability to mitigate the impact of climate changes. E.SUN Bank's carbon reduction target is based on Scopes 1 and 2 emissions. Scope 3 emission, which includes employees business travel, is largely dependent to the company's business needs hence is not set as a target. In 2019, the "carbon intensity, measured by per unit of revenue"(in kilograms of CO2 equivalent per thousand $NT) is 0.4605. The number decrease by 18.29% in 3 years compared with the 0.5636 in 2016. Thus, our goal was achieved.

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 supporting corporation that discloses climate change related information. E.SUN FHC volunteered to respond to CDP water disclosure in 2016.

GHG inventory

GRI：305-1、305-2、305-3、305-4

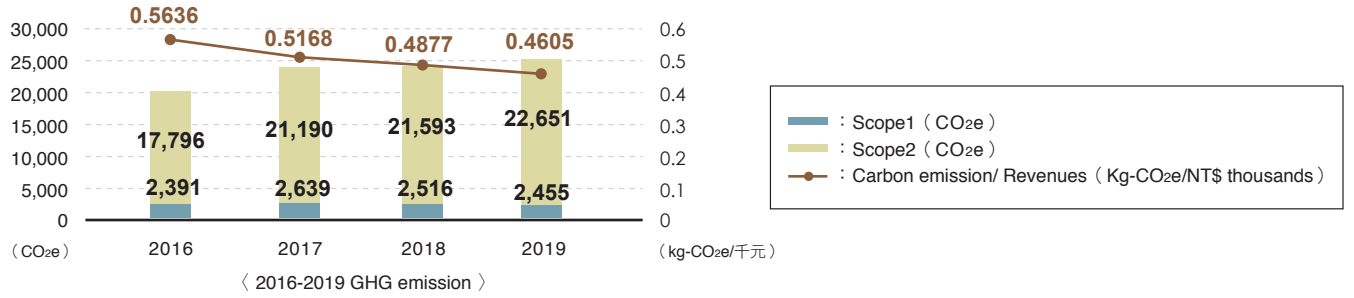
	Scope 1			Scope 2	Scope 3
Emission type	Stationary source emissions	Mobile source emissions	Fugitive emissions	Energy indirect emissions	Other indirect
Volume（t-CO_2e/year）	56	1,771	627	22,651	10,410
Percentage（%）	0.16%	4.99%	1.76%	63.78%	29.31%
Volume（t-CO_2e/year）	2,454			22,651	10,409
Percentage（%）	6.91%			63.78%	29.31%
Data coverage（%）	100%			100%	100%

〈 GHG emission of operating sites, domestic and abroad, 2019 〉

Note:
1. Scope 1 emission mainly includes car fuel, diesel for power generator and natural gas. Scope 2 emission is mainly electricity.
2. Scope 1, Scope 2 and Scope 3 and electricity includes all branches in Taiwan and overseas. Scope 3 waste inventory includes all branches and buildings in Taiwan.
3. Gasoline, diesel (stationary source), diesel (mobile source) emission parameter from "EPA GHG emission parameter (version 6.0.4 2017/04)" are 2.361 kg CO2e/L, 2.615 kg CO2e/L, and 2.651 kg CO2e/L respectively. IPCC, AR4 is adopted for GWP.
4. No biodiesel is used in the reviewed year.
5. Electricity parameter is 0.533 kg CO2e/kWh by Energy Bureau, MOEA 2017.
6. According to ISO 14064-1 Greenhouse gases Part 1: Specification with guidance, emission = activities* emission parameter*GWP
7. Reference to refrigerant GWP and IPCC, AR4.
8. GHG inventory is performed based on operational control. Scope 2 is based on location.

Types of GHG	CO_2	CH_4	N2O	FHCs	PFCs	SF_6	NF_3	Total emission of 7 GHG
Emission（t-CO_2e/year）	24,434.5469	376.9035	58.4353	236.2876	0	0	0	34,398.125
GHG emission to total emission	98.01%	1.12%	0.17%	0.7%	0	0	0	100%

〈 Emission of respective GHG in Scope 1, Scope 2 and Scope 3（t-CO_2e）〉



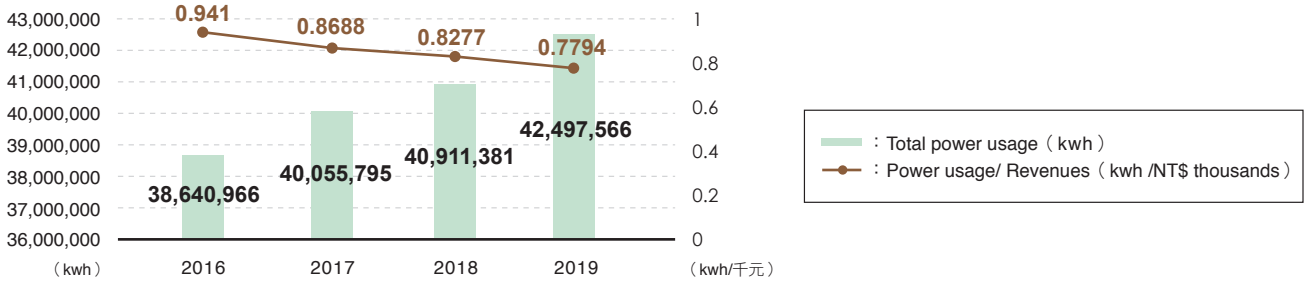
〈 2016-2019 GHG emission 〉

Note:
1. The new domestic branch at Nanshan Plaza and its year-round data of last year are included in 2019.
2. In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch.
3. In 2017, boundary was expanded to include overseas branches, Hope Campus, Changhwa Branch, and E.SUN Securities.

Energy management

GRI：302-1、302-3

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



〈 2016-2019 power usage 〉

Note:
1. The new domestic branch at Nanshan Plaza and its year-round data of last year are included in 2019.
2. In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch.
3. In 2017, boundary was expanded to include overseas branches, Hope Campus, Changhwa Branch, and E.SUN Securities.

	2016	2017	2018	2019
Gasoline (Liter)（MJ）	27,362	26,171	25,936	24,496
Diesel (Liter)（MJ）	38.54	40.87	54.6	46.17
Gas（MJ）	50.9	43.11	26.39	14.74
Natural gas (kg)	N/A	1153.2	1096.1	765.5

Note: 1. The new domestic branch at Nanshan Plaza and its year-round data of last year are included in 2019.
2. In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch.
3. In 2017, boundary was expanded to include overseas branches, Hope Campus, Changhwa Branch, and E.SUN Securities.
4. Source:Source: Unit heat value of energy products presented in the Energy Statistics Annual Report of the Bureau of Energy and CDP Conversion of fuel data to MWh.

〔Introducing management system〕

The Bank has progressively introduced the ISO14001 Environmental Management System and ISO50001 Energy Management System. Our Environmental Sustainability Work Group is responsible for overseeing the promotion of corporate environmental protection policies. Through analysis and review, the group identifies key factors influencing E.SUN's energy consumption and establishes performance indicators and action plans to facilitate continuous improvements, curb energy consumption, and reduce carbon emission effectively.

〔Adopting energy-saving equipment〕

Since 2015, we have retrofitted office lights into energy-saving T5 and LED lights and installed energy-saving labeled air conditioning equipment in our business offices. In 2017, 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 turn off all electronic signage, including vertical and horizontal signs, and display monitors. In three consecutive years, over ten thousand lights were turned off, saving approximately 198,800 kWh of electricity, equivalent to 107.6 tons of carbon emissions reduced. (Note: Based on the latest Ministry of Economic Affairs Bureau of Energy announcement of the 2017 and 2018 annual electricity emission factors, respectively 0.554 kg CO_2e/kWh, and 0.533kg CO_2e/kWh).

〔Green certificates〕

In line with the government's green energy policy, E. SUN has voluntarily purchased a total of 390 renewable energy certificates, equivalent to 390,000 kWh of green energy and 207.9 tons of carbon emissions reduced, from the Bureau of Standards, Metrology, & Inspection, Ministry of Economic Affairs, to promote the development of renewable energy and contribute to environmental protection. (Note: Based on the latest Ministry of Economic Affairs Bureau of Energy announcement of the 2018 annual power emission factors 0.533 kg CO2e/kWh.)

〔Solar-powered branches〕

To mitigate global warming and climate change and support the transformation of national electricity policies, the Bank started building solar-powered branches in 2017. As at the end of 2019, 13 solar-powered branches have been completed (Toufen, Daya, Dali, Taiping, Shalu, Changhua, Yuanlin, Douliu, Chiayi, Jen-Teh, eastern Tainan, Annan, and Jinhua Branch). In addition, 2 solar-powered buildings (Dengfeng Building and Technology Building) were completed. The total installed capacity was 104.8 kW. The panels are expected to generate approximately 150,000 kWh of power per year.

〔Green server room〕

We take actions to implement environmental sustainability management. By integrating environmental energy-saving designs and environmental sustainability concepts into Summit Campus and Hope Campus, we developed two LEED Gold-certified green server rooms, making us the first financial institution in Taiwan to obtain this certification.

〔Green Building〕

Green construction was made one of the key initiatives since 2015, with priority given to new buildings. As of 2018, 7 branches have acquired green building labels (Yuanlin, Toufen, Changhua, Annan, Taiping, East Tainan, and Shalu Branches) and the Summit Campus and the Hope Campus were obtained 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.

〔Online meeting〕

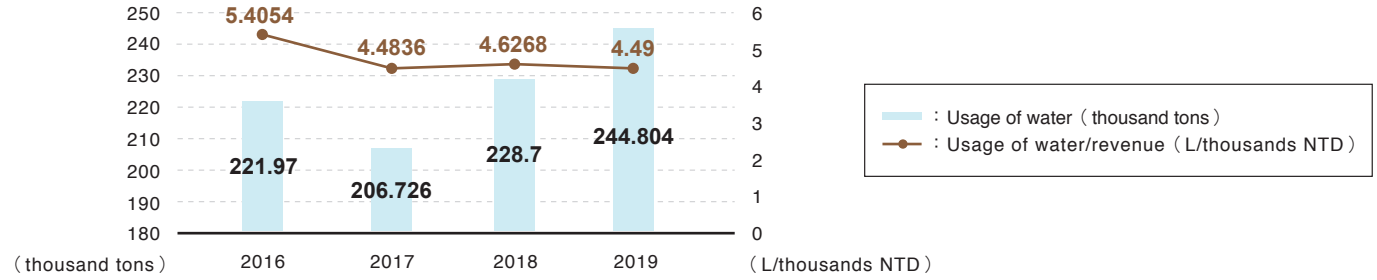
Video conferencing equipment is made available to reduce the cost of time and travel as well as GHG emission incurred during travel. 5,890 sessions were held in 2019. Example: The annual saving by choosing video conferencing is, calculated at a total driving distance of 137,367 km, 31.5 metric tons of 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: Based on the latest Ministry of Economic Affairs Bureau of Energy announcement of the carbon emission of car, respectively 1.15E-001 kg CO_2e/kWh)

Water Management Measures

GRI：303-1、303-2、303-3、303-4、303-5

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.

We currently use ISO 14046 water footprint inventory to obtain an overview of water supplies in different regions. Water footprint methodology was adopted to assess risks of water shortage. E.SUN Bank consumed 244,804 m^3 of water in 2019. An assessment using the methodology proposed by Boulay et al. (2016) shows that our current water supply is higher than our monthly data, that water shortage might occur in March and May– November, and that regional water supply is lower than the global standard, possibly causing risk of water shortage. The Company will strengthen the dissemination of information on water conservation. E.SUN is an active participant in taking governmental actions on water resource management to reduce risks of water shortage. When risks of water shortage are expected at/in certain times/regions, water-saving activities are conducted first to reduce such risk. In 2019, 4.49 "per unit of revenue" for water use (kiloliter) were consumed, decreased by in 3 years compared with the 15.4054 (kiloliter) in 2016. Thus, our goal was achieved.



〈2016~2019 water usage〉

Note: 1. The new domestic branch at Nanshan Plaza and its year-round data of last year are included in 2019; total water consumption increased as a result.
2. In 2018, boundary was expanded to include UCB (Cambodia) headquarters building and Brisbane Branch. Water usage increased as a result.
3. In 2017, boundary was expanded to include overseas branches, Hope Campus, Changhwa Branch, and E.SUN Securities. Water usage increased as a result.
4. Information on water consumption was based on data regarding the verification of water scarcity and footprint.

〔Sharing Water Resources – A Shared Responsibility〕

E.SUN has never withdrawn water from any basins directly, and has always used water that is supplied by a third party (local water companies). Moreover, the services provided by E.SUN have never been directly associated with water. Water resources are not required for E.SUN's services other than those provided for our employees and customers for everyday use and cleaning. To understand the impact of E.SUN on water resources, E.SUN adopts the ISO 14046 standard to assess its water scarcity footprint, the inventory analysis of which is conducted using WULCA. Currently, E.SUN has only been using water resources supplied by water companies without compromising the use of water resources by relevant stakeholders sharing the basin(s), and without withdrawing water from areas with water stress. E.SUN continues to advocate water conservation policies, raise the awareness of water conservation internally and externally, and encourage our employees and more people to contribute to the sustainable development of Taiwan.

〔Statement of water conservation〕

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

〔Water footprint inventory〕

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

〔Water efficiency devices〕

- The entire company uses water-efficient appliances with water conservation labels, including dual flush toilets and touch-free flushing urinals.
- Water saving devices are installed to reduce the amount of water coming out of faucets.

〔Rainwater recycling〕

- E.SUN Hope campus 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 2019, approximately 12,367 tons of water was saved.
- The Dengfeng Building is equipped with rainwater recycling system. Processed rainwater is used to water plants. In 2019, 0.486 megaliters of water was saved.

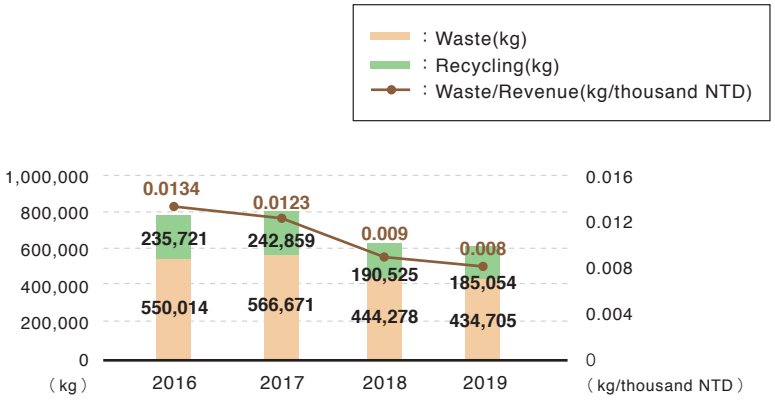
〔Investigation and follow-ups〕

- 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.
- Daily drinking water is subject to regular inspection and maintenance every month. 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.

Waste disposal and recycling

GRI： 306-2

The waste produced by E.SUN mainly consists of domestic waste, which is sorted into general waste (including food waste) and recyclables to further realize trash reduction and reuse. The trash is sorted by colleagues themselves at the storage bin and is collected by property waste management or cleaning staff at branches. General waste is delivered to incinerator by licensed waste management companies, and recyclables is collected by recyclers. Under the target of given scope, in 2019, the volume of general waste produced, measured by per unit of revenue, is 0.008 kg/thousand dollar. It is a 40% decrease in three years compared with 0.0134 kg/thousand dollar in 2016. The goal was achieved.



〈2016-2019 Waste generation－E.SUN headquarters building〉

Note: 1. Weight management was first implemented in 2018 for the whole branches.
2. Weight management was implemented in 2016 for headquarter.
3. Refer p.139 for more detail.

〔Resource classification Recycling/reuse Management〕

- In response to the compulsory garbage separation policy promulgated by the Environmental Protection Administration, Executive Yuan in 2018, E.SUN enforced the Waste Management Program, which requires bank wastes to be classified into general waste, recyclables and food waste. Every day, each unit must weigh its wastes before discarding them and enter the measured weight on a reporting system. Thus, garbage separation is implemented to increase the efficiency of resource recycling, reduce general wastes, strive toward the long-term goal of zero-waste generation, and contribute to recycling and reuse of natural resources.
- 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. 10,000 disposable utensils and melamine tableware used in the employee canteens of the E.SUN Headquarter Building, Summit Campus, and Hope Campus 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.

〔Paperless process〕

- We invited customers to help conserve paper by not using print-out statements. All 960 ATMs nationwide an environmental protection promotion channel encouraging employees and customers to get in the habit of conserving energy.
- A total of 1,517 e-Learning sessions were held in 2018. The sessions were attended by 269,451 participants. The estimated saving on paper was over 1 million sheets, roughly the equivalent of 8.6 metric tons of CO_2e.
- 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. The change led to a reduction of 3.2 metric tons of CO2e in 2019.
- Credit cardholders are encouraged to opt for electronic statements. 1,3 million cardholders have applied for the service. The equivalent paper consumption is 66 million sheets, which translate to a saving of 530 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 CO_2.)
- New electronic billboards have been implemented to replace traditional promotional activities, and to reduce the printing of leaflets and posters.

7.2 Sustainable ecosystem

E.SUN supports global conventions on biological diversity. To promote sustainable ecological development and fulfill the United Nation's sustainable development goals (SDG 11 Sustainable Cities, SDG 14 Life Below Water, and SDG 15 Life on Land), E.SUN's sustainable ecological development strategy comprises three focuses: species conservation, habitat conservation, and environmental sustainability. E.SUN believes that actions must start from home, and takes the initiative to respond to environmental sustainability initiatives worldwide and nationwide. We exert our corporate influence to call upon employees, customers and suppliers to implement environmental protection through actions for a beautiful Taiwan and a sustainable Earth.

Strategic Focus: Species Conservation

Goals:
Protect the diversity of species to improve biodiversity

2019 Main Achievements:

- he Sea Turtle Conservation Project - more than 500 people responded to the project together, releasing 5 sea turtles into the wild.
- Exclusive to E.SUN in the financial industry! Sponsored award-winning director Jue-Ming Mai in making the first-ever Taiwanese ecological movie "Formosan B.B. is Coming".
- Exclusive to E.SUN in the financial industry! Sponsored the first International symposium on bears in Taiwan
  Working with Yangmingshan National Park to promote butterfly conservation for 7 years in a row

Strategic Focus: Habitat Conservation

Goals:
Slow the rate of natural habitat loss and degradation

2019 Main Achievements:

- "One Tree Per Person. E.SUN Plants Trees." - completed planting and nurturing of 10,000 Taiwanese indigenous saplings.
- Smile E.SUN environmental and coastal cleanups with 12,000 participants in total, and more than 16 tons of trash cleaned up through joint efforts.
- Adopted trails in Yushan National Park for 11 consecutive years.

Strategic Focus: Environmental Sustainability

Goals:
Respond to international and domestic environmental sustainability activities through practical actions

2019 Main Achievements:

- Earth Hour - E.SUN was the only assisting organizer in Taiwan.
- Encouraging customers to lead a green, low-carbon lifestyle - Approximately 150,000 YouBike rides per month by E.SUN EasyCard holders.
- Encouraged employees to cherish and reuse resources - collected 6,781 new and secondhand items.
- Raised employees' environmental awareness - 12 sessions of environmental education.
  Educated employees on low-carbon diet - 3.84 tons of CO_2e reduced.

7.2.1 Species Conservation

Taiwan Marine Environment Protection

〔The Sea Turtle Conservation Project〕

To advocate sustainable use of marine resources and sea turtle conservation concept, E.SUN and the National Museum of Marine Biology and Aquarium (NMMBA) started Taiwan Marine Environment Protection - The Sea Turtle Conservation Project in March 2019 for a period of six months. The Project included three series: Seed Teacher Training on Marine Affairs, Let's Go Marine Conservation, and Marine Guards Off-Campus Teaching. The Project has allowed more people to understand the current problems faced by sea turtles, how important that is to the entire marine ecosystem, and thus how to protect sea turtles in daily life. In 2019, more than 500 people responded to the project together, releasing 5 sea turtles into the ocean after they had been tended and resumed health from injury.

The Sea Turtle Conservation Project Series 1: Seed Teacher Training on Marine Affairs - environmental education activities

Seed teachers were provided with applicable teaching materials, lesson plans, and abundant teaching resources, including board games for the teaching of marine ecology, picture books, learning optical discs, and sea turtle action boxes. The teachers were able to experience teaching in the natural sites of Hengchun Peninsula, and conducted in-depth learning and discussion in the sea turtle shelter behind the NMMBA.

The Sea Turtle Conservation Project Series 2: Let's Go Marine Conservation - Ecological Guided Tours: What Do You Do When You Meet a Sea Turtle?

People were invited into the NMMBA shelter where they could closely observe how sea turtles were sheltered and taken care of in an artificial environment. Moreover, arrangements were made for veterinarians of the NMMBA to give lectures on what to do when a sea turtle was seen stranded or injured. After the lessons were over, everyone went to a proper area together to release the sea turtles into the wild.

The Sea Turtle Conservation Project Series 3: Off-Campus Teaching Activities - Why Do You Feed on Plastic, Sea Turtle? -Marine Guard

The off-campus teaching activities focused on sea turtles. In 2019, 10 events were held as we invited Pingtung County Fangliao Elementary School, Chao-Yang Elementary School, Checheng Elementary School, Daliao Junior High School, and DongGang Senior High School to participate. Through diverse and interesting lessons on the marine environment, school children get to know more about sea turtles and other marine life, and further understand the current state of the marine environment. Children can learn how to protect precious natural resources through learning and reflection, and establish the concept of sustainable use of resources from an early age.

A - Hi, the Sea Turtle Conservation Mascot

For sea turtle conservation issues to gain more public attention, we designed A - Hi, the sea turtle conservation mascot, and worked with the NMMBA in printing sea turtle desk pads and folders, which incorporate common life habits and illustrations of sea turtles in Taiwan, to advocate the importance of marine conservation to customers and the general public.

conservation and protection of biodiversity in Taiwan

〔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.

Issuance of Taiwan's first credit card combining conservation and environmental concept—the "Black Bear Affinity Card."

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. This fund has made NT$7 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.

Exclusive to E.SUN in the financial industry! Sponsored award-winning director Jue-Ming Mai in making the first-ever Taiwanese ecological movie "Formosan B.B. is Coming"

Exclusive to E.SUN in the financial industry, E.SUN sponsored the production of the Taiwanese ecological movie "Formosan B.B. is Coming", assisting director Jue-Ming Mai in documenting the Formosan black bear ecology and conducting capture-and-release-based research. Before the film's premier, over 3,000 employees and their spouses were invited to enjoy the movie together at a total of 18 venues in Taipei, Taoyuan, Hsinchu, Taichung, Tainan, and Kaohsiung, in support of Formosan black bear conservation through practical actions.

Exclusive to E.SUN in the financial industry! Sponsored the first International symposium on bears in Taiwan - A Workshop to Establish Monitoring Guidelines for Bear Populations in Asia

Exclusive to E.SUN in the financial industry, E.SUN sponsored the first International symposium on bears in Taiwan - A Workshop to Establish Monitoring Guidelines for Bear Populations in Asia. “Mama Black Bear” Mei-Hsiu Hwang served as the convener, inviting senior scientists from 15 countries to compile relevant monitoring data and various group information of bear populations. Through these efforts, an evaluation method for various research and investigation techniques was developed, to assist in monitoring bear populations in Asia.

E.SUN Bear Conservation Promotion

- We designed interesting stickers and notebooks, which embedded the behaviour, living habits,and conservation information of Formosan Black Bear. To advocate the importance of
- Formosan black bear conservation in Taiwan for clients and people.
- Established an online CSR game, LOHAS BEAR, on our official website to encourage customers and the general public to lead a green lifestyle with E.SUN Bear through everyday activities (e.g., dining, clothing, accommodation, and transportation).
  Promoted “Mama Black Bear” Professor Mei-hsiu Hwang’s new book, Bear Cub Returning Home: The Lessons We Have Learned from the Nanan Bear. The book is available in all 139 branches in Taiwan and 148 E.SUN Golden Seed Libraries to facilitate customers’ and school children’s understanding of Formosan black bears and encourage them to aid in the conservation of animals native to Taiwan.

〔Promoting butterfly conservation〕

E.SUN has co-organized the "Yangmingshan Butterfly Festival" in Yangmingshan National Park for 7 years in a row. This event promoted butterfly habitat conservation and environmental education, including butterfly ecology exhibitions, guided butterfly-watching tours on Yangmingshan, butterfly poems, butterfly paintings, and butterfly photography. In 2019, we invited students and teachers from Yu-ying Elementary School, which is a part of the E.SUN Golden Seed Project, to participate in the butterfly ecology exhibitions.

7.2.2 Habitat Conservation

〔"One Tree Per Person. E.SUN Plants Trees" Afforestation Project〕

The night before Arbor Day in 2019, E.SUN and the Forestry Bureau jointly launched the afforestation project, "One Tree Per Person. E.SUN Plants Trees". The land that we have adopted for afforestation is the state-owned forest land located in Yangmingshan Bamboo Lake and Pinglin, with a planting area of 6.67 hectares. Chairman Yung-Jen Huang and President Joseph N. C. Huang called upon 50 E.SUN volunteers, and invited the teachers and students of Hutian Elementary school at Yangmingshan to participate in the One Tree Per Person project. They personally planted the first batch of Taiwanese indigenous saplings, and completed planting and nurturing of 10,000 Taiwanese indigenous saplings.

〔Adopting Bus Stops to Communicate the Importance of Protecting Nature〕

We adopted the Hutianqiao Bus Stop near the afforestation site of the "One Tree Per Person. E.SUN Plants Trees" project, decorating it with patterns of green leaves and the unique style of cute Formosan black bears. These designs represent the circle of life in nature, and showcase E.SUN's commitment to the conservation of Formosan black bears and loving the Earth through planting trees. Most important of all, we hope that visitors with family who check in and take pictures to remember can also, at the same time, perceive the importance of protecting the natural environment through those designs full of childlike fun.

〔"E.SUN Visa Signature", Taiwan's first charitable card with an emphasis on environmental awareness〕

In 2009, E.SUN Bank introduced the first charitable credit card with an emphasis on environmental awareness, the E.SUN Visa Signature card. The motto is "One Life, One Tree, LOHAS Lifestyle". We continue to invite cardholders to jointly participate in the "One Tree Per Person" project, and give back to this land through tree planting. We encourage Visa card members to apply for electronic bills or mobile bills, and donate 0.2% of each transaction amount of customers who apply for e-bills to tree planting programs.

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

E.SUN has held a clean-up activity (Smile E.SUN) for 10 consecutive years in a row in response to the World Clean-Up Day. Between April 22 and June 8, and September 27 and November 30 respectively in 2019, we organized a total of 49 Smile E.SUN environmental and coastal cleanups as well as street cleanups in the surrounding areas of 142 business units. A total of 12,000 people participated in these cleanups, removing more than 16 tons of trash from the beach. We took actions to reduce plastic and waste to safeguard our beautiful homeland.

E.SUN FHC has held a clean-up activity (Smile E.SUN) for 10 consecutive years in a row in response to the World Clean-Up Day.

〔Adopting trails in Yushan National Park trail〕

We have adopted and maintained trails in Yushan National Park trail for 11 consecutive years since 2009, and use this opportunity to promote conservation and environmental education. We encourage E.SUN employees to participate and work together to protect the environment.

7.2.3 Environmental Sustainability Activity

GRI：G4　Financial Service Sector：FS4

Supported domestic and international advocacy on environmental protection

〔Responded to the global environmental event, Earth Hour - E.SUN was the only assisting organizer in Taiwan〕

The Earth Hour activity was initiated by the World Wildlife Fund in Sydney, Australia. In 2019, E.SUN FHC was the main cooperate company. 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. For the seventh consecutive year, E.SUN took part in this activity by turning off power to horizontal and vertical signs at all branches one hour early.

〔Invited customers and employees to celebrate International Car Free Day - Approximately 150,000 YouBike rides per month by E.SUN EasyCard holders!〕

On 2019 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 indifferent areas to advocate eco-friendly lifestyles.

〔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. 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.

Promoted zero-waste circular economy

〔Resource Circulation and Charity Sale activity〕

For 8 years in a row, We 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. In 2019, volunteers and colleagues who participated in the event donated a total of 6,781 brand new and second-hand items. In addition, all proceeds from the charity events were donated to the "Concern for Schoolchildren Program". In 2019, the charity event raised over NT$3 million, directly help cover the first semester costs of more than 1,500 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 1,943 items in 2019, and circulated 1,243 items, for a circulation rate of 63.97%.

Raise employee's awareness of ecological environment protection

〔13th of every month is "E.SUN Environment and Energy Saving Eduaction Day"〕

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.

Month	2019 Environment education topic	Month	2019 Environment education topic
January	Saving energy while saving money	July	Understanding the energy-saving icon
February	Environment protection by waste management	August	Be the one to react to climate change
March	Earth Hour - turning lights off for our planet	September	Watch out your BBQ banquet!
April	"Beautiful Taiwan, smiling E.SUN" Let's cleap up the beach!	October	The right way of plastic bottle recycling!
May	Kitchen waste recycling improvement!	November	Tips of recycling you have to know!
June	Tips for saving water in summer!	December	Less plastic in night market!

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 5,047 employees in E.SUN every week, reducing carbon emissions by roughly 3.84 tons CO_2e.

（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. We also show our support for organic farms by providing employees with organic fruit vouchers.

7.3 Supplier Management

GRI：102-9、102-10、204-1、205-2、308-1、308-2、408-1、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, elecommunications, furniture, civil engineering, and architectural design.

E.SUN has set a priority to purchase from Taiwan's or overseas branches' local suppliers. 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. Furthermore, 100% of the new suppliers added in 2019 were selected in accordance with these principles. No significant deficiency and changes were discovered.

We followed the Supplier Management Guidelines to carefully select suppliers who are able to provide products that meet environmental, safety, or health standards. Management efficiency is enhanced by following the plan–do–check–act procedures of supplier management:

Plan	Do	Check	Act
Establish quality goals for a supplier's products and services and develop environmental safety and health policies and rules (agreements to stipulate ethical management and corporate social responsibilities) that enable results and achieved goals to be measured after implementation.	Adhere to the targets and record data during execution.	Evaluate and audit product and service quality, compare implementation results with expected planned goals, propose improvement plans, and terminate contractual relationship with suppliers who cannot make specific improvements within the specified deadline.	Propose modifications after completing planning, execution, and audit of a supplier's products and services. Identify suitable methods to reduce the difference between targets and results. Make the procedures of the next round of execution easier and described in more detail.

Supplier training

1. 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 2019.
2. Ethical corporate management: Where the total purchase of goods and services exceeds NT$1.5 million in a year, E.SUN will meet face-to-face with the supplier to discuss business philosophy and highlight the importance of ethical corporate management.
3. To communicate with our suppliers, E.SUN organized 3 meetings, in which we promoted the concept of corporate social responsibility, and our policies of green procurement, anti-corruption and supplier management in hopes of leading the suppliers to advance with E.SUN.

Implementing sustainable procurement

To fulfill the SDG 12, “Responsible Consumption and Production”, we have actively responded to the public green lifestyle and consumption policy promoted by the Taiwan EPA. Upholding the green and eco-friendly procurement principles, we conducted green purchases which amounted to NT$220 million in 2019. The cumulative amount spent on green procurement has exceeded NT$1 billion. 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 plans to implement ISO 20400 Sustainable Procurement - Guidance to devise procurement strategies and goals in 2020. Accordingly, we established the supplier items in need of regular supervision, and measures to quantify performance. Improvement reports were also constantly proposed. E.SUN demonstrated supply chain participation to international sustainability indexes so as to enhance corporate value.

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 Environmental Protection Administration Executive Yuan for 10 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 5.3 Sustainable Finance) in order to create opportunities in sustainability together.

8 - Social Inclusion

GRI： 203-1、203-2、413-1；GRI G4　　FINANCIAL SERVICES SECTOR: FS7

E.SUN FHC proactively respond to Sustainable Development Goals (SDGs) through best practice and action plan

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations in 2015 for the year 2030. The Taiwan government has also established Taiwan's Sustainable Development Goals with the support of the National Development Council of Executive Yuan. Since 2016, E.SUN has followed the action guidelines of the UN SDGs and identified 8 aspects of SDGs, including education quality, that are most relevant to the corporate strategies and business operations of E.SUN. To show our support for the country's sustainable development and fulfill our corporate social responsibilities, we subsequently followed Taiwan's Sustainable Development Goals in 2018 and disclosed relevant outcomes corresponding to these goals.

Business drivers

Talent is a key and leading indicator. E.SUN believes that talent cultivation is essential for corporate sustainability and national competitiveness. E.SUN has long taken actions to improve the quality of education by supporting rural elementary schools, higher education, and corporate learning. We have launched the E.SUN Golden Seed Project to establish libraries for elementary schools lacking resources. We support key talent in various fields nationwide and help build up intellectual capital for our country through industry-academia cooperation, campus contests, and the E.SUN Outstanding Talent Scholarship.To cultivate more outstanding scholars and talent, we have collaborated with prestigious universities nationwide and given out the E.SUN Academic Award to encourage professors to publish their research outcomes in international journals. We have hosted the International Masters Forum to introduce elite strategies, marketing, and new knowledge in management from worldwide sources for Taiwanese enterprises to inspire each other with new ideas, jointly find new paths for growth, and increase the competitiveness of Taiwan.

Stakeholder communication

In the case of the E.SUN Golden Seed Project, E.SUN did not have many examples to follow prior to this project as there were no private enterprises in the country that had proposed a library reconstruction project on a large scale that targeted schools in rural areas. So we invited experts specializing in children's reading, school teachers and principals, and interior design companies to discuss how to build a suitable library for children. After the establishment of E.SUN Libraries, E.SUN continues to exchange ideas with teachers and regularly visits the sites for follow-ups, maintenance, repair, and renewal. This helps teachers and students make full use of the library and ensure that every new library would be more well-equipped in the future.

Business drivers

A bank is not only a business of managing credit risks and a service business to meet the all needs of customers, but also an innovative business that leads social development and a public business that pursues management efficiency. E.SUN is actively developing FinTech, assisting SMEs in acquiring funds and business transformation with the goal of injecting new energy into Taiwan's economic development. While pursuing external opportunities for development, we also emphasize on internal stability. E.SUN pays attention to employee cultivation and care because we believe that employees are a company's most important asset. By offering a comprehensive career roadmap and welfare systems, we are committed to building a sound workplace in the hope of making it a second home for employees.

Stakeholder communication

In the case of fostering SMEs, E.SUN has long integrated government resources for promoting the Small and Medium Enterprise Credit Guarantee Fund. In addition, we have communicated with and provided suggestions to government authorities on policy decision-making to help SMEs obtain essential working capital. Moreover, we have actively explored potential enterprises. Through interviews, in-depth investigation, and sharing of successful experiences, we have offered advisory services that help enterprises participate in national awards, improve the business operations, as well as their growth and transformation.

Business drivers

The risks brought by climate change have become an important issue for global sustainable development. As the financial industry shoulders great responsibility to guide capital allocation in society, it must utilize resources to their best and integrate them into the core services of the financial business in order to maximize influence and raise the awareness on environmental protection among enterprises, clients, and partners. E.SUN's policies and regulations clearly specify our support of green energy industries such as alternative energies, water resources, and environmental pollution control. In 2019, E.SUN announced that it would no longer undertake new financing projects for coal-fired power stations, whose loan balance has already been reduced to NT$0 at the end of 2019. We also do our best to offer financial products that help reduce carbon emissions, thus putting our ideas of protecting the Earth into practice.

Stakeholder communication

In the cases of green loan projects, E.SUN has launched the Solar Panel Rooftop Project with its rich experiences in providing loans to green industries and SMEs. Meanwhile, we actively communicated with international investors, rating professionals, and environmental organizations to study the trend in global green financing, probe into development requirements and professional knowledge of relevant industries, and gradually develop domains covering offshore wind power and ground-type solar power station. E.SUN continues to interact with developers and government agencies and provide them with professional consultation and policy recommendations to help mitigate the environmental and social impact of development activities and promote the sound development of the green industry.

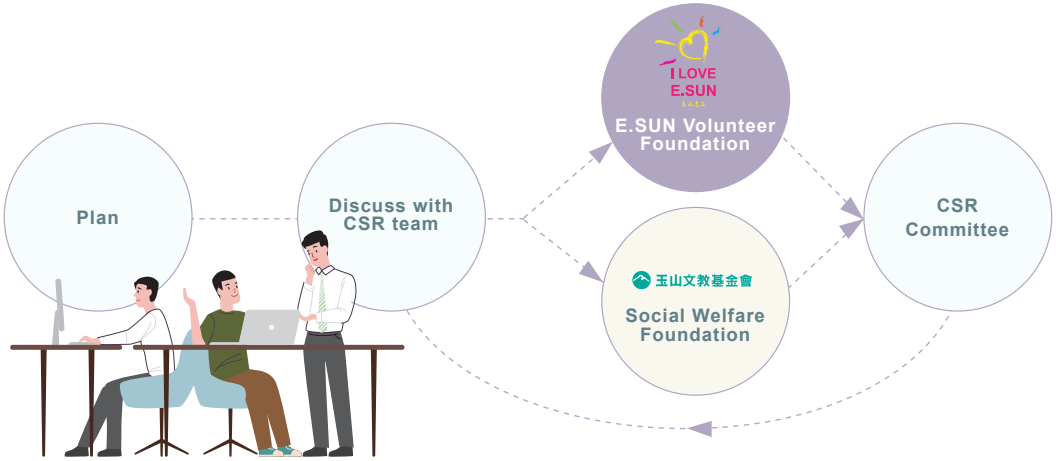
SDGs	Associated Targets[1]	Result	E.SUN's Goal
4 Provide Quality Education	4.3 Ensure that young adults have equitable, affordable educational opportunity(U) 4.5 Ensure that vulnerable groups receive education (U) 4.7 Ensure that learners acquire training for sustainability and appreciation for cultural diversity(U) 4.4 Improve youth access to information and communications technology (ICT) skills (T)	○ 148 E.SUN Libraries. ○ Care for school children project has helped 12,832 disadvantaged students. ○ English Hand-in-Hand Project in rural elementary schools has helped 13 schools and 660 students. ○ The E.SUN Foundation Scholarship was awarded to a total of 136 students. ○ A total of 33 professors received the E.SUN Academic Award. 3,000 children benefited from the National Theater and National Concert Hall ○ Art of Zero Distance - Dream Come True Project, Relaxed performance, National Taiwan Museum of Fine Arts Children's Workshop, Theater art experience, ecological protection lecture and other experiences and events for children in rural areas. ● E.SUN World MasterCard market share 22.5%. ● Innovative workshops were held to discuss future trends of online-only banks. The workshops were held over a period of 1.5 months with 10 proposals in total. ● The Artificial Intelligence Open Challenge was held 3 times with a total of 3,817 participating teams.	○ 200 E.SUN Libraries in 2025. ● E.SUN World MasterCard market share 25% in 2020.
8 Create Decent Work and Economic Growth	8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors(U). 8.3 Providing financing support and encouraging micro-, small-, and medium-sized enterprises. (U) 8.8 Facilitating workplace safety and protecting female workers. (U) 8.10 Offering easy-to-use, fast, and accessible financial services. (U) 8.13 Advocating development of renewable energies (T)	○ Welfare expense $1,276 thousand / per employee. ○ Assisted 21.3 thousands SMEs to obtain working capital. ○ Approved allocating loans to set up 572 solar power stations with a total installed capacity of 109 MW, reducing carbon emissions by 65,000 tons per year. ● Approved NT$366.2 billion in SMEs loans. ● NT$445 million in R&D investment and 34 FinTech related patents (11 invention patents, 11 utility model patents, 11 design patents, and 1 overseas patent). ● The number of active customers of mobile or Internet banking reached 1.76 million. ● E-Click Loan applications accounted for 82% of total credit and credit card loans.	○ Achieve per capita benefit of NT$1.25 million for non-managerial employees in 2020. ○ Assisted 22.0 thousands SMEs to obtain working capital by 2020. ● Approved NT$387 billion in SMEs loans by 2020. ● By the end of 2025, Loans to small businesses reach NT$120 billion.
13 Organize Climate Action	13.2 Integrate climate change measures into strategic planning. (U) 13.3 Improve agencies' capabilities to mitigate climate change. (U) 13.3.2 Promote change in public behavior and implement low-carbon local activities. (T)	○● Loan approved in compliance with the Equator Principles: 18. ○ No longer financing coal-fired power generation facilities, no renewal of contracts following their expiration. ○ Total capacity generated by wind power 2,467 MW (offshore 1,016 MW; onshore 1,451 MW). ○ Average carbon emission per person reduced by X% (waiting for inventory). ○ Approximately 150,000 YouBike rides per month by E.SUN EasyCard holders. ● Loans to the green energy industry: NT$17.4 billion.	○ Finance the installation of 200 million-MW renewable energy equipment by 2020. ● The amount of susutainable finance is NT$ 340 bn by 2025.
16 Guarantee Peace, Justice, and Strong Institution	16.6 Establish effective, responsible, and transparent institutions (U) 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels (U) 16.1.3 Prevent money laundering and reduce illegal cash flow (T)	○● Placed in the "regular follow-up" list, the best result in the Asia Pacific during Taiwan's APG Mutual Evaluation. E.SUN was one of the representatives in Taiwan's banking industry. ○ Appointed corporate governance officers. ● Promoted measures for the integration of board performance evaluation results and compensation/remuneration review mechanisms. ● Management and strategy meetings held by the management team garnered participation of more than 50 people of different generations in various departments. ● 332 employees have acquired certifications for Certified Anti-Money Laundering Specialist (CAMS).	○ Strengthen disclosure of remuneration information of individual directors in 2025. ● Obtain certification for the intellectual property management system in 2020. ● Establish E.SUN global anti-money laundering system platform in 2025.
12 Influence Responsible Consumption and Production	12.5 Reducing waste generation and making contribution to recycling and reuse. (U) 12.6 Encourage companies to adopt sustainable development measures and disclose sustainable development information. (U) 12.7 Promote green procurement. (T) 12.9 Promote circular agriculture. (T)	○ Per capita waste generation is reduced by 40.29%. ○ Per capita water consumption is reduced by 16.93%. (waiting for inventory) ○ Credit card carbon neutrality totaled 1.42 million kg. ● Amount spent on green purchasing: NT$1 billion. ● Issued 1.29 million new credit cards, all of which are zero-carbon credit cards.	○ In 2025, water consumption per capita will decrease 10% compared to base year 2016. ● Issue a cumulative total of 3.6 million zero-carbon credit cards by 2020.

SDGs	Associated Targets[1]	Result	E.SUN's Goal
15 Advance Life On Land	15.2 Sustainably managing forests (U) 15.4 Protecting mountainous ecosystems (U) 15.5 Protecting and preventing endangered species from extinction. (U)	○ 28,000 trees planted in the tree planting project. ○ Made a donation of NT$7 million to the Taipei City Zoo. ○ Promoting butterfly conservation in collaboration with Yangmingshan National Park for 7 consecutive years since 2013. ○ Sponsoring hiking trails in Yangmingshan National Park for 11 consecutive years since 2009. ○ 49 coastal cleanups and 141 Smile E.SUN locations; more than 16 tons of trash cleaned up through joint efforts. ● A total of 490,000 Taiwan Black Bear Credit Cards, Visa Signature cards, and ETC EasyCard Joint Credit Cards have been issued. (A set percentage is contributed to the preservation of black bears, the tree planting project, and sustainable environment accounts.)	○ 10,000 trees of species indigenous to Taiwan are expected to be planted in 2020. ○ Conduct coastal cleanups every year until 2025.
5 Enforce Gender Equality	5.1 End discrimination against women. (U) 5.4 Pay attention to care for women and family. (U) 5.5 Encouraging promotion of female employees to managerial positions. (T)	○ Maternity leave 60 days /Paternity leave 6 days, which are superior to statutory requirements. ○ Rate of reinstatement after maternal leave: 82% ● Female management: 37.7% ● The average salary for a female non-managerial employee is 94% of that for a male non-managerial employee.	○ Include the promotion of human rights, gender equality, and friendly workplace in annual training programs as mandatory subjects in 2020. The percentage of trainees reaches 100% ● Female management percentage reach 43% by 2025
17 Build Partnerships for the Goals	17.3 Offer scholarship to high-performing students in developing countries to study in Taiwan. (U) 17.6 Assist the development of developing countries by everaging the competitive edge of Taiwan. (T)	○ Promulgated the ASEAN Talent Scholarship; recipients included outstanding talent from Vietnam, Cambodia, and Myanmar. A total of 11 students received the scholarship. ○ Signed memorandums of understanding with colleges and universities in countries covered by the New Southbound Policy. ● Lending balance of US$652 million from industry loans for Vietnam, Cambodia, and Myanmar.	○ Continue to provide the ASEAN Talent Scholarship annually until 2025 to help more high-performing Southeast Asian students to study and work in Taiwan. ● Lending balance of US$840 million from industry loans for developing countries in 2020.

Note: 1. (U) represents United Nations, and (T) represents Taiwan's targets.
2. ○: Social / Environmental Benefit KPI. ●: Business Benefit KPI.
3. Given international trends and future directions of E.SUN, new response targets "13 Climate Action" and "16 Peace and Justice" were added in 2019. As the current goals have been achieved, response to the following targets were reduced: "6 Clean Water and Sanitation", and "9 Industry, Innovation, and Infrastructure" Relevant major results and other plans will be combined to respond to "4 Quality Education," "8 Decent Work and Economic Growth," "12 Responsible Consumption and Production," and "15 Life on Land."

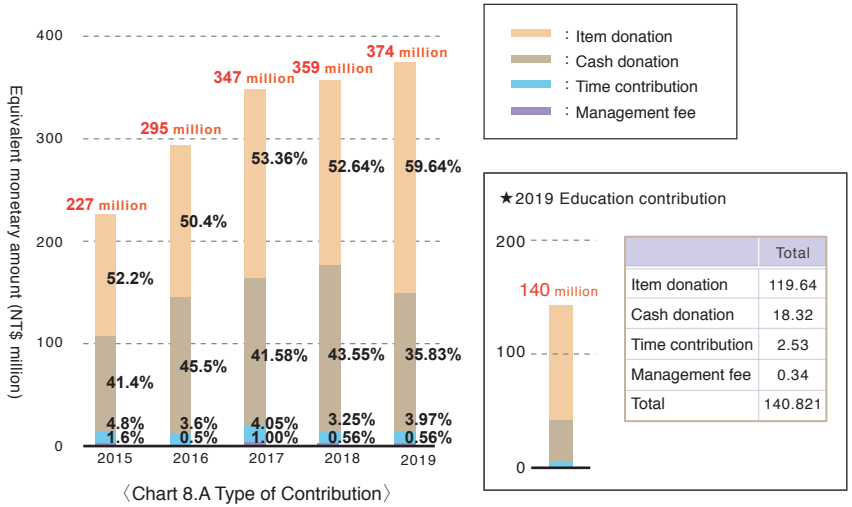
Management mechanisms for charity events

E.SUN's charity events mainly respond to society's needs that had been identified or spontaneous proposals by our employees. Through questionnaire feedback of the annual knowledge-sharing events and external interviews, the CSR task force is responsible for organizing ideas and devising comprehensive plans before submitting to E.SUN Volunteer and Social Welfare Foundation or E.SUN Foundation to apply for budgets. After the plans are proposed by the CSR Committee and approved, suitable sales management departments will be designated to implement the plans based on the nature of the charity events. The CSR task force will conduct annual follow-ups and report the outcomes to the CSR Committee. Relevant recommendations and feedback serve as references for constant improvement for the following year.

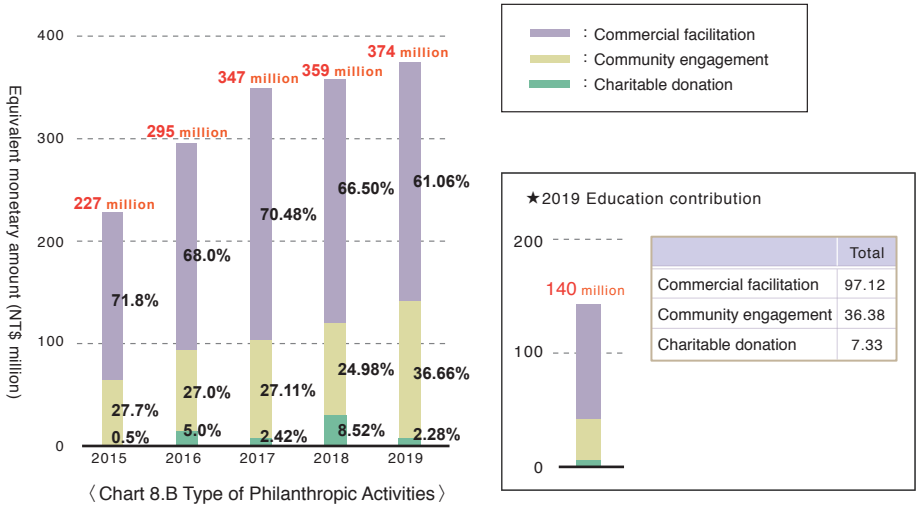


Funding and purposes of charity events

We strive to give back to the society in which we make our living. E.SUN FHC engages in social practices and inclusion based on four focus areas, namely, academic education, social engagement, art and culture, and sports development. While our core business is developing, E.SUN cares about community development. Personnel from all of our domestic and overseas branches and offices visited neighboring malls, companies, schools, and hospitals in order to provide appropriate financial services for local communities and help economic growth. In addition, we have adopted the London Benchmarking Group (LBG) Framework to evaluate the overall status of resources invested. The LBG Framework outlines four types to engage in social inclusion: in-kind contributions, cash donations, time contributions, and management costs. Moreover, the framework also provides three motivations: charitable gifts, community investment, and commercial initiatives.



〈Chart 8.A Type of Contribution〉



〈Chart 8.B Type of Philanthropic Activities〉

Note : 1. Funding for charitable events is sourced from donated items, cash donations, time contributed, and management fees. Purposes of charitable funding can be divided into commercial facilitation, community engagement, and charitable donations. Time contributed is calculated by the number of hours of input labor and is converted to the equivalent amount by using average personnel cost per person per hour for the year. All of our business locations are involved in community work.

2. To respond to the key SDG "Quality Education," the ratio of expenses from related projects was disclosed, among which 84.96% were in-kind contributions, mainly including new construction and renovation of physical libraries, new books donations, and promotion of educational activities.

8.1 Academic Education

E.SUN Golden Seed Project

Since 2007, in order to improve the reading environment in rural areas, E.SUN launched the "Golden Seed Project", connecting the VIP customers to the needed children with "E.SUN World Card", which is Asia's first credit card appealing for public welfare. By 2019, a total of 148 E.SUN libraries had been completed in resource-poor areas of Taiwan, more than 330,000 books were donated, supported by 190,000 World Card VIP customers and more than 93,000 children were benefited. The project generates NT $ 28.74 in social value for every NT $ 1 invested, certified by the British "Social Value International (SVI)". E.SUN will further realize the goal of SDG 4 to improve the quality of children's learning environment.

E.SUN Outstanding Talent Scholarship

Since 2005, E.SUN established the "Outstanding Talent Scholarship" to cultivate prominent young potentials to Taiwan's future. In 2018, the scope expanded to management, technology, music and arts. In addition, E.SUN established the "ASEAN Talent Scholarship" to encourage students from Cambodia, Myanmar, Vietnam and other southeast countries to study in Taiwan. In 2019, there are 19 scholarship winners. As of 2019, a total of 136 students have been awarded.

Year	Management	Technology	Humanities	Asean Talent	Total Scholarship ($NT Thousands)
2017	9	-	-		1,800
2018	6	3	4	-	2,700
2019	6	3	4	6	2,800

E.SUN Academic Award

Since 2010, E.SUN established the "Academic Award" to encourage domestic professors in the college of management to publish high quality papers in the Top 3 international journals within their respective fields of research. As of 2019, the E.SUN Academic Award has been awarded to 33 professors, and the research scope ranging from finance, accounting, marketing, IT management, operations management, to organizational management. It shows that the E.SUN Academic Award quite promotes the integration of domestic management research with international standards and encourages top academic research achievement.

Scholar	Scholar	Thesis	Journal
2019	Department of Accounting, NTU P.C. Liao	Auditors' Liability to Lenders and Auditor Conservatism	Management Science
	Department of Finance, NTU Y.R. Tzeng	Fractional Degree Stochastic Dominance	Management Science
	Department of Accounting, NCCU Annie Wu	Investor Experience and Innovation Performance:the Mediating Role of External Cooperation	Strategic Management Journal
	Department of Management Information Systems, NCCU H.J. Chuang	Addressing Endogeneity in Operations Management Research: Recent Developments, Common Problems, and Directions for Future Research	Journal of Operations Management
	Department of Management Information Systems, NCCU C.H. Peng	Using Technology to Persuade: Visual Representation Technologies and Consensus Seeking in Virtual Teams	Information Systems Research
	Department of Accounting, NCCU C.L. Kim	Do Firms That Have a Common Signing Auditor Exhibit Higher Earnings Comparability?	The Accounting Review
	Institute of Business and Management, NCTU Jinsu Kang	What You Don't See Can Hurt You: Awareness Cues to Profile Indirect Competitors	Academy of Management Journal

International Gurus Forum – Roger Martin

Since 2012, E.SUN has hosted the international gurus forum for eight consecutive years. In 2019, Roger Martin, the world's No.1 thinker in the Thinkers50, was invited to Taipei and Tainan on the topic "The Dilemma of Decision Making". Professor Martin shared with Taiwanese entrepreneurs, scholars, and customers how to use integrative thinking, clarify complex problems, and cross the dilemma of the either-or choice to help individuals and businesses break through blind spots and create better decisions.

E-Book Collection Workshop

E.SUN has organized E-Book Collection activities to bridge e-learning gaps in remote areas and to accelerate the development of digital interactive learning. In 2019, 112 teachers from elementary, junior high, and high schools participated in the course.

Picture Book Workshop

E.SUN prides itself for the focus on the publication and creation of Taiwanese picture books to assist children to showcase their talents and pursue their dreams through the creation of picture storybooks. In total, 80 teachers actively participated in the 2019 Picture Book Workshop to learn how to teach children by using picture books.

E.SUN AI and FinTech R&D Center

As the first bank in Taiwan to establish FinTech R&D centers in top universities, E.SUN has cooperated with National Taiwan University and National Chiao Tung University to develop AI applications. Combined with NTU's top technologies in artificial intelligence deep learning, speech processing, and abnormal behavior detection, we expect to apply machine learning in marketing, risk management, and other areas to provide smarter financial services for customers.

E.SUN Artificial Intelligence Open Challenge

E.SUN is the first bank in Taiwan to host AI Competitions. In 2019, a total of 3,817 teams participated in the match. With the de-identified data and T-Brain platform, participants from home and abroad can try a variety of different algorithms to build models and to apply artificial intelligence into practice.

8.2 Communtity Involvement Series

E.SUN Caring Children Program

E.SUN Caring Children Program provides long-term assistance to children who come from economically disadvantaged family or encounter family emergency. The program enables children to concentrate on schoolwork and at the same time alleviates their family's financial burden. Each elementary school student is subsidized NT$2,000 per semester to pay their tuition and miscellaneous fees, textbooks, extracurricular activities, after-school counseling, or other expenses.
E.SUN also holds the Cycling Across Taiwan event that was incorporated to the Caring Children Program. E.SUN donates NT$10,000 for every kilometer ridden by the riders. At the end of the event in 2019, NT$10 million in total was donated, helping 5,000 underprivileged children to study and grow up care-free.

Combined with the voluntary donations made by E.SUN employees, NT$72.89 million in total was donated to the Caring children Program over the past three years, helping 36,445 underprivileged children. By continuing to leverage the influential power of E.SUN, we helped more underprivileged children to study at ease and grow up happily.

Year	People counts Benefited	Donation (NT$)
2017	10,590	21,180,000
2018	13,023	26,046,000
2019	12,832	25,664,000

〈Last 3 year results of the program〉

Cares for Orphanage Children Program

E.SUN volunteers continuously share loves and cares with orphanage children for consecutively 16 years. They accompany with children for activities including movies and arts appreciation, visiting baseball games, playing basketball game, visiting amusement park, farm experience, and environmental cleaning, coordinated by E.SUN volunteers. In 2019, a total of 413 E.SUN volunteers participated in the program and held 17 sessions sharing warm and happy life experience together.

Year	Sessions	E.SUN Volunteers
2017	9	320
2018	12	311
2019	17	413

〈Last 3 year results of the program〉

E.SUN Maravi Rice

E.SUN has been supporting organic agricultural development for consecutively 6 years since 2014, promoting local farmers to adopt organic agricultural transformation in Maravi, where is the first farmable land beneath the highest mountain, Jade Mt., in Taiwan, and protecting biodiversity.
E.SUN totally acquired 240,000 kg of Maravi Rice, and shared them not only to employees and VIP customers, but also in employee restaurants.

Blood Donation Event

To alleviate shortage of blood and help those in need, E.SUN has initiated blood donation activities for 20 consecutive years, specifically during winter and summer vacations when seasonal blood shortages occur. In 2018, we partnered with six chartered specialist associations, including Accountant, Medical, Dental, Chinese Medical, Architects, and Lawyer associations, and FamilyMart separately to hold blood donation activities.

Year	Blood bags (Unit: 250cc)
2015	4,352
2016	4,284
2017	3,857
2018	5,298
2019	6,590

Share Love to Southeast Asia~

E.SUN not only focused on cross-border business in Southeast Asia, but also shared love to Southeast Asia integrated the goal of SDG 17: Partnership for the Goals.

Overseas Volunteer Clinics

E.SUN partnered with Mackay Memorial Hospital to organize Overseas Volunteer Clinic in Cambodia for 4 consecutive years that benefited over 10,000 people. In 2019, the activity offered free medical cares for 2,265 people, and 7,000 kg of rice food and 700 mosquito nets for remote and disadvantaged family. Mackay Memorial Hospital provided medical professional assistance, while E.SUN volunteers of Union Commercial Bank in Cambodia, one of E.SUN's subsidiary, participated in the volunteer clinics activity as interpreters and helped to distribute supplies.

Community House Building Project

E.SUN partnered with a social enterprise, ELIV, to donate and build over 60 houses in remote areas in Cambodia for the past 4 years. In 2019, 21 E.SUN volunteers visited and interviewed local families assisting to rebuild houses, and offering necessary goods, while accompany with local children share history and culture across different countries.

Climbing the Stories Mountain

E.SUN partnered with Yunlin Stroyhouse to hold Climbing the Stories Mountain. The activity encouraged local stories creation and promoted reading, including 6,000 picture books published and 8 storytelling training workshops. Via oral and written literature, we believe that stories will be transferred into precious cultural heritage.

8.3 Arts and Humanities

For Mothers～Mother's Day Music Concerts

E.SUN has organized 21 music concerts for Mother's Day since 1997. In 2019, music concerts were held in the Hualien County Cultural Bureau Performance Hall and Chiayi County Performing Arts Center to an audience of 1,700. The music concerts were performed by E.SUN choir group, partnering groups, and elementary school students, who sang songs to thank mothers for their time, effort, and unconditional love. Mothers of E.SUN employees and customers were invited to enjoy a beautiful and sensational night of singing.

Vienna Boys' Choir

E.SUN has been inviting the Vienna Boys' Choir to perform in Taiwan for 9 consective years since 2011, and will continue to organize the concerts. In 2019, the Haydn Troupe sang pure and moving songs in Taipei, Yilan, Taichung, Kaohsiung. There are 5 concerts and attended by 8,000 people participated in the warm and beautiful music feast.

Chang Chen-chieh Parent-Child Concert

In 2019, the cellist Chang Chen-chieh and E.SUN launched [Beef Noodle PK Italian Pasta], [High and Low], [30th Anniversary Cello recital of Chang Chen-chieh's return], with about 6,000 people participated. In this relaxed atmosphere, music fans and our customers will enjoy this beautiful music feast.

H.O.T Hybrid Original Tournament

E.SUN has sponsored the H.O.T Event for 6 years in a row since 2014. For the 7th event, 301 teams had signed up and 32 teams from senior high schools and 35 teams from universities were enrolled. There were 476 people in the finals, and the live broadcast attracted 21,264 views. The tournament had brought different industries together to promote the development of original music and cultivation of potential creators.

Taiwan Lantern Festival small lantern

For 17 years in a row since 2003, E.SUN has sponsored the making of mini zodiac lanterns, which was organized by the Tourism Bureau of the Ministry of Transportation and Communications, it was held in Pingtung in 2019. The mini Lantern designed with the theme of the "Zodiac Year of the Pig" incorporates several elements: bat, wild peony and the wonderful decoration of Paiwan become the markings on the "Ping An Pig", which is popular among visitors and foreign tourists.

"Standing on E.SUN and Seeing Taiwanese Fine Arts" Art and Literature Lecture

In order to enhance the public's aesthetic literacy and opportunities for emotional education, E.SUN held two arts and cultural lectures in 2019, and a total of 82 people signed up to participate. The lecture invited Prof. Shiah Lifa and Prof. Liao Renyi to explain and share in an easy-to-understand and approachable way of expression, so that the public could have a clear understanding of the development of Taiwanese art and see the different artistic vitality of Taiwanese society.

Let's go to the theater

E.SUN invited 600 teachers and students from 10 schools in Chiayi County and Tainan City to visit the Opera House. In addition to arranging building guides, they also planned special sessions < Let's go to the theater: Drama Chapters> and <Theater Guide-Theater Adventure> The activities allow students to experience different performing arts through explanatory theatre performances and entering the stage and backstage of the opera house.

Theater Art Experience Education Project

In order to cultivate art professionals and promote the roots of art education, E.SUN sponsored the National Kaohsiung Center for the Arts(Weiwuying) "Theatre Art Experience Education Program", hoping to enable students to cultivate culture art and aesthetics. In 2019, for eight co-organized programs, 16 high school will be invited to participate this project. Before the course starts, a co-study workshop will be held to link the performing arts and high school teaching courses.

Relaxed Performance

In order to promote cultural equality and build an inclusive theater, E.SUN Culture and Education Foundation sponsored 6 Relaxed Performance, which allowed Taiwan's performing arts to reach an important new milestone and distribute more artistic energy. In the Relaxed Performance, the audience can enjoy the program according to their own conditions and needs. National Theater & Concert Hall also provide accessible services such as childcare services, workshops, oral video and listening subtitles, so that all the people can enjoy the performance without any pressure.

Yilan International Children's Folklore and Folkgame Festival

We have co-organized the Yilan International Children's Folklore & Folkgame Festival for the 10 consecutive year since 2010. The event is designed for aesthetic education, international exchange, local cultural experience, and interaction with visitors, integrating folklore and folkgames with water for visitors to have the best time possible. The number of visitors exceeded 500,000 in 2019, the highest new record in the past 5 years.

Zero Distance - Dreams Come True

E.SUN invited about 250 teachers and students from three elementary schools in Wanli, Guoguang and Zhengyi of New Taipei City to visit the National Theater, and enjoy the Paper Windmill Theatre's most classic drama "Paper Windmill Fantasia", leading the children into the art fantastic journey.

Play ARTs Children's Workshop

E.SUN invited 135 teachers and students from Liumei Elementary School and Minhe Elementary School of Chiayi County to visit the National Taiwan Museum of Fine Arts, to appreciate the important exhibitions in Taiwan's art world at the time, and to perform the acrylic DIY creation of "Su Xintian-Turning the Earth in Autumn". The students of E.SUN Library provide an appreciation journey of art, and at the same time extend the reading creation and enhance the knowledge of aesthetic creation.

8.4 Fitness Development

Baseball is Taiwan's national sport. The teamwork and fighting spirit unite the hearts of all citizens. E.SUN has persistently provided serious support for junior baseball and caring the baseball teams in remote areas in Taiwan. We hope that young athletes are going on to pursue their baseball dreams.

E.SUN CUP National AAA Baseball Tournament

The E.SUN CUP National AAA or U18 Baseball Championships, which host by E.SUN and Chinese Taipei Baseball Association for 13 years, is the most important competition for junior players in Taiwan. Every year E.SUN CUP gathers more than 10,000 junior baseball players and selects national teams to compete in the world and Asian baseball competition. There are many top players participated in E.SUN CUP, like Bo-Rong Wang for Hokkaido Nippon-ham Fighters, Kuan-Yu for Chiba Lotte Marines, Tzu-Wei Lin for Boston Red Sox, etc.

E.SUN CUP National AAA Baseball Tournament

To improve the baseball skills of Taiwanese junior baseball players, E.SUN holds Junior Baseball Camp and invites MLB or NPB athletes to share the latest knowledge, techinques and experiences with young players every year. In 2019, E.SUN invited the coach of MLB Development Center Matthew Williams, former MLB athletes Chih-Wei Hsu, Japanese professional player Kenshi Sugiya, and Taiwanese professional athletes Bo-Rong Wang to coach junior baseball players. Almost 3,000 Young players broadened their horizon by participated in the camp with top baseballer of the world in the past 13 years.

E.SUN Junior Baseball Protection Camp

Since 2007, E.SUN promoted a comprehensive health plan and formed the E.SUN preventive careteam. By cooperating with orthopaedic surgeons and injury prevention physicians of Chang Gung Memorial Hospital, the team toured the country and provided physical examinations for junior baseball players.

Remote Caring Program

E.SUN and Chinese Taipei Baseball Association have teamed up to promote the Remote Caring Program. The program supplies brand new baseball bats and gloves, protective gear and practice balls for junior baseball teams in remote areas. As of 2019, E.SUN has sponsored approximately 30 high school baseball teams, including National Taitung University Affiliated Physical Education Senior High School, National Yuli Senior High School, Lu Shin Senior High School, Dader Industrial and Commercial Vocational High School, Nan Ying Vocational High School, National Shan-Hua Senior High School, Taipei Municipal Nangang Vocational HighSchol, etc.

Appendix 1、GRI Sustainability Reporting Standards Content Index

GRI 102： General Disclosures 2019		Reference	page number	Note
Disclosure	Description			
102-1	Name of the organization	About this CSR Report \ 1 Company Information	3、9	
102-2	Activities, brands, products, and services	1 Company Information \ 5.2 Service Quality and Customer Experience	3、59	
102-3	Location of headquarters	1 Company Information	3	
102-4	Location of operations	1 Company Information	3	
102-5	Ownership and legal form	1.2 Business Performance	11	
102-6	Markets served	1 Company Information	3	
102-7	Scale of the organization	1 Company Information \ 1.2 Business Performance	3、11	
102-8	Information on employees and other workers	Appendix 7、Human Resource Management Indicators	134	
102-9	Supply chain	7.3 Supplier Management	107	
102-10	Significant changes to the organization and its supply chain	1.1 Vision \ 7.3 Supplier Management	10、107	No significant change
102-11	Precautionary Principle or approach	4.3 Risk Management	41	
102-12	External initiatives	2.3 Climate Change Risks \ 5.3 Sustainable Finance \ 7.2 Sustainable Ecosystem	15、62、103	
102-13	Membership of associations	4.1 Corporate Governance	36	
102-14	Statement from senior decision-maker	Letter from the Chairman & President	5	
102-15	Key impacts, risks, and opportunities	Letter from the Chairman & President	5	
102-16	Values, principles, standards, and norms of behavior	4.2 Code of Conducts and Ethics	37	
102-17	Mechanisms for advice and concerns about ethics	4.2 Code of Conducts and Ethics	37	
102-18	Governance structure	2 Strategy of Sustainable Development \ 4.1 Corporate Governance	13、29	
102-19	Delegating authority	2 Strategy of Sustainable Development \ 4.1 Corporate Governance	13、29	
102-20	Executive-level responsibility for economic, environmental, and social topics	2 Strategy of Sustainable Development \ 4.1 Corporate Governance	13、29	
102-21	Consulting stakeholders on economic, environmental, and social topics	3 Stakeholder Engagement	19	
102-22	Composition of the highest governance body and its committees	4.1 Corporate Governance	29	
102-23	Chair of the highest governance body	4.1 Corporate Governance	29	
102-24	Nominating and selecting the highest governance body	4.1 Corporate Governance	29	

GRI 102：General Disclosures 2019		Reference	page number	Note
Disclosure	Description			
102-25	Conflicts of interest	4.1 Corporate Governance	34	
102-26	Role of highest governance body in setting purpose, values, and strategy	2 Strategy of Sustainable Development \ 4.1 Corporate Governance	13、29	
102-27	Collective knowledge of highest governance body	4.1 Corporate Governance	30	
102-28	Evaluating the highest governance body's performance	4.1 Corporate Governance	33	
102-29	Identifying and managing economic, environmental, and social impacts	2 Strategy of Sustainable Development \ 4.1 Corporate Governance	13、29	
102-30	Effectiveness of risk management processes	2 Strategy of Sustainable Development \ 4.1 Corporate Governance \ 4.3 Risk Management	13、29、41	
102-31	Review of economic, environmental, and social topics	2 Strategy of Sustainable Development \ 3.2 Materiality Analysis \ 4.1 Corporate Governance	13、21、29	
102-32	Highest governance body's role in sustainability reporting	About this CSR Report \ 2 Strategy of Sustainable Development \ 4.1 Corporate Governance	3、13、29	
102-33	Communicating critical concerns	2 Strategy of Sustainable Development \ 3.2 Materiality Analysis \ 4.1 Corporate Governance	13、21、29	
102-34	Nature and total number of critical concerns			We are preparing to disclose in the future.
102-35	Remuneration policies	4.1 Corporate Governance	35、36	
102-36	Process for determining remuneration	4.1 Corporate Governance	35、36	
102-37	Stakeholders' involvement in remuneration	4.1 Corporate Governance \ 6.2 Talent Attraction & Retention	35、83	
102-38	Annual total compensation ratio	4.1 Corporate Governance	35	
102-39	Percentage increase in annual total compensation ratio			We are preparing to disclose in the future.
102-40	List of stakeholder groups	3.1 Identification of Stakeholder	19	
102-41	Collective bargaining agreements	6.4 Human Rights	92	
102-42	Identifying and selecting stakeholders	3.1 Identification of Stakeholder	19	
102-43	Approach to stakeholder engagement	3.1 Identification of Stakeholder	19	
102-44	Key topics and concerns raised	3.1 Identification of Stakeholder	19	
102-45	Entities included in the consolidated financial statements	About this CSR Report	3	
102-46	Defining report content and topic Boundaries	3.2 Materiality Analysis	21	
102-47	List of material topics	3.2 Materiality Analysis	21	
102-48	Restatements of information			No restatements of information

GRI 102：General Disclosures 2019		Reference	page number	Note
Disclosure	Description			
102-49	Changes in reporting	About this CSR Report \ 3.2 Materiality Analysis \ Appendix 3、Material Issues	3、21、129	
102-50	Reporting period	About this CSR Report	3	
102-51	Date of most recent report	About this CSR Report	3	
102-52	Reporting cycle	About this CSR Report	3	
102-53	Contact point for questions regarding the report	About this CSR Report	3	
102-54	Claims of reporting in accordance with the GRI Standards	About this CSR Report	3	
102-55	GRI content index	Appendix 1、GRI Sustainability Reporting Standards Content Index	121	
102-56	External assurance	About this CSR Report	3	

GRI 103：Management Approach 2019		Reference	page number	Note
Disclosure	Description			
103-1	Explanation of the material topic and its Boundaries	3.2 Materiality Analysis \ Appendix 3、Material Issues	21、129	In 2019, we identified and classified as moderately and highly material issues. These issues are talent cultivation and development, talent attraction & retention, fintech and innovation, code of conducts and ethics, information security, corporate governance, service quality and customer experience, risk management, financial inclusion, employee care and friendly workplace, sustainable finance, education academic, supplier management. The management approaches please see appendix 3.
103-2	The management approach and its components			
103-3	Evaluation of the management approach			

STANDARD DISCLOSURES PART: Topic-specific Standards

★：Material issues

GRI 200：Economic Series			Reference	page number	Note
Series	Disclosure	Description			
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.2 Business Performance	11	
	201-2	Financial implications and other risks and opportunities due to climate change	2.3 Climate Change Risks	15	
	201-3	Defined benefit plan obligations and other retirement plans	6.2 Talent Attraction & Retention	85	
	201-4	Financial assistance received from government			Not applicable (Not required to disclose)
GRI 202 ★ Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage			E.SUN employees is not paid by local minimum wage
	202-2	Proportion of senior management hired from the local community			Not applicable (Not required to disclose)
GRI 203 ★ Indirect Economic Impacts 2016	203-1	Infrastructure investments and services provided supported	5.1 FinTech and Innovation / 5.3 Sustainable Finance / 5.4 Financial Inclusion / 8 Social Inclusion	57、62、70、109	
	203-2	Significant indirect economic impacts	5.1 FinTech and Innovation / 5.3 Sustainable Finance / 5.4 Financial Inclusion / 8 Social Inclusion	57、62、70、109	

STANDARD DISCLOSURES PART: Topic-specific Standards

★：Material issues

GRI 200：Economic Series			Reference	page number	Note
Series	Disclosure	Description			
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	4.2 Code of Conducts and Ethics	37	
	205-2	Communication and training about anti-corruption policies and procedures	4.2 Code of Conducts and Ethics / 7.3 Supplier Management	37、107	
	205-3	Confirmed incidents of corruption and actions taken	4.2 Code of Conducts and Ethics	38	
GRI 206 ★Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.2 Code of Conducts and Ethics	37	
GRI 207 ★ Tax 2019	207-1	Approach to tax	4.5 Tax Governance	52	
	207-2	Tax governance, control, and risk management	4.5 Tax Governance	53	
	207-3	Stakeholder engagement and management of concerns related to tax	4.5 Tax Governance	54	
	207-4	Country-by-country reporting	4.5 Tax Governance	55	

GRI 300：Environmental Series 2019			Reference	page number	Note
Series	Disclosure	Description			
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	7.1 Sustainable Operating Environment / Appendix 8、Low-carbon Operations Indicators	98、140	
	302-2	Energy consumption outside of the organization			Not applicable (Not a material issue)
	302-3	Energy intensity	Appendix 8、Low-carbon Operations Indicators	140	
	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 and Effluents 2018	303-1	Interactions with water as a shared resource	7.1 Sustainable Operating Environment	100	
	303-2	Management of water discharge-related impacts	7.1 Sustainable Operating Environment	100	
	303-3	Water withdrawal	7.1 Sustainable Operating Environment	100	
	303-4	Water discharge			Not applicable (Not a material issue)
	303-5	Water consumption			Not applicable (Not a material issue)

★：Material issues

GRI 300：Environmental Series 2019			Reference	page number	Note
Series	**Disclosure**	**Description**			
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 slope area.
	304-2	Significant impacts of activities, products, and services on biodiversity			
	304-3	Habitats protected or restored			
	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.
GRI 305 ★ Emissions 2016	305-1	Direct (Scope 1) GHG emissions	7.1 Sustainable Operating Environment / Appendix 8、Low-carbon Operations Indicators	97、140	
	305-2	Energy indirect (Scope 2) GHG emissions			
	305-3	Other indirect (Scope 3) GHG emissions			
	305-4	GHG emissions intensity			
	305-5	Reduction of GHG emissions			
	305-6	Emissions of ozone-depleting substances (ODS)			Not applicable (Not required to disclose)
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions			
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	7.1 Sustainable Operating Environment / Appendix 8、Low-carbon Operations Indicators	102、140	
	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	7.3 Supplier Management	107	
	308-2	Negative environmental impacts in the supply chain and actions taken			Not applicable (Not required to disclose)

GRI 400：Social Series 2019			Reference	page number	Note
Series	**Disclosure**	**Description**			
GRI 401 ★ Employment 2016	401-1	New employee hires and employee turnover	Appendix 7、Human Resource Management Indicators	134	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2 Talent Attraction & Retention	83	
	401-3	Parental leave	Appendix 7、Human Resource Management Indicators	137	

★：Material issues

GRI 400：Social Series 2019			Reference	page number	Note
Series	Disclosure	Description			
GRI 402 Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	6.1 Talent Cultivation and Development	76	
GRI 403 ★ Occupational Health and Safety 2018	403-1	Occupational health and safety management system	6.3 Employee Care and Friendly Workplace	88	
	403-2	Hazard identification, risk assessment, and incident investigation	6.3 Employee Care and Friendly Workplace	86、88	
	403-3	Occupational health services	6.3 Employee Care and Friendly Workplace	88	
	403-4	Worker participation, consultation, and communication on occupational	6.3 Employee Care and Friendly Workplace	85、86、88	
	403-5	Worker training on occupational health and safety	6.3 Employee Care and Friendly Workplace	88	
	403-6	Promotion of worker health	6.3 Employee Care and Friendly Workplace	85、86、88	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.3 Employee Care and Friendly Workplace	85、86、88	
	403-8	Workers covered by an occupational health and safety management system	6.3 Employee Care and Friendly Workplace	88	
	403-9	Work-related injuries	Appendix 7、Human Resource Management Indicators	138	
	403-10	Work-related ill health	Appendix 7、Human Resource Management Indicators	138	
GRI 404 ★ Training and Education 2016	404-1	Average hours of training per year per employee	6.1 Talent Cultivation and Development / Appendix 7、Human Resource Management Indicators	76、139	
	404-2	Programs for upgrading employee skills and transition assistance programs	6.1 Talent Cultivation and Development / 6.2 Talent Attraction & Retention	75、85	
	404-3	Percentage of employees receiving regular performance and career development reviews	6.1 Talent Cultivation and Development	75	
GRI 405 ★ Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.1 Corporate Governance / Appendix 7、Human Resource Management Indicators	31、135	
	405-2	Ratio of basic salary and remuneration of women to men	6.2 Talent Attraction & Retention	83	
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	6.4 Human Rights Protection and Employee Rights	92	
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	6.4 Human Rights Protection and Employee Rights / 7.3 Supplier Management	89、108	
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.4 Human Rights Protection and Employee Rights / 7.3 Supplier Management	89、108	
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)

★：Material issues

GRI 400：Social Series 2019			Reference	page number	Note
Series	Disclosure	Description			
GRI 412 Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	6.4 Human Rights Protection and Employee Rights	89	100% operating sites in Taiwan has identified and assessed human rights impact.
	412-2	Employee training on human rights policies or procedures	6.4 Human Rights Protection and Employee Rights	92	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	6.4 Human Rights Protection and Employee Rights / 7.3 Supplier Management	89、108	
GRI 413 ★ Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	5.4 Financial Inclusion / 8 Social Inclusion	70、109	
	413-2	Operations with significant actual and potential negative impacts on local communities			Not applicable (Not required to disclose)
GRI 414 ★ Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	7.3 Supplier Management	108	
	414-2	Negative social impacts in the supply chain and actions taken			Not applicable (Not required to disclose)
GRI 415 Public Policy 2016	415-1	Political contributions	1.2 Business Performance	11	
GRI 416 Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories			Not applicable for financial sector
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			Not applicable for financial sector
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	5.2 Service Quality and Customer Experience	60	
	417-2	Incidents of non-compliance concerning product and service information and labeling	5.2 Service Quality and Customer Experience	59	Not applicable
	417-3	Incidents of non-compliance concerning marketing communications	5.2 Service Quality and Customer Experience	59	Not applicable
GRI 418 ★Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Information Security	49、51	
GRI 419 ★Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	4.2 Code of Conducts and Ethics	40	

Appendix 2、Comparative Table of GRI (Global Reporting Initiative) G4 Indicators of Financial Service Secto

Aspect			DMA/GRI	Reference
★ Product portfolio	DMA	FS1	Policies with specific environmental and social components applied to business lines.	5.1 FinTech and Innovation / 5.3 Sustainable Finance / 5.4 Financial Inclusion
		FS2	Procedures for assessing and screening environmental and social risks in business lines.	5.3 Sustainable Finance
		FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	5.3 Sustainable Finance / 5.4 Financial Inclusion
		FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	6.1 Talent Cultivation and Development / 7 Sustainable Environment
		FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.	5.1 FinTech and Innovation / 5.3 Sustainable Finance / 5.4 Financial Inclusion / 7.3 Supplier Management
		FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	5.1 FinTech and Innovation / 5.4 Financial Inclusion / 8 Social Inclusion
		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	5.3 Sustainable Finance
Audit	DMA	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	5.3 Sustainable Finance / 5.4 Financial Inclusion / 6.4 Human Rights Protection and Employee Rights
Active Ownership	Indicator	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues .	5.1 FinTech and Innovation / 5.3 Sustainable Finance / 5.4 Financial Inclusion
G4-Product responsibility-Product and service labeling	DMA	FS15	Policies for the fair design and sale of financial products and services.	5.2 Service Quality and Customer Experience
		FS16	Initiatives to enhance financial literacy by type of beneficiary.	6.1 Talent Cultivation and Development
★ G4-Society-Local Communities	Indicator	FS13	Access points in low-populated or economically disadvantaged areas by type.	5.4 Financial Inclusion
		FS14	Initiatives to improve access to financial services for disadvantaged people.	5.4 Financial Inclusion

Appendix 3、Material Issues

A. Guidelines and Key Elements of Material Issues, 2018

Material Issues		Commitment	Related Policies	Responsible Department	Management Approaches	Evaluation	Goals	Complaint Mechanism
1	**Talent cultivation and development**	Talent is a leading, key indicator. E.SUN designs complete training system for employees to elevate the capability and create value.	“Human Resource Development Committee Principles”	Human Resources Division	We will devise training development plans corresponding to E.SUN’s overall development and strategies.	· The percentage of objective management. · The percentage of feedback evaluation. · Training hours, number of employees taking training programs, expense on training.	6.1 Talent cultivation and development	[E-Mail] hrd@esunbank.com.tw [Dedicated Line] (02)2175-1313 ext. 8701
2	**FinTech and Innovation**	E.SUN constructs solid infrastructure of FinTech to provide customers with innovative user experience.	“E.SUN Digital Finance Business Division Internal Control Manual”, "Digital Finance Business Division Application System Development, Maintenance, and Management Operational Guidelines”.	Digital Finance Business Division, Intelligent Finance Division	Through sandbox mechanism, innovative ideas are welcomed and tested in a proper way. As these ideas are realized, we implement project management framework to effectively put innovative ideas into practice.	Internal audit	5.1 FinTech and Innovation	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313
3	**Code of Conducts and Ethics**	All E.SUN directors and executive managers have signed the statement of ethical corporate management. All E.SUN employees have signed the “E.SUN Employee Service Code of Conduct and Behavior Standards” to practice ethical management with high standards.	“Ethical Corporate Management Principles”, “Ethical Corporate Management Operating Procedures and Code of Conduct”, “Code of Ethical Conduct for Directors”.	Corporate Governance and Nomination Committee	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 employee.	· Compliance Self-Assessment · Internal audit	4.2 Code of Conducts and Ethics	[E-Mail of Audit Committee (Independent Directors)] AuditCommittee@esunbank.com.tw
4	**Talent Attraction & Retention**	E.SUN regards talent as the most precious asset. We dedicate to select like-minded partners to create a happy workplace.	“Human Resource Development Committee Principles”	Human Resources Division	E.SUN provides competitive compensation to attract and retain talents.	· Employment engagement rate · Employee retention rate	6.2 Talent Attraction & Retention	[E-Mail] hrd@esunbank.com.tw [Dedicated Line] (02)2175-1313 ext. 8701
5	**Information Security**	To provide stable and safe information service.	“E.SUN FHC and Subsidiaries Personal Information Management Organization Foundation Principles”, “Information Security Governance Policy”	Information Security Management Department	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 continues to improve its capability of information security governance and cyber defense. All the information operations not only have to meet standards of internation-al info security, they also need to be compliant with domestic and international relevant laws.	· ISO/IEC 27001:2013 international certification for the Information Security Management System (ISMS) · PCIDSS certification for credit card receipt system	[E-Mail of Audit Committee (Independent Directors)] AuditCommittee@esunbank.com.tw [Supplier Contact Dedicated Line] (02)2175-1313 ext. 8123

Material Issues		Commitment	Related Policies	Responsible Department	Management Approaches	Evaluation	Goals	Complaint Mechanism
6	**Corporate Governance**	Actively strengthen the functions of the Board of Directors and 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”.	Board of Directors and comprehensive functional committees, including the Audit Committee, the Corporate Governance & Nomination Committee, the Remuneration Committee, the Board Strategy Committee and the Corporate Social Responsibility Committee	E.SUN continues to support the capabilities of the board of directors and management capabilities of the management team while dedicating itself to increasing transparency to protect shareholders' rights and fulfill its corporate social responsibility.	· “Board of Directors Performance Evaluation Policy” · Corporate Governance Evaluation by TWSE	4.1 Corporate Governance	[E-Mail of Audit Committee (Independent Directors)] AuditCommittee@esunbank.com.tw
7	**Service Quality and Customer Experience**	E.SUN regards high quality and professional customer service as our core value. To strengthen the efficiency of customer complaint processing, our business units appoint “dedicated processing personnel.”	“E.SUN Bank Consumer Handling Guidelines”, “E.SUN Securities Consumer Dispute Handling Procedures”, “E.SUN Bank Fair Customer Treatment Policies and Strategies”, “E.SUN Securities Fair Customer Treatment Policies and Strategies”	Customer Service Division	· Build culture of fair customer treatment. · Guarantee customer rights and complaint process.	· Service quality index of performance evaluation of business units · The evaluation of fair customer treatment from financial industry	5.2 Service Quality and Customer Experience	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313
8	**Risk Management**	To build the safest protection from risk	“Risk Management Policy and Guiding Principles”	Risk management units of the second and the first lines of defense	Build three lines of defense in risk management.	Identify the types of risks and the overall risk level within the range of our risk taking capacity.	Every risk index is within capacity.	[E-Mail of Audit Committee (Independent Directors)] AuditCommittee@esunbank.com.tw
9	**Financial Inclusion**	E.SUN creates convenient financial services that are readily available as if on tap and service threshold for the general public is reduced. We aim to eliminate poverty and inequality in the society, thereby boosting the robust development of the society and economy.	“Digital Channel Management Principle”	Digital Finance Business Division, Wealth Management Division, Individual Banking Division, Credit Card and Payment Division	E.SUN leverages the core competencies of the financial industry and takes financial inclusion into annual goals.	Internal audit	5.4 Financial Inclusion	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313
10	**Employee Care and Friendly Workplace**	With the goal of making E.SUN the second home for employees, we endeavor to make workplace friendly through warm and caring programs.	“E.SUN Bank Employees Benefit Principle”, “E.SUN Bank Employees Physical Examination Principle”, “The Occupational Health and Safety Act”, “The Labor Safety and health work rules”	Human Resources Division	E.SUN provides comprehensive welfare plan to help employees balance from work and life.	· Average welfare expense for non-managerial level employees · The percentage of employee physical examination	6.3 Employee Care and Friendly Workplace	[E-Mail] hrd@esunbank.com.tw [Dedicated Line] (02)2175-1313 ext. 8701
11	**Sustainable Finance**	Properly utilize societal resources and leverage influence to 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.	“E.SUN Bank Lending Policy”, “E.SUN Bank Sustainable Lending Principles”, “E.SUN Bank Green Energy Lending Services”, “E.SUN Bank Investment Policy”	The Environmental Sustainability Group under the Corporate Social Responsibility Committee	· E.SUN complies with international regulations to make internal policies, and takes ESG concept into the process of product design, credit evaluation and investment analysis. · Set ESG concept as standard to select external partners and product suppliers.	Internal audit	5.3 Sustainable Finance	[24-hour customer service hotline] 0800-30-1313; (02)2182-1313

Material Issues		Commitment	Related Policies	Responsible Department	Management Approaches	Evaluation	Goals	Complaint Mechanism
12	**Academic Education**	Encourage students to actively learn and grow in order to perform outstandingly and become influential.	Talent is the key to the competitiveness of a country. E.SUN dedicates to make a contribution to cultivating more outstanding talents through collaborations with prestigious universities nationwide and creation of good teaching environment to increase the competitiveness of Taiwan in the future.	Volunteer Foundation	· E.SUN Academic Award · E.SUN Golden Seed Project · E.SUN Outstanding Talent Scholarship · E.SUN Caring Children Program	Work report for board of directors	8.1 Academic Education	[E-Mail] volunteer@esunbank.com.tw [Dedicated Line] (02)2175-1313 ext. 9300
13	**Supplier Management**	Require important suppliers to sign the “Statement of Commitment to Human Rights and Environmental Sustainability” and comply to “E.SUN Bank Supplier Management Guidelines”.	“E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers”, “E.SUN Bank Supplier Management Guidelines”	General Affairs Division	Sign related statements during transactions with crucial suppliers	Internal audit	7.3 Supplier Management	[Dedicated Line] (02)2175-1313 ext. 8123
14	**Sustainable Operating Environment**	E.SUN sets 2016 as base year to reduce water use, carbon emission and waste generation.	“E.SUN Bank Green Energy Lending Services”, “E.SUN Bank Investment Policy”, “E.SUN Energy Efficiency White Paper - E.SUN Green Policy”	General Affairs Division	E.SUN establishes environmental conservation and energy efficiency targets every year, conducts regular reviews and deliver regular reports to the executives.	other third party certification	7.1 Sustainable Operating Environment	[Dedicated Line] (02)2175-1313 ext. 8123

B. Adjustment of Material Issues, 2019

Issue	Differences between years	Explanation on changes
Talent Attraction & Retention	**New**	We believe that the recruitment and stability of talent are the competitiveness of E.SUN to move forward. Therefore, we separate “Talent cultivation and development” from “Talent cultivation and development”.
Financial Inclusion	**New**	Enabling individuals or business owners with different backgrounds to access suitable financial services on open, equal, and diverse foundation would bring convenience to the society. Therefore, we separate “Financial inclusion” from “FinTech and Innovation”.
Education Academic	**New**	Talent is the key to the competitiveness of a country and also financial industry, so E.SUN invests a lot of resources to elevate quality of education. Therefore, “Education Academic ” becomes material issues this year.
Supplier Management	**The extent of materiality increases**	Suppliers are key for E.SUN to advance service quality. Aside from traditional selection process, E.SUN incorporates the spirit of sustainability to the process of procurement and supplier management.
Climate Change Risks and Opportunities	**Deleted**	E.SUN concerns about climate change issues, and regards it as important emerging risk. Please refer to 2.2 Emerging Risk and Opportunity and 2.3 Climate Change Risks. In our Materiality Analysis, E.SUN reacts to this issue with “Sustainable Finance” and “Sustainable Operating Environment.”

Appendix 4、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.	2 Strategy of Sustainable Development
Chapter 2、Corporate Governance	Regulate and promote corporate governance.	4.1 Corporate Governance / 4.2 Code of Conducts and Ethics
Chapter 3、Environmental Protection	Regulate practices for sustainability.	7 Sustainable Environment
Chapter 4、Social Responsibilities	Regulate practices for social welfare.	5.2 Service Quality and Customer Experience / 6.3 Employee Care and Friendly Workplace / 7.3 Supplier Management
Chapter 5、Disclosure	Regulate and enhance disclosure of CSR.	About this CSR Report
Chapter 6、Appendix	Regulate and improve the existing CSR system.	4.1 Corporate Governance

Appendix 5、Comparative table of ISO 26000 terms

Category	Issue	Reference
Organizational Governance	Decision-making process and structures	1 Company Information
Human rights	Due diligence	6.4 Human Rights Protection and Employee Rights
	Human rights risk situations	6.4 Human Rights Protection and Employee Rights
	Avoidance of complicity	4.2 Code of Conducts and Ethics
	Resolving grievances	6.1 Talent Cultivation and Development
	Discrimination and vulnerable groups	6.4 Human Rights Protection and Employee Rights
	Civil and political rights	6.4 Human Rights Protection and Employee Rights
	Economic, social and cultural rights	6 Happy Workplace
	Fundamental principles and rights at work	6.3 Employee Care and Friendly Workplace
Labor Practices	Employment and employment relationships	6.3 Employee Care and Friendly Workplace
	Conditions of work and social protection	6 Happy Workplace
	Social dialogue	6 Happy Workplace
	Health and safety at work	6.3 Employee Care and Friendly Workplace
	Human development and training in the workplace	6.1 Talent Cultivation and Development
Environment	Prevention of pollution	7.1 Sustainable Operating Environment
	Sustainable resource use	7.1 Sustainable Operating Environment
	Climate change mitigation and adaptation	2.3 Climate Change Risks
	Protection of the environment, biodiversity and restoration of natural habitats	7.2 Sustainable Ecosystem
Fair Operating Practices	Anti-corruption	4.2 Code of Conducts and Ethics
	Responsible political involvement	4.2 Code of Conducts and Ethics
	Fair competition	4.2 Code of Conducts and Ethics
	Promoting social responsibility in the value chain	1 Company Information
	Respect for property rights	4.2 Code of Conducts and Ethics

Category	Issue	Reference
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	5.2 Service Quality and Customer Experience
	Protecting consumers' health and safety	5.2 Service Quality and Customer Experience
	Sustainable consumption	5.1 FinTech and Innovation
	Consumer service, support, and complaint and dispute resolution	5.2 Service Quality and Customer Experience
	Consumer data protection and privacy	5.2 Service Quality and Customer Experience
	Access to essential services	5.1 FinTech and Innovation 5.2 Service Quality and Customer Experience
	Educational and awareness	5.2 Service Quality and Customer Experience
Community Involvement and Development	Community involvement	8 Social Inclusion
	Education and culture	8.1 Academic Education 8.2 Social Participation
	Employment creation and skills development	6.1 Talent Cultivation and Development
	Technology development and access	6.1 Talent Cultivation and Development
	Wealth and income creation	8.3 Arts and Humanities
	Health	8.3 Arts and Humanities
	Social investment	8.3 Arts and Humanities

Appendix 6、UN Global Compact Comparative Table

Category	Issue	Reference
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	6.4 Human Rights Protection and Employee Rights
	Make sure that they are not complicit in human rights abuses	7.3 Supplier Management
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	6.4 Human Rights Protection and Employee Rights
	The elimination of all forms of forced and compulsory labour	6.4 Human Rights Protection and Employee Rights
	The effective abolition of child labour	6.4 Human Rights Protection and Employee Rights
	The elimination of discrimination in respect of employment and occupation	6.4 Human Rights Protection and Employee Rights
Environment	Businesses should support a precautionary approach to environmental challenges	2.3 Climate Change Risks
	Undertake initiatives to promote greater environmental responsibility	7 Sustainable Environment
	Encourage the development and diffusion of environmentally friendly technologies	5.3 Sustainable Finance
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	4.2 Code of Conducts and Ethics

Appendix 7、Human Resource Management indicators

GRI： 102-8、202-1、401-1、401-3、403-9、403-10　SASB：FN-AC-330a.1

A. Employees of E.SUN FHC and its subsidiaries vs Educational Level

	Male	Female	Master & PHD	Bachelor's	Other Higher Education	High School	Total
Taiwan	3,832	4,595	2,132	5,862	375	58	8,427
	45.47%	54.53%	25.30%	69.56%	4.45%	0.69%	100%
Oversea	240	215	148	294	3	10	455
	52.75%	47.25%	32.53%	64.62%	0.66%	2.20%	100%
Total	4,072	4,810	2,280	6,156	378	68	8,882

Note: All employees are full-time job.

B-1. Age/gender distribution of management level and Non-management level

Gender	Age group	Managerial Level	Non-managerial Level	Total
Male	Under 29	0	1,432	1,432
	30-39	14	1,532	1,546
	40-49	212	641	853
	Over 50	128	113	241
Femal	Under 29	0	2,193	2,193
	30-39	5	1,842	1,847
	40-49	45	602	647
	Over 50	36	87	123
Total		440	8,442	8,882

Note: Employees in this chart consist of managers from business units and above.

B-2. Gender distribution of Management Level and Non-management Level

Level	Gender	Number of Employee	Ratio
Management level	Male	354	80%
	Female	86	20%
Non-management level	Male	3,718	44%
	Female	4,724	56%

B-3. Age distribution of Management Level and Non-management Level

Level	Age/Gender		Number of Employee	Ratio
Management level	Under 29	Male	0	0.0%
		Female	0	
	30-39	Male	14	4.3%
		Female	5	
	40-49	Male	212	58.4%
		Female	45	
	Over 50	Male	128	37.3%
		Female	36	
Non-management level	Under 29	Male	1,432	42.9%
		Female	2,193	
	30-39	Male	1,532	40.0%
		Female	1,842	
	40-49	Male	641	14.7%
		Female	602	
	Over 50	Male	113	2.4%
		Female	87	

C. Age/Gender distribution of Middle Management and above and Junior Associates

Gender	Age Group	Middle Managemet and Above	Junior Associates	Total
Male	Under 29	9	1,424	1,433
	30-39	647	899	1,546
	40-49	767	86	853
	Over 50	220	21	241
Female	Under 29	12	2,181	2,193
	30-39	445	1,402	1,847
	40-49	444	203	647
	Over 50	94	28	122
Total		2,638	6,244	8,882

Note: In this table, middle-level managers and above refer to supervisors and above.

D. Employee Ratio (Gender)

Index	2017		2018		2019	
	Male	Female	Male	Female	Male	Female
Proportion of employees	45.10%	54.90%	45.90%	54.10%	45.85%	54.15%
Proportion of all management positions	62.40%	37.60%	62.20%	37.80%	62.25%	37.75%
Proportion of junior management positions	59.10%	40.90%	58.63%	41.37%	58.61%	41.39%
Proportion of top management positions	79.70%	20.30%	79.63%	20.37%	80.45%	19.55%
Proportion of management positions in revenue-generating functions	60.97%	39.03%	64.18%	35.82%	62.24%	37.76%

E. New Recruits (Gender/Age distribution)

	The Ratio of New recruits	Age				Gender				Total
		Under 29	30-39	40-49	Over 50	Male	Ratio	Female	Ratio	
Taiwan	13.79%	1,152	56	16	1	493	40.24%	732	59.76%	1,225
Oversea	0.87%	59	17	1	0	17	22.08%	60	77.92%	77
Total	14.66%	1,211	69	17	1	510		792		1,302

Note: Percentage of new recruits = total number of new recruits/ annual average number of employees

F. Employee Turnover Rate

	Turnover Rate	Age				Gender		Total
		Under 29	30-39	40-49	Over 50	Male	Female	
Taiwan	8.90%	445	241	62	32	356	424	780
Oversea	6.16%	15	13	1	1	10	20	30
Total	8.80%	460	254	63	33	366	444	810

Note: Overall turnover rate= number of employee leaving / number of employees at the end of period.

G. Turnover Rate

Indicator	2017	2018	2019
Total employee turnover rate	7.9%	9.5%	8.8%
Voluntary employee turnover rate	7.8%	9.4%	8.5%

Note: 1. The turnover rate composes all leaves due to involuntary termination, dismissal, retirement, or death in service.
2. The voluntary employee turnover rate for 2019 was calculated by excluding two employees dead, three employees dismissed and twenty-three employees retired.

H. Statistics of Unpaid Parental Leaves and Reinstatements

	Indicator	Male	Female	Total
1	Number of Employees that applied for parental leave in 2019	6	154	160
2	Number of Employees that planned to return from parental leave in 2019 (A)	6	161	167
3	Number of Employees that actually returned from parental leave in 2019 (B)	3	134	137
4	Return rate (B/A)	50%	83%	82%
5	Number of Employees that returned from parental leave in 2018 (C)	1	115	116
6	Number of Employees that have been still employed since returned from parental leave for over 12 months (D)	1	106	107
7	Retention rate (D/C)	100%	92%	92%

Note: 1. The number of Employees that qualified for parental leave in 2019 are 1307.
2. Employees not returning from parental leave in 2019 are due to personal reason.
3. According to the Act of Gender Equality in Employment and Employee Handbook, all employees are qualified for parental leave.

I. Occupational Injury Leave

2019	Occupational Sick Leave		Occupational injury rate	Sick Leave		Personal Leave		Menstrual Leave		Absentee Rate (%)	Lost Work Day
	Number of employee	Number of days		Number of employee	Number of days	Number of employee	Number of days	Number of employee	Number of days		
Male	59	209	3.32	453	1294.5	181	401.0	0	0	0.08	11.8
Femal	84	672	4.73	958	4,496	327	734.5	334	542.5	0.29	37.8
Total	143	881	8.05	1,411	5,790.5	508	1,135.5	334	542.5	0.37	49.6

Note: 1. Total working hours = 17,764,000 (Total number of employees *Daily working hours *Total working days in a year)
2. Total working days = 2,220,500 (Total number of employees *Total working days in a year)
3. Lost workday rate = Number of occupational injury days *1,000,000 / Total working hours
4. The total number of employees involved in incidence of occupational diseases and the number in death or disability incurred at work are both zero.
5. No overseas employee took any occupational injury leave.
6. Occupational injury rate = (Number of employees on occupational injury leave *1,000,000 / Total working hours)
7. Absentee rate in male employees = (Number of occupational sick days taken by male employees + sick days taken by male employees + personal days taken by male employees)/ Total working days.
8. Absentee rate in female employees = (Number of occupational sick 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.
9. No contractor took any occupational sick leave.

J. Absentee Rate

Indicator	2016	2017	2018	2019
Absentee Rate (%)	0.31	0.37	0.37	0.37
Data coverage (as % of employee)	100%	100%	100%	100%

Note: The absentee rate target in 2019 was 0.5% E.SUN set the absentee rate target in 2020 is 0.5% as well.

K. Salary and benefit

Full-time non-managerial employees [1]	2017	2018	2019	YoY Growth Rate
Number of Employee	7,645	7,604	7,556	(0.63%)
Average salary (ten thousands) [2]	96.4	100.2	105.7	5.49%
Median salary (ten thousands) [2]		92.2	96.6	4.77%
Average spending on the benefits of non-managerial employees (ten thousands) [3]	116.5	119.5	127.6	6.77%

Note: 1. For Salary and benefit, the figures are calculated by excluding employees acting as management as defined in Circular No. 920001301 issue by Ministry of Finance (MoF).
2. Average salary and median salary: The number and average salary of full-time non-managerial employees are calculated in accordance with Paragraph 31, Article 3 of the Taiwan Stock Exchange Corporation Rules Governing Information-Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds.
3. Average spending on the employee benefits: The average spending on the benefits of non-managerial employees is calculated on the basis of number of people and employee benefit expense as reported in the financial statement and after excluding managerial employees.

L. Average training duration per person

	Average training duration per person	2017		2018		2019	
		Male	Female	Male	Female	Male	Female
1	Training hours completed by managers	17,361	4,696	15,883	4,678	18,805	4,936
2	Average training hours per person	56.0	58.7	46.2	53.2	51.6	55.8
3	Training hours completed by non-managers	175,541	230,123	182,655	229,199	190,139	241,877
4	Average training hours per person	48.5	48.9	49.7	49.4	49.7	49.8
5	Total training hours	427,722		432,415		455,757	
6	Training hours per person	49.1	49.0	49.3	49.4	49.8	49.9
7	Total training hours per person	49.1		49.4		49.86	
8	Average training expenses	57,299		53,923		48,568	
9	Employee training expenses / Total Revenue	0.88%		0.83%		0.86%	
10	Human Capital ROI	286%		303%		293%	
11	Percentage of open positions filled by internal candidates	34.01%		47.26%		44.30%	

Note: Training hour of male and female in management or non-management are calculate proportionally to the total training hours.

M. Indicator of diversity and Inclusion

Indicator	2016	2017	2018	2019
Indigenous employees	28	33	32	35
Disabled employees	35	32	29	47
Number of Nationality	8	10	10	10

Appendix 8、Sustainable Operating Environment Indicators

GRI： 305-1、305-2、305-3、305-4、306-2

Catagory	Indicator	2016	2017	2018	2019	Remarks
Scope 1	Carbon emission (tons)	2,741	2,639	2,516	2,455	The real scope1 carbon emission didn't exceed the target in 2019.
	Per capita (tons)	0.3292	0.3026	0.2876	0.2764	
	Carbon emission per unit revenue	0.0667	0.0572	0.0509	0.0450	
	Data coverage ratio	100%	100%	100%	100%	
	Target of carbon emission (tons)	2,854	2,871	2,823	3,116	
Scope 2	Carbon emission (tons)	20,403	21,190	21,593	22,651	The real scope2 carbon emission didn't exceed the target in 2019.
	Per capita (tons)	2.4505	2.4300	2.4681	2.5502	
	Carbon emission per unit revenue	0.4968	0.4596	0.4368	0.4154	
	Data coverage ratio	100%	100%	100%	100%	
	Target of carbon emission (tons)	18,916	21,369	21,011	23,206	
Energy	Total non-renewable energy consumption(MWh)	46,278	47,749	48,249	49,535	The real energy consumption didn't exceed the target in 2019. The target in 2019 is calculated by 1.1269*0.9*51,900,696(revenue)/1,000
	Total non-renewable energy consumption(GJ)	166,601	171,896	173,696	178,326	
	Per capita (MWh)	5.5583	5.4758	5.5148	5.5770	
	Per unit revenues (KWh/ $NT thousand)	1.1269	1.0356	0.9761	0.9085	
	Data coverage(%)	100%	100%	100%	100%	
	Total non-renewable energy consumption target (MWh)	31,969	41,018	40,330	52,638	
	Purchasing and producing renewable energy (MWh)	130	165	170	536	
	Total costs of energy consumption	104,800	112,300	135,630	137,511	
Water	Total water use (cubic meters)	221,970	206,726	228,700	244,804	The target in 2019 is calculated by 5.4054*0.95*51,900,696(revenue)/1,000=266,517
	Per capita (cubic meter)	26.66	23.71	26.14	27.56	
	Per unit revenues (liter/ $NT thousand)	5.4054	4.4836	4.6268	4.4900	
	Data coverage (%)	100%	100%	100%	100%	
	Total water use target (cubic meters)	157,010	176,972	173,967	266,517	

Catagory	Indicator	2016	2017	2018	2019	Remarks
Waste	Total waste generated	785,735	809,530	634,803	619,759	We achieved the goal in 2019.
	Total waste used/recycled/sold	235,721	242,859	190,525	185,054	
	Total waste disposed(A-B)	550,014	566,671	444,278	434,705	
	Per unit of revenues for waste use (kg/$NT thousand)	0.0134	0.0123	0.009	0.008	
	Data coverage(%)	100%	100%	100%	100%	
	Total waste disposed target	733,956	570,281	566,398	625,922	
Business travel	Carbon emission (tons)	174.1108	210.0642	228.2703	293.534	
	Carbon emission per unit revenue (tons/thousand)	0.00424	0.00456	0.00462	0.00538	The goal in 2019 didn't achieved. Due to extend the railway and high speed rail into scope, the carbon emission of business travel increase by 28%.
	Data coverage ratio	100%	100%	100%	100%	
	Target of carbon emission (tons)	261.406	193.54	223.143	220.059	
	Number of employees	8,326	8,720	8,749	8,882	
	Revenues (thousand)	41,064,832	46,107,189	49,429,234	54,522,618	

Note: business travel data was positively related to business growth, but their growth rate were different.
1 GJ = 277.778 kWh

Appendix 9、Economic value distributed indicators

A. Spending on trade associations and other tax-exempt groups

Institution	Amount (NT$)	Note
The Bankers Association of The Republic Of China	8,540,696	65% for financial studies and training funds, 34% for The Bankers association fee and 1% for financial cup related fee.
Taipei Foundation Of Finance	4,995,660	100% for training and external training fee.
Trust Association of the Republic of China	2,547,843	60% for annual membership fee and 40% for training registration fee.
Taipei Exchange	1,365,930	Including 75% for financial bond OTC administrative fee and 25% for service fee.
Taiwan Academy of Banking and Finance	800,000	100% for "Fintech Taipe i " Activity expense.
Taiwan Securities Association	498,073	Including 91% for service fee and 9% for course registration fee.
The Insurance Agency Association of the Republic of China	310,430	Including 90% for certificate registration fee and 10% for ongoing membership fee.
R.O.C. Bills Finance Association	250,010	100% for annual membership fee.
Artificial Intelligence Technology Foundation	250,000	
Others	201,020	
Total:	19,759,662	

B. Charitable contributions and sponsorship

Category	Amount (NT$ thousand)	Explanation
Academic Education	84,213	Golden Seed Project (including new library construction, renovation, donation of new books, etc.)
Economic Development	80,039	Contributing to the Small and Medium Enterprise Credit Guarantee Fund.
Art Promotion	68,091	"Mayday" concert, Mother's Day concerts, “Van Gogh Alive”, etc.
Sports Development	39,583	Hosting “Baseball E. SUN Cup Games”, sponsor “Baseball Asian Championship”, sponsor “XTERRA Taiwan Trail Runs”.
Disadvantaged Care	30,897	“Children Care Program”, charity clinic activities.
Enhance International Competitiveness	15,247	Invited Roger Martin (Master of Integrated Thinking) to speak in Taiwan; E.SUN Academic Award.
Ecological Conservation	14,469	Sponsored the Nan'an tribe's rice ecological organic farming counseling project; sponsored the "Formosan B.B. is Coming" movie.
Medical and Health Care	13,454	Special needs to the dentist medical equipment donation plan; donate to the guild of physicians.
Financial Education	7,540	Various financial lectures.
Digital Technology	4,284	Established an AI technology financial technology R&D center at the National University; sponsored the annual meeting of artificial intelligence school alumni.
Total:	357,525	

Appendix 10、Sustainability Accounting Standards Board (SASB) index

Topic	Code	Category	Accounting Metric	Response
Customer Privacy	FN-CF-220a.1	Quantitative	Number of account holders whose information is used for secondary purposes.	2019 CSR Report, 4.4 Information Security, P.50
	FN-CF-220a.2	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with customer privacy.	2019 CSR Report, 4.4 Information Security, P.49-50
Data Security	FN-CB-230a.1	Quantitative	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	2019 CSR Report, 4.4 Information Security, P.51
	FN-CB-230a.2	Discussion and Analysis	Description of approach to identifying and addressing data security risks	2019 CSR Report, 4.4 Information Security, P.48-49, P.51
Financial Inclusion & Capacity Building	FN-CB-240a.1	Quantitative	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	2019 CSR Report, 5.4.1 Small business and microfinance institution, P.70
	FN-CB-240a.2	Quantitative	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Our past due information was disclosed on P.119 of the 2019 E.SUN FHC Financial Statement. For the standard information of SASB will be disclosed in the near future.
	FN-CB-240a.3	Quantitative	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	2019 CSR Report, 5.4.2 Group with disadvantage or special identity, P.71-72. However, we haven't collected underbanked data for the standard information of SASB.
	FN-CB-240a.4	Quantitative	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	2019 CSR Report, 5.4.2 Group with disadvantage or special identity, P.74. However, we haven't collected underbanked data for the standard information of SASB.
Selling Practices	FN-CF-270a.4	Quantitative	Number of complaints filed with the Financial Supervisory Commission Republic of China (Taiwan)	2019 CSR Report, 5.2 Service Quality and Customer Experience, P.60. However, we haven't collected other data for the standard information of SASB.
Employee Diversity & Inclusion	FN-AC-330a.1	Quantitative	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3)professionals, and (4) all other employees4	2019 CSR Report, Appendix 7、Human Resource Management indicators, P.134-136
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis, Investment Management, Investment Banking & Advisory	FN-CB-410a.1	Quantitative	Commercial and industrial credit exposure, by industry	Our credit exposure information was disclosed on P.105 of the 2019 E.SUN FHC Financial Statement. For the standard information of SASB will be disclosed in the near future.
	FN-CB-410a.2	Discussion and Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	2019 CSR Report, 2.3 Climate Change Risks(P.15-18) & 5.3 Sustainable Finance(P.63-66)
	FN-AC-410a.2	Discussion and Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	2019 CSR Report, 5.3 Sustainable Finance, P.67-69
	FN-IB-410a.3	Discussion and Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	2019 CSR Report, 5.3 Sustainable Finance, P.67
Environmental Risk to Mortgaged Properties	FN-MF-450 a.1	Quantitative	(1) Number and (2) value of mortgage loans in 100-year flood zones	2019 CSR Report, 2.3 Climate Change Risk, P.18

Topic	Code	Category	Accounting Metric	Response
Business Ethics	FN-CB-510a.1 FN-AC-510a.1	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.	2019 CSR Report, 4.2 Code of Conducts and Ethics, P.38-40
	FN-CB-510a.2 FN-AC-510a.2	Discussion and Analysis	Description of whistleblower policies and procedures.	2019 CSR Report, 4.2 Code of Conducts and Ethics, P.38
Systemic Risk Management	FN-CB-550a.2	Discussion and Analysis	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	2019 E.SUN FHC Financial Statement, P.105
	FN-AC-550a.2	Discussion and Analysis	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management.	2019 Annual Report, P.138
Activity Metrics	FN-CB-000.A	Quantitative	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	2019 CSR Report, 5.2 Service Quality and Customer Experience, P.59
	FN-CB-000.B	Quantitative	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	2019 CSR Report, 5.2 Service Quality and Customer Experience, P.59
	FN-CF-000.A	Quantitative	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Please see 2019 CSR report 5.3.2 Retail Banking. The number of active debit cards is 540 thousand cards. The number of unique consumers with an active card will be prepared and disclosed in the future.
	FN-CF-000.B	Quantitative	Number of (1) credit card accounts and (2) pre-paid debit card accounts	2019 CSR Report, 5.3.2 Retail Banking, P.69. The number of debit card is 1,150,000.
	FN-MF-000.B	Quantitative	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	2019 CSR Report, 5.3.2 Retail Banking, P.68

The appendix 10 using the Sustainability Accounting Standards Board (SASB) framework, including commercial bank, consumer finance, mortgage finance, asset management, investment banking. Some index has audited by independent third party (please see appendix 13). For more information about SASB, please visit www.sasb.org.

Appendix 11、Independent Assurance Opinion Statement

bsi.

By Royal Charter

INDEPENDENT ASSURANCE OPINION STATEMENT

E.SUN FHC CSR report 2019

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 2019.
2. The evaluation of the nature and extent of the E.SUN FHC's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS (2008) with 2018 Addendum sustainability assurance engagement.

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

Opinion Statement

We conclude that E.SUN FHC CSR report 2019 provides a fair view of the E.SUN FHC programmes and performances during 2019. 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 E.SUN FHC and the sample taken. We believe that 2019 economic, social and environmental performance information are correctly represented. The CSR performance information 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) with 2018 Addendum. 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 (2008) with 2018 Addendum and their self-declaration in accordance with the GRI Standards: Core option were fairly stated.

Methodology

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

- 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
- interview with 30 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, responsiveness and impact as described in the AA1000 AP (2018)

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

Inclusivity

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

Materiality

E.SUN FHC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of E.SUN FHC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about E.SUN FHC's management and performance. In our professional opinion the report covers 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 E.SUN FHC is developed and continually provides the opportunity to further enhance E.SUN FHC's responsiveness to stakeholder concerns. In our professional opinion the report covers E.SUN FHC's responsiveness issues.

Impact

E.SUN FHC has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. E.SUN FHC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers E.SUN FHC's impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards' disclosures disclosed in this report, 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 2019 are reliable based on procedures undertaken 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 in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to the GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers E.SUN FHC's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000 AS(2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of 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 experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

AA1000
Licensed Assurance Provider
000-4

...making excellence a habit.™

Statement No: SRA-TW-2019008

2020-04-16

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

BSI Taiwan is a subsidiary of British Standards Institution.

Appendix 12、Independent Auditors' Limited Assurance Report（GRI Standards）

Deloitte.

勤業眾信

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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, 2019.

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.

Auditors' 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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 22, 2020

Notice to Readers

For the convenience of readers, the independent auditors' 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 auditors' limited assurance report and summary of selected subject matter information shall prevail.

APPENDIX A

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	GRI Standards 205-2 Communication and training about anti-corruption policies and procedures	4.2 Code of Conducts and Ethics 7.3 Supplier Management	The indicator was calculated as percentages of board members, employees, and suppliers that have been communicated and trained with topics of Code of Conducts and Ethics, and anti-corruption policies and procedures.
2.	GRI Standards 306-2 Waste by type and disposal method	7.1 Sustainable Operating Environment Appendix 8: Sustainable Operating Environment Indicators	Total weight was calculated by waste types and disposal method from the Waste Calculate Reports.
3.	GRI Standards 404-1 Average hours of training per year per employee	Appendix 7: Human Resource Management indicators	Given the number of employees at the end of 2019 and the training hours recorded, the average training hours were calculated by employee category and gender.
4.	GRI Standards 405-2 Ratio of basic salary and remuneration of women to men	6.2 Talent Attraction and Retention	The ratio of basic salary and remuneration of women to men for none-managerial position was calculated from the Employee Salary and Remuneration Reports.
5.	GRI Standards 412-1 Operations that have been subject to human rights reviews or impact assessments	6.4 Human Rights Protection and Employee Rights	Total number and percentage of operations, suppliers and clients that have been subject to human rights reviews and human rights impact assessments were obtained from the Record of Human Rights Assessment.
6.	Number of projects subject to Equator Principles, the outstanding balance for ESG-friendly industries, Green/ESG Credit Lines and responsible investments	5.3 Sustainable Finance	Number of projects subject to Equator Principles and the outstanding balance for ESG-friendly industries, Green/ESG Credit Lines and responsible investment were obtained from internal reports, including the EP Projects Report, Outstanding Balance Charts for the ESG Loans, Outstanding Balance Charts for Green Building loans, Reports of Inventory Carrying Cost for Bonds, and Equity Investment reports, etc.
7.	The outstanding balance and number of accounts for Small-Sized Business loans	5.4 Financial Inclusion	The outstanding balance and number of accounts for Small-Sized Business loans by the end of 2019 were obtained from the Reports of the Small-Sized Business Loan Project.
8.	Absentee rate	Appendix 7: Human Resource Management indicators	Absentee rates for employees by gender were calculated from the records of absences and leave days of employees.

Appendix 13、Independent Auditors' Limited Assurance Report（SASB）

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Independent Limited Assurance Report

PWCM19000528

To E.SUN Financial Holding CO., LTD.

We have been engaged by E.SUN Financial Holding CO., LTD.(the "Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2019 Corporate Sustainability Report (hereinafter referred to as the "CSR Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 149 of the CSR Report. The scope of the aforementioned Subject Matter Information is set out in the "Boundaries of report" on page 3 of the CSR Report.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the CSR Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the CSR Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

pwc 資誠

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems (if any), and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, inspection, and reperformance on the Subject Matter Information to obtain evidence for limited assurance.

We do not provide any assurance on the CSR Report as a whole or on the design or operating effectiveness of the relevant internal controls. Our assurance does not extend to information in respect of earlier periods or to any other information disclosed in the CSR Report for 2018.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan

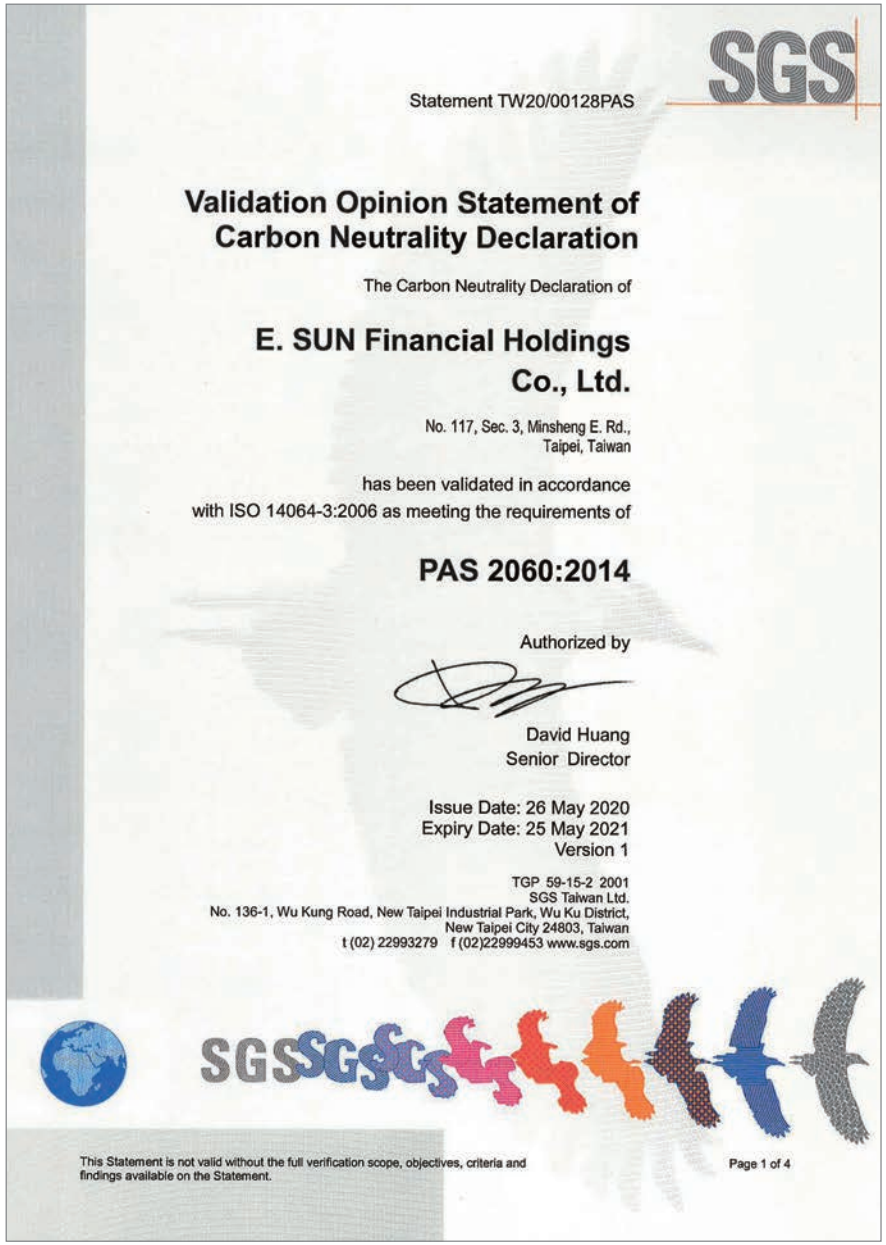
Chang, Jui-Ting

Chang, Jui-Ting
Partner
June 30, 2020

Summary of Subject Matters Assured

No.	Subject Matter Information	Page	Corresponding Chapter	Applicable Criteria
1	Table: B- Data breach incidents Total number of data breach incidents in 2019 was 0	51	4.4 Information Security	Total number of data breach incidents in 2019. Align with the first point in the technical protocol of SASB FN-CB-230a.1, data breach is defined as the unauthorized movement or disclosure of sensitive information to a party, usually outside the organization, that is not authorized to have or see the information. The scope of disclosure is limited to data breaches with unauthorized movement or disclosure of sensitive information to parties outside of E.Sun FHC and that resulted in a deviation from E.SUN FHC's expected outcomes for confidentiality and/or integrity.
2	Table: B- Data breach incidents The percentage of data breach incidents involving personal information in 2019 was 0%	51	4.4 Information Security	The percentage of data breach incidents involving personal information in 2019. Align with the second point in the technical protocol of SASB FN-CB-230a.1, personal information is defined as any information about an individual that is maintained by the entity, including (1) any information that can be used to distinguish or trace an individual's identity, such as name, social identification number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information. The scope of disclosure is limited to breaches in which account holders were notified of the breach, either as required by law or voluntarily by E.SUN FHC.
3	Table: B- Data breach incidents Total number of account holders affected by data breaches in 2019 was 0	51	4.4 Information Security	Total number of account holders affected by data breaches in 2019. Align with the third point in the technical protocol of SASB FN-CB-230a.1, customer is defined as the total number of unique account holders. Accounts that the entity cannot verify as belonging to the same account holder shall be disclosed separately.
4	We take Representative Concentration Pathways (RCPs) to define future climate change scenario and choose RCP2.6 and RCP8.5 as the scenarios* where we evaluate the default risk impact of high GHG emission industry and the valuation impact on collateral respectively. Under RCP2.6, we map against our portfolio and concluded that the petrochemical industry, metal products manufacturing industry and transportation industry as the top three climate sensitive industries, and further quantify the financial impact of petrochemical industry on E.SUN. Under RCP8.5, we analyze the high risk area for collateral locations in Taiwan according to the data on Executive Yuan's Disaster Management Information Platform. CSR Report p.16 Table: E.SUN's climate change scenario. ●E.SUN Bank's industry risk matrix E.Sun Bank referenced external research reports and ranked industries based on their climate risk level and E.SUN Bank's credit exposure concentration. The industries that are the most sensitive to and highly impacted by climate change were determined to be the petrochemical industry, metal products manufacturing industry, and transportation industry. Main analysis results are shown in the chart below: CSR Report p.17 Chart: E.SUN Bank's industry risk matrix.	16-17	2.3 Climate Change Risks	Analysis of climate-related scenarios in the credit process. Align with the seventh point in the technical protocol of SASB FN-CB-410a.2, E.SUN conducts climate-related scenario analysis on the portfolio of loans to the petrochemical industry and the portfolio of loans where real estate is used as collateral. The RCP2.6 and RCP8.5 scenarios are based on the Representative Concentration Pathways (RCPs) in the Assessment Report 5 (AR5) of Intergovernmental Panel on Climate Change (IPCC). The industry classification refers to E.SUN's internal loan business industry classification criteria.
5	In 2019, there was zero lawsuit or penalties against E.SUN for misconducts relating to: fraud, insider trading, anti-competitive, anti-trust behavior, or market manipulation. In 2019, there were 2 cases resulting in a total legal proceedings of NT$12.2 million as penalties.	38 40	4.2 Code of Conducts and Ethics	The total amount of monetary losses as a result of legal proceedings associated with non-conformance of financial industry laws or regulations in 2019. Align with the first point in the technical protocol of SASB FN-CB-510a.1, E.SUN FHC shall disclose the total amount of monetary losses it incurred during the reporting period as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations. The scope of this loss is limited to regulatory monetary penalties.
6	CSR Report p.59 Table: Customer Profile ● Number and Value of checking and savings accounts of E.SUN Bank by segment: (a) personal and (b) small business ● Number and Value of loans of E.SUN Bank by segment: (a) personal, (b) small business, and (c) corporate Note：1. Exclude customers of overseas branches and subsidiaries. 2. Small business: 1) for checking and savings accounts: a company whose registered capital is below NT$10 millions; 2) for loans: a company whose revenue is less than NT$5o millions. 3. The purpose of loans for small business and corporates include capital investment, revolving credit loan, and corporate wealth management. 4. Corporates include private sector companies only. If a small business customer is an affiliate of a group company, then it is considered as a corporate customer.	59	5.2 Service Quality and Customer Experience	Number and Value of checking and savings accounts of E.SUN Bank by segment: (a) personal and (b) small business at the end of 2019. The activity metric definition is based on E.SUN's internal definition: the number and value of accounts exclude customers of overseas branches and subsidiaries. Small business is defined as customers whose registered capital is below NT$10 million. The number of accounts are unique personal and small businesses customers. Unique customer is defined as accounts sharing the same ID number.
7		59	5.2 Service Quality and Customer Experience	
8		59	5.2 Service Quality and Customer Experience	Number and Value of loans of E.SUN Bank by segment: (a) personal, (b) small business, and (c) corporate at the end of 2019. The activity metric definition is based on E.SUN's internal definition: the number and value of accounts exclude customers of overseas branches and subsidiaries. Small business is defined as customers whose revenues are below NT$50 million at the time of initial account opening with E.SUN. The number of account considers unique customers and unique customer is defined as accounts with the same ID number. The number of loans include loans with zero balance at the end of 2019. The purpose of loans for small business and corporates include capital investment, revolving credit loan, and corporate wealth management. Corporates include private sector companies only. If a small business customer is an affiliate of a group company, then it is considered as a corporate customer. Affiliated company is defined by the Banking Act and the Company Act standards of the Republic of China; Group company is defined according to the Bankers Association of the Republic of China(BAROC) standards.
9		59	5.2 Service Quality and Customer Experience	

Appendix 14、Carbon neutralization certificate



Statement TW20/00128PAS

Validation Opinion Statement of Carbon Neutrality Declaration

The Carbon Neutrality Declaration of

E. SUN Financial Holdings Co., Ltd.

No. 117, Sec. 3, Minsheng E. Rd.,
Taipei, Taiwan

has been validated in accordance with ISO 14064-3:2006 as meeting the requirements of

PAS 2060:2014

Authorized by

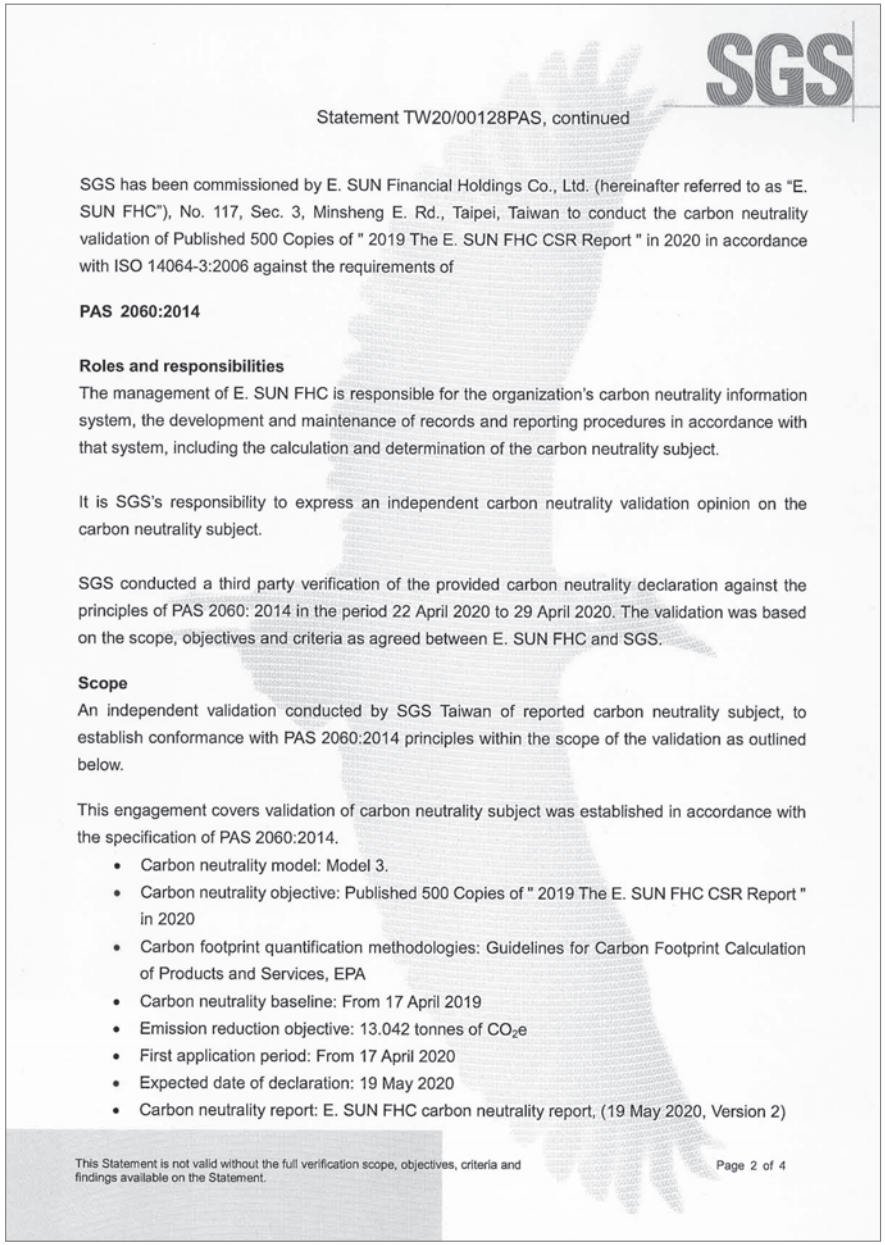
David Huang
Senior Director

Issue Date: 26 May 2020
Expiry Date: 25 May 2021
Version 1

TGP 59-15-2 2001
SGS Taiwan Ltd.
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District,
New Taipei City 24803, Taiwan
t (02) 22993279 f (02)22999453 www.sgs.com

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

Page 1 of 4



Statement TW20/00128PAS, continued

SGS has been commissioned by E. SUN Financial Holdings Co., Ltd. (hereinafter referred to as "E. SUN FHC"), No. 117, Sec. 3, Minsheng E. Rd., Taipei, Taiwan to conduct the carbon neutrality validation of Published 500 Copies of " 2019 The E. SUN FHC CSR Report " in 2020 in accordance with ISO 14064-3:2006 against the requirements of

PAS 2060:2014

Roles and responsibilities

The management of E. SUN FHC is responsible for the organization's carbon neutrality information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of the carbon neutrality subject.

It is SGS's responsibility to express an independent carbon neutrality validation opinion on the carbon neutrality subject.

SGS conducted a third party verification of the provided carbon neutrality declaration against the principles of PAS 2060: 2014 in the period 22 April 2020 to 29 April 2020. The validation was based on the scope, objectives and criteria as agreed between E. SUN FHC and SGS.

Scope

An independent validation conducted by SGS Taiwan of reported carbon neutrality subject, to establish conformance with PAS 2060:2014 principles within the scope of the validation as outlined below.

This engagement covers validation of carbon neutrality subject was established in accordance with the specification of PAS 2060:2014.

- Carbon neutrality model: Model 3.
- Carbon neutrality objective: Published 500 Copies of " 2019 The E. SUN FHC CSR Report " in 2020
- Carbon footprint quantification methodologies: Guidelines for Carbon Footprint Calculation of Products and Services, EPA
- Carbon neutrality baseline: From 17 April 2019
- Emission reduction objective: 13.042 tonnes of CO_2e
- First application period: From 17 April 2020
- Expected date of declaration: 19 May 2020
- Carbon neutrality report: E. SUN FHC carbon neutrality report, (19 May 2020, Version 2)

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

Page 2 of 4

Criteria

Criteria against which the verification assessment is undertaken is the principles of PAS 2060:2014.

Conclusion

We conducted our validation with regard to the carbon neutrality of E. SUN FHC, which included assessment of the company carbon neutrality information system, monitoring and reporting protocol. This assessment included the collection of evidence that support the reported data and verification of whether the provisions of the protocol reference were consistently and appropriately applied.

The Retired offset credit information is described as below:

Objective		E. SUN FHC
Baseline Emission		13.042 tonnes of CO_2e
Achievement of GHG emissions reductions		13.042 tonnes of CO_2e
Offsetting residual GHG emissions	Offset quota program	Gold Standard
	Sources of credit offset	InfraVest Taiwan Wind Farms Bundled Project 2012 (GS1350)
	Retired offset carbon credits	14.000 tonnes of CO_2e
	Offset credit serial number	GS1-1-TW-GS1350-12-2017-6397-1203-1216

In SGS's opinion, the presented carbon neutrality declaration :

- is materially correct and is a fair representation of the carbon neutrality data and information, and
- is prepared in accordance with PAS 2060:2014 in relation to carbon footprint quantification, monitoring and reporting.

Confidentiality

The reports and attachments may contain relevantly confidential information of the clients. In addition to being submitted as governmental application or certification documents, the reports and attachments are not allowed to be edited, duplicated, or published without the clients' agreement in written form.

Avoidance of Conflict of Interest

The reports and attachments are completely complied with the standards and procedures that related-authorities established. The reports and attachments of auditing process are conduct with fairness and honesty. If not, the auditing institution not only has to bear the relevant compensation duties, but also to receive legal charge and punishment.

Verifier Group

Above statements coincide with auditing process with fairness and impartiality, and aim at the emission of clients.

This statement shall be valid for a maximum period of one year. Should any change or event occur that could invalidate the declaration, the entity shall either take corrective action coming into effect within no more than three months to restore validity, or withdraw the declaration.

Note: This Statement is issued, on behalf of Client, by SGS Taiwan Ltd. ("SGS") under its General Conditions for Green Gas Verification Services available at http://www.sgs.com/terms_and_conditions.htm. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement, the findings and the supporting Carbon neutrality Declaration may be consulted at E. SUN Financial Holdings Co., Ltd., No. 117, Sec. 3, Minsheng E. Rd., Taipei, Taiwan. This Statement does not relieve Client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.

Pure as Jade, Sturdy as Mountain.