

2017 Corporate Social Responsibility Report



Taiwan Depository & Clearing Corporation

2017 Corporate Social Responsibility Report

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About the Report

This report is the first Corporate Social Responsibility (CSR) report published by Taiwan Depository & Clearing Corporation (hereinafter referred to as TDCC). With the abundant resources invested in all aspects of corporate social responsibility, we wish to demonstrate the results of our efforts, strengthen the links between our businesses and corporate social responsibility, and implement communication with stakeholders, through the publication of the report.

Disclosure Period, Boundary and Scope of the Report

The period of disclosure in the report is the year 2017 (from January 1, 2017 to December 31, 2017). The disclosure boundary covers some of the floors in Hung Ya Building in Fushin North Road, Taipei City, where TDCC is located, and the company's server rooms in Nankang and Zhubei. As for the scope, it is mainly about TDCC's economic, social, and environmental data, presenting the responses to and actions towards the material issues stressed by stakeholders. Some of the data will be traced back to 2015 and some adopts the latest statistics in 2018. The boundary of the financial information covers the information from the consolidated financial report of TDCC and its investee company FundRich Securities Co., Ltd., which will be specified in the report and is denominated in New Taiwan Dollars.

Reporting Standards

The content of this report is prepared in accordance with GRI G4 Core Option Guideline.

External Assurance

The information and data disclosed in this report are prepared by various departments in TDCC. To increase the quality and credibility of the information in the report, we have commissioned DNV GL Business Assurance Co., Ltd. to verify this report in accordance with DNV GL VeriSustain Protocol and AA1000 Assurance Standard, and prove that this report follows "Core Option" of GRI G4.

Reporting Cycle

This report is the first CSR report published by TDCC. TDCC will continue to release our CSR reports on an annual basis in the future. The report can be downloaded in the Corporate Social Responsibility section on TDCC website.

Publication date: June 2018

Next issue date: June 2019

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Letter from the Chairman & CEO

Corporate social responsibility has been widely recognized by governments and companies all around the world in recent years. With regard to international corporate social responsibility, not only activities that benefit the society but also issues that are related to the stakeholders, such as shareholders, customers, employees, and environmental communities are considered. TDCC sticks to the goal of sustainable development in the market and believes in the importance of benefiting from the society and contributing to the society, committing itself to social welfare programs, promoting financial literacy and environmental protection, implementing corporate caring and fulfilling social responsibility through activities. To integrate TDCC's business strategy with corporate social responsibility, allow stakeholders such as the competent authority, shareholders and participants to fully understand TDCC's concept of sustainable development and further promote societal well-being, we were the first, among the related units of securities and futures agencies, to get our CSR report verified and approved by an internationally renowned certification institution.

With long-term effective communication with stakeholders, we share the common goods with them and enjoy the fruits of growing together. At the present stage, business operates in parallel with social values. Therefore, while driving our business forward, we also implement our corporate social responsibility. We have maintained smooth operation and the sound development of the market through the establishment of a safe, efficient and low-cost post-trade infrastructure,



Sherman Lin

and protect the rights and interests of our investors. With its resources and core competence, TDCC promotes securities dematerialization and digital finance, enhances financial market development, and strengthens the link between the Taiwan's market and international markets by understanding the needs of its customers and subsequently launching preparation in advance, in hope of starting from our business to respond to the sustainable development goals of the United Nations by continuously contributing to the economy, the environment and the society.

It has been more than 28 years since the establishment of TDCC. Under the guidance of the competent authority, TDCC continues providing

efficient and secure registration, custody, and book-entry services for the market, as well as post-trade operations for fixed-income products and funds markets to reduce market operation costs. The business model of the participants has been changing over the years, and TDCC has also changed by diversifying its business and working with customers to drive innovations in financial services and promoting a platform to launch more universal, convenient, and safe financial services, which brings about positive changes in our society. In addition, we dedicate ourselves to improving our service quality and information system efficiency, and promoting international business. We also coordinate with the competent authority to promote the financial system in line with international standards and strengthen market supervision.

We have established FundRich Securities to build the first large fund platform in Taiwan, using big data to analyze the behavior of investors throughout the internet, introduce a third-party supplier for robotic financial consultants, and provide after-sales service with customer service robots through cloud monitoring. With reasonable fees and user-friendly interface, we enable all groups to invest independently and expand the fund market momentum.

Creating a Hub for Domestic Financial Services

TDCC diligently paves the way towards digital transformation. We adopt a platform concept based on innovative thinking to connect the platform operators, information and telecommunications carriers, and financial technology companies, and offers traditional B2B as well as B2C services. Measures such as "ePassbook", "StockVote", and "FundRich

Securities" are major applications which transform the market by using platforms. We continue to build the hub of domestic financial services by offering various custodial services, developing financial technology, creating a mobile digital environment for the securities market, promoting dematerialization of services, and integrating digital service platforms to create long-term value for stakeholders. Through various post-trade services, we build a safe, efficient, low-cost post-trade infrastructure, maintain smooth operation and sound development of the market, and protect the rights and interests of the investors.

Assisting in the Supervision of the Taiwan Financial Market

With its concessionaire status granted by the government, TDCC has been an important promoter in supervising financial markets for many years. In response to changes in the market environment, we have endeavored to enhance market transparency, build various control systems, and improve operational inspections and counseling. We ensure the compliance of the participants, securities dealers, and stock affairs units, and implement the internal control system to stabilize the financial market, protect the rights of investors and safeguard the security of the national financial market.

Devoted to the Development of Inclusive Finance and Increasing the Availability of Financial Services

In response to the global trend of inclusive finance, we strive to create a financial infrastructure with lower costs, higher efficiency and higher service availability by offering innovative services. With advanced practices like dematerialization, financial technology, and platforms (such as the promotion of TDCC ePassbook and FundRich

Securities), we wish to expand the availability of financial services. The overall goal is to seek low-cost solutions for customers, promote financial education on a large scale, and nurture future financial talent to enable more individuals to benefit from the country's overall financial services, implementing the concept of inclusive finance.

Social Participation

TDCC has been caring for the community for a long time. It actively responds to and takes care of the needs of the community by cultivating future financial talent, promoting rural education, and caring for the disadvantaged. The activities include Financial Literacy for Youth (FLY) courses and industry-academia internship programs, organizing family care activities with Taiwan Fund for Children and Families around the country, sponsoring after-school care programs in elementary schools in rural areas, sponsoring sports teams of the elementary and middle schools recommended by Sports Administration and county/city governments, and holding charity events, such as blood donation for years. TDCC stipulated in Articles of Incorporation that 3-5% of the post-tax surplus of the previous year should be set aside towards social welfare and sponsorship activities, while we are preparing the next year's budget. "Guidelines for Public Welfare Donation Management" are formulated and monitored periodically. These are all concrete demonstration of TDCC's actual actions to implement corporate caring and social responsibility, and pursue a beautiful society.

Friendly Workplace

Talent is TDCC's most valuable intangible asset. With business transformation, diversification and development of international business, we have formulated an attractive welfare policy for employees in line with our policies. We continue

to invest in nurturing our employees, planning leave and welfare system, offering training to meet their diverse needs, and providing sound rotation and transfer policy, along with workplace safety. These measures will help our employees maintain physical and mental health and work-life balance, strengthen the company's overall competitiveness, and create a happy TDCC family.

With the advent of the Fintech era, faced by challenges in the financial situation domestically and worldwide and changes in the participants' operating models, TDCC will pursue customer orientation and continue to be open and innovative. Through the application of Fintech, such as mobile technology, big data, cloud computing, social media and the Internet of Things, TDCC will provide a safe, efficient, and beneficial digital service system for industry players and investors. It will optimize the digital environment of the financial market, provide safe and convenient financial innovation services for Taiwan's capital market, and create an innovative Fintech brand for TDCC.

Chairman & CEO

Sherman Lin



1

Sustainable Development and Business Strategies

1.1 Sustainability Strategies

1.2 About TDCC and Business Core Value



1.1

Sustainability Strategies

TDCC's Response to SDGs

TDCC launched a sustainable operation management and service model to manage opportunities and challenges brought by the risks during the course of business and address issues of concern to stakeholders. The model, imbued with innovative approaches, enable TDCC to serve as the hub of green financial services to optimize customer care, cooperate with its business partners to bring financial services to groups in need to achieve financial inclusion and assist the government in supervising the financial market, thereby making a concerted effort to build a

sustainable financial services.

To keep abreast with the United Nations' "Sustainable Development Goals (the SDGs)", TDCC leverages its core competencies to strengthen our sustainable development and steadily pursue 13 objectives of the SDGs to promote sustainable and inclusive economic growth, social development and environmental protection. The initiative also aims to enhance TDCC's competitiveness and harness the positive influence of the financial sector to promote global sustainability and make the world a better place.

Key Actions Taken by TDCC

SDGs

Proposed innovative approaches to apply to Fintech, assisted participants in expanding the market and elevated the efficiency of the country's capital market



Decent Work and Economic Growth



Industry, Innovation and Infrastructure



Climate Action

Facilitated automated, dematerialized and electronic process of respective business



Climate Action



Life on Land

Established "AML/CFT Screening Platform" for financial business and designated non-financial business or personnel to inquire customers' background information to comply with requirements stipulated in the Money Laundering Control Act and the Counter-Terrorism Financing Act



Reduced Inequalities

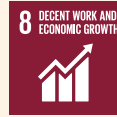


Peace, Justice and Strong Institutions

Key Actions Taken by TDCC

SDGs

Set up FundRich Securities and created the first large online fund platform in Taiwan



Decent Work and Economic Growth



Industry, Innovation and Infrastructure

Developed a post-trade service of respective capital and money market, established safe and comprehensive financial market infrastructure and facilitated domestic and overseas financial market development



Industry, Innovation and Infrastructure

Arranged Financial Literacy for Youth (FLY) Courses and organized relevant activities in respect of basic financial education, social care and social engagement in rural areas, with the investment amounting to an aggregate of approximately NT\$66 million



No Poverty



Zero Hunger



Good Health and Well-Being



Quality Education

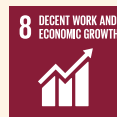


Reduced Inequalities



Sustainable Cities and Communities

Implemented "Industry-Academia Internship Program", which successfully matched participants with 9,424 internship opportunities to cultivate future talents in the financial sector



Decent Work and Economic Growth

Established the "Taiwan Stock Museum" and promoted industry-academia cooperation, seed teacher training and digitalization of financial education in an attempt to increase the penetration rate of the financial education



Quality Education



Reduced Inequalities

Participated in international central depository organization, signed MOU with central depository organizations in other countries, offered various business communication opportunities and assistance and strengthened cooperation with other international organizations

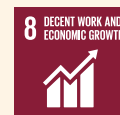


Partnerships for the Goals

Attached importance to "gender equality in the workplace". Ratio of male employees to female employees is approximately 1:1 by all employees, management or general positions. There are no inequalities in salary for the same work undertaken by male employees and female employees



Gender Equality

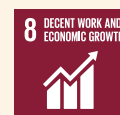


Decent Work and Economic Growth

Created safe workplace, provided AED and other medical device, invited doctors to offer on-site services and psychological counseling services and carried out health caring activities



Good Health and Well-Being



Decent Work and Economic Growth

Core Strategies for Sustainability

TDCC achieves sustainable development through providing concrete help on social issues with its own resources, conditions and core competencies. We consolidated the ESG notion with its core strategies of sustainability focusing on "fulfilling the role as a domestic financial service hub" to create diversified value for major stakeholders; "endeavoring to achieve financial inclusion to enhance the accessibility of financial service" to enable more groups to have easier access to comprehensive financial services; and "assisting the country in financial regulation" to stabilize the country's financial infrastructure and conduct comprehensive and intensified construction.

With sustainability strategies, we hope that stakeholders can have a better understanding of TDCC's future development to realize shared growth. Subsequently, TDCC is able to achieve the spill-over effect of the CSR by utilizing its social and commercial value through business development.

Fulfill the Role as a Domestic Financial Service Hub

Our objective is to keep maintaining our leading role as a domestic financial service hub through continuous development of value creation to generate long-term value for major stakeholders, thereby achieving sustainable development. For many years, TDCC is dedicated to providing safe, efficient and cost-effective post-trade infrastructure in the domestic financial market, maintaining smooth operation and healthy development of the market and safeguarding investors' rights with its resources and core competencies.

TDCC started its business as a securities

depository institution, aiming to become a comprehensive financial service provider without getting into a groove. TDCC substantially lowers market costs and keeps abreast with the global trend through dematerialization of services; we further provides various value-added functions in an attempt to create additional benefit for its customers.

In response to the rapid development of the Fintech, TDCC also commences proactive digital transformation. With innovative approaches, we are capable of strengthening the connections between online platform service providers, information and communication service providers as well as the Fintech service providers. Utilizing the Fintech covering mobile technology, big data, cloud computing, social community and the IOT, we has demonstrated its determination in developing Fintech and providing customers with more convenient and efficient services.

Endeavor to Achieve Financial Inclusion to Enhance the Accessibility of Financial Service

In line with the financial inclusion objective set by the World Bank, each adult should have at least one transaction account by 2020. With the development and innovative approach of our business, TDCC strives to build financial infrastructure with lower costs, higher efficiency and increased service accessibility through emerging trends regarding dematerialization, Fintech and online platforms such as "TDCC ePassbook, StockVote, FundRich Securities , dematerialization of securities, etc., for more groups to have easier access to financial services, thereby achieving financial inclusion.

For instance, FundRich Securities, built on the basis of an open platform, offers services with reasonable application fee and user-friendly

Actions Taken by TDCC

- ✓ Created financial infrastructure with greater accessibility and enabled more groups to have easier access to financial services through new approaches such as dematerialization, Fintech and online platforms
- ✓ Set up FundRich Securities and created a large online fund platform to provide 80% domestic and offshore fund products
- ✓ Promoted "Industry-Academia Internship Program", which successfully matched participants with 9,424 internship opportunities to cultivate future talents in the financial sector
- ✓ Established the "Taiwan Stock Museum" and promoted industry-academia cooperation, seed teacher training and digitalization of financial education in an attempt to increase the penetration rate of the financial education

Strategic Direction

- ◎ Intensify the development of respective custody system
- ◎ Develop Fintech
- ◎ Promote dematerialized services
- ◎ Consolidate digital service platform



Fulfill the role as a domestic financial service hub

- ### Strategic Direction
- ◎ Explore solutions with lower costs for its customers
 - ◎ Promote wealth management education for more groups
 - ◎ Cultivate potential talents in the financial sector



Endeavor to achieve financial inclusion to enhance the accessibility of financial service



Assist the government in financial supervision

Actions Taken by TDCC

- ✓ Adopted innovative Fintech service, assisted participants in expanding the market, enhanced efficiency of the country's capital market, including the launch of TDCC ePassbook and StockVote
- ✓ Facilitated automated, dematerialized and electronic process of respective business
- ✓ Established a post-trade service for capital and money markets to further ensure the safety and comprehensiveness of the financial market infrastructure

Strategic Direction

- ◎ Strengthen market transparency
- ◎ Establish respective control system
- ◎ Foster auditing and consulting of participants' operations

Actions Taken by TDCC

- ✓ Established the AML/CFT Screening Platform and implemented the anti-money laundering and suppression of the financing of terrorism procedures
- ✓ Created a post-trade service of respective capital and money market to provide transparent information
- ✓ Regularly and specifically conducted audits on participants with Taiwan Stock Exchange or Taipei Exchange
- ✓ Conducted an audit on stock-related procedures and information and communication security management of issuers and company stock affairs units in accordance with authorization granted by the competent authority
- ✓ Carried out auditing and counseling regarding unusual operations of dematerialized transactions and issuance of securities

interface to meet the needs of Fintech innovation and diversified market channels. In addition, the platform integrates smart service such as Robo-Advisor and big data marketing, as well as simplifies account opening procedures to make it easier for customers to open an account, thereby creating a more convenient environment for investors to carry out wealth management in their lives.

Assist the government in financial regulation

With the franchise of financial service, TDCC is the only post-trade service provider institution in domestic capital market. For years, we has become a significant driver behind the country's financial market policies. In addition to fostering post-

trade operating functions of financial products, TDCC also assists competent authorities in financial market oversight to ensure compliance and internal control of participants, securities firms and stock affairs units so as to maintain its operation quality and safeguard investors' equity, while ensuring the security of the country's financial market. For example, we established the " AML/CFT Screening Platform " in 2016 for financial business and designated non-financial business or personnel to inquire customers' background information. The system not only strengthens financial regulation in the country, but also saves substantial costs as it is usually costly for an enterprise to establish its own system.

Assist the government in financial supervision

Establish and enhance AML/CFT Screening Platform

Assist securities firms and introducing brokers in amending standards and regulations relating to the internal control system of central depository operations and arranging seminar on such amendments

Coordinate with Taiwan Stock Exchange and Taipei Exchange to carry out regular and specific audit on central depository operations of securities firms

Carry out auditing and counseling regarding unusual operations of dematerialized transactions and issuance of securities

Offer counseling regarding information and communication security management of the participants' central depository operations

Regularly and specifically conducted an audit on stock affairs units of companies

Conduct an audit on stock-related procedures and information and communication security management of issuers and company stock affairs units

Verification on documents regarding stock affairs units of companies applying to be listed

Conduct an audit on bill dealers' quotation for short-term interest rates

Handle affairs reported by investors relating to illegal acquisition and use of the power of attorney of shareholders meeting

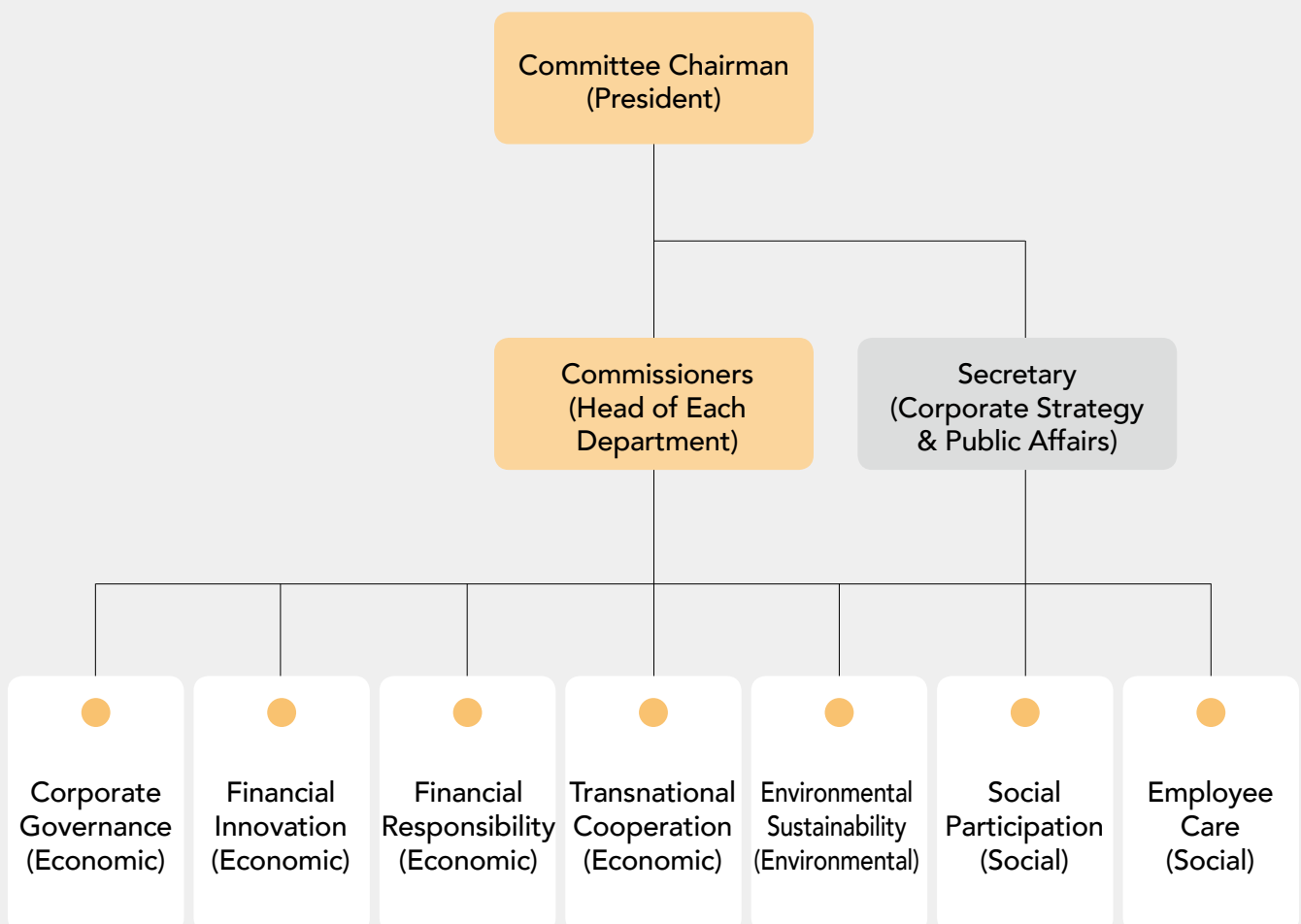
CSR Management

CSR Committee

TDCC established the CSR committee since 2017 to strongly promote relevant matters concerning the corporate social responsibility. The committee comprises seven responsible teams including the "corporate governance team", the "financial innovation team", the

"financial responsibility team", the "transnational cooperation team", the "environmental sustainability team", the "social participation team" and the "employee care team". Respective team is formed by difference departments based on various issues and is concurrently led by head of each department in TDCC.

CSR Committee Structure



Major duties of CSR committee

Secretary	Corporate Strategy & Public Affairs <ul style="list-style-type: none"> Establishes CSR promotion strategies Compiles and tracks action plans of each group Collects and compiles related information to prepare the CSR report 	Transnational Cooperation	Fund & Global Services <ul style="list-style-type: none"> Promotes international cooperation and exchange with related institutions Strengthens cross-border custody services, including custody and settlement services Provides services like fund declaration and announcement, fund processing and settling, etc.
Corporate Governance	Legal Compliance & Legal Affairs, Internal Auditing, Finance, Corporate Strategy and Public Affairs <ul style="list-style-type: none"> In charge of internal control and auditing affairs of the Corporation Promotes the AML/CFT Screening Platform In charge of legal compliance and protects interests and rights of clients and client information Establishes a appropriate internal procedure for corporate donations Manages financial disclosures and information transparency Promotes corporate governance affairs and ethical corporate management policies 	Environmental Sustainability	Fixed Income Services, Issuer Services, General Administration, Auditing <ul style="list-style-type: none"> Provides online automated services for issuers Implements shareholder activism and promotes the e-voting platform, "StockVote" Promotes dematerialized issuance of securities and short-term bills Carries out corporate internal management of energy efficiency Promotes electronic enquiry service to reduce resource consumption Promotes environmental protection policies
Financial Innovation	Equity Services, Fund & Global Services, Fixed Income Services <ul style="list-style-type: none"> Promotes services related to financial information, e.g. ePassbook service. Creates a Fintech environment, e.g. straight through processing (STP) fund transaction platform Promotes digitalization of domestic securities settlement, e.g. online book-entry transfers Provides the online registration service of dematerialized commercial paper (CP2) 	Social Participation	Corporate Strategy & Public Affairs, Finance, General Administration <ul style="list-style-type: none"> Actively conducts Industry-Academia Internship Program and Financial Literacy for Youth [FLY] Program Sponsors Sports Talent Cultivation Program and After-School Care Program Enhances financial education with the Taiwan Stock Museum and Taiwan Securities and Futures Virtual Museum Conducts "Financial Literacy Program: Financial Literacy Lectures on Campus"
Financial Responsibility	Equity System Development, Fixed Income System Development, IT Infrastructure, Auditing <ul style="list-style-type: none"> Promotes the planning for the safety mechanism of information and communication Enhances and increases the effectiveness of the business system Develops TDCC Fintech system services Counsels clients on legal compliance and management of information and communication safety 	Employee Care	General Administration <ul style="list-style-type: none"> Establishes effective plans for building career capabilities Increases salary and benefits and creates a friendly workplace Actively establishes appropriate employee communication channels

Sustainability Achievements



Business Sustainability Highlights

- ◎ Launched the "TDCC ePassbook " service with users exceeding 210,000 in 9 months
- ◎ All listed, OTC, and emerging companies in the country adopted dematerialized issuance of securities in 2011, reducing social costs of NT\$230 million per year
- ◎ FundRich Securities was established through co-investment in 2015, with the products amounting to 2,890 at the end of 2017. It serves as the best wealth management platform for investors due to reasonable application fee and user-friendly interface. FundRich Securities won the group award of the "Excellent Financial Innovation Award" under the Golden Goblet Award granted by the 14th session of the Securities and Futures Institute in 2017
- ◎ TDCC established the "AML/CFT Screening Platform" and expanded the database from 40,000 items to over 2 million items in 2017, which substantially reduced system establishment costs for each user, significantly lowered its compliance costs and implemented of anti-money laundering and suppression of the financing of terrorism operation
- ◎ Obtained the latest ISO9001:2015 certification
- ◎ The "mobile passbook" obtained the country's patent through "the verification approach and system that connects one user with many service providers by using one-off password". We are filing a patent for the system in People's Republic of China and the United States
- ◎ In 2017, TDCC filed three patents for "TDCC ePASSBOOK", "ePASSBOOK" and "TDCC mobile passbook", which was approved on 1 January, 2018
- ◎ "StockVote" obtained a patent in Taiwan through "an approach and a system that carry out shareholders voting through an automated cross-platform system"
- ◎ Issuance of commercial paper through the form of registration and electronic application. It is estimated that NT\$32.45 million can be saved per year
- ◎ Continued passing ISO 27001 information and communication security management system and the TPIPAS certification



Cultivate Harmonious Employee Relations

- ◎ Turnover Rate of 1.57% in 2017
- ◎ Invested NT\$12,284,268 for employee training, equivalent to an average of NT\$24,182 per person
- ◎ Face-to-face courses concerning employee education training of an average of 47.1 hours per person
- ◎ Provision of on-site psychological counseling services
- ◎ Zero occupational injury occurred in 2017



Social Engagement

- ◎ Implemented Industry-Academia Internship Program, which created 11,333 internship opportunities and successfully matched participants with 9,424 job vacancies with the successful rate reaching 83.16%
- ◎ Promoted the Financial Literacy for Youth (FLY) Courses in 2017 with a total of 616 senior students from 48 colleges and universities
- ◎ As the government urged enterprises to fully support sport events, TDCC donated to sport teams recommended by the Sports Administration to cultivate future sport talents in the areas of archery, soccer, badminton and inline speed skating. We held "The 3rd Youth Soccer Tournament" in 2017 and "The 1st TDCC Archery Tournament" in 2018
- ◎ Arranged "After-School Care Program" social welfare activity for elementary schools in rural areas to provide after-school services for students in rural areas whose parents or guardians are unable to attend to them. Rendered financial assistance through the "Talent Development Program" and provided less privileged students with counseling concerning schoolwork, character, skills and living
- ◎ Income from the "28th Anniversary Charity Market and Charity Donation" was donated to 12 charity groups including the Visually Impaired Association in the ROC (中華民國視障愛心協會). Total amounts of charity sales and donation reached NT\$1.63 million, which realized our objective of sending love and care to people in need

1.2

About TDCC and Business Core Value

About TDCC

Date of Establishment	1989
Location of Business	Hungya Building at Fushin N. Rd., Taipei City and Computer Facilities at Nangang and Zhubei City
Revenues in 2017	NT\$4.48 billion
Total Number of Employees at the end of 2017	508

Established in 1989 and officially went into operation in 1990

TDCC was formally Taiwan Securities Central Depository Co., Ltd. (TSCD), which was established in line with the direction of the competent authority to increase the efficiency of securities market and resolve the heavy workload of processing paper securities, thereby providing a secure and efficient central depository. It was officially established in October 1989, and went into operation in January 1990, providing securities central depository and book-entry, centralized trading and over-the-counter market securities settlement, emerging stocks clearing and settlement and registration of securities issued in dematerialized form. It was also entrusted by the competent authority to conduct audit on stock related matters.

Market Position

TDCC has positioned itself in the financial market as an utility center and an information center dealing with the most diversified subject matters and participants in the capital market. TDCC is also an important communication platform between government authorities, front-end institutions and relevant service providers. Our service is targeted at our participants including the government units, front-end institutions, securities firms, bill dealers, custodians, issuers, investment trust companies, etc.

In an attempt to increase the efficiency of securities market, resolve the heavy workload of

settlement and clearing and provide a secured central depository measure for the stock and the bond markets, the competent authority arranged Taiwan Stock Exchange and Taipei Exchange to take the roles as front-end institutions and TDCC to take charge of post-trade central depository, clearing and settlement operations and registration of securities issued in dematerialized form in the securities market.

In terms of the futures market, in order to support domestic futures business and reduce operating costs of the Taiwan Futures Exchange, the competent authority instructs TDCC to take charge of the establishment and maintenance

Merged with Debt Instruments Depository and Clearing Co., Ltd. Taiwan. in 2006

In order to implement central depository, clearing and settlement system of short-term bills, the competent authority approved official operation of Debt Instruments Depository and Clearing Co., Ltd. Taiwan in 2004. Other than central depository of short-term bills, it also connects with the CBC Interbank Funds Transfer System to provide stocks clearing and settlement mechanism. In 2006, Taiwan Securities Central Depository Co., Ltd. officially merged with Debt Instruments Depository and Clearing Co., Ltd. Taiwan and renamed as Taiwan Depository & Clearing Corporation (TDCC)

Merged with Taiwan Integrated Shareholder Service Company (TISSC) in 2014

TDCC and Taiwan Integrated Shareholder Service Company (TISSC) resolved to promote the merging of the two companies in 2014, aiming to provide a single window through integration of e-voting platforms for shareholders meeting and the establishment of TDCC e-voting platform for shareholders meeting (the StockVote) so as to reduce operating costs of issuance companies and enable investors from domestic and abroad to efficiently exercise their rights as shareholders

of futures clearing information system due to its past experience regarding the establishment of clearing and settlement computer system. During the period of the establishment, TDCC offered full support concerning the development of relevant computer system regardless of costs and eventually facilitated Taiwan Futures Exchange's operation in 1998.

Based on the professional division of front-end and back-end operations and the diversification of the information security risks, when three front-end institutions focus on the development of new products or where there are changes in the transaction system, TDCC should be capable of

building relevant back-end service functions within the shortest period of time to provide front-end institutions with the strongest support.

In addition, we was entrusted by the competent authority to conduct audit on stock related matters since 1997. Subsequently, the TDCC established operating rules for stock related audit system and the internal control system of company stock affairs units, supporting the competent authority in the implementation of corporate governance, and enhancing the quality of overall stock-related operation in the securities market so as to safeguard investors' rights .

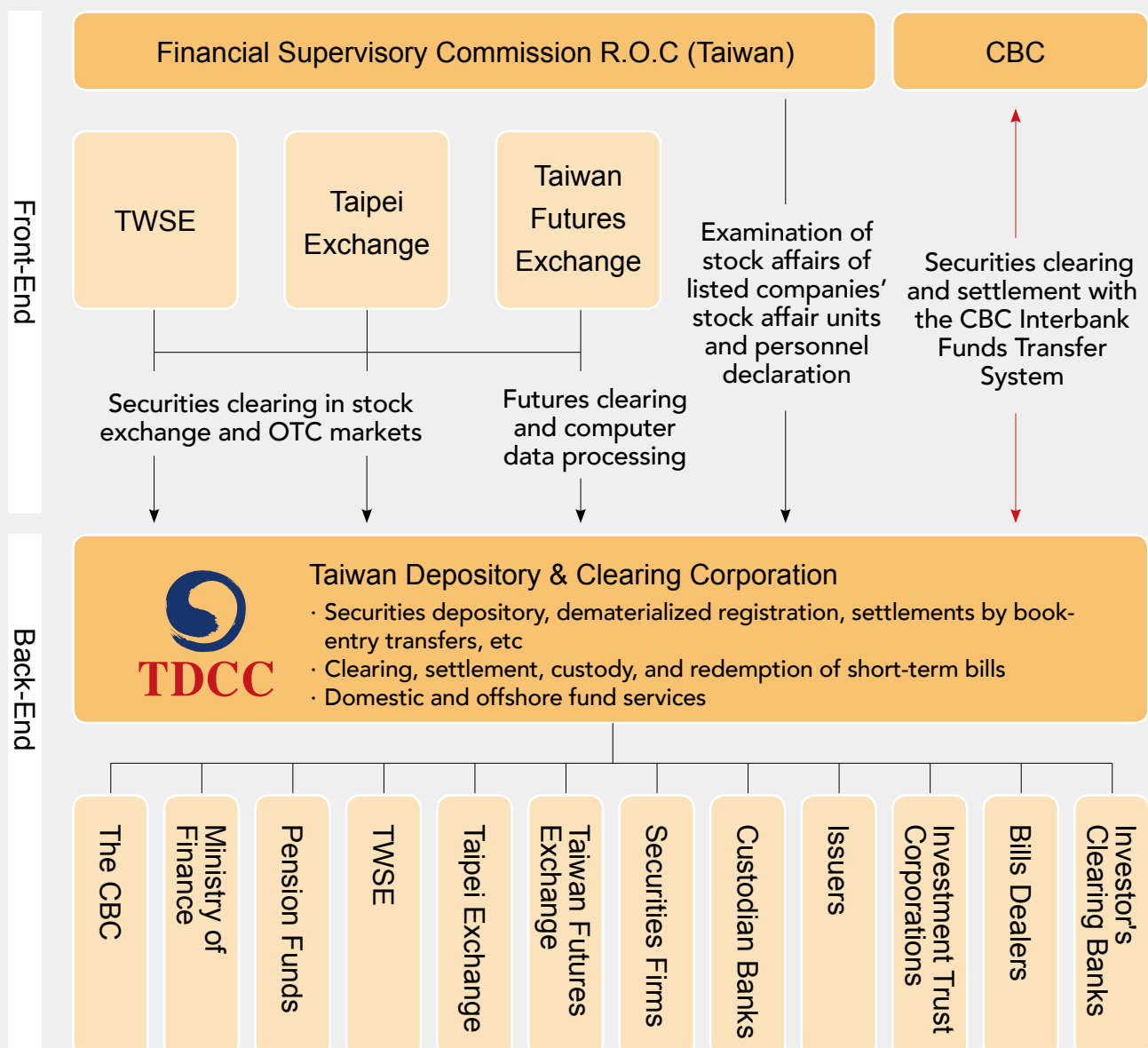
For the bills market, as participants in the

domestic financial market tend to pursue cross-industry operations and joint operations between securities firms and bills firms, the transaction volume of bonds and bills products have increased year on year. To create convenience to the market participants, prevent repeat resource investment and follow the trend of back-end integration in the international securities market, the competent authority resolved to merge TDCC with DIDC in 2006, with TDCC as the surviving company. We handles the clearing, settlement, depository and

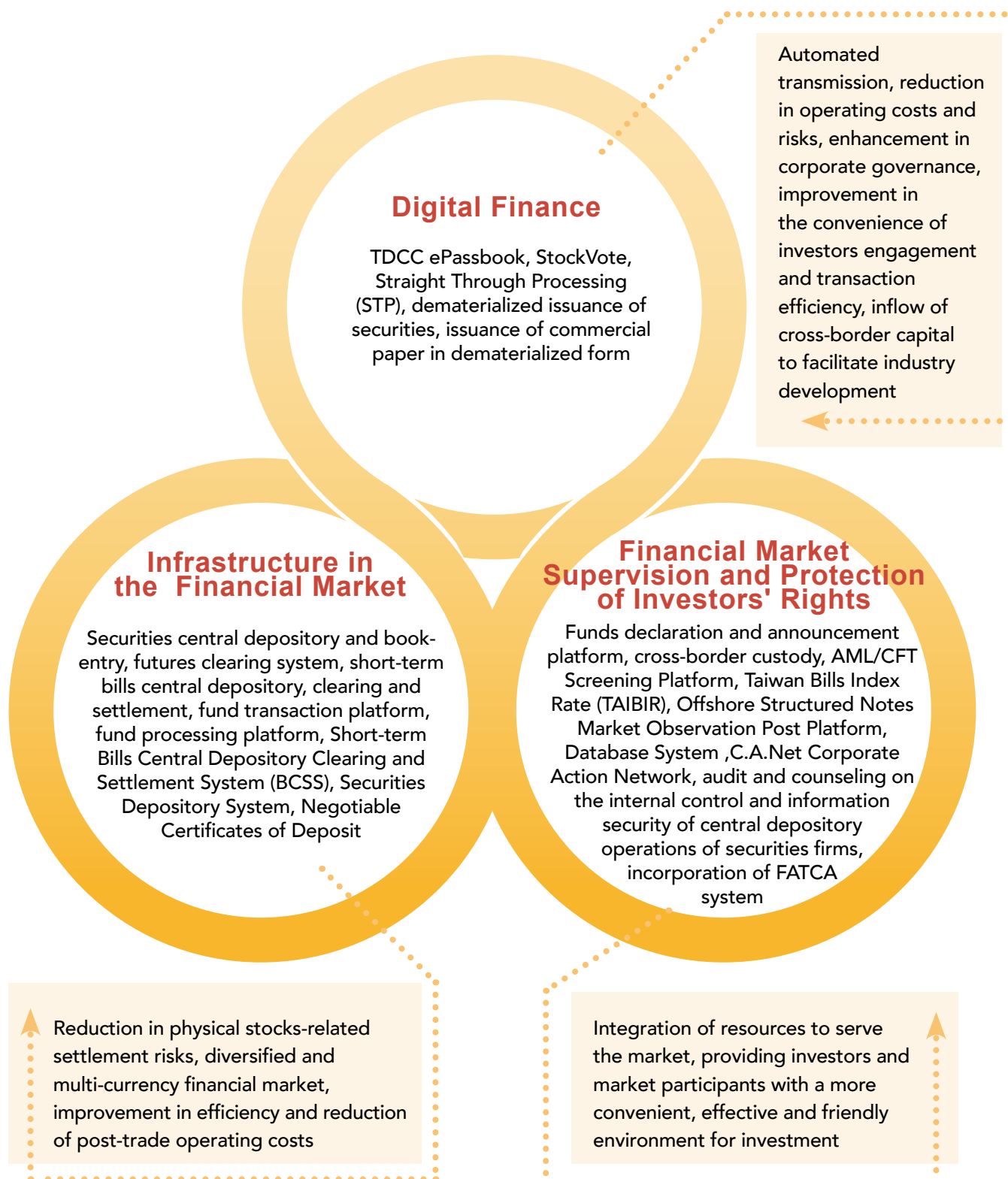
redemption of short-term bills via CBC Interbank Funds Transfer System to integrate the clearing, settlement and depository platform of securities, bonds and bills, thereby effectively reducing the cost of investment, increasing operational efficiency, expanding scope of service and stimulating the market development.

TDCC has also proactively expanded domestic and offshore fund business, established e-voting platform for shareholders' meetings, provided cross-border custody services and others with the view to expanding its scope of services.

TDCC's Market Position

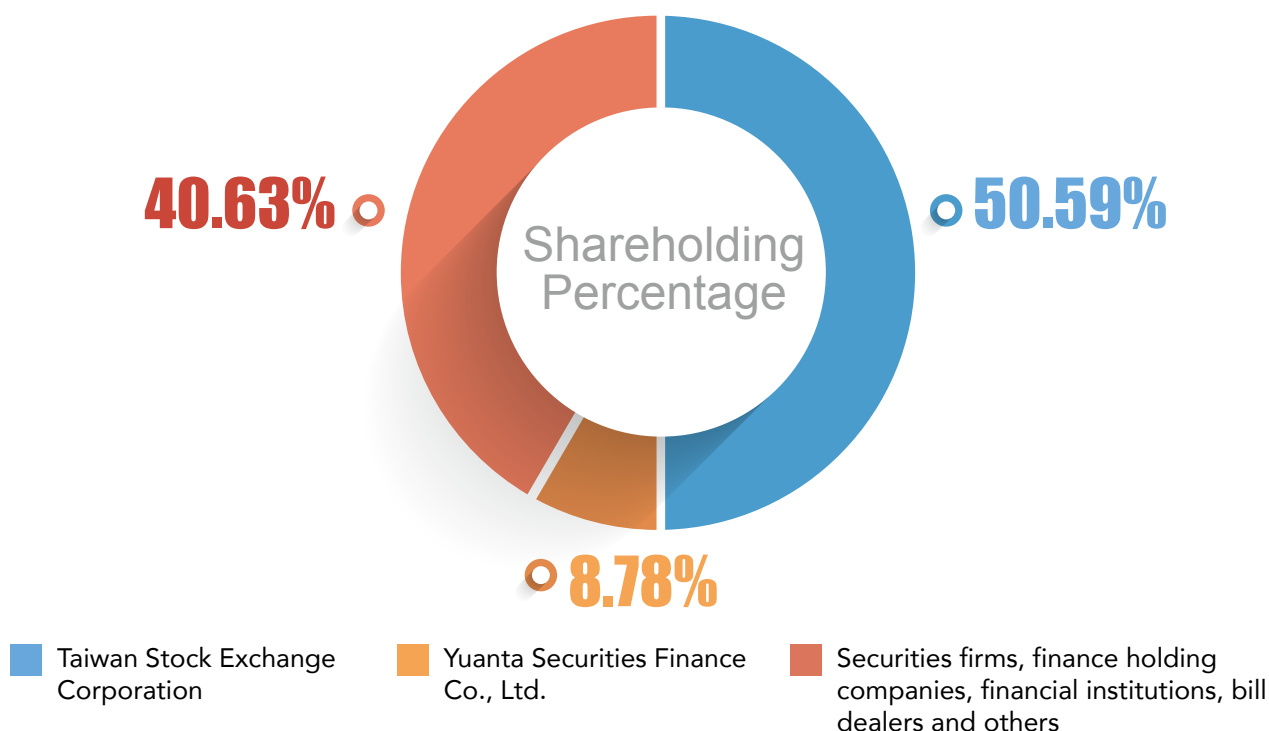


Primary Products and Services



Shareholder Structure

As of the end of 2017, TDCC's shareholders structure is as follows:



Business Core Value

TDCC's core value is to build a safe, efficient and low-cost backend infrastructure to maintain smooth operation and healthy development of the market, while safeguarding investors' equity.

TDCC continues to uphold three principles, "customer orientation", "open innovation" and "platform economy" to serve the financial market:

✓ Following customer-oriented principle to fulfill market's needs

✓ Adopting open innovation as a strategy to cooperate with all partners to develop Fintech

✓ Using platform economic idea to make TDCC a leading platform for cooperation, providing low cost solutions for its customers

Significant Investment in Recent Years

In 2015, TDCC invested to set up FundRich Securities Co., Ltd., which was the first large-scale online fund platform in Taiwan, and provided 80% domestic and offshore fund products, with its products amounting to 2,890 as of the end of 2017. The platform offers four unique services covering the provision of comprehensive selections of domestic and offshore fund products, provision of Fintech assisted wealth management, disintermediation and redefinition of financial service value chain and provision of trustworthy services by the Robo-Advisor.

FundRich Securities is committed to assisting investors in investing in funds online with reasonable costs, sufficient information and user-friendly interface. FundRich Securities is operated on the basis of an open online platform, which

is in line with the needs of FinTech innovation and diversified market channels in tandem with smart services concerning Robo-Advisor and big data marketing. The platform is also operated based on the most influential approach regarding financial innovation in the future that incorporates investment and wealth management into lives via shared community.

FundRich Securities' mission also includes spreading correct wealth management knowledge, aiming to promote the wealth management concept of small amount investment among the youth to enable younger generation to start managing their wealth at early stage through lower application fee.

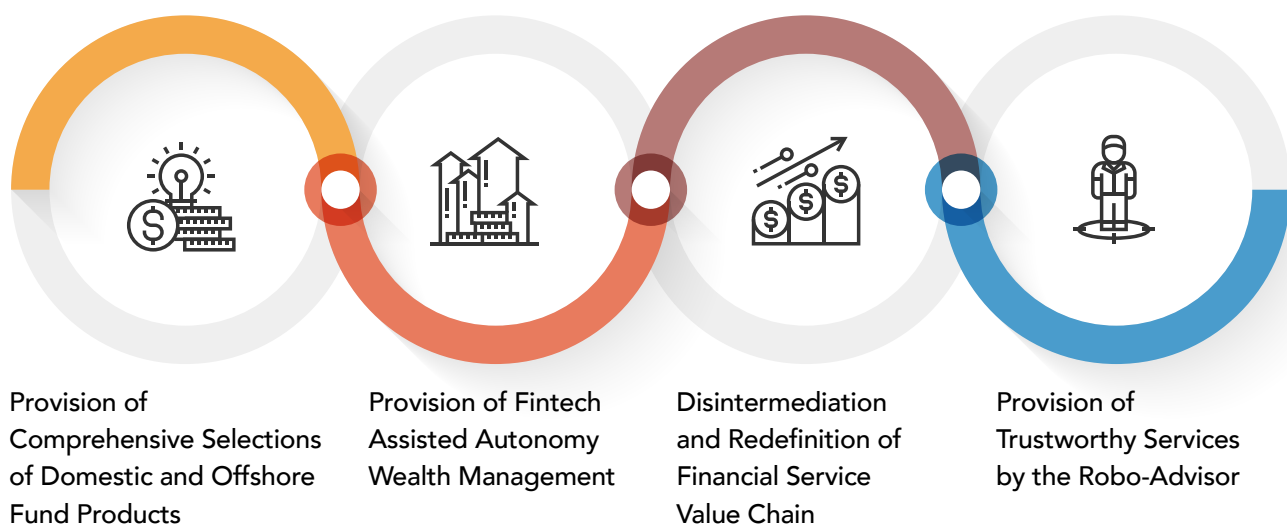
Furthermore, FundRich Securities also pays significant attention to the retired generation to enable the retired groups to make reasonable planning after retirement. Cooperating with Securities Investment Trust & Consulting Association, the Company established special retirement funds for retired groups to enjoy their lives after retirement through reasonable selection mechanism for funds.

The service model of FundRich Securities

includes customer-oriented Business to Customer(B2C) model and the Business to Business to Customer(B2B2C) model, which connects with upstream suppliers and sell products to customers. In terms of the B2C model, FundRich Securities actively simplifies account opening procedures to make it easier for customers to open an account. In addition, FundRich Securities also accepts account opening by legal person so that legal person can enjoy a platform that offers diversified products and simplified and convenient procedures. In terms of the B2B2C model, as it is difficult for securities firms to obtain fund distribution institution qualifications and it is costly for them to build a front and backend system, FundRich Securities acts as the center of fund products to assist securities firms in selling funds through the channel so as to expand the scale of the fund industry.

FundRich Securities offers a platform featuring reasonable application fee and user-friendly interface for each group to invest on its own. The platform also works with newly established teams and adopts smart tools to help investors in decision-making, which eventually drives the growth of start-ups and creates a stage for such teams in the country to further develop.

Characteristics of FundRich Securities



History

Early stage of development (Establishment)



Growth stage (Full implementation of the

1989

Established Taiwan Securities Central Depository Co., Ltd. (TSCD), and officially went into operation in January 1990

1990

Completed connecting with domestic securities firms and offered listed shares settlement and depository services

1994

Handled TPEx-Listed stocks settlement and depository services due to the establishment of Taipei Exchange

1995

Implementation of the "Book-Entry Transfer System in the Securities Market"

1997

Entrusted by the competent authority to conduct an audit on stock related matters



Diversified development stage (Establishment of TDCC)

2012

- ✓Constructed the "Taiwan Stock Museum "
- ✓Launched the "Offshore fund order routing services"

2011

- ✓Fully implemented dematerialized issuance of securities of domestic listed and emerging companies

2010

- ✓Launched the "Onshore fund order routing services "
- ✓Commenced USD bills business

2009

- ✓Completed "Shareholders Meeting E-Voting Platform-Stockvote"
- ✓Built the "Offshore Structured Notes Market Observation Post Platform "
- ✓Established "TAIBIR"



Aiming to offer comprehensive value-added services (Keep abreast with the international market)

2013

- ✓Passed TPIPAS verification and obtained qualification certificate of "Data Privacy Protection Mark, dp.mark" from the Ministry of Economic Affairs
- ✓Passed ISO 27011 information security management system verification

2014

- ✓Passed the latest ISO 27001:2013 information security management system verification
- ✓Provided Cross-border Voting Operation via Straight Through Processing (STP)
- ✓Built the "cross-border transmission mechanism of funds"

2015

- ✓TDCC hosted the 19th Asia-Pacific Central Securities Depository general meeting (ACG19)
- ✓Set up FundRich Securities through co-investment and created the first and large online fund platform in Taiwan to provide investors with 80% domestic and offshore permitted saleable fund products

Financial Performance

TDCC has identified six major development goals for its business development in 2017, including: "building up a digital book-entry transfer environment," "focusing on cross-border custody," "promoting e-voting services," "optimizing functions of fund platform," "AML/CFT Screening Platform" and "committing to social welfare and financial education." With the application of Fintech, we proposed innovative new plans including building the first large online fund platform of FundRich Securities in Taiwan, assisting participants in expanding the market and elevating the efficiency of the country's capital market.

In 2017, the overall financial performance of TDCC recorded continuous growth with earnings after tax reaching NT\$2.052 billion, representing a significant growth of 45.38% as compared with that of 2016 and profit for the third consecutive year. It has demonstrated that we have formulated long and short-term strategies in response to

changes in business environment for our business operations. The satisfying operating results are being achieved through team work, disciplined innovation and execution of our strategies.

Unit: In Thousands of New Taiwan Dollars

year	2017	2016	2015
Total assets	26,594,054	23,743,648	22,177,655
Operating revenues	4,484,691	3,570,566	3,647,963
Nonoperation income	275,280	289,117	290,160
Operating expenses	2,282,163	2,151,294	1,979,182
Employee benefit expenses	1,105,901	1,090,658	1,036,080
Tax	294,898	328,995	329,577
Profit before income tax	2,477,808	1,708,389	1,958,941
Profit after tax	2,051,958	1,411,453	1,627,292

Note: This table is the consolidated financial statement, which includes co-invested FundRich Securities Co., Ltd.

External Participation

We proactively engage in domestic and international associations and organizations, aiming to drive the industry growth through the

support from professional and experienced teams during the course of our participation. Associations that we engage in are as follows:

Domestic Associations

R.O.C. Bills Finance Association	Taiwan Stock Affairs Association	Taiwan Financial Services Roundtable
The Institute of Internal Auditors-Chinese Taiwan	Securities Analysts Association, Chinese Taipei	Taiwan Corporate Governance Association
Chunghua Finance Association	Corporate Operation Association	Taiwan Computer Audit Association
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Bankers Association of The Republic of China (BAROC)	Risks Management Association of the Financial Industry of Taiwan
Taiwan Finance Association	Chinese Association of Museums	Society for Worldwide Interbank Financial Telecommunication (SWIFT)
The International Council of Museums (ICOM)	Global Brands Management Association of Taiwan	Financial Planning Association of Taiwan (FPAT)
Financial Planning Association of Taiwan (FPAT)		

International Organizations

The Asia-Pacific Central Securities Depository Group (ACG)	International Organization of Securities Commissions (IOSCO)
International Securities Services Association (ISSA)	World Forum of CSD (WFC)

2

Material Issues Analysis and Unit: thousand Communication with Stakeholders

Material Issues Analysis and Communication with Stakeholders

TDCC emphasizes on stakeholders' interests, opinions and material issues of what their concern. We identify such issues through various procedures. Therefore, we carried out materiality analysis in line with the GRI G4 guidelines and

AA 1000 Stakeholder Engagement Standards (SES) with the aim to understand the degree of material issues and the impact of these issues on the operation of TDCC to be the foundation of sustainable management goal.

1



Identify Stakeholders

We define stakeholders as internal, external groups or individuals who have an impact on or are affected by the Company's operation. Upon confirmation by representatives from respective department of TDCC at the CSR meeting, we identify 6 stakeholders of TDCC: employees► customers/participants► competent authorities► shareholders/investors► suppliers/contractors► communities

2



Collect Sustainability Issues

According to GRI G4, unique business nature of the central depository business and issues of concern to domestic and overseas industry, the Company focused on sustainability issues closely related to TDCC's business operation and subsequently concluded 24 sustainability issues of TDCC

3



Material Issues Analysis

TDCC's materiality matrix is determined through the review and adjustment on global material sustainability trend, material issues in the industry, TDCC's business nature, important news and events and questionnaires. The result of the analysis was reviewed by the CSR committee and senior management, after which 10 key material issues were determined

4



Conclude Aspects and Communication

Material issues form a key part of communication between TDCC and stakeholders and are further explained in this report

Stakeholders Identification

The Company forms its judgment in accordance with the AA1000 Stakeholder Engagement Standard. Personnel from respective department identifies six major stakeholders, including employees, customers/participants, competent authorities, shareholders/investors, suppliers/contractors and the community residents. The Company maintains various communication channels with all stakeholders and pays close attention to their needs. We can also have a better communication of TDCC's material issues with every stakeholder through the Company's website,

meetings, external and timely reporting channels and day-to-day business handling channels, etc.

Respective stakeholder's relations with TDCC, engagement and communication channels and its frequency are listed as follows. Although the Company adopted the approach of internal questionnaire regarding the material issue analysis in the report of this year, it usually engaged stakeholders through various channels. Therefore, we have a profound understanding on issues of concern to stakeholders and hope to respond to such key issues and items through the report.

Stakeholders	Relations with TDCC	Engagement Channels and the Frequency	Issues
Employee	Corporate sustainable operations and growth can only be achieved through excellent teams and talents. We are of the view that talents are the foundation and employees are precious assets of an enterprise. Thus, our employees are provided with a healthy and equal workplace at all times	<ul style="list-style-type: none"> ·Labor-management meetings (quarterly) ·Employees' suggestions (occasionally) ·Face-to-face communication, documents in writing, telephone (instantly) ·Supervisors meetings (weekly/monthly) 	<ul style="list-style-type: none"> ·Corporate governance and integrity ·Healthy and safe workplace ·Employee compensation and benefits
Customers/Participants	Customers and participants are major sources of income. We expect to offer participants with services in advance to create shared value	<ul style="list-style-type: none"> ·Relevant associations meetings (occasionally) ·Face-to-face communication, meetings, documents in writing, telephone (instantly) ·Coordinate with the competent authority to conduct audits (occasionally) ·Seminars (occasionally) ·Customer satisfaction surveys (annually) ·Publications (bimonthly/quarterly/annually) 	<ul style="list-style-type: none"> ·Corporate governance and integrity ·Policies and compliance ·Risk management ·Information security and customer privacy ·Financial products innovation

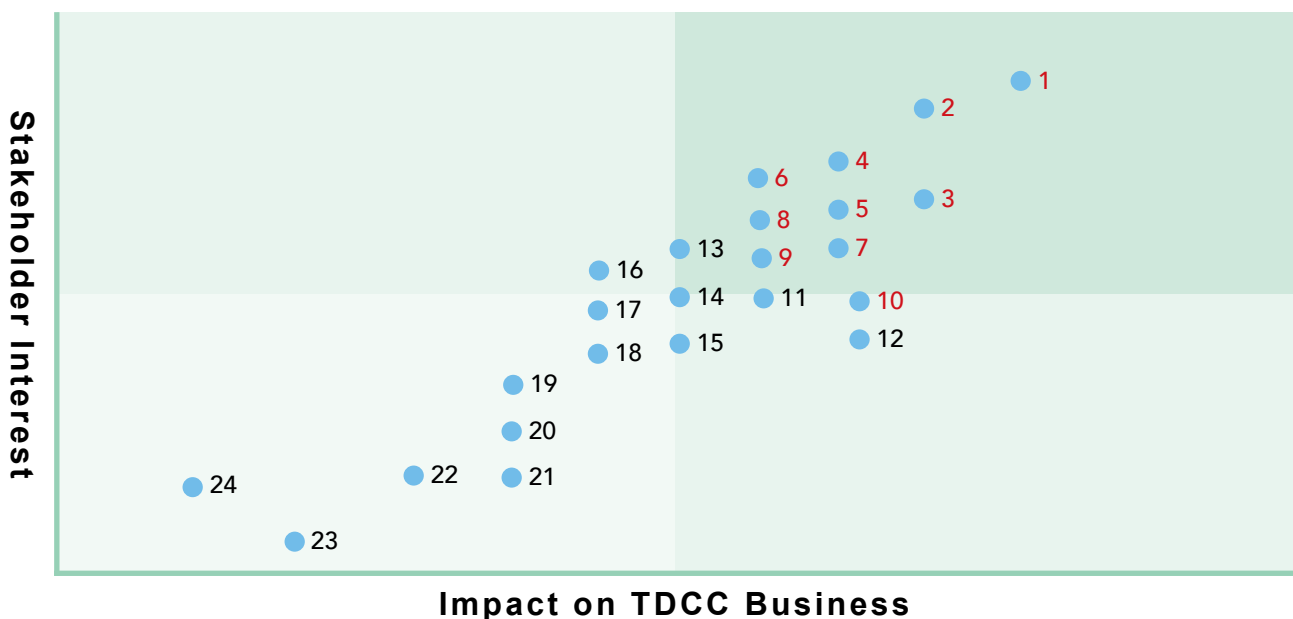
Stakeholders	Relations with TDCC	Engagement Channels and the Frequency	Issues
Competent Authorities	As a chartered industry, various businesses of TDCC are required to be approved by the competent authority, and the Company shall coordinate with the competent authority to conduct an oversight and an audit on relevant matters. Thus, the competent authority is important to TDCC's day-to-day operation	<ul style="list-style-type: none"> ·Official correspondence (occasionally) ·Telephone (occasionally) ·E-mails (occasionally) ·Meetings and seminars (occasionally) 	<ul style="list-style-type: none"> ·Corporate governance and integrity ·Policies and compliance ·Risk management ·Code of conduct and anti-corruption
Shareholders/ Investors	Shareholdings of Taiwan Stock Exchange account for 50.59% of the total shares. Other major shareholders are relevant financial institutions. Therefore, TDCC's operational performance, corporate governance and sustainable development are major issues of concern	<ul style="list-style-type: none"> ·Shareholders' meetings (annually) ·Board meetings (monthly) ·TDCC annual reports (annually) ·TDCC's online information (occasionally) ·Establishment of a commentary section on the official website (occasionally) ·Publications (bimonthly/quarterly/annually) 	<ul style="list-style-type: none"> ·Corporate governance and integrity ·Policies and compliance ·Operational performance
Suppliers/ Contractors	TDCC' services rely on committed suppliers to offer quality and compliant products and services. It is necessary to build mutual and trusted relations between the Company and suppliers	<ul style="list-style-type: none"> ·External communication mailbox (instantly) ·Timely business communication (occasionally) 	<ul style="list-style-type: none"> ·Corporate governance and integrity ·Policies and compliance ·Financial products innovation
Communities	TDCC emphasizes the impact of social engagement on the local development	<ul style="list-style-type: none"> ·Business correspondence (occasionally) ·Activities (occasionally) ·Results announcements (occasionally) 	<ul style="list-style-type: none"> ·Corporate governance and integrity ·Operational performance

Materiality Analysis

Identification of issues and the prioritization of material issues

By reference to the sustainability reporting guidelines of the GRI, TDCC's unique business nature and issues of concern to domestic and overseas industry, the Company focused on sustainability issues closely related to our business operation and subsequently concluded 24 sustainability issues of concern to stakeholders. The Company also determined its materiality matrix through internal questionnaires completed by supervisors in 2017. Materiality analysis was

accomplished after receiving feedback from the general manager and senior managements at the internal CSR meeting. This year, the Company identified 10 material issues and key sustainability development issues that are crucial to TDCC and stakeholders in an attempt to determine the scope of disclosure and contents of the report. Relevant management guidelines were also explained to ensure that the contents in the report covered material sustainability issues, and kept abreast with the Company's operating strategies and the expectations of stakeholders.



X-axis of the matrix refers to the impact of the issues on TDCC's operation, and Y-axis refers to stakeholders' interest. Issues are considered by the Company and stakeholders to be significant if they are located at the upper right of the matrix. Materiality analysis is conducted through systematic analysis to identify sustainability issues of concern to stakeholders to serve as a reference

for the disclosure of the report. We continue to formulate management guidelines for material issues, disclose the management guidelines of specific issues in each chapter and keeping reviewing and following up respective performance for the guidelines to become a cornerstone for sustainable development.

Ranking	Category	Issues
1	Corporate governance	Policies and compliance
2	Corporate governance	Risk management
3	Corporate governance	Internal control and internal auditing
4	Social dimension	Information security and customer privacy
5	Corporate governance	Corporate governance and integrity
6	Product dimension	Financial products innovation
7	Corporate governance	Code of conduct and anti-corruption
8	Social dimension	Customer relationship management
9	Product dimension	Promotion of international business
10	Social dimension	Retain and attract talents
11	Product dimension	Innovative products to enhance social and environmental benefit
12	Social dimension	Healthy and safe workplace
13	Social dimension	Employee training and development
14	Corporate governance	Information disclosure transparency
15	Financial dimension	Operational performance
16	Social dimension	Employee compensation and benefits
17	Financial dimension	Indirect economic impact
18	Social dimension	Financial inclusion and financial education
19	Social dimension	Labor-management communication
20	Social dimension	Human rights and gender equality
21	Social dimension	Social development plans
22	Environmental dimension	Climate change response and energy management
23	Environmental dimension	Water resource management
24	Environmental dimension	Impact of business activities on the environment

Material Aspects and Boundaries

Identification of material aspects and boundaries

TDCC reviews the impact of the following material issues on the internal organization and external stakeholders and defines disclosure

boundaries in accordance with GRI G4 guidelines and the nature of the industry to respond to stakeholders' concern.

Material Issues	GRI aspects	Within the organization	Outside the organization					Corresponding chapter
			Customers/Participants	Shareholders/Investors	Competent authorities	Suppliers/Contractors	Communities	
Policies and compliance	General standard disclosure	√		√	√			3.1
Risk management	General standard disclosure	√	√	√	√			3.2
Internal control and internal auditing	General standard disclosure	√			√			3.2
Information security and customer privacy	General standard disclosure	√	√	√	√			3.2 、 4.2
Corporate governance and integrity	General standard disclosure	√		√	√			3.1
Financial products innovation	Indirect economic impacts	√	√	√	√	√	√	4.1
Code of conduct and anti-corruption	Anti-corruption General standard disclosure	√			√			3.1
Customer relationship management	Product and service labeling Customer privacy	√	√					4.2
Promotion of international business	Indirect economic impacts	√	√	√	√			4.1
Retain and attract talents	Labor/Management Relations	√						5.2 、 5.3

*Within the organization: Certain floors in the Hungya Building at Fushin N. Rd., Taipei City as well as computer facilities at Nangang and Zhubei City of TDCC

3

Corporate Governance

3.1 Corporate Governance





3.2 Risk Control





TDCC's corporate governance is achieved through the principles of integrity and ethical standard. The Company effectively ensures compliance of its operation through risk management mechanism, internal control and auditing system to lower and prevent operational risks.

Corporate Governance Performance

-  No penalty had been imposed as a result of violation of relevant laws and regulations
-  Obtained the latest ISO 9001:2015 certification
-  Continued passing ISO 27001 information and communication security management system
-  Passed TPIPAS certification

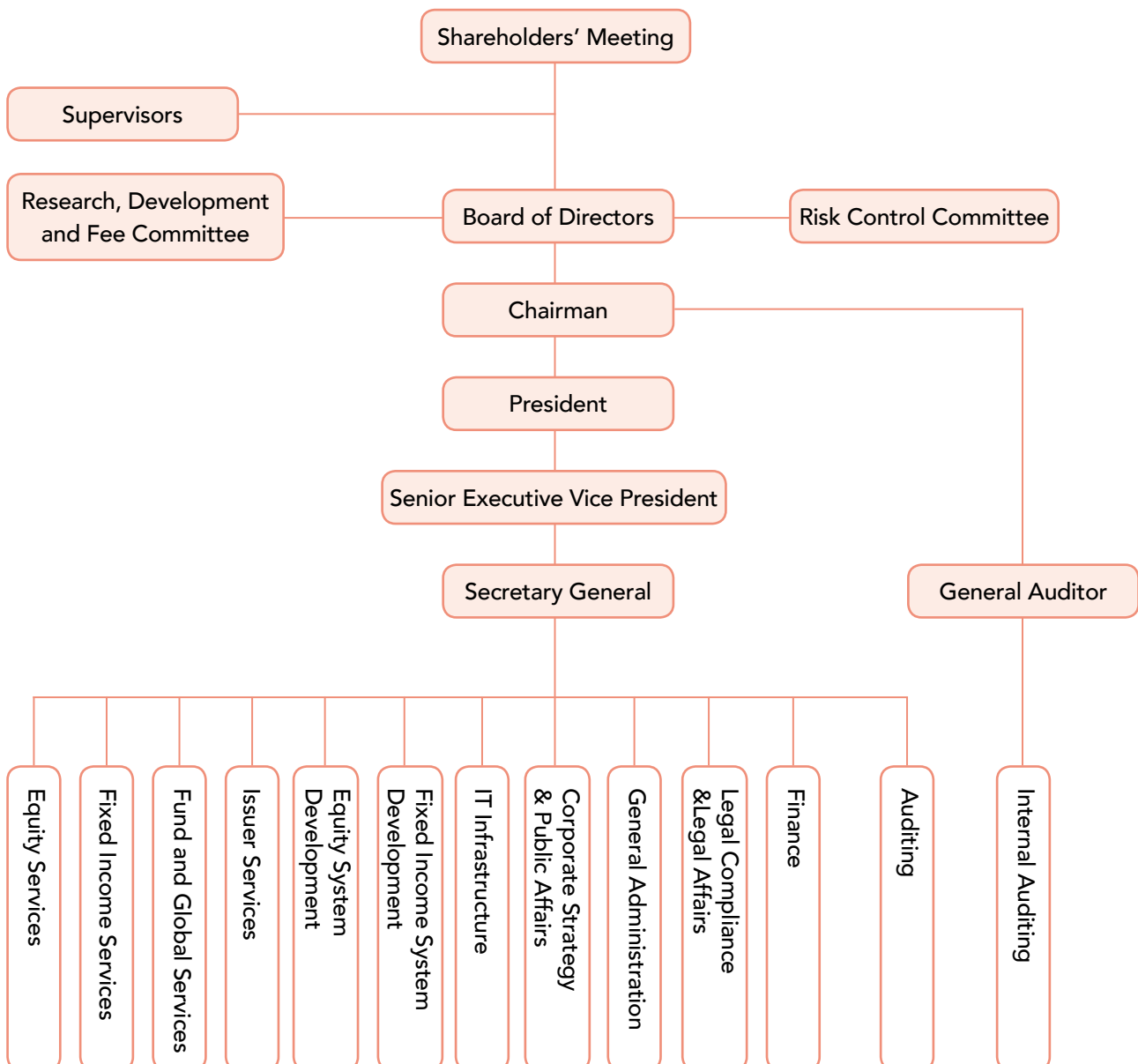
3.1

Corporate Governance

Board of Directors and Functional Committees

TDCC's highest decision-making authority is the shareholders' meeting, and the highest

execution authority is the board of directors. The organization chart of the Company is as follows.



Board of Directors and Supervisors

The board of directors of TDCC is formed by seven directors, all of whom are juristic persons, on behalf of Taiwan Stock Exchange, Yuanta Securities Finance Co., Ltd. and Fubon Securities Co., Ltd. respectively. There are three supervisors, including one standing supervisor, representing Taiwan Securities Association and Taiwan Futures Exchange, respectively. A total of 12 board meetings were convened in 2017 with attendance rate of 100%.

To carry out ethical operation, TDCC formulated the "Code of Ethical Conduct of Directors and Supervisors of Taiwan Depository &

Clearing Corporation" that required each director to be highly disciplined. When a Company director or the juristic person represented at the board meeting has a stake in a proposed resolution, the director shall state the important aspects of the stake in the meeting and may not participate in the discussion and vote on such resolution, and shall recuse from any discussion and voting to demonstrate its commitment to the Company's ethical operation.

With professional and extensive experience and diversified background, directors and supervisors of TDCC are capable of supervising every material decision made by TDCC's

Names of the Committee	Main Responsibilities	Operations
Risk Control Committee	<ul style="list-style-type: none"> ▶ Carry out risk control auditing on depository, clearing and settlement business procedures, computer system operational system and operational procedures between participants ▶ Establish the standard and auditing system regarding risk control of participants ▶ Conduct relevant auditing matters regarding risk control of participants 	Convened 2 meetings with the average attendance rate of 92%
R&D and Fee Committee (equity products group and fixed-income group)	<ul style="list-style-type: none"> ▶ Planning on business development and operational guidelines ▶ Carry out review on the standard of service fees for handling depository, registration, book-entry and transaction settlement, etc. ▶ Carry out review on material changes in business ▶ Carry out review on new business planning 	Equity products group and fixed-income group convened 2 meetings respectively with the average attendance rate of 92%
Fund Market R&D Counseling Committee	<ul style="list-style-type: none"> ▶ Counseling and suggestions on the fund market development, product development and backend operations ▶ Counseling on the fund business planning, marketing and fee charge of TDCC and the re-invested company 	Convened 2 meetings with the average attendance rate of 90%

operational teams.

Functional Committees

TDCC established the "risk control committee" and "R&D and rate review committee" under the board of directors to strengthen the board's management and supervision functions. The Company also formulated the "fund market R&D counseling committee" to foster the development of the fund market and promote the needs of the fund business of TDCC.

Integrity and Anti-Corruption

TDCC is concerned with ethical operation and anti-corruption. Therefore, we formulated the "TDCC Rules of employee ethics and integrity" to regulate employees when dealing with matters such as receiving of gifts or benefit, receiving of drinking and dining treat, recusal of employees due to conflicts of interest and matters relating to requests for influence lobbying to ensure impartiality while performing duties by such employees of TDCC. All employees of TDCC abide by relevant regulations and discipline. Along with training, the Company creates a highly ethical and disciplined operational environment.

Regulatory Compliance

To ensure the compliance of business operation of TDCC, we strengthen the concept of rule of law within the organization and establish effective regulatory compliance system structure through advocacy and training. The Company also ensures the compliance of business through procedures as follows:

Strictly regulated by the competent authority, TDCC is also a financial institution that shall discharge its obligation to prevent money laundering in accordance with the requirements stipulated by the Subparagraph 15, Paragraph 1, Article 5 of the Money Laundering Control Act, and shall abide by relevant regulations set out in the Money Laundering Control Act, Counter-Terrorism Financing Act and the Regulations Governing Anti-Money Laundering of Financial Institutions. In doing so, we have actively participated in courses and meetings organized by relevant competent authorities and subsequently implemented requirements through amendments to regulations and the systems. Therefore, no penalty was imposed in 2017 by the competent authorities in relation to any violations of money laundering control and financial oversight-related laws as well as relevant laws governing the economy (anti-corruption, anti-money laundering), the society (labor and product marketing) and the environment (environmental protection).



In line with the latest laws and regulations, communicate on a timely basis

Examine whether the competent authority issues notice in advance regarding amendments to laws and regulations and evaluate whether such amendments are related to TDCC's business. If it is relevant to our business upon evaluation, suggestions on amendments or additions to relevant regulations will be proposed based on the level of influence



Make proper amendments to internal rules based on the actual situations, and update important regulations on a timely basis

Make amendments to TDCC's rules to respond to laws and regulations amendments at higher level, addition to new business or adjustment in operations



Ensure compliance of the latest business of the Company

When developing new businesses, TDCC ensures the compliance of such businesses if it is related to legal issues

3.2

Risk Control

TDCC has established a comprehensive risk management organization structure. In addition to the effective operation of risk management system and mechanism through the board's governance and supervision as well as the establishment of the risk control committee under the board for the supervision of risk management matters, the Company also introduced TPIPAS to control the risks in respect of personal information.

Risk Control Committee

In order to effectively control operational risks of clearing and settlement, the Risk Control Committee regularly convenes meeting once every half year or at any time when deemed necessary. The committee pays close attention to and supervises various issues, primarily covering the risk control review on the operational procedures of depository, clearing and settlement, operational system of a computer system and operational procedures between participants. In addition, the committee formulates standard and auditing system regarding the risk control and forms an auditing group to conduct an audit on risk control.

ISO 27001 Information and Communication Security Management System Verification

As a post-trade service institution in the capital market and the currency market, TDCC is committed to constructing financial market infrastructure and assisting in building respective financial infrastructure in response to the risks of the information security nowadays. With a view to ensuring the confidentiality, comprehensiveness and availability of the information system, and providing the securities and futures market with safe, efficient and stable information service, we have been striving to implement and strengthen the information security mechanism as well as enhance its effectiveness. We obtained BS 7799 information security management system certification early in 2004, becoming the 26th institution that passed BS 7799 certification in Taiwan. As ISO introduced ISO 27001:2005 information security management standard based on BS 7799 in 2005, TDCC passed the ISO 27001:2005 information security management standard verification in 2006 immediately, and passed the latest ISO 27001:2013 in 2014 to continue to maintain the effectiveness of the information security verification.

In 2017, we evaluated the maturity of the information security governance. Through training, self-evaluation, review on the results of self-evaluation, enhancement in proposals and review on reported items, we hope to refine the maturity review mechanism regarding the information security governance and establish the information security protection capability index. There are a total of 83 examination items concerning the review procedures of the information security governance maturity. TDCC's overall information security activities is completed through such review procedures. No rectification measures were required based on the review results in 2017.

Taiwan Personal Information Protection and Administration System (TPIPAS)

The Company maintains investors' central depository information in the entire market due to the nature of our business. Thus, personal information protection is of crucial importance to the Company. To ensure that the personal information maintained by TDCC is duly protected, the Company has introduced the TPIPAS since 2012. We successfully passed the verification conducted by a professional institution and obtained the dp.mark from the Ministry of Economic Affairs. The Company engages a professional institution to conduct verification for TDCC every year to continue to maintain the effectiveness of the dp.mark.

The Company carries out procedures such as the formulation of flow chart regarding making personal information, identification of regulations, compilation of personal information detailed lists by checking the types and volume of personal information collected through business procedures, measurement of personal information risks of respective business of the Company based on changes in business every year in order to fulfill the requirements of TPIPAS. Implementing the risks control procedures accordingly, the Company is capable of effectively controlling and preventing the risks of leakage of the personal information held by TDCC.

ISO 9001 Quality Management System

Aiming to maintain the quality of products and services provided, ensure the consistency of the quality, pursue excellence and keep enhancing customer service quality and internal operation efficiency, TDCC passed the ISO 9002:1994 international quality assurance system verification earliest in February 1999. In order to maintain the operation of the ISO 9001:2000 international quality assurance system, TDCC passed ISO 9001:2000 verification in August 2002; passed ISO 9001:2008 verification in September 2010 and obtained certificates from four countries, including UKAS in England, ANAB in the United States, SAS in the Switzerland and JAS-ANZ in New Zealand and Australia. We passed the latest verification in May 2017 due to the latest announcement of ISO 9001:2015 in May 2017 so as to maintain the effectiveness of the quality system verification.

Internal Control and Auditing System

TDCC formulated the internal control system in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" promulgated by the competent authority. The system was approved by the board of directors, and the objective of which is to facilitate the Company's sound management so as to reasonably ensure the effectiveness and efficiency of our operation, deliver reliable, timely, transparent and compliant reports and abide by relevant laws and regulations.

TDCC established the internal auditing office under the board of directors. The Company conducted an audit on the business operated by each department and office, assisted the board of directors and managers in investigating and assessing the internal control system and providing suggestions in due course so as to ensure the continuous and effective implementation of the internal control system.

In 2017, the Company completed the audit on each business, relevant deficiencies discovered thereof have all been rectified by each department and office within the required period. Offices and departments failed in carrying out rectification within the specific period have been included in the tracking list. To conclude, the internal control and auditing are beneficial to the Company's overall operation, organizational operation and the implementation of the system.

4

Sustainable Financial Services

- 4.1 Comprehensive Financial Market Infrastructure and Regulation
- 4.2 Customer Services
- 4.3 Domestic and Overseas Marketing and Communication
- 4.4 Environmental Protection and Green Operations

Objective	Conclusion	Our CSR
Develop Fintech, promote dematerialization, and improve the development of financial markets and the connection between domestic markets and international markets	TDCC promoted digital finance in an innovative way in 2017; in addition to reinforcing infrastructure in financial markets, TDCC assisted the government in supervising financial markets, maintained investors' rights and interests, and improved the efficiency of capital markets in Taiwan	Consolidate financial infrastructure, maintain market order, reduce distribution costs, improve operational efficiency, fulfill energy conservation and carbon reduction, and provide safe, convenient, and innovative financial services for capital markets in Taiwan

Performance of Corporate Sustainability



NT\$230 million

100% of TWSE and TPEx listed companies and those at the emerging stock markets achieved securities dematerialization in July 2011, reducing the social cost of NT\$230 million every year.



4th place

TDCC Stockvote significantly contributed to Taiwan's 4th place in the 2016 corporate governance ranking.



NT\$3.5 trillion

Since the implementation of securities dematerialization, commercial papers (CP2) issued in a dematerialized form have amounted to NT\$3.5 trillion as of 2017.



ACG 19 organizer

TDCC organized the 19th ACG General Meeting in 2015.



22 signatories

TDCC has entered into a MOU with 22 foreign institutions as of 2017.



NT\$420 million

TDCC has invested NT\$420 million in system efficiency and information security over the past three years.



NT\$3.3 trillion

Securities in cross-border custody amounted to NT\$3.3 trillion on December 31, 2017.



210,000 users

The number of TDCC ePassbook users exceeded 210,000 after 9 months of launch in 2017.



91,731 voters

The number of foreign shareholders using Cross-border Voting Operation via STP (straight through processing) reached 91,731 in 2017.



Over 4.35 million up to 92.25 points

The number of domestic and foreign fund transfers exceeded 4.35 million in 2017.



The customer satisfaction scored 92.25 points in 2017.

4.1

Comprehensive Financial Market Infrastructure and Regulation

In response to the development of Fintech , TDCC offers financial services in an innovative way; in addition to reinforcing infrastructure, we have gradually transformed ourselves into an information service provider that promotes dematerialization and electronic services in hopes of reducing operating costs of the banking industry, regulators, and our investors. TDCC has extended from B2B to B2C. Looking to the future, TDCC will continue to evaluate impacts and opportunities of blockchain and big data, build a business intelligence platform for Fintech services, and introduce integrated tools to clean and analyze data, such as balances of funds and bills, and generate reports. With these tools, TDCC is able to understand investors' habits and needs, develop markets, and provide investors value-added services through customized information, which avoids complicated trading

procedures and risks and creates a data-driven ecosystem.

As a post-trade facility in both the capital market and the money market, TDCC always endeavors to build infrastructure in financial markets, which improves trading efficiency, reduces the costs of manual works, and automates operations. This makes financial markets and the investment environment in Taiwan better. To reduce disputes over investments and risks and maintain the market fairness and transparency, TDCC fully assists the regulators in protecting investors' rights and interests and ensuring the smooth operation of financial markets through supporting services, internal controls and information security audits of depository and clearing operations of securities dealers.

Benefits and Value

- ✓ For walk-in transactions that require a passbook, investors may present the bar-code by smart phone instead, which saves investors from carrying their passbooks.
- ✓ Create a smart, efficient securities market that is free of passbooks.

(1) TDCC's ePassbook

To promote securities digitization in line with the development of Fintech, TDCC launched an application called ePassbook in 2017. With mobile technology, investors complete the passbook entry by smart phone, which saves time and gives access to the latest information on inventory and asset positions held by different securities dealers; in addition, investors may receive information on the market and stocks through



push notifications. After 9 months of launch, the number of ePassbook users exceeded 210,000. To improve the service quality of ePassbook, we plan to build cloud storage, create a new UI/UX App, and offer a variety of new functions, such as streamlined login, asset inquiry, fund inquiry, automated passbook entry, and big data value-added services, in the future.

(2) Annual general meeting e-voting platform "TDCC StockVote"

To promote corporate governance and shareholder activism, TDCC endeavors to improve the voting system for investors. In 2009, the TDCC StockVote website was officially launched. In 2015, the world's first voting interface by smart phone or tablet was launched to allow professional corporations, including issuers or their stock agents and shareholders, securities depositories, investment trust companies, trust companies and dealers, banks, insurance companies, and government funds, to carry out electronic voting in hopes of increasing attendance and the voting rate as well as the quality of corporate governance. TDCC StockVote significantly contributed to Taiwan's 4th place in Asia in the 2016 corporate governance ranking. In 2017, TDCC StockVote started to integrate ePassbook and add "due diligence statistics". Shareholders' meetings of all TWSE and TPEx listed companies in 2018 have adopted the electronic voting system.



Benefits and Value

- ✓ A way/system to verify an ePassbook user with multiple service providers using a one-time password was patented; TDCC is now applying for the patents in China and the U.S. respectively.
- ✓ Three patents on TDCC's ePassbook have been approved on January 1, 2018.

Benefits and Value

- ✓ An automated cross-platform way/system to carry out shareholders' voting was patented in 2017.
- ✓ The number of StockVote users reached 1,223 in 2017, including 680 voluntary users.
- ✓ The total number of shares represented by electronic voting reached 281.7 billion in 2017; the average percentage of shares represented by electronic voting to those represented by attendance was 49.40%.
- ✓ StockVote improved the efficiency of shareholders' meetings and saved time and manpower for issuers to convene shareholders' meetings.

Benefits and Value

- ✓ The platform has saved huge costs of building respective anti-money laundering systems and complying with laws and regulations.
- ✓ Users may upload a certain amount of data based on their needs to review existing customers or a certain number of customers.
- ✓ The platform meets the requirements of regulators and the Financial Action Task Force on Money Laundering (FATF) to respond to APG's evaluation.

(3) AML/CFT Screening Platform

To strengthen securities and futures operators' performance of anti-money laundering, integrate resources of the overall securities market, and reduce costs of building respective anti-money laundering systems, TDCC built the AML/CFT Screening Platform in 2016 according to the regulator's policy. Through the platform, operators may search for customers' information and confirm their identities in accordance with the Money Laundering Control Act and the Terrorism Financing Prevention Act. In 2017, TDCC expanded the database from 40,000 to 2 million data or more, and added the "batch upload" function. The platform was open to financial industry and non-financial sectors or personnel outside participants of TDCC. As of 2017, a total of 4,010 units have been approved to use the platform.



Benefits and Value

- ✓ Provide more time for foreign shareholders to vote.
- ✓ Establish standard, one-track procedures for voting, which reduces costs and operating risks.
- ✓ Extend time and opportunities for issuers and foreign shareholders to discuss proposals.
- ✓ Strengthen foreign investors' trust in the Taiwan market and increase the international visibility of listed companies in Taiwan.

(4) Cross-border Voting Operation via Straight Through Processing (STP)

Foreign investment accounts for more than 40% of all investments in Taiwan. In response to the recommendations provided by Asian Corporate Governance Association (ACGA), the regulator set up Corporate Governance Roadmap 2013, one of whose goals is to encourage shareholder activism, to facilitate cooperation between electronic voting platform operators and international platforms. Since 2014, TDCC has undertaken the cross-border voting operation via straight through processing (STP), through which foreign institutional investors can vote directly by connecting international and Taiwan's voting platforms. As of 2017, 1,735 TWSE and TPEs listed companies and those at emerging stock markets have been included in STP, and TDCC has processed the voting of 91,731 foreign shareholders from 6 major custodian banks.

(5) Securities Book-entry Operation

In 1990, TDCC was commissioned by Taiwan Stock Exchange to undertake in the book-entry operation for securities clearing and delivery in the stock exchange market. In 1991, TDCC started to provide the book-entry operation for bonds delivery. In response to the establishment of Taipei Exchange in 1994, stocks of TPEx listed companies have been included in TDCC's scope of business and sent to TDCC for storage. Securities are no longer delivered in a material form; instead, they are delivered through the book-entry operation online, and their rights are presented in the book, which streamlines delivery, increases trading efficiency, and reduces the operating risks arising from the volume of material securities traded in the securities market. Depository accounts under TDCC increase year by year. As of 2017, TDCC had more than 17 million accounts; the average volume of transactions per day was 1.22 million, and the average number of shares closed per day was 5.5 million; that is, the daily volume of transactions cleared through the book-entry operation was 1.22 million. According to historical data, the maximum volume of securities cleared and delivered through the book-entry operation in a day was 2.5 million (totaling 12.14 million thousand shares) on April 17, 2009, showing that the book-entry operation contributed significantly to streamlined delivery, increased trading efficiency, and reduced operating risks.

Based on this, we provide centralized and electronic operations for participants, and continue to expand the scope of business, such as pledge, trust, stock transfer, private transfer, convertible bond transfer, warrant performance, clearing and delivery of emerging stocks, and virtual matching utility, to reduce the costs of manual works, manual errors, and paper consumption and carbon emissions generated from delivery. All of these efforts contribute significantly to the development and efficiency of Taiwan's capital market.

(6) Securities Dematerialization

Facing the trend of securities dematerialization, TDCC started to undertake the registration and book-entry delivery of securities issued in a dematerialized form in 2001. Securities are no longer delivered in a material form; instead, they are delivered through the book-entry operation online, and their rights are presented in the book. To facilitate the conversion from material issuance to dematerialized issuance, working days were reduced from 60 days to 15 days. After years of

Benefits and Value

- ✓ Ensure safe securities delivery and reduce material breaches of contracts.
- ✓ Provide a single operating window for securities dealers to save investors from collecting stocks at issuers.
- ✓ Reduce the costs of manual works and manual errors.

Benefits and Value

- ✓ Increase the operating efficiency and safety of securities dealers, streamline delivery, and improve trading efficiency.
- ✓ Reduce the operating risks arising from the volume of material securities traded in the securities market.
- ✓ Remove loss or risks of forgery derived from shipping operations.

promotion, 100% of TWSE and TPEX listed companies and those at the emerging stock markets achieved securities dematerialization in July 2011, reducing the social cost of NT\$230 million every year. This made Taiwan the 13th country that fully achieved securities dematerialization among the global top 25 countries by market capitalization at that time.

Benefits and Value

- ✓ Effectively eliminate default delivery risks of counterparty.
- ✓ Protect the safety of delivery, increase trading efficiency, and reduce the costs of manual works in line with the standards for clearing and delivering large-amount transactions established by the Bank for International Settlements (BIS).

(7) Short-term Bills Central Depository Clearing and Delivery

To establish a risk control mechanism for the trading, clearing, settlement, and custody of short-term bills, TDCC implemented central depository, clearing, and delivery system in 2004 for short-term bills to enhance the market safety and operation efficiency in response to the regulator's policy; that is, short-term bills are delivered through the book-entry operation instead of physical bills or issuing bond passbooks. TDCC is also Taiwan's first institution that links with the CBC Interbank Funds Transfer System (CIFS) and adopts real-time gross settlement (RTGS) system, which complies with the standards for clearing and delivering large-amount transactions established by the Bank for International Settlements (BIS) and the international trends of risk management mechanisms.

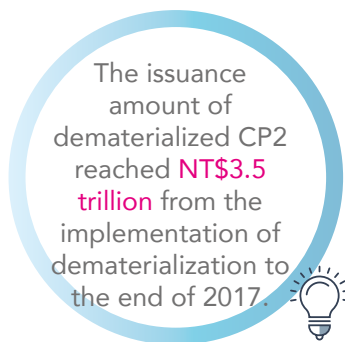


Benefits and Value

- ✓ Reduce manual works and risks of issuers and bills dealers in the primary market.

(8) Commercial Papers (CP2) Dematerialization

In response to the issuers' requirements for streamlining CP2 issuance procedures and reducing risks, the regulator has authorized TDCC to promote the CP2 dematerialized issuance, which will increase the efficiency and safety of issuance and reduce the costs of manual works. After the launch in September 2017, nearly 3,000 issuers applied to become the



participants of TDCC, which will avoid forgery of CP2 and save time and efforts to deal with loss. Bills dealers are no longer restricted by the par values of physical bills and the number of pieces of CP2, and may gain more clients and increase trading volumes. In the future, TDCC plans to provide more value-

added services for bills dealers and issuers to further develop short-term bills market in Taiwan.

(9) Negotiable Certificates of Deposit (NCD)

To increase foreign currency financing channels for banks, the Central Bank of the Republic of China (CBC) provides a variety of investment instruments for enterprises and individuals to expand the trading volume of foreign currency denominated bills in domestic and foreign markets. Since 2014, domestic banking units (DBU) have been allowed to issue foreign currencies denominated NCD; in response, we have provided registration, payment, clearing, and settlement services since 2016. Linking with the foreign currency clearing platform, we provide book-entry service associated with delivery versus payment (DVP). We also work with two ICSDs to provide cross-border DVP service, aiming to make Taiwan's financial market a diverse and multi-currency international market.

(10) Futures Clearing System

To handle position management, clearance deposit management, payment transfers, intraday control, contract performance, and offsets in the futures market, TDCC has launched the futures clearing system in response to business needs of Taiwan Futures Exchange since July 1998. Five categories of products, namely stock index futures and options, interest rate futures, gold futures and options, stock futures and options, and exchange rate futures and options, have been offered, totaling 27 products. At present, the trading hours are from 8 a.m. to 5 a.m. in the next morning, where the

Benefits and Value

- ✓ Strengthen infrastructure in Taiwan's short-term bills market and promote the development of the short-term bills market.
- ✓ Reduce the costs of physical CP2 printing and achieve the goal of energy conservation, carbon reduction and environmental protection.
- ✓ Bills dealers are no longer restricted by par values of physical bills, which brings more flexibility to business promotion.

Benefits and Value

- ✓ Work with the CBC, the regulator, the bankers association, and the bills association to establish related systems that regulate the statutory position, issuing denominations, interest rates, sales targets, trading denominations, interest, tax rates, and the clearing and delivery system of NCD.
- ✓ Provide reports for the CBC's review.

Benefits and Value

- ✓ The after-hour trading platform established in the futures market provides investors more diversified hedging channels. Investors may participate in after-hour transactions in response to international markets using existing futures trading accounts.

Benefits and Value

- ✓ The system provides after-hour transaction processing, risk controls, and automatic payments, controlling risks immediately and enables diversified investments and hedging.

hedging operation can fully take place in the futures market. In response to Taiwan Futures Exchange, TDCC established the after-hour trading platform in May 2017. The futures clearing system processes after-hour closed positions and gives risk alarms immediately, so that investors are able to make instant investments and hedging in response to important information in Europe and the U.S. after trading hours.

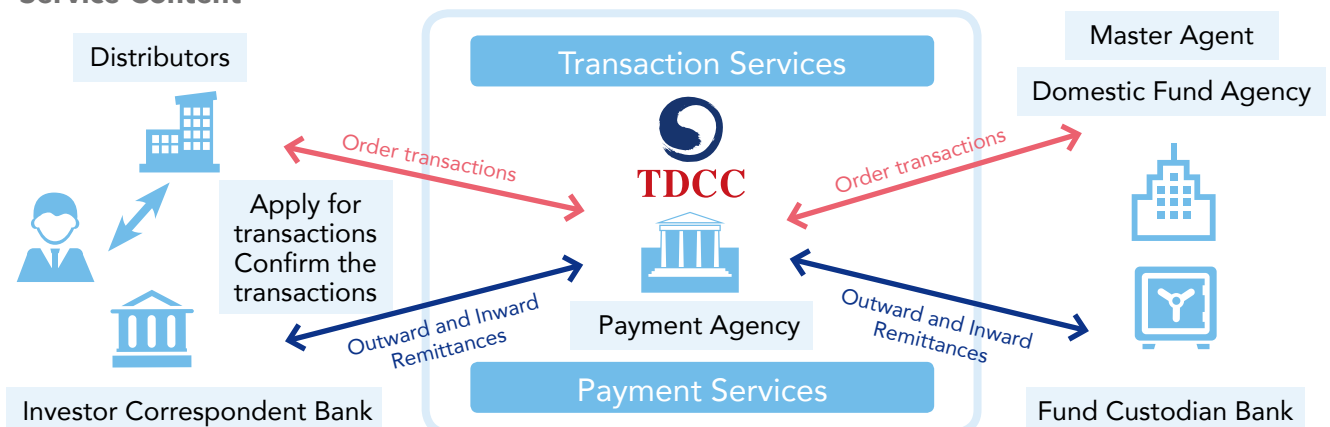
Benefits and Value

- ✓ Save operating and labor costs, improve efficiency, and reduce operating risks and costs.
- ✓ Meeting investors' needs to purchase offshore and domestic funds simultaneously at the one-stop shop.

(11) Fund Transaction Platform

To manage offshore funds effectively, the regulator promulgated the Regulations Governing Offshore Funds in 2005, which stipulate that master agents and sub-distributors shall purchase offshore funds from offshore fund institutions through TDCC in their own names on behalf of investors. To comply with this regulation, TDCC established the offshore fund trading platform in 2006 for trading information transmission and payments; in addition, the regulator has allowed securities dealers to purchase securities investment trust funds in their own names on behalf of investors since 2014, and authorized TDCC to establish the domestic fund trading platform; TDCC then integrated these two platforms into the fund trading platform that provides investors fund trading and payment services. In 2017, TDCC added futures trust funds and allowed early payments for redemption and interest. Our fund trading platform has become the largest and only Fintech-based fund intermediary platform among Taiwan's online fund distributors and domestic and abroad fund companies. In the future, TDCC plans to offer diversified and intelligent payment

Service Content



deduction services and adjust system functions based on market needs, aiming to bring a fund service-sharing platform to fund managers, dealers, and investors in the market.

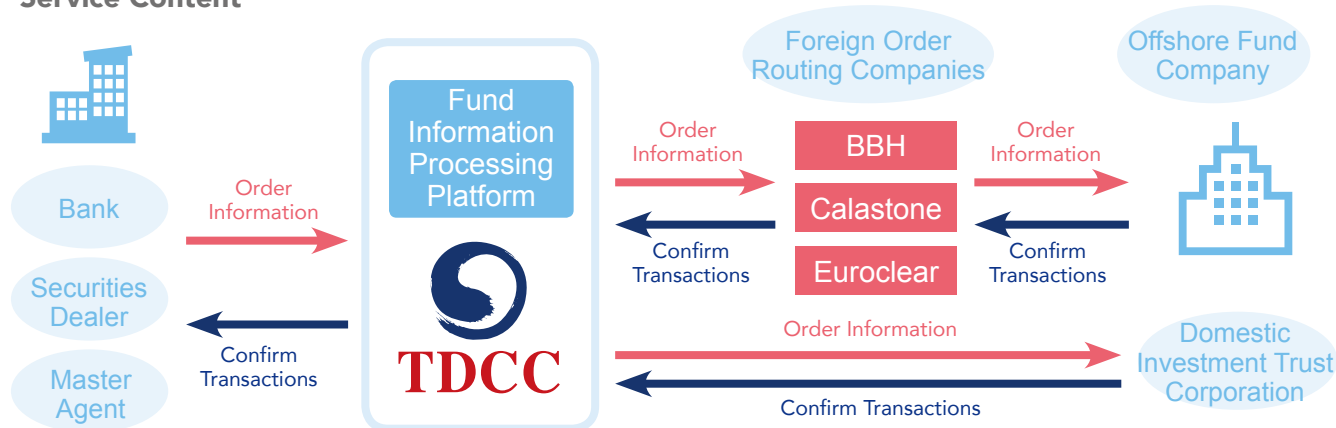
(12) Fund Information Transmission Platform

Domestic fund distributors and domestic and abroad fund companies used to trade by fax. To reduce high costs and risks of manual works, paper consumption, inconsistent standards, and multiple operating windows arising from this operation, TDCC planned to establish the fund information transmission platform in 2008. The domestic fund information transmission platform was officially launched in 2009 to facilitate the order routing operation for trust companies and investment trust companies. To further provide a single operating window for fund distributors, TDCC has offered the offshore fund order routing service since 2012, where fund distributors link with 75 offshore fund companies in Europe, Asia, and America to provide order information, confirm orders with investment trust companies, futures trust companies, and offshore fund companies and show income distribution. The progress and status of orders are available for operators to monitor and manage at any time. At present, over 80% domestic and 70% offshore funds can be routed. TDCC expects to link the platform and the fund trading platform in 2018.

Benefits and Value

- ✓ Eliminate manual errors and save costs.
- ✓ Automate order routing and confirmation of domestic and offshore funds.
- ✓ Streamline complicated operations between institutions significantly.
- ✓ Improve the efficiency and safety of the overall fund operation.

Service Content



Benefits and Value

- ✓ Automate operation integration and reduce time difference and operating risks.
- ✓ Improve the efficiency and safety of data retrieval.

(13) Securities Depository System

The securities depository system was launched in 1992. Since then, TDCC has implemented many operations and adjusted system functions based on the needs of the securities market and investors, including the securities inventory system, SMART, the report generating system, and the database system. Since 2014, we have initiated the system improvement project that covers system migration, function optimization, relational database construction and optimization, and system integration, testing, and maintenance. After structural optimization and application modularization, the system can provide information services required for business changes in a timely manner with improved operating efficiency and lower maintenance costs.

Benefits and Value

- ✓ Streamline the operating procedures in the bills market and improve the settlement efficiency.
- ✓ Facilitate the application of funds in the money market.

(14) Short-term Bills Central Depository Clearing and Settlement System (BCSS)

In response to the promotion of computerized operation for short-term bills central depository clearing and settlement to replace manual works, the Bills Clearing and Settlement System (BCSS) was launched in 2004. The system provides the DVP service for short-term bills transactions in domestic primary and secondary markets and redemption service to increase the application of funds in the money market. In response to the business needs of foreign currency denominated bills and the regulator's requirements, BCSS links with the foreign exchange clearing system of Financial Information Service Co., Ltd. (FISC) to exchange information in the MT format using SWIFT in line with the international standards.

Benefits and Value

- ✓ Help the regulator monitor and review the market and streamline the declaration procedures.

(15) Fund Declaration and Announcement Platform

To improve transparency, management, and declaration in the fund market, TDCC established the offshore fund declaration and announcement platform and the futures trust fund declaration and announcement platform in 2005 and 2007 respectively in response to the regulator's policy. Operators can upload information to be declared and announced to these platforms through electronic transmission. Related information is made available on the platforms for the regulator, investment trust associations, and investors. In 2017, TDCC added

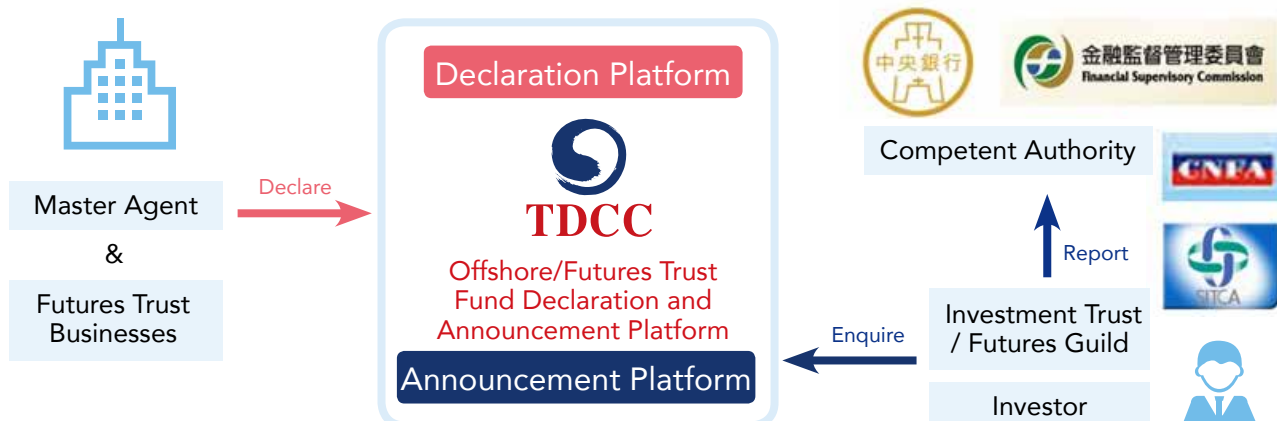
information on the expense ratio of declaring offshore fund investors that master agents should bear and the proportion of countries of offshore funds that master agents declare, so that the regulator is able to manage the exposures of offshore funds invested in by nationals; the expense ratios are also made available for investment trust associations and investors.

Benefits and Value

- ✓ Integrate network resources, reduce social costs, and achieve information transparency and disclosure, giving investors immediate access to the information on futures trust funds and domestic and offshore funds on the same platform.
- ✓ Reduce the operating time and costs of master agents significantly.



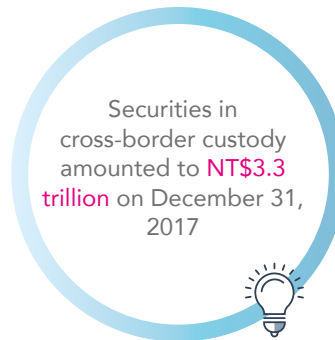
Service Content



Benefits and Value

- ✓ Provide the CBC periodic reports that cover the purchase, sale, and interest repayment of foreign currency denominated bonds, so that the CBC can have the most complete information on foreign exchange income and expenditures associated with foreign currency denominated bonds.
- ✓ Establish the cross-border system, introduce international custodian technologies, and develop talents in cross-border custody.
- ✓ Establish the local cross-border custody system for cross-border custody participants to reduce their costs of construction and operation and help control the operating procedures.
- ✓ Exchange information with foreign depository institutions and provide real-time services through the system, and reduce the operating risks arising from human intervention of cross-border custody participants.

(16) Cross-border Custody



In response to the regulator's long-term policy to make Taiwan's financial system in line with international markets, TDCC has opened accounts with three foreign depository institutions to provide the custody of foreign securities. Taiwan's first international bond

was officially listed in 2006, allowing investors to purchase foreign currency bonds through Taipei Exchange. Since 2015, we have established the cross-border custody system featuring information transmission, accounting, and management services to provide the custody of foreign securities in a safe, efficient, and real-time manner. From 2016 to 2017, the system provided the STP service and customized reports as well as improved system functions and services, such as bills delivery, corporate action, and asset valuation. As of 2017, 34 institutions, including insurance companies, banks, securities dealers, and bill operators, and Taipei Exchange, have used the system; in addition, we assisted 18 insurance companies in transferring all international bonds back to domestic custody. In the future, TDCC will continue to increase service targets, improve the liquidity and profitability of securities, and provide the regulator advanced supervisory information, while providing global custody services in cooperation with international depository institutions and global custodian banks.



(17) Taiwan Bills Index Rate (TAIBIR)

For domestic interest rate derivatives, loans, financial bonds, and corporate bonds, their floating rates mostly link to bills index rates. Taiwan's financial market has long lacked a fair and representative bills index rate. To promote the sound development of short-term bills interest rates index in the financial market, the bills association invited bills dealers, domestic and foreign banks, securities firms, scholars, and representatives of TDCC to form a task force, which commissioned TDCC to compile Taiwan Bills Index Rate (TAIBIR) in 2009 to take charge of online monitoring, and announcement, and fix the daily interest rates from primary and secondary offered prices. To make TAIBIR fair and representative, the bills association selects over 20 members to offer prices according to the standards for the selection of offering financial institutions. TAIBIR was included in 2006 ISDA Definitions by International Swaps and Derivatives Association, Inc. (ISDA) and became the internationally recognized index rate.

Benefits and Value

- ✓ Eliminate false prices and maintain the fairness of the market.
- ✓ Serve as a benchmark for assessment and analysis of financial and investment strategies.
- ✓ Make full use of money market information and save social resources.
- ✓ Serve as a reference for pricing and valuation of NTD denominated floating rate financial products and risk management.



Benefits and Value

- ✓ Improve the market transparency of offshore structured products significantly to protect investors' rights and interests.
- ✓ Assist investors with asset management to reduce investment risks.
- ✓ The declaration platform changed to receive applications in electronic form to improve the operating efficiency, reduce carbon emission, and achieve the paperless goal.

(18) Offshore Structured Notes Market Observation Post Platform

Due to the complexity of offshore structured products, it is not easy for general investors to fully understand their characteristics and risks, resulting in many investment disputes. The regulator promulgated the Regulations Governing Offshore Structured Products in 2009, and appointed TDCC to establish the offshore structured notes market observation post platform, which was launched in the same year. The platform is divided into the declaration platform and the announcement platform and provides basic information on offshore structured products, issuers or master agents, sub-distributors, reference prices, interest distribution, and investor instructions as well as major information disclosure. In response to electronic applications for the registration of offshore structured products, the declaration platform changed to receive applications in an electronic form in 2013 to improve the operating efficiency of issuers or master agents, save postal costs, and achieve the paperless goal. The platform also offers new functions such as the registration of new products, changes in products and early redemption.



Benefits and Value

- ✓ Investors may search for information on all central depository subjects through a single query platform.

(19) Depository Account Query System

Since 2006, we have provided inquiries about central depository subjects (including securities, short-term bills, and gold) to save time and efforts of investors to contact each securities dealer to open individual accounts. To provide investors more flexible, convenient, and diverse inquiries, TDCC planned to establish the investor central depository

account query system in 2017. Investors may search for personal information through the internet using the electronic certificates recognized by TDCC without being subject to time and geography, which saves investors from walk-in applications. In addition, we also provide the electronic transmission system for institutions having the right to make inquiries to reduce human intervention and ensure information security.



(20) Online Automated Service for Issuers

In response to issuance dematerialization for TWSE and TPEX listed stocks and emerging stocks, TDCC has offered electronic and automated applications for the securities book-entry operation and stock notices and the electronic registration and cancellation of exchange traded fund (ETF) issuers since 2006. In 2017, a total of 4,022 notices were sent through the platform to stop the stock transfer. In response to the regulator's policy, TDCC established C.A.Net in 2013 that provides standard stock information and automated processing, sends electronic notices of stock information to depository institutions and issuers, and offers a variety of services, including requesting to exercise voting rights and sending information on dividend distribution and preferential tax rates. C.A.Net has information security controls, such as certificate authority (CA), non-repudiation and SSL encryption, to provide a safe, efficient, and convenient information transmission environment for depository institutions and issuers.

Benefits and Value

- ✓ Reduce paper consumption for application and identification to achieve the goal of energy conservation and carbon reduction.
- ✓ 330,427 written inquiries were processed in 2017; TDCC provided dedicated electronic inquiries for Administrative Enforcement Agency, Ministry of Justice, Control Yuan, Agency against Corruption, Ministry of Justice, civil execution departments of district courts, Ministry of Health and Welfare, and revenue services, and processed 6,920,447 electronic inquiries in 2017, significantly increasing the inquiry efficiency of public agencies.
- ✓ Provide external units dedicated electronic inquiries to save costs and improve efficiency.

Benefits and Value

- ✓ Improve the operating efficiency of depository institutions and issuers and save the costs of manual works.
- ✓ Reduce manual errors to meet the requirements for information security and personal information.
- ✓ Save 13,000 man-hour for operators every year.

Benefits and Value

- ✓ Established C.A.Net to setup standard corporate actions information and automated processing, to provide a safe, efficient, and convenient environment for information transmission.



Benefits and Value

- ✓ Stabilize the operation of securities dealers, ensure investors' rights and interests, and maintain the safety of the securities market.
- ✓ Prevent any damage to investors' rights and interests and maintain the sound development of the securities market.
- ✓ Ensure the safety of data, systems, equipment, and networks used in related operations to protect investors' rights and interests and maintain the smooth operation of the securities market.

(21) Guidance on Securities Dealers' Central Depository Internal Controls and Audits

TDCC visits securities dealers from time to time to review their internal controls and audits on the central depository operation. If any defects are found, TDCC will explain the related operating regulations and provide recommendations for improvement. In 2017, TDCC gave guidance to 600 securities dealers. When assisting securities dealers and stock agencies with the central depository service, TDCC will establish a sound information and communication security management system and strengthen the guidance and audits on information security controls. In 2017, TDCC gave guidance on information and communication security management to 132 securities dealers and 121 stock agencies.

In addition, TDCC compiles and amends the Standards for Internal Control Systems for Securities Dealers and the Standards for Internal Control Systems for the Operation of Securities Introducing Broker Business by Futures Commission Merchants with related securities units every year based on the changes in laws and regulations, and organizes seminars to

explain the key amendments in cooperation with Taiwan Stock Exchange. These standards serve as the basis for securities dealers and futures commission merchants to establish internal control systems. In 2017, TDCC organized 13 seminars.

(22) Introducing the Foreign Account Tax Compliance Act (FATCA)

According to the Foreign Account Tax Compliance Act (FATCA) enforced in the U.S., foreign financial institutions and non-financial institutions are required to declare foreign accounts owned by American taxpayers to the Internal Revenue Service (IRS) every year; if foreign institutions are not willing to cooperate, 30% of the institutions' income of American sources or payments shall be withheld according to the FATCA. Since 2016, TDCC has requested corporations which trade with TDCC to provide documents and data that are sufficient to establish their status under the FATCA; those failing to comply will be listed as uncooperative accounts. We will declare foreign accounts owned by American taxpayers to IRS to prevent customers' income of American sources from being withheld. We are the first securities and futures unit that introduces the FATCA and have contributed significantly to the protection of the securities market and participants' rights and interests.

Benefits and Value

- ✓ Ensure that cross-border custody and delivery are provided in compliance with the FATCA.
- ✓ Prevent customers' income of American sources from being withheld to maintain customers' rights and interests.

4.2

Customer Services

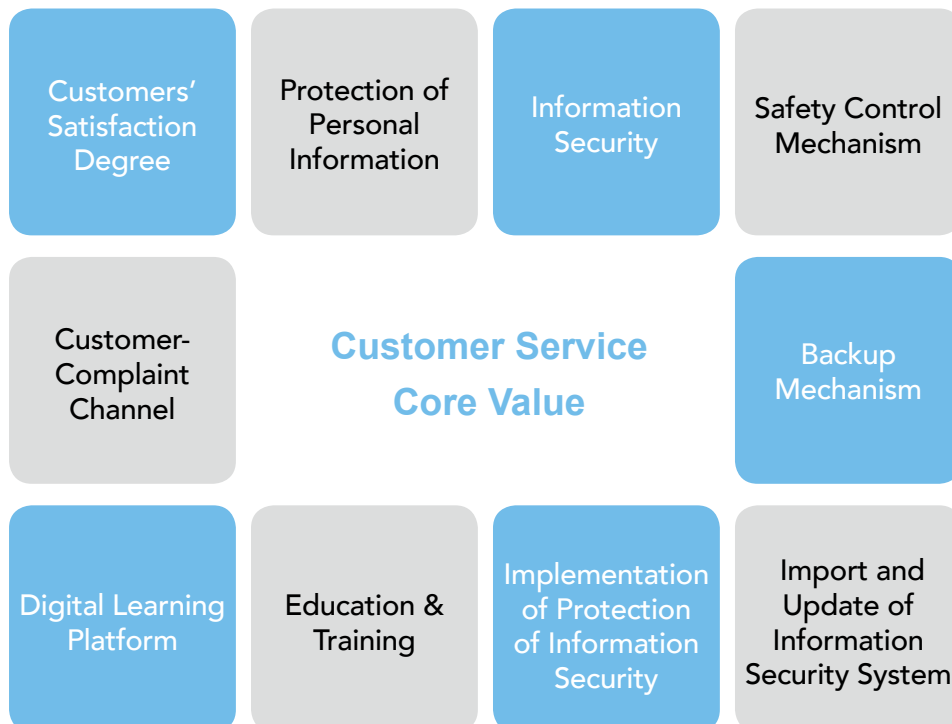
TDCC is committed to protecting customers' rights and privacy and ensuring the safety of service infrastructure through a full range of security measures. We also provide a variety of customer-oriented back office services and refined, value-added services.

In addition to hotlines and counter services, we also have an e-learning platform that covers audiovisual courses and training materials to provide customers the latest information and quality services.

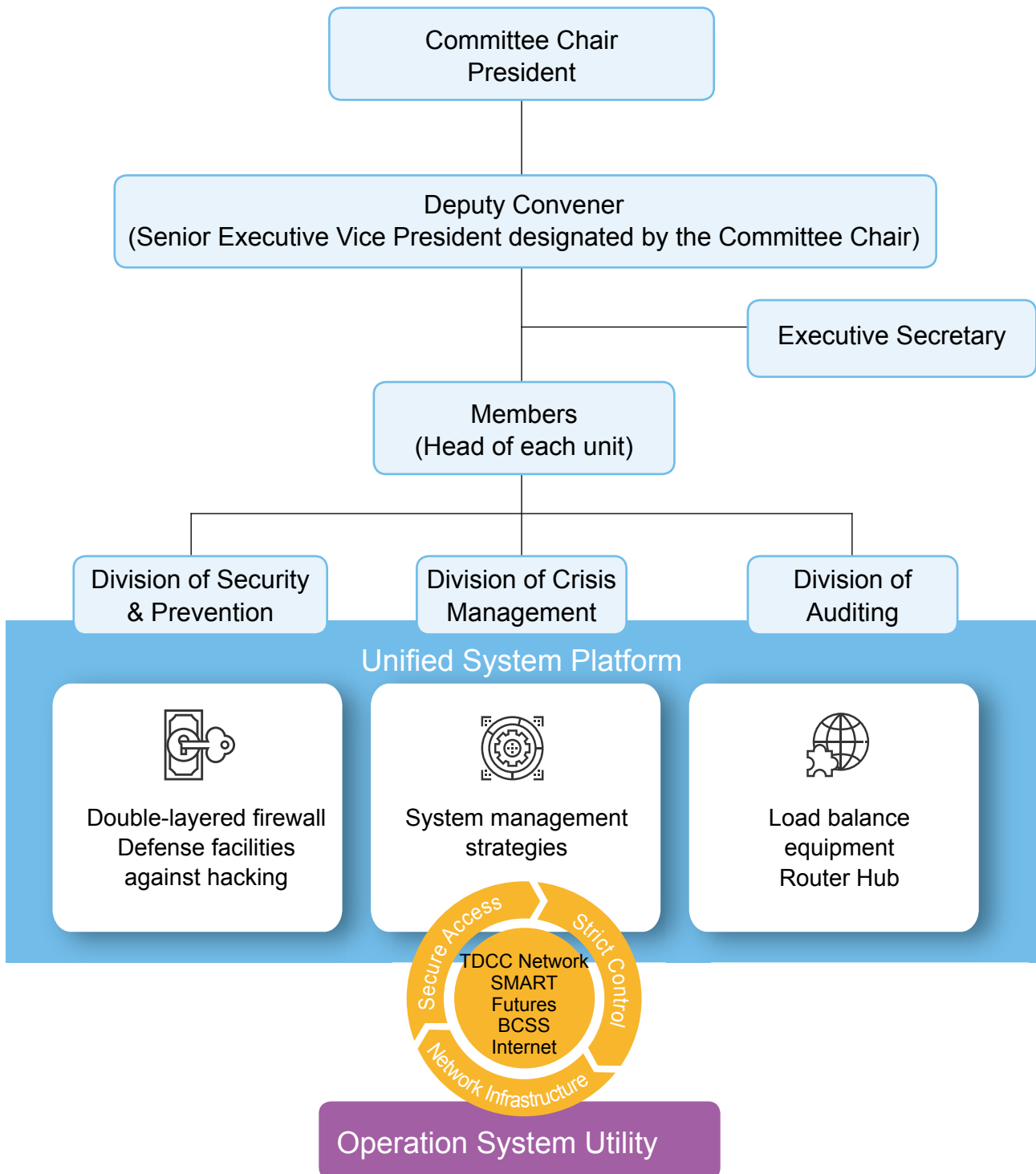
Personal Information Protection

Due to the nature of business, TDCC keeps the data regarding central depository subjects of all investors in the market; therefore, we attach great importance to personal information protection. To

ensure that personal information kept by us is secure, we have introduced Taiwan Personal Information Protection and Administration System (TPIPAS) since 2012. TPIPAS was certified and granted dp.mark by Ministry of Economic Affairs



Organization of Information and
Communication Security Task Force



Information and Communication Security Defense System

in 2013. Since then, we have commissioned the professional institution to verify dp.mark every year, so as to keep it valid as of today. In addition, we also establish the dedicated operating area and the independent network segment equipped with the data leak prevention system (DLP) to prevent personal information from being leaked. The system can record the key words of personal information in data saved by users outside the host for future inquiries and audits. This can control and prevent information leakage, reinforce the protection of personal information, and maintain the credibility of TDCC. There was no complaint about infringement upon customer privacy or loss of customer information in 2017.

We have established the Personal Information Protection Policy and organize training courses on personal information on a regular basis. Internal auditors carry out the periodic audits on personal information; in addition, TDCC is evaluated by the professional institution commissioned by TPIPAS on a regular basis every year to ensure the implementation of the Personal Information Protection Policy.

Information Security

Upholding the quality policies of building professional, efficient, and internationalized systems and offering safe, convenient, and diversified services, TDCC makes full use of information and communication security technology to build an effective, complete information security system. We obtained the certification of BS 7799 Information Security Management Systems in 2004; in addition, we obtained the certification of ISO27001 in 2014, providing the best guarantee for information security. With these certificates, we can guarantee to offer safe, efficient, and stable information services in the securities and futures markets.

To meet the expectations and requirements for information security, we have established the Information Security Policy and review it once every year. The internal audit unit or external expert is also appointed to evaluate the implementation of the Information Security Policy every year.

The Information and Communication Security Task Force is responsible for information and communication security and crisis management. It will collect audit leads and invasion detection data to ensure the safety of information infrastructure. In case of emergencies, it shall recover system functions in the shortest possible time to reduce damage. To prevent business from discontinuing due to major disasters, we have established the Business Continuity Plan (BCP). All employees are required to participate in on-site and off-site drills; in addition, we have established the Exception Handling Handbook, which specifies preventive and response measures in case of natural disasters, incidents, or unexpected abnormalities.

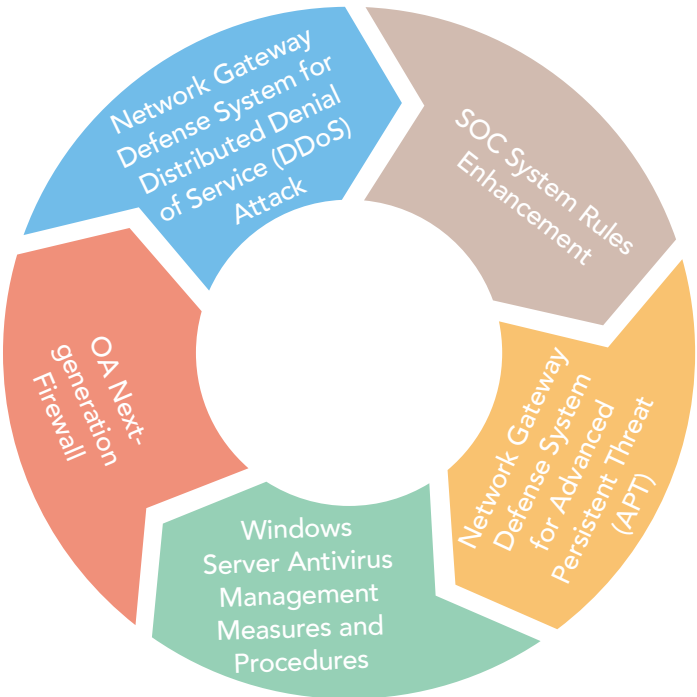
Security Control Mechanisms

TDCC has established information security infrastructure and security control mechanisms, such as FireWall and IPS/IDP, the dedicated operating area, and the Security Operation Center (SOC), and carried out information system security inspections to ensure the development of information applications and network construction in the security control mechanisms.

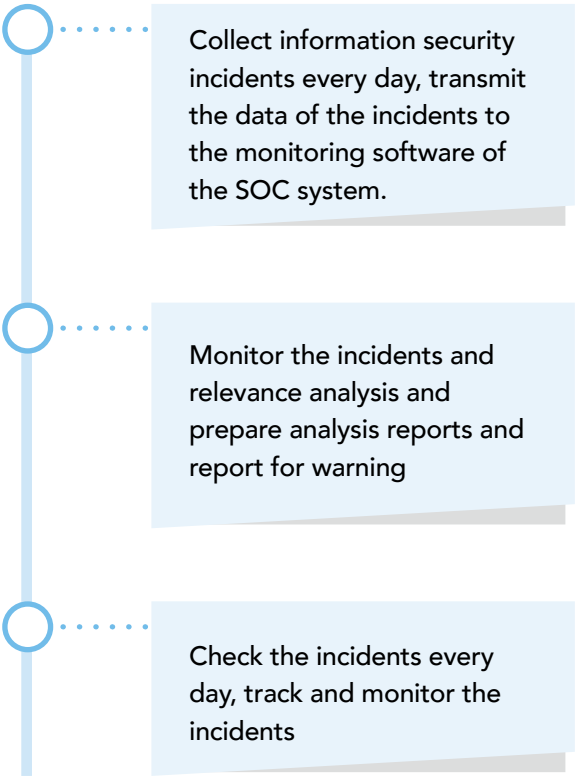
Backup Mechanisms

TDCC plans on-site and off-site backup mechanisms for information systems based on their business characteristics and needs, and carries out backup drills based on the main business system to fully protect investors' property.

**Information Security
System Introduction
and Update**



Information Security Implementation



Vulnerability Management	Information security software update, system vulnerability scanning, antivirus software update, and information security inspection
Detection Testing	Social engineering security, DDoS drill, and penetration testing
External Information	Information sharing and external audits

Training Programs

TDCC strengthens employees' skills and certification in information security through training programs at all levels. TDCC also publishes information and news on information security on its Enterprise Information Portal (EIP) to improve

employees' knowledge. In addition, TDCC organizes drills in social engineering security and training courses on information security from time to time.

E-learning Platform

To improve employees' learning efficiency, we established the e-learning platform called e-Training in 2011 to provide audiovisual courses and training materials and promote new services before their launch. Through e-Training, customers are provided with the latest information and quality services, and we are also able to control the attendance of each training course. Trainees are welcome to give feedback on training courses through e-mail, so that we can know the learning results and make appropriate adjustments.

Customer Complaint Mechanisms

TDCC values customers' feedback and provides a diversity of channels for customers to express their opinions. Customers are welcome to make complaints through the customer service hotline or walk-in services, on the official website, or by e-mail. Generally, issues are divided into two types, and corresponding actions are described below:

1. General questions

Feedback: To respond to customer suggestions concerning business operation, responsible departments shall make a corresponding performance action plan and then inform the customers of the processing of adoption of their suggestions, and may request the chief supervisor to convene a cross-department meeting to discuss the performance action plan whenever necessary.

Doubts about accounting or data: For doubts

about accounting or data provided by TDCC, responsible departments shall help customers clarify the doubts and respond to customers.

2. Customer complaints

For customer complaints, responsible departments shall explain to customers and appease them, and may explain to them in person whenever necessary. Responsible departments shall fill out the Customer Complaint Notice and report to the management within three business days and act according to the management's instructions.



Customer Satisfaction

To understand customers' satisfaction with the quality of products and services provided, we conduct the customer satisfaction survey for five categories of customers (securities, bonds, bills, domestic and offshore funds, and stock agencies) every year. In 2015 and 2016, we adopted the quantitative survey and designed the survey based on the six-grade assessment. The overall satisfaction reached 99.54% and 99.47% respectively. In 2017, we adjusted the survey questions, rating items, and calculations, adopted the ten-grade assessment instead, and conducted the survey using the customized program based on the purpose of the survey and responding logic. A total of 264 questionnaires were distributed and all of the 264 questionnaires were retrieved.

The average satisfaction of TDCC scored 92.25 points. Every category of customers rated TDCC's Corporate Image and Value the highest, reaching 93.97; the average score of Customer Service reached 92.09; the average score of Products/Services and Information Efficiency reached 91.97. The average scores of three rating items exceeded 90, showing that TDCC's products and services at this stage are generally appreciated by customers. Customers' feedback and advice are divided into "immediate handling" and "to be determined". We will make appropriate corresponding plans and act in an appropriate manner. Customer's unsatisfied parts will be referred to when we identify the issues or set the quality goal in the future. The President shall chair the meeting to discuss the action plan, and responsible departments shall notify the respondents of follow-ups.



4.3

Domestic and Overseas Marketing and Communication

TDCC offers a diversity of products and services. To allow participants and employees to understand new products and services, TDCC organizes seminars, training courses, and visits on a regular basis every year in the hope of improving the operating efficiency and security quality. TDCC promotes international business and communication. We participate in ACG general meetings to understand the international market trends and strengthen international cooperation; we also sign MOU with international central depository institutions to develop business opportunities and demonstrate Taiwan's soft power in international capital markets.

Business Promotion

We organize a series of business presentations and seminars to promote new products and existing training programs, and participate in various activities, such as exhibitions, to promote central depository services; we also visit trade

associations and operators from time to time to stay in close contact.

TDCC held the ePassbook presentation on May 9, 2017. The APP, ePassbook, realizes a mobile and digital passbook that provides digital services for investors directly. Working with investors, ePassbook has turned the new page to the innovative development of the securities market.

In 2017, TDCC organized 10 business seminars for securities dealers, and 1,366 securities dealers attended; 17 seminars on securities book-entry operation were organized, and about 5,000 operators attended; 5 seminars on dematerialized registration and the fund declaration and announcement platform were organized; 4 seminars on the issuance of CP2 in a dematerialized form were organized. TDCC also organized 7 seminars on the AML/CFT screening

ePassbook Presentation

TDCC held the ePassbook presentation on May 9, 2017.



platform and appointed employees to help Department of Commerce, Ministry of Economic Affairs and trade associations organize 29 seminars (4,716 attendants). TDCC also organized seminars on the amendments to the standards for internal control systems for stock agencies, seminars on the request and use of power of attorney in shareholders' meetings, and training courses for stock agencies (1,229 attendants).

To promote financial knowledge and products, TDCC publishes articles in newspapers and magazines, radio stations and TV stations, and the electronic media, and prints posters and brochures. In 2017, TDCC also worked with Securities Investment Trust & Consulting Association of the R.O.C. to promote fund products and wealth management after retirement by organizing a



TDCC exhibited in the FinTechBase Festival organized by Institute for Information Industry commissioned by Taiwan Financial Services Roundtable in 2017 to promote ePassbook and Stockvote.



Posters, Bimonthly Magazines, and Brochures



TDCC Organized the Launch Ceremony for CP2 Dematerialized Issuance with R.O.C. Bills Finance Association

To promote the dematerialized issuance of short-term bills in the primary market, simplify CP2 issuance procedures for issuers, and reduce risks, the CP2 dematerialized issuance was officially launched on September 18, 2017, significantly improving the efficiency and safety of CP2 issuance.

Led by the Financial Supervisory Commission, TDCC worked with R.O.C. Bills Finance Association to organize the Launch Ceremony for CP2 Dematerialized Issuance that attracted more than a hundred of attendants from the regulator, issuers, securities dealers, and banks to complete the last mile of securities dematerialization in Taiwan.



series of activities, such as setting up an activity website and a trading area and organizing a fund investment mock competition on campus, so as to strengthen the understanding of quality Taiwan equity funds and attract young and petty investors, further creating new financial momentum. In 2017, we organized 32 seminars on financial knowledge on campus, and a total of 3,756 students attended.

International Business Promotion

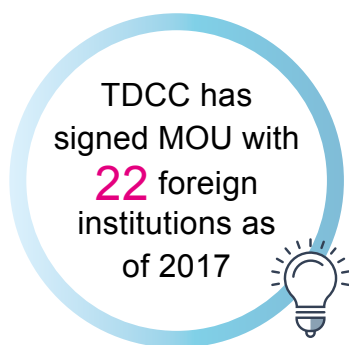
To improve foreign institutions' understanding of Taiwan's capital market and TDCC's existing operations, we have communicated with foreign institutions and organized visits or training

programs; we also attended international conferences to share our successful experience in various products and services with international securities institutions, so as to improve our global visibility and connections with international markets.

In 2017, TDCC received 66 guests from 24 foreign institutions, and also appointed employees to attend international conferences and activities, such as the annual meeting of the International Organization of Securities Commission (IOSCO), SIBOS -SWIFT business meeting, general meetings of World Forum of CSD (WFC) and ACG , Asia

Fund Standardization Forum (AFSF), and Fund Forum, to share Taiwan's experience. As of 2017, we have signed MOU with 15 ACG members and 7 foreign central depository institutions in the hope of strengthening international business and cooperation.

We shared our business experience in international conferences featuring different topics and developed potential opportunities for cooperation. In 2015, TDCC organized the 19th ACG General Meeting in Taiwan. In 2016, TDCC was elected with the highest vote as the ACG executive member to be in charge of organizing the ACG general meeting and discussing the major decisions and future development of ACG with other members. TDCC has maintained the long-term relationship with foreign central depository institutions, benefiting long-term cooperation and future business.



TDCC signed MOU with MCSD

TDCC signed the MOU with Mongolian Central Securities Depository Co., Ltd. (MCSD) on September 25, 2017 to strengthen international business and cooperation. Chairman Sherman Lin and MCSD Executive Director & CEO Mr. Shagdar Lkhagva signed the MOU in TDCC. Representative Mr. Khaliun Panidjunai of Ulaanbaatar Trade and Economic Representative Office in Taipei and officials also attended the signing ceremony.

TDCC attended Asia Fund Standardization Forum (AFSF) held in Mumbai, India in 2017 to share the fund operation and StockVote and give a keynote speech on FundRich.





TDCC organized the 19th ACG General Meeting in 2015

After 2004, it was the second time that TDCC organized the ACG general meeting. In the general meeting, TDCC demonstrated its determination to become a post-trade facility in combination with a public center, an information center, and a data center, and actively increased its global visibility and the good image of Taiwan through various publications.



2000 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

Korea
KSD

The US
DTCC

Brazil
CBLC

India
NSDL

India
CDSL

Hong Kong
HKSCC

Japan
JASDEC

Singapore
CDP

Thailand
TSD

Vietnam
VSD

Pakistan
CDC

Germany
DBAG

Malaysia
BMD

Japan
JSCC

The MOU that TDCC has Signed

TDCC, Citibank and Euroclear Worked Together to Serve the International Bond Market in 2014

To expand the scale of the capital market and internationalization, the Executive Yuan amended related regulations in February 2014, which stipulate that foreign investors no longer have to register FINI, open securities accounts or designate tax agents when investing in international bonds, in the hope of expanding the foreign currency bond market through ICSDs. After making considerable efforts, TDCC succeeded in linking with Euroclear, allowing foreign investors to participate in the international bond market directly.



TDCC and Clearstream Signed to Serve the International Bond Market in 2014

TDCC and Clearstream organized the signing ceremony for account opening. Clearstream became the first international central securities depository (ICSD) that TDCC opened an account with. TDCC and Clearstream have become mutual participants since then. ICSDs may link with Taiwan's international bond market in different ways; in addition to the interconnection between TDCC's back office operation and ICSDs, related operations will become more integrated and diversified.



2013 2014 2015 2016 2017

KSD
KSD

Indonesia
KSEI

The US
Broadridge

China
CCDC

China
BOC

Iran
CSDI

China
CCB

Mongolia
MCSD



Chairman Sherman Lin led employees to attend Fund Forum Asia in Hong Kong and gave a speech on the application of Fintech to TDCC's fund trading platform.

4.4

Environmental Protection and Green Operations

Recent issues, such as climate change and environmental protection, have been gradually valued by international governments and enterprises. Reducing the environmental impact in the operating process is also an important part of corporate social responsibility. Due to the nature of TDCC's business, office utilities are the main source of energy consumption. We have gradually

achieved green operations by changing employees' working habits, reusing resources, and using highly efficient equipment; in addition, we are committed to promoting dematerialized financial certificates and electronic services, improving the operating efficiency of financial institutions and investors, and reducing the environmental impact.

Figure: TDCC's Two Green Initiatives



4.4.1 Forging Ahead to Green Operations

To fulfill our corporate social responsibility (CSR), we actively promote electricity saving and reduce the environmental impact of operations through equipment replacement, paperless operations, and recycling.

Green Operation Achievements



Paperless Operation

- Electronic meeting materials: meeting materials are sent in electronic forms and attendants can access meeting materials on the EIP by iPad.
- Since 2012, TDCC has introduced electronic receipts. In 2017, 11,325 receipts (2 sheets of paper per receipt) were used, saving 22,000 sheets of paper in total.



Replacement of Energy-consuming Equipment

Lighting accounts for most of office electricity. The following measures are taken to improve the efficiency of office electricity:

- Adjustment of power circuits: The use of lighting on each floor is marked to turn off lights by area.
- Use of T5 power-saving lights: From 2000 to 2011, traditional lights were replaced with T5 power-saving lights in the office area to reduce energy consumption.



Use of Hybrid Vehicles

Replacement of company vehicles: TDCC plans to use hybrid vehicles based on the tenure of use to improve the driving efficiency and save fuels. At present, TDCC has 6 company vehicles, including 4 hybrid vehicles, with the replacement rate of 67%.



Recycling of Waste Assets

To make good use of company assets, we inventory the assets of each department that have reached tenure of use and open for employees' bids on the company platform. The remainder will be recycled or repurchased by related vendors. In 2017, income from recycling was NT\$93,000 with the recycling rate of 30%, showing the improved asset utilization that generated income.



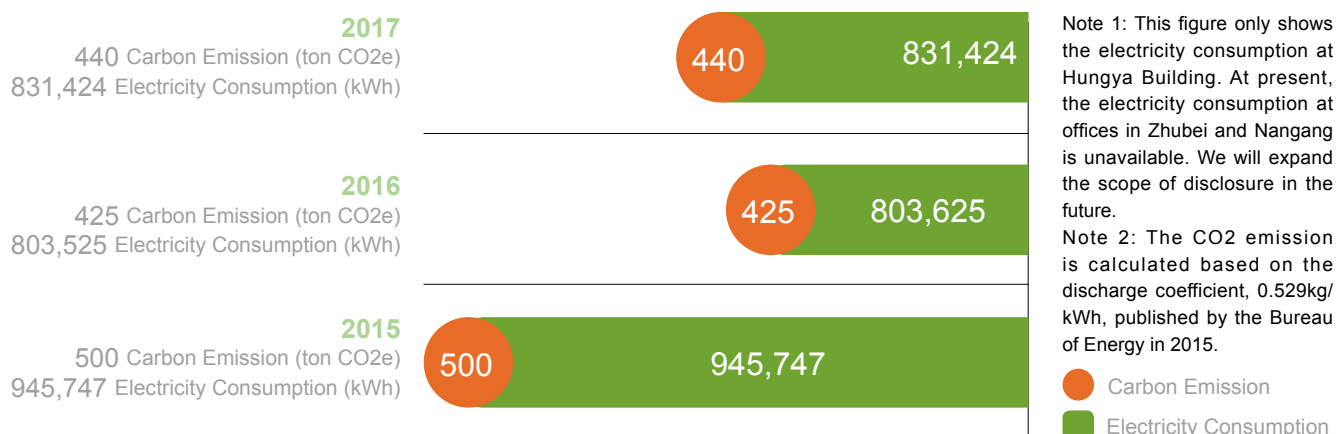
Promotion of Energy-saving Working Habits

- TDCC reminded employees of turning off unnecessary power.
- TDCC implemented energy-saving setting.
- TDCC adjusted related business schedules to reduce energy consumption.

The electricity consumption of TDCC at Hungya Building over the past three years is shown below. As Hungya Building is a commercial building, we are unable to replace energy-consuming equipment on a large scale; however,

we have still managed to reduce electricity consumption significantly over the past two years by changing working habits. Due to the development of diversified business in 2017, electricity consumption was slightly higher compared to 2016.

Figure: Electricity Consumption and Carbon Emission of TDCC Headquarter from 2015 to 2017



4.4.2 Creating a Low-carbon and Highly Efficient Financial Environment

In recent years, TDCC has been committed to improving the efficiency of financial operations,

reducing risks and CO2 emissions, and saving the operating costs of financial institutions and investors through automation, dematerialization, and digitization. The table below shows our procedures for trading funds and stocks and related products.

Fund Dematerialization	Fund Order- Routing Platform	Dedicated Electronic Inquiries for Public Agencies
Customers may purchase or redeem beneficiary certificates through existing investment trust companies and their designated agencies and securities dealers. The units of beneficiary certificates will be registered in TDCC's passbook for centralized management of customers' property.	TDCC established the fund order-routing platform in 2008, of which automated operation can save sub-distributors and fund companies from costly and risky operations caused by manual works, paperwork, inconsistency, and multiple contact windows.	TDCC has provided dedicated electronic inquiries for Administrative Enforcement Agency, Ministry of Justice, Control Yuan, Agency against Corruption, Ministry of Justice, civil execution departments of district courts, Ministry of Health and Welfare, and revenue services to save time and the costs of labor, printing and mailing required to make written inquiries.
Benefits Improved the efficiency of centralized management of customers' property	Benefits <ul style="list-style-type: none"> The automated order routing service could reduce labor costs and improve the operating efficiency. In 2017, the number of domestic and offshore funds routed reached 4.35 million. 	Benefits In 2017, the number of users exceeded 6.92 million.

Dematerialized Issuance of Stocks

TDCC started to implement securities dematerialization in response to the regulator's policy and achieved 100% stock dematerialization in July 2011, which reduced costs and improved the operating efficiency in the securities market.

Benefits

Reduced the volume of physical securities issued and the costs of printing and circulation.

Online Automated Service for Issuers

To provide quality service and support a paperless environment, TDCC changed the operations of stock agencies from original paper applications to electronic, automated procedures.

Benefits

- TDCC offers electronic and automated applications for the securities book-entry operation and stock notices and the electronic registration and cancellation of Exchange Traded Fund (ETF) issuers, and Taiwan Stock Exchange provides information on the book closure date to improve the operating efficiency and correctness.
- In March 2017, TDCC launched automated warrant registration and delivery. As of December 2017, over 20,000 types of warrants were issued. It is estimated that 7,920 man-hour will be saved for securities dealers and TDCC every year.
- TDCC will continue to promote electronic and streamlined operations in 2018.

TDCC ePassbook

- Investors may access the latest inventory information at any time and save time and efforts to visit securities dealers.
- Investors can check the asset positions held by different securities dealers.
- For walk-in transactions that require a passbook, investors may present the bar-code by smart phone instead, which saves investors from carrying multiple passbooks.

Benefits

TDCC ePassbook was launched on March 29, 2017. The number of users exceeded 210,000 after 9 months of launch. As of May 11, 2018, the number of users has reached 291,585.

E-voting Platform for Shareholders' Meetings

TDCC Stockvote was officially launched in 2009. Investors may exercise their voting rights electronically, which reduces the risks and costs of issuers and stock agencies and help standardize the operation and improve the quality of stock affairs.

Benefits

- As of 2017, 1,223 issuers have participated in TDCC Stockvote, with 281.7 billion shares represented by electronic voting; the number of electronic votes exceeded 2.23 million, accounting for nearly 50% of the total shares present; more than half of the electronic votes were exercised by the APP.
- Increasing attendance and the voting rate at shareholders' meetings of issuers as well as the quality of corporate governance.

Book-entry Operation

- Securities are no longer delivered in a material form; instead, they are delivered through the book-entry operation online.
- TDCC continues to add book-entry operations which investors may request directly through securities dealers' interfaces using electronic certificates, including transfers within the same account, equity exercise, and 3 types of operations (totaling 18 operations) currently made available in a non-face-to-face way according to the existing regulations.

Benefits

- Reduced the labor and transportation costs of paperwork required by Taiwan Stock Exchange and the carbon emissions.
- Streamlined the delivery operation and improve the operating efficiency.
- Reduced the volume of physical securities traded in the securities market and operating risks.
- As of 2017, TDCC had more than 17 million accounts; the average volume of transactions per day was 1.22 million, and the average number of shares closed per day was 5.5 million thousand shares.

Commercial Paper Dematerialization

TDCC has implemented commercial paper dematerialization since 2017 to improve the efficiency and safety of issuance and reduce the costs of manual works.

Benefits

- Saved NT\$31 million on manual delivery and NT\$2.1 million on transportation.
- Saved NT\$32.45 million Note 1 on the costs of labor, transportation and printing.

Note 1: Labor costs were calculated based on 71 securities dealers (1 person per dealer) with the annual salary of NT\$420,000/person on average; transportation costs were calculated based on the vehicle fuel consumption of 2.2km/L with 95 octane gas at NT\$26/L; printing costs were calculated based on the commercial paper printing expenses in 2016.

5

Friendly Workplace

- 5.1 Human Resources
- 5.2 Compensation and Benefits
- 5.3 Talent Development
- 5.4 Safe Workplace



Talent is an indispensable element for TDCC sustainable development. Nowadays, enterprises attach significant importance to top-notch talent retention, and we regard employees as our precious intangible asset.

With business transformation and diversification, we continuously invest in employee training, establish appealing welfare policies in line with TDCC's development plan, offer a comprehensive system of job rotation, pay attention to employee's workplace safety, strengthen our overall competitiveness and create a TDCC family with love and care.

Employee Relations Performance



Turnover rate is only 1.57% in 2017



Invested NT\$12,284,268 in employee training, equivalent to an average of NT\$24,182 per person



Face-to-face courses concerning employee education training of an average of 47.1 hours per person



Provision of on-site psychological consultation services



No occupational injury occurred in 2017

5.1

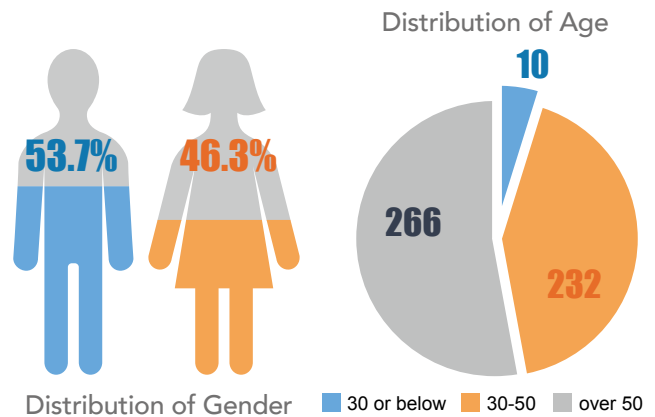
Human Resources

Employee Composition Structure

TDCC had a total of 508 regular employees and had no contracted employees at the end of 2017. We primarily recruit local employees and provide disabled people with certain job opportunities to carry out policy regarding diversified employee composition and support underprivileged groups with care.

Year	2017
Local Employees	498
Foreign Employees	0
Indigenous Employees	0
Employees with Disabilities	10
Total	508

TDCC has 273 male employees, representing approximately 53.7% of the total employees, and

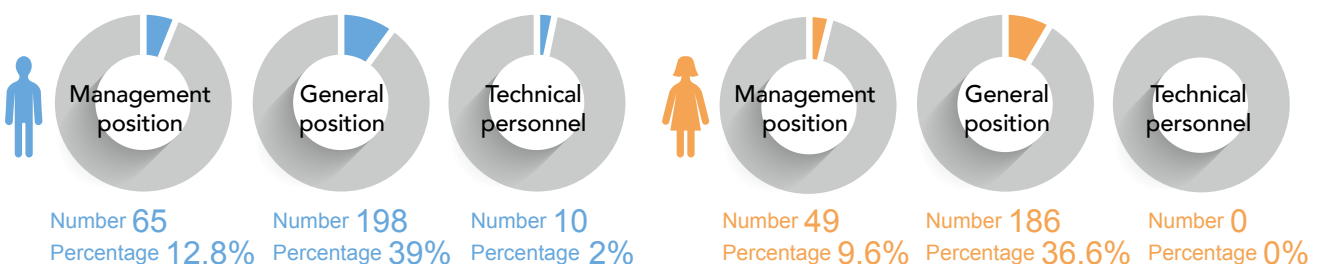


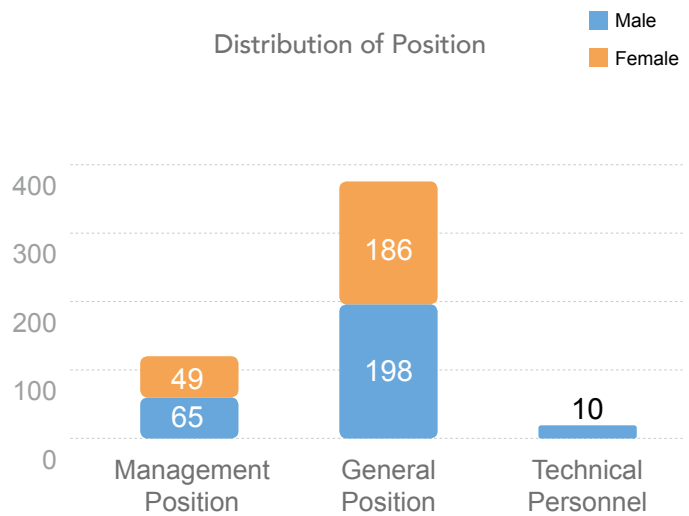
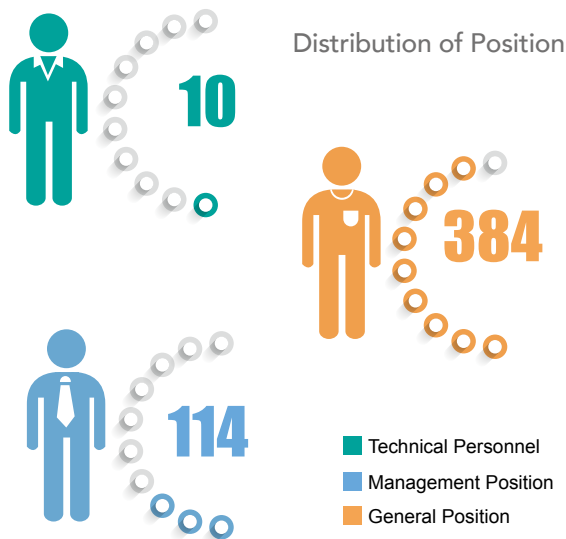
has 235 female employees, the ratio of which is approximately 1:1. In terms of age, employees aged 51 and above account for approximately 48.6% of the total workforce, which makes us put additional emphasis on the recruitment of new talent and technical transformation.

A large majority of employees (68.9%) hold bachelor's degree or above. Employees' educational background analysis shows as follows:

Type	Category	Male		Female		Total
		Number	Percentage	Number	Percentage	
Educational Background	Others	62	12.2%	96	18.9%	158
	Bachelor's Degree	104	20.5%	74	14.6%	178
	Master's Degree	106	20.8%	65	12.8%	171
	Doctor's Degree	1	0.2%	0	0%	1

Functional Distribution of Employees





Recruitment and Turnover

We provided excellent job opportunities. There were 15 new recruits of TDCC in 2017, representing 2.95% of the full time employees. In the year 2017, a total of 8 employees resigned from their positions, with the turnover rate of 1.57%, far less than the industry average. Due to the unique type of our business, our talent management is required to obtain approval from the competent authority. In addition, the low turnover rate is also attributable to stability and

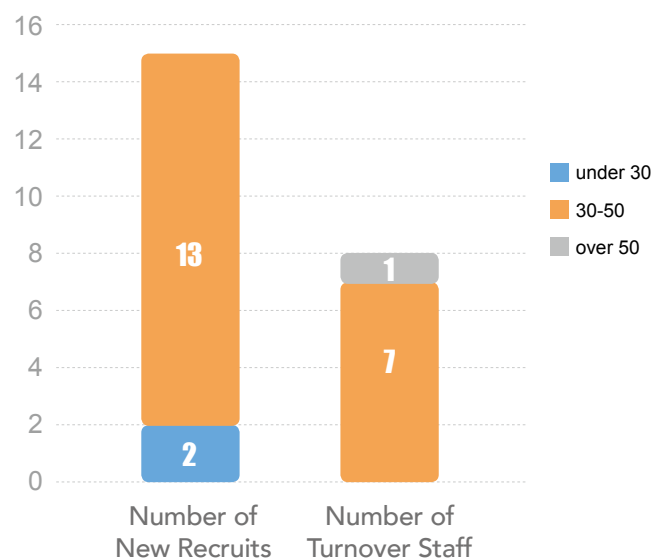
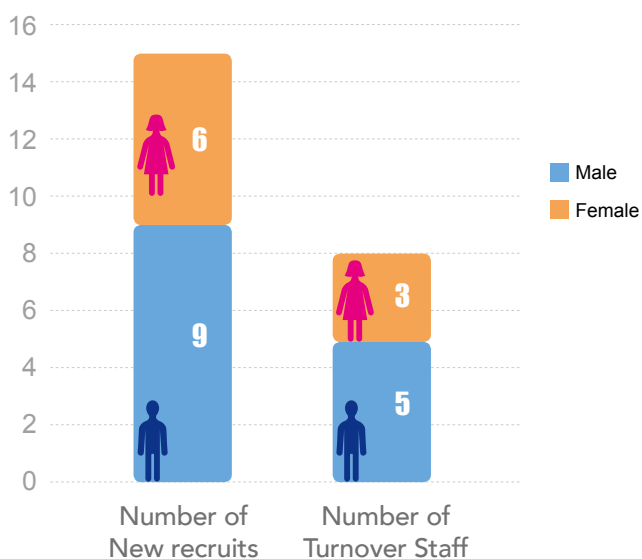
Recruitment Rate and Turnover Rate by Gender are as Follows:

	Recruitment rate	Turnover rate
Total rate	2.95%	1.57 %
Male	1.77 %	0.98 %
Female	1.18 %	0.59 %
Under 30	0.39 %	0%
30-50	2.56 %	1.37%
Over 50	0%	0.2%

◆ Recruitment rate= number of new recruits of the year/average number of employees of the year

◆ Turnover rate= Total number of leaving employees of the year/ average number of employees of the year

Detailed Figures Regarding the Recruitment and Turnover are as follows:



comprehensive benefits provided by TDCC.

Improvement in Talent Structure

Current Status

We take prudent measures to evaluate the composition structure of our human resources with the aim of increasing talent retention and managing alternation of generation through improvement so as to achieve sustainable operations.

Our current human resources structure is as follows:

Average age of employees is **48.6** years old

Senior employees aged 50 and over account for **52.4%** of the total workforce

Employees aged under 30 account for **1.97%** of the total workforce

Corresponding Measures Taken by TDCC

In response to recruitment of new talent as a result of business transformation, TDCC increases our exposure and awareness through the internet, social media, newspapers, school exhibitions and



Publish job opportunities on TDCC's website



Produce videos about talent recruitment

Publish job opportunities on social media

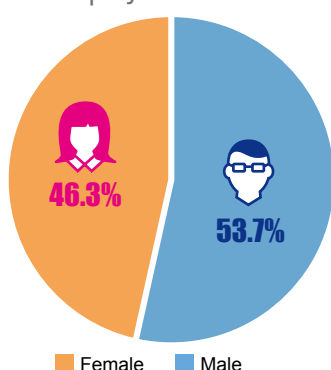
videos in addition to recruitment activities to invite more fresh graduates and top-notch talent to join TDCC family and make concerted efforts. It is expected that new and young employees will increase in the years to come to make TDCC younger and complete transitional work.

Gender Equality at the Workplace

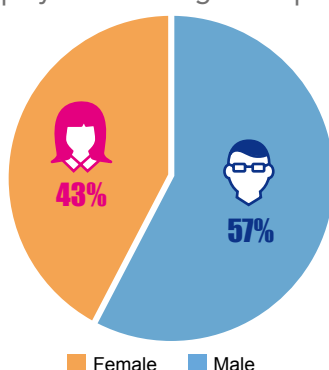
Gender equality at the workplace has become a global and social issue that attracted wide attention in recent years, and it is also an issue

of concern to us. TDCC proactively advocates the importance of gender equality in the internal organization. The recruitment and remuneration of both genders reflect that TDCC supports this issue

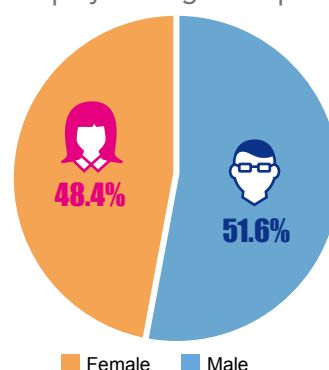
Ratio of male and female employees of TDCC



Ratio of male and female employees of management positions



Ratio of male and female employees of general positions



through actions and keeps abreast with the gender equality requirements set out in the SDGs.

Ratio of Employees

TDCC has 273 male employees and 235 female employees. Female employees account for 43% of the management position and 48.4% of the general position. The ratio of male position and female position in terms of the total workforce and respective position are approximately 1:1.

Compensation

According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, while the total gender pay gap was approximately

14% in 2017, the ratio of the salaries between male and female employees in TDCC is 1:1. There was no gender pay gap of employees at each level. TDCC emphasizes equal pay for equal work at the workplace to materialize the notion of gender equality at the workplace.

Actions Taken by TDCC

We promote equality through approaches or actions as follows:



Maintain balance in benefits



Maintain balance in talent recruitment



Promotion through social media

1



Labor-management Meeting

- ✓ Frequency: At least once every 3 months
- ✓ Total number of meetings: 4 labor-management meetings were convened in 2017
- ✓ Number of representatives from employees and employers: 9 respectively, with the ratio of 1:1
- ✓ Relevant material decisions: discuss, decide and achieve consensus regarding our rules as well as future planning; establish formal and mutual communication channels and include employees' feedback into our material planning

2



Employee Suggestion Form

- ✓ Encourage employees to put forward suggestions on our business, regulations, system and the workplace

3



Face-to-face Communications

- ✓ Arrange face-to-face communication opportunities regularly each year for employees to directly present their opinions and viewpoints concerning our development

There have been no employee complaints during three years from 2015 to 2017, and no penalties due to violations of relevant regulations governing labor and human rights. In the future, TDCC will follow up employee's working status, conduct a review on employees' workplace and continue to create a more diversified and smooth communication channel.

TDCC strives to put plans into action. The above-mentioned actions taken by us reflect our efforts in achieving gender equality at the workplace. When recruiting, appointing, promoting and evaluating, TDCC never takes gender into consideration. TDCC protects working rights and equal rights of female employees through actions, aiming to promote industrial trend and make the society a better place.

Labor-management Communication and Staff Complaints

We regard our employees as family members. Employees are not only our precious asset but also our indispensable partners. TDCC establishes effective and active communication channels and arranges labor-management meetings on a regular basis, employee suggestion form and face-to-face communication to take employees' opinions and viewpoints into account.

5.2

Compensation and Benefits

Attractive salary level not only is an important factor to attract talent, but also reflects the fact that we treat employees as our precious asset. TDCC provides basic labor and health insurance based on the government policy and employees' needs. Through various benefits, TDCC is capable of creating comprehensive and sustainable talent retention and care system to evaluate viable benefits and proactively implement such system with a view to playing a leading role in achieving comprehensive improvement in social benefits.

Compensation Policy

In this highly competitive era, top-notch talent takes a comprehensive compensation

policy into consideration when selecting which company you are going to work for. By reference to an applicant's educational background and experience, TDCC establishes fair, reasonable and competitive salary structure, and regard such structure as an advantage in talent recruitment.

Our salary policy is clearly planned, open and transparent, and offers corresponding salaries based on employees' positions.

Employee Benefits

We attach great importance to employee benefit policy. In addition to promoting relevant laws and regulations, we hope to formulate welfare package based on employees' needs to assist

| Offer Rewards to Show Appreciation for Employees' Contributions |

In order to thank employees for their efforts and contributions, TDCC provides bonuses on three major festivals, year-end bonuses, and performance bonuses, as well as birthday bonuses in the month of which they were born to thank them for their contributions and expects them to achieve better performance in the future.

- ✓ Bonuses on festivals: bonuses are issued to employees for the Lunar New Year, the Dragon Boat Festival and the Mid-Autumn Festival /Total number of bonuses on festivals released:1,506
- ✓ Birthday grants: every employee is provided with birthday grants every year /Total number of birthday grants released:1,506

| Purchase Insurance for Employees |

TDCC not only purchases Labor Insurance and National Health Insurance in accordance with laws and regulations, we also purchase group insurance for all employees in order to provide multifaceted and secure insurance. In addition, TDCC also provides checkups better than those stipulated by relevant laws and regulations in order to engage in continuous health management for our employees, ensuring our employees never having to worry about their health conditions.

- ✓ Total number of applications for group insurance: 228
- ✓ Total number of health-checks undergone by employees: 411

| Various Subsidies for Households |

As family is the backup of employees, warm and caring family environment enables employees to enjoy better lives, lower burdens brought by work and lives and further increase working efficiency and capabilities.

- ✓ Education subsidies for employees' children: provide subsidies for employees' children every semester
Total number of applications for education subsidies: 717
- ✓ Childcare subsidies: regularly offer subsidies for employees' children under 12
Total number of applications: 314
- ✓ Childbirth subsidies: offer generous childbirth subsidies
Total number of applications: 9

| Subsidies for Employee Travel Tour |

We encourage employees to participate in travel events and offer travel subsidies. TDCC provides its employees with travel subsidies every year. Employee travel destinations include Yilan, Green Island, Japan and Angkor Wat. With extensive travel packages, employees are able to enjoy holidays after work and spend time with their families. Total participants, including family members, were as high as 1,114 people.

- ✓ Total number of applications for employee travel subsidies: 510



them in improving works and lives. We can classify our benefits into three categories in general: basic benefits, supplementary benefits and other incentives.

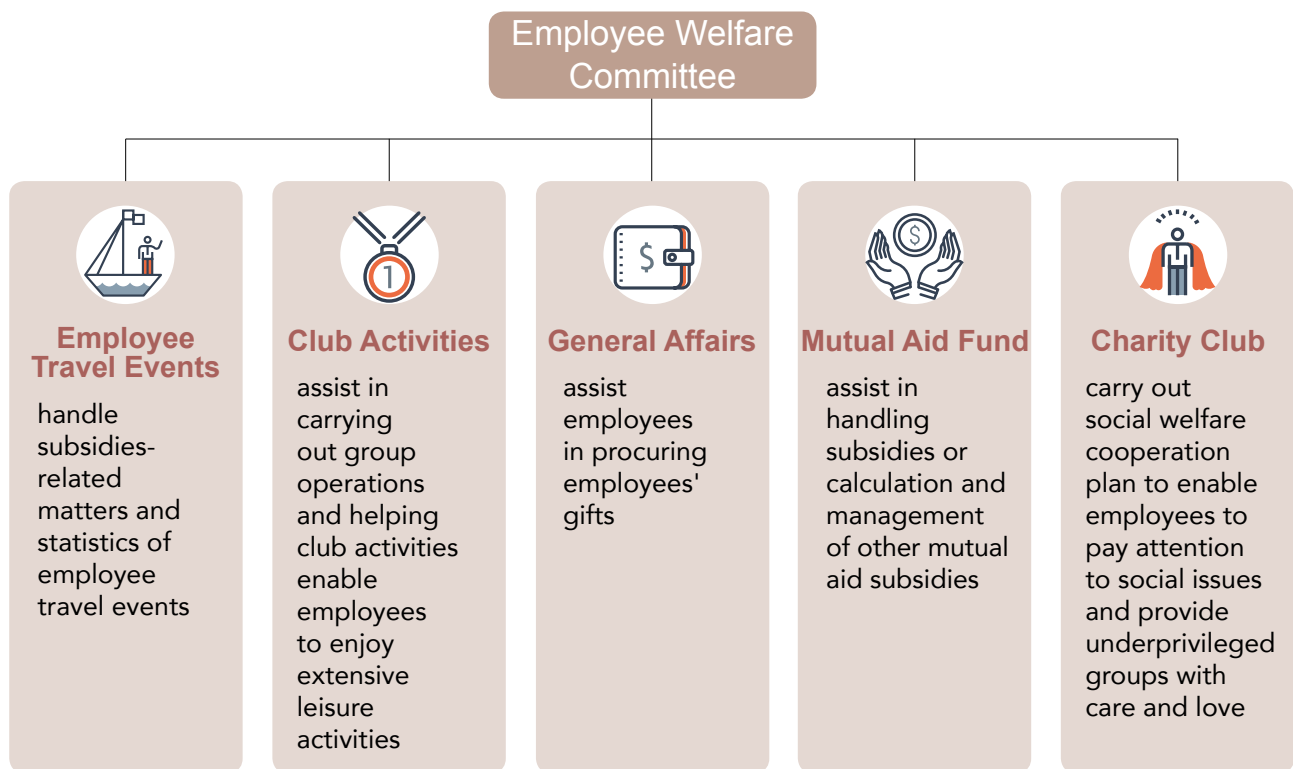
and feedback directly from TDCC. As a result, as employees' lives are protected and supported, they are able to build up cohesion to make further contributions to us.

Employee Welfare Committee

TDCC establishes the "Employee Welfare Committee" to take charge of the operation and supervision of employee benefits. Through effective management and execution by the committee, employees are able to obtain care

Operations

TDCC regularly provides a portion of monthly revenues to increase employees' benefits. Employee Welfare Committee convenes a meeting every three months to commence procedures in relation to employee welfare, types of which can



be generally divided into five categories including employee travel events, club activities, general affairs, mutual aid fund, and charity club.

Club activities

A total 15 clubs are still in operation and have



been considered, approved and established by the Employee Welfare Committee. The clubs are diversified in nature, including charity club, dancing club, yoga club, basketball club, softball club, Tai chi club, table tennis club, badminton club, calligraphy club, photography club, Buddhist club, go club, golf club, cycling club and DIY club. In recent years, the clubs participate in competitions of peripheral units and continue to demonstrate extraordinary achievements. Through activities and practices, cohesion among employees can be further enhanced.

Parental Leave of Absence

Many employees find it difficult to strike a balance between childcare and work. With regard to this, we help and support employees through the mechanism regarding parental leave of absence in accordance with acts. In 2017, three employees applied for parental leave of absence and returned to work afterward with retention rate of 100%, which is the best evidence for the ideal workplace and benefits of us.

Employee Performance and Appraisal

To achieve fairness and equality of the appraisal system and performance evaluation system, TDCC establishes a comprehensive employee appraisal system that carries out appraisal on normal, year-end and annual basis, hoping to increase employees' experience and broaden their horizon. In addition, TDCC formulates rules governing appraisal, promotion and rotation in accordance with relevant personnel management measures. We also issue measures governing employees' annual appraisal, employees' performance evaluation and assessment in compliance with relevant laws and regulations and implement guidelines on promotion assessment.

Items	Male	Female	Total
Total number of applicants apply for parental leave of absence in 2017	0	3	3
Expected number of employees who return to work in 2017	0	2	2
Actual number of employees who return to work in 2017	0	2	2
Actual number of employees who return to work in 2016	1	2	3
Number of employees who return to work in 2016 and are still employed for at least one year	1	2	3
Return to work rate	100%	100%	100%
Retention rate	100%	100%	100%

Note 1: The actual numbers of employees who return to work include employees who return to work earlier than scheduled

Note 2: Return to work rate represents actual number of employees who return to work/expected number of employees who return to work. Retention rate represents number of employees who return to work and are still employed for at least one year/actual number of employees who return to work

5.3

Talent Development

An ideal employee development and training plan not only attracts top-notch talent, but also enables us to achieve sustainable development in this fast-changing era of technology. In addition to recruiting top-notch and new talent, TDCC also creates diversified and forward-looking courses to motivate employees to carry out life-long learning, and develop varied competitiveness that keeps abreast with the trend. We hope to increase employees' skills through comprehensive training so that TDCC is able to provide the society with better, extensive and innovative services that

benefit TDCC, employees and the society.

Employee Training Plan

TDCC arranges relevant courses to cater to business needs of each department and the need of our diversified business development with a view to effectively enhancing employee's professional skills and maintaining their physical and mental health. Core courses can be classified into five major series.

General courses can be divided into on-site



Note: General knowledge series include health regimen lecture

courses and online courses. In 2017, the total hours of on-site courses reach 23,926.5 hours, and the budget in aggregate for educational training amounts to NT\$12,284,268. Average training hours per person are 47.1 hours with the budget reaching an average of NT\$24,182 per person. The courses for employee training reflect our emphasis on the enhancement in employees' professional skills and the provision of a comprehensive employee development channel.

Statistics regarding on-site education training are as follows

Employee education training	Number of participants	Total number of courses	Total hours of courses	Total training hours
On-site courses	6,751	326	1,617	23,926.5
Average hours (hr)	13.29	-	-	47.1

E-Training Online Learning Platform

Other than on-site courses, TDCC also develops online courses. TDCC develops diversified channels and approaches for employee learning and establishes a more appropriate series of courses through employee feedback

Fintech Series Courses

To keep abreast with the trend and respond to our business needs, TDCC establishes relevant courses including Big data to enable employees to acquire and improve skills.

Financial Innovation

Financial innovation has been an issue of concern to the financial market. It is also an important development direction for TDCC.

Training Approaches

TDCC invites experts and scholars to deliver a keynote speech or arranges employees to attend seminars presented by international celebrities and held by professional institutions. Such training can be divided into domestic and foreign education training courses:

① Domestic education training: can be classified into five types of courses including professional, elite training, management, general and applied courses.



② Foreign education courses: in addition to the training plan in 2016, employees are encouraged to attend overseas professional courses or seminars organized by domestic and foreign securities or financial institutions, including ACG cross training seminar and overseas training courses for middle management organized by Securities and Futures Institute.



◎ Professional Courses

Implementing education training courses in accordance with laws and regulations, we develop diversified courses and make use of latest technology to provide employees with courses that enhance their professional knowledge and capabilities.

Number of participants	5,877
Total number of courses	306
Total hours of courses	1,312

Professional courses include

- External training •Internal training•Tailor-made courses through external organizations (Securities and Futures Institute and Institute for Information Industry) •Continuous training on personal information certificate
- Fire training •ISO 9001:2015 courses •Personal information protection and information security promotion courses •General labor safety courses
- Personal information events reporting training and drills •Dedicated personnel courses •Compliance and anti-money laundering courses •Training for new employees (including personal information protection) •AED+CPR courses for all employees
- Information courses

Various information and security courses

TDCC emphasizes the issue on information security and focuses more on relevant training courses covering personal information protection, information security promotion, personal information events reporting, anti-money laundering, hackers' attack and other relevant issues.

◎ Management Courses

We arrange cadres' management courses training, which can be divided into internal and external training, the contents of which center around the improvement in management knowledge and capabilities.

Number of participants	280
Total number of courses	8
Total hours of courses	23

◎ General Courses

We arrange external training courses for all employees

Number of participants	489
Total number of courses	5
Total hours of courses	30

◎ Applied Courses

We provide applied courses based on business needs to assist employees in enhancing business skills and English to increase their competitive edge.

Number of participants	105
Total number of courses	7
Total hours of courses	252

Feedback of education training

In addition to designing education training based on employees' needs, TDCC also emphasizes on self-improvement. Through questionnaires collected from participants of each course, TDCC makes timely adjustment regarding the course, hoping to effectively assist every employee in enhancing corresponding capabilities. Questionnaires had been distributed to employees in a total of 109 courses, and 3,895 of which were collected. No feedback indicating unsatisfactory results has been received.

5.4

Safe Workplace

We comply with relevant laws and regulations governing occupational safety and health, striving to establish a friendly, stable and safe workplace, systematically formulate relevant measures regarding occupational safety and promote future policies in order to subsequently take various actions, including arranging multiple health promoting activities, reaching the objective of zero occupational injury, providing educational training courses concerning occupational safety and health to encourage employees to pay attention to such issues with a view to create a more comprehensive and friendly workplace in the years to come.

Labor health, Occupational Safety and Health Management

TDCC is not required to establish the "occupational safety and health management committee" in accordance with relevant laws and regulations based on the total number of employees. However, a supervisor for occupational safety and health business and an administrator for occupational safety and health are required in accordance with laws. Currently, we have the "labor safety office" and will establish an occupational safety and health team. The highest management is the Chairman. Meanwhile, we plan to incorporate issues regarding labor health or occupational safety and health management into items for discussions at the labor-management meeting and convene an occupational safety and health meeting on a quarterly basis. No violations

2017,
Occupational
injury and
absentee rate
both **0%**



Occupational Injury

There had been no occupational injury in 2017, and both the occupational injury and absentee rate were 0%. We continue to create a safe workplace and provide employees who work in shift and night shift with regular health checkups and health status tracking to look after employees' health.



of laws and regulations occurred in 2017 with regards to compliance.

Health Caring Activities

TDCC arranges various health caring activities and offers incentives to encourage employees to proactively participate in such activities so as to look after their health through such activities.

Smoking Cessation Program

TDCC responds to the government's policy and the healthy workplace certificate mechanism to commence the promotion of harmful effects brought by smokes. In addition, TDCC also encourages employees to quit smoking through different promotional events in recent years, and hopes that employees and their family members can respond to such events. We have witnessed tangible results in 2017 and continue to carry out active promotion in 2018 to establish safe and healthy workplace and look after employees'

health.

Personal Health Management

An employee is unable to maintain work efficiency without good physical health. In order to motivate employees to maintain their health and continue on health care, TDCC encourages employees to maintain healthy diet and nutrition as well as keep exercising and acquiring relevant medical knowledge so as to achieve the objective of self-health management.

Strengthen health care equipment and place

Installation of AED equipment

Installed pieces of AED equipment to protect the employees in the event of emergency. A total of 7 pieces of AED equipment had been installed.

Establish safe workplace

TDCC keeps abreast with the government's safe workplace certificate through the installation of AED equipment and the establishment of the health care room, blood pressure monitors and record card so as to look after employees' health



Blood pressure monitors and record card

Purchased 2 sets of blood pressure monitors at medical level for employees. Along with the blood pressure record card, TDCC is able to carry out self-registration and self-examination on health.

Establish health care room

Provides rooms for employees to receive consultation on physical and mental health and to take a break. Therefore, employees suffer from physical and mental illness can take a break.



Healthy workplace certificate

As TDCC arranges various health promoting activities, it obtained healthy workplace certificate granted by Health Promotion Administration and received the Badge of Accredited Healthy Workplace for "Health Activation" and "Health Promotion". Our active contribution to healthy safe workplace had been widely recognized.

Enhance employee's awareness of health

TDCC provides relevant medical knowledge on correct and healthy diet, nutrition, exercise and other aspects through E-mail, clippings, and bulletin board. In addition, TDCC arranges lecture on health once a month in general, collects employees' opinions and organizes lecture on issues such as health risks, epidemic disease prevention or other issues of concern to employees.



Lecture



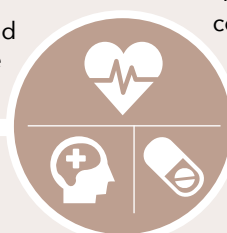
Clippings



Bulletin board



E-mail



Health status tracking

TDCC identifies employees who are exposed to health risks based on the statistics analysis of the results of the health checkups. Afterwards, TDCC takes care of the employees by providing relevant health information and arranging an on-site doctor to offer consultation service on their health conditions.



On-site doctor services

we follow up results of health checkups, take care of specific group and arrange on-site doctors to provide health consultation services

Achievements

Arranged 4 on-site doctor services with participants of 5-8 people



On-site mental consultation services

To take care of the physical and mental health well-being of employees, the Company invites physical and mental health doctors in 2017 to provide on-site evaluation services to offer employees with quality physical and mental health care

Achievements

Arranged 4 on-site mental consultation services with participants of around 4 people



Influenza vaccines services

In order to look after employees' health and to prevent the influenza virus, TDCC subsidizes the administering of influenza vaccines for employees over 50 years old.

Achievements

Arranged 2 influenza vaccines services where the number of times of injections totaled 113

Occupational Safety and Health Education and Training

2016

TDCC completed AED+CPR training for a total of 473 employees, and as many as **90%** of the employees completed the training sessions. We also completed the application of the safe workplace certificate in the beginning of October in 2016.

2017

TDCC organized second AED+CPR training courses in 2017 for a total of 433 participants. We also arranged other occupational safety and health-related education training. **The total number of trainees reaches 201, and the total hours for the courses amounts to 713 hours.**



Photograph of the CPR course

Statistics regarding the number of trainees and total hours of the labor safety education training courses are as follows

courses	Number of participants	Total number of courses	Total hours of courses
General safety educational training in 2017	180	2	560
On-the-job training for occupational safety and health personnel	6	1	39
Healthcare personnel for labor health services	1	1	27
On-the-job training for emergency personnel	11	1	33
Training courses for emergency personnel	3	1	54
Total	201	6	713

6

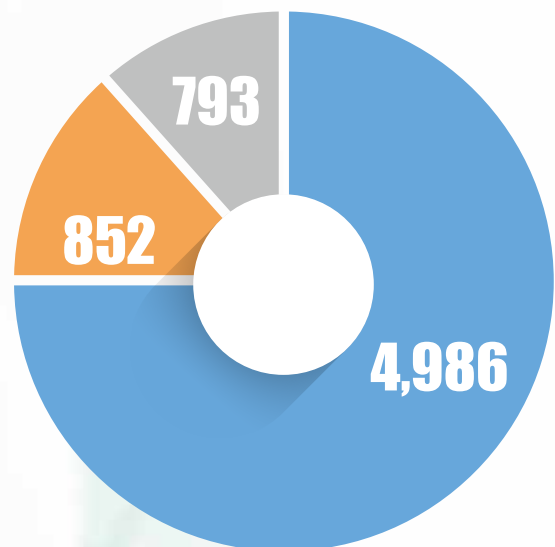
Social Engagement

- 6.1 Cultivate Future Talent in the Financial Sector
- 6.2 Promote Rural Education
- 6.3 Enhance Social Charity
- 6.4 Love from All Members: Charity Club





We continue to uphold the principle of "giving back to the society". During the course of business operation, TDCC hopes to give back to the society through our continuous efforts with the view to accomplishing our social mission and demonstrating our value. Through cultivating future talents in the financial sector, promoting education in rural areas and providing underprivileged groups with love and care, TDCC responds to the needs of the society in a proactive manner, hoping to take the lead in bringing kindness into the financial sector and the society. We invested a total of approximately NT\$63.31 million in social engagement in 2017, including NT\$49.86 million in cultivating future talents in the financial sector, NT\$8.52 million in enhancing education in rural areas and NT\$7.93 million in caring the disadvantaged group in the society.



- Cultivate future talents in the financial sector
- Providing underprivileged groups with love and care
- Promote education in rural areas

TDCC's investment in social engagement in 2017 by category (unit: NTD 10 thousand)

6.1

Cultivate Future Talent in the Financial Sector

TDCC is fully aware of the significant role of the finance and wealth management in narrowing the gap between rich and poor. On the other hand, talents have become a crucial factor in response to the international trend and market changes of digital finance. With regard to this, we invest in approximately NT\$50 million every year in industry-academia internship program, education, innovation venture fund and financial literacy courses for youth with a view to cultivating comprehensive financial talents, while simultaneously achieving universalization of financial education for sound development of the market in the future.

Industry-Academia Internship Program

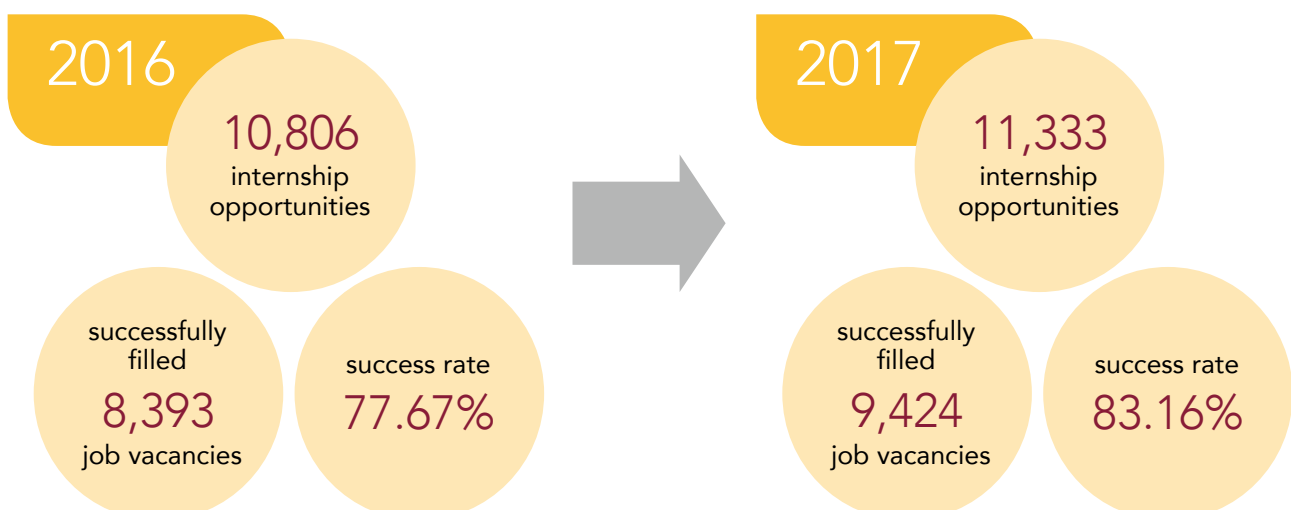
In response to the policies rolled out by the

competent authority, we have persuaded the Taiwan Stock Exchange, Taipei Exchange and Taiwan Futures Exchange to cooperate with the Ministry of Education to establish the Industry-Academia Internship Program under the guidance of the competent authority. The program encourages listed and emerging stock companies, financial institutions and professional institutions to provide students with internal internship and job opportunities upon their graduation, assisting schools in cultivating talents, satisfying enterprises' need of staffing and increasing job opportunities.

Financial Services Public Fund for Education

In order to encourage financial sector to fulfill their social responsibilities, the competent authority has entrusted the Taiwan Financial

Achievements of the Industry-Academia Internship Program in 2016 and 2017



Services Roundtable (TFSR) to arrange the establishment of the "Financial Services Public Fund for Education" and invited financial sector association, peripheral units of the financial sector and financial institutions to donate and participate. The fund generally requires at least NT\$120 million per year, among which NT\$100 million shall be used as the education scholarships and NT\$20 million for financial education courses. As the competent authority encourages the financial sector to perform its social responsibilities, TDCC has contributed NT\$10 million to the fund every year since 2015.

Financial Literacy for Youth (FLY) Courses

TDCC invited peripheral units of the financial, securities and futures sector to jointly arrange the "First Financial Literacy for Youth (FLY) Courses in 2015". The program supports students from families in straitened circumstances, provides them with a series of financial professional course training and assists them in securing professional certificates so as to enhance their employment competitiveness. Upon accomplishing the relevant training, the program helps the students with job matching so as to support their family financially.

The "Third Financial Literacy for Youth (FLY) Courses in 2017" commenced in September 17, 2017 in 8 universities in the northern, middle and eastern Taiwan. A record high of 616 senior students from 48 colleges and universities enrolled in the program in 2017. The program matched 156 and 129 participants with job opportunities in 2015 and 2016, and the successful rates were 61% and 64.82%, respectively.

Innovation Venture Fund

To fulfill the corporate social responsibilities, encourage the financial sector to engage in social welfare, and respond to the competent authorities in strengthening the development of financial industry, TDCC has participated in the "Innovation Venture Fund" since 2016. After donating NT\$25 million in 2016, TDCC continued to donate NT\$30 million in 2017 to assist the government in consolidating resources in the capital market, contribute to the innovation and entrepreneurship industry, and facilitate industry to innovate, and the integration and invigoration of the capital market so as to promote economic transformation and development.



The Third Financial Literacy for Youth (FLY) Courses in 2017 in Chihlee University of Technology



The overview of Taiwan Stock Museum's Front Hall

◎ Taiwan Stock Museum

The first Taiwan Stock Museum founded by TDCC was officially opened on December 24, 2012. The museum is free of charge and offered a total of 1,586 guided tours in 2017 with number of visitors amounting to 21,511. From its establishment to April 30, 2018, it has offered an aggregate of 8,375 guided tours with the number of visitors reaching 109,326. The Taiwan Stock Museum introduces the first stock certificate in the world, Mainland China and Taiwan. It tells abundant stories about a stock, becoming a venue that brings us memories of Taiwan's securities market. In addition, stock investment interactive experience enables visitors to have a better understanding of general wealth management knowledge of investment, risks and return through simulated investment in stocks so as to promote financial knowledge.

Promote Universalization of Financial Education

To promote financial knowledge and

fulfill corporate social responsibilities, Taiwan Stock Museum aims at providing financial knowledge education in tandem with school courses to make it become the best locations for after-school learning.

Industry-Academia Internship Program

We select 30 students from colleges and universities every year to provide them with professional training and practices and open up opportunities for internship as museum guides so as to connect with the campus and cultivate future talent in the financial sector.

Seed teacher training

80% of the visitors of the Taiwan Stock Museum are students, which fully realize our objective to promote financial knowledge education. To maximize the benefits, we arrange "high school level or below and kindergarten teaching certificate" seminar during summer vacation to enable teachers to have a brief understanding of the operation of the securities market and the Taiwan Stock Museum with the view to promoting financial knowledge for seed teacher at schools.



Taiwan Stock Museum

◎ Taiwan Securities and Futures Virtual Museum

TDCC keeps abreast with the trend in the FinTech era, establishing the official website of the Taiwan Securities and Futures Virtual Museum, introducing the augmented reality (AR) and making use of the 360-degree panorama images. With the AR technology that makes simple introduction of animation figures as well as AR photo shooting activities, the online browsing becomes more vivid. Meanwhile, the Online to Offline (O2O) model enables the user to browse the Taiwan Stock Museum at any time to have a better understanding of valuable historical data



The Corridor Introducing the Economic Development in Taiwan Stock Market

including the world's first stock certificate, Taiwan's first stock certificate and the stock certificate with the largest face value so as to create a brand new digital experience for the general public. Since its establishment, the click through rate has exceeded a total of 100 thousand times.

Digitalization of financial education

The official website of the "Taiwan Securities and Futures Virtual Museum" continues to provide digital publications, such as e-book to enable users to browse and read relevant materials through mobile devices; in addition, to provide a more diversified and pleasant audiences' experiences, TDCC incorporates the contents of high school Civics and Society textbook to subsequently produce four major series of animation covering "about the stock and the stock market", "commodity prices and unemployment", "currency and the bank" and "circulation of finance capital", with a view to providing students with financial knowledge and assisting teachers' teaching through the multimedia so as to promote financial knowledge and education.



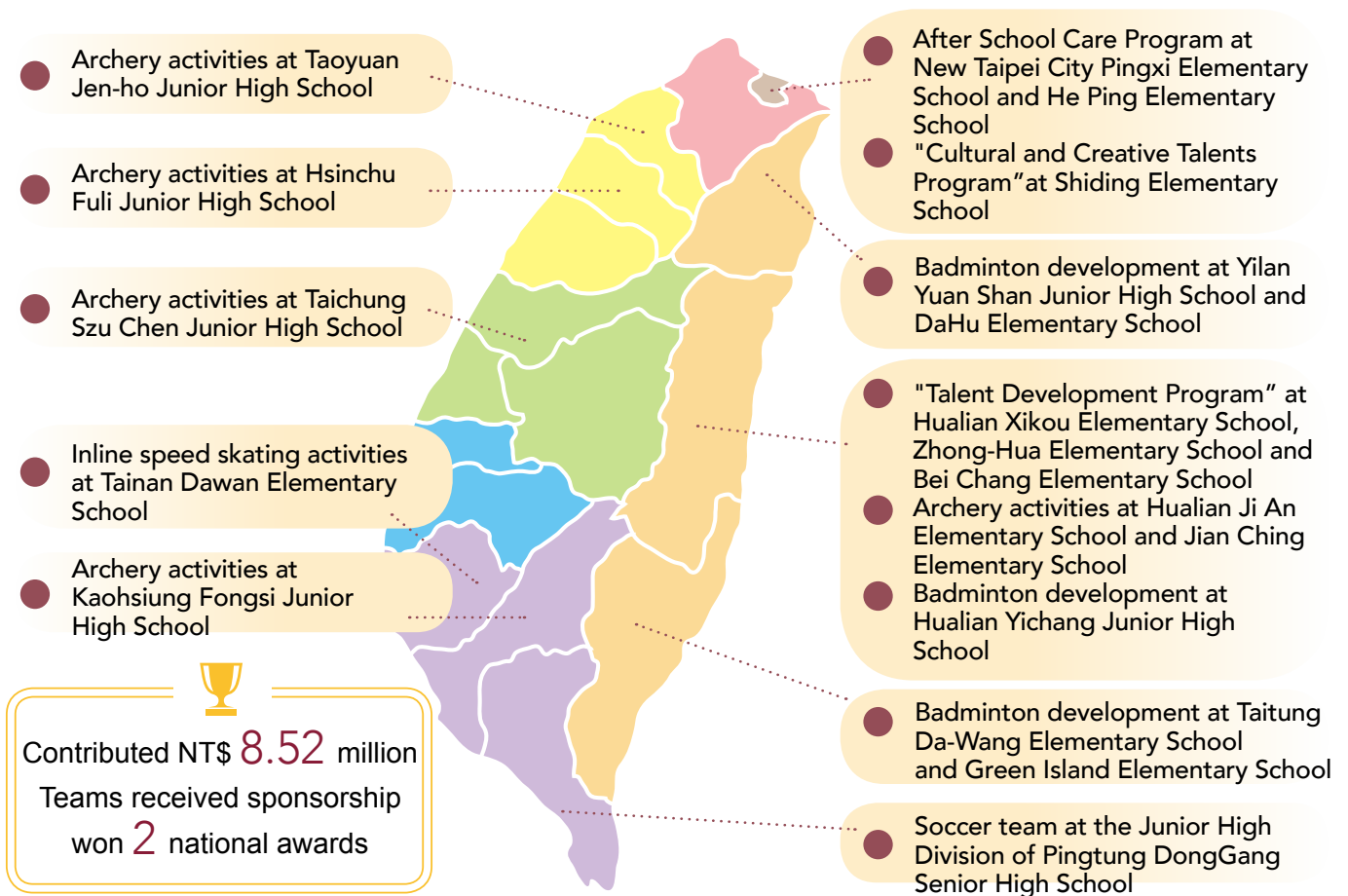
360-Degree Virtual Museum

6.2

Promote Rural Education

The urban-rural gap is one of the main factors behind economic and social issues of a country. Take Taiwan for example, the rural-urban gap in education has always been the most serious issue that requires attention. The United Nations also incorporated equal and quality education into the 17 SDGs. TDCC has continuously contributed to the education development of schools in rural areas across Taiwan (as shown below). In addition

to the projects of "After-School Care Program" and "Talent Development Program", we also encourage holistic education of students from rural areas. TDCC hopes to enhance the quality of education in rural areas by implementing the "Cultural and Creative Talents Program" and cultivating future sport talents to realize full potential of students so that they are able to dedicate themselves to future professions.



TDCC's dedication regarding providing students with education and sponsoring sport activities in rural areas across Taiwan

After-School Care Program

TDCC has arranged "After-School Care Program" since 2015, providing after-school activities for students from Pingxi Elementary School and He Ping Elementary School in New Taipei City whose parents or guardians are unable to attend to them. According to the program, schools provided students from underprivileged family with after-school care and assisted them in completing their homework. In addition, the schools also offered diversified courses including sport activities, art, self-care ability training, morality and life education.

Financial Life Education Program

We commenced cooperation with the Financial Literacy & Education Association (FINLEA) in 2016 to establish the financial life education program in order to provide approximately 5,000 students in elementary schools with education. Students are capable of applying financial skills to solve problems by themselves and acquiring useful skills for lives. As the saying goes, "Give a man a Fish, you feed him for a day; teach a man how to fish, you feed him for a lifetime". TDCC continues to promote the plan in 2017, including three activities of "financial management competition", "Little Bean's visit to school" and "young entrepreneur team", aiming to build values and responsibilities among elementary school students and enable students to achieve their goals by themselves, incorporate entrepreneurship into financial education to encourage them to achieve their goals with limited budgets, practice how to allocate and plan the use of money as well as make proper use of money that they work hard to earn.

Talent Development Program

TDCC pays attention to educational policy in rural areas, especially on schoolwork, characters and morals, skills and after-school care of students from underprivileged families. TDCC has sponsored relevant learning plans for students from underprivileged families



"Little Bean's Visit to School". the Financial Management Competition in Pingxi Elementary School



"Young Entrepreneur Team" held in Taitung



The Tear-End Showcase of Talent Development Program held in Shiding Elementary School



"Inspiring and Sharing Love with Music" held jointly by four schools in Hualien County

in Xikou Elementary School in Shoufeng Township, Bei Chang Elementary School in Ji An Township and Chung Hua Elementary School in Hualien City recommended by Education Department of Hualien County Government. Due to subsidies provided by TDCC and dedicated operations maintained by schools, education quality substantially increased and after-school care and learning for students from underprivileged families are properly taken care of, which had been widely recognized by all sectors in Hualien area.

Education can change a children's future and create value for lives. Every child has a story about life. As the seed can grow into a big tree inhabited by migratory bird after care provided by each "gardener," a child can thrive in the future upon proper cultivation.

In addition, we initiated the plan regarding "Inspiring and Sharing Love with Music" to assist disadvantaged students in making a breakthrough in their lives and starting lives with infinite possibilities.

Cultural and Creative Talents Program

TDCC has kept sponsoring Shiding Elementary School, New Taipei City to arrange the Cultural and Creative Talents Program since 2011 to provide disadvantaged students with after school care. Schools usually assign teachers to assist students in completing homework and offer diversified courses, strengthen self-management capabilities and develop good habits. The diversified and extensive courses enable children to enjoy meals and receive love and care that they yearn for.

Cultivating future sport talents: soccer, archery, badminton and inline speed skating

TDCC works with the competent authority to urge the financial sector to engage in social welfare event and respond to the government



President Meng visited the soccer team of Pingtung Dong Gang Senior High School

in supporting sport events. Since 2014, TDCC has successively sponsored items for sport training and learning, including soccer, archery, badminton and inline speed skating in schools located in rural areas. TDCC hopes that the support in schools' development of sport enables students from disadvantaged families to have better opportunities to get access to equipment and participate in tournaments, making an effort in cultivating talent in the country and winning more medals in international competition and international recognition for Taiwan. In order to have a better understanding of relevant plans implemented by schools that received subsidies as well as the learning progress of students in such schools, TDCC has paid multiple visits to schools. On May 17, 2017, Gloria Ching, the Secretary General of TDCC, visited Hualien with colleagues to attend the concerts "Inspiring and Sharing Love with Music" mainly held by Chung Hua Elementary School and jointly arranged by Xikou Elementary School, Bei Chang Elementary School and Fu Hsing Elementary school in Hualien at the Performing Arts Center of Culture affairs Bureau of Hualien County. On May 18, TDCC visited Ji An Elementary School and Yi Chang Junior High School to have a better understanding of the development progress of archery and badminton activities that TDCC sponsored. In addition to checking the implementation progress, TDCC also paid attention to the training and learning and took this opportunity to understand students' actual needs

to take the observations as the foundation of the future sponsor program. On March 29 and 30, 2018, Ching-Li Meng, the President, and Gloria Ching, the Secretary General, visited Pingtung DongGang Senior High School (soccer), Kaohsiung Municipal Fongsi Junior High School (archery),

Dawan Elementary School in Tainan City (inline speed skating) and Taichung Municipal Szu-Chen Junior High School (archery) and held discussions with the school representatives, aiming to enhance the implementation efficiency through mutual cooperation.

◎ Soccer

TDCC has sponsored the soccer team in Pingtung DongGang Senior High School since 2014, donating fees relating to the training and safety protection equipment of soccer team members. Due to TDCC's sponsorship, the soccer team achieved better performance than before. In 2017, the team recorded outstanding accomplishment in the middle school futsal tournament. The team not only won the championship in the preliminary game in southern Taiwan, but also won successive six games and eventually had its first grand championship in the country.

On August 25 and 26, 2017, Pingtung DongGang Senior High School arranged the "2017 Thrid Youth Soccer Tournament". Wu Li-Hsueh, Deputy magistrate of Pingtung County, also attended the game to encourage team members to win honor for the school. Ching-Li Meng, the President, Gloria Ching, the Secretary General, and their colleagues traveled to Pingtung from Taipei to cheer for the team. After 8 games within 2 days, DongGang Senior High School won the championship of the junior high schools and Laiyi Senior High School won the second place.



2017 Third Youth Soccer Tournament

◎ Badminton

After donating to relevant training and learning programs of the badminton team of Yi Chang Junior High School recommended by the Hualien County Government in 2016, TDCC sponsored Da Wang Elementary School in Taimali Township and Green Island Elementary School of Green Island Township recommended by Taitung County Government as well as Yuen Shan Junior High School and Dahu Elementary School in Yuanshan Township recommended by the Yilan County Government to assist students

in rural areas in developing their badminton skills through resources contributed by enterprises.



The visit to Yi Chang Junior High School in Hualien County

◎ Inline Speed Skating

The inline speed skating of Taiwan has always achieved excellent performance in international competitions such as world championship and Universiade. Inline speed skating is a thriving sport of Taiwan that has attracted global attention in international sport events. Since 2017, we have donated to the representative team of inline speed skating in Dawan Elementary School in Tainan City, as one of its outstanding alumni is the female inline speed skater Yang Ho-Chen in Universiade. A country's development is embodied in its development of sport activities. In 2017, we were amazed by athletes' performance. Yang Ho-Chen, a female inline speed skater, who won five gold medals and one copper medal in the Universiade 2017, which was not only an outstanding performance, but also played a leading role in promoting the trend of the

inline speed skate learning. It was an excellent chapter in the inline speed skating events in Taiwan's history. TDCC also expected that the story of Yang Ho-Chen is able to motivate the youth in accomplishing excellent performance in international sport events.

Thanks to the cooperation opportunity with Yang Ho-Chen, TDCC further invited her to engage in the filming of "Maintain Discipline with the Inline Speed Skating Golden Medal Winner in Universiade Yang Ho-Chen" to promote a charity event. TDCC hopes that her devotion and insistence in sports and the practices of discipline can be combined with the notion of constant and periodic investment plan, with the aim of encouraging the youth to have a correct concept of wealth management. The viewership of the video since its launch in April 2018 amounted to 1.56 million, achieving the objective of cooperation and promotion.



The donation ceremony of inline speed skating team of Dawan Elementary School

◎ Archery

Since 2016, TDCC donated to relevant training and learning programs of archery activities in Jen Ho Junior High School in Taoyuan City, Taichung Municipal Szu-Chen Junior High School, Kaohsiung Municipal Fongsi Junior High School, Hsinchu Fuli Junior High School, Ji An Elementary School and Jian Ching Elementary School in Huanlien recommended by Sports Administration in order to support the basic development of archery so that students from disadvantaged families can utilize better equipment and have better opportunities to engage in competitions. By doing so, students can concentrate more on the learning of both academic and sports and achieve outstanding



performance in respective competition. For example, Ji An Elementary School won the second place in the elementary school mixed competition of the 2017 National President's Cup of Archery Tournament, breaking the record of the archery tournaments of the school.

◎ TDCC archery tournament

On April 14, 2018, we held the "First TDCC Archery Tournament" in Fuli Junior High School, Hsinchu City. All of our managers and friends from the mass media formed amazing cheerleaders. As students felt care from other people, each of them showed their best in the competition, demonstrating the efficiency of the training program.

As Taiwan has pinned the hope on the youth, athletes and instructors have to put an effort in achieving excellent performance. Due to the support from enterprises, students in rural areas are able to realize their dreams to become archers. Meanwhile, instructors' wholehearted contribution and devotion also motivate athletes to thrive in the fields.

After intense competition throughout the day, Szu-Chen Junior High School won the champion in the male competition of the junior high school group, while Fuli Junior High School was the champion of female group. In terms of the elementary group

competition, Ji An Elementary School won the champion of the male group, while Hsiang Shan Elementary School won the champion of the female group.



The story of the "Cajón Group" of Huanlien Chung Hua Elementary School

TDCC continued to sponsor Huanlien Chung Hua Elementary School to create opportunities for students to perform onstage through "Cajón Group", thereby broadening their horizon, creating an environment full of love, care and friendship. After nearly three years of efforts, although there are obstacles, difficulties and even injuries, students are able to overcome adversity and embrace unique and wonderful future due to extensive love and care.

Hsiao Chun: I embrace my life with hope and dream

Hsiao Chun pays attention to every learning and practice. Hsiao Chun's father and mother (from Vietnam) are 76 and 30 years old respectively. She was always the first to attend the music class. Despite depression due to parents' divorce, it always cheered her up when playing the instrument. She mentioned that she never felt lonely anymore because of the music.

Ah-Wei: Move forward, blessings ensue

Ah-Wei came from a disadvantaged family. Her mother married three times. As her stepfather and mother work in the night shift, she has to take care of herself every day. Ah-Wei is sweet and shy and always yearns for a best friend as she finds it difficult to maintain relations with other peers. However, her world has been opened due to one performance after another, and she becomes more confident because of the applause from audience.



Visit of Cajón Group to TDCC

The story of the archery team in Ji An Elementary School in Hualien

TDCC has sponsored the archery team of Ji An Elementary School. The team participated in the National President's Cup of Archery Tournament in November 2016 with other excellent archers from different schools at all levels in Taiwan at the field of National Chung Cheng University. Both Chen Wen-Sheng and Chen Wen-Hsin, brother and sister, won the third place of the 30-meter single game of the male group in the sixth grade and female group in the fifth grade, respectively.

Wen-Sheng and Wen-Hsin: Embracing bright future with their outstanding skills in archery

Wen-Sheng has received training with his cousin since the third grade. The basic and the physical training are not easy tasks for an active student. However, Wen-Sheng never gives up attending the training courses. He always plays the role of a brother well in the family, being considerate of his parents. Guided by the instructor Wu You-Chun at the archery field, Wen-Hsin also received training with her brother since the third grade. Being shy but resilient, Wen-Hsin wept a lot because she did not know how to express her feeling during the process of strict training, but she kept practicing after wiping her tears. Wen-Sheng is now a member of the sport class in the junior high school and continues to make an effort in polishing the skill. And Wen-Hsin won the second place in the elementary school mixed competition of the 2017 National President's Cup of Archery Tournament.



Students from Ji An Elementary School, Chen Wen-Sheng and Chen Wen-Hsin visited the Taiwan Stock Museum

6.3

Enhance Social Charity

In order to fulfill our goal of "giving back to the society", we continue to cooperate with several charity groups and NGOs to have a better understanding of the needs of the disadvantaged groups. In addition to the sponsorship, we arranged the "charity market events and

donations" in the 28th anniversary of TDCC in 2017 to provide a platform for respective charity groups to promote their events. Other than charity sales and performance, TDCC also fostered relations with the general public, promoted social care and provided disadvantaged groups with supports.

Elderly Care (Eden Social Welfare Foundation)

Based on the notion of corporate care and social responsibilities, TDCC provided disadvantaged elderly with care, responded to "aging in place" advocated by Eden Social Welfare Foundation, and took proper care of the elderly's living quality. Since 2015, TDCC has provided support in establishing the station providing assistance devices and

became a partner with Eden Social Welfare Foundation to take care of the elderly in rural areas. In 2017, TDCC has continued to sponsor "Elderly Welfare Services Center in Jhongliao Township of Nantou" of Eden Social Welfare Foundation by providing subsidies of NT\$500,000, aiming to create a warm place with various functions for the elderly.



The visit to Elderly Welfare Services Center in Nantou

28th anniversary charity fair

To celebrate the 28th anniversary, TDCC held a charity fair in November 4 at Songshan Cultural and Creative Park. While celebrating, TDCC also demonstrated the fulfillment of corporate social responsibilities and the realization of the objective of giving back to the society. In addition to charity sales and brilliant performance, TDCC also

invited hundreds of children and parents from Southern Taipei branch of Taiwan Fund for Children and Families and donated funds amounting to NT\$1.63 million to 12 charity groups including the R.O.C visually impaired association so as to provide love and care. We truly believe that corporate social responsibility serves as the foundation and is the notion of sustainable development and a happier society.



28th anniversary charity fair

Blood Donation for Charity

2017 is the eighth consecutive years for TDCC to arrange blood donating events, in addition to donating 10,000 bags of blood to Taipei Blood Center, TDCC encouraged their colleagues and employees from other companies in the building to participate in blood donating events on November 21, 2017. TDCC has donated a total of 202 bags

of blood, proving care during the harsh winter in the day. TDCC has arranged blood-donating events for years. A total of 80,000 empty bags have been donated by TDCC with donated blood totaling 336,000cc. The efficiency of the charity events arranged by TDCC has been widely recognized and appreciated by Taipei Blood Center.



Chairman Lin received the recognition from Taipei Blood Center

6.4

Love from All Members: Charity Club

In order to enhance connection between TDCC and social groups, TDCC has established the Charity Club since 2011 to integrate employees' care for the society, the disadvantaged groups, donations and relevant resources. TDCC strategically selects disadvantaged groups to sponsor to enable the groups to utilize the funds in a more systematic and efficient manner; on the other hand, we also pay close attention to the society's needs to make contribution on a more flexible basis. Since its establishment, the charity club has donated over NT\$5.08 million contributed by all employees of TDCC. The fund is mainly used in activities such as charity sales, emergency subsidies and care for disadvantaged groups in the society.

We have sponsored "The Syin-Lu Social Welfare Foundation", "Happy for Life Charity Foundation (快樂一生慈善基金會)", Taitung "Christian Care for Children at Risk (基督教阿尼



色弗兒童之家)" and Yilan "An An Man Fei Family Care Association (安安慢飛天使家庭關懷協會)". Furthermore, we acquire updated information regarding social needs through the news media and interaction with NGOs so as to provide timely assistance. For instance, we attended the shoes donation event in 2017 arranged by Taipei Revival Church. A total of 14 boxes of second-hand shoes donated by employees were cleaned and sent to students in Eastern Africa to enable them to go to schools without being bitten by Chigoe flea.



Since the establishment of the Charity Club in 2011, the major achievements include:



Donated over
NT\$ **5.08**
million



Arranged over **17**
events regarding
employee donations
and charity sales

Appendix 1: GRI G4 Index

「 * 」 refers to material issues

1 General standard disclosure

Categories/ Aspects	No.	GRI Indicators	Corresponding Chapter	Page	Remarks
Strategy and Analysis					
Core	G4-1	Statement from the organization's top decision maker on the organization's sustainability policies	Letter from the Chairman & CEO	5	
Organizational Profile					
Core	G4-3	Name of the organizational	About the Report	4	
Core	G4-4	Primary brands, products, and services	1.2 About TDCC and Business Core Value	18	
Core	G4-5	Location of the organization's headquarter	About the Report	4	
Core	G4-6	The number of countries, and names of countries where the organization operates	About the Report	4	
Core	G4-7	Nature of ownership and legal form	1.2 About TDCC and Business Core Value	18	
Core	G4-8	Market served	1.2 About TDCC and Business Core Value	18	
Core	G4-9	The scale of the organization	1.2 About TDCC and Business Core Value	18	
Core	G4-10	Report the composition of employees	5.1 Human Resources	77	
Core	G4-11	Report the percentage of total employees covered by collective bargaining agreements	5.1 Human Resources	77	
Core	G4-12	Describe the organization's supply chain	1.2 About TDCC and Business Core Value	18	
Core	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	There was no significant change during the reporting period	-	
Core	G4-14	Describe whether precautionary approach or principle is addressed by the organization	3.2 Risk Control	40	
Core	G4-15	List all economic, environmental, and social charters, principles, or other initiatives initiated externally and signed or approved by the Company.	The Company did not sign relevant charters, principles or initiatives	-	
Core	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the Company participates	1.2 About TDCC and Business Core Value	18	
Identified Material Aspects and Boundaries					
Core	G4-17	The entities included in the organization's consolidated financial statements	1.2 About TDCC and Business Core Value	18	

Categories/ Aspects	No.	GRI Indicators	Corresponding Chapter	Page	Remarks
Core	G4-18	Explain the process for defining the report content and the aspect boundaries	2 Material Issues Analysis and Communication with Stakeholders	27	
Core	G4-19	List all material aspects identified	2 Material Issues Analysis and Communication with Stakeholders	27	
Core	G4-20	For each material aspect, report the aspect boundary within the organization	2 Material Issues Analysis and Communication with Stakeholders	27	
Core	G4-21	For each material aspect, report the aspect boundary outside the organization.	2 Material Issues Analysis and Communication with Stakeholders	27	
Core	G4-22	Report the effect of major revisions and reasons for revisions in any information provided in previous reports		-	Not applicable, as this is the first CSR report
Core	G4-23	Significant changes in the scope and aspect boundaries between this reporting period and the last report.		-	Not applicable, as this is the first CSR report
Stakeholder engagement					
Core	G4-24	A list of stakeholders	2 Material Issues Analysis and Communication with Stakeholders	27	
Core	G4-25	Basis for identification and selection of stakeholders	2 Material Issues Analysis and Communication with Stakeholders	27	
Core	G4-26	Approach to stakeholder engagement	2 Material Issues Analysis and Communication with Stakeholders	27	
Core	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	2 Material Issues Analysis and Communication with Stakeholders	27	
Report profile					
Core	G4-28	Reporting period	About the Report	4	
Core	G4-29	Date of most recent previous report	About the Report	4	
Core	G4-30	Reporting cycle	About the Report	4	
Core	G4-31	Contact point for questions regarding the report and its contents	About the Report	4	
Core	G4-32	Report the "in accordance option" and external assurance	About the Report	4	
Core	G4-33	Related policy and current practice with regard to seeking external assurance for the report	About the Report	4	
Governance					
Core	G4-34	The governance structure of the organization, including committees of the highest governance body/ identify any committees responsible for decision-making on economic, environmental and social impacts.	3.1 Corporate Governance	36	
Ethics and Integrity					
Core	G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	3.1 Corporate Governance	36	

2 Specific standard disclosures

Categories/ Aspects	No.	GRI Indicators	Corresponding Chapter	Page	Remarks
Financial aspect					
Economic performance	G4-EC1	Direct economic value generated and distributed by the organization	1.2 About TDCC and Business Core Value	26	
Indirect economic impact	G4-DMA	General disclosure of the management approach	4.1 Comprehensive Financial Market Infrastructure and Regulation	44	
	*G4-EC7	Development and impact of infrastructure investments and services supported	CH4 Sustainable Financial Services, CH6 Social Engagement	42,92	
Environmental aspect					
Legal compliance	G4-DMA	General disclosure of the management approach	3.1 Corporate Governance	36	
	*G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	3.1 Corporate Governance	36	There were no relevant incidents
Social aspect					
Employment relations	G4-DMA	General disclosure of the management approach	5 Friendly Workplace	75	
	*G4-LA1	Total number and proportion of new employee hires and employee turnover by age group, gender, and region	5.1 Human Resources	77	
	*G4-LA2	Benefits provided to full-time employees (excluding temporary and part-time employees) by significant locations of operation	5.2 Compensation and Benefits	82	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	5.4 Safe Workplace	89	
Equal remuneration for women and men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	5.1 Human Resources	77	
Labor practices grievance mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	5.1 Human Resources	77	
Anti-corruption	G4-DMA	General disclosure of the management approach	3.1 Corporate Governance	36	
	*G4-SO4	Communication and training on anti-corruption policies and procedures	3.1 Corporate Governance	36	
Legal compliance	G4-DMA	General disclosure of the management approach	3.1 Corporate Governance	36	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	3.1 Corporate Governance	36	
Product and service labeling	G4-DMA	General disclosure of the management approach	4.2 Customer Services	60	
	*G4-PR5	Results of surveys measuring customer satisfaction	4.2 Customer Services	60	
Marketing communication	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications (including advertising, promotion, and sponsorship) by type of outcomes	3.1 Corporate Governance	36	There were no relevant incidents
Customer privacy	G4-DMA	General disclosure of the management approach	4.2 Customer Services	60	
	*G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	4.2 Customer Services	60	There were no relevant incidents
Legal compliance	G4-DMA	General disclosure of the management approach	3.1 Corporate Governance	36	
	*G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	3.1 Corporate Governance	36	There were no relevant incidents

Appendix 2: Independent Assurance Statement

DNV GL

Independent assurance statement

Scope and approach

Taiwan Depository & Clearing Corporation (TDCC or the "Company") commissioned DNV GL Business Assurance Taiwan ("DNV GL") to undertake independent assurance of the 2017 Corporate Social Responsibility Report (the "Report") for the year ended 31 December 2017.

We performed our work using the Global Reporting Initiative's Sustainability Reporting Guidelines Version G4 2013 ('GRI G4'), and the AA1000 Assurance Standard (2008).

We understand that the reported financial data and information are based on data from the company's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing the evaluation of reporting principles and selected performance information with a Type I and 'Moderate level' of assurance, according to AA 1000.

Responsibilities of the Directors of Taiwan Depository & Clearing Corporation and of the assurance providers

The Directors of Taiwan Depository & Clearing Corporation have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of TDCC; however, our statement represents our independent opinion and is intended to inform all of TDCC stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

We have no other contract with TDCC and this is the first year that we have provided assurance. DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current corporate responsibility issues that could affect TDCC and are of interest to stakeholders;
- Review of TDCC approach to stakeholder engagement and recent outputs;
- Review of information provided to us by TDCC on its reporting and management processes relating to the Principles;
- Interviews with selected Directors and senior managers responsible for management of corporate responsibility issues and review of selected evidence to support issues discussed;
- Site visits to the major site at Taipei HQ to review process and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy;
- Review of supporting evidence for key claims and 2017 data in the report. Other years' data reported in the report are not within the scope of our work. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.

Page 1 of 2

This Assurance Statement is based on the information made available to us and the engagement conditions detailed above. Hence, DNV GL cannot guarantee the accuracy or correctness of the information. DNV GL cannot be held liable by any party relying or acting upon this Assurance Statement.
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- An independent assessment of TDCC's reporting against the Global Reporting Initiative (GRI) G4 Guidelines.
- The verification was conducted based only on the Chinese version Report.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe TDCC's adherence to the Principles. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Observations

Without affecting our assurance opinion we also provide the following observations.

- Enhancing the materiality review process to objectively identify specific CSR issues and to decrease the nonsignificant issues to be included in the report.
- System method to collect data is encouraged for continual collecting data for those identified indicators and objectives, to benefit the continual CSR reporting.

Materiality

The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. A methodology has been developed to evaluate the priority of these issues.

Completeness

The Report covers performance data against the GRI G4 core indicators that are material within the Company's reporting boundary. The information in the Report includes the company's most significant initiatives or events that occurred in the reporting period.

Accuracy and Reliability

The Company has developed the data flow for capturing and reporting its CSR performance. In accordance with Moderate level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified CSR data and information presented in the Report is not reliable.

For and on behalf of DNV GL Taiwan
Date: 29 May, 2018



Nasa Chen
Lead Verifier
DNV GL – Business Assurance Taiwan
Statement Number: 00005-2018-ACSR-TWN



David Hsieh
Sustainability Service Manager,
Greater China

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TAIWAN DEPOSITORY & CLEARING CORP.

Publisher: Sherman Lin

Published by Taiwan Depository & Clearing Corporation

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Published in June, 2018



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<http://www.tdcc.com.tw> 刊物編號：04-10708221