Slavery and Human Trafficking Statement for year ended 31.12.2019

In accordance with the legislative requirements passed in the UK under the Modern Slavery Act 2015, the following Slavery and Human Trafficking Statement is issued by Bank of Taiwan London Branch (the "Branch") for the year ended 31.12.2019.

The Government of Taiwan supports the principles of human rights and has adopted 2 international human rights treaties. Bank of Taiwan is wholly owned by the Government and is guided by the Government principles. This statement outlines the steps taken by the Branch, which we believe mitigate the potential risk of modern slavery occurring in our business and supply chains.

1. Bank of Taiwan structure and business
Bank of Taiwan is a commercial bank incorporated in Taiwan under the laws of the Republic of China. The Bank consists of a branch network in Taiwan (163 branches) together with an Offshore Banking branch and 11 other overseas branches including London. The London Branch office of Bank of Taiwan is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

The Branch activities focus on wholesale banking; participation in syndicated loans, own investment in securities and bonds and money market deposits. There is also a small volume of cross border payments undertaken as a service for other overseas and domestic branches of the Bank in Taiwan. The supply chains to the London Branch consist of normal office supplies and services with the majority of suppliers being located in the UK.

All branch activities are conducted from a single office located in London with a staff complement of 17 and financial transactions are undertaken in the main with companies in Europe and financial institutions located in Europe or Asia. The originators and beneficiaries of the payment services are generally located in Taiwan and the UK.

2. Slavery and Human trafficking policy
The Branch is committed to understanding the offences of modern slavery including slavery, servitude, forced or compulsory labour and human trafficking to ensure that there is no modern slavery in its business or supply chains.
The Branch will terminate any relationship with a business partner or supply chain where it is evident or identified as part of the Branch due diligence processes described below, that there is involvement in any offence under the Modern Slavery Act.

The Branch recognises that the proceeds of modern slavery will ultimately be subject of money laundering with criminal gangs attempting to transfer funds to different locations and accounts. The Branch has detailed anti-money laundering policies and procedures to prevent the processing of the proceeds of crime and the reporting of suspicious transactions. The Branch understands the importance of identifying the proceeds of modern slavery as part of the anti-money laundering processes and that this can help to disrupt organised crime and exploitation of vulnerable persons.

Branch staff are required to demonstrate and maintain appropriate moral and ethical standards in the performance of their duties. Employees who become aware of inappropriate behaviour or encounter potential violations of human rights are obligated to report their concerns. Staff are required to report any transactions where there is a suspicion of money laundering or the processing of criminal proceeds, which includes any form of modern slavery offence in the UK including labour exploitation, domestic servitude, sexual exploitation or criminal exploitation. In particular staff are informed to look out for certain industries, where modern slavery may be more prevalent such as construction, agriculture and fishing.

Bank of Taiwan is committed to respecting the human rights of its employees as demonstrated in the employment policies and practices. The Bank treats staff and management with high values and standards, taking care always to cultivate mutual trust and respect. Managers are expected to lead by example and to inspire their teams to conduct business according to the highest standards of ethics and professional behaviour. The Branch ensures that its employees are able to work in a safe and professional environment free of any discrimination or differential treatment or harassment in any form. The Branch ensures that its remuneration policy is in line with legal requirements and that it is competitive, which is important in our ability to recruit and retain staff. All staff are hired directly from the UK market or are expatriates transferred to the Branch by Head Office.

The Branch holds a licence by the UK Border Agency to sponsor Tier 2 (Intra-Company Transfer) migrants to be employed at the Branch. The Branch is rated A by the UKBA and is required to meet specific standards in the employment of its staff and preventing illegal working.

3. Due Diligence processes
Bank of Taiwan London Branch is aware of its responsibilities under the Modern Slavery Act 2015 and undertakes due diligence checks as follows:

a. Suppliers. When the Branch engages with a supplier, checks are made on supplier contracts or terms of business to ensure that there are clauses present relating to policy or processes to prevent modern slavery, which address the human rights of employees, agents and supply chains, as appropriate. Where there is deemed to be a risk of modern slavery in its provision of products or services, the Branch will not deal with any company or supplier. The Bank is a State-Owned Enterprise of Republic of China (Taiwan) and is, therefore, required to follow Government Procurement Act and related regulations and to vet each supplier in conducting any procurement. No organisation in the Branch's current supply chain is considered to be involved in modern slavery.

The Head Office of Bank of Taiwan provides IT and Management Services to the Branch under a service level agreement. The service level agreement contains undertakings by the Bank to comply with requirements of the Modern Slavery Act.

b. Products and customers. Bank of Taiwan has various policies and procedures designed to prevent the Bank's products from being used for improper purposes, including anti-bribery and corruption, anti-money laundering and counter terrorist financing; modern slavery may underlie any of these crimes. The Bank is required to have in place customer due diligence processes designed to comply with international laws and regulations and to counter financial crime and corruption. As part of the customer due diligence processes, the Branch will identify its potential customers, corporations and financial institutions, which present a higher risk of financial crime, corruption or involvement in human trafficking. These processes include examination of modern slavery statements (where applicable), policies on corruption, anti-money laundering, counter terrorist financing and human rights. The Branch also checks for adverse media on all customers, which might indicate weaknesses in systems and controls which mitigate the risk of financial crime or modern slavery.

c. Anti-money laundering/Proceeds of Crime. The Branch has specific policies and procedures for undertaking customer due diligence and obtaining Know Your Customer information. In processing payments the Branch utilises software which will analyse trends in the payments and which will report on transactions which require further due diligence. The Branch has processes in place to examine such transactions, to understand the underlying purpose and the relationship and business of the parties in the payments and if appropriate to obtain evidence on the source of the funds in the payment and KYC information obtained by respondent banks. There are common forms of exploitation and
such types of business are red flags to be examined more closely. In this way the Branch may identify suspicious transactions and report such to the National Crime Agency.

4. Senior Management responsibilities and training
The senior management of Bank of Taiwan London branch is responsible for ensuring the appropriate attention and resources are provided within the Branch to ensure that slavery and human trafficking is not taking place within any of its business dealings or in its supply chain.

All staff are required to take online training and tests annually on Culture and Ethics, Financial crime, Money Laundering and Countering bribery and corruption, all of which have content pertaining to Modern Slavery. Each member of staff has a responsibility to raise any concerns relating to the requirements under the Act and the identification and reporting on human rights issues in their normal business dealings with any business partner. Branch employees should report any queries and concerns to the Branch Nominated Officer.

5. The Evolving Process
Bank of Taiwan recognizes that modern slavery issues may be complex and changing in nature. The Bank will continue to maintain policies and processes, which will fulfil the role of the Bank in promoting respect for human rights and in identifying the potential risk of modern slavery. The Bank will review its practices in response to changing circumstances and ensure that it continues to meet its legal obligations and its ethical role.

This statement has been prepared by the senior management of Bank of Taiwan London Branch and approved by the Board of Managing Directors of the Bank on 15.05.2020. The President of the Bank in Taiwan (member of the Board of Directors) and the General Manager of London Branch have signed the statement below. The statement will be reviewed and updated annually.

Signed:  

Spencer Tsao  
Vice President & General Manager  
Bank of Taiwan London Branch

Ye-Chin Chiou  
Managing Director & President  
Bank of Taiwan

Date: JUN 20 2020