

2016 Annual CSR Report

corporate
social
responsibility





About This Report

First Financial Holding Co., Ltd. (hereinafter referred to as "FFHC" or "the Company") published its first corporate social responsibility (CSR) report in 2012 (for FY2011). To date, the Company has issued an annual CSR report for six consecutive years and also began publishing the English-language edition of its CSR report in 2015 (for FY2014). The purpose of these reports is to actively engage and communicate with various classes of stakeholders in order to relay important information concerning FFHC and its numerous subsidiaries ("the Group"), including our sustainable development strategies, action plans, latest performance and achievements, and future plans and objectives.



Reporting Period

The FFHC 2016 Corporate Social Responsibility Report (hereinafter referred to as "this Report") discloses the performance and actions of FFHC with regard to various aspects including economic, social, environmental, and governance for calendar year 2016 (January 1 to December 31, 2016). To better illustrate our latest advances and demonstrate changes in growth, some of the information contained in this Report goes back to 2012 and 2015.



Scope and Aspect Boundaries

The contents of this Report encompass First Financial Holding Company and its seven subsidiaries, including First Bank, First Securities, First Securities Investment Trust, First-Aviva Life Insurance, First Financial Asset Management, First Consulting, and First Venture. In terms of operational adjustments made to the Group's subsidiaries, due to a decision made by Taiwan's regulatory authorities concerning banking regulations which now permits banks to engage in the insurance brokerage business, certain actions were taken in order to consolidate the Group's resources and boost overall operating efficiency and performance. To this end, First P&C Insurance Agency – originally an FFHC subsidiary – was formally liquidated and dissolved on July 1, 2016. In addition, First Insurance Agency and First Bank, which were originally classified as tier-2 subsidiaries of the Company, were merged together, and all business relating to insurance brokerage now falls under the direction of First Bank. Consequently, the Company established a new insurance brokerage office, allowing us to continue to provide all of our customers with the best and most comprehensive services.

In terms of the Company's environmental performance, the scope of disclosure of relevant data contained in this Report is sourced from FFHC's operational sites located in the Taiwan region (which does not include the branch organizations of three FFHC subsidiaries, namely First Securities, First Securities Investment Trust, and First Financial Asset Management). Relevant statistical data and figures are calculated based on commonly-accepted international standards, and all financial data are calculated and presented in New Taiwan Dollars (expressed as NTD or NT\$).



Reporting Principles

The basis and framework of this Report are based on the Global Reporting Initiative (GRI) G4 guidelines. The content includes reference tables derived from the GRI Financial Services Sector Supplement, UN Global Compact, and ISO 26000 Social Responsibility Guidelines. We will continue to compile and publish this CSR report on an annual basis. The previous report was published in June, 2016. Complete reports are available for download and viewing by the general public on the First Financial Holding corporate website under the Corporate Social Responsibility section.



External Assurance for this Report

This Report has been verified by the British Standard Institution (BSI), an independent third-party certification body, as being in accordance with the AA 1000 validation standard and the GRI G4 guidelines in terms of materiality, inclusiveness, and responsiveness. The content disclosed in this Report matches the core requirements of the GRI G4 guidelines. The independent assurance statement from BSI is included in the Appendix.



How to Contact Us

Corporate Governance Section, Administration Division, First Financial Holding Co., Ltd.
 Telephone : +886-2-23485366 / +886-2-23485364 Fax : +886-2-23119691
 Address: No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan, ROC
 E-mail : i15906@fhc.com.tw / i92122@fhc.com.tw
 Website : http://www.firstholding.com.tw/tw/csr/csr_b01.htm

CSR Reports published by FFHC in previous years:



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Awards and Acknowledgments

2017

05

First Financial Holding won the 13th Global Views Corporate Social Responsibility awards "CSR Annual Award - Financial Industry Model".

First Financial Holding Co., Ltd. has supported the « Part-time Job Program for Youths from Underprivileged Families » for six consecutive years and was awarded a certificate of appreciation by the Ministry of Education.

First Financial Holding Company received certification by the British Standards Institution (BSI) for the FFHC Corporate Social Responsibility Report for the fifth consecutive year.

04

Ranked in the top 5% of the Corporate Governance Assessment Program for the third consecutive year.

03

First Bank was awarded first place in the 11th phase of the "Enhanced SME Lending by Domestic Banks - Group A" and the "School and Community Financial Education - Participation Award" by the Financial Supervisory Commission (FSC).

First-Aviva Life Insurance recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 18th consecutive time.

2016

12

First Financial Holding Company was presented with the "Best Corporate Social Responsibility" distinction award during the 8th annual "Great Award" by the Taiwan Academy of Banking and Finance (TABF).

First Financial Holding Company was presented with a certificate of appreciation by the MOE Youth Development Administration for the "Work-Study Program for Youths from Economically Disadvantaged Families".

First Bank was presented with the "Best Overseas Development" distinction award during the 8th annual "Great Award" by the Taiwan Academy of Banking and Finance (TABF).

First Bank was awarded with the "Special Contribution Award" for the third year in a row by the Ministry of Economic Affairs (MOEA) for purchasing green power.

First Bank was presented with the "Workplace Cancer Treatment and Prevention Award" by the Taipei City Government.

First Education Foundation was presented with the "Achievement in Community Education" group award by the Ministry of Education (MOE).

11

First Financial Holding Company was presented with the "Taiwan Top 50 Corporate Sustainability Report Awards - Banking and Insurance Award" and "Talent Development Award" at the 9th Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy.

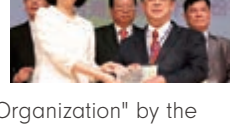
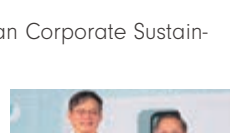
First Financial Holding Company was presented with the "Corporate Social Responsibility Award" by the British Standards Institution (BSI).

First Bank received Gold Award in the "ROC Enterprise Environmental Protection Awards" from the Environmental Protection Administration of Executive Yuan for the second consecutive year.

10

First Bank Zhongxiao Road Branch was presented with the "Small and Medium Enterprise Power Saving Competition" high distinction award by the Taiwan Power Company.

First Bank was designated as an "Outstanding Green Procurement Organization" by the Taipei City Government for the second year in a row.



09

First Financial Holding Company was selected for inclusion as a constituent in the Dow Jones Sustainability™ Emerging Markets Index.

First Securities received certification of appreciation for the "Shining Star Singing Competition and Autism Awareness" event from the Taipei City Autism Foundation.

First Bank obtained ISO 14001 - Environmental Management System certification for three sites including the Taichung branch.

First Financial AMC was presented with a certificate of appreciation by the Genesis Social Welfare Foundation for participation in the "Teaching a Man to Fish: Lending a Helping Hand" event.



08

First Bank was officially designated as an "Outstanding Green Procurement Organization" by the Environmental Protection Administration, Executive Yuan.

First Bank was presented with the "Energy Leadership Awards - Industry and Commerce Division A" high distinction award by the Taipei City Government.

First Bank obtained ISO 14046 - Water Footprint certification.

First-Aviva was presented with the "Best CSR Award - Corporate Category" by Risk Management Insurance and Finance Foundation.

07

First Financial Holding Company was selected for inclusion as a constituent in the "Taiwan High Compensation 100 Index" for the second year in a row.

First Bank was presented with the "Credit Guarantee Partnership Award" and the "Young Entrepreneur Assistance Award" awarded by the MOEA and Financial Supervisory Commission (FSC); in addition, three First Bank managers were presented with the distinguishing "Superior Performance Award for Managers".

First Bank obtained ISO 50001 - Energy Management System certification for three sites including the Guangfu branch.

First Bank obtained ISO 14064-1 - Greenhouse Gas Inventory System (Travel) certification.

06

FFHC Chosen for inclusion in the "Taiwan High Compensation 100 Index" for the third consecutive year.

05

First Financial Holding Company received certification by the British Standards Institution (BSI) for the FFHC Corporate Social Responsibility Report for the fourth consecutive year.

First Financial Holding won the 12th Global Views Corporate Social Responsibility awards "CSR Annual Award - Financial Industry Model" and "Happy Enterprise Model Award".

First Bank obtained "PAS 2060 - Carbon Neutrality" certification for four sites including the Wanhua Branch.

First Securities Investment Trust was presented with a certificate of appreciation by the Taipei Blood Center for participation in the "Equal Rights for the Blind and Blood Donation Event".



04

Ranked in the top 5% of the Corporate Governance Assessment Program for the second consecutive year.

First Bank was commended by the Ministry of Labor for signing a collective bargaining agreement.

First Bank received the three awards "A-Grade Bank for Creativity Industry Loans", "Participation Award for School and Community Financial Education" and "Financial Organization with Excellent Performance in Fraud Prevention" from Financial Supervisory Commission.

First Securities was presented with a certificate of appreciation by the Taiwan Premature Baby Support Association for participation in the "Protecting Our Premies: Protecting Our Love" event series.



01

First Securities was presented with the "Support and Caring for a Safe Workplace - Corporate Award" by the Department of Labor, Taipei City Government.

First-Aviva's "Wealth China Fund - Renminbi-Denominated Variable Annuity Insurance" was selected by RMI Magazine as the best insurance policy of 2016 under the "Retirement Category".

PERFORMANCE HIGHLIGHTS IN 2016



20.1
billion
NT\$



Broke the NT\$20 billion revenue landmark for the first time by achieving a pre-tax net income of NT\$20,197,500,000.

80%

The proportion of outside directors reached 80%, females held 40% of director positions, and independent directors may not serve terms longer than 9 years.

21,745
hours

Company personnel participated in a cumulative total of 21,745 hours of online environmental education courses.



396.7
billion
NT\$

Launched a new lending service aimed at supporting the MOEA's "5 Plus 2" key development projects, resulting in a total of NT\$396.7 billion in new loans being made.

1,022
persons

The Company's employee cafeteria provides organic produce in an assortment of meals which cost just NT\$40 each, and averages of 1,022 personnel utilize the cafeteria on a daily basis.

7
years

First Bank has remained the number one bank in Taiwan in terms of SME lending market share for 7 years in a row.

323
sessions

We are dedicated to promoting cross-industry charitable programs by working together with customers in a concerted effort to assist schoolchildren in rural communities. In 2016, we jointly held a total of 323 sessions involving charitable events, directly benefiting people in need 11,724 times.

20
patents

Applied for and received approval of 20 innovative new fintech patents.

27%

The Company's foreign shareholding ratio exceeds 27%, which is the highest percentage since the 2008 Financial Crisis.

4,096
kg

Introduced a new procurement platform for purchasing green products and social enterprise merchandise in order to promote the sale of organic agricultural products, leading employees to spend NT\$453,000 to purchase a total of 4,049 kg of organic produce.

10.6
parks

Assisted with the implementation of the self-managed urban renewal project "Phase 4 and 5 of the Residential Community Re-development of Shuiyan Rd., Zhongzheng District, Taipei City". After construction is completed, the newly-retrofitted buildings will help reduce carbon emissions by the equivalent of the annual carbon sequestration of 10.6 Da'an Forest Parks.

140
parks

Since 2013, our drive toward paperless operations has contributed to reducing the company's total carbon emissions by the equivalent of the annual carbon sequestration of 140 Da'an Forest Parks.

4
sites

Obtained "PAS 2060 - Carbon Neutrality" certification for 4 company locations.

12
buildings

Obtained the "Diamond-class" Green Building Mark for 12 of the company's existing commercial buildings.

104
sites

ISO 14064-1 Greenhouse Gas Inventory System certification was obtained for 104 company locations.

1st

Incorporated ISO 14046 - Water Footprint certification and ISO 14064-1 Greenhouse Gas Inventory System (Scope 3) inspections for the first time and received certification.

65
million

The "First Bank Fan Page" on Facebook broke a new record of followers – over 650,000 fans – ranking First Bank among the top 3 companies in the banking industry in Taiwan.

3
employees

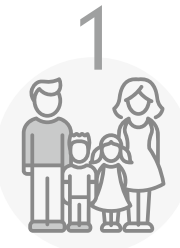

Three employees obtained "Environmental Educator Qualifications" certification.

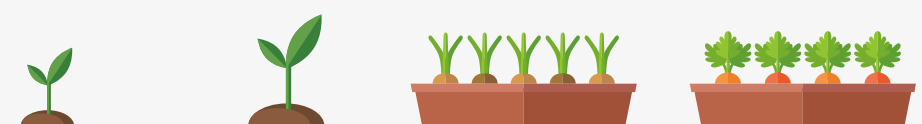




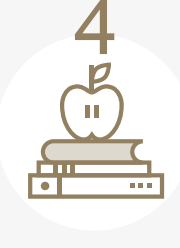
UN Sustainable Development Goals

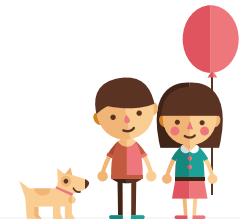
The United Nations Sustainable Development Summit formally issued 17 SDGs (Sustainable Development Goals, SDGs) and 169 targets in 2016. By linking our CSR activities to the SDGs, FFHC has exerted our corporate resources and influence to realize 56 of the targets. These are listed in the table below to show stakeholders the tangible contributions made by FFHC to the SDGs.

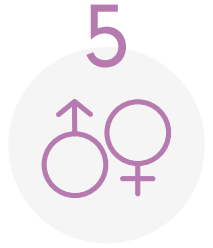

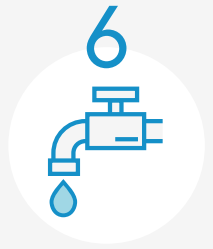


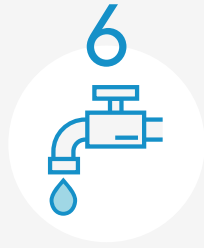

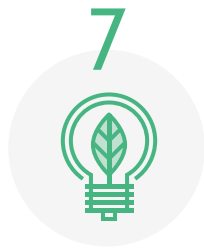



SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
 <p>1 NO POVERTY</p>	<p>1.4: Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</p> <ul style="list-style-type: none"> Expand financing of domestic small and medium enterprises. Outstanding loans to SMEs amounted to NT\$647.8 billion at the end of the year, making us the leading lender in the banking industry for the 7th consecutive year. Expanded product channels for SMEs, micro-credit customers and young entrepreneur loan customers. Merchandise from a total of 44 customers was listed on the First Pay platform in 2016 to offer our employees the choice of quality products. Obstacle-free ATMs installed at 147 branches including 239 wheelchair-accessible ATMs. There are also 2 voice ATMs for the use of the visually-impaired. Set up the "First Bank Free Bank" website. The website offers a high-quality accessible web service environment and has received the "AA-grade Accessibility Website mark from the National Communications Commission. 	<p>Implementation of inclusive finance</p>	<p>Social Harmony</p>	<ul style="list-style-type: none"> Continued to provide customers with support and emergency relief in the event of major disasters (e.g. Earthquake, hurricane, gas explosion). Continued to process business related to the "Small & Medium Enterprise Credit Guarantee Fund." Approximately NT\$110 billion is currently covered. Continued to assist debtors applying for preliminary negotiation/arbitration/rehabilitation under the Statute for Consumer Debt Reform, or individual customers who applied for debt negotiation and are willing to repay their debt but have short-term income flow problems with resolving their debt problems so they can begin rebuilding their credit record.
	<p>1.5: build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</p> <ul style="list-style-type: none"> Donated NT\$5 million to assist victims of the "Tainan Earthquake" with post-disaster reconstruction. Interest subsidies were also provided on loans to reduce the financial stress on disaster victims. Donation of NT\$2.5 million and offering of loan-interest loans to victims of Typhoon Nepartak in Taitung. 	<p>Social welfare</p>		<ul style="list-style-type: none"> Continued to promote reverse mortgages to help seniors living close the poverty line pay for long-term care. Established accessible online banking to provide the handicapped with more friendly financial services.
 <p>2 ZERO HUNGER</p>	<p>2.3: Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p> <ul style="list-style-type: none"> Green volunteers made up of employees helped out at organic farms short on manpower throughout Taiwan to support the push by small farmers to look after the land. Launched the Phoenix micro start-up loan to assist women aged between 20 ~ 65 start their own business. Partnered with Taipei 101 to host a carnival and concert for social enterprises and small farmers. A total of 23 social enterprises, small organic farmers and green enterprises set up stalls to promote organic foods, attracting nearly 18,000 people over 3 days. 	<p>Environmental education</p>	<p>Green Finance</p>	<ul style="list-style-type: none"> Built "Green Classroom" to promote organic chemical-free cultivation knowledge as well as promote the ideals of environmental sustainability and LOHAS.

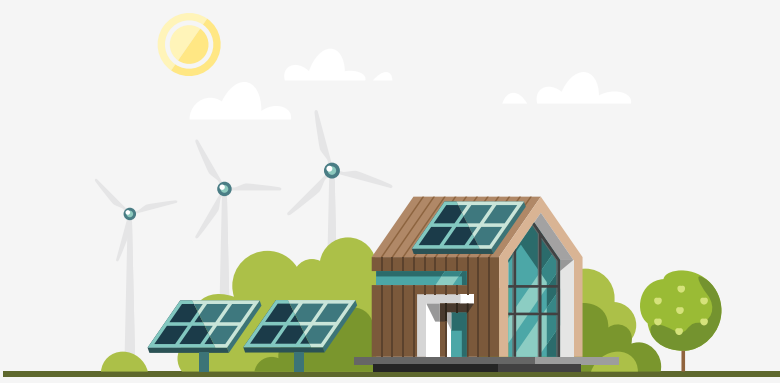






SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
 <p>ZERO HUNGER</p>	<p>2.4: Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p> <ul style="list-style-type: none"> ✓ Launched the first charity co-branded card based around "organic and health" and "land & environmental protection." 0.6% of all money spent with the Leezen Card is donated by First Bank to the "Tze-Xin Organic Agriculture Foundation" and the "Bliss and Wisdom Foundation of Culture and Education". Up to NT\$62,939,000 has been donated towards the promotion of organic agriculture and land rehabilitation by the end of 2016. First Bank is therefore working with our customers to look after the land of Taiwan. 	Sustainable consumption and production	Green Finance	<ul style="list-style-type: none"> • Built "Green Classroom" to promote organic chemical-free cultivation knowledge as well as promote the ideals of environmental sustainability and LOHAS.
 <p>GOOD HEALTH AND WELL-BEING</p>	<p>3.2: End preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.</p> <ul style="list-style-type: none"> ✓ First-Aviva Life Insurance has been partnering with the Jin-Chuan Child Safety Foundation on the promotion of child safety education since 2007. This indirectly contributed to the change of road safety regulations requiring "passengers in the rear-seat of small cars must fasten their seat belts while traveling on roads" in 2012. ✓ Children's safety family camps have been held for 6 consecutive years. Experts in children's education were invited to share their knowledge on family education with parents. Children also learned how to protect themselves by participating in play performances and challenges. ✓ Cooperated with the "Taiwan Premature Baby Support Association" for the second consecutive year to help premature babies and handicapped children grow up healthy. <p>3c: Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States.</p> <ul style="list-style-type: none"> ✓ In response to the aging society and increase in number of cancer cases, 3,815 loans with a total value of NT\$70.55 billion were approved for the biotechnology and medical industry. 	Social welfare	Social Harmony	<ul style="list-style-type: none"> • Organized children's safety family camps to improve safety awareness in families through games, plays and seminars. • Organized charity flea market to raise funds for the Jin-Chuan Child Safety Foundation.
 <p>QUALITY EDUCATION</p>	<p>4.1: Ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.</p> <ul style="list-style-type: none"> ✓ Partnered with our customer PLANET Technology in promoting a student support program. Disadvantaged students from Ankeng Elementary School, Zhongzheng Elementary School and Erchong Elementary School were provided with remedial education through the integration of school hardware, teachers, social education experts, social workers and corporate volunteer resources. Approximately 600 people took part. <p>4.5: Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p> <ul style="list-style-type: none"> ✓ Supported National Cheng Kung University's student assistance program and the Financial Service Industry Education Foundation to help students from poor families who wish to further their education gain equal access to education and change their lives. ✓ A total of NT\$58.836 million were spent on social welfare, sporting events, sports, culture and social care in 2016. 	Social welfare	Social Harmony	<ul style="list-style-type: none"> • Launched the First Turnaround Action School, continued to implement the "Student Assistance Program" and "Disadvantaged Students Adoption Plan" to extend the reach of our charitable efforts into schools so that students can concentrate on their studies. "Local management and caring" is also used to promote "cross-industry charity." Volunteers are recruited to venture into the local community and provide disadvantaged families with support and companionship. These initiatives expanded the depth, breadth and effectiveness of charitable efforts. • Volunteers hosted financial workshops in rural areas to teach the public how to practice sound wealth management. • Donated 0.1% of domestic transactions paid using the GLORY+ world card towards assisting disadvantaged students at Ministry of Education schools that are account holders.



SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
 <p>5 GENDER EQUALITY</p>	<p>5.1: End all forms of discrimination against all women and girls everywhere.</p> <ul style="list-style-type: none"> ✓ Cultural diversity is embraced during recruitment and there are no gender-based quotas. The ratio of women to men was 59: 41. 18% were management positions with 53% being female managers. There are more women than men in management and general positions, demonstrating gender equality. ✓ For ordinary roles, if women's remuneration was 100%, then men's remuneration was 105%. For management roles, if women's remuneration was 100%, then men's remuneration was 102%. 		Happy workplace	<ul style="list-style-type: none"> • Appointments at the governance level to subsidiaries take the company's business model and development requirements into account. Board members are expected to be independent, diversified, and capable of handling sustainability issues in a professional manner. At least one female director must be appointed to each company.
	<p>5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p> <ul style="list-style-type: none"> ✓ The 5th FFCH Board of Directors is made up of 12 directors and 3 independent directors. There are currently 6 female directors and independent directors, and they account for 40% of all Board seats. 	Gender Equality	Sustainable Governance	<ul style="list-style-type: none"> • Female employees are provided with breast-feeding rooms, as well as up to 44 days of unpaid pregnancy leave, and sick leave. These offer female employees with a friendlier workplace. 
	<p>5.b: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.</p> <ul style="list-style-type: none"> ✓ Organized "Big data analysts", "customer experience analysts", "Internet+", "Mobile payment and apps", "Effect and impact of digital finance trends on traditional banks", "iBank, eAction, eBank Course", "Digital banking trends", "Emerging payment services promotion class", "Practical value chain financing" and "VTM and Weixin payment" courses. A total of 22,481 female employees attended these courses and enhanced their professional understanding of finance. ✓ The "Digital Financial Knowledge" certificate was included as an employee promotion credit certification in 2017. Certification weighting was also increased. A total of 712 people received the "Digital Financial Knowledge" certificate in 2016. 		Happy workplace	<ul style="list-style-type: none"> • Implementation of employee transformation and development program to strengthen core professional competencies, and cultivate professional know-how in digital finance and technology application. Relevant courses were offered to all bank personnel. Employees were also encouraged to acquire certification related to digital finance. • The "Digital Financial Knowledge" certificate was included as an employee promotion credit certification in 2017. Certificate weighting was also increased. A total of 712 people received the "Digital Financial Knowledge" certificate in 2016.
 <p>6 CLEAN WATER AND SANITATION</p>	<p>6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <ul style="list-style-type: none"> ✓ Grease traps installed in the kitchen. Eco-friendly detergents used and warm water used for washing dishes to reduce the use of detergents. ✓ Regular pumping of septic tanks and auditing of waste disposal. ✓ Enforcement of a zero waste basket policy in the office saw the Headquarters building and IT building reduces their waste production by 53.81% over the past three years. 	Sustainable consumption and production		<ul style="list-style-type: none"> • Continued to donate 0.6% from transactions paid using the Leezen co-branded card towards the "Tze-Xin Organic Agriculture Foundation" and the "Bliss and Wisdom Foundation of Culture and Education." The donations support the foundations' efforts to protect the land through providing guidance on organic certification of agricultural products, promotion of organic vegetarian school meals, clean-up of water sources and enhancing spiritual education.
	<p>6.4: Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p> <ul style="list-style-type: none"> ✓ Installation of gray-water recovery system for watering plants and flushing toilets. ✓ Installation of water-saving devices across the company with regular inspections of pipelines to catch leaks. 	Water resource management	Green Finance	<ul style="list-style-type: none"> • Selection of 3 sites for introduction of water footprint inventory. • Continued to respond to the CDP water disclosure questionnaire.
	<p>6.5: Implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.</p> <ul style="list-style-type: none"> ✓ Introduction of ISO 14046 water footprint certification. ✓ Energy management system of headquarters building used to control the flow of each pump and monitor their usage. 	Ecological and environmental sustainability		<ul style="list-style-type: none"> • Set a cap of 70.3 tons on the amount of domestic waste produced by group company headquarters.

SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
 <p>CLEAN WATER AND SANITATION</p>	<p>6.6: Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.</p> <ul style="list-style-type: none"> ✓ Promotion of conversion to organic agriculture to reduce the use of chemical fertilizers and pesticides that pollute water sources. ✓ Launched the "Green Volunteer Recruiting Program" to support organic farms, protect wetlands, plant trees for carbon reduction, adopt contract growers, and clean up beaches and mountains. <hr/> <p>6.b: Support and strengthen the participation of local communities in improving water and sanitation management.</p> <ul style="list-style-type: none"> ✓ Display of public education materials from the Department of Health in business locations to raise awareness on combating Dengue Fever through better sanitation and hygiene. ✓ Sanitation management and disinfection of business locations. 	<p>Ecological and environmental sustainability</p>		
 <p>AFFORDABLE AND CLEAN ENERGY</p>	<p>7.3: Double the global rate of improvement in energy efficiency.</p> <ul style="list-style-type: none"> ✓ Installation of energy management system and cloud monitoring system along with the progressive introduction of ISO 50001 energy management system certification. ✓ Replacement of old electronic equipment and consolidation of servers. ✓ Upgrading to more efficient air-conditioning units and conversion of all lighting to LED. <hr/> <p>7.a: Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p> <ul style="list-style-type: none"> ✓ Continued to channel funding towards green energy and environmental protection industries to promote the use of clean energy and protect the environment in Taiwan. A total of NT\$2,120,430,000 has been invested in green industries as of December, 2016. 	<p>Sustainable consumption and production</p>	<p>Green Finance</p>	<ul style="list-style-type: none"> • 3 more locations introduced "ISO 50001 energy management system certification", 3 more locations introduced "ISO 14001 environmental management system", and 50 locations introduced "ISO 14064-1 greenhouse gases inventory (fuel and electricity) consumption." • Set target of NT\$35 billion for preferential loans to key strategic industries such as the green energy industry. NT\$16 billion in loans have been approved to date. • Launched the "Green Light Sustainability Program" to work with customers on helping disadvantaged groups switch over to LED lighting. The three long-term benefits of this initiative are "improved lighting, lower power bills, and carbon reduction."
 <p>DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.</p> <ul style="list-style-type: none"> ✓ Responded to developments in digital finance by creating 20 "digital branches" and setting up "digital banking experience areas" at 44 branches throughout Taiwan. ✓ Became the first financial company to introduce the Pepper reception robot for providing smart customer service as well as more diverse and innovative financial services. <hr/> <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p> <ul style="list-style-type: none"> ✓ A total of NT\$647.8 billion in loans were provided to SMEs in 2016, an increase of NT\$39.6 billion on the previous year. First Bank was therefore the leading lender to SMEs by market share in the banking industry for the 7th consecutive year. ✓ Total of NT\$11.52 billion in Phoenix micro-enterprise and young entrepreneur loans approved. ✓ To expand product channels for SMEs, micro-credit customers and young entrepreneur loan customers, merchandise from a total of 44 customers were listed on the First Pay platform in 2016 to offer our employees the choice of quality products. 	<p>Digital services and innovation</p>	<p>Green Finance</p>	
		<p>Implementation of inclusive finance</p>	<p>Social Harmony</p>	

SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
 <p>DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmers on sustainable consumption and production, with developed countries taking the lead.</p> <ul style="list-style-type: none"> ✓ Installation of decorative solar-powered billboards. ✓ Established 2 solar-powered branches with rooftop solar power systems. ✓ Implementation of paperless training, paperless meetings, paperless administration, and paperless credit checks. The paperless initiative achieved a carbon reduction of 12,411 tonnes in 2016. ✓ Improved the energy efficiency of data centers. Green data centers used to provide customers with electronic trading services. 	Sustainable consumption and production	Green Finance	
	<p>8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <ul style="list-style-type: none"> ✓ Recruited new employees without restrictions on school, major, age, class or gender while also providing long-term assistance to the handicapped, indigenous peoples and other disadvantaged groups. ✓ A total of 90 handicapped employees and 5 indigenous employees were employed in 2016 and given the same compensation and benefits as ordinary employees. Handicapped employees made up of 1% of our workforce in 2016 and satisfied the government quota. ✓ The principle of fair and reasonable compensation in employee compensation is enforced with no difference based on gender or other factors. The ratio between the starting salary for men and women is 1: 1. Equal pay is offered for equal work. 	Human rights protection		<ul style="list-style-type: none"> • Overall Group carbon reduction target of 348.88 Tonnes CO2e. • A reduction in the Group's overall carbon emissions from electricity, water, and fuel and gas consumption in 2017 compared to 2016 including carbon reductions from paperless operations. The target is to match the annual carbon absorption of 30 Da-an Forest Parks. • Rooftop solar power systems for clean energy added at 2 business locations.
	<p>8.6: Substantially reduce the proportion of youth not in employment, education or training.</p> <ul style="list-style-type: none"> ✓ Partnered with universities to host financial planning seminars on campus to promote financial planning knowledge and cultivate future financiers. ✓ Supported the "Work-Study Program for Youths from Economically Disadvantaged Families" of the Ministry of Education's Youth Development Administration by employing 42 summer interns. ✓ Supported the "University Student Banking Internship" activity organized by the China Youth Corps for the 2016 summer break by providing 31 summer internship opportunities for economically disadvantaged youths, and 16 internship opportunities for university students reduce the number of young people out of work, unable to continue their studies, or without vocational education. ✓ Sponsored the "Financial Service Industry Education Foundation" to help students from poor and disadvantaged backgrounds complete their studies. 	Implementation of inclusive finance	Happy workplace	<ul style="list-style-type: none"> • In response to developments in digital finance, a total of 20 FinTech patents have been acquired to date for delivering diverse and innovative financial services.
	<p>8.7: Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.</p> <ul style="list-style-type: none"> ✓ The hiring of those under the age of 16 as regular or atypical employees (including temporary workers and security staff) is explicitly banned in the HR regulations. We also adhere to the Labor Standards Act to prevent forced labor through violence, threats, imprisonment or other illegal methods. 	Human rights protection		

SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
 <p>8</p> <p>DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p> <ul style="list-style-type: none"> Female employees may apply for paid menstrual leave. In 2016 this was applied for by 166 people and average duration was 9.11 hours. If a pregnant employee feels unwell and is diagnosed by the doctor as requiring rest, they may apply for up to 44 days of sick, special or extended sick leave. This was applied for by 104 people in 2016 and average duration was 17.5 days. The Headquarters building's breastfeeding room was certified for excellence by the Taipei City Department of Health. Access control ensures a safe, independent and clean environment for employees. In 2016 the breastfeeding was used on average 1,250 times a month. The "Maternal Employee Health Protection Plan" was drawn up at the start of 2016. A total of 201 pregnant employees and their supervisors filled out the "Maternal Health Risk Assessment Form" to conduct a risk assessment of work-related hazards in 2016. 	Gender Equality	Happy Workplace	<ul style="list-style-type: none"> Supported the development of the cultural & creative industry through proactive financing up to NT\$20 billion. Continued to refer merchandise from SMEs, micro-enterprises and young entrepreneur customers to the First Pay platform to provide them with additional sales channels. Continued to cooperate with the competent authorities in offering internship opportunities to youths from poor families to reduce the number of young people out of work, unable to continue their studies, or without vocational education.
	<p>8.9: Devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.</p> <ul style="list-style-type: none"> In 2016, volunteering was divided into "Green Volunteers" for promotion environmental conservation and "Caring Volunteers" who help the disadvantaged. The number of volunteer events and beneficiaries all grew significantly. Volunteering included harvesting and land preparation at organic farms, mountain and beach clean-ups, providing companionship to seniors, cleaning up the environment, mentoring and book donations, assisting with the installation of solar panels, financial workshops, delivery of environmental education, and promotion of local tourism. 	Social welfare	Green Finance	<ul style="list-style-type: none"> Continued to implement the "Maternal Health Protection Plan." Female employees who are pregnant or had given birth within the previous year if their work may pose a risk to maternal health are offered risk assessment and management, medical consultation and advice, assignment to appropriate assignments, and other related measures. Continued to install more accessible ATMs. Wheelchair accessibility facilities and ATMs will also be incorporated during future new construction, relocation or refurbishment of premises to provide a more friendly and attentive service.
	<p>8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</p> <ul style="list-style-type: none"> Promoted inclusive finance by providing financial services that are accessible to the handicapped. Account holders who hold a disability card or handbook may apply at any business location for discounted transaction fees on inter-bank transfers through the ATM three times a month. Created "Digital Banking Area" to offer a digital financial environment with innovative products and services where customers can experience the convenience of digital banking. 	Friendly financial service	Social Harmony	
 <p>9</p> <p>INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p>9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.</p> <ul style="list-style-type: none"> Free traveling financial workshops for SMEs were held at each industrial park providing the latest financial information and investment advice such as analysis of overall economic trends, introduction of financial products, explanation of key topics, and promotional offers. Expanded financing of domestic small and medium enterprises as part of our long-term collaboration with the Small and Medium Enterprise Credit Guarantee Fund. Outstanding loans to SMEs amounted to NT\$647.8 billion at the end of the year. 	Implementation of inclusive finance	Social Harmony	<ul style="list-style-type: none"> Supported young entrepreneurs and the development of SMEs by continuing to offer the "Loans for Young Entrepreneurs and Start-ups" and "Micro Entrepreneur Loans." Stepped up the processing of "Industrial Innovation Plan Loans" with an annual loan approval target of NT\$50 billion and an outstanding loans target of NT\$385 billion.
	<p>9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <ul style="list-style-type: none"> Offered loan programs such as the "Renewable Energy Creation Loan", "Green Energy Industry Sunrise Plan" and "Sustainable Industry Upgrade Loans." In 2016, a total of NT\$15.22 billion were lent to support business transformation. 	Climate change risks and opportunities	Green Finance	<ul style="list-style-type: none"> Issued green credit card where First Bank allocates a set percentage of all transactions paid by the card for promoting energy conservation and carbon reduction. 

SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
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9.b: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.

- ✓ Cooperated with government policy by helping key industrial innovation industries such as green energy technology, Asia Silicon Valley, biomedical, defense, smart machinery, new and agriculture and circular economy secure business funding. Total loans of NT\$396.7 billion were issued in 2016 for increasing product value.

Climate change risks and opportunities

Green Finance

10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

- ✓ To enforce equality in the workplace, there is no discrimination against employees during recruitment, selection, hiring, assignment, career development, remuneration and benefits, promotions, education & training, and retirement plans on the basis of race, class, language, thought, religious, political affiliation, ancestry, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental handicap, or union membership.

Human rights protection

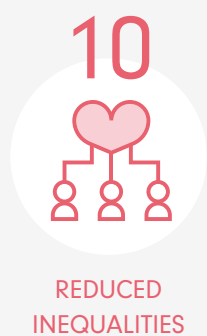
Happy workplace

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

- ✓ Employees are rotated between different positions and units based on their personal willingness, as well as the five principles for employee transfers and the related regulations issued by the labor authorities to give them a complete understanding of company operations.
- ✓ Employees in central and southern Taiwan are encouraged to work in the north in order to learn about the various core businesses, enrich their business experience, accelerate talent cultivation and enhance the quality of our personnel.

Training and development

- The contents of the International Bill of Human Rights were incorporated into the "CSR Assessment Form" and "Declaration on Human Rights and Environmental Sustainability Clauses" to strengthen the protection of human rights at corporate customers and suppliers.
- Continued to screen investments in terms of product sustainability, human rights and environmental protection, and serious social disputes. Businesses that violate the spirit of CSR are placed on the do-not-invest list.



11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

- ✓ Promotion of urban renewal financing services to encourage the renewal of old buildings through self-development. As of 2016, we successfully consolidated 29 urban renewal cases and improved the quality of living.

Implementation of inclusive finance

Green Finance

11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

- ✓ Continued to actively participate in the development of public transport systems. Examples include investing NT\$2 billion in the Taiwan High Speed Rail, as well as participating in the syndicated loans for the Kaohsiung MRT and Taiwan High Speed Rail. The investments will provide transportation systems for sustainable development.

Climate change risks and opportunities

- Continued to process "Urban Renewal Financing" services. More than 5 urban renewal financing projects will be added in the future.
- Continued to conduct indoor air quality self-management at business locations. Guidance on improvements is provided to branches with lower air quality.



SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
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SUSTAINABLE CITIES AND COMMUNITIES

11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

- ✓ Installation of green rooftops for business locations in city centers to help purify urban air.
- ✓ Conducted long-term indoor air quality monitoring and installed real-time indoor air quality monitoring systems. Carried out hardware upgrades at units with poor air quality.
- ✓ Set up "Green Building Mark Certification Team." Building designs must now use over 45% green materials.
- ✓ Invited the Taipei City Department of Environmental Protection to host a seminar on "Office Indoor Air Quality and Employee Health" to raise employee awareness on the importance of indoor air quality.

11.a: Support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning.

- ✓ Hosted "Organic Charity Week" by partnering with the small farmers of the "Leezen Group" and "Tze-Xin Organic Agriculture Foundation" to promote organic and healthy local foods to employees. Sales of nearly NT\$300,0000 were achieved over 4 days.
- ✓ Partnered with Taipei 101 to host a carnival and concert for social enterprises and small farmers. A total of 23 social enterprises, small organic farmers and green enterprises set up market stalls. Nearly early 18,000 people were attracted up over 3 days.

Ecological and environmental sustainability

Green Finance

- Continued to require tenants to sign a commitment to use green building materials and help mitigate the urban heat island created by office buildings.
- Continued to market organic produce and eco-friendly products through the Group's green and social enterprises purchasing platform.



Environmental education



RESPONSIBLE CONSUMPTION AND PRODUCTION

12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse.

- ✓ Obsolete computer equipment and company vehicles were refurbished by green volunteers then donated to units in need.
- ✓ Set targets for waste recycling and strengthened the sorting of recyclable waste.
- ✓ Encouraged employees to donate used items to charities.

12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

- ✓ The Green Financing Review Principles was established in accordance with the Equator Principles. The Principles apply to all corporate borrowers regardless of amount. 16,615 customers have accepted the principles by the end of 2016 for a coverage of 96.11%.
- ✓ Establish a 3-step supply chain management process to oversee the implementation of environmental and labor rights protection at suppliers. A total of 935 suppliers have now signed the "Declaration on Human Rights and Environmental Sustainability Clauses."
- ✓ First Securities Investment Trust practices responsible investment and CSR reports have been issued by 38.9% of the companies that its 6 domestic funds have invested in.
- ✓ Insurance companies with products listed through First Bank must issue CSR reports or sign a "CSR Declaration."


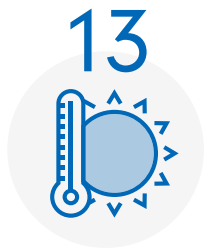
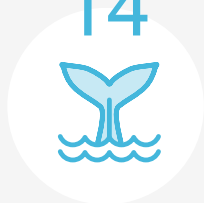

Sustainable consumption and production

Green Finance

- Encouraged employees to donate their excess items to charities. This helps to support charities and environmental protection.
- Designed environmental education plans to promote the philosophy of environmental conservation to the public.
- Continued to require all insurance companies with listed products to fulfill their CSR and issue CSR-related declarations or compile CSR reports in accordance with the regulations of the competent authority.

Responsible investment and lending



SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
 <p>RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.8: Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</p> <ul style="list-style-type: none"> Personnel qualified to teach environmental education are now responsible for the internal planning of internal environmental education courses and for compiling the course content. Online environmental education courses were also organized for employees to enhance their understanding of environmental sustainability. A total of 6,213 people undertook 21,745 hours of training in 2016. We also continued to promote the philosophy of energy conservation and carbon reduction to all stakeholders. FFHC is continuing to cooperate with external entities such as government agencies, academic units, non-profit organizations, customers and local communities to promote an eco-friendly lifestyle. FFHC President Mei-Ling Cheng was invited by GRI, Taiwan Academy of Banking and Finance, and the Taiwan Institute for Sustainable Energy to share our green finance practices as well as provide industry development advice on green economy and clean energy. 	<p>Environmental education</p>	<p>Green Finance</p>	<ul style="list-style-type: none"> Hosted environmental education promotion activities in preparation for recognition as environmental education facility. First Securities Investment Trust examines 6 domestic exchange-traded stock pools and at least 30% of the included stocks have submitted CSR reports.
 <p>CLIMATE ACTION</p>	<p>13.2: Integrate climate change measures into national policies, strategies and planning.</p> <ul style="list-style-type: none"> To counter the impact of extreme climate events on FFHC operations, the Sustainability Sub-committee of the CSR Committee is tasked with identifying potential threats and opportunities then developing sustainable response strategies for reducing risk and exploiting business opportunities. Actively participated in different symposiums to compile both domestic and international climate change regulations and concepts. These are used to update our targets and ensure that climate change risks and opportunities can be accurately identified. <hr/> <p>13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p> <ul style="list-style-type: none"> Personnel sent for certification on environmental education. These personnel are now responsible for the planning and execution of environmental education classes within the company as well as the compilation of course content. Online environmental education courses are organized for employees every year to promote grassroots environmental education. 	<p>Climate change risks and opportunities</p>	<p>Green Finance</p>	<ul style="list-style-type: none"> Established Green Finance Committee to compile domestic and overseas climate change regulations as well as increase the scope and intensity of green finance products. Promoted environmental education and hosted the "Cycle Green Life" series of DIY events to teach the public how to recycle and practice environmental protection.
 <p>LIFE BELOW WATER</p>	<p>14.1: Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.</p> <ul style="list-style-type: none"> To promote the ideals of environmental sustainability and eco-conservation, FFHC launched the "Green Volunteer Recruiting Program" in 2016 to support organic farms, protect wetlands, plant trees for carbon reduction, adopt contract growers, and clean up beaches and mountains. 	<p>Ecological and environmental sustainability</p>	<p>Green Finance</p>	<ul style="list-style-type: none"> Participated in the April 22 National Beach Clean-up organized by the EPA. A beach was also adopted for volunteer clean-up to help mitigate ocean pollution.
 <p>LIFE ON LAND</p>	<p>15.1: Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.</p> <ul style="list-style-type: none"> To encourage a love of natural wilderness and rehabilitation of green spaces, FFHC partnered with customers and schools to plant trees and protect the forests. A total of 2,288 trees were planted in 2016 and this is expected to reduce carbon emissions by 2,288 tonnes a year. 	<p>Reduction in GHG emissions and energy consumption</p>	<p>Green Finance</p>	<ul style="list-style-type: none"> Continued to cooperate with the "Society of Wilderness" with Group employees serving as "Wetland Instructors" and leading other employees in wetland conservation activities.



SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
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15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

- ✓ FFHC and the "Society of Wilderness" co-organized wetland rehabilitation activities such as wetland protection, training of wetland instructors, adoption of surrounding farmland, as well as working to protect and restore the ecosystems of rivers and lakes.

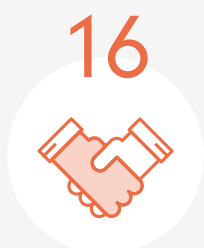
15.a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

- ✓ Partnered with the non-profit organization "Society of Wilderness" to co-organized wetland rehabilitation activities. Wetlands help to conserve water, prevent flooding, purify water quality, and maintain eco-diversity.

Ecological and environmental sustainability

Green Finance

- Continued to work with customers to plant trees, protect the forests and reduce carbon emissions.



PEACE, JUSTICE AND STRONG INSTITUTIONS

16.4: Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.

- ✓ Formulated the "Anti-Money Laundering and Countering Terrorism Financing Plan for FFHC and Subsidiaries" which also covers the Group's internal information sharing policy and procedure for prevention of money laundering and terrorism financing.
- ✓ First Bank, First Securities, First Securities Investment Trust and First-Aviva Life Insurance have all established anti-money laundering systems and refined their processes for preventing money laundering and terrorism financing.

16.5: Substantially reduce corruption and bribery in all their forms.

- ✓ All 23,088 employees (100% coverage) underwent anti-corruption training in 2016.
- ✓ The "Ethical Corporate Management Best Practice Principles" were defined to serve as the ethical management and compliance policy for all Group companies and subsidiaries. Regulations governing employee rewards, disciplinary action and performance evaluations at each company are linked to the FFHC ethical management policy to ensure its effective implementation.

16.6: Develop effective, accountable and transparent institutions at all levels.

- ✓ The "Ethical Corporate Management Best Practice Principles" were formulated by the Company in 2015 to serve as the ethical management compliance policy for all Group enterprises and organizations. To enforce the ethical management policy, Group enterprises and organizations must regularly report (at least once a year) their ethical management performance to their Board of Directors as well as the FFHC Ethical Management Committee.

Prevention of money laundering, financial fraud and terrorism financing

Sustainable Governance

- First Bank, First Securities, First Securities Investment Trust and First-Aviva Life Insurance have all established dedicated departments or supervisors for prevention of money laundering and countering terrorism financing. The functionality of the anti-money laundering and terrorism financing risk assessment and control system has been strengthened and related procedures enforced as well.
- Formulated the FFHC tax governance policy and management policy in response to the global trend on tax governance.
- In accordance with the implementation of Basel III regulations as well as our own business development and investment plans, First Bank achieved the management targets of 12.5%, 10.5% and 9.0% set for the CAR, Tier 1 and Common Stock Ratio respectively.
- Items where no points were awarded during the corporate governance evaluation were tracked to improve our corporate governance evaluation results.

Ethical corporate management


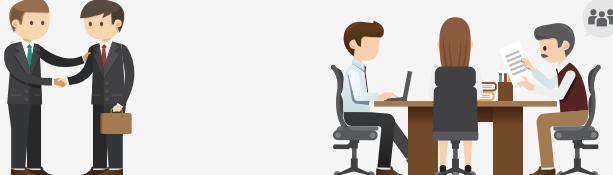


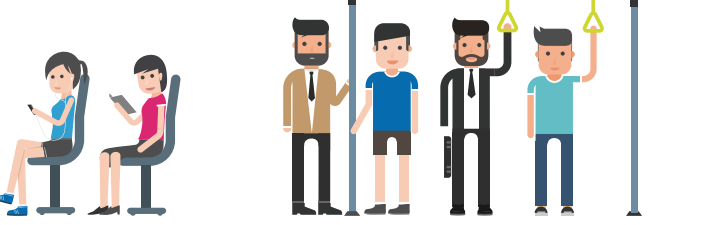
16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels.

- ✓ FFHC used online questionnaires on our corporate website to establish how important sustainability issues are to each stakeholder. The results were disclosed in the CSR report.

Communication and complaints mechanism

Corporate Social Responsibility and Stakeholder Communication



SDGs	2016 Initiatives Linked to SDGs Targets	Corresponding Issue of concern	Corresponding Section	2017 Targets
<p>16</p>  <p>PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>16.b: Promote and enforce non-discriminatory laws and policies for sustainable development.</p> <ul style="list-style-type: none"> ✓ To enforce equality in the workplace, there is no discrimination against employees during recruitment, selection, hiring, assignment, career development, remuneration and benefits, promotions, education & training, and retirement plans on the basis of race, class, language, thought, religious, political affiliation, ancestry, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental handicap, or union membership. ✓ The content and spirit of the "International Bill of Human Rights" were used to guide the review of corporate loan applications and screen investment subjects in order to push for the effective protection of human rights. ✓ Our company and our vendors are all committed to following international recognized labor rights such protecting the legal rights of employees, enforcing a non-discriminatory hiring policy, ban on child labor and eliminating all forms of forced labor. ✓ There were no human rights violations or incidents of discrimination in 2016. 	<p>Human rights protection</p>	<p>Happy workplace</p>	
<p>17</p>  <p>PARTNERSHIPS FOR THE GOALS</p>	<p>17.1: Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.</p> <ul style="list-style-type: none"> ✓ We have business locations in Taiwan and overseas including both developed and developing countries. We also established 9 business locations providing financial services in least developed countries (Myanmar, Cambodia, Laos) that help boost their economic and tax revenue growth. <hr/> <p>17.3: Mobilize additional financial resources for developing countries from multiple sources.</p> <ul style="list-style-type: none"> ✓ Joined forces with the Taieasy Group to provide charity dental and physiotherapy clinics in Cambodia. We also ventured deep into the remote Khet Pursat Province to distribute medicine, clothing, towels, toothpaste, fertilizer, food and other supplies. <hr/> <p>17.7: Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed.</p> <ul style="list-style-type: none"> ✓ Provided financing to Taiwanese companies building factories in Southeast Asian countries for building solar power plants that supply stable power. <hr/> <p>17.8: Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology.</p> <ul style="list-style-type: none"> ✓ First Bank's Phnom Penh Branch in Cambodia offers eBank Internet banking and global fund management services that allow customers to query their accounts and manage their funds using Internet technology. This will help LDCs embrace high-tech banking. <hr/> <p>17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p> <ul style="list-style-type: none"> ✓ The Volunteer Service Corps was established in 2011 to reach out to the local and overseas community. Partnerships with customers, suppliers and non-profit organizations also boost the effectiveness of charitable efforts. ✓ Promoted the EPA "Green Point event through the electronic media to let the public know that they can earn green points by taking public transport, buying green products and participating in environmental charity events. 	<p>Implementation of inclusive finance</p>	<p>Sustainable Governance</p> <p>Green Finance</p>	<ul style="list-style-type: none"> • Continued to establish business locations in Least Developed Countries (LDCs) as well as providing customers with the ability to check their financial accounts and manage their funds using Internet technology. • Continued to support the EPA Green Point campaign for promoting public transport. Card-holders were encouraged to become Green Point members and join in the fight for better air quality. 
		<p>Social welfare</p>	<p>Green Finance</p>	

Note: Please refer to the section on CSR and Stakeholders p.49-50 for the issues of concerned identified by FFHC.

Corporate Social Responsibility and Stakeholder Communication

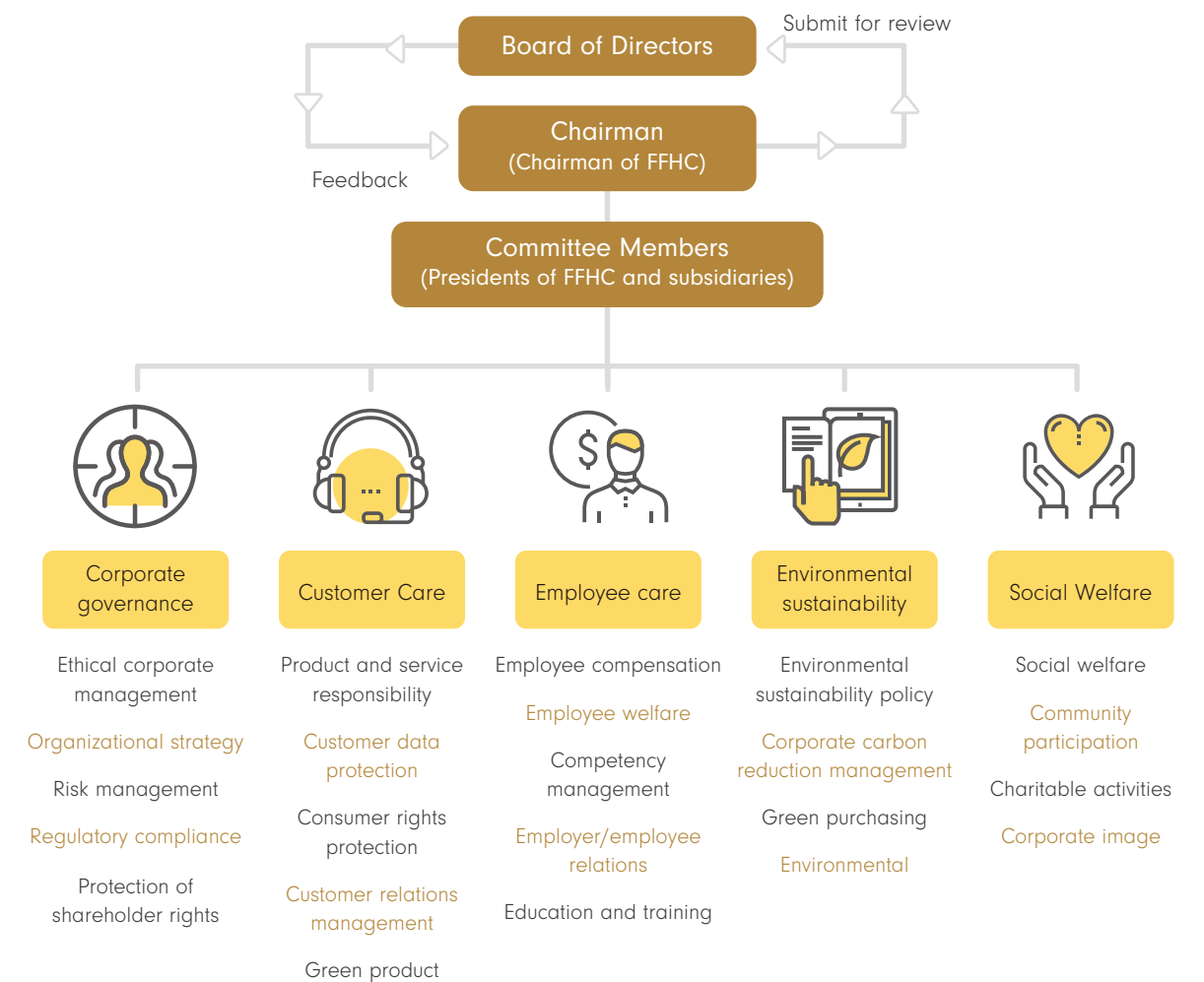
1 CSR Organization Structure

First Financial Holding (FFHC) has long been committed to monitoring trends in society and fulfilling our corporate social responsibility (CSR), with significant effort invested towards promoting corporate governance, the development of a sustainable environment, and supporting charities. In 2011, the FFHC Board of Directors approved the establishment of a "CSR Committee" to improve the efficiency of CSR promotion efforts. The chairman of FFHC is also the chairman of the CSR Committee and its members are drawn from the general managers of the First Financial Group. Under the CSR Committee is trans-company working groups on "Corporate Governance", "Customer Care", "Employee Care", "Environmental Sustainability" and "Social Welfare". A dedicated unit is also assigned by each subsidiary for CSR communications, liaison and the provision of related information. The core team consists of 78 people (1 chairman, 7 committee members, 3 conveners, 5 executive directors, and 62 people split among the various working groups). The CSR Committee is administered by the Corporate Governance Section of the Administration Department and is responsible for the overall planning and promotion of CSR within the Group. The top-down approach ensures the effective and concrete implementation of each annual CSR objective.

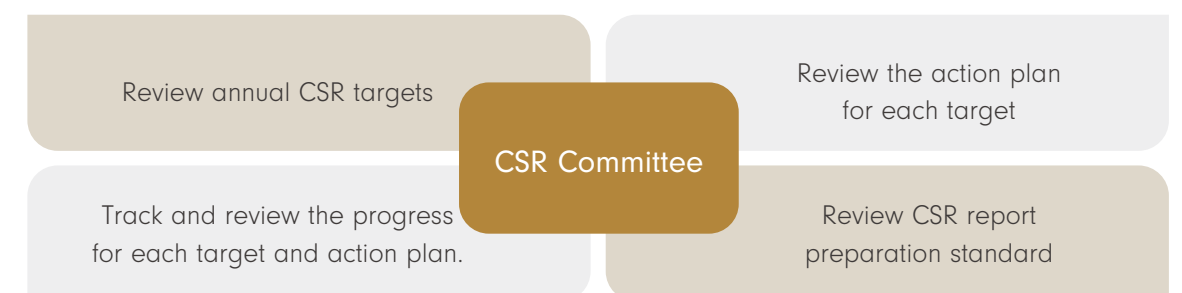
In 2011 the FFHC Board defined a "CSR Policy" and "CSR Code of Conduct" (see the "Corporate Governance section of the corporate website at <http://www.firstholding.com.tw/tw/governance/manageRule.htm>). "CSR Policy" defines our commitment to the fulfillment of our CSR on customers, employees, shareholders, community participation, charity, development of a sustainable environment, products and services, and ethical corporate management. The "CSR Code of Conduct" is the overarching guidelines on the economic, environmental and social risks and impacts of our company and our subsidiaries. It is aimed at realizing sustainable development through promotion economic, environmental and social progress. In 2012, 2014 and 2016, the "CSR Code of Conduct" and "CSR Policy" were revised by the Board in response to international trends and regulatory developments to require Group companies to treat customers or consumers in a fair and reasonable manner. Resources for CSR fulfillment should also be invested in organizations that solve social or environmental issues on a continuous basis through a commercial model. These will facilitate the development of sustainable development guidelines for the environment or society, and ensure that our Group's CSR policy is in line with international standards.



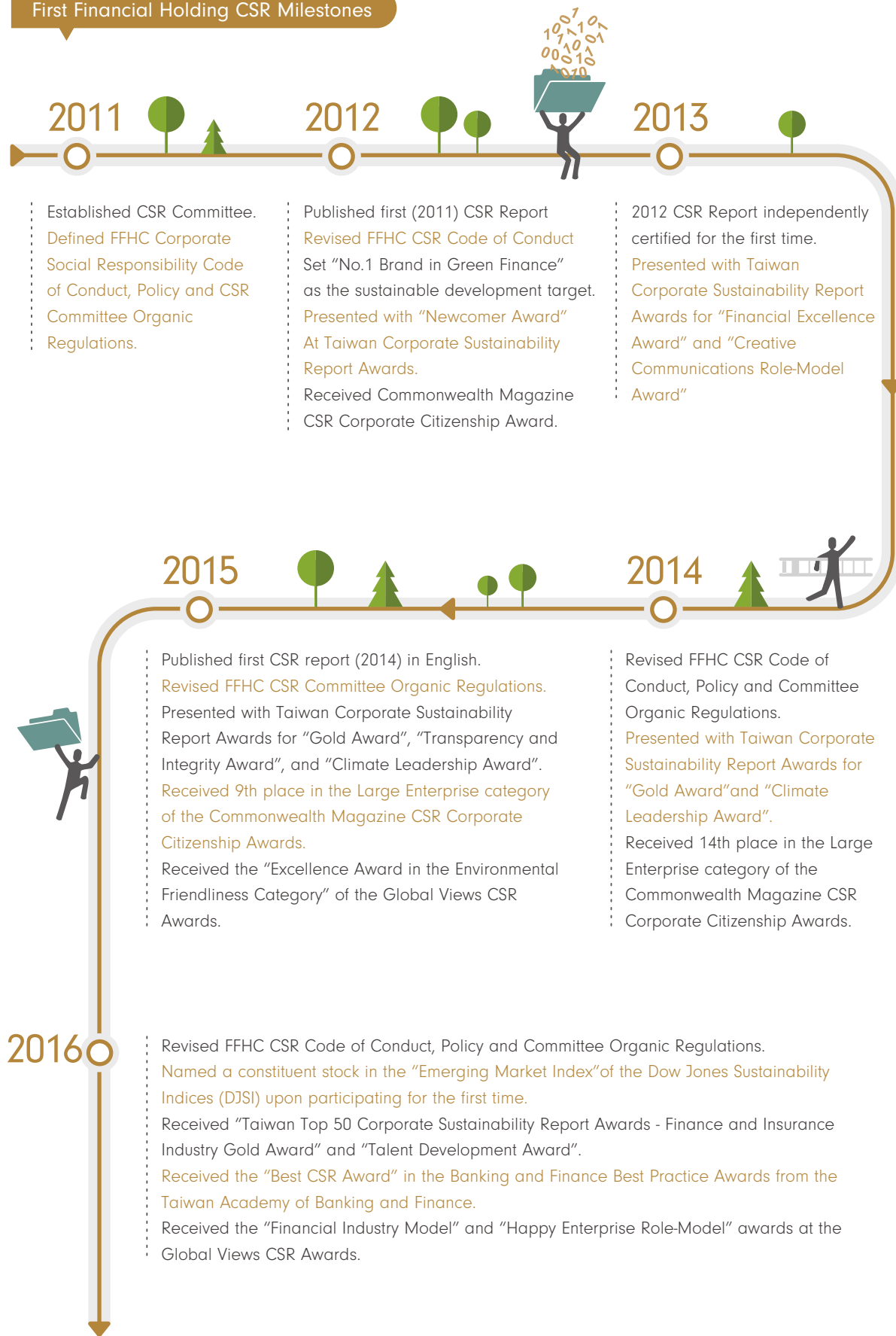
• First Financial Holding Corporate Social Responsibility Organization Chart



• FFHC CSR Committee Functions



First Financial Holding CSR Milestones



II Corporate sustainable development policy

FFHC has set "Innovative transformation, sustainable competition" as the goal and identified the Group's five main operating risks in the future. The five key directions of "Create diversified value and connect resources to strengthen local services", "Boost cross-marketing through focus on core business and strengthen composite services to create new customer value", "Embrace the digital finance transformation and create new, diversified financial services", "Adjust market position and business model while ensuring compliance and effective internal controls", and "Enforce a culture of honest governance and forge sustainable competitiveness" have been adopted to adapt to the fast-changing structure of the industry, develop strategies for responding to risk, and take advantage of new opportunities to realize a future with sustainable development.



III Carbon risk identification and strategy

The effects of climate change and Greenhouse Effect are increasingly being felt around the world. Averages temperatures in Taiwan have raised by 1.3°C over the past century at a rate double that of the global average. To counter the impact of extreme climate events on FFHC operations, the Sustainability WG of our CSR Committee is tasked with identifying potential threats and opportunities then developing sustainable response strategies for reducing risk and exploiting business opportunities.

	Carbon Risk identification	Impact on Company Operations
Regulatory	<p>The competent authority has drawn up a number of regulations such as the "National Climate Change Action Guidelines", "Regulations for Rewarding to Green House Gases Emission Sources in Compliance with Green House Gases Emission Performance Standard", "Regulations Governing Incentives for Geothermal Generation Demonstration", "Incentives Regulations for Thermal Utilities of Renewable Energy", and "Regulations for Periodic Regulatory Goals and Approaches of the Greenhouse Gas Emissions" so far. Controls on GHG emissions in the future can therefore be expected to progressively tighten in future years.</p>	<p>Potential carbon risks such as GHG emission caps and energy tax/carbon tax will have a direct or indirect impact on business operating costs.</p>
Physical	<p>Global warming has increased the frequency of flooding and droughts. Typhoons and heavy rain can all lead to debris flow in mountain areas or water restrictions/shortages. At the same time, the air quality in Taiwan is worsening with air pollution being a major source of carcinogens in the environment. Long-term exposure to PM2.5 particles suspended in the air increase the incidence and mortality of vascular diseases.</p>	<p>Extreme precipitation, increase in typhoon intensity and rising sea levels exposes our company's assets in low-lying areas to the risk of flooding. Droughts and high temperatures increase the risk of fire. Apart from transferring potential losses by insuring company-held assets, the aforementioned risks and slope hazards also pose a risk to real estate held as collateral by our company's lending operations.</p> <p>Cold spells, heat waves, acid rain, smog and uncertain seasons create health risks for employees, their families, and customers. In addition to acute infectious respiratory diseases such as influenza, there are also chronic diseases such as asthma, allergies, and migraines. The risk of cardio-vascular disease is increased as well. In minor cases only employee productivity is affected. In serious cases, it leads to loss of work hours, increased life insurance payouts, or impact on family livelihood and repayment capability.</p>
Governance	<p>According to the "Recommendations on Climate-related Financial Disclosures" issued by the Financial Stability Board (FSB), business balance sheets and profit & loss statements will need to consider and disclose the financial impact of climate-related risks in the future.</p>	<p>The management and financial officers must be capable of identifying climate-related quantitative influences and incorporate them into existing financial reports. Businesses will all need to take this into account in the future be it assessing the service life of assets or evaluating potential climate-related liabilities.</p>



Carbon Risk Strategy and Opportunities	
Management	<p>Establishment of dedicated unit</p> <ul style="list-style-type: none"> The Environmental Sustainability WG of the CSR Committee is tasked with identifying potential threats and opportunities. Establish defense corps for responding to typhoons, flooding, earthquake, robbery, bank runs, epidemics, fires, explosions and other disasters. First Bank plans to establish a Green Finance Committee in 2017 to increase the scope and strength of green finance products.
Execution	<p>Formed the "Green Building Certification Program" team</p> <p>Greenhouse gas inventory</p> <p>Setting of environmental conservation-related targets</p> <p>Adoption of clean energy</p> <p>Installation of real-time indoor air quality monitoring systems</p> <p>Changes to credit approval process</p> <p>Defined the "Crisis Response Principles" and "Crisis Response Manual"</p> <p>Preparation of environmental accounting reports</p> <p>Upgrading of IT equipment</p> <ul style="list-style-type: none"> Continued refurbishment of self-owned operating locations to qualify for Green Building Mark. Progressive introduction of "ISO 14064-1 GHG Inventory", "ISO 50001 Energy Management System", "ISO 14001 Environmental Management System", "PAS 2060 Carbon Neutrality" and "ISO 14064-1 GHG Inventory: Corporate Value Chain (Scope 3)" certification. Installation of decorative solar-powered billboards and solar power systems Set and enforce carbon reduction, recycling and domestic waste targets at each group subsidiary every year. Changed the credit approval process to require all collateral on hillsides to be vetted by headquarters or regional centers before loans can be released. Implementation of air-quality self-management and installation of real-time indoor air quality monitoring systems to ensure air quality. Organize firefighting seminars and basic training for the defense corps to reduce risk to employees from disasters and ensure business continuity. Prepared environmental audit reports to improve our capability to provide disclosure on climate-related risks in financial reports in the future. Implementation of paperless training, paperless meetings, paperless reviews, and paperless administration.
Application	<p>Leverage core competencies for development of green finance opportunities</p> <p>Fulfill the social responsibility of the financial industry in the financial supply chain</p> <p>Upgrade and optimize the digital service process</p> <p>Establish 3-step supply chain management</p> <ul style="list-style-type: none"> The Green Finance Committee defines the policy and guidelines for green financing and investment, plans and promotes green finance products, as well as enforce the green financing review principles, green industry evaluation and environmental risk factor assessment. The "Do-Not-Invest List for CSR Violations" is revised and updated every fortnight. Use optimization of digital channels and development of innovative digital applications to reduce carbon emissions from the service process. Use vendor management to screen to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners. Use experience with carbon trading and carbon neutrality certification to actively participate in the discussion and set up of carbon trading platforms, and participate in the carbon market.
Promotion	<p>Participate in international advocacy</p> <p>Support organic agriculture</p> <ul style="list-style-type: none"> Continue to participate in CDP, water disclosure and other important international assessments. Launched the "Organic Agriculture Assistance Project" and launched the first charity co-branded card based around "organic and health" and "land & environmental protection". Promote the "Green Volunteer Recruitment Program" and build green bridges with all kinds of stakeholders for promoting energy conservation, carbon reduction, and eco-friendly living.

Carbon Risk Strategy and Opportunities

Promotion

- Cross-industry alliance to promote green living
- Promote green products
- Host environmental protection competitions
- Green cooperation

- Establish a green and social enterprise Group purchasing platform to promote organic agricultural produce and eco-friendly products.
- Organize environmental protection competitions to meet the targets on energy conservation and carbon reduction.
- Establish an incentive scheme that encourages employees to offer innovative suggestions on environmental protection and energy conservation.
- Continue to cooperate with external units such as government agencies, academic units, non-profit organizations, customers and local communities to expand our influence.

IV Operation of the CSR team

Every year, each CSR Committee working group compiles the E.S.G. Issues of Concern to FFHC stakeholders then draws up the CSR annual targets and draft action plans for the following year. These are discussed and revised internally at WG meetings before being submitted to the "CSR Committee" for review. Approved proposals are then announced for implementation. Progress on each target and action plan is then tracked and reviewed on a quarterly basis by CSR Committee WG meetings. For each target not met, each working group must propose a concrete improvement plan to the CSR Committee. At the end of the year, CSR performance from the preceding year must be reported to the Board of Directors within four months. The 2016 CSR performance report was submitted to the Board of Directors in March 2017, for their reference.



Progress on 2016 targets

Aspect	2016 Target	Progress	Corresponding Section	
Governance	1 Define "Regulations for Evaluating the Performance of the Board of Directors" to improve the efficiency of the Board.	The FFHC regulations for evaluating performance of the Board of Directors were approved by the Board on August 16, 2016. The Board of Directors 2016 performance evaluation report was also disclosed on the corporate website on January 19, 2017.	Sustainable Governance	
	2 Organize workshops for the chief compliance officers of each group subsidiary to track and review progress on anti-money-laundering and counter-terrorism financing.	A meeting of all chief compliance officers from group subsidiaries are convened every quarter. The banking, securities, investment trust and life insurance subsidiaries were also directed to incorporate the "Terrorism Financing Control Act" into their regulatory change management operations from July 2016 onwards. Greater attention was also paid to the measures that each company should adopt in response to the implementation of the act.		
	3 Host compliance training courses (including anti-corruption and anti-bribery) to strengthen employees' understanding of professional ethics and regulatory compliance for financial professionals.	Strengthened employee anti-corruption and anti-bribery training. Training was completed by 23,088 people for a completion rate of 100%, strengthening employees' understanding of professional ethics and regulatory compliance for financial professionals.		
	4 First Bank to meet the Capital Adequacy Ratio (CAR) and Tier 1 Ratio management targets of 12.5% and 10.5% respectively by the end of 2016.	Capital Adequacy Ratio (CAR) and Tier 1 Ratio were 13.27% and 10.95% respectively in December, 2016.		
	5 At least 15% of the included stocks in the 6 domestic exchange-traded stock pools managed by First Securities Investment Trust must submit CSR reports.	38.9% included stocks in the 6 domestic exchange-traded stock pools submitted CSR reports.		Green Finance
	6 Group subsidiaries shall implement the "Financial Services Industry Guidelines for Equitable Treatment of Customers" proposed by the Financial Supervisory Commission and report the handling of customer complaints within the given deadline. Customer complaints shall also be analyzed by business type and customer feedback forwarded to the relevant units as reference for further improvements.	First Bank, First Securities, First Securities Investment Trust, and First-Aviva have all introduced "Equitable Treatment of Customers Policy" and "Equitable Treatment of Customers Principles and Strategy." The "Customer Service Commitment" is also published on the corporate website; A total of 623 customer complaints were received in 2016. All customers were placated and a response issued within the given time with an overall punctuality of 100%.		Social Harmony

Sustainable Governance

Green Finance

Social Harmony

• Progress on 2016 targets

Aspect	2016 Target	Progress	Corresponding Section
	1 The total group carbon reduction target for 2016 was 547.01 Tonnes CO ₂ e.	Actual group carbon reduction in 2016 was 689 Tonnes CO ₂ e.	Green Finance
	2 The total group recycling target was 15,320 kg.	Actual total group recycling amount was 30,071 kg.	
	3 Green Building Mark for 5 more old buildings.	5 additional old buildings including the First Financial Office Building achieved the diamond-rating of the Ministry of the Interior's Green Building Mark.	
	4 3 more locations to introduce "ISO 50001 Energy Management System" certification and "ISO 14001 Environmental Management System" certification.	3 more locations including the Taichung branch building introduced "ISO 50001 Energy Management System" certification and "ISO 14001 Environmental Management System" certification.	
	5 54 more locations to introduce "ISO 14064-1- GHG Inventory (Fuel and Electricity Consumption)" certification.	54 more locations including the Taichung branch building introduced "ISO 14064-1- GHG Inventory (Fuel and Electricity Consumption)" certification.	
	6 Introduction of "ISO 14064-1 - Greenhouse Gas Inventory System (Scope 3)" at First Bank.	"ISO 14064-1 - Greenhouse Gas Inventory System (Scope 3)" introduced and certified at First Bank.	
	7 Group subsidiaries shall purchase green electricity from TaiPower every quarter.	In 2016, group subsidiaries purchased 160,000 kWh of green electricity in total.	
	8 Installation of solar power panels at 2 business locations.	Solar power panels were installed on the roofs of the Donggang and Hengchun branch resulting in an annual carbon reduction of 18.7 metric tons of CO ₂ e.	
	9 Send personnel for environmental educator training and certification.	3 employees received certification as environmental educators.	
	10 Respond to the CDP and water disclosure questionnaires.	Received a rating of C for 2016 CDP carbon disclosure and filled out water disclosure questionnaire (voluntary disclosures are not rated).	
	11 Set target of NT\$32 billion for preferential loans to key strategic industries such as the green energy industry with NT\$15 billion in balance of loans.	Exceeded both targets by approving NT\$33.469 billion in loans for the green energy industry with NT\$15.22 billion in balance of loans.	
	12 Add 5 or more "Urban Renewal Financing" cases.	Added 6 "Urban Renewal Financing" cases in 2016.	



Environment

Aspect	2016 Target	Progress	Corresponding Section
	1 To prepare for the digital finance age and support the digital transformation strategy, boost the cultivation of digital talent and enhance the professional skills of employees by conducting 100,000 hours of digital finance-related training courses.	Organized 110,529 hours of digital finance-related training courses that were attended by 37,337 times.	Happy workplace
	2 Draw up "Optimization Training Plan" to enhance employee professionalism and conduct on average 60 hours of training for each employee in 2016.	Professional development classes were organized to enhance employee professionalism. In 2016, each employee on average received 64.85 hours of training.	
	3 Introduce "Reverse Mortgage" services and take on more than 15 properties.	Took on 34 "Reverse Mortgage" cases.	
	4 List 3 protection-type products related to aging society and the growing number of cancer patients.	Launched 15 protection-type products including long-term care insurance.	
	5 Anticipated target of 300 borrowers for "Loans for Young Entrepreneurs and Start-ups", and anticipated loans of NT\$110 billion under the "Small & Medium Enterprise Credit Guarantee Fund."	Lent to 309 borrowers for "Loans for Young Entrepreneurs and Start-ups", and made loans of NT\$125.3 billion under the "Small & Medium Enterprise Credit Guarantee Fund."	
	6 Lend NT\$17 billion under the "Expanded Loans for the Creative Industry" program.	Lent NT\$22.3 billion under the "Expanded Loans for the Creative Industry" program.	
	7 Refer merchandise from a total of 6 SMEs, micro-enterprises and young entrepreneur customers to the First Pay platform.	Referred merchandise from a total of 44 SMEs, micro-enterprises and young entrepreneur customers to the First Pay platform.	
	8 Target number of volunteer events: 72.	Organized a total of 156 environmental and support volunteer events. Total spending on charity events and donations amounted to NT\$58,386,000.	



Society

Social Harmony



V Stakeholder identification and communication

The opinions of stakeholders have served as the guiding principle for the development of the FFHC sustainable development strategy since the first CSR Report was published in 2011. The process of compiling the Environmental (E), Social (S) and Governance (G) issues of concern to stakeholders is used to internalize the issues as the corporate sustainability targets. The themes and aspects of sustainability of concern to stakeholders also form the basis for authoring this report.

STEP 1 ° Stakeholder identification

To promote better stakeholder communications, we embraced the spirit of the AA1000 Accountability Principle Standard by convening the CSR Committee's Corporate Governance, Customer Care, Employee Care, Environmental Sustainability and Social Welfare working groups for joint discussion and identification of stakeholders. Group stakeholders were then divided into seven categories based on the experiences of each business unit and the finance industry as shown as follows.

- 1 **Employees/Union/Retired employees** (Employees are the company's most important asset. We must therefore assist employees with achieving a balance between work and family so they can find happiness working in an equal, safe and healthy workplace. The support employees is critical to our sustainable development and the most important component in our CSR fulfillment)
- 2 **Shareholders/Investors/Analysts** (All investors are company shareholders regardless of how many shares they hold. To protect shareholder equity and to treat all shareholders equally, a corporate governance system has been set up to ensure that shareholders enjoy the right to full information, participation and decision-making on important company matters)
- 3 **Customers** (Customers generate revenues for the company. In keeping with the philosophy of "Customer Service Comes First", FFHC continues to provide customers with innovative products and quality services. We also ensure the transparency and security of products and service information while treating customers in a fair and reasonable manner)
- 4 **Suppliers** (FFHC considers suppliers to be green partners. The supplier management mechanism is used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in building a green and sustainable future together)
- 5 **Communities/Non-profit-organizations/Non-government organizations/Experts and academics** (Communities form the social foundations for the development of FFHC. We actively participate in local community activities as part of our business operations and pay attention to how our operations affect the local community in order to build community rapport)
- 6 **Government and competent agencies** (Government policies influence the direction of business operations. FFHC actively cooperates with government policies and leverage our core competency to promote industry loans and inject new blood into the Taiwanese financial industry)
- 7 **Media** (Media is one of the key channels for communication between FFHC and the other six types of stakeholders. We disclose E.S.G-related information through the media at different times)

STEP 2 ° Collecting the issues of concern

To ensure that the practice of CSR is in keeping with developing trends, CSR Committee working groups collected 35 CSR sustainability issues of concern to domestic and overseas government/non-government organizations, financial industry peers and each stakeholder type.

STEP 3 ° 104 online surveys

FFHC used online questionnaires on our corporate website to establish how important sustainability issues are to each stakeholder.

STEP 4 ° 30 printed surveys

Apart from online surveys, the conveners, executive directors and members of each CSR Committee WG were then asked to evaluate each stakeholder's degree of concern on the 35 issues and their impact on group operations.

STEP 5 ° Compile materiality analysis matrix for issues of concern

The 104 online surveys and 30 printed surveys were sorted according to degree of concern to stakeholders and impact on group operations to form the "Materiality Analysis Matrix" and "List of Communication Channels and Issues of Concern".

STEP 6 ° Compile the issues to respond to in accordance with the materiality analysis matrix

After analyzing the 35 issues of concern using the matrix method, 3 issues of low stakeholder concern and low impact on group operations were eliminated. The 32 issues of medium-high concern/influence were chosen as the issues to respond to. A total of 44 material aspects (including 41 specific standard disclosures and 3 financial services sector-specific disclosures) were identified and approved by the "CSR Committee."

STEP 7 ° Ensuring that the report encompasses all material aspects

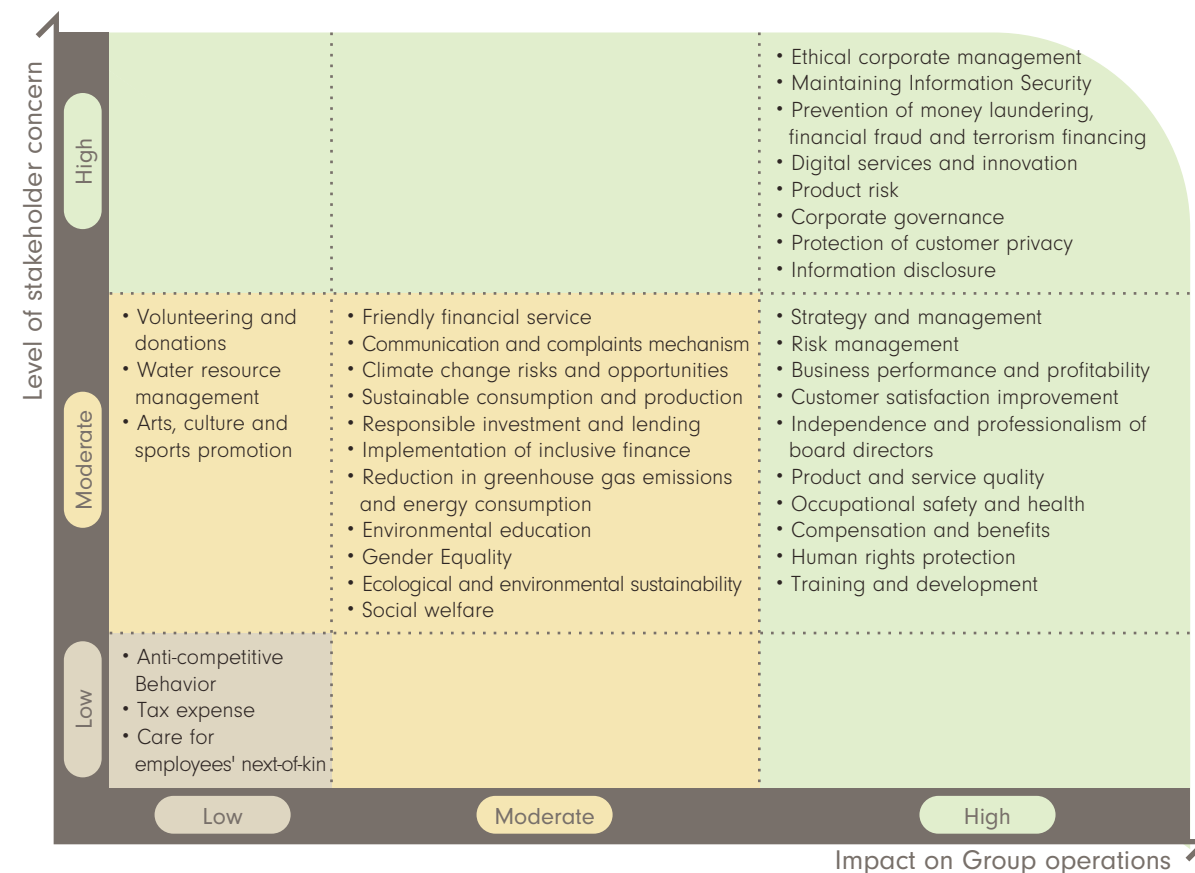
The CSR Report is authored by each CSR Committee WG based on the disclosure indicators and material aspects approved by the CSR Committee then collated by the administrative unit before being submitted to the Chairman for review.

STEP 8 ° Serve as the guiding principle for company planning on sustainability

To ensure that the CSR implementations of FFHC reflect stakeholder expectation, the results of the analysis are not only disclosed in the report but also serve as the guiding principle for company planning on sustainability.




1 Materiality analysis matrix for issues of concern

The selected 35 issues of concern are scored and then compiled into a materiality analysis with level of stakeholder concern as the X-axis and the impact on group operations as the Y-axis as shown below. Based on the materiality analysis matrix the three issues "Anti-competitive behavior", "Tax expense" and "Dependent care" were eliminated due to their low level of stakeholder concern and low effect on group operations. The 32 issues listed as medium-high level of concern/effect were chosen for response on related management direction and execution and implementation outcomes.



2 List of stakeholder communication channels and issues of concern

Relevant Liabile Persons	Communication channel and frequency	Communication highlights and accomplishments
<p>Employees/ Union/ Retired employees</p> 	<ul style="list-style-type: none"> Employee complaint hotline, fax, e-mail / Standing Employee forum on internal website / Standing Morning/evening business unit meetings / Ad hoc "Whistleblower section", "Supervisor mailbox", "President's mailbox" and "Ideas mailbox" / Standing Sexual harassment complaint hotline, fax, e-mail / Standing Employer/employee meeting / Monthly Employee Welfare Committee, Labor Safety and Health Committee, Labor Pension Oversight Committee / Quarterly Revision of collective bargaining agreement / Every 3 years 	<ul style="list-style-type: none"> Provision of competitive compensation scheme / Included in the "Taiwan High Compensation 100 Index" for three consecutive years. Emphasis on employee career development as well as physical and mental balance / Received "Talent Development Award" at Taiwan Corporate Sustainability Awards, and the "Happy Workplace" award at the Global Views CSR Awards. Excellence Award for Cancer Prevention in the Workplace / Employees are provided with health exams due to the importance of employee health and workplace safety, resulting in the "Excellence Award for Cancer Prevention in the Workplace" from the Taipei City Government.
<p>Shareholder Investor Analyst</p> 	<ul style="list-style-type: none"> Convening of general shareholder meeting, publication of annual report and CSR report / Yearly Business performance report / Monthly and quarterly Hosting of investor seminars / Quarterly Videos of investor seminars are concurrently published on our corporate website for viewing by investors / Standing and retained for one year Publication of corporate governance, investor seminar presentations, financial information, press releases and related investors affairs in both English and Chinese on the corporate website / Ad Hoc Telephone and e-mail of the spokesperson and investor relations department available from the corporate website's investor services section / Permanent Stakeholder survey in the corporate website's CSR section / Permanent Attend investor seminars at the invitation of securities brokers to communicate with investors / Ad hoc 	<ul style="list-style-type: none"> Record profits/ Net after-tax profits in 2016 reached NT\$17.284 billion, a new record. Established mechanism for shareholder interaction / To assist all directors, executives and independent directors with understanding the opinions of shareholders, the FFHC Corporate Governance Best Practice Principles were revised so that the Board is regularly briefed on investor opinions and issues of concern. Defined regulations for evaluating Board performance / The "Regulations for Evaluating the Performance of the Board of Directors" were defined to improve the efficiency of the Board. An evaluation of the Board's 2016 performance conducted with a rating of "excellent" and disclosed in the annual report, corporate website.
<p>Customers</p> 	<ul style="list-style-type: none"> All of our Group subsidiaries have customer complaint channels such as business units, customer service hotlines and e-mail on the website / Permanent Conduct customer satisfaction surveys through telephone surveys, e-mail surveys, webpage or outside survey firm / Ad hoc 	<ul style="list-style-type: none"> Top 20% / Strive to provide diverse and innovative financial services. First Bank was rated in the top 20% (group 1) out of 38 banks in the first "Financial Innovation Index" published by the Taiwan Academy of Banking and Finance.

Relevant Liabile Persons	Communication channel and frequency	Communication highlights and accomplishments
<p>Customers</p> 	<ul style="list-style-type: none"> Accounts, latest financial information, event information etc. / Standing Statement on Protection of Customers' Data / Ad hoc Host seminars on trusts for seniors and the handicapped, financial planning and investment seminars industrial park seminars, maintenance of customer relations, as well as sharing of energy conservation & carbon reduction experience, and green industry financial programs / Ad hoc Hosting of service role-model competitions to improve the quality of customer service / Annual 	<ul style="list-style-type: none"> Support for SME development / The number one bank in Taiwan in terms of SME lending market share for 7 years in a row. Improved insurance coverage for citizens / Strong emphasis on insurance coverage for citizens saw First-Aviva Life Insurance recognized by the Financial Supervisory Committee as an "Improved Insurance Coverage for Citizens Program" insurance company for the 18th consecutive year.
<p>Suppliers</p> 	<ul style="list-style-type: none"> Explicitly require vendors to conform to international human rights, labor and environmental laws and regulations in purchasing requirements and contracts / Review before tendering, audit at and after contract signing Transparency of tender information and publication on corporate website / Ad hoc Require companies that sell fund and insurance products through the bank to have compiled CSR reports or issued a CSR declaration / Before listing 	<ul style="list-style-type: none"> Green purchasing / Green purchasing amounted to NT\$121.43 million and resulted in recognition for excellence in green purchasing from the EPA and Taipei City Government. 3-Step supplier management process / In 2016 100% of new suppliers underwent screening on environmental and human rights. Foreign supplier management and evaluation / Starting in 2015 overseas sites began establishing supplier evaluation mechanisms as well. 363 foreign suppliers have been evaluated to date to help protect the local environment.
<p>Community Non-profit organization Non-government organization Academics and experts</p> 	<ul style="list-style-type: none"> Hosting of art exhibitions and concerts / Regular Hosting of blood drives, beach clean-up and other green volunteer events, health seminar, and rural charity health clinics / Ad hoc Sponsorship of tennis, table tennis, swimming, road run, baseball and other sporting activities / Ad hoc Charity volunteer activities such as donations, show of support and environment/organic practices / Ad hoc UK Carbon Disclosure Questionnaire / Annual Participation in CSR-related foundations / Ad hoc Hosting of energy-conservation symposiums and participation in green finance seminars / Ad hoc 	<ul style="list-style-type: none"> Received a rating of C for 2016 CDP carbon disclosure and filled out water disclosure questionnaire (voluntary disclosures are not rated). Help poor students continue with their studies / Sponsored the NCKU "Student Assistance Program" for 6 consecutive years and helped more than 500 NCKU students from poor families turn their lives around through education. Society of Wilderness/ Partnered with the "Society of Wilderness" on wetland rehabilitation activities to protect and restore the ecosystems of rivers and lakes.

Relevant Liabilities	Communication channel and frequency	Communication highlights and accomplishments
Government and competent authorities	<ul style="list-style-type: none"> Participate in seminars, symposiums, public hearings, competitions and evaluations hosted by the competent authorities / Ad hoc Comply with the relevant laws and policies of the competent authorities and cooperate with their monitoring and inspections / Ad hoc Disclose business-related information on the Market Observation Post System and corporate website / Ad hoc Participate in Earth Day and Meat-Free Day movement, and the promotion of environmental protection through advertising screens and tickers at business units / Standing 	<ul style="list-style-type: none"> Corporate governance evaluation for listed companies / Proactive action on corporate governance evaluation indicators led to inclusion in the Top 5% for three consecutive years. Cooperation with the "Financial Services Industry Guidelines for Equitable Treatment of Customers" proposed by the Financial Supervisory Commission / First Bank, First Securities, First Securities Investment Trust, and First-Aviva have all introduced "Equitable Treatment of Customers Policy" and "Equitable Treatment of Customers. Principles and Strategy." The "Customer Service Commitment" is also published on the corporate website. Participation in government competitions / Actively took part in competitions organized by government agencies winning many awards including "Enterprise Environmental Award - Gold Award", "Energy Conservation Leadership Awards - Industry and Commerce Category B" and "Social Education Contribution Award".
Media	<ul style="list-style-type: none"> Participation in assessments, seminars and conferences / Ad hoc Establish a spokesperson and PR department for liaising purposes / Standing Hosting of press conferences and issuing of press releases / Ad hoc 	<ul style="list-style-type: none"> Paying attention to corporate social responsibility / Global Views "CSR Annual Award - Financial Industry Model" and "Happy Enterprise Model Award". Crisis management / Hosting of press release on ATM hacking incident to explain response taken, thank the police for solving the case so quickly, and apologizing to society. Provision of industry information / The FFHC expert team provides weekly updates on market conditions and financial products to help the public keep track of the financial market.

3 Issues of Concern and Material Aspects



Issue of concern	G4 Material Aspect	Internal	External	Report chapter	Corresponding page in Management Direction
Information disclosure Business performance and profitability Strategy and management Independence and professionalism of board directors Professionalism	Economy/ Economic performance	A,B	C,D,E,F,G,H	Sustainable governance First Performance Global development	P52
Social welfare Implementation of inclusive finance Friendly financial service Digital services and innovation	Economic/ Indirect economic impact Environment/ Products and Services Financial services sector disclosure/Product portfolio	A,B A,B A,B	C,D,F,G,H C,D,F,G C,D,F,G,H	Social harmony First Care Love for Taiwan	P148
Water resource management Ecological and environmental sustainability	Environment/Water Environment/ Wastewater and waste	A,B A,B	F,G F,G	Green finance First Energy Protecting the planet	P96
Reduction in GHG emissions and energy consumption Environmental education	Environment/Energy Environment/Emissions Environment/Transportation Environment/Compliance Environment/ Environmental complaints mechanism	A,B A,B A A,B A,B	F,G F,G F,G F,G F,G,H	Green finance First Energy Protecting the planet	P84
Responsible investment and lending	Society/Human rights Investment Financial services sector disclosure/Active ownership	A,B A,B	D,E,F,G C,D,E,F,G	Green finance First Support Forming partnerships	P84

Issue of concern	G4 Material Aspect	Internal	External	Report chapter	Corresponding page in Management Direction
Compensation and benefits	Economy/Market image	A,B	C,G,H	Happy workplace First Compensation Diverse benefits	P132
	Society/Labor practices/ Employer-employee relations	A,B	F,G		
	Society/Labor practices/ Gender equality on pay	A,B	F,G		
Gender Equality Human rights protection Communication and complaints mechanism	Society/Labor practices/ Employer-employee relations	A,B	F,G	Happy workplace First Workplace Friendly environment	P137
	Society/Labor practices/ Employment diversity and equal opportunity	A,B	F,G		
	Society/Human rights/ Coerced and compulsory labor	A,B	F,G,H		
	Society/Human rights/ Indigenous rights	A,B	F,G		
	Society/Human rights/ Assessment	A,B	F,G		
	Society/Human rights/ Freedom of association and collective bargaining	A,B	F,G		
	Society/Human rights/ Security practices	A,B	F,G		
Society/Labor practices/ Labor practices complaint mechanism	A,B	F,G,H			
Sustainable consumption and production Communication and complaints mechanism	Economy/ Procurement practice	A,B	F,G	Green finance First Support Forming partnerships	P108
	Environment/Overview	A,B	E,F,G		
	Environment/ Supplier environmental assessment	A,B	E,F,G,H		
	Society/Labor practices/ Supplier assessment for labor practices	A,B	E,F,G		
	Society/Human rights/ Non-discrimination	A,B	E,F,G		
	Society/Human rights/ Child labor	A,B	E,F,G		
	Society/Human rights/ Supplier human rights assessment	A,B	E,F,G		
Society/Human rights/ Human rights complaint mechanism	A,B	E,F,G,H			

Issue of concern	G4 Material Aspect	Internal	External	Report chapter	Corresponding page in Management Direction
Occupational safety and health	Society/Labor practices/ Occupational safety and health	A,B	C,G	Happy workplace First Workplace Friendly environment	P138
Training and development	Society/Labor practices/ Training and education	A,B	D,G	Happy workplace First Training Talent Cultivation	P124
Community building Volunteering and donations	Society/Society/ Local community	A,B	F,G,H	Social harmony First Care Love for Taiwan	P158
Ethical corporate management	Society/Society/ Anti-corruption	A,B	C,D,E,G	Sustainable governance First Integrity Risk management	P73
Corporate governance Prevention of money laundering, financial fraud and terrorism financing Risk management Maintaining Information Security	Society/Society/ Public policy	A,B	C,F,G,H	Sustainable governance First Governance Exceptional management	P52
	Society/Society/ Social compliance	A,B	C,D,F,G	Sustainable governance First Integrity Risk management	P78
	Society/Society/ Complaint mechanisms for impacts on society	A,B	C,D,F,G		
Product risk	Financial services sector disclosure/Audit	A,B	C,D,F,G	Green finance First Security Safeguarding customers	P117
	Society/Product liability/ Product and service labeling	A,B	C,D,G		
Product and service quality Customer satisfaction improvement	Society/Product liability/ Regulatory compliance	A,B	C,D,G,H	Social harmony First Service The customer comes first	P149
	Society/Product liability/ Marketing communication	A,B	C,D,G,H		
Protection of customer privacy	Society/Product liability/ Customer privacy	A,B	C,D,G	Sustainable governance First Integrity Risk management	P79

Sustainable Governance



Strategy 1

Innovative transformation and sustainable competition

Embrace a strategy of "Innovative Transformation" to build the software and hardware infrastructure for a "digital" financial industry. Drive profit growth through gradual adjustments to the operating models of each business unit to focus on the development of their core business. At the same time, FinTech applications will be leveraged to enhance customer relations management and increase the penetration of composite services through differentiated marketing. Partnerships with stakeholders such as the supply chain, customers and shareholders will be promoted for the fulfillment of our corporate social responsibility and realize the group's target of "Sustainable Competition."



Strategy 2

Strengthen stakeholder communications and reinforce corporate governance operations

Upgrades to the CSR section of our corporate website are planned to make it more lively, more interactive, and compatible with mobile devices. A bilingual website is also being developed to strengthen communication with all stakeholders. We will continue to participate in the Dow Jones Sustainability Indexes (DJSI) to enhance our international image. Due to increasing international attention on corporate tax governance, a tax governance policy and management mechanism has been defined for our company. This will lower our tax risks and operating costs while optimizing our post-tax business performance to realize sustainable corporate development.



Strategy 3

Enforce legal compliance, strengthen prevention of money-laundering and terrorism financing as well as risk management

Continued focus on enforcement of legal compliance and strengthening of compliance management at overseas locations. Group personnel shall receive enhanced education on the prevention of money-laundering and terrorism financing. Related controls will also be rigorously enforced. Risk management and IT security have been stepped after ATMs were hacked by international criminals. Risk assessment capabilities and techniques have also been refined to improve overall risk management.

First-Class Performance and International Development

The conventional financial industry is now coming under increasing challenge due to the emergence of FinTech (Financial Technology) and the rise of Blockchain technology. FinTech in particular is threatening to render obsolete the role of financial broker played by conventional financial institutions. New business models made possible by new technologies are now eroding the financial institution's market share in traditional brokerage services. Online lending platforms now allow individuals and businesses to complete loan transactions online. Robo-advisors are now replacing human consultants during financial planning as well. Blockchain has been referred to as "The Trust Machine" by the renowned international journal The Economist. The novel trust mechanism and settlement speed it represents pose a serious challenge to the payment model of traditional financial institutions. Major financial institutions around the world are now investing in the development and application of blockchain technology in clearing systems and trans-national payments. The financial industry must rapidly reinvent itself to avoid being left behind.



1-1. Innovative transformation and sustainable competition

This year (2017), the FFHC Group will build on the spirit of “innovation” and “sustainability” in the strategy of “Innovative Growth, Sustained Improvement” from last year. We will take advantage of the digital economy trade to upgrade the “breadth” and “depth” of financial services as well as strengthen the sustainable competitiveness of our business management and development efforts. At the same time, a strategy of “innovative transformation” will be used to build the software and hardware infrastructure for a “digital” financial industry. To drive profit growth, the operating models of each business unit in the group will be gradually adjusted to focus on the development of their core business. At the same time, FinTech applications will be leveraged to enhance customer relations management and increase the penetration of composite services through differentiated marketing. Partnerships with stakeholders such as the supply chain, customers and shareholders will be promoted for the fulfillment of our corporate social responsibility and realize the group’s target of “Sustainable Competition.”

The global economy went through a slump last year but may finally start moving again this year. There are still some negative risks in play however such as a switch in U.S. policy to focus on domestic growth and a corresponding increase in trade protectionism; risks associated with a “hard Brexit” in the U.K. As well as Europe going into an election year; as well as greater than expected slowdown in economic growth by China. Faced with such a volatile market, the FFHC Group will engage in aggressive innovation and transformation through strategies that adapt to changing circumstances.

1-2. Group organization and business performance

The solid foundation provided by the FFHC Group’s banking subsidiary meant that our core businesses and profits have continued to grow. In terms of market penetration, after the Chroy Changvar and Mean Chey sub-branches of the Phnom Penh branch were opened in January last year (2016), the Manila branch in the Philippines was also officially opened in December as well. We now have up to 39 overseas locations with 14 banking branches in Southeast Asia. The FFHC Group is therefore aggressively taking advantage of new Southward business opportunities and progressively realizing our goal of becoming a “Regional Asian Financial Institution.” In virtual and physical integration, our banking subsidiary has used the integration of virtual and physical channels to create 20 “digital branches” and 44 “digital banking experience areas” in bank branches. In addition to being the first to introduce the Pepper reception robot, we have now launched smart customer services. We have also submitted applications for FinTech patents and 20 patents have been granted as of March 2017. Electronic marketing of securities, investment and life insurance products has been increased as well to provide customers with an enhanced digital experience. In terms of innovative products, reverse mortgage and multi-currency global transfer services are now offered by our banking subsidiary. Our investment trust subsidiary also issued the first “Robot” and “FinTech” funds in Taiwan to provide even more innovative financial services; In CSR fulfillment, the FFHC’s continued efforts to internalize CSR aspects such as corporate governance, environmental sustainability, customer care, employee care and social welfare into our business activities and combine them with core competencies have achieved widespread recognition from all sectors.

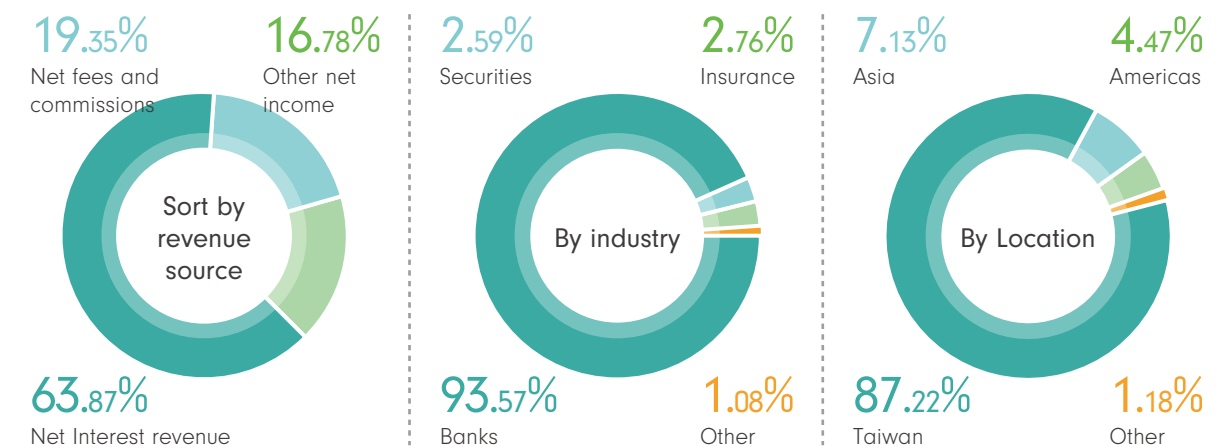


2016 Group Milestones

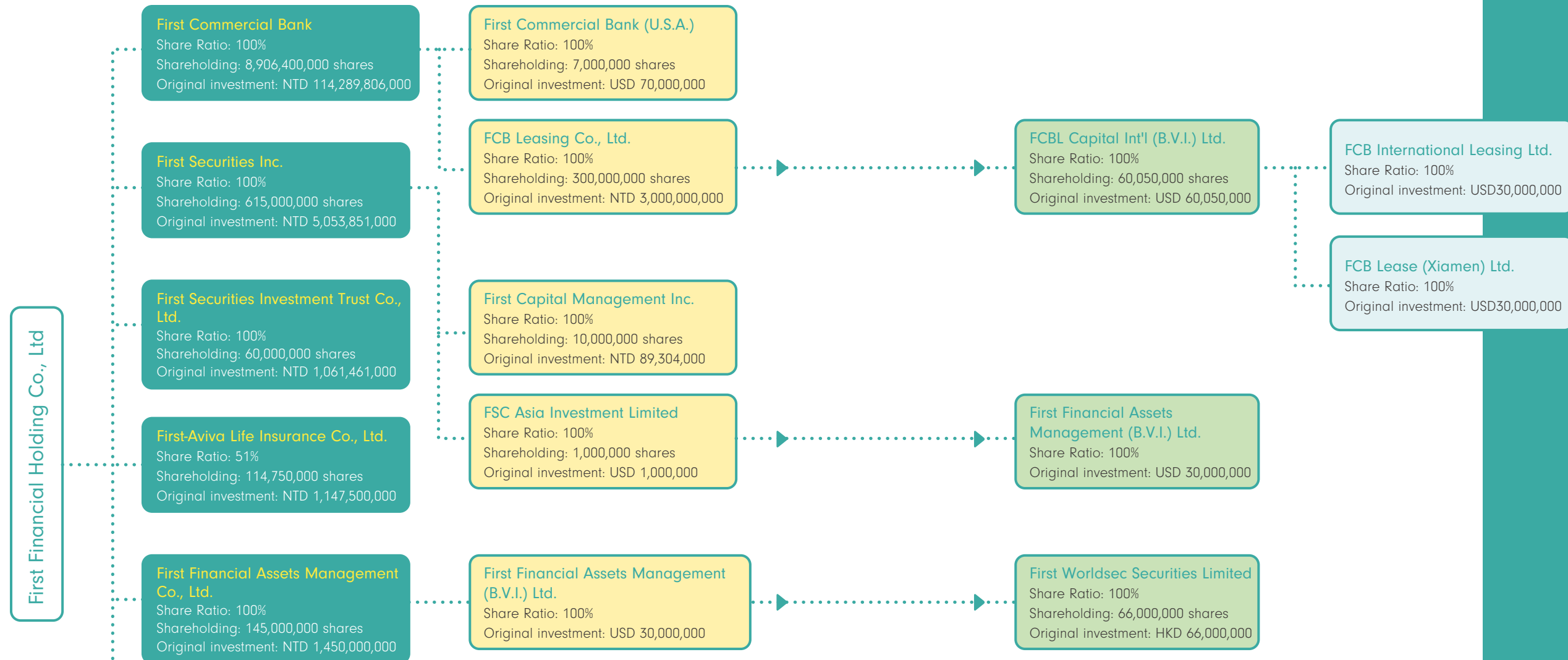
<h3>Market Penetration</h3>	<h3>Virtual/Physical Integration</h3>	<h3>New Products</h3>	<h3>Ethical Management</h3>
<ul style="list-style-type: none"> • First Bank Phnom Penh branch opens Chroy Changvar and Mean Chey sub-branches in Jan 2016 • Approval to open Manila branch in the Philippines • Full banking coverage of Indo-China • International platform boosts synergies from domestic/overseas locations 	<ul style="list-style-type: none"> • Roll-out of digital branches and “digital banking experience area” • Digitization and mobilization of consumer and corporate online transactions • Electronic marketing for securities/investment trust/life insurance channels 	<ul style="list-style-type: none"> • Reverse mortgage • Multi-currency global fund transfer (World-link) • Pepper reception robot • First “Robot” and “FinTech” funds in Taiwan 	<ul style="list-style-type: none"> • Selected as constituent stock of “Emerging Market Index” of DJSI upon first entry • 2016 CSR Practice Award from BSI • Rated as a top 5% listed company in the TWSE’s “2nd Corporate Governance Evaluation”

In 2016 our company's paid-in capital amounted to NTD 119.769 billion with consolidated assets of NTD 2.54 trillion, consolidated income of NTD 45.091 billion and net earnings after tax of NTD 17.284 billion. Earnings per share after tax were NTD 1.45.

Analysis of business distribution



Organizational relationship chart



1-3. Operating regions and countries

FFHC Headquarters is located at No. 30, Sec. 1, Chongqing S. Rd., Taipei City. It has both local and overseas offices in developed/developing regions such as Taiwan, Americas (U.S., Canada), China/Hong Kong/Macao (Hong Kong, Macao, Shanghai, Chengdu, Suzhou, Xiamen), Southeast Asia (Singapore, Vietnam, Thailand, Philippines), Northeast Asia (Japan), Europe (U.K.), and Oceania (Guam, Australia). 9 operating locations have also been established in under-developed countries (Myanmar, Cambodia, Laos). The FFHC Group employs a total of 9,108 people.

Our Group's overseas presence

Americas

Bank : Bank: Los Angeles branch, New York branch, Vancouver branch, and Toronto Branch; First Commercial Bank (U.S.A.) branch and its 7 sub-branches including the Alhambra Branch, City of Industry Branch, Silicon Valley Branch, Irvine Branch, Arcadia Branch, Artesia Branch and Fremont Branch **11**

Asia

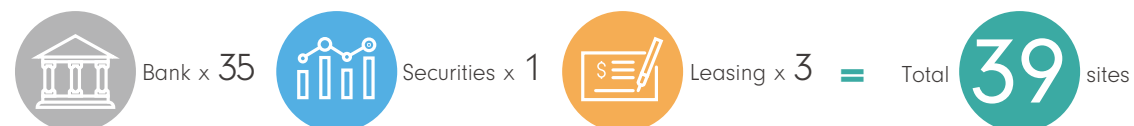
China/Hong Kong/Macao : Bank: Hong Kong Branch, Macao Branch, Shanghai Branch, Shanghai Pilot FTZ Sub-branch, Chengdu Branch, Xiamen Branch **6**
 Securities: First Worldsec (Hong Kong) **1**
 Leasing: FCB Lease (Chengdu), FCB International Leasing (Suzhou), FCB Lease (Xiamen) **3**

Southeast Asia : Bank: Singapore Branch, Ho Chi Minh City Branch, Hanoi City Branch, Bangkok Office, Yangon Office, Phnom Penh Branch and its Chorm Chaov Sub-branch, Olympic Sub-branch, Chamkar Mon Sub-branch, Tuol Kouk Sub-Branch, Mean Chey Sub-Branch, Chraoy Chongvar Sub-Branch and Vientiane Branch (Laos), Manila Branch (Philippines) **14**

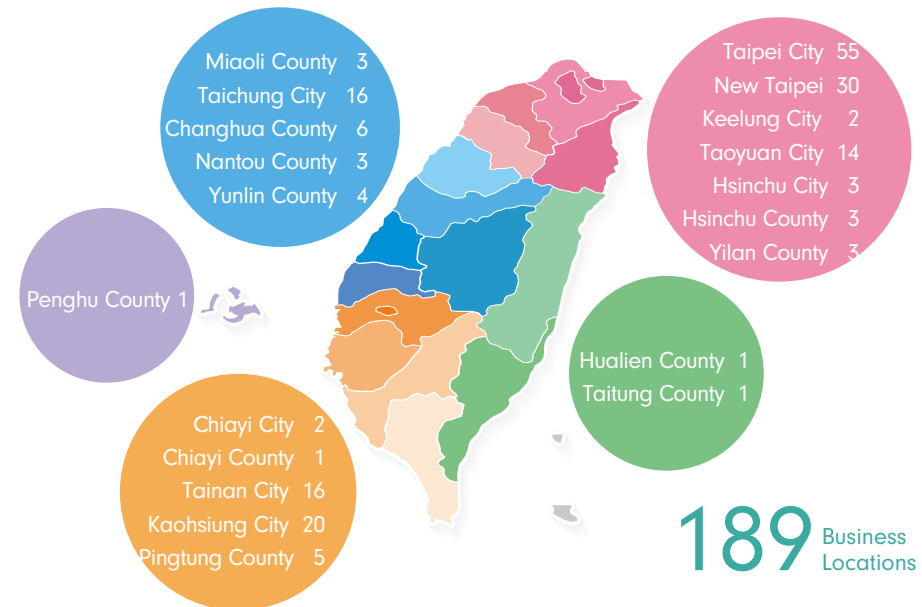
Northeast Asia : Bank: Tokyo Branch **1**

Europe : Bank: London Branch **1**

Oceania : Bank: Guam Branch, Brisbane Branch **2**



• First Bank branches in Taiwan



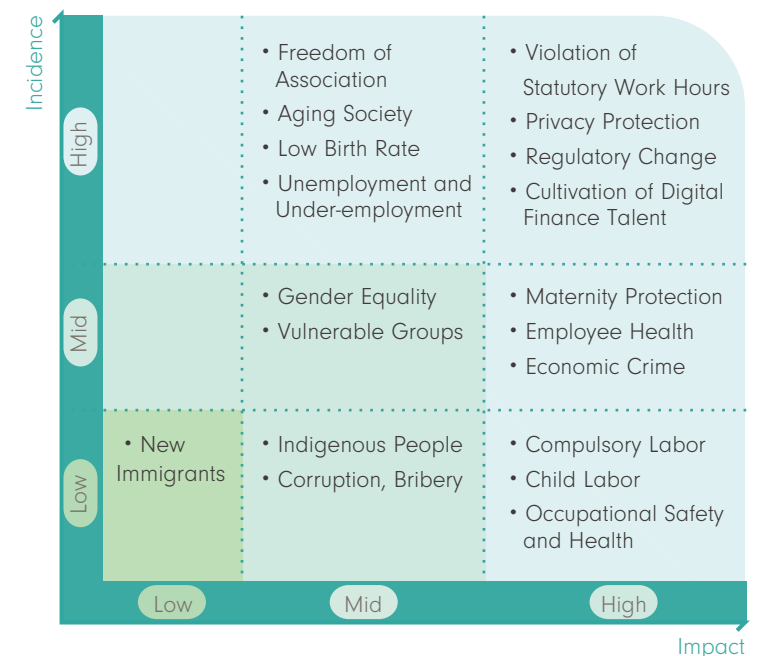
First Bank is the second largest bank in Taiwan by branch count and has 189 business locations throughout Taiwan. Our operations cover both urban and rural regions. We have established 11 offices and 30 automatic teller machines (ATM) in remote regions such as Nantou, Pingtung, Hualien, Taitung and Penghu that can provide the full spectrum of financial services to rural residents at any time.

First Securities has **24** subsidiaries and **131** securities counters throughout Taiwan. In remote regions such as Penghu, Nantou and Pingtung, we have a total of **6** offices for providing "personalized" investment services to the general public. Convenient investment and financial planning services such as online and mobile order placements are also available.

First-Aviva has established 20 insurance counters at First Bank business locations in Taipei, New Taipei, Taoyuan and Kaohsiung. The counters can answer customer inquiries on insurance policies and provide more comprehensive insurance planning services. Travel insurance, accident insurance and interest-sensitive annuity insurance can now be purchased online as well to provide consumers with more convenient insurance services and to protect consumer interests.

The risk map is now used during the opening of new locations, development of new businesses, credit and investment, purchasing, business strategy planning and human resource development to assess the impact on society, human rights and the environment. There were no complaints due to impact on society, human rights or the environment in 2016.

• 2016 FFHC Human Resource Management Risk Map



Impact

1-4. Financial and economic performance

Our Group's net income after tax for 2015 and 2016 were NTD 15.962 billion and NTD 17.284 billion respectively. Earnings per share were NTD 1.48 and NTD 1.45.

	2016	2015
Assets	2,541,156,335	2,500,095,812
Total liabilities	2,349,127,413	2,312,108,826
Operating ability		
Shareholders' equity	192,028,922	187,986,986
Profit or loss after tax	17,284,157	15,962,231
Employee welfare expenses	14,279,891	14,313,356
Average employee welfare expenses	1,567.84	1,555.63
Profitability		
ROA (%)	0.69	0.66
Return on Ordinary Shareholders' Equity (%)	9.10	9.32
Profit ratio (%)	38.33	39.08
Earnings per share (NTD)	1.45	1.48

Unit: Thousands NTD; %

Note 1: Profit or loss after tax includes non-controlling interests.

Note 2: Due to the issuing of dividends in 2016, past weighted average for ordinary shares outstanding for earnings per share was revised.

Note 3: The financial data and ratios were all prepared in accordance with IFRS.

Note 4: Grandson companies not included in the consolidated financial company include First Financial AMC B.V.I., and FCB Leasing B.V.I.

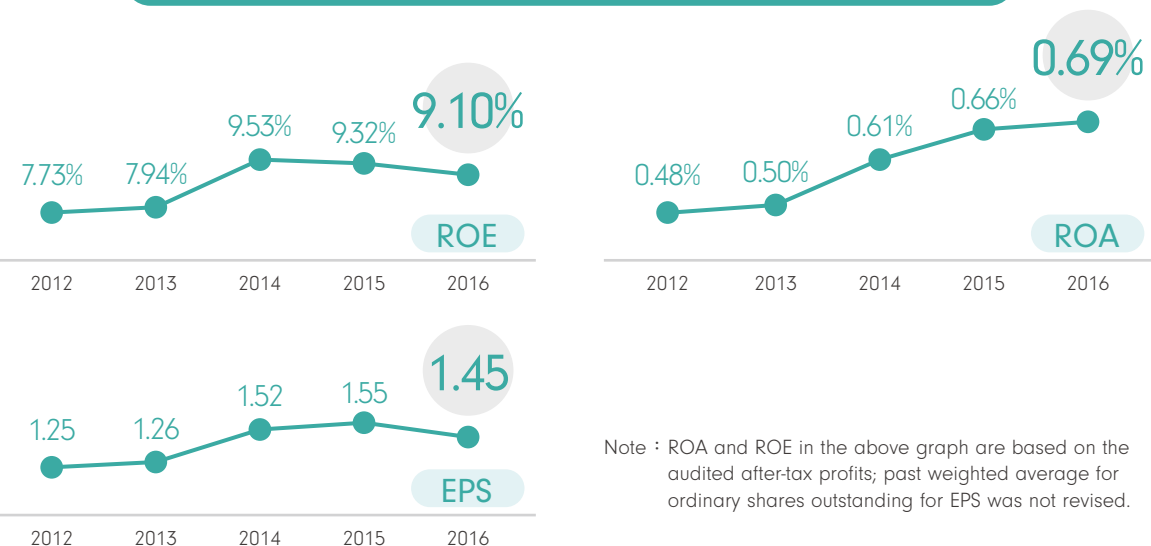
Share dividend

/Tax amount →



	2016	2015
Cash dividends per share (NTD)	1.2	0.95
Dividends per share (NTD)	0.2	0.45
Income tax paid (Thousand NTD)	2,135,777	2,473,401
Retained earnings (Thousand NTD)	39,753,479	38,461,016

Profit performance trends in the last five years - ROA, ROE, EPS



First Brand - Innovative service

2

2-1. Brand spirit and management

Continuous innovations in FinTech means it's finding increasingly mature applications in cash flow services. Apart from using IT security technologies to ensure the confidentiality and integrity of transactions, it has also given added impetus to e-commerce, digital equipment upgrades and mobile payment. By using cross-industry alliances to extend cash flow services beyond physical channels and the development of new businesses to maintain the expandability of the system, a quick, convenient and secure virtual channel platform can be forged. Active integration of the physical and virtual is being used to develop innovative financial services that will reach out to young customers of the e-generation and strengthen the existing customer base. Innovative design, willingness to experiment and readiness to take responsibility will build a secure and sustainable environment that continues to revitalize the brand and shape FFHC's image as a professional and high-quality financial brand.

Pioneering strategy and innovative thinking are being used to promote charitable initiatives and set a good example of giving back to society. In keeping with the spirit of "inspiring through local care", our subsidiaries are actively reaching out to disadvantaged groups, helping people realize their dreams, participating in charitable enterprises, embracing the spirit of cooperation, and realizing everyone's ideals on public welfare. Together, we are creating and communicating love while also incorporating gratitude, service, hope and growth into the careers of every employee. We also actively support a business philosophy of environmental sustainability and promoting social welfare through action. We will sow the seeds of goodness in every corner of Taiwan to make FFHC the No. 1 brand in green finance.

2-2. Products and services

An "integrated service" that is "trans-national, trans-department, and trans-process" will continue to be built on the channel platform provided by our banking subsidiary. Developments in digital finance will also be harnessed along with extended applications of FinTech as well as virtual/physical channel integration/specialization to develop an Online-to-Offline integrated service and sales model. Big data analysis of customer consumption behavior will be leveraged for digital marketing to take advantage of the opportunities offered by differentiated marketing. The market niche and business model of each business unit will be gradually adjusted as well to keep pace with FinTech and product innovations. Businesses such as digital banking, wealth management securities, value investment trust, niche insurance and innovative venture funds will use value product packaging, innovative product services together with FFHC's integrated marketing model to satisfy the product requirements of all customer types.

2-3. Credit rating

According to the 2016 credit rating reports issued by Taiwan Ratings, S&P and Moody's, our Group demonstrated in the financial industry a strong competitive advantage and stable business management; in the financial market, we have demonstrated very solid corporate fundamentals, an extensive customer base along with sound financial structure, risk control and excellent asset quality. The results from the long and short-term credit ratings as well as future outlook were as shown below:

	First Financial Holding			
	Short-term	Long-term	Outlook	Rating date
Taiwan Ratings	twA-1+	twAA-	Stable	2016.9.12
S&P	A-3	BBB	Stable	2016.9.12
Moody's	-	A3	Stable	2016.12.9



Note: Credit rating definitions can be found at the Moody's (<https://www.moody.com>), S&P (<http://www.standardandpoors.com>) and Taiwan Ratings (<http://www.taiwanratings.com>) websites.

2-4. Participation in local and overseas organizations

Our company and subsidiaries have joined the corresponding industry associations for banking, securities, insurance, trusts, investment trusts, investment consulting, venture capital and leasing to promote the development of the domestic financial industry and enhance the overall financial environment. Chairman Tsai is also the standing director of the Bankers Association of the Republic of China, standing director of The Bankers Association of Taipei, director of the Taiwan Financial Services Roundtable, and president of the Trust Association of R.O.C. Chairman Hsueh of First Securities Investment Trust is the president of the Securities Investment Trust & Consulting Association of the R.O.C.; while President Yeh of First Securities is a director of Taiwan Securities Association; at the same time, we also actively participate in various domestic networking associations and professional organizations to receive the latest economic and financial information in Taiwan and from overseas. This ensures the sustainable development of the Group's overall business environment.

First Bank joined the Business Council for Sustainable Development of Taiwan (BCSD-Taiwan) in January, 2013 with Chairman Tsai serving as the director. The move was aimed at promoting and implementing the philosophy of corporate social responsibility as well as environmental protection and resource management to fulfill the goal of sustainable development. To give back to society, encourage scholarship among talented students in Taiwan and cultivate elite insurance professionals, First-Aviva helped fund the Life Insurance Educational Foundation with Vice President Lu as a director. As there is a clear lack of understanding on sustainability concepts and execution talent among local companies, our Company sponsored the establishment of the Center for Corporate Sustainability. Chairman Tsai became one of the founding directors and is actively involved in helping the Center with promoting corporate sustainability education and hosting international forums. We are therefore contributing to the popularization of corporate sustainability/CSR values and encouraging local companies to embrace sustainable development.

Company Name	Industry/Corporate sustainability non-government organization
First Financial Holding	<ul style="list-style-type: none"> Bankers Association of the Republic of China The Bankers Association of Taipei Center for Corporate Sustainability
First Bank	<ul style="list-style-type: none"> Bankers Association of the Republic of China Trust Association of R.O.C. Securities Investment Trust and Consulting Association of the R.O.C. Taiwan Securities Association R.O.C. Bills Finance Association The Insurance Agency Association of the Republic of China The Bankers Association of Taipei Asian Pacific Bankers Council Asian Bankers Association ICC Commercial Crime Services European Bank for Reconstruction and Development (EBRD) Taiwan Russia Association Taiwan India Business Association Taiwan Contact Center Development Association Turnaround Management Association Small and Medium Enterprise Guarantee Fund Agricultural Credit Guarantee Fund Chinese National Association of Industry and Commerce, Taiwan Joint Credit Information Center Taiwan Economic Association Factors Chain International National Association of Small & Medium Enterprises, R.O.C. Financial Planning Association of Taiwan Chinese International Economic Cooperation Association National Credit Card Center Overseas Credit Guarantee Fund (Taiwan) Chinese Financial Research Association Business Council for Sustainable Development of Taiwan (BCSD-Taiwan) Taiwan Energy Service Association (TESA) International Swap and Derivatives Association (ISDA) IT-enabled Services Management Association (itSMA) Taiwan Internet and E-Commerce Association (TiEA) The Institute of Internal Auditors, R.O.C.

Company Name	Industry/Corporate sustainability non-government organization
First-Aviva Life Insurance	<ul style="list-style-type: none"> The Life Insurance Association of the Republic of China Life Office Management Association (LOMA) The Actuarial Institute of the Republic of China Taipei Bar Association Society of Actuaries American Academy of Actuaries American Club Taipei (ACC) European Chamber of Commerce Taiwan (ECCT) British Chamber of Commerce in Taipei (BCCT) Taiwan Insurance Institute Taiwan Insurance Law Association Association of Certified Fraud Examiner Information Systems Audit and Control Association (ISACA) The Institute of Internal Auditors, R.O.C. Life Insurance Educational Foundation Insurance Anti-Fraud Institute
First Securities	<ul style="list-style-type: none"> Taiwan Securities Association Chinese National Futures Association Securities Investment Trust and Consulting Association of the R.O.C.
First Securities Investment Trust	<ul style="list-style-type: none"> Securities Investment Trust and Consulting Association of the R.O.C. Pension Fund Association, R.O.C.
First Venture Capital	Taiwan Venture Capital Association



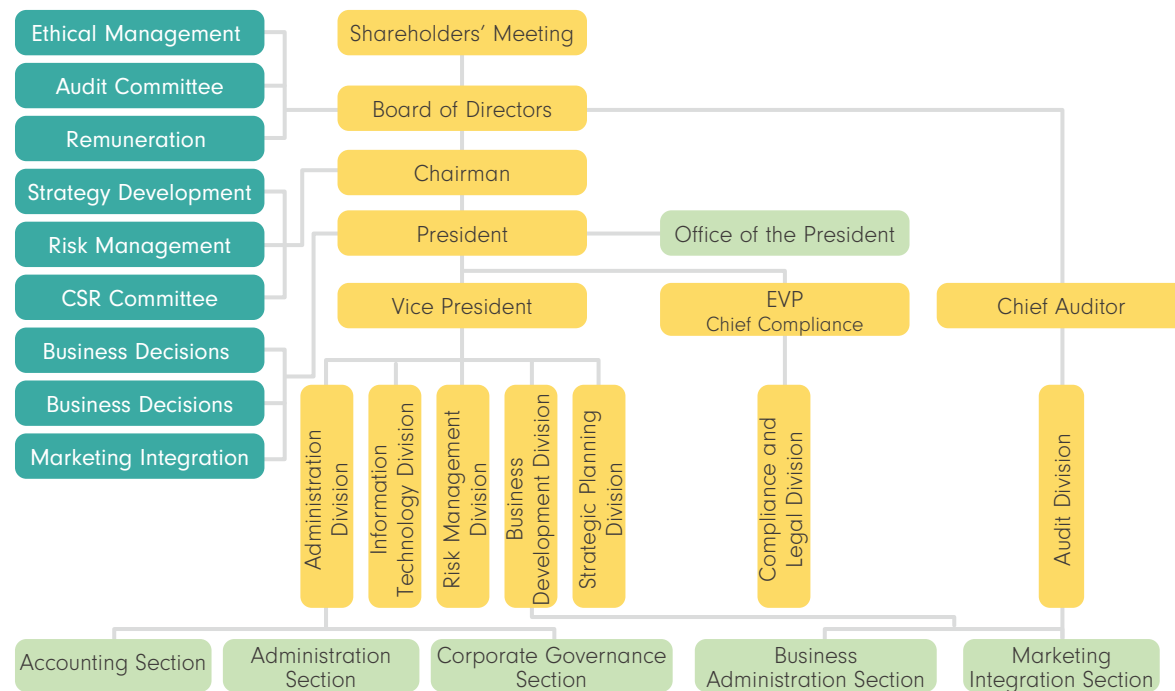
First Governance - Exceptional management

3

The FFHC "Regulations for Evaluating the Performance of the Board of Directors" requires an internal performance evaluation to be conducted at the end of the year in accordance with evaluation procedure and standard defined in the regulations. An evaluation by an external professional body or experts and academics should also be conducted at least once every three years. The results of the evaluation should be reported to the Board of Directors no more than three months after the end of each financial year. An evaluation of the Board's 2016 performance conducted in early 2017 in accordance with the regulations found that the qualitative and quantitative indicators for all five major aspects had been met. Performance was therefore rated as "excellent" and disclosed in the annual report, corporate website, and Market Observation Post System. A review of the Board's 2017 performance by external professional bodies or experts and academics is now being planned. To exercise due diligence as asset owners and managers, First Securities, First Securities Investment Trust and First-Aviva signed the "Stewardship Principles for Institutional Investors" compliance statement in 2016. This was disclosed on their corporate websites and the Corporate Governance Center. State of compliance is also regularly disclosed through their corporate websites as well. To reflect the latest trends in the OECD corporate governance principles, FFHC updated our "Corporate Governance Best Practice Principles" in 2016. To establish an effective framework for corporate governance, the revised regulations made provisions for the establishment of full/part-time corporate governance positions and personnel to supervise corporate governance-related matters, the required qualifications or experience for such supervisors, and strengthening of mechanisms for shareholder interactions.

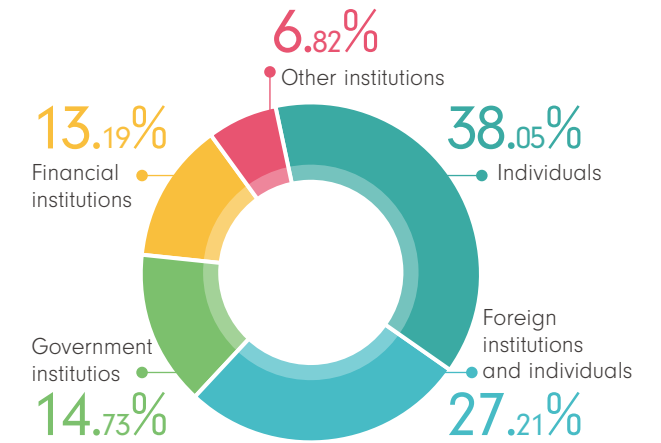
In 2017, we will continue to publish a BSI-certified bilingual 2016 CSR report prepared in accordance with GRI G4 guidelines to provide local and overseas investors with equal and timely access to critical ESG information. Upgrades to the CSR section of our corporate website are also planned to make it more lively, more interactive, and compatible with mobile devices. A bilingual website is also being developed to strengthen communication with all stakeholders. We will continue to participate in the Dow Jones Sustainability Indexes (DJSI) to enhance our international image. In response to increased international attention on corporate tax governance, an explanation of FFHC's tax policy, main business activities, financial affairs and tax affairs is provided in our financial report. The FFHC tax governance policy and management mechanism has also been defined as well with the Board of Directors designated as the highest tax risk management unit. A dedicated tax management unit is also required to report regularly to the Board on the execution of tax management to reduce the tax risks and operating costs to the company, optimize after-tax business performance, ensure sustainable development, and continue to strengthen our corporate governance operations with the TWSE Corporate Governance Evaluation System and international trends as the guiding principle.

• FFHC Corporate Governance Structure



3-1. Shareholder Structure and Communication

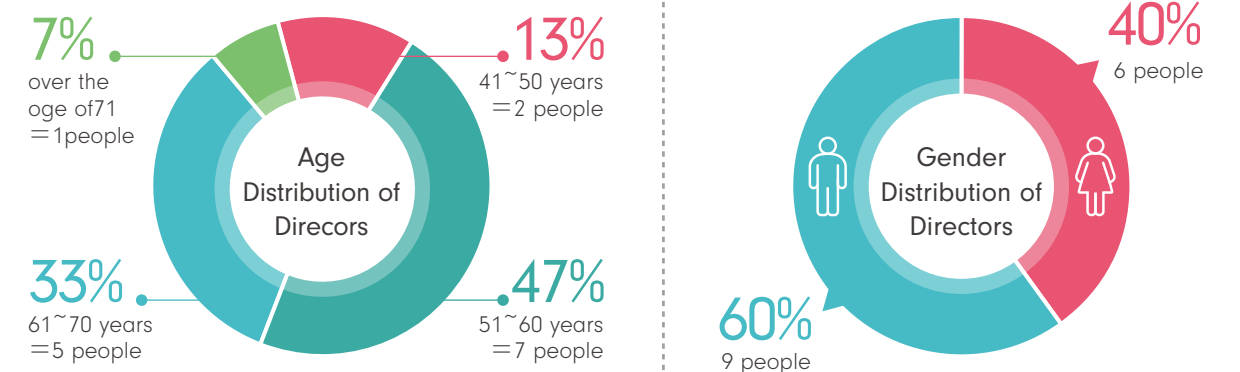
During the FFHC 2016 Shareholders' Meeting, we presented shareholders with an overview of our business in 2015, final accounts, and employee/Board remuneration. Voting was also conducted on the 2015 annual report and consolidated financial report, distribution of profits, and issuing of new shares for capitalization of profits. Shareholders questions were answered on the spot. We engaged in proactive shareholder communications through quarterly institutional investor meetings in Taiwan and by attending the institutional investor events held in Singapore by Deutsche Bank. Electronic voting has been implemented for FFHC shareholders' meeting since 2013. In 2016, electronic votes accounted for 48.7% of all outstanding shares and 83% of all shares in attendance. This was reflective of FFHC's efforts in supporting shareholder activism.







Our company's shareholder structure as of April 18, 2017 is shown in the chart below


3-2. Board Structure and Operation

The 5th Board of Directors was elected from nominated candidates. The Board consists of 12 directors and 3 independent directors. Average length of appointment was 5.67 years so the directors had a full understanding of the Company's business strategy and development goals. The experience, professionalism and technical know-how of the directors provide leadership to the company and enable FFHC to respond to economic changes and the competition environment in a timely manner. To ensure that independent directors can exercise their authority in an objective manner and that independence is not reduced by extended association, none of the 3 independent directors have served for more than 9 consecutive years (2 of the independent directors were newly appointed). FFHC also actively implements a policy of diversity in Board membership. The 6 current female directors and independent directors account for 40% of the Board membership. Board members also have professional skills and industry experience in banking, securities, economics, accounting, insurance, risk management, finance, business management, law and labor.



• The backgrounds of the directors and independent directors are listed below

Title	Name	Initial Appointment Date	Academic background	Current role in financial holding company and other companies	Experience in working with Global Industry Classification Standard (IGS)
Chairman 	Ching-Nain Tsai (MOF representative)	2010 7/1	M.S., Industrial Management, National Cheng Kung University Chief, Financial Inspection, Bureau of Monetary Affairs, MOF; Chief Secretary and Commissioner of Securities and Futures Institute, MOF; Deputy Director-General, National Treasury Administration, MOF; Deputy Director, Bureau of Monetary Affairs, MOF; President, The Export-Import Bank of the Republic of China; Director-General, National Treasury Administration, MOF; President, Land Bank of Taiwan; Chairman, Taiwan Business Bank; Chairman, Taiwan Futures Exchange; Chairman, First Commercial Bank (U.S.A.)	Chairman, First Commercial Bank; Chairman & First Education Foundation; President of the Trust Association of R.O.C.; Supervisor, Taiwan Stock Exchange; Director, Taiwan Financial Services Roundtable	Finance
Director and President 	Grace M.L. Jeng (MOF representative)	2014 12/25	B.S. Department of Business, National Taiwan University Head of FFHC Corporate Planning Dept.; Head of Financial Services of First Bank; Manager and Vice President of First Bank Yuanshan Branch; Chairman of First Commercial Bank (U.S.A.); Director of First Insurance Agency; Director of First Securities Investment Trust; First chief commissioner of Financial Planning Committee of the Bankers Association	Director, First Bank; Director, Taiwan Asset Management Corp.; Director, First Education Foundation	Finance
Director 	Po-Chiao Chou (MOF representative)	2014 12/25	B.S. Accounting, National Cheng Kung University General Manager, Chief of Accounting Office, of First Bank West Tainan Branch, Head of General Affairs Dept. Vice President, First Bank West Tainan Branch; Advisor and of Head of Risk Mgmt. Div., Advisor and Head of Administration Div., Vice President, First Financial Holding; Chairman, First Venture Capital and First Consulting Co., Ltd.; Supervisor, First Securities; Director, First Commercial Bank (U.S.A.); Director, First-Aviva Life Insurance	Executive Director and President, First Bank; Chairman of First Commercial Bank (U.S.A.); Chairman, First Education Foundation; Director, Taiwan Small Business Integrated Assistance Center; Director, Taipei Financial Center Corp	Finance
Director 	Hsien-Feng Lee (MOF representative)	2006 1/2	Ph.D., Economics, Bielefeld University, Germany Economics Lecturer, National Taiwan University; Director, Public Economic Policy Research Center, National Taiwan University; Advisory Committee Consultant, Council for Economic Planning and Development, Executive Yuan; Director, Farmers Bank of China Current: Associate Professor of Economics, National Taiwan University; Director, Public Economic Policy Research Center, National Taiwan University	Executive Director, First Bank; Director, Yuanta-Polaris Research Institute	Finance

Title	Name	Initial Appointment Date	Academic background	Current role in financial holding company and other companies	Experience in working with Global Industry Classification Standard (IGS)
Director 	Yi-Hsin Wang (MOF representative)	2008 9/26	Ph.D. in Accounting from the University of Kentucky, U.S.A. Associate Professor and Professor of Accounting at National Chung Hsing University; Professor, Dean of Library and Vice President, National Taipei University; Independent Director, BestCom Infotech Corporation Current: Professor of Accounting, National Taipei University	Executive Director, Institute of Internal Auditors, ROC (Taiwan); Editor-in-Chief, Editorial Committee, Institute of Internal Auditors, ROC (Taiwan); Independent Director, United BioPharma Inc; Independent Director, Transcend Information, Inc; Chairman, Accounting Research and Development Foundation; Chairman, Taipei City Trend Research Culture and Education Foundation	Finance, Medical & Health, Necessary Consume, Information technology
Director 	Hung-Chi Huang (MOF representative)	2011 8/12	Ph.D. in Actuarial Science, Heriot-Watt University, U.K. Actuarial Analyst, Actuarial Department, Cathay Life Insurance Company; Associate Manager, Tri-Better Enterprise Company; Reviewer of Insurance Products, Financial Supervision Commission, Executive Yuan; Consultant, Taiwan Civil Service Pension Fund Management Board; Advisory Committee Consultant of Risk Management Committee, Chunghwa Post; Dean & Professor, Dept. of Risk Management and Insurance, National Chengchi University; Director, First-Aviva Life Insurance Co. Current: Dean & Professor, Dept. of Risk Management and Insurance, National Chengchi University	N/A	Finance
Director 	Huey-Fang Liao (MOF representative)	2016 6/22	M.S. Laws National Chengchi University Lawyer; President, Taiwan Labor Front; Member, Taipei City Sexual Harassment Prevention Committee; Independent Director, Mr. Onion Corp; Member, Labor Pension Fund Supervisory Committee, Ministry of Labor; Member, Gender Equality in Employment Committee, Ministry of Labor Current: Deputy Minister of Labor	N/A	Finance, Necessary Consume
Director 	Shing-Rong Lo (Bank of Taiwan representative)	2015 10/26	Bachelor's degree, Department of Accounting, National Chung Hsing University Section Chief and Deputy Director of the National Treasury Administration, Ministry of Finance, Deputy Director of Finance Department, New Taipei City Current: Team Captain, National Treasury Administration, MOF	N/A	Finance

• The backgrounds of the directors and independent directors are listed below

Title	Name	Initial Appointment Date	Academic background	Current role in financial holding company and other companies	Experience in working with Global Industry Classification Standard (IGS)
Director	Shiou-Jsu Yeh (Bank of Taiwan representative)	2016 9/9	B.A. National Taiwan University New York Branch Manager, Bank of Taiwan; Vice President, Taiwan Financial Holdings; Bank of Taiwan: Senior Executive Officer of Financial Department, Xinzhuang Branch Manager, Financial Manager, Director of Secretariat.	Vice President and Director of Secretariat, Bank of Taiwan; Director, Taiwan Fire & Marine Insurance; Director, Taiwan Cooperative Bank	Finance
Director	Tien-Yuan Chen (Golden Garden Investment Co., Ltd representative)	2003 1/2	B.A. Foreign Languages and Literature, Tamkang University Chairman, Taiwan Coca-Cola Co.; Chairman, Golden Garden Investment Co.	Executive Director, First Bank; Chairman, Golden Garden Investment Co.; Chairman, Golden Gate Motor Co.; Chairman, Golden Gate Investment Co.; Director, First Education Foundation	Finance, Unnecessary Consume, Necessary Consume
Director	Chi-Hsun Chang	2006 1/2	B.S. International Trade, Tamkang University Supervisor, Optimum Care International Tech Inc.; Director and President, Magna Central Company; Head of Sales Dept., Nan Ya Plastics Corporation	Chairman and President, Unitop Co., Ltd.	Finance, Materials, Necessary Consume, Information technology
Director	An-Fu Chen (Global Investment Co., Ltd. representative)	2009 5/22	B.S., Pharmacy, Taipei Medical University Director, Mingtai Fire & Marine Insurance Company; Vice President, TransGlobe Life Insurance Inc.; Vice President, Transamerica Occidental Life Insurance Co.	Chairman, Global Investment Co., Ltd.	Finance, Medical & Health, Information technology
Independent director	Shyan-Yuan Lee	2012 6/22	Ph.D. Finance, Columbia University at NYC Associate Professor, Department of Finance, National Taiwan University; Commissioner, Financial Supervisory Commission; Public Interest Director, TWSE; Independent Director, International Bills Finance Corporation; Independent Director, TransAsia Airways Corporation Current: Professor, Department of Finance, National Taiwan	Independent Director, Globaltek Fabrication Co., Ltd.	Finance, Industry
Independent director	Hau-Min Chu	2015 6/26	Ph.D. in Economics, Brown University, U.S.A. Professor and Head of Finance Department, National Chengchi University; President, CTBC Financial Management College; Director, Taiwan Futures Exchange; Executive Director, Export-Import Bank of the ROC; Director, Taiwan Financial Holding Company; Executive Director, Land Bank of Taiwan; Standing Independent Director, First Bank Current: Associate Professor, Finance Department, National Chengchi University; Guest Lecturer, Takming University of Science and Technology	Independent director, First Bank; Independent director, Wah Lee Industrial Corp; Independent director, Gamma Optical Co., Ltd.	Finance, Materials, Medical & Health, Utilities, Energy

Title	Name	Initial Appointment Date	Academic background	Current role in financial holding company and other companies	Experience in working with Global Industry Classification Standard (IGS)
Independent director	Hui-Ya Shen	2015 6/26	MA. in Law, National Chung Hsing University Lecturer, Department of Law, and Department of Trade and Finance, Fu Jen Catholic University; Supervisor, Radio Taiwan International; Committee Member, Securities and Futures Investors Protection Center; Consultant, Taiwan Civil Service Pension Fund Management Board Current: Attorney, Chang Chun Attorneys-at-Law	Independent Director, Taiwan Fertilizer Co., Ltd; Independent Director, Formosa Advanced Technologies Co., Ltd.	Finance, Materials, Information technology

Routine meetings of our Company's Board of Directors are convened once every month. Directors are also notified of the agenda 7 days in advance so issues can be properly discussed and opinions exchanged during the meeting. In 2016, the Board was convened 12 times and average attendance by all directors reached 96%. This reflected the active participation of directors in the company's management and their commitment to planning the company's future development. Where a conflict of interest exists between the company's interests and the interests of a director or the legal entity they represent, all directors exercised a high level of self-discipline in excusing themselves from the subsequent discussion and voting. The contents of key resolutions made by the Board were disclosed in the 2016 annual report in accordance with Article 14, Paragraph 3 of the Securities and Exchange Act to provide shareholders with an understanding of our Board's activities.

• Our directors excused themselves due to conflict of interests over the following motions in 2016

Board Meeting Time	Name of Director	Motion	Reason for conflict of interest and voting
2016. 03. 24 10th meeting of the 5th Board of Directors	Grace M.L. Jeng	Proposed distribution of 2015 performance bonuses for company executives	As director and president, Grace M.L. Jeng was the subject of this motion so excused herself from the discussion and vote.
2016. 04. 29 11th meeting of the 5th Board of Directors	Grace M.L. Jeng	Remuneration adjustment for company executives in 2016	As director and president, Grace M.L. Jeng was the subject of this motion so excused herself from the discussion and vote.
2016. 06. 16 13th meeting of the 5th Board of Directors	Grace M.L. Jeng	Proposed appointment of FFHC representative to the Board of investment subsidiary "Taiwan Asset Management Corporation"	As director and president, Grace M.L. Jeng was the subject of this motion so excused herself from the discussion and vote.

3-3. Board Performance and Remuneration Policy

To strengthen the professional know-how of the Company's board directors and enhance the effectiveness of corporate governance, the Company adhered to the "Directions for the Implementation of Continuing Education Directors and Supervisors for TWSE Listed and TPEx Listed Companies" and our company's "Implementation rules for continuing education of directors" which required new or returning directors to undertake 12 hours and 6 hours of continuing education training each year respectively. Our directors actively took part in external training courses and seminars on topics related to corporate governance and corporate social responsibility, with 160.5 hours of continuing education were completed in 2016. Continuing education courses related to corporate governance organized by the Company for all Group directors and supervisors are listed below.

• 2016 Board of Directors and Supervisors Meeting Practices and Corporate Governance Class

Organizer	Subject	Duration/Participants
2016.08.25 Taiwan Academy of Banking and Finance	Global economic trends and corporate competitive strategies	3 hours/69 people
2016.12.21 Taiwan Academy of Banking and Finance	Sustainable development opportunities and challenges for the financial industry	3 hours/64 people

To strengthen the corporate governance structure of the Company and enhance the operating efficiency of the Board, the "Regulations Governing the Scope of Duties for Independent Directors" was defined in 2009. Three independent directors were elected in the same year during the general shareholders' meeting. The "Remuneration Committee" subsequently established in 2011, the "Audit Committee" established in 2012, and the "Ethical Management Committee" established in 2015 are all functional committees made up of all (3) independent directors. The committees issue independent decisions on issues such as remuneration for directors and managers, financial reports and ethical management policy where there may be conflicts of interest. The contents of key resolutions made by the Audit Committee in accordance with Article 14, Paragraph 5 of the Securities and Exchange Act were disclosed in the 2016 annual report to provide shareholders with an understanding of the Audit Committee's activities.

The number of times each functional committee was convened and the attendance rate of committee members in 2016 were: →



Remuneration Committee	No. of meetings: 7	Committee attendance: 100%
Audit Committee	No. of meetings: 7	Committee attendance: 100%
Ethical Corporate Practices Committee	No. of meetings: 7	Committee attendance: 100%

Primary responsibilities of each functional committee



Remuneration Committee

Defining and regularly reviewing the policies and systems for evaluating executive performance as well as the remuneration policy, system, standard and structure. The remuneration of the directors and executives are therefore regularly reviewed and recommendations.



Audit Committee

Assist the Board of Directors in its supervisory duties, and executing the duties specified by the Company Act and the Securities and Exchange Act. Items for review include the company's financial statements, transactions for major assets or derivatives, offering or issuing equity-type securities, appointment, dismissal, and remuneration of CPAs, and the appointment and dismissal of financial, accounting, and internal audit managers.



Ethical Corporate Practices Committee

Establishment and amendment of the Ethical Corporate Management policy at the company, and makes regular reports to the Board of Directors regarding the company's implementation of ethical corporate management, as well as any necessary corrections.

Remuneration of (Independent) Directors

Unit: Thousands NTD

Director's compensation		Percentage of net profit after tax made up by the sum of A, B, C and D		Compensation of part-time employees				Percentage of net profit after tax made up by the sum of A, B, C, D, E, F and G (7 items in total)		Any compensation from external investments other than subsidiaries										
Compensation (A)	Pension (B)	Compensation (C)	Business expenses (D)	Salary, bonuses and special disbursements (E)		Pension (F)	Employee compensation (G)													
All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report	All companies covered by FFHC financial report											
4,778	13,795	0	0	157,458	157,458	27	1,314	0.9349	0.9943	6,070	13,389	0	0	0	0	0	0	0.9699	1.0714	182

Pay grade of FFHC directors	Name of Director			
	Total of first 4 compensation categories (A+B+C+D)		Total of first 7 compensation categories (A+B+C+D+E+F+G)	
	All companies covered by	FFHC financial report	All FFHC	Investments
Less than NT\$2,000,000	Po-Chiao Chou, Yi-Hsin Wang, Hung-Chi Huang, Huey-Fang Liao, Feng-Ming Hao, Shyan-Yuan Lee, Hau-Min Chu, Hui-Ya Shen	Grace M.L. Jeng, Po-Chiao Chou, Hsien-Feng Lee, Yi-Hsin Wang, Hung-Chi Huang, Huey-Fang Liao, Feng-Ming Hao, Shyan-Yuan Lee, Hau-Min Chu, Hui-Ya Shen, Tien-Yuan Chen	Po-Chiao Chou, Yi-Hsin Wang, Hung-Chi Huang, Huey-Fang Liao, Feng-Ming Hao, Shyan-Yuan Lee, Hau-Min Chu, Hui-Ya Shen	Hsien-Feng Lee, Yi-Hsin Wang, Hung-Chi Huang, Huey-Fang Liao, Feng-Ming Hao, Shyan-Yuan Lee, Hau-Min Chu, Hui-Ya Shen, Tien-Yuan Chen
NT\$2,000,000 (incl.) ~NT\$5,000,000 (excl.)	-	-	-	-
NT\$5,000,000 (incl.) ~NT\$10,000,000 (excl.)	-	Ching-Nain Tsai	Grace M.L. Jeng	Ching-Nain Tsai, Grace M.L. Jeng, Po-Chiao Chou
NT\$10,000,000 (incl.) ~NT\$15,000,000 (excl.)	Golden Garden Investment Co., Ltd Global Investment Co., Ltd., Chi-Hsun Chang	Golden Garden Investment Co., Ltd Global Investment Co., Ltd., Chi-Hsun Chang	Golden Garden Investment Co., Ltd Global Investment Co., Ltd., Chi-Hsun Chang	Golden Garden Investment Co., Ltd Global Investment Co., Ltd., Chi-Hsun Chang
NT\$15,000,000 (incl.) ~NT\$30,000,000 (excl.)	Bank of Taiwan	Bank of Taiwan	Bank of Taiwan	Bank of Taiwan
NT\$30,000,000 (incl.) ~NT\$50,000,000 (excl.)	-	-	-	-
NT\$50,000,000 (incl.) ~NT\$100,000,000 (excl.)	-	-	-	-
Over NT\$100,000,000	Ministry of Finance	Ministry of Finance	Ministry of Finance	Ministry of Finance
Total	13	17	14	17

Compensation for President and Vice Presidents Unit: Thousands NTD

Title	Name	Salary (A)		Pension (B)		Bonuses and Special disbursements (C)		Employee compensation (D)				Percentage of net profit after tax made up by the sum of A, B, C and D		Any compensation from external investments other than subsidiaries
		All FFHC	FFHC financial report	All FFHC	FFHC financial report	All FFHC	FFHC financial report	All FFHC		FFHC financial report		All FFHC	FFHC financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Grace M.L. Jeng													
Vice President and Head of Strategic Planning Division	Teng-Yao Hsu													
Vice President and Head of Strategic Planning Division	Yao-Tien Shih													
Vice President and Head of Administration Division	Mei-Chu Liao	11,013	14,298	0	7,507	5,648	8,498	803	0	1,118	0	0.1006	0.1810	284
Chief Compliance Officer and Vice President	Shang-Shing Jiang													
Chief Compliance Officer and Vice President	Sheng-Hsi Lu													
Chief Auditor	Chien-Hao Lin													

Pay grade of FFHC President and Vice Presidents	Names of President and Vice Presidents	
	All FFHC	Investments
Less than NT\$2,000,000	Teng-Yao Hsu, Shang-Shing Jiang, Sheng-Hsi Lu	Teng-Yao Hsu, Shang-Shing Jiang
NT\$2,000,000 (incl.) ~ NT\$5,000,000 (excl.)	Yao-Tian Shih, Mei-Chu Liao, Chien-Hao Lin	Yao-Tian Shih, Mei-Chu Liao, Chien-Hao Lin
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)	Grace M.L. Jeng	Grace M.L. Jeng
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)		Sheng-Hsi Lu
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)		
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)		
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)		
NT\$100,000,000 and above		
Total	7	7

4 First Integrity - Risk management

In addition to enforcing three lines of defense as part of our Company's internal controls, FFHC has also stepped our oversight of banking, securities, insurance and investment trust subsidiaries in response to the directions governing anti-money laundering and countering terrorism financing of the banking, insurance, securities and futures industries. This included the establishment of risk management mechanisms for identifying, assessing and monitoring money-laundering and terrorism financing, requiring related operating rules and processes to incorporate compliance management for anti-money laundering and counter-terrorism financing, upgrading the functionality of existing IT systems and appointing dedicated units or supervisors. Every effort is made to fulfill the role of the financial industry as the first line of defense against money laundering and countering terrorism financing.

In July 2016, abnormal cash withdrawals were detected at First Bank ATMs. Branches nation-wide were immediately ordered to check the cash inventory of all ATMs. The police and competent authorities were notified, and the security company directed to check the cash inventory of all ATMs outside of branches as well. The information was reported to the Market Observation Post System (<http://mops.twse.com.tw/mops/web/index>) and a press release issued on the bank website (<https://www.firstbank.com.tw>) stating that no customer accounts were compromised, no impact on customer rights, apologizing for the causing public concern and inconveniencing customers, and promising to cooperate fully with police investigations. The inventory by First Bank found that 41 ATMs at 22 branches were compromised and a total of NT\$83.27 million withdrawn. Quick action by law enforcement resulted in the immediate arrest of multiple suspects and the recovery of NT\$77.48 million.

FFHC supervised the implementation of improvements to related operating processes and management measures such as "retaining of external consultants to conduct a thorough IT security audit", "changing all server accounts/passwords in the ATM center", and "emergency purchasing of ATMs for the horizontal transfer and recovery program." A total of 1,333 business processes within the Group were also reviewed and operating risk management strengthened. The initiatives aimed to enhance the overall risk management mechanism of the Group as well as improve our IT security and compliance to prevent further major internal control incidents.

4-1. Ethical management policy and execution

The "Ethical Corporate Management Best Practice Principles" were formulated by the Company in 2015 to serve as the ethical management compliance policy for all Group enterprises and organizations. To enforce the ethical management policy, Group enterprises and organizations must regularly report (at least once a year) their ethical management performance to their Board of Directors as well as the FFHC Ethical Management Committee. The 2016 performance of Group enterprises and organizations on ethical management and the measures adopted have now been submitted to the FFHC Ethical Management Committee and Board of Directors for reference.

FFHC and subsidiaries First Bank, First Securities, First Securities Investment Trust and First-Aviva Life Insurance have all set up transparent whistle blower mechanisms such as defining rules for the processing of whistle blower complaints, establishing whistle blower channels such as telephone, fax and e-mail, and assigning the audit department to processing complaints. Other subsidiaries have set up complaints e-mail addresses and telephone numbers with personnel assigned to processing any complaints. Regulations governing employee rewards, disciplinary action and performance evaluations at each company are linked to the FFHC ethical management policy to ensure its effective implementation.

Each company conducts training on compliance, anti-money laundering, IT security and risk management using anti-corruption and anti-bribery moral principles and past cases as an example. In 2016, a total of 23,088 (100%) of employees underwent related training. At First Bank for example, employees of all levels undergo related training.

1 New employees: Arranged to attend courses on "Professional Ethics and Legal Compliance for Finance Professionals", "Anti-Money Laundering Education", "Personal Information Protection Act" and "Business Operating Guidelines". New employees at overseas branches take online courses on "Professional Ethics and Legal Compliance for Finance Professionals" and "Personal Information Protection Act" in English.

2 General bank employees: Arranged to attend courses "Employee Compliance Education", "Anti-Money Laundering Education", "Personal Information Protection Act", "Business Operating Guidelines" and "Fair Dealing Principles Compliance Education."

3 Management personnel: Arranged to attend courses such as "Compliance Education for Managers", "Analysis of Financial Fraud", "Self-Inspection Camp for Managers", "Regulatory Compliance Advocacy Workshop", "Personal Information Protection Act" and "Business Operating Guidelines".

Each company also uses educational posters and whistle blower hot lines to strengthen employee ethics management and prevent fraud. Managers at First Bank conduct monthly character assessments on their subordinates' lifestyle, finance and work. Employees who exhibit poor performance receive immediate counseling. First Bank also has a "Compulsory Leave System" in place with regular rotations and changes in position to prevent fraud.

4-2. Enforcing the Three Lines of Defense for Internal Controls

Our company has established internal controls and audit systems in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The basic goal of the internal control system is to promote the sound management of our company. It is to be followed by the Board, management and all employees to ensure the achievement of operating results, the reliability of financial reports and compliance with relevant regulations through reasonable means.

Our company's internal control system is a continuous process that encompasses all of our business activities. It is not the responsibility of specific units or departments, or limited to the management only. Instead, it is based upon continuous promotion and execution by all employees. It is regularly reviewed each year with improvements submitted to the Board for review.

1 First line of defense - Internal inspection by sales unit

Our Company's business management units draw up their own audit contents and procedures based on their own risk characteristics and control points. Self-inspections and internal audits are also conducted on a regular basis. If aberrations from company policy, operating procedure, targets or expected standards are found during routine operations, the necessary corrective actions are to be taken in a timely manner to ensure that the company's business management follows the planned path. In 2016, an assessment of corruption risks was conducted by all group subsidiaries and their business locations. First Securities identified significant risks from improper trading of client portfolios by brokers. A control mechanism to prevent improper trading by brokers was therefore added to the back-end system. Education and training was also stepped up to prevent further recurrence. There were no punitive actions levied against the Group for corruption or violation of fair trading laws (antitrust/anticompetitive practices) in 2016.

2 Second line of defense - Sound compliance and risk management system

1. Compliance system

The First Financial Group not only seeks to maximize returns for shareholders but seeks to actively grow our business with a particular emphasis on overseas locations. Apart from complying with the relevant laws and regulations, we are continuing to focus on the enforcement of compliance mechanisms at each company as well as compliance management at overseas locations as well. First Bank for example implemented a tiered management system for compliance operations at overseas unit. Further improvements were proposed to the systems and management aspects of compliance at overseas units in 2016 to further refine the "tiered management" system. On January 1, 2017, the number of tiers were reduced from 3 (A, B, C) to 2 (A, B), and the number of Tier A branches increased from 5 to 10. These branches must appoint full-time compliance officers and personnel processing compliance matters should be full-time as well. All Tier C units were also upgraded to Tier B to strengthen compliance management at overseas units.

FFHC and subsidiaries First Bank, First Securities, First Securities Investment Trust and First-Aviva have all established dedicated compliance units reporting to the president in accordance of the law. These units are responsible for the planning, management and execution of the compliance scheme at their respective

companies. FFHC is continuing to require all subsidiaries to enforce their compliance systems. Related developments are as follow:

(1) Formulation of an annual compliance plan

At the end of each year, an annual compliance plan is to be developed for the following year. This shall be submitted to each company's board of directors for approval before implementation.

(2) Regulatory change management

Information on business-related regulatory changes is to be collected every month and the deadline for corresponding rule changes to be made by each unit tracked.

(3) Compliance training and self-assessment operations

Must be held at least once every 6 months. Each department should also include the execution of compliance self-assessment into their internal evaluations.

(4) Compliance implementation report

Each group company's compliance implementation is to be reported to the Board of Directors and the Audit Committee every 6 months.

(5) Unit compliance performance evaluation

The compliance performance of each unit in the preceding year is evaluated by the FFHC each year. The results are submitted to the president for approval then forwarded to the Strategic Planning Division and Human Resources Department as a reference for unit and personnel evaluations.

(6) Subsidiary supervision

a The "Group Chief Compliance Officers Meeting" is convened every quarter to establish the state of compliance implementation at each subsidiary, the cause of major violations, and progress on corrective actions.

b Our company conducts a performance evaluation every year on compliance during the previous year. The results are reported to the Board then sent to the board of directors at each company as a reference for personnel evaluations.

c To strengthen compliance management and ensure timely knowledge of major violations, in 2016 the Company's compliance unit conducted regular meetings and on-site inspections with compliance units at each subsidiary. This is to ensure the effective implementation of compliance mechanisms, provide recommendations on improvements and improve communications with subsidiaries.

(7) Compliance notification operations

The "First Financial Group Compliance Notification Guidelines" were reviewed and revised in 2016 to

expand the scope and recipients of notification. The "Compliance Reporting Process (SOP) and "Compliance Notification Checklist" were added to facilitate timely notification by each unit. The changes will help make FFCH aware of major violations at each unit more quickly so that effective management and decision-making can be made.

(8) 2017 compliance implementation focus

- a** Continue to perform change management for related financial laws and regulations
- b** Compliance implementation: This includes regular reviews of the compliance manual, conducting of compliance self-assessments, half-yearly reports on compliance implementation to the Board of Directors and Audit Committee, and evaluating the effectiveness of compliance implementation by units and subsidiaries.
- c** Organizing compliance training on new regulatory developments every 6 months.
- d** Report each unit and subsidiary's handling of violations and corrective actions taken to the Risk Management Committee, Audit Committee, and Board of Directors in a timely manner.
- e** Formulation of "2017 Subsidiary Management Schedule" to strengthen subsidiary supervision, enhances communications with subsidiaries, and acquires an accurate picture of compliance implementation at subsidiaries.
- f** Continue to review improvements to compliance functions.

2. Strengthen anti-money laundering and countering terrorism financing systems

The "Anti-Money Laundering and Countering Terrorism Financing Plan for FFHC and Subsidiaries" covers the Group's internal information sharing policy and procedure for prevention of money laundering and terrorism financing. The First Bank IT systems generates a report based on a set threshold (single transactions in excess of NT\$500,000, or cumulative transactions in excess of NT\$500,000. Foreign currencies included) for suspected money laundering transactions. A total of 17 signatures are currently monitored through the reporting system while the remaining 7 signatures are managed with manual assistance. First Securities, First Securities Investment Trust and First Aviva all have their own anti-money laundering systems in place. Customer account details from their transaction systems can be manually or automatically checked against the system's black list and alerts generated based on their risk rating.

To strengthen Group personnel's awareness on anti-money laundering and countering terrorism financing as well as ensure the effective implementation of related controls, FFHC and key subsidiaries (First Bank, First Securities, First Securities Investment Trust and First Aviva) conducted 14.5 hours of training on anti-money laundering and countering terrorism financing for 9,386 people.

Major regulatory or policy changes

- 1 The "Terrorism Financing Prevention Act" was approved by presidential order Hua-Zhong-Yi-Yi No. 10500080971 on July 27, 2017. The law consists of 15 articles focusing on the submission and review of sanction lists, targeted punitive financial measures (such as freezing of funds) and criminalization of terrorism financing.
- 2 Amendments to "Money Laundering Contract Act" approved by presidential order Hua-Zhong-Yi-Yi No.10500161531 on December 28, 2016, and consist of 23 articles; the revised act shall take effect six months after promulgation. Key amendments included additional definitions of money-laundering, adjustments to the threshold to be considered money laundering, expanding the scope for forfeitures from attempted money laundering, and addition of verification procedure for client identity.
- 3 The "Directions Governing Anti-Money Laundering and Countering Terrorism Financing of the Banking Industry" was amended in accordance with Jin-Guan-Ying-Fa Letter No. 10510005200 on December 2, 2016; 3. The "Directions Governing Anti-Money Laundering and Countering Terrorism Financing of the Securities Industry" was amended in accordance with Jin-Guan-Zheng-Fa Letter No. 1060002350 on January 26, 2017. 3. The "Directions Governing Anti-Money Laundering and Countering Terrorism Financing of the Insurance Industry" was amended in accordance with Jin-Guan-Bao-Zhong Letter No. 10602560561 on February 2, 2017. The key amendments to the above directions included enhanced measures for verification of client identity (including risk-based methods for verifying the identity of clients), strengthened monitoring of accounts and transactions, internal control systems, and management of overseas branches/subsidiaries. Additional measures were also explicitly required for certain risk types.

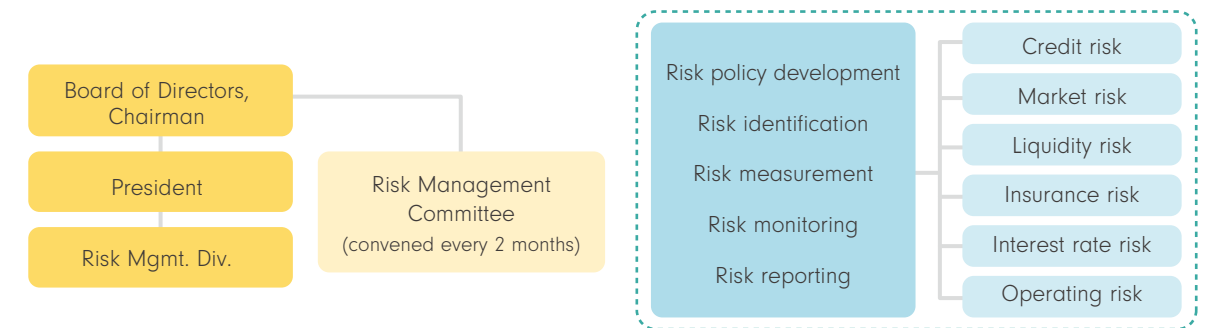
The following responses were taken

- 1 The FFHC compliance unit has since 2015 required subsidiaries (First Bank, First Securities, First Securities Investment Trust and First-Aviva) to report their progress on anti-money laundering or countering terrorism financing on a quarterly basis. This included the enforcement of anti-money laundering and countering terrorism financing, management measures, purchasing and deployment of related systems, and other initiatives for improved controls. When the drafting or amendment of related laws and regulations are announced by the competent authorities, FFHC also directs all subsidiaries to conduct a review of existing rules and operating processes so that corresponding measures can be proposed. For example, when the draft "Terrorism Financing Control Act" was announced, FFHC immediately asked our banking, securities, investment trust and life insurance subsidiaries during the "2016 Q2 Group Chief Compliance Officers Meeting" held on July 29, 2016, to include "Terrorism Financing Control Act" into their July regulatory change management operations. The measures that FFHC should adopt in response were also examined. In response to the amendments to the directions governing anti-money laundering and countering terrorism financing of the banking, insurance, securities and futures industries, FFHC immediately directed all related subsidiaries to review their existing internal rules and operations on anti-money laundering and countering terrorism financing, evaluate the functionality of their existing IT systems, and establishing dedicated departments or managers to ensure their effective enforcement and proper compliance.
- 2 First Bank also retained external consultants as part of the "routine total review of money laundering and terrorism risks" assisting with the examination of existing procedures and planned improvements. The consultants also assisted the bank with establishing a consistent standard for common compliance and brought the bank's risk assessment up to the same rigorous standard; First Bank also asked the external consultant to review the existing "Money laundering and terrorism financing risk assessment & management" system" to determine if the purchase of other systems will be necessary.

3. Risk management system

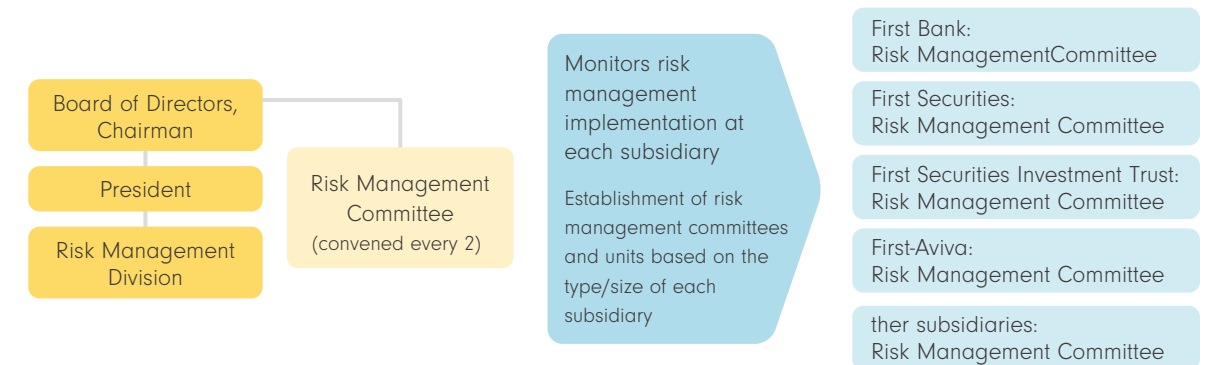
(1) Risk management policy and structure

To effectively manage the Group's operating risk, our company and subsidiaries have defined risk management policies and guidelines. Independent "Risk Management Committees" have also been established to regularly supervise the different types of risks within the Group, review each risk limit, set risk monitoring indicators and report the results of risk assessments to the Board. This is expected to keep the potential risks from each business within an acceptance range and achieve the ultimate goal of balancing risk vs. return.



In accordance with the spirit of corporate governance, FFHC actively assists each subsidiary with establishing the necessary risk management schemes. Apart from regular inspection and disclosure of the Group's risk exposure, we also formulate various risk monitoring indicators based on the requirements of the competent authority or current developments. This included revisions to the "Organic Regulations of the FFHC Risk Management Committee", "FFHC Sovereign Risk Exposure Management Rules", "Industry Credit and Investment Risk Limits", and "Rules Governing Loans and Transactions between the FFHC and Subsidiaries with Stakeholders."

The subsidiaries First Bank, First Securities, First Securities Investment Trust and First-Aviva have all set up a "Risk Management Committee". Dedicated risk management units are also tasked with monitoring and reporting routine business risks. The remaining subsidiaries have also set up risk management teams or dedicated risk managers based on the nature of their business and their organizational scale to oversee all matters related to risk management.



(2) Risk management procedure

Our company and subsidiaries have each defined control indicators and operating procedures for credit risk, market risk, interest rate risk, liquidity risk, insurance risk and operating risk based on the traits of their particular business. These included the set up and implementation of authorization systems, limit management, monitoring indicators and reporting process. The risk management policy and procedure can be effectively enforced through indicator monitoring and regular self-assessment. The risk management situation is also regularly inspected by audit units to ensure that risk management system is effective.

a To ensure sound capital management, the First Bank subsidiary regularly monitors and forecasts changes in capital adequacy in accordance with the BASEL Convention and relevant regulations of the competent authority. Related information is also regularly disclosed on the “Capital Adequacy and Risk Management” section of the First Bank website (https://www.firstbank.com.tw/servlet/fbweb/Statutory#tab_tab2) including capital adequacy and Liquidity Coverage Ratio(LCR) indicators such as Capital Adequacy Ratio (CAR), Common Stock Ratio, Tier 1 capital ratio, and leverage ratio, and risk management systems. Overall liquidity risk is also being used to gradually establish BASEL III quantitative management indicators such as the Net Stable Funding Ratio (NSFR). Risk management policy is being progressively adjusted in accordance with changes in the economic cycle, the content and quality of the overall credit portfolio, and business development strategy. Credit risk assessment tools are now being developed along with the introduction of credit checking services into the credit review process for measuring risk. A Group (including overseas units) loan early warning system has also been set up with pre-lending reviews, post-lending reviews and a mechanism for exchanging information with overseas peers. This serves to improve credit checking information for local industries and businesses overseas. Together with the link to post-lending management, this establishes a comprehensive credit management process for controlling risk.

b The subsidiary First Securities set up a system in 2016 to conduct market risk sensitivity analysis of currency risks generated by a variety of trading products. The system issued to effectively assess the impact of currency fluctuations on profit/loss and equity.

c The subsidiary First Securities Investment Trust added a system review and routine stress-testing mechanism in 2016 to exert more effective control over the liquidity of funds under its management. This enables the subsidiary to assess its ability to cope with mass redemptions and extreme market conditions.

c The subsidiary First-Aviva Life Insurance uses financial tools to construct models and parameters that correspond to each type of market risk. Sensitivity analysis is also conducted for equity, rates and exchange rates to reveal the impact of market risk on profit, loss and equity. Market risk information is also provided to the investment department as a reference for portfolio adjustment decisions.

The risk management operations of the First Financial Group as a hold can be divided into three directions:

1 Distributed management

All Group subsidiaries regardless of size must establish an effective and practical risk management scheme based on the requirements laid down in the "Risk Management Principle and Guiding Principles for FFHC and its Subsidiaries" so they can identify, measure, monitor and control their own risk exposure. Each subsidiary's board of directors serve as the top decision-making body for risk management while the risk management and audit departments ensure the effective operation of their risk management scheme.

2 Centralized monitoring

As the parent company of the group, we track all quantitative and qualitative risk management indicators at each subsidiary based on their level of importance. This includes the establishment of reporting thresholds, monitoring of meeting records, risk management regulations and credit limit management authorization; as for the effectiveness of risk management schemes at subsidiaries, disclosure is achieved through monitoring indicators as well as the implementation of internal audits and internal controls. Timely guidance on corrective action is provided or adjustments made based on the strategic needs of the Group as a whole.

3 Overall economic direction

As local and international economic, financial and industry developments play a critical part in our business development and risk management, our company's risk management committee is convened every two months for the "First Financial Group Industry and Investment Analysis Report" detailing macro-economic, industry and financial trends. The report not only provides advance notice of risks and opportunities but can also be used as a reference in business development and risk control. It provides the Group's top executives with a useful reference during business decision-making as well.

4. Maintaining Information Security

The "Information Management Policy and Guidelines" was defined by FFHC to effectively manage the Group's IT operations. Corresponding procedures and manuals have also been compiled in the "Internal Control System" on the planning and management of IT equipment and network security. An "IT Development Committee" has been established as well with the president of FFHC as the chairperson, the vice president and head of IT Division as ex officio committee members, and managers with a background in IT or in charge of IT operations at FFHC and subsidiaries as committee members. The IT Development Committee is convened regularly to discuss and review IT development, IT security and management issues at each subsidiary.


To ensure the security of our network and IT systems so that we can provide customers with secure, automated services, the core subsidiaries First Bank and First Securities have all been audited by the British Standards Institution (BSI) and completed their ISO 27001:2013 IT security management system conversion certification. First Bank also completed ISO/IEC 20000:2011 IT service management certification. These moves reflected the determined push by FFHC to ensure that our IT security management system is in line with international IT security management standards.

To ensure the continuity of operations, an "IT Emergency Response Team" has been set up by FFHC to respond to network threats. IT Management Guidelines and Disaster Recovery Plan have also been formulated with disaster recovery drills carried out every year. Employees are expected to follow the Guidelines for Reporting IT Security Incidents when an IT security incident occurs to ensure timely reporting and response. To strengthen

employee awareness on IT security, 46 related training sessions were held in 2016 and attended by 9,070 people.

To strengthen the security of FFHC IT systems, all server equipment undergo vulnerability scanning, app vulnerability scans and intruder penetration testing each year. First Bank also commissioned professional IT security service providers to conduct an IT security assessment every year. Assessment and testing covers IT structure, network activity, equipment, website security, security settings and compliance review. A contract has been signed with the telecommunications operator to provide protection against Distributed Denial of Service (DDoS) attacks to strengthen our global network security. Defensive drills against DDoS attacks are conducted every year as well. In addition, international IT security vendors have been retained to provide protection against phishing websites.

After the bank ATM system was attacked by international hackers and the electronic stock-trading system came under DDoS attack in July and September, 2016, FFHC launched a total review of our operational processes in the wake of these major IT security incidents in order to respond to IT security risks in the digital finance era. Key actions taken included:

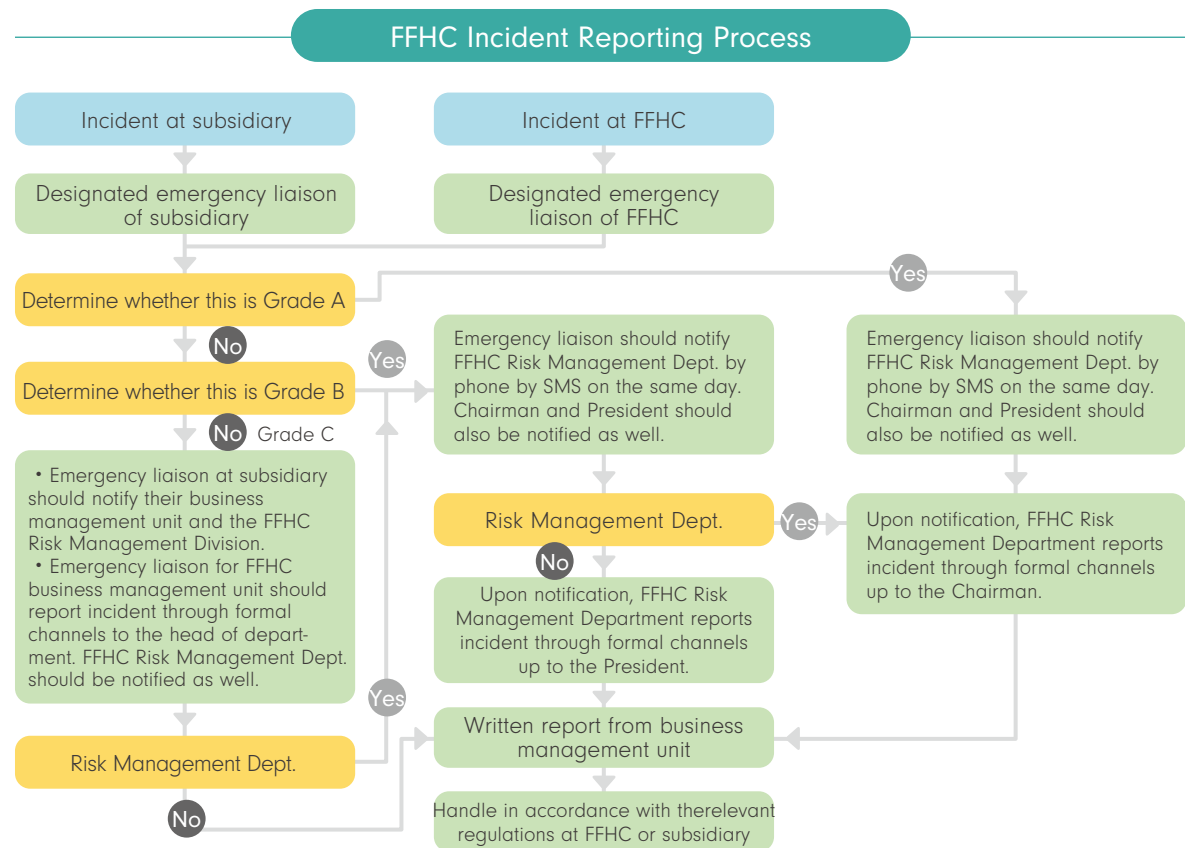
Aspect	Improvement
 Organization	<p>Strengthening of high-level IT expertise. The former director of the National Center for Cyber Security Technology and deputy director of the Cybersecurity Technology Institute were appointed as the vice president of the IT Division and Digital Banking Division by First Bank to overhaul our digital finance operations and IT security management.</p>
 Structure	<ul style="list-style-type: none"> • First Bank set up a "Digital Security Division" independent of the IT Division. • Enforcing the preservation of maintenance and surveillance logs from ATMs. • RCSA process added by First Bank along with the definition of related controls.
 System	<ul style="list-style-type: none"> • Strengthening of IT equipment controls (e.g. Communications equipment, storage devices) and vendor maintenance contract management. • Establishment of monitoring mechanism to detect abnormal withdrawals from ATMs such as: Automatic alerts for equipment anomalies and reasonableness test for cash cartridge status and bill count. • Personnel of different grades are actively notified depending on the level of severity so that problems can be identified and dealt with in a timely manner, and emergency response taken. • IT security consultant (KPMG) commissioned to verify short-term protective measures and consult on the deployment of enhanced protective measures over the mid- to long-term. • Short-term protection measures for IT security systems included: Full inspection of ATMs, partitioning the network domains of overseas branch systems, setting up a SWIFT system IT security notification mechanism, strengthening PC management throughout the bank, conducting bank-wide checks for malware and protective measures as well as monitoring of abnormal system access. • To strengthen the protection of the IT system in the mid- to long-term, we plan to complete the upgrading of our network security framework (e.g. Domain partitioning), set up protective measures on the system and security management level (e.g.: Defining ATM white lists or anti-virus software).

Aspect	Improvement
Security	First Bank <ul style="list-style-type: none"> Deploying and strengthening network security partitioning of critical operations such as SWIF, ATM, Internet access of overseas branches and Internet banking. Prohibit the use of external e-mail services, as well as strengthening Advanced Persistent Threat (APT) testing for e-mails to prevent attacks from malware in e-mail attachments. Strengthen access point assessment and IP management while also expanding the scope of gray list websites to enforce web-page filtering.
	First Securities <ul style="list-style-type: none"> SOP for relevant response measures drawn up in accordance with the "Recommendations for Protection and Responding to DDoS Attacks in the Securities Industry" provided by the competent authority. Strengthened monitoring mechanisms and working with ISPs to mitigate DDoS attacks by blocking the IPs of foreign attackers. Report incidents in accordance with the notification procedure of the competent authority and setting up a collective defense mechanism. Applying for Chunghwa Telecom's traffic scrubbing service to strengthen protection against DDoS attacks.

5. Business Continuity Mechanism

The FFHC Headquarters building has a defense corps and emergency SOP in place. "ISO 14001 Environment Management System" certification was also achieved in 2015. To prevent major incidents, disasters, epidemics and financial system risks from impacting on company operations, the following response mechanisms have been defined:

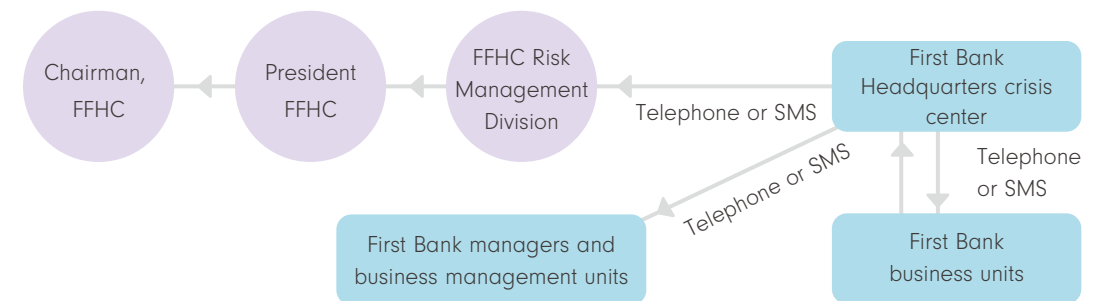
Under the "FFHC Incident Reporting Guidelines", in the event of a man-made or natural disaster (e.g. earthquake, flooding, fire, hurricanes), serious failure of internal controls or a security incident (e.g. Impacts on the company's reputation, customer's interests, or leads to serious loss of property) at a subsidiary, the information should be quickly transmitted, the extent of the disaster established and an effective response mounted to maintain the continuity of business operations as well as protect customer interests and employee safety.



Disaster Response Mechanism

The "Crisis Response Principles" and "Crisis Response Manual" have been drawn up. If a unit is affected by fire, explosion, hurricane, flooding, earthquake, robbery, bank run, group protest or epidemic, it should immediately notify the crisis center at the main branch and ask for assistance from the head office's business administration unit. To monitor and respond more effectively to a crisis, SMS is used in addition to telephone contact to notify branch managers in the disaster or affected region to report the damage situation by a given deadline. The information is then collated and submitted to the management and relevant units.

The crisis response system proved its worth during the 2014 Kaohsiung gas explosion and the Minong Earthquake in early 2016. The bank was able to swiftly collate and report the situation at all business units in southern Taiwan. Nearby employees were also notified to stay clear, reducing the risk of injury while maintaining normal operations. The event also showed employees the benefits and importance of regular disaster prevention drills.



Disaster Response Mechanism

To maintain business continuity and protect the health of all employees by adopting comprehensive and timely preventive measures during any kind of epidemic, the "Guidelines on Epidemic Response and Prevention Measures" were drawn up and different response strategies developed based on the threat levels published by the Centers for Disease Control, R.O.C. Information relating to the epidemic is also posted on First Bank's internal website (My First Bank) under the Announcements section for employees to view.

Level	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Epidemic status	No human infection by animal flu virus yet	Human infection by animal flu virus with epidemic potential	Animal or animal-human hybrid flu virus has resulted in cases of human transmission or small outbreaks, but an effective human-to-human transmission vector capable of community-level epidemics has not yet been established.	Effective human-to-human transmission of animal or animal-human hybrid flu virus has been proven, leading to a community-level epidemic.	Effective human-to-human epidemic of animal or animal-human hybrid virus has occurred in two or more non-neighboring countries within the same geographic region	Virus has caused epidemics on at least two continents
Trigger point for our bank's preventive measures	Current situation	First confirmed case reported overseas	First confirmed case detected domestically Patient not a bank employee Patient is bank employee	Domestic outbreak of flu virus transmitted human-to-human Bank has no patients Case reported at our bank	Domestic outbreak of flu virus leading to continued infections	Domestic outbreak of flu virus leading to continued infections
Chain of command	Human Resource Division	Human Resource Division	Human Resource Division	First Bank Quarantine Response Team	First Bank Quarantine Response Team	First Bank Quarantine Response Team

3 Third line of defense - Provide an internal control environment with risk management and independent examination of all business operations

The purpose of the internal audit system is to assist the Board and management with assessing and evaluating the effective operation of the internal control system, to provide timely advice on improvements, to ensure that the internal control system can continue to be implemented in a reasonable manner and to provide a basis for corrective action. The internal audit system and the self-inspection system are all part of our Company's ability to maintain the effective and appropriate operation of the internal control system.

The Audit Division is the Company's internal audit unit. Its responsibilities include the establishment and execution of the internal audit scheme, monitoring of audit activities at subsidiaries, assessing and documenting the performance of their internal audit system, and providing regular reports to the Board and Audit Committee.

The Audit Division conducts at least one general business inspection every year and at least one targeted inspection of our Company's finances, risk management and compliance every 6 months. The results are compiled into the internal audit report. If the scope of the targeted inspection was already covered by a previous general business inspection and no major deficiencies were noted in the internal audit report then a targeted inspection may be waived for that 6-month period. Unless otherwise approved by the competent authorities, the Audit Division conducts a targeted inspection of each subsidiary's finance, risk management and compliance every 6 months. This is also included in the annual audit plan.

Random inspections are also conducted by the Board of Directors. These include following up on deficiencies identified for correction during business inspections, supervising and attending acceptance inspections of building projects as well as the purchasing, fabrication and sale of property. The frequency of audits may be increased depending on the severity of deficiencies discovered by financial inspection agencies, accountants, the Audit Division and internal inspection personnel. Inspection workshops are also hosted twice a year to strengthen the knowledge and skills of internal inspectors. An internal inspection is conducted of each department's internal control system at least once every year. An internal audit coordination conference is held within the Group twice a year to announce regulatory changes and discuss the audit focus in each industry. Preventive management at the three lines of defense is also reviewed through case studies.

The execution of our company's 2016 internal audit process and the preparation of the 2017 audit plan referred not only to the financial inspection guidelines issued by the Financial Supervisory Commission but also internal control performance ratings and business characteristics of each unit (including subsidiaries). In addition to risk management, the Group's internal control system is used to evaluate our management system and improve the effectiveness of the Group's internal control system self-evaluation. The First Bank subsidiary has even adopted an audit management system that regularly sorts audit opinions or deficiencies by type for statistical analysis to identify areas of potential risk in internal control operations. These are provided to the relevant unit as a reference for the monitoring of internal controls and to help business units make risk-reducing improvements.



Green Finance

Reduce CO₂ Emissions with the "Green Building Certification Program"



Strategy 1

- In terms of our role as a financial institution, we have determined that FFHC's physical locations have the greatest impact on the environment. Due to the fact that the heat island effect of our various office buildings caused by carbon emissions contributes to global warming, we have begun working toward reducing the environmental impact of our office buildings at 74 locations in which FFHC is the sole occupant.
- FFHC has selected 2012 as our "inaugural year of action", providing us with a starting point for making year-over-year comparisons to gauge the effects of our improvement measures, including actions we take to reduce our carbon emissions. Our long-term goal is to reduce the total carbon emissions output of FFHC, including all of our subsidiaries, by a factor of 50% compared to 2012 by 2050.

Use Core Competencies to Support the Development of Green Industries, Urban Renewal, and Agricultural Modernization



Strategy 2

- FFHC has continued to incorporate the environmental principles of sustainable development into our core competencies. In addition to establishing a comprehensive set of procedures for offering services related to urban renewal projects, we also provide numerous green industry financing programs and make investments in green energy and green industries.
- One such program initiated by FFHC is the "Organic Agriculture Assistance Project", which donates 6% of card purchase amounts by customers to organic agriculture and organic assistance programs and land restoration initiatives.

Extend the Equator Principles through "Green Partners"



Strategy 3

- FFHC understands that as a part of the financial value chain, one of the issues our stakeholders care about most is our commitment to fulfilling our social responsibility. Therefore, in accordance with a resolution passed by our board of directors in February 2014, First Bank set out to formulate the Green Financing Review Principles based on the Equator Principles. The Principles apply to all corporate borrowers regardless of credit amount, making FFHC the first financial institution to incorporate the spirit of the Equator Principles into our credit review process. Moreover, FFHC went a step further in 2015 by expanding the applicable scope of the Green Financing Review Principles to include overseas locations, leasing companies, and fund and insurance companies that offer products through the bank, underscoring our concerted effort to support environmental sustainability and development.
- To ensure investments are made in a socially responsible manner, we formulated a "Do-Not-Invest List for CSR Violations" which is used by all FFHC subsidiaries. The list involves screening current and potential investments based on numerous criteria, including product sustainability, human rights, environmental protection, and controversial social issues, and any company that is found to have engaged in conduct which is not in the spirit of corporate social responsibility is added to the do-not-invest list.

Use Cross-Industry Alliances to Achieve a Greener Future and Greater Social Impact



Strategy 4

- Reflecting our dedication to upholding our CSR policies involving green finance and supporting the local community, FFHC has continued to promote our "Green Volunteer Recruiting Program" including holding three themed events: "First Fresh", "Water and Grass Paradise", and "Planting Trees to Curb Carbon Emissions". In addition, we are working with the Society of Wilderness on a wetland restoration initiative which helps protect biological diversity and ecological systems.
- FFHC has continued to cooperate with various external groups to increase the impact of our efforts, including government agencies, academic institutions, non-profit organizations, customers, and local communities as well as all types of stakeholders to jointly promote green initiatives including energy conservation, reducing carbon emissions, and leading eco-friendly lifestyles.

The Paris Agreement was officially ratified and entered into force in November, 2016. The Paris US\$3,000 Agreement will have far-reaching consequences for the entire world, and beginning in 2020 each signatory nation will be required to submit independent carbon emissions reduction plans containing projections out to 2030. Taiwan's "Greenhouse Gas Reduction and Management Act", which was promulgated on July 1, 2015, explicitly states that Taiwan will seek to halve its greenhouse gas (GHG) emissions by 2050 and formulate phased-in control targets for GHG emissions based on 5-year increments. In addition, Taiwan will progressively introduce various new legislation including the forthcoming "National Climate Change Action Guidelines", "Regulations Governing Incentives for Performance Standards Compliance of Greenhouse Gas Emissions Sources", "Regulations Governing Greenhouse Gas Emission Offset Program Management", "Guidelines for National Greenhouse Gas Inventories" and "Regulations for Periodic Regulatory Goals and Approaches of the Greenhouse Gas Emissions". Because controls over GHG emissions are expected to continue to increase in the coming years, the operating costs of companies will likely be directly and indirectly affected by GHG emissions controls, energy taxes, carbon taxes, and potential carbon risk. Since establishing the "Green Building Certification Program" team in 2010, FFHC has introduced five major projects each year to help us effectively manage carbon risk as early as possible, including the "Internal Management Plan for Reducing Carbon Emissions", "Green Partners", "Green Honors", "Green IT", and "Protecting the Planet by Conserving Energy and Reducing Carbon Emissions". In addition, we are continuing our push forward to voluntarily reduce GHG emissions, including setting a target to reduce the carbon emissions of FFHC and its subsidiaries by at least 20% compared to 2012 by 2020 and by a factor of 50% by 2050. We also strive to comply with all relevant regulatory amendments, changes, and additions to environmental policies and support relevant government initiatives. In addition, FFHC is also actively involved with various organizations such as the Taiwan Energy Service Association (TESA) to track changes and trends in domestic and global regulations and international treaties.



First Energy - Protecting the Planet

Milestones for "Building the No. 1 Brand in Green Finance"

2010

- Formed the "Green Building Certification Program" team to open the way to green finance.
- Promoted urban renewal financing to advance the renewal of aging communities.
- Launched the "No.1 Promoter in the Energy Industry" financial plan, making First Bank the first domestic bank to offer a financing program for the ESCO industry.
- Established the Organic Agriculture Assistance Project and launched the first charity co-branded card based on the concepts of "going organic to stay healthy" and "environmental conservation". The card enables First Bank to team up with customers to help small organic farmers that lack manpower and financing in order to protect the land of Taiwan.

2011

- Defined the CSR Policy and Code of Conduct, and also established a CSR Committee to set annual environmental conservation targets and action plans.
- Launched the "Green Energy Industry Loan" to support the development of the green energy industry.

2012

- Set a sustainable development target of "becoming the number one brand in green finance".
- Required the headquarters building to reduce its GHG emissions in 2015 by 12% compared to 2011.
- Launched the "Renewable Energy Creation Loan" to help business owners purchase renewable energy generation equipment.
- The FFHC headquarters building (opened in 1982) received the Green Building Mark certification (passing grade), making it the first redevelopment project of its kind in Taiwan to comply with the high standards of the new green building specifications.
- Cultivated the concepts of energy conservation and reducing our carbon footprint among employees and reinforced the application and implementation of environmental education principles.
- Installed a rainwater recycling system at the headquarters building, thereby helping to conserve water resources.

2014

- Formulated the Green Financing Review Principles based on the Equator Principles, enabling us to better protect the environment and incorporate sustainable principles into our core business operations.
- Lighting systems at all company locations have been upgraded to only use LED fixtures.

2013

- In 2012, a target was set to reduce the headquarters building's GHG emissions by 12% by 2015 compared to 2011, and the goal was achieved ahead of schedule in 2013.
- Signed up for the Carbon Disclosure Project (CDP)
- Set electricity, water, fuel, and gas conservation targets for each company and required annual reduction targets to be no lower than the ratio set for the previous year.
- Incorporated ISO 50001 Energy Management System guidelines for the IT Building for the first time and received certification.
- Incorporated ISO 14064-1 Greenhouse Gas Inventory System guidelines for five company locations including the IT building for the first time and received certification.

2015

- Defined the tenets of "Green Partners" and extended the ideals of the Equator Principles to include banking and insurance companies which offer products through the bank.
- A "Do-Not-Invest List for CSR Violations" was also established as a reference for FFHC subsidiaries to use when conducting investment reviews.
- Established the 3-step Supplier Management Procedure to join suppliers in protecting the local environment.
- Employees obtained "Environmental Educator Qualifications" certification, allowing them to plan and formulate the content of the Company's environmental education courses.
- Arranged for employees to take part in online environmental education courses to ensure all employees have a good understanding of environmental protection and sustainability awareness.
- Implemented the "zero waste bin" policy, which maximizes the effect of our recycling efforts by using more effective sorting methods.
- Completed the introduction of environmental accounting and reporting procedures at First Bank.
- Launched mobile credit cards and debit cards, which use smart phone functionality to reduce plastic waste and carbon emissions.
- Incorporated ISO 14001 - Environmental Management System guidelines at the FFHC Headquarters building for the first time and received certification.

2016

- Launched the "Preferential Loans for Key Development Projects" plan, which is a new lending service aimed at meeting the financing needs of key development projects in the areas of green technology, modern agriculture, and businesses involved in the circular economy.
- Established two solar-powered bank branches and six solar-powered electronic billboards.
- Introduced indoor air quality self-management at 189 company locations and established real-time indoor air quality monitoring systems at 8 company locations.
- Purchased electronic scooters for our corporate fleet, enabling us to more effectively reduce our CO₂ emissions.

- Held an Environmental Protection and Energy Conservation Competition which resulted in reducing our energy consumption by 89,000 kWh and issuing 18 awards to employees.
- Incorporated PAS 2060 - Carbon Neutrality guidelines at four locations including the Wanhua Branch building for the first time and received certification.
- Incorporated ISO 14046 Water Footprint guidelines at the headquarters building for the first time and received certification.
- Incorporated ISO 14064 Greenhouse Gas Inventory System (Scope 3) for travel at First Bank for the first time and received certification.

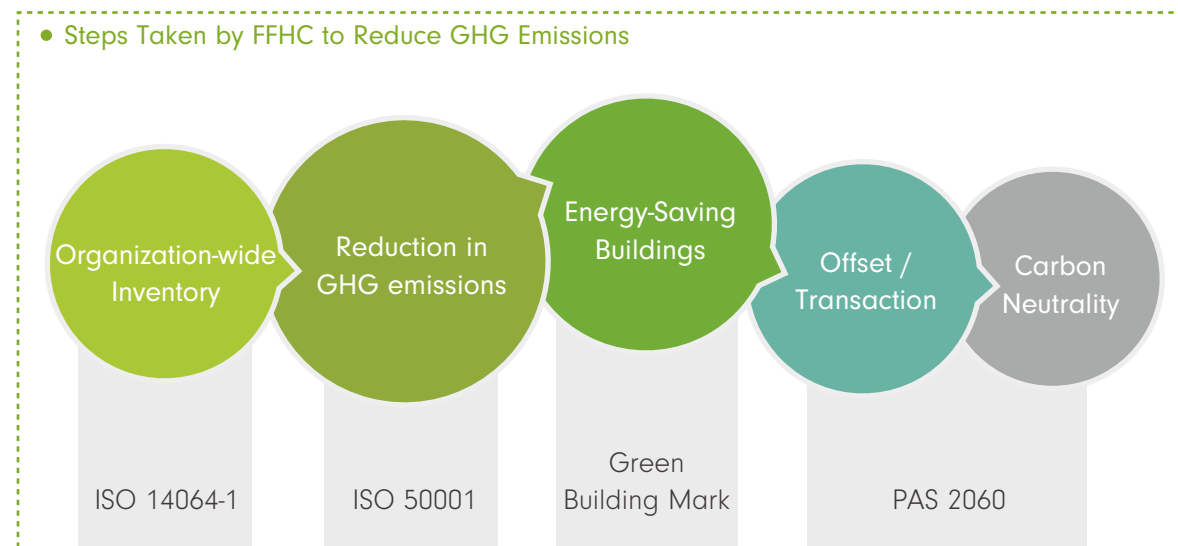
FFHC has embraced a policy of environmental sustainability and development. In 2016, savings in fuel, electricity, and gas reduced our carbon emissions by 689 metric tons of CO₂e. Paperless operations reduced carbon emissions by 12,441 metric tons of CO₂e. Total carbon reductions therefore amounted to 13,130 metric tons of CO₂e, a reduction of 1,772 metric tons of CO₂e from 2015, which is equivalent to the annual carbon sequestration of planting 177,000 trees. Related measures and outcomes are described below:

1-1. Reducing GHG Emissions: Zero-Carbon Emissions Target

The FFHC headquarters building, which was completed in 1982, is now more than 34 years old. To reduce the buildings heat island effect on the surrounding environment, we set up the "Green Building Certification Program" team in 2010 to begin converting 74 buildings owned by FFHC into green buildings. As of 2016, 12 buildings have already been renovated and certified by the Ministry of the Interior as diamond-level green buildings. In the future, FFHC will select 5 existing buildings to undergo retrofitting each year in order to obtain Green Building certification. Meanwhile, in order to achieve our zero-carbon emissions target, FFHC began incorporating PAS 2060 Carbon Neutrality certification in 2016 at four company locations in northern, central, eastern, and southern Taiwan and used an international carbon exchange to purchase 280 metric tons in renewable energy carbon offsets generated in Taiwan by the Changbin and Taichung windpower programs, thereby completely canceling out the carbon emissions generated by these four company locations. The Carbon Neutrality certification was received in June, 2016. In 2017, we estimate that ISO 14064-1 Greenhouse Gas Inventory System guidelines will be incorporated at all company locations, ensuring that we will be able to accurately monitor carbon emissions at these locations and continue to do our utmost to achieve our goal of reducing GHG emissions.

To better understand how FFHC's external activities impact the environment in terms of carbon emissions, First Bank incorporated ISO 14064-1 Greenhouse Gas Inventory System (Scope 3: Travel) certification in 2016. In 2015, our overseas business travel resulted in a total of 418.427 metric tons of CO₂e.


Steps Taken by FFHC to Reduce GHG Emissions



Impact of 12 Green Buildings and 4 Carbon-Neutral Buildings on Reducing Carbon Emissions

Unit	Green Building Certification Level	Obtained PAS 2060 Carbon Neutrality certification	Reduction in Carbon Emissions			Carbon Reduction Measures
			Total (kWh/yr) Note 2	Total metric tons of CO ₂ e	Amount of carbon offsets purchased CO ₂ e	
 Headquarters building	Diamond-level	-	1,274,553	673	註1	<ul style="list-style-type: none"> • Enthalpy control • Replacement with more efficient chilled water and cooling water pumps • Addition of variable frequency drive to chilled water pump • Addition of variable frequency drive to air conditioning unit • Addition of variable frequency drive to cooling tower • Replacement of T8 fluorescent bulbs with LED bulbs • Implementation of an independent energy management plan
 IT building	Diamond-level	-	470,196	248	註1	<ul style="list-style-type: none"> • Addition of variable-flow system to cooling water pump • Addition of variable-flow system to regional pump • Addition of variable-flow system to discharging pump and heat exchange chilled water pump • Replacement of T8 fluorescent bulbs with LED bulbs • Implementation of an independent energy management plan
 Zhongxiao Road Branch Building	Diamond-level	-	173,186	92	註1	<ul style="list-style-type: none"> • Replacement with more efficient inverter air-conditioning unit • Replacement of T8 fluorescent bulbs with LED bulbs • Implementation of an independent energy management plan
 Guangfu Branch Building	Diamond-level	-	55,307	29	註1	<ul style="list-style-type: none"> • Replacement with more efficient inverter air-conditioning unit • Replacement of T8 fluorescent bulbs with LED bulbs • Implementation of an independent energy management plan
 Wanhua Branch Building	Diamond-level	V	39,221	21	55	<ul style="list-style-type: none"> • Replacement with more efficient multi-split inverter air-conditioning • Replacement of T8 fluorescent bulbs with LED bulbs • Implementation of an independent energy management plan
 Gangshan Branch Building	Diamond-level	V	45,749	24	80	<ul style="list-style-type: none"> • Replacement with more efficient inverter air-conditioning unit • Replacement of T8 fluorescent bulbs with LED bulbs • Implementation of an independent energy management plan

Unit	Green Building Certification Level	Obtained PAS 2060 Carbon Neutrality certification	Reduction in Carbon Emissions			Carbon Reduction Measures
			Total (kWh/yr) Note 2	Total metric tons of CO ₂ e	Amount of carbon offsets purchased CO ₂ e	
 Luodong Branch Building	Diamond-level	V	43,685	23	65	<ul style="list-style-type: none"> Replacement with more efficient inverter air-conditioning unit Replacement of T8 fluorescent bulbs with LED bulbs Implementation of an independent energy management plan
 Taichung Branch Building	Diamond-level	-	529,675	280	註1	<ul style="list-style-type: none"> Replacement with more efficient variable frequency DC drive air-conditioning unit Replacement with more efficient chilled water and cooling water pumps Replacement of T8 fluorescent bulbs with LED bulbs Implementation of an independent energy management plan
 Daxi Branch Building	Diamond-level	-	33,568	18	註1	<ul style="list-style-type: none"> Replacement with more efficient multi-split inverter air-conditioning Replacement of T8 fluorescent bulbs with LED bulbs Implementation of an independent energy management plan
 Changtai Branch Building	Diamond-level	-	91,175	48	註1	<ul style="list-style-type: none"> Replacement with more efficient variable frequency DC drive air-conditioning unit Replacement with more efficient chilled water and cooling water pumps Replacement of T8 fluorescent bulbs with LED bulbs Implementation of an independent energy management plan
 Longtan Branch Building	Diamond-level	-	42,293	22	註1	<ul style="list-style-type: none"> Replacement with more efficient multi-split inverter air-conditioning Replacement of T8 fluorescent bulbs with LED bulbs Implementation of an independent energy management plan
 First Financial Office Building	Diamond-level	-	455,080	240	註1	<ul style="list-style-type: none"> Replacement with more efficient inverter air-conditioning unit Replacement with more efficient chilled water and cooling water pumps and addition of a variable frequency drive Replacement with closed circuit cooling tower and addition of a variable frequency drive Replacement of T8 fluorescent bulbs with LED bulbs Addition of an Energy Management System Implementation of an independent energy management plan

Unit	Green Building Certification Level	Obtained PAS 2060 Carbon Neutrality certification	Reduction in Carbon Emissions			Carbon Reduction Measures
			Total (kWh/yr) Note 2	Total metric tons of CO ₂ e	Amount of carbon offsets purchased CO ₂ e	
 North Taichung Branch Building	-	V	19,507	10	80	<ul style="list-style-type: none"> All lighting systems have been upgraded to only use LED fixtures Implementation of an independent energy management plan

Total **3,273,195** **1,728** **280** **11,784 GJ**
(1kWh = 0.0036GJ)

Note 1: Carbon neutrality has yet to be implemented.
Note 2: Based on the electricity emissions factor of 0.528 published in 2016.

• **Environment Management Certifications Received by FFHC**

Type of Certification	Incorporated at Company Locations in 2016
"Diamond-level" Green Building	> 12 locations
ISO 14064-1 Greenhouse Gas Inventory	> 104 locations
ISO 50001 Energy Management System	> 9 locations
ISO 14001 Environmental Management System	> 4 locations
PAS 2060 Carbon Neutrality Certification	> 4 locations
ISO 14046 Water Footprint Certification	> 1 locations
Air Quality Self-Management	> 189 locations
CO ₂ concentration testing for offices	> 224 locations
Installation of real-time indoor air quality monitoring systems	> 8 locations
ISO 14064-1 Greenhouse Gas Inventory System (Scope 3: Travel) Certification	> First Bank
Personnel qualifications and certifications for environmental education	> 3 employees

1-2. Formulated Explicit Carbon Reduction Targets

In 2012, a target was set to reduce the headquarters building's GHG emissions by 12% by 2015 compared to 2011, and the goal was achieved ahead of schedule in 2013. We did not rest on our laurels, however, and began setting electricity, water, petrol, and natural gas reduction targets for each FFHC subsidiary in 2013. In 2016, in response to the implementation of the "Greenhouse Gas Reduction and Management Act", reduction targets for electricity, water, petrol, and natural gas consumption were converted into carbon emissions, allowing us to formulate explicit carbon reduction targets and gain a clearer insight into the quantity of carbon emissions produced by each of our subsidiaries. In 2017, FFHC will also be incorporating our paperless policy into our carbon reduction targets to lower our overall paper usage. To this end, we have set a group-wide management policy which will combine our push for greener and paperless operations to reduce the company's total carbon emissions by the equivalent of the annual carbon sequestration of 30 Da'an Forest Parks.

FFHC takes the impact of climate change seriously and is boosting our risk awareness accordingly. In 2013, we were one of the first companies in Taiwan's financial industry to sign on with the Carbon Disclosure Project (CDP), and in 2016 FFHC achieved a C-grade in the global Carbon Disclosure Questionnaire conducted by the CDP. Beginning in 2016, we also participated in a Water Disclosure Questionnaire (self-reported disclosures are not graded by the CDP).

• Energy Conservation and Carbon Reduction Performance of FFHC Subsidiaries in 2016:

Unit: Percent (%)

	First Bank		First Securities		First Securities Investment Trust		First-Aviva		First Financial Asset Management	
	Reduction Target Compared to 2015	Actual Results	Reduction Target Compared to 2015	Actual Results	Reduction Target Compared to 2015	Actual Results	Reduction Target Compared to 2015	Actual Results	Reduction Target Compared to 2015	Actual Results
Reduction in Carbon Emissions	3	3.72	1	1.19	1	6.47	1	10.67	1	2.92

• Total Group-Wide Carbon Reduction Performance and Targets of FFHC:

Target for 2016	Total Reduction in Carbon Emissions in 2016	Target for 2017
547.01 metric tons of CO ₂ e	689 metric tons of CO ₂ e	348.88 metric tons of CO ₂ e / 37,046.62 (MWh)

MWh (Megawatt Hour)

• Overall Carbon Emissions of FFHC

	2013	2014	2015	2016	Comparison of 2015 and 2016
Scope 1 Emissions (metric tons of CO ₂ e)	1,518	1,479	1,464	1,462	-0.14%
Scope 2 Emissions (metric tons of CO ₂ e)	19,943	18,718	17,687	17,000	-3.88%
Total Emissions (metric tons of CO ₂ e)	21,461	20,197	19,151	18,462	-3.60%
Total Energy Consumption (GJ)	155,378	148,981	141,893	135,575	-4.45%
Total Energy Consumption (Mwh)	43,206.32	41,422.98	39,462.11	37,707.38	-4.45%
Energy Consumption Per Capita (GJ/person)	17.64	16.77	15.41	14.88	-3.44%
Energy intensity (GJ/net income in millions of NTD)	4.261	4.358	3.474	3.007	-13.44%
Greenhouse gas emissions intensity (metric tons of CO ₂ e/net income in millions of NTD)	0.589	0.591	0.469	0.409	-12.79%

Note 1: Scope 1 emissions primarily comprise fuel used by company cars and diesel and natural gas used in electric generators. Scope 2 emissions consist mainly of electricity consumption.

Note 2: The number of FFHC employees for each year is as follows: 8,869 people in 2013; 8,886 people in 2014; 9,210 people in 2015; and 9,108 people in 2016.

Note 3: In 2016, we did not receive any complaints concerning environmental impacts or penalties for environmental violations.

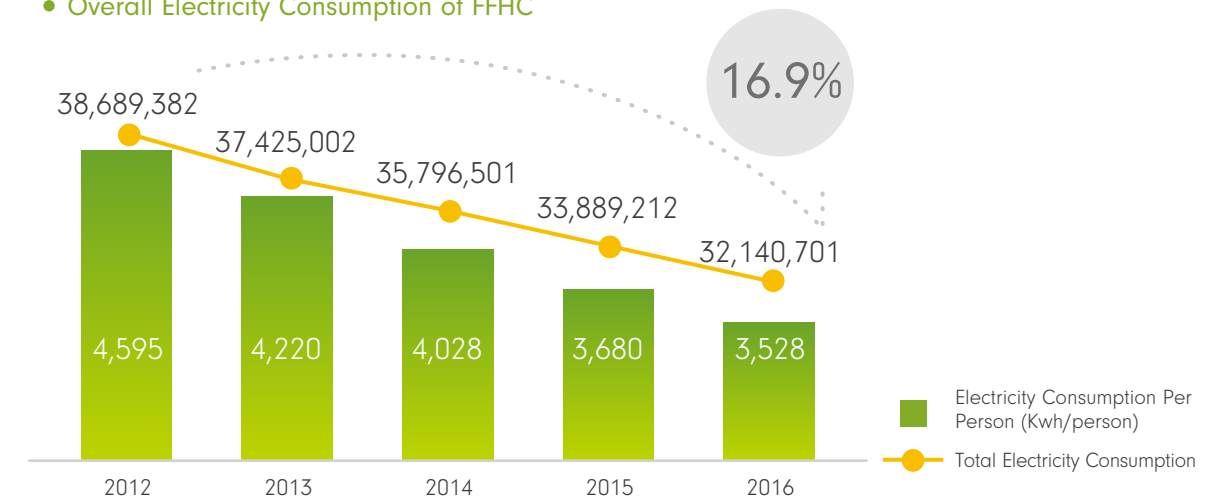
Note 4: New eco-friendly R134a or R410a refrigerant was used in all newly-purchased and replacement air-conditioning systems, and potential ozone depleting substances (ODS) were never used.

• GHG Emissions for Each Survey Item

Greenhouse Gas	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total Output of Seven Types of GHG Emissions
Emissions (t-CO ₂ e/year)	14,507.2681	141.1616	25.4509	13.1834	0.0000	141.0000	0.0000	14,828.064
Proportion of Total Emissions	97.84%	0.95%	0.17%	0.09%	0.00%	0.95%	0.00%	100.00%

Note: In 2015, FFHC's total greenhouse gas emissions amounted to 19,151 metric tons of CO₂e, of which 14,828.064 metric tons of CO₂e comprised emissions from 104 company locations for which "ISO 14064-1 Greenhouse Gas Inventory System" certification has been obtained (certified in 2017).

• Overall Electricity Consumption of FFHC

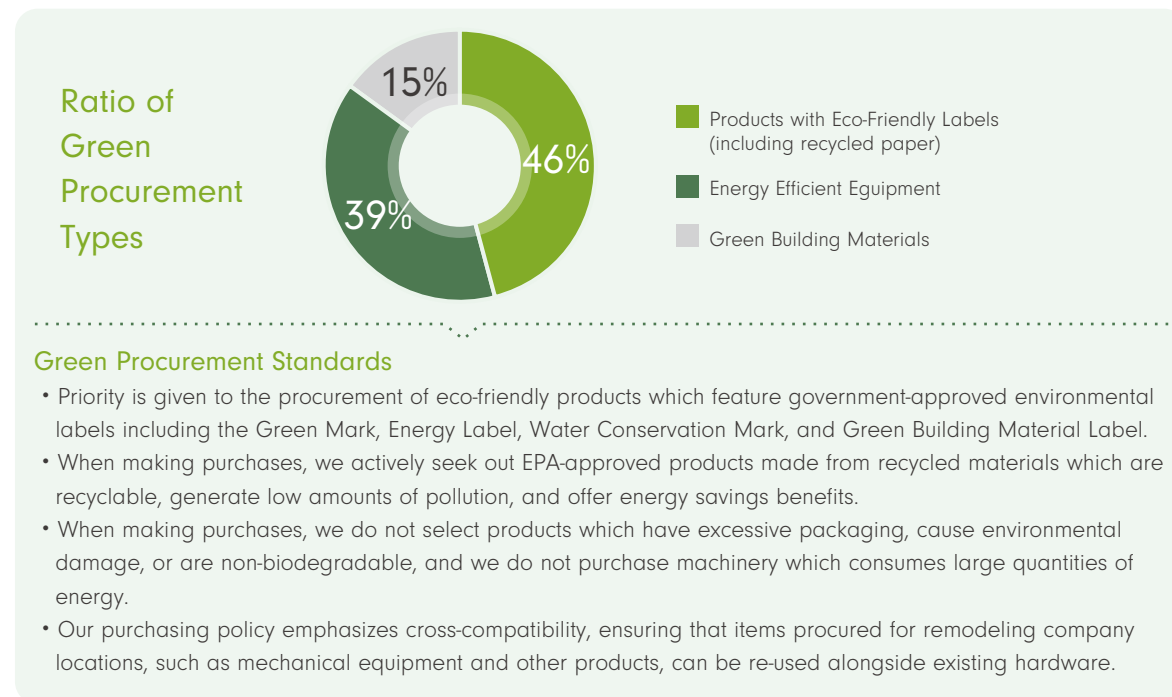


1-3. Green Transportation

To help reduce FFHC's emissions caused by business travel, we have taken steps to gradually replace old or outdated vehicles in our company fleet. Moreover, eco-friendly electric scooters have been purchased which are provided to employees for business travel purposes, and a large quantity of non-reserved parking spaces have been allocated for employees who ride electric scooters to and from work. In addition, a system for sharing company-issued EasyCards is in place to encourage employees to utilize mass transportation when traveling on business. In addition, we have set up 13 employee dormitories at company locations located in high population density areas as well as rural regions, including Taipei City, New Taipei City, Hsinchu City, Taichung City, Tainan City, Kaohsiung City, Yilan County, Hualien County, Pingtung County, Taitung County, and Penghu County which help reduce carbon emissions of employees commuting to and from work. Meanwhile, to determine the amount of carbon emissions caused by employees utilizing air travel for business trips, First Bank incorporated the "ISO 14064-1 Greenhouse Gas Inventory System (Scope 3: Travel)" and received certification in 2016. In 2015, our employees traveled a total of 5,416,418 km on overseas business trips, resulting in a total of 418.427 metric tons of CO₂e.

1-4. Green Procurement: Selecting Eco-Friendly Products to Save Energy



FFHC is continuing to promote our green procurement policy in numerous ways, including giving priority to environmentally-friendly products when selecting office paper, bathroom tissue, IT equipment and consumables, A/C and other electronic appliances, lighting fixtures, and eco-friendly cleaning products which feature government-approved environmental labels such as the Green Mark, Energy Label, and Water Conservation Mark. In addition, when carrying out installations, maintenance, and renovations at company locations, green building materials must account for at least 45% of procured materials. In addition, we cooperated with Fuji Xerox Taiwan Corporation in 2016 to consolidate and reduce the quantity of office equipment in the FFHC headquarters building by replacing copiers and fax machines with multipurpose energy-saving devices which reduce our energy consumption and result in a smaller carbon footprint. The green procurement budget spent on supporting the government's policy was NT\$121,430,000 in 2016, and FFHC was named an "Outstanding Green Procurement Organization" by the Taipei City Government for two years in a row and was presented with a certificate of appreciation at the "2015 Award Ceremony for Outstanding Green Procurement Organizations - NT\$30,000,000 Tier" by the Environmental Protection Administration, Executive Yuan.





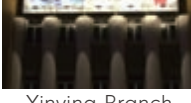
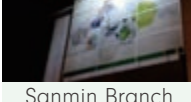

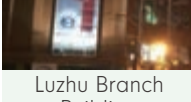
1-5. Adopting Clean Energy: Installation of Solar-powered Digital Billboards and Solar Power Generating Systems

Since 2014, FFHC has supported green energy policies by purchasing green power for three consecutive years totaling 172,500 Kwh. As a result of our support for the development of renewable energy technologies in Taiwan, we were awarded with the "Special Contribution Award" by the Ministry of Economic Affairs (MOEA). In addition, after conducting an assessment of sun exposure at our company locations, we installed solar power generating systems on the rooftops of the Donggang and Hengchun branch buildings in 2016, resulting in an annual reduction of 18.7 metric tons of CO₂e. Moreover, in light of the fact that solar-powered digital billboards are able to accumulate additional energy on sunny days which allows them to operate at night; they offer the benefit of providing advertisements while simultaneously reducing both energy use and carbon emissions. FFHC has installed these solar-powered digital billboards at 6 company locations located in central and southern Taiwan, resulting in an annual reduction of 2.633 metric tons of CO₂e.

• Impact of Installing Solar Power Systems at 2 Company Locations on Reducing Carbon Emissions

Unit	Module	Reduction in Carbon Emissions		Total metric tons of CO ₂ e
		Installed Capacity (kW)	Estimated Annual Generating Capacity (Kwh)	
 Donggang Branch Building	Monocrystalline silicon 285W/ 45 panels	12.825	20,242	10.7
 Hengchun Branch Building	Monocrystalline silicon 285W/40 panels	11.4	14,431	8
Total	85 panels	24.225	34,673	18.7

• Benefits of Installing Solar-powered Digital Billboards at 6 Locations to Reduce Carbon Emissions

Unit	No. of Solar Panels Installed	Reduction in Carbon Emissions	
		Total (kWh/yr)	Total metric tons of CO ₂ e
 Caotun Branch Building	24	513	0.271
 Lugang Branch Building	15	440	0.232
 Xinying Branch Building	25	1,110	0.586
 Sanmin Branch Building	12	438	0.231
 Gangshan Branch Building	26	913	0.482
 Luzhu Branch Building	40	1,573	0.831
Total	142	4,987	2.633

1-6. Reducing Water Use and Conserving Water Resources

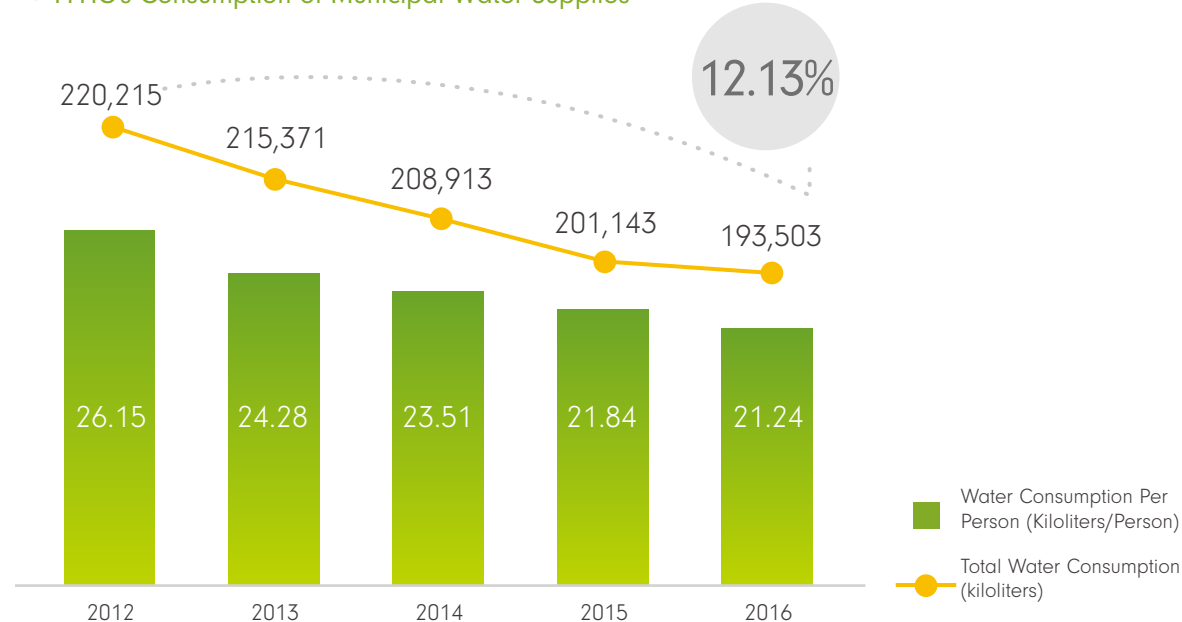
In 2012, FFHC installed a 1,296-ton rainwater reclamation tank in the basement of the headquarters building to supply water for watering the gardens and toilets. Tap water therefore made up 92.1% of the water consumption and 7.9% came from the Headquarter building basement's overflow and rainwater. Water consumption at each company including operating sites was also investigated. Certified green water-saving devices such as water-saving tap fittings, 2-stage flushing toilets, and sensor-controlled urinals were also installed to reduce water usage. Since 2012, our total quantity of water used and average water consumption per person have all declined considerably each year.

In addition, to protect water resources, we installed an oil trap in the headquarters' on-site kitchen, utilize eco-friendly cleaning agents, and use warm water to clean dishes, which reduces the quantity of cleaning agents used. In addition, we engage contractors to carry out septic tank pumping on a regular basis and conduct wastewater testing to determine the directional flow of contaminants, thereby improving overall water quality and reducing pollution.



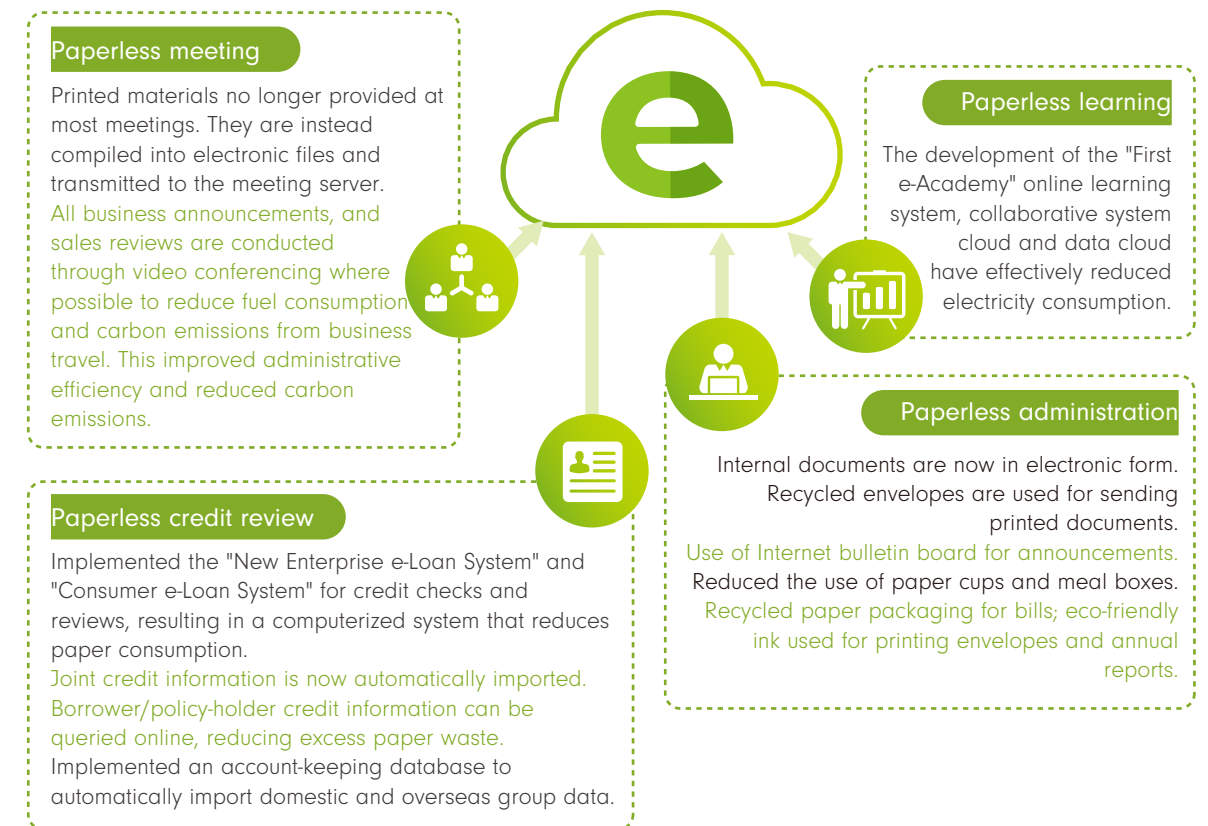
A gray water reclamation system was installed and a 1,296-ton rainwater reclamation tank was built in the headquarters basement to supply water for landscaping and toilets. In 2016, the gray water reclamation system helped conserve 16,610 metric tons of tap water, accounting for 7.9% of FFHC's total water consumption.

• FFHC's Consumption of Municipal Water Supplies



1-7. Upgrading IT Equipment: Paperless Operations

To create a green server IT room, FFHC actively upgrades IT hardware and replaces outdated server equipment. In addition, we are striving to achieve paperless training and education programs, paperless meetings, and paperless operations. Reforms aimed at reducing carbon emissions are also being incorporated into the development of internal and external systems. Since 2008, we have continued to optimize our credit review system, and credit checks are now carried out completely within our internal computer system rather than by manual inspection and on paper. Automatic importing of credit information and domestic/overseas information for joint credit accounts is also being progressively introduced. In the last three years, 175,097 lending review and 224,049 credit check cases have been processed in this manner, greatly reducing the demand for printer paper.



	2014	2015	2016	Growth in 2016 Compared to 2015
Number of official documents issued electronically	128,530	130,489	143,108	9.67%
Video conferencing and distance learning	1,161 sessions	1,172 sessions	1,230 sessions	4.95%
Online education	31,625 people	60,400 people	114,176 people	89.03%
Paperless meetings	192 sessions	455 sessions	528 sessions	16.04%

• Carbon Reduction Performance Due to FFHC's Paperless Initiative

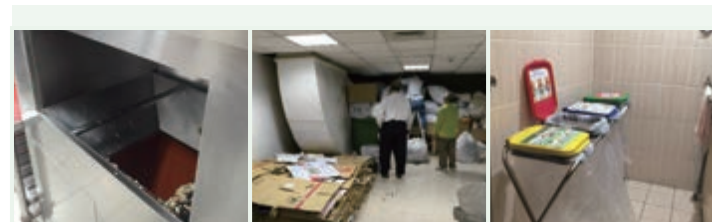
	2014	2015	2016	2016 Compared to 2015 Growth rate (%)
Electronic statements sent	36.71million pcs	43.54million pcs	55.56million pcs	27.61
Electronic statement subscribers	1.11million users	1.27million users	1.34million users	5.51
Number of EDM recipients	10.2.19million users	106.3million users	97.06million pcs	-8.69
No. of electronic insurance premium receipts	29,000pcs	33,000million pcs	33,500pcs	1.52
Total carbon reductions from paperless initiative	11,091metric tons of CO2e	11,358metric tons of CO2e	12,441metric tons of CO2e	9.54

Note: According to the Product Carbon Footprint website of the Environmental Protection Administration, Executive Yuan, a sheet of B4 paper is responsible for 0.009 kg of CO2e. In 2016, a total of 152,618,012 electronic statements and EDM were sent out, which is equivalent to a reduction of 1,373.6 metric tons of CO2e. In addition, we can calculate a further reduction in carbon emissions by multiplying the number of electronic documents issued by each FFHC subsidiary by the number of users, which yields a decrease of 11,067.4 metric tons of CO2e. The formula for making this calculation is as follows:

	Quantity Utilized	No. of Users	Calculation Method	Reduction in Carbon Emissions (Unit: metric tons of CO2e)
First Bank	130,997	7,517	$130,997 \times 7,517 \times 0.0056 \times 2 / 1000$	11,028.7
First Securities	7,093	834	$7,093 \times 834 \times 0.0056 / 1000$	33.1
First Securities Investment Trust	3,193	149	$3,193 \times 149 \times 0.0056 / 1000$	2.7
First-Aviva	1,608	311	$1,608 \times 311 \times 0.0056 / 1000$	2.8
First Financial Asset Management	217	67	$217 \times 67 \times 0.0056 / 1000$	0.1
Total	143,108	8,878		11,067.4

1-8. Recycling

To ensure maximum impact of our recycling efforts and efficient utilization of resources, annual recycling targets are set for FFHC and all of its subsidiaries. We also implement a strict "zero waste bin" policy to encourage employees to sort their garbage and recycling in the office break rooms by not providing personal waste bins in offices. In turn, we boosted our recycling rate by 21.13% in 2016 compared to 2015, and in 2016 we began calculating total trash output of the headquarter buildings of FFHC and its subsidiaries and employees at the First Bank IT Building. For 2017, we set a target for trash output to not exceed 70.3 metric tons for the headquarters of each subsidiary as a part of a push toward achieving our ultimate goal of zero garbage output.

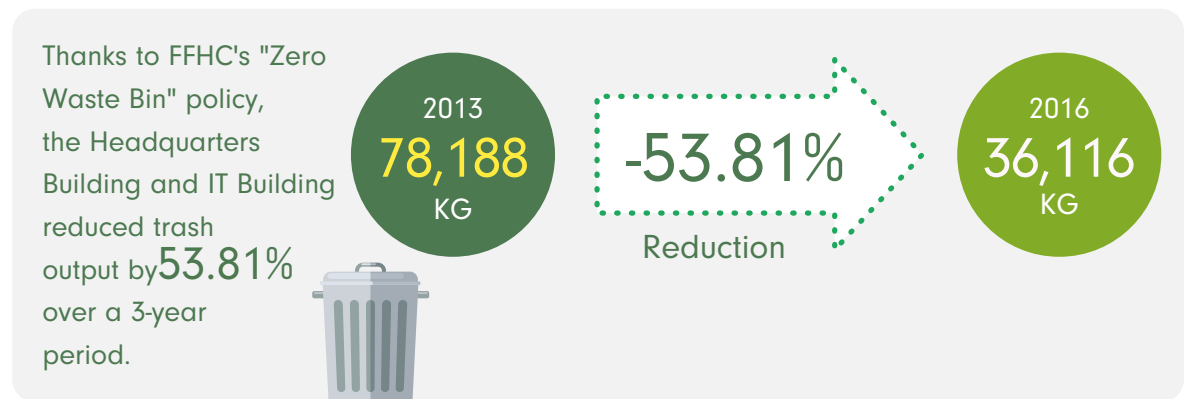


FFHC recycles all kitchen scraps and leftovers after each meal and promotes numerous recycling programs. Offices do not include personal waste bins – all waste must go through the recycling process. We also retain qualified refuse collection companies to provide regular trash removal services and collect data records, allowing us to keep tabs on how much garbage is produced and where it ends up.

• Comparison of Trash and Recycling Amounts of Subsidiary HQ Buildings and First Bank IT Building in 2016

	2014	2015	2016	(Unit: kilograms) Magnitude of change (%)
Paper and paper containers	19,326	20,195	25,003	23.81
Plastic and PET bottles	641	935	1,515	62.03
Aluminum, other metals, glass	560	1,972	1,864	-5.48
Batteries and electronic devices	2,405	1,176	788	-32.99
Cooking oils	211	547	900	64.53
Total	23,143	24,825	30,071	21.13

Note: A 32.99% reduction in batteries and electronic devices – in 2016, FFHC donated 231 refurbished PCs and laptops to disadvantaged groups. In 2015, the IT Building of First Bank also switched over to using only rechargeable AA and AAA batteries (except for clock batteries).



Thanks to FFHC's "Zero Waste Bin" policy, the Headquarters Building and IT Building reduced trash output by **53.81%** over a 3-year period.

2013: 78,188 KG
2016: 36,116 KG
Reduction: -53.81%

1-9. Integrating Environment Education: Changing Employee Habits

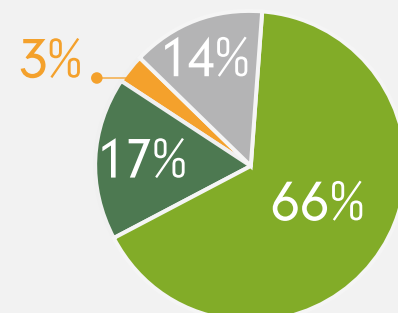
FFHC has introduced environmental education at the grassroots level in keeping with the philosophy that "education is crucial to fostering a better environment." Apart from arranging a new employee training class to be included in morning community service events to strengthen and implement environmental conservation concepts, general administration personnel have been designated as the energy-saving and carbon reduction promotion cadre as each unit. At the end of each working day, they must fill out the energy-saving assessment forms to ensure that energy-saving and carbon reduction measures are being followed. The cadre also changes over time as they rotate through different positions. Using this system, every employee is rotated through the energy-saving and carbon reduction promotion role.

FFHC believes that a better environment starts with education, which is why we arrange for personnel to attend professional environmental education training courses. Three employees have obtained certification and qualifications as environmental educators. Such personnel are now responsible for the planning and compiling the content of FFHC's environmental education courses. This will help instill the concepts of environmental education and ecological conservation in all employees. In 2015, we began organizing online environmental education courses which employees participate in to enhance their understanding of environmental sustainability. The content of courses offered in 2016 is as shown below. A total of **6,213** people participated, accumulating a total of **21,745** hours of training:

Course Content	Course Duration
1 Greenhouse gases and particulate matter (PM)	15 minutes
2 Acid rain	11 minutes
3 Ozone and ozone holes	22 minutes
4 Hydrosphere and water resources	37 minutes
5 Ecological Carrying Capacity	49 minutes
6 Environmental Paradigms and Ethical Land Use	49 minutes
7 Green energy	24 minutes
Total 3 hours and 27 minutes	

1-10. Held the Environmental Protection Competition and Presented Awards to Outstanding Departments and Employees

Since 2015, FFHC has held an annual Environmental Protection and Energy Conservation Competition for all departments which encourages employees at all company locations to actively participate in the implementation of our environmental sustainability development policies to meet annual energy conservation and carbon reduction targets. In 2016, we selected 11 of the most outstanding units for their achievements in environmental protection and energy conservation and provided 18 commendations.



Assessment Criteria for the FFHC Environmental Protection and Energy Conservation Competition

- Verification of energy management implementation
- Promotion of environmental education and awareness
- Promotion of environmental protection and energy conservation measures
- Innovation in environmental protection and energy conservation

1-11. Established an Employee Proposal System for Energy Conservation Benchmarks

To increase awareness on the topics of environmental protection, energy conservation, and reducing carbon emissions, we formulated the "Guidelines for Incentivizing Employee Proposals" in 2014 to encourage employees to submit proposals concerning environmental protection and energy conservation. If a plan or recommendation put forward by an employee contains certain projections which could have a wide-ranging impact, the employee will participate in a review process with the sales department and receive a monetary reward if the plan is approved. In 2016, a total of 53 new proposals were received from employees concerning environmental protection, of which 15 were approved for implementation. The benchmarks contained in employee proposals are used for subsequent fine-tuning of environmental protection and energy conservation measures and an award of NT\$6,300 is issued.

First Support - Forming Partnerships

2

For the past four years in a row, the World Economic Forum (WEF) has included "extreme weather events" as one of the five most likely global risks. In 2017, the threat of "extreme weather events" was further increased to the second most likely risk due to the possibility of major environment harm caused on a global and regional scale. As a result, we FFHC have internalized issues of concern including climate risks, responsible investing, and development of the low-carbon economy (LCE) into our environmental sustainability management guidelines. Moreover, we are working to strengthen business operations in a way which promotes industry transformation and greater actualization of social responsibility by teaming up with our employees and customers to protect the environment and guide industries toward achieving low-emissions development. We are also continuing to promote greater awareness among the public regarding the importance of energy conservation and reducing carbon emissions.

2-1. Supporting Urban Renewal and Green Home Renovations

To fulfill our social responsibility in the financial industry, we make use of our core capabilities to advance the cause of environmental sustainability and provide comprehensive one-stop financial services for urban renewal projects. We are fully committed to supporting the government's urban renewal efforts, especially in terms of providing financing. In addition to offering financing programs for general construction projects, we heavily encourage construction companies to apply for the Green Building mark and seek to provide financing guarantees for green building projects to accommodate the government's goal of achieving an eco-friendly, low carbon footprint city. After undergoing the renovation process through the urban renewal program, buildings are transformed in a way that serves the whole community and local ecology by increasing energy savings and reducing carbon emissions, resulting in a win-win situation that benefits the environment, residents, and FFHC. Since beginning the promotion in 2009, we have handled a total of 29 urban renewal cases resulting in the successful completion of 18 green buildings certified at the silver-level or above.

To enhance quality of life, improve our living environment, take care of the middle class and disadvantaged groups, and return to the original mission of "improving our cities and building better homes" for urban renewal, all buildings after urban renewal must satisfy the greening indicators and minimize the discharge of waste heat, CO₂, methane, and wastewater. Since 2009, First Bank has actively cooperated with the government's promotion of urban renewal integration and endeavored to assist with integrating and arranging professional consultations, especially for self-managed urban renewal cases. From urban renewal planning, trust management, rebuilding costs, insurance, construction management to the subsequent completion, handover and loan splitting, we offer one-stop financial services that ensure original residents don't have to worry about raising large amounts of money for rebuilding. Once urban renewal is complete, residents enjoy numerous benefits, and the difference between the selling price and rebuilding cost all go to the landowner. In this way, the dream of self-managed urban renewal comes true and old assets are renewed.

For example, in the self-managed urban renewal project "Phase 4 and 5 of the Residential Community Re-development of Shuiyuan Rd., Zhongzheng District, Taipei City" which was jointly implemented with the assistance of First Bank, the existing homes slated for redevelopment were overcrowded, had minimal floorspace, and mostly housed disadvantaged groups – in some cases, homes had as little as 26 to 33 square meters of scant floorspace. Clearly, there was a great need to improve the living conditions of these families. After the urban renewal project is completed, in addition to opening up nearly 500 square meters of walkway space, 125 households will enjoy expanded floor plans of between 66 to 99 square meters. Moreover, the refurbished building design conforms to the silver-level Green Building mark certification, resulting in a reduction of 4,116 metric tons of carbon emissions, achieving in a coverage rate of 94.01%. In addition to greatly improving local living conditions, the program will also lead to an acceleration in the urban renewal process for buildings in other communities, transforming them in a way that serves the whole community and local ecology by increasing energy savings and reducing carbon emissions. Initial planning for this project began in 2006, and after 9 years, ground was officially broken in July, 2015. At present, it is estimated that residents will be able to move into the newly-renovated units by 2018. This not only represents a milestone in Taiwan's push for expanded urban renewal initiatives, but is also an example of a successful state-run project.



Phase 4 and 5 of the Residential Community Re-development of Shuiyuan Rd., Taipei City will yield massive improvements in terms of seven major indicators – including the green index, water index, sewage and waste improvement index, and carbon emissions reduction index – compared to the conditions prior to the urban renewal project. Moreover, by achieving a green coverage ratio of 94.01%, numerous disadvantaged families will have the opportunity to move into new homes that are certified with the silver-level Green Building mark.

Type	Approved Amount and Cases	Landowners
Self-managed urban renewal project	4.063 billion / 5 cases	358 persons
Developer-consolidated urban renewal projects	23.518 billion / 24 cases	922 persons
Total	27.581 billion / 29 cases	1,280 persons

* Out of the 29 urban renewal cases, 18 were certified to receive the Green Building mark at the silver-level or above, and the remainder satisfied the green indicators for urban renewal.

2-2. Providing Financing to Key Industries to Aid in Industry Transformation

First Bank has incorporated the environmental principles of sustainable development into our core competencies and is committed to helping companies in the green industry secure funds needed for business development. In 2010, First Bank launched the "No.1 Promoter in the Energy Industry" financing program to support energy service companies (ESCOs). Funds are released based on the progress made by the business in energy-saving improvements in order to accelerate improvements to energy efficiency and conservation as well as cooperate with the Bureau of Energy of Ministry of Economic Affairs' "Million Rooftop PVs" project. Through the "Renewable Energy Creation Loan", we can help business owners purchase renewable energy generation equipment. We have also launched the Green Energy Industry Loan in support of the Executive Yuan "Dawning Green Energy Industry Program" for the six key green industries of PV, LED, wind power, bio-fuels, hydrogen energy, fuel cells, and electric vehicles. To realize our green sustainable financing policy and support the government's Productivity 4.0 Initiative for boosting industry transformation, we launched the "Green Sustainability-based Industry Transformation Lending Program" to help Taiwanese enterprises achieve transformation and take advantage of international business opportunities involving the pursuit of lower carbon emissions.

Green Loan

ESCO Industry	Construction and equipment loans such as power conservation, water conservation and oil conservation
Renewable Energy Creation Loan	Help business owners purchase renewable energy power generation equipment
Green Energy Industry Loan	Work with the six major green energy industries to provide a plan for transforming and upgrading

Unit: NTD, in millions

Types of Loans	2014		2015		2016	
	Approved amount	Loan Amount	Approved amount	Loan Amount	Approved amount	Loan Amount
ESCO Industry	430	57	528	92	533	57
Renewable Energy Creation Loan	1,309	650	1,655	865	1,930	794
Green Energy Industry Loan	27,669	11,238	26,250	12,777	26,017	11,827
Loans for Green Sustainability-based Industry Transformation	-	-	809	226	4,989	2,542
Total	29,408	11,945	29,242	13,960	33,469	15,220

In 2016, we lent out more than NT\$ **15.2** billion to green industries, a **9%** increase over 2015.

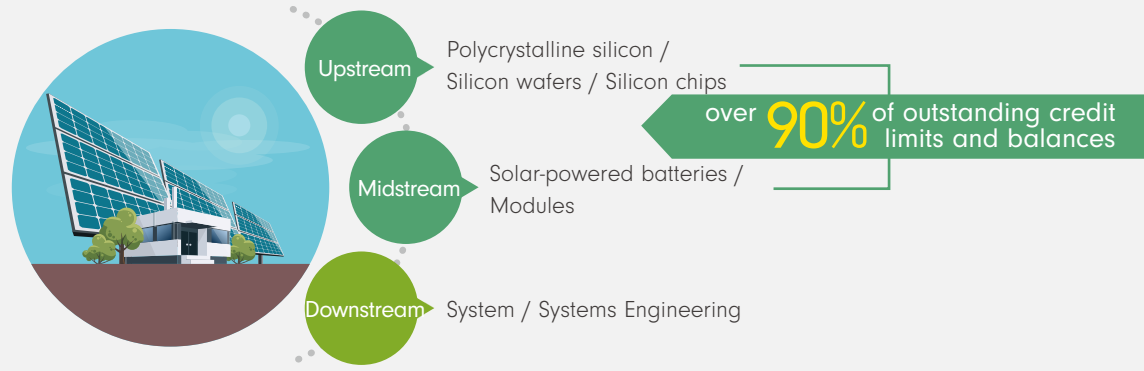
In 2016, the government actively promoted preferential loans aimed at supporting the MOEA's "5 Plus 2" key development projects, and FFHC with industries involved in key development projects such as green energy technologies, the Asia Silicon Valley plan, biopharmaceuticals, defense industries, smart machinery, agricultural modernization, and circular economy to establish long-term partnerships, lending assistance to help more companies involved in key developments obtain financing for business operations. At present, our outstanding loans made to such companies amounts to NT\$396.7 billion, underscoring First Bank's resolve to supporting the continued development of the real economy.

Applicable to

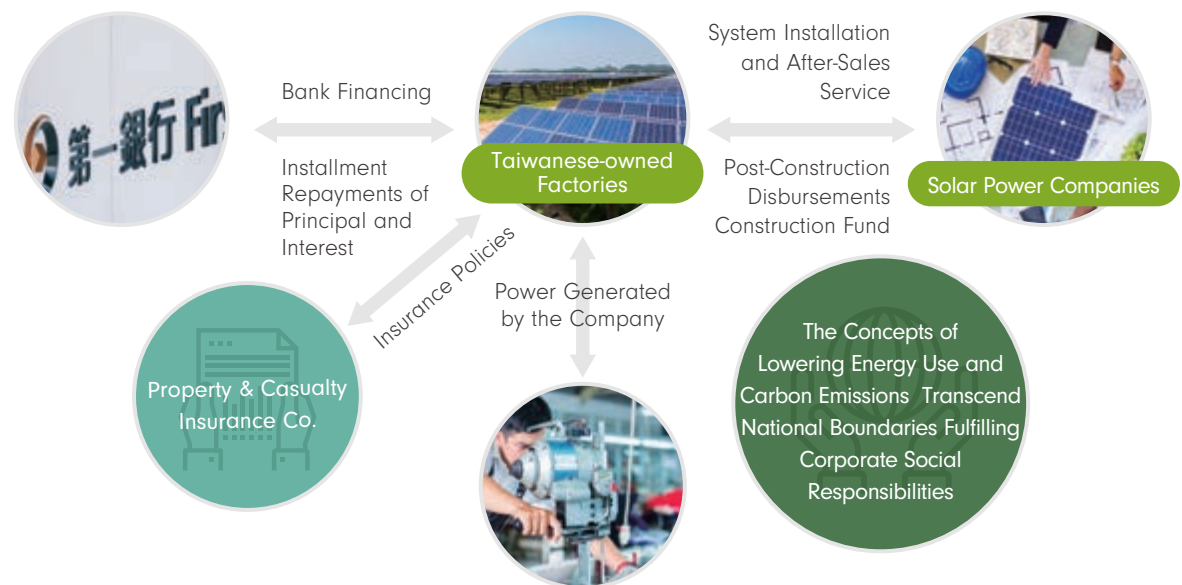
Green technology	Asia Silicon Valley	biopharmaceuticals	Defense industries	Smart machinery	Modern agriculture	Circular economy
<ul style="list-style-type: none"> PV LED hydrogen energy, fuel cells energy telecommunications bio-fuels wind power electric vehicles 	<ul style="list-style-type: none"> Innovation & R&D in IoT industry Strengthening and innovation in business startup ecology(sensor components, internet transfer, information collection, application in servic) 	<ul style="list-style-type: none"> Biotech Pharmaceuticals Medical Equipment Health Promotion Health & Welfare 	<ul style="list-style-type: none"> Aerospace Shipbuilding Information Security 	<ul style="list-style-type: none"> Integrates smart-tech elements Robotics IoT Big data Virtual-physical integration Lean management 3D Printing Sensors 	<ul style="list-style-type: none"> Agriculture, Forestry, Fishery and its processing and manufacturing industries Service industry Manufacturing of mechanical equipment and leasing industry Wholesale 	<ul style="list-style-type: none"> Integration and supply of energy resources industry Waste recycling and reuse industry
6,519 cases	10,084 cases	1,241 cases	16,231 cases	7,908 cases	1,495 cases	15,635 cases
Outstanding loans 90.4 billion	Outstanding loans 128.4 billion	Outstanding loans 25.4 billion	Outstanding loans 173.1 billion	Outstanding loans 108 billion	Outstanding loans 13 billion	Outstanding loans 196.4 billion

Balance of loans from the seven major new industries reaches **NT\$ 396.7** billion

Note: To prevent duplicate calculations, the figures provided here have taken into account that a portion of loan recipients are involved in multiple industries.



As of the end of 2016, FFHC has extended NT\$15.3 billion in credit to companies in the solar power industry, with particular emphasis placed on upstream polycrystalline silicon and midstream solar-powered battery modules which account for more than 90% of outstanding lines of credit and loans issued. We hope that, by planting seeds now to bear more fruit in the future, we will initiate a virtuous cycle which helps accelerate development of the solar power industry chain and encourage Taiwanese companies to expand their presence in overseas markets. Through our role as a provider of capital, we are assisting the solar power industry to scale up and upgrade their technologies to achieve a greater competitive advantage and gain more global customers while also helping the industry shore up its overall supply chain capacity and global presence.



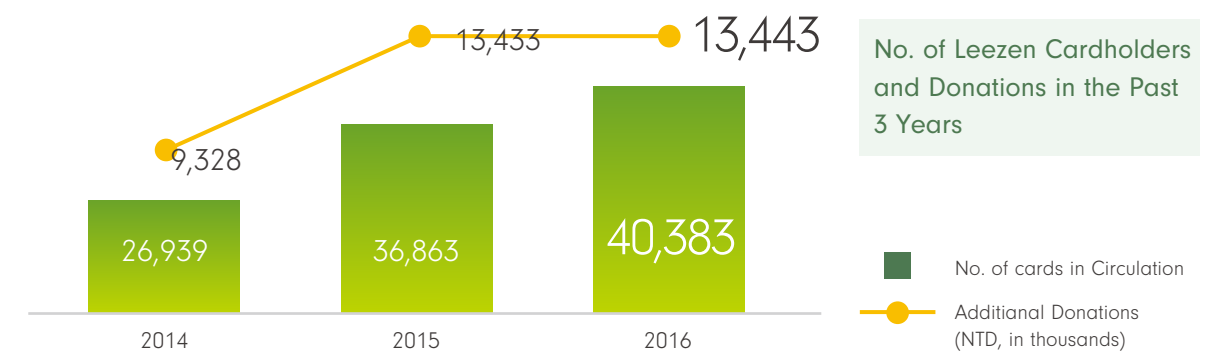
In recent years, Taiwanese companies have made steady headway expanding into Southeast Asian countries and establishing new production plants there. However, because the power grids in these areas are often outdated or unable to provide adequate amounts of electricity, factories are often unable to receive enough power to operate at full capacity. FFHC encourages Taiwanese companies to work with our domestic solar power companies to overcome these challenges, including providing financing solutions which allow Taiwanese solar vendors to export equipment and modules and offer professional knowhow to assist Taiwanese companies operating in overseas areas. For example, in Cambodia, solar panels are installed during the initial construction phase of new plants, allowing businesses to fully harness the power of the sun to generate a stable and clean source of energy.

2-3. Joining with Customers to Promote Organic Agriculture

FFHC founded the "Organic Agriculture Assistance Project" and launched the first charity co-branded card based on the concepts of "organic and healthy living" and "land and environmental protection." Each time a consumer makes a purchase using a Leezen card, First Bank makes a 6% donation of the purchase amount to the Tze-Xin Organic Agriculture Foundation and the Bliss and Wisdom Foundation of Culture and Education. As of the end of 2016, a total of NT\$62,939,000 in donations were made, thereby helping to promote organic and pesticide-free farming methods and land restoration initiatives, including: FFHC supports a wide range of eco-friendly programs including the "Clean Resources Project" which promotes organic farming methods in regions containing our water resources to ensure aquifers remain free from contamination, providing guidance on organic farming methods in national parks, promoting tree-planting activities in various regions and schools, afforestation in coastal areas, promotion of "Green Conservation" product labeling which offers both economic and environmental benefits, and providing guidance to the industries of local indigenous tribes. By teaming up with our customers, we are able to lend assistance to small organic farms lacking in manpower and financial resources, allowing FFHC and our customers to show concern for the land in Taiwan.



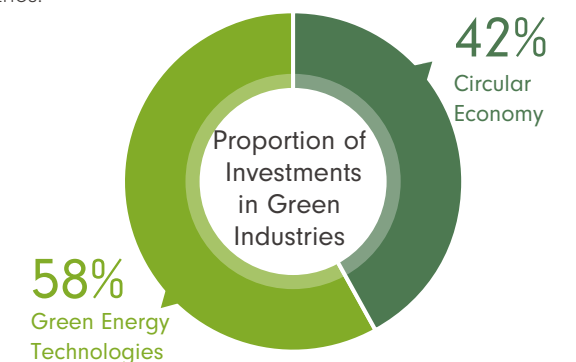
• Number of Leezen Cardholders and Donations Have Continuously Grown in Past 3 Years



2-4. Investments in Green Industries

FFHC has continued to make substantial investments in green energy and green industries in support of the operations and development of companies in these areas. We also promote the increased use of clean energy in Taiwan and environmental policies aimed at encouraging sustainable development. As of the end of December, 2016, we have an invested a total of more than NT\$2,120,430,000 in green industries.

To promote green transportation, FFHC has also become actively involved in the development of mass transportation systems, including making a NT\$2 billion investment in Taiwan HSR and participating in a syndicated loan program for the Kaohsiung MRT System and Taiwan High Speed Rail (HSR). By helping to promote safe, convenient, and sustainable mass transportation systems which reduce air pollution and energy usage, FFHC is making a tangible contribution to environmental sustainability.



In addition, to encourage investors to place more emphasis on protecting water resources and the renewable energy industry, we also provided 8 funds that invest in water technology, water treatment, and related businesses resulting in total investments of NT\$810,000,000, enabling investors and the general public to be able to support the development of future companies while enjoying a share of the profits.

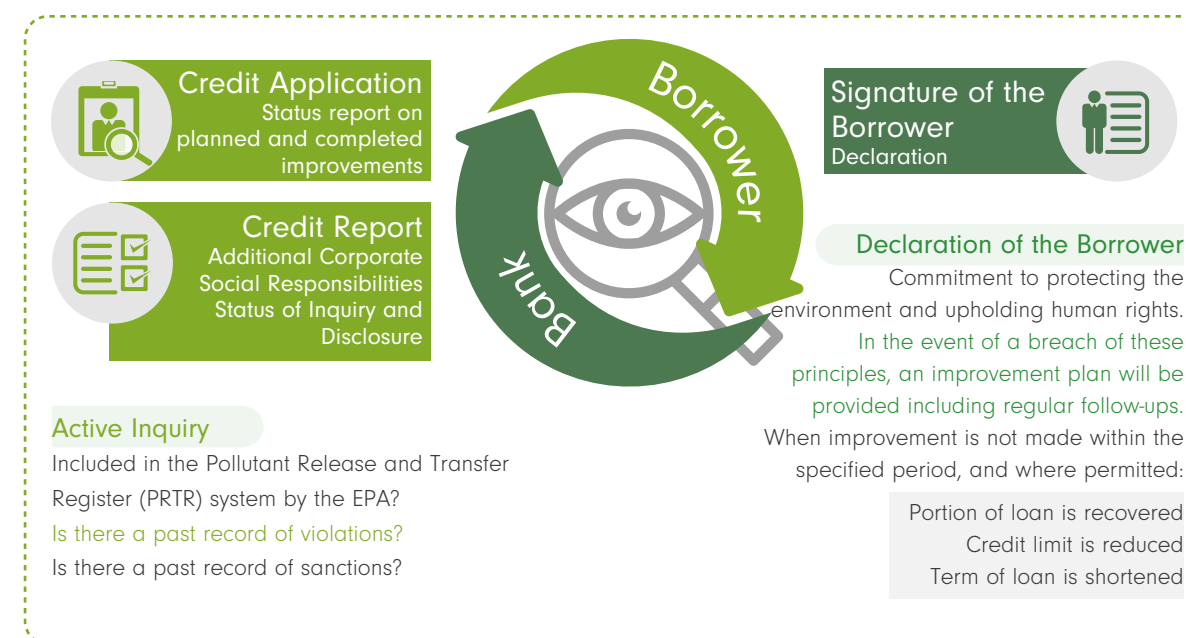
2-5. Fulfilling Our Obligations as a Creditor

To fulfill our social responsibility as part of the financial supply chain, First Bank applied the finance industry's ability to direct cash flow to safeguarding the environment. The advantages of the Equator Principles were assessed in 2013 and industry risk factors proposed based on the characteristics of individual domestic industries. In February 2014, the Equator Principles were used as a basis to formulate our own "Green Financing Review Principles." This applies to all corporate loans regardless of credit amount. First Bank became the first domestic financial institution to incorporate the spirit of the Equator Principles into loan reviews. New or existing customers seeking an extension must sign the CSR Declaration before drawing on their line of credit. If a customer violates this declaration, their line of credit will be revoked and their loan will be recovered. The Principles are divided into a 3-phase process: limit application assessment and review, pre-disbursement commitments, and post-lending management. The potential risks that the industry poses to the environment or society is investigated with assessment tools in advance and on-site inspections conducted. Companies with a record of environmental pollution problems or incidents which harm social welfare are required to report their corrective measures or plans; Before a loan is issued, the company must sign a Declaration of Corporate Social Responsibility in which they affirm to adhere to relevant human rights and environmental regulations and fulfill their CSR obligations; After a loan is made, in the event of environmental pollution or harm to public interest, the company is required to propose an improvement plan and timetable immediately. Active assistance or financing is also provided to help the implement corrective action. Companies that are slow to make improvements are then put under pressure through clauses that introduce higher interest rates, impose a stop on their line of credit, or staged recovery of the loan amount. In 2016, 32,107 financing applications were reviewed according to the Green Financing Review Principles; accounting for 100% of all loan applications, and 27,440 passed the review process. In terms of cases in which a borrower was implicated in

environmental pollution, harm to society, human rights violations, disparity between risk and profit, or other factor, a total of 4,361 cases met criteria for passing the review process and 306 cases resulted in loan rejections.

Since 2015, the Green Financing Review Principles have been implemented at First Bank's overseas locations, FCB Leasing, FCB (Chengdu), and at banking and insurance companies which offer products through the bank. In addition, when processing loans – with the exception of syndicated loans – all overseas branches must clearly stipulate the basic scope of their review in the "CSR Evaluation Form for Overseas Branches" and indicate additional language to this effect in the loan documents, including the following condition: "The borrower has been asked to comply with local laws and to conduct self-inspection on whether their products and processes fulfill their environmental protection and corporate social responsibilities." These measures enable us to better protect the environment alongside borrowers. As of the end of 2016, FFHC received CSR Declarations for 16,615 accounts and completed the CSR Evaluation Form for Overseas Branches for 1,430 accounts, and First Bank successfully received CSR Declarations from approximately 96.11% of borrowers. In addition, 39 fund companies which currently offer products through the bank signed the "CSR Declaration", 8 out of 9 insurance companies provided their corporate social responsibility report, and 1 company signed the "CSR Declaration", underscoring our combined efforts to achieve environmental sustainability and development.

Our 3-phase financing approval process allows us to assume a gatekeeper role for protecting the environment and society and also enables our corporate customers join in to safeguard the environment, labor rights, and human rights. Due to a number of public safety incidents in Taiwan relating to environmental pollution and food safety, our enforcement of the Equator Principles was welcomed by the general public and regulators. This led to its inclusion in the Bankers' Association loan approval principles. This will help reduce the environmental and social risks caused by loans from the finance industry.



• Cases of Companies Which Violated the 2016 "Green Financing Review Principles":

Account Name	Amount (in thousands)	Assessment Result	Reason:
** Lines Limited	HK\$88,000	Deferment	A ship operated by the borrower ran aground, causing environmental damage.
** Industries Co., Ltd.	US\$3,000/US\$4,000	Deferment/Reduction	Borrower adversely affected environmental safety due to causing incidents such as waste water dumping and poisonous gas leaks.

2-6. Responsible Investment

Since 2015, First Capital Management has worked to ensure that all FFHC subsidiaries undertake responsible investment solutions by carefully inspecting our "Do-Not-Invest List for CSR Violations" twice each month and making revisions when necessary. The list is created by screening current and potential investments using numerous criteria, including product sustainability, human rights, environmental protection, and controversial social issues. Any company that is found to have engaged in conduct which is not in the spirit of corporate social responsibility is added to the do-not-invest list. In addition, in the fourth quarter of 2016, we fine-tuned our screening guidelines to better safeguard human rights based on the content and spirit of the "Universal Declaration of Human Rights", with particular emphasis on Articles 6, 7, and 8 of the "International Covenant on Economic, Social and Cultural Rights". As of the end of December, 2016, a total of 26 companies were included in the do-not-invest list which is provided to First Financial Holding, First Bank, First Securities, First Securities Investment Trust, First-Aviva, and First Capital Management for reference purposes. In addition, six domestic funds (Small Capital, Innovation, Great China, High-Tech, OTC, and Greater China Balanced) of First Securities Investment Trust are forbidden from holding investments in such companies, and 38.9% of the companies that FSITC have invested in through these 6 funds have issued CSR reports, thereby helping to ensure investments are made in a responsible manner.

Screening Criteria	Primary Basis	No. of Incidents
Screening Criteria for Product Sustainability	Prohibited businesses include those involving animal welfare, climate change, damage to the ozone layer, gambling, genetic engineering, nuclear energy, pornography, tobacco, and weapons systems.	5
Screening Criteria for Human Rights	<ul style="list-style-type: none"> It is determined whether a major labor dispute, employee strike, or other similar incident has occurred and whether union negotiations have not yet been concluded. The company has laid off employees without warning. Screening guidelines for safeguarding human rights were adjusted based on the content and spirit of the "Universal Declaration of Human Rights", with particular emphasis on Articles 6, 7, and 8 of the "International Covenant on Economic, Social and Cultural Rights" 	2
Screening Criteria for Environmental Protection	<ul style="list-style-type: none"> List of Sanctioned Entities announced by the Environmental Protection Administration, Executive Yuan (Environmental Protection Administration, Executive Yuan / Public Administrative Announcements / List of Entities Sanctioned by the EPA); sanctioned entities which have not made improvements. Entities which have been previously prosecuted and indicted for an environmental crime are automatically placed on a watch list. 	2
Controversial Social Issues	Incidents involving corporate embezzlement, food safety violations, accounting fraud and market manipulation, and other controversial social issues in the most recent six months.	17
Total		26

2-7. 3-Step Supply Chain Management Process: Preliminary Screening, Concurrent Declaration, and Post-Incident Management

In addition to the Company's internal energy-saving and carbon reduction initiatives, FFHC also requires businesses that it has dealings with to take environmental sustainability seriously. To this end, FFHC set up a 3-step supply chain management process in 2013 and identified potential risks of child labor and forced labor in the supply chain. Supplier management is used to select vendors that satisfy the spirit of sustainable development as long-term partners, including: In principle, with regard to suppliers involved in energy-saving services, maintenance of IT equipment, construction and interior design, business-related OA equipment and consumables, and building maintenance, local vendors in the country in which the business unit operates are selected for cooperation. In 2016, with the exception of very few items which are not produced domestically (such as gold bullion) only local suppliers were selected for procurements to ensure the stability and localization of the supply chain, prevent risks associated with supply interruption, and create local job opportunities.

FFHC values fairness and transparency in the purchasing process when defining specifications for the tendering process. Suppliers are asked to sign the "Declaration on Human Rights and Environmental Sustainability Clauses" which includes a prohibition on using child labor and affirmation to adhere to environmental, safety, and health management, environment and energy-saving management systems, CSR policy, fundamental labor rights and labor management. Suppliers must commit to establishing concrete environmental and energy management systems, adopting the best pollution prevention and control technologies, appropriate protection of the natural environment and striving to realize the goal of environmental sustainability. In 2016, additional requirements were introduced for vendors including a non-discriminatory hiring policy, basic labor and human rights protections, increased focus on environmental issues, and emphasizing international human rights and labor rights protections, allowing us to work together with vendors to create a sustainable future.

Management Strategy	Tangible Actions Taken	Implementation Results
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Preliminary Screening

Active Inquiries Before a vendor may participate in the bidding process, we first check to determine whether they have been implicated in any infractions relating to environmental pollution, contravention of labor laws and regulations, or societal harm, in which case an explanation is required, or the company is excluded as a potential partner.

Overseas locations Before a procurement is made, the "Human Rights and Environmental Sustainability Evaluation" must be completed to check whether the vendor has been implicated in any infractions relating to environmental pollution, damages to labor or human rights protections, or harm to society.

Providing guidance to vendors The Company's CSR report is provided in electronic format and vendors are asked to observe the Company's CSR policies.

Completed **935** vendor inquiries. (accounting for 100% of all vendors)
FFHC's overseas locations completed "Human Rights and Environmental Sustainability Evaluations" for **363** vendors. **585** vendors made an effort to observe the Company's CSR policy.



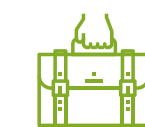
Concurrent declaration

Compliance Declaration When formulating a contract, vendors are required to sign a "Declaration on Human Rights and Environmental Sustainability Clauses" in which they pledge to comply with fundamental labor and human rights protections stipulated in the Universal Declaration of Human Rights, promise to implement human resources policies which are fair and equitable, protect the environment, and seek to achieve environmental sustainability.

Declaration to Use Green Materials When entering into a real estate agreement, the prospective tenant must sign a declaration to use green building materials.

Negotiated Procurement During negotiated procurement with vendors of equipment requiring large amounts of electricity, energy efficiency (using Chinese National Standards as a standard reference for compliance) is listed as a required criterion.

"Declaration on Human Rights and Environmental Sustainability Clauses" was signed with **935** vendors. **100%** of new vendors signed the declaration. **43** tenants pledged to use green building materials. **13** pieces of high-energy consumption equipment were purchased with high coefficient of performance (COP) A/C systems.



Post-incident management

Employee Qualifications FFHC has certain qualifications in place for third-party maintenance personnel involved in the operation, maintenance, repair, or management of facilities, equipment, or systems involving high electricity consumption, and we also provide energy management awareness training.

Regular Audits Audits of qualified suppliers are regularly conducted to check for environmental issues, occupational hazards, and labor rights violations. In the event that a compliance violation is identified, the supplier is requested to provide an improvement plan, otherwise their contract is terminated and the supplier is added to the monitoring list.

Database Creation and Inquiry Established a database of qualified vendors which is provided to our business units for conducting inquiries and selecting preferred vendors.

Held **2** sessions of energy management awareness training to train a total of **17** employees. Spot checks are conducted **Every quarter** and records are kept; in addition, each year we make a random selection to conduct an on-site inspection. Established **22** categories of information for qualified vendors; revise the list on a regular basis including making additions or subtractions as needed.


"Declaration on Human Rights and Environmental Sustainability Clauses" - Forming Partnerships for Environmental Sustainability




- Article 1** Both parties shall maintain and guarantee the human dignity and fundamental human rights of employees, abide by all relevant labor laws and regulations, guarantee the legal rights and interests of employees, and abide by the Universal Declaration of Human Rights, laws and regulations, and generally accepted fundamental labor and human rights protections, including: Freedom of association, freedom to assemble and right to engage in collective bargaining, providing care and support to disadvantaged groups, forbidding the use of child labor defined as persons under the age of 16, and eliminating all forms of forced labor and discrimination of employees and discriminatory hiring practices.
- Article 2** Both parties shall confirm that their human resources policy does not discriminate based on race, nationality, gender, religion, age, marital status, family status, or political affiliation, and that hiring, employment conditions, remuneration, benefits, training, evaluation, and opportunities for advancement are conducted in an equitable and impartial manner, and that fundamental labor and human rights protections are respected and observed at all times and appropriate management methods and procedures are in place.
- Article 3** Both parties may not infringe upon fundamental labor rights and shall have an effective and appropriate complaint system in place to ensure equitable and transparent handling procedures for complaints. Complaint channels shall be simple and straightforward, convenient to use, and free from impediment, and complaints received from employees shall be responded to in an appropriate fashion.
- Article 4** Both parties shall follow relevant environmental laws and regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business activities.
- Article 5** Both parties shall establish a concrete environment and energy-saving management system. They shall also effectively implement a corporate culture of environmentally sustainable development in order to protect the planet, conserve resources, and conserve energy.
- Article 6** During the course of business operations, both parties shall endeavor to refrain from introducing pollutants into the water, air, and land. Where such pollution is unavoidable, both parties shall, in a way which accounts for a cost-benefit analysis, available technologies, and fiscal feasibility, put forth their utmost effort to reduce its negative impact on the health of human beings and the environment and adopt the most feasible pollution prevention measures and control mechanisms.


Article 26 of the Standard Purchasing Contract: In the event that a vendor is found to have violated its corporate social responsibility policy, and where such violation has resulted in a material impact on the environment and/or society, the Bank reserves the right to terminate this Agreement; however, if the vendor has already delivered tangible or intangible equipment or materials or allocated expenses arising from services in accordance with this Agreement prior to the day such notice of termination has been delivered by the Bank, and provided that the vendor presents relevant transaction records or proof thereof, the Bank shall, upon confirmation of the same, pay in lump sum the outstanding purchase amount.



• FFHC Purchasing Policy for Vendors

Item	Specifications
 <p>IT Equipment and consumables</p>	<ul style="list-style-type: none"> • Desktop computers, display devices, and laptops shall conform to Energy Star (U.S.A.) specifications, and such products and the processes used to produce them may not contain or involve the use of banned toxic chemicals as announced by the Environmental Protection Administration, Executive Yuan or any substances controlled under the Montreal Protocol.
	<ul style="list-style-type: none"> • Toner cartridges, including final products and the processes used to produce them, may not contain or involve the use of banned toxic chemicals as announced by the Environmental Protection Administration, Executive Yuan or any substances controlled under the Montreal Protocol.

Item	Specifications
 <p>Environmental and cleaning products</p>	<ul style="list-style-type: none"> • Environmental agents must be approved for use by the Environmental Protection Administration, Executive Yuan and may not contain any banned toxic chemicals announced by the Environmental Protection Administration, Executive Yuan. • Cleaning agents may not contain optical brightening agents (OBAs), chlorine-based bleaches, formaldehyde (HCHO), triclosan (5-Chloro-2-(2,4-dichlorophenoxy)phenol), or chlorine additives (excluding sodium chloride). • Skincare cleaning products may not contain optical brightening agents (OBAs), butylated hydroxytoluene (BHT), butylated hydroxyanisole (BHA), formaldehyde (HCHO), triclosan (5-Chloro-2-(2,4-dichlorophenoxy)phenol), chlorine additives (excluding sodium chloride), benzophenone UV absorber, or microplastics.
 <p>Remodeling Materials</p>	<ul style="list-style-type: none"> • Building materials may not contain asbestos. • Green building materials shall conform to MOI Architecture & Building Research Institute (ABRI) specifications and include Green Building mark certification. • Fire prevention devices, tools, peripherals, and equipment shall be licensed and approved for use by the Chinese Fire Protection Safety Center (CFPSC) or the Taiwan Fire Technology Foundation (TFTF), including issuance of relevant permit labels, and may not contain halon. • All carpets, window curtains, curtain fabrics, and other similar items must be certified to have been made from fire-retardant materials. • Electric wires and cables shall have passed inspection by Ministry of Economic Affairs Bureau of Standards.
 <p>Air conditioning and other electronic appliances</p>	<ul style="list-style-type: none"> • The coefficient of performance (COP) or energy efficiency ratio (EER) for the energy efficiency of chillers used in HVAC systems may not be less than 4. • The specifications of wall-mounted AC units shall conform to certain Chinese National Standards (CNS) including CNS 3615 and CNS 14464, and the energy efficiency of such units shall conform to the regulations stipulated by the Bureau of Energy, MOEA in the "Energy Efficiency Standards and Labeling Methods for Non-Ducted Air Conditioners", and the energy efficiency ratio (EER) may not be less than 2.6. • The energy efficiency of refrigerators shall conform to the regulations stipulated by the Bureau of Energy, MOEA in the "Energy Efficiency Standards and Labeling Methods for Refrigerators", and paint coatings must be free of cadmium, lead, hexavalent chromium, or mercury. • Refrigerants may not contain any substances controlled under the Montreal Protocol. • Electrical transformers shall conform to CNS 598 specifications, and such products and the processes used to produce them may not contain or involve the use of banned toxic chemicals as announced by the Environmental Protection Administration, Executive Yuan or any substances controlled under the Montreal Protocol. • Hot and cold water dispensers shall conform to CNS 13516 specifications.
<p>Paper products</p> 	<ul style="list-style-type: none"> • Thermal paper used for take-a-number ticket dispensers and ATM receipts may not contain Bisphenol A (BPA).
<p>Lighting</p> 	<ul style="list-style-type: none"> • LED light bulbs shall conform to CNS 15630 specifications and regulations stipulated by the Bureau of Energy, MOEA in the "Efficiency Standards and Labeling Requirements for LED Light Bulbs".

Item	Specifications
 <p>Corporate fleet</p>	<ul style="list-style-type: none"> The energy efficiency of small passenger vehicles shall comply with the regulations stipulated by the Ministry of Economic Affairs Bureau of Energy Affairs in the "Efficiency Standards and Labeling Requirements for the Vehicle Energy Conservation Mark". The motor vehicle air conditioner (MVAC) of such vehicles shall utilize Ozone Depletion Prevention (ODP) shall be 0, and such products and the processes used to produce them may not contain or involve the use of banned toxic chemicals as announced by the Environmental Protection Administration, Executive Yuan or any substances controlled under the Montreal Protocol, and paint coatings must be free of contain cadmium, lead, hexavalent chromium, mercury, arsenic, antimony, triphenyltin compounds, and tributyltin (TBT). Electric scooters shall conform to CNS 14386 specifications, and electric scooters, charging systems, lithium ion battery packs, and other relevant functions and safety requirements shall conform to CNS and Ministry of Economic Affairs specifications for electric scooter functionality and safety.

2-8. Offering Digital Solutions to Facilitate Transformation

The development of financial technology (FinTech) is accelerating at an unprecedented rate worldwide, resulting in the development of many new types of commercial models and application developments and further decentralizing the financial industry. Moreover, in the wake of the advancement and increased prevalence of the internet and smart mobile devices, customers are steadily taking their business from offline channels to online channels, and the use of digital channels to receive financial services has already become mainstream. To respond to these quickly changing market conditions, FFHC has become actively involved in new payment systems, digital experiences, big data analytics applications, and other areas of FinTech, and we have adopted a three-pronged approach with digital channels, digital applications, and targeted marketing serving as a foundation for optimizing our digital channels, developing innovative new digital applications, and enhancing our ability to engage in targeted marketing.

With the advent of the digital finance age, we are gradually making adjustments to the operations of FFHC's various businesses. First Bank has created a total of 20 "Digital Banking Branches" and set up "Digital Banking Experience Areas" at 44 branch locations throughout Taiwan to provide customers with a chance to experience the benefits of digital banking. In addition, we have rolled out numerous online applications for services such as home loans and credit cards, and FFHC has become the first in the financial industry

to incorporate Pepper the Robot at bank locations to greet customers. We have also launched smart customer services and taken the initiative to apply for various FinTech patents, including receiving approval for 21 patents. In addition, we have invested in Turn Cloud Tech so that in the future, any person or organization that has dealings with First Bank will be able to receive all-in-one financial solutions combining payments, banking services, business management systems, and electronic invoicing, thereby achieving our service strategy of delivering total solutions and satisfying the long-term needs of small and large companies alike. By combining technology, financial services, and merchants together, we are able to provide customers with fully-integrated innovative financial services. Moreover, we have continued to expand the use of electronic sales channels at First Securities, First Securities Investment Trust, and First-Aviva. Also, First Securities Investment Trust was the first institution in Taiwan to issue domestic funds centered on the "Global Robotics and Automation Industry" and "Global FinTech", underscoring our bid to provide diverse and innovative financial products and services in order to become the most considerate, convenient, and professional partner for customers. According to the Financial Innovation Index (FII) for Taiwan published for the first time by the Taiwan Academy of Banking and Finance (TABF), First Bank placed in the top 20th percentile (Group 1) out of 38 sampled banks, highlighting the tremendous accomplishment of its innovative business performance.

1 New Ways to Pay: Using an HCE-Enabled Smart Phone as a Credit Card

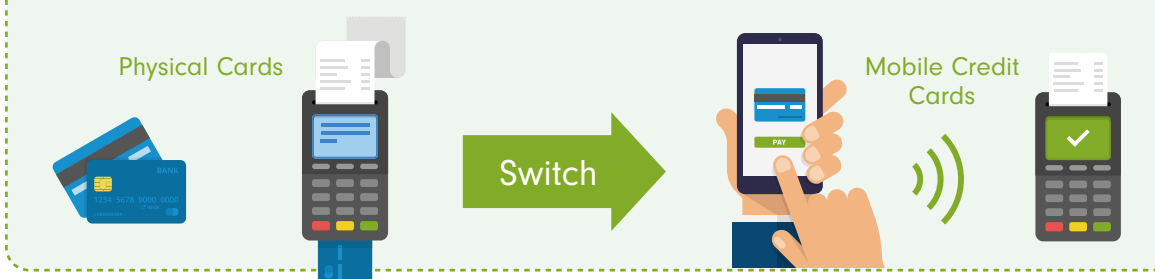
In 2016, First Bank teamed up with MasterCard and Taiwan Mobile Payment to create a mobile payment service based on host card emulation (HCE) technology resulting in a mobile credit card service for consumers with HCE-enabled smart phones. In contrast to other mobile credit card systems which require a proprietary SIM card or Micro SD card to be installed, the HCE-based mobile credit card service converts a credit card number into a pseudocode and securely stores the cardholder's information in the cloud, thereby preventing the phone from being used to make fraudulent online purchases, providing the general public with another diverse, secure, and convenient digital banking service.

When using an HCE-enabled mobile phone, customers can turn their phone into a credit card in three simple steps: take a picture of the credit card, send it in for verification, and start charging! In addition to being highly convenient to set up and use, the original card number is encrypted before being converted into a virtual card for increased security.

Using a Mobile Phone as a CreditCard and Bank Card

As a result of our efforts to help consumers make the switch from using physical cards to mobile credit card and debit card services, by the end of 2016 FFHC had issued 9,598 mobile credit cards and debit cards,

thereby reducing carbon emissions by an equivalent of **10.56** metric tons.

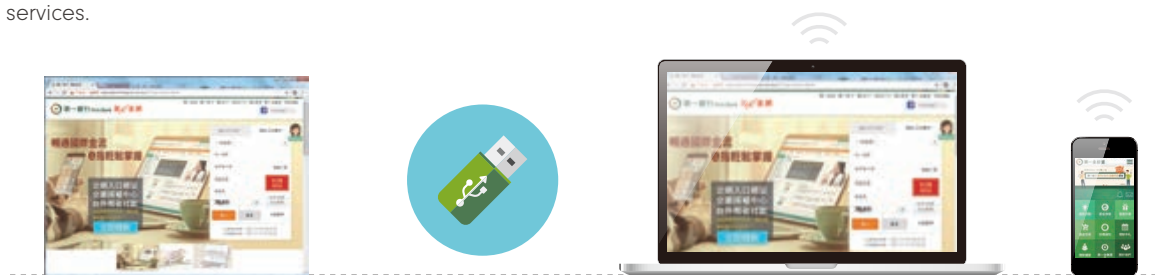


Note: According to information published by the Environmental Protection Administration, Executive Yuan describing the carbon footprints for various products, the carbon emissions of a single credit card over its lifetime is 1.1 kg of CO₂e.

2 Business Online Banking: The Next Generation of Online Banking

Since 2016, we have been continually working on developing the next generation of an online banking system for business customers which will provide receipts and payments for NTD and foreign currencies, letters of credit (L/C), global asset management, and other services such as overseas online banking. After the new system is brought online, current customers will be given instructions on how to migrate to the new platform to enjoy enhanced quality of service. In addition, based on the type of organization of the customer and their use requirements, we provide diverse and easier ways to make secure account transactions. Meanwhile, we have also expanded compatibility to support a more diverse range of operating systems and browsers including the latest versions of Microsoft Edge and Google Chrome.

In 2017, to accommodate the launch schedule of our next generation of online banking for corporate customers, we plan to phase in a series of push notifications and the ability to edit, review, and approve NTD fund transfers (including billing for taxes and fees) as well as provide review and approval functionality for foreign exchange, L/C, and other services.



3 Optimizing Service Procedures Through the Use of Mobile Apps

A • e-Mobile App

In response to Bank 3.0 and the increasing trend toward digital transaction systems, the e-Mobile app enables customers to make applications over the internet, including the ability to agree to and conduct inquiries of joint credit statements, agree or terminate declarations for promotional offers, open up new trust accounts, and other options.

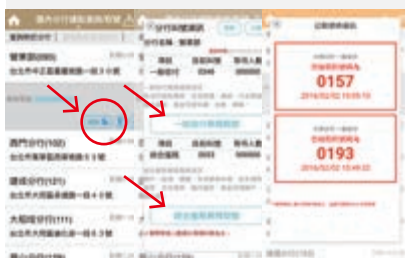


To provide customers with a more convenient user experience, numerous new features have been rolled out for the e-Mobile application, such as using QR Codes to make mobile transfers, barcode scanning to make payments, and even allowing an iPhone to be used to make account transfers through the phone's Touch ID functionality. Moreover, the e-Mobile app can now be used at the Ningxia Night Market in Taipei; we have endeavored to be the first to provide the ability to make mobile payments at night markets. Now, when customers visit night markets, they can use their phone's mobile payment app to make purchases even if they leave their wallet behind.

B • Financing e-Bank App

In 2016, we have continued to expand the app's functionality and offer a more streamlined user-interface. We also added a new online e-waiting list system and e-Writing Table, and made adjustments, including adding new functions, to the side navigation menu.

1 Online "take-a-number" system for queuing in advance:



2 e-Writing Table:



3 Enhanced side navigation menu:



C • First Card Mobile App

First Bank's mobile credit card app supports push notification services and integrate walking and running events, smart customer service, expense tracking, and other functions, enabling card holders to stay on top of all the latest information. In addition, the app is at the forefront of the financial industry by providing voice-activated and smart customer service functions and providing useful information concerning topics of interest such as weather notifications, air pollution indices, environmental protection issues, and charitable outreach activities – all in one convenient platform!



D • First Securities "Mobile Winner" App

In order to provide customers with green finance options and friendlier services, First Securities has actively worked on FinTech projects in recent years to develop mobile apps which allow customers to simultaneously browse webpages, log in, and make transactions across various platforms including PCs, mobile devices, and mobile apps. In addition, certificates for transactions are synchronized across platforms, making it easier and more convenient to make transactions. In addition, a system has been established which enables customers to open new accounts online, use video conferencing to make account inquiries, and enjoy enhanced identity confirmation.



E • First Securities Investment Trust "Mutual e-Bank" App

In addition to applying the concepts of environmental protection into our electronic trading system and voice-based trading platform, First Securities Investment Trust unveiled a new mobile app in 2016 for making-trades which expands on our paperless trading services and enables customers to use their mobile phone to conduct trades and check on the status of investments



anytime, anywhere. The app also includes the ability to check the net value of funds, consult with wealth management advisors, access special promotions, sign up for wealth management seminars, and receive other wealth management services.

F • First-Aviva e-Services App

First-Aviva launched a web-based and mobile app called "First-Aviva Easy Go Travel Insurance" which allows customers to apply for insurance policies online. The app also supports medical insurance billing claims, providing a fast, easy, convenient, and paperless procedure for taking out insurance policies, enabling customers to obtain immediate and comprehensive coverage.



G • Mobile Device Management (MDM) Platform for Enterprise Mobility Management (EMM)

Our Enterprise Mobility Management (EMM) platform has been officially launched. The platform, which entails using a mobile app to conduct "selling by wandering around" (SBWA), was given a trial-run at 55 branches, and financial advisors received training and were provided with iPads. Using an iPad, employees at branch locations can make real-time inquiries of descriptions for each type of business and access data needed to make presentations, allowing them to immediately sell products to customers anytime, anywhere, while effectively cutting back on our use of paper.



FFHC strives to work with our customers to protect the environment. Customers are also encouraged and educated to use the electronic channels in order to reduce the need for over-the-counter transactions. Exceptional progress has been made after 4 years:

Utilization of e-Channels Has Grown by 5.9% in the Last Four Years:



4 Big Data Analytics

A • Taking a Customer-Oriented Approach

In order to better understand the needs of our customers, help customers solve problems more quickly, and interact with customers more frequently, First Bank set out to establish a big data analytics system early on and completed the establishment of a big data platform in 2016. By collecting data on the click behavior of customers on our official websites and conducting integrated data analysis, the platform allows us to offer personalized push notifications, demonstrating our smart approach to customer relationship management and making effective use of different channels. In turn, this enables us to explore all potential points of contact with customers and provide customers with a better overall service experience, which translates to higher customer satisfaction and more sales opportunities in the future.

B • Precision Marketing

Big data analytics is used to create seven major models including a clustering model and forecast model which are used to produce a list of marketing activities to perform more precise marketing, thereby resulting in a significant increase in our customer response rate and portfolio size. In addition, potential new corporate banking customers are identified through the use of big data analytics, allowing business units to conduct subsequent solicitation activities. Moreover, data gathered through sales promotions is continuously employed to further calibrate internal models, resulting in greater efficiency of such models. We are also making use of big data to interact with customers in real-time. When a customer browses through corporate platforms, they can also receive targeted product recommendations based on their personal preferences, thus increasing the quality of our services and the effectiveness of our marketing.

5 Digital Money Transfers

First Bank's leading position in business finance as well as comprehensive overseas network have been used to set up the First Bank International e-Banking (including "First Bank eBank - Overseas Branch Internet Banking, and "Global e-Banking Service"), international business cash flow (e.g. Supply chain financing, sales chain financing), international consumer cash flow (e.g. international third-party payment) and international clearing system.

A • Least Developed Countries

In order to help least developed countries (LDCs) move toward adopting the latest banking technologies and scale up the use of web-based technologies, First Bank's Phnom Penh Branch in Cambodia provides online banking through FFHC's e-Bank app and global asset management services which enable local customers to use web-based technologies to make account inquiries and access asset allocation services.

B • Online-to-Offline Storefronts - WeChat Pay

First Bank has taken the lead over competitors by being the first company in the financial industry to receive regulatory approval to begin utilizing O2O WeChat Pay. At present, WeChat Pay can be used to make payments at major shopping centers and department stores throughout Taiwan as well as at specialty stores and tourist shopping districts such as Taipei 101, Q Square Mall, E-Da Outlet Mall in Kaohsiung, Fong Pu Tea Company, Hi-Life, Sugar and Spice, Taiwan Mobile, and other products and services. Currently, an estimated 20,000 store locations support payments using WePay, making First Bank the largest provider of micro-payment services to Chinese tourists in Taiwan. Chinese tourists can immediately activate their WeChat Pay wallet upon arriving in Taiwan. Moreover, by making use of WeChat's advantages in social networking to set up a "WeChat Official Account", Chinese tourists can follow "Taiwan First Choice" to receive information about merchant promotions and directions. This helps to generate further business opportunities from international shopping after the Chinese tourists return home, forming a perfect online to offline O2O cycle as well as secondary sales. Best of all, this means more potential transactions for Taiwanese merchants.



> Chinese tourists can use WeChat Pay to pay for taxi fares.

First Security - Safeguarding Customers

3

To accommodate the Financial Supervisory Commission's promotion of the "Financial Services Industry Guidelines for Equitable Treatment of Customers", in addition to the Company's "Ethical Corporate Management Best Practice Principles" which stipulate that the research, development, procurement, provision, and sale of products and services of FFHC and its subsidiaries may not harm the rights and interests of consumers and other stakeholders, we have also formulated relevant operational procedures, codes of conduct, and hold education and training programs. First Bank, First Securities, First Securities Investment Trust, and First-Aviva have all formulated and promulgated a "Principles, Policies, and Strategies for the Equitable Treatment of Customers", and a "Customer Service Commitment" is published on each respective company's website. The primary measures included in the "Financial Services Industry Guidelines for Equitable Treatment of Customers" implemented by FFHC are as follows:

- ▶ **Principle of Formulating Contracts in Good Faith and an Equitable Manner:** The contracts we sign with customers for financial products and services all follow the principles of equity and mutual benefit, and all of our financial products and services are provided in accordance with the principle of good faith.



> The "WeChat Official Account" set up by First Bank provides effective and diversified marketing options for Taiwanese merchants and increases the number of purchases made online by overseas customers.

6 Social Media

Social media platforms such as Facebook are used to expand our customer communication channels. Social media is also used to provide customers with everyday information about promotions, gauge how customers feel about First Bank, and identify their service requirements. Apart from customer relations management, social media can also be used to reach out to younger customers. The First Bank fan page on Facebook now has more than 650,000 fans, making it the third most popular social media fan page managed by a domestic financial institution.



► **Principle of Upholding Fiduciary Duties:** We act in good faith and exercise the due care of a good administrator to manage and provide our various financial products and services. Furthermore, we adhere to all applicable laws and regulations, including the Financial Consumer Protection Act, to formulate relevant operational guidelines and an internal control system. To ensure that the rights and interests of customers are effectively safeguarded, we have comprehensive processes, guidelines, and employee training programs in place which stress the principle of "the customer comes first". In 2016, a total of 9 training sessions concerning the Financial Consumer Protection Act were held for 1,494 employees resulting in a 99.5% completion rate.

► **Principle of Honesty in Advertising:** With regard to the various advertisements and promotional materials made for each type of business, a "Regulatory Compliance Checklist for Sales, Advertising, and Promotional Materials of Financial Products" must be completed prior to making a sale of a product; a product may not be listed for purchase until after it has been confirmed that all external regulations and internal rules have been adequately observed. Moreover, we consider the content of advertisements to be a part of our contractual agreements, thereby ensuring the veracity and accuracy of content contained in advertisements.

► **Principle of Notification and Disclosure:** In addition to regularly disclosing standard fee schedules, standard contract templates, loan rate calculators and other related product information for all types of businesses on its official website, First Bank also provides customers with comprehensive explanations of critical information concerning wealth management products, services, agreements, and associated risk disclosures; In addition to publishing standard fee schedules under the Credit Card section of the First Bank website, an SMS message and e-mail is immediately sent after each transaction is made to help prevent credit card fraud. If any anomalies are detected, dedicated staff will contact the customer as well. These measures are all intended to protect the consumer rights of card-holders. First Securities has also published its standard fee schedules for each type of business and product instructions on its website. Fees, yield distribution, risk profiles, and various investment information are also published on the First Securities Investment Trust website, and application forms also indicate relevant fees and risk notices. Product information is fully disclosed in prospectuses and product descriptions. The First-Aviva website contains the interest rates for all types of policies as well as an overview of the claims process, making it easy for consumers to access information concerning the products and services we offer.

We abide by the "Joint Marketing Firewall Policy and Guiding Principles for FFHC and its Subsidiaries", publish our customer privacy protection policy on the respective websites of the Company and each of our subsidiaries, and have formulated "Management Guidelines for Trade Secrets and Intellectual Property" and "Rules for Safeguarding Confidential Data" and confidentiality levels for various forms confidential documents (including paper and electronic formats), charts and diagrams, messages, computer software, and other media and items. In addition, we provide training to employees to increase knowledge and awareness of confidentiality procedures and strictly prevent disclosure of personal and customer data. In 2016, to accommodate the newly-amended and promulgated "Personal Information Protection Act", FFHC and its subsidiaries held a total of 219 training sessions with a 100% completion rate, and there were no instances of customer complaints with outside agencies for violations of privacy or leaking of information by FFHC.

► **Principle of Providing Suitable Products and Services:** New types of financial instruments are being developed on an almost daily basis resulting in an even wider array of available financial products. However, not all products are suitable for all customers, and the sales staff at each FFHC subsidiary must abide by various regulations and guidelines such as the "Rules Governing Conduct of Wealth Managers and Financial Product Salespeople", and a Know Your Customer (KYC) assessment must be made for all customers. In addition, suitable financial products must be offered to customers based on their wealth management requirements, investment suitability, and risk profile. Periodically-generated system reports are then used to analyze customers' investment turnover, investment performance, risk attributes, and suitability of their investment portfolio. In 2016, we organized 93 training sessions to reinforce awareness of relevant Know Your Customer (KYC) guidelines resulting in a 94.4% completion rate. We ensure that KYC and Know Your Product (KYP) guidelines are followed when sales personnel provide financial products or services and that suitability analysis is conducted for all products to prevent unsuitable sales from harming the rights and interests of consumers.

► **Principles for Selling Products of a Highly Complex or High Risk Nature:** Complex high-risk products often involve highly specialized and complex financial or financial engineering, and the utmost caution must be taken prior to listing such products for sale in order to shield customers from taking on excessive risk. During the first quarter of 2016, First Bank completely ceased offering complex high-risk products. Moreover, for structured products, in addition to issuing investment risk notices, we also formulate special notices for customers to ensure they fully understand the content of available products. Investments in offshore structured products handled by First Securities are required to conform to certain screening criteria and must undergo a selection process by First Capital Management prior to offering the investment-linked product. In addition, to protect the rights and interests of consumers, a Financial Planning Product Review System has been established to determine the suitability of wealth management products prior to being offered for sale. Moreover, we endeavor to accommodate additional requirements specified by regulatory authorities and make adjustments to product review procedures and systems as needed. In 2016, neither FFHC nor any of its subsidiaries sold prohibited or disputed products or provided products or services that were inadequately labeled or violated relevant laws or self-management regulations.

Company Name	Key Tasks in 2016
First Bank	<ul style="list-style-type: none"> • Fourteen wealth management product review meetings were convened; a total of 92 wealth management products passed the review, 39 products passed provisional review, and 56 products met conditions requiring delisting. • Ten insurance product review meetings were convened; a total of 58 insurance products passed the review, 8 insurance products met conditions requiring delisting, and a total of 86 insurance products were listed for purchase.
First Securities	Six financial products and services review meetings were convened; a total of 10 wealth management products passed the review, and no products met conditions requiring removal.
First-Aviva Life Insurance	Convened 26 development meetings concerning insurance products; a total of 37 insurance products passed the review, 17 insurance products met conditions requiring removal, and a total of 110 insurance products were listed for sale.

► **Principle of Striking a Balance Between Remuneration and Sales Performance:** FFHC and its subsidiaries have formulated remuneration policies for sales personnel and conduct assessment reports which evaluate numerous areas of employee performance, including compliance status for internal rules and regulations, customer complaints and disputes, quality monitoring for sales and services, frequency of multiple redemptions and purchases made by customers or termination of investment contracts, attendance and completion status of relevant training programs, extent of certifications received, and other factors; achieving sales targets is by no means the only performance indicator used to conduct assessments; in addition, to prevent sales personnel from engaging in inappropriate sales methods to obtain performance-based awards, only 80% of sales bonuses are provisionally authorized for disbursement; the remaining 20% of the bonus is not disbursed until up to two quarters after a promotional event has ended and not until it has been verified that the sales personnel did not engage in inappropriate sales methods resulting in a customer complaint.

► **Principle of Guaranteed Complaint Resolution:** FFHC and its subsidiaries are committed to handling consumer disputes in a prudent manner. In addition to formulating the Guidelines for Handling Customer Complaints and procedures for handling various types of business disputes, the "Stakeholder Communication" section of FFHC's official website also includes online customer support for First Financial Holding and our various subsidiaries, a toll-free 0800 customer hotline, business inquiry hotline, and customer feedback via e-mail. First Bank has also set up various real-time communication channels for handling customer requests and complaints, including a 24-hour customer service hotline and customer service e-mail. Customer complaints must be reconciled and responded to within 7 to 30 days (requirements vary by subsidiary); FFHC has achieved a 100% completion rate for this indicator.

► Principle of Professionalism of Sales Personnel:

FFHC and its subsidiaries adhere to all relevant rules and regulations for each type of business, and relevant services are provided by personnel who have obtained professional certifications. Employees are encouraged and incentivized to obtain various types of certifications and qualifications, and sales-oriented training and education programs are provided to sales personnel and assistant supervisors on a periodic basis to reinforce knowledge and awareness of sales guidelines and rules for various products and business areas. In 2016, FFHC and its subsidiaries held a total of 576 training and education programs encompassing various types of products, businesses, and sales activities, and employees also actively pursued and obtained relevant financial industry certifications which allow FFHC to provide services with a higher degree of professionalism.

● Status of Certifications Obtained for Certain Business Requirements in 2016

Certification Categories	No. of Certifications Obtained
Trust sales representative	6,213
Bank internal control and internal audit	5,269
Investment-linked insurance products sales representative	4,650

Certification Categories	No. of Certifications Obtained
Structured products sales representative	4,029
Personal insurance account manager	6,966
Junior foreign exchange officer	1,742
Junior loan officer	2,330
Property insurance account manager	5,704
Foreign currency payments and receipts for non-investment linked insurance products	4,705
Investment consulting regulations and investment consulting sales representativ	5,388
Proficiency Test for Digital Banking Processes (Added July 2016)	712
Securities specialist, Senior securities specialist	1,183
Futures specialist	619
Securities margin trading and short sale specialist	209
Insurance assessor and claim adjuster certified by the Life Insurance Management Institute	8
Actuaries of the Republic of China and the United States	3

Total 49,730



First Environment - Caring for the Land

4

4-1. Earth Hour – Turning Off Lights to Save Energy

Since 2014, FFHC has ramped up our efforts to further conserve energy, reduce carbon emissions, and adopt policies that help protect our planet. In this vein, we coordinated with 224 of our company locations located throughout Taiwan to shut off the lights for one hour on the evenings of Earth Hour (which was held worldwide on 3/19 in 2016, but normally falls on the last Saturday of March each year) and Earth Day (4/22), demonstrating our joint commitment to doing our part for energy conservation and reducing carbon emissions.



4-2. Joining Together with Customers to Promote Organic Agriculture

At FFHC, we understand that promoting the concepts of "going organic" and "pursuing a green lifestyle" to the general public begins with our own actions. In June, 2016, we held a "Organic Bonanza" event at our headquarters building in which we teamed up with the small organic farms "Leezen Group" and "Tse-Xin Organic Agriculture Development Foundation" to promote healthy local organic food to FFHC employees. Over the four-day period of the event, the farms recorded sales of nearly NT\$300,000, demonstrating our commitment to lending a helping hand to small organic farms. On September 23, we teamed up with Taipei 101 to hold a carnival and concert event involving social enterprises and small-scale farms. The event gathered 23 social enterprises, small organic farms, and booths set up by green enterprises to promote organic food items in one spot. The 3-day event drew a crowd of nearly 18,000 visitors and successfully raised awareness of and public support for environmental sustainability, healthy organic food, thereby helping to boost the overall impact of our efforts.



FFHC teamed up with Taipei 101 to hold a carnival and concert event involving social enterprises and small-scale farms which gathered together 23 social enterprises, small organic farms, and green enterprises to set up booths, including Leezen,

Asher International Eco-Health Enterprises, IMPCT Corporation, Linkou Journey to the West Organic Farm, Move Bee Farm, and San Wu Agricultural Products, and cooperated with Green Citizens' Action Alliance (GCAA) and Citizen of the Earth (CET) to set up an area to give talks and hold hands-on activities. In addition to gaining a better understanding of the fundamentals of green living, the event also enabled the general public to enjoy healthy locally-sourced produce.

4-3. Teaming Up with Farmers through Community Supported Agriculture

To give farmers a stronger footing and more confidence to successfully transition to organic farming methods, First Financial Asset Management established a cooperative relationship with an organic sweet potato farm in 2016. We joined together with local small-scale farmers to harvest nearly 600 kg of the TNG66 variety of organic sweet potato, after which the entire harvest was donated to the "Southern Airport Food Bank", underscoring our support for the charitable principle of "paying it forward" and environmental protection. As a result, about 60 people and over 100 families directly benefited.

4-4. Green Volunteering and Environmental Sustainability

As a strong proponent of environmental sustainability and ecological conservation, FFHC launched the "Green Volunteer Recruiting Program" in 2016 which includes three themed activities: "First Fresh", "Water and Grass Paradise" and "Planting Trees to Curb Carbon Emissions". In 2016, we held 38 green volunteering events involving 1,389 volunteers, 4,266 beneficiaries, and a total NT\$2,143,000 in charitable donations.

First Fresh

Organic agriculture requires a significant amount of manpower and financial resources, and it is often difficult to stay in business long. In light of these circumstances, FFHC employees set up a Green Volunteering program to locate organic farms throughout Taiwan currently undergoing the organic certification process or with an urgent need for additional labor. Numerous farms, including the Linkou Journey to the West Organic Farm in Taipei, LadyBird Organic Farm in Taichung, and the Kaohsiung Shanhaiguan Farm, were chosen to receive assistance for planting, picking, harvesting, packaging, and other related activities. A total of 1,920 kg of organic produce was sold using our mobile payment system, thereby supporting the use of natural farming methods by small-scale farms, which is better for the planet. In 2017, FFHC will continue to help farms upgrade their agricultural equipment and facilities and set up "hands-on green classrooms" at organic farms, allowing us to promote the concept of environmental sustainability among the general public by making use of digital technology and ecotours.

Planting Trees to Curb Carbon Emissions

To help promote care for our forests and awareness of environmental restoration efforts, FFHC works with customers and schools to jointly conduct tree planting and forest conservation. In addition, we invite children from disadvantaged families to join in by personally planting planted new seeds of hope, thereby laying down stronger roots for caring about the earth. A total of 2,288 trees were planted, which will reduce carbon emissions by an estimated 22.88 metric tons each year.

Water and Grass Paradise

Wetlands serve many important functions including harboring fresh water resources, mitigating and preventing flooding, filtering out water contaminants, and maintaining ecological diversity. In order to protect and restore the natural flow of water in our ecological systems such as lakes and rivers, FFHC teamed up with the non-profit organization Society of Wilderness in 2016 to jointly implement a wetland restoration initiative which included various activities, including:

Wetland Protection

Organized environmental protection activities in areas such as Muzha Cui Lake and Rongxing Garden Park's firefly protection zone and providing financial assistance to promote environmental education activities at Shuanglian Pond and Gaomei Wetland Preservation Area.

Training Wetland Instructors

Provided exclusive financial support to educational programs for training "Youth Instructors for Wetland Areas" and encouraged employees to participate and receive long-term training up to a 6-month period (78 hours). After completing the training, participating employees were equipped with knowledge to help promote wetland conservation and were invited to visit the schools attended by their children to give talks on wetland ecology, thereby helping to plant future seeds of knowledge and awareness of the importance of environmental education.

Community Supported Agriculture

Established local networks with farms located around wetland areas, enabling small-scale farms to adopt natural agricultural methods for growing organic produce and engage in ecological restoration.



FFHC launched the "Green Volunteer Recruiting Program" which uses the FFHC Facebook fan page and the First Bank monthly magazine to recruit employees to help with harvesting and packaging tasks at under-manned organic farms. The insights of employees who participate in the event are shared through the First Bank monthly magazine to maximize their influence and level of participation, enabling the recruitment quota for organic volunteers to be frequently filled right away. This has also helped small organic farms overcome manpower shortages.

4-5. Environmental Education

FFHC launched the low-carbon vegetarian "1 Movement" in 2013. Employees are asked to not eat red meat one day a week. Red meat is not served by the employee cafeteria on this day to promote the eco-friendly concept of "eat more vegetables for health and consume less red meat". This represents a tangible effort to promote energy-conservation, reduce carbon emissions, and encourage employees to lead healthier lives.

FFHC introduced a new procurement platform for purchasing green products and social enterprise merchandise. In 2016, employees purchased eco-friendly cleaning products, re-usable drinking straws, and other items amounting to a total of NT\$103,000 in spending. A total of NT\$453,000 was spent to purchase 4,049 kg of organic produce. The employee cafeteria also serves organic vegetables every week which are sourced by personnel who visit the organic farms in person to verify farming practices. Each piece of produce can be traced back to its source, giving employees greater peace of mind.

Every dish is labeled with their calorie count and employees can pick the dishes they like. The organic vegetables are always the most popular dishes with employees.



4-6. Green Cooperation

To promote the concept of energy conservation and reducing carbon emissions among our various stakeholders, FFHC is continuing to work with external groups including government agencies, academic institutions, non-profit organizations, customers, and local communities to promote green living and increase the impact of our efforts.

Government Agencies and Academic Institutions

We incorporated informational materials from the Ministry of Health and Welfare at FFHC company locations to provide guidance on environmental management and mosquito control measures for dengue fever prevention and promoted an EPA-sponsored program for organizing "Green Point" events using digital information channels to boost awareness among the general public that green points can be earned by utilizing various forms of mass transportation, purchasing green products, and participating in charitable environmental activities. The green points can then be used to receive discounts or redeemed for green products or enjoy special offers and promotions related to the green service industry, outdoor recreational areas, and environmental education facilities.

Every day, we spend about 80% to 90% of our time living and working indoors. To enable employees to better understand that poor indoor air quality can cause health issues and how to take steps to improve indoor air quality, FFHC invited the Taipei City Government Department of Environmental Protection to hold a lecture on the topic "Indoor Office Air Quality and Employee Health" to raise awareness among employees about the importance of indoor air quality. In addition, to enable the Wanhua Branch to meet requirements to be designated as an environmental education facility, we retained an academic institution to help the Company carry out an inspection and assessment for the "Environmental Education Facility Certification". Our aim is to become the first in the financial industry to be certified as an environmental education facility.



pertaining to FFHC's practices in the area of green finance as well as provide recommendations on industrial development of the green economy and clean energy, and the talks received across-the-board praise.

FFHC Director and President Grace M.L. Jeng was invited to speak at numerous organizations including GRI, the Taiwan Academy of Banking and Finance (TABF), and the Taiwan Institute for Sustainable Energy on topics

Non-profit Organizations, Customers, and Local Communities

To help enable customers, vendors, and the general public learn more about the actions FFHC is taking to reduce our energy use and carbon emissions, we have held the "Environmental Protection and Energy Conservation Conference" for two consecutive years. Outstanding energy conservation companies are invited to share information about energy-saving measures, and customers and residents from local communities are also invited to participate, thereby expanding green initiatives among companies and promoting energy conservation and reducing carbon emissions.

By holding the "Environmental Protection and Energy Conservation Conference", "Reaching the Next Pinnacle of Corporate Success" lecture series, and organizing informational programs geared at the



general public on the topics of energy conservation, reducing carbon emissions, and environmental education, FFHC is expanding awareness of environmental concepts and energy conservation measures, enabling the general public to join us in working together to save the planet.

In addition, to help corporate borrowers better understand the scope of our green financing programs, financing methods, interest rates, and other areas of concern, we have visited large-scale industrial parks for eight years in a row since first launching the "No.1 Promoter in the Energy Industry" financing program for energy service companies (ESCOs) to hold a series of lectures entitled "Reaching the Next Pinnacle of Corporate Success". The events also include face-to-face meetings with company representatives to discuss their lending needs. In addition to having First Bank share its experiences pertaining to energy conservation, reducing carbon emissions, and discussing ESCO financing programs, various experts, scholars, institutions, and businesses, including representatives from the Taiwan Architecture and Building Center (TABF), also share real-world examples of reducing energy use and carbon emissions.



Over the past three years, a total of 36 sessions held in 36 industrial parks were attended by more than 3,000 people, and the number of people signing up to attend has continued to steadily increase.

Social Welfare Organizations

Over the past six years, FFHC has worked to ensure that reusable items are distributed more efficiently by calling on volunteers to gather up old PCs and laptops which are still in good working order to be donated to rural communities and disadvantaged groups. In 2016, a total of 231 computers were donated to 11 social welfare organizations including the Asus Foundation, National Tsing Hua University (NTHU) International Volunteer Program, and the Hualien County Digital Opportunity Center. Our efforts enable disadvantaged schoolchildren to participate in distance learning programs, thereby increasing their access to educational resources and helping to bridge the urban-rural divide.



Happ workplace



Strategy 1

Diversified talent recruitment and development with localized management

The development of digital finance means professionals of all disciplines as well as top students who show potential are welcomed. Comprehensive development, rotation and career planning is provided to develop human resources that possess professionalism, creativity and an international perspective. Competency surveys of local employees are being refined as part of our overseas expansion to accelerate the exchange of talent, retain quality employees and strengthen localized management.



Strategy 2

Enhance digital competency and actively support employee transformation

The age of digital finance represents both an opportunity for change and a challenge. We are actively training our employees to enhance their knowledge and skills in FinTech. This will improve employee competitiveness and create new value.



Strategy 3

Build a friendly workplace to boost employee productivity and loyalty

Optimization of operational processes, overcome the problem of long working hours in the financial industry, and promote a friendly workplace. Use air quality inspections, safety and healthy training, safety protection and sexual harassment prevention measures to provide employees with a safe and comfortable workplace. Providing employees with a safe and pleasant workplace leads to better productivity.



Strategy 4

Promote balance between work and lifestyle to build a healthy and happy workplace

Provide diverse benefits and enhanced health management, fulfill our responsibility on employee care, and provide employees as well as their families with the protection they need. Connect the company and employees through the concept of "Family and Family Members" so that employees feel happy. Improving employee quality of health enhances quality of service and competitiveness.



First Work - The right people in the right place

Employees form the core of the financial service industry. FFHC has not only established a brand image of sound management in the minds of the general public but is also working actively to build a "happy workplace." We have long adhered to our philosophy of "employees are the company's most valuable asset." We are committed to creating an ethical, transparent, caring and cooperative working environment for employees. Employees are also encouraged to realize their full potential and create value. We have actively responded to government policy by signing the "Happiness Enterprise Declaration" with no retrenchments and salary cuts. Promotions and salary adjustments are used to reflect business performance in an appropriate way each year to share the fruits with employees.



1-1. Human Resources and Recruitment

The annual recruitment drives at FFHC all strive for innovations and breakthroughs. Apart from having top executives take an active role in "Campus Recruitment Events" and describe FFHC's corporate vision, outstanding alumni who are now management associates also share their experience to boost interactions with students, and stimulate interest from students of all academic backgrounds in the finance industry. 2016 marked the 12th year of the MA program. Due to the coming of the digital finance age and to realize our business strategy of regional presence in a global financial market, we recruit top professionals from diverse backgrounds. This year, talented people with a background in engineering and psychology became the focus of recruitment efforts for the first time. Those with outstanding language skills were also invited to join the management team to sustain our strategy of cultivating diversified talent.

To meet the challenges brought by developments in digital finance, FFHC began using various channels including outside headhunting agencies for the first time in 2015 to fill mid- and high-level management positions at headquarters. Internal and external recruiting processes were also used to hire specialists in big data analysis, web management, IT security management, FinTech business development, and digital banking business planning. In addition to raising the quality and competitiveness of our workforce, we also strive to

balance the manpower requirements from IT security management caused by the digital finance transformation.

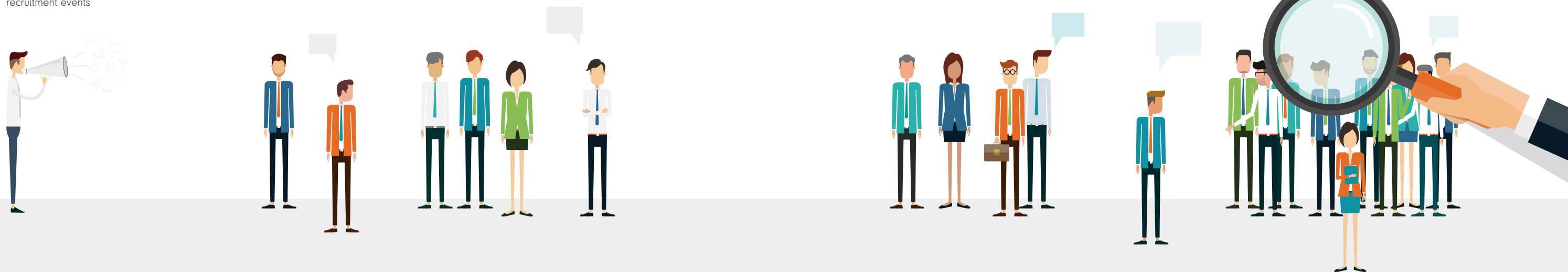
FFHC embraces tolerance and multiculturalism in our recruiting policy every year. There are no restrictions based on school, major, age, background or gender. We have also taken a long-term interest in the welfare of minority groups such as the handicapped and indigenous peoples. In 2016, we employed 90 employees with disabilities and 5 indigenous employees on the same remuneration and benefits as regular employees. The "National e-Job Network" of Taipei City Employment Services office publishes job openings for handicapped people. Handicapped employees made up of 1% of our workforce in 2016 and satisfied the government quota. To support the "Work-Study Program for Youths from Economically Disadvantaged Families" of the Ministry of Education's Youth Development Administration, we employed 42 summer interns. We also supported the "University Student Banking Internship" activity organized by the China Youth Corps in 2016 by providing 31 summer internship opportunities for economically disadvantaged youths, and 16 university internship opportunities. The interns were able to learn about the practical side of finance. This will hopefully reduce the number of young people out of work, unable to continue their studies, or without vocational education.



> The high-level management is actively involved in campus recruitment events



> 2016 Core Talent Recruitment



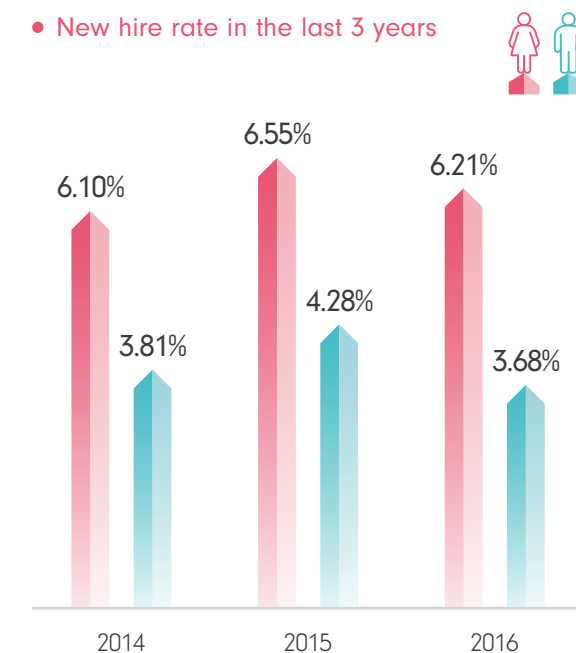
A total of 901 new employees were recruited in 2016 with women: men ratio of 63: 37. All of our offices also give preference to local residents. In Taiwan, 100% of top executive positions are filled by local nationals.

• New employees as a percentage of total workforces

2016 End of the year Persons	Percentage of total at end of year (%)		♀				♂				Total	
	♀	♂	Less than 30	30~39 years	40~49 years	50 and above	Less than 30	30~39 years	40~49 years	50 and above	♀	♂
Taiwan 8,652	5.32	3.24	176	146	126	37	106	122	51	16	485	295
Overseas 456	0.89	0.44	56	13	8	4	23	12	2	3	81	40
Total 9,108	6.21	3.68	232	159	134	41	129	134	53	19	566	335

The cultivation, development and employment of top local talent are one of FFHC's key overseas management philosophies. In 2016, First Bank branches or offices in Southeast Asian countries such as Vietnam, Laos, Cambodia, Burma, Thailand, Singapore and the Philippines hired a total 48 new local employees. The new employees will not only help expand our business but also highlight our inclusive and multicultural nature of the FFHC. To identify students with high potential in Southeast Asia, First Bank began hosting the "Southeast Asia Elite Financial Camp" events for students from Thailand, Malaysia, Vietnam, Burma and Macau in 2013. In 2016, the "Southeast Asia Elite Financial Camp" was held twice to encourage overseas compatriot students in Southeast Asia interested in entering the financial sector to use finance visits, workshops and corporate internships to learn more about our business model. We also reached out to current students or pending graduates interested in the banking industry to add them to our overseas local recruitment database and refer them to overseas units for consideration. Such experience camps will continue to be held in the future to discover more talented people in Southeast Asia.

• New hire rate in the last 3 years

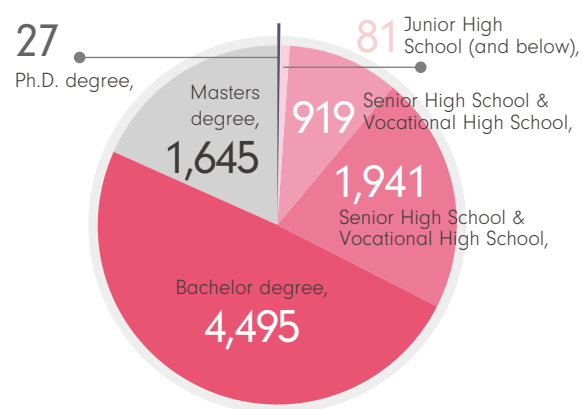


1-2. Workforce Structure

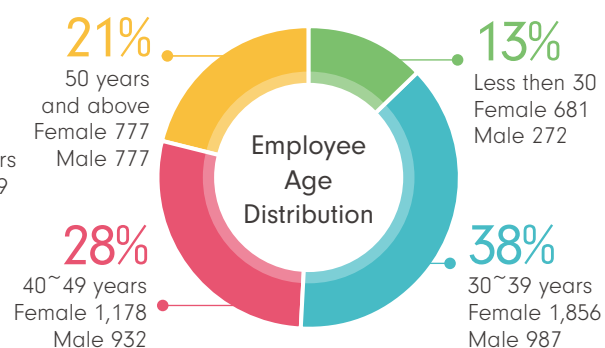
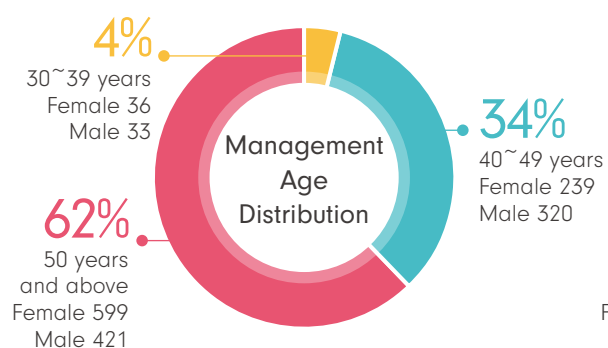
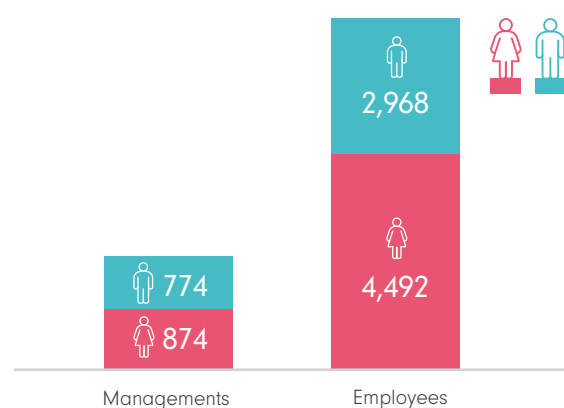
At the end of 2016, our Group had 9,108 regular employees including 456 foreign nationals. Our workforce consisted of 5,366 women and 3,742 men, for women: men ratio of 59: 41. 18% were management positions with 53% being female managers. There are more women than men in management and general positions, demonstrating gender equality and equal opportunity in our workplace.

Our Group employed 456 atypical employees (including temporary workers and security personnel), or 5.0% of our total workforce. Atypical employees that perform well are offered the opportunity to become regular employees when openings become available. In 2016, a total of 2 atypical employees became regular employees.

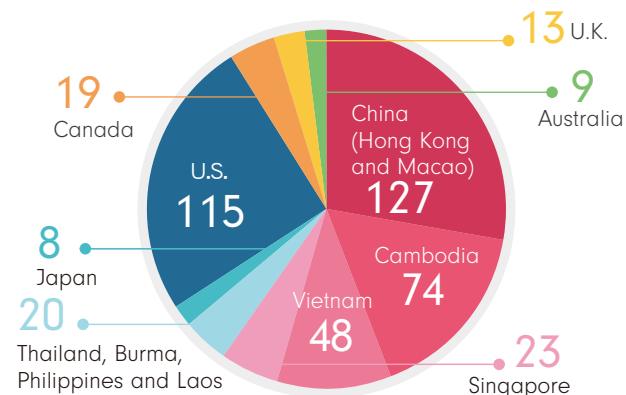
• 2016 Employee Demographics - Education



• Total no. of employees in 2016 - By role



• Regional Distribution of Foreign Employees



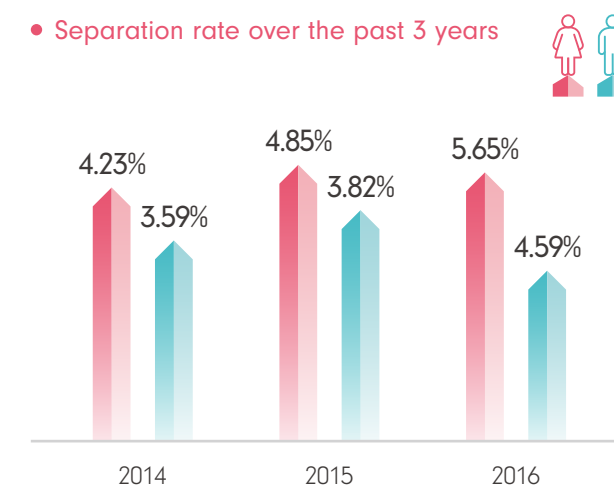
• Number of Atypical Employees during the Year

2016	Adminis-tration	Security	Driver
Male	43	204	44
Female	165	0	0
Sub-Total	208	204	44
Total	456		

1-3. Employee Turnovers

Factors such as the labor market demand in the financial industry as well as changes in the number of retirees resulted in a group turnover rate of 10.24% at the end of 2016. If those applying for retirement at the age of 65 in accordance with the Labor Standards Act are excluded then the turnover rate was 8.78%. We are therefore working to create a happy workplace environment with diversified benefits and comprehensive compensation/bonus scheme to reduce our turnover rate. The higher turnover rate among women in recent years was due to the higher proportion of women in counter and financial planning personnel. Female employees also tended to leave the workplace due to marriage and childbirth. The main reason for the separation of new employees was a change in career.

• Separation rate over the past 3 years



• Separation rate

2016 End of the year Persons	Percentage of total at end of year (%)		Female					Male					Total	
	Less than 30	30~39 years	40~49 years	50~64 years	Retire- ment at 65	Less than 30	30~39 years	40~49 years	50~64 years	Retire- ment at 65	Female	Male		
Taiwan 8,652	5.31	4.44	101	152	122	66	43	51	130	65	68	90	484	404
Overseas 456	0.34	0.15	14	9	2	6	0	9	3	1	1	0	31	14
Total 9,108	5.65	4.59	115	161	124	72	43	60	133	66	69	90	515	418



First Compensation - Diverse benefits

2

To realize the goal of becoming a happiness enterprise, create a positive work environment, maintain the physical and mental well-being of employees as well as build up the loyalty of employees and their dependents, FFHC provides a wide range of employee health management mechanisms and benefits:

Employee dormitories and guest houses

- Employee guest houses in Beitou, Penghu and Hualien
- Employee dormitories in Taipei City, New Taipei City, Hsinchu, Taichung, Tainan, Kaohsiung and Hengchun

Various subsidies

- Subsidy for continuing education at university
- Subsidy for learning foreign language
- Subsidy for professional exam entrance fees
- Subsidy for birthday celebrations, annual parties and holiday travel
- Subsidy for funerals

Establishment of Welfare Committee

- Subsidies for employee self-improvement trips, employee birthdays and souvenirs for retired personnel
- Subsidy for hospitalization of family members and funerals

Consolation payments

- Consolation payment for serious illness or injury
- Consolation payment on the three major holidays for retired employees
- Consolation payment for the family of employees who passed away

Health Management

- Health exam for employees and their families
- Health workshops and nutrition management
- Medical clinics and full-time nutritionist
- Preventing cancer in the workplace
- Abnormal workload-triggered diseases prevention plan
- Human-factor hazard prevention plan
- Maternal employee health protection plan
- Tobacco-free workplace, air quality testing and maintenance
- Occupational safety measures and training

Leave regulations that surpass the legal requirement

- 14 days of paid special leave and 30 days of paid sick leave (except for employees on their first year)
- Marriage and bereavement leave all have more days than stipulated by the Labor Standards Act



2-1. Compensation Structure with Equal Pay for Equal Work

To fulfill our duty of care to employees, we have defined retirement rules and make pension contributions in accordance with the "Labor Standards Act" and "Labor Pension Act". We also regularly refer to the report on the market rates for compensation and benefits published by Willis Towers Watson to strengthen our compensation and bonus strategy (including overseas units). Our annual salary is currently in the P65 range of the market (i.e. our standard of compensation is superior to 65% of our competitors). By providing employees with competitive remuneration plans and comprehensive benefits packages, we build up employee loyalty; improve employee productivity and more dividends for shareholders. This results in a mutually beneficial outcome for shareholders, employer and employees. Record profits exceeding forecasts were achieved in 2015 and 2016. The fruits of business success were shared with employees as well. In addition to salary increases of 2.3% per year, the compensation scale was revised in 2015 to give a 3% salary increase across the board. Total salary adjustment in the past 2 years was therefore 7.8%, out-performing the average market salary adjustment of 6.0% and fulfilling our CSR to share created value with employees. Employee welfare costs in 2016 amounted to NTD14,279,890,000.

We follow the principle of fair and reasonable compensation in employee compensation at FFHC and all of our subsidiaries. There is no difference based on gender or other factors. The ratio between the starting salary for men and women is 1: 1 so there is equal pay for equal work. The ratio between the starting salary and the local minimum wage is 1.79: 1; we also take into account remuneration surveys conducted by management consulting firms (including overseas units) and use them as a reference for adjusting the remuneration system to

make it more fair, reasonable and competitive.

The main operation region for FFHC and subsidiaries is Taiwan. For a comparison of women and men's remuneration in Taiwan for 2016 when sorted by management and non-management positions, the ratio between female and male employees' annual remuneration where women in general positions are defined as 100% then men's remuneration was 105% that of women. For management roles, if women's remuneration was 100%, then men's remuneration was 102%.

	Female	Male
Managerial Role	100%	105%
General Role	100%	102%

For employee compensation at overseas units, we take into account the remuneration survey results of international management consultants as well as local economic data, compensation trend forecasts and information exchanged with local competitors. The pay grade principle was used to gradually adjust the remuneration standards of local employees overseas. We are also focusing on global human resources issues to better look after the livelihoods of local employees and compliance with labor laws. On living subsidies and accommodation for expatriate First Bank personnel, we not only routinely adjust subsidies based on local cost of living and rents, but also regularly send staff overseas to check on local economic conditions and the needs of expatriate personnel. This ensures our employees are properly looked after.

To share the fruits of business success with all employees, employee salaries, bonuses and remuneration are based on financial performance results such as the net earnings before tax, return on network, and return on assets. Non-financial performance indicators such as strategy and risk (including legal compliance, serious internal control incidents, customer complaints handling, asset quality etc.) are all part of the general evaluation as well.

• Remuneration, benefits and pensions

	2015	2016	Growth
Cost of benefits for non-managerial employees during the year	NTD9,176,845,449	NTD9,341,309,181	1.8%
Average cost of benefits for non-managerial employees during the year	NTD1,212,425	NTD1,252,186	3.3%

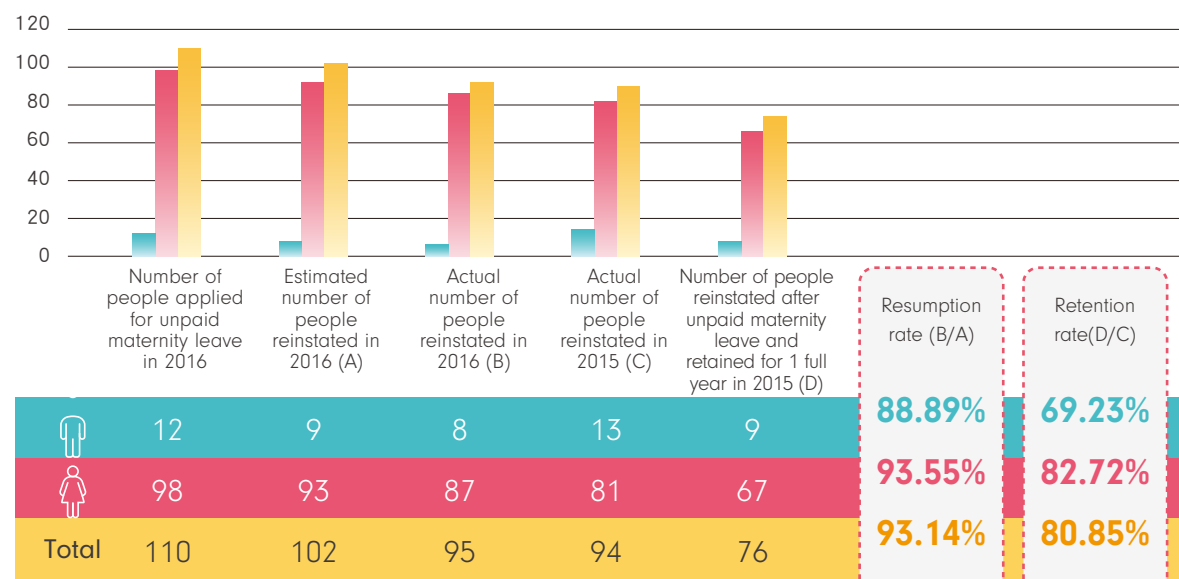
Note: There were 7,569 non-managerial employees in 2015 and 7,460 non-managerial employees in 2016.



2-2. Attracting Talent through Diverse Benefits

FFHC offers a comprehensive and wide-ranging benefits scheme in response to the aging population and low birth rate. Apart from protecting the promotion prospects, performance evaluation and benefits of employees on unpaid leave, we also offer diversified care and support for employees who need pregnancy leave, family leave, or furthering their education locally or overseas. In 2016 a total of 110 people applied for unpaid maternity leave and the reinstatement rate reached 93.14%; the retention rate one year after reinstatement in 2016 for employees who went on unpaid child care leave was 80.85%.

Overview of unpaid child care leave



Note: The number of actual returning employees in the table

2016 Employee Health Management Measures and Outcomes



Health Care

Each company provides regular medical check-ups better than required by law for employees aged 65 and below. Managers receive two days of official leave each year to undergo medical check-ups at the hospital. Employees stationed overseas below the grade of assistant manager have one day of official leave each year to undergo medical check-ups locally or back in Taiwan. Catering and night shift personnel receive one health exam every year. For all other personnel, partner hospitals visit each unit to conduct a health exam every two years. Personnel with anomalies are also notified for further check-ups. Employee dependents may also participate at their own expense. Dependents enjoy the discounted group pricing and the same check-up items. A total of 7,578 people took part in the health exams in 2016.



Health care and nutrition management

1 • A health section has been set up on the Intranet and there are full-time nursing personnel on staff. For employees with serious illnesses and the top 10 anomalies detected during health exams, we organize health information and health consultations on an ad hoc basis. A professional clinic and blood pressure monitors are available to provide employees with a place for emergency medical treatment and rest. When the (executive) Board meetings are convened, a nurse is on-hand to provide blood pressure measurements and remind the top management to look after their personal health. Occupational health seminars such as "Air Pollution, Tobacco Hazard and Health" and "Keep the Heart Happy" were held in 2016. These were attended by 219 people. The "Weight Control Class" was also attended by 50 people.



2 • The biennial employee health exam was held in 2016. First Bank invited the Taiwan Adventist Hospital to begin conducting health exams in April 2016 and all units were examined by the end of August. This year, the health exams covered 127 managers, 6,532 non-managerial employees and 64 expatriate personnel.



3 • To protect our employees from the threat of the flu virus, the Zhongzheng District Health Center of Taipei City was invited to provide free flu vaccinations on company premises.



4 • Medical specialists are retained to host clinics at the company on Monday and Wednesday afternoons. In 2016, 78 on-site clinic sessions were held. Employees were allowed to seek professional medical advice during office hours to learn about their health and alerts. The results of the 2016 employee health exam were analyzed to identify employees with more than 15% risk of contracting cardiovascular disease within 10 years (350 people), those with cancer (5 people) and those with serious anomalies (807 people). The doctors then contacted these employees by phone for follow-up; provide medical guidance and other health improvement measures. The Headquarters buildings and business units began installing AED (Automated External Defibrillator) in 2013. By the end of 2015 a total of 25 AEDs have been installed at 24 units.



5 • Our Company operates an employee cafeteria with professional nutritionists retained to design a menu low in salt and fat. We also have arrangements with organic vegetable farmers to supply fresh and healthy cuisine. The main dish plus three side-dishes cost only NTD40. Each dish is also labeled with its calorie count and the total calorie count of each meal is kept between 600 - 800 Kcal so employees can choose what they want based on their personal preferences and physical condition. The scheme has proved very popular with employees. In addition, all of the vegetables used by the cafeteria are supplied by contract growers and every vegetable can be traced to its supplier to ensure the health of employee catering. In 2016 the cafeteria was used by an average of 1,022 people a day.



Support and counseling for seriously ill or injured employees

First Bank has established a serious illness or injury support and counseling mechanism. Apart from giving employees NTD 10,000 in consolation payment when they become seriously ill or injured, First Bank has also set up a "Family Association" and gives out the book "From Critically Ill to Running Marathons". In this way, we continue to give employees support while encouraging employees to support each other and share their medical experiences. At the end of 2016, there were a total of 91 seriously ill or injured current employees. Full-time nursing professionals check up on them at different intervals over the phone and helped with finding cancer-related information. 212 expressions of support were delivered during 2016.



Comprehensive insurance plan

1 • Apart from labor insurance and national health insurance in accordance with the law, First Bank also provides group policy at discounted rates to employees for accident, injury, hospital stay and cancer. The insurance plan is open to employees, their dependents and retired personnel. A total of 15,985 people were enrolled in 2016; First Securities, First-Aviva and First Securities Investment Trust also provide group insurance for employees. A total of 1,623 employees were insured at a cost of NTD 4,366,000.

2 • First Bank personnel stationed overseas are not only covered by local group medical insurance but can also enroll in the International SOS for emergency medical assistance. Half of the cost is borne by the company to meet emergency medical needs.



Support for Retirement

1 • Our Group's companies have each defined their own retirement regulations based on the "Labor Standards Act" and "Labor Pension Act". Appropriate retirement programs have also been drawn up.

2 • To thank retiring personnel for their contributions, First Bank presents each retiree with a commemorative medal, a pure gold bank ID badge, consolation payments on the three major holidays, and an annual retiree New Year banquet. Retired personnel and their dependents are also invited to take part in the annual mountain hikes, recreational activities talent classes.



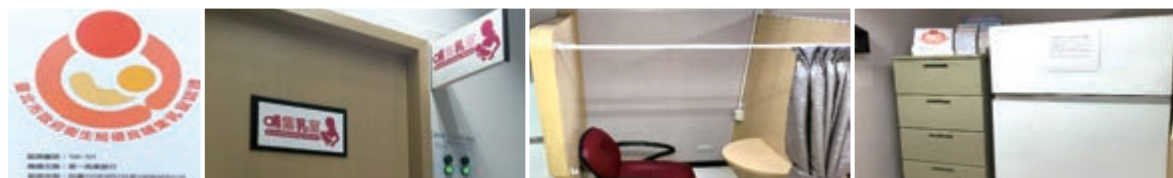
> Banquets for retired employees

2-3. Balancing Work and Lifestyle

Achieving a balance between health and lifestyle is now more important to the new generation of workers. We also believe that it is important for the working environment to make employees feel happy and energized. To help employees balance the needs of work and family, our family friend policy offers employees and their families the following care and support measures:

1 • Female employees may apply for paid menstrual leave. In 2016 this was applied for by 166 people and average duration was 9.11 hours. If a pregnant employee feels unwell and is diagnosed by the doctor as requiring rest, they may apply for up to 44 days of sick, special or extended sick leave. This was applied for by 104 people in 2016 and average duration was 17.5 days.

2 • FFHC Headquarters building's breastfeeding room was certified for excellence by the Taipei City Department of Health. Access control ensures a safe, independent and clean environment for employees. First Securities and First-Aviva have also set up breastfeeding rooms. In 2016 the breastfeeding was used on average 1,250 times a month.



3 • If an employee must take care of a family member personally due to vaccination, serious illness or other major events, they may apply for paid family care leave. This is limited to 7 days per year. In 2016 this was applied for by 711 people and average duration was 20.62 hours.

4 • To encourage employees to have children, we offer our employees a child birth subsidy of NTD3,600 per child. A total of NTD900,000 was disbursed in 2016. For employees who require childcare services, First Bank has signed an agreement with a well-known national chain to provide all employees throughout Taiwan with discounted daycare rates. Education subsidies are also provided for employees' children. A total of NTD15,860,000 was disbursed in 2016.

5 • To increase employees' family time, First Bank introduced the "Extended Consecutive Leave" scheme.

Employees who apply for 10 days of leave are given a travel subsidy of NTD5,000, and those who apply for 14 days of leave are given NTD8,600 to encourage employees not to sacrifice their family life for the sake of work. Subsidies totaling NTD2,475,000 were disbursed in 2016.

6 • First Bank has defined the "Guidelines for Unpaid Leave to Care for Sick or Injured Employee Dependents" to look after employees and help they balance their work and family responsibilities.

7 • Various employee clubs have been established including sports-related clubs for golf, yoga, and marathon running. There are also recreational clubs such as bridge, Go and photography. Subsidies were also provided for employees for the hire of local basketball, badminton, softball and table tennis venues.



First Workplace - Friendly environment

3

At all group subsidiaries there is no discrimination employees during recruitment, selection, hiring, assignment, career development, remuneration and benefits, promotions, education & training, and retirement plans on the basis of race, class, language, thought, religious, political affiliation, ancestry, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental handicap, or union membership. We support an equal opportunity workplace. There were no human rights violations or incidents of discrimination in 2016. None of the subsidiaries were also involved in mergers, acquisitions or major investment agreements. The hiring of those under the age of 16 as regular or atypical employees (including temporary workers and security staff) is explicitly banned in our HR regulations. We also adhere to the Labor Standards Act to prevent forced labor through violence, threats, imprisonment or other illegal methods.

8 • Various sports and recreation activities (including table tennis tournament, singing competition, badminton/softball competition, mountain-climbing and hiking, family days) were organized for employees and their dependents to promote a healthy, motivated and optimistic workforce. Up to 23,567 people took part in these events in 2016.

9 • In 2016, NTD133,640,000 were spent on employee self-improvement trips. For annual parties, NTD21,480,000 in subsidies were provided for 9,108 people.



10 • First-Aviva partnered with the Jing Chuan Child Safety Foundation to promote correct child safety knowledge. This included hosting of drawing competitions, family camps, the production and distribution of illustrated child safety books, charity flea markets and other events. All of the events were open to employees and their dependents. The teaching of safety knowledge not only strengthened the safety net for children but also gave employees and their families an understanding of the company's charity policies and actions, enhancing their loyalty and support for the company.



11 • Shorter work hours and flex-time First Bank has made 34 improvements as part of the effort to optimize the process for overtime management; Graphs are now used to track average finishing times throughout the bank. For units that finish work late for two consecutive months, the unit manager is not only contacted by phone to promote the philosophy of "efficiency at work, balance in life." We also send out personnel to each branch on a rotating basis to audit the overtime situation. The average finishing time at First Bank is now approximately 17:48. First Securities offers employees a flex-time scheme that is better than the statutory requirement. Employees may apply for flexible start and finish times based on the nature of their work, place of residence or family commitments. This helps employees achieve a balance between work and lifestyle.

To maintain human dignity and basic human rights, we have set economic, social and environmental balance as well as sustainability as our targets. Our company and our vendors are all committed to following international recognized labor rights such protecting the legal rights of employees, enforcing a non-discriminatory hiring policy, ban on child labor and eliminating all forms of forced labor. Except in the case of business demand or personnel training, the rotation of personnel between roles and units are based on FFHC employee willingness and the five transfer principles defined by the competent labor authority. We not only give employees a full understanding of company operations but also give preference to employees with high performance and potential. This forms a part of our critical personnel career management and successor cultivation plan; employees in central and southern Taiwan are encouraged to work in the north in order to learn about the various core businesses, enrich their business experience, accelerate talent cultivation and enhance the quality of our personnel.

3-1. Sexual harassment prevention

To foster a friendly workplace where employees are safe from sexual harassment, we have announced and implemented the "Regulations on sexual harassment prevention, complaints and investigation". Random inspections of posters on sexual harassment prevention and laws were conducted in northern, central and southern Taiwan as well. The company website now contains information on sexual harassment prevention, along with a sexual harassment telephone hotline, fax and e-mail. Complaints are handled by dedicated staff. All FFHC companies have also incorporated sexual harassment prevention and handling procedures into orientation and compliance training. Sexual harassment prevention and handling knowledge is also regularly emphasized during management training classes. To improve their professional knowledge and investigative skills, personnel responsible for dealing with sexual harassment complaints are regularly dispatched to attend related seminars and external training. A "Sexual Harassment Complaints Committee" with 9 committee members and a majority of female members has also been established. The committee members serve for 2 years and their terms may be extended. The members of the committee must possess actual experience with handling sexual harassment, as well as a background in law, social sciences and human resources. An investigation must be launched within 7 days of a complaint being received and a report submitted to the committee for review. The case must be finalized within 2 months. In 2016 our company and subsidiaries received no complaints of sexual harassment.

3-2. Human Rights Declaration and Anti-Discrimination

We adhere to and ensure that employees enjoy internationally accepted labor rights, and related information is openly available internally. All business sites follow local laws and regulations on human rights. There is to be no discrimination against employees on the basis of race, gender or other circumstances. All employees have the right to equal pay for equal work, freedom from sexual harassment, and protected employment for female employees during pregnancy. Apart from regular training on sexual harassment prevention and the Personal Information Protection Act, new employee training also explain in full the human rights system on work rules, HR management rules, employee compensation and benefits. Union personnel are also invited to speak about employee rights relating to the Occupational Safety and Health Act. In 2016 our employees attended human rights protection training (both physical and online) 7,894 times for a total of 3,658 hours of human rights-related training. There were no violations of

human rights of indigenous rights at any company in 2016. Our company policy on human rights has also been communicated to the security company to ensure that they understand and incorporate our human rights policy into their pre- and in-service training for security personnel. The proportion of security personnel who have completed training is 100% and on average, we organize 12 training sessions every year each lasting 0.5 hours.

3-3. Promotion of Friendly Workplace

To fulfill the environmentally sustainable development policy of FFHC, a concerted effort has been made to improve the environmental awareness of all employees as well as practice energy conservation and carbon reduction in everyday work and life. A total of 20 environmental protection-related classes were held in 2016 and attended by 8,141 people. Each person on average undertook more than 2 hours of training. Morning community service events for new employees were also hosted 17 times. The incorporation of local community services enriched the content of environmental education and encouraged every employee to embrace CSR.

To become a model green enterprise as well as provide all employees and customers with a safe, healthy environment, all buildings are now undergoing planned refurbishments. As of the end of 2016, 12 old buildings have been refurbished by FFHC to qualify for the Green Building Mark diamond-rating. These have now become energy-saving, carbon-reducing, water-saving and low-pollution green buildings. We are also actively supporting the government's environmentally sustainable development and GHG reduction policy. Environmental management measures such as the "ISO 14064-1 Greenhouse Gases Inventory", "ISO50001 Energy Management System", and "ISO 14001 Environmental Management System" and "ISO 14046 Water Footprint" have been progressively introduced and certified by SGS Taiwan. We are continuing to promote the following workplace improvement and safety protection initiatives:

1 Tobacco-free workplace, air quality testing and maintenance

Air pollution has become an increasingly serious problem in Taiwan over the past few years. PM 2.5 (fine particulates suspended in the air) levels have frequently exceeded safe limits and its impact on human health cannot be ignored due to the diseases it can trigger. The fine size of PM2.5 particles allow it to pass through the lung and enter



the blood stream via the respiratory system. There it can cause cardio-vascular disease, autonomic imbalance, lung cancer, stroke and senility. It can even cause hereditary illness. Smoking is banned on the business premises of financial institutions under the Tobacco Hazard Prevention and Control Act. The EPA has also included "Bank Headquarters" in the second group of proscribed venues under the "Indoor Air Quality Management Act." To protect the health of employees and customers, all FFHC units are required to enforce the rule of "displaying no-smoking signs at all entrances." Voluntary management of indoor air quality was also implemented at 189 branches by the government deadline. 8 business locations have installed CO2 concentration detectors as well.

In accordance with the Occupational Safety and Health Act, the "Industrial Safety and Health Association of the R.O.C. (ISHA)" is contracted to measure the CO2 concentration and illumination at 224 offices every 6 months. To prevent "Sick Building Syndrome", every unit regularly cleans their air-conditioners, water towers, air vents, ventilation shafts, filters, as well as the evaporator or condenser inside their air-conditioners. Drinking water from the headquarters building is submitted to the Taipei City Government Environmental Protection Bureau every 3 months for water quality testing. The test results all complied with regulations.

2 Preventing cancer in the workplace

Our employee health examination in 2016 satisfied the Taipei City Government's award criteria for promotion of community health and was presented with the "Outstanding Workplace for Cancer Prevention Award." Employee health management is now an important component of our business strategy.



3 Abnormal workload-triggered diseases prevention plan

The "Abnormal workload-triggered diseases prevention plan" was implemented and identified 9 high-risk employees in 2016. The resident physician was commissioned to conduct interviews and provide health advice. Staff nurses also sent out e-mails with relevant health information to 178 medium and low-risk employees.

4 Human-factor hazard prevention plan

The "Employee Musculo-Skeletal Symptom Self-Assessment" questionnaire has been used since 2015 to identify and track employees with potential health hazards. The resident physician was then asked to contact these employees by phone in January, April, August and December of 2016 to find out about their symptoms and provide appropriate advice. Improvements have been noted in 71 people and further follow-ups will be conducted at 4-month intervals to track their performance.

5 Maternal employee health protection plan

The "Maternal Employee Health Protection Plan" was drawn up at the start of 2016 to provide physical and mental support to pregnant employees. A total of 201 pregnant employees and their supervisors filled out the "Maternal Health Risk Assessment Form" to conduct a risk assessment of work-related hazards in 2016. Health guidance and protective measures were then carried out by the resident physician and staff nurses. Apart from providing advice on precautions during pregnancy and after childbirth, employees were also informed about childbirth subsidies and other related information to protect their interests.

6 Prevention of illegal infringement at work plan

Education materials for "Prevention of illegal infringement at work plan" were compiled and made available through the intranet to all unit OSH supervisors for inclusion in their "Occupational Health and Safety In-Service Training" course.

7 Implementation of OSH-related activities and training

To ensure the safety and health of personnel as well as prevent occupational injuries, First Bank has defined the "Safety and Health Work Rules" to lay out the operational standards and emergency response principles for OSH. These have also been registered with the competent authority. All business units have appointed an OSH supervisor, first-aid personnel and fire-prevention manager to protect safety and health as well as build a safe working environment. Certified personnel are also dispatched to conduct refresher training every year to keep OSH knowledge up to date. A continuous internal inspection plan is also practiced to enhance employee knowledge of OSH and build an accident-free workplace.

Occupational safety and health training in 2016

Personnel type	OSH supervisor	First-aid personnel	Fire-prevention manager	Ordinary employee
Duration (hours)	5,040	2,268	1,800	3 hours of OSH in-service training over 3 years
Persons	144	556	150	

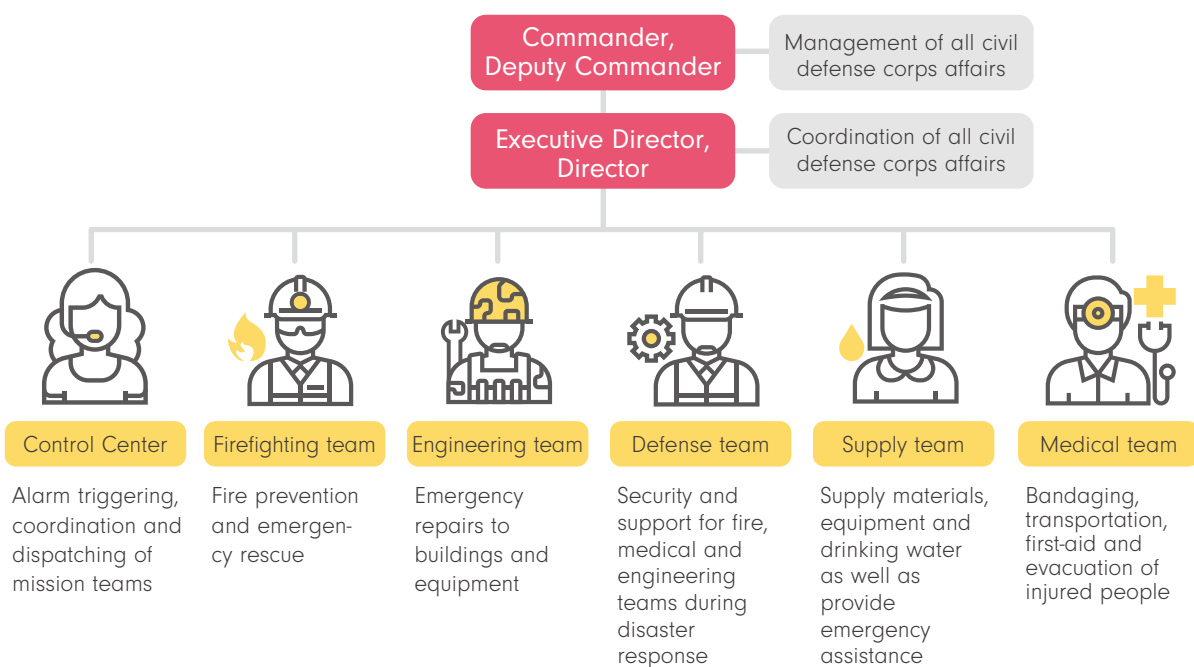
8 Safety Protection

In accordance with the "Safety Maintenance Enforcement Rules" issued by the competent authority and internal "Enforcement Rules for Employee Self-Defense Organization", each First Bank business unit is required to conduct an employee self-defense organization drill once every 6 months. This is divided into demonstrations and internal drills. In 2016, a total of 415 self-defense drills were carried out. These were broken down by region with 22 business units designated for the demonstration. Other units in the same group could then learn from their example and conduct their own assessments. After the demonstration drill, each business unit then selects a date and time within one month for conducting a drill. They may also perform the drill in their assigned month according to the annual plan. At the end of the year, the top 6 designated demonstration units with the best ratings are singled out for rewards.



The FFHC Headquarters building has a defense corps and emergency SOP in place. A vice president serves as the corps commander while the heads of Human Resource Division and General Administration serve as deputy commanders. There is also one chief director and one director. They oversee the Control Center (1 control officer, 8 controllers) and five mission teams, these being the Firefighting Team, Engineering Team, Defense Team, Supply Team and Medical Team. Each team has a team captain, a deputy captain and several team members (assigned as necessary). In the event of an emergency, they can take the necessary response measures at any time to protect the safety of employees and property in the FFHC headquarters building. In 2016 two firefighting workshops and drills were conducted as well as one corps-level basic training session.

Chain of Command for the First Bank Headquarters Defense Corps



9 Occupational injury

For employees injured at work, the Company gives occupational injury leave as required by law and in accordance with the actual situation. Employees receive assistance on Labor Insurance claims so they can receive the help they need as soon as possible to minimize the harm done. In 2016, 30 people applied for 336.5 days of occupational injury leave. The occupational injury rate was 0.67% and there were no fatalities due to occupational injury in 2016. The occupational injury statistics for employees in Taiwan in 2016 are shown in the table below:

	Number of people on occupational injury leave	Days of occupational injury leave	Occupational injury rate	Percentage of days lost	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Days absent (not including leave)	Absenteeism rate
Male	14	169	0.37%	1.88	0.78	10	2,484.625	0.11%
Female	16	167.5	0.30%	1.86	0.89	9	6,233.250	0.28%
Total	30	336.5	0.67%	3.74	1.67	19	8,717.875	0.39%

Description:

$$\text{Occupational injury rate} = \frac{\text{Number of people on occupational injury leave}}{\text{The number of employees}}$$

$$\text{Percentage of days lost} = \frac{\text{Days of occupational injury leave}}{\text{Work hours}} \times 200,000$$

$$\text{Absenteeism rate} = \frac{\text{Days of leave (Occupational injury + sick leave)}}{\text{Total work days}}$$

Disabling Injury Frequency Rate (FR): Based on the total number of disabling injuries during the period in question. Disabling Injury Frequency Rate is calculated as the total number of disabling injuries for every million work hours (to two decimal places). The formula is as follows:

$$\text{Disabling injury Frequency Rate (FR)} = \frac{\text{Frequency of disabling injuries (persons)} \times 10^6}{\text{Total hours worked}}$$

Disabling Injury Severity Rate (SR): Based on the total number of days lost due to disabling injuries during the period in question. Disabling Injury Severity Rate is calculated as on the total number of days lost due to disabling injury for every million work hours (to nearest integer). The formula is as follows:

$$\text{Disabling injury Severity Rate (SR)} = \frac{\text{Total number of days lost} \times 10^6}{\text{Total hours worked}}$$



First Training - Talent Cultivation

4

Employee know-how is what keeps the company running. FFHC has designed different training courses and learning paths for personnel in each grade. These effectively boost employees' professional competency, marketing skills and enthusiasm for their work. Due to the coming of the digital finance age, related training courses such as "Big data analysts", "customer experience analysts", "Internet+", "Mobile payment and apps", "Effect and impact of digital finance trends on traditional banks", "iBank, eAction, eBank Course", "Digital banking trends", "Emerging payment services promotion class", "Practical value chain financing" and "VTM and Weixin payment" were organized for employees in 2016. Employees were also dispatched to attend symposiums, specialist courses and overseas study tours on topics such as big data analysis, introduction to third-party payment services, online financial development trends, the rise of the FinTech industry and digital marketing. Each employee on average received more than 12 hours of training. To encourage the absorption of new digital financial knowledge by employees, the "Digital Financial Knowledge" certificate was included as an employee promotion credit certification in 2017. Certification weighting was also increased to increase the number of employees with digital finance-related certifications. A total of 712 people received the "Digital Financial Knowledge" certificate in 2016.

2016 FinTech courses / Total =



To enhance the digital learning effectiveness of employees, 354 digital learning courses were offered by FFHC's online learning system in 2016. English online learning courses have also been launched to create a comprehensive learning database. The amount of time and energy spent by employees on commuting can also be greatly reduced. In 2016, managers attended real-world training 14,363 times, or an average of 36.28 hours of training per person; online training was used 18,352 times, or an average of 36.45 hours per person. Non-managerial employees attended real-world training 44,667 times, or an average of 26.93 hours of training per person; online training was used 79,813 times, or an average of 36.18 hours per person. Total real-world and online training hours amounted to an average of 64.85 hours per person. Total employee training expenses amounted to NTD74,130.00 for an average of NTD8,138 per person.

• 2016 statistics on employee attendance in real-world training and total training hours

	Total number of people		Total hour		Average hours per person	
	Regulatory	Non-managerial role	Regulatory	Non-managerial role	Regulatory	Non-managerial role
	6,244	16,200	25,912	77,125	33.43	25.99
	8,119	28,467	33,916	123,772	38.81	27.55
Total	14,363	44,667	59,828	200,897	36.28	26.93



• 2016 statistics on employee attendance in online training and total training hours

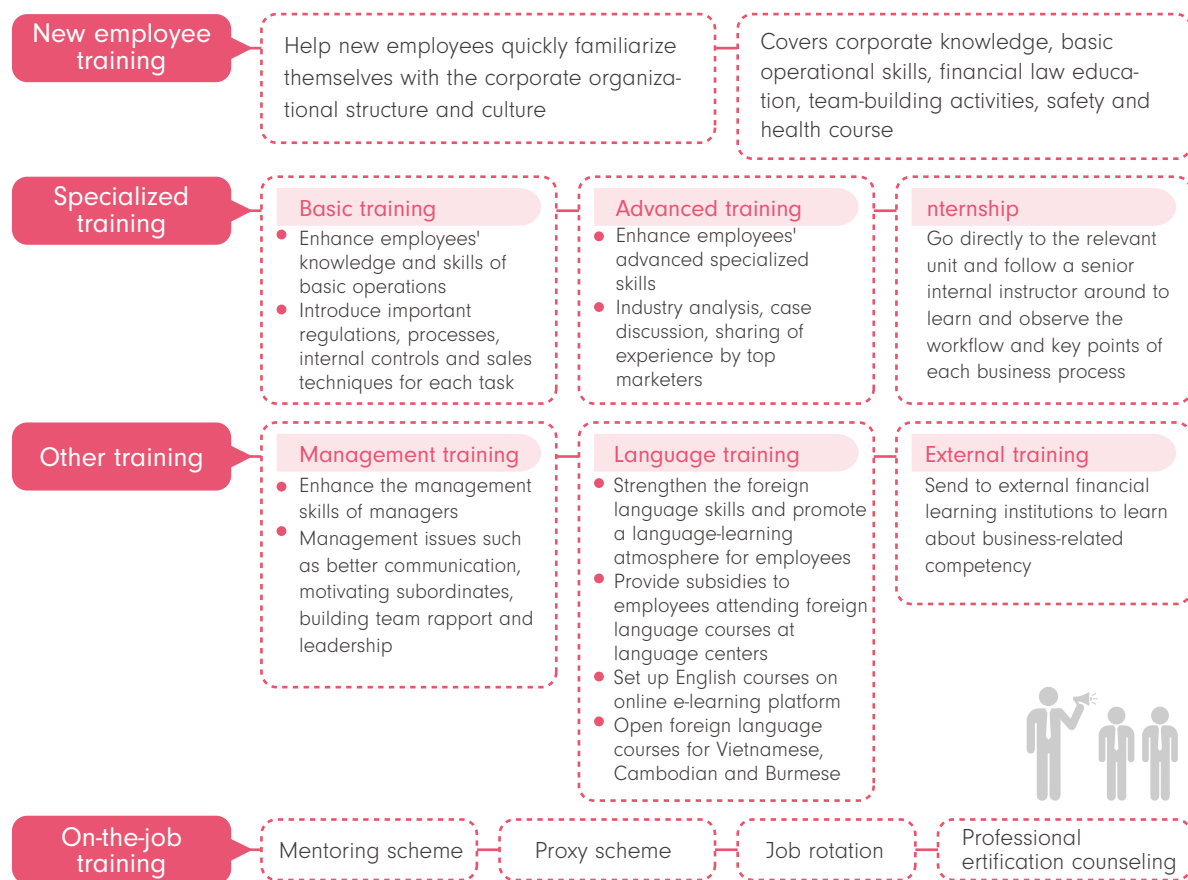
	Total number of people		Total hour		Average hours per person	
	Regulatory	Non-managerial role	Regulatory	Non-managerial role	Regulatory	Non-managerial role
	8,131	30,890	25,404	100,689	32.78	33.92
	10,221	48,923	34,708	169,230	39.71	37.67
Total	18,352	79,813	60,112	269,919	36.45	36.18



4-1. Complete development system

New employees immediately enter our training system upon reporting for work. Comprehensive training plans are available from basic, advanced professional, deputy managers and managers. For employee skill development, employees are encouraged to actively participate in training courses, acquire related certificates, and propose innovative work plans. Employee expertise is thus improved through individual professional development and internal innovation. First Bank has defined quantitative performance indicators for all of the three above skills development directions. For example, employees must complete 40 hours of training a year, receive credit for acquiring related professional certification during annual performance evaluations, and are given bonuses for innovative proposals. Between 2014 and 2016, a total of 127 employee proposals were adopted and NTD47,000 in bonuses issued. Apart from solid on-the-job training as well as practical experience gained through job rotation, we also organize a variety of professional training, online training, internships, language training, internal certification testing and management training. To acquire new financial knowledge and the latest industry developments, personnel are frequently sent to attend training courses and overseas development programs organized by professional training bodies.





• **Bonuses awarded for innovative employee proposals within the last 3 years**

Employee proposals	2014	2015	2016	Total
Total proposals	81	142	115	338
No. of awarded proposals and bonuses	32 cases/NTD12,100	53 cases/NTD18,300	42 cases/NTD17,000	127 cases/NTD47,400

To accelerate talent development, cultivate all-rounders and build a solid team for the future, First Bank conducts two competency assessments every year. Evaluations and review opinions are also compiled at different times. Personnel with high performance and high potential are selected on the basis of the competency reports and evaluations for related training courses and business rotation. A total of 9,960 training groups and 51,530 training hours have been accumulated as of 2016. Domestic business units have also implemented a rotation system where processing personnel stay up to 3 years in a single position, assistant supervisors stay for up to 4 years. The system provides employees with the opportunity to fully familiarize them with each position. They can then accumulate practical experience and strengthen their professional know-how.

4-2. Performance Evaluation and Career Development

FFHC provides employees with career development road maps and counseling. Apart from providing a fair and reasonable evaluation system, evaluations in the first and second halves of the year are used as a way for managers to communicate performance targets and provide employees with the necessary assistance at appropriate times. This builds up employee consensus on individual targets set by the company. At the end of the year, the routine evaluations are used to summarize the overall performance of the employee for the year. The long-term performance of employees is considered to be important as well. Employee promotions take into account their evaluation scores, merits and demerits for their current grade over the past 1 ~ 9 years. The selection of assistant supervisor associates take into account their evaluation scores at the current grade for the past 1 ~ 5 years as well. This helps to guarantee long-term performance by encouraging employees to maintain their enthusiasm for their work.

In addition, we established clear avenues of promotion, and an incentive scheme is also used to encourage employees to focus on performance. The selection, evaluation, training and promotion of future management associates and overseas management personnel are held at regular intervals as well. Employee attributes, experience and specialties are compiled into a database then analyzed to provide a reference for planning the employee's career development. At the same time, we encourage employees to attend external courses in their spare time. Subsidies are provided based on their grade and the course. In 2016 there were 590 applicants and total subsidies amounted to NTD5,080,000. Employees studying finance-related graduate or higher degrees in Taiwan and overseas may also apply for up to 3 years of unpaid leave. One applicant was approved in 2016.

The cultivation of people with great potential is an essential part of corporate development. Apart from recruiting outside talent, we also use the performance evaluation matrix to identify employees with high performance or potential then tailor "Individual Development Plans" (IDP) to their professional background, language skills, and competency analysis. Due to an anticipated wave of retirements and to accelerate the cultivation of the management cadre, in 2015 First Bank partnered for the first time with external consultants to introduce the "Senior Assistant Manager Career Development Program." Online Life Orientation Assessment, the Career Personality Aptitude System and 180-degree Management Competency Feedback and other tests are used to help assistant managers understand their own capabilities; outstanding branch managers also serve as the "internal coach" for program trainees to pass on their management experience, encourage them to exploit their strengths, make up for weaknesses in their competencies and strive to become high-performance managers. As of 2016, 20 people had been appointed as managers and 1 appointed as manager at headquarters.

First Bank's continued expansion of overseas business and locations means overseas talent has become a key component in its global expansion. To enhance both the "quality" and "quantity" of talent at overseas branch organizations, the Overseas Management Personnel Program was activated in 2006 and the Sales Personnel for China Program added in 2009. Outstanding employees interested in working at overseas branches are selected for management associate training every year. Supplementary specialist training is also conducted based on their individual sales experience and background, including: overseas compliance, internal control and auditing, risk management, overseas IT system, international etiquette, trans-cultural communications, and national politico-economic situations. English training is also organized for continuous improvements to foreign communication and coordination skills. Secondary foreign language courses such as Vietnamese and Burmese are also offered. The cultivation of language, business knowledge and multi-cultural management ability is emphasized. Before employees are assigned to overseas units, a learning program and rotation between headquarters and branches are organized based on their individual experience. These efforts are expected to accelerate the cultivation of essential business skills in overseas talent. Nearly 300 overseas management associates have been cultivated by the end of 2016.

• **Key FFHC Training Programs**

Training program	Training subject	Training benefits
MA training program	Preparation of core personnel (MA)	Through comprehensive planning of job rotation (including Headquarters and branches) and related training programs, we cultivate a comprehensive range of skills in employees so that they are able to master any task assigned to them. Unhindered cross-department communication ensures successful completion of managerial tasks, which enables employees to lead their counterparts in the pursuit of excellence and exhibit an exceptional performance. Our meticulously selected pool of talents has demonstrated outstanding performances even in the learning stages of job rotation or in the operational planning of various business divisions.
Overseas management personnel program	Overseas branch management personnel training program	As of the end of 2016, the bank has built a pool of 300 overseas management associates who not only serve as a pool of talent for overseas business expansion, but also provide a diverse range of career paths that fulfill employees' career plans. The execution of the program has helped boost the profitability of overseas branches. In 2014, 2015 and 2016, gross profits of overseas branches reached US\$152,366,000 , US\$155,855,000 and US\$168,779,000 respectively.
Sales personnel for China program	Sales personnel for China training program	
Senior assistant manager career development program	Senior assistant manager with high potential and high performance	The courses and guidance provided through the programs have seen 20 people appointed managers and 1 person appointed as a manager at headquarters in 2016. All had been placed in the highly ready, preferential and high-potential part of the matrix as well. Those who have not been appointed as unit managers will continue to be tracked with their evaluation results and feedback from internal coaches used as a reference for future personnel assignments.

First Labor - Looking after employees

5

5-1. Freedom of Association

The Employer-Employee Conference at the First Bank consists of an equal number of labor and management representatives. The conference is held every month to discuss employer-employee issues such as improvements to working conditions and benefits. All effort is made to find a mutually beneficial outcome in order to enhance employer-employee relations and cooperation.

To prevent occupational injuries as well as protect the safety and health of employees, an "Occupational Safety and Health Committee" (OSH Committee) in accordance with the "Occupational Safety and Health Act", "Enforcement Rules of the Occupational Safety and Health Act", and the "Management Guidelines for Occupational Safety and Health". The OSH Committee has 7 members with 3, or 43%, being appointed by the Union. The OSH Committee takes a keen interest in various employee health and work environment-related issues. It has proposed many recommendations on safety and health, including: protection of public safety in the offices, employee health checkup and follow-up management, as well as supervision of the safety and health management plan. These all helped to improve the execution of occupational safety and health management at First Bank.

- 2016 Statistics on Employer-Employee Meetings and the Occupational Safety and Health Committee

Meeting name	No. of meetings	Proposals
Employer-Employee Meeting	11	30
Occupational Safety and Health Committee	4	8

To promote employer-employee harmony as well as support business development and employee welfare, First Bank signed the 3rd collective bargaining agreement with the First Bank Union on August 27, 2015. The terms of the agreement covered the general principles, union activity, employment/transfer/dismissal, working hours, routine leave, leave applications and holidays, compensation, benefits, safety and health, compensation for occupational injury, retirement and death

benefits, employer-employee conferences, collective bargaining, labor disputes, and appendix. Employee attendance and breast-feeding time regulations were updated to reflect amendments to the Gender Equality in Employment Act as well. Employees are now entitled to maternity leave and breast-feeding breaks that exceed legal requirements. On April 26, 2016, the Ministry of Labor recognized First Bank for excellence in collective bargaining. Around 85% of First Bank employees are covered by the collective bargaining agreement through their union membership.

5-2. Protection of Employee Rights

To protect employee rights, important work changes must be notified as soon as possible. Our work rules and HR management regulations explicitly state in accordance with the Labor Standards Act that the establishment of new business units or the re-assignment of personnel due to business requirements must be notified in writing one week in advance. For overseas assignments, employees must first be assigned to the relevant domestic units for training and given reasonable time to learn about the regulations, culture and lifestyle of the destination country. This will shorten the amount of preparation time, simplify handover and reduce operating risks. Employment may be terminated in the event of business shut down, transfer of ownership, losses, reduced business, and change in nature of business or where the employee is clearly unfit for their job. Advance notice must be given in accordance with the following rules:

A 10 days' notice for employees with more than 3 months and less than 1 year of continuous service.

B 20 days' notice for employees with 1~3 years of continuous service.

C 30 days' notice for employees who have 3 years or more of continuous service.

First Bank conducts employee satisfaction surveys to learn about employee job satisfaction and their suggestions on the development of the company. Employee opinions are collected through anonymous questionnaires encompassing six main aspects. The responses are analyzed to further refine company systems. Recovery rate was 91.66% while employee satisfaction was 77.61%. Men were 80.12% while women were 75.79%. The main three improvement suggestions were for enforcement of the rotation system, continued refinement of business processes, and improving manage-

ment training on communication skills. Multiple channels for employee communications and whistle blowing are provided as well. Positive interactions are maintained with employees and whistle blowers are protected against improper treatment. Apart from face-to-face meetings between managers and employees, the employee mailbox and complaints hotline, video conferencing, the internal website, the bi-weekly publication and monthly publication all enable employees to keep track of company developments. The employee communication and whistle blower channels are as follow:

Communication channels

01 ▶ To strengthen the employee complaints and communication mechanism as well as handle complaints in an effective manner, FFHC and subsidiaries First Bank, First Securities, First Securities Investment Trust and First-Aviva Life Insurance have all set up transparent whistle blower mechanisms. The telephone, fax and e-mail for whistle blower complaints are also published on the corporate website, and complaints are processed by the audit division. Other subsidiaries have set up complaints e-mail addresses and telephone numbers with personnel assigned to processing any complaints.

02 ▶ The telephone number and e-mail for employee complaints are posted under the "Stakeholder Communications" section of our corporate website. The "CSR - CSR Report" section also features a stakeholder opinion survey that can also be used as a channel for employee communications.

03 ▶ The compliance system at each company requires "the compliance officer should provide improvement suggestions for violations of the law or regulations. Where the improvement suggestion is not accepted by the management and leads to major losses for the company, a report should be prepared and submitted at once, the supervisors/independent directors and Audit Committee notified, and the competent authority informed as well." Employees who discover such matters may notify the compliance officer of their unit or headquarters directly. The compliance unit will investigate and deal with the matter accompanied by the risk management and internal audit units.

04 ▶ A range of transparent, equal and convenient complaints channels have been established including the "Supervisor Mailbox", "President's Mailbox", "Chief Auditor's Mailbox", "Ideas Mailbox", "Employee Support Hotline", and "CEO Weekly" on the company intranet, as well as public forums such as "Good Articles", "Environmental Protection", "Arts & Culture" and "Clubs" to ensure complaints are handled properly.

05 ▶ To facilitate the reporting and handling of sexual harassment cases, "Sexual harassment prevention complaints and disciplinary regulations" have been formulated and issued at each company along with the telephone, fax and e-mail for filing sexual harassment complaints. The above information is posted prominently on the corporate website and in the workplace. All employees also undergo training on sexual harassment prevention every 6 months.

06 ▶ A proposal system and themed competitions are used to encourage employee to make suggestions on process improvements. In 2016, a total of 115 employee recommendations were proposed on improvements to quality of service, operations, system performance and existing operations. All were passed to the relevant units for study and implementation, with 39 being ultimately adopted.

07 ▶ To ensure open communications between the employer and employees, employee suggestions from each department are tabled for discussion and communication during the "Employer-Employee Conference" and monthly meetings.

08 ▶ Surveys on employee commitment, office environment (hardware facilities) and quality of service (software services) are conducted to provide employees with a channel for expressing their opinions and a reference for decision-making.

Social Harmony

Supporting the Elderly, Disadvantaged, and Local Communities

- FFHC utilizes the resources of our various locations throughout Taiwan to weave together a strong support network, and we remain committed to upholding the spirit of compassion by providing care and support to people in local communities.
- In addition, we are dedicated to promoting greater financial inclusion by providing convenient and comprehensive financial services that meet the needs of people and social groups at all levels of society. In particular, FFHC places a heavy emphasis on strengthening our social safety net by ensuring that disadvantaged groups and people living in rural communities are able to access reasonable and convenient financial services in an equitable manner.
- Moreover, by continuing to promote good safety habits among children and lending a helping hand to children and their families who have experienced accidents or injuries, we are helping to foster greater social awareness of the importance of safety and, ultimately, helping to reduce the prevalence of accidents and injuries among children.



Strategy 1

Providing Emergency Relief and Compassion at Home and Abroad

- As we continue to expand our presence by establishing more locations around the world, FFHC is committed to increasing our compassionate efforts by extending charitable activities and support to more areas overseas.
- These efforts include providing tangible support to help people who encounter sudden emergencies as well as coordinating emergency response measures to provide assistance to disaster victims (including people affected by earthquakes, major storms, gas explosions, and other calamities).



Strategy 2

Expanding Cross-Industry Alliances to Increase Our Charitable Impact

- By working together with our five million customers and various nonprofit organizations throughout Taiwan, and by combining the resources of our subsidiaries and establishing cross-industry alliances, FFHC is increasing the positive impact that our charitable activities have on society.



Strategy 3

Working Toward a Greener and More Sustainable Future

- By making use of our resources in the financial industry to promote environmentally-conscious activities which benefit the general public and boost the positive impact of banking in our lives, FFHC has become a model enterprise for achieving sustainability and conducting business operations in an environmentally-friendly manner.
- We also actively follow and adopt the latest trends in fintech to continue our transition from physical channels to having a greater digital presence, including rolling out digital bank branches and developing smart customer services which not only increase the quality of our customer service, but also reduce our impact on the environment.



Strategy 4

First Service - The Customer Comes First

In light of Taiwan's rapidly aging population, providing senior citizens with adequate care and support services is more important than ever. To face these challenges head on, FFHC offers numerous products and services aimed at safeguarding and managing existing assets in order to help seniors maintain their financial affairs and enjoy a higher quality of life during retirement. FFHC actively provides senior citizens with in-depth information concerning our diverse range of wealth management and post-retirement financial planning products and services. In 2016, FFHC took the initiative by teaming up with various charitable organizations and government institutions, including National Chi Nan University's continuing education classes for seniors, Syn-Lu Social Welfare Foundation, Taipei City Senior Citizens Wellness Association, Happy Home Educational Facility, and the New Taipei City Government, to organize a series of financial planning seminars specifically designed to meet the needs of seniors and persons with physical and mental disabilities.



1-1. Caring for Seniors Through Active Aging Programs

At FFHC, our goal is to provide dependable financial planning to protect our customers' wealth and facilitate worry-free retirement. First Bank's "Treasured Life Retirement Trust", for example, is specially designed to provide senior citizens (trustees) with stable income for meeting everyday living expenses, medical care costs, and other needs during retirement. During the latter period of 2016, FFHC also launched the "Guardian Angel Trust" which is designed to offer reinforced security measures for protecting trust assets, including an earmarking system in which funds are only drawn down through periodic disbursements to trustees, ensuring sufficient savings for future needs such as when a senior citizen becomes afflicted with dementia or requires long-term care. Moreover, to help reduce the risk of senior citizens with dementia from falling victim to financial scams and abuse, FFHC has also designed Protected Trusts featuring heightened security, including placing rescission restrictions on trust agreements. By providing customers with trusts that have a greater degree of protection and security, FFHC is helping senior citizens and persons with physical and mental disabilities, as well as their families, exercise greater control over their finances and utilize advanced financial planning strategies to avoid the specter of financial disputes from arising in the future. As of the end of December 2016, FFHC managed a total of 2,632 trusts for senior citizens containing a cumulative total of NT\$1,842,770,000.

Furthermore, in response to the increasing need for long-term care among elderly citizens in Taiwan, First Bank teamed up with First-Aviva to launch Long-Term Care Lifelong Insurance. In the event of a sudden medical emergency or burdensome healthcare expenditures, this long-term policy ensures that elderly customers and their families can continue to maintain a stable and comfortable lifestyle. Meanwhile, to help elderly citizens utilize real estate in their possession, First Bank created a reverse mortgage loan product in March 2016 called a "Comfort Loan" which enables retirees to receive fixed monthly income from the Bank to cover their daily living expenses. As of the end of December 2016, a total of 34 Comfort Loans were made to seniors amounting to a cumulative total of NT\$180,840,000. In 2016, First-Aviva also launched 15 new long-term care life insurance and annuity policies aimed at ensuring our customers receive high quality care and universal treatment services after reaching old age or in the event

of a major illness requiring long-term care, thereby relieving customers from having to shoulder such burdens. As of the end of 2016, First-Aviva administered 1,249 of these policies with a total monetary value of NT\$2.15 billion.

Furthermore, to accommodate the government's strategy to boost economic development in Taiwan, First Bank has exerted a tremendous effort to launch a new lending service aimed at supporting the MOEA's "5 Plus 2" key development projects. These new loans help provide important new ventures with the capital they need to maintain and expand their business operations. Moreover, First-Aviva has taken the initiative to confront challenges associated with Taiwan's aging demographics and increasing number of persons suffering from cancer by issuing a total of 3,815 business loans to various companies in the biotechnology and pharmaceutical fields, amounting to a total monetary value of NT\$70.55 billion, underscoring our resolve to supporting the continued development of the biotechnology and pharmaceutical industries.



1-2. Friendly Services

FFHC continues to answer the call of the UN's initiative to promote more inclusive financing by providing more convenient and robust financial services to rural communities and disadvantaged groups. Specific measures taken by FFHC to promote inclusive financing, and the results of our efforts, include the following:

1 Accessible Banking Services for Persons with Disabilities

To ensure that people with physical and mental disabilities are able to fully access basic, equitable, and reasonably convenient financial services, FFHC established the First Bank Friendly Financial Services Network <https://freebank.firstbank.com.tw/ANB/index.jsp>, which

offers a high-quality barrier-free website design accredited by AA Accessibility Certification from the National Communications Commission (NCC). First Securities has also set up the Friendly Financial Services Section which provides various barrier-free investment services, including the ability to place orders online and use the Mobile Winner application. Meanwhile, First Securities Investment Trust has created a dedicated webpage to provide information to customers concerning the friendly financial services we provide. In addition, we offer text-to-speech functionality for transactions, and the Mutual e-Bank mobile application allows customers to manage mutual fund subscriptions online using a PC or mobile phone.

In addition, to better accommodate the needs of persons with disabilities, we have already set up handicap-accessible ATMs at 147 bank branches located throughout Taiwan, including 239 wheelchair-accessible ATMs. At present, we also offer two ATMs for visually-impaired customers and have upcoming plans to retrofit more ATMs with this functionality soon. In the future, upon establishing new bank branches or moving or remodeling existing branches, we will prioritize the installation of equipment and ATMs which meet the needs of people with disabilities in order to provide more friendly and considerate services. Currently, FFHC provides handicap-accessible service counters at a total of 34 branches located in various regions including Taipei City, New Taipei City, Kaohsiung City, Yilan, and Hualien. Forty-one of our branches have also installed wheelchair ramps and completed accessibility improvements to bathroom facilities, including adding emergency call buttons at all of our bank branches. Furthermore, currency exchange boards are available and we provide the most up-to-date fee schedules on announcement boards at each bank branch. Greeters are also trained to provide guidance and services to persons with physical and mental disabilities, and our bank tellers always inform persons with physical and mental disabilities of the information they are required to provide and are on hand to provide assistance with filling out required forms and applications as needed.

2 Interbank ATM Fee Waivers for Persons with Physical and Mental Disabilities

Depositors who provide proof or identification confirming a physical or mental disability may submit an application at any of our business units to receive a service fee waiver for interbank ATM withdrawals. Applications are limited to one person per account, after which the customer may have up to 3 service fees waived per month.

3 Optimization of Business Processes

To make our financial services easier to access and more convenient to use, account management was improved in 2016 by allowing customers to use "Personal e-Bank" to carry out a variety of actions, including closing existing deposit accounts online, applying online to open a digital deposit account, using Personal e-Bank and e-Mobile apps, and various other newly-added automated services. With online banking, customers are also able to enjoy numerous services such as extended transactions and price matching for gold accounts denominated in USD/ounces. First Securities provides the ability to place orders online through various platforms including our Mobile Winner application. In addition, certificates for transactions are synchronized across platforms, making it easier and more convenient to make transactions. First Securities has also established an electronic registration system for customers to open accounts and utilize online video conferencing, making it more convenient for customers to engage in consultations and confirm their identity. Meanwhile, First-Aviva rolled out a web-based system which allows customers to apply for insurance policies online and through the "e-Services" application. A special section was also set up on the official First-Aviva website, called Insurance for Seniors, which provides a fast, easy, and convenient procedure for taking out insurance policies. In addition to the electronic trading system and voice-based trading platform, First Securities Investment Trust also provides a range of diverse and convenient financial services such as the Mutual e-Bank mobile application, which gives customers the convenience of using a mobile phone to trade mutual funds.

4 Crowdfunding Platform

To provide startups with a more effective way to raise capital through a legal online platform, First Securities teamed up with the Taipei Exchange (TPEX) to launch an equity-based crowdfunding platform in 2016 which is aimed at helping newly-launched microenterprises raise adequate capital from the general public in order to successfully break through the initial startup phase and establish a connection with capital markets.

1-3. Customer Satisfaction Survey

Our customers' ratings and overall level of satisfaction with FFHC products and services is very important to us. We conduct annual customer satisfaction surveys over the phone and through e-mail questionnaires, web pages, customer service, and external market survey firms. Improvements are then proposed based on customer opinions and suggestions from the surveys.

• **Satisfaction Surveys for FFHC Subsidiaries in the Past 3 Years**

	First Bank (Operation Planning & Admin. Division)	First Bank (Credit Card Division)	First Securities	First Investment Trust	First-Aviva Life Insurance
Satisfaction Survey Item	Overall service, how correctly business was handled, professional performance, waiting times, etc.	Telephone etiquette, planning of marketing activities, problem resolution, and service attitude	On-site customer satisfaction survey at participating locations	Investment IT services	Sales personnel's attitude and familiarity with products
2016 Performance	82.25%	81.93%	82.7% (Note 1)	98%	70.8%
2015 Performance	89.92%	83.3%	85% (Note 2)	94%	81%
2014 Performance	88.84%	81.00%	88.5% (Note 3)	81%	81.8%
2016 Satisfaction Top Scoring Areas	Correct handling of deposit transactions by bank tellers	Outcomes of handling disputed transactions and service attitude	Ability to contact sales personnel and have problems resolved in a timely manner	Customers reported being satisfied most with investment and financial planning and information about leading healthier lifestyles.	Attitude of sales persone
2016 Areas requiring improvement	• Call pick-up time • Call greeting	Utilization of special credit card offers and privileges	Content of market data	Continue to provide information of interest to customers and increase the number of lectures and seminars.	Contact with policy holders
Number of questionnaires / Total number of customers	1,745 / 1,944	379 / 12,573	180 / 68,122	335 / 40,211	1,000 / 54,334

Note 1: An on-site customer satisfaction survey was administered at participating branches in 2016.
 Note 2: In 2015, a customer satisfaction survey was commissioned which analyzed how customers perceived our investment seminars, overall services, and e-trading system.
 Note 3: Our "First Care" traveling lecture series on investing was held in 2014.

1-4. Clear and Open Customer Communication Channels

To actively identify and respond to customer needs in a timely manner as well as maintain good customer relations, FFHC's commitment to helping customers resolve problems is not limited to our local offices and staff during business hours. The "Stakeholder Communications" section of the FFHC website provides online customer support, and we also offer a toll-free 0800 customer service hotline, business inquiry hotline, and complaint mailbox for FFHC and all of our subsidiaries. First Bank operates a 24-hour customer service hotline for accepting customer opinions and suggestions, account inquiries, updating customer details, handling banking business inquiries, and receiving incident reports. The hotline provides customers with real-time service on demand, and business dispute handling procedures have also been put into place. After a customer complaint is received, the administrative and related units actively work together toward a resolution. Current progress is also recorded for tracking purposes, and each business unit has dedicated personnel assigned to handling customer complaints, including resolving customer issues and processing reports within a given timeframe.

Our statistics show that FFHC subsidiaries received a total of 623 complaints in 2016, an increase of 106 complaints from 2015. This was primarily due to a hacking incident targeting First Bank ATMs which took place in July 2016. To ensure the security of our customers, all ATM units were slated for replacement; as a result, there was a temporary shortage of ATMs available during the course of the replacement period which led to a brief spike in the number of complaints received from customers. FFHC actively responded to and handled all complaints received from customers, and complaints were further analyzed and statistically tabulated based on the type of complaint received and corresponding area of business involved. This data was then provided to each relevant department of the Company in order to formulate and apply improved business procedures and reinforce internal control mechanisms, thereby enabling us to provide better overall customer service.

1-5. Customer Care Events

As a gatekeeper of important financial information and knowledge, we believe that the banking industry must fulfill its responsibility of making information more accessible by promoting knowledge of banking and finance on a wider scale, assisting different customer segments to utilize a wider range of financial products and services, and helping customers navigate various financial issues that occur at different stages of life. In 2016, FFHC's subsidiaries continued to engage our customer base and forge stronger customer bonds by holding a series of lectures, seminars, and online informational campaigns. We traveled to numerous towns, cities, and rural communities to hold talks on a range of topics including financial products, wealth management, and investment analysis and also held seasonal themed seminars. These events enable our customers and employees to remain productive at work while also having a chance to relax and learn how to lead healthier lifestyles. We also reviewed customer assets and provided timely suggestions for making adjustments as needed and remained committed to protecting our customers' assets by providing solid, practical, and attentive service. Furthermore, FFHC also continued to hold various lectures and seminars at industrial parks located throughout Taiwan. In 2016, we held a total of 1,023 sessions of lectures and seminars on a wide range of topics and issues which were attended by a total of 32,983 participants who learned first-hand about financial products, investments, wealth management, and how to lead healthier lifestyles.

• **VIP Financial Planning Country Road Show and Customer Road Show** **2,210** people

Promoted financial literacy and helped customers with their financial planning through introducing financial products and providing explanations of key topics and promotional offers.

 Six industrial parks located in cities and counties including Taipei, Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, and Kaohsiung as well as Zhongli Industrial Park, Changbin Industrial Park, New Taipei Industrial Park	 January 1 - December 31, 2016	 18 sessions
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• Reaching the Next Pinnacle of Corporate Success - Lecture Series

1,139 people

Free traveling financial seminars for SMEs were held at each industrial park providing the latest financial information and investment advice such as analysis of overall economic trends, introduction of financial products, explanation of key topics, and promotional offers.

📍 Kaohsiung Linhai Industrial Park, Tainan Technology Industrial Park, Tucheng Industrial Park, Hsinchu Science Park, Taichung Industrial Park, Dafa Industrial Park, Douliu Industrial Park, Zhongli Industrial Park, Changbin Industrial Park, and New Taipei Industrial Park

📅 January 1 - December 31, 2016

10 sessions

• Financial Planning Seminars for Customers

19,990 people

Engaged with local communities and people in rural areas to educate customers on financial planning, financial information, and improve financial literacy among the general public.

📍 First Bank business units

📅 January 1 - December 31, 2016

861 sessions

• Financial Planning Clinic Seminar

1,098 people

Conducted one-on-one reviews of customers' current asset mix to provide investment advice and help them modify their investment portfolio when appropriate.

📍 Held in northern, central, and southern Taiwan.



📅 January 1 - December 31, 2016

61 sessions

• Customer Outreach in Rural Communities Including Investment and Health Seminars

344 people

First Securities hosted financial literacy awareness events in local and rural communities to promote financial literacy and fraud prevention awareness.

📍 Rural communities located around Taipei, Taoyuan, Hsinchu, Miaoli, and Tainan.

📅 January 1 - December 31, 2016

10 sessions

• Mother's Day/Father's Day Seminar

748 people

Combined social welfare with charitable activities to encourage customers to participate and contribute to the wellbeing of society.

📍 Taipei, Taichung, Kaohsiung



📅 January 1 - December 31, 2016

Mother's Day 3 sessions

Father's Day 3 sessions

• Insurance and Financial Planning Seminars

920 people

To help foster greater understanding of insurance principles and concepts among our customers, First-Aviva and First Bank worked together to provide customers in northern, central, and southern Taiwan with the latest insurance information and recommendations.

📍 Taipei, Taichung, Kaohsiung

📅 January 1 - December 31, 2016

6 sessions

• Investment and Financial Planning Seminars

1,728 people

First Securities Investment Trust invited various experts in the fields of finance, wealth management, and healthcare to boost awareness among customers of proven wealth management concepts and knowledge on leading healthier lives.

📍 Taipei, Hsinchu, Taichung, and Kaohsiung



📅 January 1 - December 31, 2016

32 sessions

• Expert Wealth Management Webinars

 The webinars generated a total of **4,806** views

Financial experts were invited to participate in online webinars (including audio and video) to provide participants with the latest information on financial products, explain key concepts, and discuss promotional offers.

📍 First Securities Investment Trust website



📅 January 1 - December 31, 2016

19 sessions

1-6. Preventing Financial Fraud

In recent years, there has been a noticeable uptick in the number of financial fraud incidents. To better safeguard our customers' assets, First Bank formulated an "Over-the-Counter Checklist" and "Fraud Prevention and Large Withdrawal Precautions for First Bank Business Units". Furthermore, with regard to deposits and withdrawals made by customers, in cases where transfer requests to designated accounts or cash withdrawals made by senior citizens exceed a certain threshold, or in cases where the monetary amount, frequency, or circumstances of a transaction are deemed suspicious or abnormal and thus potentially indicate fraudulent activity, it is the policy of First Bank to make a reasonable inquiry as an expression of our concern and to protect our customers. When necessary, local police precincts are notified to dispatch officers to conduct verification measures or provide a police escort for customers making large cash withdrawals. First Bank is dedicated to complying with all government policies and regulations aimed at curbing fraud and abuse and helping to identify and report scammers and organized fraud groups to the authorities. In addition, we provide our bank tellers with detailed instructions and training on how to handle suspicious incidents in a courteous manner, including analyzing the details of actual cases of fraud provided by local law enforcement and media reports concerning the latest information on scams and other fraud techniques, thereby strengthening our ability to effectively stop these scams from occurring. For example, a customer visited a bank branch one day in 2016 and attempted to withdraw NT\$500,000. However, one of our quick-witted bank tellers, surnamed Chen, noticed that customer seemed to be in a state of confusion and emotional distress. After politely inquiring into the customer's reason for making such a large transaction, the teller discovered that the customer had been threatened to deliver ransom money to free her son, who she believed had been kidnapped. After carefully considering the details of the customer's story, the bank teller correctly concluded that this was an attempted scam to defraud the customer. The teller quickly explained the situation to the assistant manager who then notified police. After arriving at the bank, the police questioned the customer and eventually determined the whereabouts of her son, who it turned out had not been kidnapped after all. Thanks to the actions of the bank teller, the customer was saved from being defrauded of a substantial sum of money. In addition to being commended by the local police bureau for helping to prevent the scam, First Bank presented an award to the bank teller for her actions in accordance with our awards and incentives policy.

In 2016, a total of **10** fraud attempts were successfully prevented, resulting in NT\$ **5.845** million in fraudulent funds being blocked.

1-7. Emergency Relief for Customers

To lend a helping hand to those who fell victim to the February 6 earthquake in Tainan, in addition to donating NT\$5,000,000 to assist with post-disaster rebuilding efforts, FFHC also waived interbank transfer fees for customers using electronic banking to make deposits into dedicated disaster relief accounts, resulting in a total of 172 donations being received totaling NT\$6.863 million. In addition to providing financial relief to disaster victims in the form of loan forgiveness and extensions for home and student loans, we also actively helped victims apply for "Financial Assistance for Households Affected by the February 6 Earthquake Requiring Loans for Home Rebuilding, Maintenance, or New Home Purchases". In all, we helped 11 households affected by the disaster to obtain a cumulative total of NT\$60,650,000 in low-interest financing, thereby reducing their interest payments and allowing them to recover more quickly from the disaster and rebuild. In addition, we directly donated NT\$2.5 million to help households in Taitung affected by Typhoon Nepartak carry out post-disaster reconstruction and actively provided disaster victims with low interest loans to help them rebuild their homes.

Case 1

Customer A is an assistant supervisor at a privately-owned company who lives with his family in Tainan City. When the February 6 Earthquake struck, the customer's house was completely destroyed overnight. However, First Bank helped the customer apply to receive a preferential loan, and by July 2016, the customer was able to buy a new home which met his family's needs, allowing them to resume a safe and peaceful life.

Case 2

Customer B is a retired veteran who lives with his family in Tainan City. In the wake of the February 6 Earthquake, a portion of the customer's house was heavily damaged. By helping arrange preferential loan terms, First Bank was able to help the customer obtain funds he needed to repair his home, allowing him to successfully complete the rebuilding process in the wake of the disaster within a short period of time.

Furthermore, with regard to customers who wished to continue making payments on their loans but were no longer able to do so due to temporary interruptions in their income, in addition to accommodating the government's policy of temporarily halting required loan payments from customers who fell victim to the disaster, First Bank went a step further by helping to arrange personal loans for victims of the disaster by assessing various financial factors including their assets, income, and ability to work in order to implement debt resolution plans. In 2016, First Bank approved 712 accounts encompassing a total monetary amount of approximately NT\$45,940,000 to undergo debt repayment negotiations, allowing customers to start a new chapter in life with a clean financial slate.

Emergency Response Measures in 2016

First Bank First Bank joined in the aid relief effort alongside other disaster relief programs implemented by organizations such as the Financial Supervisory Commission and Bankers' Association. We provided banking customers with a special service allowing disaster relief funds to be disbursed into dedicated accounts without interbank transfer fees through the "Tainan Disaster Relief" program for the February 6 earthquake (program period: February 6, 2016 through June 30, 2016) and the "Taitung Disaster Relief" program for the typhoon in July (program period: July 8, 2016 through December 31, 2016) through the Bank's various forms of electronic banking (including Personal e-Bank, Financing e-Bank, automated voice banking system, ATMs, Financial EDI (FEDI), National Bill (Tax) Payment Platform, e-Mobile app, etc.).

Description

- **Tainan Disaster Relief** Number of donations: **172** Total Amount: **NT\$6,863,100**
- **Taitung Disaster Relief** Number of donations: **89** Total Amount: **NT\$1,361,198**

First Bank On March 11, 2016, to assist families affected by the February 6 earthquake carry out rebuilding efforts, we issued directives to our business units to take the initiative to help affected customers apply for financial relief funds and loan extensions for cash advances as needed.

Description

- Number of applications by households: **1**
- Amount of loans distributed for financial relief: **NT\$700,000**

First Bank To fulfill our corporate social responsibility and comply with the resolution proposed during the "Emergency Meeting to Discuss Financial Relief Measures for the February 6 Earthquake", we formulated and executed the "First Bank Program to Provide Payment Extensions and Reduced Interest Rates to Cardholders Affected by the February 6 Earthquake". Our program allowed customers affected by the disaster to apply for a 6-month payment extension on outstanding credit card balances including a temporary hiatus on interest payments for the duration of the extension. Accrued interest during the program period was borne by the Bank (the government also later provided a subsidy to cover 4% of the accrued interest).

Description

A total of two customers applied for the payment extension, comprising a total of **NT\$140,663** in deferred payments, resulting in **NT\$10,521** in interest payments forgiven by the Bank.

First Bank On June 16, 2016, procedural guidelines were issued for the directive titled "Financial Assistance for Households Affected by the February 6 Earthquake Requiring Loans for Home Rebuilding, Maintenance, or New Home Purchases".

Description

- Number of applications by households: **3**
- Amount of loans disbursed: **NT\$4,980,000**

First Bank On November 28, 2016, to accommodate the government's policy and to reduce the burden of making payments on outstanding debts among households affected by disaster, procedural guidelines were issued for the "Guidelines for Loan Payment Extensions and Interest Subsidies for Disaster Victims".

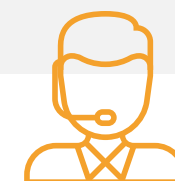
Description

- Number of applications by households: **5**
- Total debt extensions: **NT\$54,830,000**

First-Aviva Life Insurance To introduce measures providing expedited compensation and payment discounts for insurance premiums and loan interest to customers who experienced major losses due to the earthquake which struck Tainan on February 7, 2016, we established an emergency response team to actively follow up and report on the status of policy holders living in the disaster region. In addition, we set up a dedicated 0800 hotline for handling applications by policy holders for compensation claims and payment extensions for insurance premiums.

Description

- Number of applications by households: **1**
- Benefits paid out: **NT\$2,549,960**



First Care - Love for Taiwan

2-1. Strategies for Charity and Philanthropy

In 2011, FFHC established a volunteer service team which reflects our commitment to the spirit of "customer service comes first". By utilizing our advantage of having nearly 200 company locations spread throughout Taiwan, we set out in search of people and communities in need of our compassion and assistance, underscoring our dedication to the principle of supporting our local communities. Now, in the present stage, we are amassing our resources from each FFHC subsidiary and the First Education Foundation to expand the scope of the services we can provide to encompass four major areas – athletic competitions, compassion for society, caring for the environment, and promoting arts and culture – and in turn, we are extending our care and compassion to include people not just living in Taiwan, but also in areas overseas. Looking ahead to the future, we are taking steps to heed the call of the UN's initiative to achieve sustainable development goals (SDGs) and targets by adopting measures that seek to end world hunger and poverty and protect our water, forest, and oceanic resources as well as address climate change. Our aim is to boost the impact of our charitable endeavors by establishing cross-industry alliances with customers, vendors, and nonprofit organizations. In 2016, we organized a total of 323 charitable activities resulting in 11,724 beneficiaries with total event funding and donations amounting to NT\$58,386,000

2-2. Volunteer Services and Protecting the Disadvantaged

FFHC is committed to the principles of caring for others and working toward achieving environmental sustainability, ending poverty, bridging the urban-rural divide, and ensuring environmental sustainability. FFHC's volunteer programs in 2016 are divided into two main categories: "Green Volunteering", which promotes environmental education, and "Compassionate Volunteering", which promotes providing care and support services to disadvantaged groups. The number of volunteer activities and the number of persons who directly benefited from these programs have all increased dramatically. Meanwhile, the content of services provided encompassed a wide range of actions aimed at supporting local communities and endeavors, including picking organic produce and organic farming activities, trash cleanup in mountain and seaside areas, companionship activities for senior citizens, wetlands restoration, environmental stewardship activities, assisted reading and book donation drives, sorting receipts for fundraising purposes, assisting with solar panel installation, financial literacy courses, activities promoting environmental protection knowledge and awareness, and promoting local tourism industries. The number of volunteer events has expanded from 78 sessions in 2015 to 156 sessions in 2016. Volunteer participation has increased from 3,006 to 3,052 people, the annual number of beneficiaries grew from 6,774 to 10,565, and FFHC volunteers have recorded a total of 12,896 service hours. (Between 2011 and 2016, volunteers were dispatched a total of 11,781 times, benefiting 31,117 people and clocking in a total of 47,812 hours of service.)



• Service Hours Rendered by the FFHC Volunteer Team in Recent Years

Year	Hours	Number of Participants	Beneficiaries
January 2011 – December 2011	2,140 hours	535 people	1,148 people
January 2012 – December 2012	2,484 hours	621 people	2,001 people
January 2013 – December 2013	6,804 hours	1,701 people	4,073 people
January 2014 – December 2014	11,464 hours	2,866 people	6,556 people
January 2015 – December 2015	12,024 hours	3,006 people	6,774 people
January 2016 – December 2016	12,896 hours	3,052 people	10,565 people

Cumulative total **47,812** hours **11,781** people **31,117** people

Furthermore, FFHC teamed up with PLANET Technology Corporation, an FFHC corporate client, to jointly plan and launch an outreach program to provide care for disadvantaged schoolchildren. The adopt-a-school program for disadvantaged schoolchildren at Ankeng Elementary School, Zhongzheng Elementary School, and Erchong Elementary School, now in its seventh continuous year, provides additional educational resources and incorporates specialized guidance into schools by integrating a diverse range of resources which link the tangible facilities of schools together with teachers, social education professionals, community volunteers, and corporate volunteers. FFHC has also frequently arranged for schoolchildren to participate in a diverse array of outdoor learning activities, such as giving schoolchildren the chance to assume the role of environmental stewards by taking field trips to Yangmingshan National Park to help with ecological cleanup activities. Valuable experiences such as these allow children to acquire basic knowledge about local forest and mountain ecology. Furthermore, we also invited persons with physical disabilities to share their experiences and outlook on life with the schoolchildren, including teaching children how to embrace a more optimistic attitude in life. These activities expose children to the hardships faced by people who have physical disabilities, thereby helping children foster greater appreciation for their own bodies and instilling compassion to help others. In total, about 600 people participated in the program, resulting in a win-win situation for everyone involved including families, schools, and society as a whole.



FFHC's commitment to organizing compassionate activities has also branched out to other areas along the way, including local communities and rural areas. We donated an industrial-sized refrigerator to the Southern Airport Food Bank located in Wanhua District's Zhongqin village, which has the highest proportion of disadvantaged groups living in Taipei City. The newly-donated refrigerator will help the food bank continue to expand its compassionate program of providing food to those in need by keeping more food fresher longer, thereby directly helping more than 300 disadvantaged households of aboriginals, persons with physical and mental disabilities, and senior citizens who live alone to be able to obtain food donated by people from all corners of society and enjoy meals with others in a socially supportive setting. In addition, thanks to a glut in the supply of cabbage which caused a temporary decrease in price, First Bank was able to procure 52 metric tons of cabbage which we went on to donate to our customers and employees. In addition, we also invited disadvantaged schoolchildren from New Taipei City's Ankeng Elementary School and Zhongzheng Elementary School to participate in a DIY activity using the cabbage to create kimchi. The bottled kimchi was then donated to the "Southern Airport Food Bank", where it was subsequently distributed to disadvantaged families in need of assistance.

In addition, aboriginal children living in Dongxing Village, which is located in Taitung County's Beinan Township, often find it difficult to attend school due to their disadvantaged family backgrounds as well as the fact that the rural nature of their surroundings makes transportation arduous. Therefore, these schoolchildren must often rely on a local church which provides additional schooling for free. However, the vehicles used by the church to shuttle the children to and from school have been used for many years, and many are old and in a state of disrepair, casting doubt over their ability to safely transport children. Upon learning about these conditions, FFHC immediately took action by donating 11 second-hand PCs and 2 company cars which, while originally slated for replacement, were still in excellent working order. The addition of the two vehicles to the church's fleet now enables the young students to travel to and from their additional schooling at the church with greater safety and convenience. In addition, our donation has enabled the church to begin cooperating with a university to provide long-distance learning programs for the aboriginal schoolchildren, thereby broadening their access to educational resources and helping to bridge the urban-rural divide.



After teaming up for the first time in 2015, First Securities continued to cooperate with the Taiwan Premature Baby Support Association for the second year in a row by carrying out a series of charitable activities to help premature babies and babies with disabilities continue healthy growth and development. We also teamed up with healthcare professionals to compile a pamphlet entitled "Caring for Premies: A Parent's Handbook". Over 3,000 copies were printed and then distributed in conjunction with the Taiwan Premature Baby Support Association during a series of 4 lectures on how to care for newborns which allowed parents to share their experiences caring for their babies accompanied by healthcare experts and physical therapists. Moreover, in October 2016, FFHC also held the "Shining Star Singing Competition" event in Taipei City underground mall Plaza No. 1. We invited family counseling members from the Taiwan Premature Baby Support Association and Taipei City Autism Foundation to join in the fun. Then, in December, we held an indoor "fitness" event for premature babies at the children's play center located on the 7th floor of the Living Mall in Taipei City, giving premature babies and children with disabilities an opportunity to engage in activity outside of the home and boost their self-esteem.

Northern Taiwan



Charity Support Events 30

- Southern Airport Food Bank ("Providing Warmth in Winter" charity sale event)
- Southern Airport Food Bank ("Providing Warmth in Winter" Christmas charity sale event)
- Southern Airport Food Bank (Disadvantaged persons helping others with disadvantages)
- Man Fair Sheltered Workshop (Collected donations of second-hand items and provided companionship during holidays)
- Rural health clinics in Hualien, Penghu, and Cambodia (3 sessions)
- NTU Caring & Compassion Series (6 sessions)
- "Protecting Our Premies" program series (6 sessions)
- Rural areas in Taitung - "Protecting Our Love" (Donation of vehicles to a church in Taitung)
- First Securities - Financiers on Campus (2 sessions)
- "Get Out and Give" Blood Drive (4 sessions)
- Promoting Child Safety Education series (3 sessions)
- FFHC Volunteers - Keep Our Country Beautiful

Green Volunteering Events 24

- Linkou Journey to the West Organic Farm (21 sessions)
- Taoyuan Kind Garden
- Muzha Cui Lake
- Rongxing Garden Park Wetlands

Taoyuan, Hsinchu, and Miaoli Region



Charity Support Events 10

- Wisdom Care Home (Providing assistance and feeding mobility impaired persons and teaching basic exercises)
- St. Francis Preschool (Financial literacy accompanying children)
- Reindeer Children Home (Exploring dreams through art, accompanying students during holidays)
- Happy Home Educational Facility (Provided mealtime assistance to students through fun activities)
- Fulin Village Community in Hsinchu (helping to cook meals for neighbors)
- Taoyuan Kind Garden (Gardening assistance and companionship)
- Yu An Children's Home (Provided mealtime assistance to students)
- Catholic Hua-Kuang Center for the Development of the Disabled (Educational materials and companionship)
- Fu-Sing Elementary School in Emei Township (Educational materials and companionship)
- FFHC Volunteers - Caring for the Planet and Environmental Sustainability

Green Volunteering Events 1

- LOHAS Preschool

Taichung, Changhua, and Nantou Region



Charity Support Events 7

- Long-Yan-Lin Welfare Association in Zhongliao Township (Provided home cleaning assistance and companionship during holidays)
- Home Care for Persons with Physical and Mental Disabilities (Provided mealtime assistance to students)
- Daniel A. Poling Memorial Babies' Home, Taichung (Accompanied children and read storybooks, donated educational materials)
- Nantou Concern with Love Organization (Accompanied seniors living alone and provided companionship during holidays)
- Tzu Sheng Ren Ai-Yih Asylum for the Disabled (Provided care to children and companionship during holidays)
- Cing Shuei Elementary School in Zhongliao Township, Nantou County (Donated a dulcimer and organized fun activities)
- Taichung Christian Herald Children's Home (Provided home cleaning assistance and companionship during holidays)

Green Volunteering Events 2

- Zhuzaikeng Ecological Park, Taichung
- LadyBird Organic Farm

Yunlin, Chiayi, and Tainan Region



Charity Support Events 9

- Tainan Luer Community and Development Association (Provided meals and companionship over the Lunar New Year)
- FFHC Parking Lot (Helping Our Neighbors - "Providing Warmth in Winter" Event)
- Anren Home in Chiayi (Helped residents write thank-you cards)
- Lian Xin Yuan Education and Nursing Center (Donated DIY fragrance sachets for daily use)
- Shangding Village Community in Tainan (Donated daily necessities and companionship to seniors)
- Chiayi County Spinal Cord Injuries Association (Volunteered to help sort through receipts)
- Zhan-Yi Bakery (Donated a full-sized oven and participated in a mooncake baking activity)
- Chiayi County Welfare and Service Association for Hearing and Speech Impairment (Helped sort through receipts)
- Hung-Chia Sanctuary Center (Helped sort through receipts and donated solar panels)

Green Volunteering Events 1

- Tiangong Children's Home

Kaohsiung and Pingtung Region

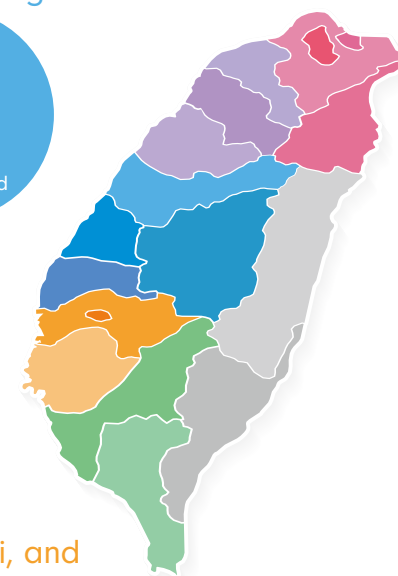


Charity Support Events 6

- Kuo Hsing Cup 10k Charity Run (Held on behalf of persons in irreversible comas)
- Jin Tan Primary School, Linyuan District (Teamed up with corporate clients Toseva Group and Taieasy Group to express our love)
- Table Tennis Summer Camp at Fu Cheng Senior High School (Giving the Disadvantaged a Boost - Light It Up! Ping Pong)
- Kind Lead School Cultural and Education Association
- Jin Tan Primary School, Linyuan District, Kaohsiung
- Helping Our Neighbors - "Providing Warmth in Winter" Event

Green Volunteering Events 10

- Kaohsiung Shanhaiguan Farm (10 sessions)



Held a total of 48 financial education activities in schools and local communities throughout Taiwan, 3 sessions of the disadvantaged schoolchildren program, donated company vehicles and PCs to a church in Taitung, and made charitable donations on behalf of victims affected by the earthquake in Tainan and typhoon Taitung; also supported the Financial Service Industry Education Foundation and the NCKU Student Assistance Program


Charity Support Events: 118
 Green Volunteering Events: 38
 Total of 156 Charitable Activities

2-3. Promoting Child Safety Education

In the course of promoting knowledge of preventive safety measures among children and parents, our hope is that providing adequate child safety education can have the same preventive effect that insurance has by helping to avert accidents involving children and, in the event of an emergency, effectively reduce the severity of accidents or eliminate certain risks entirely. Since 2007, First-Aviva has worked with the Jing Chuan Child Safety Foundation to organize a series of child safety education activities. Over the course of our cooperation, we indirectly impacted a 2012 regulatory amendment which stipulated that "the seat belts of passengers traveling in the backseat of a moving sedan must be securely fastened at all times". In addition, we have jointly held the "Child Safety Family Camp" for six years in a row, in which scholars and experts in the area of child safety education are invited to share and discuss knowledge concerning child rearing with parents. During the camp, children also put on theater performances and participate in confidence-building activities which help instill important safety knowledge and habits. Details concerning the results achieved through these activities are as follows:

	Resources Provided	Results	Social Impact
2007	"Backseat passengers must fasten their seat belts" - Promoted relevant legislation and an awareness campaign	Many people in Taiwan still lack awareness about the importance of fastening their seat belts when riding in the backseat of a car. In light of the fact that one of our primary missions as an insurance provider is risk management, we teamed up with the Jing Chuan Child Safety Foundation to promote seat belt safety awareness and supported a legislative amendment to require passengers to fasten their seat belts when riding in the backseat of a car.	Through our coordinated efforts, which included holding press conferences, drawing competitions, and making radio advertisements, a regulatory amendment requiring that "seat belts of passengers traveling in the backseat of a moving sedan must be securely fastened at all times" was finally passed in 2012.
2008	By making use of our core competencies to continue promoting a series of child safety education programs and activities – which we consider to be our duty for the greater good of society – we have not only seen an increase in the scope, number, and types of events and programs, but also achieved a tangible impact on a deeper level. In addition, as a result of our longstanding commitment to improving child safety, First-Aviva has received widespread support and praise from our policy holders and the general public.	For 6 consecutive years, we have held annual child safety camps which stress the importance of taking responsibility for one's own safety. By focusing on promoting specific safety measures to help prevent personal injuries and accidents at school, in the car, and at home, we are helping schoolchildren cultivate useful knowledge and habits which enable them to better look after their own safety. Furthermore, we have also continued to hold seminars and lectures for parents on the topic of child safety to augment their knowledge, abilities, and overall awareness of safety principles, thereby equipping parents with ways to protect and forge closer bonds with their children. <i>For six consecutive years, we have held drawing competitions to promote child safety. The competitions also give children an opportunity to explore the importance of safety and express their knowledge through drawing. During the course of unleashing their creativity, children also deepen their understanding of critical safety concepts.</i>	Over the past six years, as many as 2,550 families have participated in our child safety camps. These safety camps boost motivation and interest in learning among children through a variety of diverse activities including theater performances, confidence building games, and parenting lectures and seminars. <i>Artwork created by students who participated in the competitions is also further utilized to promote child safety education by being incorporated into children's game books, online art exhibitions, creative desk calendars, journals, and more which are then distributed to customers and the general public to achieve a more widespread impact.</i>
2013		From 2013 to 2015, we independently published children's safety game books showcasing award-winning artwork created by students during the child safety drawing competitions held each year. The books are jointly prepared and designed by First-Aviva and the Jing Chuan Child Safety Foundation to highlight important safety concepts for children, and over the years our policy holders have expressed heartfelt praise and appreciation for our efforts.	The children's game books for promoting safety awareness are distributed free of charge at numerous FFHC company locations, allowing children to learn more about important safety concepts through engaging and inspiring visual art.

	Resources Provided	Results	Social Impact
2015		In 2015, we expanded the scope of our child safety camp to include three schools participating in FFHC's adopt-a-school program, resulting in more than 900 parents and children attending the camp.	Combined the resources of FFHC's various subsidiaries for the first time ever to promote social cohesion in local communities and reinforce awareness of child safety education.
2016		We have also teamed up with the Jing Chuan Child Safety Foundation for many years in a row to hold a charity flea market, a charity sale event in which all proceeds are donated to the Jing Chuan Child Safety Foundation. On the same day, First-Aviva also held a 1-day employee donation drive, encouraging colleagues to make a donation equal to one day's salary to help promote an atmosphere and culture of charity in the workplace.	Assisted the Jing Chuan Child Safety Foundation to hold fundraising activities to cover costs associated with promoting child safety education and rehabilitation services for children with injuries.



Number of participants: **2,550 Families** Funds Raised: **NT\$8.24 million**
 Number of Children's Game Books Issued: **50,000** Total Funds Raised: **NT\$1.94 million**




2-4. Providing Lifestyle Lectures and Clinical Services in Rural Areas

Since 2011, First Bank has actively worked to organize a series of lectures on healthy living to provide meaningful knowledge and core principles on how to cultivate a healthier lifestyle. We have also continued to team up with large medical institutions and hospitals to provide vital healthcare services to people living in rural areas, underscoring our commitment to community outreach in rural parts of Taiwan, including organizing a preventive healthcare awareness campaign designed to inform the public about basic health education. In the wake of the Company's continued drive to expand on a global scale, First Bank has remained committed to supporting local communities and expanding our compassionate care efforts to include other areas overseas. Since 2015, our volunteers and representatives have traveled to Pursat Province, Cambodia – a rural area accessible by a 3-hour car journey from the nearest urban center – for two consecutive years. Through our overseas mobile clinic program, we have provided local residents with general medical services and surgical procedures, dental care, and physical therapy along with donations of important everyday necessities. Our efforts have helped more than 600 families, and nearly 3,000 persons were able to obtain medical treatment and services through the program, allowing us to express our care and concern to rural communities in Cambodia and show compassion in a way that transcends national boundaries and language barriers.

• Overview of Healthcare Lectures & Seminars in 2016

Month	Location	Theme
5	NTUH International Convention Center	Lecture: "Being Healthy Starts with Good Breathing Habits"
6	Wufu Branch	Lecture: "Ways to Stay Healthy and Happy, One Day at a Time"
8	International Convention Center Kaohsiung	Lecture: "Strengthening the 3 Energies: Healthy Qigong for a Healthy Life"
11	Auditorium on the 22F of the Headquarters Building	Lecture: "Strengthening the 3 Energies: Healthy Qigong for a Healthy Life"



• Overview of Mobile Rural Clinics in 2016

Month	Region	Description of Programs and Events
6	Cooperation Between First Bank and Menno-nite Christian Hospital to Organize a Free Mobile Clinic in Zhuoxi, Hualien	Provided hepatitis screening and eyecare services, healthcare to residents in rural mountainous communities, and implemented a preventive healthcare awareness campaign.
7	Overseas Charitable Work Support for Rural Communities in Cambodia	FFHC partnered with one of its customers, the Taieasy Group, to offer free clinical services in Cambodia, including dental checkups, physical therapy, and various other medical services. In addition, we also ventured deep into the remote region of Pursat province in Cambodia to distribute medicine and other important daily items such as clothing, towels, toothpaste, soap, and food.
8	Cooperation Between First Bank and Taipei Medical University to Provide Free Clinical Services in Penghu	Services included free urinalysis, eye checkups, dental checkups, physical therapy, and cardiovascular checkups using ultrasound and electrocardiogram tests, and more. In addition, we engaged a well-known hair salon to provide free haircuts and also provided rice, soap, and other important daily items and staples, and also sponsored the Taipei Medical University (TMU) medical team to organize a mobile clinic providing 25 free clinical sessions in a total of 21 villages.



2-5. Financiers on Campus

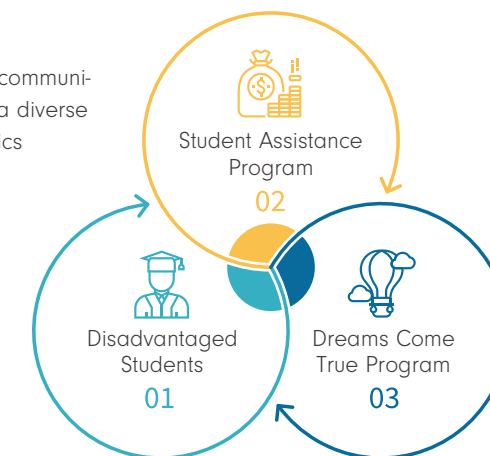
First Bank coordinated with the Financial Supervisory Commission (FSC) to hold our "School and Community Financial Education" program series at a total of 48 schools located throughout Taiwan, including in Taipei City, New Taipei City, Yilan, Taoyuan, Miaoli, Taichung, Nantou, Chiayi, Tainan, Kaohsiung, and Pingtung, as well as on the outlying islands of Lienchiang and Penghu. The program is intended to promote knowledge pertaining to financial wealth management and cultivate good spending habits by providing participating students with basic knowledge and instruction on the fundamentals of banking and finance. The program, which helps realize our goal of spreading financial awareness, was commended by the Financial Supervisory Commission and attracted 7,084 participants. In addition, to promote financial knowledge and cultivate future talents in the finance industry, First Securities teamed up with Ming Chuan University to jointly hold 2 on-campus sessions featuring lectures by wealth management professionals. The program, which helps identify students with potential to pursue a future career in banking, attracted nearly 100 outstanding students to show up and listen to the guest speaker. Furthermore, a total of 24 promising students were invited from top schools including National Taiwan University (NTU), National Central University (NCU), Chung Yuan Christian University (CYCU), Ming Chuan University (MCU), and National Taipei University of Business (NTUB) to participate in a conference on financial practices and internship courses.



2-6. Charitable Donations and Sponsorships

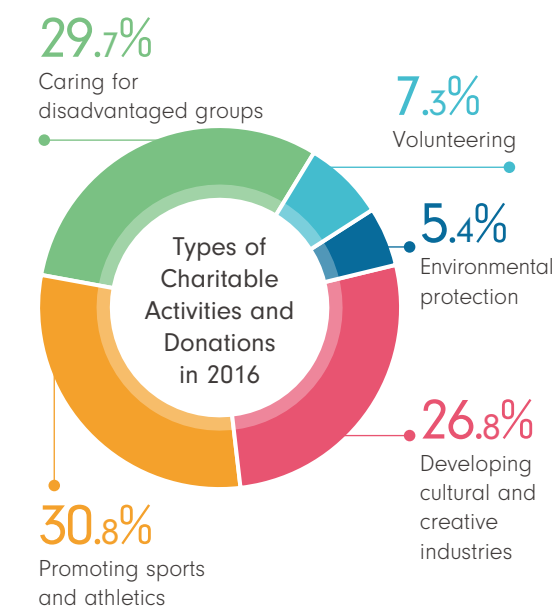
FFHC believes that the financial industry should strive to fulfill its corporate social responsibility and help prepare the next generation of students to grow into capable and productive members of society. For six consecutive years, we have sponsored the NCKU Student Assistance Program with a cumulative total sponsorship amount of NT\$13,000,000 which has, to date, directly benefited more than 500 young students from economically disadvantaged backgrounds. The program enables students in need of financing to continue their educational pursuits and change their lives for the better without having to worry about their family's financial ability. At present, the vast majority of students who participated in the program have gone on to obtain steady careers. In addition, National Cheng Kung University (NCKU) has also launched the "Dreams Come True Program" which enables participating students to repay loans received through the program after graduation, thereby creating a virtuous cycle of assistance to students which can continue indefinitely. We are also continuing our commitment to sponsoring the Financial Service Industry Education Foundation, which provides tangible support to students from economically and socially disadvantaged backgrounds in order to help them achieve their educational goals and have the means to participate in various programs offered by financial education training organizations and other financial education courses organized by various institutions, thereby equipping them with practical knowledge about the financial industry which will help them succeed and improve their family's economic status.

In 2016, FFHC demonstrated its support and compassion for local communities and persons from disadvantaged backgrounds by organizing a diverse variety of charitable outreach activities, including sports and athletics competitions, educational and cultural charitable activities, and fundraising events which helped generate a total of NT\$58,386,000 in charitable donations.








Moreover, in 2016, First Bank provided 11 charitable organizations with a chance to advertise for free through the Bank's electronic direct mail (EDM) and credit card statements, allowing their messages to reach First Bank's customers and employees. As of the end of December, 2016, First Bank customers made a total of NT\$300,003,002 in charitable donations using their credit cards. The following charitable organizations received sponsored advertising through First Bank:

Date	Charitable Organizations and Foundations
2016 / 1 / 1	Hondao Senior Citizen's Welfare Foundation
2016 / 2 / 1	R.O.C. Down Syndrome Foundation
2016 / 3 / 1	Chinese Christian Relief Association
2016 / 4 / 1	Chinese Employment Association
2016 / 5 / 1	Children Are Us Foundation
2016 / 7 / 1	Sunshine Foundation
2016 / 8 / 1	NPOchannel Charity Platform
2016 / 9 / 1	Cosmic Light Holistic Care
2016 / 10 / 1	Chinese Children & Shelter Association
2016 / 11 / 1	Waker Group
2016 / 12 / 1	NPOchannel Charity Platform



• Overview of FFHC's Charitable Programs and Donations in 2016

Item	Category	Amount Donated
 Volunteering	Charitable events and services	4.277 million
 Environmental Awareness	First Financial Carnival, AMC Organic Sweet Potato Picking and Donation Event, FFHC Green Volunteering Events	3.113 million
 Cultural Activities	Northeast Coast Sunrise Concert, 4 large-scale concerts, 9 spring couplet lunar new year events, 4 health seminars on mental and physical well-being, 12 art exhibitions, sponsorship of the Continental Watercolor Art Hwa-Yang Award Ceremony, sponsorship of the Accounting Research and Development Foundation, sponsorship of the 28th Annual Accounting and Debate Tournament, Sharing Economic Forum, and 2016 FinTech x Taiwan	15.655 million
 Community Outreach	3 adopt-a-school programs for disadvantaged schoolchildren, FFHC charity banquet, disaster relief for the earthquake in Tainan, home rebuilding relief efforts for victims in Taitung affected by Typhoon Nepartak, donations to the NCKU Student Assistance Program, the Financial Service Industry Education Foundation's Taiwan Financial Services Roundtable (TFSR), 6 charity concerts, 3 temporary rural clinics, 4 premature baby support activities, 4 sessions of equal rights for the blind and blood donation events, 2 sessions of activities promoting child safety education, and sponsorship of Chia Yi Elementary School in Kaohsiung to travel to Chengdu, China to take part in a cultural exchange.	17.355 million
 Sports and Athletics	MOF run and walkathon charity event, table tennis tournament, table tennis summer camp, boy's table tennis team, and tennis tournament.	17.986 million

Total **58.386** million

2-7. Supporting Social Enterprises

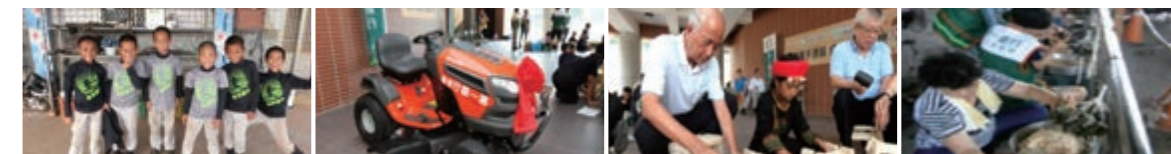
FFHC teamed up with ten small organic farms which operate under the guidance of the Tse-Xin Organic Agriculture Development Foundation to hold a 4-day "Organic Bonanza" charity event from June 20 to June 23, 2016. Each of the ten farms took turns showcasing their organic produce and other products to FFHC employees in the company cafeteria during lunchtime. The farmer's storytelling-based marketing approach was well-received by employees, resulting in the successful sale of a large quantity of goods. In just four days, the farmers racked up nearly NT\$300,000 in sales – nearly unloading their entire inventories in the process – and leaving everyone with a hefty bounty to take home.

In September, FFHC also teamed up with Taipei 101 and 23 social enterprises from throughout Taiwan along with the organic farms to jointly hold the "First Financial Green Living Fun" carnival event. In addition to inviting Jam Hsiao, a famous singer, to serve as the event's spokesperson, FFHC also helped cultivate a fun and exuberant atmosphere which included a green lawn for participants to sit on and enjoy a picnic. A huge variety of organic fruits and vegetables as well as social enterprise merchandise was also provided for sale, allowing the general public to experience firsthand FFHC's dedication to corporate social responsibility and eco-friendly green living. Over the course of the three-day event, more than 18,000 visitors attended in the festivities, resulting in impressive sales of nearly NT\$350,000.



2-8. Cross-Industry Charitable Programs

FFHC serves more than 5 million customers at more than 200 company locations throughout Taiwan. By adhering to our core principle of supporting local communities, we frequently organize charitable activities which allow us to maintain close-knit relations with local residents and be a good neighbor by doing our part for society. In 2016, we also teamed up with our business customers to hold various cross-industry charitable programs and events, allowing us to expand the scope and reach of our charitable programs. Participating customers encompassed numerous fields including technology, construction, traditional industries, steel, tires, colleges and universities, and nonprofit organizations. By banding together and combining our resources, we were able to express our care and concern on a much larger scale, thereby reaching more people through meaningful and constructive charitable efforts.



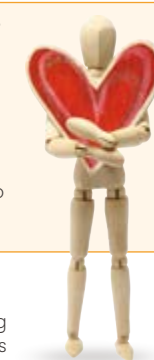
Helping Children in Rural Areas Explore Dreams Through Art / Yuanshan Charmander

At the end of August, chairman Ching-Nien Tsai visited a sunshine-filled rural area on the outskirts of Kaohsiung to make a concerted effort to promote cross-industry charitable programs, including teaming up with TS Chou, the chairman of the Toseva Group, which imports lumber materials into Taiwan, to join together to express our care and concern in rural communities, including visiting the Jin Tan Primary School baseball team and disadvantaged schoolchildren from Saijia Elementary School, and accompanying children in a DIY activity for assembling and painting wooden stools which had been jointly donated to the school. In addition, a full-sized lawn mower was donated to the school to help maintain their baseball field, and 6 second-hand PCs were donated to provide educational assistance to the schoolchildren. Not to be outdone, the Toseva Group donated baseball equipment while the clothing producer Taieasy Group stepped up to the plate to express their care by donating baseball uniforms, baseball caps, and practice uniforms in a token of appreciation and care for the community which reflects our commitment to fulfilling our corporate social responsibility. Indeed, it was a very moving experience to see the chairmen and management teams from different corporate customers join together to lend a helping hand to schoolchildren in this rural community.



• Overview of Cross-Industry Charitable Programs in 2016

Category	Customer	Content	Social Impact
Lumber industry	Toseva Group	Painting Your Dreams DIY Wooden Stools	<ul style="list-style-type: none"> Teamed up with the Toseva Group and local artists Chen Wen-Lung and Hung Shui-Cheng in a DIY art event in which children painted a total of 150 wooden stools. Donated a full-sized lawn mower to help the school maintain its baseball field. Donated second-hand PCs to help children in rural communities learn and study more efficiently.
Clothing industry	Taieasy Group		Teamed up with the Taieasy Group to express our care and concern by donating a total of 190 articles of clothing for baseball uniforms and other supplies.
Animal industry	Kuo Hsing Poultry & Livestock Feeds Co Ltd	Charity Run/Walkathon	A charity run/walkathon event was organized to raise funds for persons in irreversible comas, allowing families to be obtain adequate care and treatment for their loved ones.
Steel Industry	Jiang Chen Industrial Co., Ltd.	Dragon Boat Festival - "Expressing Our Love" Event	Visited senior citizens who live alone and children and families from disadvantaged backgrounds to hold a Dragon Boat Festival themed activity to make zongzi (a type of snack made from glutinous rice wrapped in leaves). A total of 2,000 zongzi were made and distributed to the disadvantaged families.
Hardware and machined parts	Yuh Chyang Hardware Industrial Co., Ltd.		
Plastics materials and manufacturing	Ying Fang Ent. Co., Ltd.		
Automotive components	Kamak Dynamics		
Construction	Hung Chi Construction Co., Ltd.		
Education field	Yuanpei University of Medical Technology (YPU)		
Plastics industry	Heytaihai Corporation	Mid-Autumn Festival - "Expressing Our Love" Event	Donated a full-sized oven to Zhan-Yi Bakery, a charitable organization which helps children, thereby helping them to expand their baking facilities and production capacity.
Electronics industry	Hsiang Yih Enterprises, Co., Ltd.		
Electronics industry	Luminlite Electronics Co., Ltd.		
Electronics industry	Everworth Technology Co., Ltd.		



Total resources committed to cross-industry charitable programs **Total funds raised: NT\$445,562**
Volunteers and Beneficiaries: Total of 152 volunteers and more than 456 beneficiaries

First Dream - Pride of Taiwan

3

3-1. Table Tennis Training

For more than two decades, FFHC has maintained a long-term commitment to supporting and sponsoring various sports and athletic activities. Because athletes require long-term planning and systematic training and support to achieve success, we systematically, progressively, and continuously strengthen sports and athletic programs at the grassroots level to cultivate future athletic stars in various ways such as by establishing a table tennis team and sponsoring school athletes. Among the athletes we support, Liao Cheng-ting has been selected to join the national team and national juniors team every year. In August, 2016, Liao turned in an incredible performance at the ITTF World Tour Bulgaria Open, where he earned a gold medal (men's singles) and a silver medal (men's doubles). He also later went on to take home the gold (men's singles) during the 2016 ITTF World Tour Grand Finals U21, achieving glory and recognition both for himself and for Taiwan on the international stage. Another talented table tennis player, Lai Chi-Chien, also had a spectacular year in 2016, including taking home the silver medal (boy's singles) at the ITTF World Junior Circuit Finals U18. In 2016, First Bank continued to provide sponsorships to a total of seven schools – Shiu De Elementary School in New Taipei City's Sanchong District, Juguang Elementary School in New Taipei City's Banqiao District, Yilan Elementary School in Yilan County, Nancheng Elementary School in Kaohsiung City's Fengshan District, Fu Cheng Senior High School in Kaohsiung City, Haishan Senior High School in New Taipei City, and National Taiwan Sport University – amounting to a total athletic sponsorship amount of nearly NT\$12 million.

• 2016 First Bank Table Tennis Team - Medals Earned in Competition

Player	Award
Liao Cheng-ting	<ul style="list-style-type: none"> ITTF World Tour Grand Finals U21 - Gold (Men's Singles) ITTF World Tour, Bulgaria Open - Gold (Men's Singles), Silver (Men's Doubles) Belgium Open U21 - Gold (Men's Singles)
Yang Heng-Wei	<ul style="list-style-type: none"> TT Taiwan Nationals - Gold (Men's Singles), Bronze (Men's Doubles), Gold (Mixed Doubles)
Lai Chi-Chien	<ul style="list-style-type: none"> French Junior & Cadet Open - Silver (Boy's Singles); Silver (Boy's Doubles) Jordan Junior & Cadet Open - Silver (Boys' Team); Silver (Boy's Singles); Silver (Boy's Doubles) India Junior & Cadet Open - Gold (Boys' Team); Bronze (Boy's Singles) Chinese Taipei Junior & Cadet Open - Bronze (Boys' Team); Silver (Boy's Doubles) ITTF World Junior Circuit Finals - Silver (Boy's Singles)



3-2. FFHC Table Tennis and Tennis Tournaments

Since 2009, FFHC has held the nationwide "First Financial Holding Table Tennis Tournament" for eight consecutive years, during which time more than one hundred teams have competed each year. Moreover, in 2016 we held the "First Bank Table Tennis Summer Camp" in which we brought in national-level instructors to provide participants with coaching and guidance. In the future, we look forward to working together with more companies to continue promoting the development of sports and athletics in Taiwan, and we strongly believe that our efforts will cultivate new athletic stars in table tennis – and perhaps even result in Taiwan's next table tennis champion.



In addition, to cultivate and encourage more interest in tennis on the national level, FFHC has worked for seven consecutive years together with Maxxis Group, a business customer, to hold the "First Holding Maxxis Cup National Tennis Team Tournament", which spans multiple age groups and skill levels including an elementary school division, university division, open division, and master's division. After receiving widespread acclaim and praise over the years, the tournament is now the largest of its kind in Taiwan and features the greatest total prize pool. In 2016, nearly 900 tennis players showed up to compete in the tournament. Over the last seven years, the tournament has attracted over 10,000 tennis enthusiasts young and old to build up a huge loyal following!



3-3. Supporting the Development of Young Entrepreneurs and SMEs

FFHC has achieved synergy of our corporate social responsibility and financial business by incorporating the concepts of environmental protection, giving back to the community, and promoting charitable endeavors into our core operations. In terms of how we are helping to boost financing for business development, most emerging industries and SMEs tend to lack the scale or steady revenue needed to qualify for loans. Reflecting our commitment to helping local industries thrive, First Bank has extensively worked with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (SMEG) to expand our lending services to domestic SMEs, thereby helping them grow and expand. These actions also stimulate domestic economic growth and spur job creation. For FY2016, our SME loans totaled NT\$647.8 billion, a year over year increase of \$39.6 billion. Consequently, FFHC has remained the number one bank in Taiwan in terms of SME lending market share for 7 years in a row and received numerous awards and honors, including taking first place in the "Enhanced SME Lending by Domestic Banks" competition. FFHC also works hard to provide assistance to young entrepreneurs who require revolving working capital loans. In 2016, we worked with 309 clients on such cases which earned us various honors through the Small and Medium Business Credit Guarantee Fund (SMEG) including the "Credit Guarantee Partnership Award" and "Young Entrepreneur Assistance Award", underscoring our role as the best partner for small and medium enterprises and young entrepreneurs in Taiwan.



Furthermore, First Bank also helps provide cooperating SMEs, micro-enterprises, and young entrepreneurs with avenues for reaching customers and expanding sales channels for their products, thereby helping to provide greater exposure and increase the brand recognition of their products. In 2016, we helped 44 SME clients to roll out their products on the "First Pay" platform, which gives employees and customers a chance to buy new products. In March 2016, we joined together with Retail System Co., Ltd. in a joint venture to establish a new fintech company called Turn Cloud Tech, which provides customers with all-in-one financial solutions combining payments, banking services, business management systems, and electronic invoicing.

Type	2014 New Loans through SMEG	2014 Loan Amount	2015 SMEG New Loans	2015 Loan Amount	2016 SMEG New Loans	2016 Loan Amount
SMEs	NT\$123 billion	NT\$585.5 billion	NT\$116.4 billion	NT\$608.2 billion	NT\$125.3 billion	NT\$647.8 billion
Micro Loans for Female Entrepreneurs	NT\$21 million	NT\$68 million	NT\$26 million	NT\$67 million	NT\$32 million	NT\$72 million
Loans for Young Entrepreneurs	NT\$520 million	NT\$1.27 billion	NT\$450 million	NT\$1.24 billion	NT\$320 million	NT\$1.08 billion



First Culture - Grassroots Cultural Development

4

FFHC has made the promotion of art and cultural development in Taiwan an important goal, and we are very committed to supporting aesthetics education in Taiwan. Since 2006, FFHC has regularly hosted annual symphony orchestras and pop culture concerts in northern, central, and southern Taiwan which include performances by emerging talents in art and culture. In addition, beginning in 2011, the FFHC headquarters building was transformed into the "First Art Space". Each month, the venue provides artists with a vital space to exhibit their creative works, demonstrating our effort to boost the development of local arts and culture in Taiwan.

4-1. Extending Support to Cultural and Creative Industries

To support the development of the domestic cultural creative industry, First Bank fully cooperates with relevant government policies by actively issuing cultural creative industry loans. In 2016, we lent out more than NT\$22.3 billion, an increase of NT\$5.7 billion from 2015.

First Bank provides funding needed for Taiwan's domestic film industry, with productions in recent years including hit movies such as Cape No. 7, Jump! Boys, Twa-Tiu-Tiann, and Yes, Sir 7, underscoring our commitment to the creation of domestic movies. In contrast to the circumstances involved in issuing regular loans, First Bank has developed specialized financing plans tailored to the creative industry and consults with knowledgeable insiders in the film industry in order to review and approve loans for the creation of domestic films. This includes closely analyzing the content of the project plan and taking into consideration the genre of the film, cast, selection of available directors, production studios, and other factors in order to determine the final conditions for making the loan. This stringent process is further backed by a 60% to 80% credit guarantee by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (SMEG), and interest rates generally fall between 2.5% to 3.5%, thereby presenting the domestic film industry with favorable financing solutions and rates which allow necessary funds to be raised in order to smoothly complete the film production process. First Bank is also involved from another angle by acting as a trustee bank for the assisted funding of newly-produced domestic films. In our present capacity as a trustee bank, First Bank is responsible for more than 80% of all assisted funding projects for films in Taiwan, and over the past six years we have undertaken nearly 100 assisted funding projects on behalf of the domestic film industry. In a bid to assist in the development of the domestic film industry, First Venture has also made substantial investments to provide production funding for numerous domestic films and television series in Taiwan including Black & White and Pili Puppet Drama.

4-2. Cultivating Cultural and Artistic Engagement with Musical Festivals

First Bank is a longstanding supporter of local arts and culture. In 2016, in addition to regularly holding large-scale concerts in northern, central, and southern Taiwan, we also cooperated with Chan & Chang Business Consulting Co., Ltd. in Shanghai to organize overseas concerts which were especially popular among local Taiwanese businessmen, who attended in great numbers. A total of four overseas concerts were held which drew in a combined total of more than 8,750 attendees. In addition, the concerts also provided an opportunity for schoolchildren from rural communities to put on performances showcasing their unique culture. Aside from cultivating a new and highly promising type of art and culture festival, the concerts also adopted a unique approach of mixing orchestral and pop music, resulting in across-the-board praise from customers and employees alike. Moreover, First Bank went a step further by inviting persons with physical and mental disabilities from disadvantaged groups and various social welfare institutions to enjoy the festivities together. Each of the concerts drew large crowds, with upwards of 3,000 to 4,000 people attending each performance to enjoy the music and festive atmosphere. Since 2006, we have held a total of 27 large-scale orchestral concerts featuring classic musical selections which instill a sense of positivity and harmony in society.

Title	Location	Individual Performers	Group Performances
Classic Hits Concert - Ode to Spring	Taipei International Conference Center	Yin Cheng-yang, Kao Hui-chun, Taoshan Elementary School	Northern Region Senior Citizens' Home Jen Ji Shiang Social Service Institute
FFHC Classic Hits Orchestral Concert	Shanghai Concert Hall	Yin Cheng-yang, Tseng Hsin-mei, Shen Wen-cheng	Local Taiwanese compatriots
Top Ballads Concert - Summer of Love	Hui-Sun Auditorium, National Chung Hsing University	Tsai Hsiao-hu, Chou Hui and the Sinapalan Elementary School Children's Choir	Tsu-Hsin Children's Home, Hsiang Shang Social Welfare Foundation, En-Huei Children & Youth's Home
Classic Christmas Carols "Le Havre"	Performing Arts Center, National Kaohsiung Normal University	Chao Yung-hua, Hsu Fu-kai, and the Jia Yi Elementary Children's Choir	Co-Life Home



4-1. Supporting Local Art Traditions

In 2011, the First Education Foundation set out to transform the first and second floors of the FFHC headquarters building into the "First Art Space", providing space in which local artists can exhibit their art for free. From 2011 to 2016, we held a total of 69 exhibits using the space which has in turn attracted over 13,800 visitors.

Exhibition Date	Exhibition Theme
1 / 5 - 1 / 26	Master Artist Chen Yang-Chun and the 7th Continental Watercolor Art Hwa-Yang Award Ceremony
2 / 2 - 3 / 1	"The Passage of Spring" - Shen Tung-jung Oil Painting Solo Exhibition
3 / 8 - 3 / 29	"A Dialog with Space and Time" - Lan Jung-Hsien Solo Exhibition
4 / 7 - 4 / 28	"Tranquil Stillness of the Awaiting Deity" - Yang Tse-yun Solo Exhibition
5 / 4 - 6 / 1	"A Single Row · A Steel Cable Linking the World Together - Presenting a Vision of Taiwan to the World" Kang Muxiang Solo Exhibition
6 / 7 - 6 / 28	"Transcending Limits - Hsu Wen-Jung Mixed Media Exhibition" Hsu Wen-Jung Solo Exhibition
7 / 5 - 7 / 26	"Mother Glaze: An Exhibition of High Temperature Wood-Fired Ceramics" by Lin Rui-hua
8 / 2 - 8 / 23	"The Beauty of Our Earth" - Huang I-Ming Western Art Exhibition
9 / 6 - 9 / 27	"Resplendent Scintillation" - Hong Chung-Yi Solo Exhibition
10 / 4 - 10 / 25	"Perfect Beauty - A Formosan Love Affair" - Lin Hsien-Tsung Oil Painting Solo Exhibition
11 / 8 - 11 / 28	"First Bank 118th Anniversary Photography Exhibition" - Special Exhibition of Photographs by First Bank Employees
12 / 6 - 12 / 27	"Kuo Tong-Jong at 90: Special Retrospective Exhibition"



To usher in the Lunar New Year in 2016, First Bank also coordinated with the First Education Foundation to hold the "Year of the Monkey Spring Couplet Calligraphy Event". Famous painters and calligraphers were invited to visit 9 bank branches located throughout Taiwan where they demonstrated their mastery of traditional Chinese arts. In all, the event was attended by nearly 2,250 people, and complimentary gifts were handed out including spring couplets written on the spot by the artists as well as auspicious wealth charms, red envelopes, and desk calendars. The event provided the general public with a joyous sense of holiday spirit while ushering in the Year of the Monkey.



INDEPENDENT ASSURANCE OPINION STATEMENT

First Financial Holding Co., Ltd. 2016 Corporate Social Responsibility Report

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

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

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

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to First Financial Holding only.

Scope

The scope of engagement agreed upon with First Financial Holding includes the followings:

1. The assurance scope is consistent with the description of First Financial Holding 2016 Corporate Social Responsibility report.
2. The evaluation of the nature and extent of the First Financial Holding's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that First Financial Holding 2016 Corporate Social Responsibility Report provides a fair view of the First Financial Holding CSR programmes and performances during 2016. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the First Financial Holding and the sample taken. We believe that the 2016 economic, social and environment performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate First Financial Holding's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that First Financial Holding's description of their approach to AA1000 Assurance Standard and their self-declaration in accordance with the core option of GRI G4 guidelines were fairly stated.

Methodology

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

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

Conclusions

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

Inclusivity

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

- Continually watch latest CSR development to incorporate with the corporate core competency of financial service to correspond in society's needs for future reporting

Materiality

First Financial Holding continually publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the First Financial Holding's material issues.

Responsiveness

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

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

GRI-reporting

First Financial Holding provided us with their self declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self declaration covers the First Financial Holding's social responsibility and sustainability issues, however, the future report will be improved by the following areas:

- Continuously focus on the implementation of sustainability procedures and programs within the practices of financial service along with the developed Standards

Assurance level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2017-04-27

bsi.



AA1000
Licensed Assurance Provider
000-4

Various Certificates from Environmental Certification



2016 Global Reporting Initiative (GRI) G4.0 Content Index

Note: ✓ Indicates that the index is as stated by external independent assurance statement.

Note: Please refer to CSR and Stakeholder Communications Pg. 49~51 for management guidelines on major factors

General Standard Disclosures

Index	GRI Standards	Description	External verification	Chapter/Description	Page
Strategy and Analysis					
G4-1	102-14	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	✓	Message from the Chairman	P6
G4-2	102-15	Provide a description of key impacts, risks, and opportunities.	✓	Corporate Social Responsibility and Stakeholder Communication	P37
Organizational Profile					
G4-3	102-1	Report the name of the organization.	✓		P58-59
G4-4	102-2	Report the primary brands, products, and services.	✓		P61
G4-5	102-3	Report the location of the organization's headquarters.	✓		P58
G4-6	102-4	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	✓	Sustainable Governance	P58
G4-7	102-5	Report the nature of ownership and legal form.	✓		P65
G4-8	102-6	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	✓		P58-59
G4-9	102-7	Scale of the reporting organization.	✓		P58-59
G4-10	102-8	a · Report the total number of employees by employment contract and gender. b · Report the total number of permanent employees by employment type and gender. c · Report the total workforce by employees and supervised workers and by gender. d · Report the total workforce by region and gender. e · Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f · Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	✓	Happy workplace	P150
G4-11	102-41	Report the percentage of total employees covered by collective bargaining agreements.	✓		P146
G4-12	102-9	Describe the organization's supply chain.	✓	Green Finance	P108-112

Index	GRI Standards	Description	External verification	Chapter/Description	Page
G4-13	102-10	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> Changes in the location of, or changes in, operations, including facility openings, closings, and expansions. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination. 	✓	Sustainable Governance Green Finance	P58 P108-109
G4-14	102-11	Report whether and how the precautionary approach or principle is addressed by the organization.	✓	Sustainable Governance	P82
G4-15	102-12	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	✓	Green Finance	P92
G4-16	102-13	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> Holds a position on the governance body. Participates in projects or committees. Provides substantive funding beyond routine membership dues. Views membership as strategic. 	✓	Sustainable Governance	P62-63
Identified Material Aspects and Boundaries					
G4-17	102-45	a · List all entities included in the organization's consolidated financial statements or equivalent documents. b · Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	✓	Sustainable Governance	P56-57
G4-18	102-46	a · Explain the process for defining the report content and the Aspect Boundaries. a · Explain how the organization has implemented the Reporting Principles for Defining Report Content.	✓		P44-45
G4-19	102-47	List all the material Aspects identified in the process for defining report content.	✓	Corporate Social Responsibility and Stakeholder Communication	P49-51
G4-20	103-1	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> Report whether the Aspect is material within the organization. If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspects is material. Report any specific limitation regarding the Aspect Boundary within the organization	✓		P49-51

Index	GRI Standards	Description	External verification	Chapter/Description	Page
G4-21	103-1	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> Report whether the Aspect is material outside of the organization If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified Report any specific limitation regarding the Aspect Boundary outside the organization 	√	Corporate Social Responsibility and Stakeholder Communication	P49-51
G4-22	102-48	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	√	About this Report	P3
G4-23	102-49	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	√		P3
Stakeholder Engagemen					
G4-24	102-40	Provide a list of stakeholder groups engaged by the organization.	√		P44-45
G4-25	102-42	Report the basis for identification and selection of stakeholders with whom to engage.	√		P44-45
G4-26	102-43	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	√	Corporate Social Responsibility and Stakeholder Communication	P44-45
G4-27	102-44	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	√		P49-51
Report Profile					
G4-28	102-50	Reporting period. (such as fiscal or calendar year) for information provided.	√		P3
G4-29	102-51	Date of most recent previous report (if any).	√		P2
G4-30	102-52	Reporting cycle (such as annual, biennial).	√		P3
G4-31	102-53	Provide the contact point for questions regarding the report or its contents.	√		P3
G4-32	102-54~56	a · Report the 'in accordance' option the organization has chosen. b · Report the GRI Content Index for the chosen option (see tables below). c · Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	√	About this Report	P3
G4-33	102-56	a · Report the organization's policy and current practice with regard to seeking external assurance for the report. b · If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c · Report the relationship between the organization and the assurance providers. d · Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	√		P3

Index	GRI Standards	Description	External verification	Chapter/Description	Page
Governance					
G4-34	102-18	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	√	Corporate Social Responsibility and Stakeholder Communication Sustainable Governance	P34-35 P64
G4-35	102-19	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	√		P34-40
G4-36	102-20	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	√	Corporate Social Responsibility and Stakeholder Communication	P34-40
G4-37	102-21	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	√		P40
G4-38	102-22	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> Executive or non-executive Independence Tenure on the governance body Number of each individual's other significant positions and commitments, and the nature of the commitments Gender Membership of under-represented social groups Competences relating to economic, environmental and social impacts Stakeholder representation 	√	Sustainable Governance	P65-69
G4-39	102-23	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	√	Our corporate chairman is Mr. Ching-Nian Tsai/ General Manager is Ms. M.L. Jeng	
G4-40	102-24	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> Whether and how diversity is considered Whether and how independence is considered Whether and how expertise and experience relating to economic, environmental and social topics are considered Whether and how stakeholders (including shareholders) are involved 	√		P65-69
G4-41	102-25	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> Cross-board membership Cross-shareholding with suppliers and other stakeholders Existence of controlling shareholder Related party disclosures 	√	Sustainable Governance	P65-69

Index	GRI Standards	Description	External verification	Chapter/Description	Page
G4-42	102-26	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	√	Corporate Social Responsibility and Stakeholder Communication	P37-40
G4-43	102-27	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	√	Sustainable Governance	P69-70
G4-44	102-28	a · Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b · Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	√	Corporate Social Responsibility and Stakeholder Communication	P40-45
G4-45	102-29	a · Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. a · Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	√	Corporate Social Responsibility and Stakeholder Communication Sustainable Governance	P40-45 P65-69
G4-46	102-30	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	√	Corporate Social Responsibility and Stakeholder Communication	P40
G4-47	102-31	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	√	Corporate Social Responsibility and Stakeholder Communication Sustainable Governance	P40 P69
G4-48	102-32	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	√	Corporate Social Responsibility and Stakeholder Communication	P44-45
G4-49	102-33	Report the process for communicating critical concerns to the highest governance body.	√	Corporate Social Responsibility and Stakeholder Communication Sustainable Governance	P40 P69

Index	GRI Standards	Description	External verification	Chapter/Description	Page	
G4-51	102-35	a · Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: > Performance-based pay > Equity-based pay > Bonuses > Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b · Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	√	Sustainable Governance	P71-72	
G4-52	102-36	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	√	Sustainable Governance	P69	
Ethics and Integrity						
G4-56	102-16	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	√		P73	
G4-57	102-17	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	√	Sustainable Governance	P73	
G4-58	102-17	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	√		P73-74	
Specific Standard Disclosures						
Aspect	GRI G4.0	GRI Standards	Description	External verification	Chapter/Description	Page
Economic						
	G4-EC1	201-1	Direct economic value generated and distributed.	√	Sustainable Governance	P60
Economic performance	G4-EC2	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	√	Corporate Social Responsibility and Stakeholder Communication	P38-40
	G4-EC3	201-3	Coverage of the organization's defined benefit plan obligations.	√	Happy workplace	P133.136
	G4-EC4	201-4	Financial assistance received from government.	√	None	
Market Presence	G4-EC5	202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	√		P133
	G4-EC6	202-2	Proportion of senior management hired from the local community at significant locations of operation.	√	Happy workplace	P128

Aspect	GRI G4.0	GRI Standards	Description	External verification	Chapter/Description	Page
Economic						
Indirect Economic Impacts	G4-EC7	203-1	Development and impact of infrastructure investments and services provided	✓	Green Finance	P112-117 P150-151
	G4-EC8	203-2	Significant indirect economic impacts, including the extent of impacts.	✓	Social Harmony	P101-102 P106-107 P150-151
Procurement Practices	G4-EC9	204-1	Proportion of spending on local suppliers at significant locations of operation.	✓	Green Finance	P108
Environment						
Energy	G4-EN3	302-1	Energy consumption within the organization.	✓		P92
	G4-EN4	302-2	Energy consumption outside of the organization.	✓		P93
	G4-EN5	302-3	Energy intensity	✓	Green Finance	P92
	G4-EN6	302-4	Reduction of energy consumption	✓		P86-100
	G4-EN7	302-5	Reductions in energy requirements of products and service	✓		P97-98 P112-117
Water	G4-EN8	303-1	Total water withdrawal by source.	✓		P96
	G4EN10	303-3	Percentage and total volume of water recycled and reused.	✓	Green Finance	P96
Emissions	G4EN15	305-1	Direct greenhouse gas (GHG) emission (Scope 1)	✓		P92
	G4EN16	305-2	Energy indirect greenhouse gas (GHG) emission (Scope 2)	✓		P92
	G4EN18	305-4	Greenhouse gas emissions intensity.	✓	Green Finance	P92
	G4EN19	305-5	Reduction of greenhouse gas (GHG) emissions.	✓		P92
	G4EN20	305-6	Emissions of ozone-depleting substances (ODS).	✓		P92
	G4EN21	305-7	NOx, SOx, and other significant air emissions.	✓		P92
Effluents and Waste	G4EN23	306-2	Total weight of waste by type and disposal method.	✓	Green Finance	P98-99
Product and Service	G4EN27	-	Extent of impact mitigation of environmental impacts of products and services.	✓	Green Finance	P106-107 P112-117
Compliance	G4EN29	307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	✓		P92
Transport	G4EN30	-	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	✓	Green Finance	P93
Overall	G4EN31	-	Total environmental protection expenditures and investments by type.	✓		P94
Supplier Environmental Assessment	G4EN32	308-1	Percentage of new suppliers that were screened using environmental criteria.	✓		P108-110
	G4EN33	308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	✓	Green Finance	P108-110

Aspect	GRI G4.0	GRI Standards	Description	External verification	Chapter/Description	Page
Environmental Grievance Mechanisms	G4EN34	103-2	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	✓	Green Finance	P92
Social						
Labor Practices and Decent Work						
Employment	G4-LA1	401-1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	✓		P129-130
	G4-LA2	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	✓	Happy workplace	P132-136
	G4-LA3	401-3	Return to work and retention rates after parental leave, by gender.	✓		P134
Labor/Management Relations	G4-LA4	402-1	Minimum notice periods regarding operational changes, including whether there are specified in collective agreements.	✓	Happy workplace	P146
	G4-LA5	403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	✓		P146
Occupational Health and Safety	G4-LA6	403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender.	✓	Happy workplace	P141
	G4-LA8	403-4	Health and safety topics covered in formal agreements with trade unions.	✓		P146
Training and Education	G4-LA9	404-1	Average hours of training per year per employee by gender and by employee category.	✓		P142-143
	G4LA10	404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	✓	Happy workplace	P144-145
	G4LA11	404-3	Percentage of employees receiving regular performance and career development reviews by gender and by employee category.	✓		P144-145
Diversity and Equal Opportunity	G4LA12	405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	✓	Happy workplace	P129-130
Equal Remuneration for Women and Men	G4LA13	405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	✓		P133
Supplier Assessment for Labor Practices	G4LA14	414-1	Percentage of new suppliers that were screened using labor practices criteria.	✓		P108-110
	G4LA15	414-2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	✓	Green Finance	P108-110
Labor Practices Grievance Mechanisms	G4LA16	103-2	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	✓	Happy workplace	P146

Aspect	GRI G4.0	GRI Standards	Description	External verification	Chapter/Description	Page
Social						
Human Rights						
Investment	G4-HR1	412-3	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	√	Green Finance	P108
	G4-HR2	412-2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	√	Happy workplace	P138
Non-discrimination	G4-HR3	406-1	Total number of incidents of discrimination and corrective actions taken.	√	Happy workplace	P138
Freedom of Association and Collective Bargaining	G4-HR4	407-1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	√	Green Finance Happy workplace	P108-110 P137
	G4-HR5	408-1	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	√	Green Finance Happy workplace	P108-110 P137
Forced or Compulsory Labor	G4-HR6	409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	√	Green Finance Happy workplace	P108-110 P137
Security Practices	G4-HR7	410-1	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	√		P138
Indigenous Rights	G4-HR8	411-1	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	√	Happy workplace	P138
Assessment	G4-HR9	412-1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	√		P138
Supplier Human Rights Assessment	G4-HR10	414-1	Percentage of new suppliers that were screened using human rights criteria.	√	Green Finance	P108-110
	G4-HR11	414-2	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	√		P108-110
Human Rights Grievance Mechanisms	G4-HR12	103-2	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms.	√	Happy workplace	P146
Social						
Society						
Local Communities	G4-SO1	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	√	Sustainable Governance	P58-59
	G4-SO2	413-2	Operations with significant actual and potential negative impacts on local communities.	√		Locations of operations are all used for office work and are mostly located in urban regions so there were no related incidents.

Aspect	GRI G4.0	GRI Standards	Description	External verification	Chapter/Description	Page
Anti-corruption	G4-SO3	205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	√		P74
	G4-SO4	205-2	Communication and training on anti-corruption policies and procedures.	√	Sustainable Governance	P73-74
	G4-SO5	205-3	Confirmed incidents of corruption and actions taken.	√		P74
Public Policy	G4-SO6	415-1	Total value of political contributions by country and recipient/beneficiary.	√	None	
Compliance	G4-SO8	419-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	√		P74
Grievance Mechanisms for Impacts on Society	G4-SO11	103-2	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	√	Sustainable Governance	P58
Social						
Product Responsibility						
Product and Service Labeling	G4-PR3	417-1	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	√		P117-120
	G4-PR4	417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	√	Green Finance	P117-120
Marketing Communications	G4-PR5	102-43~44	Results of surveys measuring customer satisfaction.	√	Social Harmony	P152
	G4-PR6	102-2	Sale of banned or disputed products.	√		P117-120
	G4-PR7	417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	√		P117-120
Customer Privacy	G4-PR8	418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	√	Green Finance	P117-120
Compliance	G4-PR9	419-1	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	√		P117-120

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G4 Financial Services Sector Supplement

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FS3 / DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	√	Green Finance	P106-107
FS4 / DMA	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	√	Corporate Social Responsibility and Stakeholder Communication	P34
			Green Finance	P99
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FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	√	Green Finance Social Harmony	P101-102 P158-167
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	√	Green Finance	P101-106
Aspect: Audit				
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	√	Green Finance	P108-109
Aspect: Active Ownership				
FS11	Percentage of assets subject to positive and negative environmental or social screening.	√	Green Finance	P94
Aspect: Local Communities				
FS14	Initiatives to improve access to financial services for disadvantaged people.	√	Green Finance Social Harmony	P116 P150-151

United Nations Global Compact Principles

Classification	The Ten Principles	Disclosure	Chapter/Description	Page
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	Principle 2: Make sure that they are not complicit in human rights abuses.	√	Green Finance	P108-110
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	√	Happy workplace	P146
Labor	Principle 4: The elimination of all forms of forced and compulsory labor;	√		P137
	Principle 5: The effective abolition of child labor ; and	√	Happy workplace	P137
	Principle 6: The elimination of discrimination in respect of employment and occupation.	√		P137

Classification	The Ten Principles	Disclosure	Chapter/Description	Page
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	√		P86-100
	Principle 8: Undertake initiatives to promote greater environmental responsibility ; and	√	Green Finance	P86-100
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	√		P101-117
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	√	Sustainable Governance	P73-74

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	Civil and political rights	√	Happy workplace	P137
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	Sustainable consumption	√	Green Finance	P101-117
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First Financial Holding Co.,Ltd.

ADD : 30, Chung King S Rd., Sec. 1, Taipei 10005, Taiwan

TEL : +886-2-2311-1111

FAX : +886-2-2311-9691

http : [//www.firstholding.com.tw/](http://www.firstholding.com.tw/)

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